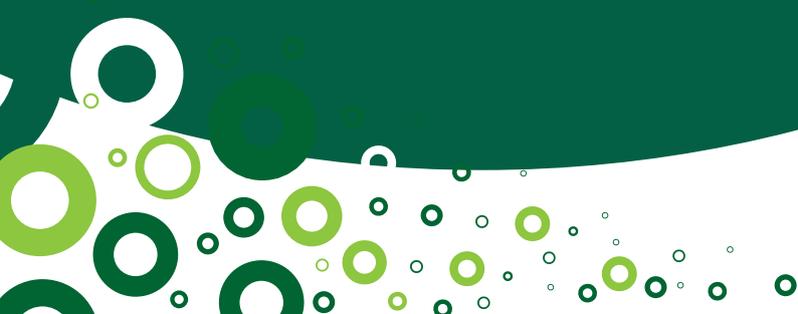


DEPARTMENT OF EMPLOYMENT AND LABOUR

ANNUAL REPORT 2019/20



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DEPARTMENT OF EMPLOYMENT AND LABOUR

ANNUAL REPORT 2019/20

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THE DIRECTOR-GENERAL

I have the honour of submitting the Annual Report of the Department of Employment and Labour for the period 1 April 2019 to 31 March 2020.



T Lamati

Director-General

ORGANISATIONAL STRUCTURE

TOP LEADERSHIP



BE Moloji

Deputy Minister of
Employment and Labour



TW Nxesi

Minister of Employment
and Labour



T Lamati

Director-General
Employment and Labour

INSTITUTIONS REPORTING TO THE EXECUTIVE AUTHORITY

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

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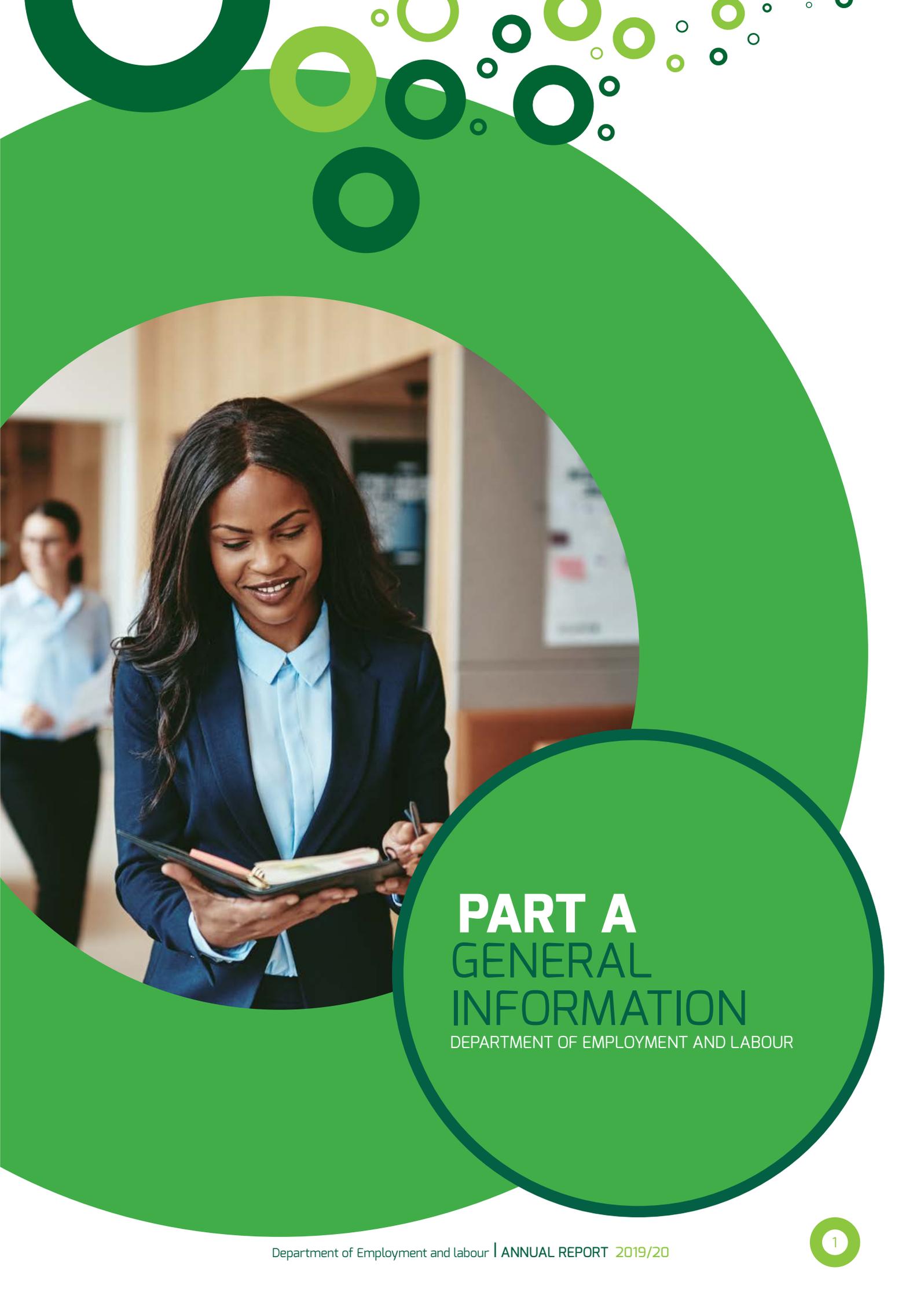
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ACRONYMS

AG	Auditor-General
AR	Annual Report
BCEA	Basic Conditions of Employment Act
BRRR	Budgetary Review and Recommendations Report
CCMA	Commission for Conciliation, Mediation and Arbitration
CDPO	Chief Director: Provincial Operations
CF	Compensation Fund
CFO	Chief Financial Officer
CIO	Chief Information Officer
COIDA	Compensation for Occupational Injuries and Diseases Act
COO	Chief Operations Officer
CS	Corporate Services
CSO	Client service officer
DDG	Deputy Director General
DG	Director-General
DPSA	Department of Public Service and Administration
EEA	Employment Equity Act
EEC	Employment Equity Commission
ENE	Estimated National Expenditure
EPWP	Extended Public Works Programme QPR Quarterly Performance Report
ES	Employment Services
ESA/B	Employment Services Act or Bill
ESSA	Employment Services of South Africa
FEDUSA	Federation of Unions of South Africa
FS	Free State
GCIS	Government Communication and Information Services
GP	Gauteng
HO	Head Office
HRM	Human Resource Management
ICD	Integrated Client Database
ICT	Information and Communication Technology
IES	Inspection and Enforcement Services
IFS	Interim Financial Statements
ILO	International Labour Organisation
KZN	KwaZulu-Natal
LC	Labour centre
LP	Limpopo
LMIS	Labour Market Information and Statistics
LP and IR	Labour Policy and Industrial Relations
LRA	Labour Relations Act

M and E	Monitoring and Evaluation
MOA	Memorandum of Agreement
MOU	Memorandum of Understanding
MP	Mpumalanga
MTEF	Medium-Term Expenditure Framework
MTSF	Medium-Term Strategic Framework
NACTU	National Council of Trade Unions
NC	Northern Cape
NDP	National Development Plan
NEDLAC	National Economic Development and Labour Council
NMW	National Minimum Wage
NT	National Treasury
NW	North West
OHS	Occupational Health and Safety
OHSA	Occupational Health and Safety Act
PEA	Private Employment Agencies
PES	Public Employment Services
PFMA	Public Finance Management Act
PPP	Public Private Partnership
PSA	Productivity South Africa
PwD	People with disabilities
RAMP	Renovation and Maintenance Project
RME	Research Monitoring and Evaluation
SADC	Southern African Development Community
SADC - ELS	Southern African Development Community- Employment and Labour Sector
SD	Sectoral determinations
SDIP	Service Delivery Improvement Plan
SEE	Supported Employment Enterprises
SMME	Small Medium Macro Enterprises
SMS	Senior Management Service
SP	Strategic Plan
TES	Temporary Employment Services
UIA	Unemployment Insurance Act
UIF	Unemployment Insurance Fund
WSP	Workplace Skills Plan
WSS	Work-Seeker Services
RME	Research, Monitoring and Evaluation
SEE	Supported Employment Enterprises
UIF	Unemployment Insurance Fund



PART A GENERAL INFORMATION

DEPARTMENT OF EMPLOYMENT AND LABOUR



FOREWORD BY THE MINISTER

The work of the newly created Department of Employment and Labour during the financial year 2019/20 is rooted in the vision to “strive for a labour market which is conducive to investment, economic growth, employment creation and decent work” and all that flows from that in terms of our mission, to “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, and
- Social dialogue.”

However, we do not perform this mandate in a vacuum. Our programmes are guided by government priorities, reflected in its plans and budgets. In particular, to coordinate the preservation and creation of jobs.

The creation of the Department of Employment and Labour in the sixth Administration signalled an expanded mandate to the previously existing Department of Labour. During the SONA, of June 2019, the President further clarified what the additional mandate entails. He stated that the department “will coordinate all government efforts to create jobs and reduce unemployment,” and by extension, it “will be required to change its approach from mere compliance enforcement to facilitating job creation.”

The reconfiguration of the Department of Labour into Department of Employment and Labour was conceived of in phases, with the first step being to identify existing programmes, resources, structures and entities of the Department and to leverage these for job preservation and creation, as well as to promote social dialogue to create an environment conducive to improved confidence, investment, economic development and job creation. Successful examples include:

- The Labour Activation Programmes of the UIF
- The ‘normal’ TERS programme (Temporary Employer/Employee Relief Scheme) to support struggling companies and to preserve jobs. The CCMA plays a pivotal role in this, in redirecting companies who have applied to make retrenchments towards the TERS programme
- The role of NEDLAC in promoting social dialogue, and concretely driving implementation of the Jobs Summit commitments to reduce the cost of doing business and to create and preserve jobs.

The Department has improved its overall performance.

More recently, we have seen the important role of the Department and its entities in responding to the challenges of the pandemic. The most important instances include:

- In terms of income support in the form of Covid-19 TERS benefits, as of 1 September 2020, 9.5 million payments were made to beneficiaries of UIF, representing 822,000 employers. These benefits have supported millions of laid-off workers, their families, and injected cash into local economies.
- Again, the role of NEDLAC in coordinating the response of social partners to the pandemic, ensuring social dialogue and solidarity, whilst playing an important role in concrete planning for economic revival in the wake of the pandemic.
- The important role of the Labour Inspectorate of the IES Branch in drawing up regulations to make workplaces safe for a return to work during the pandemic, as well as inspecting and enforcing Occupational Health and Safety legislation during the crisis. This is an important example of the importance of having a regulatory framework, not only to promote decent work, but also to rise to the occasion during periods of crisis, such as Covid-19.

The programme Administration met all its targets in the reporting year. The pressures that face the programme by its nature as a support service to the Department is the fact that the core business budget and other resources increase overtime while those within this programme are continuously experiencing a reduction. While it is understood, that line function is core to the department there needs to be a balance to prevent the resultant inability to meet the demands of line function. Irrespective of these challenges, the programme continued to perform at its optimal best.

My thanks go to the Deputy Minister, the Director-General, the senior management and the employees of the Department and its entities for their unstinting support and commitment to realising the vision of the Department for decent work and employment.



MR TW NXESI, MP

Minister of Employment and Labour

FOREWORD BY THE DEPUTY MINISTER



The Internal Audit, the Audit Committee and the AG Report highlight crucial matters deserving of our attention and collective effort.

The one major issue in the Department and its Entities is the ineffective implementation of controls.

The Audit Committee raises further concerns about the effectiveness in relation to mitigating against risks pertinent to the pursuit of organisational objectives:

- The integrity of information showing financial misstatements
 - The rigor with which audit action matters are addressed
 - The ICT governance in response to cyber security risks
 - The matters relating to the Departmental interdependence where controls have not been consistent.

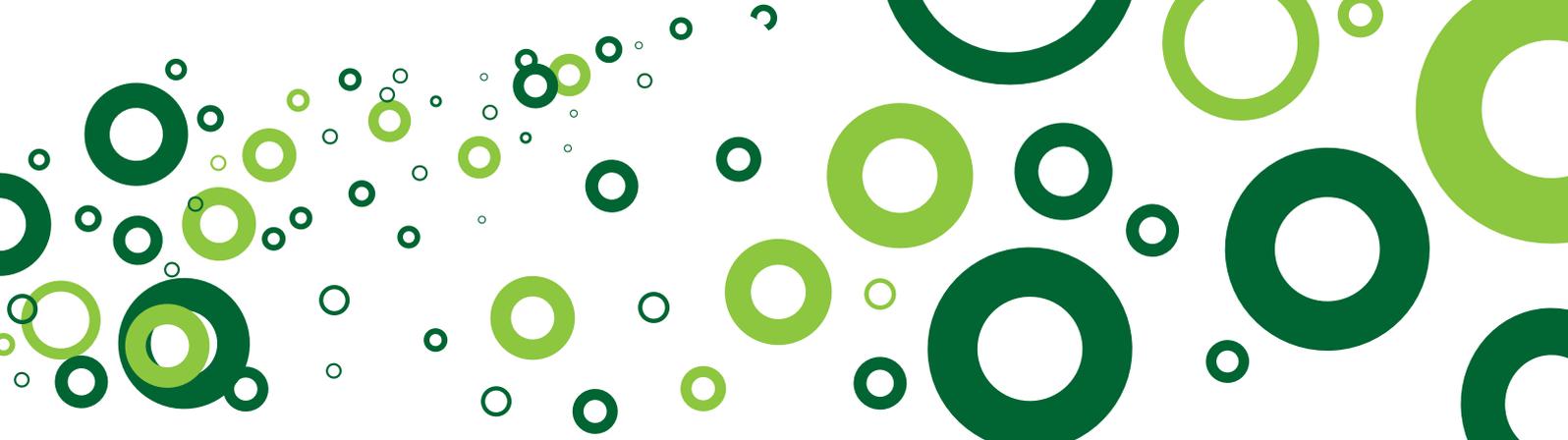
To achieve a clean audit as the Department, these matters must find priority in our decision making and we need to improve on the speed of implementation of the Audit Action Plans.

Our Department derives its mandate from the constitution of the Republic of South Africa.

The Constitution enables us to regulate the labour market through policies and programmes developed in consultation with social partners.

We are also responsible for the Administration and effective functioning of Productivity South Africa, National Economic Development and Labour Council (NEDLAC) and the Commission for Conciliation, Mediation and Arbitration.

The clients and beneficiaries of our services include employers, employees, the unemployed and under-employed, private employment agencies, trade unions and trade union federations and employer organisations.



In our execution of this mandate, Programme Administration met its targets for the 2019/20 financial year although with challenges of budget reduction against the line function demands.

The Public Employment Services has the largest database of the unemployed work-seekers in the country. A total of 929 770 work-seekers were registered in the reporting year, of which alarmingly 62% were youth adding to an increase of 41 217 work-seekers. The placement of work seekers in the reporting year was over-achieved.

The Department experienced a broader challenge on the delayed filling of vacancies and this has impacted in our broader financial expenditure defrayed against the vote at 93.9%.

We need to address the filling of vacancies as a matter of urgency, although some delays where unavoidable due to the lockdown restrictions.

The Compensation Fund is in the process of structural reform both at a strategic and organisational redesign level and as a consequence, experienced some systemic challenges but we are assured that the challenges are not of major proportions that we cannot handle. We will be monitoring this challenge very closely through regular updates in this regard.

The UIF has had the most strain during the pandemic to a point where the resources were almost stretched but we managed to deliver on the commitment we made in terms of the TERs benefits. Some challenges were identified by the interim report released by the Auditor-General on the Covid-19 procurement processes and we are currently implementing the Action Plan in response to all issues raised.

The R104 million funding by the UIF for the Productivity SA for business turnaround solution programmes is a major intervention for employment creation initiatives.

For many years, Productivity SA in collaboration with the CCMA and the UIF managed to save millions of jobs in the labour market and we are now at a point where all our entities must reach their full potential and respond to the national duty of preservation and creation of jobs.

The support provided to SEE support by all government departments and our own department cannot be over emphasised.

We commend this entity managed by people living with disabilities for the delivery and supply of PPE's to the Western Cape Department of Health and to our very own entity Productivity SA during the Pandemic.

The initiative by Public Employment Services to collaborate with the Department of Education and source donor funding to procure the 24 mobile units is also a commendable effort.

We need more of such creativity and these initiatives especially in times when government resources are strained and almost depleted.

We look forward to the implementation of the following future projects for the year and future years during and post lockdown:

- The SAP Roadmap implementation across all departments and entities
- SAP support and maintenance as well as ICT Resource Augmentation
- Managing Information Security Services
- ICD clean up and Maintenance
- Cloud Hosting for SAP road map implementation
- Replacement of the Compensation Fund Claims System with SAP S/4 Hana System (Compeasy)
- Rollout of PES Kiosks to all the labour centres and VOIP and video conferencing at all offices and labour centers.

The Department is also in the process of preparing for the 5IR with speed because the signs are already showing during the Pandemic, that the new normal and the future is the 5IR.

We look forward to the new normal with vigor and we hope and pray that we meet again soon when the situation normalises and the pandemic is adequately controlled.

I wish to thank the Minister for all the support and his steady hand and most importantly for his uprightness of leadership character in the Department.

The DG for all the hardwork and magnetic leadership qualities necessary to take this Department forward.

God bless you all and stay safe.

MS. BE MOLOI, MP

Deputy Minister of Employment and Labour

ACCOUNTING OFFICER STATEMENT

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

1. STRATEGIC OVERVIEW

1.1 OUR VISION

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

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.

1.3 OUR VALUES

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

1.4 LEGISLATIVE AND OTHER MANDATES

The Department of Employment and Labour derives its mandate from the Constitution of the Republic of South Africa and gives effect thereto through a number of acts which regulate labour matters in South Africa. Such legislation includes the:-

Basic Conditions of Employment Act (1997),



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
- Creation of decent employment
- Promoting labour standards and fundamental rights at work
- Providing adequate social safety nets to protect vulnerable workers
- Promoting sound labour relations
- Eliminating inequality and discrimination in the workplace
- Enhancing occupational health and safety awareness and compliance in the workplace
- Giving value to social dialogue in the formulation of sound and responsive legislation and policies to attain labour market growth.

1.5 LEGISLATIVE MANDATE: KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

LEGISLATIVE MANDATE

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

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

The Department administers the following legislation:

LEGISLATION	PURPOSE
Labour Relations Act 66 of 1995 (LRA);	The Labour Relations Act (LRA), Act 66 of 1995 aims to promote economic development, social justice, labour peace and democracy in the workplace.
The Basic Conditions of Employment Act 75 of 1997 (BCEA);as amended	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 by— (i) establishing and enforcing basic conditions of employment; and (ii) 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);as amended	The purpose of the Act is to achieve equity in the workplace, by a) promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination; and b) Implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups, to ensure their equitable representation in all occupational levels in the workforce.
The Unemployment Insurance Act 30 of 2001, as amended (UIA);	The Act empowers the UIF to register all employers and employees in South Africa for unemployment insurance benefits

LEGISLATION	PURPOSE
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, 1995; and to provide for matters connected therewith.
Employment Services Act 4 of 2014(ESA)	To provide for public employment services, their governance and functioning, including the registration of private employment agencies.
Skills Development Act 97 of 1998(SDA)	To provide for the establishment and functioning of Productivity South Africa and the Supported Employment Enterprises
National Minimum Wage Act, Act 9 of 2018	The National Minimum Wage Act 9 of 2018 aims: <ul style="list-style-type: none"> • to provide for a national minimum wage • to establish the National Minimum Wage Commission • to provide for the composition and functions of the National Minimum Wage Commission • to provide for the review and annual adjustment of the national minimum wage • to provide for exemption from paying the national minimum wage and • to provide for matters connected therewith.

1.5.1. OVERVIEW OF THE OPERATIONS OF THE DEPARTMENT

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

- **Productivity South Africa.** Productivity SA aims to develop and enhance productive capacity in South Africa by continuously improving labour practices in South Africa. It works to build institutional capacity through sound project management skills, and through developing working relationships with other government agencies.
- **National Economic Development and Labour Council (NEDLAC).** A statutory social dialogue body, with its constituency comprising organised labour organizations, business organizations, government departments, and community groups. Social partners discuss and negotiate on public finance and monetary policy, labour market policy, trade and industrial policy, and development policy.
- **The Commission for Conciliation, Mediation and Arbitration (CCMA).** An independent body established by the Labour Relations Act, No. 66 of 1995. The CCMA promotes social justice and fairness in the workplace by providing high-quality, ethical, innovative and cost-effective dispute management as well as dispute resolution services.

The following represents target clients and beneficiaries of the Department's services and labour market information:

- Employers
- Employees
- Unemployed and under-employed
- Private Employment Agencies
- Trade unions and trade union federations
- Employer organisations.

1.5.1.1 OVERVIEW OF THE RESULTS AND CHALLENGES OF THE DEPARTMENT

OVERVIEW OF THE RESULTS OF THE DEPARTMENT

The programme Administration met all its targets in the reporting year. The pressures that face the programme by its nature as a support service to the Department is the fact that the core business budget and other resources increase overtime while those within this programme are continuously experiencing a reduction. While it is understood that line function is core to the Department. However, there needs to be a balance to prevent the resultant inability to meet the demands of line function. Irrespective of these challenges, the programme continued to perform at its optimal best.

Public Employment Services (PES) continued to provide much needed support to unemployed Work-seeker's. During the 2019/2020 financial year, the Department registered 929 770 Work-seeker's of which 62% were youth. This is an increase of 41 217-Work-seeker's. The Department has the largest database of unemployed Work-seeker's in the country. Employment counsellors provided counselling to 264 044 of these Work-seeker's of which 197 320

were youth, to address a number of employment barriers and to bring them closer to employment. The target of Work-seeker's' placement in work and learning opportunities was exceeded by 17 213, to the annual total achievement of 62 213. Sixty percent (37 576) of these are females, forty percent (24 637) males and 69% (43 075) youth.

CHALLENGES FACING THE DEPARTMENT

As the country adjusts to the drastic technical recession, questions are inevitably being asked on the impact of Covid-19. At this stage, no one knows when the pandemic will be brought under control, or what the multiplier effects of different negative economic shocks will bring. However, it is reported that Covid-19 is a health shock, which has mutated into a complicated tangle of a demand shock, a supply shock and a financial shock, all coming together at a time when South Africa was poorly fortified economically to deal with it¹.

According to Statistics South Africa (Stats SA), the South African economy slipped into recession by 1.4% in quarter four of 2019 following a contraction of 0.8% (revised) in the third quarter of 2019. Again, the real GDP decreased by 2.0% in the first quarter of 2020. This is the third consecutive quarter of economic decline while the Covid-19 impact is still looming. Furthermore, the International Monetary Fund (IMF) projections reported that: *"...Because of the Covid-19, the global economy is projected to contract sharply by -3% (but by -5.8% in South Africa) in 2020, much worse than during the 2008/09 financial crisis... Because the economic fallout is acute in specific sectors, policymakers will need to implement substantial targeted fiscal, monetary, and financial market measures to support affected households and businesses domestically²..."*

Besides, an experimental survey study conducted by Stats SA³ has also deepened our understanding on the business impact resulting from Covid-19. Only 707 businesses that were VAT registered have participated in the survey for the reference period from 30 March- 13 April 2020. In the report, the following key results are highlighted amongst others⁴:

- 46.4% indicated temporary closure or paused trading activity
- 50.4% expected their workforce size to stay the same in the two weeks after the survey, while 36.8% reported that their workforce size is expected to decrease
- 28.3% indicated that their workforce has decreased working hours and 19.6% reported laying-off of staff in the short term
- 38.2% of businesses applying for financial assistance reported that they would use government relief schemes
- 30.6% indicated they can survive less than a month without any turnover, while 54% can survive between one and three months
- 46.3% of the workforce was able to meet business demands, and 43% of the workforce was not able to meet business demands (the rest reported 'unsure').

In view of this, the South African President Cyril Ramaphosa announced⁵ a R500 billion (\$26bn) stimulus package about 10% of the Gross Domestic Product (GDP) to deal with the devastating socio-economic impact of Covid-19 and days of lockdown.

He said *"the money would come from its adjustment budget, the Unemployment Insurance Fund and multilateral institutions... he stressed that the pandemic requires an economic response that is equal to the scale of the disruption it is causing..."* Thus, the measures introduced to assist the economy include:

- R20 billion to assist efforts that address the pandemic
- R20 billion for municipalities for the provision of emergency water supply, increased sanitisation of public transport and facilities, and providing food and shelter for the homeless
- A six-month temporary Covid-19 grant of R50 billion. This means that child support grant beneficiaries will receive an extra R300 in May and from June to October they will receive an additional R500 each month. All other grant beneficiaries will receive an extra R250 per month for the next six months
- A special Covid-19 Social Relief of Distress grant of R350 a month for the next 6 months will be paid to individuals who are currently unemployed and do not receive any other form of social grant or UIF payment
- R100 billion for protection of jobs and to create jobs
- R40 billion for income support payments for workers whose employers are not able to pay their wages
- R200 billion-loan guarantee scheme to be introduced to help businesses pay salaries, rents and suppliers. Companies with a turnover of less than R300 million a year can participate

With regard to the above, the Department of Employment and Labour has made significant progress in the payment of applications. As of 24 June 2020, the Unemployment Insurance Fund (UIF) has paid R8.4 billion (R 8 401 750 767.94) to 149 120 employers who submitted applications on behalf of 2 037 458 employees. In total, the Funds has disbursed close to R28 billion (R27 717 930 315.10) since 16 April 2020. The payments were intended as a stopgap measure for a period of three months or until such time that lockdown restrictions were eased and the economy slowly reopened.

1 <https://www.capetalk.co.za/articles/379782/south-africa-s-economy-to-shrink-by-23-5-in-2q-2020-absa-forecast>

2 International Monetary Fund (IMF), World Economic Outlook, April 2020.

3 The official statistics take time to be published, as in real time economic data produced by other statistical data producers, e.g., the Department of Employment and Labour.

4 Statistics South Africa, Business Impact Survey of the Covid-19 pandemic in South Africa, 21 April 2020

5 The Presidency of South Africa, President Speech, 21 April 2020.

ADMINISTRATION

The Challenges that were faced by the programme centred on the provision of sufficient Information Communication Technology (ICT) tools on time as well as availability of the systems. The mandatory reliance on other state institutions for ICT service provision somewhat contributed to the intermittent availability of systems especially the critical service delivery systems. The department is currently seeking alternative options to ensure consistent availability of systems. The other challenges that were met were in the governance of the ICT and this led to the revision of the ICT governance framework that allows the department a gradual step by step adoption of certain requirements to get to acceptable levels. It was advised that this would be the best approach as opposed to being overly ambitious. The reporting on ICT to the department's governance structures is also being reviewed to align to best practise and this new reporting template will be used in the 2020/21 financial year.

MODERATING WORKPLACE CONFLICT

To ameliorate the impact of the workplace conflict on the economy, the amendments to the LRA introduced compulsory balloting before any labour organisation can embark on industrial action. Furthermore, the amendments empowered the CCMA to intervene on prolonged industrial conflicts that are in the public interest so as to reduce their impact on the economy.

DEALING WITH WAGE INEQUALITY AND THE IMPLEMENTATION OF A NATIONAL MINIMUM WAGE

The assertion of the National Minimum Wage Act in 2019 set a historic precedent in the protection of about 6.6 million low-earning workers in South Africa and provided a platform for reducing inequality in society and decreasing huge disparities in income in the national labour market. To maintain the relevance of the national minimum wage and to preserve its value, the national minimum wage was reviewed on 1 March 2020 in order to protect low-income workers from erosion in their incomes.

The Commission will, going forward, review the national minimum wage annually and make recommendations to the Minister of Employment and Labour on its adjustment. The NMW Commission will also in the next three years set medium term targets for the national minimum wage and further conduct a review on the wages of domestic and farm sectors and make a recommendation to the Minister on the adjustment of these sectors to be equivalent to the national minimum wage or as close to that amount as the Commission's findings allow.

WORKPLACE TRANSFORMATION

Employers continue the status quo with very little advancement being made in the transformation of the workplace. The Commission for Employment Equity has also highlighted their concerns in the slow pace of transformation of employers in this regard.

LOW EMPLOYER SECTORAL COMPLIANCE IN RELATION TO OCCUPATIONAL HEALTH AND SAFETY

Over the last several years, there have been low levels of compliance by employers in the various sectors. The overall compliance levels of employers hovers around 55% overall but varies for the various sectors and at the same time varies between SMMEs and the formal sector. The SMME sector has been a low level focus area. Occupational Health and Hygiene has been largely overlooked since it was introduced in 1993 as part of the Occupational Health and Safety Act. Act 85 of 1993. Coupled to this was the introduction of a second theme in 1993 viz. Self-regulation which was introduced at the same time as a similar concept in the LRA in the 1995/96 period namely that of 'workplace forums'.

WORK-SEEKERS SKILLS

Although Public Employment Services achieved all its targets, placement in learning and employment opportunities remained too low as compared to the number of declared opportunities and Work-seeker's registered. This is mainly due to skills mismatch against registered opportunities, insufficient work experience amongst most registered Work-seeker's and the absence of tools to track the working lives of work-seekers provided with counselling services.

KEY STRATEGIC INTERVENTIONS TO ADDRESS OPERATIONAL CHALLENGES

WORKPLACE TRANSFORMATION

The EEA legislation amendments have been implemented and there have been changes on the part of the inspectorate in order to address the lack of forward momentum in order to deal with the challenges of workplace transformation. Internally, the Inspection and Enforcement Services Branch has undergone a slight change in its structure at provincial level in the inspectorate dealing with EE in order to improve the way it conducts its business in relation to EE.

LOW EMPLOYER SECTORAL COMPLIANCE IN RELATION TO OCCUPATIONAL HEALTH AND SAFETY (IES)

The Department has employed an additional 500 new inspectors in order to address the various challenges it faces in Occupational Health and Safety. The 500 new inspectors are funded by the Compensation Fund in a strategic move that sees the inspectorate playing a pivotal role in reducing the burden of incidents on the Fund while ensuring that employers that are not registered are in fact registered as required.

In a critical move to address long outstanding issues introduced with the promulgation of the new Act, Act 85 of 1993, the Branch will ensure that a greater focus is placed on ensuring full compliance by employers in the area of occupational health and hygiene. In the FYs 2013/14- 2014/15, there was a plan put in place to address the shortcomings of the Act since it was promulgated. The Branch, on the policy front, continues to build on what was started and has introduced the 22nd Regulation to the OHS Act by promulgating the Ergonomics Regulations. Other policies (Regulations) continue to be reviewed at this time to address any shortcomings.

SELF-HELP KIOSKS FOR WORK-SEEKERS

Public Employment Services (PES) extended its focus to reaching out to disconnected work-seekers, those who do not have access to registration facilities by increasing self-help kiosks, which are safe spaces where work-seekers can be provided with free employment services, registration, job searching and employment counselling. Following its plan PES launched the Cape Town employment centre in July 2019, with the other three (East London; New Castle and Johannesburg) to follow suit in the outer years. However due to lack of readiness of the Eastern Cape and Johannesburg Employment and Labour Centres, PES proceeded only with the Newcastle Employment Centre, until the processes were temporarily suspended due to the Covid-19 lockdown restrictions during March 2020. The limitations hindering the full-scale implementation of the project throughout all the provinces has been improved through the Education for Employment partnership with the European Union funded pilot project.

1.5.2 OVERVIEW OF THE FINANCIAL RESULTS OF THE DEPARTMENT

1.5.2.1 Departmental receipts

Departmental receipts	2019/2020			2018/2019		
	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	9 161	5 009	4 152	4 485	4 665	(180)
Transfers received	-	-	-	-	-	-
Fines, penalties and forfeits	1 700	853	847	2 070	1 988	82
Interest, dividends and rent on land	1 600	1 381	219	1 000	1 233	(233)
Sale of capital assets	500	723	(223)	300	76	224
Financial transactions in assets and liabilities	6 600	4 400	2 200	2 666	2 819	(153)
Total	19 561	12 366	7 195	10 521	10 781	(260)

1.5.2.1.1 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).

1.5.2.1.2 Free Services

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

1.5.2.1.3 Reasons for over/under collection of revenue

Total Revenue Received	2019/20	2018/19	Variance	Variance	Reasons for Variances
	R'000	R'000	R'000	%	
Sales of goods and services other than capital assets	5 009	4 665	344	7.37%	An increase in the renewal of OHS licenses and more revenue was received in respect of commission on insurances.
Fines, penalties and forfeits	853	1 988	-1 135	-57.09%	Less non-compliance fines were issued to companies.
Interest, dividends and rent on land	1 381	1 233	148	12.00%	More interest in respect of the recovery of debts were received.
Sales of capital assets	723	76	647	851.32%	More fleet vehicles were sold at public auctions.
Transactions in financial assets and liabilities	4 400	2 819	1 581	56.08%	More credit notes in respect of Tourvest Travel, for the previous financial year, were received during the financial year.

The sales of capital assets consist of the sale of damaged vehicles.

1.5.3 OVERVIEW OF EXPENDITURE PER PROGRAMME

Programme Names	2019/20			2018/2019		
	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	952 859	871 069	81 790	881 531	804 917	76 614
Inspection and Enforcement Services	631 583	560 597	70 986	592 223	549 211	43 012
Public Employment Services	628 712	605 630	23 082	605 674	542 817	62 857
Labour Policy and Industrial Relations	1 220 045	1 178 581	41 464	1 203 442	1 189 746	13 696
Total	3 433 199	3 215 877	217 322	3 282 870	3 086 691	196 179

1.5.3.1 BUDGET ALLOCATION FOR 2019/20 FINANCIAL YEAR

The original allocation for Vote 28: Employment and Labour, as included in the Estimates of National Expenditure for 2019/20, was reflected as R3 435 133 000, this included a provision in respect of transfer payments to the value of R1 309 356 000. During the 2019/20 Adjustments Budget process, the allocation for Vote 28: Employment and Labour was decreased by R1 934 000 or 0.06%.

The final allocation for Vote 28: Employment and Labour therefore reflected in the Adjusted Estimates of National Expenditure as R3 433 199 000, which included R1 342 036 000 in respect of transfer payments.

Adjusted budget summary				
R thousand	2019/20			
	Main appropriation	Adjusted appropriation	Decrease	Increase
	R'000	R'000	R'000	R'000
Amount to be appropriated of which:	3 435 133	3 433 199	40 987	37 845
Current payments	2 065 593	2 024 696	40 897	-
Transfer and subsidies	1 309 356	1 342 036	-	32 680
Payments for capital assets	60 184	65 349	-	5 165
Payments for Financial assets	-	1 118	-	1 118

As per the Appropriation Statement for the Department, in respect of the 2019/20 financial year, the total expenditure defrayed against the Vote amounted to R3 215 877 000. This represents an expenditure level of 93.7%.

1.5.3.2 REASONS FOR UNDER SPENDING PER PROGRAMME

PROGRAMME 1: ADMINISTRATION

The variances are mainly attributable to:

Compensation of employees: Delays in the filling of vacant posts

Transfers and Subsidies: N/A

Payments for Capital Assets: Delays in the receipt and payment of ICT related equipment.

Payments for Financial Assets: N/A

PROGRAMME 2: INSPECTION AND ENFORCEMENT SERVICES

The variances are mainly attributable to:

Compensation of employees: Delays in the filling of vacant posts

Transfers and Subsidies: N/A

Payments for Capital Assets: Underspending is mainly due to delays in the procurement of Health & Hygiene and inspector's ICT equipment.

PROGRAMME 3: PUBLIC EMPLOYMENT SERVICES

The variances are mainly attributable to:

Compensation of employees: Delays in the filling of vacant posts

Transfers and Subsidies: Underspending mainly due to challenges in signing of Service Level Agreements with Designated Groups Special Services, this resulted in the delay of expenditure.

Payments for Capital Assets: Delays in the delivery of furniture for Youth Centres.

PROGRAMME 4: LABOUR POLICY AND INDUSTRIAL RELATIONS

The variances are mainly attributable to:

Compensation of employees: Delays in the filling of vacant posts

Transfers and Subsidies: Fluctuations in exchange rate impacting on affiliation fee payments to international organisations.

Payments for Capital Assets: Delays in the delivery of furniture.

While the LMIS directorate has achieved some of the outputs as per the APP, all annual reports were not printed and published due to the lockdown that started in the last week of March 2020. This has led to huge saving in the financial year 2019/20.

The Research Unit planned to complete development and approval of RME agenda and complete its procurement process. The recommendation of service providers for RME agenda research projects could not be realised as evaluation of bids could not be finalised in February 2020. The main source of the variance is poor work management.

1.5.3.3 ACTIONS TAKEN OR PLANNED TO AVOID RECURRENCE

Expedite the filling of vacant posts, although it will be further hampered by the nation-wide lockdown due to the Covid-19 pandemic.

All annual labour market reports that were produced in LMIS directorate are now being processed at the Government printers for printing and publishing. The delay in publishing was unavoidable in the current situation of lockdown due to Covid-19.

Delayed conclusion of research tender process conclusion could be avoided by ensuring stricter selection of evaluation teams for tender process and improved planning processes.

1.5.3.4 VIREMENT APPLIED

VIREMENT WAS APPLIED AS FOLLOWS:

Programme		
Shifted From	Shifted to	R'000
Administration: Current Payments	Public Employment Services: Transfers and Subsidies – Productivity SA	9 100
Total		9 100

Virement applied and the reasons therefore:

Funding of R9 100 000 was provided to Productivity SA in order to address urgent operational requirements identified by the entity. The approval of the National Treasury was obtained in line with Section 43 of the Public Finance Management Act (PFMA – Act 1 of 1999) and Treasury Regulation 6.3.1 (TR published 2005).

1.5.4 UNAUTHORISED, FRUITLESS AND WASTEFUL AND IRREGULAR EXPENDITURE

No Unauthorised Expenditure was reported during the 2019/20 financial year. Irregular expenditure as well as Fruitless and Wasteful Expenditure incurred by the Department are disclosed in Notes 23 and 24 of the Annual Financial Statements.

1.5.5 FUTURE PLANS OF THE DEPARTMENT

1.5.5.1 PROJECTS FOR THE YEAR AND FUTURE YEARS

1. Diphetogo Project- SAP Roadmap Implementation across the Department and its entities
2. SAP Support and Maintenance, ICT Resource Augmentation
3. Managed Information Security Services
4. ICD Clean-up and Maintenance
5. Cloud Hosting for SAP Roadmap Implementation
6. Replacement of the Compensation Funds Claims System with SAP S/4 Hana System (CompEasy).
7. Roll-out of PES Kiosks to all the labour centres
8. Roll out of VOIP and Video Conferencing at all DEL Offices and Labour Centres

For the monitoring of the impact of labour legislation, the Department will continue to conduct priority research projects guided by trends in national and global economies.

The Branch IES will continue to consider ways to innovate the way in which its service offerings are presented to its clients. The inspectors are finding ways to use the 4IR to ensure decent work is well and truly entrenched at the level of the worker. This Financial Year the Branch will be introducing an updated 'new' case management system that will hopefully revolutionise the way in which IES conducts its business.

The addition of 500 new inspectors places a huge burden on our system to ensure that all new inspectors are adequately trained to meet the future needs of the client and to fulfil the mandate of the organisation. Training required by an OHS inspector is life-long and will have to be carefully planned. Current training focuses on foundational issues while future training of the new inspectors will focus on specialised training.

All legislation will be updated and reviewed over the next five years which will ensure that employees will be protected by legislation that is relevant for the next five years at least. In addition to this, the current COVID-19 that has plagued every country in the world up until now will undoubtedly change the way we do business, in some cases marginally and in other areas significantly. What is quite significant is that we are unprepared and our current systems archaic to adequately deal with the unknown future. Updated systems therefore will provide a new passage to us to engage our clients more than what we are currently doing.

The Branch IES will also need to prepare for the 5th IR which has already started to rear its head and research shows us areas that we need to prepare. A key project moving into the future for OHS will be to improve compliance rates for various sectors while formulating the right service offering for the informal and SMME sectors.

The Branch IES keeps contemplating the question; How will the future affect the day to day business of the Branch? How will we conduct inspections in future?; How can we do things differently to the benefit of our clients? The responses to these questions and others like it will change year on year, decade on decade ... and so on. Despite past pandemics, the memories of those pandemics lie deeply buried in the past for most of us. COVID-19, however, as with AIDs which eventually surfaced fully world-wide in the '90s and the like of what is coming out of the current research reports show that the 5th IR undoubtedly will take into account that which is happening now, radically changing the future in ways we cannot imagine. There will be an overlap going forward between the 4th and 5th IR. The Department will need to get the foundation for the future right, starting with a solid IT infrastructure.

Public Employment Services will identify strategic partners and conclude Memoranda of Understanding with them, to use ESSA free services for recruitment purposes and to increase the placement of Work-seeker's in registered work and learning opportunities.

PES will also enter into partnership with the Unemployment Insurance Fund Labour Activation Programme in order to establish Employment Schemes that are to absorb large number of work-seekers that cannot be absorbed in formal employment or learning opportunities.

PES will further develop a National Employment Policy that is to include a number of sub-themes such as migration management, fourth industrial revolution, informal economy, social enterprises, etc. Some of the sub-themes such as Labour Migration Management are likely to be accelerated given the huge pressure that the country is under to address migration problem.

1.5.5.2 REVISIONS TO LEGISLATIVE AND OTHER MANDATES

1. 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.

2. Issue regulations in terms of the Employment Services Act.

The new regulations aim to strengthen the provision of employment services within the Department and to provide further clarity on the prescribed provisions of the Act.

3. 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.

4. 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.

5. Amendments to the Employment Equity Act, Act 55 of 1998 and its Employment Equity Regulations.

These amendments are primarily aimed at empowering the Minister of Employment and Labour to regulate the setting of Sector specific EE numerical targets and the promulgation of Section 53 that deals of the issuing of an EE Compliance Certificate as a prerequisite for accessing of State Contracts.

6. National Minimum Wage Act, Act 9 of 2018. The National Minimum Wage Act 9 of 2018 aims to:

- Provide for a national minimum wage
- Establish the National Minimum Wage Commission
- Provide for the composition and functions of the National Minimum Wage Commission
- Provide for the review and annual adjustment of the national minimum wage
- Provide for exemption from paying the national minimum wage, and
- Provide for matters connected therewith.

National Minimum Wage was reviewed on 1 March 2020 by CPI 3.8% in order to protect low-income workers from erosion in their incomes.

1.5.6 PUBLIC PRIVATE PARTNERSHIPS (PPP)

The Department did not enter into any Public Private Partnership (PPP) as at 31 March 2020.

1.5.7 DISCONTINUED ACTIVITIES/ ACTIVITIES TO BE DISCONTINUED

The Department has not identified any activities to be discontinued.

1.5.8 NEW OR PROPOSED ACTIVITIES

No new activities have been proposed.

1.5.9 SUPPLY CHAIN MANAGEMENT

1.5.9.1 UNSOLICITED BID PROPOSALS CONCLUDED FOR THE YEAR UNDER REVIEW

No unsolicited bid proposals concluded for the year under review.

1.5.9.2 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 possible irregular expenditure is investigated to either determine responsibility in order to recover the amount involved, or follow the necessary procedures to condone
- Investigations into all irregular transactions are undertaken which result in disciplinary steps being 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
- Inspections conducted at the Provincial Offices to assist officials to avoid the reoccurrence of Irregular Expenditure.

1.5.9.3 CHALLENGES EXPERIENCED IN SCM AND HOW THEY WERE RESOLVED

The main challenge remains understaffing at provincial level.

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

The Department did not receive any gifts or donations in kind during the 2019/20 financial year.

1.5.11 EXEMPTIONS AND DEVIATIONS RECEIVED FROM THE NATIONAL TREASURY

Deviation requested for research projects:

- NT approved deviation for research on “Global value chains and the changing nature of employment in South Africa”. The project needed deviation due to contract extension as data collection challenges led it to run beyond contracted timeframe- there were no financial implications
- NT declined deviation request for research on “Baseline study on silicosis”. This research was subjected to open tender on two occasions and failed to attract qualifying bidders, first occasion one bidder expressed interest but failed to meet functionality minimum score and the second advertisement yielded no expression of interest. Deviation was requested from NT to seek sole provider bidding.

1.5.12 COST CONTAINMENT

The Department implemented the cost cutting Cost Containment Measures as issued by the National Treasury.

In addition to the above, the Department issued guidelines regarding cost containment measures, this aimed at ensuring comprehensive implementation of the National Treasury Instructions.

1.5.13 EVENTS AFTER THE REPORTING DATE

As from 1 April 2020, the Department is listed as Vote 31: Employment and Labour, as per the 2020 Estimates of National Expenditure.

During the 2020 Special Adjustments Budget, tabled by the Minister of Finance on 24 June 2020, the allocations in respect of the Department of Employment and Labour, as indicated in the 2020 Estimates of National Expenditure, are reduced by R261 920 000 or 7.2%.

A revised Strategic Plan as well as Annual Performance Plan was tabled as per the applicable guidelines.

1.5.14 OTHER

1.5.14.1 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 thereof to the National Treasury.

The Interim Financial Statements were approved by the Accounting Officer.

1.5.15 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.

1.5.16 CONCLUSION

In conclusion, I hereby submit the Department’s Annual Report for the period ended 31 March 2020.

1.5.17 APPROVAL

The Annual Financial Statements for the 2019/20 financial year have been approved by the Accounting Officer.



T LAMATI

DIRECTOR-GENERAL: EMPLOYMENT AND LABOUR

Date: 13 October 2020

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

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.

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

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 2020.

Yours faithfully



T LAMATI

DIRECTOR-GENERAL: EMPLOYMENT AND LABOUR

Date: 13 October 2020

1.7 ORGANOGRAM



BE Moloji
Deputy Minister of Labour



TW Nxesi
Minister of Labour



T Lamati
Director-General
Labour

INSTITUTIONS REPORTING TO THE EXECUTIVE AUTHORITY

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

V Seafield

DDG: Labour Policy and Industrial Relations



A Moiloa

DDG: Inspection and Enforcement Services



S Morotoba

DDG: Public Employment Service



B Matebesi

DDG: Corporate Services



T Maruping

Commissioner:
Unemployment Insurance Fund



M Bronkhorst

Chief Operations Officer



B Maduna

Chief Financial Officer



V Mafata

Commissioner:
Compensation Fund



SERVICE DELIVERY SITES OF THE DEPARTMENT

Services are rendered at nine Provincial Offices, 126 Labour Centres, 36 Satellite Offices and 490 Visiting Points across the country. To deliver on its core business of Public Employment Services, Inspection and Enforcement Services and Labour Policy and Industrial Relations, the Department has a staff complement of 9 250. The provincial breakdown is as follows:

- In the Eastern Cape the Department delivers services at 16 Labour Centres, 5 Satellite Offices and 78 visiting points with a staff complement of 828 posts
- In the Free State the Department deliver services at 11 Labour Centres, 3 Satellite Offices and 69 visiting points with a staff complement of 535 posts
- In Gauteng the Department delivers services at 27 Labour Centres, 1 Satellite Office and 7 visiting points with a staff complement of 1 649 posts
- In KwaZulu-Natal the Department delivers services at 16 Labour Centres, 3 Satellite Office and 49 visiting points with a staff complement of 1 111 posts
- In Limpopo the Department delivers services at 13 Labour Centres, 7 Satellite Offices and 28 visiting points with a staff complement of 553 posts
- In Mpumalanga the Department delivers services at 14 Labour Centres, 2 Satellite Offices and 26 visiting points with a staff complement of 540 posts
- In the Northern Cape the Department delivers services at 7 Labour Centres and 95 visiting points with a staff complement of 342 posts
- In the North West Province the Department delivers services at 10 Labour Centres, 7 Thusong Service Centres and 34 visiting points with a staff complement of 458 posts
- In the Western Cape the Department delivers services at 12 Labour Centres, 8 Satellite Offices and 104 visiting points with a staff complement of 822 posts
- The Department is currently rolling out Kiosks to all Labour Centres, Youth Employment Centres and have other applications such as employment services available on internet and e-gov.

1.8 PUBLIC ENTITIES REPORTING TO THE MINISTER

Name of Public Entity	Legislative Mandate	Nature of Operations	Financial Relationship
Unemployment Insurance Fund (UIF)	The Unemployment Insurance Fund 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	Transfer payment (if required)
Compensation Fund (CF)	The Compensation Fund's main objective is to provide compensation for disability, illness and death resulting from occupational injuries and diseases	Collection of contributions and payment of Medical, compensation and pension benefits	Transfer payment (for the covering of cost related to injuries sustained on duty of government employees)
Productivity South Africa (Productivity SA)	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"> • Products and services of assisted companies world class and competitive • Productivity and competitiveness awareness is high and embraced in South Africa • Capacitated SMMEs contribute to sustainable employment creation • Jobs saved in distressed companies • Productivity research reports for selected sectors produced 	Transfer payment

Name of Public Entity	Legislative Mandate	Nature of Operations	Financial Relationship
Commission for Conciliation, Mediation and Arbitration (CCMA)	The Commission for Conciliation, Mediation and Arbitration (CCMA) was established in terms of the Labour Relations Act, 1995 as amended. It is mandated to promote social justice and fairness in the workplace by delivering ethical, qualitative, innovative and cost effective dispute management and resolution services, institution building services, education, training and development, and efficient administration	The CCMA's compulsory statutory functions are to: <ul style="list-style-type: none"> • Consolidate 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 about ccma activities • Accredite and consider applications for subsidy by bargaining councils and private agencies and • Provide support for the essential services committee 	Transfer payment
National Economic Development and Labour Council (NEDLAC)	The National Economic Development and Labour Council was established in terms of the National Economic Development and Labour Council Act, 1994. The Act requires organised labour, organised business, community based organisations and government, as a collective, to promote the goals of economic growth; participate in economic decision making and social equity; seek to reach consensus and conclude agreements on matters pertaining to social and economic policy; consider all proposed labour legislation relating to labour market policy and all significant changes to social and economic policy before these are introduced in Parliament; and encourage and promote the formulation of coordinated policy on social and economic matters	The NEDLAC Act requires the institution to: <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 and • Consider social economic disputes in terms of section 77 of the labour relations act 	Transfer payment
Supported Employment Enterprises (SEE)	The SEE is established in terms of the Employment Services Act to provide employment for people with special disabilities in the various factories across provinces that manufacture wood, linen and steel products	The Employment Services requires the entity to: <ul style="list-style-type: none"> • Facilitate supported employment • Provide work opportunities for persons with disabilities • Develop and implement programmes that promote employability of pwd including persons with permanent disabilities as defined in the compensation act • Perform other functions as prescribed by the minister 	Transfer payment





PART B PERFORMANCE INFORMATION

DEPARTMENT OF EMPLOYMENT AND LABOUR

PART B: PERFORMANCE INFORMATION

1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs certain audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Report on the audit of the Annual Performance Report section of the auditor's report. Refer to page 114 of the Report of the Auditor-General, published as Part E: Financial Information.

2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 SERVICE DELIVERY ENVIRONMENT

COMPENSATION FUND

<p>Problem statement – Identified key service</p>	<p>The Fund registers and adjudicates the compensation claims for injured and dependant(s) of deceased employees to establish the liability with regard to the claims. In the past, it took approximately 60 days for the Fund to determine liability. Upon receipt, the claim is assessed based on the information (valid and complete) provided in order to accept or reject the claim. The claims registration process has a history of backlogs and a number of initiatives were undertaken over the years to eradicate this backlog. The Fund has been able to exceed its performance targets for adjudicating compensation claims in the three recent financial years as it pertains to the current claims, but continues to struggle to eliminate open claims (backlog) that existed before 2018.</p> <p>The aim of the Service Delivery Improvement Plan is to reduce the responsive time to adjudicate the compensation claims from 40 working days (year 1), 30 working days (year 2) to 15 working days (year 3) while increasing the number of claims adjudicated per annum. Furthermore, it aims to reduce the responsive time to settle medical invoices from 60 working days (year 1), 40 working days (year 2) to 25 working days (year 3) while increasing the number of medical invoices settled.</p> <p>The Fund has targeted to adjudicate 90% of compensation claims within 30 working days of receipt and it has targeted to settle 85% of medical invoices (with valid and complete information) within 40 working days of receipt as per the approved Annual Performance Plan for 2019/20 financial year (year 2).</p> <p>The approved compensation benefits are paid out within 5 working days of approval. Compensation Benefits Directorate has developed an Adjudication Strategy in order to eliminate or clear the backlog from the legacy systems. Such strategy is currently being implemented in the current financial year. The compensation claim process is far reaching, resulting in long lead times to finalize and settle medical invoices.</p>
<p>Performance highlights</p>	<p>The overall achievements for the financial year 2019/2020 is as follows:</p> <ul style="list-style-type: none"> • 87% of compensation claims adjudicated within 30 working days of receipt against a target of 90% • 69% of medical invoices were finalised within 40 working days of receipt against a target of 85%

UNEMPLOYMENT INSURANCE FUND

<p>Problem statement – Identified key service</p>	<p>Although the Fund undertakes to pay unemployment insurance benefits within the set turnaround times, there is no adequate system to fast track claims processing and no policy to hold the responsible office/official to account for the consequence of any improper delay (reckless or deliberate) in paying out a valid claim. Most of the beneficiaries rely on the unemployment insurance benefits to support themselves and their loved ones. The service delivery improvement plan seeks to address the service delivery challenges (focusing on policy, process, system, people etc.) with a view to ensure that all eligible beneficiaries with a valid claim receive the benefits within the set turnaround time.</p> <p>In order to improve service delivery and restore the Fund’s reputation, a Service Delivery Management Action Plan (SDMAP) has been developed which will serve as a blue-print for the service delivery improvements initiatives. The Fund coordinated service delivery implementation team comprising of customer service officials, claims assessors, paymasters, organisational effectiveness, human resources, call centre agents and managers, training in ICT, communication and operations. The team is led by the Chief Director Operations Management.</p> <p>The above SDMAP is more focused on the short to medium term strategic view to address the current key challenges:</p> <ul style="list-style-type: none"> • Poor management of walk-in (public) clients • Poor turnaround on complaints / enquiries resolution • Lack of customer-focused culture • Poor turnaround to take incoming call. 																						
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<p>Performance highlights</p>	<p>As at Q4-2019/2020FY, the actual performance is as follows:</p> <ul style="list-style-type: none"> • Unemployment benefits: 93% of claims were finalised over a target of 90% within 15 working days of receipt • In-service benefits: 92% of claims were finalised over a target of 90% within 10 working days of receipt • Dependent benefits: 95% of claims were finalised over a target of 90% within 20 working days of receipt 																						

PUBLIC EMPLOYMENT SERVICES

Problem statement – Identified key service	<p>South Africa is faced with high levels of unemployment, with most of the unemployed people having low levels of education and training, which make it difficult for them to access the labour market. There is a gap between skills demanded by the labour market and those possessed by registered Work-seeker's. Unemployed people find it difficult to access available job and learning opportunities due to numerous problems, including the following:</p> <ul style="list-style-type: none"> • Low level skills and education of Work-seekers • Lack of required experience by employers • Skills mismatch between skills required by the labour market and skills supplied by the Education and Training system • Lack of resources to assist Work-seekers with skills required by employers and labour migration requirements around the country. <p>The Project Education for Employability has been established and agreed between the three Departments (Department of Basic Education, Department of Higher Education and Training and Department of Labour) to address challenges related to Education, Training and Skills mismatch with the labour market demands</p>
Performance highlights	A total of 62 213 Work-seekers were placed in work and learning opportunities over and above the target of 45 000. The target was over achieved by 17 213

The service delivery interventions include the following:

2.2 SERVICE DELIVERY IMPROVEMENT PLAN

The department has compiled a service delivery improvement plan. The tables below highlight the service delivery plan and the achievements to date.

MAIN SERVICES AND STANDARDS

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement	
Claim for Compensation Benefits	<p>Employee: Dependents, injured or acquired diseases on duty</p> <p>Beneficiaries: Employee's widow/, widowers or children</p>	<p>90% of compensation claims adjudicated within 30 working days of receipt</p> <p>(amended as per CF'S APP for the FY under review)</p>	<p>100% of registered compensation claims adjudicated within 15 working days of receipt</p>	87% of compensation claims were adjudicated within 30 working days of receipt (not-achieved)	
				Claims	Number of Claims
				Registered	144 378
				Accepted	-
				Not Accepted	-
				Under Investigation	-
				Repudiated	-
				Adjudicated within 30 working days	125 548
				Total Adjudication	130 472
				Actual Performance:	87%
Variance:	-3%				
Reason for variance:					
Provincial statistics are not available due to:					
1. There were challenges with reporting functionality on CompEasy claim management system. Hence, some data was not available					
2. The Fund also experienced system functionality challenges post "go live" which impacted on claim registration, adjudication, benefits and medical invoices payments					
Intervention Plan:					
The Fund conducted a fit gap analysis for reports and other functionalities that are currently under development					
To be completed by end of June 2020					

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Settlement of valid medical invoices	Employee: Dependents, injured or acquired diseases on duty Beneficiaries: Employee's widow/widowers or children	85% of medical invoices finalised within 40 working days of receipt (amended as per CF APP for the FY under review)	95% of medical invoices finalised within 25 working days of receipt	69% of medical invoices were finalised within 40 working days of receipt (not achieved) <table border="1"> <thead> <tr> <th>Medical</th> <th>Number of invoices</th> </tr> </thead> <tbody> <tr> <td>Received</td> <td>519 830</td> </tr> <tr> <td>Medical claims finalized within 40 working days</td> <td>358 499</td> </tr> <tr> <td>Actual Performance:</td> <td>69%</td> </tr> <tr> <td>Variance:</td> <td>-16%</td> </tr> </tbody> </table> <p>Reason for variance: Provincial statistics are not available due to: 1. There were challenges with reporting functionality on CompEasy claim management system 2. The Fund also experienced system functionality challenges post "go live" which impacted on claim registration, adjudication, benefits and medical invoices payments</p> <p>Intervention Plan: The Fund conducted a fit gap analysis for reports and other functionalities that are currently under development To be completed by end of June 2020</p>	Medical	Number of invoices	Received	519 830	Medical claims finalized within 40 working days	358 499	Actual Performance:	69%	Variance:	-16%																																																														
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UIF benefits: Claim for Unemployment benefit	Unemployed contributors	All valid claims (Unemployment benefits) with complete information finalised within 15 working days of receipt	90% of valid claims (Unemployment benefits) with complete information approved or rejected within 15 working days of receipt	93% of valid claims (Unemployment benefits) with complete information were finalised within 15 working days of receipt (achieved) <table border="1"> <thead> <tr> <th>Office</th> <th>Received</th> <th>Finalised within 15 w/days</th> <th>Finalised after 15 w/days</th> <th>% perf</th> <th>% Variance</th> </tr> </thead> <tbody> <tr> <td>UIF HQ</td> <td>22 756</td> <td>19 805</td> <td>2 951</td> <td>87%</td> <td>-3%</td> </tr> <tr> <td>EC</td> <td>74 844</td> <td>69 427</td> <td>5 417</td> <td>93%</td> <td>3%</td> </tr> <tr> <td>FS</td> <td>42 292</td> <td>40 869</td> <td>1 423</td> <td>97%</td> <td>7%</td> </tr> <tr> <td>GP</td> <td>216 354</td> <td>212 730</td> <td>3 624</td> <td>98%</td> <td>8%</td> </tr> <tr> <td>KZN</td> <td>142 748</td> <td>137 174</td> <td>5 674</td> <td>96%</td> <td>6%</td> </tr> <tr> <td>LP</td> <td>74 930</td> <td>59 164</td> <td>15 766</td> <td>79%</td> <td>-11%</td> </tr> <tr> <td>MP</td> <td>69 979</td> <td>64 078</td> <td>5 901</td> <td>92%</td> <td>2%</td> </tr> <tr> <td>NC</td> <td>24 239</td> <td>22 613</td> <td>1 626</td> <td>93%</td> <td>3%</td> </tr> <tr> <td>NW</td> <td>41 501</td> <td>38 816</td> <td>2 685</td> <td>94%</td> <td>4%</td> </tr> <tr> <td>WC</td> <td>144 996</td> <td>133 475</td> <td>11 521</td> <td>92%</td> <td>2%</td> </tr> <tr> <td>Total</td> <td>854 639</td> <td>798 151</td> <td>56 588</td> <td>93%</td> <td>3%</td> </tr> </tbody> </table>	Office	Received	Finalised within 15 w/days	Finalised after 15 w/days	% perf	% Variance	UIF HQ	22 756	19 805	2 951	87%	-3%	EC	74 844	69 427	5 417	93%	3%	FS	42 292	40 869	1 423	97%	7%	GP	216 354	212 730	3 624	98%	8%	KZN	142 748	137 174	5 674	96%	6%	LP	74 930	59 164	15 766	79%	-11%	MP	69 979	64 078	5 901	92%	2%	NC	24 239	22 613	1 626	93%	3%	NW	41 501	38 816	2 685	94%	4%	WC	144 996	133 475	11 521	92%	2%	Total	854 639	798 151	56 588	93%	3%
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Work-seeker's placed in employment opportunities	Unemployed Under-employed Retrenched People with Disabilities Employers	47 500 registered employment opportunities filled by registered work-seekers per year	45 000 registered employment opportunities filled by registered work-seekers per year	62 213 of registered employment opportunities were filled by registered work-seekers (achieved)																																																
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COMPENSATION FUND (CF):

Batho Pele arrangements with beneficiaries (Consultation, access etc.)

BPP	Current/actual arrangements	Desired arrangements	Actual achievements						
Consultation	Conduct 5 employees and employers advocacy forums per quarter with provinces	Conduct 9 Advocacy/ outreach sessions with provinces per quarter by 2021	81 advocacy sessions with employee/employers were conducted (achieved) <table border="1"> <thead> <tr> <th>Number of Advocacy</th> <th>Purpose</th> <th>Date</th> </tr> </thead> <tbody> <tr> <td>81</td> <td>Educating and training of CF stakeholders</td> <td>Q1- Q4</td> </tr> </tbody> </table> Variance: None Reason for Variance: None	Number of Advocacy	Purpose	Date	81	Educating and training of CF stakeholders	Q1- Q4
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	81	Educating and training of CF stakeholders	Q1- Q4						
1 Commissioners staff meeting per semester by 2020	2 Commissioners staff meeting per semester by 2021	Actual Performance: (achieved) 1 Commissioners staff meeting was held Variance: None Reason for Variance: None							
12 internal electronic Newsletter produced and circulated to all CF staff per year	12 internal electronic Newsletter produced and circulated to all CF staff by 31 st March 2021	Actual Performance: (achieved) 12 internal electronic newsletters were produced and circulated to all staff members Variance: None Reason for Variance: None							
Courtesy	Service standards and charter displayed at all entry points by 2020	All service beneficiaries should be treated in accordance with the approved service charter 100% of the time	Actual Performance: (achieved) Service standards and service charter for the FY2019/20 were approved and displayed for the benefit of all stakeholders Variance: None Reason for Variance: None						

BPP	Current/actual arrangements	Desired arrangements	Actual achievements
Access	Operational CF call centre	Operational CF call centre	<p>Actual Performance: (not achieved)</p> <p>CF Call Centre and Customer Care Sub-Directorates were operational except for 15 days</p> <p>Variance: 15 days</p> <p>Reason for Variance:</p> <ul style="list-style-type: none"> Electricity interruptions Citrix and data centre downtime
	Operational on-line services for claim and medical services	Operational on-line services for claim and medical services	<p>Actual Performance: (not achieved)</p> <p>CompEasy was intermittently on and off due to technical challenges</p> <p>Variance:</p> <p>Internal and external stakeholders could not transact</p> <p>Reason for Variance:</p> <p>The newly launch CompEasy system had various technical errors. Some system functionality that was not intermittently available affected certain users to transact</p>
	Online services for employer registration, submission and payment of return of earnings at: <ul style="list-style-type: none"> 126 Labour Centres 2 Self Help kiosks at HQ Walk In centre 	Online services for employer registration, submission and payment of return of earnings at: <ul style="list-style-type: none"> 126 Labour Centres 4 Self Help kiosks at HQ Walk In centre 	<p>Actual Performance: (not achieved)</p> <p>An online service for employer registration, submission and payment of return of earnings is available in approximately 62 labour centres</p> <p>Variance:</p> <p>64 Labour centres do not have self-help kiosks yet</p> <p>Reason for Variance:</p> <p>CF is responsible to install self-help kiosks in 32 labour centres. The remaining 32 Labour centres will be installed by UIF</p>
Information	Update, publish and display CF services information, services standards as well as waiting times and turnaround times on the website and all contact centres by 31 March 2020	% brochures, pamphlets and posters (translated to least 1 or 2 local languages) <p>on-</p> <ul style="list-style-type: none"> Know your rights and responsibilities Service standards and charters YOU and COIDA (in 11 languages) 	<p>Actual Performance: (not achieved)</p> <p>CF's service information, services standards are displayed at the contact centre and walk in centre</p> <p>Variance:</p> <p>The waiting times and turnaround times are not displayed on the website and contact centre</p> <p>Reason for Variance:</p> <p>The waiting time are not yet displayed because CF is in the process of implementing a CRM tool that will track the response time</p>
	Conduct 6 mall activations by 31 March 2020	Conduct 10 Mall Activations by 31 March 2021	<p>Actual Performance: (achieved)</p> <p>12 Malls activation were conducted in the following provinces:</p> <p>Free State</p> <p>Eastern Cape</p> <p>Northern Cape</p> <p>Western Cape</p> <p>Variance: 6</p> <p>Reason for Variance: None</p>

BPP	Current/actual arrangements	Desired arrangements	Actual achievements																																						
	Secure 12 radio interviews/talk shows by 31 March 2020	Secure 12 radio interviews/talk shows by 31 March 2021	<p>Actual Performance: (achieved)</p> <p>12 Radio interviews/talk shows were conducted:</p> <table border="1"> <thead> <tr> <th>Radio station</th> <th>Date</th> </tr> </thead> <tbody> <tr><td>YFM</td><td>10 February 2020</td></tr> <tr><td>Vuma FM</td><td>10 February 2020</td></tr> <tr><td>Gagazi FM</td><td>11 February 2020</td></tr> <tr><td>You FM</td><td>12 February 2020</td></tr> <tr><td>Power FM</td><td>13 February 2020</td></tr> <tr><td>Algoa FM</td><td>14 February 2020</td></tr> <tr><td>OFM</td><td>26 February 2020</td></tr> <tr><td>Rise FM</td><td>27 February 2020</td></tr> <tr><td>Good Hope FM</td><td>28 February 2020</td></tr> <tr><td>Capricorn FM</td><td>05 March 2020</td></tr> <tr><td>Heart FM</td><td>06 March 2020</td></tr> <tr><td>SABC</td><td>18 March 2020</td></tr> <tr><td>Ikwewezi FM</td><td></td></tr> <tr><td>Umhlobo wenene</td><td></td></tr> <tr><td>Ligwalagwala</td><td></td></tr> <tr><td>Motsweding</td><td></td></tr> <tr><td>Ukhozi</td><td></td></tr> <tr><td>Lesedi</td><td></td></tr> </tbody> </table> <p>Variance: 0</p> <p>Reason for Variance: The radio interviews were increased due to customer demand</p>	Radio station	Date	YFM	10 February 2020	Vuma FM	10 February 2020	Gagazi FM	11 February 2020	You FM	12 February 2020	Power FM	13 February 2020	Algoa FM	14 February 2020	OFM	26 February 2020	Rise FM	27 February 2020	Good Hope FM	28 February 2020	Capricorn FM	05 March 2020	Heart FM	06 March 2020	SABC	18 March 2020	Ikwewezi FM		Umhlobo wenene		Ligwalagwala		Motsweding		Ukhozi		Lesedi	
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			<p>Actual Performance: (achieved)</p> <p>4 educational awareness campaigns targeting CF clients were conducted</p> <p>Variance: None</p> <p>Reason for Variance: None</p>																																						
			<p>Actual Performance: (achieved)</p> <p>3 Radio interviews were conducted on the inclusion of Domestic Workers to the COID Act. The interviews were aired by the following Radio stations:</p> <ul style="list-style-type: none"> • Power FM • 702 • YFM <p>3 Radio interviews on the Assessment model conducted on the following Radio stations:</p> <ul style="list-style-type: none"> • Gagasi FM • Power FM • Khaya FM • Variance: None <p>Reason for Variance: None</p>																																						

BPP	Current/actual arrangements	Desired arrangements	Actual achievements
Openness and Transparency	Display at all offices and publish on the website: Know your rights leaflet Service Charters Service Standards Batho Pele Principles	Display contact details, service charter, service standards and BP principles at all offices. Social media in all 11 languages	Actual Performance: (achieved) Know your rights leaflets are available at CF HQ Walk-in centre Service Charters, Service Standards and Batho Pele Principles are displayed at CF HQ offices Variance: None Reason for Variance: None
	Publish on the website: Annual Performance Report Contact details of all managers	Publish on the website: Annual Performance Report publication Contact details of all managers	The 2018/19FY Annual Report was published on the website and circulated to the staff through the email channel Variance: None Reason for Variance: None
	Complaints Resolution process	Complaints Resolution process	Actual Performance: (not achieved) The complaints process forms are available at the CF HQ walk in centres and TV screens Variance: The complaints process forms not available on the website Reason for Variance: CF is embarking on development of a citizen engagement platform APP which will host e-complaints, compliments and suggestions portal
Redress	Acknowledge all complaints receipt within 24 hours and resolve 90% complaints within 14 working days of receipt and offer an apology to a client who is dissatisfied	Acknowledge complaints receipt within 24 hours and (as per approved service standards)	Actual Performance: (achieved) 943 complaints were received and 943 were acknowledged within 24 hours 100% acknowledgement rate was achieved Variance: None Reason for Variance: None
		resolve 95% complaints within 14 working days of receipt and offer an apology to a client who is dissatisfied and (as per approved service standards)	Actual Performance: (not achieved) 953 Complaints were received and 648 were resolved within 14 working days 68% resolution rate was achieved Variance: -22% Reason for Variance: The Fund experienced system functionality challenges post “go live” which impacted on claim registration, adjudication and benefits and medical invoices payments Employers failed to submit required documents on time
	Update contact details of customer care, Public Liaison Officers, Manager and Director on the website and entry points	Update contact details of customer care, Public Liaison Officers, Manager and Director on the website and entry points	Actual Performance: (achieved) The contact details of Customer Care Officer, Public Liaison Officers, Manager and Director including Assistant Directors are on the website Variance: None Reason for Variance: None
	100% of contact centres with Complaints, Compliments and suggestions boxes	100% of contact centres with Complaints, Compliments and suggestions boxes	Actual Performance: (achieved) The box is available at CF HQ walk in centre Variance: None Reason for Variance: None

BPP	Current/actual arrangements	Desired arrangements	Actual achievements
Value for Money	Reduce turnaround time to adjudicate the compensation claims (30 working days) and to finalise medical invoices (40 working days) by 2020	Reduce turnaround time to adjudicate the compensation claims (15 working days) and to finalise medical invoices (25 working days) by 2021	<p>The overall achievements for the financial year 2019/2020 is as follows:</p> <ul style="list-style-type: none"> 87% of compensation claims adjudicated within 30 working days of receipt against a target of 90% 69% of medical invoices were finalised within 40 working days of receipt against a target of 85% <p>Variance:</p> <p>compensation claims-3%</p> <p>medical invoices-16%</p> <p>Reason for variance:</p> <p>The Fund did not meet both the annual targets due the various reasons provided above. These challenges were mostly technical in nature</p>
	Increase in the number of CF-filing users by 31 March 2021	Improve number of employers registered for CF-filing online services by 31st March (annual target 25 000)	<p>Actual Performance: (achieved)</p> <p>61 769 new registrations received and 56 850 were finalised within 10 days and 4 919 finalised after 10 days. This is a 92% achievement</p> <p>Variance: None</p> <p>Reason for Variance: None</p>

UNEMPLOYMENT INSURANCE FUND (UIF)

Batho Pele arrangements with beneficiaries (Consultation, access etc.)

BPP	Current/actual arrangements	Desired arrangements	Actual achievements								
Consultation	9 000 stakeholders provided with education on UIF legislative requirements by 31 March 2020 As per amended APP for the FY	8 Compliance workshops with stakeholders by 31 March 2021	<p>Actual Performance: (achieved)</p> <p>A total of 9 010 stakeholders were engaged by 31 March 2020</p> <table border="1"> <thead> <tr> <th>No of stakeholders engaged</th> <th>The objective of the engagement</th> <th>Date</th> <th>Venue/Province</th> </tr> </thead> <tbody> <tr> <td>9 010</td> <td>To educate the stakeholder on UIF legislative requirements</td> <td>April 2019 -March 2020</td> <td>Gauteng KZN Western Cape Limpopo Mpumalanga</td> </tr> </tbody> </table> <p>Variance : None</p> <p>Reason for Variance: None</p>	No of stakeholders engaged	The objective of the engagement	Date	Venue/Province	9 010	To educate the stakeholder on UIF legislative requirements	April 2019 -March 2020	Gauteng KZN Western Cape Limpopo Mpumalanga
No of stakeholders engaged	The objective of the engagement	Date	Venue/Province								
9 010	To educate the stakeholder on UIF legislative requirements	April 2019 -March 2020	Gauteng KZN Western Cape Limpopo Mpumalanga								
	36 Provincial communication campaigns conducted	45 Provincial communication campaigns conducted	<p>Actual Performance: (achieved)</p> <p>A total of 43 provincial support visits were conducted in various provinces. The main purpose includes but are not limited to:</p> <ul style="list-style-type: none"> Monitor installation of Electronic Queue Management System (EQMS) and utilisation thereof Processing of claims backlog Auditor-General Preparations <p>Monitor compliance with the approved processes and procedures</p> <ul style="list-style-type: none"> Labour law training <p>Variance: 7</p> <p>Reason for Variance: None</p>								

BPP	Current/actual arrangements	Desired arrangements	Actual achievements			
				Purpose of Provincial support visits	Date	Venue/Province
			1	Monitor Electronic Queue Management System (EQMS) utilization and claims backlog	12-14 June 2019	Dundee LCs
				Monitor EQMS utilization and claims backlog	18-21 June 2019	Newcastle LCs
			1	Processing of backlog claims	08- 12 April 2019	Tzaneen LC
			1	Processing of backlog claims	27-31 May 2019	Lephalale LC
			4	QMS utilisation and sign off To monitor the turn-around time against the backlog To check the use of the verification checklists	21 – 24 May 2019	Western Cape: Worcester, Vredenburg, Mitchelsplain and Bellville LCs
			4	To monitor QMS installation and usage To monitor adherence to process and procedures To monitor turn-around time against the backlog	26 – 29 May 2019	Western Cape: Mitchelsplain, Vredenburg, George and Oudtshoorn LCs
			1	To address backlog	24 – 28 June 2019	North West: Klerksdorp LC
			1	To check compliance with processes	15-20 Sept 2019	Dundee LCs
			1	Labour law training	2-4 Sept 2019	N Cape
			1	Labour law training	23-27 Sept 2019	KZN
			2	To check compliance with processes	22-26 July 2019	Bellville and Somerset LCs
			2	To assist with backlog	04-16 Aug 2019	Burgersfort LC
			1	To check compliance with processes	12-16 Aug 2019	Bethlehem labour centre
			1	Labour law training	9-13 Sept 2019	Limpopo
			1	Labour law training	24-27 Sept 2019	Free State
			1	To check compliance with processes	15/07-19/09/19	Emalaheni LC
			2	Labour law training	09-12 Sept 2019	Witbank P/O and Standersdorp
			1	Labour	25/09-27/09/2019	Pretoria LC
			1	Labour centre visit	14-18 Oct 2019	Richards Bay /KZN
			1	Labour centre visit	15-18 Oct 2019	Grobldersdal (Limpopo)
			1	Labour centre visit	20-25 January 2020	Newcastle

BPP	Current/actual arrangements	Desired arrangements	Actual achievements																																																								
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	42 Provincial communication campaigns conducted	54 Provincial communication campaigns conducted	<p>Actual Performance: (achieved)</p> <p>57 provincial communication campaigns were conducted in various provinces. The main purpose includes but are not limited to:</p> <ul style="list-style-type: none"> • Director-General’s campaign on taking DEL services to the people • Provincial communication campaign • Outreach programme • Awareness campaigns • Briefing Session • Door to Door campaign • Employer Session • Mall Activation <p>Variance: 15</p> <p>Reason for Variance: None</p>																																																								

BPP	Current/actual arrangements	Desired arrangements	Actual achievements			
			No of Campaigns	Purpose	Date	Venue/Province
			Q1=10	Provincial Campaign	April-June 2019	Department of Labour North West
				Provincial Campaign	April-June 2019	Newcastle Labour Centre (KZN)
				Provincial Campaign	April-June 2019	Upington Northern Cape
				Provincial Campaign	April-June 2019	Upington Northern Cape
				Provincial Campaign	April-June 2019	Upington Northern Cape
				Provincial Campaign	April-June 2019	Mpumalanga Secunda
				Provincial Campaign	April-June 2019	Mpumalanga Bethal
				Provincial Campaign	April-June 2019	Gauteng Sol Tsoetsi Vall
				Provincial Campaign	April-June 2019	Gauteng Sebokeng Vanderbiljpark
				Provincial Campaign	April-June 2019	Gauteng Tshwane
			Q2=16	DG Campaigns in the provinces (taking DEL services to the people).	July-Sept 2019	Gauteng Temba Hamanskraal
				DG Campaigns in the provinces (taking DEL services to the people).	July-Sept 2019	Limpopo Musina
				DG Campaigns in the provinces (taking DEL services to the people).	July-Sept 2019	Northern Cape
				DG Campaigns in the provinces (taking DEL services to the people).	July-Sept 2019	Western Cape
				DG Campaigns in the provinces (taking DEL services to the people).	July-Sept 2019	Eastern Cape
				DG Campaigns in the provinces (taking DEL services to the people).	July-Sept 2019	Northern Cape
				DG Campaigns in the provinces (taking DEL services to the people).	July-Sept 2019	North West
				DG Campaigns in the provinces (taking DEL services to the people).	July-Sept 2019	Burgersfort- Limpopo
				DG Campaigns in the provinces (taking DEL services to the people).	July-Sept 2019	Northern Cape
				DG Campaigns in the provinces (taking DEL services to the people).	July-Sept 2019	North West
				DG Campaigns in the provinces (taking DEL services to the people).	July-Sept 2019	Burgersfort – Limpopo
				DG Campaigns in the provinces (taking DEL services to the people).	July-Sept 2019	Northern Cape

BPP	Current/actual arrangements	Desired arrangements	Actual achievements			
			No of Campaigns	Purpose	Date	Venue/Province
			Q3=11	Door to Door	14 – 18 October 2019	North West
				Mall Activation	19 October 2019	Free State
				Awareness	01 October 2019	North West
				Outreach	30 November 2019	North West
				DG – Taking DEL services to the people	30 November 2019	Eastern Cape
				Door to Door	19 –21 November 2019	Eastern Cape
				Provincial Campaign	23 November 2019	Eastern Cape
				Awareness	07 – 08 December 2019	North West
				Awareness	25 December 2019	North West
				Awareness	09-10 December 2019	Gauteng
			Q =20	Briefing Session	22 February 2020	Bloemfontein
				Briefing Session	28 February 2020	Lady Brand Taxi Association
				Briefing Session	12 March 2020	Sun Morepa Casino
				Briefing Session	09 March 2020	East London ICC
				Briefing Session	02 March 2020	Times Square Pretoria
				Briefing Session	03 March 2020	Klerksdorp
				Briefing Session	04 March 2020	Rustenburg
				Outreach	05 – 06 February 2020	Western Cape
				Door to Door	17 – 25 February 2020	Northern Cape
				Door to Door	08 February 2020	Gauteng
				Door to Door	09 February 2020	Gauteng
				Employer Session	12 February 2020	KZN
				Mall Activation	15 – 16 February 2020	Gauteng
				Employer Session	19 February 2020	KZN
				Employer Session	26 February 2020	KZN
				Employer Session	27 February 2020	KZN
				Seminar	26 February	Northern Cape
				Taking Services to the People	09 – 12 March 2020	Northern Cape
				Mall Activation	14 – 15 March 2020	Gauteng
				Ministers Breakfast Session	06 March 2020	Eastern Cape
				Taking Services to the people	07 March 2020	Eastern Cape

BPP	Current/actual arrangements	Desired arrangements	Actual achievements
Courtesy	Prominently display the service charter and service standards	Prominently display the service charter and service standards	<p>Actual Performance: (achieved)</p> <p>Service charters, service standards and Batho Pele principles posters are prominently displayed at each floor</p> <p>Variance: UIF is unable to display the posters at the entrance as the landlord indicated that the Fund is not the only lessee with access to the building. Therefore, the posters are displayed at different floors occupied by UIF</p> <p>Reason for Variance: The landlord does not allow the Fund to hang frames on the walls</p>
	Procure nametags for all new UIF officials	Procure nametags for all new UIF officials	<p>Actual Performance: (achieved)</p> <p>The name of the Department has changed. The unit has procured new nametags that reflect the new departmental name (360 nametags)</p> <p>The first batch of nametags (A total of 360) has been distributed to officials. Procurement of the second batch (a total of 250) is underway</p> <p>Variance: Second batch of nametags</p> <p>Reason for Variance: Revision of price quotations</p>
	Acquire and pilot an electronic queue management systems, (inclusive of rating devise for complaints, compliments and suggestions) by 31 March 2020 As per amended APP for the FY	Roll out the electronic queue management systems, (inclusive of rating devise for complaints, compliments and suggestions) to all labour centres in 9 provinces by 31 March 2021	<p>Actual Performance: (achieved)</p> <p>119 sites have been completed out of 126 as per the roll out plan</p> <p>Variance: 7 Labour Centres</p> <p>Reason for Variance: Due to accommodation challenges that needs to be resolved before the installation</p>
	70% of UIF front line officials to be trained on Batho Pele standards, customer care service, sign language etc.)	90% of UIF front line officials to be trained on Batho Pele standards, customer care service, sign language etc.)	<p>Actual Performance: (not achieved)</p> <p>No training has been conducted</p> <p>Variance: Tender to train the Client Support Officers on customer care still pending</p> <p>Reason for Variance: All the bidders were not accredited to offer both customer care and supervisory skills training</p>
7.3 Access	Roll out 75 Self-help services (kiosk) to 32 LCs by 31 March 2020 As per amended APP for the FY	Roll out 126 Self-help services (kiosk) to 126 LCs by 31 March 2021	<p>Actual Performance: (achieved)</p> <p>332 Self-help kiosks are installed in 62 Labour Centres</p> <p>Variance: 32 Labour Centre</p> <p>Reason for Variance: Availability of budget to establish more kiosks as a result of increased needs from the first phase of the project</p>
7.4 Information	Update, publish and display 100% of UIF services information, services standards and waiting times and turnaround times on the website and all contact centres by 31 March 2020	<p>All brochures, pamphlets and posters (translated to least 1 or 2 local languages) on:</p> <ul style="list-style-type: none"> Know your rights and responsibilities Service standards <p>Queue waiting times and turnaround times published on the website and prominently displayed</p>	<p>Actual Performance: (achieved)</p> <p>Service information and service standards are published on the website and displayed at the walk-in centre</p> <p>No data available in respect of the waiting times and turnaround times</p> <p>Variance: None</p> <p>Reason for Variance: None</p>
7.5 Openness and Transparency	<p>Display and publish on the website:</p> <ul style="list-style-type: none"> Know your rights leaflet Service Charters and Service Standards Batho Pele Principles Annual Performance Report Redress mechanisms on the website and displayed at all offices 	<p>Display and publish on the website:</p> <ul style="list-style-type: none"> Know your rights leaflet Service Charters and Service Standards Batho Pele Principles Annual Performance Report Redress mechanisms on the website and displayed at all offices 	<p>Actual Performance: (achieved)</p> <p>Know Your rights Leaflets, Service Charters, Service Standards and Batho Pele Principles posters were procured and displayed for the benefit of the stakeholders</p> <p>Annual Performance Report was distributed to Parliament and different structures. It was uploaded on the website for the benefit of all internal and external stakeholders</p> <p>Redress mechanisms is on the website and displayed at all offices</p> <p>Variance: None</p> <p>Reason for Variance: None</p>

BPP	Current/actual arrangements	Desired arrangements	Actual achievements
7.6 Redress	Acknowledge all complaints receipt within 24 hours	Acknowledge all complaints receipt within 24 hours and resolve complaints within 14 working days of receipt and offer an apology to a client who is dissatisfied	Actual Performance: (achieved) 166 complaints were received and 166 were acknowledged within 24 hours of receipt Variance: None Reason for Variance: None
	Resolve 90% of complaints within 14 days of receipt and offer an apology to a client who is dissatisfied As per amended APP for the FY	Resolve 95% of complaints within 14 days of receipt and offer an apology to a client who is dissatisfied	Actual Performance: (achieved) 166 complaints were received and 161 were resolved within 14 working days. 97% was achieved against a target of 90% within 14 working days of receipt Variance: None Reason for Variance: Delay in processing and payment of ordinary, maternity benefits and illness benefits due to outstanding information from clients (e.g. contact details provided not working) Employers not providing the correct period of service in time (non-compliance from employers)
	100% of contact centres with complaints, compliments and suggestion boxes	100% of contact centres with complaints, compliments and suggestion boxes	Actual Performance: (achieved) Help desk has complaints, compliments and suggestions box Variance: None Reason for Variance: None
7.7 Value for Money	30 000 claims submitted online by 31 March 2020 As per amended APP for the FY	60 000 of claims submitted online by 31 March 2021	Actual Performance: (achieved) 76 112 claims were submitted online Variance: 46 112 Reason for Variance: None
	27 000 increase in the number of U-filing users by 31 March 2020 As per amended APP for the FY	30 000 increase in the number of U-filing users by 31 March 2021	Actual Performance: (not achieved) 26 298 filing user employers registered against a target of 27 000 Variance: -702 Reason for Variance: The inefficiencies within uFiling are impacting the numbers

PUBLIC EMPLOYMENT SERVICES (PES)

Batho Pele arrangements with beneficiaries (Consultation, access etc.)

BPP	Current/actual arrangements	Desired arrangements	Actual achievements
Consultation	Conduct 261 advocacy campaigns per annum	Conduct 287 advocacy campaigns per annum	Actual Performance: (achieved) 341 advocacy campaigns were conducted Variance : 80 Reason for Variance: High demand for advocacy campaigns
Courtesy	Adherence to the service charter and service standards at all offices	Adherence to the service charter at all offices	Actual Performance: (achieved) The approved service charter and standards have been published and circulated for the benefit of all stakeholders Variance: None Reason for Variance: None
Access	10% clients use online services by 31 March 2020	15% clients use online services	Actual Performance: (achieved) 32 204 Work-seeker's registered online which is 13% of total registrations of 255 915 Variance: 3% Reason for Variance: The kiosks are operational at 61 Labour Centres. Awareness on online registration via the DoL website is contributing to the increase of registrations

BPP	Current/actual arrangements	Desired arrangements	Actual achievements
	Self-help services (kiosk) available at 30 LCs	Self-help services (kiosk) available at 40 LCs	<p>Actual Performance: (achieved)</p> <p>332 Self-help kiosks are installed in 62 Labour Centres</p> <p>Variance: 64 Labour Centres (32 UIF and 32 CF)</p> <p>Reason for Variance: Availability of budget to establish more kiosks as results of increased needs from the first phase of the project</p>
Information	Updated, publish and display relevant PES services information, services standards and waiting times and turnaround times on the website and all contact centres by 31 March 2020	Update, publish and display relevant PES services information, services standards and waiting times and turnaround times on the website and all contact centres by 31 March 2021	<p>Actual Performance: (achieved)</p> <p>The service standards were approved and published for the benefit of the stakeholders</p> <p>The service standards with turnaround times for the FY2020/21 were reviewed during Q4 and in approval stage</p> <p>Variance: None</p> <p>Reason for Variance: None</p>
Openness and Transparency	Update, display and publish: <ul style="list-style-type: none"> • Know your rights leaflet • Service Charters • Service Standards • Batho Pele Principles • Annual Performance Report 	Update, display and publish: <ul style="list-style-type: none"> • Know your rights leaflet • Service Charters • Service Standards • Batho Pele Principles • Annual Performance Report 	<p>Actual Performance: (achieved)</p> <p>The service charter, service standards and BPP are displayed in all DoL offices and published on the DoL website</p> <p>The Annual Report for the FY2018/19 is accessible on the website</p> <p>Variance: None</p> <p>Reason for Variance: None</p>
		Redress process at all contact centres, on the website and social media	<p>Actual Performance: (not achieved)</p> <p>Redress process is outlined in the approved policy on complaints, suggestions and compliments</p> <p>Variance: For social media are still being developed</p> <p>Reason for Variance: SAP roadmap will address the development of ESSA mobile app that will utilise the social media platform</p>
Redress	Acknowledge all complaints receipt within 24 hours Resolve 90% of complaints within 14 working days of receipt and offer an apology to a client who is dissatisfied	Acknowledge all complaints receipt within 24 hours and resolve 95% complaints within 14 working days of receipt and offer an apology to a client who is dissatisfied	<p>Actual Performance: N/A)</p> <p>0 complaints were received and 0 were resolved within 14 working days</p> <p>Variance : None</p> <p>Reason for Variance: None</p>
Value for Money	10% clients use online services (10% of registered work- seekers)	15% clients use online services (15% of registered work- seekers)	<p>Actual Performance: (not-achieved)</p> <p>71 796 Work-seeker's registered online which is 8% of total registrations of 929 770</p> <p>Variance: -2%</p> <p>Reason for Variance: Underutilisation of the kiosks at Labour Centres by clients to register via online services</p>

SERVICE DELIVERY INFORMATION TOOL

Current/actual information tools	Desired information tools	Actual achievements
DPSA Operations Management Framework has been adopted and being implemented Manual SDIP reporting tool (Ms Word)	Automated Performance Information System to monitor and report on the implementation QR and AR SDIP implementation report to be auto populated via the system	The SDIP for the new cycle was approved by the Minister. 4 QR and 1 AR SDIP implementation reports were produced and approved within the set timelines Achieved

COMPLAINTS MECHANISM

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
<p>DPSA Complaint Management Framework has been adopted</p> <ul style="list-style-type: none"> Policy and Procedure Manual is in place Various access channels/platforms are available to clients to lodge complaints Complaints received are recorded on the register Periodic (4 QR and 1 AR) complaint resolution reports were produced and approved 	Automated Customer Interaction Centre system to lodge, monitor and report on complaint resolutions	<ul style="list-style-type: none"> Policy and Procedure Manual is in place Various platforms available to lodge complaints Complaints received are recorded on the register Periodic (4 QR and 1 AR) complaint resolution reports were produced and approved within the timeframes Achieved

2.3 ORGANISATIONAL ENVIRONMENT

Service delivery is core to our existence as the Department and for that reason during the period under review we extended ourselves to reach our clients. We implemented a number of strategic projects to ensure it is easy to do business with the people we serve.

Our endeavours to improve service delivery resulted in the following initiatives:

- Our visiting points and labour centres are equipped with laptops and pool cell phones. The initiative enables services to be rendered immediately
- Customer care has been strengthened by adding auto-reply functionality to all customer email addresses
- Quarterly implementation reports are compiled to ensure monitoring of service delivery
- Our Service Standards have been reviewed, approved, circulated for implementation and display
- Our Service Charter has been reviewed, approved, circulated and displayed for implementation
- Through the Services to the People we reached 11 441 clients during this reporting period
- The Service Delivery Improvement Plan – FY 2018-2021 has been reviewed, approved and circulated for implementation
- A queue management system has been procured, developed, user acceptance piloted and rolled-out at Labour Centres
- 63 self-help kiosks were installed in selected Labour Centres to increase access to our services through online services. Unemployment Insurance Fund and Compensation Fund are in a process of installing 63 more in other Labour Centres
- One Employment Centre in Cape Town is operational and others will be established in big value catchment areas with employment prospects. These Employment Centres will provide the same services as the self-service kiosks
- We also took great strides in delivery new buildings for labour centres across the country to ensure accessibility to our services. The table below is a snap shot of what has been done.

AREA	PROGRESSING
Tzaneen	Moved in and operational
Thohoyandou	Moved in and operational
Mt Ayliff	Moved in and operational
Sebokeng	Progressing with procurement
Mthatha	Progressing with procurement
Johannesburg	Moving in April 2020
Germiston	Moving in April 2020
Durban	Partially moved in- moving in done in phases
Mitchells Plain	Moving in June 2020
De Aar	Moved in and operational
Taung	Progressing with procurement

2.4 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

On 1 January 2019, the National Minimum Wage Act (NMWA) was introduced for implementation by IES (monitoring and enforcement) and Labour Policy and Industrial Relations (establishment and implementation of a National Minimum Wage Commission). The primary purpose was to provide for a minimum wage for the most vulnerable workers. Certain sectoral determinations would still be applicable after the introduction of the NMWA. To maintain the relevance of the national minimum wage and to preserve its value, the National Minimum Wage Commission reviewed the national minimum wage on 1 March 2020 in order to protect low-income workers from erosion in their incomes.

The recent updates of various pieces of legislation such as the Employment Equity Act were also being fully implemented in order to give effect to the recent changes introduced.

The Public Employment Services Branch will develop a number of policies during the MTEF period to respond to a number of identified challenges:

- 1. Employment Policy** – the policy will be developed in line with the ILO Employment Policy guidelines to ensure that the country has a coordination framework for all employment initiatives in the country. The policy will be consulted extensively to receive maximum input and to ensure buy in or support during its implementation stages
- 2. Labour Migration Policy** – the policy is in line with the South African Development Countries (SADC), Ministers of Employment/Labour and Ministers of Interior/Home Affairs for all member states to have Migration Policies that will assist in the management of movement of labour and the African Union (AU) protocol on the movement of labour in the region
- 3. Strategy or Employment Schemes framework** – the framework is intended to provide short term employment in the midst of oversupply of labour and few employment opportunities available. The framework is intended to provide short term employment relief especially amongst young people, to stimulate the economy through multiple exit strategies that will allow participants to generate own income
- 4. Partnership Agreements** – PES will also embark on a number of partnership agreements that are intended to assist in the capacity development of staff, to expand the PES services and secure commitment by employers to use PES services.

3. STRATEGIC OUTCOME-ORIENTED GOALS: MEDIUM-TERM STRATEGIC FRAMEWORK (MTSF): 2014/15 -2019/20

The financial year 2019/20 is a transitional year from one MTSF five-year period into another five-year period. It moved from 14 Outcomes for the period 2014-2019 to just 7 priorities for the period 2019-2024.

3.1 SERVICE DELIVERY OUTCOMES AND DEPARTMENTAL STRATEGIC GOALS: MTSF 2014-2019

The Department contributes towards five of the 14 outcomes of government. The contributions toward the achievements of these outcomes are discussed below under each of the outcomes.

MTSF Outcome	Departmental Strategic Goal	Achievements
Outcome 4: Decent Employment through inclusive economic growth	1. Promote Occupational health services	None to report
	2. Contribute to decent employment creation	The Department of Employment Labour continues to coordinate the implementation of the Job Summit Framework Agreement: A progress report on all activities for all the quarters was submitted to the President. The report requested the Presidential Committee to note the report and provide guidance where necessary, in particular on a number of key remedial actions which have been identified and that need to be addressed. Furthermore, the report indicates areas where jobs were created as a result of the job summit <ul style="list-style-type: none"> • 4 010 068 Work-seeker's registered • 583 835 opportunities registered • 1 104 400 Work-seeker's counselled • 156 701 Work-seeker's placed in work and learning opportunities
	3. Protect vulnerable workers	On 1 January 2019, the National Minimum Wage Act (NMWA) was introduced to improve the low wage levels and inequality. Sectoral determinations will remain in force after the introduction of the NMWA except to the extent to which they provide wages less than the national minimum wage. The national minimum wage was reviewed on the 1st March 2020 by CPI 3.8% in order to protect low-income workers from erosion in their incomes. Also in line with section 51 of the BCEA wages in sectoral determinations that were above the national minimum wage were also increased by 3.8%
	5. Strengthen occupational safety protection	Achieved 28 757 inspections done
	6. Promote sound labour relations	Directive in terms of S19 (1) of the LRA was sent to employers' organizations and trade unions to amend their constitutions for balloting before the strike: 151 Employers' Organisations 207 Trade unions were targeted. Consultations were conducted to educate labour organisations about the requirements of the law. 53 attended
Outcome 5: A skilled and capable workforce to support an inclusive growth path	7. Monitor the impact of legislation	<ul style="list-style-type: none"> • Two Annual labour market reports produced by end of June 2019: Annual Labour Market Bulletin 2018/9 and Job Opportunity and Unemployment in the South African labour market 2018/19 • Two Annual labour market reports produced by end of March 2020: Annual Industrial Action report 2019 and Annual Administrative Statistics report 2019
	9. Development of the Occupational Health and Safety policies	The Ergonomics Regulations were finalised and published.
	2. Contribute to decent employment creation	The Department of Employment Labour continues to coordinate the implementation of the Job Summit Framework Agreement: A progress report on all activities for all the quarters was submitted to the President. The report requested the Presidential Committee to note the report and provide guidance where necessary, in particular on a number of key remedial actions which have been identified and that need to be addressed. Furthermore, the report indicates areas where jobs were created as a result of the job summit
Outcome 11: Create a better South Africa, a better Africa and a better world	4. Strengthen multilateral and bilateral relations	Achieved 2 Progress reports submitted- 1 Mid Term and 1 Annual Report

MTSF Outcome	Departmental Strategic Goal	Achievements
Outcome 12: An efficient, effective and development oriented public service	8. Strengthen the institutional capacity of the Department	Achieved Implementation of the SAP for an integrated solution to offer department's services Effective governance structures within the department to track and monitor performance
Outcome 14: Transforming society and uniting the nation	10. Promote Equity in the labour market	Achieved 2018-2019 Annual Employment Equity Report and Public Register published by 30 June 2019 Achieved 2019-2020 Annual Employment Equity Report and Public Register developed by 26 March 2020

3.2 DEPARTMENTAL PERFORMANCE ON ENE PERFORMANCE INDICATORS

ENE PERFORMANCE INDICATORS	RELATED PROGRAMME	OUTCOME TO WHICH IT CONTRIBUTES	TARGET	OVERALL ACHIEVEMENTS
1. Number of employers inspected per year to determine compliance with employment law	Inspection and Enforcement Services (IES)	Outcome 4: Decent employment through inclusive growth	220 692	227 990
2. Percentage of reported incidents investigated and / or finalised within prescribed time frames	Inspection and Enforcement Services (IES)		70%	84% (466 of 558)
3. Number of work-seekers registered on ESSA per year	Public Employment Services (PES)		700 000	929 770
4. Number of work and learning opportunities registered on ESSA per year	Public Employment Services (PES)		90 000	153 973
5. Work-seeker's provided with employment counselling	Public Employment Services (PES)		210 000	264 044
6. Number of registered work and learning opportunities filled by registered Work-seeker's per year	Public Employment Services (PES)		45 000	62 213

3.3 DEPARTMENTAL PERFORMANCE PER STRATEGIC GOAL

ACTUAL OUTPUT - UNVALIDATED				
Strategic Goals	Performance Indicators	Achieved	Not Achieved	% Overall Achievement
Strengthening occupational safety protection	This strategic objective is covered in terms of indicators that are applicable in protecting vulnerable workers			
Promote equity in the labour market	1	1	0	100%
Protecting vulnerable workers	5	4	1	80%
Strengthening multilateral and bilateral relations	1	1	0	100%
Contribute to employment creation	4	4	0	100%
Promoting sound labour relations	3	1	2	33%
Monitoring the impact of legislations	2	1	1	50%
Strengthening the institutional capacity of the Department	3	3	0	100%
TOTAL	19	15	4	79%
OVERALL PERFORMANCE %				

3.4 DEPARTMENTAL PERFORMANCE PER PROGRAMME

PROGRAMME	Performance Indicators	Achieved	Not Achieved	Overall Achievement
Administration	3	3	0	100%
Inspections and Enforcement Services	4	4	0	100%
Public Employment Services	4	4	0	100%
Labour Policy and Industrial Relations	8	4	4	50%
TOTAL	19	15	4	79%
OVERALL PERFORMANCE %				

LEGENDS

LEGEND	IMPLICATION
	Achieved: On course – no major action needed 100%+ Complete – Q1 – Q4 100%+ Complete – Annual Report
	Not Achieved: The target will not be achieved or was not achieved in the planned timeframes – major remedial action and urgent intervention is required 0% - 99% Complete – Q1 – Q4 0% - 99% Complete – Annual Report

4. PERFORMANCE INFORMATION BY PROGRAMME

PROGRAMME 1: ADMINISTRATION

Programme purpose: Provide strategic leadership, management and support services to the department.

The Programme Administration is made up of the following sub-programmes:

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

4.1.1 PROGRAMME 1: ADMINISTRATION: PROGRESS ON ANNUAL PERFORMANCE PLAN INDICATORS: 2019/20

PROGRAMME 1: ADMINISTRATION							
PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2016/2017	ACTUAL ACHIEVEMENT 2017/2018	ACTUAL ACHIEVEMENT 2018/2019	PLANNED TARGET 2019/2020	ACTUAL ACHIEVEMENT 2019/2020	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/2020	COMMENTS ON THE DEVIATIONS
1.1 Communication and marketing of departmental work	n/a	Achieved Communication action plan approved by EXCO and 100% implemented as per Integrated Communication Strategy	Achieved The communication action plan was approved, and All activities mapped in the annual action plan were implemented at 100%. The Integrated Communication Strategy was reviewed with Action Plan for 2019/2020 drafted and signed off by CD: Comms and DDG:CS. Submitted to DG for approval	<ul style="list-style-type: none"> Communication annual action plan approved 100% implementation of the activities in the annual action plan 	Achieved Communication annual work plan approved by DDG:CS (28/03/2019) All activities mapped in the annual action plan were implemented at 100% Verification Source: Approved communication strategy and work plan	None	None
2.1. Number of Annual Financial Statements (AFS) and Interim Financial Statements (IFS) compiled per year that comply with guidelines issued by the National Treasury	Achieved The published annual report and the IFS, provided to the Auditor-General and National Treasury	Achieved Produced 1 AFS by 31 May, and 3 IFS 30 days after each quarter	Achieved Produced 1 AFS by 31 May, and 3 IFS 30 days after each quarter	1 AFS by 31 May, and 3 IFS 30 days after each quarter	Achieved Produced 1 AFS by 31 May, and 3 IFS 30 days after each quarter Verification Source: The register where receipt of the IFS is acknowledged and the covering letter, signed by the Director-General, addressed to National Treasury	None	None

PROGRAMME 1: ADMINISTRATION						
PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2016/2017	ACTUAL ACHIEVEMENT 2017/2018	ACTUAL ACHIEVEMENT 2018/2019	PLANNED TARGET 2019/2020	ACTUAL ACHIEVEMENT 2019/2020	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/2020
3.1 Cases of Irregular, Fruitless and Wasteful and/or Unauthorised expenditure, detected per financial year, reported to the Accounting Officer	<p>Achieved: Irregular expenditure – R257 657.79 detected and reported</p> <p>Fruitless and Wasteful expenditure – R129 091.84 detected and reported</p> <p>Unauthorised expenditure – None detected and reported</p>	<p>Achieved: Irregular expenditure – A total of fourteen (14) cases amounting to R1 236 548.09 were detected and reported</p> <p>Fruitless and Wasteful expenditure – R129 091.84 detected and reported</p> <p>Unauthorised expenditure – None detected and reported</p>	<p>Achieved Irregular expenditure – A total of twenty six (26) cases amounting to R3 446 415.51 were detected and reported</p> <p>Fruitless and Wasteful expenditure – R129 091.84 detected and reported</p> <p>Unauthorised expenditure – None detected and reported</p>	All cases which are detected reported monthly	<p>Achieved Irregular expenditure – A total of nine (9) cases amounting to R 506 129.62 were detected and reported</p> <p>Fruitless and Wasteful expenditure – R129 091.84 detected and reported</p> <p>Unauthorised expenditure – None detected and reported</p> <p>Verification Source: Irregular, unauthorised and the fruitless and wasteful expenditure registers. Reporting of the expenditure in the In-Year-Monitoring report to National Treasury</p>	None
						None

4.1.2 ADMINISTRATION STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	PLANNED TARGET 2019/2020	ACTUAL ACHIEVEMENT 2019/2020	STRATEGY TO OVERCOME UNDER/OVER-PERFORMANCE	DATE OF IMPLEMENTATION
1. Departmental Interventions and initiatives communicated	1.1 Communication and marketing of departmental work	Communication annual work plan approved 100% implementation of the annual work plan	Annual work plan implemented with all activities carried out at 100% as per Integrated Communication Strategy	N/A	N/A
2. Effective financial management and governance	2.1 Number of Annual Financial Statements (AFS) and Interim Financial Statements (IFS) compiled per year that comply with guidelines issued by the National Treasury	1. AFS by 31 May, and 3 IFS 30 days after each quarter	Produced 1 set of Annual Financial Statements and 3 sets of Interim Financial Statements in the year under review	N/A	N/A
3. Effective supply chain management	3.1 Cases of Irregular, Fruitless and Wasteful and/or Unauthorised expenditure, detected per financial year, reported to the Accounting Officer	All cases detected	All cases detected and reported	N/A	N/A

4.1.3 CHANGES TO PLANNED TARGETS

None, MPAT was phased out by DPME and it no longer forms part of the 2019/20 Annual Performance Plan.

PROGRAMME 2: INSPECTION AND ENFORCEMENT SERVICES (IES)

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

Description: 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 Services 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 Services gives effect to the legislative enforcement requirement and educate stakeholders on labour legislation.

4.2.1 PROGRAMME 2: INSPECTIONS AND ENFORCEMENT SERVICES: PROGRESS ON ANNUAL PERFORMANCE PLAN INDICATORS: 2019/20

PROGRAMME 2: INSPECTION AND ENFORCEMENT SERVICES																																																																		
PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2016/2017	ACTUAL ACHIEVEMENT 2017/2018	ACTUAL ACHIEVEMENT 2018/2019	PLANNED TARGET 2019/2020	ACTUAL ACHIEVEMENT 2019/2020	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/2020	COMMENTS ON THE DEVIATIONS																																																											
1.1: Number of employers inspected per year to determine compliance with employment law	Achieved A total of 185 958 workplaces were inspected	Not Achieved 214 946 Employers were inspected to determine compliance with employment law against a target of 217 008. The variance is -2 062. The total number of compliant employers was 175 239	Achieved 218 919 Employers were inspected to determine compliance with employment law against a target of 218 732. The variance is 187. The total number of compliant employers was 177 209	220 692	Achieved 227 990 Employers were inspected to determine compliance with employment law against a target of 220 692. The variance is 7 298. The total number of compliant employers was 185 612	7 298	The over-achievement is due to the pro-active/re-active nature of the work. Provinces are innovative in the utilisation of their time																																																											
<table border="1"> <thead> <tr> <th>Prov</th> <th>Target to be Inspected</th> <th>Actual Inspected</th> <th>Number Compliant</th> <th>Variance</th> </tr> </thead> <tbody> <tr> <td>EC</td> <td>23 988</td> <td>25 307</td> <td>22 241</td> <td>1 319</td> </tr> <tr> <td>FS</td> <td>18 756</td> <td>19 635</td> <td>16 169</td> <td>879</td> </tr> <tr> <td>GP</td> <td>47 520</td> <td>53 994</td> <td>46 756</td> <td>6 474</td> </tr> <tr> <td>KZN</td> <td>44 916</td> <td>43 808</td> <td>34 828</td> <td>-1 108</td> </tr> <tr> <td>LP</td> <td>20 712</td> <td>20 519</td> <td>15 975</td> <td>-193</td> </tr> <tr> <td>MP</td> <td>17 088</td> <td>16 403</td> <td>12 440</td> <td>-685</td> </tr> <tr> <td>NC</td> <td>9 876</td> <td>8 635</td> <td>5 567</td> <td>-1 241</td> </tr> <tr> <td>NW</td> <td>14 148</td> <td>15 236</td> <td>12 172</td> <td>1 088</td> </tr> <tr> <td>WC</td> <td>23 400</td> <td>24 107</td> <td>19 214</td> <td>707</td> </tr> <tr> <td>HO</td> <td>288</td> <td>346</td> <td>250</td> <td>58</td> </tr> <tr> <td>TOTAL</td> <td>220 692</td> <td>227 990</td> <td>185 612</td> <td>7 298</td> </tr> </tbody> </table>							Prov	Target to be Inspected	Actual Inspected	Number Compliant	Variance	EC	23 988	25 307	22 241	1 319	FS	18 756	19 635	16 169	879	GP	47 520	53 994	46 756	6 474	KZN	44 916	43 808	34 828	-1 108	LP	20 712	20 519	15 975	-193	MP	17 088	16 403	12 440	-685	NC	9 876	8 635	5 567	-1 241	NW	14 148	15 236	12 172	1 088	WC	23 400	24 107	19 214	707	HO	288	346	250	58	TOTAL	220 692	227 990	185 612	7 298
Prov	Target to be Inspected	Actual Inspected	Number Compliant	Variance																																																														
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<p>**The numbers reported under Number Compliant are different from what was reported in Q4 due to a capturing error under LP (15 984 instead of 15 975) that was picked up after the report was signed off</p> <p>Verification Source: IES Registers, Inspection reports, DG Recommendations</p>																																																																		

PROGRAMME 2: INSPECTION AND ENFORCEMENT SERVICES																																																																		
PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2016/2017	ACTUAL ACHIEVEMENT 2017/2018	ACTUAL ACHIEVEMENT 2018/2019	PLANNED TARGET 2019/2020	ACTUAL ACHIEVEMENT 2019/2020	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/2020																																																												
1.2 Percentage of non-compliant employers of those inspected served with a notice in terms of relevant employment law within 14 calendar days of the inspection	Achieved 100% of the non-compliant workplaces were dealt with	Achieved 100% of the non-compliant workplaces were dealt with	Achieved Of the 218 919 employers inspected 41 710 were non-compliant 100% (41 569 of the 41 710 non-compliant employers) were served with notices within 14 calendar days of the inspection	85%	Achieved Of the 227 990 employers inspected 42 378 were non-compliant. 99.7% (42 378 non-compliant employers) were served with notices within 14 calendar days of the inspection	15%																																																												
					<table border="1"> <thead> <tr> <th>Prov</th> <th>Number of employers not complying</th> <th>No. served with a notice</th> <th>% served with a notice</th> <th>Variance</th> </tr> </thead> <tbody> <tr> <td>EC</td> <td>3 066</td> <td>3 066</td> <td>100%</td> <td>15%</td> </tr> <tr> <td>FS</td> <td>3 466</td> <td>3 443</td> <td>99%</td> <td>14%</td> </tr> <tr> <td>GP</td> <td>7 238</td> <td>7 237</td> <td>100%</td> <td>15%</td> </tr> <tr> <td>KZN</td> <td>8 980</td> <td>8 968</td> <td>100%</td> <td>15%</td> </tr> <tr> <td>LP</td> <td>4 544</td> <td>4 536</td> <td>100%</td> <td>15%</td> </tr> <tr> <td>MP</td> <td>3 963</td> <td>3 963</td> <td>100%</td> <td>15%</td> </tr> <tr> <td>NC</td> <td>3 068</td> <td>3 008</td> <td>98%</td> <td>13%</td> </tr> <tr> <td>NW</td> <td>3 064</td> <td>3 064</td> <td>100%</td> <td>15%</td> </tr> <tr> <td>WC</td> <td>4 893</td> <td>4 891</td> <td>100%</td> <td>15%</td> </tr> <tr> <td>HO</td> <td>96</td> <td>73</td> <td>76%</td> <td>-9%</td> </tr> <tr> <td>TOTAL</td> <td>42 378</td> <td>42 249</td> <td>99.7%</td> <td>15%</td> </tr> </tbody> </table>	Prov	Number of employers not complying	No. served with a notice	% served with a notice	Variance	EC	3 066	3 066	100%	15%	FS	3 466	3 443	99%	14%	GP	7 238	7 237	100%	15%	KZN	8 980	8 968	100%	15%	LP	4 544	4 536	100%	15%	MP	3 963	3 963	100%	15%	NC	3 068	3 008	98%	13%	NW	3 064	3 064	100%	15%	WC	4 893	4 891	100%	15%	HO	96	73	76%	-9%	TOTAL	42 378	42 249	99.7%	15%	A concerted effort was made to achieve the target and the overachievement is encouraged by the Branch as it benefits the vulnerable workers and improves enforcement.
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PROGRAMME 2: INSPECTION AND ENFORCEMENT SERVICES																																																																		
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1.3 Percentage of non-compliant employers referred to Statutory Services who failed to comply with the served notice in reference to 1.2 referred for Prosecution within 30 calendar days	Achieved 100% of the non-compliant workplaces were dealt with. *The Annual report and quarterly reports for 2016/17 do not reflect the actual number of employers referred for prosecution No target for court referrals	Not Achieved Of the 39 628 employers served with notices 7 617 failed to comply with served notice and 35% (2 667) were referred for prosecution.	Achieved Of the 41 593 employers served with notices, 13 163 failed to comply with served notice and 60% (2 779 of 4 619) were referred for prosecution.	60%	Achieved Of the 42 249 employers served with notices, 9 939 failed to comply with the served notice and 72% (4 475) were referred for prosecution	The Branch strives to ensure that all the cases for non-compliant employers are referred for prosecution in order to ensure social justice for vulnerable workers.																																																												
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PROGRAMME 2: INSPECTION AND ENFORCEMENT SERVICES

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2016/2017	ACTUAL ACHIEVEMENT 2017/2018	ACTUAL ACHIEVEMENT 2018/2019	PLANNED TARGET 2019/2020	ACTUAL ACHIEVEMENT 2019/2020	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/2020	COMMENTS ON THE DEVIATIONS																																																												
1.4 Percentage of reported incidents finalised within prescribed time frames	Achieved 80% (703 of 878 reported incidents were investigated within 90 days)	Achieved 75% (918 incidents were reported and 690 were investigated and / or finalised)	Achieved 76% (986 incidents were reported and 747 were finalised)	70%	Achieved 84% (558 incidents were reported and 466 finalised)	14%	Provinces are encouraged to achieve targets and where there is spare capacity to ensure that the employee benefits thereby																																																												
					<table border="1"> <thead> <tr> <th>Prov</th> <th>No. of Reported incidents</th> <th>No. of incidents Finalised</th> <th>% of reported incidents Finalised</th> <th>Variance</th> </tr> </thead> <tbody> <tr> <td>EC</td> <td>32</td> <td>32</td> <td>100%</td> <td>30%</td> </tr> <tr> <td>FS</td> <td>16</td> <td>16</td> <td>100%</td> <td>30%</td> </tr> <tr> <td>GP</td> <td>154</td> <td>108</td> <td>70%</td> <td>0%</td> </tr> <tr> <td>KZN</td> <td>68</td> <td>68</td> <td>100%</td> <td>30%</td> </tr> <tr> <td>LP</td> <td>40</td> <td>39</td> <td>98%</td> <td>28%</td> </tr> <tr> <td>MP</td> <td>52</td> <td>35</td> <td>67%</td> <td>-3%</td> </tr> <tr> <td>NC</td> <td>7</td> <td>4</td> <td>57%</td> <td>-13%</td> </tr> <tr> <td>NW</td> <td>24</td> <td>21</td> <td>88%</td> <td>18%</td> </tr> <tr> <td>WC</td> <td>165</td> <td>143</td> <td>87%</td> <td>17%</td> </tr> <tr> <td>HO</td> <td>0</td> <td>0</td> <td>0%</td> <td>0%</td> </tr> <tr> <td>TOTAL</td> <td>558</td> <td>466</td> <td>84%</td> <td>14%</td> </tr> </tbody> </table>	Prov	No. of Reported incidents	No. of incidents Finalised	% of reported incidents Finalised	Variance	EC	32	32	100%	30%	FS	16	16	100%	30%	GP	154	108	70%	0%	KZN	68	68	100%	30%	LP	40	39	98%	28%	MP	52	35	67%	-3%	NC	7	4	57%	-13%	NW	24	21	88%	18%	WC	165	143	87%	17%	HO	0	0	0%	0%	TOTAL	558	466	84%	14%		
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4.2.2 INSPECTIONS AND ENFORCEMENT SERVICES STRATEGY TO OVERCOME AREAS OF UNDER/OVER PERFORMANCE

KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	PLANNED TARGET 2019/2020	ACTUAL ACHIEVEMENT 2019/2020	STRATEGY TO OVERCOME UNDER/OVER-PERFORMANCE	DATE OF IMPLEMENTATION
1. Workers protected through inspection and enforcement of employment law	1.1 Number of employers inspected per year to determine compliance with employment law	220 692	227 990	The over-achievement is due to the pro-active/re-active nature of the work. Provinces are innovative in the utilization of their time	1 April 2020
1. Workers protected through inspection and enforcement of employment law	1.2 Percentage of non-compliant employers of those inspected served with a notice in terms of relevant employment law within 14 calendar days of the inspection	85%	99.7%	A concerted effort was made to achieve the target and the overachievement is encouraged by the Branch as it benefits the vulnerable workers and improves enforcement	1 April 2020
1. Workers protected through inspection and enforcement of employment law	1.3 Percentage of non-compliant employers referred to Statutory Services who failed to comply with the served notice in reference to 1.2 referred for Prosecution within 30 calendar days	60%	72%	A concerted effort was made to achieve the target and the overachievement is encouraged by the Branch as it benefits the vulnerable workers and improves enforcement	1 April 2020
1. Workers protected through inspection and enforcement of employment law	1.4 Percentage of reported incidents investigated and / or finalised within prescribed time frames	70%	84%	Provinces are encouraged to achieve their targets and where they have spare capacity to ensure that the employee benefits thereby	1 April 2020

4.2.3 CHANGES TO PLANNED TARGETS

None

4.3 PROGRAMME 3: PUBLIC EMPLOYMENT SERVICES (PES)

Programme Purpose: Provide assistance to companies and workers to adjust to changing labour market conditions and to regulate Private Employment Agencies.

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

Management and Support Services: 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, with the following functions:

- Register job vacancies and other work opportunities.
- Facilitate placing of Work-seeker's with employers or in other work opportunities.
- Facilitate exchange of information among labour market participants, including employers, workers and Work-seeker's, private employment agencies, Sector Education and Training Authorities and training providers.
- Facilitating the employment of foreign nationals in a manner that is consistent with the object of this Act and the Immigration Act.
- Assists companies in distress, provides a social plan and regulates private employment agencies and Temporary Employment Services.

Work-Seeker Services:

- Match Work-seeker's with available work opportunities
- Register Work-seeker's, and retrenched workers, on the employment services system
- Advise Work-seeker's on access to education and training
- Advise workers on access to social security benefits
- Provide specialised services to assist vulnerable work-seekers; facilitates the provision of employability enhancement programmes.

Designated Groups Special Services facilitates the transfer of subsidies to designated organisations to promote the employment of people with disabilities, youth, and women, in collaboration with relevant bodies.

The programme has oversight over the following entities:

Supported Employment Enterprises:

- Facilitates supported employment;
- Provides work opportunities for persons with disabilities;
- Develops and implement programmes that promote the employability of persons with disabilities, including persons with permanent disablement as defined in the Compensation for Occupational Injuries and Diseases Act, 1993 (Act No. 130 of 1993), in the light of their evolving needs in a changing economy
- Performs any other function as may be prescribed by the Minister.

Productivity South Africa:

- Promotes a culture of productivity in the workplace
- Develops relevant productivity competencies
- Facilitates and evaluate productivity improvement and competitiveness in workplaces
- Measures and evaluates productivity in the workplace
- Maintains a data-base of productivity and competitiveness systems and to publicise these systems
- Undertakes productivity-related research
- Supports initiatives aimed at preventing job losses; and performs any other prescribed function.

Unemployment Insurance Fund:

- Provides income support to unemployed contributors whilst awaiting integration into employment.

Compensation Fund:

- Provides for compensation to work place injuries and diseases. PES makes provision for the compensation of public servants in terms of the COIDA.
- Branch PES facilitates the conclusion of the Memorandum of Agreement, transfer of funding and monitoring of the entity's performance against its Strategic Plan.

4.3.1 PROGRAMME 3: PUBLIC EMPLOYMENT SERVICES: PROGRESS ON ANNUAL PERFORMANCE PLAN INDICATORS: 2019/20

Programme 3: Public Employment Services																																																						
PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2016/2017	ACTUAL ACHIEVEMENT 2017/2018	ACTUAL ACHIEVEMENT 2018/2019	PLANNED TARGET 2019/2020	ACTUAL ACHIEVEMENT 2019/2020	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/2020																																																
1.1: Number of work-seekers registered on ESSA per year	Achieved 666 719 Work-seeker's registered	Achieved 890 523 work-seekers were registered on ESSA per year with a variance of 390 523	Achieved 888 553 work-seekers were registered on ESSA per year with a variance of 238 553	700 000	Achieved 929 770 Work-seekers were registered on ESSA per year with a variance of 229 770	229 770																																																
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	Prov	Target to be registered	Actual registered	Variance																																																		
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<p>* Online refers to Work-seeker's self-registration through kiosks stations and Internet. Statistics will be allocated to provinces as soon as enhancements are completed</p> <p>**The difference of the total been reported per quarter (929 816) and the Annual report (929 770), is due to data cleansing to ensure integrity of the information</p> <p>Verification Source: Productivity Report drawn from ESSA</p>																																																						

Programme 3: Public Employment Services

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2016/2017	ACTUAL ACHIEVEMENT 2017/2018	ACTUAL ACHIEVEMENT 2018/2019	PLANNED TARGET 2019/2020	ACTUAL ACHIEVEMENT 2019/2020	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/2020	COMMENTS ON THE DEVIATIONS																																																
2.1: Number of work and learning opportunities registered on ESSA per year	Achieved 74 510 Employment opportunities registered	Achieved 109 917 work and learning opportunities were registered	Achieved 142 804 work and learning opportunities were registered on ESSA system, with a variance of 57 804	90 000	Achieved 153 973 work and learning opportunities were registered on ESSA system, with a variance of 63 973	63 973	Increase in registered employment opportunities																																																
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TOTAL	90 000	153 973	63 973																																																				
<p>* Online refers to opportunities registered through kiosks stations and Internet. Statistics will be allocated to provinces as soon as enhancements are completed</p>																																																							
<p>Verification Source: Opportunity and placement report drawn from ESSA</p>																																																							

Programme 3: Public Employment Services										
PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2016/2017	ACTUAL ACHIEVEMENT 2017/2018	ACTUAL ACHIEVEMENT 2018/2019	PLANNED TARGET 2019/2020	ACTUAL ACHIEVEMENT 2019/2020	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/2020				
3.1 Number of registered work-seekers provided with employment counselling per year	Achieved 197 247 Work-seeker's provided with employment counselling	Achieved 193 573 registered work-seekers were provided with employment counselling	Achieved 240 675 registered work-seekers were provided with employment counselling with the variance of 40 675	210 000	Achieved 264 044 registered work-seekers were provided with employment counselling with the variance of 54 044	54 044				
							Prov	Target to be registered	Actual registered	Variations
							EC	26 670	35 294	8 624
							FS	18 330	20 085	1 755
							GP	43 330	50 361	7 031
							KZN	26 670	33 602	6 932
							LP	21 660	24 189	2 529
							MP	25 000	29 949	4 949
							NC	11 670	13 998	2 328
							NW	16 670	21 557	4 887
WC	20 000	23 608	3 608							
Online	0	11 401	11 401							
TOTAL	210 000	264 044	54 044							
* Online refers to registered work-seekers who received counselling services and modified their profiles through kiosks stations and Internet Verification Source: Productivity Report drawn from ESSA										
COMMENTS ON THE DEVIATIONS 1. Usage of SPEEX assessment tool 2. Advocacy campaign conducted										

Programme 3: Public Employment Services																																																		
PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2016/2017	ACTUAL ACHIEVEMENT 2017/2018	ACTUAL ACHIEVEMENT 2018/2019	PLANNED TARGET 2019/2020	ACTUAL ACHIEVEMENT 2019/2020	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/2020																																												
4.1: Number of registered employment opportunities filled by registered Work-seeker's per year	Achieved 12 517 Work-seeker's were placed	Achieved 21 076 of registered work and learning opportunities filled by registered Work-seeker's	Achieved 49 968 of registered work and learning opportunities filled by registered Work-seeker's; with a variance of 7 468	45 000	Achieved 62 213 of registered work and learning opportunities filled by registered Work-seeker's; with a variance of 17 213	17 213																																												
<table border="1"> <thead> <tr> <th>Prov</th> <th>Target to be registered</th> <th>Actual registered</th> <th>Variations</th> </tr> </thead> <tbody> <tr> <td>EC</td> <td>6 300</td> <td>8 169</td> <td>1 869</td> </tr> <tr> <td>FS</td> <td>3 600</td> <td>5 701</td> <td>2 101</td> </tr> <tr> <td>GP</td> <td>9 000</td> <td>10 967</td> <td>1 967</td> </tr> <tr> <td>KZN</td> <td>7 200</td> <td>6 843</td> <td>-357</td> </tr> <tr> <td>LP</td> <td>4 500</td> <td>10 333</td> <td>5 833</td> </tr> <tr> <td>MP</td> <td>3 600</td> <td>3 787</td> <td>187</td> </tr> <tr> <td>NC</td> <td>2 250</td> <td>4 127</td> <td>1 877</td> </tr> <tr> <td>NW</td> <td>3 150</td> <td>3 618</td> <td>468</td> </tr> <tr> <td>WC</td> <td>5 400</td> <td>8 668</td> <td>3 268</td> </tr> <tr> <td>TOTAL</td> <td>45 000</td> <td>62 213</td> <td>17 213</td> </tr> </tbody> </table>							Prov	Target to be registered	Actual registered	Variations	EC	6 300	8 169	1 869	FS	3 600	5 701	2 101	GP	9 000	10 967	1 967	KZN	7 200	6 843	-357	LP	4 500	10 333	5 833	MP	3 600	3 787	187	NC	2 250	4 127	1 877	NW	3 150	3 618	468	WC	5 400	8 668	3 268	TOTAL	45 000	62 213	17 213
Prov	Target to be registered	Actual registered	Variations																																															
EC	6 300	8 169	1 869																																															
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WC	5 400	8 668	3 268																																															
TOTAL	45 000	62 213	17 213																																															
Verification Source: Opportunity and placement report drawn from ESSA																																																		
COMMENTS ON THE DEVIATIONS																																																		
1. Improved employer confirmation of placements 2. Implementation of placement strategy																																																		

4.3.2 PUBLIC EMPLOYMENT SERVICES STRATEGY TO OVERCOME AREAS OF OVER PERFORMANCE

KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	PLANNED TARGET 2019/2020	ACTUAL ACHIEVEMENT 2019/2020	STRATEGY TO OVERCOME OVER-PERFORMANCE	DATE OF IMPLEMENTATION AND IMPLEMENTER
1. Work-seeker's registered	1.1 Number of Work-seeker's registered on Employment Services of South Africa per year	700 000	929 770 Number of work-seekers were registered on ESSA per year with a variance of 229 770	Target revised	Effectuated in the new APP 2020-21
2. Work and learning opportunities registered	2.1 Number of employment opportunities registered on the Employment Services South Africa per year	90 000	153 973 work and learning opportunities were registered on ESSA system, with a variance of 63 973	Target revised	Effectuated in the new APP 2020-21 Principal Psychologists

KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	PLANNED TARGET 2019/2020	ACTUAL ACHIEVEMENT 2019/2020	STRATEGY TO OVERCOME OVER-PERFORMANCE	DATE OF IMPLEMENTATION AND IMPLEMENTER
3. Employment counselling provided	3.1 Number of registered work-seekers provided with employment counselling per year	210 000	264 044 registered work-seekers were provided with employment counselling with the variance of 54 044	Target revised Fewer community outreaches will be scheduled for 2020-21. Employment Counselling will rely more on virtual interaction with clients Comply with the prescribed ratio of 3:1 for SpEEEx Assessments	Effectuated in the new APP 2020-21
4. Work-seeker's placed in work and learning opportunities	4.1 Number of registered work and learning opportunities filled by registered Work-seeker's per year	45 000	62 213 of registered work and learning opportunities filled by registered Work-seeker's; with a variance of 17 213	Target revised	Effectuated in the new APP 2020-21

4.3.3 CHANGES TO PLANNED TARGETS

None

4.4 PROGRAMME 4: LABOUR POLICY AND INDUSTRIAL RELATIONS (LP&IR)

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

Programme description: The programme consists of the following sub-programmes and entities:

- **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.
- **Collective Bargaining** manages the implementation of the Labour Relations Act (1995) through policies and practices that promote sound labour relations. Funds are mainly used to: register labour organisations and de-register those that are non-compliant; publish and extend collective agreements; support and advance participation in collective bargaining structures; participate in the governance structures of the Commission for Conciliation, Mediation and Arbitration; and to participate in relevant National Economic Development and Labour Council(NEDLAC) activities.
- **Employment Equity** promotes equity in the labour market elimination of unfair discrimination and promotion of equitable representation in the workplace.
- **Employment Standards** protects vulnerable workers in the labour market by establishing basic standards and minimum wages.
- **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** Monitors and evaluates the impact of labour legislation and policies affecting the South African Labour Market.
- **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** Contribute to Global policy formulation and facilitate compliance with international obligations through multi and bi-lateral relations.
- **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.

4.4.1 PROGRAMME 4: LABOUR RELATIONS AND INDUSTRIAL RELATIONS: PROGRESS ON ANNUAL PERFORMANCE PLAN INDICATORS: 2019/20

PROGRAMME 4: LABOUR RELATIONS AND INDUSTRIAL RELATIONS							
PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2016/2017	ACTUAL ACHIEVEMENT 2017/2018	ACTUAL ACHIEVEMENT 2018/2019	PLANNED TARGET 2019/2020	ACTUAL ACHIEVEMENT 2019/2020	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/2020	COMMENTS ON THE DEVIATIONS
1.1 Number of policy instruments developed and promoted to enhance the implementation of EEA by 31 March 2020	Achieved 2016-2017 Annual Employment Equity Report and Public Register developed by 31 March 2017	Not Achieved Only the 2016-2017 Annual Employment Equity Report was published in May 2017	Achieved 2017-2018 Annual Employment Equity Report and Public Register published by 30 June 2018	2018-2019 Annual Employment Equity Report and Public Register published by 30 June 2019	Achieved • 2018-2019 Annual Employment Equity Report and Public Register published by 30 June 2019 Verification Source: Copies of the 2018-2019 Annual EE Report and the Public Register (Government Gazette: 5 April 2019)	None	None
2.1 Review of the National Minimum Wage by 1 January 2020	New	Not Achieved NMW Bill is still before Parliament for consideration	Not Achieved Implementation of the National Minimum Wage by 1 May 2018 not achieved only completed by 1 January 2019	Review of the National Minimum Wage by 1 January 2020	Not Achieved Review of the national minimum wage not achieved by 1st January 2020, only reviewed on the 1st March 2020 Verification Source: Copy of the NMW Commission Report on the review of the NMW and National Minimum Wage Act Amendment (Government Gazette No 43026: 17 February 2020)	National minimum wage reviewed on the 1st March 2020 by CPI 3.8% in order to protect low-income workers from erosion in their incomes	NMW Commission experienced delays as there is an unavoidable time lag in the release of the quarterly survey (Quarterly Labour Force Statistics) by Stats SA that the researchers use to obtain the relevant labour market information which is needed to accurately analyse the impact of the NMW

PROGRAMME 4: LABOUR RELATIONS AND INDUSTRIAL RELATIONS

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2016/2017	ACTUAL ACHIEVEMENT 2017/2018	ACTUAL ACHIEVEMENT 2018/2019	PLANNED TARGET 2019/2020	ACTUAL ACHIEVEMENT 2019/2020	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/2020	COMMENTS ON THE DEVIATIONS
3.1 Progress reports on bilateral cooperation and multilateral obligations signed off by the minister annually	Achieved Mid-term implementation report by 30 September 2017 1 Annual implementation report by 31 March 2018	Achieved Mid-term implementation report by 30 September 2017 1 Annual implementation report by 31 March 2018	Achieved 2017/18 1 Annual implementation report signed off by the Minister 30 April 2018 1 Mid-term implementation report signed off by the Minister by 31 October 2018	2 Reports on the implementation of bilateral cooperation and multilateral obligations signed off by the Minister by 31 March 2020 1 Mid-term implementation report signed off by the Minister by 31 October 2019 2017/18 1 Annual implementation report signed off by the Minister 30 April 2019	Achieved 2 Reports on the implementation of bilateral cooperation and multilateral obligations signed off by the Minister Verification Source: Annual Report DMS 36752/1	None	None
4.1 Percentage of Collective agreements extended within 90 calendar days of receipt by 31 March each year	Not Achieved 62% of collective agreements extended with 90 calendar days of receipt 26 collective agreements received in 2016/2017 16 extended within 90 days 10 extended in longer than 90 days	Not Achieved 50% of collective agreements extended within 90 calendar days of receipt by end of March 2018	Not Achieved 20 (Twenty) collective agreements were received 16 (Sixteen) Extended within 90 calendar days of receipt = 80% 4 (four) extended in longer than 90 calendar days of receipt = 20%	100% of collective agreements extended within 90 calendar days of receipt by end of March 2020	Not Achieved 88% of collective agreements extended within 90 calendar days of receipt: 34 were received: 30 extended within 90 days and 4 outside 90 days Verification Source: Government Gazettes	12% which is 4 collective agreements outside 90 days	Changes in the law

PROGRAMME 4: LABOUR RELATIONS AND INDUSTRIAL RELATIONS

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2016/2017	ACTUAL ACHIEVEMENT 2017/2018	ACTUAL ACHIEVEMENT 2018/2019	PLANNED TARGET 2019/2020	ACTUAL ACHIEVEMENT 2019/2020	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/2020	COMMENTS ON THE DEVIATIONS
4.2 Percentage of labour organisation applications for registration approved or refused within 90 calendar days of receipt by 31 March each year	<p>Not Achieved 96% (118) applications were received</p> <p>11 applications for registration approved within 90 calendar days</p> <p>102 applications for registration refused within 90 calendar days</p>	<p>Not Achieved 98% of labour organization applications approved or refused within 90 days of receipt by end of March 2018</p>	<p>Achieved 133 application received</p> <ul style="list-style-type: none"> 114 refused within 90 calendar days of receipt 19 approved within 90 calendar days of receipt 	<p>100% of labour organisation competent applications for registration approved or refused within 90 calendar days of receipt by end of March 2020</p>	<p>Not Achieved 99% of labour organisation applications for registration approved or refused within 90 calendar days of receipt.</p> <ul style="list-style-type: none"> 145 application received 130 refused within 90 calendar days of receipt 14 approved within 90 calendar days of receipt 1 approved outside 90 calendar days of receipt <p>Verification Source: Government Gazettes</p>	<p>1% refused outside 90 calendar days of receipt</p>	<p>Clear handing over of work when colleagues leave the section</p>
4.3 Moderating workplace conflict by measuring the impact of the Labour Relation Amendments	<p>New Indicator</p>	<p>Not Achieved Amendments to LRA discussed at NEDLAC and draft amending bill finalised</p>	<p>Not Achieved LRA Amendments promulgated 1 January 2019</p>	<p>Report on impact of amendments on workplace conflict by 31 March 2020</p>	<p>Achieved Directive in terms of S19 (1) of the LRA was sent to employers organizations and trade unions to amend their constitutions for balloting before the strike</p> <p>151 Employers' Organisations</p> <p>207 Trade unions</p> <p>Consultations were conducted to educate labour organisations about the requirements of the law. 53 attended</p> <p>Verification Source: Letters to labour organisations and attended register</p>	<p>None</p>	<p>None</p>

PROGRAMME 4: LABOUR RELATIONS AND INDUSTRIAL RELATIONS

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2016/2017	ACTUAL ACHIEVEMENT 2017/2018	ACTUAL ACHIEVEMENT 2018/2019	PLANNED TARGET 2019/2020	ACTUAL ACHIEVEMENT 2019/2020	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/2020	COMMENTS ON THE DEVIATIONS
5.1 Number of labour market trends reports produced by 2020	<p>Achieved By 30 June 2016, two annual labour market trend reports were produced</p> <p>By 31 March 2017, two annual labour market trend reports were produced</p>	<p>Achieved 2 Annual Labour market trend reports produced by 30 March 2018. These include: Annual Industrial Action report and Annual Administrative Statistics Reports 2017</p> <p>2 Annual Labour market trend reports produced by 30 June 2017. These include: Job Opportunity and Unemployment in the South African labour market and Annual Labour Market Bulletin 2016/17</p>	<p>Achieved: 4 Annual labour market trend reports produced by 31 March 2019</p> <p>These reports include: Industrial Action report 2018; Annual Administrative Statistics 2018; Job Opportunity and Unemployment in the SA Labour market 2017/18 and Annual Labour Market Bulletin 2017/18</p>	4 Annual labour market trend reports produced by March 2020	<p>Achieved All (4) four annual labour market trend reports were produced: (2) Two Annual Labour Market trend reports were produced and submitted to the CD: LMP. These reports include Annual Labour Market Bulletin and Job Opportunity and Unemployment in the South African labour market for 2018/19 (2) Two Annual Labour Market trend reports were produced and submitted before 30 March 2020 to the CD: LMP. These reports include Annual Administrative report 2019 and Annual Industrial Action Report 2019</p> <p>Verification Sources: Ministerial submissions: ALMB 2018/19: DMS no:46379/1 and JOI 2018/19 reports: DMS no:57597/2 Ministerial submissions: AAS 2019: DMS no:20379/1 and IAR 2019: DMS no: 31311/1 (E-gov Submission)</p>	None	None

PROGRAMME 4: LABOUR RELATIONS AND INDUSTRIAL RELATIONS

PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2016/2017	ACTUAL ACHIEVEMENT 2017/2018	ACTUAL ACHIEVEMENT 2018/2019	PLANNED TARGET 2019/2020	ACTUAL ACHIEVEMENT 2019/2020	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/2020	COMMENTS ON THE DEVIATIONS
5.2 Number of research service providers identified to deliver on the RME Agenda by 31 March 2020	<p>Not Achieved</p> <p>2 Research reports produced and submitted by 31 March 2017</p> <p>Investigating resource adequacy for effective inspections to be conducted within the South African Labour Market (Resource Adequacy)</p> <p>Research on The impact and effectiveness of the BCEA Threshold</p>	<p>Achieved</p> <p>4 final literature review reports approved by the Deputy Director General: LP&IR by 30 March 2018</p>	<p>Achieved</p> <p>4 Research Reports produced</p>	<p>Two research service providers identified to deliver on the RME agenda by 31 March 2020</p> <p>Data collection tools for One research study within the RME agenda conducted internally presented to the DD Forum by 31 March 2020</p>	<p>Not Achieved</p> <p>Only 4 evaluation packs out of 5 were finalized and submitted to SCM in preparation for panel meeting that is aimed at taking decision for recommendation of two service providers to DBAC</p> <p>Achieved</p> <p>Data collection tool developed and submitted electronically via email to DD Forum members on 23 March 2020. This was because the DD Forum meeting was cancelled</p> <p>Verification Source: Questionnaire Ethics in the department and the email that sent the questionnaire</p>	<p>Two research service providers were not identified and therefore no recommendation was submitted to DBAC by 31 March 2020</p>	<p>Only 4 evaluation packs out of 5 were finalized and submitted to SCM in preparation for panel meeting that was aimed at taking decision for recommendation of two service providers to DBAC. The process involved the development of TORs, advertising the tender, evaluation of tender by 5 individuals and submitting those evaluations to SCM for them to aggregate and set up panel meeting to discuss evaluation results and agreeing on recommendation. A meeting with SCM took place on 10 February and resolved that evaluations by 5 individuals who all attended the meeting and agreed on the deadline of 24 February 2020. However only 4 packs were submitted on and before the deadline, one pack not submitted yet by 31 March 2020</p>

4.4.2 LABOUR POLICY AND INDUSTRIAL RELATIONS STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	PLANNED TARGET 2019/2020	ACTUAL ACHIEVEMENT 2019/2020	STRATEGY TO OVERCOME OVER-PERFORMANCE	DATE OF IMPLEMENTATION AND IMPLEMENTER
Promoting sound Labour Relations	Percentage of collective agreements extended within 90 calendar days of receipt by 31 March each year	100% of collective agreements extended within 90 calendar days of receipt by end of March 2020	88% of collective agreements extended within 90 calendar days of receipt : 34 were received: 3 extended within 90 days and 4 outside 90 days	Aligned the Timeframes with the changes in the law	Year 2020/21
	2% of labour organisation applications for registration approved or refused within 90 calendar days of receipt by 31 March each year	100% of labour organisation applications for registration approved or refused within 90 calendar days of receipt by end of March 2020	145 (One hundred and forty five) application received. 130 (One hundred and thirty) refused within 90 calendar days of receipt. 14 (Fourteen) approved within 90 calendar days of receipt and 1 refused outside 90 calendar days of receipt	Clear handing over of work when colleagues leave the section	Already implemented. 2019/20
Establish basic standards and minimum wages	Review of the National Minimum Wage by 1 January 2020	Review the national minimum wage by 1 January 2020	Review of the national minimum wage not achieved by 1st January 2020, only reviewed on the 1 st March 2020	The National Minimum Commission sent a request to the Statistician General for an early release of the 2018/2019 Labour Market Dynamic Survey Data and 2019/2020 Quarterly Labour Force Survey	The LMDS and QLFS data was released to the Researchers on different dates as per its availability
Monitor impact of labour legislation	Number of research service providers identified to deliver on the RME Agenda by 31 March 2020	Two research service providers identified to deliver on the RME agenda by 31 March 2020	Only 4 evaluation packs out of 5 were finalized and submitted to SCM in preparation for panel meeting that is aimed at taking decision for recommendation of two service providers to DBAC	To be guided by SCM as the tender had passed 90-day validity of proposals and quotations	July 2020

4.4.3 CHANGES TO PLANNED TARGETS (IF ANY)

None

4.5 LINKING PERFORMANCE TO BUDGET

DEPARTMENT OF LABOUR		2019/20			2018/19		
Voted funds and Direct charges		Final Appropriation	Actual Expenditure	Over/Under Expenditure	Final Appropriation	Actual Expenditure	Over/Under Expenditure
		R'000	R'000	R'000	R'000	R'000	
Programme							
1.	Administration	952 859	871 069	81 790	881 531	804 917	76 614
2.	Inspection and Enforcement Services	631 583	560 597	70 986	592 223	549 211	43 012
3.	Public Employment Services	628 712	605 630	23 082	605 674	542 817	62 857
4.	Labour Policy and Industrial Relations	1 220 045	1 178 581	41 464	1 203 442	1 189 746	13 696
	Total	3 433 199	3 215 877	217 322	3 282 870	3 086 691	196 179

Regarding the overall performance of the Department from 01 April 2019 to 31 March 2020- 79% of the targets were achieved and 93.7% of the budget was spent for the 2019/20 financial year.

PROGRAMME 1: ADMINISTRATION							
		2019/20			2018/19		
		Final Appropriation	Actual Expenditure	Variance	Final Appropriation	Actual Expenditure	Variance
		R'000	R'000	R'000	R'000	R'000	R'000
Sub programme							
1.	Ministry	45 366	43 547	1 819	41 063	41 063	-
2.	Management	305 937	305 676	261	272 625	272 625	-
3.	Corporate Services	258 899	231 232	27 667	262 588	225 192	37 396
4.	Office of the Chief Financial Officer	129 312	113 261	16 051	121 708	103 703	18 005
5.	Office Accommodation	213 345	177 353	35 992	183 547	162 334	21 213
	Total	952 859	871 069	81 790	881 531	804 917	76 614

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 91% of its allocated budget for the 2019/20 financial year and achieved 100% of the predetermined targets. Therefore the allocation was sufficient to carry out the objectives of the Programme.

PROGRAMME 2: INSPECTION AND ENFORCEMENT SERVICES							
		2019/20			2018/19		
		Final Appropriation	Actual Expenditure	Variance	Final Appropriation	Actual Expenditure	Variance
		R'000	R'000	R'000	R'000	R'000	R'000
Sub programme							
1.	Management and Support Services: Inspection and Enforcement Services	6 653	6 224	429	6 953	6 873	80
2.	Occupational Health and Safety	34 493	31 535	2 958	30 516	27 759	2 757
3.	Registration: Inspection and Enforcement Services	72 626	66 527	6 099	67 158	62 510	4 648
4.	Compliance, Monitoring and Enforcement	500 958	440 945	60 013	472 526	438 975	33 551
5.	Training of Staff: Inspection and Enforcement Services	6 947	6 947	-	5 684	5 684	-
6.	Statutory and Advocacy Services	9 906	8 419	1 487	9 386	7 410	1 976
	Total	631 583	560 597	70 986	592 223	549 211	43 012

The Programme utilised 88.8% of its allocated budget to carry out its mandated objective and deliverables and achieved 100% of the predetermined targets. The allocation was sufficient for all operations of the Programme.

PROGRAMME 3: PUBLIC EMPLOYMENT SERVICES							
		2019/20			2018/19		
		Final Appropriation	Actual Expenditure	Variance	Final Appropriation	Actual Expenditure	Variance
		R'000	R'000	R'000	R'000	R'000	R'000
Sub programme							
1.	Management and Support Services: Public Employment Services	54 714	49 645	5 069	50 241	48 058	2 183
2.	Employer Services	116 800	102 425	14 375	112 841	89 458	23 383
3.	Work Seeker Services	174 798	174 778	20	179 517	156 640	22 877
4.	Designated Groups Special Services	21 525	19 255	2 270	13 460	10 125	3 335
5.	Sheltered Employment Factories and Subsidies to Designated Workshops	155 375	154 028	1 347	153 246	142 175	11 071
6.	Productivity South Africa	63 710	63 710	-	78 361	78 361	-
7.	Unemployment Insurance Fund	1	-	1	1	-	1
8.	Compensation Fund	40 107	40 107	-	16 130	16 123	7
9.	Training of Staff: Public Employment Services	1 682	1 682	-	1 877	1 877	-
	Total	628 712	605 630	23 082	605 674	542 817	62 857

The Programme utilised 96.5% of its allocated budget to carry out its mandated objective and deliverables and achieved 100% of the predetermined targets. The allocation was sufficient for all operations of the Programme.

PROGRAMME 4: LABOUR POLICY AND INDUSTRIAL RELATIONS							
		2019/20			2018/19		
		Final Appropriation	Actual Expenditure	Variance	Final Appropriation	Actual Expenditure	Variance
		R'000	R'000	R'000	R'000	R'000	R'000
Sub programme							
1.	Management and Support Services: Labour Policy and Industrial Relations	17 077	16 171	906	22 845	22 845	-
2.	Strengthen Civil Society	22 147	22 147	-	20 973	20 973	-
3.	Collective Bargaining	16 199	16 137	62	15 484	15 066	418
4.	Employment Equity	14 721	11 803	2 918	12 370	12 370	-
5.	Employment Standards	35 655	6 826	28 829	19 041	11 704	7 337
6.	Commission for Conciliation, Mediation and Arbitration	976 810	976 810	-	963 066	963 066	-
7.	Research, Policy and Planning	8 536	6 478	2 058	8 052	8 052	-
8.	Labour Market Information and Statistics	46 693	43 494	3 199	44 059	43 061	998
9.	International Labour Matters	41 466	37 974	3 492	51 571	46 629	4 942
10.	National Economic Development and Labour Council	40 741	40 741	-	45 981	45 980	1
	Total	1 220 045	1 178 581	41 464	1 203 442	1 189 746	13 696

The Programme utilised 96.6% of its allocated budget to carry out its mandated objective and deliverables and achieved 50% of the predetermined targets. The allocation was sufficient for all operations of the Programme.

5. TRANSFER PAYMENTS

5.1 TRANSFER PAYMENTS TO PUBLIC ENTITIES

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity R'000	Amount spent by the public entity R'000	Achievements of the public entity
Compensation Fund (CF)	The Compensation Fund's (CF) main objective is to provide compensation for disability, illness and death resulting from occupational injuries and diseases	R40 107	R40 107	The Compensation Fund paid the qualifying medical expenses for employees employed under the Public Service Act 1994
Commission for Conciliation, Mediation and Arbitration (CCMA)	<p>Provide thought leadership and facilitate social dialogue on strategic labour market issues</p> <p>Implement the legislated mandate of the CCMA effectively and efficiently</p> <p>Enhance and expand the Employment Security mechanisms to save jobs and alleviate business distress</p> <p>Facilitate improved Collective Bargaining to promote orderly and healthy labour relations</p> <p>Intensify Dispute Management and Prevention interventions to reduce conflict in the workplace and transform workplace relations, and</p>	R976 810	R1 055 826 (The amount includes the rollover surplus from 2018/19 surplus)	<p>Five engagements were convened with strategic labour market stakeholders to provide thought leadership and facilitate social dialogue on identified strategic labour market issues. Target achieved</p> <p>98.75% (145 611 out of 147 455) of all conciliated (heard) cases at first event within 30 days of the date of receipt of the referral (this excludes agreed extensions). Target not achieved</p> <p>99.78% (23 585 out of 23 638) of arbitration awards rendered sent to parties within 14 days of the conclusion of the arbitration proceedings (this excludes extensions granted and heads of arguments filed). Target not achieved</p> <p>Three self-initiated case conducted in order to determine whether or not the whole or a part of any service is an essential service. Target achieved</p> <p>Not all 100% of Section 71 of the LRA Act cases where investigated within 21 days after the notice is published (as and when referred). Target not achieved</p> <p>12 Essential Service Designations, Minimum Services Agreements, Minimum Service Determinations and/or Maintenance Service Determinations monitored for compliance and observance. Target achieved</p> <p>42% of jobs saved compared to employees likely to be retrenched (as per cases referred to the CCMA). Target achieved</p> <p>Three Collective Bargaining Pre-Bargaining Conferences conducted for strategically identified Users. Target achieved</p> <p>One workplace participatory structure facilitated in a strategically identified entity. Target achieved</p> <p>Eight Bargaining Support Processes for strategically identified Users conducted. Target achieved</p> <p>Two strategically identified Users subjected to the Workplace Mediation Model. Target achieved</p> <p>38 capacity building interventions on effective negotiation skills covering the COGP and the Accord delivered to strategically identified Users. Target achieved</p> <p>1.2.2. Eight capacity building interventions on effective negotiation skills covering the Code of Good Practice (COGP) and the Accord on Collective Bargaining, Industrial Action and Picketing (the Accord) delivered to strategically to Bargaining Councils and/or Private Agencies. Target achieved</p> <p>100% of the Advocacy Campaign Plan on the National Minimum Wage, the COGP and the Accord delivered to Users and stakeholders. Target achieved</p>

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity R'000	Amount spent by the public entity R'000	Achievements of the public entity
	Improve organisational and governance processes, strive for maximum compliance and mitigate risks in order to ensure maximum organisational performance			<p>12 transformation of workplace relations projects delivered to targeted Users. Target achieved</p> <p>169 capacity building interventions aligned with the needs of the labour market were delivered to Users. Target achieved</p> <p>125% (75/60) of the 2019/20 Risk Management Implementation Plan in order to increase the organisation's risk maturity level executed. Target achieved</p> <p>Optimised compliance maturity (level 5) attained. Target achieved</p> <p>Training interventions delivered to capacitate the workforce for efficient and effective delivery of the CCMA mandate. Target achieved</p>
Productivity SA	Transferring of productivity knowledge and skills in order to contribute to employment creation, job saving and promoting workplace productivity	R63 710	R63 710	<p>3686- Number of enterprises capacitated to improve productivity and business efficiency</p> <p>10- Number of productivity awards and regional milestone workshops hosted</p> <p>345- Number of Education, Training and Development (ETD) practitioners and Skills Development Facilitators (SDF) trained</p> <p>4- Number of research reports and publications on priority sectors produced and disseminated</p> <p>- Number of statistical reports on productivity and competitiveness published</p>
National Economic Development and Labour Council (NEDLAC)	<p>Promote economic growth, participation in economic decision making and social equity through social dialogue</p> <p>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</p> <p>Considers all proposed labour legislation relating to labour market policy before it is introduced in Parliament</p> <p>Considers all significant changes to social and economic policy before it is implemented or introduced in Parliament</p> <p>Encourages and promotes the formulation of coordinated policy on social and economic matters</p>	R40 741	R42 556	<p>Summary of achievement per programme area:</p> <p>5 x reports on proposed/amended bills and policies deliberated by the NEDLAC constituencies and submitted to Parliament</p> <ul style="list-style-type: none"> • 100% of the commitments made in the Job Summit have progressed • 100% of capacity building programmes of the social partners implemented • Unqualified audit opinion was achieved • 100% vacancies filled including that of Executive Director and CFO • NEDLAC achieved 92% of its overall targets
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	Nil	Nil	No funds budgeted or transferred

* Preliminary amount subject to change dependent of the final audited financial statements

5.2 TRANSFER PAYMENTS TO ALL ORGANISATIONS OTHER THAN PUBLIC ENTITIES

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 spent by the Entity	Reasons for the funds not paid over
Supported Employment Enterprises (SEE)	Trading Entity	<p>Functions of the SEE as per the Employment Services Act 4 of 2014:</p> <ul style="list-style-type: none"> (a) facilitate supported employment (b) provide work opportunities for persons with disabilities (c) develop and implement programmes that promote the employability of persons with disabilities, including persons with permanent disablement as defined in the Compensation for Occupational Injuries and Diseases Act, 1993 (Act No. 130 of 1993), in the light of their evolving needs in a changing economy, and (d) perform any other function as may be prescribed by the Minister 	Yes	R148 923	R148 923	<p>During the 2019/20 financial year, SEE had two planned indicators and only one was achieved denoting a 50% achievement</p> <p>Indicator 1: Target: 150 additional PWD provided with work opportunities in the SEE by the end of March 2020 Actual achievement: 64 additional PWD provided with work opportunities in the SEE by the end of March 2020</p> <p>Indicator 2: Target: 10% annual increase of sales revenue from goods and services by end of March 2020 Actual achievement: 67%</p> <p>Actual of R128 001 846 against a target of R84 440 532</p>

*Regarding the transfers to other institutions than Public Entities; please refer to Annexure 1B to E of the AFS.

The table below reflects the transfer payments which were budgeted for in the period 1 April 2019 to 31 March 2020, but no transfer payments were made.

Name of transferee	Type of organisation	Purpose for which the funds were used	Amount Budgeted	Amount transferred (R'000)	Reasons for the funds were not transferred
None	None	None	None	None	None

TRANSFERS

Name of Institution	Amount Transferred (R'000)	Estimate Expenditure (R'000)
Transfers To Municipalities	863	863
Municipal Vehicle Licences	863	863
Departmental Agencies & Accounts	1 121 383	1 121 384
Licences (Radio & TV)	15	15
Compensation Fund	40 107	40 107
Unemployment Insurance Fund	-	1
Commission for Conciliation, Mediation and Arbitration	976 810	976 810
Productivity SA	63 710	63 710
National Economic Development and Labour Council (NEDLAC)	40 741	40 741
Foreign Government/International Organisation	17 585	18 930
International Labour Organisation (ILO)	16 515	17 627
ARLAC	1 070	1 303
Non-Profit Institutions	190 325	192 648
Designated Groups Special Services	19 255	21 525
Supported Employment Enterprises	148 923	148 923
Strengthening Civil Society Fund	22 147	22 147
Donations & Gifts NPI	-	53
Households	8 132	8 211
Leave Gratuity	4 006	4 085
Ex-gratia payments	2 092	2 092
Retirement benefit	2 034	2 034
Total Transfers & Subsidies	1 338 288	1 342 036

6. CONDITIONAL GRANTS

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

7. DONOR FUNDS

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

8. CAPITAL INVESTMENT

Capital investment, maintenance and asset management plan

Infrastructure projects	2019/2020			2018/2019		
	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
Maintenance and repairs	4 154	2 976	1 178	3 800	1 671	2 129
Capital	12 387	10 247	2 140	16 000	10 871	5 129
Total	16 541	13 223	3 318	19 800	12 542	7 258

a. The expenditure incurred during the 2019/20 financial year was for the following projects:-

Infrastructure Projects	2019/2020			2018/2019		
	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
PO: EC- Lusikisiki	0	52	-52	0	68	-68
PO: EC- Mount Ayliff	0	5 368	-5 368	0	0	0
PO: GT- Temba	375	0	375	375	241	134
PO: GT- Soshanguve	1 000	0	1 000	1 000	0	1 000
PO: KZN- Ulundi	0	264	-264	0	1 100	-1 100
PO: KZN- Prospecton	1 075	0	1 075	1 075	0	1 075
PO: LP- Seshego	200	372	-172	200	0	200
PO: MP- Carolina	0	0	0	0	4 000	-4 000
PO: MP- Sabie	0	0	0	0	2 000	-2 000
PO: MP- Bethal	160	0	160	160	0	160
PO: MP- eMalahleni	287	0	287	900	0	900
PO: MP- Ermelo	1 662	1 405	257	1 662	760	902
PO: MP- Mkondo	380	0	380	380	0	380
PO: MP- Standerton	2 107	1 198	909	4 107	687	3 420
PO: MP- Mashishing	296	47	249	296	0	296
PO: NC- Upington	0	228	-228	0	0	0
PO: NW- Brits	450	0	450	450	0	450
PO: NW- Taung	1 252	710	542	2 252	85	2 167
PO: NW- Vryburg	470	0	470	470	0	470
PO: NW- Rustenburg	0	295	-295	0	1 250	-1 250
PO: WC- Swellendam	2 673	83	2 590	2 673	680	1 993
Head Office	0	224	-224	0	0	0
Total	12 387	10 247	2 140	16 000	10 871	5 129

b. Spending of budget for capital project is still a challenge due to slow implementation by National Department of Public Works.







PART C GOVERNANCE

DEPARTMENT OF EMPLOYMENT AND LABOUR

PART C: GOVERNANCE

1. RISK MANAGEMENT

The Department of Employment and Labour has a fully established Risk Management Committee chaired by an Independent Chairperson. The Committee advises the Accounting Officer on the overall risk management systems, including the mitigation of unacceptable levels of risk. The Department continues to implement the approved risk management policy, framework and risk appetite and tolerance framework by identifying emerging risks, conducting both strategic and operational risk assessments and reporting progress, whilst ensuring that risks remain within acceptable tolerance levels, to the Risk Management Committee on a quarterly basis.

Risk assessment is conducted annually during the Department's Strategic Planning period and thereafter monitored quarterly. Although risk assessment and monitoring was conducted during the year under review, the provision of oversight on the implementation and management of risk was not adequately effective due to postponement of the meetings. Continuous identification and assessment of risk is done as part of the risk monitoring to ensure that emerging risks are adequately managed in line with the tolerance level.

The Audit Committee has an overall responsibility to evaluate the System of Internal Control and Corporate Governance, including the effectiveness of the Risk Management Processes.

2. ETHICS AND ANTI-CORRUPTION MANAGEMENT

The Department has a "zero tolerance" approach towards fraud and corruption. Accordingly, all identified cases are reported to the Fraud Investigations Unit for investigations through the various whistleblowing mechanisms, i.e. Fraud email, walk-ins or Anti-Fraud and Corruption Hotline.

The Whistleblowing policy was reviewed and approved. The Policy has been aligned to the Public Service Regulations, 2016. The Whistle-Blowing Guidelines provides employees with a mechanism to raise concerns about fraud and corruption. The Guideline is intended to encourage and enable employees to raise serious concerns about fraud and corruption within the Department. The Department as part of its Anti-Fraud and Corruption campaign ensures that preventative measures are rolled out in the form of campaigns or workshops in collaboration with our internal stakeholders and/or fraud alerts through various internal communication platforms.

The Department through the Ethics Office has processes in place to manage disclosure of financial interest and declaration of gifts, managing other remunerative work, monitor conducting business with an organ of state as outlined in Regulation 13(c) and referral of allegations of corruption to the relevant offices for investigation.

Ethics and Anti-corruption awareness are conducted throughout the period of reporting to create awareness to staff about the impact of unethical conduct, corruption and non-compliance to policies.

Training has been provided to line managers on ethics competence in decision making.

3. MINIMISING CONFLICT OF INTEREST

The Department has implemented processes to minimise conflict of interest. These processes are as a result of legislative requirements and best practices that we intend to enrich. All members of the Senior Management Service 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.

In line with the Public Service Regulations, 2016, Regulation 18 the Department has managed the disclosure process of financial interests by SMS members in April and other designated officials as required by the Department as stipulated in DPSA Directives.

Mechanism of verification the remunerative work and gifts with conflict of interest are in place.

The Department has received verification reports from the Public Service Commission on financial interest of SMS members and has addressed areas of potential conflict of interest. Oversight Committees of the Department are also declaring their financial interests.

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 is in place.

4. CODE OF CONDUCT

Employees need to be provided with a guide that manages their relationship with other employees, clients, political principals and the general public and to indicate the spirit in which employees should perform their duties. It also spells out the ethical conduct expected of the employees and what they should do to uphold the values of the department and conduct themselves in high ethical standards.

The Department has a code of conduct that is presented to all new staff during orientation by Employee Relations and furthermore all new appointees sign code of conduct as part of their appointment pack. Newly appointed employees sign the Code of Conduct on appointment. All employees irrespective of level or position need to understand that their conduct should be representative and in alignment with the image that the department seeks to portray to the general public and clients.

5. 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/obstruction/illumination in buildings
- Safety of officials against hazards
- The protocol to report incidents
- Poor housekeeping
- Inspections reports
- Obstructions
- OHS compliance checklists to be completed monthly
- Training of internal staff regarding OHS matters
- Training of OHS Representatives
- Contingency plan
- Evacuation drills
- Review of OHS Policy
- Review of Risk Assessment
- Non implementation of recommendation made by OHS Reps
- Duration of appointment of Reps
- OHS to be included in the Reps performance agreement
- Contravention/prohibitions/improvements notices
- Training/awareness to internal staff regarding OHS matters
- Notice (Prohibition and contraventions)
- Development of action plan.

6. PORTFOLIO COMMITTEES

Date	Nature of meeting
03 July 2019	Department of Employment and Labour (DEL) APP and Strat Plan in preparation for Budget Vote 28
21 August 2019	Briefing on the Third Quarterly Performance (QPR3) 2018/19 of the DEL
4 September 2019	Briefing by StatsSA on the current national and provincial rate on unemployment Briefing by the AGSA and FFC on the audit outcomes and overall financial performance of the Department of Employment and Labour and its entities
23 October 2019	Consideration for adoption of the Draft Budgetary Review and Recommendation Report 2018/19
13 November 2019	Briefing on the Third Quarterly Performance (QPR1) 2019/20 of the DEL
27 November 2019	Report by the Commission for Employment Equity on the current employment equity status
2020	
26 February 2020	Briefing by Department of Employment and Labour (DEL) on the 2nd Quarterly Performance
04 March 2020	Briefing by Department of Employment and Labour (DEL) on the 2nd Quarterly Performance Briefing by the DPME on issues pertaining to the status and update on the 2019/20 performance of the Department of Employment and Labour and entities Briefing by StatsSA on the current national and provincial employment rate of foreign nationals

7. SELECT COMMITTEE ON ECONOMIC AND BUSINESS DEVELOPMENT

Date	Nature of meeting
8 October 2019	Annual report : Department of Employment and Labour

8. SCOPA RESOLUTIONS

SCOPA Resolution No.	Subject	Details	Response by the department	Resolved (Yes/No)
Two (2)-ATC131106	Second (2 nd)	Recommendations to the Auditor-General's findings	The previous SCOPA resolution received by the Department was the second (2 nd) report in respect of the financial year ended 31 March 2012. Quarterly progress reports were submitted to SCOPA	Yes

9. 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
Qualification	Unqualified opinion	Unqualified opinion
Disclaimer	None	None
Adverse opinion	None	None
Matters of non-compliance	None	None

Emphasis of matter

The Auditor-General drew attention to the matters below. The Auditor-General's opinion is not modified in respect of this matter

Restatement of corresponding figures As disclosed in note 19.1 to the financial statements, the corresponding figures of 31 March 2018 were restated as a result of an error in the financial statements of the department at, and for the year ended, 31 March 2019	2018/19	The statements were subsequently corrected and accepted by the Auditor-General during the conclusion of the 2018/19 financial year's audit
Underspending of the vote As disclosed in the appropriation statement, the department materially underspent the budget by R196 176 000 on appropriation per programme	2017/18	Expedite the filling of vacant posts

Report on the audit of the annual performance report –

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

Programme 2: inspection and enforcement services

Various indicators The reported achievement in the annual performance report did not agree to the supporting evidence provided for the indicators listed below. The supporting evidence provided indicated that the achievements of these indicators were as follows:	2016/17	<ul style="list-style-type: none"> Principal Inspectors verifies all files referred to Statutory Services The measure of Performance Indicator 1.3 in relation to the value chain has been corrected in the 2019/20 financial year- It now measures the competent cases received by Statutory Services in the Province which is then divided into the cases that Statutory Services submits to the Courts within 30 days as per the SOP Monthly monitoring tool to track notices that were issued is in place Inspection and Enforcement Service, Head Office, has been systematically visiting the provinces to address these shortcomings 									
<table border="1"> <thead> <tr> <th>Indicator description</th> <th>Reported achievement</th> <th>Audited value</th> </tr> </thead> <tbody> <tr> <td>Percentage of non-compliant employers who failed to comply with the served notice referred for prosecution within 30 calendar days</td> <td>60%</td> <td>30%</td> </tr> <tr> <td>Percentage of reported incidents investigated and / or finalised within the prescribed time</td> <td>76%</td> <td>94%</td> </tr> </tbody> </table>	Indicator description	Reported achievement	Audited value	Percentage of non-compliant employers who failed to comply with the served notice referred for prosecution within 30 calendar days	60%	30%	Percentage of reported incidents investigated and / or finalised within the prescribed time	76%	94%		
Indicator description	Reported achievement	Audited value									
Percentage of non-compliant employers who failed to comply with the served notice referred for prosecution within 30 calendar days	60%	30%									
Percentage of reported incidents investigated and / or finalised within the prescribed time	76%	94%									

Other Matters – Achievement of planned targets

The Auditor-General drew attention to the following matters:

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
<p>Achievement of planned targets</p> <ul style="list-style-type: none"> Refer to the annual performance report, 2018/19 financial year, on pages 63 to 83 for information on the achievement of planned targets for the year and explanations provided for the under/ over achievement of a number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 20 to 21 of this report 	2016/17	<ul style="list-style-type: none"> During 2018/19 financial year, the Management of the Department held an extended DEXCOM meeting to address the management of labour centres and provincial offices. The overall performance of the Department did improve from the first quarter in the financial year until the last quarter

Report on the audit of compliance with legislation

The material findings on compliance with specific matters in key legislations are as follows:

<p>Annual financial statements</p> <ul style="list-style-type: none"> The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 40(1) (a) of the PFMA. Material misstatements of employee benefits, prepayments expensed and irregular expenditure identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified audit opinion 	2016/17	<ul style="list-style-type: none"> The statements were subsequently corrected and accepted by the Auditor-General during the conclusion of the 2018/19 financial year's audit In respect of the financial statements for 2019/20 financial year, the Department will verify schedules prior the disclosure
<p>Consequence management</p> <ul style="list-style-type: none"> Disciplinary steps were not taken against some of the officials who had incurred and/or permitted irregular expenditure, as required by section 38(1)(h)(iii) of the PFMA Disciplinary steps were not taken against some of the officials who had incurred and/or permitted fruitless and wasteful expenditure in prior years, as required by section 38(1)(h)(iii) of the PFMA 		<ul style="list-style-type: none"> During the 2019/20 financial year a loss control committee was established, the committees' function is to manage cases of financial mismanagement and financial misconducts in the Department
<p>Expenditure management</p> <ul style="list-style-type: none"> Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R3 447 000, as disclosed in note 22 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the irregular expenditure was caused by the non-adherence to procurement and contract management regulations Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R4 450 000, as disclosed in note 23 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the fruitless and wasteful expenditure was caused by damages to departmental vehicles 	2015/16	<ul style="list-style-type: none"> Identify officials dealing with the awarding of procurement in Head Office and Provincial Offices Schedule training for the identified office Supply Chain Management inspections to ensure adherence to prescripts Report to the CFO, by means of an inspection report, on non-compliance discovered at the Provincial Offices All deviation requests will be submitted to National Treasury for evaluation and review as per National Treasury Instructions Disciplinary action is taken against officials who do not comply with SCM prescripts To ensure accountability and compliance, newly appointed managers are orientated in respect of the PFMA, Treasury Regulations and SCM prescripts

Other Information

Internal Control Deficiencies

The Auditor-General considered internal control relevant to the audit of the financial statements; reported performance information and compliance with applicable legislation; however, the objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the compliance with applicable legislation and the findings on the annual performance report

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
<ul style="list-style-type: none"> • The accounting officer did not exercise effective oversight and sufficient monitoring review controls to ensure proper implementation of the overall process of monitoring of financial transactions reporting and predetermined objectives, compliance with legislation and related internal controls. This was mainly due to the slow implementation of the action plans • The accounting officer did not effectively oversee information technology security management controls (including network controls) • The accounting officer did not prepare regular, accurate and complete financial statements and performance reports that are supported by reliable evidence and aligned to the financial and performance reporting framework. This resulted in misstatements in the annual financial statements on employee benefits, prepayments expensed and irregular expenditure awaiting condonation disclosures which were subsequently corrected and the misstatements in programme 2 of the annual performance report 	2015/16	<ul style="list-style-type: none"> • During 2018/19 financial year, the Management of the Department held an extended DEXCOM meeting to address the management of labour centres and provincial offices. The overall performance of the Department did improve from the first quarter in the financial year until the last quarter.

9. INTERNAL CONTROL UNIT

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

- Audit debriefing sessions held with Provincial Offices to discuss audit communications issued by the Auditor-General, the objective of the session is to develop audit action plans from Auditor-General's management reports
- Financial Inspections were performed at all Provincial Offices, problematic offices visited twice and where appropriate training was provided in respect of compliance to prescripts
- Ensure compliance with revenue, payments and BAS system
- BAS, SafetyWeb and SafetyNet system training provide to the respective system users during inspections
- Annual review of procedure manuals to ensure compliance to amended financial prescripts as issued by National Treasury and to incorporate new procedures developed to address the Auditor-General's audit communications
- Document control management in respect of financial transactions to detect duplicate and fraudulent transactions
- During the 2019/20 financial year a loss control committee was established, the committees' core function is to manage cases of financial mismanagement and financial misconducts in the Department.

10. INTERNAL AUDIT AND AUDIT COMMITTEES

The Department of Employment and Labour (DEL) Accounting Officer has established an Internal Audit Activity under the control and direction of an audit committee complying with and operating in accordance with the Public Finance Management Act, section 77 and Treasury Regulation 3.1.

The key objective of the Internal Audit Activity is to add value and improve the Departments operations by providing objective assurance and consulting services. This is done by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of internal controls, risk management and governance processes.

The Internal Audit Directorate performed the audits for both the Department of Employment and Labour and Supported Employment Enterprise (SEE).

The Internal Audit (IA) activity reviews are the following:

- Risk Management processes
- The reliability and integrity of financial, operational and performance information
- Compliance with laws, regulations, policies and contracts
- Safeguarding of assets
- The economical and efficient use of resources
- Establishment of operational goals and objectives
- Assessment of the adequacy and effectiveness of controls around Information Technology processes

Key activities

- Development of a three year internal audit plans and annual plans approved by the Audit Committee and the Accounting Officer;
- Implementation of the approved internal audit plans;
- Quarter reporting to the Audit Committee;
- Perform secretarial functions to the Audit Committee;
- Review the Internal Audit and Audit Committee Charters;
- Tracking of the implementation of the management action plans to improve on the control environment

Summary of work done

The Internal Audit provided both assurance and consulting services during the financial year, with the highlight of providing advisory services during the review of the Annual Plans and some of the Quarter reports prior to sign-off.

The following audit types were performed:

Audit Type	Department of Employment & Labour		Supported Employment Enterprise	
	Number of Audits	Percentage	Number of Audits	Percentage
Compliance/ Regularity	12	38%	5	28
Financial Audits	3	9%	5	28
Risk Management / Governance	4	13%	-	-
Strategic plan & Annual Performance plans	8	25%	4	22
Performance Information (Pre-determined objectives)				
IT Audits	2	7%	1	5
Follow up reviews	3	9%	3	17
Total	32	78% (32/41)	18	95% (18/19)

78% (32/41) of the Department of Employment and Labour Internal Audit reports and **95% (18/19)** of the Supported Employment Enterprise Internal Audit reports completed.

Assessment of Internal Control, Risk Management and Governance Processes

Department of Employment and Labour

Assessment of Internal Control, Risk Management and Governance Processes

Internal Controls

The opinion is an accumulative view of audits performed conducted throughout the 2019/20 financial year. In our opinion, the overall control environment of the Department is adequate, however ineffectively implemented due to the inconsistencies in the implementation and monitoring controls.

Provincial Performance Information

- Some of the indicators/targets were inaccurately reported this indicates the internal controls implemented by management to ensure that the reported information is valid, accurate and complete are ineffective.

Risk Management and Governance

The audit on risk management and the subsequent follow up indicated that the Department has processes in place, but requires improvements in order to better manage and reduce the risks, in the achievement of organisational goals.

Supported Employment Enterprise

Assessment of Internal Control, Risk Management and Governance Processes

Internal Controls

The opinion is an accumulative view of audits performed conducted throughout the 2019/20 financial year. In our opinion, the overall control environment of the SEE is partially adequate, due to inadequacies in the organisational structure to effectively allow proper segregation of duties.

Risk Management and Governance

The opinion is an accumulative view of audits performed as allocated during the 2019/20 financial year. The Risk Management processes of the SEE are inadequately implemented. The Management strategies and policies are poorly implemented, inconsistent support by the Departmental Risk Management to ensure that SEE management processes are included in the overall processes of the SEE. The opinion is an accumulative view of audits performed as allocated during the 2019/20 financial year. The risk management processes of the SEE are inadequately implemented which impacts on the SEE control environment. The lack of adequate support and approved dedicated risk management structures needs to be addressed with the key stakeholders for improvements in the risk culture and its policy environment.

11. AUDIT COMMITTEE REPORT

Report of the Audit Committee for the year ended 31 March 2020

Introduction

The establishment of the Audit Committee is premised on a statutory foundation, in the form of the PFMA [Section 38(1)(a)(ii)] and the Treasury Regulations [Paragraph 3.1.13]. The Committee is pleased to present its report for the financial year ending 31 March 2020. The report is presented in accordance with the requirements of the Public Finance Management Act 1 of 1999, and also in line with the National Treasury Annual Report guide.

12. AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee has discharged its oversight responsibilities to the Department of Employment and Labour independently and objectively in compliance with Section 76, 77 and 38 (1) (a) of the PFMA and Treasury Regulation 3.1. The Audit Committee adopted formal terms of reference (i.e. the Audit Committee Charter) and has discharged its responsibilities as contained therein and regulated its affairs in compliance with the Charter.

Committee Composition

The Department of Employment and Labour has a constituted Audit Committee, comprising of four independent members and remained instrumental in providing independent advice to the Department. The Committee also provides oversight responsibilities to the Supported Employment Enterprise (SEE).

Details pertinent to the Committee are contained in the table below, which discloses relevant information on the audit committee members:

Relevant information on the audit committee members

Name	Rank	Qualifications	Date Appointed	Date Resigned/ Contract Ended	Number of Meetings Attended	Comment
Mr S Nyangintsimbi	Member (External)	Masters in Philosophy (Internal Auditing); MBL; B.Com. CIA; CRMA; CGAP; CCSA	October 2017	N/A	4/4	Appointed as Acting Audit Committee Chairperson in April 2019 Appointed as Chairperson in August 2019
Mr N Mhlongo	Member (External)	CA (SA) CGMA ACM	May 2019	July 2019	3/4	Re-appointment in the capacity of Risk Committee Chairperson
Ms L Francois	Member (External)	MBA (ERM-focused Dissertation) B.Com; PG Certificate in Accounting; CRMA; GIA	October 2017	N/A	4/4	Compensation Fund (CF) Chairperson Independent non-executive
Dr P Dala	Member (External)	Doctor in Philosophy in Information (PhD: IT); Masters of Information Technology; Bsc Computer Science; Bachelor of Information Technology; CISA; CRISC; CISM CGEIT; CISSP; CEH CHFI; LA 27001	December 2018	N/A	4/4	Acting UIF AC Chairperson – December 2018 Appointed UIF AC Chairperson June 2020

Effectiveness of Internal Control

In line with the PFMA and Treasury Regulations, Internal Audit provides the Audit Committee and management with assurance on the adequacy and effectiveness of the internal controls. This is achieved by means of:

- a. The enterprise risk management (ERM) infrastructure, which entails the pertinent risk policies, ERM framework, related processes, etc.
- b. Outcomes of the evaluation of the various internal control processes within the Department
- c. An assessment of the sufficiency with which management responds to recommended corrective actions
- d. The consistency with which matters pertaining to governance are addressed as part of the collective effort towards enhancing the control environment.

Premised on the outcomes of the AGSA's management report, the Committee is of the opinion that whilst the control environment within the Department is adequate in most areas, the effectiveness thereof remains a concern. Specifically, the integrity of information – as is showing up through financial misstatements, the rigour with which audit action items are addressed, performance information reports, etc. Informing the Committee's concern, in this regard, is the reality that deliberations made, and decisions taken at governance platforms have a direct linkage with the quality of information at hand.

Despite the increased prominence of digitisation in the market, as well as the Department's embrace of this initiative through a significant financial investment undertaken via the SAP Hanna Project, the ICT governance has continued to lag within the Department. For instance, some of the key ICT governance structures could not convene with consistency, viz. ICT steering committee, the ICT strategic committee, and the ICT investment management. Relatedly:

- a. With cybersecurity risk on the rise in the market, and the Department being one of the key players in the country's economy, inadequacies on the ICT governance front would inevitably compound the exposure pertaining to cybersecurity. In addition, the inadequate effort in relation to implementing mitigating actions has not served to strengthen the control environment either.
- b. Performance information, which is an area of concern by the AGSA, bears direct linkage with the delayed implementation of a fully digitised or electronic system. Essentially, this talks to the extent to which reliability can be placed on the integrity of performance information in some aspects of the Department's reporting. However, as at the time of this report, which is post financial year-end, Management has expressed confidence that
- c. Digitisation will have been implemented on the key programmes that had a negative impact on the audit opinion of performance for programme 2.

Supported Employment Enterprise trading as Supported Employment Enterprise (SEE)

The control environment within the Supported Employment Enterprise (SEE) Committee is worrisome, particularly given the strategic significance that the disabilities agenda enjoys within our country and the Department in particular. Further capacitation of the entity, which includes the prioritisation of appointments in key positions, is essential.

Internal Audit

Reference by the AGSA to the work undertaken by the internal audit function, when undertaking the statutory audit, points to the adequacy of stature on the part of the internal audit function itself. Its continued delivery of the internal audit plan, as approved by the Committee, and doing so despite resource constraints is a positive indicator. However, delayed implementation of some of the recommendations emanating from the last external quality assurance review (EQAR) remains an area of concern. This is particularly so when taking into account that such recommendations were issued about five years ago. Capacitation of the internal audit function, particularly with regard to skills and competencies pertaining to information technology, performance auditing, as well as supervisory roles remain a priority. The Committee is optimistic, following the undertaking by the Accounting Officer to support this priority. Another area of opportunity is the embrace of digitisation by the IAF, which includes the utilisation of data analytics, in an effort to derive enhanced efficiencies when undertaking internal audit projects. The Committee has been able to deliver on its responsibilities through, in part, the support of the internal audit function – including how the IAF coordinates its activities with external audit.

External Audit

Mindful of our responsibility in relation to external audit matters, which includes the outcomes of the work performed by the AGSA, the Committee remains concerned at the stagnancy of the overall audit opinion. The continued inadequate effort in terms of implementing the agreed upon corrective actions, despite a concerted effort in the form of a project initiated by Management, warrants further consideration of alternative means of improving the situation. A positive perspective though, is the fact that, despite specific areas of concern from the AGSA, they paint an optimistic picture in relation to leadership culture within the Department – which they describe as good. Essentially, this talks to tone at the top, something that bodes well for potential improvement.

Risk Management

A missed opportunity relates to the formal launch and implementation of the combined assurance initiative, within the Department. Despite undertakings by the Risk Management Function, who are the custodians of this initiative in the context of the Department, no significant progress was made. Relatedly, a strategic decision regarding the embrace of a risk maturity model, which ideally could have entailed developing a customised version of such model,

socialise with the broader stakeholders within the Department, and serve as a navigating tool towards a more matured level. Such an approach could potentially have incorporated the concept of project risk profiling, which the SAP Hanna project could have been subjected to.

Quarterly reporting has not been as consistent as expected, something that hampered the Audit Committee's effort towards supporting through its oversight responsibilities. On the other hand, the risk appetite framework, which is one of the pillars that support progressive organisations in their pursuit of strategy delivery, has been developed and endorsed by the Audit Committee. Similarly, business continuity management has been prioritised, all that remains is to further socialise it, and place added emphasis on the testing and validation phase of it, which tends to be more challenging within other organisations.

In-Year Management and Monthly/Quarterly Report

The Audit Committee was appraised with quarterly financial reports and quarterly progress reports (QPR) during the year. The Audit Committee is concerned that Internal Audit recommendations were not adequately implemented during the quarterly reporting to ensure correction and or accurate reporting of organisational performance.

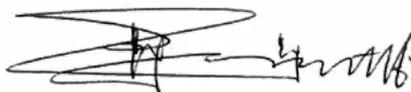
Evaluation of financial statements

The Audit Committee has for both the Department and Supported Employment Enterprise;

- Reviewed and discussed the quarterly/ interim financial statements during the reporting period.
- Reviewed and discussed the annual Financial Statements to be presented for audit purposes.
- Reviewed the Department's and SEE compliance to legal and regulatory provisions.
- Reviewed the annual Audit Report and Management Report from Auditor-General.
- Reviewed the information on predetermined objectives prepared for annual report.
- Reviewed the quality and observed the timeliness of the financial information made available to ensure that adequate oversight is provided.

Appreciation

The Committee acknowledges the efforts and work by management and remains confident that through the strengthening of governance processes, and consistent implementation of decisions, service delivery will be realised to enhance the Department's role in the South African labour market.



MR S NYANGINTSIMBI

Chairperson of the Audit Committee

Date: 13/10/2020





PART D HUMAN RESOURCES MANAGEMENT

DEPARTMENT OF EMPLOYMENT AND LABOUR

PART D: HUMAN RESOURCE MANAGEMENT

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.

Due to operational requirements, shared services exist between Department of Employment and Labour, UIF, CF and SEE. Expenditure is accounted for in terms of a percentage split however, this cannot be applied to head-count information.

2. OVERVIEW OF HUMAN RESOURCES

The Department of Employment and Labour's Human Resources Plan Implementation Report 2018/19 was compiled based on the MTEF Human Resources Plan 2015-2020 and submitted to the Department of Public Service and Administration.

The following are some of the key achievements for the financial year:

- Management Development Programmes were implemented to empower targeted groups at different levels in the Department. A total of 134 officials attended the different programmes. 74 officials were female, 60 male and one Person with Disability attended the programmes
- Khaedu training which is aimed at improving service delivery has been conducted targeting middle management. 25 Officials attended the training of which 15 were female and 10 male
- Continuation of implementation of some of the critical recommendations of the Employee Satisfaction Survey (ESS) which has resulted in increase in bursaries granted to departmental employees, as a result 100% financial study assistance which is now granted to qualifying employees
- First year of implementation of Electronic Performance Management System which is aimed at improving management of performance and development in the Department
- Implementation of PSCBC Resolution on Improved qualifications
- Appointment of a service provider to render medical surveillance targeting OHS Inspectors, CSOs, Call Centre Operators, Divers as well as Employee Health and Wellness programme to all Departmental employees.

3. HUMAN RESOURCES OVERSIGHT STATISTICS

The department provides the following key information on its human resources. All the financial amounts agree with the amounts disclosed in the annual financial statements. Reasons for any variances will be provided.

3.1 PERSONNEL RELATED EXPENDITURE

The following tables summarises the final audited personnel related expenditure by programme and by salary bands. In particular, it provides an indication of the following:

- Amount spent on personnel
- Amount spent on salaries, overtime, homeowner's allowances and medical aid.

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2019 to 31 March 2020

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 (R'000)
Administration	871 069	408 721	3 703	3 047	46.92	398
Inspection and Enforcement Services	560 597	463 834	1 083	386	82.74	410
Public Employment Services	605 630	283 857	941	176	46.87	527
Labour Policy and Industrial Relations	1 178 581	96 914	501	1 548	8.22	625
Total	3 215 877	1 253 326	6 228	5 157	38.97	439

Table 3.1.2 Personnel costs by salary band for the period 1 April 2019 to 31 March 2020

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Top Management (Levels 15-16)	18 252	1.45	10	1 825
Senior Management (Levels 13- 14)	76 806	6.13	62	1 239
Professional Qualified (Levels 9- 12)	374 122	29.85	476	786
Skilled (Levels 7- 8)	415 305	33.14	904	459
Semi-skilled (Levels 4- 6)	348 160	27.78	1 155	301
Unskilled (Levels 1- 3)	20 681	1.65	245	84
Total	1 253 326	100.00	2 852	439

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2019 to 31 March 2020

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	281 137	22.43	10 010	0.80	12 444	0.99	21 415	1.71
Inspection & Enforcement Services	334 888	26.72	372	0.03	15 545	1.24	27 509	2.20
Public Employment Services	203 387	16.23	271	0.02	6 643	0.53	11 578	0.92
Labour Policy & Industrial Relations	66 964	5.34	43	0.00	2 129	0.17	3 925	0.31
Total	886 376	70.72	10 696	0.85	36 761	2.93	64 427	5.14

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2019 to 31 March 2020

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
Top Management (Levels 15-16)	11 060	0.88	0	0.00	0	0.00	133	0.01
Senior Management (Levels 13- 14)	49 965	3.99	0	0.00	0	0.00	623	0.05
Professional Qualified (Levels 9- 12)	269 067	21.47	1 885	0.15	4 115	0.33	9 638	0.77
Skilled (Levels 7- 8)	297 715	23.75	4 257	0.34	15 317	1.22	24 302	1.94
Semi-skilled (Levels 4- 6)	244 442	19.50	4 459	0.35	16 192	1.29	27 716	2.21
Unskilled (Levels 1- 3)	14 127	1.13	95	0.01	1 137	0.09	2 015	0.16
Total	886 376	70.72	10 696	0.85	36 761	2.93	64 427	5.14

3.2 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 3.2.1 Employment and vacancies by programme as at 31 March 2020

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration(Ministry, Deputy Minister, DG & Corporate Services)	948	883	6.9%	146
Public Employment Services	7485	6387	14.7%	107
Labour Policy and Industrial Relations	169	155	8.3%	0
Inspection and Enforcement Services	1182	1114	5.7%	6
Total*	9 784	8 539	12.7%	259

Table 3.2.2 Employment and vacancies by salary band as at 31 March 2020

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled (1-2)	0	0	0%	209
Skilled(3-5)	1 227	1 117	9.0%	19
Highly skilled production (6-8)	6 950	6 094	12.3%	10
Highly skilled supervision (9-12)	1 444	1 188	17.7%	12
Senior management (13-16)	163	140	14.1%	9
Total*	9 784	8 539	12.7%	259

Table 3.2.3 Employment and vacancies by critical occupations as at 31 March 2020

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Inspectors	1 853	1 278	31.0%	0
Employment Service Practitioners and Counsellors	336	323	3.9%	0
Medical Practitioners	97	73	24.7%	0
Total*	2 286	1 674	26.8%	0

Notes

- The CORE classification, as prescribed by the DPSA, was used for completion of this table.
- Critical occupations are defined as occupations or sub-categories within an occupation –
 - a. in which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available but do not meet the applicable employment criteria;

*Inclusive of DEL, UIF, CF and SEE

- b. for which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;
- c. where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
- d. in respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees.

Filling of SMS 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 3.2.4 SMS post information as at 31 March 2020

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	8	100%	0	0%
Salary Level 14	33	29	87.9%	4	12.1%
Salary Level 13	121	102	84.3%	19	15.7%
Total*	163	140	85.9%	23	14.1%

Table 3.2.5 SMS post information as at 30 September 2019

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	8	100%	0	0%
Salary Level 14	33	29	87.9%	4	12.1%
Salary Level 13	116	102	87.9%	14	12.1%
Total*	158	140	88.6%	18	11.4%

Table 3.2.6 Advertising and filling of SMS posts for the period 1 April 2019 to 31 March 2020

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	0	0	0
Salary Level 14	4	0	3
Salary Level 13	8	0	3
Total*	12	0	6

Table 3.2.7 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 2019 and 31 March 2020

Reasons for vacancies not advertised within six months
Review and amendment of Job Description

*Inclusive of DEL, UIF, CF and SEE

Reasons for vacancies not filled within twelve months

- Unavailability of panel members
- Grievance for Director: Public Employment Services (6 posts)
- Re-advertising of posts.

Notes

- In terms of the Public Service Regulations Chapter 1, Part VII C.1A.3, departments must indicate good cause or reason for not having complied with the filling of SMS posts within the prescribed timeframes.

Table 3.2.8 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2019 to 31 March 2020

Reasons for vacancies not advertised within six months

- Unavailability of panel members
- Grievance for Director: Public Employment Services (6 posts)
- Serving of notice by recommended candidate(s).

Notes

- In terms of the Public Service Regulations Chapter 1, Part VII C.1A.2, departments must indicate good cause or reason for not having complied with the filling of SMS posts within the prescribed timeframes. In the event of non-compliance with this regulation, the relevant executive authority or head of department must take appropriate disciplinary steps in terms of section 16A(1) or (2) of the Public Service Act.

3.3 JOB EVALUATION

Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled. 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 3.3.1 Job Evaluation by Salary band for the period 1 April 2019 to 31 March 2020

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)	0	0	0	0	0	0	0
Skilled (Levels 3-5)	1 227	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	6 950	4	0.1	0	0	0	0
Highly skilled supervision (Levels 9-12)	1 444	16	1.1	0	0	0	0
Senior Management Service Band A	121	2	1.6	0	0	0	0
Senior Management Service Band B	33	1	3.0	0	0	0	0
Senior Management Service Band C	8	0	0	0	0	0	0
Senior Management Service Band D	1	0	0%	0	0%	0	0
Total*	9 784	23	0.2	0	0	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 3.3.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2019 to 31 March 2020

Gender	African	Asian	Coloured	White	Total
Female	8	0	1	0	9
Male	7	0	0	1	8
Total*	15	0	1	1	17

Employees with a disability

1

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.

*Inclusive of DEL, UIF, CF and SEE

Table 3.3.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2019 to 31 March 2020

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
ICT Project Manager	1	13	14	The incumbent was transferred on section 197 from EOH to an ICT post and was already on salary level 14. When the post was measured it was lower than the salary earned
Director	1	11	14	The incumbent was transferred on section 197 from EOH to an ICT post and was already on salary level 14. When the post was measured it was lower than the salary earned
Business Analyst	2	11	12	The incumbents were transferred on section 197 from EOH to ICT posts and were already on salary level 12. When the posts were measured it was lower than the salary earned
DD: Solution and Application Development	1	11	12	The incumbent was transferred on section 197 from EOH to ICT posts and were already on salary level 12. When the posts were measured it was lower than the salary earned
DD: Data Centre Network and Security	1	11	12	The incumbent was transferred on section 197 from EOH to ICT posts and were already on salary level 12. When the posts were measured it was lower than the salary earned
ICT Project Manager	2	11	12	The incumbents were transferred on section 197 from EOH to ICT posts and were already on salary level 12. When the posts were measured it was lower than the salary earned
Deputy Director	1	10	12	The official was absorbed in this post due to lack of positions at the time of rationalisation involving people from TBVC states
System Engineer	2	8	12	The incumbents were transferred on section 197 from EOH to ICT posts and were already on salary level 12. When the posts were measured it was lower than the salary earned
Contract and Licence Controller	1	9	11	The incumbent was transferred on section 197 from EOH to ICT posts and were already on salary level 12. When the posts were measured it was lower than the salary earned
SAP Analyst	4	9	11	The incumbents were transferred on section 197 from EOH to ICT posts and were already on salary level 12. When the posts were measured it was lower than the salary earned
System Engineer	3	8	11	The incumbents were transferred on section 197 from EOH to ICT posts and were already on salary level 12. When the posts were measured it was lower than the salary earned
Network Engineer	1	8	11	The incumbents were transferred on section 197 from EOH to ICT posts and were already on salary level 12. When the posts were measured it was lower than the salary earned
System Engineer	2	8	10	The incumbents were transferred on section 197 from EOH to ICT posts and were already on salary level 10. When the posts were measured it was lower than the salary earned
System Security Engineering	1	8	10	The incumbent was transferred on section 197 from EOH to ICT posts and were already on salary level 12. When the posts were measured it was lower than the salary earned
Field ICT Technicians	9	8	10	The incumbents were transferred on section 197 from EOH to ICT posts and were already on salary level 12. When the posts were measured it was lower than the salary earned
Field ICT Technicians	15	8	9	The incumbents were transferred on section 197 from EOH to ICT posts and were already on salary level 12. When the posts were measured it was lower than the salary earned
Network Engineer	1	8	9	The incumbent was transferred on section 197 from EOH to ICT posts and were already on salary level 12. When the posts were measured it was lower than the salary earned
Remote ICT Technician	1	8	9	The incumbent was transferred on section 197 from EOH to ICT posts and were already on salary level 12. When the posts were measured it was lower than the salary earned
Total number of employees whose salaries exceeded the level determined by job evaluation*				49
Percentage of total employed				0.6%

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

*Inclusive of DEL, UIF, CF and SEE

Table 3.3.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2019 to 31 March 2020

Gender	African	Asian	Coloured	White	Total
Female	7	0	0	4	11
Male	14	2	5	17	38
Total*	21	2	5	21	49
Employees with a disability	1	0	0	1	2

3.4 EMPLOYMENT CHANGES

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the department. The following tables provide a summary of turnover rates by salary band and critical occupations (see definition in notes below).

Table 3.4.1 Annual turnover rates by salary band for the period 1 April 2019 to 31 March 2020

Salary band	Number of employees at beginning of period- 1 April 2019	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 (Levels3-5)	1 087	122	28	2.6%
Highly skilled production (Levels 6-8)	6 033	250	205	3.4%
Highly skilled supervision (Levels 9-12)	1 153	63	63	5.5%
Senior Management Service Bands A	97	6	4	4.1%
Senior Management Service Bands B	29	1	2	6.9%
Senior Management Service Bands C	8	0	0	0%
Senior Management Service Bands D	1	0	0	0%
Contracts	317	203	263	83.0%
Total*	8 725	645	565	6.5%

Table 3.4.2 Annual turnover rates by critical occupation for the period 1 April 2019 to 31 March 2020

Critical occupation	Number of employees at beginning of period - April 2019	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Inspectors	1 369	70	61	4.4%
Employment Service Practitioners and Counsellors	337	7	6	1.8%
Medical Practitioners	91	19	8	8.8%
Total*	1 797	96	75	4.2%

Notes

- The CORE classification, as prescribed by the DPSA, was used for completion of this table.
- Critical occupations are defined as occupations or sub-categories within an occupation –
 - a. In which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available but do not meet the applicable employment criteria;
 - b. For which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;
 - c. Where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
 - d. In respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees.

*Inclusive of DEL, UIF, CF and SEE

The table below identifies the major reasons why staff left the Department.

Table 3.4.3 Reasons why staff left the department for the period 1 April 2019 to 31 March 2020

Termination Type	Number	% of Total Resignations
Death	21	3.7%
Resignation	214	37.9%
Expiry of contract	214	37.9%
Dismissal – operational changes	0	0%
Dismissal – misconduct	11	2.0%
Dismissal – inefficiency	0	0%
Discharged due to ill-health	8	1.4%
Retirement	59	10.4%
Transfer to other Public Service Departments	38	6.7%
Other	0	0%
Total	565	100%
Total number of employees who left as a % of total employment*	8 725	6.5%

Table 3.4.4 Promotions by critical occupation for the period 1 April 2019 to 31 March 2020

Occupation	Employees 1 April 2019	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	1 369	26	1.9%	0	0
Employment Service Practitioners and Counsellors	337	0	0%	0	0
Medical Practitioners	91	0	0%	0	0
Total*	1 797	26	1.4%	0	0

Table 3.4.5 Promotions by salary band for the period 1 April 2019 to 31 March 2020

Salary Band	Employees 1 April 2019	Promotions to another salary level	Salary bands 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)	1 087	11	1.0%	0	0
Highly skilled production (Levels 6-8)	6 033	153	2.5%	0	0
Highly skilled supervision (Levels 9-12)	1 153	46	4.0%	0	0
Senior Management (Level 13-16)	135	5	3.7%	0	0
Total*	8 408	215	2.5%	0	0

*Inclusive of DEL, UIF, CF and SEE

3.5 EMPLOYMENT EQUITY

Table 3.5.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as at 31 March 2020

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers (13 – 16)	60	4	6	6	50	3	3	6	138
Professionals (11 – 12)	238	14	12	23	232	16	3	24	562
Technicians and (associate professionals (7-10)	1 292	99	42	72	1 381	134	45	249	3 314
Clerks (4 – 6)	1 704	186	54	56	1 935	237	51	90	4 313
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 (3)	79	9	1	2	110	10	0	1	212
Total	3 373	312	115	159	3 708	400	102	370	8 539*
Employees with disabilities	93	10	4	17	74	11	4	25	238

*Inclusive of DEL, UIF, CF and SEE. Total employees as per Vote is 2852 as per table 3.1.2

Table 3.5.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as at 31 March 2020

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management (15 – 16)	5	1	0	0	2	0	0	1	9
Senior Management (13 – 14)	55	3	6	6	48	3	3	5	129
Professionally qualified and experienced specialists and mid-management (10 – 12)	374	25	22	37	377	30	9	48	922
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents (6 – 9)	2 496	245	76	102	2 835	329	78	286	6 447
Semi-skilled and discretionary decision making (3 – 5)	443	38	11	14	446	38	12	30	1 032
Unskilled and defined decision making (1 – 2)	0	0	0	0	0	0	0	0	0
Total	3 373	312	115	159	3 708	400	102	370	8 539*

*Inclusive of DEL, UIF, CF and SEE. Total employees as per Vote is 2852 as per table 3.1.2

Table 3.5.3 Recruitment for the period 1 April 2019 to 31 March 2020

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	3	0	0	1	2	0	1	0	7
Professionally qualified and experienced specialists and mid-management	33	3	0	0	25	1	0	1	63
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	32	2	0	0	25	2	0	0	61
Semi-skilled and discretionary decision making	128	2	1	1	136	11	2	0	281
Unskilled and defined decision making	9	1	0	0	20	0	0	0	30
Total*	205	8	1	2	208	14	3	1	442
Employees with disabilities	3	0	0	0	1	0	0	0	4

*Inclusive of DEL, UIF, CF and SEE

Table 3.5.4 Promotions for the period 1 April 2019 to 31 March 2020

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	2	1	0	0	1	1	0	0	5
Professionally qualified and experienced specialists and mid-management	28	0	0	0	17	0	0	1	46
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	59	0	0	1	47	1	0	0	108
Semi-skilled and discretionary decision making	28	4	0	0	23	0	1	0	56
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total*	117	5	0	1	88	2	1	1	215
Employees with disabilities	5	0	0	0	0	0	0	0	5

Table 3.5.5 Terminations for the period 1 April 2019 to 31 March 2020

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	0	0	0	0	1	1	0	6
Professionally qualified and experienced specialists and mid-management	34	1	1	3	19	2	0	3	63
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	62	3	1	7	40	6	1	15	135
Semi-skilled and discretionary decision making	44	2	0	4	27	9	0	3	89
Unskilled and defined decision making	2	1	0	0	4	2	0	0	9
Total *	146	7	2	14	90	20	2	21	302
Employees with disabilities	6	0	0	1	0	0	0	0	7

Table 3.5.6 Disciplinary action for the period 1 April 2019 to 31 March 2020

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Total	328	16	6	7	226	15	3	11	612

Table 3.5.7 Skills development for the period 1 April 2019 to 31 March 2020

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	39	1	0	1	24	0	0	1	66
Professionals	97	7	3	4	101	10	7	8	237
Technicians and associate professionals	150	15	7	9	157	7	3	4	352
Clerks	386	12	8	6	452	17	9	11	901
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	17	3	0	0	13	5	0	0	38
Total*	689	38	18	20	747	39	19	24	1 594
Employees with disabilities	5	1	0	1	4	1	0	0	12

*Inclusive of DEL, UIF, CF and SEE

3.6 PERFORMANCE MANAGEMENT

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 3.6.1 Signing of Performance Agreements by SMS members as at 31 May 2019

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	1	1	0	0
Salary Level 15	8	8	8	100
Salary Level 14	32	30	28	93.3
Salary Level 13	96	96	90	93.7
Total*	138	136	127	93.4

*Inclusive of DEL, UIF, CF and SEE

Notes

- In the event of a National or Provincial election occurring within the first three months of a financial year all members of the SMS must conclude and sign their performance agreements for that financial year within three months following the month in which the elections took place..

Table 3.6.2 Reasons for not having concluded Performance agreements for all SMS members as at 31 March 2019

Reasons
New appointees, Political appointment, Long absence of leave, suspension and non-compliance.

Table 3.6.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as at 31 March 2019

Reasons
Letters of intent to discipline were issued for non-compliance. The reasons were then substantiated.

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 3.6.4 Performance Rewards by race, gender and disability for the period 1 April 2019 to 31 March 2020

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	327	3 205	10.20	19 446	59 469
Female	498	3 492	14.26	13 010	26 134
Asian					
Male	20	118	16.95	981	49 071
Female	20	97	20.62	870	43 525
Coloured					
Male	37	307	12.05	1 383	37 378
Female	73	401	18.20	281	38 598
White					
Male	25	181	13.81	1 130	45 179
Female	76	423	17.97	342	45 071
Total	1 076	8 224	13.08	37 443	34 798

*Inclusive of DEL, UIF, CF and SEE. R19,911,341.52 expensed against the Vote, as per Note 3.2 of AFS



Table 3.6.5 Performance Rewards by salary band for personnel below Senior Management Service for the period 1 April 2019 to 31 March 2020

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)	113	1 074	10.52	2 878	25 434	6.0
Highly skilled production (level 6-8)	818	5 860	13.96	30 453	37 249	69.0
Highly skilled supervision (level 9-12)	174	1 031	16.88	1 067	61 440	2.0
Total*	1 105	7 965	13.87	34 398	124 123	78.0

Table 3.6.6 Performance Rewards by critical occupation for the period 1 April 2019 to 31 March 2020

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Inspectors	114	1 105	10.32	4 242	37 209
Career Counsellors/ ESP2/ESP3	55	277	19.86	3 057	55 591
Total*	169	1 382	12.23	7 299	92 800

Notes

- The CORE classification, as prescribed by the DPSA, was used for completion of this table.
- Critical occupations are defined as occupations or sub-categories within an occupation –
 - In which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available but do not meet the applicable employment criteria;
 - For which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;
 - Where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
 - In respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees.

Table 3.6.7 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2019 to 31 March 2020

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	
Band A	0	0	0	0	0	0
Band B	0	0	0	0	0	0
Band C	0	0	0	0	0	0
Band D	0	0	0	0	0	0
Total*	0	0	0	0	0	0

3.7 FOREIGN WORKERS

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

Table 3.7.1 Foreign workers by salary band for the period 1 April 2019 to 31 March 2020

Salary band	01 April 2019		31 March 2020		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	0	0	0	0	0	0
Highly skilled production (Lev. 6-8)	1	50.0	1	50.0	0	0
Highly skilled supervision (Lev. 9-12)	1	50.0	1	50.0	0	0
Contract (level 9-12)	0	0	0	0	0	0
Contract (level 13-16)	0	0	0	0	0	0
Total*	2	100	2	100	0	0

*Inclusive of DEL, UIF, CF and SEE

Table 3.7.2 Foreign workers by major occupation for the period 1 April 2019 to 31 March 2020

Major occupation	01 April 2019		31 March 2020		Change	
	Number	% of total	Number	% of total	Number	% Change
Professional and managers	1	50.0	1	50.0	0	0
Technicians and associated professionals	1	50.0	1	50.0	0	0
Total*	2	100	2	100	0	0

3.8 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 3.8.1 Sick leave for the period 1 January 2019 to 31 December 2019

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)	8 924.5	78.5	909	11.5	10	7 972
Highly skilled production (levels 6-8)	54 891	78.5	5 565	70.6	10	73 316
Highly skilled supervision (levels 9-12)	8 540	78.3	1 063	13.5	12	23 041
Top and Senior management (levels 13-16)	924	84.4	104	1.3	11	4 010
Total*	73 279.5	78.5	7 641	96.9	10	108 339

Table 3.8.2 Disability leave (temporary and permanent) for the period 1 January 2019 to 31 December 2019

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)	741	99.9	11	12.8	67	654
Highly skilled production (Levels 6-8)	4 277	100	65	75.6	66	5 816
Highly skilled supervision (Levels 9-12)	344	100	7	8.1	49	807
Senior management (Levels 13-16)	46	100	3	3.5	15	191
Total*	5 408	99.9	86	100	63	7 468

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 3.8.3 Annual Leave for the period 1 January 2019 to 31 December 2019

Salary band	Total days taken	Number of Employees using annual leave	Average days per employee
Lower skilled (Levels 1-2)	0	0	0
Skilled Levels 3-5)	21 801	1 083	20
Highly skilled production (Levels 6-8)	147 833	6 255	24
Highly skilled supervision (Levels 9-12)	31 222	1 268	25
Senior management (Levels 13-16)	3 457	142	24
Total*	204 313	8 748	23

*Inclusive of DEL, UIF, CF and SEE

Table 3.8.4 Capped leave for the period 1 January 2019 to 31 December 2019

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 March 2019
Lower skilled (Levels 1-2)	0	0	0	0
Skilled Levels 3-5)	0	0	0	35
Highly skilled production (Levels 6-8)	292	38	8	26
Highly skilled supervision (Levels 9-12)	12	5	2	34
Senior management (Levels 13-16)	1	1	1	31
Total*	305	44	7	28

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

Table 3.8.5 Leave pay-outs (Estimated) for the period 1 April 2019 to 31 March 2020

Reason	Total Estimated amount (R'000)	Number of employees	Average Estimated per employee (R'000)
Annual – Discounting with Resignation (Work Days)	2 900	172	17
Annual – Gratuity: Death/Retirement/Medical Retirement (Work Days)	2 791	73	38
Capped – Gratuity: Death/Retirement/Medical Retirement (Work Days)	4 515	52	87
Total*	10 206	297	34

3.9 HIV/AIDS & HEALTH PROMOTION PROGRAMMES

Table 3.9.1 Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
All employees	<ul style="list-style-type: none"> Health screening and HCT is conducted quarterly. World AIDS Day is held annually Condom distribution is done whenever the containers are empty.

Table 3.9.2 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 3 of Chapter 4 of the Public Service Regulations, 2016? If so, provide her/his name and position.	X		Ms. M Matyila – CD HRM Ms. PP Mthethwa – D: HRM (HQ) Ms. P Makhubu – H: HRM (CF) Ms. P Roux – D: HRM (UIF)
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		The Department has a dedicated EHWP unit and has designated professional staff members to promote the health and well-being of our employees in head office and funds. Head office: 1 Deputy Director EHWP, 2 Assistance Directors, 1 Practitioner. UIF Office: 1 Deputy Director EHWP, 1 Assistance Directors, 1 Practitioner. CF Office: Deputy Director EHWP, 1 Assistance Directors, 1 Practitioner. The structure is not adequate at the provinces only wellness champs not EHWP professionals. The available annual budget is R 3500.000 000.

*Inclusive of DEL, UIF, CF and SEE

Question	Yes	No	Details, if yes
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>The department has an Employee Assistance or Health Promotion Programme for your employees as follows:</p> <ul style="list-style-type: none"> • Mental health awareness sessions, • Psychosocial services such as counselling and debriefing sessions, • Stress Management • Financial wellness • Pre-retirement programs • Health screenings • HIV/AIDs Screenings • TB Management • Health education, • Diversity management programmes, • Physical activities.

Question	Yes	No	Details, if yes
4. Has the department established (a) committee(s) as contemplated in Part 3, 55(6) (1) of Chapter 4 of the Public Service Regulations, 2016? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	X		<p>National Employment Equity Consultative Forum which consists of the following representatives from all the provincial offices of the Department is used as a committee that advises on the implementation of Health and Wellness Issues:</p> <p>EE Manager : Ms B Matebesi Chairperson : Ms M Matyila (CD- HRM) Deputy Chairperson : Mr T.J Mashaba Director: HRM : Ms PP Mthethwa</p> <p>Designated groups:</p> <p>Disabled : Mr J Mokake Women : Ms S Maharaj Blacks : Mr P Masoga : Mr SC Cornelius</p> <p>Non-designated group:</p> <p>White Male : No Representative</p> <p>Representatives from the Chief Directorates:</p> <p>Finance : Ms G Mathibe Communication : Mr ME Mosima</p> <p>Representatives from the Directorates:</p> <p>SCM : Mr T Lukoto Aux Services : Mr V Pienaar T&D : Mr G M Mosima PM&CS : Ms L Dlamini EHWP & GDY : Mr RB Mkansi ER : Ms T Roos OD : Mr S Nkhabelane SECURITY : Ms M Moitsi</p> <p>Chairperson/Delegate of each LEECF:</p> <p>Head Office : Ms L Nawana Eastern Cape : Ms P Mbongwana Free State : Mr SZ Segalo Gauteng : Mr M Nxumalo Kwazulu-Natal : Mr S Lushaba Limpopo : Mr M Magwasha Mpumalanga : Ms P Malebye Northern Cape : Mr AA Makape North West : Mr J Zitha Western Cape : Ms M Zamile CF : Mr N Khuzwayo UIF : Mr TC Ngubane</p> <p>Representatives of Unions:</p> <p>NEHAWU : Mr TJ Mashaba PSA : Mr K Moalosi</p> <p>Secretariat:</p> <p>Ms L Rudah Mr S Sibiya Ms IS Groenewald Ms G Maritz Ms VY Madiba</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		The department is currently reviewing policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status are as follows: <ul style="list-style-type: none"> • HIV/AIDS and STI Management policy • Health and Productivity policy • Wellness Management policy • Medical Surveillance policy • Smoking policy • Sports and recreational policy
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		<ul style="list-style-type: none"> • Implementation of HIV/AIDS and STI Management policy. • Candle Light Memorial in remembrance of the lives lost through HIV/AIDS and to support those living with HIV/AIDS. This is to sensitize employees about the effects of HIV/AIDS.
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	X		The department encourage its employees to undergo Voluntary Counselling and Testing through the following: <ul style="list-style-type: none"> • VCT and HCT awareness campaigns and education. • 354 participated in VCT, from GEMS report they would indicate the new cases if any.
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	X		The department has developed measures/ indicators in place such as EHWP annual operational plan that measure indicators for example Number of HIV and AIDS, STIs and TB awareness campaigns implemented in line with the EHWP. NEECF monitor, evaluate and report on the HIV/AIDS.

3.10 LABOUR RELATIONS

Table 3.10.1 Collective agreements for the period 1 April 2019 and 31 March 2020

Total number of Collective agreements	0
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The following table summarises the outcome of disciplinary hearings conducted within the department for the year under review.

Table 3.10.2 Misconduct and disciplinary hearings finalised for the period 1 April 2019 to 31 March 2020

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	4	1.2%
Verbal warning	17	5.3%
Written warning	134	41.7%
Final written warning	39	12.1%
Suspended without pay	1	0.3%
Fine	0	0
Demotion	0	0
Dismissal	8	2.5%
Not guilty	2	0.6%
Case withdrawn	116	36.1%
Total*	321	100%

*Inclusive of DEL, UIF, CF and SEE

Table 3.10.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2019 to 31 March 2020

Type of misconduct	Number	% of total
Absenteeism	21	3.4%
Loss of laptop/Departmental cell phone	31	5.1%
Improper conduct	15	2.4%
Misuse of state vehicle	14	2.3%
Insubordination	28	4.6%
Abscondment	5	0.8%
Damage of state vehicle	118	19.3%
Misrepresentation	16	2.6%
No show	6	1.0%
Fruitless and wasteful expenditure	12	2.0%
Irregular expenditure	12	2.0%
Soliciting a bribe	2	0.3%
Fraud	8	1.3%
Failure to declare business/gift	2	0.3%
Contravention of code of conduct	7	1.1%
Poor Performance	10	1.6%
None disclosure of financial interests	181	29.6%
Negligence	10	1.6%
Gross dishonesty	2	0.3%
Contravention of HR policy	4	0.6%
Contravention of petty cash policy	7	1.1%
Dereliction of duty	98	16.0%
Abuse of email	1	0.2
Contravention of fleet policy	1	0.2
Insolence	1	0.2
Total*	612	100

Table 3.10.4 Grievances logged for the period 1 April 2019 to 31 March 2020

Grievances	Number	% of Total
Number of grievances resolved	111	47
Number of grievances not resolved	126	53
Total number of grievances lodged*	237	100

Table 3.10.5 Disputes logged with Councils for the period 1 April 2019 to 31 March 2020

Disputes	Number	% of Total
Number of disputes upheld	8	13
Number of disputes dismissed	13	22
Not yet finalised	39	65
Total number of disputes lodged*	60	100

*Inclusive of DEL, UIF, CF and SEE

Table 3.10.6 Strike actions for the period 1 April 2019 to 31 March 2020

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

Table 3.10.7 Precautionary suspensions for the period 1 April 2019 to 31 March 2020

Number of people suspended	7
Number of people whose suspension exceeded 30 days	7
Average number of days suspended	86
Cost of suspension(R'000)*	R 489

3.11 SKILLS DEVELOPMENT

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

Table 3.11.1 Training needs identified for the period 1 April 2019 to 31 March 2020

Occupational category	Gender	Number of employees as at 1 April 2019	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	64	0	61	0	61
	Male	72	0	73	0	73
Professionals	Female	255	0	44	0	44
	Male	270	0	30	0	30
Technicians and associate professionals	Female	1 764	0	399	0	399
	Male	1 514	0	341	0	341
Clerks	Female	2 303	0	99	0	99
	Male	1 972	0	105	0	105
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	110	0	5	0	5
	Male	93	0	9	0	9
Sub Total	Female	4 496	0	608	0	608
	Male	3 921	0	558	0	558
Total*		8 417	0	1 166	0	1 166

*Inclusive of DEL, UIF, CF and SEE

Table 3.11.2 Training provided for the period 1 April 2019 to 31 March 2020

Occupational category	Gender	Number of employees as at 1 April 2019	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	64	0	25	0	25
	Male	72	0	41	0	41
Professionals	Female	255	0	126	0	126
	Male	270	0	111	0	111
Technicians and associate professionals	Female	1 764	0	171	0	171
	Male	1 514	0	181	0	181
Clerks	Female	2 303	0	489	0	489
	Male	1 972	0	412	0	412
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	110	0	18	0	18
	Male	93	0	20	0	20
Sub Total	Female	4 496	0	829	0	829
	Male	3 921	0	765	0	765
Total*		8 417	0	1 594	0	1 594

3.12 INJURY ON DUTY

The following tables provide basic information on injury on duty.

Table 3.12.1 Injury on duty for the period 1 April 2019 to 31 March 2020

Nature of injury on duty	Number	% of total
Required basic medical attention only	13	62
Temporary Total Disablement	5	24
Permanent Disablement	2	9
Fatal	1	5
Total*	21	100

3.13 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.

*Inclusive of DEL, UIF, CF and SEE

Table 3.13.1 Report on consultant appointments using appropriated funds for the period 1 April 2019 to 31 March 2020

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
2019 EE Workshops/ EE Roadshows	13 Sign Language Interpreters	13	82 110.00
Global value chains and the changing nature of employment in South Africa	5	184	807 667.00
Tourvest Travel Services (TTS)		2017/12/01-2019/11/30	2 147 760.00
Tech Mahindra		2018/12/14-2021/12/13	434 751 220.00
CAREWAYS WELLNESS		2019/09/01-2022/08/31	7 642 463.10

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
1 x project, i.e. 2019 EE workshops/ EE Roadshows	13 Sign Language Interpreters from one company	13	82 110.00
1	1	184	807 667.00

Table 3.13.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2019 to 31 March 2020

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
1 x project, i.e. 2019 EE workshops/ EE Roadshows	-	-	80% black
Global value chains and the changing nature of employment in South Africa	100	100	5

Table 3.13.3 Report on consultant appointments using Donor funds for the period 1 April 2019 to 31 March 2020

Project title	Total Number of consultants that worked on project	Duration (Work days)	Donor and contract value in Rand
N/A			
N/A			

Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
N/A			
N/A			

Table 3.13.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2019 to 31 March 2020

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
N/A			
N/A			

3.14 SEVERANCE PACKAGES

Table 3.14.1 Granting of employee initiated severance packages for the period 1 April 2019 to 31 March 2020

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)	0	0	0	0
Highly skilled supervision(Levels 9-12)	0	0	0	0
Senior management (Levels 13-16)	0	0	0	0
Total	0	0	0	0





PART E
FINANCIAL
INFORMATION

DEPARTMENT OF EMPLOYMENT AND LABOUR

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO. 28: DEPARTMENT OF EMPLOYMENT AND LABOUR

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

1. I have audited the financial statements of the Department of Employment and Labour set out on pages 118 to 194, which comprise the appropriation statement, statement of financial position as at 31 March 2020, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Employment and Labour as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard prescribed by National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

BASIS FOR OPINION

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the department in accordance with sections 290 and 291 of the Code of ethics for professional accountants and parts 1 and 3 of the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

OTHER MATTER

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

UNAUDITED SUPPLEMENTARY SCHEDULES

7. The supplementary information set out on pages 195 to 205 does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly, I do not express an opinion on them.

RESPONSIBILITIES OF THE ACCOUNTING OFFICER FOR THE FINANCIAL STATEMENTS

8. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Modified Cash Standard and the requirements of the 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.
9. In preparing the financial statements, the accounting officer is responsible for assessing the department's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the department or to cease operations, or has no realistic alternative but to do so.

AUDITOR-GENERAL'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

INTRODUCTION AND SCOPE

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

13. I was engaged to evaluate the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the annual performance report of the department for the year ended 31 March 2020:

Programme	Pages in the annual performance report
Programme 2 – Inspection and enforcement services	49 to 54

14. The material findings in respect of the usefulness and reliability of the selected programme are as follows:

PROGRAMME 2 – INSPECTION AND ENFORCEMENT SERVICES

VARIOUS INDICATORS

15. I was unable to obtain sufficient appropriate audit evidence for the reported achievements of all the indicators relating to this programme. This was due to the lack of accurate and complete records. I was unable to confirm the reported achievements by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements in the annual performance report for the indicators listed below:

Indicator number	Indicator description	Number of indicators
1.1	Number of employers inspected per year to determine compliance with employment law	1
1.2	Percentage of non-compliant employers of those inspected served with notice in terms of the relevant employment law within 14 calendar days of the inspection	1
1.3	Percentage of non-compliant employers referred to Statutory Services who failed to comply with the served notice in reference to 1.2 referred for Prosecution within 30 calendar days	1
1.4	Percentage of reported incidents finalised within prescribed time frames	1

OTHER MATTERS

16. I draw attention to the matters below.

ACHIEVEMENT OF PLANNED TARGETS

17. Refer to the annual performance report on pages 49 to 54 for information on the achievement of planned targets for the year and explanations provided for the overachievement of a significant number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraph 15 of this report.

ADJUSTMENT OF MATERIAL MISSTATEMENTS

18. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of Programme 2 – inspection and enforcement services. As management subsequently corrected only some of the misstatements, I raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are reported above.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

INTRODUCTION AND SCOPE

19. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the department's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

20. The material findings on compliance with specific matters in key legislation are as follows:

ANNUAL FINANCIAL STATEMENTS

21. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 40(1) (b) of the PFMA.

22. Material misstatements of commitments, impairment of receivables and operating lease commitments identified by the auditors in the submitted financial statements were corrected resulting in the financial statements receiving an unqualified opinion.

EXPENDITURE MANAGEMENT

23. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R1 367 000, as disclosed in note 23 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the irregular expenditure was caused by non-adherence to procurement and contract management regulations.

24. Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R698 000, as disclosed in note 24 to the annual financial statements, as required by section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1. The majority of the fruitless and wasteful expenditure was caused by damages to departmental vehicles.

CONSEQUENCE MANAGEMENT

25. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 38(1)(h)(iii) of the PFMA. This was due to proper and complete records that were not maintained as evidence to support the investigations into irregular expenditure.

26. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditure as required by section 38(1)(h)(iii) of the PFMA. This was due to proper and complete records that were not maintained as evidence to support the investigations into fruitless and wasteful expenditure.

OTHER INFORMATION

27. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in the auditor's report.

28. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

29. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit or otherwise appears to be materially misstated.

30. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

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

32. There was no adequate oversight to ensure that effective preventative and detective controls are in place to enable reliable reporting as well as compliance with legislation.

33. Management did not ensure that financial statements and performance reports are accurate, complete and supported by reliable evidence. This resulted in misstatements in the annual financial statements and the annual performance report which were not prevented.

Auditor-General

PRETORIA

13 October 2020



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE – AUDITOR-GENERAL’S RESPONSIBILITY FOR THE AUDIT

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the department’s compliance with respect to the selected subject matters.

FINANCIAL STATEMENTS

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department’s internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer, use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Department of Employment and Labour to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a department to cease operating as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

2. ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2.1 APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

Appropriation per programme									
	2019/20							2018/19	
	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
Programme:									
1. Administration	961 959	-	(9 100)	952 859	871 069	81 790	91.4%	881 531	804 917
2. Inspection & Enforcement Services	631 583	-	-	631 583	560 597	70 986	88.8%	592 223	549 211
3. Public Employment Services	619 612	-	9 100	628 712	605 630	23 082	96.3%	605 674	542 817
4. Labour Policy & Industrial Relations	1 220 045	-	-	1 220 045	1 178 581	41 464	96.6%	1 203 442	1 189 746
TOTAL	3 433 199	-	-	3 433 199	3 215 877	217 322	93.7%	3 282 870	3 086 691
TOTAL (brought forward)									
Reconciliation with statement of financial performance									
ADD: Departmental receipts				12 366				10 781	
Actual amounts per statement of financial performance (total revenue)				3 445 565				3 293 651	
Actual amounts per statement of financial performance (total expenditure)					3 215 877				3 086 691

Appropriation per economic classification									
	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	2 043 811	(10 015)	(9 100)	2 024 696	1 833 326	191 370	90.5%	1 856 686	1 700 607
Compensation of employees	1 363 725	(19 841)	-	1 343 884	1 253 326	90 558	93.3%	1 271 652	1 149 681
Salaries and wages	1 136 938	2 656	-	1 139 594	1 075 037	64 557	94.3%	1 062 870	985 855
Social contributions	226 787	(22 497)	-	204 290	178 289	26 001	87.3%	208 782	163 826
Goods and services	680 086	9 826	(9 100)	680 812	580 000	100 812	85.2%	585 034	550 926
Administrative fees	6 111	3 153	-	9 264	9 091	173	98.1%	7 465	7 102
Advertising	29 641	872	(9 100)	21 413	3 755	17 658	17.5%	14 946	14 920
Minor assets	8 010	315	-	8 325	7 140	1 185	85.8%	9 720	8 835
Audit costs: External	21 632	(1 118)	-	20 514	16 360	4 154	79.8%	17 774	13 203
Bursaries: Employees	3 053	1 906	-	4 959	4 945	14	99.7%	4 477	4 477
Catering: Departmental activities	6 288	1 664	-	7 952	7 491	461	94.2%	6 453	6 363
Communication	42 783	(11 916)	-	30 867	24 401	6 466	79.1%	25 827	24 933
Computer services	126 640	(29 979)	-	96 661	88 250	8 411	91.3%	61 279	55 911
Consultants: Business and advisory services	9 106	(1 751)	-	7 355	5 157	2 198	70.1%	9 016	8 863
Laboratory services	-	-	-	-	-	-	-	51	51
Legal services	4 547	9 720	-	14 267	14 247	20	99.9%	16 061	16 061
Contractors	2 382	651	-	3 033	2 446	587	80.6%	5 230	5 158
Agency and support / outsourced services	2 924	(538)	-	2 386	13	2 373	0.5%	258	-
Entertainment	268	(37)	-	231	179	52	77.5%	447	419
Fleet services	27 490	13 584	-	41 074	38 464	2 610	93.6%	31 081	30 222
Inventory: Clothing material and accessories	40	-	-	40	-	40	-	-	-
Inventory: Fuel, oil and gas	150	(150)	-	-	-	-	-	-	-
Inventory: Medicine	4	-	-	4	-	4	-	-	-
Consumable supplies	3 952	1 540	-	5 492	4 713	779	85.8%	3 098	2 936
Consumable: Stationery, printing and office supplies	21 261	(1 525)	-	19 736	14 117	5 619	71.5%	19 957	19 086
Operating leases	157 652	(1 232)	-	156 420	141 411	15 009	90.4%	139 441	132 457
Property payments	81 604	2 023	-	83 627	62 056	21 571	74.2%	63 140	52 307
Transport provided: Departmental activity	782	(408)	-	374	374	-	100.0%	45	45
Travel and subsistence	84 914	29 757	-	114 671	109 728	4 943	95.7%	110 638	110 301
Training and development	13 513	(4 876)	-	8 637	6 228	2 409	72.1%	18 908	18 669
Operating payments	11 118	(1 485)	-	9 633	8 850	783	91.9%	10 066	9 612
Venues and facilities	12 805	(988)	-	11 817	8 656	3 161	73.3%	7 568	6 917
Rental and hiring	1 416	644	-	2 060	1 928	132	93.6%	2 088	2 078

Appropriation per economic classification

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	1 329 204	3 732	9 100	1 342 036	1 338 288	3 748	99.7%	1 315 142	1 296 766
Provinces and municipalities	656	207	-	863	863	-	100.0%	752	752
Municipalities	656	207	-	863	863	-	100.0%	752	752
Municipal bank accounts	656	207	-	863	863	-	100.0%	752	752
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	1 112 269	15	9 100	1 121 384	1 121 383	1	100.0%	1 103 556	1 103 547
Social security funds	40 108	-	-	40 108	40 107	1	100.0%	16 108	16 100
Departmental agencies and accounts	1 072 161	15	9 100	1 081 276	1 081 276	-	100.0%	1 087 448	1 087 447
Foreign governments and international organisations	18 930	-	-	18 930	17 585	1 345	92.9%	25 218	20 278
Non-profit institutions	192 648	-	-	192 648	190 325	2 323	98.8%	181 212	167 877
Households	4 701	3 510	-	8 211	8 132	79	99.0%	4 404	4 312
Social benefits	4 701	1 418	-	6 119	6 040	79	98.7%	3 894	3 802
Other transfers to households	-	2 092	-	2 092	2 092	-	100.0%	510	510
Payments for capital assets	60 184	5 165	-	65 349	43 145	22 204	66.0%	109 633	87 909
Buildings and other fixed structures	16 000	(3 613)	-	12 387	10 247	2 140	82.7%	16 014	10 886
Buildings	16 000	(3 613)	-	12 387	10 247	2 140	82.7%	16 014	10 886
Machinery and equipment	44 184	8 778	-	52 962	32 898	20 064	62.1%	93 619	77 023
Transport equipment	6 836	3	-	6 839	6 839	-	100.0%	37 927	34 377
Other machinery and equipment	37 348	8 775	-	46 123	26 059	20 064	56.5%	55 692	42 646
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	1 118	-	1 118	1 118	-	100.0%	1 409	1 409
Total	3 433 199	-	-	3 433 199	3 215 877	217 322	93.7%	3 282 870	3 086 691

Programme 1: Administration

	2019/20							2018/19	
	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
Sub programme									
1. Ministry	39 267	6 099	-	45 366	43 547	1 819	96.0%	41 063	41 063
2. Management	268 169	37 768	-	305 937	305 676	261	99.9%	272 625	272 625
3. Corporate Services	308 253	(40 254)	(9 100)	258 899	231 232	27 667	89.3%	262 588	225 192
4. Office of the Chief Financial Officer	129 312	-	-	129 312	113 261	16 051	87.6%	121 708	103 703
5. Office Accommodation	216 958	(3 613)	-	213 345	177 353	35 992	83.1%	183 547	162 334
Total for sub programmes	961 959	-	(9 100)	952 859	871 069	81 790	91.4%	881 531	804 917

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	915 553	(1 580)	(9 100)	904 873	825 898	78 975	91.3%	807 201	751 151
Compensation of employees	418 940	(251)	-	418 689	408 722	9 967	97.6%	391 636	367 204
Salaries and wages	353 639	1 198	-	354 837	352 269	2 568	99.3%	334 225	315 431
Social contributions	65 301	(1 449)	-	63 852	56 453	7 399	88.4%	57 411	51 773
Goods and services	496 613	(1 329)	(9 100)	486 184	417 176	69 008	85.8%	415 565	383 947
Administrative fees	3 635	1 243	-	4 878	4 878	-	100.0%	4 017	3 658
Advertising	10 689	(419)	(9 100)	1 170	386	784	33.0%	3 998	3 972
Minor assets	4 437	1 082	-	5 519	4 550	969	82.4%	7 568	7 192
Audit costs: External	21 632	(1 118)	-	20 514	16 360	4 154	79.8%	17 774	13 203
Bursaries: Employees	2 464	2 078	-	4 542	4 542	-	100.0%	4 268	4 268
Catering: Departmental activities	1 997	643	-	2 640	2 320	320	87.9%	2 889	2 889
Communication	22 375	(6 610)	-	15 765	10 786	4 979	68.4%	10 852	10 438
Computer services	122 986	(29 853)	-	93 133	85 372	7 761	91.7%	60 320	54 952
Consultants: Business and advisory services	4 905	(1 586)	-	3 319	3 047	272	91.8%	5 503	5 350
Laboratory services	-	-	-	-	-	-	-	1	1
Legal services	3 941	10 229	-	14 170	14 170	-	100.0%	16 018	16 018
Contractors	1 777	21	-	1 798	1 309	489	72.8%	2 465	2 465
Agency and support / outsourced services	2 473	(98)	-	2 375	4	2 371	0.2%	258	-
Entertainment	180	(29)	-	151	127	24	84.1%	297	289
Fleet services	13 460	12 476	-	25 936	23 762	2 174	91.6%	18 139	17 455
Inventory: Clothing material and accessories	-	-	-	-	-	-	-	-	-
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	-	-
Consumable supplies	1 966	1 458	-	3 424	3 042	382	88.8%	2 240	2 162
Consumable: Stationery, printing and office supplies	9 196	(578)	-	8 618	4 981	3 637	57.8%	9 836	9 331
Operating leases	152 314	933	-	153 247	138 634	14 613	90.5%	136 547	129 684
Property payments	70 871	(4 797)	-	66 074	45 014	21 060	68.1%	49 542	38 714
Transport provided: Departmental activity	-	4	-	4	4	-	100.0%	3	3
Travel and subsistence	31 058	13 715	-	44 773	43 104	1 669	96.3%	42 364	42 364
Training and development	6 422	(945)	-	5 477	3 704	1 773	67.6%	15 078	14 839
Operating payments	3 973	433	-	4 406	3 884	522	88.2%	3 986	3 547
Venues and facilities	3 404	(188)	-	3 216	2 161	1 055	67.2%	1 039	590
Rental and hiring	458	577	-	1 035	1 035	-	100.0%	563	563

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	4 563	462	-	5 025	4 947	78	98.4%	2 309	2 309
Provinces and municipalities	656	196	-	852	852	-	100.0%	703	703
Municipalities	656	196	-	852	852	-	100.0%	703	703
Municipal bank accounts	656	196	-	852	852	-	100.0%	703	703
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	15	-	15	15	-	100.0%	40	40
Social security funds	-	-	-	-	-	-	-	-	-
Departmental agencies	-	15	-	15	15	-	100.0%	40	40
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	3 907	251	-	4 158	4 080	78	98.1%	1 566	1 566
Social benefits	3 907	(258)	-	3 649	3 571	78	97.9%	1 200	1 200
Other transfers to households	-	509	-	509	509	-	100.0%	366	366
Payments for capital asset	41 843	-	-	41 843	39 106	2 737	93.5%	70 612	50 048
Buildings and other fixed structures	16 000	(3 613)	-	12 387	10 247	2 140	82.7%	16 014	10 886
Buildings	16 000	(3 613)	-	12 387	10 247	2 140	82.7%	16 014	10 886
Machinery and equipment	25 843	3 613	-	29 456	28 859	597	98.0%	54 598	39 162
Transport equipment	6 836	3	-	6 839	6 839	-	100.0%	9 031	5 481
Other machinery and equipment	19 007	3 610	-	22 617	22 020	597	97.4%	45 567	33 681
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	1 118	-	1 118	1 118	-	100.0%	1 409	1 409
Total	961 959	-	(9 100)	952 859	871 069	81 790	91.4%	881 531	804 917

1.1 Ministry

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	36 572	6 050	-	42 622	40 803	1 819	95.7%	40 998	40 998
Compensation of employees	25 802	(3)	-	25 799	23 980	1 819	92.9%	19 066	19 066
Goods and services	10 770	6 053	-	16 823	16 823	-	100.0%	21 932	21 932
Transfers and subsidies	2 695	3	-	2 698	2 698	-	100.0%	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	2 695	3	-	2 698	2 698	-	100.0%	-	-
Payments for capital assets	-	46	-	46	46	-	100.0%	65	65
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	46	-	46	46	-	100.0%	65	65
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	39 267	6 099	-	45 366	43 547	1 819	96.0%	41 063	41 063

1.2 Management

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	265 981	34 830	-	300 811	300 811	-	100.0%	269 572	269 572
Compensation of employees	208 407	13 671	-	222 078	222 078	-	100.0%	198 802	198 802
Goods and services	57 574	21 159	-	78 733	78 733	-	100.0%	70 770	70 770
Transfers and subsidies	997	457	-	1 454	1 454	-	100.0%	1 677	1 677
Provinces and municipalities	590	194	-	784	784	-	100.0%	641	641
Departmental agencies and accounts	-	15	-	15	15	-	100.0%	40	40
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	407	248	-	655	655	-	100.0%	996	996
Payments for capital assets	1 191	2 481	-	3 672	3 411	261	92.9%	1 376	1 376
Buildings and other fixed structures	-	-	-	-	-	-	-	14	14
Machinery and equipment	1 191	2 481	-	3 672	3 411	261	92.9%	1 362	1 362
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	268 169	37 768	-	305 937	305 676	261	99.9%	272 625	272 625

1.3 Corporate Services

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	291 006	(41 340)	(9 100)	240 566	212 965	27 601	88.5%	219 354	193 837
Compensation of employees	109 592	(13 919)	-	95 673	90 266	5 407	94.3%	102 554	82 237
Goods and services	181 414	(27 421)	(9 100)	144 893	122 699	22 194	84.7%	116 800	111 600
Transfers and subsidies	136	-	-	136	70	66	51.5%	62	62
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	136	-	-	136	70	66	51.5%	62	62
Payments for capital assets	17 111	1 086	-	18 197	18 197	-	100.0%	43 172	31 293
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	17 111	1 086	-	18 197	18 197	-	100.0%	43 172	31 293
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	308 253	(40 254)	(9 100)	258 899	231 232	27 667	89.3%	262 588	225 192

1.4 Office of the Chief Financial Officer

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	121 036	(1 120)	-	119 916	104 213	15 703	86.9%	109 730	95 282
Compensation of employees	75 139	-	-	75 139	72 398	2 741	96.4%	71 214	67 099
Goods and services	45 897	(1 120)	-	44 777	31 815	12 962	71.1%	38 516	28 183
Transfers and subsidies	735	2	-	737	725	12	98.4%	570	570
Provinces and municipalities	66	2	-	68	68	-	100.0%	62	62
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	669	-	-	669	657	12	98.2%	508	508
Payments for capital assets	7 541	-	-	7 541	7 205	336	95.5%	9 999	6 442
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	7 541	-	-	7 541	7 205	336	95.5%	9 999	6 442
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	1 118	-	1 118	1 118	-	100.0%	1 409	1 409
Total	129 312	-	-	129 312	113 261	16 051	87.6%	121 708	103 703

1.5 Office Accommodation

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	200 958	-	-	200 958	167 106	33 852	83.2%	167 547	151 462
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	200 958	-	-	200 958	167 106	33 852	83.2%	167 547	151 462
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	16 000	(3 613)	-	12 387	10 247	2 140	82.7%	16 000	10 872
Buildings and other fixed structures	16 000	(3 613)	-	12 387	10 247	2 140	82.7%	16 000	10 872
Machinery and equipment	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	216 958	(3 613)	-	213 345	177 353	35 992	83.1%	183 547	162 334

Programme 2: Inspection & Enforcement Services

	2019/20							2018/19	
	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
Sub programme									
1. Management & Support Services: Inspection & Enforcement Services	6 653	-	-	6 653	6 224	429	93.6%	6 953	6 873
2. Occupational Health & Safety	34 499	(6)	-	34 493	31 535	2 958	91.4%	30 516	27 759
3. Registration: Inspection & Enforcement Services	72 620	6	-	72 626	66 527	6 099	91.6%	67 158	62 510
4. Compliance, Monitoring & Enforcement	502 299	(1 341)	-	500 958	440 945	60 013	88.0%	472 526	438 975
5. Training of Staff: Inspection & Enforcement Services	5 606	1 341	-	6 947	6 947	-	100.0%	5 684	5 684
6. Statutory & Advocacy Services	9 906	-	-	9 906	8 419	1 487	85.0%	9 386	7 410
Total for sub programmes	631 583	-	-	631 583	560 597	70 986	88.8%	592 223	549 211

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	614 092	(2 268)	-	611 824	555 132	56 692	90.7%	556 872	514 174
Compensation of employees	522 570	(5 939)	-	516 631	463 834	52 797	89.8%	474 408	432 430
Salaries and wages	436 898	(3 682)	-	433 216	392 676	40 540	90.6%	394 617	366 461
Social contributions	85 672	(2 257)	-	83 415	71 158	12 257	85.3%	79 791	65 969
Goods and services	91 522	3 671	-	95 193	91 298	3 895	95.9%	82 464	81 744
Administrative fees	1 271	1 623	-	2 894	2 854	40	98.6%	2 020	2 016
Advertising	154	956	-	1 110	1 089	21	98.1%	280	280
Minor assets	1 637	(479)	-	1 158	1 097	61	94.7%	1 054	1 054
Audit costs: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	589	(314)	-	275	261	14	94.9%	181	181
Catering: Departmental activities	2 529	380	-	2 909	2 830	79	97.3%	1 166	1 149
Communication	15 493	(7 189)	-	8 304	7 852	452	94.6%	9 324	9 324
Computer services	-	-	-	-	-	-	-	-	-
Consultants: Business and advisory services	241	160	-	401	386	15	96.3%	506	506
Laboratory services	-	-	-	-	-	-	-	-	-
Legal services	580	(483)	-	97	77	20	79.4%	43	43
Contractors	304	167	-	471	450	21	95.5%	727	655
Agency and support / outsourced services	451	(449)	-	2	-	2	-	-	-
Entertainment	34	(4)	-	30	18	12	60.0%	23	17
Fleet services	9 743	2 826	-	12 569	12 163	406	96.8%	10 427	10 379
Inventory: Clothing material and accessories	40	-	-	40	-	40	-	-	-
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-	-
Inventory: Medicine	4	-	-	4	-	4	-	-	-
Consumable supplies	1 782	(169)	-	1 613	1 233	380	76.4%	572	488
Consumable: Stationery, printing and office supplies	4 672	(206)	-	4 466	4 068	398	91.1%	3 299	3 042
Operating leases	926	(253)	-	673	435	238	64.6%	474	474
Property payments	6 861	1 161	-	8 022	7 549	473	94.1%	6 296	6 291
Transport provided: Departmental activity	782	(683)	-	99	99	-	100.0%	5	5
Travel and subsistence	29 176	12 523	-	41 699	41 579	120	99.7%	38 554	38 554
Training and development	4 421	(3 338)	-	1 083	1 083	-	100.0%	2 288	2 288
Operating payments	3 397	(1 441)	-	1 956	1 923	33	98.3%	2 129	2 114
Venues and facilities	5 849	(907)	-	4 942	3 981	961	80.6%	2 904	2 702
Rental and hiring	586	(210)	-	376	271	105	72.1%	192	182

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	526	2 268	-	2 794	2 793	1	100.0%	1 362	1 358
Provinces and municipalities	-	11	-	11	11	-	100.0%	49	49
Municipalities	-	11	-	11	11	-	100.0%	49	49
Municipal bank accounts	-	11	-	11	11	-	100.0%	49	49
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-	-	-	-
Departmental agencies	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	526	2 257	-	2 783	2 782	1	100.0%	1 313	1 309
Social benefits	526	798	-	1 324	1 323	1	99.9%	1 189	1 185
Other transfers to households	-	1 459	-	1 459	1 459	-	100.0%	124	124
Payments for capital assets	16 965	-	-	16 965	2 672	14 293	15.8%	33 989	33 679
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Machinery and equipment	16 965	-	-	16 965	2 672	14 293	15.8%	33 989	33 679
Transport equipment	-	-	-	-	-	-	-	28 896	28 896
Other machinery and equipment	16 965	-	-	16 965	2 672	14 293	15.8%	5 093	4 783
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	631 583	-	-	631 583	560 597	70 986	88.8%	592 223	549 211

2.1 Management & Support Services: Inspection & Enforcement Services

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	6 549	-	-	6 549	6 220	329	95.0%	6 829	6 829
Compensation of employees	4 759	-	-	4 759	4 540	219	95.4%	3 861	3 861
Goods and services	1 790	-	-	1 790	1 680	110	93.9%	2 968	2 968
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	104	-	-	104	4	100	3.8%	124	44
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	104	-	-	104	4	100	3.8%	124	44
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	6 653	-	-	6 653	6 224	429	93.6%	6 953	6 873

2.2 Occupational Health & Safety

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	33 794	(10)	-	33 784	31 254	2 530	92.5%	30 246	27 492
Compensation of employees	28 014	(2 351)	-	25 663	23 133	2 530	90.1%	24 681	21 927
Goods and services	5 780	2 341	-	8 121	8 121	-	100.0%	5 565	5 565
Transfers and subsidies	5	10	-	15	15	-	100.0%	27	24
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	5	10	-	15	15	-	100.0%	27	24
Payments for capital assets	700	(6)	-	694	266	428	38.3%	243	243
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	700	(6)	-	694	266	428	38.3%	243	243
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	34 499	(6)	-	34 493	31 535	2 958	91.4%	30 516	27 759

2.3 Registration: Inspection & Enforcement Services

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	72 619	(227)	-	72 392	66 293	6 099	91.6%	66 924	62 276
Compensation of employees	68 614	(227)	-	68 387	63 865	4 522	93.4%	63 747	59 515
Goods and services	4 005	-	-	4 005	2 428	1 577	60.6%	3 177	2 761
Transfers and subsidies	1	227	-	228	228	-	100.0%	173	173
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	1	227	-	228	228	-	100.0%	173	173
Payments for capital assets	-	6	-	6	6	-	100.0%	61	61
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	6	-	6	6	-	100.0%	61	61
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	72 620	6	-	72 626	66 527	6 099	91.6%	67 158	62 510

2.4 Compliance, Monitoring & Enforcement

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	485 776	(3 372)	-	482 404	436 084	46 320	90.4%	438 119	404 568
Compensation of employees	414 351	(3 361)	-	410 990	365 788	45 202	89.0%	375 774	342 223
Goods and services	71 425	(11)	-	71 414	70 296	1 118	98.4%	62 345	62 345
Transfers and subsidies	519	2 031	-	2 550	2 550	-	100.0%	1 161	1 161
Provinces and municipalities	-	11	-	11	11	-	100.0%	49	49
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	519	2 020	-	2 539	2 539	-	100.0%	1 112	1 112
Payments for capital assets	16 004	-	-	16 004	2 311	13 693	14.4%	33 246	33 246
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	16 004	-	-	16 004	2 311	13 693	14.4%	33 246	33 246
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	502 299	(1 341)	-	500 958	440 945	60 013	88.0%	472 526	438 975

2.5 Training of Staff: Inspection & Enforcement Services

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	5 606	1 341	-	6 947	6 947	-	100.0%	5 684	5 684
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	5 606	1 341	-	6 947	6 947	-	100.0%	5 684	5 684
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	5 606	1 341	-	6 947	6 947	-	100.0%	5 684	5 684

2.6 Statutory & Advocacy Services

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	9 748	-	-	9 748	8 334	1 414	85.5%	9 070	7 325
Compensation of employees	6 832	-	-	6 832	6 508	324	95.3%	6 345	4 904
Goods and services	2 916	-	-	2 916	1 826	1 090	62.6%	2 725	2 421
Transfers and subsidies	1	-	-	1	-	1	-	1	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	1	-	-	1	-	1	-	1	-
Payments for capital assets	157	-	-	157	85	72	54.1%	315	85
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	157	-	-	157	85	72	54.1%	315	85
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	9 906	-	-	9 906	8 419	1 487	85.0%	9 386	7 410

Programme 3: Public Employment Services

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Management & Support Services: Public Employment Services	51 962	2 752	-	54 714	49 645	5 069	90.7%	50 241	48 058
2. Employer Services	120 365	(3 565)	-	116 800	102 425	14 375	87.7%	112 841	89 458
3. Work Seeker Services	173 990	808	-	174 798	174 778	20	100.0%	179 517	156 640
4. Designated Groups Special Services	21 525	-	-	21 525	19 255	2 270	89.5%	13 460	10 125
5. Supported Employment Enterprises	155 733	(358)	-	155 375	154 028	1 347	99.1%	153 246	142 175
6. Productivity South Africa	54 610	-	9 100	63 710	63 710	-	100.0%	78 361	78 361
7. Unemployment Insurance Fund	1	-	-	1	-	1	-	1	-
8. Compensation Fund	40 107	-	-	40 107	40 107	-	100.0%	16 130	16 123
9. Training Of Staff: Public Employment Services	1 319	363	-	1 682	1 682	-	100.0%	1 877	1 877
Total for sub programmes	619 612	-	9 100	628 712	605 630	23 082	96.3%	605 674	542 817

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	352 990	(6 012)	-	346 978	331 256	15 722	95.5%	345 655	296 994
Compensation of employees	312 763	(13 496)	-	299 267	283 856	15 411	94.9%	302 671	255 780
Salaries and wages	250 535	5 180	-	255 715	245 830	9 885	96.1%	244 646	221 854
Social contributions	62 228	(18 676)	-	43 552	38 026	5 526	87.3%	58 025	33 926
Goods and services	40 227	7 484	-	47 711	47 400	311	99.3%	42 984	41 214
Administrative fees	735	151	-	886	886	-	100.0%	681	681
Advertising	1 346	328	-	1 674	1 674	-	100.0%	1 841	1 841
Minor assets	1 548	(292)	-	1 256	1 256	-	100.0%	1 051	542
Audit costs: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	-	142	-	142	142	-	100.0%	28	28
Catering: Departmental activities	1 398	586	-	1 984	1 984	-	100.0%	1 936	1 863
Communication	3 086	1 980	-	5 066	4 755	311	93.9%	4 636	4 156
Computer services	2 700	-	-	2 700	2 700	-	100.0%	60	60
Consultants: Business and advisory services	500	(325)	-	175	175	-	100.0%	195	195
Laboratory services	-	-	-	-	-	-	-	-	-
Legal services	-	-	-	-	-	-	-	-	-
Contractors	174	446	-	620	620	-	100.0%	836	836
Agency and support / outsourced services	-	9	-	9	9	-	100.0%	-	-
Entertainment	19	(4)	-	15	15	-	100.0%	102	88
Fleet services	4 074	(1 822)	-	2 252	2 252	-	100.0%	2 336	2 209
Inventory: Clothing material and accessories	-	-	-	-	-	-	-	-	-
Inventory: Fuel, oil and gas	150	(150)	-	-	-	-	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	-	-
Consumable supplies	146	230	-	376	376	-	100.0%	257	257
Consumable: Stationery, printing and office supplies	2 661	(663)	-	1 998	1 998	-	100.0%	2 665	2 556
Operating leases	2 107	(1 802)	-	305	305	-	100.0%	477	356
Property payments	2 746	5 660	-	8 406	8 406	-	100.0%	6 399	6 399
Transport provided: Departmental activity	-	270	-	270	270	-	100.0%	5	5
Travel and subsistence	12 088	3 359	-	15 447	15 447	-	100.0%	14 080	13 743
Training and development	1 319	(379)	-	940	940	-	100.0%	1 231	1 231
Operating payments	2 069	(462)	-	1 607	1 607	-	100.0%	2 328	2 328
Venues and facilities	1 031	42	-	1 073	1 073	-	100.0%	1 281	1 281
Rental and hiring	330	180	-	510	510	-	100.0%	559	559

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	265 366	847	9 100	275 313	273 042	2 271	99.2%	255 156	241 808
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-	-
Municipal bank accounts	-	-	-	-	-	-	-	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	94 718	-	9 100	103 818	103 817	1	100.0%	94 469	94 461
Social security funds	40 108	-	-	40 108	40 107	1	100.0%	16 108	16 100
Departmental agencies	54 610	-	9 100	63 710	63 710	-	100.0%	78 361	78 361
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	170 448	-	-	170 448	168 178	2 270	98.7%	160 239	146 904
Households	200	847	-	1 047	1 047	-	100.0%	448	443
Social benefits	200	734	-	934	934	-	100.0%	448	443
Other transfers to households	-	113	-	113	113	-	100.0%	-	-
Payments for capital assets	1 256	5 165	-	6 421	1 332	5 089	20.7%	4 863	4 015
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Machinery and equipment	1 256	5 165	-	6 421	1 332	5 089	20.7%	4 863	4 015
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	1 256	5 165	-	6 421	1 332	5 089	20.7%	4 863	4 015
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	619 612	-	9 100	628 712	605 630	23 082	96.3%	605 674	542 817

3.1 Management & Support Services: Public Employment Services

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	51 606	(2 462)	-	49 144	49 144	-	100.0%	46 497	44 672
Compensation of employees	41 257	(1 306)	-	39 951	39 951	-	100.0%	38 233	37 625
Goods and services	10 349	(1 156)	-	9 193	9 193	-	100.0%	8 264	7 047
Transfers and subsidies	-	49	-	49	49	-	100.0%	108	108
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	49	-	49	49	-	100.0%	108	108
Payments for capital assets	356	5 165	-	5 521	452	5 069	8.2%	3 636	3 278
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	356	5 165	-	5 521	452	5 069	8.2%	3 636	3 278
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	51 962	2 752	-	54 714	49 645	5 069	90.7%	50 241	48 058

3.2 Employer Services

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	120 215	(4 272)	-	115 943	101 568	14 375	87.6%	112 549	89 166
Compensation of employees	105 199	(10 635)	-	94 564	80 189	14 375	84.8%	93 838	70 455
Goods and services	15 016	6 363	-	21 379	21 379	-	100.0%	18 711	18 711
Transfers and subsidies	150	548	-	698	698	-	100.0%	160	160
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	150	548	-	698	698	-	100.0%	160	160
Payments for capital assets	-	159	-	159	159	-	100.0%	132	132
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	159	-	159	159	-	100.0%	132	132
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	120 365	(3 565)	-	116 800	102 425	14 375	87.7%	112 841	89 458

3.3 Work Seeker Services

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	173 040	722	-	173 762	173 762	-	100.0%	178 275	155 893
Compensation of employees	160 605	(1 555)	-	159 050	159 050	-	100.0%	165 203	142 821
Goods and services	12 435	2 277	-	14 712	14 712	-	100.0%	13 072	13 072
Transfers and subsidies	50	250	-	300	300	-	100.0%	147	142
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	50	250	-	300	300	-	100.0%	147	142
Payments for capital assets	900	(164)	-	736	716	20	97.3%	1 095	605
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	900	(164)	-	736	716	20	97.3%	1 095	605
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	173 990	808	-	174 798	174 778	20	100.0%	179 517	156 640

3.4 Designated Groups Special Services

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Transfers and subsidies	21 525	-	-	21 525	19 255	2 270	89.5%	13 460	10 125
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	21 525	-	-	21 525	19 255	2 270	89.5%	13 460	10 125
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	21 525	-	-	21 525	19 255	2 270	89.5%	13 460	10 125

3.5 Supported Employment Enterprises

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	6 810	(363)	-	6 447	5 100	1 347	79.1%	6 434	5 363
Compensation of employees	5 702	-	-	5 702	4 666	1 036	81.8%	5 397	4 879
Goods and services	1 108	(363)	-	745	434	311	58.3%	1 037	484
Transfers and subsidies	148 923	-	-	148 923	148 923	-	100.0%	146 812	136 812
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	148 923	-	-	148 923	148 923	-	100.0%	146 779	136 779
Households	-	-	-	-	-	-	-	33	33
Payments for capital assets	-	5	-	5	5	-	100.0%	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	5	-	5	5	-	100.0%	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	155 733	(358)	-	155 375	154 028	1 347	99.1%	153 246	142 175

3.6 Productivity South Africa

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Transfers and subsidies	54 610	-	9 100	63 710	63 710	-	100.0%	78 361	78 361
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	54 610	-	9 100	63 710	63 710	-	100.0%	78 361	78 361
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	54 610	-	9 100	63 710	63 710	-	100.0%	78 361	78 361

3.7 Unemployment Insurance Fund

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Transfers and subsidies	1	-	-	1	-	1	-	1	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	1	-	-	1	-	1	-	1	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	1	-	-	1	-	1	-	1	-

3.8 Compensation Fund

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	-	-	-	-	-	-	-	23	23
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	23	23
Transfers and subsidies	40 107	-	-	40 107	40 107	-	100.0%	16 107	16 100
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	40 107	-	-	40 107	40 107	-	100.0%	16 107	16 100
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	40 107	-	-	40 107	40 107	-	100.0%	16 130	16 123

3.9 Training of Staff: Public Employment Services

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	1 319	363	-	1 682	1 682	-	100.0%	1 877	1 877
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	1 319	363	-	1 682	1 682	-	100.0%	1 877	1 877
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	1 319	363	-	1 682	1 682	-	100.0%	1 877	1 877

Programme 4: Labour Policy & Industrial Relations

	2019/20							2018/19	
	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
Sub programme									
1. Management & Support Services: Labour Policy & Industrial Relations	17 032	45	-	17 077	16 171	906	94.7%	22 845	22 845
2. Strengthen Civil Society	22 147	-	-	22 147	22 147	-	100.0%	20 973	20 973
3. Collective Bargaining	16 234	(35)	-	16 199	16 137	62	99.6%	15 484	15 066
4. Employment Equity	14 720	1	-	14 721	11 803	2 918	80.2%	12 370	12 370
5. Employment Standard	35 654	1	-	35 655	6 826	28 829	19.1%	19 041	11 704
6. Commission for Conciliation, Mediation & Arbitration	976 810	-	-	976 810	976 810	-	100.0%	963 066	963 066
7. Research, Policy & Planning	8 523	13	-	8 536	6 478	2 058	75.9%	8 052	8 052
8. Labour Market Information & Statistic	46 721	(28)	-	46 693	43 494	3 199	93.1%	44 059	43 061
9. International Labour Matters	41 463	3	-	41 466	37 974	3 492	91.6%	51 571	46 629
10. National Economic development & Labour Council	40 741	-	-	40 741	40 741	-	100.0%	45 981	45 980
Total for sub programmes	1 220 045	-	-	1 220 045	1 178 581	41 464	96.6%	1 203 442	1 189 746

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	161 176	(155)	-	161 021	121 040	39 981	75.2%	146 958	138 288
Compensation of employees	109 452	(155)	-	109 297	96 914	12 383	88.7%	102 937	94 267
Salaries and wages	95 866	(40)	-	95 826	84 262	11 564	87.9%	89 382	82 109
Social contributions	13 586	(115)	-	13 471	12 652	819	93.9%	13 555	12 158
Goods and services	51 724	-	-	51 724	24 126	27 598	46.6%	44 021	44 021
Administrative fees	470	136	-	606	473	133	78.1%	747	747
Advertising	17 452	7	-	17 459	606	16 853	3.5%	8 827	8 827
Minor assets	388	4	-	392	237	155	60.5%	47	47
Audit costs: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	-	-	-	-	-	-	-	-	-
Catering: Departmental activities	364	55	-	419	357	62	85.2%	462	462
Communication	1 829	(97)	-	1 732	1 008	724	58.2%	1 015	1 015
Computer services	954	(126)	-	828	178	650	21.5%	899	899
Consultants: Business and advisory services	3 460	-	-	3 460	1 549	1 911	44.8%	2 812	2 812
Laboratory services	-	-	-	-	-	-	-	50	50
Legal services	26	(26)	-	-	-	-	-	-	-
Contractors	127	17	-	144	67	77	46.5%	1 202	1 202
Agency and support / outsourced services	-	-	-	-	-	-	-	-	-
Entertainment	35	-	-	35	19	16	54.3%	25	25
Fleet services	213	104	-	317	287	30	90.5%	179	179
Inventory: Clothing material and accessories	-	-	-	-	-	-	-	-	-
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	-	-
Consumable supplies	58	21	-	79	62	17	78.5%	29	29
Consumable: Stationery, printing and office supplies	4 732	(78)	-	4 654	3 070	1 584	66.0%	4 157	4 157
Operating leases	2 305	(110)	-	2 195	2 037	158	92.8%	1 943	1 943
Property payments	1 126	(1)	-	1 125	1 087	38	96.6%	903	903
Transport provided: Departmental activity	-	1	-	1	1	-	100.0%	32	32
Travel and subsistence	12 592	160	-	12 752	9 598	3 154	75.3%	15 640	15 640
Training and development	1 351	(214)	-	1 137	501	636	44.1%	311	311
Operating payments	1 679	(15)	-	1 664	1 436	228	86.3%	1 623	1 623
Venues and facilities	2 521	65	-	2 586	1 441	1 145	55.7%	2 344	2 344
Rental and hiring	42	97	-	139	112	27	80.6%	774	774

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Transfers and subsidies	1 058 749	155	-	1 058 904	1 057 506	1 398	99.9%	1 056 315	1 051 291
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-	-
Municipal bank accounts	-	-	-	-	-	-	-	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	1 017 551	-	-	1 017 551	1 017 551	-	100.0%	1 009 047	1 009 046
Social security funds	-	-	-	-	-	-	-	-	-
Departmental agencies	1 017 551	-	-	1 017 551	1 017 551	-	100.0%	1 009 047	1 009 046
Foreign governments and international organisations	18 930	-	-	18 930	17 585	1 345	92.9%	25 218	20 278
Non-profit institutions	22 200	-	-	22 200	22 147	53	99.8%	20 973	20 973
Households	68	155	-	223	223	-	100.0%	1 077	994
Social benefits	68	144	-	212	212	-	100.0%	1 057	974
Other transfers to households	-	11	-	11	11	-	100.0%	20	20
Payments for capital assets	120	-	-	120	35	85	29.2%	169	167
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Machinery and equipment	120	-	-	120	35	85	29.2%	169	167
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	120	-	-	120	35	85	29.2%	169	167
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	1 220 045	-	-	1 220 045	1 178 581	41 464	96.6%	1 203 442	1 189 746

4.1 Management & Support Services: Labour Policy & Industrial Relations

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	17 032	(6)	-	17 026	16 120	906	94.7%	22 836	22 836
Compensation of employees	13 444	(6)	-	13 438	13 438	-	100.0%	12 628	12 628
Goods and services	3 588	-	-	3 588	2 682	906	74.7%	10 208	10 208
Transfers and subsidies	-	48	-	48	48	-	100.0%	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	48	-	48	48	-	100.0%	-	-
Payments for capital assets	-	3	-	3	3	-	100.0%	9	9
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	3	-	3	3	-	100.0%	9	9
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	17 032	45	-	17 077	16 171	906	94.7%	22 845	22 845

4.2 Strengthen Civil Society

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Transfers and subsidies	22 147	-	-	22 147	22 147	-	100.0%	20 973	20 973
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	22 147	-	-	22 147	22 147	-	100.0%	20 973	20 973
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	22 147	-	-	22 147	22 147	-	100.0%	20 973	20 973

4.3 Collective Bargaining

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	16 234	(42)	-	16 192	16 130	62	99.6%	15 322	14 987
Compensation of employees	13 875	(42)	-	13 833	13 829	4	100.0%	12 624	12 289
Goods and services	2 359	-	-	2 359	2 301	58	97.5%	2 698	2 698
Transfers and subsidies	-	-	-	-	-	-	-	160	77
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	160	77
Payments for capital assets	-	7	-	7	7	-	100.0%	2	2
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	7	-	7	7	-	100.0%	2	2
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	16 234	(35)	-	16 199	16 137	62	99.6%	15 484	15 066

4.4 Employment Equity

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	14 720	-	-	14 720	11 802	2 918	80.2%	12 368	12 368
Compensation of employees	8 781	-	-	8 781	8 753	28	99.7%	8 412	8 412
Goods and services	5 939	-	-	5 939	3 049	2 890	51.3%	3 956	3 956
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	1	-	1	1	-	100.0%	2	2
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	1	-	1	1	-	100.0%	2	2
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	14 720	1	-	14 721	11 803	2 918	80.2%	12 370	12 370

4.5 Employment Standards

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	35 601	(89)	-	35 512	6 736	28 776	19.0%	18 607	11 270
Compensation of employees	15 009	(89)	-	14 920	5 365	9 555	36.0%	14 040	6 703
Goods and services	20 592	-	-	20 592	1 371	19 221	6.7%	4 567	4 567
Transfers and subsidies	53	89	-	142	89	53	62.7%	430	430
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	53	-	-	53	-	53	-	-	-
Households	-	89	-	89	89	-	100.0%	430	430
Payments for capital assets	-	1	-	1	1	-	100.0%	4	4
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	1	-	1	1	-	100.0%	4	4
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	35 654	1	-	35 655	6 826	28 829	19.1%	19 041	11 704

4.6 Commission for Conciliation, Mediation & Arbitration

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Transfers and subsidies	976 810	-	-	976 810	976 810	-	100.0%	963 066	963 066
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	976 810	-	-	976 810	976 810	-	100.0%	963 066	963 066
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	976 810	-	-	976 810	976 810	-	100.0%	963 066	963 066

4.7 Research, Policy & Planning

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	8 523	-	-	8 523	6 465	2 058	75.9%	8 052	8 052
Compensation of employees	5 376	-	-	5 376	5 207	169	96.9%	5 153	5 153
Goods and services	3 147	-	-	3 147	1 258	1 889	40.0%	2 899	2 899
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	13	-	13	13	-	100.0%	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	13	-	13	13	-	100.0%	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	8 523	13	-	8 536	6 478	2 058	75.9%	8 052	8 052

4.8 Labour Market Information & Statistics

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	46 533	(18)	-	46 515	43 401	3 114	93.3%	43 440	42 442
Compensation of employees	39 302	(18)	-	39 284	37 381	1 903	95.2%	37 253	36 255
Goods and services	7 231	-	-	7 231	6 020	1 211	83.3%	6 187	6 187
Transfers and subsidies	68	18	-	86	86	-	100.0%	487	487
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	68	18	-	86	86	-	100.0%	487	487
Payments for capital assets	120	(28)	-	92	7	85	7.6%	132	132
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	120	(28)	-	92	7	85	7.6%	132	132
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	46 721	(28)	-	46 693	43 494	3 199	93.1%	44 059	43 061

4.9 International Labour Matters

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	22 533	-	-	22 533	20 386	2 147	90.5%	26 333	26 333
Compensation of employees	13 665	-	-	13 665	12 941	724	94.7%	12 827	12 827
Goods and services	8 868	-	-	8 868	7 445	1 423	84.0%	13 506	13 506
Transfers and subsidies	18 930	-	-	18 930	17 585	1 345	92.9%	25 218	20 278
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	18 930	-	-	18 930	17 585	1 345	92.9%	25 218	20 278
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	3	-	3	3	-	100.0%	20	18
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	3	-	3	3	-	100.0%	20	18
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	41 463	3	-	41 466	37 974	3 492	91.6%	51 571	46 629

4.10 National Economic Development & Labour Council

	2019/20							2018/19	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Transfers and subsidies	40 741	-	-	40 741	40 741	-	100.0%	45 981	45 980
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	40 741	-	-	40 741	40 741	-	100.0%	45 981	45 980
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	40 741	-	-	40 741	40 741	-	100.0%	45 981	45 980

2.2. NOTES TO THE APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

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 PER PROGRAMME

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
Administration	R'000	R'000	R'000	%
Current payments	904 873	825 898	78 975	8.7%
Transfers and subsidies	5 025	4 947	78	1.6%
Payment for capital assets	41 843	39 106	2 737	6.5%
Payment for financial assets	1 118	1 118	-	0.0%
Total	952 859	871 069	81 790	8.6%

The variances are mainly attributed to:

Compensation of Employees: Delays in the filling of vacant posts.

Goods & Services: Due to fewer claims received from Department of Public Works than anticipated, delays on SITA invoices for computer services and fewer charges on audit fees.

Payments for Capital Assets: Delays in receipt and payment of ICT related equipment.

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
Inspection & Enforcement Services	R'000	R'000	R'000	%
Current payments	611 824	555 132	56 692	9.3%
Transfers and subsidies	2 794	2 793	1	0.0%
Payment for capital assets	16 965	2 672	14 293	84.2%
Total	631 583	560 597	70 986	11.2%

The variances are mainly attributed to:

Compensation of Employees: Delays in the filling of vacant posts.

Payments for Capital Assets: Underspending is mainly due to delays in the procurement of health & hygiene and inspector's ICT equipment.

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
Public Employment Services	R'000	R'000	R'000	%
Current payments	346 978	331 256	15 722	4.5%
Transfers and subsidies	275 313	273 042	2 271	0.8%
Payment for capital assets	6 421	1 332	5 089	79.3%
Total	628 712	605 630	23 082	3.7%

The variances are mainly attributed to:

Compensation of Employees: Delays in the filling of vacant posts.

Transfers and Subsidies: Underspending mainly due to challenges in signing of Service Level Agreements with Designated Groups Special Services, this resulted in the delay of expenditure.

Payments for Capital Assets: Delays in the delivery of furniture for youth centres.

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Labour Policy & Industrial Relations				
Current payments	161 021	121 040	39 981	24.8%
Transfers and subsidies	1 058 904	1 057 506	1 398	0.1%
Payment for capital assets	120	35	85	70.8%
Total	1 220 045	1 178 581	41 464	3.4%

The variances are mainly attributed to:

Compensation of Employees: Delays in the filling of vacant posts.

Goods & Services: Due to few trainings attended, less external venues utilised for meetings, NMW Impimpi hotline not launched, delays in RME agenda research completion and outstanding invoices from Dirco for foreign trips.

Transfers and Subsidies: Fluctuations in exchange rate impacting on affiliation fee payments to international organisations.

Payments for Capital Assets: Delays in the delivery of furniture.

4.2 PER ECONOMIC CLASSIFICATION

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Current payments				
Compensation of employees	1 343 884	1 253 326	90 558	6.7%
Goods and services	680 812	580 000	100 812	14.8%
Transfers and subsidies				
Provinces and municipalities	863	863	-	0.0%
Departmental agencies and accounts	1 121 384	1 121 383	1	0.0%
Foreign governments and international organisations	18 930	17 585	1 345	7.1%
Non-profit institutions	192 648	190 325	2 323	1.2%
Households	8 211	8 132	79	1.0%
Payments for capital assets				
Buildings and other fixed structures	12 387	10 247	2 140	17.3%
Machinery and equipment	52 962	32 898	20 064	37.9%
Software and other intangible assets	-	-	-	-
Payments for financial assets	1 118	1 118	-	0.0%
Total	3 433 199	3 215 877	217 322	6.3%

Refer to reasons for variances in the above-mentioned programmes.

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2020

	Note	2019/20	2018/19
		R'000	R'000
REVENUE			
Annual appropriation	1	3 433 199	3 282 870
Departmental revenue	2	12 366	10 781
TOTAL REVENUE		3 445 565	3 293 651
EXPENDITURE			
Current expenditure			
Compensation of employees	3	1 253 326	1 149 681
Goods and services	4	580 000	550 926
Total current expenditure		1 833 326	1 700 607
Transfers and subsidies			
Transfers and subsidies	6	1 338 288	1 296 766
Total transfers and subsidies		1 338 288	1 296 766
Expenditure for capital assets			
Tangible assets	7	43 145	87 909
Total expenditure for capital assets		43 145	87 909
Payments for financial assets	5	1 118	1 409
TOTAL EXPENDITURE		3 215 877	3 086 691
SURPLUS/(DEFICIT) FOR THE YEAR		229 688	206 960
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		217 322	196 179
Annual appropriation		217 322	196 179
Departmental revenue and NRF Receipts	12	12 366	10 781
SURPLUS/(DEFICIT) FOR THE YEAR		229 688	206 960

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	Note	2019/20	2018/19
		R'000	R'000
ASSETS			
Current assets		346 704	188 799
Cash and cash equivalents	8	434	8 197
Prepayments and advances	9	26 076	4 297
Receivables	10	320 194	176 305
Non-current assets		9 519	20 304
Receivables	10	9 519	20 304
TOTAL ASSETS		356 223	209 103
LIABILITIES			
Current liabilities		346 108	199 816
Voted funds to be surrendered to the Revenue Fund	11	217 322	196 179
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	12	646	718
Bank overdraft	13	124 243	-
Payables	14	3 897	2 919
TOTAL LIABILITIES		346 108	199 816
NET ASSETS		10 115	9 287
Represented by:			
Recoverable revenue		10 115	9 287
TOTAL		10 115	9 287

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2020

	Note	2019/20	2018/19
		R'000	R'000
Recoverable revenue			
Opening balance		9 287	7 940
Transfers:		828	1 347
Debts recovered (included in departmental receipts)		(2 287)	(2 252)
Debts raised		3 115	3 599
TOTAL		10 115	9 287

Prior period error	2018/19
Nature of prior period error	R'000
Relating to 2018/19	
Debts recovered (AFS 2018/19)	(3 599)
Debts raised (AFS 2018/19)	2 252
Debts recovered (AFS 2019/20)	(2 252)
Debts raised (AFS 2019/20)	3 599
Total	-

Prior year error that affected opening balance included above.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

	Note	2019/20	2018/19
		R'000	R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		3 444 842	3 293 575
Annual appropriated funds received	1.1	3 433 199	3 282 870
Departmental revenue received	2	10 262	9 472
Interest received	2.3	1 381	1 233
Net (increase)/decrease in working capital		(164 690)	(32 270)
Surrendered to Revenue Fund		(208 617)	(224 451)
Current payments		(1 833 326)	(1 700 607)
Payments for financial assets		(1 118)	(1 409)
Transfers and subsidies paid		(1 338 288)	(1 296 766)
Net cash flow available from operating activities	15	(101 197)	38 072
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	7	(43 145)	(87 909)
Proceeds from sale of capital assets	2.4	723	76
Net increase/(decrease) in non-current receivables		10 785	-
Net cash flows from investing activities		(31 637)	(87 833)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		828	1 347
Net cash flows from financing activities		828	1 347
Net increase/(decrease) in cash and cash equivalents		(132 006)	(48 414)
Cash and cash equivalents at beginning of period		8 197	56 611
Cash and cash equivalents at end of period	16	(123 809)	8 197

PART A: ACCOUNTING POLICIES

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. Management has concluded that the financial statements present fairly the Department's primary and secondary information.

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 annual Division of Revenue Act.

1 **Basis of preparation**

The financial statements have been prepared in accordance with the Modified Cash Standard.

2 **Going concern**

The financial statements have been prepared on a going concern basis.

3 **Presentation currency**

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

4 **Rounding**

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

5 **Foreign currency translation**

Cash flows arising from foreign currency transactions are translated into South African Rands using the spot exchange rates prevailing at the date of payment / receipt.

6 **Comparative information**

6.1 **Prior period comparative information**

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

6.2 **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.

7 **Revenue**

7.1 **Appropriated funds**

Appropriated funds comprises of departmental allocations as well as direct charges against the revenue fund (i.e. statutory appropriation).

Appropriated funds are recognised in the 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.

7.2 **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.

7.3 **Accrued departmental revenue**

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.

The accrued revenue is measured at the fair value of the consideration receivable.

Accrued tax revenue (and related interest and / penalties) is measured at amounts receivable from collecting agents.

Write-offs are made according to the Department's debt write-off policy

- 8 **Expenditure**
- 8.1 **Compensation of employees**
- 8.1.1 **Salaries and wages**
- Salaries and wages are recognised in the statement of financial performance on the date of payment.
- 8.1.2 **Social contributions**
- Social contributions made by the Department in respect of current employees are recognised in the statement of financial performance on the date of payment.
- 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.
- 8.2 **Other expenditure**
- 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.
- 8.3 **Accruals and payables not recognised**
- Accruals and payables not recognised are recorded in the notes to the financial statements at cost at the reporting date.
- 8.4 **Leases**
- 8.4.1 **Operating leases**
- Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment.
- The operating lease commitments are recorded in the notes to the financial statements.
- 8.4.2 **Finance leases**
- Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment.
- The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.
- 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.
- 9 **Aid Assistance**
- 9.1 **Aid assistance received**
- 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.
- 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.
- 9.2 **Aid assistance paid**
- 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.
- 10 **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 as a current liability.
- 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.
- 11 **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.
- 12 **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. Write-offs are made according to the department's write-off policy.

- 13 **Investments**
- Investments are recognised in the statement of financial position at cost.
- 14 **Financial assets**
- 14.1 **Financial assets (not covered elsewhere)**
- A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial asset.
- At the reporting date, a department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.
- 14.2 **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.
- 15 **Payables**
- Payables recognised in the statement of financial position are recognised at cost.
- 16 **Capital Assets**
- 16.1 **Immovable capital assets**
- Immovable assets reflected in the asset register of the Department are recorded in the notes to the financial statements at cost or fair value where the cost cannot be determined reliably. Immovable assets acquired in a non-exchange transaction are recorded at fair value at the date of acquisition. Immovable assets are subsequently carried in the asset register at cost and are not currently subject to depreciation or impairment.
- Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.
- Additional information on immovable assets not reflected in the assets register is provided in the notes to financial statements.
- 16.2 **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 reliably, 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) may be 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 forms part of the cost of the existing asset when ready for use.
- 16.3 **Intangible assets**
- 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.
- 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 reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.
- All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.
- Intangible assets are subsequently carried at cost and are not subject to depreciation or impairment.
- Subsequent expenditure of a capital nature forms part of the cost of the existing asset when ready for use.
- 16.4 **Project Costs: Work-in-progress**
- Expenditure of a capital nature is initially recognised in the statement of financial performance at cost when paid.
- Amounts paid towards capital projects are separated from the amounts recognised and accumulated in work-in-progress until the underlying asset is ready for use. Once ready for use, the total accumulated payments are recorded in an asset register. Subsequent payments to complete the project are added to the capital asset in the asset register.
- Where the Department is not the custodian of the completed project asset, the asset is transferred to the custodian subsequent to completion.

17 Provisions and Contingents

17.1 Provisions

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.

17.2 Contingent liabilities

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.

17.3 Contingent assets

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.

17.4 Capital commitments

Capital commitments are recorded at cost in the notes to the financial statements.

18 Unauthorised expenditure

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.
- Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.

19 Fruitless and wasteful expenditure

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.

Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables or written off.

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.

20 Irregular expenditure

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred 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, transferred to receivables for recovery, not condoned and removed or written-off.

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.

21 Changes in accounting estimates and errors

Changes in accounting estimates are applied prospectively in accordance with MCS requirements.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the Department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

22 Events after the reporting date

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

23 Principal-Agent arrangements

The Department is not party to a principal-agent arrangement.

24 Departures from the MCS requirements

The financial statements present fairly the department's primary and secondary information.

25 **Capitalisation reserve**

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

26 **Recoverable revenue**

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

27 **Related party transactions**

Related party transactions within the Minister/MEC's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.

The number of individuals and the full compensation of key management personnel is recorded in the notes to the financial statements.

28 **Inventories**

At the date of acquisition, inventories are recognised at cost in the statement of financial performance.

Where inventories are acquired as part of a non-exchange transaction, the inventories are measured at fair value as at the date of acquisition.

Inventories are subsequently measured at the lower of cost and net realisable value or where intended for distribution (or consumed in the production of goods for distribution) at no or a nominal charge, the lower of cost and current replacement value.

The cost of inventories is assigned by using the weighted average cost basis.

29 **Public-Private Partnerships**

Public Private Partnerships are accounted for based on the nature and or the substance of the partnership. The transaction is accounted for in accordance with the relevant accounting policies.

A summary of the significant terms of the PPP agreement, the parties to the agreement, and the date of commencement thereof together with the description and nature of the concession fees received, the unitary fees paid, rights and obligations of the Department are recorded in the notes to the financial statements.

30 **Employee benefits**

The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is disclosed in the Employee benefits note.

31 **Transfers of functions**

Transfers of functions are accounted for by the acquirer by recognising or recording assets acquired and liabilities assumed at their carrying amounts at the date of transfer.

Transfers of functions are accounted for by the transferor by derecognising or removing assets and liabilities at their carrying amounts at the date of transfer.

32 **Mergers**

Mergers are accounted for by the combined department by recognising or recording assets acquired and liabilities assumed at their carrying amounts at the date of the merger.

Mergers are accounted for by the combining departments by derecognising or removing assets and liabilities at their carrying amounts at the date of the merger.

PART B: EXPLANATORY NOTES

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:

	2019/20			2018/19	
	Final Appropriation	Actual Funds Received	Funds not requested/not received	Final Appropriation	Appropriation received
	R'000	R'000	R'000	R'000	R'000
Administration	961 959	961 959	-	906 631	906 631
Inspection & Enforcement Services	631 133	631 133	-	592 223	592 223
Public Employment Services	611 198	611 198	-	580 574	580 574
Labour Policy & Industrial Relations	1 228 909	1 228 909	-	1 203 442	1 203 442
Total	3 433 199	3 433 199	-	3 282 870	3 282 870

2. DEPARTMENTAL REVENUE

	Note	2019/20	2018/19
		R'000	R'000
Tax revenue			
Sales of goods and services other than capital assets	2.1	5 009	4 665
Fines, penalties and forfeits	2.2	853	1 988
Interest, dividends and rent on land	2.3	1 381	1 233
Sales of capital assets	2.4	723	76
Transactions in financial assets and liabilities	2.5	4 400	2 819
Departmental revenue collected		12 366	10 781

2.1 SALES OF GOODS AND SERVICES OTHER THAN CAPITAL ASSETS

	Note	2019/20	2018/19
		R'000	R'000
Sales of goods and services produced by the department	2	4 996	4 640
Sales by market establishment		141	142
Administrative fees		2 336	2 173
Other sales		2 519	2 325
Sales of scrap, waste and other used current goods		13	25
Total		5 009	4 665

2.2 FINES, PENALTIES AND FORFEITS

	Note	2019/20	2018/19
		R'000	R'000
Fines	2	853	1 988
Total		853	1 988

2.3 INTEREST, DIVIDENDS AND RENT ON LAND

	Note	2019/20	2018/19
		R'000	R'000
Interest	2	1 381	1 233
Total		1 381	1 233

2.4 SALE OF CAPITAL ASSETS

	Note	2019/20	2018/19
	2	R'000	R'000
Tangible assets		723	76
Machinery and equipment	28	723	76
Total		723	76

2.5 TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES

	Note	2019/20	2018/19
	2	R'000	R'000
Receivables		1 979	2 116
Other Receipts including Recoverable Revenue		2 421	703
Total		4 400	2 819

3. COMPENSATION OF EMPLOYEES

3.1 SALARIES AND WAGES

	Note	2019/20	2018/19
		R'000	R'000
Basic salary		886 376	813 153
Performance award		19 911	20 013
Service Based		2 701	1 661
Compensative/circumstantial		14 727	11 464
Other non-pensionable allowances		151 322	139 564
Total		1 075 037	985 855

3.2 SOCIAL CONTRIBUTIONS

	Note	2019/20	2018/19
		R'000	R'000
Employer contributions			
Pension		113 552	104 941
Medical		64 427	58 645
Bargaining council		273	240
Insurance		37	-
Total		178 289	163 826
Total compensation of employees		1 253 326	1 149 681
Average number of employees		2 852	2 771

4. GOODS AND SERVICES

	Note	2019/20	2018/19
		R'000	R'000
Administrative fees		9 090	7 102
Advertising		3 755	14 920
Minor assets	4.1	7 140	8 835
Bursaries (employees)		4 945	4 477
Catering		7 491	6 363
Communication		24 400	24 933
Computer services	4.2	88 251	55 911
Consultants: Business and advisory services		5 157	8 863
Laboratory services		-	51
Legal services		14 248	16 061
Contractors		2 446	5 158
Agency and support / outsourced services		13	-
Entertainment		179	419
Audit cost – external	4.3	16 360	13 203
Fleet services		38 465	30 222
Consumables	4.4	18 831	22 022
Operating leases		141 411	132 457
Property payments	4.5	62 057	52 307
Rental and hiring		1 928	2 078
Transport provided as part of the departmental activities		374	45
Travel and subsistence	4.6	109 726	110 301
Venues and facilities		8 656	6 917
Training and development		6 228	18 669
Other operating expenditure	4.7	8 849	9 612
Total		580 000	550 926

4.1 MINOR ASSETS

	Note	2019/20	2018/19
	4	R'000	R'000
Tangible assets			
Machinery and equipment		7 140	8 835
Total		7 140	8 835

4.2 COMPUTER SERVICES

	Note	2019/20	2018/19
	4	R'000	R'000
SITA computer services		24 686	22 157
External computer service providers		63 565	33 754
Total		88 251	55 911

4.3 AUDIT COST – EXTERNAL

	Note	2019/20	2018/19
	4	R'000	R'000
Regularity audits		16 360	13 203
Total		16 360	13 203

4.4 CONSUMABLES

	Note	2019/20	2018/19
	4	R'000	R'000
Consumable supplies		4 713	2 936
Uniform and clothing		1 239	900
Household supplies		2 138	1 302
Building material and supplies		1 086	416
IT consumables		46	66
Other consumables		204	252
Stationery, printing and office supplies		14 118	19 086
Total		18 831	22 022

4.5 PROPERTY PAYMENTS

	Note	2019/20	2018/19
	4	R'000	R'000
Municipal services		29 499	25 218
Property management fees		1 418	1 123
Property maintenance and repairs		5 025	3 670
Other		26 115	22 296
Total		62 057	52 307

4.6 TRAVEL AND SUBSISTENCE

	Note	2019/20	2018/19
	4	R'000	R'000
Local		99 197	91 929
Foreign		10 529	18 372
Total		109 726	110 301

4.7 OTHER OPERATING EXPENDITURE

	Note	2019/20	2018/19
	4	R'000	R'000
Professional bodies, membership and subscription fees		124	143
Resettlement costs		1 695	2 077
Other		7 030	7 392
Total		8 849	9 612

5. PAYMENTS FOR FINANCIAL ASSETS

	Note	2019/20	2018/19
		R'000	R'000
Other material losses written off	5.1	1 118	1 409
Total		1 118	1 409

5.1 OTHER MATERIAL LOSSES WRITTEN OFF

	Note	2019/20	2018/19
	5	R'000	R'000
Nature of losses			
Receivables relating to:			
State guarantees		-	22
Damaged vehicles		279	246
Traffic fines		-	55
Departmental claims		-	1 086
Fraud case		839	-
Total		1 118	1 409

6. TRANSFERS AND SUBSIDIES

	Note	2019/20	2018/19
		R'000	R'000
Provinces and municipalities	Annexure 1A	863	752
Departmental agencies and accounts	Annexure 1B	1 121 383	1 103 547
Foreign governments and international organisations	Annexure 1C	17 585	20 278
Non-profit institutions	Annexure 1D	190 325	167 877
Households	Annexure 1E	8 132	4 312
Total		1 338 288	1 296 766

7. EXPENDITURE FOR CAPITAL ASSETS

	Note	2019/20	2018/19
		R'000	R'000
Tangible assets		43 145	87 909
Buildings and other fixed structures	30	10 247	10 886
Machinery and equipment	28	32 898	77 023
Total		43 145	87 909

7.1 ANALYSIS OF FUNDS UTILISED TO ACQUIRE CAPITAL ASSETS – 2019/20

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets	43 145	-	43 145
Buildings and other fixed structures	10 247	-	10 247
Machinery and equipment	32 898	-	32 898
Total	43 145	-	43 145

7.2 ANALYSIS OF FUNDS UTILISED TO ACQUIRE CAPITAL ASSETS – 2018/19

	Voted funds	Aid assistance	Total
	R'000	R'000	R'000
Tangible assets	87 909	-	87 909
Buildings and other fixed structures	10 886	-	10 886
Machinery and equipment	77 023	-	77 023
Total	87 909	-	87 909

7.3 FINANCE LEASE EXPENDITURE INCLUDED IN EXPENDITURE FOR CAPITAL ASSETS

	Note	2019/20	2018/19
		R'000	R'000
Tangible assets		3 228	5 702
Machinery and equipment		3 228	5 702
Total		3 228	5 702

8. CASH AND CASH EQUIVALENTS

	Note	2019/20	2018/19
		R'000	R'000
Consolidated Paymaster General Account		-	7 659
Cash receipts		(1)	-
Disbursements		24	55
Cash on hand		411	483
Total		434	8 197

9. PREPAYMENTS AND ADVANCES

	Note	2019/20	2018/19
		R'000	R'000
Travel and subsistence		120	341
Advances paid (Not expensed)	9.1	25 956	3 956
Total		26 076	4 297

9.1 ADVANCES PAID (NOT EXPENSED)

	Note	Balance as at 1 April 2019	Less: Amount expensed in current year	Add or Less: Other	Add: Current Year advances	Balance as at 31 March 2020
		R'000	R'000	R'000	R'000	R'000
National departments	9	2 528	(4 107)	-	25 859	24 280
Public entities		1 428	(752)	-	1 000	1 676
Total		3 956	(4 859)	-	26 859	25 956

	Note	Balance as at 1 April 2018	Less: Amount expensed in current year	Add or Less: Other	Add: Current Year advances	Balance as at 31 March 2019
		R'000	R'000	R'000	R'000	R'000
National departments	9	7 400	(21 621)	-	16 749	2 528
Public entities		50	(222)	-	1 600	1 428
Total		7 450	(21 843)	-	18 349	3 956

9.2 PREPAYMENTS (EXPENSED)

	Note	Amount as at 1 April 2019	Less: Received in the current year	Add or Less: Other	Add: Current Year prepayments	Amount as at 31 March 2020
		R'000	R'000	R'000	R'000	R'000
Goods and services*		9 867	(16 725)	-	9 781	2 923
Total		9 867	(16 725)	-	9 781	2 923

*This relates to amounts paid in advance for software related licences, maintenance agreements and other services.

	Note	Amount as at 1 April 2018	Less: Received in the current year	Add or Less: Other	Add: Current Year prepayments	Amount as at 31 March 2019
		R'000	R'000	R'000	R'000	R'000
Goods and services		1 981	(6 902)	-	14 788	9 867
Total		1 981	(6 902)	-	14 788	9 867

9.3 ADVANCES PAID (EXPENSED)

	Note	Amount as at 1 April 2019	Less: Received in the current year	Add or Less: Other	Add: Current Year advances	Amount as at 31 March 2020
		R'000	R'000	R'000	R'000	R'000
Public entities		2 023	(2 925)	-	3 200	2 298
Total		2 023	(2 925)	-	3 200	2 298

	Note	Amount as at 1 April 2018	Less: Received in the current year	Add or Less: Other	Add: Current Year advances	Amount as at 31 March 2019
		R'000	R'000	R'000	R'000	R'000
Public entities		3 507	(5 103)	-	3 619	2 023
Total		3 507	(5 103)	-	3 619	2 023

Payments and balances in 9.2 and 9.3 above are disclosure notes that provide additional information to the expenditure transactions as recognised in the Statement of Financial Performance.

10. RECEIVABLES

		2019/20			2018/19		
	Note	Current	Non-current	Total	Current	Non-current	Total
		R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	10.1	309 597	-	309 597	165 287	4 637	169 924
Recoverable expenditure	10.2	4 350	-	4 350	8 524	3 992	12 516
Staff debt	10.3	5 434	9 519	14 953	2 494	11 500	13 994
Fruitless and wasteful expenditure	10.4	464	-	464	-	-	-
Other receivables	10.5	349	-	349	-	175	175
Total		320 194	9 519	329 713	176 305	20 304	196 609

10.1 CLAIMS RECOVERABLE

	Note	2019/20	2018/19
		R'000	R'000
	10 and Annex 3		
National departments		748	76
Provincial departments		84	183
Public entities		308 765	169 665
Total		309 597	169 924

10.2 RECOVERABLE EXPENDITURE (DISALLOWANCE ACCOUNTS)

	Note	2019/20	2018/19
	10	R'000	R'000
Disallowance fraud		-	839
Damaged vehicles		2 369	5 968
Disallowance accounts		-	8
Salary clearing accounts		59	1 368
Damages & losses		960	4 333
Private telephone account		962	-
Total		4 350	12 516

10.3 STAFF DEBT

	Note	2019/20	2018/19
	10	R'000	R'000
Subsidised transport		16	85
Travel & subsistence		131	227
Bursaries		3 581	3 887
Salary overpayment (In-service)		435	3 235
Salary overpayment (Out of service)		4 051	1 490
State guarantees		18	17
Other		6 721	5 053
Total		14 953	13 994

10.4 FRUITLESS AND WASTEFUL EXPENDITURE

	Note	2019/20	2018/19
	10	R'000	R'000
Opening balance		-	-
Transfers from note 24 Fruitless and wasteful expenditure		464	-
Total		464	-

10.5 OTHER RECEIVABLES

	Note	2019/20	2018/19
	10	R'000	R'000
Salary clearing accounts		349	175
Total		349	175

10.6 IMPAIRMENT OF RECEIVABLES

	Note	2019/20	2018/19
		R'000	R'000
Estimate of impairment of receivables		33 952	839
Total		33 952	839

11. VOTED FUNDS TO BE SURRENDERED TO THE REVENUE FUND

	Note	2019/20	2018/19
		R'000	R'000
Opening balance		196 179	211 802
Transfer from statement of financial performance (as restated)		217 322	196 179
Paid during the year		(196 179)	(211 802)
Closing balance		217 322	196 179

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

	Note	2019/20	2018/19
		R'000	R'000
Opening balance		718	2 586
Transfer from Statement of Financial Performance (as restated)		12 366	10 781
Paid during the year		(12 438)	(12 649)
Closing balance		646	718

13. BANK OVERDRAFT

	Note	2019/20	2018/19
		R'000	R'000
Consolidated Paymaster General Account		124 243	-
Total		124 243	-

*The PMG Account is in overdraft due to the expenditure incurred on behalf of the Unemployment Insurance Fund (UIF), the Compensation Fund (CF) and Supported Employment Enterprises (SEE). The expenditures incurred is claimed back from the entities on a monthly basis.

14. PAYABLES – CURRENT

	Note	2019/20	2018/19
		R'000	R'000
Amounts owing to other entities		72	4
Clearing accounts	14.1	2 709	1 896
Other payables	14.2	1 116	1 019
Total		3 897	2 919

14.1 CLEARING ACCOUNTS

	Note	2019/20	2018/19
		R'000	R'000
Salary clearing accounts	14	2 709	1 896
Total		2 709	1 896

14.2 OTHER PAYABLES

	Note	2019/20	2018/19
		R'000	R'000
Arrear wages	14	1 116	990
CCMA		-	29
Total		1 116	1 019

15. NET CASH FLOW AVAILABLE FROM OPERATING ACTIVITIES

	Note	2019/20	2018/19
		R'000	R'000
Net surplus/(deficit) as per Statement of Financial Performance		229 688	206 960
Add back non cash/cash movements not deemed operating activities		(330 885)	(168 888)
(Increase)/decrease in receivables		(143 889)	(36 162)
(Increase)/decrease in prepayments and advances		(21 779)	3 390
Increase/(decrease) in payables – current		978	502
Proceeds from sale of capital assets		(723)	(76)
Expenditure on capital assets		43 145	87 909
Surrenders to Revenue Fund		(208 617)	(224 451)
Net cash flow generated by operating activities		(101 197)	38 072

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

	Note	2019/20	2018/19
		R'000	R'000
Consolidated Paymaster General account		(124 243)	7 659
Cash receipts		(1)	-
Disbursements		24	55
Cash on hand		411	483
Total		(123 809)	8 197

17. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

17.1 CONTINGENT LIABILITIES

	Note	2019/20	2018/19	
		R'000	R'000	
Liable to				
	Nature			
Housing loan guarantees	Employees	Annex 2A	1 542	1 887
Claims against the department		Annex 2B	4 469	4 537
Intergovernmental payables (unconfirmed balances)		Annex 4	2 105	2 486
Total		8 116	8 910	

17.2 CONTINGENT ASSETS

	Note	2019/20	2018/19
		R'000	R'000
Nature of contingent asset			
Third party litigations – motor vehicle accidents		1 364	1 009
Total		1 364	1 009

17.2.1 PRIOR PERIOD ERROR

	2018/19
	R'000
Nature of prior period error	
Relating to 2018/19	1 009
Third party litigations	1 009
Total prior period errors	1 009

Prior year error that affected opening balance included above.

18. CAPITAL COMMITMENTS

	Note	2019/20	2018/19
		R'000	R'000
Intangible assets		243 200	243 200
Total		243 200	243 200

Due to a change in MCS, only Capital Commitments must be disclosed as at 1 April 2019 and the same must be disclosed for prior year.

*Capital commitment: Unemployment Insurance Fund R 97 279 932.91 and Compensation Fund R 97 279 932.91

19. ACCRUALS AND PAYABLES NOT RECOGNISED

19.1 ACCRUALS

		2019/20	2018/19
		R'000	R'000
Listed by economic classification		Total	Total
	30 Days	30+ Days	
Goods and services	38 090	5 941	64 836
Capital assets	415	-	1 425
Total	38 505	5 941	66 261

	Note	2019/20	2018/19
		R'000	R'000
Listed by programme level			
Programme 1 – Administration		29 363	37 111
Programme 2 – Inspection and Enforcement Services		1 596	2 956
Programme 3 – Public Employment Services*		12 920	25 176
Programme 4 – Labour Policy and Industrial Relations		567	1 018
Total		44 446	66 261

*Accruals: Unemployment Insurance Fund R 6 453 371.26 and Compensation Fund R 5 048 777.47.

Reasons for material accruals: Accruals relating to Cleaning, Security and Other Contractual Services (R15 mil), SITA and Other Computer Services (R7.8 mil), as well as Operating leases (DPW) (R8 mil).

19.2 PAYABLES NOT RECOGNISED

		2019/20	2018/19
		R'000	R'000
Listed by economic classification		Total	Total
	30 Days	30+ Days	
Goods and services	1 053	7	1 462
Capital assets	-	-	1 737
Total	1 053	7	3 199

	Note	2019/20	2018/19
		R'000	R'000
Listed by programme level			
Programme 1 – Administration		710	2 874
Programme 2 – Inspection and Enforcement Services		19	29
Programme 3 – Public Employment Services*		329	275
Programme 4 – Labour Policy and Industrial Relations		2	21
Total		1 060	3 199

*Payables: Unemployment Insurance Fund R 9 007.05 and Compensation Fund R 21 267.21.

	Note	2019/20	2018/19
Included in the above totals are the following:		R'000	R'000
Confirmed balances with other departments	Annex 4	693	1 257
Confirmed balances with other government entities	Annex 4	110	279
Total		803	1 536

20. EMPLOYEE BENEFITS

	Note	2019/20	2018/19
		R'000	R'000
Leave entitlement		56 175	52 601
Service bonus		37 697	35 093
Performance awards		12 194	22 430
Capped leave		27 063	29 046
Long service award		150	217
Total		133 279	139 387

*During January 2020 to March 2020, leave is at times taken in excess of the accrued leave days (one quarter of leave entitlement) and these results in negative balances at year-end. Included in the leave entitlement of R 56 174 726.77 for the year-ended 31 March 2020, the value of leave with negative balances amounts to R 1 313 707.58.

21. LEASE COMMITMENTS

21.1 OPERATING LEASES

2019/20	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000
Not later than 1 year	111 334	3 720	115 054
Later than 1 year and not later than 5 years	192 613	768	193 381
Later than five years	27 500	-	27 500
Total lease commitments	331 447	4 488	335 935

*Building and other fixed structures: Unemployment Insurance Fund R 99 433 988.73 and Compensation Fund R 53 031 460.66.

*Machinery and equipment: Unemployment Insurance Fund R 1 109 304.27 and Compensation Fund R 217 074.75.

2018/19	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000
Not later than 1 year	131 637	7 986	139 623
Later than 1 year and not later than 5 years	208 319	4 890	213 209
Later than five years	71 986	-	71 986
Total lease commitments	411 942	12 876	424 818

*Building and other fixed structures: Unemployment Insurance Fund R 123 582 540.24 and Compensation Fund R 65 910 688.13.

*Machinery and equipment: Unemployment Insurance Fund R 2 756 806.43 and Compensation Fund R 783 048.97.

The main leasing arrangement is for leasing of DPW buildings and photocopy machines.

There are no assets that are being sub-leased.

21.2 FINANCE LEASES

2019/20	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000
Not later than 1 year	-	650	650
Later than 1 year and not later than 5 years	-	26	26
Total lease commitments	-	676	676

2018/19	Buildings and other fixed structures	Machinery and equipment	Total
	R'000	R'000	R'000
Not later than 1 year	-	1 898	1 898
Later than 1 year and not later than 5 years	-	267	267
Total lease commitments	-	2 165	2 165

The main leasing arrangement is for leasing of mobile devices (tablets & cell phones) from Vodacom (RT15/2016 transversal contract through the National Treasury).

There are no assets that are being sub-leased.

22. ACCRUED DEPARTMENTAL REVENUE

	Note	2019/20	2018/19
		R'000	R'000
Tax revenue			
Sales of goods and services other than capital assets		1	26
Fines, penalties and forfeits		-	1
Interest, dividends and rent on land		168	125
Total		169	152

22.1 ANALYSIS OF ACCRUED DEPARTMENTAL REVENUE

	Note	2019/20	2018/19
		R'000	R'000
Opening balance		152	133
Less: amounts received		(152)	(133)
Add: amounts recorded		169	152
Closing balance		169	152

23. IRREGULAR EXPENDITURE

23.1 RECONCILIATION OF IRREGULAR EXPENDITURE

	Note	2019/20	2018/19
		R'000	R'000
Opening balance		38 926	35 479
Add: Irregular expenditure – relating to prior year		17	-
Add: Irregular expenditure – relating to current year		1 350	3 447
Less: Prior year amounts condoned		(43)	-
Closing balance		40 250	38 926

	Under assessment	Awaiting write-off & removal	Awaiting condonation	Awaiting recovery	2019/20 Total	2018/19 Total
Current year	14	-	1 473	11	1 498	3 447
Prior year	37 297	-	1 453	2	38 752	35 479
Closing balance	37 311	-	2 926	13	40 250	38 926

23.2 DETAILS OF CURRENT AND PRIOR YEAR IRREGULAR EXPENDITURE – ADDED CURRENT YEAR (UNDER DETERMINATION AND INVESTIGATION)

		2019/20
Incident	Disciplinary steps taken/criminal proceedings	R'000
SCM related IE discovered by SCM		520
SCM related IE discovered by AG		847
Total		1 367

23.3 DETAILS OF IRREGULAR EXPENDITURE CONDONED

		2019/20
Incident	Condoned by (relevant authority)	R'000
SCM related IE discovered by SCM		43
Total		43

23.4 DETAILS OF IRREGULAR EXPENDITURE UNDER ASSESSMENT

		2019/20
Incident		R'000
SCM related IE discovered by SCM		30 996
SCM related IE discovered by AG		6 216
Other		99
Total		37 311

24. FRUITLESS AND WASTEFUL EXPENDITURE

24.1 RECONCILIATION OF FRUITLESS AND WASTEFUL EXPENDITURE

	Note	2019/20	2018/19
		R'000	R'000
Opening balance		5 300	4 423
Prior period error		-	(3 307)
Fruitless and wasteful expenditure – relating to prior year	24.2	586	-
Fruitless and wasteful expenditure – relating to current year	24.2	112	4 450
Less: Amounts recoverable	10.4	(464)	-
Less: Amounts written off	24.4	(624)	(266)
Closing balance		4 910	5 300

24.2 DETAILS OF CURRENT AND PRIOR YEAR FRUITLESS AND WASTEFUL EXPENDITURE – ADDED CURRENT YEAR (UNDER DETERMINATION AND INVESTIGATION)

		2019/20
Incident	Disciplinary steps taken/criminal proceedings	R'000
No shows- accommodation	In process	20
No shows- other	In process	21
Vehicle related damages/accidents	In process	585
Procurement related	In process	72
Total		698

24.3 DETAILS OF FRUITLESS AND WASTEFUL EXPENDITURE RECOVERABLE

Incident	2019/20 R'000
No shows- accommodation	12
No shows- other	8
Vehicle related damages/accidents	336
Procurement related	108
Total	464

23.4 DETAILS OF FRUITLESS AND WASTEFUL EXPENDITURE WRITTEN OFF

Incident	2019/20 R'000
No shows- accommodation	6
No shows- other	2
Vehicle related damages/accidents	511
Procurement related	14
Interest, penalties and fines	91
Total	624

23.5 PRIOR PERIOD ERROR

Nature of prior period error	2018/19 R'000
Relating to 2018/19	
Damaged to government vehicles	(3 307)
Total prior period errors	(3 307)

Prior year error that affected opening balance included above.

23.6 DETAILS OF FRUITLESS AND WASTEFUL EXPENDITURES UNDER ASSESSMENT

Incident	2019/20 R'000
No shows- accommodation	56
No shows- other	40
Vehicle related damages/accidents	1 153
Procurement related	43
Imbizos and other related events	980
Interest, penalties and fines	192
Total	2 464

25. RELATED PARTY TRANSACTIONS

Nature of relationship

Public Entity controlled by the Department of Employment and Labour

Compensation Fund (CF)

Unemployment Insurance Fund (UIF)

Supported Employment Enterprises (SEE)

Commission for Conciliation Mediation & Arbitration (CCMA)

National Economic Development and Labour Council (NEDLAC)

Productivity South Africa (PSA)

RELATED PARTY TRANSACTIONS:

Related Party	Transaction type	2019/20	2018/19
		R'000	R'000
Supported Employment Enterprises	Compensation of Employees	4 847	4 977
	Compensation of Employees (Internal Audit)	356	710
	Goods and Services (Municipal payments)	1 740	1 109
	Total	6 943	6 796

State Owned Properties occupied by SEE form part of the Labour portfolio.

26. KEY MANAGEMENT PERSONNEL

	No. of Individuals	2019/20	2018/19
		R'000	R'000
Political office bearers	2	6 610	4 379
Officials:			
Level 15 to 16	10	17 221	16 300
Level 14	34	41 360	42 211
Acting positions	5	224	233
Total		65 415	63 123

27. PROVISIONS

	Note	2019/20	2018/19
		R'000	R'000
Litigations against the state		585	99
Total		585	99

Disclosure for Provision was adjusted in 2019/20 to comply with Modified Cash Standards (MCS) and comparative figures also adjusted.

27.1 RECONCILIATION OF MOVEMENT IN PROVISIONS – 2019/20

	Litigations	Total provisions
	R'000	R'000
Opening balance	99	99
Increase in provision	877	877
Settlement of provision	(421)	(421)
Change in provision due to change in estimation of inputs	30	30
Closing balance	585	585

The provisions comprise of 22 claims in respect of motor vehicle claims of which 8 were settled and 14 are in the process of being settled.

RECONCILIATION OF MOVEMENT IN PROVISIONS – 2018/19

	Litigations	Total provisions
	R'000	R'000
Opening balance	134	134
Increase in provision	162	162
Settlement of provision	(189)	(189)
Change in provision due to change in estimation of inputs	(8)	(8)
Closing balance	99	99

27.1.1 PRIOR PERIOD ERROR

	2018/19
	R'000
Nature of prior period error	99
Relating to 2018/19	
Provisions 2018/19	5 465
Re-classification of provisions	(5 465)
Litigations against the state	99
Total prior period errors	99

Prior year error that affected opening balance included above.

28. MOVABLE TANGIBLE CAPITAL ASSETS

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020					
	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	485 301	-	30 957	(9 902)	506 356
Transport assets	217 089	-	8 104	(3 053)	222 140
Computer equipment	171 233	-	17 308	(5 132)	183 409
Furniture and office equipment	63 773	-	3 238	(600)	66 411
Other machinery and equipment	33 206	-	2 307	(1 117)	34 396
Total capital assets	485 301	-	30 957	(9 902)	506 356

Movable Tangible Capital Assets under investigation		
Included in the above total of the movable tangible capital assets per the asset register are assets that are under investigation:	Number	Value R'000
Machinery and equipment*	133	3 790

*Vehicles damaged/stolen, under investigation.

*IT equipment stolen/lost, under investigation.

*Asset stolen/lost, under investigation.

28.1 ADDITIONS

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020					
	Cash	Non-cash*	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	32 898	1 264	(3 228)	23	30 957
Transport assets	6 840	1 264	-	-	8 104
Computer equipment	17 308	-	-	-	17 308
Furniture and office equipment	3 238	-	-	-	3 238
Other machinery and equipment	5 512	-	(3 228)	23	2 307
TOTAL ADDITIONS	32 898	1 264	(3 228)	23	30 957

*Non-cash: Public Work transferred Minister Vehicle to DEL.

28.2 DISPOSALS

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020				
	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	-	(9 902)	(9 902)	(723)
Transport assets	-	(3 053)	(3 053)	(723)
Computer equipment	-	(5 132)	(5 132)	-
Furniture and office equipment	-	(600)	(600)	-
Other machinery and equipment	-	(1 117)	(1 117)	-
TOTAL DISPOSAL	-	(9 902)	(9 902)	(723)

28.3 MOVEMENT FOR 2018/19

MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019					
	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	444 069	(12 663)	72 979	(19 084)	485 301
Transport assets	183 230	1 494	34 377	(2 012)	217 089
Computer equipment	153 900	(13 700)	33 617	(2 584)	171 233
Furniture and office equipment	60 231	(138)	3 908	(228)	63 773
Other machinery and equipment	46 708	(319)	1 077	(14 260)	33 206
TOTAL MOVABLE TANGIBLE	444 069	(12 663)	72 979	(19 084)	485 301

28.3.1 PRIOR PERIOD ERROR

	Note	2018/19
		R'000
Nature of prior period error		
Relating to 2018/19		(12 663)
Non-cash: prior period price corrections		68
Non-cash: prior period price corrections		(2 539)
Adjustment to prior period additions		(11 178)
Transfers and adjustments (2018/19)		986
Total prior period errors		(12 663)

Prior year error that affected opening balance included above.

28.4 MINOR ASSETS

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2020

	Intangible assets	Machinery and equipment	Total
	R'000	R'000	R'000
Opening balance	15	131 000	131 015
Additions	-	17 554	17 554
Disposals	-	(13 115)	(13 115)
TOTAL MINOR ASSETS	15	135 439	135 454

	Intangible assets	Machinery and equipment	Total
Number of R1 minor assets	-	9 280	9 280
Number of minor assets at cost	4	102 423	102 427
TOTAL NUMBER OF MINOR ASSETS	4	111 703	111 707

Minor Capital Assets under investigation

Included in the above total of the minor capital assets per the asset register are assets that are under investigation:	Number	Value R'000
Machinery and equipment*	112	341

*IT equipment stolen/lost, under investigation.

*Asset stolen/lost, under investigation.

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2019

	Intangible assets	Machinery and equipment	Total
	R'000	R'000	R'000
Opening balance	15	123 440	123 455
Prior period error	-	(264)	(264)
Additions	-	9 956	9 956
Disposals	-	(2 132)	(2 132)
TOTAL MINOR ASSETS	15	131 000	131 015

	Intangible assets	Machinery and equipment	Total
Number of R1 minor assets	-	9 680	9 680
Number of minor assets at cost	4	100 879	100 883
TOTAL NUMBER OF MINOR ASSETS	4	110 559	110 563

28.4.1 Prior period error

	Note	2018/19
Nature of prior period error		R'000
Relating to 2018/19		(264)
Non-cash: prior period price corrections		8
Prior period asset category corrections		296
Prior period asset category corrections		(297)
Prior period asset to inventory/consumable		(2)
Transfers and Adjustments (2018/19)		(269)
Total prior period errors		(264)

Prior year error that affected opening balance included above.

28.5 MOVABLE ASSETS WRITTEN OFF

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2020			
	Intangible assets	Machinery and equipment	Total
	R'000	R'000	R'000
Assets written off	-	3 981	3 981
TOTAL MOVABLE ASSETS WRITTEN OFF	-	3 981	3 981

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2019			
	Intangible assets	Machinery and equipment	Total
	R'000	R'000	R'000
Assets written off	-	2 180	2 180
TOTAL MOVABLE ASSETS WRITTEN OFF	-	2 180	2 180

29. INTANGIBLE CAPITAL ASSETS

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020					
	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	144 413	-	-	-	144 413
TOTAL INTANGIBLE ASSETS	144 413	-	-	-	144 413

29.1 MOVEMENT FOR 2018/19

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019					
	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	144 413	-	-	-	144 413
TOTAL INTANGIBLE ASSETS	144 413	-	-	-	144 413

30. IMMOVABLE TANGIBLE CAPITAL ASSETS

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020					
	Opening balance	Value adjustments	Additions	Disposals	Closing Balance
	R'000		R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	169	-	456	(28)	597
Non-residential buildings	169	-	456	(28)	597
TOTAL TANGIBLE CAPITAL ASSETS	169	-	456	(28)	597

30.1 ADDITIONS

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020					
	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
BUILDING AND OTHER FIXED STRUCTURES	10 247	-	(10 023)	232	456
Non-residential buildings	10 247	-	(10 023)	232	456
TOTAL ADDITIONS	10 247	-	(10 023)	232	456

30.2 DISPOSALS

DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2020				
	Sold for cash	Non-cash disposal	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	-	(28)	(28)	-
Non-residential buildings	-	(28)	(28)	-
TOTAL DISPOSALS	-	(28)	(28)	-

30.3 MOVEMENT FOR 2018/19

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2019					
	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	154	(2 642)	2 657	-	169
Non-residential buildings	154	(2 642)	2 657	-	169
TOTAL TANGIBLE CAPITAL ASSETS	154	(2 642)	2 657	-	169

30.3.1 Prior period error

	Note	2018/19
		R'000
Nature of prior period error		
Relating to 2018/19		(2 642)
Public Works Accruals 2018/19		(2 642)
Total prior period errors		(2 642)

Prior year error that affected opening balance included above.

31. OTHER DISCLOSURES

The Department has instituted a forensic investigation with respect to some of its operations.

An external service provider has been appointed to perform the investigation, of which the outcome is expected within three (3) months.

Annexures to the Annual Financial Statements for the year ended 31 March 2020

ANNEXURE 1A

STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION			TRANSFER				SPENT				2018/19			
	R'000	R'000	R'000	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	Unspent funds	% of available funds spent by municipality	R'000	Division of Revenue Act	R'000	Actual transfer
Transfers															
Municipal Vehicle Licences*	656	-	207	863	863	-	-	-	-	-	-	-	752	-	-
TOTAL	656	-	207	863	863	-	-	-	-	-	-	-	752	-	-

*Vehicles in all Provincial Offices and Labour Centres – amount paid to municipalities across the country.

ANNEXURE 1B

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENTAL AGENCY/ ACCOUNT	TRANSFER ALLOCATION			EXPENDITURE			2018/19	
	Adjusted Appropriation Act	Roll overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	R'000	Final Appropriation
Transfers								
Licences (Radio & TV)	-	-	15	15	15	100%	40	40
Compensation Fund (CF)	40 107	-	-	40 107	40 107	100%	16 100	16 100
Unemployment Insurance Fund (UIF)	1	-	-	1	-	-	-	-
Commission for Conciliation, Mediation & Arbitration (CCMA)	976 810	-	-	976 810	976 810	100%	963 066	963 066
Productivity SA	54 610	-	9 100	63 710	63 710	100%	78 361	78 361
National Economic Development & Labour Council (NEDLAC)	40 741	-	-	40 741	40 741	100%	45 980	45 980
TOTAL	1 112 269	-	9 115	1 121 384	1 121 383		1 103 547	1 103 547

STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

FOREIGN GOVERNMENT/INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE		2018/19 R'000
	Adjusted Appropriation Act	Roll overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	
Transfers							
International Labour Organisation (ILO)	17 627	-	-	17 627	16 515	94%	19 241
African Regional Labour Administration Centre (ARLAC)	1 303	-	-	1 303	1 070	82%	1 037
TOTAL	18 930	-	-	18 930	17 585		20 278

ANNEXURE 1D

STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

NON-PROFIT INSTITUTIONS	TRANSFER ALLOCATION				EXPENDITURE		2018/19 R'000
	Adjusted Appropriation Act	Roll overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	
Transfers							
Workshop for the Blind	21 525	-	-	21 525	19 255	89%	10 125
Strengthen Civil Society	22 147	-	-	22 147	22 147	100%	20 973
Donations & gifts NPI	53	-	-	53	-	-	-
TOTAL	43 725	-	-	43 725	41 402		31 098

Public Employment Services (PES) transfers funds to subsidised workshops for the blind and subsidised work centres for people with disabilities. (Supported Employment Enterprises- SEE)

ANNEXURE 1D (1)

STATEMENT OF TRANSFERS TO SUPPORTED EMPLOYMENT ENTERPRISES

NON-PROFIT INSTITUTIONS	TRANSFER ALLOCATION				EXPENDITURE		2018/19 R'000
	Adjusted Appropriation Act	Roll overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	
Transfers							
Workcentres for the Disabled	148 923	-	-	148 923	148 923	100%	136 779
TOTAL	148 923	-	-	148 923	148 923		136 779

Supported Employment Enterprises is reflected in the Department's appropriation as a Non-Profit Institution and has been disclosed as such in the Financial Statements. The Department will approach National Treasury regarding this situation in line with the Modified Cash Standard and if required, reclassify the SEE to an agency.

STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2018/19 R'000
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	
Transfers							
Ex gratia payments	-	-	2 092	2 092	2 092	100%	510
Leave gratuity	2 667	-	1 418	4 085	4 006	98%	3 802
Retirement benefit	2 034	-	-	2 034	2 034	100%	-
TOTAL	4 701	-	3 510	8 211	8 132		4 312

ANNEXURE 1F

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE

NATURE OF GIFT, DONATION OR SPONSORSHIP	2019/20	2018/19
	R'000	R'000
Made in kind		
Office furniture and equipment		
Reform Church Libangeni	12	-
Itsoseng Combined School	-	42
Isoseto Skill Centre	-	127
Endtime Church	-	101
Kanana Community & Development	-	32
TOTAL	12	302

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2020 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2019	Adjustment to opening balance	Guarantees draw downs During the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Closing balance 31 March 2020	Revaluations due to inflation rate movements	Accrued guaranteed interest for year ended 31 March 2020
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Housing								
Standard Bank of SA Limited	Housing Loan Guarantee	419	419	-	(152)	-	267	-	-
Nedbank Limited (former Cape of Good Hope)	Housing Loan Guarantee	16	16	-	-	-	16	-	-
Nedbank limited	Housing Loan Guarantee	186	186	-	(28)	-	158	-	-
Firstrand Bank Limited: FNB	Housing Loan Guarantee	237	237	-	(48)	-	189	-	-
ABSA	Housing Loan Guarantee	116	116	-	-	-	116	-	-
Company Unique Finance (PTY)	Housing Loan Guarantee	30	30	-	-	-	30	-	-
Old Mutual Finance Limited	Housing Loan Guarantee	17	17	-	-	-	17	-	-
Peoples Bank (former FBC Fidelity Bank)	Housing Loan Guarantee	157	157	-	(17)	-	140	-	-
Nedbank LTD Incorporation (Former FBC Peoples Bank NBS)	Housing Loan Guarantee	219	219	(29)	(42)	-	148	-	-
First Rand Bank Limited: FNB (former Saambou)	Housing Loan Guarantee	251	251	-	(29)	-	222	-	-
Old Mutual Bank Division of Nedbank (former PERM)	Housing Loan Guarantee	200	200	-	-	-	200	-	-
Future Bank Corporation Limited	Housing Loan Guarantee	14	14	-	-	-	14	-	-
Free State Development Corporation	Housing Loan Guarantee	17	17	-	-	-	17	-	-
VBS Mutual Bank	Housing Loan Guarantee	8	8	-	-	-	8	-	-
	TOTAL	1 887	1 887	(29)	(316)	-	1 542	-	-

ANNEXURE 2B

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2020

Nature of Liability	Opening Balance		Liabilities incurred during the year	Liabilities paid/cancelled/reduced during the year	Liabilities recoverable (provide details hereunder)	Closing Balance	
	1. April 2019	R'000				R'000	31 March 2020
Claims against the department							
Claims: Supplier-related	312		-	-	-		312
Claims: Employee-related	339		-	-	-		339
Civil Claims	3 886		12	(80)	-		3 818
TOTAL	4 537		12	(80)	-		4 469

ANNEXURE 3

CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2019/20	
	31/03/2020		31/03/2019		31/03/2020		31/03/2019	
	R'000	R'000	R'000	R'000	R'000	R'000	Receipt date up to six (6) working days after year end	Amount R'000
Department								
Presidency	730	-	-	-	730	-	-	-
National Department of Health	2	-	-	-	2	-	-	-
National Department: Transport	-	11	-	-	-	11	-	-
National Department: Rural Development and Land Reform	13	13	-	-	13	13	-	-
Office of the Chief Justice	3	3	-	-	3	3	-	-
Water & Sanitation Trading Account	-	13	-	-	-	13	-	-
International Relations & Cooperation	-	16	-	-	-	16	-	-
Military Veterans	-	23	-	-	-	23	-	-
COGTA & Human Settlement: Limpopo	8	-	-	-	8	-	-	-
Department of Public Works: KwaZulu-Natal	-	19	-	-	-	19	-	-
Department of Public Works: North West	-	20	-	-	-	20	-	-
Department of Health: North West	-	15	-	-	-	15	-	-
Department of Health: Gauteng	-	15	-	-	-	15	-	-
Department of Education: Limpopo	-	16	-	-	-	16	-	-
Department of Education: Gauteng	76	-	-	-	76	-	-	-
Department of Education: Kwazulu-Natal	-	15	-	-	-	15	-	-
Provincial Treasury: Kwazulu-Natal	-	57	-	-	-	57	-	-
Roads & Public Transport: Eastern Cape	-	2	-	-	-	2	-	-
Department of Social Development: Eastern Cape	-	21	-	-	-	21	-	-
Other Government Entities								
Compensation Fund (CF)	64 563	68 364	-	-	64 563	68 364	-	-
Unemployment Insurance Funds (UIF)	243 933	100 278	-	-	243 933	100 278	-	-
Supported Employment Enterprises (SEE)	269	1 023	-	-	269	1 023	-	-
TOTAL	309 597	169 924	-	-	309 597	169 924	-	-

ANNEXURE 4

INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2019/20	
	R'000		R'000		R'000		R'000	
	31/03/2020	31/03/2019	31/03/2020	31/03/2019	31/03/2020	31/03/2019	Payment date up to six (6) working days before year end	Amount
Departments								
Current								
Justice & Constitutional Development	-	1 084	1 128	106	1 128	1 190		-
Home Affairs	-	90	-	-	-	90		-
Public Service & Administration	-	6	-	-	-	6		-
Government Communication & Information Systems (GCIS)	-	-	-	706	-	706		-
International Relations & Cooperation	693	-	865	670	1 558	670		-
Water & Sanitation	-	77	-	-	-	77		-
South African Police Services	-	-	-	599	-	599		-
Non-current								
Higher Education & Training	-	-	-	18	-	18		-
Other Government Entities								
Current								
Government Printing	110	279	112	387	222	666		-
TOTAL INTERGOVERNMENT PAYABLES	803	1 536	2 105	2 486	2 908	4 022		-

ANNEXURE 5

INVENTORIES

Inventories for the year ended 31 March 2020	Learning, Teaching and Support Material	Materials and Supplies	Other Supplies	Inventory not yet classified	TOTAL
	R'000	R'000	R'000	R'000	R'000
Opening balance	-	-	1	-	1
Add/(Less): Adjustments to prior year balances	-	-	-	-	-
Add: Additions/Purchases – Cash	3	8	47	144	202
Add: Additions- Non-cash	-	-	-	-	-
(Less): Disposals	-	-	-	(9)	(9)
(Less): Issues	(3)	(8)	(47)	(130)	(188)
Add/(Less): Received current, not paid (Paid current year, received prior year)	-	-	-	-	-
Add/(Less): Adjustments	-	-	(1)	(5)	(6)
Closing balance	-	-	-	-	-

Inventories for the year ended 31 March 2019	Learning, Teaching and Support Material	Materials and Supplies	Other Supplies	Inventory not yet classified	TOTAL
	R'000	R'000	R'000	R'000	R'000
Opening balance	-	-	-	40	40
Add/(Less): Adjustments to prior year balances	-	-	-	1	1
Add: Additions/Purchases – Cash	-	4	99	83	186
Add: Additions- Non-cash	-	-	-	-	-
(Less): Disposals	-	-	-	(2)	(2)
(Less): Issues	-	(4)	(99)	(83)	(186)
Add/(Less): Received current, not paid (Paid current year, received prior year)	-	-	-	-	-
Add/(Less): Adjustments	-	-	1	(39)	(38)
Closing balance	-	-	1	-	1

ANNEXURE 6

INTER-ENTITY ADVANCES PAID (NOTE 9)

ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2020	31/03/2019	31/03/2020	31/03/2019	31/03/2020	31/03/2019
	R'000	R'000	R'000	R'000	R'000	R'000
NATIONAL DEPARTMENTS						
Government Communication & Information Systems (GCIS)	20 225	1 215	-	-	20 225	1 215
International Relations & Co-operation (DIRCO)	4 055	1 313	-	-	4 055	1 313
PUBLIC ENTITIES						
SA Post Office (Permit Mail)	1 676	1 428	-	-	1 676	1 428
Supported Employment Enterprises (SEE)	77	673	-	-	77	673
National School of Government	2 196	972	-	-	2 196	972
SITA	-	355	-	-	-	355
SABC	25	23	-	-	25	23
TOTAL	28 254	5 979	-	-	28 254	5 979





PART F
SUPPORTED
EMPLOYMENT
ENTERPRISES
DEPARTMENT OF EMPLOYMENT AND LABOUR

PART F: SUPPORTED EMPLOYMENT ENTERPRISES

1. 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 a system of internal controls 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 controls, it should be noted that these controls are designed to provide reasonable, but not absolute, assurance as to the fair presentation of the financial statements; to adequately safeguard, verify and maintain accountability over the assets of the entity; 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 SEE factories have adequate resources in place to continue operations for the foreseeable future.

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

The financial statements were approved by the Director-General on the 31st July 2020.



MR. T LAMATI

Director-General of Labour

Date: 05 October 2020

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

GENERAL OVERVIEW AND RESULTS OF THE SUPPORTED EMPLOYMENT ENTERPRISES

The Supported Employment Enterprises (SEE) that previously traded as Sheltered Employment Factories or service Product were established through a Cabinet Memorandum back in 1943 to provide employment for people with mental and physical disabilities that prevented them participating in the open labour market due to the nature of their afflictions. As at the end of 31st March 2020, the SEE factories employed a total of 1 037 factory workers across all races that are either intellectually, mentally or psychologically challenged.

The factories are open to all races and supported by a total of 159 Department of employment and labour staff. It is the vision of SEE to transform and expand direct employment for people with intellectual and physical disabilities, and to develop as a provider of quality training for people with disabilities to enable and facilitate their transition into the open labour market.

The Employment Services Act 4 of 2014, promulgated on 9 August 2015 provided the legal basis for the establishment of the Supported Employment Enterprises (SEE). There are currently 13 factories across the country in eight of the nine provinces with Mpumalanga being the only Province without a factory. The factories receive a transfer from the National Treasury through the Public Employment Services and have to raise additional income from sales of manufactured goods to meet its running expenses and expansion footprint. The products include wood and metal furniture, hospital commodities, linen, bedding, protective clothing, garments, upholstery, and screen printing.

Whilst the SEE managed to expand its footprint to the Limpopo province, increased its factory workers establishment of people with disabilities by 64 and sales by more than 10%. The entity experienced many challenges as well.

CHALLENGES FACING SEE

Amongst the challenges that the entity suffered was the loss of two Senior people in leader positions, the CEO and CFO and the hospitalisation of the Director for Business Development.

During the last month of the financial year, the factories were closed down due to the corona virus lockdown and only reopened operations to deliver finished products and urgent orders with limited staff.

The SEE struggled during the last two quarters of the financial year to attract business from provincial governments since the decentralisation of procurement especially from Department of Basic Education and National Department of Health. The entity only managed to employ only 64 additional people against a target of 150. The planned expansion to Mpumalanga was also suspended.

The entity also received a qualification due to its ageing ICT systems that had many errors.

KEY STRATEGIC INITIATIVES TO ADDRESS OPERATIONAL CHALLENGES

The Director-General appointed a number of people in key acting positions to maintain the business of the entity. The DDG: Public Employment Services was also appointed to act as the CEO over and above his functions without additional remuneration. An acting CFO was appointed and seconded from the Finance division of the Department. The Deputy Director Business development was also appointed to act in the Director's position without additional remuneration. The Department will do its best to advertise and fill these positions during the first semester of 2020/21.

The SEE will develop a new marketing strategy and new products that are targeted to different markets and departments. Agreements will be negotiated with a number of entities in order to attract business and to increase sales.

The SEE will approach the Department and the National Treasury to fund the recapitalisation of its ageing ICT systems.

The SEE will also approach Treasury to provide the entity with a special dispensation in the procurement of raw materials and preferential procurement with the various states departments at different levels.

PROJECTS FOR THE YEAR AND FUTURE YEARS

During 2020/21 the SEE plans to increase its establishment by employing an additional 25 people with disabilities. It is anticipated that during the next four years, these numbers will increase to 400 or more. The SEE will target and conclude strategic memoranda of understanding with five government departments in order to increase sales by 5%. The number of MoUs will increase to 30 and it is also anticipated that sales will increase to 40%. Management does take cognisance to the global pandemic COVID-19 interruptions and these plans will be reviewed to maintain relevance and achievable goals within the operations of the pandemic.

CORPORATE GOVERNANCE ARRANGEMENTS:

The SEE seconded staff administration activities are performed by the Department. The SEE also utilises the following transversal services:

- Chief Internal Audit and Audit Committee
- Chief Risk Officer and the Risk Committee
- Chief Legal Services
- Chief Information Officer
- Chief Financial Officer, delegated functions.

FINANCIAL OVERVIEW

The Supported Employment Enterprises financial health has seen some deterioration due to the revocation of the preferential supplier status of SEE and the production processes which are not cost effective. This has resulted in low revenues, and the inability to recoup full cost of goods sold. In response, the Supported Employment Enterprises have launched a Sustainability Plan aimed at:

Driving Business Productivity and Cost Containment Programmes to restore financial sustainability.

- Re-engineering of production processes
- Investment on machinery and equipment as part of capital maintenance
- Developing selling price lists that are cost reflective for approval by the National Treasury for 2020/21
- Driving Business Productivity and Cost Containment Programmes to restore financial sustainability.

Key to strengthening our financial health is achieving a balance between the revenue generated and cost of production. Our sustainability plans are aimed at implementing growth strategies with a view to increase revenue whilst increasing the employment creation of persons with disabilities.

FINANCIAL RESULTS FOR THE YEAR:

In spite of the tough economic conditions and decline in the manufacturing sector output, revenues increased by 88% from R72m (FY2019) to R136m (FY2020).

SERVICES RENDERED BY SEE:

The entity supply a significant number of government hospitals with hospital linen and protective clothing.

The entity supply different departments with office furniture, as well as school furniture.

CAPACITY CONSTRAINTS:

There is a need to review the current approved structure in order to capacitate the entity and ensure the smooth running of the organization.

EVENTS AFTER REPORTING DATE:

South Africa and the rest of the world in experiencing a global pandemic called COVID-19. On 6 March 2020 SA confirmed the first case of COVID-19 and the country went into lockdown at 00:00 on 26 March 2020. The lockdown was extended on 9 April 2020 to 30 April 2020 and SA progressed to lockdown level 4 from 1 May 2020.

The lockdown is currently indefinite and the levels of the lockdown will be used to relief constraints placed on the country. South Africa progressed to lockdown level 3 on 1 June 2020.

The extension of the lockdown meets the definition of an event after reporting date. The extension as well as the initial lockdown will not have a material impact on the 2019/20 Annual Financial Statement Figures as the lockdown was called 5 days before year end. Therefore no adjustments are required for the 2019/20 Annual Financial Statement figures.

COVID-19 will have an effect on every entity in the future. The extend (financial and other) is undetermined. This is a unique event throughout the world and there is no past events to use to simulate an expected outcome.



MR. T LAMATI

Director-General of Labour

Date: 05 October 2020

3. PRIOR MODIFICATIONS TO AUDIT REPORTS (INPUT FROM AGSA MANAGEMENT REPORT)

The Supported Employment Enterprises has received a qualified audit opinion in 2018/19 financial year. The table below illustrates the progress made in resolving the findings that were affecting the Audit Report.

Nature of the finding	Financial Year in which it first arose	Progress made in resolving or clearing the matter
Cost of sales & operating expenditure: Discrepancies in the cost of labour: (COMAF 23.5)	2018/19	Unresolved
Difference identified on the purchases report	2016/17	Resolved
Labour recoveries	2018/19	Unresolved
NRV calculations are incorrect	2017/18	Unresolved
Inventories NRV movement	2018/19	Resolved
Prior period error: Incorrect calculations for the Inventory (Raw materials)	2018/19	Unresolved
Provision not split between the current and non-current portion	2018/19	Resolved
Statement Of Cash Flows Misstatement	2018/19	Unresolved
Revenue from non-exchange Free use of land and building from Public Works not accounted for	2018/19	Unresolved
Entity did not disclose reporting segment as required by GRAP 18	2018/19	Resolved
Incorrect calculation of the depreciation and Actual depreciation rate differ from the accounting policy	2018/19	Unresolved
Fully depreciated assets (COMAF 14)	2018/19	Not resolved. The entity has R1 assets that are still in use. The entity has disposed some of the assets in the prior years and also acquiring new assets whenever the budget permits. The asset register will be reconstructed in the 2020/21 financial year because for 2019/20 we could not due to travel restrictions because of the lockdown.
Difference between the finished goods account 8111 as per financial statements and supporting schedule	2018/19	Resolved
Differences in the debt impairment loss in the prior year and current year	2018/19	Resolved
There is no alignment between the annual performance plan, strategic plan	2018/19	The entity has amended the strategic plan to align it to 2020/21 financial year APP and it will be included in the DEL Strategic Plan for approval. Unresolved

4. PERFORMANCE INFORMATION

Purpose: The SEE is established in terms of the Employment Services Act to provide employment for people with special disabilities in the various factories across provinces that manufacture wood, linen and steel products.

The Employment Services requires the entity to:

- Facilitate supported employment
- Provide work opportunities for persons with disabilities
- Develop and implement programmes that promote employability of PWD including persons with permanent disabilities as defined in the Compensation Act
- Perform other functions as prescribed by the Minister.

1. ALIGNMENT OF SERVICE DELIVERY OUTCOMES, DEPARTMENTAL OBJECTIVES AND SEE'S STRATEGIC OBJECTIVE

Government Service Delivery Outcomes	DOL Strategic Objective	SEE Strategic Objective
Outcome 4: Decent Employment through inclusive economic growth	Contribute to increasing employment opportunities for people with disabilities by providing quarterly funding over the medium-term, and monitoring disability organisations on an on-going basis	Provide work opportunities for People with Disabilities
		Increase SEE sales

2. PERFORMANCE OF SEE'S PROGRAMME'S

SUPPORTED EMPLOYMENT ENTERPRISES										
STRATEGIC OBJECTIVE KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	ACTUAL ACHIEVEMENT 2016/2017	ACTUAL ACHIEVEMENT 2017/2018	ACTUAL ACHIEVEMENT 2018/2019	PLANNED TARGET 2019/2020	ACTUAL ACHIEVEMENT 2019/2020	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2019/2020	COMMENTS ON THE DEVIATIONS
1. Decent employment through inclusive economic growth for persons with disabilities (outcome 4)										
1. Provide work opportunities for persons with disabilities	1.1 Number of additional persons with disabilities provided with work opportunities in the SEE by the end of March 2022	None	None	None	Not achieved 85 new persons with disabilities appointed from 01 April 2017 until 31 March 2018	Achieved 100 additional PWDs provided with work opportunities by end of March 2019	150	Not achieved 64 additional PWDs provided with work opportunities by end of March 2020	86 under-achievement	Shortage of cash to pay salaries for new factory employees, due to factories not having enough work to generate sales
2. Increase SEE sales	2.1 Percentage annual increase of sales revenue from goods and services by the end of March 2022	None	None	None	N/A	Achieved 16.59% Actual out of R72 059 698 against a target of R61 805 926	10%	Achieved 67%	57% overachievement	Sales revenue increase due the resumption of the ECDOE project and sales generated towards the end of the financial year as a results of emergency procurement for COVID-19.

5. ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL

The accounting officer is required by the PFMA, to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

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

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the entity and places considerable importance on maintaining a strong control environment. To enable the entity to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The entity is dependent on the National Treasury for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the National Treasury has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

The annual financial statements set out on pages 220 to 260, which have been prepared on the going concern basis, were approved by the Accounting Officer on the 31 July 2020.



MR. T LAMATI

Accounting Officer

Date: 05 October 2020

6. REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE SUPPORTED EMPLOYMENT ENTERPRISES

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Qualified opinion

1. I have audited the financial statements of the Supported Employment Enterprises, set out on pages 220 to 260, which comprise the statement of financial position as at 31 March 2020, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion section of this auditor's report, the financial statements present fairly, in all material respects, the financial position of the Supported Employment Enterprises as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

BASIS FOR QUALIFIED OPINION

Inventories

3. I was unable to obtain sufficient appropriate evidence for inventories as the trading entity did not maintain adequate records to support the cost of inventory items produced, which impacts the measurement of Inventories as required GRAP 12, Inventories. I could not determine the impact of the net realisable value on inventories as it was impracticable to do so. Additionally, there were misallocations between manufacturing overheads and finished goods that resulted in misstatements of inventories and cost of sales, and also had an impact on the surplus for the period and on the accumulated surplus. I could not determine the full extent of the errors as it was impracticable to do so. I could not confirm the inventories by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to inventories, stated at R78,688 million (2018-19: R74,939 million) in note 3 to the financial statements. Since inventories are included in the determination of cost of sales, I was also unable to determine whether any adjustment was necessary to cost of sales, stated at R227,209 million (2018-19: R169,608 million) in note 12 to the financial statements.

Cost of sales

4. I was unable to obtain sufficient appropriate audit evidence for labour recoveries of R8,275 million (2018-19: R 5,734 million), which are included in cost of sales, as the trading entity did not have adequate records. Additionally, there were misallocations of depreciation not related to the production of Inventories to cost of sales amounting to R2,254 million that resulted in misstatements of cost of sales and operating expenses. I could not confirm the cost of sales by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to cost of sales, stated at R227,209 million (2018-19: R169,608 million) in note 12 to the financial statements.

Property, plant and equipment

5. I was unable to obtain sufficient appropriate evidence for property, plant and equipment as the trading entity did not review the useful lives and residual value of assets at each reporting date in accordance with GRAP 17, Property, plant and equipment. This also resulted in assets with gross carrying amount of R8,579 million (2018-19: R6,687 million), which had a R1 net carrying amount while still being in use. I was unable to determine the impact on the net carrying amount of assets as it was impracticable to do so. Consequently, I was unable to determine if there were any adjustments necessary to property, plant and equipment, stated at R57,782 million (2018-19: R28,839 million) in note 6 to the financial statements.

Cash flow statement

6. The trading entity did not correctly prepare and disclose the net cash flows from operating activities, as required by GRAP 2, Cash flow statements. This was due to multiple errors in determining cash flows from operating activities. I was unable to determine the full extent of the errors in the net cash flows as it was impracticable to do so. Consequently, I was unable to determine whether any adjustments to cash flows from operating activities as stated in the financial statements were necessary.

Services in kind

7. The entity did not recognise the services in-kind in accordance with GRAP 23, Revenue from non-exchange transactions. The amounts disclosed in note 20 were not accounted for as revenue and expenditure as required, resulting in revenue from non-exchange transactions being understated by R6,943 million (2018-19: R6,799 million) and expenses being understated by R6,943 million (2018-19: R6,799 million). The entity also did not recognise services in-kind relating to the free use of buildings which are paid for by the department to which it reports. I was unable to determine the full extent of the misstatement as it was impracticable to do so.

CONTEXT FOR THE OPINION

8. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
9. I am independent of the trading entity in accordance with sections 290 and 291 of the Code of ethics for professional accountants and parts 1 and 3 of the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA codes), as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
10. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

EMPHASIS OF MATTER

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

Restatement of corresponding figures

12. As disclosed in note 28 to the financial statements, the corresponding figures for 31 March 2019 were restated as a result of an error in the financial statements of the trading entity at, and for the year ended 31 March 2020.

RESPONSIBILITIES OF THE ACCOUNTING OFFICER FOR THE FINANCIAL STATEMENTS

13. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the 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.
14. In preparing the financial statements, the accounting officer is responsible for assessing the trading entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the trading entity or to cease operations, or has no realistic alternative but to do so.

AUDITOR-GENERAL'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

INTRODUCTION AND SCOPE

17. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PM) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
18. My procedures address the usefulness and reliability of the reported performance information, which must be based on the approved performance planning documents of the trading entity. I have not evaluated the completeness and appropriateness of the performance indicators / measures included in the planning documents. My procedures do not examine whether the actions taken by the trading entity enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
19. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the annual performance report of the trading entity for the year ended 31 March 2020:

Objective	Pages in the annual performance report
Provide work opportunities for people with disabilities	213

20. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

21. I did not identify any material findings on the usefulness and reliability of the reported performance information for this objective:

Provide work opportunities for people with disabilities.

OTHER MATTER

22. I draw attention to the matter below.

Achievement of planned targets

23. Refer to the annual performance report on page 213 for information on the achievement of planned targets for the year and explanations provided for the underachievement of the target.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

INTRODUCTION AND SCOPE

24. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the trading entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

25. The material findings on compliance with specific matters in key legislation are as follows:

ANNUAL FINANCIAL STATEMENTS

26. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by sections 40(1) (a) and (b) of the PFMA.

27. Material misstatements of property, plant and equipment; inventories; provisions; payables from exchange transactions; commitments; cost of sales; operating expenditure; revenue from non exchange transactions; and the cash flow statement identified by the auditors in the submitted financial statements were corrected, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified opinion.

PROCUREMENT AND CONTRACT MANAGEMENT

28. A contract was not awarded in an economical manner and/or the prices of the goods or services were not reasonable, as required by sections 38(1)(b) and 45(b) of the PFMA. This non compliance was identified in the procurement processes of delivery trucks.

OTHER INFORMATION

29. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the chief executive officer's report and the audit committee's report. The other information does not include the financial statements, the auditor's report and those objectives presented in the annual performance report that have been specifically reported in this auditor's report

30. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

31. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

32. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other Information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

INTERNAL CONTROL DEFICIENCIES

33. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, and the findings on compliance with legislation included in this report.
34. The accounting officer did not exercise effective oversight responsibility over financial reporting, compliance and related internal controls, which resulted in slow decision making on pertinent issues affecting the trading entity. As a result, there was minimal progress on the actions plan that resulted in recurring control deficiencies identified during the audit.
35. The trading entity did not prepare regular, accurate and complete financial statements that were supported by reliable and credible information due to inadequate review of the financial statements and compliance with the GRAP standards. This resulted in the financial statements containing material misstatements.
36. Adequate risk assessments were not conducted to identify and mitigate the risks pertaining to financial reporting and compliance.

Auditor-General

PRETORIA

05 October 2020



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE – AUDITOR-GENERAL’S RESPONSIBILITY FOR THE AUDIT

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected objective and on the trading entity’s compliance with respect to the selected subject matters.

FINANCIAL STATEMENTS

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
 - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the trading entity’s internal control
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
 - conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Supported Employment Enterprises to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause the trading entity’s to cease operating as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

SUPPORTED EMPLOYMENT ENTERPRISES ANNUAL FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

Figures in Rand	Note(s)	2020	2019 Restated*
Assets			
Current Assets			
Inventories	3	78 688 834	74 939 434
Receivables from exchange transactions	4	33 429 017	28 455 246
Receivables from non-exchange transactions		1 092 000	544 098
Cash and cash equivalents	5	3 270 311	95 382 098
		116 480 162	199 320 876
Non-Current Assets			
Property, plant and equipment	6	57 782 914	28 839 719
Intangible assets	7	38 873	-
		57 821 787	28 839 719
Total Assets		174 301 949	228 160 595
Liabilities			
Current Liabilities			
Finance lease obligation	8	167 830	382 477
Payables from exchange transactions	9	33 094 322	86 023 651
Deferred income		-	1 128 297
VAT payable		247 556	1 002 758
Provisions	10	1 135 363	711 064
		34 645 071	89 248 247
Non-Current Liabilities			
Finance lease obligation	8	-	167 830
Total Liabilities		34 645 071	89 416 077
Net Assets		139 656 878	138 744 518
Accumulated surplus		139 656 877	138 744 518

SUPPORTED EMPLOYMENT ENTERPRISES ANNUAL FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2020

Figures in Rand	Note(s)	2020	2019 Restated*
Revenue from exchange transactions	11	128 001 846	76 764 120
Cost of sales	12	(227 209 484)	(169 608 316)
Gross deficit		(99 207 638)	(92 844 196)
Other income			
Canteen revenue		275 032	370 166
Commissions received		49 784	40 577
Gains on disposal of assets		46	-
Interest received	13	2 659 960	8 706 696
Deferred income		1 128 297	-
Revenue from non-exchange transactions			
Transfers		148 923 000	136 779 000
		153 036 119	145 896 439
Expenses (Refer to page 222)		(52 136 121)	(64 488 823)
Operating surplus (deficit)	14	1 692 360	(11 436 580)
Finance cost and Penalties	15	(160 386)	(190 434)
Inventories losses/write-downs	3	(619 615)	(927)
		(780 001)	(191 361)
Surplus (deficit) for the year		912 359	(11 627 941)

SUPPORTED EMPLOYMENT ENTERPRISES ANNUAL FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2020

Figures in Rand	Note(s)	2020	2019 Restated*
Operating expenses			
Advertising		(236 619)	(3 847 397)
Reversal/(Allowance) for debt impairment and impairment losses		2 444 285	(8 152 178)
Allowance for obsolete inventory		(130 467)	-
Auditors remuneration	16	(1 715 392)	(1 470 377)
Bank charges		(251 659)	(219 777)
Canteen expenses		(1 073 304)	(696 677)
Cleaning		(76 800)	(18 511)
Consulting and professional fees		(2 380 728)	(2 116 221)
Consumables		(61 359)	(28 263)
Depreciation, amortisation and impairments		(412 420)	(214 785)
Employee costs		(39 767 077)	(38 320 763)
Entertainment		(108 109)	(50 673)
IT expenses		(749 324)	(1 551 134)
Internet services		(520 864)	(514 699)
Lease rentals on operating lease		(87 417)	(94 368)
Loss on disposal of assets		-	(104 880)
Loss on exchange transactions		-	(733 800)
Motor vehicle expenses		(34 041)	(9 389)
Occupational health and safety expenses		(443 885)	-
Printing and stationery		(123 688)	(262 480)
Refuse		(130)	-
Repairs and maintenance		(603 723)	(432 731)
Seminars, conferences and workshops		(247 315)	(359 206)
License fees		(351 519)	(184 017)
Staff welfare		(47 232)	(335 816)
Telephone and fax		(189 416)	(65 725)
Training		(1 003 063)	(891 704)
Travel- local		(3 964 855)	(3 813 252)
Total		(52 136 121)	(64 488 823)

SUPPORTED EMPLOYMENT ENTERPRISES ANNUAL FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2020

	Accumulated surplus	Total net assets
Figures in Rand		
Opening balance as previously reported	139 894 156	139 894 156
Adjustments		
Prior year adjustments- Refer to note 28	10 478 303	10 478 303
Balance at 01 April 2018 as restated*	150 372 459	150 372 459
Changes in net assets Surplus for the year		
	(11 627 941)	(11 627 941)
Total changes	(11 627 941)	(11 627 941)
Restated* Balance at 01 April 2019	138 744 518	138 744 518
Changes in net assets Surplus for the year		
	912 359	912 359
Total changes	912 359	912 359
Balance at 31 March 2020	139 656 877	139 656 877

SUPPORTED EMPLOYMENT ENTERPRISES ANNUAL FINANCIAL STATEMENTS

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

Figures in Rand	Note(s)	2020	2019 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		124 924 457	61 107 436
Transfers and sponsorships		148 923 000	136 779 000
Interest income		2 659 960	8 706 696
Deferred income, canteen revenue, commission received		1 453 113	410 743
		277 960 530	207 003 875
Payments			
Employee costs		(139 598 947)	(126 532 457)
Suppliers		(195 044 927)	(103 268 175)
Finance cost and Penalties		(160 386)	(190 434)
		(334 804 260)	(229 991 066)
Net cash flows from operating activities	23	(56 843 730)	(22 987 191)
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(33 717 495)	(6 766 119)
Proceeds from sale of property, plant and equipment	6	8 931	(36 468)
Purchase of other intangible assets	7	(48 719)	-
Net cash flows from investing activities		(33 757 283)	(6 802 587)
Cash flows from financing activities			
Deferred income		(1 128 294)	-
Finance lease payments		(382 480)	(309 790)
Net cash flows from financing activities		(1 510 774)	(309 790)
Net increase/(decrease) in cash and cash equivalents		(92 111 787)	(30 099 568)
Cash and cash equivalents at the beginning of the year		95 382 098	125 481 668
Cash and cash equivalents at the end of the year	5	3 270 311	95 382 100

SUPPORTED EMPLOYMENT ENTERPRISES ANNUAL FINANCIAL STATEMENTS

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2020

Figures in Rand

Budget on Accrual Basis	Approved budget	Adjustments on comparable basis	Final budget	Actual amounts	Difference between final budget and actual	Reference
Statement of financial performance Revenue						
Revenue from exchange transactions						
Sale of goods	117 876 459	-	117 876 459	122 852 072	4 975 613	34
Rendering of services	1 383 642	-	1 383 642	5 149 774	3 766 132	34
Commissions received	60 000	-	60 000	49 784	(10 216)	34
Canteen revenue	3 000 000	-	3 000 000	275 032	(2 724 968)	34
Deferred income	-	-	-	1 128 297	1 128 297	34
Interest received	12 794 925	-	12 794 925	2 659 960	(10 134 965)	34
Total revenue from exchange transactions	135 115 026	-	135 115 026	132 114 919	(3 000 107)	
Revenue from non-exchange transactions						
Transfer revenue						
Transfers	148 923 000	-	148 923 000	148 923 000	-	34
Total revenue	284 038 026	-	284 038 026	281 037 919	(3 000 107)	
Expenditure						
Employee cost	(180 946 565)	-	(180 946 565)	(140 238 869)	40 707 696	34
Depreciation and amortisation	(4 350 000)	-	(4 350 000)	(4 775 264)	(425 264)	34
Finance costs	(178 000)	-	(178 000)	(160 386)	17 614	34
Lease rentals on operating lease	(586 300)	-	(586 300)	(87 417)	498 883	34
Allowance for debt impairment	-	-	-	2 444 285	2 444 285	34
Discount received	405 000	-	405 000	513 473	108 473	34
General expenses	(98 182 161)	-	(98 182 161)	(137 201 813)	(39 019 652)	34
Total expenditure	(283 838 026)	-	(283 838 026)	(279 505 991)	4 332 035	
Operating surplus	200 000	-	200 000	1 531 928	1 331 928	
Gain on disposal of assets and liabilities	(200 000)	-	(200 000)	46	200 046	34
Inventories losses/write-downs	-	-	-	(619 615)	(619 615)	34
	(200 000)	-	(200 000)	(619 569)	(419 569)	
Surplus before taxation	-	-	-	912 359	912 359	
Actual amount on comparable basis as presented in the budget and actual comparative statement	-	-	-	912 359	912 359	

SUPPORTED EMPLOYMENT ENTERPRISES

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1)(b) of the PFMA.

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. All figures are rounded to the nearest Rand.

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

A summary of the significant accounting policies are disclosed below. These accounting policies are consistent with the previous period.

1.1 GOING CONCERN ASSUMPTION

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

1.2 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Receivables

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

The impairment for receivables is calculated on a portfolio basis. For amounts due to the entity, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default of payments are all considered indicators of impairment.

On receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivables carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Allowance for slow moving, damaged and obsolete inventory

An assessment is made of net realisable value of inventory at the end of each reporting period. A write down of inventory to the lower of cost or net realisable value is subsequently provided. Management has made estimates of the selling price and direct cost to sell on certain inventory items.

IMPAIRMENT TESTING OF NON-FINANCIAL ASSETS

The recoverable amounts of potentially impaired cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value tangible assets.

Value in use of cash-generating assets

The entity reviews and tests the carrying value of cash-generating assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors, together with economic factors such as exchange rates, inflation and interest rates.

SUPPORTED EMPLOYMENT ENTERPRISES

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)

Value in use of non-cash-generating assets

The entity reviews and tests the carrying value of non-cash-generating assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. The recoverable service amounts of non-cash-generating assets have been determined based on the higher of value in use calculations and fair values less costs to sell.

In determining the value in use of assets, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and the nature of the impairment.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 10- Provisions.

Useful lives of property, plant and equipment and other assets

The entity's management annually determines the estimated useful lives and related depreciation charges for its property, plant and equipment and other assets. This estimate is based on industry norms and on the pattern in which an asset's future economic benefit or service potential is expected to be consumed by the entity. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives and decrease depreciation charge where useful lives are more than previously estimated useful lives.

1.3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible non-current asset 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 period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- It is probable that future economic benefits or service potential associated with the item will flow to the entity
- The cost or fair value of the item can be measured reliably.

Property, plant and equipment are initially measured at cost. Property, plant and equipment is subsequently measured using the cost model.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

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). Unless the fair value of neither the asset received nor the asset given up is reliably measurable, its deemed cost is the carrying amount of the asset(s) given up.

1.3 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment are depreciated over their expected useful lives to their estimated residual values. The depreciation charge for each period is recognised in surplus or deficit.

SUPPORTED EMPLOYMENT ENTERPRISES

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Appliances	Straight-line	5- 8 years
Buildings	Straight-line	10- 40 years
Computer equipment	Straight-line	3- 5 years
Furniture and fittings	Straight-line	12- 15 years
Leased assets	Straight-line	3 years
Office equipment	Straight-line	8-10 years
Plant and machinery	Straight-line	10- 15 years
Motor vehicles	Straight-line	5 years

The entity assesses at each reporting date whether there is any indication that the entity's expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate in accordance with the Standard of GRAP on Accounting policies, changes in estimates and errors.

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

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

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 6).

1.4 IMPAIRMENT OF CASH-GENERATING ASSETS

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

1.4 IMPAIRMENT OF CASH-GENERATING ASSETS (CONTINUED)

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. Useful life is either:

- The period of time over which an asset is expected to be used by the entity
- The number of production or similar units expected to be obtained from the asset by the entity.

Designation

At initial recognition, the entity designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of the entity's objective of using the asset.

SUPPORTED EMPLOYMENT ENTERPRISES

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)

The entity designates an asset or a cash-generating unit as cash-generating when:

- Its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- The asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the entity expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the entity designates the asset as a non-cash-generating asset and applies the accounting policy on Impairment of non-cash-generating assets, rather than this accounting policy.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.4 IMPAIRMENT OF CASH-GENERATING ASSETS (CONTINUED) REVERSAL OF IMPAIRMENT LOSS

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- Its recoverable amount (if determinable)
- The carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.5 IMPAIRMENT OF NON-CASH-GENERATING ASSETS

Non-cash-generating assets are assets other than cash-generating assets.

Designation

At initial recognition, the entity designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of the entity's objective of using the asset.

SUPPORTED EMPLOYMENT ENTERPRISES

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)

The entity designates an asset or a cash-generating unit as cash-generating when:

- Its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- The asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The entity designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the entity expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the entity designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of cash-generating assets.

1.5 IMPAIRMENT OF NON-CASH-GENERATING ASSETS (CONTINUED) RECOGNITION AND MEASUREMENT

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.6 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or un-collectability.

De-recognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A financial asset is:

Cash;

- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

SUPPORTED EMPLOYMENT ENTERPRISES

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- The entity designates at fair value at initial recognition; or
- Are held for trading.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Finance lease obligation	Financial asset measured at amortised cost
Payables from exchange transactions	Financial asset measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability, except for financial instruments subsequently measured at fair value, which are measured at its fair value.

- A social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- Non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-Exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

SUPPORTED EMPLOYMENT ENTERPRISES

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value
- Financial instruments at amortised cost
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- Combined instrument that is required to be measured at fair value
- An investment in a residual interest that meets the requirements for reclassification.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

Gains and losses

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.

Impairment and un-collectability of financial assets

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.

DE-RECOGNITION

Financial assets

The entity derecognises financial assets using trade date accounting. The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
 - Derecognises the asset
 - Recognises separately any rights and obligations created or retained in the transfer.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven

SUPPORTED EMPLOYMENT ENTERPRISES

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)

or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability are recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.7 INVENTORIES

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- Distribution at no charge or for a nominal charge
- Consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the entity incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.8 VALUE-ADDED TAX (VAT)

The entity is registered with the South African Revenue Services (SARS) for VAT on the payment basis, in accordance with Section 15(2) of the VAT Act No.89 of 1991.

1.9 INTANGIBLE ASSETS

An intangible asset is an identifiable, non-monetary asset without physical substance. The entity has classified computer software as intangible assets.

An asset is identifiable if it either:

- Is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- Arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

SUPPORTED EMPLOYMENT ENTERPRISES

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- It is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- The cost or fair value of the asset can be measured reliably.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. Amortisation is provided on a straight-line basis over the expected useful lives of the intangible assets.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Amortisation is provided to write down the intangible assets to their residual values. The amortisation charge for each period is recognised in surplus or deficit.

1.9 Intangible assets (continued)

The useful lives of intangible assets have been assessed as follows:

Item	Depreciation method	Average useful life
Computer software	Straight-line	2- 3 years

Intangible assets are derecognised:

- On disposal
- When no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the de-recognition of an intangible asset is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on Leases requires otherwise on a sale and leaseback). The gain or loss arising from the de-recognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset.

Compensation from third parties for an intangible asset that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

1.10 EMPLOYEE BENEFITS

Employee benefits are all forms of consideration given by the entity in exchange for service rendered by employees. Termination benefits are employee benefits payable as a result of either:

- The entity's decision to terminate an employee's employment before the normal retirement date; or
- An employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within 12 months after the end of the period in which the employees render the related service.

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within 12 months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- Wages, salaries and social security contributions;
- Short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within 12 months after the end of the reporting period in which the employees render the related employee service;
- Bonus, incentive and performance related payments payable within 12 months after the end of the reporting period in which the employees render the related service; and
- Non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

SUPPORTED EMPLOYMENT ENTERPRISES

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- As a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- As an expense, unless another Standard of GRAP requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

MULTI-EMPLOYER PLANS

The entity classifies a multi-employer plan as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined contribution plan, the entity accounts for in the same way as for any other defined contribution plan.

1.11 ACCUMULATED SURPLUS/(DEFICIT)

The accumulated surplus/(deficit) represents the net difference between the total assets and the total liabilities of the entity. Any surpluses and deficits realised during a specific reporting period are credited/debited against accumulated surplus/(deficit). Prior year adjustments, relating to income and expenditure, are credited/debited against accumulated surplus/(deficit) when retrospective adjustments are made.

1.12 PROVISIONS AND CONTINGENCIES

A provision is a liability of uncertain timing or amount. Provisions are recognised when:

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

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

Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

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

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 26- Contingencies.

1.13 REVENUE FROM EXCHANGE TRANSACTIONS

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

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

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

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

SUPPORTED EMPLOYMENT ENTERPRISES

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)

1.13 Revenue from exchange transactions (continued) Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The entity has transferred to the purchaser the significant risks and rewards of ownership of the goods
- The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- The amount of revenue can be measured reliably
- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- The amount of revenue can be measured reliably
- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity
- The stage of completion of the transaction at the reporting date can be measured reliably
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest

Revenue arising from the use by others of entity assets yielding interest and dividends or similar distributions is recognised when:

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

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

1.14 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, the entity either receives value from another party without directly giving approximately equal value in exchange, or gives value to another party without directly receiving approximately equal value in exchange.

Recognition

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

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

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the entity has complied with the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

Measurement

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

SUPPORTED EMPLOYMENT ENTERPRISES

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)

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

Services in-kind

The entity recognises services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the entity's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the entity discloses the nature and type of services in-kind received during the reporting period in note 20.

1.15 COST OF SALES

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.16 BORROWING COSTS

Borrowing costs are interest and other expenses incurred by the entity in connection with the borrowing of funds. Borrowing costs are recognised as an expense in the period in which they are incurred.

1.17 LEASES

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

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the entity's incremental borrowing rate.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

1.17 LEASES (CONTINUED) OPERATING LEASES - LESSEE

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

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis over the lease term.

Any contingent rents are expensed in the period in which they are incurred.

1.18 COMMITMENTS

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

Disclosures are required in respect of unrecognised contractual commitments which include future capital commitments relating to property, plant and equipment, investment property, intangible assets and heritage assets, as applicable, operational commitments, as well as future commitments relating to operating leases. Refer to note 25- Commitments.

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

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and

SUPPORTED EMPLOYMENT ENTERPRISES

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)

- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.19 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred and classified in accordance with the nature of the expense. Upon investigation, if a person was found to be liable in law for the fruitless and wasteful expenditure that occurred, a receivable is recognised for the recovery of the monies, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

For details on fruitless and wasteful expenditure, refer to note 32- Fruitless and wasteful expenditure.

1.20 IRREGULAR EXPENDITURE

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including-

- (a) This Act; or
- (b) The State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) Any provincial legislation providing for procurement procedures in that provincial government.

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year-end and/or before finalisation of the financial statements, is recorded in the register and disclosed in the notes to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end, is recorded in the register and disclosed in the notes to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements are updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority is recorded appropriately in the register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps are thereafter taken to recover the amount from the person concerned. If recovery is not possible, the accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The register is also updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto remains against the relevant programme/expenditure item, disclosed as such in the note to the financial statements and updated accordingly in the register.

For details on irregular expenditure, refer to note 33- Irregular expenditure.

1.21 BUDGET INFORMATION

The approved budget is prepared on an accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2019/04/01 to 2020/03/31.

1.22 DEFERRED INCOME

Revenue received from funding are recognised as revenue to the extent that the entity has complied with the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised as deferred income.

1.23 RELATED PARTIES

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

SUPPORTED EMPLOYMENT ENTERPRISES

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)

A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

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

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

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, it discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.24 EVENTS AFTER REPORTING DATE

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- Those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity adjusts the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity discloses the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.25 COMPARATIVE FIGURES

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. Refer to note 28- Comparative figures.

SUPPORTED EMPLOYMENT ENTERPRISES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

FIGURES IN RAND

2020

2019

2. New standards and interpretations GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- Identifying related party relationships and transactions;
- Identifying outstanding balances, including commitments, between an entity and its related parties;
- Identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- Determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
 - Has control or joint control over the reporting entity
 - Has significant influence over the reporting entity
 - Is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
 - The entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
 - One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
 - Both entities are joint ventures of the same third party;
 - One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - The entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
 - The entity is controlled or jointly controlled by a person identified in (a); and
 - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person

SUPPORTED EMPLOYMENT ENTERPRISES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)

- Management
- Related parties
- Remuneration
- Significant influence.

The standard sets out the requirements, inter alia, for the disclosure of:

- Control
- Related party transactions
- Remuneration of management.

The effective date of the standard is for years beginning on or after 01 April 2021.

The entity has early adopted the standard for the first time in the 2020/2020 annual financial statements. The impact of the standard is not material.

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2020 or later periods:

GRAP 104 (amended): Financial instruments

The revisions to the Standard of GRAP on Financial instruments are to better align the Standards of GRAP with recent international developments. The amendments will result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standard affect:

- Financial guarantee contracts issued
- Loan commitments issued
- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures.

The effective date of the amendment is not yet set by the Minister of Finance.

The entity expects to adopt the amendment for the first time when the Minister sets the effective date. It is unlikely that the standard will have a material impact on the entity's annual financial statements.

Guideline: Guideline on the application of materiality to financial statements

The objective of the Guideline is to provide guidance that will assist entities to apply the concept of materiality when preparing financial statements in accordance with Standards of GRAP. The Guideline aims to assist entities in achieving the overall financial reporting objective. The Guideline outlines a process that may be considered by entities when applying materiality to the preparation of financial statements.

The guideline is encouraged to be used by entities.

The entity expects to adopt the guideline for the first time in the 2020/2021 annual financial statements. It is unlikely that the standard will have a material impact on the entity's annual financial statements.

SUPPORTED EMPLOYMENT ENTERPRISES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (CONTINUED)

GRAP 1 (amended): Presentation of financial statements

Amendments to this Standard of GRAP, are primarily drawn from the IASB's Amendments to IAS 1 Presentation of Financial Statements.

Summary of amendments are:

Materiality and aggregation

The amendments clarify that:

- information should not be obscured by aggregating or by providing immaterial information;
- materiality considerations apply to all parts of the financial statements; and
- even when a Standard of GRAP requires a specific disclosure, materiality considerations apply.

Statement of financial position and statement of financial performance

The amendments clarify that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.

Notes structure

The amendments add examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order listed in GRAP 1 Presentation of Financial Statements.

Disclosure of accounting policies

Remove guidance and examples with regards to the identification of significant accounting policies that were perceived as being potentially unhelpful.

An entity applies judgement based on past experience and current facts and circumstances. The effective date of this amendment is for years beginning on or after 1 April 2020.

The adoption of this amendment has not had a material impact on the results of the entity, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

IGRAP 20: Accounting for adjustments to revenue

Adjustments to revenue already recognised in terms of legislation or similar means arise from the completion of an internal review process within entities, and/or the outcome of an external appeal or objection process undertaken in terms of legislation or similar means. Adjustments to revenue include any refunds that become payable as a result of the completion of a review, appeal or objection process. The adjustments to revenue already recognised following the outcome of a review, appeal or objection process can either result in a change in an accounting estimate, or a correction of an error.

As per the scope, this Interpretation clarifies the accounting for adjustments to exchange and non-exchange revenue charged in terms of legislation or similar means, and interest and penalties that arise from revenue already recognised as a result of the completion of a review, appeal or objection process. Changes to the measurement of receivables and payables, other than those changes arising from applying this Interpretation, are dealt with in accordance with the applicable Standards of GRAP. The principles in this Interpretation may be applied, by analogy, to the accounting for adjustments to exchange or non-exchange revenue that arises from contractual arrangements where the fact patterns are similar to those in the Interpretation.

The Interpretation sets out the issues and relating consensus with accounting for adjustments to revenue. The effective date of the interpretation is for years beginning on or after 1 April 2020.

The entity expects to adopt the interpretation for the first time in the 2020/2021 annual financial statements. It is unlikely that the standard will have a material impact on the entity's annual financial statements.

GRAP 108: Statutory Receivables

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: Definitions, recognition, de-recognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The entity expects to adopt the standard for the first time when the Minister sets the effective date for the standard. It is unlikely that the standard will have a material impact on the entity's annual financial statements.

3. Inventories

Figures in Rand

	2020	2019
Raw materials and components	65 321 937	60 490 542
Work in progress	606 724	2 556 620
Finished goods	13 378 598	11 840 488
Inventory clearing account	12 636	63 230
	79 319 895	74 950 880
Inventory write down to net realisable value	(631 061)	(11 446)
	78 688 834	74 939 434

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, as determined using estimation techniques.

Inventory pledged as security

No inventory was pledged as security.

4. Receivables from exchange transactions

Prepayments	11 748 106	637 020
Sundry receivables	30 051	17 647
Trade receivables	21 650 860	27 800 579
	33 429 017	28 455 246

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to have high risk of irrecoverability. At 31 March 2020, R 21 650 859 (2019: R 27 800 579) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

Current (0- 30 Days)	19 952 142	26 420 491
31- 60 Days	1 102 726	878 135
61- 90 Days	595 991	501 952
	21 650 859	27 800 579

Trade and other receivables impaired

As of 31 March 2020, receivables from exchange transactions of R 14 485 031 (2019: R 16 929 316) were impaired and provided for.

The amount of the allowance was R 14 485 031 as of 31 March 2020 (2019: R 16 929 316).

The ageing of these receivables is as follows:

Current (0- 30 Days)	48 421	401 208
31- 60 Days	-	292 646
61- 90 Days	518 595	-
91- 120 Days	44 565	2 071 317
Greater than 120 Days	13 873 450	14 164 145
	14 485 031	16 929 316

Reconciliation of allowance for impairment of receivables from exchange transactions

Figures in Rand

	2020	2019
Opening balance	16 929 316	9 028 693
Increase / (decrease) in allowance for impairment	(2 444 285)	7 900 623
	14 485 031	16 929 316

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	26 641	25 318
Bank balances	3 243 670	95 356 780
	3 270 311	95 382 098

Cash and cash equivalents held by the entity that are not available for use by the entity - 1 128 297

The entity holds the amount in its call account which relates to certain conditional grants from Department of Employment and Labour for which the conditions of recognition have not yet been met. Deferred income is disclosed for the same amount.

Except for cash and cash equivalents not available for use, no other cash and cash equivalents are held as security for liabilities.

6. Property, plant and equipment

	Cost / Valuation	2020		2019		
		Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Appliances	2 127 100	(518 275)	1 608 825	953 714	(267 323)	686 391
Buildings	2 273 867	(162 203)	2 111 664	2 273 867	(101 559)	2 172 308
Furniture and fittings	3 324 120	(1 714 083)	1 610 037	2 624 523	(1 555 429)	1 069 094
Computer equipment	4 513 577	(2 902 767)	1 610 810	3 881 447	(2 441 143)	1 440 304
Leased assets	1 025 789	(896 813)	128 976	1 025 789	(554 883)	470 906
Motor vehicles	10 384 485	(1 312 530)	9 071 955	-	-	-
Office equipment	1 259 590	(798 244)	461 346	1 196 503	(728 076)	468 427
Plant and machinery	55 000 220	(13 820 919)	41 179 301	34 244 355	(11 712 066)	22 532 289
Total	79 908 748	(22 125 834)	57 782 914	46 200 198	(17 360 479)	28 839 719

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Depreciation	Total
Appliances	686 391	1 174 106	(705)	(250 967)	1 608 825
Buildings	2 172 308	-	-	(60 644)	2 111 664
Computer equipment	1 440 304	632 130	-	(461 624)	1 610 810
Furniture and fittings	1 069 094	707 822	(8 180)	(158 699)	1 610 037
Leased assets	470 906	-	-	(341 930)	128 976
Motor vehicles	-	10 384 485	-	(1 312 530)	9 071 955
Office equipment	468 427	63 087	-	(70 168)	461 346
Plant and machinery	22 532 289	20 755 866	-	(2 108 854)	41 179 301
	28 839 719	33 717 496	(8 885)	(4 765 416)	57 782 914

Figures in Rand

Reconciliation of property, plant and equipment - 2019	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Impairment reversal	Total
Appliances	244 110	573 255	(61)	-	(130 037)	(876)	-	686 391
Buildings	2 236 329	-	-	-	(64 021)	-	-	2 172 308
Computer equipment	675 683	1 357 005	(2 177)	-	(590 201)	(6)	-	1 440 304
Furniture and fittings	913 721	260 171	(3 163)	(71)	(133 678)	(95)	32 209	1 069 094
Leased assets	812 836	-	-	-	(341 930)	-	-	470 906
Office equipment	119 262	229 770	(53)	191 187	(71 538)	(201)	-	468 427
Plant and machinery	19 986 519	4 345 507	(62 958)	(999)	(1 956 192)	(14 949)	235 361	22 532 289
	24 988 460	6 765 708	(68 412)	190 117	(3 287 597)	(16 127)	267 570	28 839 719

Building

The Human Resource office building was constructed on land that belongs to the Department of Public Works.

Impairment losses

Impairment losses are included in cost of sales as well as the line item named "Depreciation, amortisation and impairments" in the operating expenditure disclosure

Pledged as security

No items of property, plant and equipment were pledged as security.

Repairs and maintenance expenditure Borrowing costs capitalised in this period

	2020	2019
Plant and machinery	5 040 912	2 620 172
The repairs and maintenance expenditure incurred in relation to Property, plant and equipment is	R5 040 912	(2019: R2 620 172)

SUPPORTED EMPLOYMENT ENTERPRISES

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

	2020	2019
Assets subject to finance lease (Net carrying amount)		
Leased assets- Office equipment	128 976	470 906
Impairment of assets		
Property, plant and equipment - Durban factory has been impaired as follows:		
Appliances	-	(876)
Computer equipment	-	(2 949)
Furniture and fittings	-	2 761
Office equipment	-	(201)
Plant and machinery	-	(16 343)
	-	(17 608)
Remaining assets		

Assets were identified to be written off, but no assets were identified to be impaired, with the exception of Durban factory due to the flood (2019).

7. Intangible assets

	2020			2019		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated	Carrying value amortisation and accumulated impairment
Computer software	48 719	(9 846)	38 873	-	-	-

Reconciliation of intangible assets - 2020

	2020		2019	
	Opening balance	Additions	Amortisation	Total
Computer software	-	48 719	(9 846)	38 873

Pledged as security

No intangible assets were pledged as security.

8. Finance lease obligation

	2020	2019
Minimum lease payments due		
- within one year	179 217	466 416
- in second to fifth year inclusive	-	179 217
	179 217	645 633
less: future finance charges	(11 387)	(95 326)
Present value of minimum lease payments	167 830	550 307
Present value of minimum lease payments due		
- within one year	167 830	382 477
- in second to fifth year inclusive	-	167 830
	167 830	550 307
Non-current liabilities	-	167 830
Current liabilities	167 830	382 477
	167 830	550 307

It is the entity's policy to lease certain of its office equipment under finance leases. The entity has an option to acquire certain leased assets at the termination of the lease.

The average lease term is between 3-5 years and the average effective borrowing rate is 10% (2019: 10%).

Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The entity's obligations under finance leases are secured by the lessor's charge over the leased assets.

9. Payables from exchange transactions

Figures in Rand

	2020	2019
Trade payables	7 100 526	4 582 413
Income received in advance	11 494 501	58 723 697
Stabilisation fund	106 541	106 541
Medical account	204 845	200 009
Accrued leave pay	2 921 668	2 706 045
Accruals	11 266 241	19 704 946
	33 094 322	86 023 651

Stabilisation Fund: During 2010, the entity received a refund of R3 210 268 from Civil Pensions Stabilisation Account (CPSA) for Stabilisation Fund contributions collected from Temporary Employees Pension Fund members after 1 July 1999 plus interest. The employer contribution (R2 407 700) was surrendered to the Revenue Fund and the employee contribution portion (R802 568) was to be refunded to the members. The full amount of employee contributions could not be refunded to all the members due to the fact that some of the old members could not be traced. The outstanding amount of R 106 541 is accounted for in the Stabilisation Fund account of the entity.

Income received in advance is made up of orders that have been paid in advance as some of the customers pay the entity 50% up front for their orders and in other cases the full amount of the order.

10. Provisions

Reconciliation of provisions - 2020

	Opening balance	Additions	Total
Performance bonuses	711 064	424 299	1 135 363

	Opening balance	Additions	Total
Performance bonuses	-	711 064	711 064

The provision for performance bonuses was provided for at 0.75% (2018/19 1.5%) of the remuneration budget as per the 2019 Incentive Policy Framework for Employees in the Public Service Directive.

11. Revenue

	2020	2019
Sale of goods	122 852 072	70 813 499
Rendering of services	5 149 774	5 950 621
	128 001 846	76 764 120

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

Sale of goods	122 852 072	70 813 499
Rendering of services	5 149 774	5 950 621
	128 001 846	76 764 120

12. Cost of sales

Figures in Rand

	2020	2019
Opening inventory (including NRV movement)	74 939 434	77 684 560
Purchases and overheads	95 257 596	45 431 036
WIP adjustment for the year	(9 178)	99 792
Manufacturing overheads	39 714 829	31 640 420
Depreciation	4 362 842	2 829 272
Labour cost	100 471 792	89 301 143
Recoveries- Labour	(8 275 248)	(5 734 769)
Purchase report/stock movements	(563 749)	3 296 297
Closing inventory (including NRV movement)	(78 688 834)	(74 939 435)
	227 209 484	169 608 316

13. Interest earned

Interest revenue

Bank	1 995 490	7 885 286
Trade and other receivables	664 470	821 410
	2 659 960	8 706 696

14. Operating deficit

Operating deficit for the year is stated after accounting for the following:

Operating lease charges

Equipment

Contractual amounts	434 641	94 368
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Gain/(loss) on sale of property, plant and equipment	46	(104 880)
Impairment on property, plant and equipment	-	(251 442)
Depreciation on property, plant and equipment	4 775 264	3 296 486
Employee costs	140 238 869	127 621 906

15. Finance cost and Penalties

Finance leases	83 939	156 627
Interest and penalties on late payments	76 447	33 807
	160 386	190 434

16. Auditors' remuneration

Fees	1 715 392	1 470 377
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17. Other income

Figures in Rand

	2020	2019
Revenue from exchange transactions		
Canteen revenue	275 032	370 166
Commissions received	49 784	40 577
Revenue from non-exchange transactions		
Deferred income	1 128 297	-
Transfers (Department of Employment and Labour)	148 923 000	136 779 000
	150 376 113	137 189 743

18. Employee related costs

Salaries, allowances and bonuses	140 238 869	127 468 643
Casual wages	-	153 263
Less: Employee costs included in cost of sales	(100 471 792)	(89 301 143)
	39 767 077	38 320 763

The entity erred in the prior year by overstating employee costs relating to salaries, allowances and bonuses with R605 139 and overstating employee cost included in cost of sales with R9 013. The net effect of the error is included in note 28.

Mr S Nondwangu - Chief Executive Officer

Annual remuneration	-	1 189 338
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The contract of the Chief Executive Officer Mr S Nondwangu came to an end at 31 December 2018. The above totals represent salary related costs for the period 1 April 2018 up to 31 December 2018. The acting CEO Mr Morotoba (also Deputy Director-General) was appointed in January 2019, however he is not receiving any acting allowance.

Mr BS Ngcongo - Chief Financial Officer

Annual remuneration	952 651	1 005 063
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Mr NS Ngcongo resigned from the CFO position on 18 February 2020. The position was vacant from 19 February 2020 to the end of the financial year. The above totals represent salary related costs for the period 01 April 2019 up to 18 February 2020.

Ms G Manamela - Director: Operations

Annual remuneration	1 139 058	1 082 754
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Ms E Ntshabele - Director: Governance Assurance

Annual remuneration	1 115 478	1 098 996
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18. Employee related costs

Ms KW Tselane - Director: Human Resource Management and Special Projects

Annual remuneration	1 115 478	1 098 996
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Ms KM Mongane - Director: Business Development

Annual remuneration	1 057 326	1 005 063
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19. Employee benefit obligations Defined contribution plan

Included in the employee costs are the following :

Pension fund	4 567 921	4 715 603
Provident fund	6 405 040	5 598 349

The entity started participating in the Textile Industry Provident Fund with effect from 1 November 2009. The employer contributes 9% of salary on behalf of each employee and the employees contribute 7%

Only one employee is contributing to the Temporary Pension Fund. The employer is contributing 2.74834% and the employee contributes 5%.

The employee retirement benefit is a multi employer plan and therefore only the contributions made towards the plan are disclosed.

20. Services in kind

Figures in Rand

	2020	2019
Administrative salaries- Department of Employment and Labour	4 846 756	4 977 384
Internal audit- Department of Employment and Labour	356 397	710 156
Municipal payments	1 739 888	1 111 356
	6 943 041	6 798 896

The entity receives the benefit to use the land and buildings from the Department of Employment and Labour at no cost. The Department of Public Works invoices the Department of Employment and Labour a single amount for the usage of the entire portfolio of land and buildings. From the invoices received it is not possible to ascertain the amount relating to the benefit provided to Supported Employment Enterprises.

21. Allowance for debt impairment and impairment losses

Contributions to debt impairment allowance	(2 444 285)	7 900 623
Bad debts written off	-	251 555
	(2 444 285)	8 152 178

22. Depreciation and amortisation

Depreciation, amortisation and impairment	412 420	214 785
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23. Cash used in operations

Surplus/(deficit)	912 359	(11 627 941)
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Adjustments for:

Depreciation and amortisation	4 775 262	3 287 597
(Gain)/loss on sale of assets and liabilities	(46)	104 880
Impairment reversals	-	(251 442)
Debt impairment allowance	(2 444 285)	7 900 623
Bad debts written off	-	251 555
Movements in provisions	424 299	711 064
Allowance for obsolete inventory	130 467	-
Inventory losses/ Write-down	619 615	927
Movement in accrual for leave pay	215 623	378 385

Changes in working capital:

Inventories	(4 499 482)	2 554 493
Receivables from exchange transactions	(2 529 486)	(15 112 588)
Other receivables from non-exchange transactions	(547 902)	(544 098)
Payables from exchange transactions	(53 144 952)	(11 948 769)
VAT	(755 202)	1 308 123
	(56 843 730)	(22 987 191)

24. Financial instruments disclosure

Figures in Rand

	2020	2019
Categories of financial instruments		
Financial assets		
	At amortised cost	Total
Cash and cash equivalents	3 270 311	3 270 311
Receivables from exchange transactions (Excluding prepayments)	21 680 911	21 680 911
Receivables from non-exchange transactions (excluding statutory receivables)	1 092 000	1 092 000
	26 043 222	26 043 222
Financial liabilities		
	At amortised cost	Total
Finance lease obligation	167 830	167 830
Payables from exchange transactions (Excluding income received in advance)	21 599 821	21 599 821
	21 767 651	21 767 651

The entity erred in the previous year by overstating the disclosure of financial assets with R461 561 and overstating financial liabilities with R45 594,917.

24. Financial instruments disclosure

2019

Financial assets		
	At amortised cost	Total
Cash and cash equivalents	95 382 098	95 382 098
Receivables from exchange transactions (Excluding prepayments)	27 818 226	27 818 226
Receivables from non-exchange transactions	544 098	544 098
	123 744 422	123 744 422
	At amortised cost	Total
Finance lease obligation	550 307	550 307
Payables from exchange transactions (Excluding income received in advance)	27 299 954	27 299 954
	27 850 261	27 850 261

25. Commitments

Authorised operational expenditure

Already contracted for but not provided for

• Open purchase orders	-	49 905 157
• Contractual commitments	90 767 586	255 580 485
	90 767 586	305 485 642
Total operational commitments		
Already contracted for but not provided for	90 767 586	305 485 642

In the prior year the entity overstated the commitment disclosure relating to finance leases with R550,308.

Operating leases - as lessee (expense)

Minimum lease payments due		
- Within one year	47 682	95 364
- In second to fifth year inclusive	-	47 682
	47 682	143 046

Operating lease payments represent rentals payable by the entity for a motor vehicle leased. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

26. Contingencies

Figures in Rand

Contingent liabilities

The entity entered into an agreement with the Unions to pay long service awards to employees that are in service of the entity. The long service award agreement was entered into in July 2016, effective 1 April 2017.

The long service award liability is reviewed at year end and adjusted to reflect the current best estimates. The current criteria to qualify for the long service award is as follows:

For a period of five years an award equivalent to R2 500. For a period of ten (10) years an award equivalent to R5 000. For a period of fifteen (15) years an award equivalent to R7 500.

For a period of (20) years an award equivalent to R10 000

For a period of (25) years an award equivalent to R12 500.

For a period of (30- 40) years an award equivalent to R15 000.

	2020	2019
Long service award	33 222 500	30 920 000

Contingent assets

The entity has no contingent assets as at 31 March 2020.

27. Related parties

Relationships

Controlling entity

Department of Employment and Labour

Entities under common control

Commission for Conciliation, Mediation and Arbitration

Compensation Fund

National Economic Development and Labour Council Productivity South Africa

Unemployment Insurance Fund

Members of key management

Refer to note 18

Related party balances

Amounts included in trade receivables regarding related parties

	2020	2019
Commission for Conciliation, Mediation and Arbitration	207 242	191 640
Compensation Fund	817 724	3 197 208
Department of Employment and Labour	1 345 378	348 516
Unemployment Insurance Fund	30 140	30 140

All outstanding balances is to be settled in cash.

The entity erred in the previous year by not disclosing related party transactions for CCMA, Compensation Fund, Department of Employment and Labour and UIF, the disclosure have been updated accordingly.

Provision for doubtful debts related to outstanding balances with related parties

Figures in Rand

	2020	2019
Commission for Conciliation, Mediation and Arbitration	201 717	171 645
Compensation Fund	817 724	2 707 658
Department of Employment and Labour	626 990	197 540
Unemployment Insurance Fund	30 140	30 140
Related party transactions		
Sales to related parties (including finance charges)		
Commission for Conciliation, Mediation and Arbitration	15 602	457 884
Compensation Fund	177 750	4 235 711
Department of Employment and Labour	2 428 402	3 147 926
Unemployment Insurance Fund	-	581 167
Transfer received from related parties		
Department of Employment and Labour	148 923 000	136 779 000

28. Prior-year adjustments

Presented below are those items contained in the statement of financial position and statement of financial performance that have been affected by prior-year adjustments:

Statement of financial position 2019

	Note	As previously reported	Correction of error	Restated
Inventories		74 820 606	118 828	74 939 434
Receivables from exchange transactions		28 823 885	(368 639)	28 455 246
Property, plant and equipment		28 449 322	390 396	28 839 718
Payables from exchange transactions		(98 974 152)	12 950 501	(86 023 651)
Deferred income		(1 239 622)	111 325	(1 128 297)
VAT payable		221 862	(1 224 620)	(1 002 758)
Provisions (Current)		(5 965 000)	5 253 936	(711 064)
Accumulated (surplus)/deficit		(121 512 790)	(10 478 303)	(131 991 093)
		(95 375 889)	6 753 424	(88 622 465)

Statement of financial position 2019

	Note	As previously reported	Correction of error	Re-classification	Restated
Allowance for obsolete inventory		(2 467 317)	2 467 317	-	-
Cost of sales		(169 222 554)	(385 762)	-	(169 608 316)
Revenue from exchange transactions		72 059 698	4 704 422	-	76 764 120
Canteen expenses		(695 731)	(946)	-	(696 677)
Employee cost		(38 916 889)	596 126	-	(38 320 763)
Inventories NRV movement		906 940	(907 867)	-	(927)
IT expenses		(1 609 634)	58 500	-	(1 551 134)
Repairs and maintenance		(415 639)	(17 092)	-	(432 731)
Training		(1 250 910)	-	359 206	(891 704)
Seminars, conferences and workshops		-	-	(359 206)	(359 206)
Transport and freight		(305)	305	-	-
Travel Local		(3 812 947)	(305)	-	(3 813 252)
Workman's compensation		(238 727)	238 727	-	-
Surplus for the year		(145 664 015)	6 753 425	-	(138 910 590)

Cash flow statement 2019

Figures in Rand

	Note	As previously reported	Correction of error	Restated
Cash flow from operating activities				
Sale of goods and services		56 034 372	5 073 064	61 107 436
Transfers		136 779 000	-	136 779 000
Interest income		8 706 696	-	8 706 696
Other receipts		410 743	-	410 743
Employee costs		(36 231 889)	(90 300 568)	(126 532 457)
Suppliers		(189 192 417)	85 924 242	(103 268 175)
Finance costs		(190 432)	(2)	(190 434)
		(23 683 927)	696 736	(22 987 191)
Cash flow from investing activities				
Purchase of property, plant and equipment		(6 329 557)	(436 562)	(6 766 119)
Proceeds from sale of property, plant and equipment		(36 468)	-	(36 468)
Other cash items		260 172	(260 172)	-
		(6 105 853)	(696 734)	(6 802 587)
Cash flow from financing activities				
Finance lease payments		(309 790)	-	(309 790)

Errors

During the financial year, the following errors were noted. All errors effecting periods before 2019/20 were corrected retrospectively from the earliest prior period presented. Errors that occurred during the current year were corrected in the current year.

The following prior period errors adjustments occurred:

Error 1

Decrease in property, plant and equipment	(54 896)
Increase in cost of sales	54 896
	-

Computer equipment and plant and machinery purchased in 2019 were not accounted for in the correct accounting period. The correction was to account for the depreciation not recognised in 2019.

Error 2

Decrease in receivables from exchange transactions	(8 634)
Increase in cost of sales	19 134
Increase in accumulated surplus	1 584 109
Decrease in inventory	(1 612 648)
Increase in canteen expenses	946
Increase in repairs and maintenance	17 093
	-

Corrections of incorrect general ledger allocations in prior years relating to the line items above.

Error 3

Increase in receivables from exchange transactions	17 647
Decrease in cost of sales	(17 647)
	-

Recognition of staff debt not recognised in 2019 for overpayments to employees.

Figures in Rand**Error 4**

Increase in property, plant and equipment	58 500
Decrease in IT expenses	(58 500)
	-

Recognition of computer equipment that were expensed and not recorded as an asset in the 2019 financial year.

Error 5

Increase in property, plant and equipment	9 140
Decrease in cost of sales	(9 140)
	-

Adjustment to the prior year depreciation of plant and machinery incorrectly calculated in the 2019 financial year.

Error 6

Decrease in payables from exchange transactions	4 939 560
Decrease in accumulated surplus	(4 939 560)
	-

Adjustment for the incorrect recognition of the provision for health care.

Error 7

Decrease in employee related cost	377 652
Decrease in receivables from exchange transactions	(377 652)
	-

Recognition of plant and machinery not recognised in the 2019 financial year. A prepayment was made for the assets. When the asset was received the prepayment was not cleared to the assets.

Error 8

Decrease in provisions (Current liability)	5 965 000
Decrease in employee related cost	(2 685 000)
Decrease in accumulated surplus	(3 280 000)
	-

Recognition of Long service award provision in 2019.

Error 9

Increase in cost of sales (Workman's compensation)	238 727
Decrease in workman's compensation	(238 727)
	-

Correcting the workman's compensation incorrectly included in administration expenses.

Error 10

Decrease in transport and freight	(305)
Increase in travel Local	305
	-

Allocating the amount of transport and freight to the correct account.

Figures in Rand**Error 11**

Increase in inventory	603 981
Increase in inventory NRV writedown	906 940
Decrease in accumulated surplus	(1 510 921)
	<hr/>
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Reversal of 2018 and 2019 NRV write down calculated incorrectly.

Error 12

Decrease in inventory	(11 446)
Increase in inventory writedown	927
Increase in accumulated surplus	10 519
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	-
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Providing for the correct NRV write down for 2018 and 2019.

Error 13

Decrease in obsolete stock (Inventory)	3 097 533
Decrease in accumulated surplus	(630 216)
Decrease in obsolete stock (Expense)	(2 467 317)
	<hr/>
	-
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Reversal of 2018 and 2019 allowance for obsolete stock, the items provided are included in the inventory written down to NRV calculation.

Error 14

Decrease in inventory	(1 958 593)
Increase in accumulated surplus	1 858 802
Increase in cost of sales	99 791
	<hr/>
	-
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Adjustment of WIP that was issued but not absorbed into production.

Error 15

Increase in receivables from exchange transactions	9 388 752
Increase in VAT payable	(1 224 620)
Increase in revenue from exchange transactions	(4 704 422)
Decrease in accumulated surplus	(3 459 710)
	<hr/>
	-
	<hr/>

Accounting for revenue on services rendered in the correct period.

Error 16

Increase in payables from exchange transactions	(1 377 811)
Increase in provisions	(711 064)
Increase in employee cost	2 088 875
	<hr/>
	-
	<hr/>

Accounting for a service bonus and performance liabilities for the 2018/19 financial year.

Figures in Rand

Error 17

Decrease in payables from exchange transactions	9 388 752
Decrease in receivables from exchange transactions	(9 388 752)
	<hr/>
	-
	<hr/>

Moving of income received in advance from debtors to income received in advance

Error 18

Decrease in deferred income	111 325
Decrease in accumulated surplus	(111 325)
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	-
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Realisation of the balance of the deferred income relating to business case: Consultation

Error 19

The entity erred by presenting a segment report in the 31 March 2019 annual financial statements. The entity does not comply with the requirements of GRAP 18. As a result the segment report was removed for the prior year and not presented for the current year

Reclassifications

The following reclassifications adjustment occurred:

Reclassification 1

A reclassification was performed to re-allocate the seminars, conferences and workshops expenditure account from training expenditure to the amount of R359 206

This reclassification was performed to show the expense as a separate line in the operating expenses.

Decrease in training	-	(359 206)
Increase in seminars, conferences and workshops	-	359 206
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

29. Risk management Financial risk management

The entity's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The entity's 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.

The entity's liquidity risk is as a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

Sufficient cash is maintained to manage the entity's liquidity risk. Limitations are imposed by Treasury Regulations 32 to the PFMA, 1999 (Act 1 of 1999) on borrowings, which limits the committed lines of credit available to the entity.

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

Figures in Rand

As at 31 March 2019

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Finance lease obligation	167 830	-	-	-
Payables from exchange transactions (Excluding income received in advance)	21 599 821	-	-	-
	21 767 651	-	-	-

As at 31 March 2019

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Finance lease obligation	214 647	167 830	-	-
Payables from exchange transactions (Excluding income received in advance)	27 299 954	-	-	-
	27 514 601	167 830	-	-

Credit risk

Cash deposits, cash equivalents and trade receivables expose the entity to credit risk. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

The entity erred in the previous year by overstating the receivables in the risk management disclosure note with R461,561. The disclosure has been updated accordingly.

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

	2020	2019
Cash and cash equivalents	3 270 311	95 382 098
Receivables from exchange transactions (Excluding prepayments)	21 680 911	27 818 226
Receivables from non-exchange transactions	1 092 000	544 098

Interest rate risk

Interest rate risk is defined as the risk that the fair value of future cashflows associated with a financial instrument will fluctuate in the amount as a result of market interest rate changes. There were no change in the entity's interest rate risk management policy during the current financial year.

The entity's 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 receivables whose accounts become in arrears, it is endeavoured to collect such accounts by levying penalty interest charges, alternatively demand for payment and, as last resort, handed over for collection, in terms of the entity receivables management policy.

All trade receivables and other receivables are individually evaluated annually at reporting date for impairment. A report on the various categories of receivables is drafted to substantiate such evaluation and subsequent impairment, where applicable.

30. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

SEE is a trading entity under the Department of Employment and Labour and receive significant funding from the department. The entity is currently functioning, but not at full capacity. SEE identified a gap in the market and started producing masks for sale against the COVID-19 infection.

SEE does not currently have major constraints in paying payables as most account due are paid within 30 days, this is however highly dependant on continued funding from the Department of Employment and Labour.

31. Events after the reporting date

South Africa and the rest of the world in experiencing a global pandemic called COVID-19.

On 6 March 2020 SA confirmed the first case of COVID-19 and the country went into lockdown at 00:00 on 26 March 2020. The lockdown was extended on 9 April 2020 to 30 April 2020 and SA progressed to lockdown level 4 from 1 May 2020.

The lockdown is currently indefinite and the levels of the lockdown will be used to relief constraints placed on the country. South Africa progressed to lockdown level 3 on 1 June 2020.

The extension of the lockdown meets the definition of an event after reporting date.

The extension as well as the initial lockdown will not have a material impact on the 2019/20 Annual Financial Statement Figures as the lockdown was called 5 days before year end. Therefore no adjustments are required for the 2019/20 Annual Financial Statement figures.

COVID-19 will have an effect on every entity in the future. The extent (financial and other) is undetermined. This is a unique event throughout the world and there is no past events to use to simulate an expected outcome.

32. Fruitless and wasteful expenditure

Figures in Rand

	2020	2019
Opening balance	13 724	-
Opening balance as restated	13 724	-
Add: Fruitless and wasteful expenditure identified- current	1 299 290	13 724
Closing balance	1 313 014	13 724

The entity erred to include fruitless and wasteful expenditure of R13,724 in the prior year. The disclosure note has been amended to correct this.

The entity erred in including R235,261 (opening balance) and R33,457 (included in the fruitless and wasteful expenditure- current 2019 figure) relating to irregular expenditure in fruitless and wasteful expenditure. The amounts are included in the prior year irregular expenditure disclosure.

Details of fruitless and wasteful expenditure

Interest on overdue accounts	13 164	-
SARS penalty	50 676	-
SARS interest	12 983	-
Overpayment to supplier	1 092 000	-
Good dispatched written off	130 467	-
Wages paid after termination of employees	-	13 724
	1 299 290	13 724

33. Irregular expenditure

Opening balance	-	3 513 339
Opening balance as restated	-	3 513 339
Add: Irregular expenditure- current	7 280 000	295 809
Less: Amounts condoned	-	(3 809 148)
Closing balance	7 280 000	-

34. Budget differences

Material differences between budget and actual amounts

Sale of goods

Sales are more than the budget due to the deliveries made to the Eastern Cape order and National Department of Health in the current year. The orders were obtained in the previous financial years.

Rendering of services

The increase is due to the transport services that was billed for Eastern Cape order.

Commissions received

This is due to the reduction to the number of employees that are affiliated with the third parties where we obtain the commission.

Canteen revenue

Factories did not fully utilise the canteen services hence a lower actual amount.

Deferred income

This is a portion of the conditional grant utilised and realised to revenue. It was unanticipated hence not budgeted for.

This is because of the low bank balance that the entity has had in the 2019/20 financial year.

Employee cost

The entity did not fill all the vacancies that were budgeted for in 2019/20.

Depreciation and amortisation

This was caused by the acquisitions of assets which were delivered in 2019/20.

Finance costs

More printing machines which are under the lease were anticipated for our Seshego factory.

Lease rentals on operating lease

Anticipation was made for the lease rentals in the Seshego.

Allowance for debt impairment

This is a year end calculation which is not budgeted for.

Discount received

This is due to discounts that were received from suppliers that were not anticipated.

General Expenses

This is because of the increase in the prices for production inputs and administrative expenses that were not anticipated.

Gain on disposal of assets and liabilities

This is due to the disposal of assets that was anticipated however did not takes place.

Inventories losses/write-downs

This is the year end calculation which is not budgeted for

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2019/20

DEPARTMENT OF EMPLOYMENT AND LABOUR







employment & labour

Department:
Employment and Labour
REPUBLIC OF SOUTH AFRICA