



2017/18



# ANNUAL REPORT

DEPARTMENT OF LABOUR



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# labour

Department:  
Labour  
REPUBLIC OF SOUTH AFRICA

## ANNUAL REPORT

DEPARTMENT OF LABOUR

2017/18



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**THE DIRECTOR-GENERAL**

I have the honour of submitting the Annual Report of the Department of Labour for the period 1 April 2017 to 31 March 2018.

A handwritten signature in black ink, appearing to be 'T Lamati', written over a dotted line.

T Lamati





**(FROM LEFT TO RIGHT)**

**SP Holomisa**  
Deputy Minister of Labour

**MN Olyphant**  
Minister of Labour

**T Lamati**  
Director-General of Labour



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# PART **A**

## GENERAL INFORMATION

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# **PART A: GENERAL INFORMATION**

## **1.1 DEPARTMENT'S VISION, MISSION AND VALUES**

### **VISION**

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

### **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.

### **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.



## 1.2 LIST OF ABBREVIATIONS/ACRONYMS

AG	Auditor-General	LP and IR	Labour Policy and Industrial Relations
AR	Annual Report	LRA	Labour Relations Act
BCEA	Basic Conditions of Employment Act	M and E	Monitoring and Evaluation
BRRR	Budgetary Review and Recommendations Report	MOA	Memorandum of Agreement
CCMA	Commission for Conciliation, Mediation and Arbitration	MOU	Memorandum of Understanding
CDPO	Chief Director: Provincial Operations	MP	Mpumalanga
CF	Compensation Fund	MTEF	Medium-Term Expenditure Framework
CFO	Chief Financial Officer	MTSF	Medium-Term Strategic Framework
CIO	Chief Information Officer	NACTU	National Council of Trade Unions
COIDA	Compensation for Occupational Injuries and Diseases Act	NC	Northern Cape
COO	Chief Operations Officer	NDP	National Development Plan
CS	Corporate Services	NEDLAC	National Economic Development and Labour Council
CSO	Client service officer	NT	National Treasury
DDG	Deputy Director-General	NW	North West
DG	Director-General	OHS	Occupational Health and Safety
DPSA	Department of Public Service and Administration	OHSA	Occupational Health and Safety Act
EEA	Employment Equity Act	PEA	Private Employment Agencies
CEE	Commission for Employment Equity	PES	Public Employment Services
ENE	Estimated National Expenditure	PFMA	Public Finance Management Act
EPWP	Extended Public Works Programme	PPP	Public Private Partnership
ES	Employment Services	ProductivitySA	Productivity South Africa
ESA/B	Employment Services Act or Bill	PwD	People with disabilities
ESSA	Employment Services of South Africa	QPR	Quarterly Performance Report
FEDUSA	Federation of Unions of South Africa	RAMP	Renovation and Maintenance Project
FS	Free State	RME	Research Monitoring and Evaluation
GCIS	Government Communication and Information Services	SADC	Southern African Development Community
GP	Gauteng	SADC - ELS	Southern African Development Community - Employment and Labour Sector
HO	Head Office	SD	Sectoral determinations
HRM	Human Resource Management	SDIP	Service Delivery Improvement Plan
ICD	Integrated Client Database	SEE	Supported Employment Enterprises
ICT	Information and Communication Technology	SMME	Small Medium and Micro Enterprises
IES	Inspection and Enforcement Services	SMS	Senior Management Service
IFS	Interim Financial Statements	SP	Strategic Plan
ILO	International Labour Organisation	TES	Temporary Employment Services
KZN	KwaZulu-Natal	UIA	Unemployment Insurance Act
LC	Labour centre	UIF	Unemployment Insurance Fund
LP	Limpopo	WSP	Workplace Skills Plan
LMIS	Labour Market Information and Statistics	WSS	Work-Seeker Services



### 1.3 FOREWORD BY THE MINISTER MILDRED OLIPHANT



It is significant that we present our Annual Report in a year when we celebrate the life and times of our struggle icons, Ma-Albertina Sisulu and our international icon, the former President and the late Nelson Rolihlahla Mandela. Sadly, we are also delivering our Annual Report a few months after we witnessed the passing of our struggle stalwarts, the mother of the Nation, Winnie Madikizela-Mandela, Comrade Zola Skweyiya and the former Chairperson of the Portfolio Committee, Comrade Fezeka Loliwe. We say rest in peace Maqhawe omzabalazo wenkululeko, we will never forget your invaluable contribution, nilale ngoxolo.

As the 2014 to 2019 Medium-Term Strategic Framework period draws to a close, I want to underscore that in giving effect to the ruling party's mandate, we continue to be guided by our Constitutional obligations, the Freedom Charter and the 2014 ANC Election Manifesto. As we do this work, we are also guided by the National Development Plan, the country's 2030 vision. True to the African proverb that says, *"if you want to go fast, go alone, but if you want to go far, go together."* We have indeed carried out our work in collaboration with our social partners and our people, in order to ensure that the outcomes are not short term, but medium to long term and most importantly, sustainable.

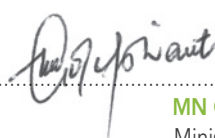
I am pleased to report that we have registered significant progress in dealing with key priority issues in the Medium-Term Strategic Framework and these include, but are not limited to, breaking new grounds on the International relations front, putting in place measures to reduce workplace conflict, improving collaboration between Government, Organised Business and Organised Labour; enhancing fairness in the workplace and encouraging a robust, but mutually beneficial labour relations culture. The ANC government has indeed delivered on the call in the Freedom Charter that:

- a) All who work, shall be free to form trade unions, to elect their officers and to make agreements with their employers
- b) Workers shall draw full unemployment benefits
- c) Men and women of all races shall receive equal pay for equal work
- d) There shall be a forty-hour week, paid annual leave and sick leave for all workers, and maternity leave on full pay for all working mothers
- e) Miners, domestic workers, farm workers and civil servants shall have the same rights as others who work
- f) There shall be a National Minimum Wage.

To complete this work, Parliament is seized with considering the first ever, National Minimum Wage Bill to be introduced in South Africa. I want to once again underscore, that whilst the introduction of the National Minimum Wage may not mean a lot to those who are well looked after in the world of work, for the majority of the vulnerable workers, over six million of them, it will make a huge difference.

Let me extend my sincere gratitude to the Acting Chairperson and Honourable Members of the Portfolio Committee on Labour and the Chairperson and Honourable Members of the Select Committee on Economic and Business Development for your continued support and guidance. Let me also extend my gratitude to our social partners for always being there when we need them.

I hereby table the 2017/18 Annual Report of the Department of Labour.



MN Oliphant, MP  
Minister of Labour



## 1.4 DEPUTY MINISTER'S STATEMENT PHATHEKILE HOLOMISA

The reporting period for the year under review straddles the centenary celebrations of key and catalytic figures in the struggle for freedom and democracy in our country. The first one was in 2017, the year South Africa reflected on and saluted the inimitable contribution of Oliver Reginald Tambo who hails from Mbizana in the Eastern Cape.

This year - 2018 - we commemorate and celebrate the contributions of the inaugural President of a democratic Republic of South Africa, Tata Nelson Rolihlahla Mandela (Ah! Dalibhunga), and Mama Albertina Nontsikelelo Sisulu, in their gallant efforts to achieve a better life for all.

It is in this context and against this background that one reflects on the performance of the Department of Labour in the 2017/18 financial year. An area of concern for me and one that is well within our control is one of service standards. Simply put, this is an area that we as the organisation define and as such it is vital that we meet the standards we set for ourselves (i.e. Batho Pele principles when interacting with the public and meeting the deadlines we set for ourselves in the Annual Performance Plans).

Be that as it may, in the year under review, we have had, as in previous years, pockets of excellence that suggest that we are able to raise the bar and perform optimally in given instances.

Various branches and entities of the Department have made a valiant effort in the attainment of the National Development Goals of reducing unemployment, poverty and inequality. One case in point is that 165 998 workplaces, under the Basic Conditions of Employment Act (BCEA), were inspected to establish compliance in order to protect vulnerable workers, thereby fighting poverty in employment. Similarly, the work of the CCMA and NEDLAC have continued to take centre stage in our quest to transform the labour market, through dispute resolution mechanisms and enacting of progressive legislation, respectively.

The signing of the accord on the National Minimum Wage stands out as one of the highlights of the work spearheaded by the Department in the year under review.

I therefore once more wish to express my gratitude to the leadership provided by the Minister during this period. I also want to thank the Chairpersons and members of the Portfolio and Select Committees for their support and guidance in our work.

Let me also thank the Director-General, his management and staff for their efforts in the 2017/18 financial year.

SP Holomisa, MP  
Deputy Minister of Labour





## 1.5 REPORT OF THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY AND PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA THOBILE LAMATI

### 1.5.1 OVERVIEW OF THE OPERATIONS OF THE DEPARTMENT

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

- Improved economic efficiency and productivity
- Creation of decent employment
- Promoting labour standards and fundamental rights at work
- Providing adequate social safety nets to protect vulnerable workers
- 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 flexibility for competitiveness of enterprises, which is balanced with the promotion of decent employment.

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

- **Productivity South Africa (Productivity SA).** 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 organisations, 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.

## 1.5.1.2 OVERVIEW OF THE RESULTS AND CHALLENGES OF THE DEPARTMENT

### OVERVIEW OF THE RESULTS OF THE DEPARTMENT

A major achievement during the Medium-Term Strategic Framework 2014 - 2020 was the promulgation of amendments to the Labour Relations Act, the Basic Conditions of Employment Act and the Employment Equity Act. Together, these amendments are intended to give further protection to vulnerable workers, especially those in temporary work arrangements, to promote greater equity in the labour market and especially, to promote equal treatment. Regulations were completed for the Labour Relations Act and Employment Equity Act. A Code of Good Practice on Equal Pay for Work of Equal Value was also completed and published.

A new Employment Services Act 2014 was promulgated during August 2015, which provides a legal framework for the operation of the Public Employment Services, the regulation of private employment agencies and temporary employment services, the establishment and operations of Supported Employment Enterprises and Productivity South Africa. Amendments to the Unemployment Insurance Act have been finalised and the Presidency has assented to the Unemployment Insurance Act, 2016 as amended. Amendments to the Occupational Health and Safety Act and to the Compensation for Occupational Injuries and Diseases Act also reached an advanced stage in the Department during this term.

Major aspects of our programme of legislative reform were completed during this term and steps were also taken to further strengthen and professionalise the inspection and enforcement capacity of the Department. During the coming years, our emphasis will move to enforcement and to monitoring and evaluating the implementation of the labour laws, as amended.

These amendments are the product of protracted and often difficult negotiations involving the contrasting interests of Organised Labour, Organised Business, Government and diverse political parties in Parliament. The National Economic Development and Labour Council, as always, played a sterling role in bringing about the requisite consensus for the passage of these laws.

The revamping of the labour laws is a highly significant milestone that underscores our resolve to help transform and regulate the labour market. Consistent with the policy orientation of the Department since 1994, the amendments strive to balance regulation of the labour market with sufficient flexibility for growth and development. But they must also be judged by their effectiveness regarding protection of vulnerable workers.

South Africa faces a massive and sustained challenge of poverty, inequality, unemployment and low pay across the economy. Addressing these problems requires sustained and coordinated action from all stakeholders.

The previous President, Jacob Zuma, in his State of the Nation Address of 13 February 2014, announced that, the then Deputy President, Cyril Ramaphosa, would convene a social partner dialogue within the ambit of NEDLAC. This process of social dialogue would deliberate on the state of the labour relations environment and would engage on a national minimum wage. Both labour relations stability and the issue of a national minimum wage are critical areas for the future of the labour market and for advancing the decent work agenda.

On 4 November 2014, a Labour Relations Indaba was convened at which a declaration was adopted that contained a number of principles to guide the engagement. Since January 2015, the NEDLAC constituencies have been engaging on the two focal areas. The outcome of the engagement was an announcement by the then Deputy President of South Africa early in 2017, on the proposed national minimum wage to be adopted by the country.

It is also important to note that the national minimum wage is not a solution for all the problems of the economy, but is intended as a floor to protect the most vulnerable workers. It is one tool among many which Government believes could make a significant and rapid difference to the living experiences of almost half of the country's workers.

The Department believes there is value in bringing South Africa into the company of countries around the world that have adopted caring economic strategies to address the crises facing their citizens. But much more needs to be done beyond the minimum wage to transform South Africa into a fair and equitable society with decent work for all.

The National Minimum Wage will be overseen by a commission which will be tasked with conducting annual reviews.



## CHALLENGES FACING THE DEPARTMENT

### Moderating workplace conflict

The burden of industrial action remains a heavy one on South Africa's labour relations. Recent years have witnessed a few strikes of long duration as well as strikes marked by violence, intimidation of non-striking workers, damage to property and deaths. There is no clear decline in the number of strikes occurring in South Africa. The most extreme incident was the shooting of 34 striking mineworkers at Marikana on 16 August 2012.

The high level of conflict in labour relations led to the President's call on the social partners to deliberate on the state of the labour relations environment, finding consensus on ways of effectively dealing with prolonged strikes and violence associated with industrial action. This call was made in the State of the Nation Address in 2014 and has been followed by a Labour Relations Indaba held on 4 November 2014. The Department is closely involved in on-going discussions taking place with the social partners under the auspices of NEDLAC.

### Dealing with wage inequality and the implementation of a National Minimum Wage

Wage inequality is commonly viewed as a feature of the South African labour market that contributes to instability in industrial relations. Wage demands are also the most common cause of industrial action in the country. Social partners were called upon to deliberate on low wages, wage inequalities and the modalities for introducing a national minimum wage and the Labour Relations Indaba of 2014 therefore included a focus on addressing wage inequality.

In addition to participating in discussions with social partners on a national minimum wage and wage inequality at NEDLAC, the Department is assessing income differentials in terms of the Employment Equity Act and continues to review minimum wages set by sectoral determinations in terms of the Basic Conditions of Employment Act. Both these actions are contained in the Department's Annual Performance Plan.

## KEY STRATEGIC INTERVENTIONS TO ADDRESS OPERATIONAL CHALLENGES

- Undertaking a significant Business Improvement and Change Programme to transform the Department's operations
- Ensuring that service delivery staff is empowered to deliver on the entire suite of the Department's services
- Developing and creating an environment of accountability for service delivery
- Developing a service delivery model and establishing a network of integrated service delivery points as close as possible to the people
- Establishing strategic partnerships for collaboration in creating and delivering value to citizens
- Improving the quality and performance of the labour market in order to strengthen the country's economic prospects
- Leveraging the transformative nature of Public Employment Services to decrease poverty and unemployment
- Establish measures to encourage continuous learning, development and innovation by those serving at the point of contact with clients.

## 1.5.2 OVERVIEW OF THE FINANCIAL RESULTS OF THE DEPARTMENT

### 1.5.2.1 DEPARTMENTAL RECEIPTS

DEPARTMENTAL RECEIPTS	2017/2018			2016/2017		
	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	4 478	4 436	42	4 852	4 555	297
Transfers received	244	-	244	-	-	-
Fines, penalties and forfeits	1 020	2 281	(1 261)	1 040	1 011	29
Interest, dividends and rent on land	1 460	1 357	103	1 252	1 377	(125)
Sale of capital assets	300	43	257	32	29	3
Financial transactions in assets and liabilities	9 666	8 688	978	5 690	4 730	960
<b>TOTAL</b>	<b>17 168</b>	<b>16 805</b>	<b>363</b>	<b>12 866</b>	<b>11 702</b>	<b>1 164</b>

### 1.5.2.1 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).

### 1.5.2.2 FREE SERVICES

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

### 1.5.2.3 REASONS FOR OVER/UNDER COLLECTION OF REVENUE

TOTAL REVENUE RECEIVED	2017/18	2016/17	VARIANCE	VARIANCE	REASONS FOR VARIANCES
	R'000	R'000	R'000	%	
Sales of goods and services other than capital assets	4 436	4 555	-119	-3%	The decrease in the collection of this revenue category was mainly due to the decrease in the number of renewals of OHS licenses
Fines, penalties and forfeits	2 281	1 011	1 270	126%	The increase in the collection of this revenue category was attributed to employers opting to pay the admission of guilt fines to the Department in order to avoid legal processes and court appearances
Interest, dividends and rent on land	1 357	1 377	-20	-1%	The decrease in the collection of this revenue item was mainly attributed to less interest earned on the Department's bank account and less interest earned on the recovery of outstanding Departmental debts
Sales of capital assets	43	29	14	48%	The increase in the collection of this revenue category was attributed to the selling of damaged fleet vehicles
Transactions in financial assets and liabilities	8 688	4 730	3 958	84%	Concerted efforts were made to clear the old balances on Departmental claims as well as the finalisation of the TWF account.

## 1.5.3 OVERVIEW OF EXPENDITURE PER PROGRAMME

PROGRAMME NAMES	2017/2018			2016/2017		
	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	860 734	768 677	92 057	847 105	819 070	28 035
Inspection and Enforcement Services	545 115	520 165	24 950	500 355	464 269	36 086
Public Employment Services	562 574	485 543	77 031	525 698	524 879	819
Labour Policy and Industrial Relations	1 087 398	1 069 634	17 764	969 719	953 367	16 352
<b>TOTAL</b>	<b>3 055 821</b>	<b>2 844 019</b>	<b>211 802</b>	<b>2 842 877</b>	<b>2 761 585</b>	<b>81 292</b>

### 1.5.3.1 BUDGET ALLOCATION FOR 2017/18 FINANCIAL YEAR

The original allocation for Vote 28: Labour, as included in the Estimates of National Expenditure for 2017/18, was reflected as R 3 065 821 000, this included a provision in respect of Transfer Payments to the value of R 1 160 710 000.

During the 2017/18 Adjustment Budget process the allocation for Vote 28: Labour was decreased by R 10 million or 0.33%, such decrease being in respect of calculated cost savings.

The final allocation for Vote 28: Labour therefore reflected in the Adjusted Estimates of National Expenditure as R 3 055 821 000 which included R 1 184 049 000 in respect of Transfer payments.

As per the Appropriation Statement for the Department, in respect of the 2017/18 financial year, the total expenditure defrayed against the Vote is recorded as R 2 843 946 000. This represents an expenditure level of 93.1%. An underutilisation of R 211 874 000 or 6.9% is reflected.



### 1.5.3.2 REASONS FOR UNDER SPENDING PER PROGRAMME

#### PROGRAMME 1: ADMINISTRATION

The under spending is mainly attributable to:

**Compensation of employees:** The non-filling of vacant posts.

**Capital assets:** The delay in Capital Work projects

#### PROGRAMME 2: INSPECTION AND ENFORCEMENT SERVICES

The under spending is mainly attributable to:

**Compensation of employees:** The non-filling of vacant posts.

#### PROGRAMME 3: PUBLIC EMPLOYMENT SERVICES

The under spending is mainly attributable to:

**Compensation of employees:** The non-filling of vacant posts.

#### PROGRAMME 4: LABOUR POLICY AND INDUSTRIAL RELATIONS

The under spending is mainly attributable to:

**Compensation of employees:** The non-filling of vacant posts.

**Capital assets:** Due to a delay in procurement of a filing system for the programme.

### 1.5.3.3 ACTIONS TAKEN OR PLANNED TO AVOID RECURRENCE

Vacant posts to be filled.

### 1.5.3.4 VIREMENT APPLIED

VIREMENT WAS APPLIED AS FOLLOWS:

PROGRAMME		
SHIFTED FROM	SHIFTED TO	R'000
Programme 1: Administration: Compensation of employees	Programme 1: Administration: Households/Social Benefits	743
Programme 2: Inspection and Enforcement Services: Compensation of employees	Programme 2: Inspection and Enforcement Services: Households/Social Benefits	493
Programme 3: Public Employment Services: Compensation of employees	Programme 3: Public Employment Services: Services: Households/Social Benefits	14
Programme 4: Labour Policy and Industrial Relations: Compensation of employees	Programme 4: Labour Policy and Industrial Relations: Households/Social Benefits	485
<b>TOTAL</b>		<b>1 735</b>
Programme 4: Labour Policy and Industrial Relations: Deaf Federation of South Africa	Programme 4: Labour Policy and Industrial Relations: <ul style="list-style-type: none"> <li>Workshops for People with Disabilities: (Dream House)</li> </ul>	46
	Programme 4: Labour Policy and Industrial Relations: <ul style="list-style-type: none"> <li>Kaleidoscope South Africa: (Worcester Institute for the Blind)</li> </ul>	108
<b>TOTAL</b>		<b>154</b>
Programme 3: Public Employment Services: Goods and Services	Programme 3: Public Employment Services: <ul style="list-style-type: none"> <li>Management and Support Services sub-programme: Productivity South Africa</li> </ul>	823

PROGRAMME		
SHIFTED FROM	SHIFTED TO	R'000
Programme 1: Administration: Goods and Services sub-programme – Office Accommodation	Programme 4: Labour Policy and Industrial Relations: • Transfers and subsidies – National Economic Development and Labour Council (NEDLAC)	8 000
Programme 3: Public Employment Services: Goods and Services and Programme 1: Administration: Goods and Services	Programme 3: Public Employment Services: Transfers and subsidies	3 900  5 000
<b>TOTAL</b>		<b>8 900</b>

## VIREMENT PER PROGRAMME

### PROGRAMME 1

Treasury approval was granted (dated 22 August 2017) to apply virement to the amount of R 743 000.00 within Programme 1: Administration from Compensation of Employees to Households/Social Benefits.

### PROGRAMME 2

Treasury approval was granted (dated 22 August 2017) to apply virement to the amount of R 493 000.00 within Programme 2: Inspection and Enforcement Services from Compensation of Employees to Households/Social Benefits.

### PROGRAMME 3

Treasury approval was granted (dated 22 August 2017) to apply virement to the amount of R 14 000.00 within Programme 3: Public Employment Services from Compensation of Employees to Households/Social Benefits.

### PROGRAMME 4

Treasury approval was granted (dated 22 August 2017) to apply virement to the amount of R 485 000.00 within Programme 4: Labour Policy and International Relations from Compensation of Employees to Households/Social Benefits.

#### Reason for Virement

Additional funding was required to cater for employees retiring from the services of the Department.

### PROGRAMME 4

Treasury approval was granted (dated 31 October 2017) to apply virement to the amount of R 154 200.00 within Programme 4 from Deaf Federation of South Africa to Workshops for People with Disabilities.

#### Reason for Virement

Additional funding was required to compensate 14 additional employees at a cost of R 26 200.00 at the Pretoria Workshop for the Blind (Dream House) and 33 additional employees at a cost of R 108 000.00 at Kaleidoscope South Africa (Worcester Institute for the Blind).

### PROGRAMME 3

Treasury approval was granted (dated 16 February 2018) to apply virement to the amount of R 823 000.00 within Programme 3 between Management and Support Services to Productivity SA.

#### Reason for Virement

Additional funding was provided to assist Productivity SA to settle the 2012/13 income tax liability.

### PROGRAMME 1 to PROGRAMME 4

Treasury approval was granted (dated 15 March 2018) to apply virement to the amount of R 8 000 000.00 from Programme 1: Administration: Office Accommodation to Programme 4: Labour Policy and Industrial Relations: National Economic Development and Labour Council (NEDLAC).

#### Reason for Virement

Additional funding was required to address funding shortfalls experienced by NEDLAC arising from engagements with stakeholders on the implementation of the National Minimum Wage, 2018 and related activities which are once-off in nature.

**PROGRAMMES 1 to PROGRAMME 3**

Treasury approval was granted (dated 15 March 2018) to apply virement to the amount of R 5 000 000.00 from Programme 1: Administration: Office Accommodation and R 3 900 000.00 from Programme 3: Public Employment Services: Goods and Services to Programme 3: Public Employment Services: Productivity SA

**Reason for Virement**

Additional funding was required to cover salary costs for the month of March 2018 at Productivity SA.

**Final virement approved by the Accounting Officer**

Funds were shifted within the main divisions of the Vote to adjust expenditure at the end of the financial year (31 March 2018). Refer to Appropriation Statement for details in this regard.

**1.5.4 UNAUTHORISED, FRUITLESS AND WASTEFUL AND IRREGULAR EXPENDITURE**

No unauthorised expenditure was reported during the 2017/18 financial year. Irregular expenditure as well as fruitless and wasteful expenditure incurred by the Department are disclosed in Note 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****Enforcing decent work principles**

The Department aims to ensure that employers adhere to employment equity plans and decent work principles, and that vulnerable workers are protected. Over the medium-term, the Department plans to enhance enforcement by increasing the number of inspections for compliance with labour legislation. However, the Department has faced challenges in both, retaining inspectors and finding suitable, specialised candidates. The R64 million allocated for an additional 124 labour inspectors in 2016/17, was withdrawn, with the implications that it would no longer be possible to add inspectors or fill some of the vacancies. This will seriously hamper the ability to increase the number of inspections from 2014/15 to 2019/20 with 30% as required in the MTSF.

**Supporting work-seekers**

The National Development Plan (NDP) sets an employment target of 11 million jobs to be created by 2030. To support the achievement of this target, the Employment Services Act (2014) aims to provide free public employment services and regulate private employment agencies. The Department's employment services system is an IT-portal where work-seekers can register as unemployed and provide information about their work experience, qualifications and the kind of work they are looking for. Employers can use the portal to register vacancies and other opportunities they may have, such as training, learnerships, and internships. The system matches work-seekers to opportunities, and after an assessment process, refer work-seekers to employers.

To increase the number of registered work-seekers and the number of work-seekers placed in registered employment opportunities, the Department will host road shows, run advocacy campaigns, integrate the employment services system with the Unemployment Insurance Fund, the Compensation Fund and national learner database systems, and establish partnerships with other stakeholders such as the Department of Higher Education and Training, the Department of Public Works, the National Youth Development Agency, Organised Business and municipalities. Through a new counselling strategy, the Department aims to get work-seekers job ready and thus reduce the time it takes to place a work-seeker. The Department will also explore partnerships to modernise the system's assessment tests.

In support of these interventions, the Public Employment Services Programme receives R1.1 billion over the medium-term, excluding transfers.

**Regulating the workplace**

The Department will focus on setting standards to reduce inequality in pay and minimum wages for all vulnerable workers, and to improve compliance with the Employment Equity Act (1998). The Department will review 12 sectoral determinations between 2014/15 and 2017/18 to regulate agreements on benchmarks for pay inequality, and then conduct an assessment of pay scales to ensure that the gaps in minimum wage determinations are reduced.

The Department will also investigate the introduction of a national minimum wage and determine its likely impact on wage structures, inequality, employment, and the standard of living for workers. These activities are funded in the Labour Policy and Industrial Relations Programme. In addition, the Department will transfer R2.3 billion over the medium-term from this programme to the Commission for Conciliation Mediation and Arbitration and R90.9 million to the National Economic Development and Labour Council.



### 1.5.5.2 REVISIONS TO LEGISLATIVE AND OTHER MANDATES

- 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
- Issue regulations in terms of the Employment Services Act. The new Employment Services Act aims to strengthen the provision of employment services within the Department and to repeal employment services provisions in the Skills Development Act
- Amendment of the Compensation for Occupational Injuries and Diseases Act. Develop a rehabilitation, re-integration and return-to-work policy for injured and diseased workers to ensure integration with other South African policies and programmes, which provide a framework for rehabilitation of people with disabilities which stresses the importance of vocational integration
- Amendment of the OHS Act, 85 of 1993. Although the OHS Act has placed responsibility of creating a healthy and safe working environment on the employers, the provisions compelling employers to do this are very vague. In order to address these shortcomings, it is necessary that the OHS Act in its current form be amended in order to ensure that:
  - » Employers develop and implement a health and safety management system
  - » Penalties issued to employers are increased
  - » Inspectors are enabled to issue prescribed fines on the spot.

### 1.5.6 PUBLIC PRIVATE PARTNERSHIPS (PPP)

The Department did not enter into any Public Private Partnership (PPP) as at 31 March 2018.

### 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 were 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 could result in disciplinary steps being taken against officials who transgress in this regard
- Procedure manuals updated and communicated to all officials
- 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 2017/18 financial year.

### 1.5.11 EXEMPTIONS AND DEVIATIONS RECEIVED FROM THE NATIONAL TREASURY

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

### 1.5.12 COST CONTAINMENT

The Department implemented the following Instruction Notes as issued by the National Treasury:

National Treasury Instruction 01 of 2013/2014 - Cost Containment Measures

National Treasury Instruction 02 of 2016/2017 - Cost Containment Measures

National Treasury Instruction 03 of 2017/2018 - Cost Containment Measures

National Treasury Instruction 04 of 2017/2018 - Cost Containment Measures

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

### 1.5.13 EVENTS AFTER THE REPORTING DATE

None.

### 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 2018.

### 1.5.17 APPROVAL

The Annual Financial Statements for the 2017/18 financial year have been approved by the Accounting Officer.

  
 .....  
 N. Lamati  
 Director-General: Labour

## 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 annual reports as issued by the National Treasury
- The Annual Financial Statements (Part E and F) 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 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 that ended 31 March 2018.

Yours faithfully



N Lamati  
Director-General: Labour

## 1.7 LEGISLATIVE AND OTHER MANDATES

The Department of 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 following:

- Basic Conditions of Employment Act (1997)
- Employment Equity Act (1998)
- Employment Services Act (2014)
- Labour Relations Act (1995)
- Occupational Health and Safety Act (1993).

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

- Improving economic efficiency and productivity
- 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.

## 1.8 LEGISLATIVE MANDATE: KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

### 1.8.1 LEGISLATIVE MANDATE

The Department of Labour's legislative framework is informed by the South African Constitution, Chapter 2, and Bill of Rights: Section 9, to ensure equal access to opportunities

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

**THE DEPARTMENT ADMINISTERS THE FOLLOWING LEGISLATION**

LEGISLATION	PURPOSE
Labour Relations Act 66 of 1995 (LRA)	The Labour Relations Act (LRA), Act 66 of 1995 aims to promote economic development, social justice, labour peace and democracy in the workplace.
The Basic Conditions of Employment Act 75 of 1997 (BCEA) 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 (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 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
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 the 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) Skills Development Act 97 of 1998 (SDA)	To provide for public employment services, their governance and functioning, including the registration of private employment agencies. To provide for the establishment and functioning of Productivity South Africa and the Supported Employment Enterprises.

**1.8.2 POLICY MANDATE**

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

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



### 1.8.3 AMENDMENTS TO LEGISLATION:

#### 1.8.3.1. 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.

#### 1.8.3.2. ISSUE REGULATIONS IN TERMS OF THE EMPLOYMENT SERVICES ACT, ACT NO. 4 OF 2014.

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.

#### 1.8.3.3. 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 the rehabilitation of people with disabilities and stresses the importance of vocational integration.

#### 1.8.3.4. AMENDMENTS TO THE EMPLOYMENT SERVICES ACT 2014.

To classify the Supported Employment Enterprises as a Trading Entity and to enable its listing by the National Treasury.

#### 1.8.3.5. AMENDMENT OF THE OHS ACT, 85 OF 1993.

Although the OHS Act has placed the responsibility of creating a healthy and safe working environment on employers, the provisions compelling employers to do this are very vague. In order to address these shortcomings, it is necessary that the OHS Act in its current form be amended in order to ensure that:

- Employers develop and implement a health and safety management system
- Penalties issued to employers are increased
- Inspectors are enabled to issue prescribed fines on the spot.

### 1.8.4 THE DEPARTMENT IS ALSO RESPONSIBLE FOR THE ADMINISTRATION AND EFFECTIVE FUNCTIONING OF THE FOLLOWING LABOUR MARKET INSTITUTIONS:

- **Productivity South Africa (ProductivitySA)** - 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 organisations, business organisations, 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.

### 1.8.5 THE FOLLOWING REPRESENTS THE 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.

## 1.9 ORGANISATIONAL STRUCTURE

### TOP LEADERSHIP



**(FROM LEFT TO RIGHT)**

**SP Holomisa**  
Deputy Minister of Labour

**MN Oliphant**  
Minister of Labour

**T Lamati**  
Director-General of 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 SA > Unemployment Insurance Board



### (FROM LEFT TO RIGHT)

- V Mafata** : Compensation Fund Commissioner
- T Maruping** : Unemployment Insurance Fund Commissioner
- S Morotoba** : Deputy Director-General: Public Employment Services
- B Matebesi** : Deputy Director-General: Corporate Services
- A Moiloa** : Deputy Director-General: Inspection and Enforcement Services
- M Bronkhorst** : Chief Operations Officer
- V Seafield** : Deputy Director-General: Labour Policy and Industrial Relations
- B Maduna** : Chief Financial Officer

## 1.10 PUBLIC ENTITIES REPORTING TO THE MINISTER OF LABOUR

The table below indicates the entities that report to the Minister of Labour:

NAME OF ENTITY	LEGISLATIVE MANDATE	FINANCIAL RELATIONSHIP	NATURE OF OPERATIONS
<b>Supported Employment Enterprises (SEE)</b>	PFMA Act 1 of 1999 (as amended by Act 29 of 1999)	Business unit of the Department	The Supported Employment Enterprises were established in 1943 to provide employment for people with mental and physical disabilities that prevented them from entering the open labour market, due to the nature of their afflictions.
<b>Productivity South Africa (ProductivitySA)</b>	Employment Service Act 4 of 2014, 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.	Public entity	The functions of Productivity South Africa are to: <ul style="list-style-type: none"> <li>• Promote a culture of productivity in the workplace</li> <li>• Develop relevant productivity competencies</li> <li>• Facilitate and evaluate productivity improvement and competitiveness in workplaces</li> <li>• Measure and evaluate productivity in the workplace</li> <li>• Maintain a data-base of productivity and competitiveness systems and to publicise these systems</li> <li>• Undertake productivity-related research</li> <li>• Support initiatives aimed at preventing job losses</li> <li>• Perform any other prescribed function.</li> </ul>
<b>Unemployment Insurance Fund (UIF)</b>	The Unemployment Insurance Act 63 of 2001 (UIA) 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.	Public entity	Collection of unemployment insurance contributions and payment of benefits to qualifying contributors.
<b>Compensation Fund (CF)</b>	The Compensation for Occupational Injuries and Diseases Act 130 of 1993 (COIDA). The CF's main objective is to provide compensation for disability, illness and death resulting from occupational injuries and diseases.	Public entity	Collection of contributions and payment of medical, compensation and pension benefits.
<b>Commission for Conciliation, Mediation and Arbitration (CCMA)</b>	The Labour Relations Act (LRA), No 66 of 1995. 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.	Public Entity	The CCMA's compulsory statutory functions are to: <ul style="list-style-type: none"> <li>• Conciliate workplace disputes</li> <li>• Arbitrate certain categories of disputes that remain unresolved after conciliation, establish picketing rules</li> <li>• Facilitate the establishment of workplace forums and statutory councils</li> <li>• Compile and publish information and statistics about CCMA activities</li> <li>• Accredite and consider applications for subsidy by bargaining councils and private agencies</li> <li>• Provide support for the Essential Services Committee.</li> </ul>

NAME OF ENTITY	LEGISLATIVE MANDATE	FINANCIAL RELATIONSHIP	NATURE OF OPERATIONS
<p><b>National Economic Development and Labour Council (NEDLAC)</b></p>	<p>National Economic Development and Labour Council Act, 35 of 1994 (NEDLAC). The National Economic Development and Labour Council was established in terms of the National Economic Development and Labour Council Act, 1994, and operates in terms of its own constitution. 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 policies before these are introduced in Parliament; and encourage and promote the formulation of coordinated policy on social and economic matters</p>	<p>Public Entity</p>	<p>The NEDLAC Act requires the institution to:</p> <ul style="list-style-type: none"> <li>• Strive to promote the goals of economic growth, participation in economic decision – making and social equity</li> <li>• Seek to reach consensus and conclude agreements on matters pertaining to social and economic policy</li> <li>• Consider all proposed labour legislation relating to labour market policy before it is introduced in Parliament</li> <li>• Encourage and promote the formulation of coordinated policy on social and economic matters</li> <li>• Consider all significant changes to social and economic policy before it is implemented or introduced in Parliament</li> <li>• Consider Social Economic Disputes in terms of Section 77 of the Labour Relations Act.</li> </ul>



# PART PERFORMANCE INFORMATION

# B

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## **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 118 of the Report of the Auditor-General, published as Part E: Financial Information.

### **2. OVERVIEW OF DEPARTMENTAL PERFORMANCE**

#### **2.1 SERVICE DELIVERY ENVIRONMENT**

Outcome 12 requires Government to work towards "an effective, efficient and development-orientated public service." The Amended Public Service Regulations, 2016 seek to institutionalise the operations management framework (which comprises among others the Service Delivery Model, the Service Delivery Charter, Service Standards, Business Processes and Standard Operating Procedures per Key Service and the Service Delivery Improvement Plans) within departments. The provisions of the operations management framework seek to improve the effectiveness and efficiency of service delivery as envisaged by the NDP.

The Department is still facing service delivery challenges due to the inherent IT legacy system, inadequate funding, high vacancy rate, low staff morale, inadequate office accommodation, lack of uniformity in terms of implementation of business processes and SOPs of certain key services. As a result, the service standards as pledged to the service beneficiaries are not met.

As outline above, interventions were implemented to shift the Department to a new trajectory of service delivery innovation and customer focus, being client-oriented as well as improved service delivery.

The service delivery interventions include the following:

#### **2.2 SERVICE DELIVERY IMPROVEMENT PLAN**

The Department has completed a service delivery improvement plan. The following tables 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																				
<b>Compensation Fund:</b>  <b>1. Registered valid claims adjudicated within 60 days</b>	<b>Employees:</b> Injured and acquired diseases on duty  <b>Beneficiaries:</b> Widows, widowers and children of employees	<b>85%</b> of registered claims adjudicated within 60 days	<b>100%</b> of registered claims adjudicated within 30 days	<b>95%</b> (against the target of 85%) of registered claims were adjudicated within 60 days ( <b>Achieved</b> ) <table border="1"> <tr> <td>Registered</td> <td>184 100</td> </tr> <tr> <td>Accepted</td> <td>157 293</td> </tr> <tr> <td>Not accepted</td> <td>22 395</td> </tr> <tr> <td>Under investigation</td> <td>255</td> </tr> <tr> <td>Repudiated</td> <td>1</td> </tr> <tr> <td>Adjudicated within 60 working days</td> <td>175 624</td> </tr> <tr> <td>Total adjudication</td> <td>179 689</td> </tr> <tr> <td>Actual performance:</td> <td>95%</td> </tr> <tr> <td>Variance:</td> <td>10%</td> </tr> <tr> <td>Reason for variance:</td> <td>12% = not accepted due non-submission of valid information. 2.26% = undecided claims</td> </tr> </table>	Registered	184 100	Accepted	157 293	Not accepted	22 395	Under investigation	255	Repudiated	1	Adjudicated within 60 working days	175 624	Total adjudication	179 689	Actual performance:	95%	Variance:	10%	Reason for variance:	12% = not accepted due non-submission of valid information. 2.26% = undecided claims
Registered	184 100																							
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Actual performance:	95%																							
Variance:	10%																							
Reason for variance:	12% = not accepted due non-submission of valid information. 2.26% = undecided claims																							
<b>1. Medical claims finalised within 60 days of receiving invoice</b>	<b>Employees:</b> Injured and acquired diseases on duty  <b>Beneficiaries:</b> Widows, widowers and children of employees	<b>85%</b> of medical claims finalised within 60 working days of receiving invoice	<b>85%</b> of medical claims finalised within 60 working days of receiving invoice	<b>93%</b> (against the target of 85%) of medical claims finalised within 60 working days of receiving invoice ( <b>Achieved</b> ) <table border="1"> <thead> <tr> <th>MEDICAL</th> <th>NUMBER OF INVOICES</th> </tr> </thead> <tbody> <tr> <td>Received medical claims</td> <td>751 364</td> </tr> <tr> <td>Medical claims finalised within 60 days</td> <td>699 441</td> </tr> <tr> <td>Actual performance:</td> <td>93%</td> </tr> <tr> <td>Variance:</td> <td>8%</td> </tr> <tr> <td>Reason for variance:</td> <td>CF reviewed the medical batches allocation process which assisted in finalising medical claims</td> </tr> </tbody> </table>	MEDICAL	NUMBER OF INVOICES	Received medical claims	751 364	Medical claims finalised within 60 days	699 441	Actual performance:	93%	Variance:	8%	Reason for variance:	CF reviewed the medical batches allocation process which assisted in finalising medical claims								
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Actual performance:	93%																							
Variance:	8%																							
Reason for variance:	CF reviewed the medical batches allocation process which assisted in finalising medical claims																							
<b>Public Employment Services:</b>  <b>1. Provide employment counselling once a week to work-seekers that avail themselves</b>	Provide employment counselling once a week to work-seekers that avail themselves	<b>Annual Target: 140 000</b> <i>The annual target was reduced by 160 000 (300 000-140 000) in the FY2017/18</i>	<b>Annual Target: 300 000</b> <i>The annual target was reduced by 160 000 (300 000-140 000) in the FY2017/18</i>	<b>Actual performance: 193 573</b> <b>Variance: 53 573</b> <b>Reason for variance:</b> The funded vacant posts (employment counsellors) were filled																				



**COMPENSATION FUND (CF):**

Batho Pele arrangements with beneficiaries (consultation access etc.)

CURRENT/ACTUAL ARRANGEMENTS	DESIRED ARRANGEMENTS	ACTUAL ACHIEVEMENTS
<b>Consultation</b>	<ul style="list-style-type: none"> <li>Consolidate provincial offices/ CF stakeholder annual itinerary</li> <li>Conduct customer surveys on 6 provincial offices to obtain customer feedback on the services</li> </ul>	<p><b>Actual Performance: Achieved</b></p> <p>Stakeholder engagements/campaigns plans itinerary was shared between CF HQ and provinces.</p> <p>Customer surveys conducted on quarterly basis: Q1 = 5 Q2 = 4 Q3 = 8 Q4 = 3 in various provinces during the izimbizo and outreach campaigns.</p> <p><b>Variance: None</b></p> <p><b>Reason for variance: None</b></p>
<b>Courtesy</b>	<ul style="list-style-type: none"> <li>A dedicated customer enquiry helpdesk for Compensation Fund services 3 labour centres per province</li> <li>Roll-out and implement the approved query resolution process – implementation of Customer Interaction Centre (CIC) tool</li> </ul>	<p><b>Actual performance: Not achieved</b></p> <p>Dedicated CF helpdesk not in place. Client Services Officers (CSOs) not yet recruited.</p> <p>Customer Interaction Centre (CIC) not yet implemented. Query resolution desk implemented at CF HQ with 5 Public Liaisons officers. There is a new Sub-Directorate for Service Delivery Improvement and Clients Support comprising of 1 DD, x2 ASD's, 8 PLO's and 15 support agents.</p> <p><b>Variance:</b> No dedicated helpdesk for CF services at three identified provinces. CIC tool not implemented.</p> <p><b>Reason for variance:</b> HRM is responsible for recruitment/placement of 100 dedicated CF CSOs. CIC tender cancelled due to poor response. Only two service providers' submitted proposals and both were non-compliant to the specifications.</p>
<b>Access</b>	<ul style="list-style-type: none"> <li>Corporate branding including signage to display CF services at some of the labour centres</li> <li>Implementation of Umehluko at labour centres</li> <li>Online portals and self-help kiosks at all customer contact points</li> </ul>	<p><b>Actual performance: Achieved</b></p> <p>CF supplied the branding material at all labour centres.</p> <p>All processing labour centres officials (CF) have access to Umehluko. Trained CSOs have view access on Umehluko.</p> <p>CF HQ has three self-service kiosks managed by a CSO.</p> <p><b>Variance: None</b></p> <p><b>Reason for variance: None</b></p>

CURRENT/ACTUAL ARRANGEMENTS	DESIRED ARRANGEMENTS	ACTUAL ACHIEVEMENTS
Information	<ul style="list-style-type: none"> <li>Information brochures, pamphlets and posters displayed at the labour centres to inform and educate public on CF services</li> <li>2 Information forums, 2 educational campaigns and 2 stakeholder engagements</li> </ul>	<p><b>Actual performance: Not Achieved</b></p> <p>CF could not replenish Q3 and Q4 information brochures and pamphlets due to delays in procurement of service provider.</p> <p>CF conducted a total of 152 educational, advocacy sessions and stakeholder engagements.</p> <p><b>Variance:</b> No pamphlets were displayed.</p> <p><b>Reason for variance:</b> The service provider was appointed in December 2017 and contract was signed in February 2018.</p>
Openness and transparency	<ul style="list-style-type: none"> <li>Display the service charter and standards at Head Office, provincial offices and labour centres.</li> <li>Publish CF Annual reports for public consumption</li> </ul>	<p><b>Actual performance: Achieved</b></p> <p>The service charter and service standards posters were displayed at CF HQ until December 2017 when CF relocated to a new building.</p> <p>Annual report was published.</p> <p><b>Variance:</b> The service charter and standards at CF Head Office (new building) are not yet displayed.</p> <p><b>Reason for variance:</b> Relocation not yet finalised.</p>
Redress	<ul style="list-style-type: none"> <li>Decentralised CF complaints resolution process to the labour centres</li> <li>Appeals processed according to the COID Act</li> <li>Resolve the complaint within hours or days of receipt</li> </ul>	<p><b>Actual performance: Not Achieved</b></p> <p>The implementation of Complaints management process is in progress. The policy and procedure manual on complaints, compliments and suggestions was approved.</p> <p>Appeals are processed according to the COID Act.</p> <p>The complaints turnaround time (14 working days – complaint lodged at the point of origin up to the Commissioner and 7 working days (escalated to the ODG and Ministry) not achieved.</p> <p>CF average turnaround time is 35 days. The average for all complaints channels (Public Protector, Presidential hotline, DoL, Ministerial/DG and Commissioner etc.)</p> <p><b>Variance:</b> Complaints not resolved within the set turnaround times.</p> <p><b>Reason for variance:</b> The main challenge for non-achievement is due to:</p> <ul style="list-style-type: none"> <li>ICT challenges</li> <li>Work flow processes not aligned</li> <li>In some provinces there are capacity constraints.</li> </ul>
Value for money	<ul style="list-style-type: none"> <li>Implementation of Umehluko system at the labour centres to streamline processes, reduce the responsive time and document management</li> </ul>	<p><b>Actual performance: Achieved</b></p> <p>Trained CSOs and CF processing officials have access to Umehluko. Document management is a manual process managed by the labour centre manager and the COID Assistant Manager</p> <p><b>Variance:</b> None</p> <p><b>Reason for variance:</b> None</p>

## PUBLIC EMPLOYMENT SERVICES (PES)

Batho Pele arrangements with beneficiaries (Consultation access etc.)

CURRENT/ACTUAL ARRANGEMENTS	DESIRED ARRANGEMENTS	ACTUAL ACHIEVEMENTS
Consultation	<ul style="list-style-type: none"> <li>• 36 provincial and 378 local advocacy campaigns conducted including career exhibitions</li> </ul>	<p><b>Actual performance: Achieved</b></p> <p>383 against the target of 261 local advocacy campaigns conducted including career exhibitions were conducted.  <b>Variance:</b> 122 advocacy campaigns  <b>Reason for variance:</b> High demand for advocacy campaigns</p>
Courtesy	<ul style="list-style-type: none"> <li>• Number of Employment Counsellors increased depending on availability of budget.</li> <li>• Continuous training of client services officers (CSOs) to refer work-seekers for employment counselling.</li> </ul>	<p><b>Actual performance: Not Achieved</b></p> <p>93 out 125 employment counsellors have been appointed.  <b>Variance:</b> 32 vacant positions.  <b>Reason for variance:</b> 32 vacant posts in the process of filling.</p> <p><b>Actual performance:</b> On the job-training has been provided to the CSOs.  <b>Variance:</b> None  <b>Reason for variance:</b> None</p>
Access	<ul style="list-style-type: none"> <li>• 20% of ES clients use on-line service</li> <li>• Increase the scope of the call centre to deal with all PES services enquiries.</li> <li>• SMS notifications to all PES services.</li> </ul>	<p><b>Actual performance: Not Achieved</b></p> <p>109 Self-help kiosk were installed in 21 offices across all 9 provinces. This indicates an increase in access for online services. A total of 890 523 work-seekers were registered, 106 846 registered online (12%)  <b>Variance:</b> 8% online service usage  <b>Reason for variance:</b> Majority of work-seekers still prefers the face to face help /service.</p> <p><b>Actual performance:</b> The scope of the PES Call Centre services is accommodative of all PES key services.  <b>Variance : None</b>  <b>Reason for variance: None</b></p> <p><b>Actual performance:</b> Partly in place through the e-Gov system (permanent employment agencies and International/ Cross Border Work Visa Application information in partnership with SITA.  <b>Variance:</b> Not yet implemented on the rest of the PES service.  <b>Reason for variance:</b> SMS facility not available from the OCIO.</p>
Information	<ul style="list-style-type: none"> <li>• Pamphlets and electronic and print adverts. Update information on the website as and when necessary</li> </ul>	<p><b>Actual performance: Achieved</b></p> <p>A z-card, poster, banner and flyer were finalised for printing, whilst CDs were prepared with some other pamphlets to send to the provinces for publication. The Department broadcasted a video on Youtube and Facebook around employment counselling. Two additional fact sheets on "Self-discipline" and the "Z83 Application form" were finalised. An article on disability was published in the iDol to raise awareness.  <b>Variance:</b> None  <b>Reason for variance:</b> None</p>
Openness and transparency	<ul style="list-style-type: none"> <li>• Public participation programmes to inform the public about the service offerings, promoting awareness of worker's rights and obligations.</li> </ul>	<p><b>Actual performance: Achieved</b></p> <p>383 against the target of 261 local advocacy campaigns were conducted including career exhibitions were conducted.  <b>Variance:</b> 122 advocacy campaigns.  <b>Reason for variance:</b> High demand for advocacy campaigns.</p>

CURRENT/ACTUAL ARRANGEMENTS	DESIRED ARRANGEMENTS	ACTUAL ACHIEVEMENTS
Redress	<ul style="list-style-type: none"> <li>Customer service complaints are reported or escalated through labour centre, provincial, and national structures including the call centre.</li> <li>Feedback and progress on received complaints provided within 2 weeks to complainant.</li> </ul>	<p><b>Actual performance: Achieved</b> No complaints were received concerning employment counselling during the reporting period.</p> <p><b>Variance: None</b> <b>Reason for variance: None</b></p>
Value for money	<ul style="list-style-type: none"> <li>Fully integrated IT system for the labour centres</li> </ul>	<p><b>Actual performance: Not Achieved</b> Self-help kiosks equipped with online services including PACE Career Test have been rolled out. 21 sites/labour centres currently implemented throughout the 9 provinces.</p> <p><b>Variance: None</b> <b>Reason for variance: None</b></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 Performance Information reporting tool (Ms Word)	<ul style="list-style-type: none"> <li>Automated Performance Information System to monitor and report on implementation</li> <li>4 QR and 1 AR SDIP implementation report produced</li> <li>Reports were produced and approved</li> </ul>	4 QR and 1 AR SDIP implementation reports were produced and approved.

### COMPLAINTS MECHANISM

CURRENT/ACTUAL COMPLAINTS MECHANISM	DESIRED COMPLAINTS MECHANISM	ACTUAL ACHIEVEMENTS
DPSA Complaint Management Framework has been adopted <ul style="list-style-type: none"> <li>Policy and Procedure Manual was approved.</li> <li>Various platforms available to lodge complaints</li> <li>Complaints received are recorded on the register</li> <li>Periodic complaint resolution reporting</li> </ul>	Automated Customer Interaction Centre system to lodge, monitor and report on complaints	<ul style="list-style-type: none"> <li>Policy and Procedure manual was approved for implementation</li> <li>Complaints lodged were resolved and periodic statistical reports were produced.</li> </ul>

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

#### 3.1 SERVICE DELIVERY OUTCOMES AND DEPARTMENTAL STRATEGIC GOALS

The Department of Labour 2017/18 Annual Report is based on the following MTSF Outcomes (aligned to the APP and SP tabled in March 2017)

- **Outcome 4:** Decent employment through inclusive economic growth
- **Outcome 5:** A skilled and capable workforce to support an inclusive growth path
- **Outcome 11:** Create a better South Africa, a better Africa and a better World
- **Outcome 12:** An efficient, effective and development oriented public service
- **Outcome 14:** Transforming society and uniting the country.

##### Department of Labour's Strategic Goals:

- **Strategic Goal 1:** Promote occupational health services
- **Strategic Goal 2:** Contribute to decent employment creation
- **Strategic Goal 3:** Protect vulnerable workers
- **Strategic Goal 4:** Strengthen multilateral and bilateral relations
- **Strategic Goal 5:** Strengthen occupational safety protection
- **Strategic Goal 6:** Promote sound labour relations
- **Strategic Goal 7:** Monitor the impact of legislation
- **Strategic Goal 8:** Strengthen the institutional capacity of the Department
- **Strategic Goal 9:** Development of the occupational health and safety policies
- **Strategic Goal 10:** Promote equity in the labour market.

**TO ADDRESS THE ABOVE MTSF OUTCOMES, THE DEPARTMENT IS MANDATED TO IMPLEMENT THE FOLLOWING STRATEGIC GOALS:**

(MTSF OUTCOME 4)	DECENT EMPLOYMENT THROUGH INCLUSIVE ECONOMIC GROWTH
Department's Strategic Goals	<ol style="list-style-type: none"> <li>1. Promote occupational health services</li> <li>2. Contribute to decent employment creation</li> <li>3. Protect vulnerable workers</li> <li>5. Strengthen occupational safety protection</li> <li>6. Promote sound labour relations</li> <li>7. Monitor the impact of legislation</li> <li>9. Development of the occupational health and safety policies</li> </ol>
(MTSF OUTCOME 5)	A SKILLED AND CAPABLE WORKFORCE TO SUPPORT AN INCLUSIVE GROWTH PATH
Department's Strategic Goal	<ol style="list-style-type: none"> <li>2. Contribute to decent employment creation</li> </ol>
(MTSF OUTCOME 11)	CREATE A BETTER SOUTH AFRICA, A BETTER AFRICA AND A BETTER WORLD
Department's Strategic Goal	<ol style="list-style-type: none"> <li>4. Strengthen multilateral and bilateral relations</li> </ol>
(MTSF OUTCOME 12)	AN EFFICIENT, EFFECTIVE AND DEVELOPMENT ORIENTED PUBLIC SERVICE
Department's Strategic Goal	<ol style="list-style-type: none"> <li>8. Strengthen the institutional capacity of the Department</li> </ol>
(MTSF OUTCOME 14)	TRANSFORMING SOCIETY AND UNITING THE NATION
Department's Strategic Goal	<ol style="list-style-type: none"> <li>10. Promote equity in the labour market</li> </ol>

**3.2 PROGRESS MADE TOWARDS THE ACHIEVEMENT OF THE 5 YEAR TARGETS**

Strategic Outcome-Oriented Goals – Medium-Term Strategic Framework (MTSF): 2014/15 – 2019/20

**3.2.1 PROGRAMME 1: ADMINISTRATION****STRATEGIC GOALS FOR THE FINANCIAL YEAR UNDER REVIEW: 2017/18**

(OUTCOME 12)	AN EFFICIENT, EFFECTIVE AND DEVELOPMENT ORIENTATED PUBLIC SERVICE
Department's Strategic Goal	<ol style="list-style-type: none"> <li>8. Strengthen the institutional capacity of the Department (by ensuring that the Department is adequately resourced with infrastructure and human capital necessary for efficient service delivery)</li> </ol>

**Strategic objectives, performance indicators, planned targets and actual achievements:**

The main purpose of the programme is to provide strategic leadership, management and support services to the Department. The programme contributes largely to strategic outcome-oriented goal 5 and outcome 12, and the Department's strategic goal that states "strengthen the institutional capacity of the Department (by ensuring that the Department is adequately resourced with infrastructure and human capital necessary for efficient service delivery)." The programme achieved 3 out of 4 performance indicators in the year under review which represents 75% achievement and it is an improvement from the previous financial year. The area of non- achievement will be given more attention in the new financial year by ensuring that the governance issues that were raised under the M-PAT assessment are monitored closely.

**How has Administration accelerated the attainment of NDP goals of reducing unemployment, poverty and inequality?**

While Corporate Services acts as a support function in the Department, it does that while addressing the fundamental redistribution imperatives. The key areas that assist in doing this are primarily procurement processes and human resources management. There are legislated requirements that govern the administration of these two important components.

### Redress procurement

- The basis of government procurement demands that any sourcing of goods and services should be done in a fair, equitable and transparent manner
- The need to balance the transformational agenda of the state and the efficiency and cost effectiveness required in procuring goods and services
- Strategic sourcing of goods and services which should result in growth and wealth creation of local businesses and creation of jobs
- The use of the central supplier database managed by the Treasury is key to addressing inconsistencies during the procurement process
- Reduction of barriers to entry and ease of doing business with government especially for small businesses e.g. through set asides current requirements specifies at least 30% set aside for a specified amount of procurement (SMME's, CO-OPs, Township and Rural Enterprises)
- Reporting to treasury on the procurement statistics of the Department to monitor attainment of set requirements
- The Department of Labour procures in line with the requirements as stipulated by the National Treasury and reports on these on a regular basis
- A consolidated report indicating the procurement statistics is compiled and specifies procurement according to BBEE level, Black Owned, Women and Youth.

### Human resources management

The human resources management within the public service is governed by Chapter 10 of the Constitution which among others stipulates that services must be provided impartially, fairly, equitably and without bias; and that the public administration must be broadly representative of the South African people.

The Public Service Act also re-emphasises the need for transformation, reform and need to improve effectiveness and efficiency of the public service.

### HRM, in response to the current challenges that are a drawback to the transformation of the public services, is doing the following;

- The development and adoption of the HR plan
- Involvement of the line function units in developing the HR plan and the HRD strategy
- Re-organising of the HR functions for improved effectiveness and efficiency.

As part of the contribution towards decent employment creation, the focus has been on unemployed youth through the appointment of interns, with 51 active, the main area of recruitment is IT. Interns are appointed on 12-month contracts to give them work exposure and prepare them for work readiness.

### Reducing inequality

The three-year approved Employment Equity (EE) Plan (2015 - 2018) of the Department is due to end on 30 August 2018. To ensure an effective implementation of the EE Plan, provincial and national consultative structures have been established and are operational, and senior managers are appointed to oversee the implementation of various employment equity plans with DDG: Corporate Services as an overseer, appointed as the Employment Equity Manager. In order to address some of the employment equity barriers and to ensure advancement of the internal workforce, the following training and development interventions have been implemented:

- Foundation Management Development Programme (90 employees enrolled)
- Emerging Management Development Programme enrolled (167 employees enrolled)
- Advanced Management Development Programme (77 employees enrolled)
- Executive Development Programme (5 employees enrolled).

## PROGRESS MADE TOWARDS THE ACHIEVEMENT OF THE FIVE-YEAR MEDIUM-TERM STRATEGIC FRAMEWORK (MTSF) TARGETS

OUTCOME 12: AN EFFICIENT, EFFECTIVE AND DEVELOPMENT ORIENTATED PUBLIC SERVICE					
STRATEGIC OBJECTIVE	2014 LEVEL BASELINE	5 YEAR MTSF TARGET	4 YEARS PROGRESS TO 31ST MARCH 2018 LATEST AVAILABLE MEASUREMENT	DEVIATION FROM PLANNED TARGET	COMMENT ON DEVIATIONS
<b>1. Provide strategic management and support services to the Department</b>	37% of total Department's M-PAT standards per KPI are at level 3 and level 4 as at 31 March 2016.	MTSF DPME five-year target for M-PAT by 2020 is that 80% of all government Departments must be at 50% compliance (50% level 3 and 4 M-PAT standards).  The Department's target is 50% which is in line with the envisaged national average.	<b>26%</b> of total Department's M-PAT standards at level 3 and 4 by March 2018 based on the final M-PAT 1.7 report	<b>24%</b> of total Department's M-PAT standards are not at level 3 and 4 by March 2018 based on the final M-PAT 1.7 report	A number of Departmental policies need to be updated, late submission of documents and delays in addressing recurring audit /AG findings resulted in level 2 compliance which is poor compliance.
<b>Effective financial management and governance</b>	2014/15 Annual Report submitted to the National Treasury by 31 May 2015  3 IFS reports were submitted to the National Treasury on due dates as determined by National Treasury.	<b>3</b> Interim Financial Statements (IFS) and 1 Annual Financial Statement (AFS) per annum.	Produced 3 Interim Financial Statements (IFS) and 1 Annual Financial Statement (AFS) per annum	None	
<b>Effective supply chain management</b>	A total of 13 cases amounting to R29 477 147.66 for irregular expenditure were detected and reported for the 2015/16 financial year.  A total of 16 cases amounting to R82 074.92 for fruitless and wasteful expenditure were detected and reported for the 2015/16.	<b>100%</b> of detected cases reported	<b>Irregular expenditure –</b> A total of 14 cases amounting to R1 236 000.00 were detected and reported for the 2017/18 financial year.  <b>Fruitless and wasteful expenditure –</b> A total of 98 cases amounting to R4 204 000.00 were detected and reported for the 2017/18 financial year  <b>Unauthorised expenditure –</b> <b>None</b> detected and reported.		

\*Amounts changed with the Final Audit..

## 3.2.2 PROGRAMME 2: INSPECTION AND ENFORCEMENT SERVICES (IES)

Strategic goals for the financial year under review: 2017/18

(OUTCOME 4)	DECENT EMPLOYMENT THROUGH INCLUSIVE GROWTH
Department's strategic goal	1. Promote occupational health services 9. Development of the occupational health and safety policies 3. Protect vulnerable workers 5. Strengthen occupational safety protection
(OUTCOME 14)	TRANSFORMING SOCIETY AND UNITING THE NATION
Department's strategic goal	10. Promote equity in the labour market



## Significant achievements of targets for the strategic objectives and performance indicators for the financial year under review:

None

## Accelerated attainment of NDP goals of reducing unemployment, poverty and inequality:

- The Branch has inspected **4 627** of designated employers and reviewed **1 548** to ensure the promotion of equality in the workplace and contribute to Outcome 14 of the NDP that strives for promotion of building the society and achieving of social cohesion; to that end, **182** of non-compliant employers were prosecuted
- In terms of contributing towards Outcome 4 which promotes decent work and inclusive economic growth, the Branch inspected **165 998** workplaces under the BCEA in order to establish compliance in relation to the aforesaid legislation. The aim in this regard was to protect the vulnerable workers and thereby fight poverty in employment
- Out of **165 998** workplaces inspected **2 112** number were prosecuted
- Furthermore, **18 979** audits were conducted under the unemployment insurance legislation. In that regard **142** employers were prosecuted for non-compliance.

## PROGRESS MADE TOWARDS THE ACHIEVEMENT OF THE 5 YEAR MEDIUM TERM STRATEGIC FRAMEWORK (MTSF) TARGETS

OUTCOME4: DECENT EMPLOYMENT THROUGH INCLUSIVE GROWTH SUB-OUTCOME 7: WORKPLACE CONFLICT IS REDUCED AND COLLABORATION BETWEEN GOVERNMENT, ORGANISED BUSINESS AND ORGANISED LABOUR IMPROVES							
STRATEGIC OBJECTIVE	2014 LEVEL BASELINE	5 YEAR MTSF TARGET	4 YEARS PROGRESS TO 31ST MARCH 2018 LATEST AVAILABLE MEASUREMENT			DEVIATION FROM PLANNED TARGET	COMMENT ON DEVIATIONS
Strengthen implementation of existing labour regulations to improve the protection of vulnerable workers and create decent work environment as well as address labour market inefficiencies	181 548 inspections conducted	Increase in number of inspections and follow ups by <b>30%</b>  Strengthen capacity of the inspectorate through training and increase personnel. To achieve increased targets and visibility of inspectorate.	<b>YEAR</b>	<b>TARGET</b>	<b>ACTUAL</b>	-8.9% (shortfall of 21 066 inspections for 30% increase – 236 012 per annum)	The over-achievement was due to the blitz inspections that were conducted
			2014/15	180 818	181 548		
			2015/16	172 887	187 497		
			2016/17	175 478	186 456		
			2017/18	217 008	214 946		
		<b>TOTAL</b>	<b>746 191</b>	<b>770 447</b>			
			<b>18% increase in inspections conducted</b>				
	<b>91%</b> of non-complying workplaces were dealt with.						
	A total of <b>27 291</b> notices were issued and						
	<b>394</b> cases were referred to court.						
	<b>45%</b> (of the 1 305 reported incidents, 509) were investigated within 90 days						

### 3.2.3 PROGRAMME 3: PUBLIC EMPLOYMENT SERVICES (PES)

#### THE PROGRAMME HAS OVERSIGHT OVER THE FOLLOWING ENTITIES REPORTING TO THE MINISTER OF LABOUR:

The table below indicates the entities that report to the Minister of Labour:

NAME OF ENTITY	LEGISLATIVE MANDATE	FINANCIAL RELATIONSHIP	NATURE OF OPERATIONS
Supported Employment Enterprises (SEE)	PFMA Act 1 of 1999 (as amended by Act 29 of 1999)	Trading entity of the Department	The Supported Employment Enterprises were established in 1943 to provide employment for people with mental and physical disabilities that prevented them from entering the open labour market, due to the nature of their afflictions
Productivity South Africa (ProductivitySA)	Section 21 Company – Employment Services Act 4 of 2014, Companies Act, 1973. 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.	Public entity	The functions of Productivity South Africa are: <ul style="list-style-type: none"> <li>• Promote a culture of productivity in the workplace</li> <li>• Develop relevant productivity competencies</li> <li>• Facilitate and evaluate productivity improvement and competitiveness in workplaces</li> <li>• Measure and evaluate productivity in the workplace</li> <li>• Maintain a data-base of productivity and competitiveness systems and to publicise these systems</li> <li>• Undertake productivity-related research</li> <li>• Support initiatives aimed at preventing job losses</li> <li>• Perform any other prescribed function.</li> </ul>
Unemployment Insurance Fund (UIF)	The Unemployment Insurance Act 63 of 2001 (UIA) 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.	Public entity	Collection of unemployment insurance contributions and payment of benefits to qualifying contributors.
Compensation Fund (CF)	The Compensation for Occupational Injuries and Diseases Act 130 of 1993 (COIDA). The CF's main objective is to provide compensation for disability, illness and death resulting from occupational injuries and diseases.	Public entity	Collection of contributions and payment of medical, compensation and pension benefits.

#### STRATEGIC GOALS FOR THE FINANCIAL YEAR UNDER REVIEW: 2017/18

(OUTCOME 4)	DECENT EMPLOYMENT THROUGH INCLUSIVE ECONOMIC GROWTH
Department's Strategic Goal	2. Contribute to decent employment creation
(OUTCOME 5)	A SKILLED AND CAPABLE WORKFORCE TO SUPPORT AN INCLUSIVE GROWTH PATH
Department's Strategic Goal	2. Contribute to decent employment creation

**Significant achievements of targets for the strategic objectives and performance indicators for the financial year under review:**

Public Employment Services (PES) continued to provide much needed support to unemployed work-seekers. During the 2017/2018 financial year, the Department registered 890 523 work-seekers of which 508 110 were youth. This is an increase of 223 804 work-seekers from previous financial year. The Department has the largest database of unemployed work-seekers in the country. Employment counsellors provided counselling to 193 573 of these work-seekers of which 144 517 were youth, to address a number of employment barriers and to bring them closer to employment. Given the large number of barriers that work-seekers, have that prevent work-seekers from entering the labour market, the counselling team has been strengthened, by providing another 31 new employment counsellors and nine principle psychologists that will, commence employment in the new financial year.

**Accelerated attainment of NDP goals of reducing unemployment, poverty and inequality:**

Public Employment Services (PES) has contributed towards achieving the Department's strategic outcome orientated goals, which will invariably impact on the strategic priorities of government - (employment creation) through the following:

- Extensive advocacy and communication campaigns and job fairs in many parts of the country
- Employment counselling to unemployed work-seekers to assist them to overcome barriers
- Strengthened systems to make it easier for work-seekers to register and for employers to register their work opportunities with PES
- Interact with business forums/chamber of commerce to outline policy principles and procedure on employment of foreign nationals in the country
- Outreach to the employers, encourage the employers to utilise the Department's database
- Represent the Department on the Inter-Clarifying Agency Forum on Migration to address all aspects of migration in the country
- Integrated databases with Home Affairs and national learner database to further streamline processes
- Subsidies to the national councils for people with disabilities to assist them to integrate to open Labour market
- Assisting work-seekers to access UIF benefits in the event that they cannot be placed
- Provincial job fairs to put potential employers in contact with work-seekers
- Regulating private employment agencies to prevent abuse of work-seekers
- Issuing recommendations on benchmarking certificates to the Department of Home Affairs regarding applications for work visas, to facilitate easy entry of people with skills needed by the country and also to prevent the displacement of local labour where there are local skills available
- Providing training lay-off schemes (in partnership with the UIF) to save jobs, Productivity SA also provides turnaround solutions for companies in distress.

## PROGRESS MADE TOWARDS THE ACHIEVEMENT OF THE FIVE-YEAR MEDIUM-TERM STRATEGIC FRAMEWORK (MTSF) TARGETS

OUTCOME 4: DECENT EMPLOYMENT THROUGH INCLUSIVE ECONOMIC GROWTH SUB-OUTCOME 9: PUBLIC EMPLOYMENT SCHEMES PROVIDE RELIEF FOR THE UNEMPLOYED AND BUILD COMMUNITY SOLIDARITY AND AGENCY					
STRATEGIC OBJECTIVE	2014 LEVEL BASELINE	5 YEAR MTSF TARGET	4 YEARS PROGRESS TO 31ST MARCH 2018 LATEST AVAILABLE MEASUREMENT	DEVIATION FROM PLANNED TARGET	COMMENT ON DEVIATIONS
Communicate (PES) initiatives and interventions through various channels	859	PES initiatives and interventions communicated through various channels: <b>2 106</b>	2 258	152	Target already met
Register work-seekers on Employment System of South Africa (ESSA)	618 092	Work-seekers registered on ESSA for opportunities: <b>3 350 000</b>	2 810 315	-539 685	Target is likely to be met at the end of the term
Provide employment counselling to work-seekers	250 160	Work-seekers provided with employment counselling: <b>1 330 000</b>	846 425	-483 575	Target is likely to be met at the end of the term
Place work-seekers into opportunities	15 570	Work-seekers placed into opportunities: <b>150 000</b>	59 154	-90 846	Target is likely to be met at the end of the term
Registration of opportunities into ESSA	Initial indicator and target were based on the number of employers who registered opportunities. This was revised in 2014	Opportunities registered on ESSA: <b>358 000</b>	361 114	3 114	Target already met.

### 3.2.4 PROGRAMME 4: LABOUR POLICY AND INDUSTRIAL RELATIONS (LP AND IR)

#### PROGRESS MADE TOWARDS THE ACHIEVEMENT OF THE FIVE-YEAR TARGETS

The Programme has oversight over the following entities reporting to the Minister of Labour:

The information furnished in this section should correlate with information provided in the related party transactions disclosure note to the financial statements and the information on the entities.

The table below indicates the entities that report to the Minister of Labour:

NAME OF ENTITY	LEGISLATIVE MANDATE	FINANCIAL RELATIONSHIP	NATURE OF OPERATIONS
Commission for Conciliation, Mediation and Arbitration (CCMA)	To promote dispute resolution	Transfer payment through the drawdown agreement	To mediate, conciliate and arbitrate labour market disputes
National Economic Development and Labour Council (NEDLAC)	To promote social dialogue	Transfer payment through the drawdown agreement	To promote consensus through social dialogue amongst social partners.

**STRATEGIC GOALS FOR THE FINANCIAL YEAR UNDER REVIEW: 2017/18**

(OUTCOME 4)	DECENT EMPLOYMENT THROUGH INCLUSIVE ECONOMIC GROWTH
Department's strategic goal	2. Contribute to decent employment creation 3. Protect vulnerable workers 6. Promote sound labour relations 7. Monitor the impact of legislation
(OUTCOME 11)	CREATE A BETTER SOUTH AFRICA, A BETTER AFRICA AND A BETTER WORLD
Department's strategic goal	4. Strengthen multilateral and bilateral relations
(OUTCOME 14)	TRANSFORMING SOCIETY AND UNITING THE NATION
Department's strategic goal	10. Promote equity in the labour market

**STRATEGIC OBJECTIVES, PERFORMANCE INDICATORS, PLANNED TARGETS AND ACTUAL ACHIEVEMENTS:**

- 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
- Employment Equity promotes equity in the labour market through ensuring that the policy environment supports compliance to the Employment Equity Act, 1998 as amended. Published and launched the 2016-2017 Commission for Employment Equity's Annual Report and Public Register; and developed the 2017-2018 Commission for Employment Equity's Annual Report and Public Register by 31 March 2018
- Employment Standards reviewed Domestic Worker Sector and Contract Cleaning Sector wages so as to improve and ensure that wages of 900 000 vulnerable workers respond to the standard of living. Published amendment bills, conducted public information sessions for both employers and trade unions on the bills
- Collective Bargaining has extended 14 collective agreements within 90 days and decisions have been taken in respect of applications by 135 labour organisations during the period under review. The Directorate has also contributed to the process of engagement with social partners that resulted in agreements and draft legislation to deal with labour stability and the implementation of a national minimum wage
- International Labour Matters consist of the following Multilateral Relations Directorate which covers the Departments engagements with multilateral institutions that is SADC, ARLAC, AU, Specialised Technical Committee on Labour, and Social Development, the ILO, BRICS, IBSA, G20 and OECD. The Bilateral Relations Directorate focuses on our engagement with like-minded countries both within and outside the African continent.

**SOUTHERN AFRICAN DEVELOPMENT COMMUNITY EMPLOYMENT AND LABOUR SECTOR (SADC-ELS)**

For the period under review, South Africa served as chairman of the Southern African Development Community (SADC). In the above regard the Department of Labour hosted the SADC ELS component with various activities undertaken culminating with the meeting of Ministers responsible for Employment and Labour held in Cape Town from 26 February to 02 March 2018.

South Africa's theme was, "*Horizon Decent Work: Advancing Coherence, Connectivity and Inclusivity*". The notion of Decent Work underpinned what the Department sought to achieve during its tenure as Chair of the sector but also the expression of complementarity as expressed in Article 5 of the SADC founding treaty. During this Presidency, seven workshops were held with a view to enhance the capacity of and develop common regional understanding of the labour market. Covered areas included *labour inspections; dispute prevention and resolution; international labour standards; public employment services; transition from informal economy to formal economy (R204); portability of accrued social security benefits and global supply chains*.

The Department hosted the SADC Joint-Tripartite Technical Sub-Committee Meeting from 16 to 18 October 2017, in East-London.

- A standards workshop convened by the Minister of Labour with Organised Labour in May 2017, wherein the workers requested Government to consider the ratification of Convention 183 (Maternity Protection). After discussions at the NEDLAC Decent Work Country Programme Steering Committee, a request has been forwarded to the ILO for a Gap Analysis process.
- Similar processes were undertaken with regards Convention 151 (Labour Relations in Public Service) and Convention 122 (Employment Policy). The former focuses of civil and political rights afforded to public employees. The gap analysis validation workshop for Convention 151 held in November established that the Consultants had based their review on outdated laws. It was thus agreed to revisit this process based on current and contemporary labour laws. The consultant is expected to present a revised analysis.
- With regards to Convention 122 (Employment Policy), the Gap Analysis Validation workshop held in May concluded that South Africa's laws are in line with the provisions of the Convention.
- In further pursuance of this outcome and regional integration, several other workshops were held during the period under review. These were:
  - » Dispute Prevention and Resolution held in July
  - » Labour Inspections and Enforcement held in 24 – 25 August
  - » International Labour Standards on convention 87 (freedom of association); Convention 98 (collective bargaining) and 144 (tripartite consultation) as well as Convention 151 held on 20-22 September
  - » R204 on the Transition from formal to informal economy held in November
  - » Portability of Social Security held in December
  - » Public Employment Services held in February (2018).

NB: Most of these workshops were to operationalise Article 5(1)(e)(f) of the SADC Treaty of 1992 as amended and decisions of the SADC Ministers of Labour and employment and social partners.

#### **BRAZIL RUSSIA INDIA CHINA SOUTH AFRICA (BRICS)**

Ministers of Labour and Employment from the Federative Republic of Brazil, the Russian Federation, the Republic of India, the People's Republic of China and the Republic of South Africa, met in Chongqing on 26-27 July 2017, for the third BRICS Labour and Employment Ministers' Meeting to strengthen intra-BRICS coordination, enhance information sharing, discuss and agree upon specific areas of cooperation in our endeavour to address labour, employment and social security challenges common to the BRICS countries.

The year 2018 holds a special significance in the BRICS historical trajectory, as this forum completes the first decade of BRICS Summits. For the second time, South Africa took over the rotational Presidency of BRICS for the period July 2017 - August 2018. Within the labour environment, activities are pursued under the BRICS Employment Working Group (technical expert's platform) and the Labour and Employment Ministers Meeting (LEMM) for Ministers and Social Partners. This stream of work was created to strengthen intra-BRICS coordination, enhance information sharing as well as cooperation in matters of mutual interest in order to address labour and employment challenges.

#### **INTERNATIONAL LABOUR ORGANISATION (ILO)**

During the 106<sup>th</sup> Session of the International Labour Conference held in June 2017, South Africa chaired the recurrent discussion of the Committee on Fundamental Principles and Rights at Work which conversed on the need to further promote ILO core labour standards around the globe. The Committee identified political will, effective labour market governance and inclusive social dialogue between governments, employers and workers as key to the promotion of basic labour rights and the achievement of the goals of the ILO Declaration on Social Justice for a Fair Globalisation adopted by the International Labour Conference in 2008.

A key achievement for the country during the period under review was the success in the lobbying for the appointment of Mr Mthunzi Mdwaba, as Vice-President of the International Organisation of Employers making him the first African and Black person to be employer spokesperson in the 99 years of the existence of the ILO, as such, becoming the first African Vice-President for the International Labour Organisation (ILO) Governing Body. Mr Mdwaba has also been appointed to serve as a Commissioner to the Global Commission on the Future of Work. His appointment bears testimony to the rise and influence Africa has in international matters.

At the Committee on the Application of Standards, South Africa rallied other SADC member states and supported Swaziland and Zimbabwe leading to the Committee concluding not to place the country under the special paragraph whilst withdrawing the latter from cases of urgency which entails automatic appearance in the next conference list. All fifteen member States of SADC who are members of the ILO and have ratified all eight Core Conventions. SADC's work programme encompasses a component on International Labour

Standards (ILS) which, amongst others, aims at an improved implementation of the eight Core Conventions.

#### **ARTICLE 19 – UNRATIFIED CONVENTIONS**

In line with our obligation under Article 19 of the ILO's Constitution, the Department successfully submitted its general survey on Social Protection Floors Recommendation, 2012 (No. 202). This report was due at the ILO on 31 December 2017.

#### **ARTICLE 22 – RATIFIED CONVENTIONS**

In line with our obligation under Article 22 of the ILO's Constitution, the Department successfully submitted the following reports outlining law and practice in terms of the application of the conventions:

- Minimum Wage-Fixing Machinery Convention, 1928 (No. 26)
- Equal Remuneration Convention, 1951 (No. 100)
- Discrimination (Employment and Occupation) Convention, 1958 (No. 111)
- Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144).

These reports were submitted during August 2017.

#### **SOUTH AFRICAN - GERMAN CONFERENCE**

Digitalisation and Employment: Effective strategies in shaping the future of work  
Cape Town, 4 and 5 December, 2017

- The conference on digitisation featured high-level discussions that were used to shape the current debate and present new ideas and perspectives for the participants regarding online platforms. Opportunities coming from online platforms not only create innovative forms of production, consumption, collaboration and sharing between individuals and organisations, but also promote economic benefits and employment opportunities thanks to the digital economy by creating a fast-moving business environment
- The Labour Market Information and Statistics (LMIS) Directorate has produced four annual labour market trend reports as per the strategic objective (monitoring the impact of legislation) as well as per the four performance indicators in line with the Annual Performance Plan (APP) 2017/18. These entire annual labour market trend reports are regarded as useful as they provide up to date labour market information for the development of evidence decision that could assist in the adjustments of the level of unemployment, poverty and inequality in the South African labour market
- Research, Policy and Planning conducted research that is aimed at monitoring and evaluating the impact of labour legislation within the labour market to guide policy intervention on reducing unemployment and work-related poverty and inequality.

#### **How LP and IR has accelerated the attainment of NDP goals of reducing unemployment, poverty and inequality:**

LP and IR contributed to the attainment of NDP goals by contributing towards the social partner agreement in February 2017 on labour stability and a national minimum wage. A separate agreement on the introduction of the National Minimum Wage was also concluded between government, representatives of business, labour and the community sector of NEDLAC. By November 2017, proposed legislation was submitted to Parliament. When implemented, these measures should, over time, contribute to the reduction of poverty and inequality.

To fight poverty and equality in the labour market, the Department drafted the National Minimum Wage Bill which intends to introduce the national minimum wage in the labour market. The Directorate conducted information sessions to inform the trade unions and employers in labour market about the pending national minimum wage. The Bill is now before Parliament for consideration before been promulgated into law. The Basic Conditions of Employment Amendment Bill is also before Parliament for consideration, the Bill strengthens the enforcement of the national minimum wage and it introduces heavy penalties for noncompliance. It is expected that the national minimum wage base will uplift and better the lives of three million workers who earn below R20 per hour.

The Department's international relations programme remains within the realm of the Government-wide objectives informed by Outcome 11: Create a better South Africa, a better Africa and a better World. The programme thus seeks to realise this objective by engaging in processes that strengthen bilateral cooperation and multilateral collaboration. Through these engagements, our quest of realising the overall goal for decent work is informed by the push for Fundamental Principles and Rights at Work pursued through, amongst others, the creation of decent employment, the promotion of labour standards and fundamental rights at work; the elimination of inequality and discrimination in the workplace, enhancing occupational health and safety awareness as well as the provision of adequate social safety nets.

South Africa continues to be a beacon of hope reflecting good practice in its labour market engagements. This is realised through continued influence in promoting decent work opportunities for all, both through direct support to, and cooperation with other member states and entities, as well as through relentless contribution to, and advocacy in, the multilateral system and international policy arena.

From the annual labour market trend reports produced, the following trends were shown:

- In the Industrial Action Report, it was noted the reduction in the number of unprotected strikes in the country by 11% from 2016 to 2017. This illustrates a positive benefit and compliance rate to labour laws by all parties involved during the wage negotiations. Furthermore, workers benefited from wage settlements relatively above inflation rate that led to uplift their living conditions against the poverty line.
- While unemployment has remained high in the country, the report (Job Opportunity and Unemployment in the South African Labour Market) has also shown that unemployment insurance benefits received by a large number of claimants has assisted to escape poverty before they could secure new employment. In addition, the illustrated high number of workers who display low level of education and skills against the demand for labour that is characterised with semi and high skills in the top occupation category. This implies low record of inequality in the labour market.

All research reports were aimed at assessing the impact that relevant labour legislation have on reducing poverty, inequality and unemployment through the use of training lay-off schemes, reduction of working hours to 40-hour week, assessing reasons for employers hiring migrant labour in sectors that do not have scarce skills, setting BCEA threshold at the appropriate level, introducing national minimum wage and subsequent exemptions of qualifying companies by bargaining councils. The research reports also contributed towards combating the triple challenges by assessing potential impact of the Department’s intended amendments of specific laws such as OHS, COIDA, LRA, EE and BCEA within the said period.

**PROGRESS MADE TOWARDS THE ACHIEVEMENT OF THE 5 YEAR MEDIUM TERM STRATEGIC FRAMEWORK (MTSF) TARGETS**

OUTCOME 4: DECENT EMPLOYMENT THROUGH INCLUSIVE ECONOMIC GROWTH					
SUB-OUTCOME 7: WORKPLACE CONFLICT IS REDUCED AND COLLABORATION BETWEEN GOVERNMENT, ORGANISED BUSINESS AND ORGANISED LABOUR IMPROVES					
STRATEGIC OBJECTIVE	2014 LEVEL BASELINE	5 YEAR MTSF TARGET	4 YEARS PROGRESS TO 31ST MARCH 2018 LATEST AVAILABLE MEASUREMENT	DEVIATION FROM PLANNED TARGET	COMMENT ON DEVIATIONS
The share of unprotected strikes in total strike action Reduction of unprotected strike by improving compliance of the LRA	The results in the Department of Labour’s Annual Industrial Action 2015 indicate the following: <ul style="list-style-type: none"> <li>• 25% of strike increase between 2014 (88) and 2015 (110)</li> <li>• Of the total strikes in 2015 (110), 55% were recorded as unprotected strikes as compared to 48% in 2014.</li> </ul>	Devise strategy to improve collective bargaining through:	The number of work stoppages increased to 132 in 2017 from 122 in 2016. This represents 8% increase in strikes over the last two year periods.  Most of the strikes in 2017 were protected at 52% unlike in 2016 where many strikes were unprotected at 59%.	Reduction of unprotected strike is not recorded between 2016 and 2017.	Monitoring compliance of the LRA will be enforced and reported annually.
		50% decrease of unprotected strike action.	Most of the strikes in 2017 were protected at 52% unlike in 2016 where many strikes were unprotected at 59%.	Only 7% reduction on unprotected strike action.	Not substantial but it is a positive reduction over a year.
		Moderating Workplace Conflict by amending labour relation Act and measuring the impact thereof.	NEDLAC social partners proposed amendments to the LRA deals with workplace conflict and orderly collective bargaining. LRA amended Bill was published.  Public information sessions were held on the Bill for both employers and trade unions. The Bill is now before Parliament for consideration.	None	None



**OUTCOME 4: DECENT EMPLOYMENT THROUGH INCLUSIVE ECONOMIC GROWTH**  
**SUB-OUTCOME 7: WORKPLACE CONFLICT IS REDUCED AND COLLABORATION BETWEEN GOVERNMENT, ORGANISED BUSINESS AND ORGANISED LABOUR IMPROVES**

STRATEGIC OBJECTIVE	2014 LEVEL BASELINE	5 YEAR MTSF TARGET	4 YEARS PROGRESS TO 31ST MARCH 2018 LATEST AVAILABLE MEASUREMENT	DEVIATION FROM PLANNED TARGET	COMMENT ON DEVIATIONS
<b>OUTCOME 4: DECENT EMPLOYMENT THROUGH INCLUSIVE ECONOMIC GROWTH</b> <b>SUB-OUTCOME: SETTING STANDARDS TO REDUCE INEQUALITY IN PAY AND MINIMUM WAGES FOR ALL VULNERABLE WORKERS</b>					
<p><b>Establish basic standards and minimum wages</b></p> <p><b>Moderating Workplace Conflict by amending Labour Relations Act and measuring the impact thereof</b></p>		95% gaps in minimum wage determinations covered.	<p>For the period under review, the Department reviewed 8 sectoral determinations and lives of 3 713 317 workers were improved as result of these wage adjustments.</p> <p>The introduction of the National Minimum Wage will deal with the gaps of minimum wages by introducing a single wage. The National Minimum Wage (NMW) proposals were discussed by NEDLAC social partners. NMW Bill was published. Public information sessions were held for both employers and trade unions. The Bill is now before Parliament for consideration.</p> <p>The Basic Conditions Amendment Bill is also before Parliament for consideration. The Bill strengthens compliance for the pending national minimum wage and it introduces heavy penalties for non-compliance.</p>	None	None
<p><b>Monitor the impact of labour legislation</b></p> <p><b>Promote sound policy framework through research and labour market information analysis</b></p>	Four labour market trend reports and two research reports produced annually	Twenty annual labour market trends and eight final research reports will be produced and disseminated to internal and external stakeholders for decision making.	<p>In total, 16 annual labour market trends reports were produced and published in the last four years. These reports include:</p> <ol style="list-style-type: none"> <li>1. Annual Industrial Action report</li> <li>2. Job Opportunity and Unemployment in the South African Labour Market</li> <li>3. Annual Administrative Statistics Report</li> <li>4. Annual Labour Market Bulletin.</li> </ol> <p><b>All these annual reports are posted on the Departmental website.</b></p> <p>Nine research reports and seven Socio-Economic Impact Analysis (SEIAS) reports were completed. All research reports were aimed at assessing the impact that relevant labour legislation have on reducing poverty, inequality and unemployment.</p>	None	None

**OUTCOME 14: TRANSFORMING SOCIETY AND UNITING THE NATION**  
**SUB-OUTCOME 2: EQUAL OPPORTUNITIES, INCLUSION AND REDRESS**

STRATEGIC OBJECTIVE	2014 LEVEL BASELINE	5 YEAR MTSF TARGET	4 YEARS PROGRESS TO 31ST MARCH 2018 LATEST AVAILABLE MEASUREMENT	DEVIATION FROM PLANNED TARGET	COMMENT ON DEVIATIONS
<b>The % of middle and senior management who are African should begin to approximate EEA demographics of the country</b>	Between 10% and 20% of middle and senior management were African.	At least 40% of middle and senior management are African by 2018/19.	African representation increase from 36.7% in 2014 to 42.2% at Middle Management level; and increased from 20.5% in 2014 to 22.1% in 2017 at Senior Management level.	None	None

OUTCOME 11: CREATE A BETTER SOUTH AFRICA, A BETTER AFRICA AND A BETTER WORLD STRENGTHEN MULTILATERAL AND BILATERAL RELATIONS					
STRATEGIC OBJECTIVE	2014 LEVEL BASELINE	5 YEAR MTSF TARGET	4 YEARS PROGRESS TO 31ST MARCH 2018 LATEST AVAILABLE MEASUREMENT	DEVIATION FROM PLANNED TARGET	COMMENT ON DEVIATIONS
Advance national priorities through bilateral relations		Eight signed MoUs implemented and five new MoUs signed	Lesotho 2013 China 2014 Germany 2009 Zambia 2016 Algeria 2015 Zimbabwe 2017 Mozambique 2015 Brazil 2010	A workshop was held with Lesotho during 2015 on the implementation plan.  Zimbabwe information exchange workshop on Labour Law Reform held on 20-22 September 2017, in Zimbabwe.  A new MoU was signed with Zimbabwe during April 2017.  Zambia – a study visit was held on LMIS during February 2017, in Pretoria as part of the implementation plan.  The MoU with Algeria was signed during 2015. A study visit to South Africa was conducted on the manufacturing of prosthetics during November 2016.  Germany – MoU active	China not active due to change of administration.  Namibia requested that the meeting set down to discuss the implementation of the MoU be postponed. A new date to be identified.
				Namibia – a new MoU with Namibia during 2014.  The Department held a Ministerial Imbizo with Mozambique on farmworkers on 21 October 2016  The MoU with Brazil is in the process of renewal. A benchmarking visit was held on IES and Social security on 31 July to 04 August 2017, in Brazil.	

### 3.3 DEPARTMENT 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	**217 008	214 946
2. Percentage of reported incidents investigated and / or finalised within prescribed time frames	Inspection and Enforcement Services (IES)		65%	75%
3. Number of work-seekers registered on ESSA per year	Public Employment Services (PES)		500 000	890 523
4. Number of work and learning opportunities registered on ESSA per year	Public Employment Services (PES)		60 000	109 917
5. Work seekers provided with employment counselling	Public Employment Services (PES)		140 000	193 573
6. Number of registered work and learning opportunities filled by registered work-seekers per year	Public Employment Services (PES)		8 000	21 076
7. Number of pay scales assessed per year to reduce gaps in minimum wage determination	Labour Policy and Industrial Relations (LPandIR)		2	Replaced in the APP with the introduction of the National Minimum Wage and the preparatory work for the NMW.
Note: Due to the pending introduction of the National Minimum Wage, the Department ceased to review sectoral determination wage gaps since this will be addressed by the National Minimum Wage.				

Footnote \*\*Variance between APP and ENE target of 36 – changes made in APP as approved by the Minister after ENE was submitted.



### 3.4 DEPARTMENT 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	0	1	0%
Protecting vulnerable workers	5	2	3	40%
Strengthening multilateral and bilateral relations	1	1	0	100%
Contribute to employment creation	4	4	0	100%
Promoting sound labour relations	3	0	3	0%
Monitoring the impact of legislations	2	2	0	100%
Strengthening the institutional capacity of the Department	4	3	1	75%
<b>TOTAL</b>	<b>20</b>	<b>12</b>	<b>8</b>	
<b>OVERALL PERFORMANCE %</b>		<b>60%</b>	<b>40%</b>	

### 3.5 DEPARTMENT PERFORMANCE PER PROGRAMME

PROGRAMME	PERFORMANCE INDICATORS	ACHIEVED	NOT ACHIEVED	OVERALL ACHIEVEMENT
Administration	4	3	1	75%
Inspections and Enforcement Services	4	2	2	50%
Public Employment Services	4	4	0	100%
Labour Policy and Industrial Relations	8	3	5	38%
<b>TOTAL</b>	<b>20</b>	<b>12</b>	<b>8</b>	
<b>OVERALL PERFORMANCE %</b>		<b>60%</b>	<b>40%</b>	

#### LEGENDS

LEGEND	IMPLICATION
	<p><b>Achieved:</b> On course – no major action needed</p> <ul style="list-style-type: none"> <li>• 100%+ Complete – Q1 –Q4</li> <li>• 100%+ Complete – Annual Report</li> </ul>
	<p><b>Not Achieved:</b> The target will not be achieved or was not achieved in the planned timeframes – major remedial action and urgent intervention is required</p> <ul style="list-style-type: none"> <li>• 0% - 99% Complete – Q1 – Q4</li> <li>• 0% - 99% Complete – Annual Report</li> </ul>

## 4. PERFORMANCE INFORMATION BY PROGRAMME

### 4.1 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.
- **The Office of the Director-General** provides administrative oversight for effective implementation of the Department's mandate and overall accounting oversight.

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

- **Office of the Chief Operations Officer** manages and directs medium-term strategic planning processes, performance information reporting, monitoring and evaluation of performance against plan and service delivery improvement plans and provincial operations.
- **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.

### PROGRAMME 1: ADMINISTRATION CONTRIBUTES TO THE FOLLOWING MTSF OUTCOME:

(OUTCOME 12)	AN EFFICIENT, EFFECTIVE AND DEVELOPMENT ORIENTATED PUBLIC SERVICE
Department's Strategic Goal	8. Strengthen the institutional capacity of the Department (by ensuring that the Department is adequately resourced with infrastructure and human capital necessary for efficient service delivery)

## 4.1.1 PROGRAMME 1: ADMINISTRATION: PROGRESS ON ANNUAL PERFORMANCE PLAN INDICATORS: 2017/18

PROGRAMME 1: ADMINISTRATION								
STRATEGIC GOAL 10: STRENGTHEN THE INSTITUTIONAL CAPACITY OF THE DEPARTMENT (BY ENSURING THAT THE DEPARTMENT IS ADEQUATELY RESOURCED WITH INFRASTRUCTURE AND HUMAN CAPITAL NECESSARY FOR EFFICIENT SERVICE DELIVERY) (OUTCOME 12: AN EFFICIENT, EFFECTIVE AND DEVELOPMENT ORIENTATED PUBLIC SERVICE)								
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	ACTUAL ACHIEVEMENT 2016/2017	PLANNED TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/2018	COMMENTS ON THE DEVIATIONS
1. Provide strategic management and support services to the Department	1.1 Percentage of total Department's M-PAT standards at level 3 and 4 by March of each year.	<b>Not Achieved</b> 30% instead of the targeted 50% of total Department's M-PAT standards are at level 3 by 31 March 2015, and 9% of total Department's M-PAT standards are at level 4 by 31 March 2015.	<b>Not Achieved</b> 37 % of total Department's M-PAT standards per KPI are at level 3 and 4.	<b>Not Achieved</b> 32% of total Department's M-PAT standards at level 3 and 4 by March 2017 based on the Moderated M-PAT report.	40% of total Department's M-PAT standards per KPI at level 3 by 31 March 2018.	<b>Not Achieved</b> 26% of total Department's M-PAT standards at level 3 and 4 by March 2018 based on the final M-PAT 1.7 report.  Verification source: M-PAT System and final M-PAT 1.7 Report from the DPME.	14%	A number of Departmental policies need to be updated, late submission of documents and delays in addressing recurring audit /AG findings resulted in level 2 compliance which is poor compliance.
2. Departmental interventions and initiatives communicated	2.1 Departmental Communication Strategy implemented by end of March 2021.	<b>Achieved</b> Communication strategy and annual action plan were approved  85% implementation of activities in the annual Action Plan.	<b>Not Achieved</b> Communication strategy 2016-21 reviewed with the PCOs and entities. Awaiting approval from EXCO	-	Communication annual action plan approved. 100% implementation of the activities in the annual action plan.	<b>Achieved</b> Communication action plan approved by EXCO  100% implemented as per Integrated Communication Strategy.  Verification source: Integrated Communication Action Plan and Strategy and quarterly performance report.	None	None

PROGRAMME 1: ADMINISTRATION								
STRATEGIC GOAL 10: STRENGTHEN THE INSTITUTIONAL CAPACITY OF THE DEPARTMENT (BY ENSURING THAT THE DEPARTMENT IS ADEQUATELY RESOURCED WITH INFRASTRUCTURE AND HUMAN CAPITAL NECESSARY FOR EFFICIENT SERVICE DELIVERY) (OUTCOME 12: AN EFFICIENT, EFFECTIVE AND DEVELOPMENT ORIENTATED PUBLIC SERVICE)								
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	ACTUAL ACHIEVEMENT 2016/2017	PLANNED TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/2018	COMMENTS ON THE DEVIATIONS
3. Effective financial management and governance	3.1 Number of Annual Financial Statements (AFS) and Interim Financial Statements (IFS) compiled per year that comply with guidelines issued by the National Treasury.	<b>Achieved</b> 2013/14 Annual report was developed and submitted to the National Treasury by 31 May 2014.  3 Interim Financial Reports were compiled and submitted to the National Treasury on due dates as determined by the National Treasury.	<b>Achieved</b> 2014/15 Annual Financial Statements was compiled and submitted to the National Treasury by 31 May 2015.  3 Interim Financial Reports were compiled and submitted to the National Treasury on due dates as determined by the National Treasury.	<b>Achieved</b> The published annual report and the IFS provided to the Auditor-General and National Treasury.	1 AFS by 31 May, and 3 IFS 30 days after each quarter.	<b>Achieved</b> Produced 1 AFS by 31 May, and 3 IFS 30 days after each quarter.  Verification source: Published Audited Annual Report for 2016/17 and 3 IFS submitted to NT and AG	None	None
4. Effective supply chain management	4.1 Percentage reporting of detected irregular, fruitless and wasteful and unauthorised expenditure (TR9.1.2.)	<b>Not Achieved</b> An increase of 17% in irregular expenditure was realized from 2013/14 to 2014/15 (The total cases for 2013/14 were 46 with the total irregular expenditure amount of <b>R685,344.01</b> the total case for 2014/15 was 37 with the total irregular expenditure amount of <b>R798,696.50</b> .)	<b>Achieved</b> A total of thirteen (13) -100% cases amounting to <b>R29 477 147.66</b> for irregular expenditure were detected and reported for the 2015/16 financial year.  A total of sixteen (16) -100% cases amounting to <b>R82 074.92</b> for fruitless and wasteful expenditure were detected and reported for the 2015/16.	<b>Achieved:</b> <b>Irregular expenditure – R257 657.79</b> detected and reported.  <b>Fruitless and Wasteful expenditure – R129 091.84</b> detected and reported.  <b>Unauthorised expenditure –</b> None detected and reported.	100%	<b>Achieved</b> <b>Irregular expenditure –</b> A total of 14 cases amounting to R623 000.00 were detected and reported for the 2017/18 financial year.  <b>Fruitless and Wasteful expenditure –</b> A total of 98 cases amounting to R3 186 000.00 were detected and reported for the 2017/18 financial year  <b>Unauthorised expenditure –</b> None detected and reported.  Verification source: Payments processed on the transversal systems. Registers for irregular, fruitless and wasteful and unauthorised expenditure as well as through detection by checking the actual payment documents.	None	None

#### 4.1.2 ADMINISTRATION STRATEGY TO OVERCOME AREAS OF UNDER-PERFORMANCE

KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	PLANNED TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018	STRATEGY TO OVERCOME UNDER-PERFORMANCE	DATE OF IMPLEMENTATION AND IMPLEMENTER
1. Provide strategic management and support services to the Department	1.1 Percentage of total Department's M-PAT standards at level 3 and 4 by March of each year.	40% of total Department's M-PAT standards per KPI at level 3 by 31 March 2018.	<b>Not Achieved</b>  26% of total Department's M-PAT standards at level 3 and 4 by March 2018 based on the final M-PAT 1.7 report.	Development of the M-PAT Action Plan that will be monitored on a monthly basis by the Executive Committee chaired by the Accounting Officer. EXCO meets monthly to monitor and evaluate DoL performance against the APP.	Monthly throughout the 2018/19 Financial Year. DDG:CS will address and implement DPME recommendations on the M-PAT Action Plan and the OCOO will co-ordinate the monitoring and Evaluation of the Action Plan.

#### 4.1.3 CHANGES TO PLANNED TARGETS

None.

## 4. PERFORMANCE INFORMATION BY PROGRAMME

### 4.2 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.

#### PROGRAMME 2: INSPECTION AND ENFORCEMENT SERVICES CONTRIBUTE TO THE FOLLOWING MTSF OUTCOMES:

(OUTCOME 4)	DECENT EMPLOYMENT THROUGH INCLUSIVE GROWTH
Department's strategic goal	1. Promote occupational health services 9. Development of the occupational health and safety policies 3. Protect vulnerable workers 5. Strengthen occupational safety protection
(OUTCOME 14)	TRANSFORMING SOCIETY AND UNITING THE NATION
Department's strategic goal	10. Promote equity in the labour market



#### 4.2.1 PROGRAMME 2: INSPECTIONS AND ENFORCEMENT SERVICES: PROGRESS ON ANNUAL PERFORMANCE PLAN INDICATORS: 2017/18

PROGRAMME 2: INSPECTION AND ENFORCEMENT SERVICES												
STRATEGIC GOAL 10: PROMOTE EQUITY IN THE LABOUR MARKET (OUTCOME 14: TRANSFORMING SOCIETY AND UNITING THE COUNTRY)												
STRATEGIC GOAL 3: PROTECT VULNERABLE WORKERS (OUTCOME 4 : DECENT EMPLOYMENT THROUGH INCLUSIVE GROWTH)												
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	ACTUAL ACHIEVEMENT 2016/2017	PLANNED TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018				DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/2018	COMMENTS ON THE DEVIATIONS	
1. Workers protected through inspection and enforcement of employment law	Number of employers inspected per year to determine compliance with employment law.	<b>Not Achieved</b>	<b>Achieved</b>	<b>Achieved</b>	217 008	<b>Not Achieved</b>					-2 062	The under achievement was due to the number of vacant posts in the Branch.  In 2018/19, the Branch underwent a rigorous target setting process based on Norms and Standards to ensure that targets are set in line with available resources. We also prioritized the filling of vacancies.
		A total of <b>180 818</b> workplaces were inspected.	A total of <b>186 871</b> workplaces were inspected.	A total of <b>185 958</b> workplaces were inspected.		<b>214 946</b> Employers were inspected to determine compliance with employment law against a target of <b>217 008</b> . The variance is <b>-2 062</b> . The total number of compliant employers was <b>175 239</b> .	PROVINCE	TARGET TO BE INSPECTED	ACTUAL INSPECTED	NUMBER COMPLIANT	VARIANCE	
							EC	21 504	24 605	21 246	3 101	
							FS	18 516	20 531	17 872	2 015	
							GP	51 876	42 206	36 271	-9 670	
							KZN	44 484	45 241	36 283	757	
							LP	19 572	19 576	15 937	4	
							MP	15 756	16 235	13 316	479	
							NC	8 880	8 595	6 600	-285	
							NW	14 556	15 500	12 277	944	
					WC	21 648	22 135	15 190	487			
					HO	216	322	247	106			
					<b>TOTAL</b>	<b>217 008</b>	<b>214 946</b>	<b>175 239</b>	<b>-2 062</b>			
Verification source: QPR and registers												



PROGRAMME 2: INSPECTION AND ENFORCEMENT SERVICES																																																																			
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1. Workers protected through inspection and enforcement of employment law	1.3 Percentage of non-compliant employers who failed to comply with the served notice referred for prosecution within 30 calendar days.	<b>Not Achieved</b> 394 cases were referred to court.	<b>Not Achieved</b> 217 cases were referred to court.	<b>Achieved</b> 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	60%	<b>Not Achieved</b> Of the 39 628 employers served with notices 7 617 failed to comply with served notice and 35 % (2 667) were referred for prosecution.	-25%																																																												
		<table border="1"> <thead> <tr> <th>PROVINCE</th> <th>NO. OF NON-COMPLIANT EMPLOYERS SERVED WITH NOTICES</th> <th>NO. OF EMPLOYERS FAILED TO COMPLY WITH SERVED NOTICE</th> <th>EMPLOYERS REFERRED FOR PROSECUTION</th> <th>% OF EMPLOYERS REFERRED FOR PROSECUTION</th> </tr> </thead> <tbody> <tr> <td>EC</td> <td>3 363</td> <td>854</td> <td>320</td> <td>37%</td> </tr> <tr> <td>FS</td> <td>2 659</td> <td>569</td> <td>166</td> <td>29%</td> </tr> <tr> <td>GP</td> <td>5 897</td> <td>710</td> <td>243</td> <td>34%</td> </tr> <tr> <td>KZN</td> <td>8 956</td> <td>1 199</td> <td>786</td> <td>66%</td> </tr> <tr> <td>LP</td> <td>3 639</td> <td>873</td> <td>466</td> <td>53%</td> </tr> <tr> <td>MP</td> <td>2 912</td> <td>769</td> <td>398</td> <td>52%</td> </tr> <tr> <td>NC</td> <td>1 995</td> <td>1 350</td> <td>24</td> <td>2%</td> </tr> <tr> <td>NW</td> <td>3 223</td> <td>151</td> <td>36</td> <td>24%</td> </tr> <tr> <td>WC</td> <td>6 922</td> <td>1 142</td> <td>219</td> <td>19%</td> </tr> <tr> <td>HO</td> <td>62</td> <td>0</td> <td>9</td> <td></td> </tr> <tr> <td><b>TOTAL</b></td> <td><b>39 628</b></td> <td><b>7 617</b></td> <td><b>2 667</b></td> <td><b>35%</b></td> </tr> </tbody> </table>		PROVINCE	NO. OF NON-COMPLIANT EMPLOYERS SERVED WITH NOTICES	NO. OF EMPLOYERS FAILED TO COMPLY WITH SERVED NOTICE	EMPLOYERS REFERRED FOR PROSECUTION	% OF EMPLOYERS REFERRED FOR PROSECUTION	EC	3 363	854	320	37%	FS	2 659	569	166	29%	GP	5 897	710	243	34%	KZN	8 956	1 199	786	66%	LP	3 639	873	466	53%	MP	2 912	769	398	52%	NC	1 995	1 350	24	2%	NW	3 223	151	36	24%	WC	6 922	1 142	219	19%	HO	62	0	9		<b>TOTAL</b>	<b>39 628</b>	<b>7 617</b>	<b>2 667</b>	<b>35%</b>				
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<p>The under achievement was due to lack of capacity for Statutory Services and vacancies.</p> <p>9 BCEA inspectors have been converted to Statutory Services practitioners to assist with the function of referrals to prosecution of non-compliant employers. An additional number of 13 Assistant Director posts have been created to deal with prosecution of non-compliant employers. Provincial Statutory Services posts have since been filled.</p>																																																																			
Verification source: QPR and registers																																																																			

PROGRAMME 2: INSPECTION AND ENFORCEMENT SERVICES								
STRATEGIC GOAL 10: PROMOTE EQUITY IN THE LABOUR MARKET (OUTCOME 14: TRANSFORMING SOCIETY AND UNITING THE COUNTRY)								
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KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	ACTUAL ACHIEVEMENT 2016/2017	PLANNED TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/2018	COMMENTS ON THE DEVIATIONS
1. Workers protected through inspection and enforcement of employment law	1.4 Percentage of reported incidents investigated and / or finalised within prescribed time frames.	<b>Not Achieved</b>	<b>Achieved</b>	<b>Achieved</b>	65%	<b>Achieved</b>	<b>10%</b>	Due to risk associated with incidents, investigations were prioritised.
		45% (of the 1 305 reported) 589 incidents were investigated within 90 days.	82% (of the 1 309 reported) 1 080 incidents were investigated within 90 days.	80% (703 of 878 reported incidents were investigated within 90 days).	75% (918 incidents were reported and 690 were investigated and / or finalised).			

PROVINCE	NO. OF REPORTED INCIDENTS	NO. OF INVESTIGATED AND/OR FINALISED	% OF REPORTED INCIDENTS INVESTIGATED AND/OR FINALISED	VARIANCE
EC	70	62	89%	24%
FS	38	37	97%	32%
GP	229	93	41%	-24%
KZN	253	219	87%	22%
LP	96	79	82%	17%
MP	45	22	49%	-16%
NC	2	2	100%	35%
NW	37	28	76%	11%
WC	147	147	100%	35%
HO	1	1	100%	35%
<b>TOTAL</b>	<b>918</b>	<b>690</b>	<b>75%</b>	<b>10%</b>

Verification source: QPR, Incidents reports

## 4.2.2 INSPECTION AND ENFORCEMENT SERVICES STRATEGY TO OVERCOME AREAS OF UNDER/OVER PERFORMANCE

KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	PLANNED TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018	STRATEGY TO OVERCOME UNDER/OVER-PERFORMANCE	DATE OF IMPLEMENTATION AND IMPLEMENTER
1. Workers protected through inspection and enforcement of employment law	1.1 Number of employers inspected per year to determine compliance with employment law.	217 008	214 946	The Branch underwent a 2018/19 target setting process based on Norms and Standards to ensure that targets are set in line with available resources (inspectors).	2018/19: To be implemented by the Chief Inspector.
	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.	80%	100%	The Branch prioritizes the enforcement of Employment Law on employers that are not complying.	
	1.3 Percentage of non-compliant employers who failed to comply with the served notice referred for prosecution within 30 calendar days.	60%	35%	9 BCEA inspectors have been converted to assist in the prosecution of non-compliant employers. An additional 13 Assistant Director posts have been created to deal with prosecution of non-compliant employers.  Vacancies have been filled.	
	1.4 Percentage of reported incidents investigated and / or finalised within prescribed time frames.	65%	75%	Due to risk associated with incidents, investigations were prioritised.	

## 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-seekers with employers or in other work opportunities
- Facilitate exchange of information among labour market participants, including employers, workers and work-seekers, 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-seekers with available work opportunities
- Register work-seekers, and retrenched workers, on the employment services system
- Advise work-seekers 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 people with disabilities
- Develops and implement programmes that promote the employability of people with disabilities, including people 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 back 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.

**PROGRAMME 3: PUBLIC EMPLOYMENT SERVICES CONTRIBUTE TO THE FOLLOWING MTSF OUTCOMES:**

(OUTCOME 4)	DECENT EMPLOYMENT THROUGH INCLUSIVE ECONOMIC GROWTH
Department's Strategic Goal	2. Contribute to decent employment creation
(OUTCOME 5)	A SKILLED AND CAPABLE WORKFORCE TO SUPPORT AN INCLUSIVE GROWTH PATH
Strategic Goal	2. Contribute to decent employment creation

**4.3.1 PROGRAMME 3: PUBLIC EMPLOYMENT SERVICES: PROGRESS ON ANNUAL PERFORMANCE PLAN INDICATORS: 2017/18**

STRATEGIC GOAL 1: CONTRIBUTE TO DECENT EMPLOYMENT CREATION (OUTCOME 4: DECENT EMPLOYMENT THROUGH INCLUSIVE ECONOMIC GROWTH)																																																
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	ACTUAL ACHIEVEMENT 2016/2017	PLANNED TARGET 2017/2018	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/2018																																										
STRATEGIC GOAL 1: CONTRIBUTE TO DECENT EMPLOYMENT CREATION (OUTCOME 4: DECENT EMPLOYMENT THROUGH INCLUSIVE ECONOMIC GROWTH)																																																
STRATEGIC GOAL 2: CONTRIBUTE TO SKILLS DEVELOPMENT (OUTCOME 5: A SKILLED AND CAPABLE WORKFORCE TO SUPPORT AN INCLUSIVE GROWTH PATH)																																																
1. Work seekers registered	1.1 Number of work-seekers registered on ESSA per year.	<b>Not Achieved</b> A total of <b>618 570</b> (95% of target) work-seekers were registered, and is reflected on the branches business systems.	Achieved <b>634 503</b> work-seekers registered.	Achieved <b>666 719</b> work-seekers registered.	500 000	<b>390 523</b>  1. Advocacy campaign reach out to work-seekers (Advocacy Reports).																																										
			<table border="1"> <thead> <tr> <th>PROVINCE</th> <th>TARGET TO BE REGISTERED</th> <th>ACTUAL REGISTERED</th> <th>VARIANCES</th> </tr> </thead> <tbody> <tr> <td>EC</td> <td>60 000</td> <td>92 391</td> <td>32 391</td> </tr> <tr> <td>FS</td> <td>35 000</td> <td>53 326</td> <td>18 326</td> </tr> <tr> <td>GP</td> <td>130 000</td> <td>196 535</td> <td>66 535</td> </tr> <tr> <td>KZN</td> <td>90 000</td> <td>130 823</td> <td>40 823</td> </tr> <tr> <td>LP</td> <td>35 000</td> <td>71 434</td> <td>36 434</td> </tr> <tr> <td>MP</td> <td>40 000</td> <td>69 077</td> <td>29 077</td> </tr> <tr> <td>NC</td> <td>15 000</td> <td>26 700</td> <td>11 700</td> </tr> <tr> <td>NW</td> <td>30 000</td> <td>46 879</td> <td>16 879</td> </tr> <tr> <td>WC</td> <td>65 000</td> <td>96 512</td> <td>31 512</td> </tr> <tr> <td>ONLINE</td> <td>0</td> <td>106 846</td> <td>106 846</td> </tr> <tr> <td><b>TOTAL</b></td> <td><b>500 000</b></td> <td><b>890 523</b></td> <td><b>390 523</b></td> </tr> </tbody> </table>	PROVINCE	TARGET TO BE REGISTERED		ACTUAL REGISTERED	VARIANCES	EC	60 000	92 391	32 391	FS	35 000	53 326	18 326	GP	130 000	196 535	66 535	KZN	90 000	130 823	40 823	LP	35 000	71 434	36 434	MP	40 000	69 077	29 077	NC	15 000	26 700	11 700	NW	30 000	46 879	16 879	WC	65 000	96 512	31 512	ONLINE	0	106 846	106 846
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<b>TOTAL</b>	<b>500 000</b>	<b>890 523</b>	<b>390 523</b>																																													
<p>*Online refers to work-seekers self-registration through kiosks stations, PES Bus and Internet. Statistics will be allocated to provinces as soon as enhancements are completed.</p> <p>Total quarterly figures for provinces were adjusted in line with staff movement (since the system links capturing to individuals) and data cleansing exercise conducted to ensure data integrity. Verification source: LC Productivity Report from ESSA, requested for reporting period</p>																																																

STRATEGIC GOAL 1: CONTRIBUTE TO DECENT EMPLOYMENT CREATION (OUTCOME 4: DECENT EMPLOYMENT THROUGH INCLUSIVE ECONOMIC GROWTH)																																																						
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	ACTUAL ACHIEVEMENT 2016/2017	PLANNED TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018																																																
2. Work and learning opportunities registered	2.1 Number of work and learning opportunities registered on ESSA per year.	Achieved A total of 74 056 employment opportunities were registered.	Achieved 102 631 employment opportunities were registered.	Achieved 74 510 Employment opportunities registered.	60 000	Achieved 109 917 work and learning opportunities were registered on ESSA system, with a variance of 49 917.																																																
		<table border="1"> <thead> <tr> <th>PROVINCE</th> <th>TARGET TO BE REGISTERED</th> <th>ACTUAL REGISTERED</th> <th>VARIANCES</th> </tr> </thead> <tbody> <tr> <td>EC</td> <td>8 400</td> <td>10 670</td> <td>2 270</td> </tr> <tr> <td>FS</td> <td>4 800</td> <td>11 153</td> <td>6 353</td> </tr> <tr> <td>GP</td> <td>11 400</td> <td>15 463</td> <td>4 063</td> </tr> <tr> <td>KZN</td> <td>10 200</td> <td>15 738</td> <td>5 538</td> </tr> <tr> <td>LP</td> <td>5 400</td> <td>12 846</td> <td>7 446</td> </tr> <tr> <td>MP</td> <td>4 800</td> <td>6 811</td> <td>2 011</td> </tr> <tr> <td>NC</td> <td>3 000</td> <td>7 878</td> <td>4 878</td> </tr> <tr> <td>NW</td> <td>3 600</td> <td>5 784</td> <td>2 184</td> </tr> <tr> <td>WC</td> <td>8 400</td> <td>12 786</td> <td>4 386</td> </tr> <tr> <td>ONLINE</td> <td>0</td> <td>10 788</td> <td>10 788</td> </tr> <tr> <td><b>TOTAL</b></td> <td><b>60 000</b></td> <td><b>109 917</b></td> <td><b>49 917</b></td> </tr> </tbody> </table>					PROVINCE	TARGET TO BE REGISTERED	ACTUAL REGISTERED	VARIANCES	EC	8 400	10 670	2 270	FS	4 800	11 153	6 353	GP	11 400	15 463	4 063	KZN	10 200	15 738	5 538	LP	5 400	12 846	7 446	MP	4 800	6 811	2 011	NC	3 000	7 878	4 878	NW	3 600	5 784	2 184	WC	8 400	12 786	4 386	ONLINE	0	10 788	10 788	<b>TOTAL</b>	<b>60 000</b>	<b>109 917</b>	<b>49 917</b>
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<p>* Online refers to opportunities registered through kiosks stations, PES Bus and Internet. Statistics will be allocated to provinces as soon as enhancements are completed.</p> <p>Verification source: Opportunity and placement report from ESSA requested from April 2017 up to end of March 2018</p>																																																						



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3. Employment counselling provided	3.1 Number of registered work-seekers provided with employment counselling per year.	Achieved A total of <b>246 744</b> work-seekers were provided with employment counselling.	<b>Not Achieved</b> <b>208 861</b> work-seekers were provided with employment counselling.	<b>Achieved</b> <b>197 247</b> work-seekers provided with employment counselling.	<b>140 000</b>	<b>Achieved</b> <b>193 573</b> registered work-seekers were provided with employment counselling with the variance of <b>53 573</b> .																																														
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						<p>DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/2018</p> <p><b>53 573</b></p> <p>COMMENTS ON THE DEVIATIONS</p> <p>1. Advocacy campaigns and exhibition reach out to work-seekers.</p> <p>2. Improvements in internal efficiencies (BW Report).</p>																																														
						<p>*Online refers to registered work-seekers who received counselling services and modified their profiles through kiosks, PES Bus and internet.</p> <p>*PACE self-service counselling interest questionnaires statistics is not included in the report. During Q4 the number increased to 1056.</p> <p>Verification source: Employment counselling Report from ESSA, requested from April 2017 up to the end of March 2018</p>																																														

STRATEGIC GOAL 1: CONTRIBUTE TO DECENT EMPLOYMENT CREATION (OUTCOME 4: DECENT EMPLOYMENT THROUGH INCLUSIVE ECONOMIC GROWTH)																																																			
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4. Work-seekers placed in work and learning opportunities	4.1 Number of registered work and learning opportunities filled by registered work-seekers per year.	<b>Not Achieved</b> A total of <b>14 634 (73%)</b> work-seekers were placed against a target of 20 000.	<b>Not Achieved</b> <b>10 927</b> work-seekers were placed.	<b>Achieved</b> <b>12 517</b> work-seekers were placed.	8 000	<b>Achieved</b> <b>21 076</b> of registered work and learning opportunities filled by registered work-seekers; with a variance of <b>13 076</b> .																																													
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<p>*Online refers to the number of registered work and learning opportunities through Kiosks, PES Bus and internet, filled by registered work-seekers</p> <p>Verification source: Opportunity and placement report from ESSA requested from April 2017 up to each end of March 2018</p>																																																			

### 4.3.2 PUBLIC EMPLOYMENT SERVICES STRATEGY TO OVERCOME AREAS OF OVER-PERFORMANCE

KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	PLANNED TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018	STRATEGY TO OVERCOME OVER-PERFORMANCE	DATE OF IMPLEMENTATION AND IMPLEMENTER
1. Work-seekers registered	1.1 Number of work-seekers registered on ESSA per year.	500 000	890 523	Target revised	Effectuated in the new APP 2018-19
2. Work and learning opportunities registered	2.1 Number of work and learning opportunities registered on ESSA per year.	60 000	109 917	Target revised	Effectuated in the new APP 2018-19
3. Employment counselling provided	3.1 Number of registered work-seekers provided with employment counselling per year.	140 000	193 573	Target revised	Effectuated in the new APP 2018-19
4. Work-seekers placed in work and learning opportunities	4.1 Number of registered work and learning opportunities filled by registered work-seekers per year.	8 000	21 076	Target revised	Effectuated in the new APP 2018-19

### 4.3.3 CHANGES TO PLANNED TARGETS

None.

#### 4.4 PROGRAMME 4: LABOUR POLICY AND INDUSTRIAL RELATIONS (LP AND 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 noncompliant; publish and extend collective agreements; support and advance participation in collective bargaining structures; participate in the governance structures of the Commission for Conciliation, Mediation and Arbitration; and to participate in relevant National Economic Development and Labour Council (NEDLAC) activities.
- **Employment Equity** promotes equity in the labour market 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.

#### PROGRAMME 4: LABOUR POLICY AND INDUSTRIAL RELATIONS CONTRIBUTE TO THE FOLLOWING MTSF OUTCOMES:

(OUTCOME 4)	DECENT EMPLOYMENT THROUGH INCLUSIVE ECONOMIC GROWTH
Department's strategic goal	2. Contribute to decent employment creation 3. Protect vulnerable workers 6. Promote sound labour relations 7. Monitor the impact of legislation
(OUTCOME 11)	CREATE A BETTER SOUTH AFRICA, A BETTER AFRICA AND A BETTER WORLD
Department's strategic goal	4. Strengthen multilateral and bilateral relations
(OUTCOME 14)	TRANSFORMING SOCIETY AND UNITING THE NATION
Department's strategic goal	10. Promote equity in the labour market

## 4.4.1 PROGRAMME 4: LABOUR RELATIONS AND INDUSTRIAL RELATIONS: PROGRESS ON ANNUAL PERFORMANCE PLAN INDICATORS: 201

PROGRAMME 4: LABOUR RELATIONS AND INDUSTRIAL RELATIONS								
STRATEGIC OBJECTIVE KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	ACTUAL ACHIEVEMENT 2016/2017	PLANNED TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/2018	COMMENTS ON THE DEVIATIONS
STRATEGIC GOAL 10: PROMOTE EQUITY IN THE LABOUR MARKET (OUTCOME 14 TRANSFORMING SOCIETY AND UNITING THE COUNTRY)								
1. Ensure that the policy environment supports Employment Equity and compliance by 31 March 2018	1.1 Number of policy instruments developed and promoted to enhance the implementation of EEA by 31 March 2018.	<b>Achieved</b> The 2013 to 2014 Annual Employment Equity Report and Public Register were published and launched by the Minister at the Employment Equity and Transformation Indaba on 9 April 2014.	<b>Achieved</b> 2015-2016 Annual Employment Equity Report and Public Register developed by 31 March 2016.	<b>Achieved</b> 2016-2017 Annual Employment Equity Report and Public Register developed by 31 March 2017.	2016 - 2017 Annual Employment Equity Report and Public Register published by 30 June 2017.	<b>Not Achieved</b> Only the 2016-2017 Annual Employment Equity Report was published in May 2017.	Public Register was published in July 2017.	Delays in publication of the Public Register due to two litigation cases against the publication of the Public Register.
		<b>Achieved</b> The 2014 to 2015 Annual Employment Equity Report and Public Register were finalised by 31 March 2015.			2017-2018 Annual Employment Equity Report and Public Register developed by 31 March 2018.	<b>Achieved</b> 2017-2018 Annual Employment Equity Report and Public Register developed.  Verification source: CEE Advisory to the Minister on 2017-2018 Annual Report developed; copy of the 2017-2018 CEE Annual Report and copy of the Public Register in Government Gazette No: 41534	None	None
STRATEGIC GOAL 3: PROTECT VULNERABLE WORKERS (OUTCOME 4: DECENT EMPLOYMENT THROUGH AN INCLUSIVE ECONOMIC GROWTH)								
2. Establish basic standards and minimum wages	2.1 Establish institution of the National minimum wage (NMW) by March 2018.	<b>Achieved</b> 2 New sectors investigated for possible setting of minimum wages and conditions of employment.  Two new sectors were investigated: Garden Service Building Construction Sector.	<b>Achieved</b> 1 new sector the Abattoir sector was investigated for possible setting of minimum wages and conditions of employment. Report was submitted to the ECC.	<b>Achieved</b> Hospitality and Taxi Sectoral determinations reviewed.	Institution of the National minimum wage set up by March 2018.	<b>Not Achieved</b> NMW Bill is still before Parliament for consideration.	The rescheduling of the promulgation date of the National Minimum Wage Act to a date that will be announced by Parliament affected the establishment of NMW institution.	The number of public comments both written and oral submission affected the promulgation of the NMW Act.  The Department is still awaiting the promulgation date announcement from Parliament.

PROGRAMME 4: LABOUR RELATIONS AND INDUSTRIAL RELATIONS							
STRATEGIC OBJECTIVE KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	ACTUAL ACHIEVEMENT 2016/2017	PLANNED TARGET 2017/2018	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/2018	COMMENTS ON THE DEVIATIONS
<b>STRATEGIC GOAL 4: STRENGTHENING MULTILATERAL AND BILATERAL RELATIONS (OUTCOME 11 CREATE A BETTER SOUTH AFRICA AND A BETTER WORLD)</b>							
<b>3. Advance national priorities through bilateral cooperation and multilateral relations</b>	3.1 Reports submitted to the Minister on the implementation of bilateral cooperation and multilateral obligations annually.	<b>Achieved</b> 8 Reports submitted 7 reports in terms of Article 22 of the ILO Constitution submitted to the ILO. 1 Report in terms of Article 19 of the ILO Constitution submitted to the ILO.	<b>Achieved</b> Finalised 1 Article 19 report. Finalised 6 Article 22 reports.	<b>Achieved</b> 1 mid-term and 1 annual implementation reports submitted in September and March respectively.	2 Reports on the implementation of bilateral cooperation and multilateral obligations submitted to the Minister by 31 March 2018; 1 Mid-term implementation report by 30 September 2017 1 Annual implementation report by 31 March 2018.	None	None

Verification source: DMS No. 119144

PROGRAMME 4: LABOUR RELATIONS AND INDUSTRIAL RELATIONS								
STRATEGIC OBJECTIVE KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	ACTUAL ACHIEVEMENT 2016/2017	PLANNED TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/2018	COMMENTS ON THE DEVIATIONS
4. Promoting sound Labour Relations	4.1 Percentage of Collective agreements extended within 90 calendar days of receipt by end of March each year.	<b>Not Achieved</b> 20 collective agreements extended within 60 days of receipt.	<b>Not Achieved</b> 32 collective agreements extended to non-parties for reporting period: 1 collective agreement extended to non-parties within 60 days 31 collective agreements in longer than 60 days of receipt.	<b>Not Achieved</b> 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.	100% of collective agreements extended within 90 calendar days of receipt by end of March 2018.	<b>Not Achieved</b> 50% of collective agreements extended within 90 calendar days of receipt by end of March 2018.  Verification source: Government Gazettes	50%	Delays caused by both external and internal factors affecting expeditious processing of agreements.
		<b>Not Achieved</b> 98% (147) applications considered and finalised within 90 days of receipt" 5 approved within 90 days 139 refused within 90 days 2 refused in more than 90 days.	<b>Not Achieved</b> 97% of labour organisation applications processed within 90 days of receipt 134 applications considered and finalised for reporting period: 10 approved within 90 days 119 refused within 90 days 3 approved in longer than 90 days 1 refused in longer than 90 days.	<b>Not Achieved</b> 96% (118) applications were received. 11 applications for registration approved within 90 calendar days 102 applications for registration refused within 90 calendar days.	100% of labour organisation applications for registration approved or refused within 90 calendar days of receipt by end of March 2018.	<b>Not Achieved</b> 98% of labour organization applications approved or refused within 90 days of receipt by end of March 2018.  Verification source: Application forms, refusal letter and Government Gazette	2%	Delays caused by both external and internal factors affecting expeditious processing of approvals.
PROMOTE SOUND LABOUR RELATIONS (OUTCOME 4: DECENT EMPLOYMENT THROUGH INCLUSIVE ECONOMIC GROWTH)								

PROGRAMME 4: LABOUR RELATIONS AND INDUSTRIAL RELATIONS								
STRATEGIC OBJECTIVE KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	ACTUAL ACHIEVEMENT 2016/2017	PLANNED TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/2018	COMMENTS ON THE DEVIATIONS
<b>PROMOTE SOUND LABOUR RELATIONS (OUTCOME 4: DECENT EMPLOYMENT THROUGH INCLUSIVE ECONOMIC GROWTH)</b>								
4. Promoting sound labour relations	4.3 Moderating workplace conflict by amending Labour Relations Act and measuring the impact thereof.	-	-	New Indicator	Promulgate amendments of the Labour Relations Act by 31 March 2018.	<b>Not Achieved</b> Amendments to LRA discussed at NEDLAC and draft amending bill finalised.	Promulgation delayed by approximately five months.	LRA amendments finalised early but processed together with NMW Bill and BCEA amendments and hence late submission to Parliament and subsequently delayed in the Parliamentary process.
						Verification source: Gazetted Bill		



PROGRAMME 4: LABOUR RELATIONS AND INDUSTRIAL RELATIONS								
MONITOR THE IMPACT OF LEGISLATION (OUTCOME 4: DECENT EMPLOYMENT THROUGH INCLUSIVE ECONOMIC GROWTH)								
STRATEGIC OBJECTIVE KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	ACTUAL ACHIEVEMENT 2016/2017	PLANNED TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/2018	COMMENTS ON THE DEVIATIONS
5. Monitor and evaluate the trends and impact of legislation in the labour market	5.1 Number of labour market trends reports produced annually.	<b>Achieved</b> By 4 September 2014, four annual labour market reports were published.	<b>Not Achieved</b> By March 2016, two annual labour market reports were produced.  By June 2015, two annual labour market reports were produced: September 2015.  By September 2015, four reports were published.	<b>Achieved</b> By 30 June 2016, two annual labour market trend reports were produced.  By 31 March 2017, two annual labour market trend reports were produced.	4 annual labour market trends reports produced by March 2018.	<b>Achieved</b> 2 Annual Labour market trend reports produced by 30 March 2018. These include: Annual Industrial Action Report and Annual Administrative Statistics Report 2017.  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.  Verification source: Ministerial submission approved (all reports will be posted on the Website: www.labour.gov.za)	None	None
	5.2 Number of literature review reports on labour market research produced and signed off by the Deputy Director General: LP and IR by 31 March 2018	<b>Achieved</b> Four final research reports were developed and submitted to the DDG for sign-off.	<b>Achieved</b> The following research instruments were developed towards the following research reports:  National Minimum Wage: Analysis of bursary recipient's performance: Active Labour Market Policy: Resource Adequacy:	<b>Not Achieved</b> 2 Research reports produced and submitted by 31 March 2017.  Investigating resource adequacy for effective inspections to be conducted within the South African Labour Market (Resource Adequacy).  Research on the impact and effectiveness of the BCEA Threshold.	4 literature review reports for labour market research produced and signed off by the Deputy Director General: LP and IR by 31 March 2018.  Verification source: DMS119090	<b>Achieved</b> 4 final literature review reports approved by the Deputy Director General: LP and IR by 30 March 2018.	None	None

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

KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	PLANNED TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018	STRATEGY TO OVERCOME UNDER-PERFORMANCE	DATE OF IMPLEMENTATION AND IMPLEMENTER
Ensure that the policy environment supports Employment Equity and compliance by 31 March 2018	1.1 Number of policy instruments developed and promoted to enhance the implementation of EEA by 31 March 2018	2016 - 2017 Annual Employment Equity Report and Public Register published by 30 June 2017	Only the 2016-2017 Annual Employment Equity Report was published in May 2017, but the Public Register was published in July 2017 due to two litigation cases against the publication of the Public Register	Verify and approve the publication of the Public Register before 31 March of each year.	16 January 2018
Establish basic standards and minimum wages	Establish institution of the National minimum wage by March 2018	Institution of the National minimum wage set up by March 2018	NMW Bill is still before Parliament for consideration	Awaiting feedback from Parliament	The new date to be determined by the President
Promoting sound labour relations	Percentage of Collective agreements extended within 90 calendar days of receipt by end of March each year	100% of collective agreements extended within 90 days of receipt by end of March 2018	61% of collective agreements extended within 90 calendar days of receipt 23 collective agreement received in 2017/2018 - 14 extended within 90 calendar days - 9 extended in longer than 90 calendar days	Continue to work with bargaining councils to expedite submission of requests for extension of collective agreements with proper supporting documentation.	1 April 2018 Director: Collective Bargaining
	Percentage of labour organisation applications for registration approved or refused within 90 calendar days of receipt by end of March each year	100% of labour organisation applications for registration approved or refused within 90 days of receipt by end of March 2018	98% of labour organisation applications for registration approved or refused within 90 calendar days of receipt by end March 2018 138 applications received in 2017/2018 - 5 approved within 90 calendar days - 130 refused within 90 - 1 approved longer than 90 calendar days - 2 refused in longer than 90 calendar days	A new Registrar has been designated adding capacity to overcome underperformance. Strategy will include working with applicants to ensure timely responses to requests for information.	1 April 2018 Registrar of Labour Relations
	Moderating Workplace Conflict by amending Labour Relations Act and measuring the impact thereof.	Promulgate amendment to the Labour Relations Act by 21 March 2018	LRA Amendment Bill submitted to Parliament in November 2017	Delays to promulgations in the Parliamentary process.	N/A

## 4.4.2 CHANGES TO PLANNED TARGETS (IF ANY)

None.

## 4.5 LINKING PERFORMANCE TO BUDGET

DEPARTMENT OF LABOUR		2017/18			2016/17		
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	R'000
<b>Programme</b>							
1.	Administration	860 734	768 677	92 057	847 105	819 070	28 035
2.	Inspection and Enforcement Services	545 115	520 165	24 950	500 355	464 269	36 086
3.	Public Employment Services	562 574	485 543	77 031	525 698	524 879	819
4.	Labour Policy and Industrial Relations	1 087 398	1 069 634	17 764	969 719	953 367	16 352
<b>TOTAL</b>		<b>3 055 821</b>	<b>2 844 019</b>	<b>211 802</b>	<b>2 842 877</b>	<b>2 761 585</b>	<b>81 292</b>

Regarding the overall performance of the Department from 1 April 2017 to 31 March 2018 - 60% of the targets were achieved and 93.1% of the budget was spent for the 2017/18 financial year.

PROGRAMME 1: ADMINISTRATION							
		2017/18			2016/17		
		FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE
		R'000	R'000	R'000	R'000	R'000	R'000
<b>Sub-programme</b>							
1.	Ministry	32 252	32 252	-	32 188	32 188	-
2.	Management	256 560	256 415	145	257 656	255 374	2 282
3.	Corporate Services	258 262	200 947	57 315	262 499	260 182	2 317
4.	Office of the Chief Financial Officer	135 178	118 086	17 092	125 121	105 632	19 489
5.	Office Accommodation	178 482	160 977	17 505	169 641	165 694	3 947
<b>TOTAL</b>		<b>860 734</b>	<b>768 677</b>	<b>92 057</b>	<b>847 105</b>	<b>819 070</b>	<b>28 035</b>

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 89.3% of its allocated budget for the 2017/18 financial year and achieved 75% of the predetermined targets. Therefore the allocation was sufficient to carry out the objectives of the Programme.

PROGRAMME 2: INSPECTION AND ENFORCEMENT SERVICES						
	2017/18			2016/17		
	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Sub-programme</b>						
1. Management and Support Services: Inspection and Enforcement Services	6 833	6 833	-	6 886	6 883	3
2. Occupational Health and Safety	29 772	25 868	3 904	28 454	23 870	4 584
3. Registration: Inspection and Enforcement Services	62 520	61 115	1405	61 639	53 648	7 991
4. Compliance, Monitoring and Enforcement	432 323	414 853	17 470	388 285	367 843	20 442
5. Training of Staff: Inspection and Enforcement Services	5 387	4 971	416	5 430	4 673	757
6. Statutory and Advocacy Services	8 280	6 525	1 755	9 661	7 352	2 309
<b>TOTAL</b>	<b>545 115</b>	<b>520 165</b>	<b>24 950</b>	<b>500 355</b>	<b>464 269</b>	<b>36 086</b>

The Programme utilised 95.4% 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.

PROGRAMME 3: PUBLIC EMPLOYMENT SERVICES						
	2017/18			2016/17		
	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Sub-programme</b>						
1. Management and Support Services: Public Employment Services	43 316	42 545	771	89 487	89 487	-
2. Employer Services	104 292	76 833	27 459	81 451	81 451	-
3. Work-Seeker Services	177 336	130 559	46 777	115 142	115 141	1
4. Designated Groups Special Services	12 722	12 221	501	12 117	11 300	817
5. Supported Employment Factories and Subsidies to Designated Workshops	147 514	145 995	1 519	148 692	148 692	-
6. Productivity South Africa	60 064	60 064	-	59 057	59 057	-
7. Unemployment Insurance Fund	1	-	1	1	-	1
8. Compensation Fund	15 917	15 917	-	19 031	19 031	-
9. Training of Staff: Public Employment Services	1 412	1 409	3	720	720	-
<b>TOTAL</b>	<b>562 574</b>	<b>485 543</b>	<b>77 031</b>	<b>525 698</b>	<b>524 879</b>	<b>819</b>

The Programme utilised 86.3% 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						
	2017/18			2016/17		
	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Sub-programme</b>						
1. Management and Support Services: Labour Policy and Industrial Relations	15 640	14 848	792	15 492	13 854	1 638
2. Strengthen Civil Society	19 823	19 823	-	18 879	18 879	-
3. Collective Bargaining	15 769	14 211	1 558	14 476	13 151	1 325
4. Employment Equity	16 458	12 562	3 896	15 037	12 916	2 121
5. Employment Standards	15 810	12 143	3 667	13 654	11 175	2 479
6. Commission for Conciliation, Mediation and Arbitration	864 090	864 090	-	770 501	770 501	-
7. Research, Policy and Planning	8 577	6 416	2 161	9 728	7 858	1 870
8. Labour Market Information and Statistics	43 166	43 089	77	38 353	36 232	2 121
9. International Labour Matters	48 232	42 619	5 613	42 782	37 984	4 798
10. National Economic Development and Labour Council	39 833	39 833	-	30 817	30 817	-
	<b>1 087 398</b>	<b>1 069 643</b>	<b>17 664</b>	<b>969 719</b>	<b>953 367</b>	<b>16 352</b>

The Programme utilised 98.4% of its allocated budget to carry out its mandated objective and deliverables and achieved 38% 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	ACHIEVEMENTS OF THE PUBLIC ENTITY
<b>Compensation Fund (CF)</b>	The Compensation Fund's (CF) main objective is to provide compensation for disability, illness and death resulting from occupational injuries and diseases.	R 15 917	R 15 917	No funds budgeted or transferred
<b>Commission for Conciliation, Mediation and Arbitration (CCMA)</b>	<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> <p>Improve organisational and governance processes, strive for maximum compliance and mitigate risks in order to ensure maximum organisational performance.</p>	R864 090	R864 090	87% Overall performance achieved for the year.
<b>Productivity SA</b>	Transferring of productivity knowledge and skills in order to contribute to employment creation, job saving and promoting workplace productivity.	R60 064	R60 064	<p>Promote social dialogue and a culture of productivity and competitiveness in the workplace and community life</p> <ul style="list-style-type: none"> <li>• 8 Productivity awards held</li> <li>• Provide support to programmes aimed at sustainable employment and income growth</li> <li>• 5 850 emerging entrepreneurs</li> <li>• Cooperatives, productivity champions, Education, Training and Development (ETDs) and Skills Development Facilitators (SDF) beneficiaries trained</li> <li>• Contribute to employment and income growth through research, information generation and dissemination</li> <li>• 3 Statistical reports on productivity and competitiveness published</li> <li>• An online resource centre/ web-based solutions developed.</li> </ul>

NAME OF PUBLIC ENTITY	SERVICES RENDERED BY THE PUBLIC ENTITY	AMOUNT TRANSFERRED TO THE PUBLIC ENTITY R'000	AMOUNT SPENT BY THE PUBLIC ENTITY	ACHIEVEMENTS OF THE PUBLIC ENTITY
<b>National Economic Development and Labour Council (NEDLAC)</b>	<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>	R39 833	R35 792	<p>NEDLAC achievements to date are listed below also include the various Task teams which are doing important work at NEDLAC.</p> <p><b>Some of the legislation relating to labour market concluded through social dialogue:</b></p> <ul style="list-style-type: none"> <li>• Labour Relations Act (LRA)</li> <li>• Basic Conditions of Employment Act (BCEA)</li> <li>• Occupational Health and Safety Act (OHSA)</li> <li>• Mine Health Safety Act (MHSA)</li> <li>• Unemployment Insurance Fund Act (UIF)</li> <li>• Skills Development Act (SDA)</li> <li>• Compensation for Occupational Injuries and Diseases Act (COIDA)</li> <li>• Employment Equity Act (EEA)</li> <li>• National Minimum Wage Act (NMW)</li> </ul> <p><b>Consideration of legislation and policy issues by NEDLAC under the NEDLAC chambers:</b></p> <ul style="list-style-type: none"> <li>• Development Chamber</li> <li>• Aquaculture Development</li> <li>• Development of Agricultural Land Bill</li> <li>• Trade and Industry Chamber</li> <li>• National Liquor Amendment</li> <li>• Perishable Products Export Control</li> <li>• Labour Market Chamber</li> <li>• NMW</li> <li>• BCEA</li> <li>• Employment Equity</li> <li>• Public Finance and Monetary Chamber</li> <li>• Sugary Sweetened Beverages tax proposals</li> <li>• Agricultural Land Holdings Bill</li> </ul> <p><b>Consideration of socio-economic issues through MANCO task teams:</b></p> <ul style="list-style-type: none"> <li>• Under the Sovereign Ratings Downgrade Task Team are :</li> <li>• Land Reform</li> <li>• Funding of SOCs</li> <li>• Youth Employment Services</li> <li>• Measures to address corruption</li> <li>• Appointment of Board Members</li> <li>• SEIAS Review Process</li> </ul> <p><b>Some of the engagements /task teams at NEDLAC</b></p> <ul style="list-style-type: none"> <li>• Comprehensive Social Security</li> <li>• Energy Task Team</li> <li>• Sovereign Ratings Downgrade</li> <li>• Technical Infrastructure Agencies</li> <li>• Customs Fraud and illegal Imports</li> <li>• Dairy Sector</li> <li>• Decent Work Country Program</li> <li>• Special Sessions e.g. Financial Inclusion; Household Savings</li> </ul>
<b>Unemployment Insurance Fund (UIF)</b>	-	Nil	Nil	No funds budgeted or transferred.

## 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"> <li>Facilitate supported employment</li> <li>Provide work opportunities for persons with disabilities</li> <li>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</li> <li>Perform any other function as may be prescribed by the Minister.</li> </ul>	Yes	R141 307	R141 307	<p>In terms of targets as per the Annual Performance Report, the entity has achieved 60% of planned targets. These are listed below:</p> <ul style="list-style-type: none"> <li>16 marketing product exhibitions conducted by the end of the fourth quarter</li> <li>Print media campaigns conducted by the end of March 2018</li> <li>106 special schools visited nationally and made aware of the existence of the SEE by the end of March 2018.</li> </ul>

\*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 2017 to 31 March 2018, 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
NIL	NIL	NIL	NIL	NIL	NIL



**TRANSFERS**

NAME OF INSTITUTION	AMOUNT TRANSFERRED R'000	ESTIMATE EXPENDITURE R'000
<b>Transfers to Municipalities</b>	<b>620</b>	<b>630</b>
Municipal Vehicle Licences	1	1
Municipal Vehicle Licences	619	629
<b>Departmental Agencies and Accounts</b>	<b>979 936</b>	<b>979 937</b>
Licences ( Radio and TV)	32	32
Compensation Fund	15 917	15 917
Unemployment Insurance Fund	0	1
Commission for Conciliation, Mediation and Arbitration	864 090	864 090
Productivity SA	60 064	60 064
National Economic Development and Labour Council (NEDLAC)	39 833	39 833
<b>Foreign Government/International Organisation</b>	<b>19 974</b>	<b>23 813</b>
International Labour Organisation (ILO)	18 993	22 648
ARLAC	981	1 165
<b>Non-Profit Institutions</b>	<b>173 351</b>	<b>173 892</b>
SA National Council for the Blind	358	390
Deaf Federation of South Africa (DEAFSA)	0	275
National Council for the Physically Disabled	291	318
Work Centres for the Disabled	141 307	141 307
Work Centres for the Blind	11 572	11 739
Strengthening Civil Society Fund	19 823	19 823
Donations and Gifts NPI	0	40
<b>Households</b>	<b>5 751</b>	<b>5 777</b>
Leave Gratuity	5 361	5 386
Exgratia payments	390	391
<b>TOTAL TRANSFERS AND SUBSIDIES</b>	<b>1 179 632</b>	<b>1 184 049</b>

**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	2017/2018			2016/2017		
	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	(OVER)/UNDER EXPENDITURE R'000
New and replacement assets						
Existing infrastructure assets						
Upgrades and additions						
Rehabilitation, renovations and refurbishments						
Maintenance and repairs	3 528	846	2 682	5 146	4 139	1 007
Infrastructure transfer						
Current						
Capital	14 000	2 381	11 619	28 000	29 185	(1 185)
<b>TOTAL</b>	<b>17 528</b>	<b>3 227</b>	<b>14 301</b>	<b>33 146</b>	<b>33 324</b>	<b>(178)</b>

The Department did not compile a capital investment and asset management plan in accordance with the GIAMA as challenges were experienced to obtain correct inputs seeing that many lease agreements are not being provided by DPW and DPW is implementing new plans on short notice which have drastic influence on the management/strategic planning of the Department accommodation in the future.

Infrastructure projects that are currently in progress and when are they expected to be completed.

The expenditure incurred during the 2017/18 financial year was for the following projects:

There are refurbishment and rehabilitation projects funded by the Department of Public Works, which are in progress:

- Labour Centre Durban
- Labour Centre Brakpan
- Planning of Swellendam and Taung Labour Centres
- Labour Centre Rustenburg walk-way.

The following construction project is in progress and is due to be finalised during 2018/19.

- Labour Centre Mt Ayliff.





# PART C

## GOVERNANCE

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## **PART C: GOVERNANCE**

### **1. INTRODUCTION**

The Department is committed to maintaining the highest standards of governance which is fundamental to the management of public finances and resources. The public wants assurance that the Department has good governance structures in place to effectively, efficiently and economically utilise the state resources, which are funded by the tax payer.

### **2. RISK MANAGEMENT**

The Department has a fully established Risk Management Committee chaired by an independent Chairperson. The Committee advises management on the overall risk management systems, including the the mitigation of unacceptable levels of risk.

Risk assessments are conducted annually during the Department's Strategic Planning period and thereafter monitored quarterly. During the year under review the Committee met four times and it was satisfied with the progress on the implementation of the mitigation strategies in addressing the risks identified.

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

### **3. FRAUD AND CORRUPTION**

The Department has a zero tolerance approach to unethical behaviour and is committed to achieving the highest standards of ethical behaviour. The Public Service Regulations governs the conduct of all the employees throughout the Department. The Ethics oversight is housed within the National Risk Management Committee. The Committee ensures that there is consistent application of Public Service Regulations.

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

### **4. 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.

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.

## 5. CODE OF CONDUCT

In order to give practical effect to the relevant constitutional provisions relating to the Public Service, all employees are expected to comply with the Code of Conduct.

The Code acts as a guideline to employees as to what is expected of them from an ethical point of view, both in their individual conduct and in their relationship with others. Compliance with the Code can be expected to enhance professionalism and help to ensure confidence in the Public Service.

The need exists to provide guidelines to employees with regard to their relationship with the legislature, political and executive office-bearers, other employees and the public and to indicate the spirit in which employees should perform their duties, what should be done to avoid conflicts of interests and what is expected of them in terms of their personal conduct in public and private life.

It is expected of the Departmental Code of Conduct to evoke a commitment to high standards of professionalism in order to contribute significantly to a more effective and sufficient service delivery to our clients and stakeholders as well as to the elimination of corruption in the Department. Employees need to be aware of what is expected of them from an ethical point of view, both externally and within the Department. Therefore, all employees in the Department will be expected to comply with this Code of Conduct in order to give effect to its purpose i.e:

- The maintenance of discipline
- The promotion of professionalism
- To ensure confidence in the Public Service.

## 6. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The Department developed an Environmental, Health and Safety Plan. The Department has a Health and Safety Committee to ensure that health and safety issues are adhered to. In respect of the year under review, meetings were held to discuss the following:

- Ventilation/obstruction/illumination in buildings
- Safety of officials against hazards
- The protocol to report incidents
- Contravention/prohibitions/improvements notices
- Poor house keeping
- Inspections reports
- Obstructions
- OHS compliance checklists to be completed monthly
- Training to internal staff regarding OHS matters
- Training of OHS Reps
- Contingency plan
- Evacuation drills.

## 7. PORTFOLIO COMMITTEES

3 May 2017	Budget review the Department of Labour including SEE
4 May 2017	Budget review CF, UIF and PSA
5 May 2017	Budget review CCMA and NEDLAC
17 May 2017	Briefing on the oversight visits in WC and KZN Portfolio Committee
31 May 2017	Briefing by the KZN on oversight visit to Portfolio Committee
27 June 2017	Briefing by the Department of Labour on the 2015/2016 GPR 3 and 4 as well as CF and CCMA
28 June 2017	Briefing by the Department of Labour on the 2015/2016 GPR 3 and 4 of UIF, PSA and NEDLAC
31 July to 4 August 2017	Oversight visit to LAP projects in Gauteng
16 August 2017	Briefing by the Department of Labour on the Status Report regarding the oversight visit to Gauteng Briefing by the Department of Labour on progress with regards to the Action Plan of the Compensation Fund
23 August 2017	Progress report on the Action Plan of CF
6 September 2017	Briefing by the Department of Labour on the: <ul style="list-style-type: none"> <li>• Action Plan of the Compensation Fund</li> <li>• Current training projects funded under the UIF Labour Activation Programmes.</li> </ul>
12 September 2017	Briefing to Select Committee on 2015 SEE financials and performance for 2016/17
13 September 2017	Briefing on the Annual Reports 2016-17 of the Department of Labour including its entities: <ul style="list-style-type: none"> <li>• NEDLAC</li> <li>• Productivity SA</li> <li>• CCMA</li> <li>• Compensation Fund (CF)</li> <li>• Unemployment Insurance Fund (UIF).</li> </ul>
11 October 2017	Reflecting on the Committee processes, thus far, with regards to the Labour Laws Amendment Bill Deliberation on the Draft BRR Report
18 October 2017	Briefing on the First Quarterly Performance (QPR 1) of the Department of Labour and its entities
25 October 2017	Briefing by the Department of Labour on the overall performance and plans of the Supported Employment Enterprises
1 November 2017	Post oversight visits report on investigations done to Portfolio Committee
7 November 2017	Briefing of Select Committee on Annual Reports for 2016/17 of CF and NEDLAC
8 November 2017	Briefing by the Department of Labour on the overall performance and plans of the Essential Services Committee of the CCMA; Deliberations on the Cosatu Memorandum referred to the Committee; Deliberations on the Labour Laws Amendment Bill
15 November 2017	<ul style="list-style-type: none"> <li>• Presentation by the Department of Labour on the Action Plan of the Compensation Fund</li> <li>• Consideration of the QPR1 of the Department of Labour</li> <li>• Clause-by-clause deliberations on the LLA Bill</li> <li>• Consideration of Draft Report on LLA Bill.</li> </ul>
22 November 2017	Briefing by the Department of Labour on the overall performance and plans of the Labour Activation Programme
31 January 2018	Briefing on the Quarterly Performance (QPR 2) of the Department of Labour and its entities
14 February 2018	Briefing on the 2017/18 Second Quarterly Performance (QPR2) of the following entities of the Department of Labour: <ul style="list-style-type: none"> <li>• CCMA</li> <li>• NEDLAC</li> <li>• Productivity SA</li> <li>• UIF</li> </ul>
21 February 2018	Presentation by the Department of Labour on the Action Plan of the Compensation Fund
28 February 2018	Presentation by the Department of Labour on the Labour Activation Plan of the UIF
20 March 2018	Presentation of submission summaries on the Labour Bills; Responses by the Department of Labour on submissions
22 March 2018	More Presentations on submissions to the Labour Bills; Responses by the Department of Labour on submissions
23 March 2018	More Presentations on submissions to the Labour Bills; Responses by the Department of Labour on submissions
27 March 2018	Oral presentation of submission on the Labour Bills; Way-forward on the processing of submissions
Wed, 28 March 2018	Responses by the Department of Labour on submissions; and Way-forward on the Labour Bills

## 8. SCOPA RESOLUTIONS

SCOPA RESOLUTION NO.	SUBJECT	DETAILS	RESPONSE BY THE DEPARTMENT	RESOLVED (YES/NO)
Two -ATC131106	Second	Recommendations to the Auditor-General's findings	The previous SCOPA resolution received by the Department was the second report in respect of the financial year ended 31 March 2012. Quarterly progress reports are submitted to SCOPA, action plans were developed to address the findings of the 2011/12 Audit Report and non-recurrence thereof in the subsequent financial years.	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	2016-17	Unqualified opinion
Disclaimer	None	None
Adverse opinion	None	None
Matters of non-compliance	None	None

### EMPHASIS OF MATTER

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

#### RESTATEMENT OF CORRESPONDING FIGURES

As disclosed in Note 20 and Note 32 to the financial statements, the corresponding figures for 31 March 2016 have been restated as a result of an error in the financial statements of the Department, and for the year ended, 31 March 2017.

2015/16

- The statements were corrected at financial year-end and accepted by the Auditor-General
- No similar misstatements were raised during the 2017/18 reporting period.

#### IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

As disclosed in Note 23 to the financial statements, irregular expenditure to the amount of R 4 274 000, was incurred in the current year as a result of not following correct procurement procedures.

2016/17

- Identify officials dealing with the awarding of procurement in Head Office and Provincial Offices
- Schedule training for the identified offices
- 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 reviewed as per National Treasury Instructions.

### OTHER 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><b>SOFTWARE LICENCES</b></p> <p>Software licences were procured via a conditional deviation granted by the National Treasury at 31 March 2017, not all the conditions of the deviation were met. While software licences are fundamental to the operation of the entities, the concern is that some of the conditions set out by the National Treasury appear to be unreachable. Not meeting these conditions will be considered non-compliance and may contribute to irregular expenditure.</p> <p>The amount of the new contract increased by 385% due to the perpetual nature of the licences procured as well as the increase of modules from 25 to 85. Although the usage was 16% as at 31 March 2017, the Department have implemented a plan to fully use the licence capacity.</p> <p>Furthermore, there remains some uncertainty over the extent of use of the licences at the Unemployment Insurance Fund (UIF), as UIF did not commit to the system "go live date", which will affect the amount of users of the system. However, 40% of expenditure for licences and support on the current licence contract was incurred by the Fund. This may lead to the possible fruitless and wasteful expenditure as the UIF did not implement.</p>	2016/17	<p>The milestones achieved for the SAP deployments and utilisation are as follows:</p> <p><b>January to August 2018 –</b></p> <ul style="list-style-type: none"> <li>• CF Claims payments replaced by <b>SAP FI (FS-CD)</b></li> <li>• High level <b>SAP roadmap</b> finalised with SAP mapping all business processes to a SAP solution</li> <li>• <b>LCMS</b> (Legal Case Management System) deployed for CF on SAP CRM. SAP BO</li> <li>• CF Filling Deployed for ROEE in CF - <b>SAP XI Integration and SAP FI</b></li> <li>• National Minimum Wage project initiated. – <b>SAP CRM, SAP XI, SAP BO</b></li> <li>• National Minimum Wage training material and user manuals developed in <b>SAP Enable Now</b> (Previously known as SAP Workforce Performance Builder)</li> <li>• IES training concluded for the <b>SAP CRM</b> for Inspection and Enforcement, except for Gauteng</li> <li>• 6 SAP FI reports developed on SAP BW and BO – went live in July 2018</li> <li>• SAP Portal and SAP XI is used for the DG's outreach events to present job opportunities for the specific geographical area. (Ongoing)</li> <li>• Project initiated to replace legacy system with SAP CRM for Labour Organization and Bargaining council – project is in scoping phase - <b>SAP CRM, SAP XI, SAP BO</b></li> <li>• BrightHouse appointed as the SAP Claims Implementation Partner to replace UMehluko with <b>SAP S/4 Hana</b> on Hana</li> <li>• Tender released to take UIF ERP to production on <b>SAP ECC 6</b> – BEC planned for end August</li> <li>• Tender to be released to implement SAP RoadMap which includes UIF Claim System, SEE payroll and Finance System – DBAC planned for end August</li> <li>• Employment Equity reports finalized on <b>SAP BO</b> for the next reporting period</li> <li>• <b>28 SAP BW and BO reports</b> deployed to production for Inspection and Enforcement.</li> </ul>

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
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### 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

The reported achievements for the targets were misstated as the evidence provided did not agree with the reported achievements as follows:

VARIOUS INDICATORS	REPORTED ACHIEVEMENT	AUDITED VALUE
1.1 Number of designated employers reviewed per year to determine compliance with employment equity legislation	849	569
1.2 Percentage of non-compliant employers of those reviewed in reference to 1.1 issued with a recommendation within 90 days of the review	100%	81%
1.3 Number of designated employers inspected per year to determine compliance with employment equity legislation	4 747	3 323
1.4 Percentage of non-complying workplaces inspected per year with reference to 1.3. dealt with in terms of the Employment Equity Act	100%	85%
2.2 Percentage of non-complying workplaces inspected per year with reference to 2.1 dealt with in terms of the relevant labour legislation	100%	65%
2.4 Percentage of inspections on request for work permits conducted within 25 working days	97%	82%
Indicator 3.3 – percentage of reported incidents investigated within 90 days	80%	61%

2015/16

Branch Heads and COO developed Standard Operation Manuals applicable to all regions (Labour Centres, Provincial Offices, COO and Branches); which outline the manner performance information should be:

- Prepared
- Collected
- Verified
- Reported.

A performance verification certificate (to agree with the contents/information) is signed at each level:

- Labour Centre
- Provincial Office
- COO
- Branch.

The Auditor-General did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:

Programme 3: Public Employment Services

Programme 4: Labour Policy and Industrial Relations

- There were no material recurring findings in the current year.

#### Other Matters – Achievement of planned targets

The Auditor-General draw attention to the following matters:

#### ADJUSTMENT OF MATERIAL MISSTATEMENTS

The Auditor-General identified material misstatements in the Annual Performance Report submitted for auditing. These material misstatements were on the reported performance information of Programme 2: Inspection Enforcement Services, and Programme 4: Labour Policy and Industrial Relations. As management subsequently corrected only some of the misstatements, material findings were raised on the reliability of the reported performance information. Those that were not corrected are included in the basis of qualified conclusion paragraph.

2016/17

- A monthly monitoring tool has been developed to support performance reported by the branches. Verification thereof is conducted on a quarterly basis.

#### Report on audit of compliance with legislation

In accordance with the PAA and the general notice issued in terms thereof, the Auditor-General has a responsibility to report material findings on the compliance of the Department with specific matters in key legislation. The Auditor-General performed procedures to identify findings but not to gather evidence to express assurance. The material findings in respect of the compliance criteria for the applicable subject matters are as follows:

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><b>Procurement and contract management</b></p> <p>Goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by Treasury Regulation 16A6.1. Quotations were awarded to bidders based on preference points that were not calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act and its regulations.</p> <p>Bid documentation for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by Preferential Procurement Regulation 9(1)</p>	2016-17	<ul style="list-style-type: none"> <li>Disciplinary action is taken against officials who do not comply with SCM prescripts</li> <li>To ensure accountability and compliance newly appointed managers are orientated in respect of the PFMA, Treasury Regulations and SCM prescripts.</li> </ul>
<p><b>Annual financial statements</b></p> <p>The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, in all instances, as required by Section 40(1)(b) of the PFMA. Material misstatements on expenditure, commitments, fixed asset register and leave entitlement identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.</p>	2016-17	<ul style="list-style-type: none"> <li>The statements were corrected at financial year-end and accepted by the Auditor-General</li> <li>Reduction in the number of audit findings</li> <li>No similar misstatements were raised during the 2017/18 reporting period.</li> </ul>
<p><b>Expenditure management</b></p> <p>The accounting officer did not take effective and appropriate steps to prevent irregular expenditure incurred in the current year of R 4 274 000 as disclosed in Notes 23 of the financial statements, as required by Section 38(1)(c)(ii) of the PFMA.</p>	2016-17	<ul style="list-style-type: none"> <li>Identify officials dealing with the awarding of procurement in Head Office and provincial offices</li> <li>Schedule training for the identified offices</li> <li>Supply chain management inspections to ensure adherence to prescripts</li> <li>Report to the CFO, by means of an inspection report, on non-compliance discovered at the provincial offices</li> <li>All deviation requests will be submitted to National Treasury for evaluation and review as per National Treasury Instructions.</li> </ul>
<p><b>Internal control deficiencies</b></p> <p>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</p>		
<p><b>Leadership</b></p> <p>The Accounting Officer did not have sufficient monitoring controls to ensure proper implementation of the overall process of monitoring of predetermined objectives, compliance with legislation and related internal controls. This resulted in numerous findings on predetermined objectives, compliance with legislation and internal control. In addition, management did not take adequate actions to address the internal control deficiencies identified during the audit.</p> <p>The Accounting Officer did not effectively oversee information technology security management controls (including network controls). IT Management had not formally implemented adequate security controls to mitigate the risk of unauthorised access to the system, as there are unnecessary network protocols/services configured, which may provide entry points into the network</p>		<ul style="list-style-type: none"> <li>During 2017/18 financial year the Management of the Department held three Extended DEXCOM meetings 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. The number of audit queries have reduced compared to the previous financial year</li> <li>All accounts have been changed to uniquely identifiable users</li> <li>Access rights to all system shares have been changed as per the Auditor-General's recommendation.</li> </ul>
<p><b>Financial and performance management</b></p> <p>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 and the Annual Performance Report, which were subsequently corrected.</p>		<ul style="list-style-type: none"> <li>The statements were corrected at financial year-end and accepted by the Auditor-General</li> <li>During 2017/18 financial year the Management of the Department held three extended DEXCOM meetings 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. The number of audit findings have reduced compared to the previous financial year.</li> </ul>

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><b>Record management</b> The Department did not have appropriate record management systems to ensure that complete, relevant and accurate information is accessible and available to support performance information reporting and reasons for all variances.</p>		<ul style="list-style-type: none"> <li>• Provinces were instructed to conduct labour centre verification prior to submitting the QPR. Thereafter Head Office will conduct provincial verifications</li> <li>• The verification report tool for 2018/19 is designed to ensure that all relevant aspects of statistic are adhered to</li> <li>• Training on the SOP, TID and legislation was conducted for all provinces and audit findings incorporated into the training.</li> </ul>

## 10. INTERNAL CONTROL UNIT

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

- Workshop held to discuss findings raised by the Auditor-General, which was attended by Head Office and provincial office's officials
- During the workshops each office was assisted with developing an audit action plan from their respective audit 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
- Training provided to ensure compliance with revenue and payments prescripts as well as the transversal systems
- BAS, SafetyWeb and SafetyNet system training provide to the respective system users during inspections
- Review of procedure manuals to ensure compliance to amended financial prescripts as issued by National Treasury
- Document control in respect of financial transactions to detect duplication and fraudulent transactions.

## 11. INTERNAL AUDIT AND AUDIT COMMITTEES

The Department of Labour's Accounting Officer has established an Internal Audit Activity under the control and direction of the 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 Department's 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 Labour and Supported Employment Enterprises (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
- Quality reviews of the Internal Audit Activity
- Participation and provide advice in the Department's Executive Committee meetings
- Training and development of officials to keep abreast with the professional and public service developments.

## SUMMARY OF WORK DONE

The Internal Audit provided both assurance and consulting services during the financial year and continue to provide an advisory roles in the review of the Annual Performance Plans.

### THE FOLLOWING AUDIT TYPES WERE PERFORMED:

DEPARTMENT OF LABOUR		
AUDIT TYPE	NUMBER OF AUDITS	PERCENTAGE
Compliance/Regularity	7	21%
Financial Audits	1	3%
Risk Management/Governance	1	3%
Strategic Plan and Annual Performance Plan Performance Information (Pre-determined objectives)	8	23%
IT Audits	10	29%
Follow-up reviews	7	21%
<b>TOTAL</b>	<b>34</b>	<b>100%</b>

SUPPORTED EMPLOYMENT ENTERPRISE		
AUDIT TYPE	NUMBER OF AUDITS	PERCENTAGE
Compliance/Regularity	1	7%
Financial Audits	6	43%
Risk Management/Governance	0	0%
Strategic Plan and Annual Performance Plan Performance Information (Pre-determined objectives)	2	14%
IT Audits	0	0%
Follow-up reviews	5	36%
<b>TOTAL</b>	<b>14</b>	<b>100%</b>

## COMMITTEE MEETINGS

The Department of 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 Enterprises (SEE).

## 12. AUDIT COMMITTEE REPORT

### REPORT OF THE AUDIT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2018

#### INTRODUCTION

The Audit Committee is established as a statutory committee in terms of Section 38 (1) (a) (ii) of the Public Finance Management Act and Treasury Regulation 3.1.13. The Committee is pleased to present its report for the financial year ending 31 March 2018. The report is presented in accordance with the requirement of the Public Finance Management Act 1 of 1999 and in line with the National Treasury Annual Report guide.

#### AUDIT COMMITTEE RESPONSIBILITY

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

The following table discloses relevant information on the audit committee members who were in office during the period 1 April 2017 to 31 March 2018.

#### RELEVANT INFORMATION ON THE AUDIT COMMITTEE MEMBERS

NAME	RANK	QUALIFICATIONS	DATE APPOINTED	DATE RESIGNED/ CONTRACT ENDED	NUMBER OF MEETINGS ATTENDED	COMMENT
Ms T. Mhlari	Chairperson (External)	Bcom: Financial Accounting (Cum Laude) Bcom Hons: Accounting H Dip: Tax Law  Professional Memberships CA(SA), RA	October 2017	N/A	2/2	The chairperson was appointed in the 3 <sup>rd</sup> quarter of the financial year
Ms ZL Francois	Member (External)	B.Com Post Grad Certificate in Accounting MBA (Dissertation in ERM) CRMA GIA FIIASA AIRMSA	October 2017	N/A	2/2	The member was appointed in the 3 <sup>rd</sup> quarter of the financial year
Ms D Botha	Member (External)	Chartered Director (SA) CIA MBA (UCT) CRMA CISA HDip Computer Audit (Wits) MAP(Wits).	October 2017	N/A	2/2	The member was appointed in the 3 <sup>rd</sup> quarter of the financial year
Mr S Nyangintsimbi	Member (External)	MPhil (Internal Auditing); MBL; B.Comm; CIA; CRMA; CGAP; CCSA	October 2017	N/A	2/2	The member was appointed in the 3 <sup>rd</sup> quarter of the financial year

The Audit Committee as at 31 March 2018 was appointed with effect from October 2017 for a period of three years. The committee comprises a total of four members and held its inaugural meeting on 14 December 2017.

An interim committee was in place for the period covering November 2016 to August 2017 comprising of the following members:

NAME	RANK	QUALIFICATIONS	DATE APPOINTED	DATE RESIGNED/ CONTRACT ENDED	NUMBER OF MEETINGS ATTENDED	COMMENT
Mr D Hlatshwayo	Chairperson (External)	CD (SA) CA (SA) MBA,	November 2016*	August 2017	2/2	End of term as the interim Audit Committee Chairperson
Ms R Kalidaas	Member	CA (SA) B Comp (Hons) B Compt	November 2016*	August 2017	2/2	End of term for interim Committee Member
Mr N Mhlongo	Member (External)	CA (SA); CGMA ACMA	November 2016*	August 2017	2/2	End of term for interim Committee Member
Mr CF Terhoeven	Member (External)	CA(SA), CTA M COM Taxation	November 2016*	August 2017	1/2	End of term as interim in the interim Audit Committee Member

## 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 risk management processes, evaluation of processes, identification of corrective actions and recommendations to enhance the control environment.

The Audit Committee is of the opinion, based on the work conducted by Internal Audit, consideration of the Auditor-General audits and management report, engagement with management and other stakeholders during year, that the control environment and the controls are fairly adequate in some areas, however inconsistently effective to manage, monitor the risks and ensure achievement of organisational objectives.

The adequate design of the controls in some of the areas has ensured that the Department maintains its level of sound financial management practices; the committee is however concerned about the material misstatements in the financial statements submitted as well as performance information as a result of insufficient monitoring controls.

The Audit Committee is encouraged by the strides and efforts by management in the achievement of organisational goals (predetermined objectives), however concerned about the decrease in the achievement of goals in 2017/18 as compared to 2016/17 as well as the overstatement of achievements reported in Programme 2, Inspection and Enforcement Services. The Committee noted that there is need for continuous interventions that require consistent implementation and effective monitoring in the following areas:

- The effective implementation of the Departments ICT governance process and operations that will address the following key concerning areas:
  - » The development of business processes to create an enabling environment for the integration of systems within the Department
  - » Uniform and coordinated implementation of ICT initiatives across the Department in support of effective of service delivery
  - » The implementation of a management information system to strengthen the process of collation and reporting of the Programme 3 performance information to improve the accuracy and credibility of the overall Departmental reported achievement of goals
- The development of business processes to create an enabling environment for the integration of systems within the Department
- The reporting of Performance Information that is inadequately supported by valid, complete and accurate evidence
- The timely and effective implementation of management action plans to improve on the areas of identified weaknesses and eliminate the recurrence of audit findings
- Improvement in the level of compliance on the Management of Performance Assessment Tool (MPAT) standards.

## SUPPORTED EMPLOYMENT ENTERPRISES TRADING AS SUPPORTED EMPLOYMENT ENTERPRISES (SEE)

The Audit Committee acknowledges the gradual improvements in financial internal controls in the SEE environment for the financial year and is pleased with the audit outcome of SEE for the year which has improved from a qualified audit opinion to an unqualified opinion. Although an unqualified audit opinion was obtained, the committee is concerned about the material misstatements which were detected and subsequently corrected. The committee is therefore of the opinion that urgent intervention is required in the financial department to ensure that it is adequately skilled to address the short comings.

The Committee further believes that there is still a need to ensure a sound control environment in financial and performance management in the following areas:

- Building skills and capacity in the financial and supply chain management of the SEE to improve the internal control environment and allow the proper segregation of duties in the following areas:
  - » The compilation and review of the SEE annual, quarter and annual financial statements
  - » Strengthening of the SEE supply chain management processes by ensuring that SCM processes are consistently implemented to ensure compliance with the applicable legislation
- Inadequate and ineffective implementation and monitoring controls and implementation of action plan
- The lack of a pricing model which will enable the SEE to recover its costs of the manufacturing of products
- The financial sustainability of SEE.

## INTERNAL AUDIT

The Department has a functional Internal Audit Unit which includes an internally established information technology audit session. The Internal Audit Unit performed its annual plan adequately and ensured that its resources cover both the Department and SEE. The committee is satisfied that the Internal Audit Unit has operated effectively, despite its limitation of resources (human resources) for the period under review. The work performed by Internal Audit has enabled the Committee to fulfil its duties around compliance, financial management, performance and information technology.

The committee is satisfied with the coordination of the work between Internal Audit, Risk Management and the external auditors.

## EXTERNAL AUDIT

In the performance of its duties, the committee considered the work and matters raised by the external auditor (Auditor-General). The committee has consistently monitored the progress made by management in the implementation of corrective measures (2016/17 Action Plan). However, the Committee is still concerned with the number and nature of recurring findings.

## RISK MANAGEMENT

The Department has a risk management function in place in line with the PFMA. The Audit Committee was presented with the risk management reports during the year, which enabled the Internal Audit Unit to compile its audits as per the prescripts. However, the Committee has noted that there is a need to improve the Department's maturity level which will assist in the effective treatment of risks and is concerned with the timing of the SEE risk assessment which requires improvement.

## IN-YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORT

The Audit Committee was appraised with quarterly financial reports and quarter 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.



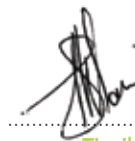
## EVALUATION OF FINANCIAL STATEMENTS

The Audit Committee has for both the Department and Supported Employment Enterprises:

- Reviewed and discussed the quarterly/ interim financial statements during the reporting period
- Reviewed and discussed the annual Financial Statements to be presented for auditing purposes
- Reviewed the Department's and SEE compliance to legal and regulatory provisions
- Reviewed the annual Audit Report and Management Report from the Auditor-General
- Reviewed the information on predetermined objectives prepared for the 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 remain 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.



Tinyiko Mhlari

Chairperson of the Audit Committee  
Department of Labour  
Date: 31 July 2018



# D

## PART

# HUMAN RESOURCE MANAGEMENT



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# 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.

## 2. OVERVIEW OF HUMAN RESOURCES

The Department of Labour MTEF Human Resources Plan 2015-2020 and the Human Resources Plan Implementation Report 2016/17 were assessed by the Department of Public Service and Administration during the financial year. The purpose of the assessment is to improve the quality of HR planning at Departmental level by evaluating both the level of compliance and the content of the Plan and the Report.

The MTEF Human Resources Plan 2015-2020 was rated 100% on compliance to the prescribed template and 57% on the quality of the content while the Human Resources Implementation Report was rated 82% on compliance with the prescribed template and 65% on the quality of the content.

The Department has already started a process of reviewing the MTEF Human Resources Plan in line with the approved Departmental Strategic Plan 2016-2021 and the recommendations of the assessment.

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

- The Department conducted a medical surveillance testing and trauma counselling targeting all OHS inspectors exposed to hazardous conditions
- Training of shop stewards on conflict management has been conducted through the CCMA with a view to strengthen capacity
- Advocacy sessions have been conducted on discipline and grievance rules to improve awareness and compliance with relevant Departmental policies and procedures
- Advocacy sessions have been conducted on performance management and this has resulted in improvement in timely submission of performance agreements, reporting and monitoring of performance
- Standard operating procedures for leave, recruitment and selection have been developed and human resource functions of the Department of Labour, provinces and Funds have been trained on them
- Employee Satisfaction Survey (ESS) has been conducted and the report with findings and recommendations has been compiled. The implementation of the recommendations of the ESS will be started in the next financial year
- Training on Management Development Programme has been conducted through the National School of Government (NSG) with a view to capacitate employees in different levels of the Department.

## CHALLENGES

- Attraction and retention of talent in key/critical positions is a challenge due to competition in the labour market.



### 3. HUMAN RESOURCES OVERSIGHT STATISTICS

#### 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 PERSONNEL EXPENDITURE BY PROGRAMME FOR THE PERIOD 1 APRIL 2017 AND 31 MARCH 2018**

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	768 677	343 137	5 118	3 837	12.06	396
Inspection and Enforcement Services	520 165	406 092	4 972	246	14.28	368
Public Employment Services	485 543	220 393	1 409	109	7.75	424
Labour Policy and Industrial Relations	1 069 634	89 890	778	2 118	3.16	449
<b>TOTAL</b>	<b>2 844 019</b>	<b>1 059 512</b>	<b>12 277</b>	<b>6 310</b>	<b>37.25</b>	<b>393</b>

**TABLE 3.2 PERSONNEL COSTS BY SALARY BAND FOR THE PERIOD 1 APRIL 2017 AND 31 MARCH 2018**

SALARY BAND	PERSONNEL EXPENDITURE (R'000)	% OF TOTAL PERSONNEL COST	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)	NUMBER OF EMPLOYEES
Top Management (Levels 15 -16)	16 801	1.59	1 784	0.59	9
Senior Management (Levels 13 - 14)	63 613	6.01	1 185	2.24	54
Professional Qualified (Levels 9 - 12)	302 740	28.57	698	10.64	434
Skilled (Levels 7 - 8)	350 417	33.07	390	12.32	898
Semi-skilled (Levels 4 - 6)	306 850	28.96	262	10.79	1 173
Unskilled (Levels 1 - 3)	19 091	1.80	153	0.67	125
<b>TOTAL</b>	<b>1 059 512</b>	<b>100.00</b>	<b>393</b>	<b>37.25</b>	<b>2 693</b>

**TABLE 3.3 SALARIES, OVERTIME, HOME OWNERS ALLOWANCE AND MEDICAL AID BY PROGRAMME FOR THE PERIOD 1 APRIL 2017 AND 31 MARCH 2018**

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	236 637	22.33	5 941	0.56	10 844	1.02	18 421	1.74
Inspection and Enforcement Services	291 265	27.49	230	0.02	14 454	1.36	23 713	2.24
Public Employment Services	156 769	14.80	136	0.01	5 603	0.53	9 383	0.89
Labour Policy and Industrial Relations	61 885	5.84	25	0.00	2 086	0.20	3 435	0.32
<b>TOTAL</b>	<b>746 556</b>	<b>70.46</b>	<b>6 332</b>	<b>0.60</b>	<b>32 987</b>	<b>3.11</b>	<b>54 952</b>	<b>5.19</b>

**TABLE 3.4 SALARIES, OVERTIME, HOME OWNERS ALLOWANCE AND MEDICAL AID BY SALARY BAND FOR THE PERIOD 1 APRIL 2017 AND 31 MARCH 2018**

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)	2 611	0.25	22	0.00	115	0.01	192	0.02
Senior Management (Levels 13 - 14)	14 884	1.40	126	0.01	658	0.06	1 096	0.10
Professional Qualified (Levels 9 - 12)	120 255	11.35	1 020	0.10	5 313	0.50	8 852	0.84
Skilled (Levels 7 - 8)	248 945	23.50	2 111	0.20	11 000	1.04	18 324	1.73
Semi-skilled (Levels 4 - 6)	325 168	30.69	2 759	0.26	14 368	1.36	23 934	2.26
Unskilled (Levels 1 - 3)	34 693	3.27	294	0.03	1 533	0.14	2 554	0.24
<b>TOTAL</b>	<b>746 556</b>	<b>70.46</b>	<b>6 332</b>	<b>0.60</b>	<b>32 987</b>	<b>3.11</b>	<b>54 952</b>	<b>5.19</b>

## 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 3.5 EMPLOYMENT AND VACANCIES BY PROGRAMME AS ON 31 MARCH 2018**

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 and Corporate Services)	491	451	8.1%	17
Chief Operations Officer	6 694	6 116	8.6%	10
Public Employment Services	221	188	14.9%	18
Labour Policy and Industrial Relations	109	101	7.3%	0
Inspection and Enforcement Services	71	60	15.4%	0
Social Insurance	UIF = 574 CC = 987	UIF = 500 CC = 678	UIF = 12.9% CC = 31.3%	UIF = 2 CC = 97
<b>TOTAL</b>	<b>9 147</b>	<b>8 094</b>	<b>11.5%</b>	<b>144</b>

**TABLE 3.6 EMPLOYMENT AND VACANCIES BY SALARY BAND AS ON 31 MARCH 2018**

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%	0
Skilled (3-5)	1 232	1 081	12.2%	45
Highly skilled production (6-8)	6 548	5 862	10.5%	86
Highly skilled supervision (9-12)	1 220	1 028	15.7%	7
Senior management (13-16)	147	123	16.3%	6
<b>TOTAL</b>	<b>9 147</b>	<b>8 094</b>	<b>11.5%</b>	<b>144</b>

**TABLE 3.7 EMPLOYMENT AND VACANCIES BY CRITICAL OCCUPATIONS AS ON 31 MARCH 2018**

CRITICAL OCCUPATION	NUMBER OF POSTS ON APPROVED ESTABLISHMENT	NUMBER OF POSTS FILLED	VACANCY RATE	NUMBER OF EMPLOYEES ADDITIONAL TO THE ESTABLISHMENT
Inspectors	1 377	1 278	7.2%	0
Employment Service Practitioners and Counsellors	283	276	2.5%	0
Medical Practitioners	90	36	60.0%	0
<b>TOTAL</b>	<b>1 750</b>	<b>1 590</b>	<b>9.1%</b>	<b>0</b>

## 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 3.8 SMS POST INFORMATION AS ON 31 MARCH 2018**

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	32	27	84.4	5	15.6
Salary Level 13	106	87	82.1	19	17.9
<b>TOTAL</b>	<b>147</b>	<b>123</b>	<b>83.7</b>	<b>24</b>	<b>16.3</b>

**TABLE 3.9 SMS POST INFORMATION AS ON 30 SEPTEMBER 2017**

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	30	28	93.3	2	6.7
Salary Level 13	106	82	77.3	24	22.6
<b>TOTAL</b>	<b>145</b>	<b>119</b>	<b>82.1</b>	<b>26</b>	<b>17.9</b>

**TABLE 3.10 ADVERTISING AND FILLING OF SMS POSTS FOR THE PERIOD 1 APRIL 2017 AND 31 MARCH 2018**

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	6	4	6
Salary Level 13	18	9	20
<b>TOTAL</b>	<b>24</b>	<b>13</b>	<b>26</b>

**TABLE 3.11 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 2017 AND 31 MARCH 2018****REASONS FOR VACANCIES NOT ADVERTISED WITHIN SIX MONTHS**

The Department prioritises filling SMS vacancies as they are critical to the Department. All SMS posts were advertised within six months of being vacant with the exception of technical posts, for example Medical Adjudicators and IT posts.

**REASONS FOR VACANCIES NOT FILLED WITHIN TWELVE MONTHS**

Lack of suitable candidates with required technical skills and/or required relevant experience for the posts and salaries which do not attract required skills regarding some posts in ICT.

**TABLE 3.12 DISCIPLINARY STEPS TAKEN FOR NOT COMPLYING WITH THE PRESCRIBED TIMEFRAMES FOR FILLING SMS POSTS WITHIN 12 MONTHS FOR THE PERIOD 1 APRIL 2017 AND 31 MARCH 2018****REASONS FOR VACANCIES NOT ADVERTISED WITHIN SIX MONTHS**

None.

**REASONS FOR VACANCIES NOT FILLED WITHIN SIX MONTHS**

Lack of suitable candidates with required technical skills and/or required relevant experience for the posts and salaries which do not attract required skills regarding some posts in ICT.

**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 3.13 JOB EVALUATION BY SALARY BAND FOR THE PERIOD 1 APRIL 2017 AND 31 MARCH 2018**

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)	1 232	1	0.1	0	0	0	0
Highly skilled production (Levels 6-8)	6 548	29	0.4	0	0	0	0
Highly skilled supervision (Levels 9-12)	1 220	64	5.2	4	6.2	0	0
Senior Management Service Band A	106	26	24.5	0	0	0	0
Senior Management Service Band B	32	0	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
<b>TOTAL</b>	<b>9 147</b>	<b>120</b>	<b>1.3</b>	<b>4</b>	<b>3.3</b>	<b>0</b>	<b>0</b>



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 3.14 PROFILE OF EMPLOYEES WHOSE POSITIONS WERE UPGRADED DUE TO THEIR POSTS BEING UPGRADED FOR THE PERIOD 1 APRIL 2017 AND 31 MARCH 2018**

GENDER	AFRICAN	ASIAN	COLOURED	WHITE	TOTAL
Female	2	1	0	0	3
Male	3	0	0	0	3
<b>TOTAL</b>	<b>5</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>6</b>

Employees with a disability	0
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The following table summarises the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

**TABLE 3.15 EMPLOYEES WITH SALARY LEVELS HIGHER THAN THOSE DETERMINED BY JOB EVALUATION BY OCCUPATION FOR THE PERIOD 1 APRIL 2017 AND 31 MARCH 2018**

OCCUPATION	NUMBER OF EMPLOYEES	JOB EVALUATION LEVEL	REMUNERATION LEVEL	REASON FOR DEVIATION
Director	1	13	14	The incumbent was previously a Chief of Staff at the Ministry and was later transferred to the post of Director: ESSA Development Management.
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	12	14	The incumbent was transferred 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 an ICT post and was already on salary level 12. When the post was 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 an ICT post and was already on salary level 12. When the post was measured it was lower than the salary earned.
ICT Project Manager	1	11	12	The incumbent was transferred on section 197 from EOH to an ICT post and was already on salary level 12. When the post was 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	10	11	The incumbent was transferred on section 197 from EOH to an ICT post and was already on salary level 11. When the post was measured it was lower than the salary earned.

OCCUPATION	NUMBER OF EMPLOYEES	JOB EVALUATION LEVEL	REMUNERATION LEVEL	REASON FOR DEVIATION
SAP Analyst	4	9	11	The incumbents were transferred on section 197 from EOH to ICT posts and were already on salary level 11. 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 11. When the posts were measured it was lower than the salary earned.
Network Engineer	1	8	11	The incumbent was transferred on section 197 from EOH to an ICT post and was already on salary level 11. When the post was measured it was lower than the salary earned.
Assistant Director	2	9	10	The officials received external offers from other Departments and were counter offered by the Department.
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 an ICT post and was already on salary level 11. When the post was measured it was lower than the salary earned.
Field ICT Technicians	10	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.
Field ICT Technicians	15	8	9	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.
Network Engineer	1	8	9	The incumbent was transferred on section 197 from EOH to an ICT post and was already on salary level 11. When the post was measured it was lower than the salary earned.
Remote ICT Technician	1	8	9	The incumbent was transferred on section 197 from EOH to an ICT post and was already on salary level 11. When the post was measured it was lower than the salary earned.
<b>Total number of employees whose salaries exceeded the level determined by job evaluation</b>				<b>52</b>
<b>Percentage of total employed</b>				<b>0.6%</b>

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

**TABLE 3.16 PROFILE OF EMPLOYEES WHO HAVE SALARY LEVELS HIGHER THAN THOSE DETERMINED BY JOB EVALUATION FOR THE PERIOD 1 APRIL 2017 AND 31 MARCH 2018**

GENDER	AFRICAN	ASIAN	COLOURED	WHITE	TOTAL
Female	8	0	0	3	11
Male	16	5	2	18	41
<b>TOTAL</b>	<b>24</b>	<b>5</b>	<b>2</b>	<b>21</b>	<b>52</b>
Employees with a disability	0	0	0	0	0

Total number of employees whose salaries exceeded the grades determine by job evaluation	52
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## 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.

**TABLE 3.17 ANNUAL TURNOVER RATES BY SALARY BAND FOR THE PERIOD 1 APRIL 2017 AND 31 MARCH 2018**

SALARY BAND	NUMBER OF EMPLOYEES AT BEGINNING OF PERIOD- 1 APRIL 2017	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)	1 166	142	35	3.0%
Highly skilled production (Levels 6-8)	5 587	386	249	4.4%
Highly skilled supervision (Levels 9-12)	968	81	49	5.1%
Senior Management Service Bands A	85	6	4	4.7%
Senior Management Service Bands B	25	2	4	16.0%
Senior Management Service Bands C	8	0	0	0%
Senior Management Service Bands D	1	0	0	0%
Contracts	165	50	75	45.4%
<b>TOTAL</b>	<b>8 005</b>	<b>667</b>	<b>416</b>	<b>5.2%</b>

**TABLE 3.18 ANNUAL TURNOVER RATES BY CRITICAL OCCUPATION FOR THE PERIOD 1 APRIL 2017 AND 31 MARCH 2018**

CRITICAL OCCUPATION	NUMBER OF EMPLOYEES AT BEGINNING OF PERIOD-APRIL 2017	APPOINTMENTS AND TRANSFERS INTO THE DEPARTMENT	TERMINATIONS AND TRANSFERS OUT OF THE DEPARTMENT	TURNOVER RATE
Inspectors	1 283	73	78	6.1%
Employment Service Practitioners and Counsellors	255	15	6	2.3%
Medical Practitioners	34	8	5	14.7%
<b>TOTAL</b>	<b>1 572</b>	<b>96</b>	<b>89</b>	<b>5.7%</b>

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

**TABLE 3.19 REASONS WHY STAFF LEFT THE DEPARTMENT FOR THE PERIOD 1 APRIL 2017 AND 31 MARCH 2018**

TERMINATION TYPE	NUMBER	% OF TOTAL RESIGNATIONS
Death	35	8.4
Resignation	199	47.8
Expiry of contract	62	14.90
Dismissal – operational changes	1	0.2
Dismissal – misconduct	9	2.2
Dismissal – inefficiency	0	0
Discharged due to ill-health	7	1.7
Retirement	69	16.6
Transfer to other Public Service Departments	34	8.2
Other	0	0
<b>TOTAL</b>	<b>416</b>	<b>100</b>
<b>TOTAL NUMBER OF EMPLOYEES WHO LEFT AS A % OF TOTAL EMPLOYMENT</b>	<b>8 005</b>	<b>5.2</b>

**TABLE 3.20 PROMOTIONS BY CRITICAL OCCUPATION FOR THE PERIOD 1 APRIL 2017 AND 31 MARCH 2018**

OCCUPATION	EMPLOYEES 1 APRIL 2017	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	1 283	43	3.3	0	0
Employment Service Practitioners and Counsellors	255	7	2.7	0	0
Medical Practitioners	34	0	0	0	0
<b>TOTAL</b>	<b>1 572</b>	<b>50</b>	<b>3.2</b>	<b>0</b>	<b>0</b>

**TABLE 3.21 PROMOTIONS BY SALARY BAND FOR THE PERIOD 1 APRIL 2017 AND 31 MARCH 2018**

SALARY BAND	EMPLOYEES 1 APRIL 2017	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)	1 166	19	1.6	0	0
Highly skilled production (Levels 6-8)	5 587	184	3.3	0	0
Highly skilled supervision (Levels 9-12)	968	62	6.4	0	0
Senior Management (Level 13-16)	119	6	5.0	0	0
<b>TOTAL</b>	<b>7 840</b>	<b>271</b>	<b>3.4</b>	<b>0</b>	<b>0</b>

## EMPLOYMENT EQUITY

**TABLE 3.22 TOTAL NUMBER OF EMPLOYEES (INCLUDING EMPLOYEES WITH DISABILITIES) IN EACH OF THE FOLLOWING OCCUPATIONAL CATEGORIES AS ON 31 MARCH 2018**

OCCUPATIONAL CATEGORY	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
Legislators, senior officials and managers	54	3	5	6	46	2	1	6	123
Professionals	195	14	11	15	184	17	1	28	465
Technicians and associate professionals	1 188	98	49	93	1 212	130	45	258	3 073
Clerks	1 641	182	53	63	1 867	237	50	130	4 223
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	86	10	0	3	95	14	0	2	210
<b>TOTAL</b>	<b>3 164</b>	<b>307</b>	<b>118</b>	<b>180</b>	<b>3 404</b>	<b>400</b>	<b>97</b>	<b>424</b>	<b>8 094</b>
Employees with disabilities	87	9	4	15	70	11	4	23	223

**TABLE 3.23 TOTAL NUMBER OF EMPLOYEES (INCLUDING EMPLOYEES WITH DISABILITIES) IN EACH OF THE FOLLOWING OCCUPATIONAL BANDS AS ON 31 MARCH 2018**

OCCUPATIONAL BAND	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
Top Management	5	1	0	0	2	0	0	1	9
Senior Management	49	2	5	6	44	2	1	5	114
Professionally qualified and experienced specialists and mid-management	430	26	20	32	414	37	8	54	1 021
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	953	86	40	76	982	110	38	232	2 517
Semi-skilled and discretionary decision making	1 641	182	53	63	1 857	237	50	130	4 223
Unskilled and defined decision making	86	10	0	3	95	14	0	2	210
<b>TOTAL</b>	<b>3 164</b>	<b>307</b>	<b>118</b>	<b>180</b>	<b>3 404</b>	<b>400</b>	<b>97</b>	<b>424</b>	<b>8 094</b>

**TABLE 3.24 RECRUITMENT FOR THE PERIOD 1 APRIL 2017 TO 31 MARCH 2018**

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	5	0	0	0	3	0	0	0	8
Professionally qualified and experienced specialists and mid-management	38	4	1	0	35	3	0	0	81
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	65	3	1	0	51	1	2	0	123
Semi-skilled and discretionary decision making	208	10	6	2	129	25	4	4	388
Unskilled and defined decision making	9	0	0	0	8	0	0	0	17
<b>TOTAL</b>	<b>325</b>	<b>17</b>	<b>8</b>	<b>2</b>	<b>226</b>	<b>29</b>	<b>6</b>	<b>4</b>	<b>617</b>
Employees with disabilities	2	0	0	0	2	0	0	0	4

**TABLE 3.25 PROMOTIONS FOR THE PERIOD 1 APRIL 2017 TO 31 MARCH 2018**

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	1	0	0	0	4	1	0	0	6
Professionally qualified and experienced specialists and mid-management	34	3	0	1	22	1	0	1	62
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	62	5	0	0	44	5	0	4	120
Semi-skilled and discretionary decision making	45	4	3	1	25	3	1	1	83
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>142</b>	<b>12</b>	<b>3</b>	<b>2</b>	<b>95</b>	<b>10</b>	<b>1</b>	<b>6</b>	<b>271</b>
Employees with disabilities	4	0	0	0	2	0	0	0	6

**TABLE 3.26 TERMINATIONS FOR THE PERIOD 1 APRIL 2017 TO 31 MARCH 2018**

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	5	0	0	0	2	0	0	1	8
Professionally qualified and experienced specialists and mid-management	21	2	0	3	22	0	0	1	49
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	56	3	3	8	36	8	1	30	145
Semi-skilled and discretionary decision making	64	11	1	3	39	11	1	2	132
Unskilled and defined decision making	4	0	0	0	3	0	0	0	7
<b>TOTAL</b>	<b>150</b>	<b>16</b>	<b>4</b>	<b>14</b>	<b>102</b>	<b>19</b>	<b>2</b>	<b>34</b>	<b>341</b>
Employees with Disabilities	1	0	0	2	1	0	0	3	7

**TABLE 3.27 DISCIPLINARY ACTION FOR THE PERIOD 1 APRIL 2017 TO 31 MARCH 2018**

DISCIPLINARY ACTION	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
<b>TOTAL</b>	<b>243</b>	<b>14</b>	<b>5</b>	<b>9</b>	<b>149</b>	<b>4</b>	<b>1</b>	<b>10</b>	<b>435</b>

**TABLE 3.28 SKILLS DEVELOPMENT FOR THE PERIOD 1 APRIL 2017 TO 31 MARCH 2018**

OCCUPATIONAL CATEGORY	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
Legislators, senior officials and managers	5	0	0	0	9	0	0	0	14
Professionals	76	6	2	3	64	7	0	7	165
Technicians and associate professionals	304	6	2	3	283	32	0	24	654
Clerks	379	43	5	23	279	35	3	9	776
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	21	2	0	2	33	2	0	0	60
<b>TOTAL</b>	<b>785</b>	<b>57</b>	<b>9</b>	<b>31</b>	<b>668</b>	<b>76</b>	<b>3</b>	<b>40</b>	<b>1 669</b>
Employees with disabilities	8	1	0	1	7	1	0	1	19

**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 3.29 SIGNING OF PERFORMANCE AGREEMENTS BY SMS MEMBERS AS ON 31 MAY 2017**

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	1	100
Salary Level 15	7	7	7	100
Salary Level 14	26	26	24	92.3
Salary Level 13	87	87	86	98.9
<b>TOTAL</b>	<b>122</b>	<b>122</b>	<b>119</b>	<b>97.5</b>

**TABLE 3.30 REASONS FOR NOT HAVING CONCLUDED PERFORMANCE AGREEMENTS FOR ALL SMS MEMBERS AS ON 31 MARCH 2017**

REASONS
Officials were on prolonged leave of absence.

**TABLE 3.31 DISCIPLINARY STEPS TAKEN AGAINST SMS MEMBERS FOR NOT HAVING CONCLUDED PERFORMANCE AGREEMENTS AS ON 31 MARCH 2017**

REASONS
Letters of intention to instate disciplinary actions were issued to SMS members.

**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 3.32 PERFORMANCE REWARDS BY RACE, GENDER AND DISABILITY FOR THE PERIOD 1 APRIL 2017 TO 31 MARCH 2018**

RACE AND GENDER	BENEFICIARY PROFILE			COST	
	NUMBER OF BENEFICIARIES	NUMBER OF EMPLOYEES	% OF TOTAL WITHIN GROUP	COST (R'000)	AVERAGE COST PER EMPLOYEE
<b>AFRICAN</b>					
Male	683	3 002	22.75	14 661	21 465
Female	953	3 288	28.98	20 364	21 368
<b>ASIAN</b>					
Male	46	114	40.35	1 157	25 152
Female	45	92	48.91	942	20 933
<b>COLOURED</b>					
Male	47	312	15.06	871	18 532
Female	105	391	26.85	2 336	22 248
<b>WHITE</b>					
Male	49	193	25.38	1 280	26 122
Female	136	456	29.82	3 265	24 007
<b>TOTAL*</b>	<b>2 064</b>	<b>7 848</b>	<b>26.29</b>	<b>44 875</b>	<b>21 742</b>

\* One total expenditure incurred by the Department of Labour in respect of performance rewards is R18,9 million.



**TABLE 3.33 PERFORMANCE REWARDS BY SALARY BAND FOR PERSONNEL BELOW SENIOR MANAGEMENT SERVICE FOR THE PERIOD 1 APRIL 2017 TO 31 MARCH 2018**

SALARY BAND	BENEFICIARY PROFILE			COST	
	NUMBER OF BENEFICIARIES	NUMBER OF EMPLOYEES	% OF TOTAL WITHIN SALARY BANDS	TOTAL COST (R'000)	AVERAGE COST PER EMPLOYEE
Lower Skilled (Levels 1-2)	43	217	19.81	41	953
Skilled (level 3-5)	978	4 036	24.23	15 088	15 427
Highly skilled production (level 6-8)	727	2 456	29.60	17 090	23 507
Highly skilled supervision (level 9-12)	302	999	30.23	11 777	38 997
<b>TOTAL*</b>	<b>2 050</b>	<b>7 708</b>	<b>26.59</b>	<b>43 996</b>	<b>21 461</b>

\* The amount is inclusive of performance rewards for the Department, UIF, CF and SEE.

**TABLE 3.34 PERFORMANCE REWARDS BY CRITICAL OCCUPATION FOR THE PERIOD 1 APRIL 2017 TO 31 MARCH 2018**

CRITICAL OCCUPATION	BENEFICIARY PROFILE			COST	
	NUMBER OF BENEFICIARIES	NUMBER OF EMPLOYEES	% OF TOTAL WITHIN OCCUPATION	TOTAL COST (R'000)	AVERAGE COST PER EMPLOYEE
Inspectors	314	1425	22.03	6 800	21 656
Career Councillors	43	290	14.82	1 771	41 186
ESP2	61	158	38.60	1 592	26 098
ESP3	4	17	23.52	165	41 250
<b>TOTAL</b>	<b>422</b>	<b>1890</b>	<b>22.32</b>	<b>10 328</b>	<b>24 474</b>

**TABLE 3.35 PERFORMANCE RELATED REWARDS (CASH BONUS), BY SALARY BAND FOR SENIOR MANAGEMENT SERVICE FOR THE PERIOD 1 APRIL 2017 TO 31 MARCH 2018**

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	2	0	0	0	0
Band B	0	7	0	0	0	0
Band C	4	26	15.38	221	55	0.44
Band D	6	87	6.89	280	47	0.56
<b>TOTAL</b>	<b>10</b>	<b>122</b>	<b>8.19</b>	<b>501</b>	<b>50</b>	<b>1</b>

#### Foreign Workers

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

**TABLE 3.36 FOREIGN WORKERS BY SALARY BAND FOR THE PERIOD 1 APRIL 2017 AND 31 MARCH 2018**

SALARY BAND	1 APRIL 2017		31 MARCH 2018		CHANGE	
	NUMBER	% OF TOTAL	NUMBER	% OF TOTAL	NUMBER	% CHANGE
Lower skilled	0	0	0	0	0	0
Highly skilled production (Lev. 6-8)	2	66.7	1	50.0	1	100
Highly skilled supervision (Lev. 9-12)	1	33.3	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
<b>TOTAL</b>	<b>3</b>	<b>100</b>	<b>2</b>	<b>100</b>	<b>1</b>	<b>100</b>

**TABLE 3.37 FOREIGN WORKERS BY MAJOR OCCUPATION FOR THE PERIOD 1 APRIL 2017 AND 31 MARCH 2018**

MAJOR OCCUPATION	1 APRIL 2017		31 MARCH 2018		CHANGE	
	NUMBER	% OF TOTAL	NUMBER	% OF TOTAL	NUMBER	% CHANGE
Professional and managers	2	66.7	1	50.0	1	100
Technicians and associated professionals	1	33.3	1	50.0	0	0
<b>TOTAL</b>	<b>3</b>	<b>100</b>	<b>2</b>	<b>100</b>	<b>1</b>	<b>100</b>

**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 3.38 SICK LEAVE FOR THE PERIOD 1 JANUARY 2017 TO 31 DECEMBER 2017**

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)	9 201	74.1	1 511	19.5	6	7 362
Highly skilled production (levels 6-8)	43 267	75.0	5 239	67.7	8	50 967
Highly skilled supervision (levels 9 -12)	6 825	77.5	901	11.6	8	16 401
Top and Senior management (levels 13-16)	523	80.5	92	1.2	6	2 097
<b>TOTAL</b>	<b>59 816</b>	<b>75.2</b>	<b>7 743</b>	<b>100</b>	<b>8</b>	<b>76 827</b>

**TABLE 3.39 DISABILITY LEAVE (TEMPORARY AND PERMANENT) FOR THE PERIOD 1 JANUARY 2017 TO 31 DECEMBER 2017**

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)	1 351	100	44	16.6	31	1 162
Highly skilled production (Levels 6-8)	4 927	100	196	74.0	25	5 874
Highly skilled supervision (Levels 9-12)	540	100	23	8.7	23	1 275
Senior management (Levels 13-16)	255	100	2	0.7	128	961
<b>TOTAL</b>	<b>7 073</b>	<b>100</b>	<b>265</b>	<b>100</b>	<b>27</b>	<b>9 272</b>

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 3.40 ANNUAL LEAVE FOR THE PERIOD 1 JANUARY 2017 TO 31 DECEMBER 2017**

SALARY BAND	TOTAL DAYS TAKEN	NUMBER OF EMPLOYEES USING ANNUAL LEAVE	AVERAGE PER EMPLOYEE
Lower skilled (Levels 1-2)	0	0	0
Skilled (Levels 3-5)	28 041	2 535	11
Highly skilled production (Levels 6-8)	136 248	6 094	22
Highly skilled supervision(Levels 9-12)	25 563	1 122	23
Senior management (Levels 13-16)	2 755	137	20
<b>TOTAL</b>	<b>192 607</b>	<b>9 888</b>	<b>19</b>

**TABLE 3.41 CAPPED LEAVE FOR THE PERIOD 1 JANUARY 2017 TO 31 DECEMBER 2017**

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 2018
Lower skilled (Levels 1-2)	0	0	0	0
Skilled Levels 3-5)	38	4	10	33
Highly skilled production (Levels 6-8)	475	85	6	29
Highly skilled supervision(Levels 9-12)	9	5	2	36
Senior management (Levels 13-16)	0	0	0	29
<b>TOTAL</b>	<b>522</b>	<b>94</b>	<b>6</b>	<b>30</b>

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

**TABLE 3.42 LEAVE PAYOUTS FOR THE PERIOD 1 APRIL 2017 AND 31 MARCH 2018**

REASON	TOTAL AMOUNT (R'000)	NUMBER OF EMPLOYEES	AVERAGE PER EMPLOYEE (R'000)
Leave payout for 2017/18 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave payouts on termination of service for 2017/18	12 376	270	46
Current leave payout on termination of service for 2017/18	1 025	97	11
<b>TOTAL</b>	<b>13 401</b>	<b>367</b>	<b>37</b>

## 3.2 HIV/AIDS AND HEALTH PROMOTION PROGRAMMES

**TABLE 3.2.1 STEPS TAKEN TO REDUCE THE RISK OF OCCUPATIONAL EXPOSURE**

UNITS/CATEGORIES OF EMPLOYEES IDENTIFIED TO BE AT HIGH RISK OF CONTRACTING HIV AND RELATED DISEASES (IF ANY)	KEY STEPS TAKEN TO REDUCE THE RISK
YES	<ul style="list-style-type: none"> <li>• By implementing the HIV and AIDS Technical Guidelines and the Code of Good Practice on Managing HIV and AIDS in the World of Work which is meant for external clients as well</li> <li>• By implementing the prescripts of the Departmental HIV and AIDS, STIs and TB Management policy</li> <li>• Conducting regular health and wellness awareness</li> <li>• Conduct and promotion of on-site health screenings to enable employees to know their health status including HIV and TB</li> <li>• Provide counselling services for employees who are affected or infected by any type of disease as part of disease management and chronic illness support programme</li> <li>• Conducting medical surveillance to employees at risk in pursuit of mitigating against occupational diseases.</li> </ul>

**TABLE 3.2.2 DETAILS OF HEALTH PROMOTION AND HIV/AIDS PROGRAMMES (TICK THE APPLICABLE BOXES AND PROVIDE THE REQUIRED INFORMATION)**

QUESTION	YES	NO	DETAILS, IF YES
1. Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	X		<p>Ms. M Matyila; CD HRM  Ms. P.P Mthethwa; D: HRM  Ms. P. Roux; D: HRM (UIF)  Ms. P. Makhubu; D. HRM (CF)</p>
2. Does the Department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		<p>Wellness Sub-Directorates at HQ; UIF and CF which consists of the following:  3 x Deputy Director (1- HQ, 1- CF and 1- UIF)  4 x Assistant Directors (2 - HQ, 1- CF and 1 - UIF)  4 x Senior Personnel Practitioner (1- HQ, 1- CF and 2- UIF)</p> <p>The sub-directorates are supported by Wellness Champions who fulfils the role of peer educators in all Provinces.</p> <p>The budget for EHW for 2017/2018 was R 4 602 000.00.</p>
3. Has the Department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	X		<p>Rendering psycho-social sessions on individual and or groups to employees experiencing performance impairing programmes.</p> <p>A programme on trauma debriefing is rendered to employees at risk.</p> <p>Wellness days were conducted to provide employees with an opportunity to test and know their health status including HIV.</p> <p>Creating awareness by writing articles on health and wellness issues which are published on iDoL; and EHWP (Internal Newsletters) and circulated to employees through Exchange Post-master.</p> <p>Conducting Health Awareness and Educational Sessions focusing on a wide array of health and wellness issues such as Financial Wellness; Stress Management; Breast Cancer Awareness; TB Awareness; Diet and Nutrition; Hypertension; Drug and Substance Abuse; Eye Care; HIV and AIDS; TB Awareness; Leading a Healthy Lifestyles; Men's Health; and STIs awareness.</p> <p>Promotion of physical activities through sports and recreation</p> <p>Commemorating health and wellness days in line with the national health calendar of events.</p>

QUESTION	YES	NO	DETAILS, IF YES																		
4. Has the Departments established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	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> <table border="1"> <tr> <td>EE Manager Chairperson</td> <td>Ms. B. Matebesi Ms. M. Matyila (CD: HRM)</td> </tr> <tr> <td>Deputy Chairperson Director: HRM</td> <td>Mr. J. Mashaba Ms. P. Mthethwa</td> </tr> <tr> <td><b>Designated groups:</b> Disabled Women Blacks</td> <td>Mr. J. Mokake Ms. S. Esbend Mr. P. Masoga Mr. S. Cornelius</td> </tr> <tr> <td><b>Non-designated group:</b> White Males</td> <td>None (Resigned)</td> </tr> <tr> <td><b>Representatives from the Chief Directorates:</b> Finance Communication</td> <td>Ms. G. Mathibe Mr. M. Mosima</td> </tr> <tr> <td><b>Representatives from the Directorates:</b>  SCM AUX SERV HRD PMandCS EHWP and GDY ER OD SECURITY</td> <td>Mr. T. Lukoto Mr. V. Pienaar Mr. G. Mosima Ms. L. Dlamini Mr. R. Mkansi Ms. T. Roos Mr. S. Nkhabelane Ms M. Moitsi</td> </tr> <tr> <td><b>Chairperson/Delegate of each LEECF:</b> Eastern Cape Free State Gauteng Head Office Kwazulu-Natal Limpopo Mpumalanga Northern Cape North West Western Cape CF UIF</td> <td>Ms. P. Mbongwana Mr. S. Segalo Mr. M. Nxumalo Ms. L. Nawana Ms. K. Selepe Mr. C. Sithole Ms. P. Dyalvani Mr. A. Makape Mr J. Zitha Ms. M. Zamile Mr. N. Khuzwayo Mr. T. Ngubane</td> </tr> <tr> <td><b>Representatives of Unions:</b> NEHAWU PSA</td> <td>Mr. J. Mashaba Mr K. Moalosi</td> </tr> <tr> <td><b>Secretariat:</b> Ms. L. Rudah Ms. I.S. Groenewald Ms. G. Maritz Ms. V.Y Mokoena</td> <td></td> </tr> </table>	EE Manager Chairperson	Ms. B. Matebesi Ms. M. Matyila (CD: HRM)	Deputy Chairperson Director: HRM	Mr. J. Mashaba Ms. P. Mthethwa	<b>Designated groups:</b> Disabled Women Blacks	Mr. J. Mokake Ms. S. Esbend Mr. P. Masoga Mr. S. Cornelius	<b>Non-designated group:</b> White Males	None (Resigned)	<b>Representatives from the Chief Directorates:</b> Finance Communication	Ms. G. Mathibe Mr. M. Mosima	<b>Representatives from the Directorates:</b>  SCM AUX SERV HRD PMandCS EHWP and GDY ER OD SECURITY	Mr. T. Lukoto Mr. V. Pienaar Mr. G. Mosima Ms. L. Dlamini Mr. R. Mkansi Ms. T. Roos Mr. S. Nkhabelane Ms M. Moitsi	<b>Chairperson/Delegate of each LEECF:</b> Eastern Cape Free State Gauteng Head Office Kwazulu-Natal Limpopo Mpumalanga Northern Cape North West Western Cape CF UIF	Ms. P. Mbongwana Mr. S. Segalo Mr. M. Nxumalo Ms. L. Nawana Ms. K. Selepe Mr. C. Sithole Ms. P. Dyalvani Mr. A. Makape Mr J. Zitha Ms. M. Zamile Mr. N. Khuzwayo Mr. T. Ngubane	<b>Representatives of Unions:</b> NEHAWU PSA	Mr. J. Mashaba Mr K. Moalosi	<b>Secretariat:</b> Ms. L. Rudah Ms. I.S. Groenewald Ms. G. Maritz Ms. V.Y Mokoena	
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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 HIV and AIDS policy is currently being reviewed to align with the New National Strategic Plan 2017-2022.
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		The current HIV, STIs and TB Management policy which is in line with the revised Code of Good Practice on Managing HIV and AIDS in the World of Work provides protection of HIV positive employees against stigma and discrimination.  Sessions are conducted to advocate for the rights of people with HIV and for reasonable accommodation; and support for people infected and affected by HIV.  Regular HCT programme is conducted to de-stigmatise HIV testing.
7. Does the Department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	X		The Employee Health and Wellness Programme implements HCT programme through raising awareness on voluntary counselling and testing and also conducting on-site HCT through the use of GEMS and other service providers.
8. Has the Department developed measures/ indicators to monitor and evaluate the impact of its health promotion programme? If so, list these measures/indicators.	X		Monitoring and Evaluation is done through the Local Employment Consultative Forum which feeds to the National Employment Equity Consultative Forum, and the HR Programme Management Committee; Human Resource Management Forum where quarterly reports are submitted to evaluate performance against set targets.

### 3.3 LABOUR RELATIONS

**TABLE 3.3.1 COLLECTIVE AGREEMENTS FOR THE PERIOD 1 APRIL 2017 AND 31 MARCH 2018**

Total number of Collective agreements	None
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The following table summarises the outcome of disciplinary hearings conducted within the department for the year under review.

**TABLE 3.3.2 MISCONDUCT AND DISCIPLINARY HEARINGS FINALISED FOR THE PERIOD 1 APRIL 2017 AND 31 MARCH 2018**

OUTCOMES OF DISCIPLINARY HEARINGS	NUMBER	% OF TOTAL
Correctional counselling	1	1.9
Verbal warning	0	0
Written warning	2	3.8
Final written warning	23	43.4
Suspended without pay	16	30.2
Fine	0	0
Demotion	0	0
Dismissal	6	11.3
Not guilty	1	1.9
Case withdrawn	4	7.5
<b>TOTAL</b>	<b>53</b>	<b>100</b>
Total number of disciplinary hearings finalised		33

**TABLE 3.3.4 TYPES OF MISCONDUCT ADDRESSED AT DISCIPLINARY HEARINGS FOR THE PERIOD 1 APRIL 2017 AND 31 MARCH 2018**

TYPE OF MISCONDUCT	NUMBER	% OF TOTAL
Insubordination	1	1.8
Participation without authorisation	1	1.8
Abuse of leave	1	1.8
Fraud	5	8.9
Breach of Overtime Policy	2	3.6
Dishonesty	4	7.1
Vehicle misuse	5	8.9
Negligence	5	8.9
Failure to comply with policy	1	1.8
Absenteeism	5	8.9
Damage of state vehicle	8	14.2
Soliciting a bribe	2	3.6
Insulting a client	1	1.8
Unbecoming behaviour	1	1.8
Disclosure of confidential information	1	1.8
Managerial oversight	1	1.8
Falsifying records	1	1.8
Misrepresentation	2	3.6
Abuse of state resources	1	1.8
Contravening HR Policy	2	3.6
Performing unauthorised duties	4	7.1
Sharing login credentials	1	1.8
Performing remunerative work during working hours	1	1.8
<b>TOTAL</b>	<b>56</b>	<b>100</b>

**TABLE 3.3.5 GRIEVANCES LOGGED FOR THE PERIOD 1 APRIL 2017 AND 31 MARCH 2018**

GRIEVANCES	NUMBER	% OF TOTAL
Number of grievances resolved	195	70
Number of grievances not resolved	83	30
<b>TOTAL NUMBER OF GRIEVANCES LODGED</b>	<b>278</b>	<b>100</b>

**TABLE 3.3.6 DISPUTES LOGGED WITH COUNCILS FOR THE PERIOD 1 APRIL 2017 AND 31 MARCH 2018**

DISPUTES	NUMBER	% OF TOTAL
Number of disputes upheld	10	6
Number of disputes dismissed	47	29
Not yet finalised	105	65
<b>TOTAL NUMBER OF DISPUTES LODGED</b>	<b>162</b>	<b>100</b>

**TABLE 3.3.7 STRIKE ACTIONS FOR THE PERIOD 1 APRIL 2017 AND 31 MARCH 2018**

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 3.3.8 PRECAUTIONARY SUSPENSIONS FOR THE PERIOD 1 APRIL 2017 AND 31 MARCH 2018**

Number of people suspended	39
Number of people who's suspension exceeded 30 days	34
Average number of days suspended	59 Days
Cost of suspension (R'000)	R 1 152 252

### 3.4 SKILLS DEVELOPMENT

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

**TABLE 3.4.1 TRAINING NEEDS IDENTIFIED FOR THE PERIOD 1 APRIL 2017 AND 31 MARCH 2018**

OCCUPATIONAL CATEGORY	GENDER	NUMBER OF EMPLOYEES AS AT 1 APRIL 2017	TRAINING NEEDS IDENTIFIED AT START OF THE REPORTING PERIOD			
			LEARNERSHIPS	SKILLS PROGRAMMES AND OTHER SHORT COURSES	OTHER FORMS OF TRAINING	TOTAL
Legislators, senior officials and managers	Female	51	0	608	0	608
	Male	69	0	750	0	750
Professionals	Female	230	0	266	0	266
	Male	229	0	206	0	206
Technicians and associate professionals	Female	1 634	0	293	0	293
	Male	1 382	0	338	0	338
Clerks	Female	2 193	0	391	0	391
	Male	1 843	0	447	0	447
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	119	0	30	0	30
	Male	98	0	20	0	20
Sub-Total	Female	4 227	0	1 588	0	1 588
	Male	3 621	0	1 761	0	1 761
<b>TOTAL</b>		<b>7 848</b>	<b>0</b>	<b>3 349</b>	<b>0</b>	<b>3 349</b>



**TABLE 3.4.2 TRAINING PROVIDED FOR THE PERIOD 1 APRIL 2017 AND 31 MARCH 2018**

OCCUPATIONAL CATEGORY	GENDER	NUMBER OF EMPLOYEES AS AT 1 APRIL 2017	TRAINING PROVIDED WITHIN THE REPORTING PERIOD			
			LEARNERSHIPS	SKILLS PROGRAMMES AND OTHER SHORT COURSES	OTHER FORMS OF TRAINING	TOTAL
Legislators, senior officials and managers	Female	51	0	9	0	9
	Male	69	0	5	0	5
Professionals	Female	230	0	78	0	78
	Male	229	0	87	0	87
Technicians and associate professionals	Female	1 634	0	339	0	339
	Male	1 382	0	332	0	332
Clerks	Female	2 193	0	326	0	326
	Male	1 843	0	450	0	450
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	119	0	35	0	35
	Male	98	0	25	0	25
<b>Sub-Total</b>	Female	4 227	0	787	0	787
	Male	3 621	0	899	0	899
<b>TOTAL</b>		<b>7 848</b>	<b>0</b>	<b>1 686</b>	<b>0</b>	<b>1 686</b>

### 3.5 INJURY ON DUTY

The following tables provide basic information on injury on duty.

**TABLE 3.5.1 INJURY ON DUTY FOR THE PERIOD 1 APRIL 2017 AND 31 MARCH 2018**

NATURE OF INJURY ON DUTY	NUMBER	% OF TOTAL
Required basic medical attention only	19	90
Temporary Total Disablement	2	10
Permanent Disablement	0	0
Fatal	0	0
<b>TOTAL</b>	<b>21</b>	<b>100</b>

## 15.8 UTILISATION OF CONSULTANTS

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

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

**TABLE 3.5.2 REPORT ON CONSULTANT APPOINTMENTS USING APPROPRIATED FUNDS FOR THE PERIOD 1 APRIL 2017 AND 31 MARCH 2018**

PROJECT TITLE	TOTAL NUMBER OF CONSULTANTS THAT WORKED ON PROJECT	DURATION (WORK DAYS)	CONTRACT VALUE R'000
Research on RME agenda projects	10	58	3 355
Research on RME agenda projects	5	58	1 346
Procurement of PL/SQL and Quality Assurance/Testing Resources and Services	4	223	4 157
SAP Maintenance and Support	12	364	63 877
TOTAL NUMBER OF PROJECTS	TOTAL INDIVIDUAL CONSULTANTS	TOTAL DURATION WORK DAYS	TOTAL CONTRACT VALUE R'000
4	31	703	72 735

**TABLE 3.5.3 ANALYSIS OF CONSULTANT APPOINTMENTS USING APPROPRIATED FUNDS, IN TERMS OF HISTORICALLY DISADVANTAGED INDIVIDUALS (HDIS) FOR THE PERIOD 1 APRIL 2017 AND 31 MARCH 2018**

PROJECT TITLE	PERCENTAGE OWNERSHIP BY HDI GROUPS	PERCENTAGE MANAGEMENT BY HDI GROUPS	NUMBER OF CONSULTANTS FROM HDI GROUPS THAT WORK ON THE PROJECT
Research on RME Agenda Projects Ernst and Young	34.7%	N/A	3
Research on RME Agenda Projects Ernst and Young	100%	100%	1
Procurement of PL/SQL and Quality Assurance/Testing Resources and Services (DATACENTRIX)	N/A	N/A	4
SAP Maintenance and Support	25.9	N/A	4

**TABLE 3.5.4 REPORT ON CONSULTANT APPOINTMENTS USING DONOR FUNDS FOR THE PERIOD 1 APRIL 2017 AND 31 MARCH 2018**

PROJECT TITLE	TOTAL NUMBER OF CONSULTANTS THAT WORKED ON PROJECT	DURATION (WORK DAYS)	DONOR AND CONTRACT VALUE IN RAND
Nil	Nil	Nil	Nil
Nil	Nil	Nil	Nil
TOTAL NUMBER OF PROJECTS	TOTAL INDIVIDUAL CONSULTANTS	TOTAL DURATION WORK DAYS	TOTAL CONTRACT VALUE IN RAND
Nil	Nil	Nil	Nil
Nil	Nil	Nil	Nil

**TABLE 3.5.5 ANALYSIS OF CONSULTANT APPOINTMENTS USING DONOR FUNDS, IN TERMS OF HISTORICALLY DISADVANTAGED INDIVIDUALS (HDIS) FOR THE PERIOD 1 APRIL 2017 AND 31 MARCH 2018**

PROJECT TITLE	PERCENTAGE OWNERSHIP BY HDI GROUPS	PERCENTAGE MANAGEMENT BY HDI GROUPS	NUMBER OF CONSULTANTS FROM HDI GROUPS THAT WORK ON THE PROJECT
Nil	Nil	Nil	Nil
Nil	Nil	Nil	Nil

### 3.6 SEVERANCE PACKAGES

**TABLE 3.6.1 GRANTING OF EMPLOYEE INITIATED SEVERANCE PACKAGES FOR THE PERIOD 1 APRIL 2017 AND 31 MARCH 2018**

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
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



# **PART** **FINANCIAL** **INFORMATION**

# **E**

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**REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO.28: DEPARTMENT OF LABOUR****REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS****OPINION**

1. I have audited the financial statements of the Department of Labour set out on pages 121 to 207, which comprise the appropriation statement, the statement of financial position as at 31 March 2018, the 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 Labour as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard prescribed by the 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 the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and 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 code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**EMPHASIS OF MATTER**

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

**UNDERSPENDING OF THE VOTE**

7. As disclosed in the appropriation statement, the department materially underspent the budget by R211 802 000 primarily on programmes 1 and 3.

**OTHER MATTER**

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

**UNAUDITED SUPPLEMENTARY SCHEDULES**

9. The supplementary information set out on pages 208 to 221 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.

**SAP CONTRACT**

10. The department and its entities entered into an updated SAP contract in February 2017 without a developed SAP utilisation roadmap. The commitment was made to renew SAP and migrate the databases without a migration costing being performed, prior to the renewal of the licences that may result in increased ICT costs over the implementation period.
11. The roadmap on the SAP deployment was developed seven months into the renewal period of SAP, although at initiation of the contract the department was only utilising 16% of the products procured. The roadmap referred to above did not have an implementation agent as at reporting date and will only be rolled out once the implementation agent has been appointed. Subsequently the department is still busy in the pre-implementation stage of the project whilst 40% of the contract has expired. The department is at risk of losing the benefits procured in the SAP contract due to the poor planning and implementation of the contract.

## RESPONSIBILITIES OF THE ACCOUNTING OFFICER FOR THE FINANCIAL STATEMENTS

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with 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.
13. In preparing the financial statements, the accounting officer is responsible for assessing the Department of Labour'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 accounting officer 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

14. 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.
15. 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

16. 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 material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
17. My procedures address the reported performance information, which must be based on the approved performance planning documents of the department. I have not evaluated the completeness and appropriateness of the performance indicators/measures included in the planning documents. My procedures also did 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.
18. 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 programmes presented in the annual performance report of the department for the year ended 31 March 2018:

PROGRAMMES	PAGES IN THE ANNUAL PERFORMANCE REPORT
Programme 2 - Inspection and enforcement services	49 - 52
Programme 3 - Public employment services	55 - 58
Programme 4 - Labour policy and industrial relations	61 - 65

19. 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.
20. The material findings in respect of the reliability of the selected programmes are as follows:

## PROGRAMME 2 - INSPECTION AND ENFORCEMENT SERVICES

### VARIOUS INDICATORS

21. 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:

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	35%	18%
Percentage of reported incidents investigated and / or finalised within the prescribed time	75%	63%

22. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:

- Programme 3: Public employment services
- Programme 4: Labour policy and industrial relations

### OTHER MATTER

23. I draw attention to the matter below.

### ACHIEVEMENT OF PLANNED TARGETS

24. Refer to the annual performance report on pages 49 - 52; 55 - 58; 61 - 65 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 reliability of the reported performance information in paragraph 21 of this report.

## REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

### INTRODUCTION AND SCOPE

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

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

### ANNUAL FINANCIAL STATEMENTS

27. 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. Material misstatements of tangible and intangible assets identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified audit opinion.

### EXPENDITURE MANAGEMENT

28. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R1 236 000, 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 the non-adherence to procurement processes.

29. Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R4 024 000, 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 department vehicles.

## OTHER INFORMATION

30. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report which includes the accounting officers report and the audit committee 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 this auditor's report.
31. 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.
32. 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.
33. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

## INTERNAL CONTROL DEFICIENCIES

34. 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.

## LEADERSHIP

35. The accounting officer did not have sufficient monitoring controls to ensure proper implementation of the overall process of monitoring of predetermined objectives for Programme 2 - Inspections and enforcements services as well as compliance with legislation. This resulted in findings on predetermined objectives and compliance with legislation. In addition; management did not take adequate actions to address the internal control deficiencies identified during my audit.
36. The accounting officer did not exercise effective oversight over information technology (IT) security controls, the development of business continuity plan and disaster recovery plan.

## FINANCIAL AND PERFORMANCE MANAGEMENT

37. The accounting officer did not always 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 material misstatements in the annual financial statements for tangible and intangible assets which were subsequently corrected, and material misstatements the annual performance report.
38. The Department did not have appropriate record management systems to ensure that complete, relevant and accurate information is accessible and available to support performance information reporting for programme 2: Inspections and Enforcements Services.

*Auditor-General*

Pretoria

31 July 2018



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*



## 2. ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

### 2.1 APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

		APPROPRIATION PER PROGRAMME									
		2017/18					2016/17				
	ADJUSTED	SHIFTING OF	VIREMENT	FINAL	ACTUAL	VARIANCE	EXPENDITURE	FINAL	ACTUAL	R'000	
	APPROPRIATION	FUNDS	R'000	APPROPRIATION	EXPENDITURE	R'000	AS % OF FINAL				APPROPRIATION
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	
<b>Programme:</b>											
1. Administration	887 791	-	(27 057)	860 734	768 677	92 057	89.3%	847 105	819 070		
2. Inspection and Enforcement Services	531 248	-	13 867	545 115	520 165	24 950	95.4%	500 355	464 269		
3. Public Employment Services	557 384	-	5 190	562 574	485 543	77 031	86.3%	525 698	524 879		
4. Labour Policy and Industrial Relations	1 079 398	-	8 000	1 087 398	1 069 634	17 764	98.4%	969 719	953 367		
<b>TOTAL</b>	<b>3 055 821</b>	<b>-</b>	<b>-</b>	<b>3 055 821</b>	<b>2 844 019</b>	<b>211 802</b>	<b>93.1%</b>	<b>2 842 877</b>	<b>2 761 585</b>		
<b>TOTAL (brought forward)</b>											
<b>Reconciliation with statement of financial performance</b>											
ADD Departmental receipts				16 805				11 702			
<b>Actual amounts per statement of financial performance (total revenue)</b>				<b>3 072 626</b>				<b>2 854 579</b>			
<b>Actual amounts per statement of financial performance (total expenditure)</b>					<b>2 844 019</b>				<b>2 761 585</b>		

APPROPRIATION PER ECONOMIC CLASSIFICATION											
ECONOMIC CLASSIFICATION	2017/18						2016/17				
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION %	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
<b>Current payments</b>	<b>1 787 255</b>	<b>(6 973)</b>	<b>(17 723)</b>	<b>1 762 559</b>	<b>1 571 384</b>	<b>191 175</b>	<b>89.2%</b>	<b>1 613 667</b>	<b>1 545 323</b>	<b>1 613 667</b>	<b>1 545 323</b>
Compensation of employees	1 212 767	(41 448)	-	1 171 319	1 059 512	111 807	90.5%	1 091 384	1 064 694	1 091 384	1 064 694
Salaries and wages	1 020 230	(32 888)	-	987 342	907 849	79 493	91.9%	890 508	869 518	890 508	869 518
Social contributions	192 537	(8 560)	-	183 977	151 663	32 314	82.4%	200 876	195 176	200 876	195 176
Goods and services	574 488	34 475	(17 723)	591 240	511 872	79 368	86.6%	522 283	480 629	522 283	480 629
Administrative fees	6 658	3 428	-	10 086	9 461	625	93.8%	6 140	5 941	6 140	5 941
Advertising	16 949	(791)	-	16 158	14 431	1 727	89.3%	10 111	9 881	10 111	9 881
Minor assets	9 033	5 042	-	14 075	13 406	669	95.2%	6 364	3 340	6 364	3 340
Audit costs: External	20 318	-	-	20 318	16 867	3 451	83.0%	17 824	16 913	17 824	16 913
Bursaries: Employees	2 511	92	-	2 603	2 310	293	88.7%	2 474	1 978	2 474	1 978
Catering: Departmental activities	4 604	1 996	-	6 600	5 599	1 001	84.8%	5 266	4 674	5 266	4 674
Communication	28 731	12 619	(263)	41 087	28 539	12 548	69.5%	26 603	24 770	26 603	24 770
Computer services	89 514	(20 731)	-	68 783	54 583	14 200	79.4%	88 568	88 129	88 568	88 129
Consultants: Business and advisory services	12 138	(1 657)	-	10 481	6 311	4 170	60.2%	12 324	10 025	12 324	10 025
Laboratory services	150	(66)	-	84	-	84	-	-	-	-	-
Legal services	4 034	9 670	-	13 704	12 795	909	93.4%	7 601	7 601	7 601	7 601
Contractors	5 714	(1 583)	(20)	4 111	2 751	1 360	66.9%	7 262	6 979	7 262	6 979
Agency and support / outsourced services	4 307	(309)	-	3 998	1	3 997	-	4 618	2 135	4 618	2 135
Entertainment	224	(19)	-	205	180	25	87.8%	331	192	331	192
Fleet services	23 435	8 024	(20)	31 439	28 141	3 298	89.5%	25 068	21 888	25 068	21 888

ECONOMIC CLASSIFICATION	2017/18										2016/17	
	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	R'000	R'000	
Inventory: Materials and supplies	51	(6)	-	45	-	45	-	63	-	-	-	
Consumable supplies	4 859	(1 548)	-	3 311	2 560	751	77.3%	4 573	3 390	-	-	
Consumable: Stationery, printing and office supplies	21 119	(1 213)	(594)	19 312	12 928	6 384	66.9%	19 366	16 325	-	-	
Operating leases	139 929	1 977	(30)	141 876	138 720	3 156	97.8%	119 150	115 668	-	-	
Property payments	66 425	4 640	(13 000)	58 065	50 869	7 196	87.6%	52 742	48 428	-	-	
Transport provided: Departmental activity	1 436	(537)	-	899	149	750	16.6%	186	185	-	-	
Travel and subsistence	75 085	17 789	(3 193)	89 681	85 290	4 391	95.1%	77 684	72 203	-	-	
Training and development	12 695	(3 024)	-	9 671	7 090	2 581	73.3%	7 074	3 803	-	-	
Operating payments	10 448	(925)	(350)	9 173	8 537	636	93.1%	9 846	8 744	-	-	
Venues and facilities	13 043	1 397	(153)	14 287	9 728	4 559	68.1%	9 898	6 924	-	-	
Rental and hiring	1 078	210	(100)	1 188	626	562	52.7%	1 147	513	-	-	
<b>Transfers and subsidies</b>	<b>1 162 445</b>	<b>3 881</b>	<b>17 723</b>	<b>1 184 049</b>	<b>1 179 632</b>	<b>4 417</b>	<b>99.6%</b>	<b>1 076 415</b>	<b>1 073 153</b>	-	-	
Provinces and municipalities	490	140	-	630	620	10	98.4%	733	586	-	-	
Provinces	-	-	-	-	-	-	-	-	-	-	-	
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-	-	-	
Provincial agencies and funds	-	-	-	-	-	-	-	-	-	-	-	

ECONOMIC CLASSIFICATION	2017/18						2016/17		
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION %	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
Municipalities	490	140	-	630	620	10	98.4%	733	586
Municipal bank accounts	490	140	-	630	620	10	98.4%	733	586
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	962 182	32	17 723	979 937	979 936	1	100.0%	879 424	879 423
Social security funds	15 918	-	-	15 918	15 917	1	100.0%	19 032	19 031
Departmental agencies and accounts	946 264	32	17 723	964 019	964 019	-	100.0%	860 392	860 392
Foreign governments and international organisations	23 813	-	-	23 813	19 974	3 839	83.9%	21 957	19 719
Non-profit institutions	173 892	-	-	173 892	173 351	541	99.7%	169 644	168 787
Households	2 068	3 709	-	5 777	5 751	26	99.5%	4 657	4 638
Social benefits	1 777	3 609	-	5 386	5 361	25	99.5%	4 554	4 536
Other transfers to households	291	100	-	391	390	1	99.7%	103	102
<b>Payments for capital assets</b>	<b>106 121</b>	<b>2 865</b>	-	<b>108 986</b>	<b>92 780</b>	<b>16 206</b>	<b>85.1%</b>	<b>150 227</b>	<b>140 541</b>
Buildings and other fixed structures	14 000	-	-	14 000	2 404	11 596	17.2%	29 198	29 198
Buildings	14 000	-	-	14 000	2 404	11 596	17.2%	29 198	29 198
Machinery and equipment	92 061	(9 219)	-	82 842	78 232	4 610	94.4%	74 663	64 977
Transport equipment	22 314	(9 293)	-	13 021	13 021	-	100.0%	17 580	9 103
Other machinery and equipment	69 747	74	-	69 821	65 211	4 610	93.4%	57 083	55 874
Software and other intangible assets	60	12 084	-	12 144	12 144	-	100.0%	46 366	46 366
<b>Payments for financial assets</b>	-	<b>227</b>	-	<b>227</b>	<b>223</b>	<b>4</b>	<b>98.2%</b>	<b>2 568</b>	<b>2 568</b>
<b>TOTAL</b>	<b>3 055 821</b>	-	-	<b>3 055 821</b>	<b>2 844 019</b>	<b>211 802</b>	<b>93.1%</b>	<b>2 842 877</b>	<b>2 761 585</b>

PROGRAMME 1: ADMINISTRATION											
2017/18											2016/17
Sub programme	ADJUSTED APPROPRIATION	SHIFTING OF FUNDS	VIREMENT	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION	ACTUAL EXPENDITURE	FINAL APPROPRIATION	ACTUAL EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
1. Ministry	31 153	1 099	-	32 252	32 252	-	100.0%	32 252	32 252	32 188	32 188
2. Management	254 657	1 903	-	256 560	256 415	145	99.9%	256 560	256 415	257 656	255 374
3. Corporate Services	275 357	(3 038)	(14 057)	258 262	200 947	57 315	77.8%	258 262	200 947	262 499	260 182
4. Office of the Chief Financial Officer	135 119	59	-	135 178	118 086	17 092	87.4%	135 178	118 086	125 121	105 632
5. Office Accommodation	191 505	(23)	(13 000)	178 482	160 977	17 505	90.2%	178 482	160 977	169 641	165 694
<b>TOTAL FOR SUB PROGRAMMES</b>	<b>887 791</b>	<b>-</b>	<b>(27 057)</b>	<b>860 734</b>	<b>768 677</b>	<b>92 057</b>	<b>89.3%</b>	<b>860 734</b>	<b>768 677</b>	<b>847 105</b>	<b>819 070</b>

ECONOMIC CLASSIFICATION	2017/18						2016/17		
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION %	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
<b>Current payments</b>	<b>815 206</b>	<b>(4 411)</b>	<b>(13 000)</b>	<b>797 795</b>	<b>721 537</b>	<b>76 258</b>	<b>90.4%</b>	<b>727 548</b>	<b>708 637</b>
Compensation of employees	382 321	(19 774)	-	362 547	343 137	19 410	94.6%	329 822	325 904
Salaries and wages	327 449	(16 764)	-	310 685	294 474	16 211	94.8%	283 267	279 349
Social contributions	54 872	(3 010)	-	51 862	48 663	3 199	93.8%	46 555	46 555
Goods and services	432 885	15 363	(13 000)	435 248	378 400	56 848	86.9%	397 726	382 733
Administrative fees	4 388	1 862	-	6 250	5 816	434	93.1%	3 615	3 614
Advertising	11 127	(908)	-	10 219	9 970	249	97.6%	6 057	6 039
Minor assets	4 570	7 382	-	11 952	11 702	250	97.9%	2 393	1 934
Audit costs: External	20 318	-	-	20 318	16 867	3 451	83.0%	17 824	16 913
Bursaries: Employees	1 945	52	-	1 997	1 997	-	100.0%	1 772	1 693
Catering: Departmental activities	1 213	1 462	-	2 675	2 574	101	96.2%	1 438	1 435
Communication	23 594	1 628	-	25 222	13 229	11 993	52.5%	21 596	21 498
Computer services	88 472	(20 428)	-	68 044	53 844	14 200	79.1%	87 571	87 279
Consultants: Business and advisory services	6 564	(329)	-	6 235	3 838	2 397	61.6%	6 554	5 859
Laboratory services	-	-	-	-	-	-	-	-	-
Legal services	2 391	10 175	-	12 566	12 566	-	100.0%	7 540	7 540
Contractors	2 762	(153)	-	2 609	2 026	583	77.7%	5 434	5 382
Agency and support / outsourced services	3 919	(307)	-	3 612	1	3 611	-	4 060	2 013
Entertainment	144	(52)	-	92	76	16	82.6%	173	140
Fleet services	11 018	6 512	-	17 530	15 081	2 449	86.0%	12 582	10 943

ECONOMIC CLASSIFICATION	2017/18							2016/17	
	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
Inventory: Materials and supplies	-	-	-	-	-	-	-	63	-
Consumable supplies	2 022	(120)	-	1 902	1 899	3	99.8%	2 301	2 199
Consumable: Stationery, printing and office supplies	8 598	562	-	9 160	6 101	3 059	66.6%	8 967	8 961
Operating leases	135 187	2 162	-	137 349	135 725	1 624	98.8%	116 086	113 458
Property payments	65 473	(7 482)	(13 000)	44 991	37 873	7 118	84.2%	51 859	47 925
Transport provided: Departmental activity	-	41	-	41	41	-	100.0%	15	14
Travel and subsistence	26 634	13 193	-	39 827	37 863	1 964	95.1%	32 006	32 003
Training and development	5 546	306	-	5 852	3 690	2 162	63.1%	3 305	1 886
Operating payments	3 454	(305)	-	3 149	2 925	224	92.9%	3 031	2 632
Venues and facilities	3 239	(22)	-	3 217	2 257	960	70.2%	1 425	1 324
Rental and hiring	307	132	-	439	439	-	100.0%	59	49
<b>Transfers and subsidies</b>	<b>1 453</b>	<b>1 333</b>	-	<b>2 786</b>	<b>2 777</b>	<b>9</b>	<b>99.7%</b>	<b>2 186</b>	<b>2 022</b>
Provinces and municipalities	489	126	-	615	606	9	98.5%	694	547
Provinces	-	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	-	-	-	-	-	-	-	-	-

ECONOMIC CLASSIFICATION	2017/18							2016/17	
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
Municipalities	489	126	-	615	606	9	98.5%	694	547
Municipal bank accounts	489	126	-	615	606	9	98.5%	694	547
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	32	-	32	32	-	100.0%	16	16
Social security funds	-	-	-	-	-	-	-	-	-
Departmental agencies	-	32	-	32	32	-	100.0%	16	16
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	964	1 175	-	2 139	2 139	-	100.0%	1 476	1 459
Social benefits	687	1 076	-	1 763	1 763	-	100.0%	1 409	1 393
Other transfers to households	277	99	-	376	376	-	100.0%	67	66
<b>Payments for capital assets</b>	<b>71 132</b>	<b>2 851</b>	<b>(14 057)</b>	<b>59 926</b>	<b>44 140</b>	<b>15 786</b>	<b>73.7%</b>	<b>114 803</b>	<b>105 843</b>
Buildings and other fixed structures	14 000	-	-	14 000	2 404	11 596	17.2%	29 198	29 198
Buildings	14 000	-	-	14 000	2 404	11 596	17.2%	29 198	29 198
Machinery and equipment	57 132	(9 293)	(14 057)	33 782	29 592	4 190	87.6%	39 239	30 279
Transport equipment	22 314	(9 293)	-	13 021	13 021	-	100.0%	17 580	9 103
Other machinery and equipment	34 818	-	(14 057)	20 761	16 571	4 190	79.8%	21 659	21 176
Software and other intangible assets	-	12 144	-	12 144	12 144	-	100.0%	46 366	46 366
<b>Payments for financial assets</b>	<b>-</b>	<b>227</b>	<b>-</b>	<b>227</b>	<b>223</b>	<b>4</b>	<b>98.2%</b>	<b>2 568</b>	<b>2 568</b>
<b>TOTAL</b>	<b>887 791</b>	<b>-</b>	<b>(27 057)</b>	<b>860 734</b>	<b>768 677</b>	<b>92 057</b>	<b>89.3%</b>	<b>847 105</b>	<b>819 070</b>



1.1 MINISTRY										
ECONOMIC CLASSIFICATION	2017/18					2016/17				
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION %	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	
<b>Current payments</b>	<b>31 153</b>	<b>1 038</b>	-	<b>32 191</b>	<b>32 191</b>	-	<b>100.0%</b>	<b>32 188</b>	<b>32 188</b>	
Compensation of employees	22 659	(5 325)	-	17 334	17 334	-	100.0%	15 971	15 971	
Goods and services	8 494	6 363	-	14 857	14 857	-	100.0%	16 217	16 217	
<b>Transfers and subsidies</b>	-	-	-	-	-	-	-	-	-	
Provinces and municipalities	-	-	-	-	-	-	-	-	-	
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-	
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	
Non-profit institutions	-	-	-	-	-	-	-	-	-	
Households	-	-	-	-	-	-	-	-	-	
<b>Payments for capital assets</b>	-	<b>61</b>	-	<b>61</b>	<b>61</b>	-	<b>100.0%</b>	-	-	
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-	
Machinery and equipment	-	61	-	61	61	-	100.0%	-	-	
Software and other intangible assets	-	-	-	-	-	-	-	-	-	
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-	
<b>TOTAL</b>	<b>31 153</b>	<b>1 099</b>	-	<b>32 252</b>	<b>32 252</b>	-	<b>100.0%</b>	<b>32 188</b>	<b>32 188</b>	

1.2 MANAGEMENT										
ECONOMIC CLASSIFICATION	2017/18						2016/17			
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION %	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	
<b>Current payments</b>	<b>252 566</b>	<b>1 375</b>	-	<b>253 941</b>	<b>253 941</b>	-	<b>100.0%</b>	<b>254 259</b>	<b>252 607</b>	
Compensation of employees	201 038	(13 274)	-	187 764	187 764	-	100.0%	180 107	180 090	
Goods and services	51 528	14 649	-	66 177	66 177	-	100.0%	74 152	72 517	
<b>Transfers and subsidies</b>	<b>1 022</b>	<b>625</b>	-	<b>1 647</b>	<b>1 647</b>	-	<b>100.0%</b>	<b>1 814</b>	<b>1 667</b>	
Provinces and municipalities	434	126	-	560	560	-	100.0%	634	488	
Departmental agencies and accounts	-	32	-	32	32	-	100.0%	16	16	
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	
Non-profit institutions	-	-	-	-	-	-	-	-	-	
Households	588	467	-	1 055	1 055	-	100.0%	1 164	1 163	
<b>Payments for capital assets</b>	<b>1 069</b>	<b>(97)</b>	-	<b>972</b>	<b>827</b>	<b>145</b>	<b>85.1%</b>	<b>1 583</b>	<b>1 100</b>	
Buildings and other fixed structures	-	23	-	23	23	-	100.0%	13	13	
Machinery and equipment	1 069	(120)	-	949	804	145	84.7%	1 570	1 087	
Software and other intangible assets	-	-	-	-	-	-	-	-	-	
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>TOTAL</b>	<b>254 657</b>	<b>1 903</b>	<b>-</b>	<b>256 560</b>	<b>256 415</b>	<b>145</b>	<b>99.9%</b>	<b>257 656</b>	<b>255 374</b>	

1.3 CORPORATE SERVICES											
2017/18											2016/17
ECONOMIC CLASSIFICATION	ADJUSTED APPROPRIATION	SHIFTING OF FUNDS	VIREMENT	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION	ACTUAL EXPENDITURE		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
<b>Current payments</b>	<b>242 063</b>	<b>(3 296)</b>	-	<b>238 767</b>	<b>185 193</b>	<b>53 574</b>	<b>77.6%</b>	<b>199 196</b>	<b>196 895</b>		
Compensation of employees	93 485	(725)	-	92 760	76 456	16 304	82.4%	73 898	71 603		
Goods and services	148 578	(2 571)	-	146 007	108 737	37 270	74.5%	125 298	125 292		
<b>Transfers and subsidies</b>	<b>176</b>	<b>258</b>	-	<b>434</b>	<b>434</b>	-	<b>100.0%</b>	<b>204</b>	<b>188</b>		
Provinces and municipalities	-	-	-	-	-	-	-	-	-		
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-		
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-		
Non-profit institutions	-	-	-	-	-	-	-	-	-		
Households	176	258	-	434	434	-	100.0%	204	188		
<b>Payments for capital assets</b>	<b>33 118</b>	-	<b>(14 057)</b>	<b>19 061</b>	<b>15 320</b>	<b>3 741</b>	<b>80.4%</b>	<b>63 099</b>	<b>63 099</b>		
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-		
Machinery and equipment	33 118	-	(14 057)	19 061	15 320	3 741	80.4%	16 733	16 733		
Software and other intangible assets	-	-	-	-	-	-	-	46 366	46 366		
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-		
<b>TOTAL</b>	<b>275 357</b>	<b>(3 038)</b>	<b>(14 057)</b>	<b>258 262</b>	<b>200 947</b>	<b>57 315</b>	<b>77.8%</b>	<b>262 499</b>	<b>260 182</b>		

1.4 OFFICE OF THE CHIEF FINANCIAL OFFICER										
ECONOMIC CLASSIFICATION	2017/18					2016/17				
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION %	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	
<b>Current payments</b>	111 919	(3 528)	-	108 391	91 616	16 775	84.5%	101 543	90 532	
Compensation of employees	65 139	(450)	-	64 689	61 583	3 106	95.2%	59 846	58 240	
Goods and services	46 780	(3 078)	-	43 702	30 033	13 669	68.7%	41 697	32 292	
<b>Transfers and subsidies</b>	255	450	-	705	696	9	98.7%	168	167	
Provinces and municipalities	55	-	-	55	46	9	83.6%	60	59	
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-	
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	
Non-profit institutions	-	-	-	-	-	-	-	-	-	
Households	200	450	-	650	650	-	100.0%	108	108	
<b>Payments for capital assets</b>	22 945	2 910	-	25 855	25 551	304	98.8%	20 842	12 365	
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-	
Machinery and equipment	22 945	(9 234)	-	13 711	13 407	304	97.8%	20 842	12 365	
Software and other intangible assets	-	12 144	-	12 144	12 144	-	100.0%	-	-	
<b>Payments for financial assets</b>	-	227	-	227	223	4	98.2%	2 568	2 568	
<b>TOTAL</b>	135 119	59	-	135 178	118 086	17 092	87.4%	125 121	105 632	

1.5 OFFICE ACCOMMODATION										
ECONOMIC CLASSIFICATION	2017/18						2016/17			
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION %	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	
<b>Current payments</b>	177 505	-	(13 000)	164 505	158 596	5 909	96.4%	140 362	136 415	
Compensation of employees	-	-	-	-	-	-	-	-	-	
Goods and services	177 505	-	(13 000)	164 505	158 596	5 909	96.4%	140 362	136 415	
<b>Transfers and subsidies</b>	-	-	-	-	-	-	-	-	-	
Provinces and municipalities	-	-	-	-	-	-	-	-	-	
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-	
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	
Non-profit institutions	-	-	-	-	-	-	-	-	-	
Households	-	-	-	-	-	-	-	-	-	
<b>Payments for capital assets</b>	14 000	(23)	-	13 977	2 381	11 596	17.0%	29 279	29 279	
Buildings and other fixed structures	14 000	(23)	-	13 977	2 381	11 596	17.0%	29 185	29 185	
Machinery and equipment	-	-	-	-	-	-	-	94	94	
Software and other intangible assets	-	-	-	-	-	-	-	-	-	
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-	
<b>TOTAL</b>	<b>191 505</b>	<b>(23)</b>	<b>(13 000)</b>	<b>178 482</b>	<b>160 977</b>	<b>17 505</b>	<b>90.2%</b>	<b>169 641</b>	<b>165 694</b>	

PROGRAMME 2: INSPECTION AND ENFORCEMENT SERVICES											
2017/18											2016/17
	ADJUSTED	SHIFTING	VIREMENT	FINAL	ACTUAL	VARIANCE	EXPENDITURE	FINAL	ACTUAL	FINAL	ACTUAL
	APPROPRIATION	OF		APPROPRIATION	EXPENDITURE		AS % OF FINAL		APPROPRIATION		EXPENDITURE
	R'000	FUNDS	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
<b>Sub-programme</b>											
1. Management and Support Services: Inspection and Enforcement Services	5 301	1 532	-	6 833	6 833	-	100.0%	6 886	6 886	6 883	6 883
2. Occupational Health and Safety	29 714	58	-	29 772	25 868	3 904	86.9%	28 454	28 454	23 870	23 870
3. Registration: Inspection and Enforcement Services	62 520	-	-	62 520	61 115	1 405	97.8%	61 639	61 639	53 648	53 648
4. Compliance, Monitoring and Enforcement	419 740	(1 284)	13 867	432 323	414 853	17 470	96.0%	388 285	388 285	367 843	367 843
5. Training of Staff: Inspection and Enforcement Services	5 387	-	-	5 387	4 971	416	92.3%	5 430	5 430	4 673	4 673
6. Statutory and Advocacy Services	8 586	(306)	-	8 280	6 525	1 755	78.8%	9 661	9 661	7 352	7 352
<b>TOTAL FOR SUB-PROGRAMMES</b>	<b>531 248</b>	<b>-</b>	<b>13 867</b>	<b>545 115</b>	<b>520 165</b>	<b>24 950</b>	<b>95.4%</b>	<b>500 355</b>	<b>500 355</b>	<b>464 269</b>	<b>464 269</b>

ECONOMIC CLASSIFICATION	2017/18					2016/17			
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION %	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
<b>Current payments</b>	<b>496 759</b>	<b>(1 215)</b>	<b>-</b>	<b>495 544</b>	<b>470 596</b>	<b>24 948</b>	<b>95.0%</b>	<b>464 927</b>	<b>428 843</b>
Compensation of employees	431 184	(6 320)	-	424 864	406 092	18 772	95.6%	402 843	381 987
Salaries and wages	360 652	(4 252)	-	356 400	344 332	12 068	96.6%	339 320	323 858
Social contributions	70 532	(2 068)	-	68 464	61 760	6 704	90.2%	63 523	58 129
Goods and services	65 575	5 105	-	70 680	64 504	6 176	91.3%	62 084	46 856
Administrative fees	989	818	-	1 807	1 807	-	100.0%	1 411	1 308
Advertising	40	224	-	264	254	10	96.2%	284	284
Minor assets	2 659	(1 277)	-	1 382	1 213	169	87.8%	2 811	502
Audit costs: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	566	1	-	567	274	293	48.3%	683	266
Catering: Departmental activities	1 749	516	-	2 265	1 623	642	71.7%	1 643	1 594
Communication	2 523	6 548	-	9 071	9 071	-	100.0%	2 922	1 340
Computer services	-	-	-	-	-	-	-	-	-
Consultants: Business and advisory services	100	177	-	277	247	30	89.2%	301	301
Laboratory services	150	(66)	-	84	-	84	-	-	-
Legal services	585	(505)	-	80	78	2	97.5%	61	61
Contractors	364	(68)	-	296	227	69	76.7%	465	308
Agency and support / outsourced services	388	(2)	-	386	-	386	-	548	113
Entertainment	12	(1)	-	11	11	-	100.0%	123	19
Fleet services	8 952	(124)	-	8 828	8 828	-	100.0%	9 266	7 987

ECONOMIC CLASSIFICATION	2017/18							2016/17		
	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	R'000
Inventory: Materials and supplies	-	-	-	-	-	-	-	-	-	-
Consumable supplies	2 134	(1 498)	-	636	347	289	54.6%	1 792	739	
Consumable: Stationery, printing and office supplies	4 461	(1 211)	-	3 250	2 635	615	81.1%	3 738	3 026	
Operating leases	917	12	-	929	444	485	47.8%	863	217	
Property payments	223	5 661	-	5 884	5 884	-	100.0%	536	286	
Transport provided: Departmental activity	800	(584)	-	216	77	139	35.6%	67	67	
Travel and subsistence	26 462	(733)	-	25 729	25 729	-	100.0%	25 277	22 596	
Training and development	4 356	(2 062)	-	2 294	1 878	416	81.9%	1 910	1 153	
Operating payments	2 996	(848)	-	2 148	1 954	194	91.0%	2 757	2 280	
Venues and facilities	4 149	112	-	4 261	1 908	2 353	44.8%	4 369	2 171	
Rental and hiring	-	15	-	15	15	-	100.0%	257	238	
<b>Transfers and subsidies</b>	<b>561</b>	<b>1 201</b>	-	<b>1 762</b>	<b>1 760</b>	<b>2</b>	<b>99.9%</b>	<b>1 698</b>	<b>1 696</b>	
Provinces and municipalities	-	6	-	6	6	-	100.0%	28	28	
Provinces	-	-	-	-	-	-	-	-	-	
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-	
Provincial agencies and funds	-	-	-	-	-	-	-	-	-	



ECONOMIC CLASSIFICATION	2017/18						2016/17		
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION %	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
Municipalities	-	6	-	6	6	-	100.0%	28	28
Municipal bank accounts	-	6	-	6	6	-	100.0%	28	28
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-	-	-	-
Departmental agencies	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	561	1 195	-	1 756	1 754	2	99.9%	1 670	1 668
Social benefits	547	1 195	-	1 742	1 741	1	99.9%	1 635	1 633
Other transfers to households	14	-	-	14	13	1	92.9%	35	35
<b>Payments for capital assets</b>	<b>33 928</b>	<b>14</b>	<b>13 867</b>	<b>47 809</b>	<b>47 809</b>	<b>-</b>	<b>100.0%</b>	<b>33 730</b>	<b>33 730</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Machinery and equipment	33 928	14	13 867	47 809	47 809	-	100.0%	33 730	33 730
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	33 928	14	13 867	47 809	47 809	-	100.0%	33 730	33 730
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>531 248</b>	<b>-</b>	<b>13 867</b>	<b>545 115</b>	<b>520 165</b>	<b>24 950</b>	<b>95.4%</b>	<b>500 355</b>	<b>464 269</b>

2.1 MANAGEMENT AND SUPPORT SERVICES: INSPECTION AND ENFORCEMENT SERVICES											
2017/18											2016/17
ECONOMIC CLASSIFICATION	ADJUSTED	SHIFTING	VIREMENT	FINAL	ACTUAL	VARIANCE	EXPENDITURE	FINAL	ACTUAL	R'000	R'000
	APPROPRIATION	OF FUNDS	R'000	APPROPRIATION	EXPENDITURE	R'000	AS % OF FINAL				
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
<b>Current payments</b>	<b>5 097</b>	<b>1 298</b>	-	<b>6 395</b>	<b>6 395</b>	-	<b>100.0%</b>	<b>4 861</b>	<b>4 860</b>		
Compensation of employees	3 686	(28)	-	3 658	3 658	-	100.0%	3 303	3 302		
Goods and services	1 411	1 326	-	2 737	2 737	-	100.0%	1 558	1 558		
<b>Transfers and subsidies</b>	-	-	-	-	-	-	-	<b>10</b>	<b>8</b>		
Provinces and municipalities	-	-	-	-	-	-	-	-	-		
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-		
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-		
Non-profit institutions	-	-	-	-	-	-	-	-	-		
Households	-	-	-	-	-	-	-	10	8		
<b>Payments for capital assets</b>	<b>204</b>	<b>234</b>	-	<b>438</b>	<b>438</b>	-	<b>100.0%</b>	<b>2 015</b>	<b>2 015</b>		
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-		
Machinery and equipment	204	234	-	438	438	-	100.0%	2 015	2 015		
Software and other intangible assets	-	-	-	-	-	-	-	-	-		
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-		
<b>TOTAL</b>	<b>5 301</b>	<b>1 532</b>	-	<b>6 833</b>	<b>6 833</b>	-	<b>100.0%</b>	<b>6 886</b>	<b>6 883</b>		

2.2 OCCUPATIONAL HEALTH AND SAFETY										
2017/18										2016/17
ECONOMIC CLASSIFICATION	ADJUSTED APPROPRIATION	SHIFTING OF FUNDS	VIREMENT	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION	ACTUAL EXPENDITURE	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
<b>Current payments</b>	<b>28 310</b>	<b>1 348</b>	-	<b>29 658</b>	<b>25 754</b>	<b>3 904</b>	<b>86.8%</b>	<b>28 004</b>	<b>23 420</b>	
Compensation of employees	24 542	(3)	-	24 539	20 635	3 904	84.1%	22 738	19 417	
Goods and services	3 768	1 351	-	5 119	5 119	-	100.0%	5 266	4 003	
<b>Transfers and subsidies</b>	<b>4</b>	<b>3</b>	-	<b>7</b>	<b>7</b>	-	<b>100.0%</b>	-	-	
Provinces and municipalities	-	-	-	-	-	-	-	-	-	
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-	
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	
Non-profit institutions	-	-	-	-	-	-	-	-	-	
Households	4	3	-	7	7	-	100.0%	-	-	
<b>Payments for capital assets</b>	<b>1 400</b>	<b>(1 293)</b>	-	<b>107</b>	<b>107</b>	-	<b>100.0%</b>	<b>450</b>	<b>450</b>	
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-	
Machinery and equipment	1 400	(1 293)	-	107	107	-	100.0%	450	450	
Software and other intangible assets	-	-	-	-	-	-	-	-	-	
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>TOTAL</b>	<b>29 714</b>	<b>58</b>	<b>-</b>	<b>29 772</b>	<b>25 868</b>	<b>3 904</b>	<b>86.9%</b>	<b>28 454</b>	<b>23 870</b>	

2.3 REGISTRATION: INSPECTION AND ENFORCEMENT SERVICES										
ECONOMIC CLASSIFICATION	2017/18					2016/17				
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION %	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	
<b>Current payments</b>	<b>62 403</b>	<b>(124)</b>	-	<b>62 279</b>	<b>60 874</b>	<b>1 405</b>	<b>97.7%</b>	<b>61 477</b>	<b>53 486</b>	
Compensation of employees	59 055	(1 776)	-	57 279	56 169	1 110	98.1%	54 027	50 958	
Goods and services	3 348	1 652	-	5 000	4 705	295	94.1%	7 450	2 528	
<b>Transfers and subsidies</b>	<b>117</b>	<b>124</b>	-	<b>241</b>	<b>241</b>	-	<b>100.0%</b>	<b>162</b>	<b>162</b>	
Provinces and municipalities	-	-	-	-	-	-	-	-	-	
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-	
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	
Non-profit institutions	-	-	-	-	-	-	-	-	-	
Households	117	124	-	241	241	-	100.0%	162	162	
<b>Payments for capital assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-	
Machinery and equipment	-	-	-	-	-	-	-	-	-	
Software and other intangible assets	-	-	-	-	-	-	-	-	-	
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>TOTAL</b>	<b>62 520</b>	<b>-</b>	<b>-</b>	<b>62 520</b>	<b>61 115</b>	<b>1 405</b>	<b>97.8%</b>	<b>61 639</b>	<b>53 648</b>	

2.4 COMPLIANCE, MONITORING AND ENFORCEMENT										
ECONOMIC CLASSIFICATION	2017/18					2016/17				
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION %	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	
<b>Current payments</b>	<b>387 292</b>	<b>(3 737)</b>	-	<b>383 555</b>	<b>366 086</b>	<b>17 469</b>	<b>95.4%</b>	<b>355 644</b>	<b>335 202</b>	
Compensation of employees	338 028	(4 513)	-	333 515	320 903	12 612	96.2%	317 082	303 617	
Goods and services	49 264	776	-	50 040	45 183	4 857	90.3%	38 562	31 585	
<b>Transfers and subsidies</b>	<b>439</b>	<b>1 074</b>	-	<b>1 513</b>	<b>1 512</b>	<b>1</b>	<b>99.9%</b>	<b>1 526</b>	<b>1 526</b>	
Provinces and municipalities	-	6	-	6	6	-	100.0%	28	28	
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-	
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	
Non-profit institutions	-	-	-	-	-	-	-	-	-	
Households	439	1 068	-	1 507	1 506	1	99.9%	1 498	1 498	
<b>Payments for capital assets</b>	<b>32 009</b>	<b>1 379</b>	<b>13 867</b>	<b>47 255</b>	<b>47 255</b>	<b>-</b>	<b>100.0%</b>	<b>31 115</b>	<b>31 115</b>	
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-	
Machinery and equipment	32 009	1 379	13 867	47 255	47 255	-	100.0%	31 115	31 115	
Software and other intangible assets	-	-	-	-	-	-	-	-	-	
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>TOTAL</b>	<b>419 740</b>	<b>(1 284)</b>	<b>13 867</b>	<b>432 323</b>	<b>414 853</b>	<b>17 470</b>	<b>96.0%</b>	<b>388 285</b>	<b>367 843</b>	

2.5 TRAINING OF STAFF: INSPECTION AND ENFORCEMENT SERVICES									
2017/18									
ECONOMIC CLASSIFICATION	ADJUSTED	SHIFTING	VIREMENT	FINAL	ACTUAL	VARIANCE	EXPENDITURE	FINAL	2016/17
	APPROPRIATION	OF FUNDS	R'000	APPROPRIATION	EXPENDITURE	R'000	AS % OF FINAL	APPROPRIATION	ACTUAL
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>	<b>5 387</b>	-	-	<b>5 387</b>	<b>4 971</b>	<b>416</b>	<b>92.3%</b>	<b>5 430</b>	<b>4 673</b>
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	5 387	-	-	5 387	4 971	416	92.3%	5 430	4 673
<b>Transfers and subsidies</b>	-	-	-	-	-	-	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>5 387</b>	-	-	<b>5 387</b>	<b>4 971</b>	<b>416</b>	<b>92.3%</b>	<b>5 430</b>	<b>4 673</b>

2.6 STATUTORY AND ADVOCACY SERVICES									
ECONOMIC CLASSIFICATION	2017/18					2016/17			
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION %	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
<b>Current payments</b>	<b>8 270</b>	-	-	<b>8 270</b>	<b>6 516</b>	<b>1 754</b>	<b>78.8%</b>	<b>9 511</b>	<b>7 202</b>
Compensation of employees	5 873	-	-	5 873	4 727	1 146	80.5%	5 693	4 693
Goods and services	2 397	-	-	2 397	1 789	608	74.6%	3 818	2 509
<b>Transfers and subsidies</b>	<b>1</b>	-	-	<b>1</b>	-	<b>1</b>	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	1	-	-	1	-	1	-	-	-
<b>Payments for capital assets</b>	<b>315</b>	<b>(306)</b>	-	<b>9</b>	<b>9</b>	-	<b>100.0%</b>	<b>150</b>	<b>150</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	315	(306)	-	9	9	-	100.0%	150	150
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>8 586</b>	<b>(306)</b>	<b>-</b>	<b>8 280</b>	<b>6 525</b>	<b>1 755</b>	<b>78.8%</b>	<b>9 661</b>	<b>7 352</b>

PROGRAMME 3: PUBLIC EMPLOYMENT SERVICES											
	2017/18						2016/17				
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION %	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000		
<b>Sub programme</b>											
1. Management and Support Services: Public Employment Services	44 052	-	(736)	43 316	42 545	771	98.2%	89 487	89 487		
2. Employer Services	104 237	-	55	104 292	76 833	27 459	73.7%	81 451	81 451		
3. Work Seeker Services	181 205	-	(3 869)	177 336	130 559	46 777	73.6%	115 142	115 141		
4. Designated Groups Special Services	12 722	-	-	12 722	12 221	501	96.1%	12 117	11 300		
5. Supported Employment Enterprises	147 497	-	17	147 514	145 995	1 519	99.0%	148 692	148 692		
6. Productivity South Africa	50 341	-	9 723	60 064	60 064	-	100.0%	59 057	59 057		
7. Unemployment Insurance Fund	1	-	-	1	-	1	-	1	-		
8. Compensation Fund	15 917	-	-	15 917	15 917	-	100.0%	19 031	19 031		
9. Training Of Staff: Public Employment Services	1 412	-	-	1 412	1 409	3	99.8%	720	720		
<b>TOTAL FOR SUB PROGRAMMES</b>	<b>557 384</b>	<b>-</b>	<b>5 190</b>	<b>562 574</b>	<b>485 543</b>	<b>77 031</b>	<b>86.3%</b>	<b>525 698</b>	<b>524 879</b>		



ECONOMIC CLASSIFICATION	2017/18					2016/17				
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION %	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	
<b>Current payments</b>	<b>336 498</b>	<b>(1 278)</b>	<b>(4 723)</b>	<b>330 497</b>	<b>253 968</b>	<b>76 529</b>	<b>76.8%</b>	<b>294 638</b>	<b>294 637</b>	
Compensation of employees	304 927	(14 437)	-	290 490	220 393	70 097	75.9%	272 276	272 276	
Salaries and wages	249 733	(11 069)	-	238 664	190 659	48 005	79.9%	192 639	192 639	
Social contributions	55 194	(3 368)	-	51 826	29 734	22 092	57.4%	79 637	79 637	
Goods and services	31 571	13 159	(4 723)	40 007	33 575	6 432	83.9%	22 362	22 361	
Administrative fees	656	185	-	841	692	149	82.3%	520	520	
Advertising	417	296	-	713	676	37	94.8%	233	233	
Minor assets	1 302	(757)	-	545	311	234	57.1%	667	667	
Audit costs: External	-	-	-	-	-	-	-	-	-	
Bursaries: Employees	-	39	-	39	39	-	100.0%	19	19	
Catering: Departmental activities	1 085	42	-	1 127	1 113	14	98.8%	1 166	1 166	
Communication	2 124	2 629	(263)	4 490	4 088	402	91.0%	1 478	1 478	
Computer services	-	45	-	45	45	-	100.0%	-	-	
Consultants: Business and advisory services	-	108	-	108	108	-	100.0%	27	27	
Laboratory services	-	-	-	-	-	-	-	-	-	
Legal services	-	-	-	-	-	-	-	-	-	
Contractors	1 926	(906)	(20)	1 000	298	702	29.8%	1 169	1 169	
Agency and support / outsourced services	-	-	-	-	-	-	-	4	4	
Entertainment	23	(3)	-	20	14	6	70.0%	14	14	
Fleet services	3 100	1 740	(20)	4 820	4 023	797	83.5%	2 751	2 751	

ECONOMIC CLASSIFICATION	2017/18							2016/17	
	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
Inventory: Materials and supplies	51	(6)	-	45	-	45	-	-	-
Consumable supplies	636	74	-	710	289	421	40.7%	141	141
Consumable: Stationery, printing and office supplies	3 263	(233)	(594)	2 436	1 246	1 190	51.1%	1 531	1 531
Operating leases	1 501	(203)	(30)	1 268	416	852	32.8%	310	310
Property payments	578	5 344	-	5 922	5 922	-	100.0%	158	158
Transport provided: Departmental activity	636	6	-	642	31	611	4.8%	34	34
Travel and subsistence	9 160	5 024	(3 193)	10 991	10 822	169	98.5%	8 910	8 910
Training and development	1 412	(309)	-	1 103	1 100	3	99.7%	398	398
Operating payments	1 857	16	(350)	1 523	1 467	56	96.3%	1 585	1 585
Venues and facilities	1 231	28	(153)	1 106	874	232	79.0%	1 154	1 153
Rental and hiring	613	-	(100)	513	1	512	0.2%	93	93
<b>Transfers and subsidies</b>	<b>220 346</b>	<b>1 278</b>	<b>9 723</b>	<b>231 347</b>	<b>230 845</b>	<b>502</b>	<b>99.8%</b>	<b>230 169</b>	<b>229 351</b>
Provinces and municipalities	-	8	-	8	8	-	100.0%	11	11
Provinces	-	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	-	-	-	-	-	-	-	-	-

ECONOMIC CLASSIFICATION	2017/18						2016/17		
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION %	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
Municipalities	-	8	-	8	8	-	100.0%	11	11
Municipal bank accounts	-	8	-	8	8	-	100.0%	11	11
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	66 259	-	9 723	75 982	75 981	1	100.0%	78 089	78 088
Social security funds	15 918	-	-	15 918	15 917	1	100.0%	19 032	19 031
Departmental agencies	50 341	-	9 723	60 064	60 064	-	100.0%	59 057	59 057
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	154 029	-	-	154 029	153 528	501	99.7%	150 685	149 868
Households	58	1 270	-	1 328	1 328	-	100.0%	1 384	1 384
Social benefits	58	1 269	-	1 327	1 327	-	100.0%	1 383	1 383
Other transfers to households	-	1	-	1	1	1	100.0%	1	1
<b>Payments for capital assets</b>	<b>540</b>	<b>-</b>	<b>190</b>	<b>730</b>	<b>730</b>	<b>-</b>	<b>100.0%</b>	<b>891</b>	<b>891</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Machinery and equipment	480	60	190	730	730	-	100.0%	891	891
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	480	60	190	730	730	-	100.0%	891	891
Software and other intangible assets	60	(60)	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>557 384</b>	<b>-</b>	<b>5 190</b>	<b>562 574</b>	<b>485 543</b>	<b>77 031</b>	<b>86.3%</b>	<b>525 698</b>	<b>524 879</b>

3.1 MANAGEMENT AND SUPPORT SERVICES: PUBLIC EMPLOYMENT SERVICES										
ECONOMIC CLASSIFICATION	2017/18					2016/17				
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION %	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	
<b>Current payments</b>	<b>43 572</b>	-	<b>(823)</b>	<b>42 749</b>	<b>41 978</b>	<b>771</b>	<b>98.2%</b>	<b>88 605</b>	<b>88 605</b>	
Compensation of employees	36 240	(1 507)	-	34 733	34 733	-	100.0%	82 836	82 836	
Goods and services	7 332	1 507	(823)	8 016	7 245	771	90.4%	5 769	5 769	
<b>Transfers and subsidies</b>	-	-	-	-	-	-	-	<b>24</b>	<b>24</b>	
Provinces and municipalities	-	-	-	-	-	-	-	-	-	
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-	
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	
Non-profit institutions	-	-	-	-	-	-	-	-	-	
Households	-	-	-	-	-	-	-	24	24	
<b>Payments for capital assets</b>	<b>480</b>	-	<b>87</b>	<b>567</b>	<b>567</b>	-	<b>100.0%</b>	<b>858</b>	<b>858</b>	
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-	
Machinery and equipment	480	-	87	567	567	-	100.0%	858	858	
Software and other intangible assets	-	-	-	-	-	-	-	-	-	
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-	
<b>TOTAL</b>	<b>44 052</b>	-	<b>(736)</b>	<b>43 316</b>	<b>42 545</b>	<b>771</b>	<b>98.2%</b>	<b>89 487</b>	<b>89 487</b>	

3.2 EMPLOYER SERVICES											
2017/18											
ECONOMIC CLASSIFICATION	ADJUSTED	SHIFTING	VIREMENT	FINAL	ACTUAL	VARIANCE	EXPENDITURE	2016/17			
	APPROPRIATION	OF FUNDS	R'000	APPROPRIATION	EXPENDITURE	R'000	AS % OF FINAL	APPROPRIATION	FINAL	ACTUAL	EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
<b>Current payments</b>	<b>104 223</b>	<b>(915)</b>	-	<b>103 308</b>	<b>75 849</b>	<b>27 459</b>	<b>73.4%</b>	<b>80 587</b>	<b>80 587</b>	<b>80 587</b>	<b>80 587</b>
Compensation of employees	93 307	(7 537)	-	85 770	60 942	24 828	71.1%	71 393	71 393	71 393	71 393
Goods and services	10 916	6 622	-	17 538	14 907	2 631	85.0%	9 194	9 194	9 194	9 194
<b>Transfers and subsidies</b>	<b>14</b>	<b>915</b>	-	<b>929</b>	<b>929</b>	-	<b>100.0%</b>	<b>848</b>	<b>848</b>	<b>848</b>	<b>848</b>
Provinces and municipalities	-	8	-	8	8	-	100.0%	9	9	9	9
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-	-	-
Households	14	907	-	921	921	-	100.0%	839	839	839	839
<b>Payments for capital assets</b>	<b>-</b>	<b>-</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>-</b>	<b>100.0%</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	55	55	55	-	100.0%	16	16	16	16
Software and other intangible assets	-	-	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>104 237</b>	<b>-</b>	<b>55</b>	<b>104 292</b>	<b>76 833</b>	<b>27 459</b>	<b>73.7%</b>	<b>81 451</b>	<b>81 451</b>	<b>81 451</b>	<b>81 451</b>

3.3 WORK SEEKER SERVICES										
2017/18										
ECONOMIC CLASSIFICATION	ADJUSTED APPROPRIATION	SHIFTING OF FUNDS	VIREMENT	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION	ACTUAL EXPENDITURE	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
<b>Current payments</b>	<b>181 101</b>	<b>(363)</b>	<b>(3 900)</b>	<b>176 838</b>	<b>130 061</b>	<b>46 777</b>	<b>73.5%</b>	<b>114 717</b>	<b>114 716</b>	
Compensation of employees	170 210	(5 393)	-	164 817	120 610	44 207	73.2%	108 499	108 499	
Goods and services	10 891	5 030	(3 900)	12 021	9 451	2 570	78.6%	6 218	6 217	
<b>Transfers and subsidies</b>	<b>44</b>	<b>363</b>	<b>-</b>	<b>407</b>	<b>407</b>	<b>-</b>	<b>100.0%</b>	<b>408</b>	<b>408</b>	
Provinces and municipalities	-	-	-	-	-	-	-	2	2	
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-	
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	
Non-profit institutions	-	-	-	-	-	-	-	-	-	
Households	44	363	-	407	407	-	100.0%	406	406	
<b>Payments for capital assets</b>	<b>60</b>	<b>-</b>	<b>31</b>	<b>91</b>	<b>91</b>	<b>-</b>	<b>100.0%</b>	<b>17</b>	<b>17</b>	
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-	
Machinery and equipment	-	60	31	91	91	-	100.0%	17	17	
Software and other intangible assets	60	(60)	-	-	-	-	-	-	-	
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>TOTAL</b>	<b>181 205</b>	<b>-</b>	<b>(3 869)</b>	<b>177 336</b>	<b>130 559</b>	<b>46 777</b>	<b>73.6%</b>	<b>115 142</b>	<b>115 141</b>	

3.4 DESIGNATED GROUPS SPECIAL SERVICES										
2017/18										
ECONOMIC CLASSIFICATION	ADJUSTED	SHIFTING	VIREMENT	FINAL	ACTUAL	VARIANCE	EXPENDITURE	FINAL	ACTUAL	
	APPROPRIATION	OF FUNDS	R'000	APPROPRIATION	EXPENDITURE	R'000	AS % OF FINAL	APPROPRIATION	EXPENDITURE	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
<b>Current payments</b>	-	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>12 722</b>	-	-	<b>12 722</b>	<b>12 221</b>	<b>501</b>	<b>96.1%</b>	<b>12 117</b>	<b>11 300</b>	<b>11 300</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	-
Non-profit institutions	12 722	-	-	12 722	12 221	501	96.1%	12 117	11 300	11 300
Households	-	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	-	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>12 722</b>	-	-	<b>12 722</b>	<b>12 221</b>	<b>501</b>	<b>96.1%</b>	<b>12 117</b>	<b>11 300</b>	<b>11 300</b>

3.5 SUPPORTED EMPLOYMENT ENTERPRISES											
2017/18											2016/17
ECONOMIC CLASSIFICATION	ADJUSTED APPROPRIATION	SHIFTING OF FUNDS	VIREMENT	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION	ACTUAL EXPENDITURE		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
<b>Current payments</b>	<b>6 190</b>	-	-	<b>6 190</b>	<b>4 671</b>	<b>1 519</b>	<b>75.5%</b>	<b>10 009</b>	<b>10 009</b>		<b>10 009</b>
Compensation of employees	5 170	-	-	5 170	4 108	1 062	79.5%	9 548	9 548		9 548
Goods and services	1 020	-	-	1 020	563	457	55.2%	461	461		461
<b>Transfers and subsidies</b>	<b>141 307</b>	-	-	<b>141 307</b>	<b>141 307</b>	-	<b>100.0%</b>	<b>138 683</b>	<b>138 683</b>		<b>138 683</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-		-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-		-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-		-
Non-profit institutions	141 307	-	-	141 307	141 307	-	100.0%	138 568	138 568		138 568
Households	-	-	-	-	-	-	-	115	115		115
<b>Payments for capital assets</b>	<b>-</b>	<b>-</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>-</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>		<b>-</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-		-
Machinery and equipment	-	-	17	17	17	-	100.0%	-	-		-
Software and other intangible assets	-	-	-	-	-	-	-	-	-		-
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>
<b>TOTAL</b>	<b>147 497</b>	<b>-</b>	<b>17</b>	<b>147 514</b>	<b>145 995</b>	<b>1 519</b>	<b>99.0%</b>	<b>148 692</b>	<b>148 692</b>		<b>148 692</b>



3.6 PRODUCTIVITY SOUTH AFRICA										
2017/18										
ECONOMIC CLASSIFICATION	ADJUSTED	SHIFTING	VIREMENT	FINAL	ACTUAL	VARIANCE	EXPENDITURE	FINAL	2016/17	
	APPROPRIATION	OF FUNDS	R'000	APPROPRIATION	EXPENDITURE	R'000	AS % OF FINAL	APPROPRIATION	FINAL	ACTUAL
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
<b>Current payments</b>	-	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>50 341</b>	-	<b>9 723</b>	<b>60 064</b>	<b>60 064</b>	-	<b>100.0%</b>	<b>59 057</b>	<b>59 057</b>	<b>59 057</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	50 341	-	9 723	60 064	60 064	-	100.0%	59 057	59 057	59 057
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	-	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>50 341</b>	-	<b>9 723</b>	<b>60 064</b>	<b>60 064</b>	-	<b>100.0%</b>	<b>59 057</b>	<b>59 057</b>	<b>59 057</b>

3.7 UNEMPLOYMENT INSURANCE FUND											
2017/18											2016/17
ECONOMIC CLASSIFICATION	ADJUSTED	SHIFTING	VIREMENT	FINAL	ACTUAL	VARIANCE	EXPENDITURE	FINAL	ACTUAL		
	APPROPRIATION	OF FUNDS		APPROPRIATION	EXPENDITURE		AS % OF FINAL	APPROPRIATION	EXPENDITURE	APPROPRIATION	EXPENDITURE
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
<b>Current payments</b>	-	-	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	1	-	-	1	-	1	-	-	1	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	1	-	-	1	-	1	-	-	1	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	-	-	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	1	-	-	1	-	1	-	-	1	-	-

3.8 COMPENSATION FUND											
2017/18											2016/17
ECONOMIC CLASSIFICATION	ADJUSTED	SHIFTING	VIREMENT	FINAL	ACTUAL	VARIANCE	EXPENDITURE	FINAL	EXPENDITURE	EXPENDITURE	
	APPROPRIATION	OF	R'000	APPROPRIATION	EXPENDITURE	R'000	AS % OF FINAL	APPROPRIATION	APPROPRIATION	AS % OF FINAL	R'000
	R'000	FUNDS	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
<b>Current payments</b>	-	-	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>15 917</b>	-	-	<b>15 917</b>	<b>15 917</b>	-	<b>100.0%</b>	-	<b>19 031</b>	-	<b>19 031</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	15 917	-	-	15 917	15 917	-	100.0%	-	19 031	-	19 031
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	-	-	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>15 917</b>	-	-	<b>15 917</b>	<b>15 917</b>	-	<b>100.0%</b>	-	<b>19 031</b>	-	<b>19 031</b>

3.9 TRAINING OF STAFF: PUBLIC EMPLOYMENT SERVICES										
2017/18						2016/17				
ECONOMIC CLASSIFICATION	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION %	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	
<b>Current payments</b>	1 412	-	-	1 412	1 409	3	99.8%	720	720	
Compensation of employees	-	-	-	-	-	-	-	-	-	
Goods and services	1 412	-	-	1 412	1 409	3	99.8%	720	720	
<b>Transfers and subsidies</b>	-	-	-	-	-	-	-	-	-	
Provinces and municipalities	-	-	-	-	-	-	-	-	-	
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-	
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	
Non-profit institutions	-	-	-	-	-	-	-	-	-	
Households	-	-	-	-	-	-	-	-	-	
<b>Payments for capital assets</b>	-	-	-	-	-	-	-	-	-	
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-	
Machinery and equipment	-	-	-	-	-	-	-	-	-	
Software and other intangible assets	-	-	-	-	-	-	-	-	-	
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-	
<b>TOTAL</b>	<b>1 412</b>	<b>-</b>	<b>-</b>	<b>1 412</b>	<b>1 409</b>	<b>3</b>	<b>99.8%</b>	<b>720</b>	<b>720</b>	

PROGRAMME 4: LABOUR POLICY AND INDUSTRIAL RELATIONS											
2017/18											2016/17
	ADJUSTED APPROPRIATION	SHIFTING OF FUNDS	VIREMENT	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	EXPENDITURE AS % OF FINAL APPROPRIATION	2017/18		2016/17	
								R'000	R'000	R'000	R'000
<b>Sub programme</b>											
1. Management and Support Services: Labour Policy and Industrial Relations	15 633	7	-	15 640	14 848	792	94.9%			15 492	13 854
2. Strengthen Civil Society	19 823	-	-	19 823	19 823	-	100.0%			18 879	18 879
3. Collective Bargaining	15 791	(22)	-	15 769	14 211	1 558	90.1%			14 476	13 151
4. Employment Equity	16 445	13	-	16 458	12 562	3 896	76.3%			15 037	12 916
5. Employment Standard	15 808	2	-	15 810	12 143	3 667	76.8%			13 654	11 175
6. Commission for Conciliation, Mediation and Arbitration	864 090	-	-	864 090	864 090	-	100.0%			770 501	770 501
7. Research, Policy and Planning	10 373	(1 796)	-	8 577	6 416	2 161	74.8%			9 728	7 858
8. Labour Market Information and Statistic	41 553	1 613	-	43 166	43 089	77	99.8%			38 353	36 232
9. International Labour Matters	48 049	183	-	48 232	42 619	5 613	88.4%			42 782	37 984
10. National Economic development and Labour Council	31 833	-	8 000	39 833	39 833	-	100.0%			30 817	30 817
<b>TOTAL FOR SUB-PROGRAMMES</b>	<b>1 079 398</b>	<b>-</b>	<b>8 000</b>	<b>1 087 398</b>	<b>1 069 634</b>	<b>17 664</b>	<b>98.4%</b>			<b>969 719</b>	<b>953 367</b>

ECONOMIC CLASSIFICATION	2017/18						2016/17		
	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
<b>Current payments</b>	<b>138 792</b>	<b>(69)</b>	-	<b>138 723</b>	<b>125 283</b>	<b>13 440</b>	<b>90.3%</b>	<b>126 554</b>	<b>113 206</b>
Compensation of employees	94 335	(917)	-	93 418	89 890	3 528	96.2%	86 443	84 527
Salaries and wages	82 396	(803)	-	81 593	78 384	3 209	96.1%	75 282	73 672
Social contributions	11 939	(114)	-	11 825	11 506	319	97.3%	11 161	10 855
Goods and services	44 457	848	-	45 305	35 393	9 912	78.1%	40 111	28 679
Administrative fees	625	563	-	1 188	1 146	42	96.5%	594	499
Advertising	5 365	(403)	-	4 962	3 531	1 431	71.2%	3 537	3 325
Minor assets	502	(306)	-	196	180	16	91.8%	493	237
Audit costs: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	-	-	-	-	-	-	-	-	-
Catering: Departmental activities	557	(24)	-	533	289	244	54.2%	1 019	479
Communication	490	1 814	-	2 304	2 151	153	93.4%	607	454
Computer services	1 042	(348)	-	694	694	-	100.0%	997	850
Consultants: Business and advisory services	5 474	(1 613)	-	3 861	2 118	1 743	54.9%	5 442	3 838
Laboratory services	-	-	-	-	-	-	-	-	-
Legal services	1 058	-	-	1 058	151	907	14.3%	-	-
Contractors	662	(456)	-	206	200	6	97.1%	194	120
Agency and support / outsourced services	-	-	-	-	-	-	-	6	5
Entertainment	45	37	-	82	79	3	96.3%	21	19
Fleet services	365	(104)	-	261	209	52	80.1%	469	207

ECONOMIC CLASSIFICATION	2017/18										2016/17	
	ADJUSTED APPROPRIATION	SHIFTING OF FUNDS	VIREMENT	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION	ACTUAL EXPENDITURE	FINAL APPROPRIATION	ACTUAL EXPENDITURE	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000	
Inventory: Materials and supplies	-	-	-	-	-	-	-	-	-	-	-	
Consumable supplies	67	(4)	-	63	25	38	39.7%	339	311	339	311	
Consumable: Stationery, printing and office supplies	4 797	(331)	-	4 466	2 946	1 520	66.0%	5 130	2 807	5 130	2 807	
Operating leases	2 324	6	-	2 330	2 135	195	91.6%	1 891	1 683	1 891	1 683	
Property payments	151	1 117	-	1 268	1 190	78	93.8%	189	59	189	59	
Transport provided: Departmental activity	-	-	-	-	-	-	-	70	70	70	70	
Travel and subsistence	12 829	305	-	13 134	10 876	2 258	82.8%	11 491	8 694	11 491	8 694	
Training and development	1 381	(959)	-	422	422	-	100.0%	1 461	366	1 461	366	
Operating payments	2 141	212	-	2 353	2 191	162	93.1%	2 473	2 247	2 473	2 247	
Venues and facilities	4 424	1 279	-	5 703	4 689	1 014	82.2%	2 950	2 276	2 950	2 276	
Rental and hiring	158	63	-	221	171	50	77.4%	738	133	738	133	
<b>Transfers and subsidies</b>	<b>940 085</b>	<b>69</b>	<b>8 000</b>	<b>948 154</b>	<b>944 250</b>	<b>3 904</b>	<b>99.6%</b>	<b>842 362</b>	<b>840 084</b>	<b>842 362</b>	<b>840 084</b>	
Provinces and municipalities	1	-	-	1	-	1	-	-	-	-	-	
Provinces	-	-	-	-	-	-	-	-	-	-	-	
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-	-	-	
Provincial agencies and funds	-	-	-	-	-	-	-	-	-	-	-	

ECONOMIC CLASSIFICATION	2017/18						2016/17		
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION %	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000
Municipalities	1	-	-	1	-	1	-	-	-
Municipal bank accounts	1	-	-	1	-	1	-	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	895 923	-	8 000	903 923	903 923	-	100.0%	801 319	801 319
Social security funds	-	-	-	-	-	-	-	-	-
Departmental agencies	895 923	-	8 000	903 923	903 923	-	100.0%	801 319	801 319
Foreign governments and international organisations	23 813	-	-	23 813	19 974	3 839	83.9%	21 957	19 719
Non-profit institutions	19 863	-	-	19 863	19 823	40	99.8%	18 959	18 919
Households	485	69	-	554	530	24	95.7%	127	127
Social benefits	485	69	-	554	530	24	95.7%	127	127
Other transfers to households	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>521</b>	<b>-</b>	<b>-</b>	<b>521</b>	<b>101</b>	<b>420</b>	<b>19.4%</b>	<b>803</b>	<b>77</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Machinery and equipment	521	-	-	521	101	420	19.4%	803	77
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	521	-	-	521	101	420	19.4%	803	77
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>1 079 398</b>	<b>-</b>	<b>8 000</b>	<b>1 087 398</b>	<b>1 069 634</b>	<b>17 764</b>	<b>98.4%</b>	<b>969 719</b>	<b>953 367</b>



4.1 MANAGEMENT AND SUPPORT SERVICES: LABOUR POLICY AND INDUSTRIAL RELATIONS											
2017/18											2016/17
ECONOMIC CLASSIFICATION	ADJUSTED APPROPRIATION	SHIFTING OF FUNDS	VIREMENT	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL APPROPRIATION	ACTUAL EXPENDITURE		
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
<b>Current payments</b>	<b>15 633</b>	-	-	<b>15 633</b>	<b>14 841</b>	<b>792</b>	<b>94.9%</b>	<b>15 433</b>	<b>13 849</b>		
Compensation of employees	11 977	-	-	11 977	11 351	626	94.8%	11 138	11 138		
Goods and services	3 656	-	-	3 656	3 490	166	95.5%	4 295	2 711		
<b>Transfers and subsidies</b>	-	-	-	-	-	-	-	-	-		
Provinces and municipalities	-	-	-	-	-	-	-	-	-		
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-		
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-		
Non-profit institutions	-	-	-	-	-	-	-	-	-		
Households	-	-	-	-	-	-	-	-	-		
<b>Payments for capital assets</b>	-	<b>7</b>	-	<b>7</b>	<b>7</b>	-	<b>100.0%</b>	<b>59</b>	<b>5</b>		
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-		
Machinery and equipment	-	<b>7</b>	-	<b>7</b>	<b>7</b>	-	<b>100.0%</b>	<b>59</b>	<b>5</b>		
Software and other intangible assets	-	-	-	-	-	-	-	-	-		
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-		
<b>TOTAL</b>	<b>15 633</b>	<b>7</b>	-	<b>15 640</b>	<b>14 848</b>	<b>792</b>	<b>94.9%</b>	<b>15 492</b>	<b>13 854</b>		

4.2 STRENGTHEN CIVIL SOCIETY												
2017/18											2016/17	
ECONOMIC CLASSIFICATION	ADJUSTED	SHIFTING	VIREMENT	FINAL	ACTUAL	VARIANCE	EXPENDITURE	FINAL	ACTUAL	EXPENDITURE		
	APPROPRIATION	OF FUNDS	R'000	APPROPRIATION	EXPENDITURE	R'000	AS % OF FINAL	APPROPRIATION	EXPENDITURE	R'000	R'000	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000	R'000
<b>Current payments</b>	-	-	-	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	<b>19 823</b>	-	-	<b>19 823</b>	<b>19 823</b>	-	<b>100.0%</b>	<b>19 823</b>	<b>19 823</b>	<b>18 879</b>	<b>18 879</b>	<b>18 879</b>
Provinces and municipalities	-	-	-	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	-	-	-
Non-profit institutions	19 823	-	-	19 823	19 823	-	100.0%	19 823	19 823	18 879	18 879	18 879
Households	-	-	-	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	-	-	-	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>19 823</b>	-	-	<b>19 823</b>	<b>19 823</b>	-	<b>100.0%</b>	<b>19 823</b>	<b>19 823</b>	<b>18 879</b>	<b>18 879</b>	<b>18 879</b>

4.3 COLLECTIVE BARGAINING											
2017/18											2016/17
ECONOMIC CLASSIFICATION	ADJUSTED	SHIFTING	VIREMENT	FINAL	ACTUAL	VARIANCE	EXPENDITURE	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL	ACTUAL	
	APPROPRIATION	OF FUNDS	R'000	APPROPRIATION	EXPENDITURE	R'000	AS % OF FINAL APPROPRIATION		APPROPRIATION	EXPENDITURE	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	R'000
<b>Current payments</b>	<b>15 095</b>	-	-	<b>15 095</b>	<b>13 846</b>	<b>1 249</b>	<b>91.7%</b>	<b>14 380</b>	<b>13 069</b>		
Compensation of employees	12 798	-	-	12 798	11 791	1 007	92.1%	12 007	12 007		
Goods and services	2 297	-	-	2 297	2 055	242	89.5%	2 373	1 062		
<b>Transfers and subsidies</b>	<b>385</b>	-	-	<b>385</b>	<b>363</b>	<b>22</b>	<b>94.3%</b>	<b>59</b>	<b>59</b>		
Provinces and municipalities	-	-	-	-	-	-	-	-	-		
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-		
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-		
Non-profit institutions	-	-	-	-	-	-	-	-	-		
Households	385	-	-	385	363	22	94.3%	59	59		
<b>Payments for capital assets</b>	<b>311</b>	<b>(22)</b>	-	<b>289</b>	<b>2</b>	<b>287</b>	<b>0.7%</b>	<b>37</b>	<b>23</b>		
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-		
Machinery and equipment	311	(22)	-	289	2	287	0.7%	37	23		
Software and other intangible assets	-	-	-	-	-	-	-	-	-		
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-		
<b>TOTAL</b>	<b>15 791</b>	<b>(22)</b>	-	<b>15 769</b>	<b>14 211</b>	<b>1 558</b>	<b>90.1%</b>	<b>14 476</b>	<b>13 151</b>		

4.4 EMPLOYMENT EQUITY											
2017/18											
ECONOMIC CLASSIFICATION	ADJUSTED	SHIFTING	VIREMENT	FINAL	ACTUAL	VARIANCE	EXPENDITURE	2016/17			
	APPROPRIATION	OF FUNDS	R'000	APPROPRIATION	EXPENDITURE	R'000	AS % OF FINAL	FINAL	ACTUAL		
	R'000	R'000	R'000	R'000	R'000	R'000	%	APPROPRIATION	EXPENDITURE	R'000	
<b>Current payments</b>	<b>16 437</b>	-	-	<b>16 437</b>	<b>12 543</b>	<b>3 894</b>	<b>76.3%</b>	<b>15 037</b>	<b>12 916</b>	<b>12 916</b>	
Compensation of employees	7 879	-	-	7 879	7 726	153	98.1%	7 205	7 204	7 204	
Goods and services	8 558	-	-	8 558	4 817	3 741	56.3%	7 832	5 712	5 712	
<b>Transfers and subsidies</b>	<b>8</b>	-	-	<b>8</b>	<b>6</b>	<b>2</b>	<b>75.0%</b>	-	-	-	
Provinces and municipalities	-	-	-	-	-	-	-	-	-	-	
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-	-	
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	-	
Non-profit institutions	-	-	-	-	-	-	-	-	-	-	
Households	8	-	-	8	6	2	75.0%	-	-	-	
<b>Payments for capital assets</b>	<b>-</b>	<b>13</b>	-	<b>13</b>	<b>13</b>	<b>-</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-	-	
Machinery and equipment	-	13	-	13	13	-	100.0%	-	-	-	
Software and other intangible assets	-	-	-	-	-	-	-	-	-	-	
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>TOTAL</b>	<b>16 445</b>	<b>13</b>	<b>-</b>	<b>16 458</b>	<b>12 562</b>	<b>3 896</b>	<b>76.3%</b>	<b>15 037</b>	<b>12 916</b>	<b>12 916</b>	

4.5 EMPLOYMENT STANDARDS											
2017/18											2016/17
ECONOMIC CLASSIFICATION	ADJUSTED	SHIFTING	VIREMENT	FINAL	ACTUAL	VARIANCE	EXPENDITURE	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL	ACTUAL	
	APPROPRIATION	OF FUNDS	R'000	APPROPRIATION	EXPENDITURE	R'000	AS % OF FINAL APPROPRIATION		APPROPRIATION	EXPENDITURE	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	
<b>Current payments</b>	<b>15 768</b>	-	-	<b>15 768</b>	<b>12 141</b>	<b>3 627</b>	<b>77.0%</b>	<b>13 572</b>	<b>11 133</b>		
Compensation of employees	8 879	-	-	8 879	7 478	1 401	84.2%	7 798	7 578		
Goods and services	6 889	-	-	6 889	4 663	2 226	67.7%	5 774	3 555		
<b>Transfers and subsidies</b>	<b>40</b>	-	-	<b>40</b>	-	<b>40</b>	-	<b>80</b>	<b>40</b>		
Provinces and municipalities	-	-	-	-	-	-	-	-	-		
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-		
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-		
Non-profit institutions	40	-	-	40	-	40	-	80	40		
Households	-	-	-	-	-	-	-	-	-		
<b>Payments for capital assets</b>	<b>-</b>	<b>2</b>	-	<b>2</b>	<b>2</b>	<b>-</b>	<b>100.0%</b>	<b>2</b>	<b>2</b>		
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-		
Machinery and equipment	-	2	-	2	2	-	100.0%	2	2		
Software and other intangible assets	-	-	-	-	-	-	-	-	-		
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		
<b>TOTAL</b>	<b>15 808</b>	<b>2</b>	<b>-</b>	<b>15 810</b>	<b>12 143</b>	<b>3 667</b>	<b>76.8%</b>	<b>13 654</b>	<b>11 175</b>		

4.6 COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION											
2017/18											2016/17
ECONOMIC CLASSIFICATION	ADJUSTED	SHIFTING	VIREMENT	FINAL	ACTUAL	VARIANCE	EXPENDITURE	EXPENDITURE AS % OF FINAL APPROPRIATION	FINAL	ACTUAL	
	APPROPRIATION	OF FUNDS	R'000	APPROPRIATION	EXPENDITURE	R'000	AS % OF FINAL APPROPRIATION		APPROPRIATION	EXPENDITURE	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000	
<b>Current payments</b>	-	-	-	-	-	-	-	-	-	-	
Compensation of employees	-	-	-	-	-	-	-	-	-	-	
Goods and services	-	-	-	-	-	-	-	-	-	-	
<b>Transfers and subsidies</b>	<b>864 090</b>	-	-	<b>864 090</b>	<b>864 090</b>	-	<b>100.0%</b>	<b>770 501</b>	<b>770 501</b>	<b>770 501</b>	
Provinces and municipalities	-	-	-	-	-	-	-	-	-	-	
Departmental agencies and accounts	864 090	-	-	864 090	864 090	-	100.0%	770 501	770 501	770 501	
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	-	
Non-profit institutions	-	-	-	-	-	-	-	-	-	-	
Households	-	-	-	-	-	-	-	-	-	-	
<b>Payments for capital assets</b>	-	-	-	-	-	-	-	-	-	-	
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-	-	
Machinery and equipment	-	-	-	-	-	-	-	-	-	-	
Software and other intangible assets	-	-	-	-	-	-	-	-	-	-	
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-	-	
<b>TOTAL</b>	<b>864 090</b>	-	-	<b>864 090</b>	<b>864 090</b>	-	<b>100.0%</b>	<b>770 501</b>	<b>770 501</b>	<b>770 501</b>	

4.7 RESEARCH, POLICY AND PLANNING									
2017/18									
ECONOMIC CLASSIFICATION	ADJUSTED	SHIFTING	VIREMENT	FINAL	ACTUAL	VARIANCE	EXPENDITURE	2016/17	
	APPROPRIATION	OF FUNDS	R'000	APPROPRIATION	EXPENDITURE	R'000	AS % OF FINAL	FINAL	ACTUAL
	R'000	R'000	R'000	R'000	R'000	R'000	APPROPRIATION	APPROPRIATION	EXPENDITURE
							%	R'000	R'000
<b>Current payments</b>	<b>10 358</b>	<b>(1 796)</b>	-	<b>8 562</b>	<b>6 403</b>	<b>2 159</b>	<b>74.8%</b>	<b>9 704</b>	<b>7 834</b>
Compensation of employees	4 825	(183)	-	4 642	4 301	341	92.7%	4 505	4 369
Goods and services	5 533	(1 613)	-	3 920	2 102	1 818	53.6%	5 199	3 465
<b>Transfers and subsidies</b>	-	-	-	-	-	-	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>15</b>	-	-	<b>15</b>	<b>13</b>	<b>2</b>	<b>86.7%</b>	<b>24</b>	<b>24</b>
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	15	-	-	15	13	2	86.7%	24	24
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>10 373</b>	<b>(1 796)</b>	-	<b>8 577</b>	<b>6 416</b>	<b>2 161</b>	<b>74.8%</b>	<b>9 728</b>	<b>7 858</b>

## 4.8 LABOUR MARKET INFORMATION AND STATISTICS

ECONOMIC CLASSIFICATION	2017/18					2016/17				
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION %	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	
<b>Current payments</b>	<b>41 325</b>	<b>1 544</b>	-	<b>42 869</b>	<b>42 869</b>	-	<b>100.0%</b>	<b>38 223</b>	<b>36 160</b>	
Compensation of employees	35 929	(917)	-	35 012	35 012	-	100.0%	32 548	31 612	
Goods and services	5 396	2 461	-	7 857	7 857	-	100.0%	5 675	4 548	
<b>Transfers and subsidies</b>	<b>93</b>	<b>69</b>	-	<b>162</b>	<b>161</b>	<b>1</b>	<b>99.4%</b>	<b>49</b>	<b>49</b>	
Provinces and municipalities	1	-	-	1	-	1	-	-	-	
Departmental agencies and accounts	-	-	-	-	-	-	-	1	1	
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	
Non-profit institutions	-	-	-	-	-	-	-	-	-	
Households	92	69	-	161	161	-	100.0%	48	48	
<b>Payments for capital assets</b>	<b>135</b>	-	-	<b>135</b>	<b>59</b>	<b>76</b>	<b>43.7%</b>	<b>81</b>	<b>23</b>	
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-	
Machinery and equipment	135	-	-	135	59	76	43.7%	81	23	
Software and other intangible assets	-	-	-	-	-	-	-	-	-	
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-	
<b>TOTAL</b>	<b>41 553</b>	<b>1 613</b>	-	<b>43 166</b>	<b>43 089</b>	<b>77</b>	<b>99.8%</b>	<b>38 353</b>	<b>36 232</b>	



4.9 INTERNATIONAL LABOUR MATTERS										
2017/18										2016/17
ECONOMIC CLASSIFICATION	ADJUSTED	SHIFTING	VIREMENT	FINAL	ACTUAL	VARIANCE	EXPENDITURE	FINAL	ACTUAL	R'000
	APPROPRIATION	OF FUNDS	R'000	APPROPRIATION	EXPENDITURE	R'000	AS % OF FINAL			
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
<b>Current payments</b>	<b>24 176</b>	<b>183</b>	-	<b>24 359</b>	<b>22 640</b>	<b>1 719</b>	<b>92.9%</b>	<b>20 205</b>	<b>18 245</b>	
Compensation of employees	12 048	183	-	12 231	12 231	-	100.0%	11 242	10 619	
Goods and services	12 128	-	-	12 128	10 409	1 719	85.8%	8 963	7 626	
<b>Transfers and subsidies</b>	<b>23 813</b>	-	-	<b>23 813</b>	<b>19 974</b>	<b>3 839</b>	<b>83.9%</b>	<b>21 977</b>	<b>19 739</b>	
Provinces and municipalities	-	-	-	-	-	-	-	-	-	
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-	
Foreign governments and international organisations	23 813	-	-	23 813	19 974	3 839	83.9%	21 957	19 719	
Non-profit institutions	-	-	-	-	-	-	-	-	-	
Households	-	-	-	-	-	-	-	20	20	
<b>Payments for capital assets</b>	<b>60</b>	-	-	<b>60</b>	<b>5</b>	<b>55</b>	<b>8.3%</b>	<b>600</b>	<b>-</b>	
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-	
Machinery and equipment	60	-	-	60	5	55	8.3%	600	-	
Software and other intangible assets	-	-	-	-	-	-	-	-	-	
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>TOTAL</b>	<b>48 049</b>	<b>183</b>	<b>-</b>	<b>48 232</b>	<b>42 619</b>	<b>5 613</b>	<b>88.4%</b>	<b>42 782</b>	<b>37 984</b>	

4.10 NATIONAL ECONOMIC DEVELOPMENT AND LABOUR COUNCIL										
ECONOMIC CLASSIFICATION	2017/18					2016/17				
	ADJUSTED APPROPRIATION R'000	SHIFTING OF FUNDS R'000	VIREMENT R'000	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	VARIANCE R'000	EXPENDITURE AS % OF FINAL APPROPRIATION %	FINAL APPROPRIATION R'000	ACTUAL EXPENDITURE R'000	
<b>Current payments</b>	-	-	-	-	-	-	-	-	-	
Compensation of employees	-	-	-	-	-	-	-	-	-	
Goods and services	-	-	-	-	-	-	-	-	-	
<b>Transfers and subsidies</b>	<b>31 833</b>	-	<b>8 000</b>	<b>39 833</b>	<b>39 833</b>	-	<b>100.0%</b>	<b>30 817</b>	<b>30 817</b>	
Provinces and municipalities	-	-	-	-	-	-	-	-	-	
Departmental agencies and accounts	31 833	-	8 000	39 833	39 833	-	100.0%	30 817	30 817	
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-	
Non-profit institutions	-	-	-	-	-	-	-	-	-	
Households	-	-	-	-	-	-	-	-	-	
<b>Payments for capital assets</b>	-	-	-	-	-	-	-	-	-	
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-	
Machinery and equipment	-	-	-	-	-	-	-	-	-	
Software and other intangible assets	-	-	-	-	-	-	-	-	-	
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-	-	
<b>TOTAL</b>	<b>31 833</b>	-	<b>8 000</b>	<b>39 833</b>	<b>39 833</b>	-	<b>100.0 %</b>	<b>30 817</b>	<b>30 817</b>	

## 2.2 NOTE TO THE APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

### 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	R'000
Current payments	797 795	721 537	76 258	9.6%
Transfers and subsidies	2 786	2 777	9	0.3%
Payment for capital assets	59 926	44 140	15 786	26.3%
Payment for financial assets	227	223	4	1.8%
<b>TOTAL</b>	<b>860 734</b>	<b>768 677</b>	<b>92 057</b>	<b>10.7%</b>

The under spending is mainly attributable to:

**Compensation of employees:** The non-filling of vacant posts.

**Capital assets:** The delay in Capital Work projects.

	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	VARIANCE AS A % OF FINAL APPROPRIATION
INSPECTION AND ENFORCEMENT SERVICES	R'000	R'000	R'000	R'000
Current payments	495 544	470 596	24 948	5.0%
Transfers and subsidies	1 762	1 760	2	0.1%
Payment for capital assets	47 809	47 809	-	0.0%
<b>TOTAL</b>	<b>545 115</b>	<b>520 165</b>	<b>24 950</b>	<b>4.6%</b>

The under spending is mainly attributable to:

**Compensation of employees:** The non-filling of vacant posts.

	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	VARIANCE AS A % OF FINAL APPROPRIATION
PUBLIC EMPLOYMENT SERVICES	R'000	R'000	R'000	R'000
Current payments	330 497	253 968	76 529	23.2%
Transfers and subsidies	231 347	230 845	502	0.2%
Payment for capital assets	730	730	-	0.0%
<b>TOTAL</b>	<b>562 574</b>	<b>485 543</b>	<b>77 031</b>	<b>13.7%</b>

The under spending is mainly attributable to:

**Compensation of employees:** Due to the non-filling of vacant posts.

	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	VARIANCE AS A % OF FINAL APPROPRIATION
LABOUR POLICY AND INDUSTRIAL RELATIONS	R'000	R'000	R'000	R'000
Current payments	138 723	125 283	13 440	9.7%
Transfers and subsidies	948 154	944 250	3 904	0.4%
Payment for capital assets	521	101	420	80.6%
<b>TOTAL</b>	<b>1 087 398</b>	<b>1 069 634</b>	<b>17 764</b>	<b>1.6%</b>

The under spending is mainly attributable to:

**Compensation of employees:** The non-filling of vacant posts.

**Capital assets:** Due to a delay in procuring of a filing system for the programme.

## 4.2 PER ECONOMIC CLASSIFICATION

	FINAL APPROPRIATION	ACTUAL EXPENDITURE	VARIANCE	VARIANCE AS A % OF FINAL APPROPRIATION
	R'000	R'000	R'000	R'000
<b>Current payments</b>				
Compensation of employees	1 171 319	1 059 512	111 807	9.5%
Goods and services	591 240	511 872	79 368	13.4%
<b>Transfers and subsidies</b>				
Provinces and municipalities	630	620	10	1.6%
Departmental agencies and accounts	979 937	979 936	1	0.0%
Foreign governments and international organisations	23 813	19 974	3 839	16.1%
Non-profit institutions	173 892	173 351	541	0.3%
Households	5 777	5 751	26	0.5%
<b>Payments for capital assets</b>				
Buildings and other fixed structures	14 000	2 404	11 596	82.8%
Machinery and equipment	82 842	78 232	4 610	5.6%
Software and other intangible assets	12 144	12 144	-	0.0%
<b>Payments for financial assets</b>	227	223	4	1.8%
<b>TOTAL</b>	<b>3 055 821</b>	<b>2 844 019</b>	<b>211 802</b>	<b>6.9%</b>

The under spending is mainly attributable to:

**Compensation of employees:** Due to the non-filling of vacant posts.

**Capital assets:** The delay in Capital Work projects and procuring of a filing system.

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2018

	Note	2017/18	2016/17
		R'000	R'000
<b>REVENUE</b>			
Annual appropriation	1	3 055 821	2 842 877
Departmental revenue	2	16 805	11 702
<b>TOTAL REVENUE</b>		<b>3 072 626</b>	<b>2 854 579</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	3	1 059 512	1 064 694
Goods and services	4	511 872	480 629
<b>TOTAL CURRENT EXPENDITURE</b>		<b>1 571 384</b>	<b>1 545 323</b>
<b>Transfers and subsidies</b>			
Transfers and subsidies	6	1 179 632	1 073 153
<b>TOTAL TRANSFERS AND SUBSIDIES</b>		<b>1 179 632</b>	<b>1 073 153</b>
<b>Expenditure for capital assets</b>			
Tangible assets	7	80 636	94 175
Intangible assets	7	12 144	46 366
<b>TOTAL EXPENDITURE FOR CAPITAL ASSETS</b>		<b>92 780</b>	<b>140 541</b>
Payments for financial assets	5	223	2 568
<b>TOTAL EXPENDITURE</b>		<b>2 844 019</b>	<b>2 761 585</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>228 607</b>	<b>92 994</b>
<b>Reconciliation of Net Surplus/(Deficit) for the year</b>			
Voted funds		211 802	81 292
Annual appropriation		211 802	81 292
Departmental revenue and NRF Receipts	12	16 805	11 702
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>228 607</b>	<b>92 994</b>

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Note	2017/18	2016/17
		R'000	R'000
<b>ASSETS</b>			
<b>Current assets</b>		<b>209 368</b>	<b>166 137</b>
Cash and cash equivalents	8	56 611	443
Prepayments and advances	9	7 687	15 072
Receivables	10	145 070	150 622
<b>Non-current assets</b>		<b>15 377</b>	<b>22 562</b>
Receivables	10	15 377	22 562
<b>TOTAL ASSETS</b>		<b>224 745</b>	<b>188 699</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>216 805</b>	<b>182 555</b>
Voted funds to be surrendered to the Revenue Fund	11	211 802	81 292
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	12	2 586	562
Bank overdraft	13	-	98 080
Payables	14	2 417	2 621
<b>TOTAL LIABILITIES</b>		<b>216 805</b>	<b>182 555</b>
<b>NET ASSETS</b>		<b>7 940</b>	<b>6 144</b>
<b>Represented by:</b>			
Recoverable revenue		7 940	6 144
<b>TOTAL</b>		<b>7 940</b>	<b>6 144</b>

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2018

	Note	2017/18	2016/17
		R'000	R'000
<b>Recoverable revenue</b>			
Opening balance		6 144	5 381
Transfers:		1 796	763
Debts recovered (included in departmental receipts)		3 735	3 231
Debts raised		(1 939)	(2 468)
<b>TOTAL</b>		<b>7 940</b>	<b>6 144</b>

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018**

	Note	2017/18	2016/17
		R'000	R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		3 072 583	2 854 550
Annual appropriated funds received	1.1	3 055 821	2 842 877
Departmental revenue received	2	15 405	10 296
Interest received	2.3	1 357	1 377
Net (increase)/decrease in working capital		19 918	(96 735)
Surrendered to Revenue Fund		(96 073)	(104 414)
Current payments		(1 571 384)	(1 545 323)
Payments for financial assets		(223)	(2 568)
Transfers and subsidies paid		(1 179 632)	(1 073 153)
<b>Net cash flow available from operating activities</b>	15	<b>245 189</b>	<b>(32 357)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets	7	(92 780)	(140 541)
Proceeds from sale of capital assets	2.4	43	29
<b>Net cash flows from investing activities</b>		<b>(92 737)</b>	<b>(140 512)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/(decrease) in net assets		1 796	763
<b>Net cash flows from financing activities</b>		<b>1 796</b>	<b>763</b>
Net increase/(decrease) in cash and cash equivalents		154 248	(107 392)
Cash and cash equivalents at beginning of period		(97 637)	9 755
<b>Cash and cash equivalents at end of period</b>	16	<b>56 611</b>	<b>(97 637)</b>



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

### 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 comprise 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
- 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
- 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 Commitments

Commitments (other than for transfers and subsidies) are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the Department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.

### 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 for recovery.

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 or not condoned and is not recoverable.

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 policies, accounting estimates and errors**

Changes in accounting policies that are affected by management have been applied retrospectively 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 change in policy. In such instances the Department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

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 party to a principal-agent arrangement for entities listed in Note 33. All related revenues, expenditures, assets and liabilities have been recognised or recorded in terms of the relevant policies listed herein. Additional disclosures have been provided in the notes to the financial statements where appropriate.

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**

A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party. Related party transactions within the Minister's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department. The number of individuals and their full compensation 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.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

## 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 (Voted funds):

	2017/18			2016/17	
	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	887 791	887 791	-	847 105	849 114
Inspection and Enforcement Services	531 248	531 248	-	500 355	509 341
Public Employment Services	557 384	557 384	-	525 698	514 203
Labour Policy and Industrial Relations	1 079 398	1 079 398	-	969 719	970 219
<b>TOTAL</b>	<b>3 055 821</b>	<b>3 055 821</b>	<b>-</b>	<b>2 842 877</b>	<b>2 842 877</b>

## 2. DEPARTMENTAL REVENUE

	Note	2017/18	2016/17
		R'000	R'000
<b>Tax revenue</b>			
Sales of goods and services other than capital assets	2.1	4 436	4 555
Fines, penalties and forfeits	2.2	2 281	1 011
Interest, dividends and rent on land	2.3	1 357	1 377
Sales of capital assets	2.4	43	29
Transactions in financial assets and liabilities	2.5	8 688	4 730
<b>Departmental revenue collected</b>		<b>16 805</b>	<b>11 702</b>

## 2.1 SALES OF GOODS AND SERVICES OTHER THAN CAPITAL ASSETS

	Note	2017/18	2016/17
		R'000	R'000
Sales of goods and services produced by the department	2	4 391	4 530
Sales by market establishment		153	164
Administrative fees		2 057	2 318
Other sales		2 181	2 048
Sales of scrap, waste and other used current goods		45	25
<b>TOTAL</b>		<b>4 436</b>	<b>4 555</b>

## 2.2 FINES, PENALTIES AND FORFEITS

	Note	2017/18	2016/17
	2	R'000	R'000
Fines		1 116	250
Penalties		1 165	761
<b>TOTAL</b>		<b>2 281</b>	<b>1 011</b>

## 2.3 INTEREST, DIVIDENDS AND RENT ON LAND

	Note	2017/18	2016/17
	2	R'000	R'000
Interest		1 357	1 377
<b>TOTAL</b>		<b>1 357</b>	<b>1 377</b>

## 2.4 SALE OF CAPITAL ASSETS

	Note	2017/18	2016/17
	2	R'000	R'000
<b>Tangible assets</b>		<b>43</b>	<b>29</b>
Machinery and equipment	30	43	29
<b>TOTAL</b>		<b>43</b>	<b>29</b>

## 2.5 TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES

	Note	2017/18	2016/17
	2	R'000	R'000
Receivables		1 605	1 995
Other Receipts including Recoverable Revenue		7 083	2 735
<b>TOTAL</b>		<b>8 688</b>	<b>4 730</b>

## 3. COMPENSATION OF EMPLOYEES

### 3.1 SALARIES AND WAGES

	Note	2017/18	2016/17
	3	R'000	R'000
Basic salary		746 556	714 027
Performance award		18 994	16 693
Service Based		1 778	1 568
Compensative/circumstantial		9 548	7 210
Other non-pensionable allowances		130 973	130 020
<b>TOTAL</b>		<b>907 849</b>	<b>869 518</b>

**3.2 SOCIAL CONTRIBUTIONS**

	Note	2017/18	2016/17
		R'000	R'000
<b>Employer Contributions</b>			
Pension		96 494	141 444
Medical		54 952	53 530
Bargaining council		217	202
<b>TOTAL</b>		<b>151 663</b>	<b>195 176</b>
<b>TOTAL COMPENSATION OF EMPLOYEES</b>		<b>1 059 512</b>	<b>1 064 694</b>
Average number of employees		2 693	2 671

**4. GOODS AND SERVICES**

	Note	2017/18	2016/17
		R'000	R'000
Administrative fees		9 178	5 642
Advertising		14 432	9 882
Minor assets	4.1	13 406	3 339
Bursaries (employees)		2 310	1 978
Catering		4 665	3 918
Communication		28 539	24 770
Computer services	4.2	54 584	88 129
Consultants: Business and advisory services		6 310	10 023
Legal services		12 796	7 601
Contractors		2 734	6 916
Agency and support / outsourced services		1	2 139
Entertainment		180	191
Audit cost – external	4.3	16 867	16 913
Fleet services		28 142	21 889
Consumables	4.4	15 489	19 665
Operating leases		138 720	115 668
Property payments	4.5	50 868	48 426
Rental and hiring		626	513
Transport provided as part of the departmental activities		149	186
Travel and subsistence	4.6	82 692	69 398
Venues and facilities		8 370	5 602
Training and development		12 277	9 100
Other operating expenditure	4.7	8 537	8 741
<b>TOTAL</b>		<b>511 872</b>	<b>480 629</b>



**4.1 MINOR ASSETS**

	Note	2017/18	2016/17
	4	R'000	R'000
<b>Tangible assets</b>		<b>13 406</b>	<b>3 339</b>
Machinery and equipment		13 406	3 339
<b>TOTAL</b>		<b>13 406</b>	<b>3 339</b>

**4.2 COMPUTER SERVICES**

	Note	2017/18	2016/17
	4	R'000	R'000
SITA computer services		18 338	40 375
External computer service providers		36 246	47 754
<b>TOTAL</b>		<b>54 584</b>	<b>88 129</b>

**4.3 AUDIT COST – EXTERNAL**

	Note	2017/18	2016/17
	4	R'000	R'000
Regularity audits		16 867	16 913
<b>TOTAL</b>		<b>16 867</b>	<b>16 913</b>

**4.4 CONSUMABLES**

	Note	2017/18	2016/17
	4	R'000	R'000
Consumable supplies		2 560	3 391
Uniform and clothing		478	1 032
Household supplies		976	1 313
Building material and supplies		153	113
IT consumables		569	872
Other consumables		384	61
Stationery, printing and office supplies		12 929	16 274
<b>TOTAL</b>		<b>15 489</b>	<b>19 665</b>

**4.5 PROPERTY PAYMENTS**

	Note	2017/18	2016/17
	4	R'000	R'000
Municipal services		27 126	25 627
Property management fees		1 288	1 020
Property maintenance and repairs		2 236	4 581
Other		20 218	17 198
<b>TOTAL</b>		<b>50 868</b>	<b>48 426</b>

**4.6 TRAVEL AND SUBSISTENCE**

	Note	2017/18	2016/17
	4	R'000	R'000
Local		71 900	59 029
Foreign		10 792	10 369
<b>TOTAL</b>		<b>82 692</b>	<b>69 398</b>

**4.7 OTHER OPERATING EXPENDITURE**

	Note	2017/18	2016/17
	4	R'000	R'000
Professional bodies, membership and subscription fees		160	42
Resettlement costs		1 461	1 831
Other		6 916	6 868
<b>TOTAL</b>		<b>8 537</b>	<b>8 741</b>

**5. PAYMENTS FOR FINANCIAL ASSETS**

	Note	2017/18	2016/17
		R'000	R'000
Material losses through criminal conduct		-	19
Other material losses	5.1	-	19
Other material losses written off	5.2	223	2 538
Debts written off	5.3	-	11
<b>TOTAL</b>		<b>223</b>	<b>2 568</b>

**5.1 OTHER MATERIAL LOSSES**

	Note	2017/18	2016/17
	5	R'000	R'000
<b>Nature of other material losses</b>			
<b>Incident</b>	<b>Disciplinary Steps taken/ Criminal proceedings</b>		
Misconduct	Final written warning letters issued to responsible officials	-	19
<b>TOTAL</b>		<b>-</b>	<b>19</b>

**5.2 OTHER MATERIAL LOSSES WRITTEN OFF**

	Note	2017/18	2016/17
	5	R'000	R'000
<b>Nature of losses</b>			
Receivables relating to:			
Mobile devices		-	2 425
Damaged vehicles		84	113
Traffic Fines		139	-
<b>TOTAL</b>		<b>223</b>	<b>2 538</b>

### 5.3 DEBTS WRITTEN OFF

	Note	2017/18	2016/17
		R'000	R'000
	5		
<b>Nature of debts written off</b>			
Other debt written off:			
Staff debts		-	2
Other		-	9
<b>TOTAL DEBT WRITTEN OFF</b>		<b>-</b>	<b>11</b>

### 6. TRANSFERS AND SUBSIDIES

	Note	2017/18	2016/17
		R'000	R'000
Provinces and municipalities	Annex 1A	620	586
Departmental agencies and accounts	Annex 1B	979 936	879 423
Foreign governments and international organisations	Annex 1C	19 974	19 719
Non-profit institutions	Annex 1D	173 351	168 787
Households	Annex 1E	5 751	4 638
<b>TOTAL</b>		<b>1 179 632</b>	<b>1 073 153</b>

### 7. EXPENDITURE FOR CAPITAL ASSETS

	Note	2017/18	2016/17
		R'000	R'000
<b>Tangible assets</b>		<b>80 636</b>	<b>94 175</b>
Buildings and other fixed structures	32	2 404	29 198
Machinery and equipment	30	78 232	64 977
<b>Intangible assets</b>		<b>12 144</b>	<b>46 366</b>
Software	31	12 144	46 366
<b>TOTAL</b>		<b>92 780</b>	<b>140 541</b>

#### 7.1 ANALYSIS OF FUNDS UTILISED TO ACQUIRE CAPITAL ASSETS – 2017/18

	VOTED FUNDS	AID ASSISTANCE	TOTAL
	R'000	R'000	R'000
<b>Tangible assets</b>	<b>80 636</b>	<b>-</b>	<b>80 636</b>
Buildings and other fixed structures	2 404	-	2 404
Machinery and equipment	78 232	-	78 232
<b>Intangible assets</b>	<b>12 144</b>	<b>-</b>	<b>12 144</b>
Software	12 144	-	12 144
<b>TOTAL</b>	<b>92 780</b>	<b>-</b>	<b>92 780</b>

**7.2 ANALYSIS OF FUNDS UTILISED TO ACQUIRE CAPITAL ASSETS – 2016/17**

	VOTED FUNDS	AID ASSISTANCE	TOTAL
	R'000	R'000	R'000
<b>Tangible assets</b>	<b>94 175</b>	<b>-</b>	<b>94 175</b>
Buildings and other fixed structures	29 198	-	29 198
Machinery and equipment	64 977	-	64 977
<b>Intangible assets</b>	<b>46 366</b>	<b>-</b>	<b>46 366</b>
Software	46 366	-	46 366
<b>TOTAL</b>	<b>140 541</b>	<b>-</b>	<b>140 541</b>

**7.3 FINANCE LEASE EXPENDITURE INCLUDED IN EXPENDITURE FOR CAPITAL ASSETS**

	Note	2017/18	2016/17
		R'000	R'000
<b>Tangible assets</b>	<b>7</b>	<b>9 014</b>	<b>33 352</b>
Machinery and equipment		9 014	33 352
<b>TOTAL</b>		<b>9 014</b>	<b>33 352</b>

**8. CASH AND CASH EQUIVALENTS**

	Note	2017/18	2016/17
		R'000	R'000
Consolidated Paymaster General Account		55 929	-
Cash receipts		1	-
Disbursements		210	-
Cash on hand		471	443
<b>TOTAL</b>		<b>56 611</b>	<b>443</b>

**9. PREPAYMENTS AND ADVANCES**

	Note	2017/18	2016/17
		R'000	R'000
Travel and subsistence		237	264
Advances paid (Not expensed)	9.1	7 450	14 808
<b>TOTAL</b>		<b>7 687</b>	<b>15 072</b>

**9.1 ADVANCES PAID (NOT EXPENSED)**

Note	BALANCE AS AT 1 APRIL 2017	LESS: AMOUNT EXPENSED IN CURRENT YEAR	ADD: CURRENT YEAR PREPAYMENTS	BALANCE AS AT 31 MARCH 2018
	R'000	R'000	R'000	R'000
9				
National departments	14 758	(14 403)	7 045	7 400
Public entities	50	-	-	50
<b>TOTAL</b>	<b>14 808</b>	<b>(14 403)</b>	<b>7 045</b>	<b>7 450</b>

**9.2 PREPAYMENTS (EXPENSED)**

Note	AMOUNT AS AT 1 APRIL 2017	LESS: RECEIVED IN THE CURRENT YEAR	ADD: CURRENT YEAR PREPAYMENTS	AMOUNT AS AT 31 MARCH 2018
	R'000	R'000	R'000	R'000
Goods and services*	1 474	(3 564)	12 863	10 773
<b>TOTAL</b>	<b>1 474</b>	<b>(3 564)</b>	<b>12 863</b>	<b>10 773</b>

\*This relates to amount paid in advance for software related licences, maintenance agreements and other services and the amount of R8 652 600, 00 for SAP Africa maintenance agreement is included in the amount disclosed above.

**9.3 ADVANCES PAID (EXPENSED)**

Note	AMOUNT AS AT 1 APRIL 2017	LESS: RECEIVED IN THE CURRENT YEAR	ADD: CURRENT YEAR PREPAYMENTS	AMOUNT AS AT 31 MARCH 2018
	R'000	R'000	R'000	R'000
Public entities	1 282	(657)	180	805
<b>TOTAL</b>	<b>1 282</b>	<b>(657)</b>	<b>180</b>	<b>805</b>

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

**10. RECEIVABLES**

Note	2017/18			2016/17		
	CURRENT	NON-CURRENT	TOTAL	CURRENT	NON-CURRENT	TOTAL
	R'000	R'000	R'000	R'000	R'000	R'000
Claims recoverable	139 707	4 516	144 223	148 366	13 593	161 959
Recoverable expenditure	3 325	1 224	4 549	448	1 029	1 477
Staff debt	2 032	9 516	11 548	1 808	7 892	9 700
Other debtors	6	121	127	-	48	48
<b>TOTAL</b>	<b>145 070</b>	<b>15 377</b>	<b>160 447</b>	<b>150 622</b>	<b>22 562</b>	<b>173 184</b>

**10.1 CLAIMS RECOVERABLE**

	Note	2017/18	2016/17
	10 and Annex 3	R'000	R'000
National departments		248	12 309
Provincial departments		189	430
Public entities		143 786	149 220
<b>TOTAL</b>		<b>144 223</b>	<b>161 959</b>

**10.2 RECOVERABLE EXPENDITURE (DISALLOWANCE ACCOUNTS)**

	Note	2017/18	2016/17
	10	R'000	R'000
Disallowance fraud		839	937
Damaged vehicles		3 315	370
Disallowance accounts		46	152
Clearing accounts		254	18
Damages and losses		95	-
<b>TOTAL</b>		<b>4 549</b>	<b>1 477</b>

**10.3 STAFF DEBT**

	Note	2017/18	2016/17
	10	R'000	R'000
Subsidised transport		11	13
Travel and subsistence		213	21
Bursaries		3 391	3 083
Salary overpayment (In-service)		3 012	277
Salary overpayment (Out-service)		1 282	920
State guarantees		37	36
Other		3 602	5 350
<b>TOTAL</b>		<b>11 548</b>	<b>9 700</b>

**10.4 OTHER DEBTORS**

	Note	2017/18	2016/17
	10	R'000	R'000
Salary clearing accounts		127	48
<b>TOTAL</b>		<b>127</b>	<b>48</b>

**10.5 IMPAIRMENT OF RECEIVABLES**

	Note	2017/18	2016/17
	10	R'000	R'000
Estimate of impairment of receivables		1 038	-
<b>TOTAL</b>		<b>1 038</b>	<b>-</b>

**11. VOTED FUNDS TO BE SURRENDERED TO THE REVENUE FUND**

	Note	2017/18	2016/17
		R'000	R'000
Opening balance		81 292	92 239
Transfer from statement of financial performance (as restated)		211 802	81 292
Paid during the year		(81 292)	(92 239)
<b>Closing balance</b>		<b>211 802</b>	<b>81 292</b>

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

	Note	2017/18	2016/17
		R'000	R'000
Opening balance		562	1 035
Transfer from statement of financial performance (as restated)		16 805	11 702
Paid during the year		(14 781)	(12 175)
<b>Closing balance</b>		<b>2 586</b>	<b>562</b>

**13. BANK OVERDRAFT**

	Note	2017/18	2016/17
		R'000	R'000
Consolidated Paymaster General Account		-	98 080
<b>TOTAL</b>		<b>-</b>	<b>98 080</b>

**14. PAYABLES – CURRENT**

	Note	2017/18	2016/17
		R'000	R'000
Amounts owing to other entities		80	128
Clearing accounts	14.1	1 698	506
Other payables	14.2	639	1 987
<b>TOTAL</b>		<b>2 417</b>	<b>2 621</b>

**14.1 CLEARING ACCOUNTS**

	Note	2017/18	2016/17
		R'000	R'000
Salary control accounts	14	1 698	506
<b>TOTAL</b>		<b>1 698</b>	<b>506</b>

**14.2 OTHER PAYABLES**

	Note	2017/18	2016/17
		R'000	R'000
Arrear wages	14	521	1 741
CCMA		118	246
<b>TOTAL</b>		<b>639</b>	<b>1 987</b>

## 15. NET CASH FLOW AVAILABLE FROM OPERATING ACTIVITIES

	Note	2017/18	2016/17
		R'000	R'000
Net surplus/(deficit) as per Statement of Financial Performance		228 607	92 994
Add back non cash/cash movements not deemed operating activities		16 582	(60 637)
(Increase)/decrease in receivables – current		12 737	(88 970)
(Increase)/decrease in prepayments and advances		7 385	(2 352)
Increase/(decrease) in payables – current		(204)	(5 413)
Proceeds from sale of capital assets		(43)	(29)
Expenditure on capital assets		92 780	140 541
Surrenders to Revenue Fund		(96 073)	(104 414)
<b>Net cash flow generated by operating activities</b>		<b>245 189</b>	<b>32 357</b>

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

	Note	2017/18	2016/17
		R'000	R'000
Consolidated Paymaster General account		55 929	(98 080)
Cash receipts		1	-
Disbursements		210	-
Cash on hand		471	443
<b>TOTAL</b>		<b>56 611</b>	<b>(97 637)</b>

## 17. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

## 17.1 CONTINGENT LIABILITIES

		Note	2017/18	2016/17
Liable to	Nature		R'000	R'000
Housing loan guarantees	Employees	Annex 2A	2 103	2 612
Claims against the department		Annex 2B	4 471	4 435
Intergovernmental payables (unconfirmed balances)		Annex 4	13 707	290
<b>TOTAL</b>			<b>20 281</b>	<b>7 337</b>

## 17.2 CONTINGENT ASSETS

	Note	2017/18	2016/17
Nature of contingent asset		R'000	R'000
Possible receivables from DPW: Lease Buildings		-	4 915
<b>TOTAL</b>		<b>-</b>	<b>4 915</b>

\*Payments made to DPW in excess of the approved rental were referred to DPW to be investigated. However, this amount is no longer disclosed under this Note.



## 18. COMMITMENTS

	Note	2017/18	2016/17
		R'000	R'000
<b>Current expenditure</b>		130 071	286 569
Approved and contracted		130 071	286 409
Approved but not yet contracted		-	160
<b>Capital expenditure</b>		-	-
Approved and contracted		-	-
Approved but not yet contracted		-	-
<b>TOTAL COMMITMENTS</b>		<b>130 071</b>	<b>286 569</b>

Commitments amounting to R 65 890 411.78 are older than 1 year.

	Note	2017/18	2016/17
		R'000	R'000
<b>Listed by programme level</b>			
Programme 1 – Administration		40 636	81 574
Programme 2 – Inspection and Enforcement Services		-	2 917
Programme 3 – Public Employment Services*		89 435	202 002
Programme 4 – Labour Policy and Industrial Relations		-	76
<b>TOTAL</b>		<b>130 071</b>	<b>286 569</b>

\*Commitments: Unemployment Insurance Fund R 44 674 061.47 and Compensation Fund R 44 761 364.88.

## 19. ACCRUALS AND PAYABLES NOT RECOGNISED

### 19.1 ACCRUALS

	2017/18			2016/17
	30 DAYS	30+ DAYS	TOTAL	TOTAL
	R'000	R'000	R'000	R'000
<b>Listed by economic classification</b>				
Goods and services	23 497	1 249	24 746	62 700
Capital assets	128	-	128	2 938
<b>TOTAL</b>	<b>23 625</b>	<b>1 249</b>	<b>24 874</b>	<b>65 638</b>

	Note	2017/18	2016/17
		R'000	R'000
<b>Listed by programme level</b>			
Programme 1 – Administration		12 500	56 400
Programme 2 – Inspection and Enforcement Services		937	2 908
Programme 3 – Public Employment Services*		11 150	5 938
Programme 4 – Labour Policy and Industrial Relations		287	392
<b>TOTAL</b>		<b>24 874</b>	<b>65 638</b>

\*Accruals: Unemployment Insurance Fund R 5 330 057.54 and Compensation Fund R 4 668 260.37.

\*\*Reasons for material accruals: Accruals relating to security and cleaning contractual services (R5.7 mil), Travel with Flair and Tourvest Travel Services (R3.6 mil) as well as Department of Public Works (Municipal Service) (R4.3 mil).

## 19.2 PAYABLES NOT RECOGNISED

			2017/18	2016/17
	30 DAYS	30+ DAYS	TOTAL	TOTAL
Listed by economic classification	R'000	R'000	R'000	R'000
Goods and services	871	384	1 255	926
Capital assets	-	-	-	-
<b>TOTAL</b>	<b>871</b>	<b>384</b>	<b>1 255</b>	<b>926</b>

	Note	2017/18	2016/17
Listed by programme level		R'000	R'000
Programme 1 – Administration		1 087	476
Programme 2 – Inspection and Enforcement Services		14	83
Programme 3 – Public Employment Services*		152	94
Programme 4 – Labour Policy and Industrial Relations		2	273
<b>TOTAL</b>		<b>1 255</b>	<b>926</b>

\*Payables: Unemployment Insurance Fund R 58 872.19 and Compensation Fund R 37 743.74.

	Note	2017/18	2016/17
Included in the above totals are the following:		R'000	R'000
Confirmed balances with other departments	Annex 4	570	604
Confirmed balances with other government entities	Annex 4	2 994	24 761
<b>TOTAL</b>		<b>3 564</b>	<b>25 365</b>

## 20. EMPLOYEE BENEFITS

	Note	2017/18	2016/17
		R'000	R'000
Leave entitlement*		43 798	41 428
Service bonus (Thirteenth cheque)		32 006	30 996
Performance awards		6 924	7 571
Capped leave commitments		29 718	30 212
Long service award**		475	437
<b>TOTAL</b>		<b>112 921</b>	<b>110 644</b>

\*During January 2018 to March 2018, 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 R43 797 700.75 for the year-ended 31 March 2018, the value of leave with negative balances amounts to R1 756 668.96.

\*\*At this stage the Department is not able to reliably measure the long term portion of the long service awards.

**20.1 PRIOR PERIOD ERROR**

	2016/17
<b>Nature of prior period error</b>	<b>R'000</b>
Performance awards (2016/17)	(4 235)
<b>TOTAL PRIOR PERIOD ERRORS</b>	<b>(4 235)</b>

\*Prior year error that affected opening balance included above.

**21. LEASE COMMITMENTS****21.1 OPERATING LEASES**

	BUILDINGS AND OTHER FIXED STRUCTURES	MACHINERY AND EQUIPMENT	TOTAL
	R'000	R'000	R'000
<b>2017/18</b>			
Not later than 1 year	134 700	9 046	143 746
Later than 1 year and not later than 5 years	130 850	7 826	138 676
Later than five years	12 818	686	13 504
<b>TOTAL LEASE COMMITMENTS</b>	<b>278 368</b>	<b>17 558</b>	<b>295 926</b>
	BUILDINGS AND OTHER FIXED STRUCTURES	MACHINERY AND EQUIPMENT	TOTAL
	R'000	R'000	R'000
<b>2016/17</b>			
Not later than 1 year	100 084	7 062	107 146
Later than 1 year and not later than 5 years	151 228	6 008	157 236
Later than five years	16 593	-	16 593
<b>TOTAL LEASE COMMITMENTS</b>	<b>267 905</b>	<b>13 070</b>	<b>280 975</b>

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 \*\***

	MACHINERY AND EQUIPMENT	TOTAL
	R'000	R'000
<b>2017/18</b>		
Not later than 1 year	5 207	5 207
Later than 1 year and not later than 5 years	1 095	1 095
<b>TOTAL LEASE COMMITMENTS</b>	<b>6 302</b>	<b>6 302</b>
	MACHINERY AND EQUIPMENT	TOTAL
	R'000	R'000
<b>2016/17</b>		
Not later than 1 year	4 902	4 902
<b>TOTAL LEASE COMMITMENTS</b>	<b>4 902</b>	<b>4 902</b>

The main leasing arrangement is for leasing of mobile devices (tablets and 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	2017/18	2016/17
	R'000	R'000
<b>Tax revenue</b>		
Sales of goods and services other than capital assets	9	13
Interest, dividends and rent on land	124	75
Transactions in financial assets and liabilities	-	32
<b>TOTAL</b>	<b>133</b>	<b>120</b>

### 22.1 ANALYSIS OF ACCRUED DEPARTMENTAL REVENUE

Note	2017/18	2016/17
	R'000	R'000
<b>Opening balance</b>	120	93
Less: amounts received	(120)	(93)
Add: amounts recorded	133	120
<b>Closing balance</b>	<b>133</b>	<b>120</b>

## 23. IRREGULAR EXPENDITURE

### 23.1 RECONCILIATION OF IRREGULAR EXPENDITURE

Note	2017/18	2016/17
	R'000	R'000
<b>Opening balance</b>	34 513	39 543
Add: Irregular expenditure – relating to current year	1 236	4 274
Less: Prior year amounts condoned	-	(9 304)
<b>Closing balance</b>	<b>35 749</b>	<b>34 513</b>
<b>Analysis of awaiting condonation per age classification</b>		
Current year	1 236	4 274
Prior years	34 513	30 239
<b>TOTAL</b>	<b>35 749</b>	<b>34 513</b>

### 23.2 DETAILS OF IRREGULAR EXPENDITURE – ADDED CURRENT YEAR (RELATING TO CURRENT AND PRIOR YEARS)

Incident	Disciplinary steps taken/criminal proceedings	2017/18
		R'000
SCM-related IE discovered by SCM		1 216
Other Irregular Expenditure		20
<b>TOTAL</b>		<b>1 236</b>

## 24. FRUITLESS AND WASTEFUL EXPENDITURE

### 24.1 RECONCILIATION OF FRUITLESS AND WASTEFUL EXPENDITURE

Note	2017/18	2016/17
	R'000	R'000
Opening balance	451	481
Fruitless and wasteful expenditure – relating to current year	4 024	300
Less: Amounts resolved	(52)	(330)
<b>Closing balance</b>	<b>4 423</b>	<b>451</b>

### 24.2 ANALYSIS OF AWAITING RESOLUTION PER ECONOMIC CLASSIFICATION

Note	2017/18	2016/17
	R'000	R'000
Current	4 423	451
<b>TOTAL</b>	<b>4 423</b>	<b>451</b>

### 24.3 ANALYSIS OF CURRENT YEAR'S (RELATING TO CURRENT AND PRIOR YEARS) FRUITLESS AND WASTEFUL EXPENDITURE

		2017/18
Incident	Disciplinary steps taken/criminal proceedings	R'000
No show – accommodation	Investigation process	31
Vehicle related damages/accidents	Investigation process	2 662
Other	Investigation process	1 331
<b>TOTAL</b>		<b>4 024</b>

## 25. RELATED PARTY TRANSACTIONS

### Nature of relationship

#### Public Entity controlled by the Department of Labour

Compensation Fund (CF)

Unemployment Insurance Fund (UIF)

Supported Employment Enterprises (SEE)

Commission for Conciliation Mediation and Arbitration (CCMA)

National Economic Development and Labour Council (NEDLAC)

Productivity South Africa (PSA)

## RELATED PARTY TRANSACTIONS

		2017/18	2016/17
RELATED PARTY	TRANSACTION TYPE	R'000	R'000
Supported Employment	Compensation of Employees	4 150	7 376
Enterprises*	Compensation of Employees (Internal Audit)	358	450
	<b>TOTAL</b>	<b>4 508</b>	<b>7 826</b>

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

## 26. KEY MANAGEMENT PERSONNEL

		2017/18	2016/17
	NO. OF INDIVIDUALS	R'000	R'000
Political office bearers (provide detail below)	2	4 380	4 211
Officials:			
Level 15 to 16	10	15 424	12 887
Level 14	32	37 308	35 140
Acting positions	4	229	185
Family members of key management personnel		-	287
<b>TOTAL</b>		<b>57 341</b>	<b>52 710</b>

## 27. PUBLIC PRIVATE PARTNERSHIP

## DESCRIPTION OF THE ARRANGEMENT

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

## INFRASTRUCTURE IT SUPPORT SERVICE RENDERED AFTER THE PPP ENDED ON 30 NOVEMBER 2012

- Annexure 12 of the PPP Agreement provides for the Department to, among others; request certain services to be rendered by the contractor during the contract termination support period, i.e.
- 1 December 2012 to 30 November 2013. The Department requested the contractor by way of its contract termination support service request, dated 8 August 2012, to render certain services and the contractor subsequently provided the Department with a proposal setting out the services to be rendered.
- During November 2012, the Department and the contractor agreed to activate the termination support period, stipulated in the contract (extended to 31 May 2014). During this period the contractor provided specific services to the Department with a focus of transferring skills, knowledge and staff to the Department. The Department paid a negotiated termination support fee to the contractor for this support period.

After the conclusion of the PPP contract an amount of R1 907 893.50 remained in the reinvestment account (EOH account) held by EOH. The reinvestment fund is a separate bank account for purposes of administering and the separate safekeeping of excess profit, foreign exchange rate savings and service credits. The reinvestment fund may be used during the term of the PPP Agreement to fund:

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

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

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

#### AS AT 31 MARCH 2018, THE BALANCE OF THE REINVESTMENT FUND WAS:

	2017/18	2016/17
	R'000	R'000
Department of Labour	1 162	1 139
Compensation Fund	376	358
Unemployment Insurance Fund	370	352
<b>TOTAL</b>	<b>1 908</b>	<b>1 849</b>

#### 28. IMPAIRMENT (OTHER THAN RECEIVABLES, ACCRUED DEPARTMENTAL REVENUE, LOANS AND INVESTMENTS)

	Note	2017/18	2016/17
		R'000	R'000
Staff debtors		-	28
<b>TOTAL</b>		<b>-</b>	<b>28</b>

#### 29. PROVISIONS

	Note	2017/18	2016/17
		R'000	R'000
Staff debtors		3 643	3 039
Other debtors		-	1 578
Private enterprises		89	89
<b>TOTAL</b>		<b>3 732</b>	<b>4 706</b>

**29.1 RECONCILIATION OF MOVEMENT IN PROVISIONS - 2017/18**

	STAFF DEBTORS	OTHER DEBTORS	PRIVATE ENTERPRISES	TOTAL PROVISIONS
	R'000	R'000	R'000	R'000
Opening balance	3 039	1 578	89	4 706
Increase in provision	759	-	-	759
Settlement of provision	(155)	(1 578)	-	(1 733)
<b>Closing balance</b>	<b>3 643</b>	<b>-</b>	<b>89</b>	<b>3 732</b>

**29.2 RECONCILIATION OF MOVEMENT IN PROVISIONS - 2016/17**

	STAFF DEBTORS	OTHER DEBTORS	PRIVATE ENTERPRISES	TOTAL PROVISIONS
	R'000	R'000	R'000	R'000
Opening balance	3 306	994	90	4 390
Increase in provision	810	1 085	67	1 962
Settlement of provision	(1 077)	(501)	(68)	(1 646)
<b>Closing balance</b>	<b>3 039</b>	<b>1 578</b>	<b>89</b>	<b>4 706</b>

**30. MOVABLE TANGIBLE CAPITAL ASSETS****MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018**

	OPENING BALANCE	VALUE ADJUSTMENTS	ADDITIONS	DISPOSALS	CLOSING BALANCE
	R'000	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>350 687</b>	<b>-</b>	<b>95 971</b>	<b>(3 674)</b>	<b>442 984</b>
Transport assets	170 583	-	13 021	(717)	182 887
Computer equipment	89 272	-	66 550	(2 260)	153 562
Furniture and office equipment	57 915	-	2 056	(208)	59 763
Other machinery and equipment	32 917	-	14 344	(489)	46 772
<b>TOTAL CAPITAL ASSETS</b>	<b>350 687</b>	<b>-</b>	<b>95 971</b>	<b>(3 674)</b>	<b>442 984</b>

**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	41	1 983

Machinery and equipment

\*Vehicles damaged/stolen, under investigation.

\*IT equipment stolen/lost, under investigation.



**30.1 ADDITIONS****ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018**

	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
<b>MACHINERY AND EQUIPMENT</b>	<b>78 232</b>	<b>26 379</b>	<b>(9 014)</b>	<b>374</b>	<b>95 971</b>
Transport assets	13 021	-	-	-	13 021
Computer equipment*	62 551	13 013	(9 014)	-	66 550
Furniture and office equipment	1 795	-	-	261	2 056
Other machinery and equipment	865	13 366	-	113	14 344
<b>TOTAL ADDITIONS</b>	<b>78 232</b>	<b>26 379</b>	<b>(9 014)</b>	<b>374</b>	<b>95 971</b>

\*Finance Leases for R 9 013 692.77 was included in the Additions above.

**30.2 DISPOSALS****DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018**

	SOLD FOR CASH	NON-CASH DISPOSAL	TOTAL DISPOSALS	CASH RECEIVED ACTUAL
	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>-</b>	<b>(3 674)</b>	<b>(3 674)</b>	<b>43</b>
Transport assets	-	(717)	(717)	43
Computer equipment	-	(2 260)	(2 260)	-
Furniture and office equipment	-	(208)	(208)	-
Other machinery and equipment	-	(489)	(489)	-
<b>TOTAL DISPOSAL</b>	<b>-</b>	<b>(3 674)</b>	<b>(3 674)</b>	<b>43</b>

**30.3 MOVEMENT FOR 2016/17****MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017**

	OPENING BALANCE	PRIOR PERIOD ERROR	ADDITIONS	DISPOSALS	CLOSING BALANCE
	R'000	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>323 425</b>	<b>(212)</b>	<b>31 725</b>	<b>(4 251)</b>	<b>350 687</b>
Transport assets	161 706	298	9 103	(524)	170 583
Computer equipment	77 938	(1 351)	15 635	(2 950)	89 272
Furniture and office equipment	54 998	342	2 917	(342)	57 915
Other machinery and equipment	28 783	499	4 070	(435)	32 917
<b>TOTAL MOVABLE TANGIBLE</b>	<b>323 425</b>	<b>(212)</b>	<b>31 725</b>	<b>(4 251)</b>	<b>350 687</b>

**30.3.1 PRIOR PERIOD ERROR**

	2016/17
NATURE OF PRIOR PERIOD ERROR	R'000
<b>Relating to 2016/17</b>	
Non-cash: prior period price corrections	60
Non-cash: prior period price corrections	(215)
Prior period asset category corrections	126
Prior period asset to inventories/consumable	(736)
Transfers and adjustments (2016/17)	553
<b>TOTAL PRIOR PERIOD ERRORS</b>	<b>(212)</b>

\*Prior year error that affected opening balance included above.

**30.4 MINOR ASSETS****MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2018**

	INTANGIBLE ASSETS	MACHINERY AND EQUIPMENT	TOTAL
	R'000	R'000	R'000
<b>Opening balance</b>	15	110 924	110 939
Additions	-	13 892	13 892
Disposals	-	(2 251)	(2 251)
<b>TOTAL MINOR ASSETS</b>	<b>15</b>	<b>122 565</b>	<b>122 580</b>
	INTANGIBLE ASSETS	MACHINERY AND EQUIPMENT	TOTAL
Number of R1 minor assets	-	8 110	8 110
Number of minor assets at cost	4	98 711	98 715
<b>TOTAL NUMBER OF MINOR ASSETS</b>	<b>4</b>	<b>106 821</b>	<b>106 825</b>

**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	4	8

\*IT equipment stolen/lost, under investigation.

\*Assets stolen/lost, under investigation.

	INTANGIBLE ASSETS	MACHINERY AND EQUIPMENT	TOTAL
	R'000	R'000	R'000
<b>Opening balance</b>	15	110 277	110 292
Prior period error	-	(791)	(791)
Additions	-	3 608	3 608
Disposals	-	(2 170)	(2 170)
<b>TOTAL MINOR ASSETS</b>	<b>15</b>	<b>110 924</b>	<b>110 939</b>

	INTANGIBLE ASSETS	MACHINERY AND EQUIPMENT	TOTAL
	R'000	R'000	R'000
Number of R1 minor assets	-	7 067	7 067
Number of minor assets at cost	25	95 223	95 248
<b>TOTAL NUMBER OF MINOR ASSETS</b>	<b>25</b>	<b>102 290</b>	<b>102 315</b>

**30.4.1 PRIOR PERIOD ERROR**

	2016/17
Nature of prior period error	R'000
<b>Relating to 2016/17</b>	
Prior period asset category corrections	88
Prior period asset category corrections	(88)
Non-cash: prior period price corrections	74
Non-cash: prior period price corrections	(7)
Prior period asset to consumable	(29)
Adjustment to prior period disposal	(2)
Transfers and adjustments (2016/17)	(827)
<b>TOTAL PRIOR PERIOD ERRORS</b>	<b>(791)</b>

\*Prior year error that affected opening balance included above.

**30.5 MOVABLE ASSETS WRITTEN OFF****MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2018**

	INTANGIBLE ASSETS	MACHINERY AND EQUIPMENT	TOTAL
	R'000	R'000	R'000
Assets written off	-	1 263	1 263
<b>TOTAL MOVABLE ASSETS WRITTEN OFF</b>	<b>-</b>	<b>1 263</b>	<b>1 263</b>

**MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2017**

	INTANGIBLE ASSETS	MACHINERY AND EQUIPMENT	TOTAL
	R'000	R'000	R'000
Assets written off	-	1 069	1 069
<b>TOTAL MOVABLE ASSETS WRITTEN OFF</b>	<b>-</b>	<b>1 069</b>	<b>1 069</b>

**31. INTANGIBLE CAPITAL ASSETS****MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018**

	OPENING BALANCE	VALUE ADJUSTMENTS	ADDITIONS	DISPOSALS	CLOSING BALANCE
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	248 539	-	12 144	(104 126)	156 557
<b>TOTAL INTANGIBLE ASSETS</b>	<b>248 539</b>	<b>-</b>	<b>12 144</b>	<b>(104 126)</b>	<b>156 557</b>

**31.1 ADDITIONS****ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018**

	CASH	NON-CASH	(DEVELOPMENT WORK IN PROGRESS – CURRENT COSTS)	RECEIVED CURRENT YEAR, NOT PAID (PAID CURRENT YEAR, RECEIVED PRIOR YEAR)	TOTAL
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	12 144	-	-	-	12 144
<b>TOTAL ADDITIONS</b>	<b>12 144</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12 144</b>

### 31.2 DISPOSALS

#### DISPOSALS OF INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	SOLD FOR CASH	NON-CASH DISPOSAL	TOTAL DISPOSALS	CASH RECEIVED ACTUAL
	R'000	R'000	R'000	R'000
SOFTWARE	-	(104 126)	(104 126)	-
<b>TOTAL DISPOSALS*</b>	<b>-</b>	<b>(104 126)</b>	<b>(104 126)</b>	<b>-</b>

\*Transfer to UIF and CF amounting to R 4 558 000.00 and R 99 568 077.28 respectively are included in the figure disclosed as disposals.

### 31.3 MOVEMENT FOR 2016/17

#### MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	OPENING BALANCE	PRIOR PERIOD ERROR	ADDITIONS	DISPOSALS	CLOSING BALANCE
	R'000	R'000	R'000	R'000	R'000
SOFTWARE	202 173	-	46 366	-	248 539
<b>TOTAL INTANGIBLE ASSETS</b>	<b>202 173</b>	<b>-</b>	<b>46 366</b>	<b>-</b>	<b>248 539</b>

### 32. IMMOVABLE TANGIBLE CAPITAL ASSETS

#### MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018

	OPENING BALANCE	VALUE ADJUSTMENTS	ADDITIONS	DISPOSALS	CLOSING BALANCE
	R'000	R'000	R'000	R'000	R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>131</b>	<b>-</b>	<b>23</b>	<b>-</b>	<b>154</b>
Non-residential buildings	131	-	23	-	154
<b>TOTAL TANGIBLE CAPITAL ASSETS</b>	<b>131</b>	<b>-</b>	<b>23</b>	<b>-</b>	<b>154</b>

**32.1 ADDITIONS****ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2018**

	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	2 404	-	(2 381)	-	23
Non-residential buildings	2 404	-	(2 381)	-	23
<b>TOTAL ADDITIONS</b>	<b>2 404</b>	<b>-</b>	<b>(2 381)</b>	<b>-</b>	<b>23</b>

**32.2 MOVEMENT FOR 2016/17****MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017**

	OPENING BALANCE	PRIOR PERIOD ERROR	ADDITIONS	DISPOSALS	CLOSING BALANCE
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	118	-	29 198	(29 185)	131
Non-residential buildings	118	-	29 198	(29 185)	131
<b>TOTAL TANGIBLE CAPITAL ASSETS</b>	<b>118</b>	<b>-</b>	<b>29 198</b>	<b>(29 185)</b>	<b>131</b>

**32.3 CAPITAL WORK-IN-PROGRESS****CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2018**

	Note	OPENING BALANCE 1 APRIL 2017	CURRENT YEAR WIP	READY FOR USE (ASSETS TO THE AR) / CONTRACTS TERMINATED	CLOSING BALANCE 31 MARCH 2018
	ANNEXURE 7	R'000	R'000	R'000	R'000
Buildings and other fixed structures		52 004	(52 004)	-	-
<b>TOTAL</b>		<b>52 004</b>	<b>(52 004)</b>	<b>-</b>	<b>-</b>

Disclosure of WIP not required in 2017/18 in accordance with par. 91 A of the updated MCS.

**CAPITAL WORK-IN-PROGRESS AS AT 31 MARCH 2017**

	Note	OPENING BALANCE 1 APRIL 2016	PRIOR PERIOD ERROR	CURRENT YEAR WIP	READY FOR USE (ASSETS TO THE AR) / CONTRACTS TERMINATED	CLOSING BALANCE 31 MARCH 2017
		R'000	R'000	R'000	R'000	R'000
Buildings and other fixed structures	ANNEXURE 7	12 543	10 276	29 185	-	52 004
<b>TOTAL</b>		<b>12 543</b>	<b>10 276</b>	<b>29 185</b>	<b>-</b>	<b>52 004</b>

**32.4.1 PRIOR PERIOD ERROR**

	Note	2016/17
<b>NATURE OF PRIOR PERIOD ERROR</b>		<b>R'000</b>
<b>Relating to 2016/17</b>		
Prior period corrections		10 276
<b>TOTAL PRIOR PERIOD ERRORS</b>		<b>10 276</b>

\*Prior year error that affected opening balance included above.

**33. PRINCIPAL-AGENT ARRANGEMENTS****33.1 DEPARTMENT ACTING AS THE PRINCIPAL**

	FEE PAID 2017/18	FEE PAID 2016/17
	R'000	R'000
Government Communication and Information Systems (GCIS)	1 052	12 264
<b>TOTAL</b>	<b>1 052</b>	<b>12 264</b>

**Government Communication and Information Systems (GCIS):**

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

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

ANNEXURE 1A  
STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION			TRANSFER			SPENT			2016/17 DIVISION OF REVENUE ACT R'000	
	DORA AND OTHER TRANSFERS R'000	ROLL OVERS R'000	ADJUSTMENTS R'000	TOTAL AVAILABLE R'000	ACTUAL TRANSFER R'000	FUNDS WITHHELD R'000	RE-ALLOCATIONS BY NATIONAL TREASURY OR NATIONAL DEPARTMENT R'000	AMOUNT RECEIVED BY MUNICIPALITY R'000	AMOUNT SPENT BY MUNICIPALITY R'000		UNSPENT FUNDS R'000
<b>Transfers</b>											
Municipal Vehicle Licences*	629	-	-	629	619	-	-	-	-	-	586
Municipal Rates and Taxes	1	-	-	1	1	-	-	-	-	-	-
<b>TOTAL</b>	<b>630</b>	<b>-</b>	<b>-</b>	<b>630</b>	<b>620</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>586</b>

\*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				TRANSFER		2016/17
	ADJUSTED APPROPRIATION	ROLL OVERS	ADJUSTMENTS	TOTAL AVAILABLE	ACTUAL TRANSFER	% OF AVAILABLE FUNDS TRANSFERRED	FINAL APPROPRIATION
	R'000	R'000	R'000	R'000	R'000	%	R'000
<b>Transfers</b>							
Licences (Radio and TV)	32	-	-	32	32	100%	17
Compensation Fund (CF)	15 917	-	-	15 917	15 917	100%	19 031
Unemployment Insurance Fund (UIF)	1	-	-	1	-	-	-
Commission for Conciliation, Mediation and Arbitration (CCMA)	864 090	-	-	864 090	864 090	100%	770 501
Productivity SA	60 064	-	-	60 064	60 064	100%	59 057
National Economic Development and Labour Council (NEDLAC)	39 833	-	-	39 833	39 833	100%	30 817
<b>TOTAL</b>	<b>979 937</b>	<b>-</b>	<b>-</b>	<b>979 937</b>	<b>979 936</b>		<b>879 423</b>

## ANNEXURE 1C

### STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

FOREIGN GOVERNMENT/ INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE		2016/17
	ADJUSTED APPROPRIATION ACT	ROLL OVERS	ADJUSTMENTS	TOTAL AVAILABLE	ACTUAL TRANSFER	% OF AVAILABLE FUNDS TRANSFERRED	FINAL APPROPRIATION
	R'000	R'000	R'000	R'000	R'000	%	R'000
<b>Transfers</b>							
International Labour Organisation (ILO)	22 648	-	-	22 648	18 993	84%	18 761
African Regional Labour Administration Centre (ARLAC)	1 165	-	-	1 165	981	84%	958
<b>TOTAL</b>	<b>23 813</b>	<b>-</b>	<b>-</b>	<b>23 813</b>	<b>19 974</b>		<b>19 719</b>

## ANNEXURE 1D STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

NON-PROFIT INSTITUTIONS	TRANSFER ALLOCATION				EXPENDITURE		2016/17
	ADJUSTED APPROPRIATION ACT	ROLL OVERS	ADJUSTMENTS	TOTAL AVAILABLE	ACTUAL TRANSFER	% OF AVAILABLE FUNDS TRANSFERRED	FINAL APPROPRIATION
	R'000	R'000	R'000	R'000	R'000	%	R'000
<b>Transfers</b>							
SA National Council for the Blind	390	-	-	390	358	92%	366
Deaf Federation of South Africa	275	-	-	275	-	-	-
National Council for the Physical Disabled	318	-	-	318	291	92%	296
Workshops for the Blind	11 739	-	-	11 739	11 572	99%	10 638
Strengthen Civil Society	19 823	-	-	19 823	19 823	100%	18 879
Donations and gifts NPI	40	-	-	40	-	-	40
<b>TOTAL</b>	<b>32 585</b>	<b>-</b>	<b>-</b>	<b>32 585</b>	<b>32 044</b>		<b>30 219</b>

## ANNEXURE 1D (1) STATEMENT OF TRANSFERS TO SUPPORTED EMPLOYMENT ENTERPRISES

	TRANSFER ALLOCATION				EXPENDITURE		2016/17
	ADJUSTED APPROPRIATION ACT	ROLL OVERS	ADJUSTMENTS	TOTAL AVAILABLE	ACTUAL TRANSFER	% OF AVAILABLE FUNDS TRANSFERRED	FINAL APPROPRIATION
	R'000	R'000	R'000	R'000	R'000	%	R'000
<b>Transfers</b>							
Workcentres for the Disabled	141 307	-	-	141 307	141 307	100%	138 568
<b>TOTAL</b>	<b>141 307</b>	<b>-</b>	<b>-</b>	<b>141 307</b>	<b>141 307</b>		<b>138 568</b>

## ANNEXURE 1E

### STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2016/17
	ADJUSTED APPROPRIATION ACT	ROLL OVERS	ADJUSTMENTS	TOTAL AVAILABLE	ACTUAL TRANSFER	% OF AVAILABLE FUNDS TRANSFERRED	FINAL APPROPRIATION
	R'000	R'000	R'000	R'000	R'000	%	R'000
<b>Transfers</b>							
Leave gratuity	5 386	-	-	5 386	5 361	100%	4 536
Ex-gratia payments	391	-	-	391	390	100%	102
<b>TOTAL</b>	<b>5 777</b>	<b>-</b>	<b>-</b>	<b>5 777</b>	<b>5 751</b>		<b>4 638</b>

**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	2017/18	2016/17
	R'000	R'000
<b>Made in kind</b>		
Office Furniture and Equipment:		
Molitlegi Primary School	50	-
Vallet of Miracles Ministries	50	-
The Body of Christ Community Centre Church	-	49
Masobye Primary School – Mpumalanga	-	28
Ithuteng Computer Development and Training – Gauteng Province	-	45
<b>TOTAL</b>	<b>100</b>	<b>122</b>

**ANNEXURE 2A**  
**STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2018 – LOCAL**

GUARANTOR INSTITUTION	GUARANTEE IN RESPECT OF	ORIGINAL GUARANTEED CAPITAL AMOUNT R'000	OPENING BALANCE 1 APRIL 2017 R'000	ADJUSTMENT TO OPENING BALANCE R'000	GUARANTEES DRAWN DURING THE YEAR R'000	GUARANTEES/ REPAYMENTS/ CANCELLED/ REDUCED/ RELEASED DURING THE YEAR R'000	CLOSING BALANCE 31 MARCH 2018 R'000	GUARANTEED INTEREST FOR YEAR ENDED 31 MARCH 2018 R'000	REALISED LOSSES NOT RECOVERABLE I.E. CLAIMS PAID OUT R'000
<b>Housing</b>									
Standard Bank of SA Limited	Housing Loan Guarantee	627	627	(39)	-	(83)	505	-	-
Nedbank Limited (former Cape of Good Hope)	Housing Loan Guarantee	16	16	-	-	-	16	-	-
Nedbank limited	Housing Loan Guarantee	236	236	-	-	(32)	204	-	-
Firststrand Bank Limited: FNB	Housing Loan Guarantee	305	305	-	-	(15)	290	-	-
ABSA	Housing Loan Guarantee	310	310	-	-	(194)	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	172	172	-	-	(16)	156	-	-
Nedbank LTD Incorporation (Former FBC Peoples Bank NBS)	Housing Loan Guarantee	280	280	-	-	-	280	-	-
Firststrand Bank Limited: FNB (former Saambou)	Housing Loan Guarantee	328	328	-	-	(77)	251	-	-
Old Mutual Bank Division of Nedbank (former PERM)	Housing Loan Guarantee	220	220	(20)	-	-	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	7	7	-	-	-	7	-	-
Green Strat Home Loans (PTY) LTD	Housing Loan Guarantee	33	33	-	-	(33)	-	-	-
	<b>TOTAL</b>	<b>2 612</b>	<b>2 612</b>	<b>(59)</b>	<b>-</b>	<b>(450)</b>	<b>2 103</b>	<b>-</b>	<b>-</b>

## ANNEXURE 2B

### STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2018

NATURE OF LIABILITY	OPENING BALANCE 1 APRIL 2017	LIABILITIES INCURRED DURING THE YEAR	LIABILITIES PAID/ CANCELLED/ REDUCED DURING THE YEAR	LIABILITIES RECOVERABLE (PROVIDE DETAILS HEREUNDER)	CLOSING BALANCE 31 MARCH 2018
	R'000	R'000	R'000	R'000	R'000
<b>Claims against the Department</b>					
Claims: Supplier-related	312	-	-	-	312
Claims: Employee-related	339	-	-	-	339
Civil Claims	3 784	36	-	-	3 820
<b>TOTAL</b>	<b>4 435</b>	<b>36</b>	<b>-</b>	<b>-</b>	<b>4 471</b>

**ANNEXURE 3**  
**CLAIMS RECOVERABLE**

GOVERNMENT ENTITY	CONFIRMED BALANCE OUTSTANDING		UNCONFIRMED BALANCE OUTSTANDING		TOTAL		CASH IN TRANSIT AT YEAR END 2017/18*	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017	RECEIPT DATE UP TO SIX (6) WORKING DAYS AFTER YEAR END	AMOUNT
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
<b>Department</b>								
Higher Education and Training	32	32	-	12 144	32	12 176		-
Justice and Constitutional Development	16	8	-	-	16	8		-
Provincial: Health (GP)	108	41	-	-	108	41		-
Provincial: Health (EC)	-	23	-	-	-	23		-
Provincial: Health (KZN)	-	17	-	-	-	17		-
Provincial: Health (NW)	-	27	-	-	-	27		-
Provincial: Health (LP)	-	4	-	-	-	4		-
Public Works	-	41	-	-	-	41		-
Provincial: Public Works (LP)	14	14	-	-	14	14		-
Provincial: Public Works (NW)	20	-	-	-	20	-		-
Gauteng Shared Services	-	15	-	-	-	15		-
Social Development	-	15	-	-	-	15		-
Provincial: Social Development (GP)	-	7	-	-	-	7		-
Transport	53	-	-	-	53	-		-
Provincial: Transport (KZN)	-	19	-	-	-	19		-
Water and Sanitation	13	9	-	-	13	9		-
Provincial: Art and Culture (KZN)	-	13	-	-	-	13		-
Provincial: Agriculture, Environment Affairs and Rural Development (KZN)	-	4	-	-	-	4		-
Provincial: Rural Development and Land Reform (NC)	-	10	-	-	-	10		-
Provincial: Co-operative Governance and Traditional Affairs (KZN)	-	17	-	-	-	17		-
Correctional Services (GP)	-	20	-	-	-	20		-



GOVERNMENT ENTITY	CONFIRMED BALANCE OUTSTANDING		UNCONFIRMED BALANCE OUTSTANDING		TOTAL		CASH IN TRANSIT AT YEAR END 2017/18*	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017	RECEIPT DATE UP TO SIX (6) WORKING DAYS AFTER YEAR END	AMOUNT
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Provincial: Treasury (FS)	13	13	-	-	13	13		-
Provincial: Treasury (GP)	-	39	-	-	-	39		-
Provincial: Health and Social Development (LP)	-	38	-	-	-	38		-
Provincial: Roads and Public Transport (EC)	-	8	-	-	-	8		-
Provincial: Home Affairs (GP)	-	18	-	-	-	18		-
Provincial: Human Settlement (GP)	-	8	-	-	-	8		-
Provincial: Education (MP)	6	6	-	-	6	6		-
Provincial: Education (GP)	28	28	-	-	28	28		-
Provincial: Education (EC)	-	34	-	-	-	34		-
International Relations and Co-operation (DIRCO)	38	21	-	-	38	21		-
Provincial: Education (LP)	-	27	-	-	-	27		-
Human Settlements	-	10	-	-	-	10		-
Environment Affairs	8	8	-	-	8	8		-
Agriculture Forestry and Fisheries	19	-	-	-	19	-		-
State Expenditure	5	-	-	-	5	-		-
South African Police Services	64	-	-	-	64	-		-
Other Government Entities								
Compensation Fund (CF)	47 105	25 592	-	-	47 105	25 592		-
National Skills Fund (NSF)	964	964	-	-	964	964		-
Unemployment Insurance Fund (UIF)	90 540	122 077	-	-	90 540	122 077		-
Supported Employment Enterprises (SEE)	5 177	553	-	-	5 177	553		-
South African Social Security Agency (SASSA) GP	-	35	-	-	-	35		-
<b>TOTAL</b>	<b>144 223</b>	<b>149 815</b>	<b>-</b>	<b>12 144</b>	<b>144 223</b>	<b>161 959</b>		<b>-</b>

**ANNEXURE 4**  
**INTER-GOVERNMENT PAYABLES**

GOVERNMENT ENTITY	CONFIRMED BALANCE OUTSTANDING		UNCONFIRMED BALANCE OUTSTANDING		TOTAL		CASH IN TRANSIT AT YEAR END 2017/18*	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017	PAYMENT DATE UP TO SIX (6) WORKING DAYS BEFORE YEAR END	AMOUNT
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
<b>Department</b>								
<b>Current</b>								
Social Development: Northern Cape	-	-	-	8	-	8		-
Correctional Service	-	21	-	-	-	21		-
Human Settlements	-	47	-	-	-	47		-
Public Service and Administration	478	465	6	6	484	471		-
Justice and Constitutional Development	-	71	1 635	-	1 635	71		-
Provincial Treasury: Gauteng	17	-	-	-	17	-		-
Home Affairs	75	-	157	-	232	-		-
Government Communication and Information Systems (GCIS)	-	-	79	-	79	-		-
International Relations and Cooperation	-	-	3 333	-	3 333	-		-
<b>Non-current</b>								
Higher Education and Training	-	-	18	18	18	18		-
<b>Other Government Entities</b>								
<b>Current</b>								
Government Printing	-	426	1 198	30	1 198	456		-
SITA	2 994	24 335	7 281	228	10 275	24 563		-
<b>TOTAL</b>	<b>3 564</b>	<b>25 365</b>	<b>13 707</b>	<b>290</b>	<b>17 271</b>	<b>25 655</b>		<b>-</b>

## ANNEXURE 5 INVENTORIES

	NOTE	QUANTITY	2017/18	QUANTITY	2016/17
INVENTORIES			R'000		R'000
<b>Opening balance</b>		<b>381</b>	<b>58</b>	192 657	7 460
Add/(Less): Adjustments to prior year balance		-	-	(147 515)	(7 072)
Add: Additions/Purchases - Cash		<b>144</b>	<b>58</b>	10 796	226
(Less): Disposals		-	-	(17 309)	(260)
(Less): Issues		<b>(119)</b>	<b>(52)</b>	(10 786)	(225)
Add/(Less): Adjustments		<b>(282)</b>	<b>(24)</b>	(27 462)	(71)
<b>Closing balance</b>		<b>124</b>	<b>40</b>	381	58

## ANNEXURE 6

### MOVEMENT IN CAPITAL WORK IN PROGRESS

#### MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2018

	OPENING BALANCE	CURRENT YEAR CAPITAL WIP	READY FOR USE (ASSET REGISTER) / CONTRACT TERMINATED	CLOSING BALANCE
	R'000	R'000	R'000	R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	52 004	(52 004)	-	-
Non-residential buildings	52 004	(52 004)	-	-
<b>TOTAL</b>	<b>52 004</b>	<b>(52 004)</b>	<b>-</b>	<b>-</b>

Disclosure of WIP not required in 2017/18 in accordance with par. 91 A of the updated MCS.

#### MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2017

	OPENING BALANCE	PRIOR PERIOD ERROR	CURRENT YEAR CAPITAL WIP	READY FOR USE (ASSET REGISTER) / CONTRACT TERMINATED	CLOSING BALANCE
	R'000	R'000	R'000	R'000	R'000
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	12 543	10 276	29 185	-	52 004
Non-residential buildings	12 543	10 276	29 185	-	52 004
<b>TOTAL</b>	<b>12 543</b>	<b>10 276</b>	<b>29 185</b>	<b>-</b>	<b>52 004</b>

## ANNEXURE 7A

### INTER-ENTITY ADVANCES PAID (NOTE 9)

ENTITY	CONFIRMED BALANCE OUTSTANDING		UNCONFIRMED BALANCE OUTSTANDING		TOTAL	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017
	R'000	R'000	R'000	R'000	R'000	R'000
<b>National Departments</b>						
Government Communication and Information Systems (GCIS)	1 052	12 264	-	-	1 052	12 264
International Relations and Co-operation (DIRCO)	6 348	2 494	-	-	6 348	2 494
<b>Public Entities</b>						
SA Post Office (Permit Mail)	50	50	-	-	50	50
Supported Employment Enterprises (SEE)	805	1 282	-	-	805	1 282
<b>TOTAL</b>	<b>8 255</b>	<b>16 090</b>	<b>-</b>	<b>-</b>	<b>8 255</b>	<b>16 090</b>



**PART**

**F**

# **SUPPORTED EMPLOYMENT ENTERPRISES**

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## **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 Recognised 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 31 July 2018.

T Lamati

Director-General: Labour

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

### **GENERAL OVERVIEW OF THE ENTITY**

The Supported Employment Enterprises (SEE) was established in 1943 to provide employment for people with mental and physical disabilities that prevented them from entering the open labour market due to the nature of their afflictions. Of the 893 (an increase over last year's 874) factory workers currently employed, 100% are intellectually / mentally / psychologically challenged. The factories are open to all races.

The factories have operated without enabling legislation since inception, except for a Cabinet Memorandum, first compiled in 1943. The Employment Services Act 4 of 2014, which was promulgated on the 7th April 2014, makes provision for the establishment of Supported Employment Enterprises (SEE). The SEE will be established in terms of the Public Service Act as a Government Component. This is in line with the implementation of turnaround strategies to ensure that the factories are viable sustainable entities.

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

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

Services rendered by SEE:

- The entity supplies a significant number of government hospitals with hospital linen and protective clothing
- The entity supplies 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 organisation.

### **CORPORATE GOVERNANCE ARRANGEMENTS**

The Department of Labour is currently providing the following services to SEE:

- Internal audit
- Audit and risk committee
- Legal services.



## FINANCIAL OVERVIEW

In the recent years, the Supported Employment Enterprises financial health had seen 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, as presented in this report, 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 which has been approved for the financial year 2018/19.

Key to strengthening our financial health is achieving a balance between the revenue generated and cost of production. Our plans in the 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 28% from R48m (FY2017) to R61m (FY2018)
- The Operating Surplus is reported at R9 million for the year ended. The entity obtained approval to retain the prior year surplus and this was re-invested in the entity for capital asset replacement. Additional machinery and equipment to the value of R18 million was bought during the year under review
- 11 out of 23 (48%) audit findings from the prior years were actioned by management and confirmed resolved by the Auditor-General.

### 3. PRIOR MODIFICATIONS TO AUDIT REPORTS (INPUT FROM AGSA MANAGEMENT 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
<b>MATTERS AFFECTING THE AUDIT REPORT</b>		
<b>REPORT ON PRE-DETERMINED OBJECTIVES</b>		
<b>Restatement of corresponding figures</b> 1. As disclosed in note 29 to the financial statements, the corresponding figures for 31 March 2017 have been restated as a result of errors in the financial statements of the entity at, and for the year ended, 31 March 2017.	2015/16	Resolved

2. 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 material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

#### 3. Predetermined Objectives

The Auditor-General performed procedures to obtain evidence about the usefulness and reliability of the reported performance information, for the following selected programmes, presented in the annual performance report of the entity for the year ended 31 March 2018.

- Objective 1: Decent employment through inclusive growth for people with disabilities
- Objective 2: An efficient, effective and development oriented public service

Auditor-General evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's Annual Reporting principles and whether the reported performance was consistent with the planned programmes.

The Auditor-General further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's framework for managing programme performance information ( FMPPPI)

**3.1. The Auditor-General assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.**

**3.2. The Auditor-General did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:**

- Objective 1: Decent employment through inclusive growth for people with disabilities
- Objective 2: An efficient, effective and development oriented public service

**4. The following is a summary of the Auditor-General's conclusions on the usefulness and reliability of the reported performance information:**

SELECTED PROGRAMME	USEFULNESS	RELIABILITY
Decent employment through inclusive growth for people with disabilities	Unqualified	Unqualified
An Efficient, effective and development oriented public service	Unqualified	Unqualified

#### **An efficient, effective and development oriented public service and decent employment through inclusive growth for people with disabilities Conclusion on usefulness and reliability**

The Auditor-General concluded that the reported performance information of an efficient, effective and development oriented public service is useful and reliable, in accordance with the identified performance management and reporting framework.

#### **Conclusion on usefulness and reliability**

The Auditor-General concluded that the reported performance information of decent employment through inclusive growth for people with disabilities is useful and reliable, in accordance with the identified performance management and reporting framework.

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
<b>5. ADDITIONAL MATTER</b>		
<p><b>5.1. Achievement of planned targets</b> Refer to the annual performance report on page xx for information on the achievement of planned targets for the year. This information should be considered in the context of the conclusions expressed on the usefulness and reliability of the reported performance information in paragraphs xx of this report</p>	2012/13	The CEO was tasked with ensuring oversight regarding predetermined objectives

**5.2. Adjustment of material misstatements**

The Auditor-General identified no material misstatements in the annual performance report submitted for auditing. We did not identify any material findings on the usefulness and reliability of the reported performance information.

## NON-COMPLIANCE WITH LAWS AND REGULATIONS

**6. FINDINGS ON COMPLIANCE WITH LEGISLATION**

<p><b>6.1. Financial statements, performance and annual reports</b> 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 section 40(1) (a) and (b) of the PFMA. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected and the supporting records could not be provided subsequently, which resulted in the financial statements receiving a qualified audit opinion.</p>	2012/13	The CEO was tasked with ensuring oversight regarding the preparation of the annual financial statements
<p><b>6.2. Expenditure management</b> The accounting officer did not take effective steps to prevent irregular, fruitless and wasteful expenditure as required by section 38 (1) (c)(ii) of the Public Finance Management Act</p>	2012/13	The CEO was tasked with ensuring oversight regarding expenditure management
<p><b>6.3. Revenue management</b> The account officer did not establish systems, procedures, processes to ensure efficient and effective cash management, including, collecting revenue when it is due, pursuing debtors with appropriate sensitivity and rigour to ensure that amounts receivable are collected, and accurately forecasting the institution's cash flow requirements, as required by TR 15.10.1.1, and TR 15.10.1.2</p>	2012/13	The CEO was tasked with ensuring oversight regarding revenue management
<p><b>6.4. Procurement and contract management</b> Goods and services with a transaction value of between R 2 000 and R 500 000 were procured without obtaining written price quotations from at least three different prospective providers as per the requirements of Treasury Regulation (TR) 16A6.1 and the requirement of Practice Note 8 of 2007-08 issued in terms of section 76(4)(c) of the PFMA</p>	2012/13	Resolved

**7. INTERNAL CONTROL**

<p><b>7.1. Leadership</b> The CEO does not adequately review the monthly reports or the financial statements and the Management did not have sufficient monitoring controls to ensure the proper implementation of the overall process of planning indicators and targets on predetermined objectives to ensure achievement of planned performance.</p>	2012/13	The Department takes notes of the Auditor-General's recommendation
<p><b>7.2 The entity has action plan to address prior year audit findings.</b> However, sufficient time and action were not taken to monitor implementation thereof. As a result repeat material findings, non-compliance issues and internal control deficiencies have been reported in the current year.</p>	2014/15	The Department takes notes of the Auditor-General's recommendation

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><b>7.3 Financial and performance management</b>                      The entity did not prepare regular, accurate and complete financial statements that are supported by reliable evidence and aligned to the financial reporting framework and this resulted in misstatements in the annual financial statement and annual performance report.</p> <p>Management did not ensure that staff members are adequately trained to apply proper procedures to facilitate sound record management.</p>	2012/13	The Department takes notes of the Auditor-General's recommendation
<p><b>7.4 Governance</b>                      Inadequate risk management processes to identify and monitor risks relating to the achievement of financial and performance reporting objectives</p>	2012/13	Unresolved

**APPROVAL**

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



**T Lamati**  
 Director-General: Labour  
 31 July 2018

## 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 of Occupational Injuries and Diseases Act
- Perform other functions as prescribed by the Minister.

**SUPPORTED EMPLOYMENT ENTERPRISES**

SUPPORTED EMPLOYMENT ENTERPRISES									
STRATEGIC OBJECTIVE KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	ACTUAL ACHIEVEMENT 2016/2017	PLANNED TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/2018	COMMENTS ON THE DEVIATIONS	
1. DECENT EMPLOYMENT THROUGH INCLUSIVE ECONOMIC GROWTH FOR PERSONS WITH DISABILITIES (OUTCOME 4)									
1.1 Provide work opportunities for persons with disabilities.	1.1.1 Number of persons with disabilities provided with employment opportunities.	None	None	None	150 persons with disabilities provided with employment opportunities in the SEE by the end of March 2018.	85 new persons with disabilities appointed from 1 April 2017 until 31 March 2018.	65 which is 43% deviation from planned target to actual achievement.	Insufficient work in the form of order book to enable the SEE to reach its employment creation target and capacity constraints within the business development unit.  The SEE needs to balance the creation of employment whilst ensuring enough work to be performed by new incumbents and this requires more sales orders.	

SUPPORTED EMPLOYMENT ENTERPRISES									
STRATEGIC OBJECTIVE KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	ACTUAL ACHIEVEMENT 2016/2017	PLANNED TARGET 2017/2018	ACTUAL ACHIEVEMENT 2017/2018	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2017/2018	COMMENTS ON THE DEVIATIONS	
<b>2. AN EFFICIENT, EFFECTIVE AND DEVELOPMENT ORIENTATED PUBLIC SERVICE (OUTCOME 12)</b>									
<b>2.1 Develop and implement programmes that promote the employability of Persons with disabilities.</b>	2.1.1 Number of product exhibitions conducted per annum.	None	None	<b>Achieved</b> 8 advocacy campaigns conducted by end of March 2017.	9 product exhibitions to showcase products manufactured by persons with disabilities within the SEE conducted by end of March 2018.	<b>Achieved</b> 16 marketing product exhibitions conducted by the end of the fourth quarter.	7 which is 178% over achievement from planned target to actual achievement.	The appointment of an additional resource in the form of the ASD for communication on 1 August 2017 assisted the entity to achieve more than what was planned.	
	2.1.2 Number of radio campaigns conducted per annum.	None	None	None	2 Radio campaigns conducted by the end of March 2018 to create awareness of the existence of the Supported Employment Enterprises.	<b>Not Achieved</b> 1 Radio campaign conducted by the end of March 2018.	1 which is 50% deviation from planned target to actual achievement.	Request for the campaign was sent to the service provider in time; however, the actual Campaign was only conducted in April 2018 due to the delays from GCIS as their CSD registration was not up to date.	
	2.1.3 Number of print media campaigns conducted per annum.	None	None	None	4 Print Media campaigns conducted by the end of March 2018 to create awareness of the existence of the Supported Employment Enterprises.	<b>Achieved</b> 4 Print Media campaigns conducted by the end of March 2018.	None	None	
	2.1.4 Number of special schools visited and made aware of the existence of the SEE per annum.	None	None	None	100 special schools visited nationally and made aware of the existence of the SEE by the end of March 2018.	<b>Achieved</b> 106 special schools visited nationally and made aware of the existence of the SEE by the end of March 2018.	6 which is 6% over achievement from planned target to actual achievement.	The appointment of an additional resource in the form of the ASD for communication on 1 August 2017 assisted the entity to achieve more than what was planned.	

## 5. ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

### ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL

The Accounting Officer is required by the Public Finance Management Act (Act 1 of 1999), 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 external auditors are engaged to express an independent opinion on the Annual Financial Statements and was given unrestricted access to all financial records and related data.

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 upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Accounting Officer acknowledges that it 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 authority sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. These 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 Accounting Officer has reviewed the entity's cash flow forecast for the year to 31 March 2019 and, in the light of this review and the current financial position, it is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is wholly 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 external auditors are responsible for auditing and reporting on the entity's Annual Financial Statements. The Annual Financial Statements have been examined by the entity's external auditors and their report is presented on page 233.

The Annual Financial Statements set out on pages 237 to 271, which have been prepared on the going concern basis, were approved by the Accounting Officer on 31 May 2018 and were signed on 31 July 2018:



Accounting Officer  
T. Lamati



## 6. INDEPENDENT AUDITOR'S REPORT TO PARLIAMENT ON SUPPORTED EMPLOYMENT ENTERPRISES

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### OPINION

1. I have audited the financial statements of the Supported Employment Enterprises set out on pages 237 to 271, which comprise the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information 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 Supported Employment Enterprises as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) 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 trading entity in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and 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 code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### EMPHASIS OF MATTERS

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

#### RESTATEMENT OF CORRESPONDING FIGURES

7. As disclosed in note 29 to the financial statements, the corresponding figures for 31 March 2017 have been restated as a result of errors in the financial statements of the fund at, and for the year ended, 31 March 2018.

#### WRITE OFFS – TRADE DEBTORS

8. As disclosed in note 6 to the financial statements, material losses of R 828 825 were incurred as a result of a write-off of irrecoverable trade debtors.

#### PROVISION FOR IMPAIRMENTS – TRADE DEBTORS

9. As disclosed in note 6 to the financial statements, a material impairment provision for doubtful debts to the amount of R 9 028 693 was provided for in the financial statements.

#### IRREGULAR EXPENDITURE

10. As disclosed in note 34 to the financial statements, the public entity incurred irregular expenditure of R 1 513 371 as it did not follow a proper tender process.

#### MATERIAL LOSSES

11. As disclosed in note 33 to the financial statements, material losses amounting to R 56 500 were incurred as a result of criminal conduct.

#### RESPONSIBILITIES OF THE ACCOUNTING OFFICER FOR THE FINANCIAL STATEMENTS

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

13. In preparing the financial statements, the accounting officer is responsible for assessing the Supported Employment Enterprise'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 there is an intention either to liquidate the trading entity or to cease operations, or there is no realistic alternative but to do so.

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

14. 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 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.
15. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report.

## REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

### INTRODUCTION AND SCOPE

16. 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 material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
17. My procedures address the reported performance information, which must be based on the trading entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did 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.
18. 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 2018:

OBJECTIVES	PAGES IN THE ANNUAL PERFORMANCE REPORT
Objective 4 – Decent employment through inclusive economic growth for persons with disabilities	230
Objective 12 – An efficient, effective and development oriented public service	231

19. 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.
20. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following objectives:
- Objective 4 – Decent employment through inclusive economic growth for persons with disabilities
  - Objective 12 – An efficient, effective and development oriented public service.

### OTHER MATTER

21. I draw attention to the matter below.

### ACHIEVEMENT OF PLANNED TARGETS

22. Refer to the annual performance report on pages 230 to 231 for information on the achievement of planned targets for the year and explanations provided for the under and over achievement of on the targets.

## REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

### INTRODUCTION AND SCOPE

23. 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.
24. The material findings in respect of the compliance criteria for the applicable subject matters are as follows:

### ANNUAL FINANCIAL STATEMENTS

25. 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 section 40(1) (a) and (b) of the PFMA. Material misstatements of, property plant and equipment, prepayments, finance leases, receivable from exchange transactions, expenditure, payables from exchange transactions and the prior period error note identified by the auditors in the submitted financial statement were corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

### EXPENDITURE MANAGEMENT

26. Effective steps were not taken to prevent irregular expenditure amounting to R1.5 million as disclosed in note 34 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 contracts that were awarded in the prior years in contravention of national treasury procurement requirements.
27. Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R24 633, as disclosed in note 33 to the annual financial statements, in contravention of 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 various instances of non-compliance with supply chain management processes.

### REVENUE MANAGEMENT

28. Effective and appropriate steps were not taken to collect all money due, as required by section 38(1)(c)(i) of the PFMA.

### OTHER INFORMATION

29. The Supported Employment Entities' 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 thereon and those selected objectives presented in the annual performance report that have been specifically reported on in the 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. After I receive and read this information, and if I conclude that there is a material misstatement, 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 findings on compliance with legislation included in this report.

**LEADERSHIP**

34. There were inadequate reviews of the financial statements by senior management and the finance department of the entity was not adequately capacitated with personnel who have the requisite skills in financial reporting and cost accounting.

**FINANCIAL AND PERFORMANCE MANAGEMENT**

35. The entity did not have adequate processes of financial reporting, including controls to accurately account for transactions in accordance with the Standards of GRAP.

*Auditor General*  
.....  
**Auditor-General**  
Pretoria  
31 July 2018



**AUDITOR - GENERAL  
SOUTH AFRICA**

*Auditing to build public confidence*

## SUPPORTED EMPLOYMENT ENTERPRISES ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

### STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

Figures in Rand	Note(s)	2018	2017 RESTATED*
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	5	79 859 482	42 936 281
Receivables from exchange transactions	6	21 013 077	17 642 097
VAT receivable	7	1 458 520	877 972
Cash and cash equivalents	8	125 481 668	192 124 825
		<u>227 812 747</u>	<u>253 581 175</u>
<b>Non-Current Assets</b>			
Property, plant and equipment	3	24 988 048	4 626 364
<b>TOTAL ASSETS</b>		<u>252 800 795</u>	<u>258 207 539</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease liability	9	309 789	67 663
Payables from exchange transactions	11	106 708 617	125 161 378
Deferred income	12	1 239 622	1 239 622
Provisions	10	3 280 000	932 134
		<u>111 538 028</u>	<u>127 400 797</u>
<b>Non-Current Liabilities</b>			
Finance lease liability	9	550 308	-
<b>TOTAL LIABILITIES</b>		<u>112 088 336</u>	<u>127 400 797</u>
<b>Net Assets</b>			
Accumulated surplus		<u>140 712 459</u>	<u>130 806 742</u>

## SUPPORTED EMPLOYMENT ENTERPRISES ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

### STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand	Note(s)	2018	2017 RESTATED*
Revenue from exchange transactions	13	61 214 658	48 001 011
Cost of sales	14	(145 188 566)	(120 664 955)
Gross deficit		(83 973 908)	(72 663 944)
<b>Other income</b>			
Canteen revenue		412 355	497 128
Commission received		45 408	38 039
Interest received	16	9 592 481	13 960 654
<b>Revenue from non-exchange revenue</b>			
Transfers and sponsorships		141 307 000	138 568 000
		151 357 244	153 063 821
Expenses (Refer to page 245)		(56 372 162)	(39 135 589)
Operating surplus	22	11 011 174	41 264 288
Finance costs	18	(149 560)	(45 524)
Inventories losses/write-downs	5	(955 896)	-
		(1 105 456)	(45 524)
<b>Surplus for the year</b>		<b>9 905 718</b>	<b>41 218 764</b>

## SUPPORTED EMPLOYMENT ENTERPRISES ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

### STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand	Note(s)	2018	2017 RESTATED*
<b>Operating expenses</b>			
Advertising		(3 411 658)	(533 963)
Allowance for debt impairment and impairment losses		(666 927)	(7 002 345)
Allowance for obsolete inventory		1 342 386	176 131
Auditors remuneration	21	(1 596 278)	(1 962 372)
Bank charges		(260 889)	(123 415)
Canteen expenses		(711 127)	(544 085)
Cleaning		(509 465)	(330 528)
Consulting and professional fees		(1 659 451)	(194 848)
Consumables		(40 237)	(79 226)
Depreciation, amortisation and impairments		(580 240)	(711 325)
Employee costs		(34 564 883)	(23 963 772)
Entertainment		(90 497)	(51 026)
IT expenses		(724 976)	(248 296)
Internet services		(673 292)	(500 762)
Lease rentals on operating lease		24 113	-
Loss on disposal of assets		(106 402)	(391 223)
Motor vehicle expenses		(37 390)	-
Occupational health and safety expenses		(19 187)	(43 725)
Other consulting and professional fees		(1 390)	-
Other expenses		(8 756)	-
Printing and stationery		(371 763)	(87 608)
Refuse		(5 149)	(15 046)
Repairs and maintenance		(1 299 163)	-
Security		(4 259)	(3 362)
Software expenses		(398 474)	-
Staff welfare		(295 860)	(3 082)
Telephone and fax		(41 044)	(77 399)
Training		(1 134 556)	(226 158)
Transport and freight		(5 299 763)	(1 825 107)
Travel - local		(3 167 051)	(393 047)
Utilities		(58 534)	-
		<b>(56 372 162)</b>	<b>(39 135 589)</b>

## SUPPORTED EMPLOYMENT ENTERPRISES ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

### STATEMENT OF CHANGES IN NET ASSETS

Figures in Rand	RETAINED EARNINGS	TOTAL NET ASSETS
Opening balance as previously reported Adjustments	86 434 338	86 434 338
Prior year adjustments (refer to note 29)	3 153 640	3 153 640
<b>Balance at 1 April 2016 as restated*</b>	<b>89 587 978</b>	<b>89 587 978</b>
Changes in net assets		
Surplus for the year	41 218 764	41 218 764
<b>TOTAL CHANGES</b>	<b>41 218 764</b>	<b>41 218 764</b>
Restated* Balance at 1 April 2017	130 806 741	130 806 741
Changes in net assets		
Surplus for the year	9 905 718	9 905 718
<b>TOTAL CHANGES</b>	<b>9 905 718</b>	<b>9 905 718</b>
<b>Balance at 31 March 2018</b>	<b>140 712 459</b>	<b>140 712 459</b>



## SUPPORTED EMPLOYMENT ENTERPRISES ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

### CASH FLOW STATEMENT

Figures in Rand	Note(s)	2018	2017 RESTATED*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		58 139 543	44 019 125
Grants and transfers		141 307 000	138 568 000
Interest income		9 592 481	13 960 654
		<u>209 039 024</u>	<u>196 547 779</u>
<b>Payments</b>			
Employee costs		(119 322 776)	-
Suppliers		(134 369 756)	(193 836 831)
Finance costs		(24 663)	(5 942)
		<u>(253 717 195)</u>	<u>(193 842 773)</u>
<b>Net cash flows from operating activities</b>	23	<u>(44 678 171)</u>	<u>2 705 006</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	(22 881 363)	(899 281)
Non-cash movements in property, plant and equipment	3	248 840	-
		<u>(22 632 523)</u>	<u>(899 281)</u>
<b>Cash flows from financing activities</b>			
Finance lease payments		667 537	(213 642)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>(66 643 157)</u>	<u>1 592 083</u>
Cash and cash equivalents at the beginning of the year		<u>192 124 825</u>	<u>190 532 742</u>
<b>Cash and cash equivalents at the end of the year</b>	8	<u>125 481 668</u>	<u>192 124 825</u>

## SUPPORTED EMPLOYMENT ENTERPRISES ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

### STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

#### BUDGET ON ACCRUAL BASIS

Figures in Rand	APPROVED BUDGET	ADJUSTMENTS	FINAL BUDGET	ACTUAL AMOUNTS ON COMPARABLE BASIS	DIFFERENCE BETWEEN FINAL BUDGET AND ACTUAL	REFERENCE
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Sale of goods	124 000 000	-	124 000 000	60 543 034	(63 456 966)	36
Rendering of services	-	-	-	671 624	671 624	36
Commissions received	41 972	-	41 972	45 408	3 436	36
Discount received	240 955	-	240 955	-	(240 955)	36
Recoveries	2 141 988	-	2 141 988	-	(2 141 988)	36
Canteen sales	583 316	-	583 316	412 355	(170 961)	36
Deferred income	1 239 000	-	1 239 000	-	(1 239 000)	
Debtors interest income	649 755	-	649 755	141 307 000	140 657 245	36
Interest received - investment	14 405 126	-	14 405 126	9 592 481	(4 812 645)	36
Recovery production cost	91 187 226	-	91 187 226	-	(91 187 226)	36
<b>TOTAL REVENUE FROM EXCHANGE TRANSACTIONS</b>	<b>234 489 338</b>	<b>-</b>	<b>234 489 338</b>	<b>212 571 902</b>	<b>(21 917 436)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Transfer revenue</b>						
Government grants & subsidies	141 307 000	-	141 307 000	-	(141 307 000)	36
<b>TOTAL REVENUE</b>	<b>375 796 338</b>	<b>-</b>	<b>375 796 338</b>	<b>212 571 902</b>	<b>(163 224 436)</b>	
<b>Expenditure</b>						
Personnel	(73 343 664)	-	(73 343 664)	(34 762 482)	38 581 182	36
Cost of sales	(80 600 000)	-	(80 600 000)	-	80 600 000	36
Impairment loss/ Reversal of impairments	-	-	-	(267 570)	(267 570)	36
Finance costs	-	-	-	(149 560)	(149 560)	36
Lease rentals on operating lease	-	-	-	24 113	24 113	36
Debt Impairment	-	-	-	(666 927)	(666 927)	36
Repairs and maintenance	(1 855 064)	-	(1 855 064)	(1 004 868)	850 196	36
Sale of goods/Inventory	240 954	-	240 954	246 837	5 883	36
General Expenses	(30 431 034)	-	(30 431 034)	(165 023 428)	(134 592 394)	36
<b>Total expenditure</b>	<b>(185 988 808)</b>	<b>-</b>	<b>(185 988 808)</b>	<b>(201 603 885)</b>	<b>(15 615 077)</b>	
<b>Operating surplus</b>	<b>189 807 530</b>	<b>-</b>	<b>189 807 530</b>	<b>10 968 017</b>	<b>(178 839 513)</b>	
Loss on disposal of assets and liabilities	(112 842)	-	(112 842)	(106 402)	6 440	36
Inventories losses/write-downs	-	-	-	(955 896)	(955 896)	36
	(112 842)	-	(112 842)	(1 062 298)	(949 456)	
<b>Surplus before taxation</b>	<b>189 694 688</b>	<b>-</b>	<b>189 694 688</b>	<b>9 905 718</b>	<b>(179 788 970)</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>189 694 688</b>		<b>189 694 688</b>	<b>9 905 718</b>	<b>(179 788 970)</b>	

## 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) of the Public Finance Management Act (Act 1 of 1999).

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. They are presented in South African Rand. 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 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity.

### 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. The write down is included in the surplus or deficit.

#### Impairment testing

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 of goodwill and 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 goodwill and 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.

##### 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. If there are indications that impairment may have occurred, 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.

### Post-retirement benefits and other long-term benefits

The present value of the post retirement and long-term benefit obligations depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement and long-term benefit obligations.

The entity determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the post retirement and long-term benefit obligations. In determining the appropriate discount rate, the entity considers the market yields at the reporting date on government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension or other long-term liability. Where there is no market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, the entity current market rates of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.

Other key assumptions for post retirement and other long-term obligations are based on current market conditions. Additional information is disclosed in Note 4.

### 1.3 Property, plant and equipment

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

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). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

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 part is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

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.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	20 years
Appliances	Straight line	5-8 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

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 terms of the Standard of GRAP on Accounting policies, changes in estimates and errors.

Assets of the entity 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 derecognition 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 derecognition 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.

#### 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.

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.

#### 1.5 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 uncollectibility.

Derecognition 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
- A contractual right to:
  - receive cash or another financial asset from another entity
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- Deliver cash or another financial asset to another entity
- 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
- 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
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	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 liability	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability 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.

**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.

**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 uncollectibility 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.

#### Derecognition

##### Financial assets

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
- 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 derecognition 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 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 is 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.

### 1.6 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.

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, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### 1.7 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.

### 1.8 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees. Termination benefits are employee benefits payable as a result of either:

- An entity's decision to terminate an employee's employment before the normal retirement date
- 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 twelve 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:

- 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
- Non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

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
- As an expense, unless another Standard 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.

### 1.9 Provisions and contingencies

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
- 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 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.



### 1.10 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.

#### 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.

#### Interest and dividends

Interest is recognised, in surplus or deficit, using the effective interest rate method.

### 1.11 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 entity without directly giving approximately equal value in exchange, or gives value to another entity 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.

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 taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

#### Services in-kind

Except for financial guarantee contracts, 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.

### 1.12 Turnover

Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value added taxation.

### 1.13 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 and all deficits 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, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

#### 1.14 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.

#### 1.15 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.

##### 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. Any contingent rents are expensed in the period in which they are incurred.

#### 1.16 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. Refer to note 25.

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)
- 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.

#### 1.17 Fruitless and wasteful expenditure

Fruitless 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. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

For fruitless and wasteful expenditure disclosure note in the financial statements refer to note 33.

#### 1.18 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:

- This Act
- The State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act
- any provincial legislation providing for procurement procedures in that provincial government.

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements is updated on the register and is disclosed in the note 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 updated on the register and is disclosed in the note 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 is 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 must be recorded appropriately in the irregular expenditure register. When liability for the irregular expenditure can be attributed to a person, a debt account is created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

For irregular expenditure disclosure note in the financial statements refer to note 34.

### 1.19 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).

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 considered to be those family members who may be expected to influence, or be influenced by, that management 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, the entity 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.

### 1.20 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)
- 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.

### 1.21 Value added tax (VAT)

The entity is registered with the South African Revenue Services (SARS) for VAT on the invoice basis, in accordance the VAT Act No.89 of 1991.

### 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.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 2. New standards and interpretations

#### 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 1 April 2018 or later periods:

##### 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
- 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)
  - 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
- 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 1 April 2019.

The entity expects to adopt the standard for the first time in the 2020 annual financial statements.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

#### **GRAP 105: Transfers of functions between entities under common control**

The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control. It requires an acquirer and a transferor that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying the acquirer and transferor, Determining the transfer date, Assets acquired or transferred and liabilities assumed or relinquished, Accounting by the acquirer and transferor, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 1 April 2019.

The entity does not envisage the adoption of the standard until such time as it becomes applicable to the entity's operations.

It is unlikely that the amendment will have a material impact on the entity's annual financial statements.

#### **GRAP 106 (as amended 2016): Transfers of functions between entities not under common control**

Amendments to the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control resulted from changes made to IFRS 3 on Business Combinations (IFRS 3) as a result of the IASB's amendments on Annual Improvements to IFRSs 2010 – 2012 Cycle issued in December 2013.

The most significant changes to the Standard are:

- IASB amendments: To require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting period.

The effective date of the amendment is for years beginning on or after 1 April 2019.

The entity does not envisage the adoption of the standard until such time as it becomes applicable to the entity's operations.

It is unlikely that the amendment will have a material impact on the entity's annual financial statements.

#### **GRAP 107: Mergers**

The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. It requires an entity that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or other event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying a transfer of functions between entities not under common control, The acquisition method, Recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred, Measurement period, Determining what is part of a transfer of functions, Subsequent measurement and accounting, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 1 April 2019.

The entity does not envisage the adoption of the standard until such time as it becomes applicable to the entity's operations.

It is unlikely that the amendment will have a material impact on the entity's annual financial statements.

**GRAP 109: Accounting by Principals and Agents**

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal- agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

It furthermore covers Definitions, Identifying whether an entity is a principal or agent, Accounting by a principal or agent, Presentation, Disclosure, Transitional provisions and Effective date.

The effective date of the standard is years beginning on or after 1 April 2019.

The entity does not envisage the adoption of the standard until such time as it becomes applicable to the entity's operations.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

**GRAP 12 (as amended 2016): Inventories**

Amendments to the Standard of GRAP on Inventories resulted from inconsistencies in measurement requirements in GRAP 23 and other asset-related Standards of GRAP in relation to the treatment of transaction costs. Other changes resulted from changes made to IPSAS 12 on Inventories (IPSAS 12) as a result of the IPSASB's Improvements to IPSASs 2015 issued in March 2016.

The most significant changes to the Standard are:

- General improvements: To clarify the treatment of transaction costs and other costs incurred on assets acquired in non-exchange transactions to be in line with the principle in GRAP 23 (paragraph .12)
- IPSASB amendments: To align terminology in GRAP 12 with that in IPSAS 12. The term "ammunition" in IPSAS
- 12 was replaced with the term "military inventories" and provides a description of what it comprises in accordance with Government Finance Statistics terminology

The effective date of the amendment is for years beginning on or after 1 April 2018.

The entity expects to adopt the amendment for the first time in the 2019 annual financial statements.

It is unlikely that the amendment will have a material impact on the entity's annual financial statements.

## SUPPORTED EMPLOYMENT ENTERPRISES ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### PROPERTY, PLANT AND EQUIPMENT

Figures in Rand

PROPERTY, PLANT AND EQUIPMENT	2018			2017		
	COST / VALUATION	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE	COST / VALUATION	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT	CARRYING VALUE
Buildings	2 273 867	(37 538)	2 236 329	-	-	-
Plant and machinery	31 081 626	(11 095 503)	19 986 123	16 381 255	(12 760 906)	3 620 349
Furniture and fittings	2 406 754	(1 493 049)	913 705	1 988 863	(1 536 411)	452 452
Office equipment	793 501	(674 239)	119 262	843 492	(769 867)	73 625
Computer equipment	2 598 310	(1 922 627)	675 683	2 191 401	(1 820 072)	371 329
Appliances	404 233	(160 123)	244 110	195 752	(150 632)	45 120
Leased assets	5 557 549	(4 744 713)	812 836	4 502 685	(4 439 196)	63 489
<b>TOTAL</b>	<b>45 115 840</b>	<b>(20 127 792)</b>	<b>24 988 048</b>	<b>26 103 448</b>	<b>(21 477 084)</b>	<b>4 626 364</b>

## SUPPORTED EMPLOYMENT ENTERPRISES ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

#### Figures in Rand

#### 3. Property, plant and equipment (continued)

##### Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Transfer	Impairment loss	Depreciation	Total
Buildings	-	2 273 867	-	-	-	(37 538)	2 236 329
Plant and machinery	3 620 349	18 083 262	(308 321)	96 024	(235 361)	(1 269 830)	19 986 123
Furniture and fittings	452 452	666 915	(32 682)	(29 768)	(32 209)	(111 003)	913 705
Office equipment	73 625	76 824	(5 914)	(1 343)	-	(23 930)	119 262
Computer equipment	371 329	500 655	(7 234)	235 540	-	(424 607)	675 683
Appliances	45 120	222 455	(753)	2 660	-	(25 372)	244 110
Leased assets	63 489	1 057 385	(2 523)	-	-	(305 515)	812 836
	<b>4 626 364</b>	<b>22 881 363</b>	<b>(357 427)</b>	<b>303 113</b>	<b>(267 570)</b>	<b>(2 197 795)</b>	<b>24 988 048</b>

##### Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Depreciation	Total
Plant and machinery	3 688 294	826 142	(168 900)	(725 187)	3 620 349
Furniture and fittings	480 556	30 373	(3 916)	(54 561)	452 452
Office equipment	94 246	-	(180)	(20 441)	73 625
Computer equipment	1 032 509	5 491	(212 647)	(454 024)	371 329
Appliances	46 403	18 878	(5 583)	(14 578)	45 120
Leased assets	212 813	18 397	-	(167 721)	63 489
	<b>5 554 821</b>	<b>899 281</b>	<b>(391 226)</b>	<b>(1 436 512)</b>	<b>4 626 364</b>

#### Figures in Rand

2018

2017

#### 3. Property, plant and equipment (continued)

##### Impairment of assets

##### Property, plant and equipment - Durban factory has been impaired as follows:

Plant and machinery	(235 361)
Furniture and fittings	(32 209)
	<b>(267 570)</b>

There was a flood in Durban factory and as a result management could not access the factory to physically verify the conditions of the assets. The assets from Wood and Steel department were mostly affected by the flood.

Based on the above, Furniture and fittings and Plant and machinery were impaired with 20% of their value.

##### Remaining assets

All assets were verified and useful lives were assessed. 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.

A register containing the information required by the Public Finance Management Act is available for inspection at the registered office of the entity.



Figures in Rand	2018	2017
<b>4. Employee benefit obligations</b>		
<b>Contributions towards employee retirement benefits</b>		
Included in employee costs are the following:		
Pension fund	4 039 514	2 831 462
Provident fund	5 138 474	4 500 427

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, Ms L Scheepers 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.

#### 5. Inventories

Raw materials, components	58 045 191	34 298 858
Work in progress	6 218 541	7 334 848
Finished goods	17 181 861	3 275 176
	<b>81 445 593</b>	<b>44 908 882</b>
Allowance for obsolete stock	(630 215)	(1 972 601)
Write down of inventory to net realisable value	(955 896)	-
	<b>79 859 482</b>	<b>42 936 281</b>
<b>Reconciliation for allowance of obsolete stock</b>		
Opening balance	1 972 601	2 148 732
Movement for the year	(1 342 386)	(176 131)
Allowance for obsolete stock	<b>630 215</b>	<b>1 972 601</b>
	<b>630 215</b>	<b>1 972 601</b>

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.

In addition to the above impairment was a write-down of inventory to the net realisable value, as the cost exceeded the net realisable value of the finished goods. The current year write off was R 955 896.12 which is recognised in the statement of financial performance.

Management did not perform a net realisable valuation on raw materials and work and progress, for the following reasons:

- Management is of the opinion that raw materials and work in progress will be incorporated into finished goods and are expected to be sold at above cost
- A significant cost component contained in finished goods is labour.

#### Inventory pledged as security

No inventories have been pledged as security for liabilities.

#### 6. Receivables from exchange transactions

Trade receivables	16 556 232	15 500 588
Sundry debtors	4 456 845	2 141 509
	<b>21 013 077</b>	<b>17 642 097</b>

#### Trade and other receivables pledged as security

No trade and other receivables were held as security for liabilities.

Figures in Rand	2018	2017
<b>6. Receivables from exchange transactions (continued)</b>		
<b>Credit quality of trade and other receivables</b>		
In determining the recoverability of trade receivables, the entity considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large.		
An estimate of the allowance for debt impairment is made based on the review of all outstanding accounts receivable at year-end. The recoverable amount from debtors classified as high risk is estimated and considered in calculating the allowance for debt impairment.		
<b>Trade receivables</b>		
<b>Ageing of gross trade receivables</b>		
Current (0 – 30 days)	7 567 620	11 261 924
31 - 60 Days	3 828 518	2 528 162
61 - 90 Days	2 296 350	492 075
91 - 120 Days	1 242 260	205 205
Greater than 120 days	10 650 177	10 203 813
	25 584 925	24 691 179
Allowance for impairment	(9 028 693)	(9 190 591)
	<u>16 556 232</u>	<u>15 500 588</u>
<b>Trade and other receivables past due but not impaired</b>		
Trade and other receivables which are less than 3 months past due are not considered to have a high risk of irrecoverability. The recoverable amount from all trade receivables categorised as high risk is estimated to determine the amount by which such debtors are impaired. At 31 March 2018, R 14 934 747 (2017: R 16 043 400) were past due but not impaired.		
The ageing of receivables past due but not impaired is as follows:		
Current (0 – 30 days)	7 567 620	11 261 924
31 - 60 Days	3 828 518	2 528 162
61 - 90 Days	2 296 350	492 075
<b>Trade receivables impaired</b>		
As of 31 March 2018, trade receivables of R 10 650 176 (2017: R 3 934 341) were impaired and provided for.		
The amount of the allowance was R 9 028 693 as of 31 March 2018 (2017: R 9 190 591).		
The ageing of impaired trade receivables is as follows:		
91 - 120 Days	1 242 260	-
Greater than 120 days	10 650 177	9 190 591
<b>Reconciliation of allowance for impairment of trade and other receivables</b>		
Opening balance	9 190 591	5 256 251
Increase/(decrease) in allowance for impairment	666 927	7 002 345
Amounts written off as uncollectible	(828 825)	(3 068 005)
	<u>9 028 693</u>	<u>9 190 591</u>
<b>7. VAT receivable</b>		
VAT	<u>1 458 520</u>	<u>877 972</u>

Figures in Rand	2018	2017
<b>8. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Bank balances	125 456 072	192 113 501
Cash on hand	25 596	11 324
	<u>125 481 668</u>	<u>192 124 825</u>
Cash and cash equivalents held by the entity that are not available for use by the entity	1 239 622	1 239 622
The entity holds the amount in its call account which relates to certain conditional grants from the Department of Labour for which the conditions of recognition have not yet been met.		
Except for cash and cash equivalents not available for use, no other cash and cash equivalents are held as security for liabilities.		
<b>9. Finance lease liability</b>		
<b>Minimum lease payments due</b>		
- within one year	466 416	69 501
- in second to fifth year inclusive	645 634	-
	<u>1 112 050</u>	<u>69 501</u>
less: future finance charges	(251 953)	(1 838)
<b>Present value of minimum lease payments</b>	<u><b>860 097</b></u>	<u><b>67 663</b></u>
<b>Present value of minimum lease payments due</b>		
- within one year	309 789	67 663
- in second to fifth year inclusive	550 308	-
	<u><b>860 097</b></u>	<u><b>67 663</b></u>
Non-current liabilities	550 308	-
Current liabilities	309 789	67 663
	<u><b>860 097</b></u>	<u><b>67 663</b></u>

The entity leased certain of its office equipment under finance leases. The entity had an option to acquire certain leased assets at the termination of the lease.

The average lease term was between 3-5 years and the average effective borrowing rate was 10% (2017: 9%). Interest rates are linked to prime at the contract date. All the leases have fixed capital repayments.

The entity's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer to Note 3.

Figures in Rand	2018	2017
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## 10. Provisions

### Reconciliation of provisions - 2018

	OPENING BALANCE	ADDITIONS	TOTAL
Provision for long service allowance	932 134	2 347 866	3 280 000

### Reconciliation of provisions - 2017

	OPENING BALANCE	UTILISED DURING THE YEAR	TOTAL
Provision for long service allowance	1 875 717	(943 583)	932 134

The provision for long service allowance is reviewed at year-end and adjusted to reflect the current best estimates.

In the prior year the provision for long service allowance was calculated at one Rand ( R1,00) for every week worked. Accumulated long service was payable when the term of long service has been reached.

The long service award was amended in July 2016, effective 1 April 2017 and is as follows:

- For a period of five (5) years an award equivalent to R 2 500.
- For a period of ten (10) years an award equivalent to R 5 000.
- For a period of fifteen (15) years an award equivalent to R 7 500.
- For a period of twenty (20) years an award equivalent to R 10 000.
- For a period of twenty five (25) years an award equivalent to R 12 500.
- For a period of thirty to forty (30 - 40) years an award equivalent to R 15 000.

## 11. Payables from exchange transactions

Trade payables	2 047 049	7 321 258
Accruals	14 675 959	8 954 427
Accrued leave pay	2 327 660	2 439 476
Income received in advance	87 551 407	106 339 676
Stabilisation fund	106 541	106 541
	<u>106 708 616</u>	<u>125 161 378</u>

### Accrued leave pay

Accrued leave pay is reviewed at year - end and adjusted to reflect the current best estimates.

### Stabilisation fund

During 2010, the entity received a refund of R3 210 268 from the Civil Pensions Stabilization 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 part (R802 568) had 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 R106 541 is accounted for the Stabilisation Fund account of the entity. No adjustment was done during the interim.

### Income received in advance

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.

## 12. Deferred income

Closing balance	<u>1 239 622</u>	<u>1 239 622</u>
-----------------	------------------	------------------

Figures in Rand	2018	2017
<b>12. Deferred income (continued)</b>		
<b>The closing balance relates to the following projects:</b>		
Business case project	111 325	111 325
Other special projects	1 128 297	1 128 297
<b>13. Revenue</b>		
Sale of goods	60 543 034	46 597 170
Rendering of services	671 624	1 403 841
Commissions received	45 408	38 039
Canteen revenue	412 355	497 128
Transfers and sponsorships	141 307 000	138 568 000
Interest received - investment	9 592 481	13 960 654
	<b>212 571 902</b>	<b>201 064 832</b>
<b>The amount included in revenue arising from exchanges of goods or services are as follows:</b>		
Sale of goods	60 543 034	46 597 170
Rendering of services	671 624	1 403 841
Commission received	45 408	38 039
Canteen revenue	412 355	497 128
Interest received	9 592 481	13 960 654
	<b>71 264 902</b>	<b>62 496 832</b>
<b>The amount included in revenue arising from non-exchange transactions is as follows:</b>		
<b>Transfer revenue</b>		
Department of labour transfer	<b>141 307 000</b>	<b>138 568 000</b>
<b>14. Cost of sales</b>		
Opening inventory	42 936 282	8 640 434
Purchases	70 716 251	60 058 800
Labour cost	84 869 712	70 729 884
Depreciation and impairment	1 885 123	725 187
Manufacturing overheads	24 640 680	23 446 931
Closing inventory	(79 859 482)	(42 936 282)
	<b>145 188 566</b>	<b>120 664 954</b>
<b>15. Other income</b>		
Canteen revenue	412 355	497 128
Commissions received	45 408	38 039
	<b>457 763</b>	<b>535 167</b>
<b>16. Interest earned</b>		
<b>Interest revenue</b>		
Bank	8 990 475	13 326 491
Interest earned on outstanding receivables	602 006	634 163
	<b>9 592 481</b>	<b>13 960 654</b>

Figures in Rand	2018	2017
<b>17. Employee related costs</b>		
Salaries, allowances and bonuses	118 911 173	94 679 903
Casual wages	523 422	13 753
Less: Employee costs included in cost of sales	(84 869 712)	(70 729 883)
	<b>34 564 883</b>	<b>23 963 773</b>
<b>Mr S Nondwangu - Chief Executive Officer</b>		
Basic salary	768 564	741 913
Expenses allowances	323 508	317 963
	<b>1 092 072</b>	<b>1 059 876</b>
<b>Mr S Ngcongo - Chief Financial Officer</b>		
Basic salary	646 421	621 055
Expenses allowances	103 374	106 855
Service bonus	52 427	23 341
	<b>802 222</b>	<b>751 251</b>
<b>Ms Gladys Manamela - Director: Operations</b>		
Basic salary	596 904	571 619
Expenses allowances	270 597	259 134
Service bonus	51 073	48 411
	<b>918 574</b>	<b>879 164</b>
<b>Ms Ella Ntshabele - Director: Governance and Assurance</b>		
Basic salary	589 595	549 445
Expenses allowances	316 415	294 869
	<b>906 010</b>	<b>844 314</b>
<b>Ms Kefilwe Tselane - Director: HRM and Special Projects</b>		
Basic salary	596 904	557 690
Expenses allowances	260 337	242 559
Service bonus	48 410	46 603
	<b>905 651</b>	<b>846 852</b>
<b>18. Finance costs</b>		
Finance leases	124 897	39 582
Other interest paid	24 663	5 942
	<b>149 560</b>	<b>45 524</b>
<b>19. Allowance for debt impairment and impairment losses</b>		
Contributions to debt impairment provision	<b>666 927</b>	<b>7 002 345</b>

Figures in Rand	2018	2017
<b>20. General expenses</b>		
Advertising	3 411 658	533 963
Allowance for obsolete inventory	(1 342 386)	(176 131)
Auditors remuneration	1 596 278	1 962 372
Bank charges	260 889	123 415
Canteen expenses	711 127	544 085
Cleaning	509 465	330 528
Consumables	40 237	79 226
Entertainment	90 497	51 026
IT expenses	724 976	248 296
Internet services	673 292	500 762
Motor vehicle expenses	37 390	-
Occupational health and safety expenses	19 187	43 725
Printing and stationery	371 763	87 608
Professional fees	1 660 841	194 848
Refuse and sanitation	5 149	15 046
Security	4 259	3 362
Small assets	8 756	-
Software expenses	398 474	-
Staff welfare	295 860	3 082
Telephone and fax	41 044	77 399
Training	1 134 556	226 158
Transport and freight	5 299 763	1 825 107
Travel - local	3 167 051	393 047
Utilities	58 534	-
	<b>19 178 660</b>	<b>7 066 924</b>
<b>21. Auditors' remuneration</b>		
Fees	<b>1 596 278</b>	<b>1 962 372</b>
<b>22. Operating surplus</b>		
Operating surplus for the year is stated after accounting for the following:		
<b>Operating lease charges</b>		
Equipment		
• Contractual amounts	<b>63 276</b>	<b>1 294 735</b>
Loss on sale of property, plant and equipment	(106 402)	(391 223)
Impairment on property, plant and equipment	267 570	-
Depreciation on property, plant and equipment	2 197 794	1 436 512
Employee costs	<b>119 434 595</b>	<b>94 693 656</b>

Figures in Rand	2018	2017
<b>23. Cash (used in) generated from operations</b>		
Surplus	9 905 718	41 218 764
<b>Adjustments for:</b>		
Depreciation and amortisation	2 197 794	1 436 512
Loss on sale of assets and liabilities	106 402	391 223
Finance costs - Finance leases	124 897	39 582
Non cash movements - assets	(300 927)	-
Debt impairment	(666 927)	7 002 345
Bad debts written off	828 825	-
Movements in provisions	2 347 866	(943 583)
Impairment/(reversal) of impairment of assets (including inventory)	(1 074 816)	(176 131)
Movement in accrual for leave pay	(111 819)	1 699 636
Write down of inventory	955 896	-
<b>Changes in working capital:</b>		
Inventories	(36 536 711)	(33 183 217)
Receivables from exchange transactions	(3 532 878)	(11 520 996)
Payables from exchange transactions	(18 340 942)	(3 259 129)
VAT	(580 548)	-
	<b>(44 678 171)</b>	<b>2 705 006</b>

**24. Financial instruments disclosure****Categories of financial instruments****2018****Financial assets**

	At amortised cost	Total
Trade and other receivables from exchange transactions	21 013 077	21 013 077
Cash and cash equivalents	125 481 668	125 481 668
	<b>146 494 745</b>	<b>146 494 745</b>

**Financial liabilities**

	At amortised cost	Total
Trade and other payables from exchange transactions	106 708 617	106 708 617
Provisions	3 280 000	3 280 000
Finance lease liability	860 097	860 097
	<b>110 848 714</b>	<b>110 848 714</b>

**2017****Financial assets**

	At amortised cost	Total
Trade and other receivables from exchange transactions	17 642 097	17 642 097
Cash and cash equivalents	192 124 825	192 124 825
	<b>209 766 922</b>	<b>209 766 922</b>

**Financial liabilities**



Figures in Rand

**24. Financial instruments disclosure (continued)**

	2018	2017
	<b>AT AMORTISED COST</b>	<b>TOTAL</b>
Trade and other payables from exchange transactions	125 121 378	125 121 378
Provisions	932 134	932 134
Finance lease liability	67 663	67 663
	<b>126 121 175</b>	<b>126 121 175</b>

**25. Commitments****Authorised operational expenditure****Already contracted for but not provided for**

Finance lease contracts	860 097	67 768
Operating leases	226 552	20 167
	<b>1 086 649</b>	<b>87 935</b>
<b>Total operational commitments</b>		
Already contracted for but not provided for	<b>1 086 649</b>	<b>87 935</b>

The entity had no capital commitments as at 31 March 2018.

**26. Contingencies****Contingent liabilities**

The entity has no contingent liabilities as at 31 March 2018.

**Contingent assets**

The entity has no contingent assets as at 31 March 2018

Figures in Rand	2018	2017
<b>27. Related parties</b>		
<b>Relationships</b>		
Member	Refer to member's report note	
Controlling entity	Department of Labour	
Members of key management	Refer to note 17	
Entities under common control	Commission for Conciliation, Mediation and Arbitration (CCMA) Compensation Fund (CF) National Economic Development and Labour Council (NEDLAC) Productivity South Africa (PSA) Unemployment Insurance Fund (UIF)	
All transactions below were made in terms of equivalent to those in arm's length transactions unless stated otherwise.		
<b>Related party balances</b>		
<b>Amounts included in Trade receivables regarding related parties</b>		
Commission for Conciliation, Mediation and Arbitration (CCMA)	75 447	575 652
Compensation Fund (CF)	4 358 651	12 720
Department of Labour	329 874	730 090
Unemployment Insurance Fund (UIF)	692 044	16 416
<b>Related party transactions</b>		
<b>Sales to related parties</b>		
Commission for Conciliation, Mediation and Arbitration (CCMA)	1 167 677	853 856
Compensation fund (CF)	4 424 947	13 985
Department of Labour	1 348 011	1 802 174
Unemployment Insurance Fund (UIF)	2 506 113	1 413 255
<b>Transfer received from related parties</b>		
Department of Labour	141 307 000	138 568 000
<b>Transactions with key management and employees</b>		
Sale of goods to employees	896	9 815

## 28. Change in estimate

### Property, plant and equipment

The useful life of certain property, plant and equipment plant was estimated at date of purchase between 3 to 20 years. In the current period management revised their estimation of useful lives by increasing the individual useful lives between 3 to 20 years, depending on the asset. The effect of this revision has decreased the depreciation charges for the current and future periods.

## 29. Prior period error

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

Figures in Rand

2018

2017

**29. Prior period error (continued)**

2017

	AS PREVIOUSLY REPORTED	PRIOR PERIOD ERROR	RE-CLASSIFICATION	RESTATED
Inventories	41 880 625	1 055 656	-	42 936 281
Receivables from exchange transactions	19 061 280	(541 211)	(877 972)	17 642 097
VAT receivable	-	-	877 972	877 972
Cash and cash equivalents	192 124 825	-	-	192 124 825
Property, plant and equipment	4 626 365	-	-	4 626 365
Accumulated surplus	(130 490 206)	(514 445)	-	(131 004 651)
Provisions	(932 134)	-	-	(932 134)
Deferred income	(1 239 622)	-	-	(1 239 622)
Finance lease liability (current portion)	(67 663)	-	-	(67 663)
Payables from exchange transactions	(124 963 470)	(197 910)	-	(125 161 380)
	-	<b>(197 910)</b>	-	<b>(197 910)</b>

**Statement of financial performance**

2017

Note	AS PREVIOUSLY REPORTED	PRIOR PERIOD ERROR	RESTATED
Sales of goods and services	(48 001 010)	-	(48 001 010)
Cost of sales	119 503 472	1 161 484	120 664 956
Interest earned - External investment	(13 326 491)	-	(13 326 491)
Interest earned - Outstanding receivables	(634 163)	-	(634 163)
Other income	(535 166)	-	(535 166)
Transfers and sponsorships	(138 568 000)	-	(138 568 000)
Finance costs	45 524	-	45 524
Employee related cost	23 765 862	197 910	23 963 772
Depreciation	711 325	-	711 325
Profit / (loss) on disposal of assets	391 223	-	391 223
General expenses	7 244 655	(1 602)	7 243 053
Allowance for debt impairment	6 459 533	542 812	7 002 345
Allowance for obsolete stock	(1 112 631)	936 500	(176 131)
<b>Surplus for the year</b>	<b>(44 055 867)</b>	<b>2 837 104</b>	<b>(41 218 763)</b>

**Errors**

During the 2017/18, the following errors were noted. All errors effecting periods before 2017 have been corrected retrospectively from the earliest prior period presented. Errors that first occurred in 2017 have been adjusted from 2017

The following prior period errors adjustments occurred:

**Error 1** Medical aid contributions were incorrectly accounted..

The effect of the adjustments are as follows:

**Statement of financial performance**

Employee cost

197 910

**Statement of financial position**

Payables from exchange transactions

(197 910)

Figures in Rand	2018	2017
<b>Prior period error (continued)</b>		
<b>Error 2</b>		
Overstatement of inventory in 2017 due to cost of sales not recognised in the correct accounting period. The related revenue was recognised in 2017. The effects of the adjustments are as follows:		
<b>Statement of financial performance</b>		
Cost of sales		(1 161 483)
<b>Statement of financial position</b>		
Inventories		1 161 483
<b>Error 3</b>		
Overstatement of trade and other receivables in 2017 due to incomplete debt impairment and bad debt write offs.		
The net effect of the adjustments are as follows:		
<b>Statement of financial performance</b>		
Allowance for debt impairment		542 812
<b>Statement of financial position</b>		
Trade and other receivables		(542 812)
<b>Error 4</b>		
Reversal of the stock adjustment erroneously posted in 2015/16 financial year and the correction of inventory write down to the lower of cost and net realisable value in 2016 and 2017		
<b>Statement of financial performance</b>		
Inventory write down		936 500
<b>Statement of financial position</b>		
Inventory		3 723 038
Retained surplus		(3 723 038)
Retained surplus		569 399
Inventory		(1 505 899)
		(936 500)
<b>Error 5</b>		
Correction of prepaid expenses recognised in the incorrect accounting period.		
<b>Statement of financial performance</b>		
General expenses		(1 602)
<b>Statement of financial position</b>		
Revenue from exchange transactions		1 602
<b>Error 6</b>		
During the audit, the AGSA raised a finding that there was no investigation performed for the condoned irregular expenditure. As a result, the irregular expenditure note was adjusted to reverse the condonation in the current and comparative figures. The comparative figures have been restated by changing the closing balance for 2016/17 and the opening balance for 2017/18 from R 245 385 to R 1 999 968. The adjustment to the closing balance and opening balance had no impact on reserves.		

Figures in Rand

2018

2017

**30. Risk management****Financial risk management**

The entity's activities expose it to a variety of financial risks: market risk (including currency risk, 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.

**Liquidity risk**

The entity's risk to liquidity is 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 Public Finance Management Act, 1999 (Act 1 of 1999) on borrowings, which limits the committed lines of credit available to entity.

The table below analyses the entity's financial liabilities and net-settled derivative 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.

AT 31 MARCH 2018	LESS THAN 1 YEAR	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 5 YEARS	OVER 5 YEARS
Trade payables from exchange transactions	106 708 617	-	-	-
Finance lease liability	309 789	550 308	-	-
AT 31 MARCH 2017	LESS THAN 1 YEAR	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 5 YEARS	OVER 5 YEARS
Trade payables from exchange transactions	125 121 378	-	-	-
Finance lease liability	67 663	-	-	-

**Credit risk**

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade debtors consist mainly of government departments of which surety vests in the National Treasury for any such debts owing. Other debtors comprise private sector trade debtors and staff debtors.

**Financial assets exposed to credit risk at year end were as follows:**

Financial instrument	2018	2017
Receivables from exchange transactions	21 013 077	17 642 097
Cash and cash equivalents	125 481 668	192 124 825

**Market risk**

The entity's activities expose it primarily to financial risks of changes in interest rates. No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

Figures in Rand

2018

2017

**Risk management (continued)****Interest rate risk**

Interest rate risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes. There was no change in the entity's interest rate risk management policy during the period.

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 debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of entity debtors management policy.

All trade receivables and other debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

As the entity has no significant interest rate risk exposure at financial year end, the effect of a 1% strengthening or weakening of the prime interest rate at reporting date is not considered material.

**31. 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.

**32. Events after the reporting date**

No events after the reporting date.

**33. Fruitless and wasteful expenditure**

Opening balance	53	40 114
Add: Fruitless and wasteful expenditure - current year	237 302	5 857
Less: Amounts condoned	(2 094)	(45 918)
	<b>235 261</b>	<b>53</b>

**Details of fruitless and wasteful expenditure**

Interest on overdue supplier accounts	24 663	5 857
Penalties on SARS returns	156 139	-
Material losses due to theft	56 500	-
	<b>237 302</b>	<b>5 857</b>

**34. Irregular expenditure**

Opening balance	1 999 968	105 013
Add: Irregular expenditure - current year	1 513 371	1 894 955
	<b>3 513 339</b>	<b>1 999 968</b>

**Details of irregular expenditure – current year**

Irregular expenditure relates to a legacy contract that were inherited by management. The contract of security was flagged to irregular from inception by AGSA due to non adherence to SCM and the procurement processes prescribed by National Treasury. All expenditure incurred and any future expenditure to be incurred on this contract will be disclosed as irregular expenditure in the year in which it occurred.

Figures in Rand	2018	2017
<b>35. Services in-kind</b>		
<b>Administrative salaries - Department of Labour</b>		
The Department of Labour seconded administrative staff to the entity	4 150 468	7 376 261
<b>Internal audit - Department of Labour</b>		
The Department of Labour renders internal audit services to the entity	358 115	449 646
<b>Capital expenditure - Department of Labour</b>		
The Department of Labour incurred capital expenditure on behalf of the entity	1 397 783	3 605 104
<b>Compensation to key management personnel - Compensation Fund</b>		
The Compensation Fund paid salaries and wages for two key management personnel from 01 September 2015 on behalf of the entity	-	1 691 116
	<b>5 906 366</b>	<b>13 122 127</b>

### 36. Budget differences

#### Material differences between budget and actual amounts

#### Sale of goods

Our budget was based on the fact that we have a standing contract with the Eastern Cape Department of Basic Education (DBE). The DBE has not given the SEE the full list of delivery points for the schools the furniture was manufactured for and as such we cannot deliver nor invoice without having correct delivery addresses.

#### Rendering of services, Commissions received, Discount received, Recoveries, Canteen sales, Deferred income and Debtors interest income

This is not budgeted for as the SEE only specialises or focuses on sale of goods.

#### Interest received - Investment

There were delays in the transfer of the subsidy in the 2nd and 3rd quarter and the interest budget was based on the transfers being received timeously.

#### Employee cost and General expenses

Delays in filling of vacancies. The budget assumed some vacancies to be filled in the earlier part of the year and were only filled later in the year (Factory and Administration Employees).

#### Finance costs and Lease rentals on operating lease

This is due to delays in installation of leased printers in the current financial year.

#### Repairs and maintenance

Repairs are conducted as and when required, hence the variance.

#### Recovery production cost

During the budget process these items were budgeted for separately, but it relates to cost of sales. The production recovery cost is therefore included in the actual cost of sales figure. The same applies to the employee cost and depreciation.











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