1. REPORT OF THE PORTFOLIO COMMITTEE ON EMPLOYMENT AND LABOUR ON BUDGET VOTE 31: EMPLOYMENT AND LABOUR, THE STRATEGIC PLAN OF THE DEPARTMENT AND ENTITIES 2021/22 – 2024/25 AND THE ANNUAL PERFORMANCE PLAN OF THE DEPARTMENT AND ENTITIES 2022/23, DATED 11 MAY 2022

The Portfolio Committee on Employment and Labour, having considered the budgets of the Department and its entities in line with their 2020 - 2025 Strategic Plans and Annual Performance Plans which were presented on 16, 23 and 30 March 2022, reports as follows:

1. INTRODUCTION

The Department of Employment and Labour (Department) derives its legislative mandate from the Constitution, particularly the Bill of Rights. Some of the relevant sections include section 9 - Equality; section 10 - Human dignity; section 13 - Slavery, servitude and forced labour; section 16 - Freedom of expression; section 17 - Assembly, demonstration, picket and petition; section 18 - Freedom of association; section 22 - Freedom of trade, occupation and profession; as well as section 23 - Labour relations. These Constitutional rights are given effect through various pieces of legislation, including the Labour Relations Act (1995); the Basic Conditions of Employment Act (1997); the Employment Equity Act (1998); the Occupational Health and Safety Act (1993); the Employment Services Act (2014); and the National Minimum Wage Act (2018).

This report covers the Strategic Plan of the Department 2020-2025, Annual Performance Plan 2022/23 and the Budget Review of the Department and its entities. It is based on presentations made to the Portfolio Committee on Employment and Labour on 16, 23 and 30 March 2022.

2. THE STRATEGIC PLAN OF THE DEPARTMENT OF EMPLOYMENT AND LABOUR 2020 - 2025

2.1. Programmes and entities of the Department

The functions of the Department are structured into four programmes, namely:

- Programme 1: Administration
- Programme 2: Inspection and Enforcement Service (IES)

- Programme 3: Public Employment Services (PES)
- Programme 4: Labour Policy and Industrial Relations (LR&IR)

The following entities report to the Department:

- Supported Employment Enterprises (SEE)
- Unemployment Insurance Fund (UIF), Schedule 3A Public Entity
- Compensation Fund (CF), Schedule 3A Public Entity
- Commission for Conciliation, Mediation and Arbitration (CCMA)
- National Economic Development and Labour Council (NEDLAC)
- Productivity South Africa (PSA)

2.2. The Department and Medium Term Strategic Framework (MTSF) 2020 - 2025

In the medium term the Department will contribute mainly to the following government service delivery MTSF priorities:

- Priority 1: A capable, ethical and Developmental State
- Priority 2: Economical transformation and job creation
- Priority 3: Education, skills and health
- Priority 4: Consolidating the social wage through reliable and basic services
- Priority 6: Social cohesion and safer communities
- Priority 7: A better Africa and a better world

2.3. Strategic Plan per government MTSF priorities

2.3.1. Priority 1: A capable, ethical and developmental State

The outcome for this priority is to have a functional, efficient and integrated government. The five-year target is to fill all funded vacant posts within 4 months of becoming vacant. The current vacancy rate for the Department is 10%. The five-year target is to maintain vacancy rate at eight per cent.

With regard to ICT, the Department aims to develop a three-year Cybersecurity roadmap.
The Department aims to replace all targeted legacy applications by SAP4HANA as per the roadmap.

2.3.2. Priority 2: Economic transformation and job creation

The first outcome for Priority 2 is more decent jobs created and sustained, with youth, women and persons with disabilities prioritised. The five-year target is to monitor and report on the target of creating 275 000 jobs per year, which was set by the Presidential Job Summit agreement.

To create 256 050 jobs for the youth in contribution to the Job Summit Agreement target of creating 1 million jobs through the Presidential Comprehensive Youth Employment interventions by 2024. Contribution per programme and entity are as follows: PES-190 000, SEE and designated groups-1000, UIF (LAP)-61 050 and CF-4 000.

Furthermore, the Department plans to have the Employment Policy finalised and implemented by 2024. The policy aims to regulate employment of foreign nationals, without being xenophobic.

The second outcome for this government priority is to invest for accelerated inclusive growth. The five-year target is to inspect 18 420 workplaces, inclusive of 1 812 Director General reviews and ensuring that these workplaces are transformed.

The third target is to ensure increased economic participation, ownership, access to resources, opportunities and wage equality for women, youth and persons with disabilities. The five-year target is to inspect 838 560 workplaces to enforce compliance with the National Minimum Wage Act and the Basic Conditions of Employment Act.

2.3.3. Priority 3: Education, skills and health

The outcome for this priority is to have safe and healthy work environment. The five-year target for this priority is to inspect 421 620 workplaces for compliance with Occupational Health and Safety legislation. The Department conducted 23 844 inspections in the previous financial year and 397 776 are planned for the 2021/22 to 2024/25 financial years.

2.3.4. Priority 4: Consolidating the social wage through reliable and basic services

The outcome for this priority is to have comprehensive social security coverage. This would be achieved through enforcement of compliance to Unemployment Insurance Act, Unemployment Insurance Contributors Act and Compensation for Occupational Injuries and Diseases Act. The five-year target is to inspect 131 580 employers so as to improve coverage for employees.

2.3.5. Priority 6: Social cohesion and safer communities

The outcome for this government priority is to achieve equal opportunities, inclusion and redress. To this end, the Department is in the process of amending the Employment Equity Act, so as to set sector targets. The ultimate aim is to have the Employment Equity Act amended, enacted and enforced by 2024.

The Department's five-year target is to achieve at least 50% representation of Africans at middle and senior management levels and 2.5% representation of persons with disabilities in employment by 2024.

The Department also aims to develop and implement an income differential data collection tool (EEA4 form) for designated employers by 2022.

2.3.6. Priority 7: A better Africa and a better World

The five-year target for this government priority is to fulfil 90% of the country's obligations to SADC and AU as well as ensuring that South Africa's participation in international organisations is secured to advance national interest.

2.4. The Annual Performance Plan of the Department of Employment and Labour

The Annual Performance Plan 2022/23 was subjected to auditing by the Auditor General and Internal Audit for:

- Alignment to the Government priorities, MTSF, Minister's Performance Agreement, Strategic Plan, guidelines provided by Department for Policy Monitoring and Evaluation (DPME) and National Treasury;
- Compliance to the "SMART" principle of indicators; and
- Alignment of the budget to outputs.

The budget of the department is as outlined in table 1 below.

Table 1: Budget allocation of the Department 2022/23

Programme	**Revised Estimates**	**Medium Term Expenditure Estimate**		
R-thousand	2021/22	2022/23	2023/24	2024/25

1.	Administration	1 025 979	1 044 005	1 030 432	1 076 709
2.	Inspections and Enforcement Services	638 358	657 167	638 358	667 030
3.	Public Employment Services	993 157	935 396	993 786	649 467
4.	Labour Policy and Industrial Relations	1 258 556	1 319 451	1 320 892	1 379 412
Total		**3 816 493**	**3 956 019**	**3 983 468**	**3 772 616**
Economic Classification					
Current Payments		2 124 447	2 147 808	2 097 327	2 191 519
Compensation of Employees		1 440 093	1 430 813	1 378 647	1 440 561
Goods and Services		684 354	716 995	718 680	750 958
Transfers and Subsidies		1 609 940	1 736 957	1 811 677	1 503 292
Payment for Capital Assets		82 106	71 254	74 464	77 805
Total		**3 816 493**	**3 956 019**	**3 983 468**	**3 772 616**

Source: Presentation to the PC on Employment and Labour dated 16 March 2022

2.4.1. Programme 1: Administration

The purpose of this programme is to provide strategic leadership, management and support services to the Department.

The budget allocation for Programme 1 amounts to R1 billion (R1 044 005 000) in 2022/23 financial year. This is the second highest programme budget allocation after Programme 4.

The annual performance plan of the programme includes:

- Vacant funded posts maintained at 8% or less every quarter.
- A gender responsive recruitment process. To have 45% of SMS positions occupied by women.
- Appointment of Managed Information Security Service Provider.
- Legacy IES and PES systems transitioned to SAP4HANA, which is an integrated SAP platform.
- Roll out of the Ethics Management Plan for the year.

- Resolution of 93% reported incidents of corruption in the Department by disciplinary and criminal interventions.
- Compile one Annual Financial Statement by 31 May 2022 and three Interim Financial Statements 30 days after each quarter. The financial statements must comply with guidelines issued by the National Treasury.
- Reporting of all detected irregular and unauthorised expenditure cases to the Accounting Officer.
- Reporting of all detected fruitless and wasteful expenditure cases to the Accounting Officer.

2.4.1.1. Risks and Mitigation

Key Risks

- Inability of modernisation programme to meet intended objectives.

Risk Mitigation

- Business process reengineered.
- Business process mapping.
- Stakeholder engagement.

Key Risk

- Structural deficiencies/ inadequate organisational structure to service the Department.

Risk Mitigation

- Facilitate review of the existing Departmental structure.
- Engage National Treasury to secure funding through the Office of Chief Financial Officer.

Key risk

- Increase in vacancy rate.

Key Mitigation

- HR audits to be conducted.
- Reconciliation of approved structure and PERSAL information.
- Monitoring of vacancy rate.
- Advocacy sessions twice a year.

2.4.2. Programme 2: Inspection and Enforcement Services

The purpose of this programme is to realise decent work by regulating non-employment and employment conditions through inspection and enforcement, to achieve compliance with all labour market policies.

The budget allocation for this programme amounts to R657.2 million (R657 167 000) in the 2022/23 financial year.

The annual performance plan of this programme includes:

- To inspect 298 104 employers in 2022/23 financial year to determine compliance with employment law. Of these inspections, 61 236 and 63 720 will be conducted in Gauteng and KwaZulu-Natal respectively. The majority of the inspections (168 864) will be to determine compliance to the Basic Conditions of Employment Act.
- To serve 95% of non-compliant employers with notices in terms of relevant labour legislation within 14 calendar days of the inspection.
- To have 65% of non-compliant employers/workplaces/users received by Statutory Services settled out of court or CCMA or referred for prosecution within 30 calendar days.
- To conduct 4 seminars and 2 conferences in 2022/23 financial year to enhance awareness of employment law.

2.4.2.1. Key Risks and Mitigation

Key Risk

- Non-compliance by employers and users with labour legislation.

Risk Mitigation

- Strengthening of sector specific advocacy by utilising various platforms at both the provincial and national level.
- Improve the conducting of follow-up inspections to strengthen monitoring in areas of non-compliance.
- Effective implementation of existing MOUs.
- Establish and maintain partnerships in key sectors where there are no MOUs.
- Provinces to commission blitz inspections in targeted problematic or high risk areas.

- Improve on referring all employers who fail to comply with expired notices for prosecution.

Key Risk

- Unreliable performance information

Risk mitigation

- Develop a standard operations procedure and or guidelines on quality assurance of performance information.
- Establish quality assurance teams to handle performance information issues at various levels.
- Improve on the utilisation of the Case Management System.
- Monthly performance information submitted is accompanied by consolidated registers that are quality assured.

2.4.3. Programme 3: Public Employment Services

The purpose of this programme is to provide assistance to companies and workers to adjust to changing labour market conditions.

The budget allocation for this programme amounts to R630.5 million (R630 462 000) in the 2022/23 financial year.

The annual performance plan of this programme includes:

- To register 850 000 work-seekers on the Employment Services of South Africa (ESSA) database. Of these, 221 000 and 144 500 work-seekers will be registered in Gauteng and KwaZulu-Natal respectively.
- To register 105 000 employment opportunities on ESSA. Of these, 20 116 and 16 580 opportunities will be registered in Gauteng and KwaZulu-Natal.
- To provide 240 000 work-seekers with employment counselling in 2022/23 financial year. Of these 49 920 and 30 720 work-seekers provided with employment counselling will be in Gauteng; and KwaZulu-Natal and Eastern Cape respectively.

- To fill 55 000 registered employment opportunities with registered work-seekers. Of these, 10 537 and 8 685 registered employment opportunities will be filled with registered work-seekers in Gauteng and KwaZulu-Natal.
- To conclude 22 partnership agreements with various stakeholders.
- To develop and approve one policy in the year 2022/23.

2.4.3.1. Key Risks and Mitigation

Risks

- Insufficient placement of registered work-seekers in registered opportunities.

Risk Mitigation

- Collaboration with the Presidency Programme Management Office, UIF, other departments and entities, the private sector and NGOs in providing a range of work seeker services.
- Further development of ESSA online services.
- Establishment of youth centres and roll-out of 14 PES mobile units.
- Conclusion of strategic partnership agreements with employers and institutions to use ESSA for recruitment.
- Consultation on the National Employment Policy, sub-theme on National Labour Migration and amendments to Employment Services Act.
- Provision of funding to entities assisting PES in employment promotion (SEE, Productivity SA, CF, NGOs, UIF).

2.4.4. Programme 4: Labour Policy and Industrial Relations

The purpose of this programme is to facilitate the establishment of an equitable and sound labour relations environment, support institutions that promote social dialogue and the promotion of South Africa's interests in international labour matters through research, analysis and evaluating labour policy, and providing statistical data on the labour market.

The budget allocation for this programme amounts to R1.3 billion (R1 280 451 000) in 2022/23 financial year. This is the highest programme budget allocation of the Department of Employment and Labour.

The annual performance plan of this programme includes:

- To publish and implement Employment Equity Act amendments by 31 March 2023.
- To publish the 2021-2022 Annual Employment Equity Report and Public Register by 30 June 2022.
- To develop 2022-2023 Annual Employment Equity Report and Public Register by 31 March 2023.
- To develop income differential data collection tool (EEA4 form) for designated employers.
- To develop law and policy interventions to protect specific groups of workers who are particularly vulnerable to specific forms of gender-based violence.
- To review the National Minimum Wage level by 31 March 2023.
- To assess and verify 100% of collective agreements where parties are not representative, within 120 working days of receipt by 31 March 2023.
- To assess and verify 100% of collective agreements where parties are representative, within 60 working days of receipt by 31 March 2023.
- To approve or refuse 100% of labour organisations' applications for registration within 90 working days of receipt by 31 March 2023.
- To have two reports on the implementation of bilateral cooperation and multilateral obligations submitted to the Minister for signing. The annual implementation report will be signed off by the Minister by 30 April 2022 and the mid-term implementation report signed off by the Minister by 31 October 2022.
- To produce four annual labour market trend reports on the impact of labour legislation. One Annual Labour Market Bulletin 2021/22 and two Job Opportunity and Unemployment in the SA labour market 2021/22 will be produced in Q2 of 2022/23. One Annual Industrial Action report 2021 and to Annual Administrative Statistics 2021 will be produced in Q4 of 2022/23.
- To produce four research reports on the impact of labour legislation to the labour market by 31 March 2023.

2.4.4.1. Key Risks and Mitigation

Key Risks

- Insufficient labour market research conducted in terms of monitoring the impact of legislation.

Risk Mitigation

- Developing a monitoring and evaluation agenda which lists a number of research topics that would be outsourced and conducted over a period of 24 months.
- Limit number of research that requiring tender procurement and increase procurement through RFQ.
- Procure an online survey tool to facilitate more research conducted internally by departmental staff.

2.4.5.1. Supported Employment Enterprises (SEE) Strategic Plan

SEE contributes to government priority 2, which is economic transformation and job creation. The first outcome of this priority for the SEE is to provide additional job opportunities for people with disabilities. The outcome indicator is the number of jobs created through the Presidential Comprehensive Youth Employment interventions. SEE currently employs over 1 250 people with disabilities.

The five-year target of SEE is as follows:

- 25 additional persons with disabilities employed in the SEE factories by the end of March 2021.
- 25 additional persons with disabilities employed in the SEE factories by the end of March 2022.
- 50 additional persons with disabilities employed in the SEE factories by the end of March 2023.
- 150 additional persons with disabilities employed in the SEE factories by the end of March 2024.
- 150 persons with disabilities employed by 31 March 2025.

The second outcome of priority 2 is to increase the sales revenue. The outcome indicator is the percentage sales increase to ensure financial viability and growth.

SEE currently generates R61 million and receives R141 million in transfer funding. Its strategic intent is to generate over R200 million per annum by strengthening relationships and alliances with its existing key customers.

SEE five-year targets are as follows:

- 5% annual increase of sales revenue from goods and services by the end of March 2021.
- 5% annual increase of sales revenue from goods and services by the end of March 2022.
- 10% annual increase of sales revenue from goods and services by the end of March 2023.

- 10% annual increase of sales revenue from goods and services by the end of March 2024.
- 10% annual increase of sales revenue from goods and services by the end of March 2025.

The third outcome of priority 2 is to increase the SEE's market share. The outcome indicator is to establish customer agreements for sustainable income to implement the SEE mandate. SEE has entered into three customer agreements.

SEE five-year target for this outcome is as follows:

- Three customer agreements entered into by the end of March 2021.
- Five customer agreements entered into by the end of March 2022.
- Seven customer agreements entered into by the end of March 2023.
- Ten customer agreements entered into by the end of March 2024.
- Five customer agreements entered into by the end of March 2025,

2.4.5.2. SEE Annual Performance Plan 2022/23

The annual performance targets for 2022/23 are as follows:

- To employ 50 additional persons with disabilities in the SEE factories by the end of March 2023.
- To achieve an annual increase of 10% in sales revenue from goods and services by the end of March 2023.
- To enter into seven customer agreements by the end of March 2023.

2.4.5.3. Key Risks and Mitigation

Key Risk

- Inability to generate work opportunities.

Risk Mitigation

- Improved marketing.
- Develop new innovative products.
- Secure seven new customer agreements.
- Increase sales by 10%.

The entities reporting to the Department of Employment and Labour made their presentations to the Portfolio Committee on Employment and Labour in the order outlined below.

3. ENTITIES OF THE DEPARTMENT OF EMPLOYMENT AND LABOUR

The entities reporting to DEL are:

3.1. Productivity South Africa (PSA)
3.2. Commission for Conciliation Mediation and Arbitration (CCMA)
3.3. National Economic Development and Labour Council (NEDLAC)
3.4. Compensation Fund (CF)
3.5. Unemployment Insurance Fund (UIF)

3.1. Productivity South Africa

Productivity SA is a schedule 3A public entity of the Department of Employment and Labour with the responsibility to fulfil an economic or social mandate of government, which is to promote employment growth and productivity thereby contributing to South Africa's socio-economic development and competitiveness.

Productivity SA is governed by a tripartite board consisting of seven members appointed in terms of section 33 of the Employment Services Act (Act No.4 of 2014), namely Chairperson and six members (four from NEDLAC: two representing organised Labour and two representing organised business) and two members representing Government; and the Executive Committee comprising of eight members.

Productivity SA has three regions comprised as follows:

- Region 1: Gauteng, North West and Limpopo
- Region 2: Western Cape, Free State and Northern Cape
- Region 3: KwaZulu-Natal, Eastern Cape and Mpumalanga

The functions of the Productivity SA are to:

- Promote a culture of productivity in the workplace;
- Facilitate and evaluate productivity improvement and competencies in workplaces;
- Support initiatives aimed at preventing job losses;
- Measure and evaluate productivity in the workplace; and
- Maintain a database of productivity and competitiveness systems and publicise same; and to undertake productivity related research.

For businesses to be assisted by Productivity SA, they should meet the following criteria:

- Registered entity, two years in operation and have a minimum of 20 employees.
- Have physical premises where business processes take place.
- Be compliant with UIF regulations.
- Have a valid tax clearance certificate.
- Have two years of audited financials or independently reviewed management accounts proving the decline/distress of the business and its potential to turn-around.

The Strategic Plan of the Productivity SA is outlined in the paragraph below.

3.4.1. Strategic Plan of Productivity SA 2019 - 2024

Productivity SA contributes to two MTSF priorities of government, which are priority 1 and priority 2.

Priority 1: A capable, ethical and developmental State.

Productivity SA reported that it is riding a successful wave on measures taken to eliminate wasteful, fruitless and irregular expenditure.

Priority 2: Economic transformation and job creation.

Productivity SA business model is anchored on this priority through the following flagship programmes:

Programme 1: Competitiveness Improvement Services

This programme aims to

- Enhance the capacities of SMMEs and co-operatives to adopt world-class productivity enhancement best practices, focusing on products, processes and people. Target priority productive sectors with strong growth and employment multipliers, with a focus on the township and rural economies.
- Contribute to the creation of productive employment and decent work by improving the competitiveness and sustainability of enterprises.
- Enhance productivity and operational efficiency through clustering. The workplace challenge (WPC) programme aims to support industrial clusters including in SEZs/IDZs and encourage workplace collaboration between management and workers.
- Prioritise the participation of historically disadvantaged people and regions in the economy and thereby support meaningful BBBEE.

Programme 2: Business Turnaround and Recovery

This programme aims to:

- Preserve jobs and create conditions conducive for job retention and new job creation.
- Provide support to enterprises facing economic distress.
- Offer initiatives aimed at minimising the retrenchment of employees or preventing job losses.
- Provide initiatives for turnaround strategies, re-training or alternative employment opportunities.

Programme 3: Research, Innovation and Statistics

This programme aims to:

- Measure and evaluate productivity in the workplace and competitiveness of the economy.
- Develop and maintain databases and best practice productivity and competitiveness systems, business model innovation and products and services innovation to improve quality and aces to services.
- Undertake and publicise productivity related research and statistics.

The impact statement of Productivity SA is to promote full and productive employment and decent work for all.

The five-year targets of Productivity SA are outlines in table 2 and 3 below.

Table 2: Priority 1-Capable, ethical and developmental State

Outcome	Outcome Indicator	Baseline	Five-year target 2019/20-2023/24	Implementing Programme
1. Functional, efficient and integrated government	1.1. Monitoring report with corrective measures where applicable per annum.	100%	30 day payment report with corrective measures implemented where applicable.	Administration/ Corporate Services

	1.2.Percentage elimination of fruitless and wasteful expenditure per annum	R518,000.00	100% elimination of fruitless and wasteful expenditure incrementally from baseline of R518,000.00	Administration/ Corporate Services

Source: Productivity SA presentation to PC on Employment and Labour dated 23 March 2022

Table 3 reflects the five-year targets for economic transformation and job creation priority.

Table 3: Priority 2-Economic transformation and job creation

Outcome	Outcome Indicator	Baseline	Five-year target 2019/20-2023/24	Implementing Programme
2. Support the creation of jobs through Job Summit Commitments and the Economic Reconstruction and Recovery Plan, in particular the mass employment stimulus	2.1.Number of jobs created (and retained) through job summit initiatives	0 jobs saved	28 900	BT&R
		0 companies facing economic distress supported	578	
		0 workplaces/ future forums members trained	1734	
	2.2.Number of SMMEs and other enterprises supported to improve their competitiveness and sustainability to preserve and create decent jobs	5588 SMMEs and other enterprises supported through CIS in 2018/19	8108	CIS
		New indicator-entrepreneurs, workers and managers capacitated to promote the	7878	

		culture of productivity		
		217 productivity champions capacitated to build awareness and promote a stronger culture of productivity in 2018/19	1615	
	2.3.Advocacy and public awareness programmes to promote a culture of productivity and competitiveness	10 productivity awards and regional milestone conducted	50	Corporate Relations

Source: Presentation to the PC on Employment and Labour dated 23March 2022

3.4.2. Annual Performance Plan of Productivity SA 2022/23

3.4.2. Annual Performance Plan per Programme is as follows:

3.4.2.1. Programme 1: Administration/ Corporate Services

- To pay 100% of SMMEs within 30 days of receipt of statement with corrective measure implemented where applicable.
- To eliminate fruitless and wasteful expenditure incrementally from baseline of R518,000.00.
- To commence 100% of planned training interventions.
- To host 10 productivity awards and regional milestone workshops.

3.4.2.2. Programme 2: Competitiveness Improvement Services

- To support 1252 SMMEs and other enterprises through Competitiveness Improvement Services.
- To capacitate 2200 entrepreneurs, workers and managers to promote the culture of productivity.
- To capacitate 323 productivity champions to build awareness and promote a stronger culture of productivity in South Africa.

3.4.2.3. Programme 3: Business Turnaround and Recovery

- To save 3350 jobs in companies facing economic distress.
- To support 67 companies facing economic distress through turnaround strategies to retain jobs.
- To train and capacitate 201 workplaces/future forum members on productivity improvement solutions per annum.

3.4.2.4. Programme 4: Research, Innovation and Statistics

- To publish and disseminate four research reports and publications on priority sectors.
- To publish and disseminate two statistical reports on productivity and competitiveness.

3.4.2.5. Budget of the Productivity SA per programme

Table 4: Budget per Programme

Expenditure per Programme	**2022/23 R’000**	**2023/24 R’000**	**2024/25 R’000**
Administration	61 090	62 877	63 378
Research, Innovation and Statistics Services	10 073	10 234	10 400
Business Turnaround and Recovery	117 495	122 783	128 307
Competitiveness Improvement Services	19 560	20 070	20 600
TOTAL	**208 218**	**215 964**	**222 685**

Source: Presentation to the PC on Employment and Labour dated 23 March 2022

The larger portion of the budget (56%) was allocated to Business Turnaround and Recovery programme.

3.4.2.6. Budget by Strategic Objective

Table 5: Budget by Strategic Objective

Expenditure per Strategic Objective	**2022/23 R'000**	**2023/24 R'000**	**2024/25 R'000**
Strengthen the institutional capacity of Productivity SA to deliver on its mandate and be financially sustainable	11 193	11 372	11 463
To support government programmes aimed at sustainable employment and income growth	19 560	20 070	20 600
To support enterprises facing economic distress and initiatives aimed at preventing job losses	117 495	122 783	128 307
Generation and dissemination of productivity related research and statistics	10 073	10 234	10 400
To promote a culture of productivity and competitiveness in the workplace and community life	49 897	51 505	51 915
TOTAL	**208 218**	**215 964**	**222 685**

Source: Presentation to the PC on Employment and Labour dated 23 March 2022

The larger portion of the budget was allocated to strategic objective of supporting enterprises facing distress and initiatives aimed at preventing job losses

3.4.2.7. Strategic Risks

- Inadequate revenue
- Cyber security
- Inability to respond to increased demand for services
- Poor performance under the hybrid work environment
- Fraud and corruption
- Inadequate digitisation
- Reputation risk

3.2. Commission for Conciliation Mediation and Arbitration (CCMA)

The CCMA is a statutory body established in terms of section 112 of the Labour Relations Act (LRA).

In terms of section 113 of the LRA, the CCMA is independent of the State, any political party, trade union, employer, employers' organisation, federation of trade unions or federation of employer' organisations.

Mandatory functions of the CCMA

The mandatory functions of the CCMA are:

- To conciliate and arbitrate workplace disputes.
- To assist with the establishment of workplace forums.
- To compile and publish statistics and information about its activities.
- To administer the Essential Services Committee (ESC).
- To consider applications for accreditation and subsidies of bargaining councils and private agencies.

Discretionary functions of the CCMA

The discretionary functions of the CCMA are to:

- To supervise ballots for unions and employer organisations.
- To provide training and information relating to the primary objectives of the LRA.
- To advise a party to a dispute about the procedures to follow.
- To offer to resolve a dispute that has not been referred to the CCMA.
- To publish guidelines on any aspect of the LRA and to make rules.
- To provide training and advice on the establishment of collective bargaining structures, workplace restructuring, consultation processes, termination of employment, employment equity programmes and dispute prevention.
- To conduct and publish research.
- To provide assistance of an administrative nature to an employee earning less than the BCEA threshold.
- To determine fees that the CCMA can charge and regulate practice and procedure for conciliation and arbitration hearings.

The work of the CCMA is structured into the following five programmes:

- Administration
- Proactive and relevant labour market intervention

- Special interventions and support
- Efficient and quality dispute resolution and enforcement services
- Effective strategy management and governance

3.2.1. Strategic Plan 2020/21-2024/25

The strategic initiatives per programme are as follows:

3.2.1.1. Administration

- To enhance financial viability for organisational sustainability.
- To improve organisational culture in a bid to make the CCMA an employer of choice.
- To improve employee' turn-over rate.
- To concentrate on talent and succession planning.
- To reform and modernise the organisation through technology.
- To implement internal programmes that support the environment and contributes to climate change initiatives.

3.2.1.2. Proactive and relevant market intervention

- To implement the targeted workplace interventions through the CCMA's DP and WO strategy.
- To facilitate the collective bargaining support processes with strategy identified users.
- To facilitate social protection through social dialogue, advocacy and outreach.
- To capacitate, train and build knowledge and skills in the labour market.
- To raise awareness on the CCMA services through the delivery of the advocacy campaign.
- To offer support and advisory services to the labour market as and when required.
- To promote democratisation and best employment practices in workplaces to transform them.
- To improve the effectiveness and efficiency of the Essential Services Committee (ESC) legislated mandate.
- To promote effective dispute resolution in essential services.
- To ensure that parties are assisted when negotiating minimum service agreements (MSA).
- To create awareness to the beneficiaries of essential services.
- To promote accountability on the part of the providers of essential services.

3.2.1.3. Special interventions and support

- To implement phase 3 of the CCMA/BUSA web tool.

3.2.1.4. Efficient and quality dispute resolution and enforcement services

- To comply with legislative prescripts in dispute resolution.
- To comply with legislative disputes in ESC legislated mandate.
- To improve access to CCMA and ESC services.
- To improve the quality of service delivery.
- To intensify employment security measures.
- To support the bargaining councils and agencies.
- To implement the CCMA's enforcement strategy.
- To review designations.

3.2.1.5. Effective strategy management and governance

- Generation of business intelligence through continuous environmental scanning (strategic hindsight and foresight) to keep abreast of changing nature of work to enable appropriate response and impact by the organisation.
- Embed good governance to protect organisational value by mitigating governance failure, anticipate and respond to the changing contextual environment and legislative reforms and achieve a clean administration.
- Better anticipate strategic risks to enable the organisation to mitigate timeously.
- Ensure the organisation complies with applicable legislation and policies.
- Intensify strategic partnerships and alliances to support strategy delivery.

3.2.2. Annual Performance Plan 2022/23

The Annual Performance Plan of the CCMA for 2022/23 financial year is as outlined in the following paragraphs.

3.2.2.1. Programme 1: Administration

This programme aims to achieve the following targets in 2022/23 financial year:

- To achieve one percent net surplus by 31 March 2023.
- To achieve 1:1 ratio of safety to cash margins by 31 March2023.
- To implement 100% of human resource plan by 31 March 2023.
- To have three automation and integration of case disbursement (dispute resolution process) deployed by 31 March 2023.
- To implement 95% of uptime ICT critical systems.

3.2.2.2. Programme 2: Proactive and Relevant Labour Market Intervention

This programme aims to achieve the following targets in 2022/23 financial year:

- To conduct six collective bargaining support processes for strategically identified users.
- To conduct three pre-collective bargaining conferences for strategically identified users.
- To engage eight targeted workplaces to implement transformation of workplace relations project(s).
- To deliver eight vulnerable sector projects to targeted users.
- To attain 70% of positive ratings on participant evaluation outcomes.
- To conduct 12 interventions to promote effective dispute resolution in essential services.
- To engage four stakeholders to make inputs on legislative changes.
- To engage 106 entities to ensure that there are minimums to be maintained during industrial action in essential services.
- To monitor eight essential services designations, minimum services agreements, minimum services determination and/ or maintenance service determinations for compliance and observance.
- To conduct fourteen awareness sessions on essential services designation.

3.2.2.3. Programme 3: Special Interventions and Support

This programme aims to achieve the following target in 2022/23 financial year:

- To implement 100% of Phase 3 of the CCMA/ BUSA SME Labour Support Web Tool.

3.2.2.4. Programme 4: Efficient and Quality Dispute Resolution and Enforcement Services

This programme aims to achieve the following targets in 2022/23 financial year:

- To hear 98% of conciliable cases within 30 days at first event (excludes agreed extensions, where certificates were issued, out of jurisdiction cases/ withdrawn/ settled by parties' cases prior to the matter being scheduled, no process cases and cases which are not conciliable or where conciliation is not first process).

- To send 98% of arbitration awards rendered to parties within 14 days of the conclusion of the arbitration proceedings (excludes extensions granted and heads of arguments filed).
- To resolve 52% of disputes of interests.
- To conduct 100% of section 71 of the LRA cases (as and when referred).
- To conduct 100% of section 73 of the LRA cases (as and when referred).
- To conduct 100% of section 75 of the LRA cases (as and when referred).
- To conduct two self-initiated cases in order to determine whether or not the whole or a part of any service is an essential service.
- To achieve 97% quality of awards index by 31 march 2023.
- To reach 84 000 users who access CCMA services from identified sectors.
- To implement all advocacy campaigns planned by 31 March 2023.
- To save 38% of jobs compared to employees likely to be retrenched (as per the cases referred to the CCMA).
- To achieve 8% return to work index by 31 March 2023.
- To resolve 64% of public interest disputes per annum.

3.2.2.5. Programme 5: Effective Strategy Management and Governance

This programme aims to achieve the following targets in 2022/23 financial year:

- To conduct one strategic forecasting and situational analysis.
- To conduct one Imvuselelo Strategy impact assessment per annum.
- To implement 100% of Compliance Management Plan by 31 March 2023.
- To implement 100% of 2021/22 Risk Management Plan by 31 March 2023.

3.2.2.6. Strategic Risks 2022/23

Table 6: 2022/23 Strategic Risks and risk management

No.	Outcomes	Key Risk	Actions to improve risk management
1.	Optimal governance level	Potential non-compliance to the Protection of Personal Information Act	• Develop the records management SOP (once the recruitment process for a records management specialist has been finalised).

			• Finalise the data classification process (once the recruitment process for a records management specialist has been finalised). • Conduct the detailed privacy assessment.
2.	Improved ICT service quality	Outdated ICT systems that may fail to meet strategic business objectives	• Design and implementation of digitisation initiatives 1. Enhance the current online e-referral platform to include a multi-language element which will allow for a wider coverage to the end-user. 2. Enhance the case management system sub-modules. 3. Develop a customised e-referral platform for the bargaining councils. • Procure the new hardware infrastructure (dependant on budget availability).
3.	Optimised governance level	Governance failures	• Implement the approved 2022/23 governance implementation plan. • Conduct awareness of the Fraud Prevention Policy and SOP. • Implement the approved 2022/23 Fraud and Anti-corruption Plan and Strategy.
4.	Improved employee turn-over rate	Inability to attract, develop and retain the required/critical skills and competencies due to budget constraints.	• Implement the talent management framework (within budgetary constraints). • Implement the HRM Strategy (only funded components).

			- Conduct performance management training for line management. - Develop an industrial management plan. - Reassign of functions to appropriately skilled individuals to ensure maximum utilisation and outputs from existing resources. - Deliver relevant training as required by the organisation within the allocated budget (consider training interventions offered by the full-time employees)
5.	Improved ICT service quality	Increased exposure to cyber attacks	- Implement the 2022/23 activities of the ICT Strategy. - Implement the intune solution as part of data leakage prevention. - Develop and implement the cyber security maturity model activation plan. - Implement the ICT security policy and SOP. - Review and enhance security governance and operational structures. - Develop governance processes for data leakage dependant on records management process for data classification (phase 2 mitigation plans). - Engage with process owners on data classification.

			• Develop and implement a data leakage plan (dependant on data classification).
6.	Optimised governance levels	Negative organisational reputation	• Conduct workshops nationally to ember the communications policy, strategy and SOP including the language and corporate identity aspects. • Identify prominent radio stations/TV. • Develop a poster on leakage of confidential information. • Arrange for public relations refresher training (dependant on budget availability). • Create a database of multi-media production houses, monitor the database and draft a response to the Director for his approval and submission to correct the incorrect submission. • Identify the key/most prominent stakeholders that the CCMA must engage with and ensure that they are kept abreast of all the latest details about the CCMA, as and when the need arises. • Ensure that communications are proactive (provide media advisories , media statements and staff address for example).
7.	Effective essential services dispute	User non-compliance with essential services	• Conduct stakeholder engagements to increase awareness and promote

	management, prevention and resolution	laws resulting in unprotected strikes.	compliance to the essential services law. • Strengthen relationship with users that render essential services. • Cooperate with the CCMA in managing conciliation outcomes in essential services disputes. • Promote minimum services agreements (MSA) and determining minimums to be maintained (minimum services determinations) where parties do not conclude MSAs.
8.	Improved employee tur-over rate.	The negative impact of the global COVID-19 pandemic on the CCMA.	• Update the CCMA's pandemic response plan and compliance to national GOVERNMENT Disaster Management Regulations as and when regulatory changes occur. • Utilise Careways to provide wellness interventions within the scope of the contract. • Increase usage of virtual meeting platforms to mitigate against face-to-face transmission of the pandemic. • Provide stress management and resilience webinars. • Provide grieve workshops.
9.	Jobs saved	Inability to save jobs adversely affected in large scale retrenchments processes	• Implement post retrenchment monitoring processes. • Collaborate with strategic partners on job savings. • Conduct capacity building to respond to the needs of the labour market.

10.	Enhanced financial viability for organisational sustainability	Insufficient financial resources to sustain organisational needs	• Continuously review and monitoring of expenditure in line with the budget allocation.

Source: Presentation to the PC on Employment and Labour dated 23 March 2022

3.2.2.7. Spending trends of the CCMA per programme

CCMA reported on its expenditure as follows:

Table 7: Overview of the 2022/23 Budget and MTEF

Programme		Approved Budget	Medium Term Estimates		
		2021/22 (R'000)	2022/23 (R'000)	2023/24 (R'000)	2024/25 (R'000)
1.	Administration	207 773	228 532	217 437	227 101
2.	Proactive and relevant labour market intervention	13 892	16 350	14 546	15 200
3.	Special interventions and support	16 426	17 491	17 177	17 949
4.	Efficient and quality dispute resolution and enforcement services	733 102	761 645	775 313	809 431
5.	Effective strategy management and governance	35 306	38 623	35 771	37 380
TOTAL		**1 006 499**	**1 062 641**	**1 060 244**	**1 107 061**

Source: Presentation to the PC on Employment and Labour dated 23 March 2022

The total budget of the CCMA for 2022/23 financial year is R1.1 billion (R1 062 641 000). Programme 4 received the highest programme allocation of R761.6 million or 71.7%, followed by programme 1 at R228.5 million or 21.5%.

3.3. National Economic Development and Labour Council (NEDLAC)

The National Economic Development and Labour Council (NEDLAC) was established through the National Economic Development and Labour Council Act, Act 35 of 1994, and it operates in terms of its constitution and protocols. NEDLAC's objectives are:

- To strive to promote the goals of economic growth, participation in economic decision-making and social equity.
- To seek to reach consensus and conclude agreements on matters pertaining to social and economic policy.
- To consider all proposed labour legislation relating to labour market policy before it is introduced in Parliament.
- To consider all significant changes to social and economic policy before they are implemented or introduced in Parliament.
- To encourage and promote the formulation of coordinated policy on social and economic matters.

NEDLAC identified the following government priorities as relevant to it for the Medium Term Strategic Framework (MTSF) 2019 – 2024:

- Priority 1: Economic transformation
- Priority 2: A capable, ethical and developmental State.

With regard to priority one, NEDLAC's goal is to contribute to the achievement of decent work and the economic growth targets, as set out in the National Development Plan (NDP) and the New Growth Path (NGP), and contribute to the reduction of social inequity, as measured by the Gini coefficient. With regard to priority two, NEDLAC aims to improve governance, leadership and secretariat performance as measured by a reduced number of relevant audit findings, and increased levels of stakeholder satisfaction.

The Annual Performance Plan of NEDLAC for 2022/23 is as reflected in the following paragraphs.

3.3.1. Annual Performance Plan for 2022/23 financial year

3.3.1.1. Programme 1: Administration

The annual targets of the Administration programme are as follows:

- To obtain an unqualified audit opinion.

- To receive over 75% positive responses in an annual stakeholder satisfaction survey.
- To implement 90% of annual facilities management plan.
- To resolve 100% of IT complaints within agreed timeframes.
- To spend 80% of training budget.
- To award 100% of contracts to suppliers within two months of closing date of advert.
- To meet 80% of milestones for the achievement of the Governance Task Team for 2022/23 year.
- To deliver legislative and policy tracker report twice per annum.

3.3.1.2. Programme 2: Core-operations/ Programmes

The annual targets for this programme are:

- To release 100% of dialogues reports within 14 working days of convening a dialogue.
- To successfully conclude 75% agreements within nine months of the issues being tabled unless otherwise agreed.
- To conclude 100% of reports within six months of the issue being tabled.
- To conclude 100% section 77 Standing Committee reports within five days of the resolution of the matter.

3.3.1.3. Programme 3: Capacity-building

The annual target for this programme is:

- To complete 70% of planned constituency capacity building interventions.

3.3.2. Expenditure budget of NEDLAC for 2022/23 and the MTEF

Table 8: 2022/23 NEDLAC Budget Information

Programme		**2022/23**	**2023/24**	**2024/25**
		R'000	R'000	R'000
1.	Administration	45 095	45 362	47 176
2.	Core-operations	7 198	7 198	8 081
3.	Capacity building	7 500	7 500	7 500
	TOTAL	**59 793**	**60 060**	**62 757**

Source: Presentation to the PC on Employment and Labour dated 23 March 2022

The total budget allocation for 2022/23 financial year amounted to R59.8 million. More than half of the budget, which is R45.1 million or 75.4% is allocated to the Administration programme.

3.4. The Compensation Fund (CF)

The mandate of the CF is derived from section 27(1)(c) of the Constitution of the Republic of South Africa. In terms of this section, all South Africans have a right to social security. The CF is mandated to provide social security to all injured and diseased employees.

The CF is established in terms of section 15 of the Compensation for Occupational Injuries and Diseases Act (COIDA) as amended. The main objective of the Act is to provide compensation for disablement caused by occupational injuries or diseases sustained or contracted by employees or for death resulting from such injuries or diseases and provide for matters connected therewith.

3.3.1. Strategic Plan 2020/21 – 2024/25

The CF is responding to the three Medium Term Strategic Framework (MTSF) priorities to deliver its vision and to help realise the objectives of the National Development Plan (NDP) 2030 over its five-year term. The priorities are:

- Priority 1: Capable, ethical and developmental State;
- Priority 2: Economic transformation and job creation; and
- Priority 4: Consolidating the social wage through reliable and basic services.

Impact statement of the CF includes:

- Sound and sustainable control environment, transformed financial sector, enhanced institutional capacity to deliver and improve accessibility and visibility of COID services.
- Sustainable CF based on ethical principles.
- Ethical, effective, efficient, accessible and cost effective compensation of beneficiaries.
- Reliable, efficient and cost-effective medical benefits system.
- Efficient, effective and reliable rehabilitation and return to work services for the promotion of rights of injured workers with disabilities.

3.3.1.1. Strategic Priorities of the CF and Five Year MTSF Targets

The strategic priorities of the CF are as follows:

(1) To improve the system of internal control and maintain financial soundness
- 95% of received return of earnings assessed.
- 10% increase in assets per annum.
- Unqualified audit opinion obtained by 31 March 2024
- 100% elimination of wasteful and fruitless expenditure by 31 March 2024.
- 75% reduction of irregular expenditure by 1 March 2024.
- 95% resolution of reported incidents of corruption by 31 March 2024.
- To establish the ethics committee and adhere to terms of reference.

(2) To ensure appropriate that benefits are delivered to intended beneficiaries, efficiently and at a reasonable cost
- Support the implementation of the integrated claims management system by 31 March 2023.
- To adjudicate 95% of compensation claims.
- To finalise 95% of compensation benefits.
- To implement 100% of the visibility and accessibility programme by 31 March 2025.

(3) Contribute to employment and economic growth through rehabilitation and re-integration
- To finalise 95% of medical benefits.
- To enrol 90% of severely injured workers into rehabilitation programmes.

(4) Improve operational efficiency through process reengineering and technological innovation
- Support the implementation of the integrated claims management system by 31 March 2023.

(5) Develop the capacity of the CF to deliver according to its mandate
- 8% vacancy rate by March 2025.
- 100% implementation of the visibility and accessibility programme by 31 March 2025

(6) Embed ethical culture and zero tolerance to fraud and corruption
- 80% resolution of reported incidents of corruption by 31 March 2025.
- Establish ethics committees and adhere to terms of reference.

3.3.2. Annual Performance Plan 2022/23

3.2.2.1. Programme 1: Administration

This programme aims to achieve the following targets in the 2022/23 financial year:

- To allocate 6% of assets under management to black asset managers annually.
- To allocate R250 million Funds to Small and Medium Enterprises annually.
- To create 1500 decent jobs through jobs summit initiatives annually.
- To create 100 jobs through the Presidential Comprehensive Youth Employment interventions.
- To increase the assets of the Fund by 10%.
- To receive no worse than a qualified audit opinion.
- To reduce 75% of wasteful and fruitless expenditure.
- To reduce 45% of irregular expenditure annually.
- To implement 20% of programmes in the approved visibility and accessibility strategy.
- To investigate 70% of reported cases of fraud annually.
- To develop the ethics strategy.
- To reduce the vacancy rate to 9%.
- To produce four quarterly reports and one annual report on monitored performance of Mutuals reporting to the Fund.

3.2.2.2. Programme 2: COID Services

This programme aims to achieve the following targets in the 2022/23 financial year:

- To assess 87.5% of received return of earnings annually.
- To adjudicate 90% of claims received within 30 working days.
- To pay 90% of approved benefits within 5 working days.

3.2.2.3. Programme 3: Medical Benefits

This programme aims to achieve the following targets in the 2022/23 financial year:

- To finalise 95% of requests for pre-authorisation of Specialised Medical Interventions within 10 working days of receipt of accepted claims.
- To finalise 80% of accepted medical invoices within 30 working days of receipt.

3.2.2.4. Programme 4: Orthotic and Rehabilitation Services

This programme aims to achieve the following targets in the 2022/23 financial year

- To finalise 90% of requests for assistive devices within 15 working days.
- To fund 895 learners annually at post school education and training institutions.
- To fund 200 persons with disabilities annually for vocational rehabilitation programme.

3.2.3. Budget of the Compensation Fund for the MTSF 2021/22 – 2023/24

Table 9: Budget of the Compensation Fund

Programme	**2021/22 R'000**	**2022/23 R'000**	**2021/22 to 2022/23 Average Growth %**
Administration	7 273 397	6 308 840	-15%
COID Services	1 691 846	1 944 820	13%
Medical Benefits	4 586 073	4 661 073	2%
Orthotic and Medical Rehabilitation	229 901	486 415	53%
TOTAL	**13 781 216**	**13 401 149**	**-3%**

Source: Presentation to the PC on Employment and Labour dated 30 March 2022

The total budget for 2022/23 financial year is R13, 40 billion, which is a decrease of 3% from the R13.78 allocated in 2021/22.

3.4. Unemployment Insurance Fund (UIF)

The Constitutional mandate of the UIF is derived from section 27(1)(c) of the Constitution of the Republic of South Africa.

- The UIF provides social security to its contributors in line with section 27(1)(c); which states:
  "everyone has the right to have access to social security, including, if they are unable to support themselves and their dependants, appropriate social assistance".

The UIF administers the following legislation:

- The Unemployment Insurance Act (Act No. 20 of 2001) as amended, which empowers the UIF to register all employers and employees for unemployment insurance benefits.
- The Unemployment Insurance Contributions Act (Act No. 4 of 2002), which provides for the imposition and collection of contributions for the benefit of the UIF.

The Unemployment Insurance Fund (UIF) contributes to the following government priorities:

- Priority 1: A capable, ethical and developmental State
- Priority 2: Economic transformation and job creation
- Priority 4: Consolidating social wage through reliable and basic service

3.4.1. Strategic Plan of the UIF 2020 - 2025

The Strategic Plan of the UIF is as outlined in the following paragraphs.

3.4.1.1. Five year indicators and targets per government priority

Priority 1: A capable, ethical and developmental State.

Table 10: Indicators and targets per Priority 1

Outcome	Outcome Indicator	Baseline	Five year target
1. Functional and efficient UIF	Improved audit opinion obtained from the Auditor-General	AGSA findings: 29/68=43% as at 31 March 2021	100% of external audit action plans implemented by 31 March 2025
	Improved turnaround time to pay suppliers	99.9% (2036/2039) of invoices were paid within 30 days as at 31 March 2021	100% of invoices paid within 30 calendar days of receipt by 31 March 2025
	Improved turnaround time to resolve reported incidents of fraud and corruption	31% of COVID-19 cases finalised within 60 days (71/227 COVID-19 cases finalised within 60	95% of cases finalised within 90 working days by 31 march 2025

		days) as at 31 March 2022	
	Improved Claims Management System	System handover payment approved by the National Treasury. There were contractual issues that delayed handover and system testing processes as at 31 March 2021	Fully functional integrated Claims Management System deployed by 31 March 2023
	Increased verification of identified COVID-19 TERS payments	49 of 1998 identified COVID-19 TERS cases verified as at 31 March 2021	14 122 identified COVID-19 TERS payments verified by 31 March 2025
2. Strengthened institutional capacity of the Fund	Improved human resource capacity	7.1% vacancy rate (43 posts/602) 602=establishment 559=filled post 43=vacant as 31 March 2021	≤3% by 31 March 2025

Source: Presentation to the PC: Employment and Labour dated 30 March 2022

Priority 2: Economic transformation and job creation

Table 11: Indicators and targets per Priority 2

Outcome	**Outcome Indicators**	**Baseline**	**Five year target**
1. More decent jobs created and sustained.	Improved participation of beneficiaries in employability programmes	13381 as at 31 March 2021	75000 beneficiaries participating in employability programmes by 31 March 2025

	Sustainable enterprises	New indicator	90% of projects funded monitored by 31 march 2025
	Improved turnaround time to approve or reject valid TERS applications	23% (3 approved/rejected out of 13 received) of applications approved or rejected	90% of valid TERS applications approved or rejected by the delegated authority within 20 working days by 31 March 2025

Source: Presentation to the PC: Employment and Labour dated 30 March 2022

Priority 4: Consolidating the social wage through reliable and quality basic services

Table 12: Indicators and targets per Priority 4

Outcome	Outcome Indicator	Baseline	Five year target
1. An inclusive and responsive social security coverage	Improved social security coverage	87% within 15 working days (855 686/984 498) as at 31 March 2021	95% of valid unemployment benefit claims with complete, accurate and verified information approved or rejected within 15 working days by 31 March 2025
		87% within 10 working days (91 427/105 189) as at 31 march 2021	95% of valid in-service benefit claims (maternity illness and adoption) with complete, accurate and verified information approved or rejected within 7 working days by 31 31 March

		85% within 20 working days (11 284/13 212) as at 31 March 2021	95% of valid deceased benefit claims with complete, accurate and verified information approved or rejected within 10 working days by 31 March 2025
		99% within 5 working days (3069077/3106426) as at 31 March 2021	100% of complete, accurate and verified benefit payment documents created after receipt within 2 working days by 31 March 2025
		99% within 1 working day (54 842/55 371) as at 31 March 2021	100% of new companies with complete, accurate and verified information created with registration document (UI 54) within 1 working day by 31 March 2025

Source: Presentation to the PC: Employment and Labour dated 30 March 2022

The Annual Performance Plan of the UIF is as outlined in the following paragraphs.

3.4.2. Annual Performance Plan of the UIF for 2022/23

Table 13: 2020/21 Budget and MTEF Estimates

Programme		**Revised Estimate**	**Medium Term Expenditure Estimate**		
		2021/22	**2022/23**	**2023/24**	**2024/25**
		R'000	**R'000**	**R'000**	**R'000**
1.	Administration	3 103 099	4 008 924	3 324 042	2 639 955
2.	Business Operations	40 834 519	26 509 469	22 155 453	22 805 899

3.	Labour Activation Programme	2 376 306	3 158 495	3 015 794	3 053 517
Total		**46 313 924**	**33 676 888**	**28 495 289**	**28 499 371**

Source: Presentation to the PC: Employment and Labour dated 30 March 2022

The Annual Performance Plan of the UIF per Programme is as follows:

3.4.2.1. Programme 1: Administration

The purpose of the Administration programme is to provide management, strategic and administrative support services to management. This programme received a budget of R4.008 billion in 2022/23 financial year.

The annual performance targets for this programme are:

- To implement 100% of external audit action plans.
- To finalise 90% of fraud and corruption cases within 90 working days.
- To pay 100% of valid invoices within 30 calendar days of receipt.
- To reduce the vacancy rate to not more than 3%.
- To deploy a fully functional Integrated Claims Management System (ICMS).
- To verify 1 122 identified COVID-19 TERS payments

3.4.2.2. Programme 2: Business Operations

The purpose of this programme is to collect contributions and pay benefits. This programme is allocated R26.509 billion in 2022/23 financial year.

The annual performance targets for this programme are:

- To create 97% of new companies with registration document (UI 54) within 1 working day.
- To create 95% of complete, accurate and verified benefit payment documents within 3 working days.
- To approve or reject 92% of valid unemployment benefit claims with complete, accurate and verified information within 15 working days.

- To approve or reject 92% of valid in-service benefit claims (maternity, illness and adoption) with complete, accurate and verified information within 10 working days.
- To approve or reject 92% of valid deceased benefit claims with complete, accurate and verified information within 20 working days.

3.4.2.3. Programme 3: Labour Activation Programme

The purpose of this programme is to enhance employability, enable entrepreneurship and preserve jobs through labour market integration measures that seek to retain or reintroduce contributors into employment. This programme is allocated R3.158 billion in the 2022/23 financial year.

The annual performance targets of this programme are:

- To have 90% of valid TERS applications approved or rejected by the delegated authority within 20 working days.
- To have 15 000 beneficiaries participating in employability programmes.
- To monitor 90% of funded projects.

3.5. Key Risks

Table 14: Key Risks and Risk Mitigation

OUTCOME	RISK	RISK MITIGATION
More decent jobs created and sustained	Inability by the UIF to enhance employability of UIF contributors, retention of workers and re-introduction of workers into employment.	Implementation of TERS
		Funding agreements to be signed with project partners
	Ineffective implementation of Labour Activation Programme (LAP)	Approved LAP mandate/strategy
		Approved standard operating procedures for all programmes (TERS, BT&R, Employability and ED)

	Ineffective monitoring owing to poor capacity	Sourcing of interim capacity for LAP
	Breach of contract by LAP implementing partners (e.g. failure to place recruits at end of contract)	Enforcement of the breach of contract clause
An inclusive and responsive social security coverage	Fraud and corruption	Review fraud prevention strategy
		Review policies and procedures
	Non-compliance with the claims turnaround times	Implementation of the Business Operations Standard Operating Procedures
	Inadequate human capacity	Filling of vacancies
		Implementation of the fit-for-purpose structure
	ICT challenges	Implementation and monitoring of the SAP ICT project plan
		Integration of the virtual office and Siyaya in the interim
Functional and efficient UIF	Ineffective expenditure measures leading to financial loss	Review finance policy and procedures aligned to relevant legislation
	Poor investment decisions and returns	Development, implementation and monitoring of an Investment Strategy
	Pressure to fund ad hoc benefits/relief payments (leading to the Fund's compromised financial sustainability)	Mobilisation of Minister and Cabinet support for limited/stringent consideration of ad-hoc benefit/relief projects
	Poor resolution success of audit findings	Implementation and monitoring of the Audit Action Plan

	ICT challenges	Implementation and monitoring of the SAP ICT project plan
Strengthened institutional capacity of the Fund	UIF not having HR strategy to support the organisational strategy	Revised organisational structure
		Approved business processes
	Management instability	Implementation of change management programme
	ICT challenges	Implementation and monitoring of the SAP ICT project plan

Source: Presentation to the PC on Employment and Labour dated 30 March 2022

4. COMMITTEE OBSERVATIONS

The Committee made the following observations:

4.1. DEL and SEE

- The official unemployment rate increased by 0.4% from 34.9% in the third quarter of 2021 to 35.3% in the fourth quarter of 2021. This is the highest unemployment rate since the start of the QLFS in 2008. The unemployment rate according to the expanded definition of unemployment decreased by 0.4% from 46.6% in third quarter of 2021 to 46.2% in the fourth quarter of 2021. The COVID-19 lockdown contributed to the increase in unemployment rate, since more than two million jobs were reported to have been lost during the period.
- The budget of the Department increased from R3.81 billion in 2021/22 to R3.95 billion in 2022/23 financial year. However, the budget of the Public Employment Services programme decreased from R993.15 million in 2021/22 to R935.39 in 2022/23 financial year. In terms of Economic Classification, the budget for Compensation of Employees decreased from R1.440 billion in 2021/22 to R1.430 billion in 2022/23 financial year.
- The budget for Compensation of Employees constitute 36% of the total budget of the Department, while Goods and Services budget is 18% of the total budget.
- The SEE is not benefiting from any source of preferential treatment from the State, despite the Committee recommendations.

4.2. Productivity SA

- Productivity SA is still receiving its budget from multiple sources.
- South Africa is ranked number 62 out of 63 countries in terms of world competitiveness index.
- The top ten countries in world competitiveness index have national productivity strategies.

4.3. CCMA

- CCMA offices will open for walk-ins on 01 May 2022.
- CCMA expect an increase in the number of case referrals as the economy is gradually opened.
- The budget of the CCMA increased from R1.006 billion in 2021/22 to R1.062 billion in 2022/23 financial year. It is projected to decrease to R1.060 in 2023/24 financial year.
- The suspension of the utilisation of part-time commissioners due to budget constraints had an impact on the capacity of the CCMA to deal with all referrals received and impacted on turnaround of hearing arbitrations. This factor did not negatively affect the statutory timeframes for rendering arbitration awards, but the organisation took longer to hear and finalise arbitrations.

4.4. NEDLAC

- NEDLAC is involved in drafting of the social contract that was announced by the President of the country that it will be concluded within 100 days.
- Some agreements that are concluded at NEDLAC are not followed by legislation to ensure that they are realised.

4.5. CF

- There are plans to review the organisational structure of the Compensation Fund so as to improve its efficiency.
- The report of the forensic firms appointed after an order by SCOPA to probe the Compensation Fund is awaited.

4.6. UIF

- There are plans to review the organisational structure of the UI Fund so as to improve its efficiency.

- The services of the UIF have been decentralised from Head Office to labour centres. The Director for UIF operations will be appointed in each province.
- The Fund appointed eleven follow-the-money companies to verify COVID-19 TERS payments.
- The Labour Activation Programme has been repurposed to focus on demand led training. The revitalisation of this programme is aligned to the expanded mandate of the Department.
- The Fund had a meeting with the Public Investment Corporation (PIC) CEO on 29 March 2022 where it requested a report on investments. The PIC is expected to provide the report and action plan within 14 days.
- There is still a problem of long queues of UIF clients in labour centres.
- The Auditor General of South Africa (AGSA) found that sustainability of the Fund is under threat if it continues on the current trajectory.

5. COMMITTEE RECOMENDATIONS

In view of the above observations, the Committee recommends that the Minister of Employment and Labour considers the following:

5.1 Department of Employment and Labour and SEE

- Ensuring that the initiatives of the Department are aligned to its expanded mandate of job creation.
- The Department must work with National Treasury to ensure that that SEE receive preferential procurement status from government departments.
- SEE must provide the Committee with the marketing strategy of the entity.
- That people with disabilities that work for SEE are provided with transport to and from work.
- That the Department reviews legislation that hinders job creation by small businesses.
- The Public Employment Services branch of the Department is restructured and repurposed for job creation, including interdepartmental and private sector activities.
- Ensuring a more comprehensive package of benefits is provided for SEE workers to improve their working conditions.

5.2 Productivity SA

- Ensuring that the Productivity SA single source funding plan is finalised.
- Ensuring that the Productivity SA receives its budget timeously.

- Productivity SA has to develop the National Productivity Strategy to improve productivity levels in the country, engaging with social partners at Nedlac. Outsourcing of development of the strategy has to be considered.

5.3 CCMA

- Ensuring that additional funding is made available to enable the entity to fully execute its statutory mandate.
- Ensuring that the services of the entity are decentralised to Labour Centres.
- Ensuring that digitisation of the CCMA does not leave out those members of society who don't have access to technology.

5.4 NEDLAC

- Ensuring that NEDLAC take heed of the Constitutional Court judgement on Preferential Procurement Regulations.
- The Governance Task Team finalise its work of ensuring that NEDLAC structure is fit-for-purpose and table its report before the Committee.
- NEDLAC has to consider amendments to legislation to encourage working from home so as to ensure that gains made as a result of COVID-19 are not lost.

5.5 CF

- Ensuring the speedy review of the Compensation Fund organisational structure so as to improve its efficiency.
- Ensuring that the report of the forensic firms appointed after an order by SCOPA to probe the Compensation Fund is made available to this Committee.
- Ensuring that the Fund continues to provide quarterly progress report on the implementation of its Action Plan.

5.6 UIF

- The Fund has to provide feedback to the Committee on Public Investment Corporation (PIC) investments.
- Ensuring that plans to review the organisational structure of the UI Fund are speeded up so as to improve its efficiency. The efficiency of administration at labour centres specifically with regards to the receipt and timeous processing of claims documents must be improved in repeated resubmission of documents.
- Legal action for moneys lost in Public Investment Corporations (PIC) investments is taken.

- Companies that defrauded the UIF with regard to TERS are exposed and that the Committee should receive quarterly updates on investigations.

The Department of Employment and Labour should report back to the Portfolio Committee on Employment and Labour on progress made with regard to the above-mentioned recommendations within one month after the report has been adopted in the National Assembly. The COVID-19 lockdown contributed to shedding of about 2.2 million jobs, which threatens sustainability of UI funds.

Report to be considered.