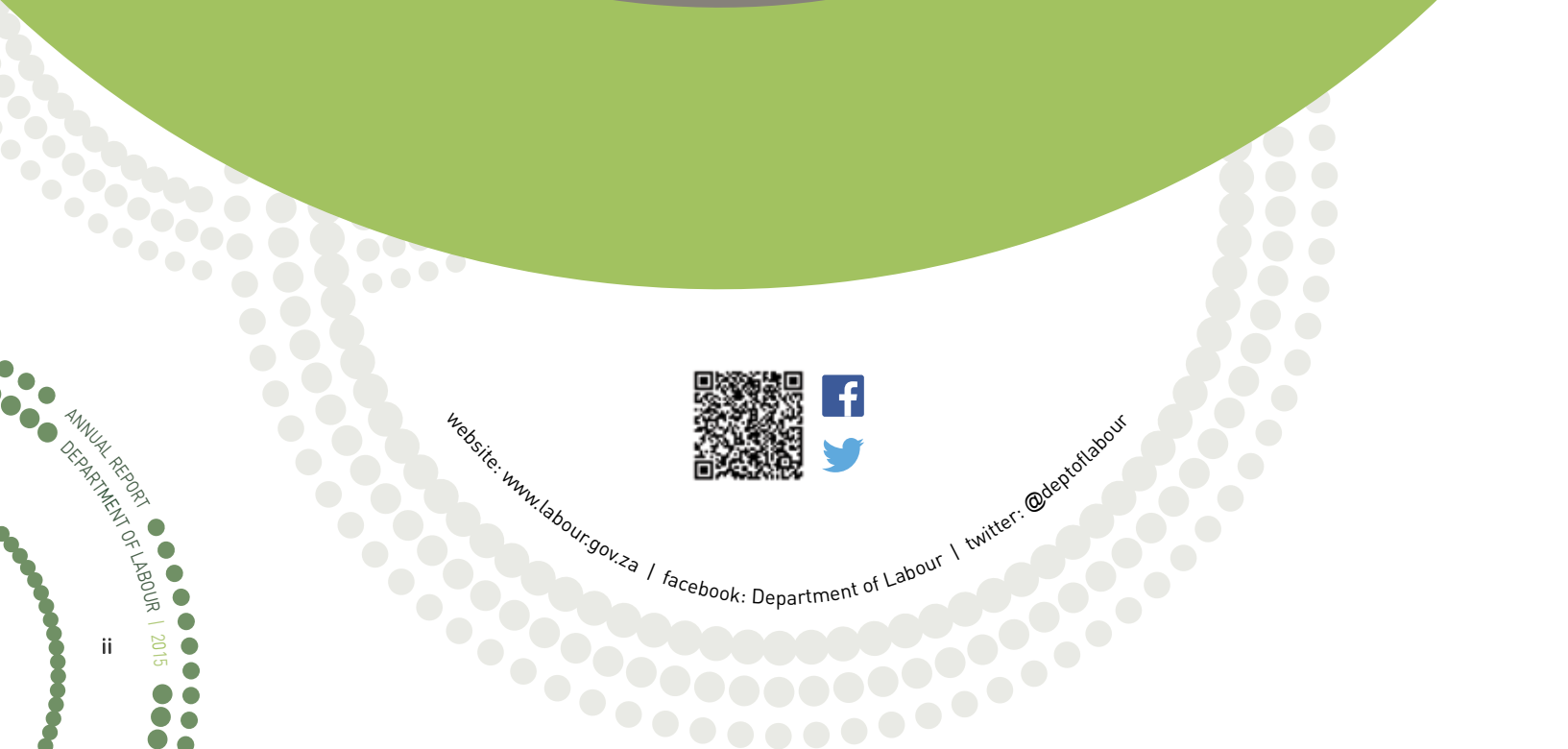


The cover features a large, stylized black silhouette of a person's head and neck, facing right. The silhouette is filled with a pattern of small, light green circles. The background is a mix of light green and grey, with a large, solid light green circle on the right side. At the bottom, there are silhouettes of three workers wearing hard hats. The text 'ANNUAL REPORT DEPARTMENT OF LABOUR 2014/15' is written in white, bold, sans-serif font, following the curve of the silhouette's neck.

**ANNUAL REPORT
DEPARTMENT OF LABOUR
2014/15**

●●● Coming together is a beginning, staying together is progress, and working together is success.

- Henry Ford -



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labour

Department:
Labour
REPUBLIC OF SOUTH AFRICA

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It is my privilege and honour to submit to you the Annual Report of the Department of Labour for the period 1 April 2014 to 31 March 2015, in terms of the the Public Finance Management Act, 1999.



● MN OLIPHANT
MP, Minister of Labour

●● SP HOLOMISA
MP, Deputy Minister of Labour

●●● T LAMATI
Director-General

CONTENTS

PART A: GENERAL INFORMATION	1	PART D: HUMAN RESOURCE MANAGEMENT	92
1.1 Department's vision		4.1 Introduction	
1.2 List of abbreviations/acronyms		4.2 Human Resource Oversight Statistics	
1.3 Foreword by the Minister			
1.4 Deputy Minister's Statement		PART E: FINANCIAL INFORMATION	117
1.5 Report of the Accounting Officer		5.1 Report of the Auditor-General	
1.6 Statement of Responsibility and Confirmation of the Accuracy of the Annual Report		5.2 Annual Financial Statements	
1.7 Strategic overview			
1.8 Legislative and other mandates		PART F: SHELTERED EMPLOYMENT FACTORIES	185
1.9 Organisational structure		6.1 Report of the Accounting Officer	
1.10 Entities reporting to the Minister		6.2 Annual Performance Monitoring Report	
		6.3 Progress Report regarding the prior year Audit Report	
PART B: PERFORMANCE INFORMATION	20	6.4 Report of the Auditor-General	
2.1 Information on Predetermined Goals		6.5 Annual Financial Statements	
2.2 Service delivery outcomes and Departmental strategic goals			
2.3 Performance information by programme			
2.4 Actual annual performance against planned targets			
2.5 Linking performance to budget			
2.6 Transfer payments			
2.7 Conditional grants			
2.8 Donor funds			
2.9 Capital investment			
PART C: GOVERNANCE	72		
3.1 Introduction			
3.2 Risk management			
3.3 Fraud and corruption			
3.4 Minimising conflict of interest			
3.5 Code of conduct			
3.6 Health safety and environmental issues			
3.7 Portfolio committees			
3.8 SCOPA resolutions			
3.9 Prior modifications to audit reports			
3.10 Monitoring and Compliance			
3.11 Internal audit and audit committees			
3.12 Audit Committee Report			

PART A: GENERAL INFORMATION

1.1 Department's vision	2
1.2 List of abbreviations/acronyms	2
1.3 Foreword by the Minister	3
1.4 Deputy Minister's Statement	4
1.5 Report of the Accounting Officer	5
1.6 Statement of Responsibility and Confirmation of the Accuracy of the Annual Report	12
1.7 Strategic overview	13
1.8 Legislative and other mandates	14
1.9 Organisational structure	16
1.10 Entities reporting to the Minister	18

1. ADMINISTRATION

1.1 DEPARTMENT'S VISION

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

1.2 LIST OF ABBREVIATIONS/ACRONYMS

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



1.3 FOREWORD BY THE MINISTER

The Department of Labour is pleased to present its Annual Report for 2014/15 in terms of the Public Finance Management Act (PFMA).

The Department presents its report at the end of a year in which Government celebrated 20 years of democracy. It was also a year during which the National Development Plan was adopted, providing a vision for the country through to 2030 and a new five-year Medium-Term Strategic Framework was put in place. The Department has a clear planning and strategic environment within which to operate. The Department has also completed its own Strategic Plan for the next five-year period.

A major achievement during 2014/15 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 engaged 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, 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 was gazetted during the year, which provides a legal framework for the operation of the public employment services and the regulation of private employment agencies. Amendments to the Unemployment Insurance Act reached the fourth Parliament but could not be finalised. 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 the year.

Major aspects of our programme of legislative reform were completed during the year 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.

The Department has been strengthened during 2014/15 by the appointment of Director-General, Mr Thobile Lamati, in December 2014. I am confident that the Department will grow in strength under his management.

I would like to take this opportunity to extend my thanks and appreciation for the support the Department has received from members of Parliament and our social partners. The public entities reporting to the Department are also thanked for their contributions during the year. Finally, I wish to thank the staff of the Department for their contribution towards realising our objectives and improving conditions and practices in the South African labour market.



MN Oliphant, MP
Minister of Labour

1.4 DEPUTY MINISTER'S STATEMENT

The Annual Report of the Department of Labour for 2014/15 provides an overview of the performance of the Department. There are areas of performance that are perhaps not adequately reflected in relation to their significance for the South African labour market. One such area is the amendments that were affected to the Labour Relations Act, the Basic Conditions of Employment Act and the Employment Equity Act, as well as the introduction of a new Employment Services Act.

These amendments were 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 our 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 in regarding protection for vulnerable workers.

President Zuma, in his State of the Nation address of 17 June 2014, announced that 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.

On 4 November 2014, a Labour Relations Indaba was convened at which a declaration was adopted that contains a number of principles to guide the engagement. Since January 2015, the NEDLAC constituencies have been engaging on the two focal areas. The challenge will now be to ensure that good progress is made in the deliberations around the Indaba resolutions. 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.

I would like to thank the Minister of Labour for her foresight and leadership during the year under review and also to add my thanks to the staff of the Department for their efforts and contributions.



A handwritten signature in black ink, enclosed in a thin black oval border.

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

1.5.1 OVERVIEW OF THE OPERATIONS OF THE DEPARTMENT

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 Labour Relations Act (1995), the Basic Conditions of Employment Act (1997), the Employment Equity Act (1998), and the Occupational Health and Safety Act (1993).

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

- Improving economic efficiency and productivity
- 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.

1.5.2 CHALLENGES FACING THE DEPARTMENT

Overall, the following challenges can be highlighted:

1.5.2.1 *The first challenge facing us is unemployment and under-employment*

Over the year to September 2014, there has been a noticeable shift in the distribution of the economically active population. This includes those who were employed and unemployed.

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

Firstly, the number of uneducated individuals (less than matric) amongst the unemployed that did not complete secondary education. This is a critical composition of the labour force to be considered and up-skilled as they constitute a significant part of being in temporary employment.

Secondly, the youth (15-34 years), who currently constitute more than 67.4% (or 3 474 000) of the total unemployed remain the dominant, identifiable group of long-term unemployed individuals in the country.

1.5.2.2 *The second challenge relates to the changing nature of work*

There has been a tendency among employers to move away from full-time employment towards atypical forms of employment such as casual labour, part-time employment, temporary and seasonal work. The increase in atypical forms of employment is contributing to instability in the labour market and a potential increase in the violation of labour standards and fair labour practices.

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

Black people, women and people with disabilities remain marginalised in relation to meaningful and influential participation in the economy.

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

The domestic migration describes a phenomenon whereby people from rural areas, some (though not all) of who are unskilled, migrate to urban areas in search of employment.

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

Stakeholder participation and strategic partnerships in programme delivery, monitoring and feedback is inadequate, despite our strong culture of social dialogue in policy development.

1.5.2.6 *Key strategic interventions to address the challenges*

- Undertaking a significant Business Improvement and Change Programme to transform all parts of the Department's operations
- Ensuring that service delivery staff are empowered to deliver on the entire suite of the Department's services
- Developing and creating an environment of accountability for service delivery and correct attitudes and behaviour among staff
- 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 fight poverty and unemployment
- Putting in place measures to encourage continuous learning, development and innovation by those serving at the point of contact with clients.

1.5.3 EXPENDITURE ANALYSIS

The Department of Labour's focus over the medium-term will be on enforcing decent work principles, supporting work-seekers and regulations regarding the workplace. The Department is thus positioned to contribute to the National Development Plan's vision of increasing labour absorption and enhancing workplace dispute resolution to advance healthy labour relations. Also to provide impetus to Outcome 4 of Government's 2014-2019 Medium-Term Strategic Framework (decent employment through inclusive economic growth).

1.5.4. PROJECTS FOR THE YEAR AND FUTURE YEARS

1.5.4.1 *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. There were 206 794 inspections and follow-ups are targeted for 2017/18, which is an increase of 3.8% over the medium-term. The number of inspectors will increase from 960 in 2014/15 to 1 175 in 2017/18. R 1.6 Billion has been allocated to the Inspection and Enforcement Services programme over the medium-term, mainly in compensation of employees and travel and subsistence.

However, the Department has faced challenges in both, retaining inspectors and finding suitable, specialised candidates. This would account for slow spending since 2010/11. This resulted in Cabinet approved budget reductions of R 213.5 million in the 2014 budget period. A further budget reduction of R 52.5 million over the medium-term was effected on compensation of employees. An allocation of R 64.5 million for an additional 261 labour inspectors in 2016/17, however, will ensure that targets for inspections beyond the medium-term will be met. A Cabinet approved additional allocation of R 25.7 million in 2015/16 will be affected in the Administration programme for capital expenditure and IT. R 5.8 million will be used for purchasing 46 vehicles for inspections.

1.5.4.2 *Supporting work-seekers*

The National Development Plan 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, refers 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 roadshows, 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.

1.5.4.3 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 structure, inequality, employment, and the living standard of 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 PLANNED POLICY INITIATIVES

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

1.5.6 OVERVIEW OF THE FINANCIAL RESULTS OF THE DEPARTMENT

1.5.6.1 Departmental revenue

Departmental revenue	2014/2015			2013/2014		
	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	3 277	3 956	(679)	2 280	4 209	(1 929)
Transfers received				-	-	-
Fines, penalties and forfeits	60	4	56	600	44	556
Interest, dividends and rent on land	1 417	1 318	99	480	6 317	(5 837)
Sale of capital assets	-	1 108	(1 108)	-	-	-
Financial transactions in assets and liabilities	5 338	4 769	569	8 896	12 031	(3 135)
Total	10 092	11 155	(1 063)	12 256	22 601	(10 345)

1.5.6.1.1 Determination of tariffs

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

1.5.6.1.2 Free services

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

1.5.6.1.3 Reasons for over/under collection of revenue

The main reason for the over collection of revenue is due to the fact that the Department received insurance payments in respect of Departmental vehicles written-off that was allocated to revenue.

1.5.7 PROGRAMME EXPENDITURE

Programme names	2014/2015			2013/2014		
	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	764 919	675 957	88 962	840 449	795 870	44 579
Inspection and Enforcement Services	432 405	430 878	1 527	426 811	412 213	14 598
Public Employment Services	481 533	465 264	16 269	413 496	413 495	1
Labour Policy and Industrial Relations	867 435	847 837	19 598	764 491	749 866	14 625
Total	2 546 292	2 419 936	126 356	2 445 247	2 371 444	73 803

1.5.7.1 Budget allocation for the 2014/15 financial year

- The original allocation for Vote 18: Labour, as included in the Estimates of National Expenditure for 2014/15, was reflected as R 2 527 292 000. This included a provision in respect of Transfer Payments to the value of R 942 351 000
- During the 2014/15 Adjustment Budget process, the allocation for Vote 18: Labour increased by R 19 000 000 or 0.75% due to funds approved for the increase of:
 - R 15 million in respect of claims received from the Compensation Fund for expenses incurred by the Fund relating to injuries sustained whilst on duty and/or occupational illnesses/diseases contracted whilst on duty, by public servants
 - R 4 million for the Office of the Deputy Minister
- The final allocation for Vote 18: Labour therefore reflected in the Adjusted Estimates of National Expenditure as R2 546 292 000 which included R927 587 000 in respect of Transfer payments
- As per the Appropriation Statement for the Department, in respect of the 2014/15 financial year, the total expenditure defrayed against the Vote is recorded as R 2 419 936 000. This represents an expenditure level of 95.04%. An underutilisation of R 126 356 000 or 4.96% is reflected.

1.5.7.2 Reasons for under-spending

Programme 1: Administration

The under-spending on current payments is mainly attributable to the following reasons:

- The Department of Public Works invoiced the Department of Labour for an amount which was less than what was budgeted for
- Receipt of invoices for software payments were delayed by the supplier and the payment was not processed during the 2014/15 financial year.



Programme 3: Public Employment Services

Less than anticipated claims from the Compensation Fund in respect of compensation for injuries on duty.

Programme 4: Labour Policy and Industrial Relations

The under-spending is mainly due to:

- GCIS that did not provide invoices for the EE Awards Awareness campaigns in time to be paid before year-end
- Research projects did not commence as planned during the 2014/15 financial year which meant that no expenditure was incurred.

1.5.7.3 Impact on programmes and service delivery

No negative impact on programmes or service delivery due to the above mentioned reasons.

1.5.7.4 Actions taken or planned, to avoid recurrence

- Payments to DPW regarding leases for office buildings will be closely monitored during the 2015/16 financial year
- Improved communication with the Compensation Fund to ensure that the requested funding in respect of compensation for injuries on duty will be utilised to clear all claims from the Fund.

1.5.7.5 Virement applied

Virement was applied as follows:

Programme		
Shifted from	Shifted to	R'000
Programme 1: Administration (Goods and Services)	Programme 1: Administration (Transfers and Subsidies)	4 275
Programme 1: Administration (Compensation of Employees)	Programme 2: Inspection and Enforcement Services (Compensation of Employees)	20 000
Programme 4: Labour Policy and Industrial Relations (Compensation of Employees)	Programme 2: Inspection and Enforcement Services (Compensation of Employees)	2 000
Programme 4: Labour Policy and Industrial Relations (Transfers to the International Labour Organisation)	Programme 4: Labour Policy and Industrial Relations (Transfers to ARLAC)	19

Programme 1

The virement of R4,275 million was approved by National Treasury (dated 10 February 2015) within Programme 1: Administration from Goods and Services to Transfers and Subsidies for a transfer payment to the Public Service Sector Education and Training Authority for the 2014/15 financial year.

Reason for Virement

Approval was granted by National Treasury for a transfer payment to the Public Service Sector Education and Training Authority for sanctioned training that will be provided by PSETA to the Department's officials.

Programme 1 and 4

Treasury approval was granted (dated 25 March 2015) to apply virement from Programme 1: Administration and Programme 4: Labour Policy and Industrial Relations for the amount of R20 million and R2 million respectively for current payments (Compensation of Employees) to Programme 2: Inspection and Enforcement Services. The total virement approved amounted to R 22 million.

Reason for Virement

In the 2014/15 financial year Programme 2: Inspection and Enforcement Services (IES) experienced a projected deficit of R25 million for Compensation of Employees.

Programme 4

An amount of R19 149.60 was approved by National Treasury (dated 25 March 2015) to be vired within Programme 4: Labour Policy and Industrial Relations (Transfer Payments).

Reason for Virement

Due to an increase in the exchange rate, it was projected that there will be an over-expenditure of R19 149.60, for the African Regional Labour and Administration (ARLAC) subscription.

1.5.8 UNAUTHORISED, FRUITLESS AND WASTEFUL AND IRREGULAR EXPENDITURE

No Unauthorised Expenditure was reported during the 2014/15 financial year. Irregular Expenditure as well as Fruitless and Wasteful Expenditure incurred by the Department are disclosed in Note 24 and 25 of the Annual Financial Statements.

1.5.9 PUBLIC PRIVATE PARTNERSHIPS (PPP)

The Department did not enter into any Public Private Partnership (PPP) as at 31 March 2015. The Information Technology PPP came to a conclusion on 30 November 2012.

1.5.10 DISCONTINUED ACTIVITIES/ACTIVITIES TO BE DISCONTINUED

The Department has not identified any activities to be discontinued.

1.5.11 NEW OR PROPOSED ACTIVITIES

No new activities have been proposed.

1.5.12 SUPPLY CHAIN MANAGEMENT

1.5.12.1 Unsolicited bid proposals concluded for the year under review

No unsolicited bid proposals concluded for the year under review.

1.5.12.2 The following SCM processes and systems are in place to prevent irregular expenditure

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

1.5.12.3 Challenges experienced in SCM and how they were resolved

The main challenge remains understaffing at provincial level.



1.5.13 GIFTS AND DONTATIONS RECEIVED IN KIND FROM NON-RELATED PARTIES

The Department did not receive any gifts or donations in kind during the 2014/15 financial year.

1.5.14 EXEMPTIONS AND DEVIATIONS RECEIVED FROM THE NATIONAL TREASURY

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

1.1.15 OTHER

1.5.15.1 *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 National Treasury.

The Interim Financial Statements were approved by the Accounting Officer.

1.5.16 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.

1.5.17 CONCLUSION

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

1.5.18 APPROVAL

The Annual Financial Statements for the 2014/15 financial year have been approved by the Accounting Officer.

T Lamati
Director-General: Labour
31 July 2015



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

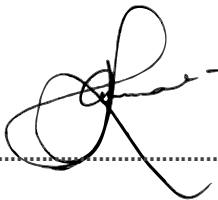
To the best of my knowledge and belief, I confirm the following:

- 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) 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 resource information and the Annual Financial Statements.

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

In my opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the Department for the financial year ended 31 March 2015.

Yours faithfully



A handwritten signature in black ink, consisting of a large, stylized 'L' and 'M' intertwined, with a horizontal line extending to the right. The signature is positioned above a dotted horizontal line.

T Lamati
Director-General: Labour
31 July 2015



1.7 STRATEGIC OVERVIEW

1.7.1 Vision

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

1.7.2 Mission

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

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

1.7.3 Values

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

1.8 LEGISLATIVE AND OTHER MANDATES

1.8.1 Constitutional and legislative mandates

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)	The purpose of this Act is to advance economic development and social justice by fulfilling the primary objects of this Act which are: <ul style="list-style-type: none"> • To give effect to and regulate the right to fair labour practices conferred by section 23(1) of the Constitution by: <ul style="list-style-type: none"> » Establishing and enforcing basic conditions of employment » Regulating the variation of basic conditions of employment • To give effect to obligations incurred by the Republic as a member state of the International Labour Organisation
The Employment Equity Act, 55 of 1998 (EEA)	The purpose of the Act is to achieve equity in the workplace, by: <ul style="list-style-type: none"> • Promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination • Implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups, to ensure their equitable representation in all occupational categories and levels in the workforce
The Unemployment Insurance Act, 30 of 1996 (UIA)	The Act empowers the UIF to register all employers and employees in South Africa for unemployment insurance benefits
The Occupational Health and Safety Act, 85 of 1993 (OHSA)	The Occupational Health and Safety Act aims to provide for the health and safety of persons at work and for the health and safety of persons in connection with the activities of persons at work and to establish an advisory council for occupational health and safety
The Compensation for Occupational Injuries and Diseases Act, 130 of 1993 (COIDA)	To provide for compensation for disablement caused by occupational injuries or diseases sustained or contracted by employees in the course of their employment, or for death resulting from such injuries or diseases; and to provide for matters connected therewith
National Economic Development and Labour Council Act, 35 of 1994 (NEDLAC)	To provide for the establishment of 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 Skills Development Act, 97 of 1998	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 Sheltered Employment Factories



1.8.2 POLICY MANDATES

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

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

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

- **Productivity South Africa (PSA).** 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.

Amendments to legislation:

- **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
- **Promulgation 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
- **Amendment of the Basic Conditions of Employment Act.** The Basic Conditions of Employment Amendment Act, 2013 (Act No.20 of 2013) was assented into law on 4 December 2013 and subsequently published in the Government Gazette on 9 December 2013
- **Amendment of the Employment Equity Act.** The amendments have been approved by the National Assembly and the National Council of Provinces
- **Amendment of the Labour Relations Act.** The amendments have been approved by the National Assembly and the National Council of Provinces.

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



● MN OLIPHANT
MP, Minister of Labour

●● SP HOLOMISA
MP, Deputy Minister of Labour

●●● T LAMATI
Director-General



- **T MKALIPI** Acting Deputy Director-General: Labour Policy and Industrial Relations
- **V SEAFIELD** Acting Deputy Director-General: Inspection and Enforcement Services
- **S MOROTOBA** Deputy Director-General: Public Employment Services
- **PN TENGENI** Deputy Director-General: Corporate Services
- **A MOILOA** Chief Operations Officer
- **SS MKHONTO** Commissioner: Compensation Fund
- **TB SERUWE** Commissioner: Unemployment Insurance Fund
- **BE MADUNA** Chief Financial Officer

1.10 ENTITIES REPORTING TO THE MINISTER

The following entities report to the Minister of Labour:

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
Unemployment Insurance Fund	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
Productivity South Africa	Section 21 Company – 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"> • Promote a culture of productivity in the workplace • Develop relevant productivity competencies • Facilitate and evaluate productivity improvement and competitiveness in workplaces • Measure and evaluate productivity in the workplace • Maintain a data-base of productivity and competitiveness systems and to publicise these systems • Undertake productivity-related research • Support initiatives aimed at preventing job losses • Perform any other prescribed function.
Commission for Conciliation, Mediation and Arbitration	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"> • Conciliate workplace disputes • Arbitrate certain categories of disputes that remain unresolved after conciliation, establish picketing rules • Facilitate the establishment of workplace forums and statutory councils • Compile and publish information and statistics about CCMA activities • Accredite and consider applications for subsidy by bargaining councils and private agencies • Provide support for the Essential Services Committee.

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
National Economic Development and Labour Council (NEDLAC)	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	Public Entity	The NEDLAC Act requires the institution to: <ul style="list-style-type: none"> • Strive to promote the goals of economic growth, participation in economic decision –making and social equity • Seek to reach consensus and conclude agreements on matters pertaining to social and economic policy • Consider all proposed labour legislation relating to labour market policy before it is introduced in Parliament • Encourage and promote the formulation of coordinated policy on social and economic matters • Consider all significant changes to social and economic policy before it is implemented or introduced in Parliament • Consider Social Economic Disputes in terms of Section 77 of the Labour Relations Act
Sheltered Employment	PFMA Act 1 of 1999 (as amended by Act 29 of 1999)	Business unit of the Department	The Sheltered Employment Factories were established in 1943 to provide employment for people with mental and physical disabilities that prevented them from entering the open labour market, due to the nature of their afflictions

PART B: PERFORMANCE INFORMATION

2.1 Information on predetermined goals	21
2.2 Service delivery outcomes and Departmental strategic goals	22
2.3 Performance information by programme	23
2.4. Actual annual performance against planned targets	25
2.5 Linking performance to budget	66
2.6 Transfer payments	69
2.7 Conditional grants	71
2.8 Donor funds	71
2.9 Capital investment	71



2. PERFORMANCE INFORMATION

2.1 INFORMATION ON PREDETERMINED GOALS

2.1.1 Disclosure on the revision of the Strategic Plan (SP) 2014/19 and the Annual Performance Plan (APP) 2014/15

The Department of Labour's Strategic Plan (SP) 2014/19 and Annual Performance Plan (APP) 2014/15 were revised twice during the financial year 2014/15. The initial plans were tabled in Parliament and approved during March 2014. The first revised plans were tabled in Parliament and approved during June 2014. The reason for the first revision is that, when the initial plans were tabled and approved in March 2014, the Medium-Term Strategic Framework (MTSF) 2014-19 was not yet approved by Cabinet. Once Cabinet approved the MTSF 2014-19, the Department had to revise its Strategic Plan and Annual Performance Plan to ensure alignment to the MTSF 2014-19. The second revision of the Strategic Plan (SP) 2014/19 and Annual Performance Plan (APP) 2014/15 were tabled and approved in Parliament during November 2014. The revision of the plans was informed by an audit process conducted on the plans by the Offices of Internal Audit, Auditor-General, the National Treasury and DPME wherein some indicators and targets did not conform to the SMART principle. During the two revision events some of the MTSF outcomes were included and/or dropped and this affected, to a larger degree, planned indicators and targets. The table below indicate the impact the revision of both the Strategic Plan 2014/19 and Annual Performance Plan 2014/15 had on planning:

DEPARTMENT'S REVISION ON OUTCOMES IN RESPECT OF MTSF 2014-19

Based on APP and SP tabled in March 2014	Based on APP and SP tabled in June 2014	Based on APP and SP tabled in November 2014
Not applicable	Outcome 2: A long and healthy life for all	Removed
Outcome 4: Decent employment through inclusive economic growth	Outcome 4: Decent employment through inclusive economic growth	Outcome 4: Decent employment through inclusive economic growth
Not applicable	Outcome 5: A skilled and capable workforce to support an inclusive growth path	Outcome 5: A skilled and capable workforce to support an inclusive growth path
Outcome 11: Create a better South Africa and contribute to a better and safer Africa and World	Outcome 11: Create a better South Africa, a better Africa and a better World	Outcome 11: Create a better South Africa, a better Africa and a better World
Outcome 12: An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship	Outcome 12: An efficient, effective and development oriented public service	Outcome 12: An efficient, effective and development oriented public service
Not applicable	Outcome 13: An inclusive and responsive social protection system	Removed
Not applicable	Outcome 14: Transforming society and uniting the country	Outcome 14: Transforming society and uniting the country

2.2 SERVICE DELIVERY OUTCOMES AND OUTPUTS AND DEPARTMENTAL STRATEGIC GOALS

The Department of Labour’s 2014/15 Annual Report is based on the following outcomes (aligned to the APP and SP tabled in November 2014)

- **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

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

Outcome 4	Decent employment through inclusive economic growth
Strategic goals	<ol style="list-style-type: none"> 1. Promote occupational health services 2. Contribute to decent employment creation 3. Protect vulnerable workers 5. Strengthen occupational safety protection 6. Promote sound labour relations 7. Monitor the impact of legislation 9. Development of occupational health and safety policies
Outcome 5	A skilled and capable workforce to support an inclusive growth path
Strategic goal	2. Contribute to decent employment creation
Outcome 11	Create a better South Africa, a better Africa and a better World
Strategic goal	4. Strengthen multilateral and bilateral relations
Outcome 12	An efficient, effective and development oriented public service
Strategic goal	8. Strengthen the institutional capacity of the Department
Outcome 14	Transforming society and uniting the country
Strategic goal	10. Promote equity in the labour market



2.3 PERFORMANCE INFORMATION BY PROGRAMME

2.3.1 Description of programme

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

2.3.2 Department performance on ENE performance indicators

ENE performance indicators	Overall achievements
Number of work places inspected per year	180 818
Number of work-seekers registered on the Employment Services of South Africa system per year	618 570
Number of work-seekers registered on the system provided with employment counselling per year ²	246 744
Number of work-seekers placed in registered employment opportunities per year	14 634
Number of existing sectoral determinations reviewed	2

2.3.3 Departmental performance per strategic goal

Strategic goals	ACTUAL OUTPUT - VALIDATED			
	Planned indicators	Achieved	Not achieved	Overall achievement
Promote occupational health services	This strategic goal is covered in terms of indicators that are applicable in strengthen occupational safety protection			
Contribute to decent employment creation	9	4	5	44%
Protect vulnerable workers	6	1	5	17%
Strengthen multilateral and bilateral relations	1	1	0	100%
Strengthen occupational safety protection	6	3	3	50%
Promote sound labour relations	2	0	2	0%
Monitor the impact of legislation	1	1	0	100%
Strengthen the institutional capacity of the Department	18	8	10	44%
Development of the occupational health and safety policies	This strategic goal is covered in terms of indicators that are applicable in strengthen occupational safety protection			
Promote equity in the labour market	5	2	3	40%
Total	48	20	28	
Overall performance		42%	58%	

2.3.4 Departmental performance per programmes

Programme	Planned indicators	Achieved	Not achieved	Overall achievement
Administration	18	8	10	44%
Inspections and Enforcement Services	14	6	8	43%
Public Employment Services	9	4	5	44%
Labour Policy and Industrial Relations	7	2	5	29%
Overall performance	48	20	28	
Performance %		42%	58%	

2.3.5 Implication of target achieved/ not achieved

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



2.4 ACTUAL ANNUAL PERFORMANCE AGAINST PLANNED TARGETS BASED ON THE APP TABLED IN NOVEMBER 2014

The following section present actual performance per programme.

2.4.1 Administration

The programme consists of the following sub-programmes:

- **Ministry:** Provides political oversight to ensure that the Department's mandate is achieved
- **Management:** The Office of the Director-General provides administrative oversight for effective implementation of the Department's mandate and overall accounting oversight.

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

- **Corporate Services:**
 - » 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 resource policies and practices
 - » Internal Audit provides management and the Audit Committee with independent, objective assurance and consulting services with the aim of improving the effectiveness of governance, risk management and control processes
 - » Risk Management pro-actively manages / addresses risks that have a negative impact on the Department's performance
 - » Security Services renders security support aimed at protecting the Department's information, staff and assets
 - » Communication disseminates and improves access to information about the Department
 - » Legal Services exists to provide legal support services to the Department
 - » The Office of the Chief Information Officer caters for the Information and Communications Technology (ICT) needs and requirements of the Department.
- **Office of the Chief Financial Officer:** Renders effective and efficient financial management and administrative support for the Department.

Outcome 12	An efficient, effective and development oriented public service
Strategic goal	8. Strengthen the institutional capacity of the Department

PROGRAMME 1: Administration

Strategic Goal 8: Strengthening the institutional capacity of the Department (Outcome 12)

KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2013/2014	PLANNED TARGET 2014/2015	ACTUAL ACHIEVEMENT 2014/2015	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2014/2015	COMMENTS ON THE DEVIATIONS
1. Provide integrated business and service delivery solutions	1.1 Strategic Plan and Annual Performance Plan approved and tabled as per prescribed timeframes	Achieved Both the Strategic Plan 2014/15 – 2018/19 and Annual Performance 2014/15 were finalised by 24 January 2014, approved and tabled before Parliament on 12 March 2014	Strategic Plan and Annual Performance Plan approved by end of February for tabling in Parliament by 31 March	Achieved Strategic Plan 2015/20 and APP 2015/16 were tabled in Parliament in March 2015	None	None
	1.2 Improve the Department's performance based on the Management Performance Assessment Tool (M-PAT) assessment criteria Comply with 50% of the M-PAT level 3 standards	N/A	50% of total Department's M-PAT standards per KPI at level 3 by 31 March 2015	Not Achieved 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	-20%	Lack of controls as the results of systems inefficiencies
	1.3 Service Delivery Improvement Plan (SDIP) approved by the Minister by 31 March	Achieved The Department opted to continue with the already approved three-year plan. The Plan was forwarded to the Department of Public Service and Administration by the end of November 2013	SDIP approved by the Minister by 31 March 2015	Not Achieved The SDIP was finalised in March 2015 but only approved on 16 April 2015	None	None



PROGRAMME 1: Administration						
Strategic Goal 8: Strengthening the institutional capacity of the Department (Outcome 12)						
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2013/2014	PLANNED TARGET 2014/2015	ACTUAL ACHIEVEMENT 2014/2015	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2014/2015	COMMENTS ON THE DEVIATIONS
2. Implement Public Sector Risk Management Framework	2.1 Number of strategic risk reviews and monitoring reports submitted and approved by the Accounting Officer within 30 days of each quarter	<p>Achieved</p> <p>The following Strategic Risk Monitoring Reports were discussed and tabled during the National Risk Management Committee;</p> <p>The Department of Labour's Quarter 4 Strategic Risk Monitoring Report for 2012/13 financial year were compiled and discussed at the National Risk Management Committee on 11 June 2013 and has been recommended for approval</p> <p>The Strategic Risk Monitoring Report for Q2 was compiled and discussed in the NRMCM of 9 October 2013</p> <p>The SEF's Strategic Risk Monitoring Report for Q2 of 2013/14 was compiled and discussed in the NRMCM on 9 October 2013</p> <p>The Department of Labour's Strategic Risk Monitoring Report for Q3 for 2013/14 financial year was compiled and discussed in the NRMCM on 22 January 2014</p> <p>The Department of Labour and Sheltered Employment Factories' Strategic Risk Monitoring Report for Q4 were discussed in the NRMCM meeting held on 28 March 2014, and the report was recommended for approval by the NRMCM to the Accounting Officer.</p> <p>Subsequently the report was forwarded to the Accounting Officer on 8 March 2014</p>	4	Achieved 4	None	None

PROGRAMME 1: Administration

Strategic Goal 8: Strengthening the institutional capacity of the Department (Outcome 12)

KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2013/2014	PLANNED TARGET 2014/2015	ACTUAL ACHIEVEMENT 2014/2015	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2014/2015	COMMENTS ON THE DEVIATIONS
3. Implement Fraud Prevention and Detection Strategy and Security Strategy	3.1 Percentage of fraud cases received or detected finalised per year	Partially Achieved A total of 40 cases were received, 75% (30) were finalised	92% of fraud cases received or detected finalised by the year end	Not Achieved 62% (39 of the 63) of fraud cases received or detected finalised by the year end	30%	Challenges regarding human resource including the expertise and effort offered by the employees. There is on-going training of Provincial Investigators
	3.2 Number of fraud prevention awareness campaigns conducted	N/A	4	Achieved 5	+1	On-going training of Provincial Investigators
	3.3 Percentage reduction in security breaches/ incidents	N/A	65%	Not Achieved Security breaches/Incidents 2013/2014 total breaches = 37 cases 2014/2015 total breaches = 33 cases 12% reduction in security breaches/Incidents when compared to 2013/14.	53%	Ambitious target
4. Departmental interventions and initiatives communicated	4.1 Departmental Communication Strategy approved and implemented	N/A	Communication Strategy and annual action plan approved	Achieved Communication Strategy and 2014/15 Annual Action plan were approved	None	None
			85% implementation of the activities in the annual action plan	85% of the implementation of the activities in the annual action plan was not achieved		



PROGRAMME 1: Administration						
Strategic Goal 8: Strengthening the institutional capacity of the Department (Outcome 12)						
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2013/2014	PLANNED TARGET 2014/2015	ACTUAL ACHIEVEMENT 2014/2015	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2014/2015	COMMENTS ON THE DEVIATIONS
5. Integrated human resource strategy implemented	5.1 Percentage of:	Partially Achieved As on 31 March 2014		Not Achieved		The filling of vacancies were suspended due to financial constraints
	a) Women in SMS,	a) 38.5% of women employed at SMS level at the end of March 2014. This was calculated based on a total count of 40 women against 104 SMS members on the establishment	a) 50%	By 31 March 2015: 41.23% (47 of the 114 SMS filled posts) was women	-8.77% women in SMS posts	
	b) Youth	b) 32.9% of youth employed in the Department at the time of reporting. This was calculated based on a total count of 2 508 youth against 7 621 employees on the establishment	b) 36%	31.91% (2 494 of the 7815 filled posts) youth were appointed in the department	-4.09% youth appointed in the Department	
	c) People with disability (PwD) employed in line with the EE Plan by 31 March each year	c) 2.5% of PWD employed on Department of Labour establishment at the time of reporting. (This was calculated based on a total count of 191 PWD against a total of 7 621 employees on the establishment)	c) 3%	2.65% (207 of the 7815 filled posts) People with Disabilities were appointed in the Department	-0.35% People with Disabilities appointed in the Department	
	5.2 Percentage of vacancy rate reduced by 31 March	Partially Achieved The vacancy rate at the end of March 2014 was 12.9%. It is calculated from a total of 7 621 posts that were filled against a total of 8 755 posts in the establishment	Less than 10%	Not Achieved 10.67% (Of the total 8 748 funded posts, 933 were vacant)	+0.68%	The filling of vacancies were suspended due to financial constraints

PROGRAMME 1: Administration

Strategic Goal 8: Strengthening the institutional capacity of the Department (Outcome 12)

KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2013/2014	PLANNED TARGET 2014/2015	ACTUAL ACHIEVEMENT 2014/2015	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2014/2015	COMMENTS ON THE DEVIATIONS
	5.3 Percentage of staff trained in line with Workplace Skills Plan (WSP) by 31 March	Achieved 88% of targeted staff trained in line with the WSP as of 31 March 2014. This is calculated from 4 542 employees that were trained against the planned target of 5 152 employees	87%	Not Achieved 85.3% (4 446 of the planned 5 214) staff was trained	-1.7%	The decentralisation of the training budget
	5.4 Percentage of disciplinary cases resolved in 90 days	Achieved 67% of misconduct cases finalised in line with applicable prescripts as of 31 March 2014. This is calculated from a total of 233 cases that were received and 157 processed throughout this financial period (67% of 77% = 87%)	100% disciplinary cases resolved in 90 days	Not Achieved 86% of misconduct cases resolved in 90 days. This is calculated from a total of 546 cases that were received and 472 resolved throughout this financial period. (472/546 = 86%)	-14%	Postponements due to sick leave, annual leave and unavailability of union representatives

PROGRAMME 1: Administration						
Strategic Goal 8: Strengthening the institutional capacity of the Department (Outcome 12)						
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2013/2014	PLANNED TARGET 2014/2015	ACTUAL ACHIEVEMENT 2014/2015	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2014/2015	COMMENTS ON THE DEVIATIONS
6. Effective litigation support services	6.1 Percentage of court papers to resolve litigation filed with the Court within 10 working days of receipt	Achieved Of the 67 cases received, 48 (72%) were resolved within 10 days. 72% of 80% = 90%	90%	Achieved 98% (93 litigation cases were received for the financial year 2014/2015. 92 out of the 93 cases were attended to within the 10-days of receipt and only one was attended to outside the 10-day period)	+8%	Litigation matters must be dealt with as a matter of urgency as serious repercussions will ensue. The 10-day period is sufficient time to consult with the internal client, research, advice, instruction to the state attorney and to file papers within 10 days of receipt. Internal clients are consulted with regularity during this 10 day period to cooperate and to ensure that all information and documents are available to run with the matter and to meet the 10-day deadline

PROGRAMME 1: Administration						
Strategic Goal 8: Strengthening the institutional capacity of the Department (Outcome 12)						
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2013/2014	PLANNED TARGET 2014/2015	ACTUAL ACHIEVEMENT 2014/2015	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2014/2015	COMMENTS ON THE DEVIATIONS
7. Effective information communication technology services	7.1 Annually review and implement the ICT strategy of the Department	<p>Achieved 80% The exit and transfer of the IT PPP was successfully terminated 6 months extension for EOH to conclude outstanding deliverables 80% Staff transfer was finalised in terms of Section 197 of the LRA HR to finalise outstanding issues 80% An ICT operating model was defined and is being implemented Governance: key governance structures are in the process of being implementing with dependencies on HR</p>	<p>ICT annual action plan approved by the DG 60% implementation of ICT activities in the annual action plan</p>	<p>Achieved The annual ICT action plan was approved. 60% implementation of the ICT activities in the annual action plan was achieved.</p>	None	None
8. Effective financial management and governance	8.1 Number of financial statements compiled per year that comply with guidelines issued by National Treasury	<p>Achieved 4 interim reports</p>	<p>1 Annual report by 31 May 3 Interim reports 30 days after each quarter</p>	<p>Achieved 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</p>	None	None

PROGRAMME 1: Administration						
Strategic Goal 8: Strengthening the institutional capacity of the Department (Outcome 12)						
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2013/2014	PLANNED TARGET 2014/2015	ACTUAL ACHIEVEMENT 2014/2015	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2014/2015	COMMENTS ON THE DEVIATIONS
9. Effective supply chain management	8.2 Medium-Term Expenditure Framework (MTEF) and Estimates of National Expenditure (ENE) prepared according to National Treasury (NT) prescriptions	Achieved The MTEF submitted on 24 July 2013 as per Treasury guidelines. The ENE document was submitted on 11 January 2014 as per Treasury guidelines.	Departmental budget compiled and published	Achieved Final 2015 Estimates of National Expenditure submitted to NT by 11 January 2015	None	None
	9.1 Percentage of compliant invoices paid within 30 days of receipt	Achieved 98.26% of payments made within 30 days	100%	Not Achieved 91.23% (16 434 of the 16 545) invoices were paid within 30 days of receipt	8.77%	System errors when processing payments (this is for various payments, Supplier did not have verified banking details)
	9.2 Percentage reduction of transgression in irregular expenditure compared to previous year	Achieved 63% reduction – 7 Cases were reported in quarter 4 versus 11 cases reported in the same quarter of 2012/13. The total cases for 2013/14 was 46 with the total irregular expenditure amount of R685 344.01	60%	Not Achieved An increase of 17% in irregular expenditure was realised from 2013/14 to 2014/15 (The total cases for 2013/14 were 46 with the total irregular expenditure amount of R685 344.01. The total case for 2014/15 was 37 with the total irregular expenditure amount of R798 696.50.)	+17% There was an increase in terms of amount but a decrease in terms of number of cases	Retraining of delegated officials in Head Office and Provinces. Disciplinary action against officials who cause irregular expenditure

2.4.2 Inspections and Enforcement Services

The programme consists of the following sub-programmes:

- **Management and Support Services:** Inspection and Enforcement Services manages the delegated administrative and financial responsibilities of the office of the Deputy Director-General: Inspection and Enforcement Services, and provides corporate support to the line function sub-programmes within the Programme.
- **Occupational Health and Safety:** Promotes health and safety in the workplace by regulating dangerous activities and the use of plant and machinery.
- **Registration:** Inspection and Enforcement Services registers incidents relating to labour relations and occupational health and safety matters, as reported by members of the public, and communicates these to the relevant structures within the Compliance, Monitoring and Enforcement sub-programme for investigation.
- **Compliance, Monitoring and Enforcement:** Ensures that employers and employees comply with labour legislation through regular inspections and following-up on reported incidents.
- **Training of staff:** Inspection and Enforcement Services defrays all expenditure relating to staff training within this Programme in order to easily identify this expenditure for reporting purposes.
- **Statutory and Advocacy:** Gives effect to the legislative enforcement requirement and educate stakeholders on labour legislation.

Outcome 4	Improve the quality of labour market services to contribute to decent employment through inclusive economic growth
Strategic goals	<ul style="list-style-type: none"> 10. Promote equity in the labour market 3. Protect vulnerable workers 5. Strengthen occupational safety protection

PROGRAMME 2: Inspection and Enforcement Services																																												
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1. Promotion of employment equity in the labour market	1.1 Number of designated employers reviewed per year to determine compliance with employment equity legislation	Achieved 435 (158 public and 277 private) employers were reviewed against the expected 340	523	Achieved 551 employers were reviewed against the expected 523.	28	Established a focus group of specialists in order to focus on DG reviews																																						
							<table border="1"> <thead> <tr> <th>Province</th> <th>Target</th> <th>Actual reviewed</th> <th>Variance</th> </tr> </thead> <tbody> <tr> <td>EC</td> <td>98</td> <td>125</td> <td>27</td> </tr> <tr> <td>FS</td> <td>28</td> <td>43</td> <td>15</td> </tr> <tr> <td>GP</td> <td>105</td> <td>111</td> <td>6</td> </tr> <tr> <td>KZN</td> <td>48</td> <td>48</td> <td>0</td> </tr> <tr> <td>LP</td> <td>41</td> <td>14</td> <td>-27</td> </tr> <tr> <td>MP</td> <td>38</td> <td>40</td> <td>2</td> </tr> <tr> <td>NC</td> <td>24</td> <td>19</td> <td>-5</td> </tr> <tr> <td>NW</td> <td>40</td> <td>37</td> <td>-3</td> </tr> <tr> <td>WC</td> <td>101</td> <td>114</td> <td>13</td> </tr> <tr> <td>TOTAL</td> <td>523</td> <td>551</td> <td>28</td> </tr> </tbody> </table>	Province	Target	Actual reviewed	Variance	EC	98	125	27	FS	28	43	15	GP	105	111	6	KZN	48	48	0	LP	41	14	-27	MP	38	40	2	NC	24	19	-5	NW	40	37	-3	WC
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		Strategic Goal 10: Promote Equity in the Labour Market (Outcome 4)																																																
	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	<p>Achieved A total number of 176 (78 Public and 98 Private) recommendations served and 13 (8 Public and 5 Private) referred to court. These were companies supposed to be dealt with, implying that 100% was dealt with</p>	100%	<p>Achieved 100% non-compliant employers dealt with. A total number of 375 recommendations were served within 90 days to a total of 374 non-compliant employers.</p> <table border="1"> <thead> <tr> <th>Province</th> <th>Number of non-compliant employers</th> <th>Number of recommendations served within 90 days</th> <th>% dealt with (as per served recommendations)</th> </tr> </thead> <tbody> <tr> <td>EC</td> <td>109</td> <td>98</td> <td>90%</td> </tr> <tr> <td>FS</td> <td>13</td> <td>27</td> <td>208%</td> </tr> <tr> <td>GP</td> <td>40</td> <td>40</td> <td>100%</td> </tr> <tr> <td>KZN</td> <td>47</td> <td>47</td> <td>100%</td> </tr> <tr> <td>LP</td> <td>14</td> <td>12</td> <td>86%</td> </tr> <tr> <td>MP</td> <td>31</td> <td>29</td> <td>94%</td> </tr> <tr> <td>NC</td> <td>14</td> <td>15</td> <td>107%</td> </tr> <tr> <td>NW</td> <td>29</td> <td>26</td> <td>90%</td> </tr> <tr> <td>WC</td> <td>77</td> <td>81</td> <td>105%</td> </tr> <tr> <td>TOTAL</td> <td>374</td> <td>375</td> <td>100%</td> </tr> </tbody> </table>	Province	Number of non-compliant employers	Number of recommendations served within 90 days	% dealt with (as per served recommendations)	EC	109	98	90%	FS	13	27	208%	GP	40	40	100%	KZN	47	47	100%	LP	14	12	86%	MP	31	29	94%	NC	14	15	107%	NW	29	26	90%	WC	77	81	105%	TOTAL	374	375	100%	1	None
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	1.3 Number of designated employers inspected per year to determine compliance with employment equity legislation	N/A	1 837	<p>Not Achieved 1 364 designated employers were inspected</p> <table border="1"> <thead> <tr> <th>Province</th> <th>Target</th> <th>Actual</th> <th>reviewed</th> <th>Variance</th> </tr> </thead> <tbody> <tr> <td>EC</td> <td>318</td> <td>312</td> <td></td> <td>-6</td> </tr> <tr> <td>FS</td> <td>60</td> <td>67</td> <td></td> <td>7</td> </tr> <tr> <td>GP</td> <td>159</td> <td>15</td> <td></td> <td>-144</td> </tr> <tr> <td>KZN</td> <td>324</td> <td>493</td> <td></td> <td>169</td> </tr> <tr> <td>LP</td> <td>192</td> <td>32</td> <td></td> <td>-160</td> </tr> <tr> <td>MP</td> <td>216</td> <td>67</td> <td></td> <td>-149</td> </tr> <tr> <td>NC</td> <td>24</td> <td>7</td> <td></td> <td>-17</td> </tr> <tr> <td>NW</td> <td>274</td> <td>93</td> <td></td> <td>-181</td> </tr> <tr> <td>WC</td> <td>270</td> <td>278</td> <td></td> <td>8</td> </tr> <tr> <td>TOTAL</td> <td>1 837</td> <td>1 364</td> <td></td> <td>-473</td> </tr> </tbody> </table>	Province	Target	Actual	reviewed	Variance	EC	318	312		-6	FS	60	67		7	GP	159	15		-144	KZN	324	493		169	LP	192	32		-160	MP	216	67		-149	NC	24	7		-17	NW	274	93		-181	WC	270	278		8	TOTAL	1 837	1 364		-473	-473	<p>Non-availability of employers resulting in the rescheduling of appointments for inspections.</p> <p>Closer monitoring of labour centres to ensure adherence to action plans</p>
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	1.4 Percentage of non-complying workplaces inspected per year with reference to 1.3. dealt with in terms of the Employment Equity Act	N/A	100%	<p>Not Achieved 93% (515 of the 553) non-compliant workplaces were dealt with</p> <table border="1"> <thead> <tr> <th>Province</th> <th>Number of non-compliant workplaces</th> <th>Number of workplaces dealt with</th> <th>% dealt with</th> </tr> </thead> <tbody> <tr> <td>EC</td> <td>90</td> <td>90</td> <td>100%</td> </tr> <tr> <td>FS</td> <td>13</td> <td>13</td> <td>100%</td> </tr> <tr> <td>GP</td> <td>0</td> <td>0</td> <td>0%</td> </tr> <tr> <td>KZN</td> <td>147</td> <td>147</td> <td>100%</td> </tr> <tr> <td>LP</td> <td>20</td> <td>15</td> <td>75%</td> </tr> <tr> <td>MP</td> <td>40</td> <td>40</td> <td>100%</td> </tr> <tr> <td>NC</td> <td>6</td> <td>5</td> <td>83%</td> </tr> <tr> <td>NW</td> <td>28</td> <td>28</td> <td>100%</td> </tr> <tr> <td>WC</td> <td>177</td> <td>177</td> <td>100%</td> </tr> <tr> <td>TOTAL</td> <td>521</td> <td>515</td> <td>93%</td> </tr> </tbody> </table>	Province	Number of non-compliant workplaces	Number of workplaces dealt with	% dealt with	EC	90	90	100%	FS	13	13	100%	GP	0	0	0%	KZN	147	147	100%	LP	20	15	75%	MP	40	40	100%	NC	6	5	83%	NW	28	28	100%	WC	177	177	100%	TOTAL	521	515	93%	-7%	<p>Non-availability of the designated employer to be served with notices resulting in a need to conduct follow-up visits.</p> <p>Closer monitoring of labour centres to ensure adherence to action plans</p>											
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2. Workers protected through inspection and enforcement of labour legislation	2.1 Number of workplaces inspected per year to determine compliance with labour legislation	<p>Achieved 129 259 against a target of 90 000 workplaces were inspected, and 97 526 (75%) complied; and 31 733 (25%) did not comply</p>	150 684	<p>Not Achieved A total of 149 847 workplaces were inspected.</p> <table border="1"> <thead> <tr> <th>Province</th> <th>Total inspected</th> <th>Actual complied</th> <th>% complied</th> <th>No. not complying</th> </tr> </thead> <tbody> <tr> <td>EC</td> <td>18 295</td> <td>14 370</td> <td>79%</td> <td>3 925</td> </tr> <tr> <td>FS</td> <td>10 928</td> <td>10 294</td> <td>94%</td> <td>634</td> </tr> <tr> <td>GP</td> <td>38 600</td> <td>34 353</td> <td>89%</td> <td>4 247</td> </tr> <tr> <td>KZN</td> <td>29 339</td> <td>22 005</td> <td>75%</td> <td>7 334</td> </tr> <tr> <td>LP</td> <td>12 199</td> <td>7 996</td> <td>66%</td> <td>4 203</td> </tr> <tr> <td>MP</td> <td>11 163</td> <td>9 846</td> <td>88%</td> <td>1 317</td> </tr> <tr> <td>NC</td> <td>5 611</td> <td>4 964</td> <td>88%</td> <td>647</td> </tr> <tr> <td>NW</td> <td>10 684</td> <td>9 338</td> <td>87%</td> <td>1 346</td> </tr> <tr> <td>WC</td> <td>13 028</td> <td>9 150</td> <td>70%</td> <td>3 878</td> </tr> <tr> <td>TOTAL</td> <td>149 847</td> <td>122 316</td> <td>82%</td> <td>27 531</td> </tr> </tbody> </table>	Province	Total inspected	Actual complied	% complied	No. not complying	EC	18 295	14 370	79%	3 925	FS	10 928	10 294	94%	634	GP	38 600	34 353	89%	4 247	KZN	29 339	22 005	75%	7 334	LP	12 199	7 996	66%	4 203	MP	11 163	9 846	88%	1 317	NC	5 611	4 964	88%	647	NW	10 684	9 338	87%	1 346	WC	13 028	9 150	70%	3 878	TOTAL	149 847	122 316	82%	27 531	-837	<p>Non-availability of employers resulting in the rescheduling of appointments for inspections.</p> <p>Closer monitoring of labour centres to ensure adherence to action plans</p>
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	2.2 Percentage of non-complying workplaces inspected per year with reference to 2.1 dealt with in terms of the relevant labour legislation	Achieved A total of 25 759 notices were issued and 295 cases were referred to court. Therefore; 82% (26 054 of 31 733) of non-compliant companies was dealt with	100%	Not Achieved 91% of non-complying workplaces was dealt with. A total of 27 291 notices were issued and 394 cases were referred to court	-9%	Non-availability of employer to be served with notices resulting in a need to conduct follow-up visits. Closer monitoring of labour centres to ensure adherence to action plans																																																																	
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PROGRAMME 2: Inspection and Enforcement Services

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Strategic Goal 10: Protect Vulnerable Workers (Outcome 4)						
2.3	Number of advocacy and educational sessions conducted per year in identified sectors	<p>Achieved</p> <p>Seminars in Construction, chemical, wholesale and retail were held; and there was also the signing of accord.</p> <p>A total of 209 shop stewards were trained</p> <ul style="list-style-type: none"> • 141 in the wholesale and retail sector • 25 in the chemical sector trained • 43 in the construction sector 	6 Sessions	<p>Achieved</p> <p>6 sessions conducted</p> <p>1 advocacy for contract cleaning HBA Seminar</p> <p>Shopstewards training (100 trained)</p> <p>2 Training sessions for the taxi Sector (262 people trained)</p> <p>1 Ministerial Imbizo for Agriculture and Forestry conducted in the Western Cape</p>	None	<p>Attendance at training sessions was not as agreed with Unions</p> <p>Planned sessions reduced because of resource constraints</p>



PROGRAMME 2: Inspection and Enforcement Services																																																													
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	2.4 Percentage of inspections on request for work permits conducted within 5 days	Achieved 93% (148 of 159) requested investigations were conducted within 5 days	90%	Not Achieved 75% (730 of 968) requested investigations were conducted within 5 days	-15%	Current planning model for inspections for work permits not effective																																																							
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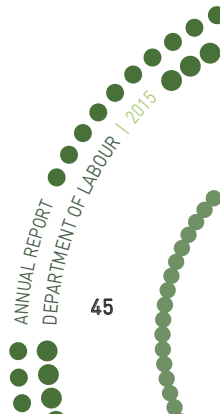
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3. Strengthen occupational safety protection	3.1 Number of workplaces inspected per year to determine their compliance with the OHS legislation	<p>Partially Achieved 35 174 (59% of the targeted 59 700) workplaces were audited. 26 181 (74%) complied while 8 993 (36%) did not comply</p>	20 147	<p>Achieved A total of 23 678 workplaces were inspected</p> <table border="1"> <thead> <tr> <th>Province</th> <th>Total inspected</th> <th>Actual complied</th> <th>% complied</th> <th>No. not complying</th> </tr> </thead> <tbody> <tr> <td>EC</td> <td>2 487</td> <td>1 810</td> <td>73%</td> <td>677</td> </tr> <tr> <td>FS</td> <td>1 936</td> <td>1 341</td> <td>69%</td> <td>449</td> </tr> <tr> <td>GP</td> <td>4 687</td> <td>2 866</td> <td>61%</td> <td>1 821</td> </tr> <tr> <td>KZN</td> <td>4 268</td> <td>2 788</td> <td>65%</td> <td>1 480</td> </tr> <tr> <td>LP</td> <td>3 936</td> <td>3 168</td> <td>80%</td> <td>768</td> </tr> <tr> <td>MP</td> <td>1 640</td> <td>1 127</td> <td>69%</td> <td>513</td> </tr> <tr> <td>NC</td> <td>1 185</td> <td>758</td> <td>64%</td> <td>427</td> </tr> <tr> <td>NW</td> <td>1 548</td> <td>868</td> <td>56%</td> <td>680</td> </tr> <tr> <td>WC</td> <td>1 991</td> <td>918</td> <td>46%</td> <td>1 073</td> </tr> <tr> <td>TOTAL</td> <td>23 678</td> <td>15 644</td> <td>66%</td> <td>7 888</td> </tr> </tbody> </table>	Province	Total inspected	Actual complied	% complied	No. not complying	EC	2 487	1 810	73%	677	FS	1 936	1 341	69%	449	GP	4 687	2 866	61%	1 821	KZN	4 268	2 788	65%	1 480	LP	3 936	3 168	80%	768	MP	1 640	1 127	69%	513	NC	1 185	758	64%	427	NW	1 548	868	56%	680	WC	1 991	918	46%	1 073	TOTAL	23 678	15 644	66%	7 888	+3 531	<p>Dedication of resource for specialist component</p> <p>Capacity building in OHS specialisation model</p> <p>Blitz inspections conducted</p>
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	3.2 Percentage of non-complying workplaces inspected with reference to 3.1 dealt with in terms of the OHS legislation	Partially Achieved 6 052 notices issued and 22 cases referred to court. Therefore: 68% of non-compliant workplaces were dealt with in terms of the relevant OHS legislation	100%	Achieved 106% was dealt with. A total of 6 570 notices were issued and 112 cases were referred to court	+6%	Follow-up inspections were done and this assisted in ensuring compliance																																																																		
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	3.3 Percentage of reported incidents investigated within 90 days	N/A	60%	<p>Not Achieved 45% (of the 1 305 reported) 589 incidents were investigated within 90 days</p> <table border="1"> <thead> <tr> <th>Province</th> <th>Number of reported incidents</th> <th>Number investigated within 90 days</th> <th>% investigated within 90 days</th> <th>Variance (%)</th> </tr> </thead> <tbody> <tr> <td>EC</td> <td>94</td> <td>88</td> <td>94%</td> <td>+34%</td> </tr> <tr> <td>FS</td> <td>40</td> <td>14</td> <td>35%</td> <td>-25%</td> </tr> <tr> <td>GP</td> <td>113</td> <td>42</td> <td>37%</td> <td>-23%</td> </tr> <tr> <td>KZN</td> <td>836</td> <td>246</td> <td>29%</td> <td>-31%</td> </tr> <tr> <td>LP</td> <td>32</td> <td>31</td> <td>97%</td> <td>+37%</td> </tr> <tr> <td>MP</td> <td>24</td> <td>8</td> <td>33%</td> <td>-27%</td> </tr> <tr> <td>NC</td> <td>20</td> <td>7</td> <td>35%</td> <td>-25%</td> </tr> <tr> <td>NW</td> <td>19</td> <td>26</td> <td>137%</td> <td>+77%</td> </tr> <tr> <td>WC</td> <td>127</td> <td>127</td> <td>100%</td> <td>+40%</td> </tr> <tr> <td>TOTAL</td> <td>1 305</td> <td>589</td> <td>45%</td> <td>-15%</td> </tr> </tbody> </table>	Province	Number of reported incidents	Number investigated within 90 days	% investigated within 90 days	Variance (%)	EC	94	88	94%	+34%	FS	40	14	35%	-25%	GP	113	42	37%	-23%	KZN	836	246	29%	-31%	LP	32	31	97%	+37%	MP	24	8	33%	-27%	NC	20	7	35%	-25%	NW	19	26	137%	+77%	WC	127	127	100%	+40%	TOTAL	1 305	589	45%	-15%	-15%	Limited competency on OHS enforcement This challenge will be resolved through capacity building in OHS specialisation model during the financial year 2015/16 and the filling of vacancies
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	3.4 Percentage of applications for registration of entities processed within 4 weeks	N/A	100%	<p>Achieved 100% (4 474 applications were received and 4 474 were processed within 4 weeks)</p> <table border="1"> <thead> <tr> <th>HQ.</th> <th>Number of applications received</th> <th>Number processed within 4 weeks</th> <th>% processed within 4 weeks</th> <th>Variance (%)</th> </tr> </thead> <tbody> <tr> <td>TOTAL</td> <td>4 474</td> <td>4 474</td> <td>100%</td> <td>0</td> </tr> </tbody> </table>	HQ.	Number of applications received	Number processed within 4 weeks	% processed within 4 weeks	Variance (%)	TOTAL	4 474	4 474	100%	0	None	None																																													
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PROGRAMME 2: Inspection and Enforcement Services																																							
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3.5	Processing of the amendments to the Occupational Health and Safety Act and regulations through the relevant structures	Achieved Draft General Administrative Regulation developed awaiting consideration by the Advisory Council for Occupational Health and Safety (ACOHS)	OHS Amendment Bill submitted to NEDLAC Amend 2 Regulations	Not Achieved - The Bill submitted to NEDLAC - Draft Major Hazardous Installation (MHI) Regulations were developed	The amendment of two regulations (Major Hazardous Regulations and General Administrative Regulations)	ACOHS was not properly constituted in terms of the OHS Act to enable the finalisation of the regulations																																	
3.6	Number of employer payroll audits conducted per year to determine employers contribution to the Unemployment Insurance Fund	N/A	13 440	Not Achieved 5 378 employer payroll audits were conducted	-8 062	Resource constraints																																	
				<table border="1"> <thead> <tr> <th>Province</th> <th>Target</th> <th>Actual</th> </tr> </thead> <tbody> <tr> <td>EC</td> <td>1 728</td> <td>856</td> </tr> <tr> <td>FS</td> <td>696</td> <td>273</td> </tr> <tr> <td>GP</td> <td>2 580</td> <td>1 030</td> </tr> <tr> <td>KZN</td> <td>1 200</td> <td>667</td> </tr> <tr> <td>LP</td> <td>1 488</td> <td>539</td> </tr> <tr> <td>MP</td> <td>793</td> <td>522</td> </tr> <tr> <td>NC</td> <td>708</td> <td>506</td> </tr> <tr> <td>NW</td> <td>1 224</td> <td>416</td> </tr> <tr> <td>WC</td> <td>3 024</td> <td>569</td> </tr> <tr> <td>TOTAL</td> <td>13 441</td> <td>5 378</td> </tr> </tbody> </table>	Province	Target	Actual	EC	1 728	856	FS	696	273	GP	2 580	1 030	KZN	1 200	667	LP	1 488	539	MP	793	522	NC	708	506	NW	1 224	416	WC	3 024	569	TOTAL	13 441	5 378		
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2.4.3 Public Employment Services

PES mandate

The primary function of the branch is to register unemployed and under-employed work-seekers, to equip them with employment counselling to access employment, to seek and register opportunities for the absorption of work-seekers, to match them with opportunities and to refer them to employers and other institutions for potential placement and to access unemployment benefits. The programme derives its mandate from the Skills Development Act, 1998, the Presidential Proclamation No. 56 of 2009 and will in future derive its mandate from the Employment Services Act, No. 4 of 2014 as soon as it is promulgated.

Employment Services functions are delivered through the 127 labour centres, Thusong multi-purpose centres, satellite offices with permanent officers, visiting points and mobile labour centres. PES uses the Employment Services of South Africa (ESSA) electronic system on which the work-seekers can register their skills and experience and employers and entities or institutions can also register work and learning opportunities.

The programme consists of the following sub-programmes:

- **Management and Support Services:** Public Employment Services manages delegated administrative and financial responsibilities, coordinates all planning, monitoring and evaluation functions, and provides corporate support to line function sub-programmes
- **Employer Services** facilitates registering vacancies, and disseminates scarce skills information, issues immigrant corporate and work permits, records migrating skilled South Africans, oversees placements, responds to companies in distress, provides a social plan and regulates private employment agencies
- **Work-Seeker Services:** registers work-seekers, retrenched workers, work vacancies, training and income generating opportunities on the employment services system, and facilitates access to employment and income generating opportunities for the unemployed and under-employed
- **Designated Groups Special Services** facilitates the transfer of subsidies to national councils to promote the employment of people with disabilities, youth, and women, in collaboration with Sheltered Employment Factories and other relevant bodies.

The programme has oversight over the following entities:

- **Productivity South Africa:** Promotes improvements in workplace productivity, competitiveness and social plan (job saving mechanisms through future forums and turnaround solutions). The Branch PES facilitates the conclusion of the Memorandum of Agreement, transfer of funding and monitoring of the entity's performance against its Strategic Plan
- **Unemployment Insurance Fund (UIF):** The mandate of the UIF is to contribute to the alleviation of poverty by providing effective short term unemployment insurance to all workers who qualify for unemployment and related benefits. The Department provides for the possible future funding of the UIF
- **Compensation Fund (CF):** The PES allocation provides for costs incurred through claims received from civil servants for injuries sustained on duty or occupational related illnesses. The Compensation Fund's activities are funded from its revenue and the entity reports separately in accordance with its Strategic Plan. The Department provides for the funding of claims from the CF
- **Sheltered Employment Factories (SEF):** Subsidies to Designated Workshops assist in providing employment for people with disabilities who cannot be placed in the mainstream economy. This sub-programme's total budget is transferred to SEF. Transfers to Workshops for the Blind assists in providing employment for blind people to work in supported employment enterprises. This sub-programme's total budget is transferred in quarterly tranches to non-profit institutions.



1. Registration of work-seekers: The target set for Quarter 1 and Quarter 2 was 550 000, divided into 137 500 per quarter and was increased to 650 000 during Q3 and Q4. The adjustments was to align with the 2013/14 baseline and was adjusted upwards to 187 500 (i.e 162 500 + 50 000) to accommodate the difference in Q1 and Q2. The breakdown for each province per quarter is provided below:

Province	Annual target	Target Q1	Q2 Target	Q3 Target	Q4 Target	Total
EC	71 500	15 125	15 125	20 625	20 625	71 500
FS	52 000	11 000	11 000	15 000	15 000	52 000
GP	149 500	31 625	31 625	43 125	43 125	149 500
KZN	130 000	27 500	27 500	37 500	37 500	130 000
LP	52 000	11 000	11 000	15 000	15 000	52 000
MP	52 000	11 000	11 000	15 000	15 000	52 000
NC	19 500	4 125	4 125	5 625	5 625	19 500
NW	39 000	8 250	8 250	11 250	11 250	39 000
WC	84 500	17 875	17 875	24 375	24 375	84 500
Total	650 000	137 500	137 500	187 500	187 500	650 000

2. The number of work-seekers counseled: The original 2013/14 target of 275 000 was adjusted downwards in the first APP for 2014/15 to make it more realistic and to link to the 2013/14 baseline that was only 41% achieved. The target was retained in the 2nd and 3rd published Erratum. The only adjustment made was to remove the restriction on the number of work-seekers counseled to have to register first to include all other work-seekers who sign attendance registers during Q3 and Q4. The annual provincial breakdowns are provided below:

Province	Annual target	Target Q1	Q2 Target	Q3 Target	Q4 Target	Total
EC	29 796	7 449	7 449	7 449	7 449	29 796
FS	18 336	4 584	4 584	4 584	4 584	18 336
GP	43 548	10 887	10 887	10 887	10 887	43 548
KZN	25 212	6 303	6 303	6 303	6 303	25 212
LP	22 920	5 730	5 730	5 730	5 730	22 920
MP	25 212	6 303	6 303	6 303	6 303	25 212
NC	16 012	4 003	4 003	4 003	4 003	16 012
NW	20 628	5 157	5 157	5 157	5 157	20 628
WC	18 336	4 584	4 584	4 584	4 584	18 336
Total	220 000	55 000	55 000	55 000	55 000	220 000

3. Adjustment to indicator wording: Logical changes were made to APP's to comply with the SMART principles. Where such adjustments have been made, comments have been under the actual achievements in the related indicator.

Outcome 4	Improve the quality of labour market services to contribute to decent employment through inclusive economic growth
Outcome 5	A skilled and capable workforce to support an inclusive growth path
Strategic Goal	2. Contribute to decent employment creation

PROGRAMME 3: Public Employment Services

Strategic Goal 2: Contribute to employment creation (Outcome 4)

KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2013/2014	PLANNED TARGET 2014/2015	ACTUAL ACHIEVEMENT 2014/2015		DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2014/2015	COMMENTS ON THE DEVIATIONS	
1. Provision of public employment services	1.1 Employment Services Regulations developed	<p>Achieved</p> <p>84% completed on ES Bill. Labour Portfolio Committee, concluded deliberations on the ES Bill. The National Assembly subsequently referred the Bill to the National Council of Provinces (NCOP) for endorsement.</p> <p>Draft Regulations and Guidelines developed</p>	<p>The draft Employment Services Regulation published for public comments by March 2015</p>	<p>Not Achieved</p> <p>Draft Employment Service Regulations was developed but not published for public comments</p>		<p>The ES Act not yet promulgated to provide the legal basis for Regulations</p>	<p>Submission sent to the minister of labour for promulgation of the act dated 05 02 2015.</p> <p>Draft Regulations to be discussed by the ES Board once established</p>	
				Quarter	Target			Actual performance
				Q1	Develop draft Employment Services Regulations.			Draft Employment Service Regulations developed.
				Q2	Develop ES Board Constitution.			ES Board Constitution developed
				Q3	Develop submission for Minister to nominate ES Board members.			Nominations have been received from all NEDLAC constituencies and government departments
Q4	Facilitate the appointment of ES Board	A Draft submission was developed and will be submitted once the ES Act is promulgated						
<p>** The branch successfully consulted with the State Law Advisors and the Presidency regarding the promulgation of the ES Act. Promulgation Notices were prepared and submitted for approval and onward submission to the Presidency.</p>								

PROGRAMME 3: Public Employment Services

Strategic Goal 2: Contribute to employment creation (Outcome 4)

KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2013/2014	PLANNED TARGET 2014/2015	ACTUAL ACHIEVEMENT 2014/2015			DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2014/2015	COMMENTS ON THE DEVIATIONS	
1.2 Number of PES provincial and local advocacy campaigns conducted per year		Achieved 58 Major and 801 local advocacy were conducted	18 provincial and 126 local advocacy campaigns conducted	Achieved 18 Provincial and 518 local campaigns were conducted			392 local advocacy campaigns were conducted. The target for the local campaigns were exceeded mainly because many more labour centres which are closer to the communities were able to have community outreach programmes. Labour centres are able to plan the logistics for local campaigns easier than provincial campaigns.	Registers of the campaigns were compiled to reflect the increased campaigns of 392. More targeted focus on local communities	
				Province	Target	Actual Advocacy campaigns			Variance
				EC	2	2			0
				FS	2	2			0
				GP	2	2			0
				KZN	2	3			1
				LP	2	2			0
				MP	2	3			1
				NC	2	1			-1
				NW	2	2			0
				WC	2	1			-1
				Total	18	18			0
				Local	Target	Actual Advocacy campaigns			Variance
				EC	16	61			45
				FS	12	17			5
GP	25	44	19						
KZN	16	62	46						
LP	13	71	58						
MP	15	19	4						
NC	6	175	169						
NW	11	59	48						
WC	12	10	-2						
Total	126	518	392						

PROGRAMME 3: Public Employment Services

Strategic Goal 2: Contribute to employment creation (Outcome 4)																																																				
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2013/2014	PLANNED TARGET 2014/2015	ACTUAL ACHIEVEMENT 2014/2015																																																
	1.3 Number of work-seekers registered on ESSA per year	Achieved A total of 618 092 work-seekers registered on ESSA. 607 229 (98%) of the total work-seekers registered were registered provincially while 10 863 (2%) were registered on-line. This implies that against an annual target of 500 000 set for provinces (except on-line), 122% (607 229 of 500 000) was achieved	650 000	Not Achieved A total of 618 570 (95% of target) work-seekers were registered, and is reflected on the branch's business systems.																																																
				<table border="1"> <thead> <tr> <th>Province</th> <th>Target</th> <th>Actual registered</th> <th>Variance</th> </tr> </thead> <tbody> <tr> <td>EC</td> <td>71 500</td> <td>71 566</td> <td>66</td> </tr> <tr> <td>FS</td> <td>52 000</td> <td>41 521</td> <td>-10 479</td> </tr> <tr> <td>GP</td> <td>149 500</td> <td>109 275</td> <td>-40 225</td> </tr> <tr> <td>KZN</td> <td>130 000</td> <td>124 391</td> <td>-5 609</td> </tr> <tr> <td>LP</td> <td>52 000</td> <td>53 766</td> <td>1 766</td> </tr> <tr> <td>MP</td> <td>52 000</td> <td>64 192</td> <td>12 192</td> </tr> <tr> <td>NC</td> <td>19 500</td> <td>21 989</td> <td>2 489</td> </tr> <tr> <td>NW</td> <td>39 000</td> <td>28 044</td> <td>-10 956</td> </tr> <tr> <td>WC</td> <td>84 500</td> <td>78 995</td> <td>-5 505</td> </tr> <tr> <td>Other</td> <td>N/A</td> <td>24 831</td> <td>0</td> </tr> <tr> <td>TOTAL</td> <td>650 000</td> <td>618 570</td> <td>-31 430</td> </tr> </tbody> </table>	Province	Target	Actual registered	Variance	EC	71 500	71 566	66	FS	52 000	41 521	-10 479	GP	149 500	109 275	-40 225	KZN	130 000	124 391	-5 609	LP	52 000	53 766	1 766	MP	52 000	64 192	12 192	NC	19 500	21 989	2 489	NW	39 000	28 044	-10 956	WC	84 500	78 995	-5 505	Other	N/A	24 831	0	TOTAL	650 000	618 570	-31 430
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				<p>-31 430</p> <p>The main reason for the target not being achieved by 31/4/30 is due to the change in the target during November 2014 and the removal of old and incomplete records from the database</p> <p>Increase from 550 000 during Q1 and Q2 to 650 000 in Q3 and Q4 in target, to align with the SMART principles and previous year's baseline of 6 180 092</p>																																																
				<p>DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2014/2015</p> <p>COMMENTS ON THE DEVIATIONS</p>																																																
				<p>"Other" includes clients registered via on-line work-seekers registered by call centre staff.</p> <p>The target was affected by the data cleansing that was done on this indicator, (+ 95 000 old and incomplete records) were removed to ensure that the numbers reported are accurate.</p> <p>The number of work-seekers registered at labour centre level is verified against the business intelligence system in order to detect discrepancies.</p>																																																

PROGRAMME 3: Public Employment Services

Strategic Goal 2: Contribute to employment creation (Outcome 4)

KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2013/2014	PLANNED TARGET 2014/2015	ACTUAL ACHIEVEMENT 2014/2015			DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2014/2015	COMMENTS ON THE DEVIATIONS																																												
1.4	Number of work-seekers provided with employment counselling per year	41% (250 160 of 607 229) of work-seekers against a target of 50% were provided with employment counselling. 41% (achieved) is 82% of 50% (target)	220 000 work-seekers provided with employment counselling by March 2015	<p>Achieved A total of 246 744 work-seekers were provided with employment counselling</p> <table border="1"> <thead> <tr> <th>Province</th> <th>Target</th> <th>Actual</th> <th>Variance</th> </tr> </thead> <tbody> <tr> <td>EC</td> <td>29 796</td> <td>40 210</td> <td>10 414</td> </tr> <tr> <td>FS</td> <td>18 336</td> <td>25 552</td> <td>7 216</td> </tr> <tr> <td>GP</td> <td>43 548</td> <td>41 682</td> <td>-1 866</td> </tr> <tr> <td>KZN</td> <td>25 212</td> <td>31 527</td> <td>6 315</td> </tr> <tr> <td>LP</td> <td>22 920</td> <td>22 793</td> <td>-127</td> </tr> <tr> <td>MP</td> <td>25 212</td> <td>30 146</td> <td>4 934</td> </tr> <tr> <td>NC</td> <td>16 012</td> <td>17 564</td> <td>1 552</td> </tr> <tr> <td>NW</td> <td>20 628</td> <td>21 714</td> <td>1 086</td> </tr> <tr> <td>WC</td> <td>18 336</td> <td>15 556</td> <td>-2 780</td> </tr> <tr> <td>Total</td> <td>220 000</td> <td>246 744</td> <td>26 744</td> </tr> </tbody> </table>			Province	Target	Actual	Variance	EC	29 796	40 210	10 414	FS	18 336	25 552	7 216	GP	43 548	41 682	-1 866	KZN	25 212	31 527	6 315	LP	22 920	22 793	-127	MP	25 212	30 146	4 934	NC	16 012	17 564	1 552	NW	20 628	21 714	1 086	WC	18 336	15 556	-2 780	Total	220 000	246 744	26 744	26 744 this increase is as a result of the change in the APP in November 2014 which enabled the counselors to access more work-seekers in group sessions hence the over-achievement of the target. The work-seekers were not required to be registered on ESSA as a precondition for counselling	Increase in group sessions resulted in more people being counselled
Province	Target	Actual	Variance																																																	
EC	29 796	40 210	10 414																																																	
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PROGRAMME 3: Public Employment Services

Strategic Goal 2: Contribute to employment creation (Outcome 4)

KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2013/2014	PLANNED TARGET 2014/2015	ACTUAL ACHIEVEMENT 2014/2015				DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2014/2015	COMMENTS ON THE DEVIATIONS
1.5 Number of work-seekers placed in registered work opportunities per year	A total of 15 570 (82% of 19 000) work-seekers was placed in registered employment opportunities	20 000	Not Achieved A total of 14 634 (73%) work-seekers was placed against a target of 20 000.	Province	Target	Actual Placed	Variance	% Placed	-5 366 There is a mismatch of skills between what the employers require and that which the work-seekers possess, resulting in a lower placement rate
				EC	2 360	2 177	-183	92%	
				FS	1 728	3 047	1 319	176%	
				GP	3 520	2 160	-1 360	61%	
				KZN	2 360	1 788	-572	76%	
				LP	2 240	1 071	-1 169	48%	
				MP	2 136	2 351	215	110%	
				NC	1 320	498	-822	38%	
				NW	1 360	1 123	-237	83%	
				WC	2 976	419	-2 557	14%	
TOTAL	20 000	14 634	-5 366	73%					
<p>1. A total of 14 634 work-seekers were placed. Even though more than 60 000 matched registered work-seekers were referred to employers for potential employment. There could be underreporting as the Department currently relies on the feedback by work-seekers and employers to confirm successful placement.</p> <p>2. Management will introduce an automatic link to the UIF declaration records of employers. Management is also exploring linkages to Public Sector Porsal and also developing new tools to track work-seekers who may pursue careers in SMMEs or coops after counselling in order to track actual placement rates.</p> <p>3. ESSA enhancement to streamline the capturing of opportunities in line with the Organising Framework of Occupation (OFO).</p>									

PROGRAMME 3: Public Employment Services

Strategic Goal 2: Contribute to employment creation (Outcome 4)

KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2013/2014	PLANNED TARGET 2014/2015	ACTUAL ACHIEVEMENT 2014/2015				DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2014/2015	COMMENTS ON THE DEVIATIONS																																																			
	1.6 Number of vacancies and opportunities registered on ESSA per year	Achieved 2 427 employers registered vacancies on ESSA. The target was exceeded by 1 427	50 000 employment opportunities registered on ESSA	Achieved A total of 74 056 employment opportunities were registered				+24 056	Positive responses from different companies due to extensive campaigns conducted by provincial office and labour centres																																																			
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Province	Target	Actual opportunities	Variance	% of registered opportunities																																																								
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TOTAL	50 000	74 056	24 056	148%																																																								
				<p>**1. The PES branch registered more opportunities from the Strategic Infrastructure Projects (SIPS) that it is actively participating in the various provinces:</p> <p>2. The performance in 2014/2015 measures the number of opportunities registered rather than the number of employers that registered opportunities.</p>																																																								

PROGRAMME 3: Public Employment Services

Strategic Goal 2: Contribute to employment creation (Outcome 4)

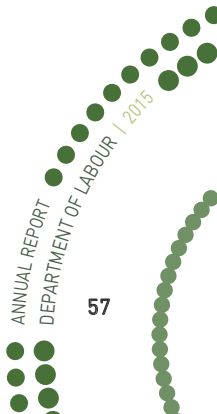
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2013/2014	PLANNED TARGET 2014/2015	ACTUAL ACHIEVEMENT 2014/2015						DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2014/2015	COMMENTS ON THE DEVIATIONS
1.7 Private employment agencies and temporary employment services registered per year	All complete PEA and TES applications processed* within 60 days of receipt	Partially achieved 309 (62% of 500) PEAs were registered	Temporary employment services	Province	Total received	Total Approved and registered*	Total Rejected*	Processed within 60 days (including the 2013/14 carry overs)	Processed after 60 days (including the 2013/14 carry overs)		
				FS	0	0	0	0	0	0	0
				GP**	12	16**	1	5	7		
				KZN	0	0	0	0	0		
				LP	0	0	0	0	0		
				MP	1	0	0	1	0		
				NC	1	1	0	1	0		
				NW	0	0	0	0	0		
				WC	16	13	3	10	6		
				Total	30	30	4	17	13		
				393 (363 + 30) certificates of registration and 49 (45 + 4) letters of non-recommendation were issued by the registrar of private employment agencies and temporary employment services, in respect of applications received.							
				* Total processed is total approved plus total rejected							
				** At Gauteng Province the difference in applications received (159 PEA and 12 TES = 171) and processed (213 PEA and 17 TES = 230) is because 59 applications received in 2013/14 were processed in 2014/15							

PROGRAMME 3: Public Employment Services

Strategic Goal 2: Contribute to employment creation (Outcome 4)										
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2013/2014	PLANNED TARGET 2014/2015	ACTUAL ACHIEVEMENT 2014/2015			COMMENTS ON THE DEVIATIONS			
2. Foreign nationals individual and cooperate work visas regulated	2.1 Applications for foreign nationals corporate and individual work visa processed within 30 working days	193 (142 corporate + 51 individual) applications were received. (86%) within 30 days and (14%) were finalised in 60 days	All complete applications for foreign nationals corporate and individual work visa processed within 30 working days	Not Achieved (95 corporate work visas and 741 individual work visas) applications were received. Corporate (53% achieved)			<p>In the case of Corporate Work Visas, 5336 workers were rejected due to employers not being able to substantiate the number of vacancies.</p> <p>The promulgation of the new Immigration Regulations that became effective on 26 May 2014 by the Department of Home Affairs introduces strict measures and did away with the outsourcing and made the Department of Labour the sole institution that can make recommendations on work visas</p>			
				Province	Applications Received	No of Workers		Positive recommendation	Negative recommendation	Processed within 30 days
				EC	0	0	0	0		
				FS	4	668	166	502	3	1
				GP	15	4 229	823	3 406	10	5
				KZN	4	489	472	17	3	1
				LP	19	4 736	4 306	430	16	3
				MP	34	6 105	5 723	382	3	28
				NC	4	387	267	120	4	0
				NW	3	39	39	0	1	2
				WC	12	1 424	945	479	9	3
				TOTAL	95	18 077	12 741	5 336	49	43



PROGRAMME 3: Public Employment Services												
Strategic Goal 2: Contribute to employment creation (Outcome 4)												
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2013/2014	PLANNED TARGET 2014/2015	ACTUAL ACHIEVEMENT 2014/2015							DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2014/2015	COMMENTS ON THE DEVIATIONS
				Individual permits (68% achieved)								
				Province	Applications Received	No of Workers	Positive recommendation	Negative recommendation	Processed within 30 days	Processed beyond 30 days		
				EC	54	54	17	37	45	9		
				FS	12	12	6	6	10	2		
				GP	262	262	81	181	185	77		
				KZN	185	185	30	155	134	51		
				LP	14	14	4	10	6	8		
				MP	20	20	9	11	10	10		
				NC	7	7	4	3	4	3		
				NW	8	8	5	3	6	2		
				WC	179	179	55	124	102	77		
				TOTAL	741	741	211	530	502	239		
				<p>In the case of corporate work visas, 5 336 workers were rejected due to employers not being able to substantiate the number of vacancies.</p> <p>The promulgation of the new Immigration Regulations that became effective on 26 May 2014 by the Department of Home Affairs introduces strict measures and did away with the outsourcing and made the Department of Labour the sole institution that can make recommendations on work visas.</p>								



PROGRAMME 3: Public Employment Services

Strategic Goal 2: Contribute to employment creation (Outcome 4)

KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2013/2014	PLANNED TARGET 2014/2015	ACTUAL ACHIEVEMENT 2014/2015	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2014/2015	COMMENTS ON THE DEVIATIONS
3. Disability organisations funded and monitored	3.1 MOAs concluded with eligible designated organisations, were approved by the DG, performance monitored and funding transferred	<p>Achieved MOAs concluded by DG during Quarter 1 on 24th June 2013</p> <p>During Q2, performance report was submitted and financial transfers effected to the amount of R2 394 500</p> <p>During Q3, Performance report submitted and financial transfers effected to the amount of R2 242 976</p> <p>Performance report submitted and financial transfers to the amount of R2 273 938.67 were paid in the 4th quarter</p>	MoAs concluded with eligible designated organisations approved by the DG, performance monitored and funding transferred by March 2015	<p>Achieved During Quarter 1: Tender specifications were published on the Government Gazette dated 27 June 2014 with the closing date of 11 July 2014.</p> <p>During Quarter 2: Tender Lab 03 and Lab 04 were published in the Government Gazette. For Tender Lab 04 (Subsidy Scheme for Placement Officials) no bidders were found that submitted the correct documentation according to Supply Chain Procedures.</p> <p>During Quarter 3: MOAs were concluded with Disability Organisations</p> <p>During Quarter 4: The outstanding MoAs for placement officers (SANCB and NCPDDSA) were signed off. Six Workshops for the Blind (100%) and two National Councils (100%) were monitored through personal visits. Performance was monitored for Q3 and Q4. Quarterly reports were consolidated for 100% organisations up to Q3-awaiting Q4 reports.</p> <p>The variance in payment to Workshops for the Blind emanates from Q4 transfers that have to be made in Q1 of 2015-2016 due to submission of supporting documents at end of March 2015. The large variance for payment to National Councils was due to the fact that only two Councils were paid for half a year and the fact that their performance was not up to standard.</p> <p>MOA's were concluded after approval was granted by the National Treasury only during October 2014.</p>	None	None



2.4.4 Labour Policy and Industrial Relations

The programme consists of the following sub-programmes:

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

Outcome 4	Improve the quality of labour market services to contribute to decent employment through inclusive economic growth
Strategic goals	<ul style="list-style-type: none"> 10. Promote equity in the labour market 3. Protect vulnerable workers 6. Promote sound labour relations 7. Monitor the impact of legislation

Outcome 11	Creating a better South Africa and contributing to a better and safer Africa
Strategic goal	4. Strengthen multilateral and bilateral relations

PROGRAMME 4: Labour Policy and Industrial Relations

KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2013/2014	PLANNED TARGET 2014/2015	ACTUAL ACHIEVEMENT 2014/2015	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2014/2015	COMMENTS ON THE DEVIATIONS
Strategic Goal 10: Promote Equity in the Labour Market (Outcome 4)						
1. Employment equity in the labour market ensured and enforcement improved	1.1 Employment Equity Amendment Act implemented and evaluated within set time frame	<p>Partially Achieved The Employment Equity amendment Act, 2013 assented into law on 14 January 2014</p> <p>Amended EE regulations published for public comments on 28 February 2014 for 30 days and tabled at NEDLAC for social partner deliberations</p>	<p>Amended EE Regulations published</p> <p>Code on Equal Pay published for public comment</p> <p>Conduct 9 workshops on amended EEA and regulations</p> <p>2013-2014 Annual Employment Equity Report and Public Register published in the Government Gazette by 30 June 2014</p>	<p>Achieved The Employment Equity Amendment Act, 2013 and EE Regulations of 2014 commenced on 1 August 2014.</p> <p>Not Achieved Code of Good Practice on Equal Pay for Work of Equal Value finalized by 31 March 2015. It was only published in June 2015.</p> <p>Achieved 18 workshops were conducted with stakeholders in provinces on amended EEA and regulations.</p> <p>Achieved The 2013-2014 Employment Equity Annual Report and Public Register were published and launched by the Minister at the Employment Equity and Transformation Indaba on 9 April 2014.</p>	<p>None</p> <p>Publication in Government Gazette pending.</p> <p>Additional workshops conducted to cater for stakeholder's demand for information on EE Amendment Act, EE Regulations and EE Online Reporting.</p> <p>None</p>	<p>None</p> <p>Code was only finalised and approved by CEE on 31 March 2015. Publication will be done in Q1 of 2015/2016 financial year.</p> <p>Provincial offices to be requested to conduct additional EE workshops in their Provinces.</p> <p>None</p>

PROGRAMME 4: Labour Policy and Industrial Relations						
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2013/2014	PLANNED TARGET 2014/2015	ACTUAL ACHIEVEMENT 2014/2015	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2014/2015	COMMENTS ON THE DEVIATIONS
		<p>Achieved</p> <ul style="list-style-type: none"> • Verification sources • Advisory letter from the CEE to the Minister • Copy of the 14th CEE Annual Report. 	2014-2015 Annual Employment Equity Report and Public Register developed by 31 March 2015	<p>Achieved</p> <ul style="list-style-type: none"> • The 2014-2015 Annual Employment Equity Report and Public Register were finalised by 31 March 2015 • 2014-2015 Annual Report developed • 2014-2015 Public Register developed published in Government Gazette No. 38587 	None	None
		<p>Achieved</p> <p>30 Income Differentials assessed</p>	30 Companies Income Differentials assessed to determine race and gender disparities in salaries per year	<p>Achieved</p> <p>Project Close-Out reflecting 30 companies assessed on Income Differentials finalised.</p>	None	None
Strategic Goal 3: Protect vulnerable workers (Outcome 4)						
2. Basic conditions of employment in the labour market ensured	2.1 Consider applications for exemption within a specific time frame	N/A	Exemption on the BCEA processed within 60 days	<p>Not Achieved</p> <p>176 exemptions on the BCEA were processed.</p> <p>- 92 processed within 60 days and 84 were not competent</p>	Applications didn't comply with legislative requirements. Further information had to be requested before submitting to Finance for recommendation	Develop a checklist for legislative requirements and distribute with applications forms

PROGRAMME 4: Labour Policy and Industrial Relations

KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2013/2014	PLANNED TARGET 2014/2015	ACTUAL ACHIEVEMENT 2014/2015	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2014/2015	COMMENTS ON THE DEVIATIONS
3. Establish basic standards and minimum wages	3.1 Number of existing and new sectoral determinations reviewed and investigated	Achieved Hospitality Sector Amendments published in Government Gazette.	Review two Sectoral Determinations by March 2015	Achieved Domestic workers and contract cleaning workers sectoral determination reviewed.	None	None
		Taxi Sector Amendments published in Government Gazette.	<ul style="list-style-type: none"> Conduct investigation for Domestic and Farm workers Provident Fund by 2015 	Not Achieved	Unavailability of the relevant database for both sectors were a challenge as delays was encountered with the UJF with regards to the Standard Industry Classification Codes.	This will be resolved by October 2016
		Partially Achieved Funeral Undertaking Sector	<ul style="list-style-type: none"> 2 New sector investigated for possible setting of minimum wages and conditions of employment Conduct investigation on Gardening Services and Building Construction Sector 	Achieved Two new sectors were investigated <ul style="list-style-type: none"> Garden Service Building Construction Sector 	None	None

PROGRAMME 4: Labour Policy and Industrial Relations						
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2013/2014	PLANNED TARGET 2014/2015	ACTUAL ACHIEVEMENT 2014/2015	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2014/2015	COMMENTS ON THE DEVIATIONS
Strategic Goal 4: Strengthening multilateral and bilateral relations (Outcome 11)						
4. Ensure compliance with the country's international obligation	4.1 Number of reports on ILO Article 19 and 22 submitted by March	Achieved Article 19 Report sent out to respective departments for inputs. Article 22 1. Forced Labour Convention, 1930 (No. 29) 2. Night Work (Women) Convention (Revised), 1948 (No.89). 3. Abolition of Forced Labour Convention, 1957 (No. 105). 4. Minimum Age Convention, 1973 (No.138). 5. Worst forms of Child Labour Convention, 1999, (No. 182).	8 Reports 1 Article 19 and 7 Article 22	Achieved 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	None	None
Strategic objective 6: Promote Sound Labour Relations (Outcome 4)						
5. Promoting sound labour relations	5.1 Number of Collective agreements extended within 60 days of receipt 5.2 Percentage of competent and completed labour organisation applications processed within 90 days of receipt	Achieved 17 collective agreements were extended to non-parties within 60 days Achieved 97% applications were processed within 90 days of receipt	17 100%	Not Achieved 20 collective agreements were extended within 60 days of receipts. Not Achieved 98% 147 applications considered and finalised within 90-days of receipt: • 5 approved within 90-days • 139 refused within 90-days 100%+ Complete – Q1 – Q4 • 100%+ Complete – Annual Report	4 Collective agreements took longer than 60 days to extend 3 applications considered in more than 90 days	There are a number of steps between receipt of request to publish an agreement and its final publication that complicate the control of the time frame. Delays occurred in four cases during the performance period. Corrective measures have been put in place to ensure all days are counted for each application considered.

PROGRAMME 4: Labour Policy and Industrial Relations

KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2013/2014	PLANNED TARGET 2014/2015	ACTUAL ACHIEVEMENT 2014/2015	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2014/2015	COMMENTS ON THE DEVIATIONS
Strategic Goal 7: Monitoring the impact of legislation (%)						
6. Impact of legislation and labour market trends monitored and evaluated	6.1 A number of labour market trends and research reports produced	<p>Achieved</p> <p>All annual labour market reports were produced and published by end of September 2013. These reports include: Annual Administrative Statistics Report 2012, Industrial Action Report 2012, Job Opportunity and Unemployment in the SA Labour Market Report 2012/13 and Annual Labour Market Bulletin 2012/13. Media statements were also released for all annual reports by September 2013.</p>	<p>• 4 Annual labour market trend reports published by March 2015</p>	<p>Achieved</p> <p>4</p> <ul style="list-style-type: none"> By September 2014, four annual labour market reports were published. These include: Annual Administrative Statistics report 2013, Industrial Action report 2013, Job Opportunity and Unemployment in the SA Labour Market report 2013/14 and Annual Labour Market Bulletin 2013/14. Media statements were also released for all annual reports by September 2014. By March 2015, two annual reports were finalised and submitted to the Minister for approval. These include: Industrial Action Report 2014 and Annual Administrative Statistics Report 2014. In addition, the national Client Satisfaction Survey report 2014 was also completed and submitted to the Minister for approval by 31 March 2015. 	None	None



PROGRAMME 4: Labour Policy and Industrial Relations						
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2013/2014	PLANNED TARGET 2014/2015	ACTUAL ACHIEVEMENT 2014/2015	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2014/2015	COMMENTS ON THE DEVIATIONS
Strategic Goal 7: Monitoring the impact of legislation (%)						
6. Impact of legislation and labour market trends monitored and evaluated	6.1 A number of labour market trends and research reports produced	<p>Partially Achieved</p> <p>1. Analysis of the effectiveness of the Bargaining Council Exemptions - initial preparations for research completed and research to start during April 2014.</p> <p>2. Assessing knowledge levels about the work of the Department and its communication campaigns research commenced and draft report received.</p> <p>3. Evaluation of progress made towards the reduction of working hours to a 40-hour week – Research commenced and draft report received.</p> <p>4. Migration research study - research reports are expected to be finalised during 2014/2015 financial year.</p>	<ul style="list-style-type: none"> 4 Research reports in line with RME Agenda 3 signed off by Acting DDG: LP and IR by 31 March 2015 	<p>Achieved</p> <p>4 Final research reports were developed and submitted to the Acting DDG for sign off.</p> <ul style="list-style-type: none"> - Analysing effectiveness of bargaining council exemptions; • Evaluating progress made towards reducing working hours to 40 hours • Assessing knowledge levels about the work of the Department and its communication campaigns • Work-seekers attitude towards job offers in the South African labour market. 	None	None

2.5 LINKING PERFORMANCE WITH BUDGETS FOR THE YEAR ENDED 31 MARCH 2015

Voted funds and direct charges	2014/15			2013/14		
	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
Programme						
1. Administration	764 919	675 957	88 962	840 449	795 870	44 579
2. Inspection and Enforcement Services	432 405	430 878	1 527	426 810	412 213	14 597
3. Public Employment Services	481 533	465 264	16 269	413 496	413 495	1
4. Labour Policy and Industrial Relations	867 435	847 837	19 598	764 492	749 866	14 626
TOTAL	2 546 292	2 419 936	126 356	2 445 247	2 371 444	73 803

Regarding the overall performance of the Department from 01 April 2014 to 31 March 2015 - 42% of the targets were achieved and 95.04% of the budget was spent for the 2014/15 financial year.

Programme 1: Administration	2014/15			2013/14		
	Final Appropriation	Actual Expenditure	Variance	Final Appropriation	Actual Expenditure	Variance
	R'000	R'000	R'000	R'000	R'000	R'000
Sub-programme						
1. Ministry	26 746	24 340	2 406	19 219	18 557	662
2. Management	388 360	373 838	14 522	427 136	421 288	5 848
3. Corporate Services	63 604	57 650	5 954	61 303	53 234	8 069
4. Office of the Chief Financial Officer	105 174	97 453	7 721	142 161	142 161	-
5. Office Accommodation	181 035	122 676	58 359	190 630	160 630	30 000
TOTAL	764 919	675 957	88 962	840 449	795 870	44 579

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 88.4 % of its allocated budget for the 2014/2015 financial year and achieved 44% of the predetermined targets. Therefore the allocation was sufficient to carry out the objectives of the Programme.

Programme 2: Inspection and Enforcement Services							
	2014/15		2013/14		Variance	R'000	
	4	5	6	8			9
	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Final Appropriation R'000			Actual Expenditure R'000
Sub-programme							
1. Management and Support Services: Inspection and Enforcement Services	4 539	4 545	(6)	16 096	16 095	1	
2. Occupational Health and Safety	22 286	22 196	90	20 536	16 562	3 974	
3. Registration: Inspection and Enforcement Services	51 377	51 377	-	55 687	48 299	7 388	
4. Compliance, Monitoring and Enforcement	340 171	340 162	9	315 451	315 453	(2)	
5. Training of Staff: Inspection and Enforcement Services	6 127	5 484	643	16 347	13 111	3 236	
6. Statutory and Advocacy Services	7 905	7 114	791	2 693	2 693	-	
TOTAL	432 405	430 878	1 527	426 810	412 213	14 597	

The Programme utilised 99.6% of its allocated budget to carry out its mandated objective and deliverables and achieved 43% of the predetermined targets. The allocation was sufficient for all operations of the Programme.

Programme 3: Public Employment Services							
	2014/15		2013/14		Variance	R'000	
	4	5	6	8			9
	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Final Appropriation R'000			Actual Expenditure R'000
Sub-programme							
1. Management and Support Services: Public Employment Services	34 658	34 586	72	28 372	28 372	-	
2. Employer Services	116 890	116 829	61	116 294	116 293	1	
3. Work Seeker Services	118 832	117 234	1 598	95 777	95 778	(1)	
4. Designated Groups Special Services	850	291	559	200	200	-	
5. Sheltered Employment Factories and Subsidies to Designated Workshops	132 883	127 813	5 070	115 610	115 609	1	
6. Productivity South Africa	43 119	43 119	-	40 285	40 287	(2)	
7. Unemployment Insurance Fund	1	-	1	1	-	1	
8. Compensation Fund	32 278	23 752	8 526	15 640	15 640	-	
9. Training of Staff: Public Employment Services	2 022	1 640	382	1 317	1 316	1	
TOTAL	481 533	465 264	16 269	413 496	413 495	1	

The Programme utilised 96.6% of its allocated budget to carry out its mandated objective and deliverables and achieved 44% of the predetermined targets. The allocation was sufficient for all operations of the Programme.

Programme 4: Labour Policy and Industrial Relations										
	4		5		6		8		9	
	2014/15		2014/15		2013/14					
	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	
Sub-programme										
1. Management and Support Services: Labour Policy and Industrial Relations	12 148	10 135	2 013	13 408	10 153	3 255				
2. Strengthen Civil Society	17 318	17 318	-	16 504	16 504	-				
3. Collective Bargaining	14 543	13 467	1 076	13 341	12 306	1 035				
4. Employment Equity	14 355	9 943	4 412	12 866	12 762	104				
5. Employment Standards	12 433	11 035	1 398	13 222	12 462	760				
6. Commission for Conciliation, Mediation and Arbitration	687 096	687 096	-	594 418	594 418	-				
7. Research, Policy and Planning	9 039	6 677	2 362	12 741	7 420	5 321				
8. Labour Market Information and Statistics	37 641	33 945	3 696	34 300	31 324	2 976				
9. International Labour Matters	35 240	30 774	4 466	27 414	26 591	823				
10. National Economic Development and Labour Council	27 622	27 447	175	26 278	25 926	352				
TOTAL	867 435	847 837	19 598	764 492	749 866	14 626				

The Programme utilised 97.7% of its allocated budget to carry out its mandated objective and deliverables and achieved 29% of the predetermined targets. The allocation was sufficient for all operations of the Programme



2.6 TRANSFER PAYMENTS

2.6.1 Transfer payment to Public Entities

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity R'000	Amount spent by the public entity R'000	Achievements of the public entity
Compensation Fund	The Compensation Fund's main objective is to provide compensation for disability, illness and death resulting from occupational injuries and diseases	23 752	23 752	Detailed information regarding performance information, achievements and financial status is available in the published Annual Report of the Compensation Fund.
Commission for Conciliation, Mediation and Arbitration	To resolve workplace disputes through conciliation, mediation and arbitration	687 096	677 823	<ul style="list-style-type: none"> Targets achieved (Cases) 35 548 Cases referred 4 926 Pre-conciliation heard 3 644 Pre-conciliation settled 17 182 Con-arbs heard 15 013 Con-arbs finalised 24 529 Cases settled
Productivity SA	Transfer of productivity knowledge and skills in order to contribute to sustainable employment creation	43 119	R 43 119	<ul style="list-style-type: none"> Training Targets Achieved 5 863 SMME owners/cooperatives trained and capacitated 894 ETD service providers trained 1 286 Workers trained 216 Managers trained 439 Skills development facilitators trained Research Projects Achieved 5 Productivity research reports for selected sectors produced Implement productivity awareness campaign Achieved 3 Productivity Magazines published Productivity awards: 7 regional and 1 national held

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity R'000	Amount spent by the public entity R'000	Achievements of the public entity
National Economic Development and Labour Council (NEDLAC)	<ul style="list-style-type: none"> Promote economic growth, participation in economic decision making and social equity through social dialogue. 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. Considers all proposed labour legislation relating to labour market policy before it is introduced in Parliament Considers all significant changes to social and economic policy before it is implemented or introduced in Parliament Encourages and promotes the formulation of coordinated policy on social and economic matters. 	27 447	27 447	<p>Governance structures have met in compliance with the NEDLAC Constitution. Voice and data infrastructure have been upgraded. Document management system has been implemented. The following legislative engagements were concluded:</p> <ul style="list-style-type: none"> » Extension of Security of Tenure Amendment Bill » Gas Amendment Bill » Amended Employment Equity Regulations. <p>The following legislative engagement were initiated:</p> <ul style="list-style-type: none"> » Occupational Health and Safety Amendment Bill » Code of Good Practice on Equal Pay for Work of Equal Value » Mine Health and Safety Amendment Bill <p>Special sessions were convened. Research reports were convened. The NEDLAC Annual Summit was convened. A Labour Relations Indaba was convened. An engagement process on labour relations and minimum wages were respectively convened.</p>

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 (R'000)	Reasons for the funds not paid over
Sheltered Employment (SEF)	Trading entity	Funds were utilised by the Sheltered Employment Factories 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	Yes	99 215	99 215	N/A

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 2014 to 31 March 2015, but no transfer payments were made.

Name of transferee	Type of organisation	Purpose for which the funds were used	Amount Budgeted (R'000)	Amount transferred (R'000)	Reasons for the funds were not transferred
NIL	NIL	NIL	NIL	NIL	NIL



2.7 CONDITIONAL GRANTS

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

2.8 DONOR FUNDS

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

2.9 CAPITAL INVESTMENT

Capital investment, maintenance and asset management plan

Infrastructure projects	2013/2014			2014/2015		
	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
New and replacement assets	1 548	1 548	-	1 867	1 867	-
Existing infrastructure assets	-	-	-	-	-	-
Upgrades and additions	-	-	-	-	-	-
Rehabilitation, renovations and refurbishments	-	-	-	-	-	-
Maintenance and repairs	6 066	6 066	4 555	11 604	1 587	10 017
Infrastructure transfer	-	-	-	-	-	-
Current	-	-	-	-	-	-
Capital	-	-	-	-	-	-
Total	7 614	7 614	4 555	13 471	3 454	10 017

The expenditure incurred during 2014/15 was for the following:

- Construction of Rustenburg Labour Centre which was completed and occupied during the 2014/15 financial year
- Site clearances for Mogwase, Taung and Paarl Labour Centres
- A RAMP contract at the Sheltered Employment Factories (Silverton).

Currently there are no additional projects in process at the Department of Public Works. Due to a delay in completion of registered capital projects and confirmation of project plans by DPW, it is difficult for the Department to budget for projects hence there was no capital budget for the 2014/15 financial year.

PART C: GOVERNANCE

3.1 Introduction	73
3.2 Risk management	73
3.3 Fraud and corruption	74
3.4 Minimising conflict of interest	74
3.5 Code of conduct	75
3.6 Health safety and environmental issues	75
3.7 Portfolio committees	75
3.8 SCOPA resolutions	76
3.9 Prior modifications to audit reports	81
3.10 Monitoring and Compliance	87
3.11 Internal audit and audit committees	87
3.12 Audit Committee Report	89

3. GOVERNANCE

3.1 INTRODUCTION

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

Governance structures and responsibilities

- In an on-going effort to ensure that the Department is managed responsibly and ethically, reviews and updates are done for governance processes and practices. The Department operates according to the understanding that ethical and effective corporate governance requires a combination of internal regulation and compliance with the regulatory environment in which it conducts its business
- Management is compliant with and guided by, inter alia, the provisions of the Public Finance Management Act, Public Service Act and other legislations and governance principles. The King III report brings about added compliance requirements that moving forward, the Department will embrace and comply with
- The SEF Performance Information and Financials still form part of the Department of Labour's Annual Report until such time that the Employment Services Act is promulgated and their legal status is clarified.

3.2 RISK MANAGEMENT

3.2.1 Risk governance

Risk management policies and strategies

The Department has a Risk Management Policy and a Risk Management Strategy in place. Both the Risk Management Policy and Risk Management Strategy were revised and approved during the year and they are based on the Public Sector Risk Management Framework.

Risk Management Committee

The Department has a National Risk Management Committee that advises the Accounting Officer about the effectiveness of risk management systems and processes. The Committee has been in place since 2010. This Committee advises the Accounting Officer discharging his roles and responsibilities on implementing effective, efficient and transparent risk management systems. The Committee comprises of both internal and external members. In fulfilling its duties, the committee is guided by the Risk Committee Charter.

Four Risk Committee Meetings took place during the year under review, and four strategic Risk Reports highlighting progress on risk mitigation action plans were issued. An improvement in attendance and participation by members was recorded.

The Risk Reviews, monitoring and reporting on the Strategic Risk Profiles are conducted by the Risk Management Directorate in the Department.

3.2.2 Risk management process

Risk assessment and monitoring process

The risk identification and rating process is based on the approved Risk Management Strategy which is aligned with the Public Sector Risk Management Framework. During the Departmental Strategic Planning process, a risk identification process was conducted. Subsequently three quarterly risk monitoring processes were conducted.

Effectiveness of risk management

The Internal Audit Unit via the Audit Committee is responsible for providing an independent and objective assurance regarding the effectiveness of risk management in the Department.

Taking into account the level of risk integration between the Department, UIF and CF and the overall status of risk management within the Sheltered Employment Factories, the National Risk Management Committee is of the opinion that significant improvement is still required regarding the effectiveness of risk management.

Risk maturity

As one of the strategies for improving the risk maturity levels, the Risk Management Committee advised that senior managers of the Department incorporate risk management indicators in their respective performance agreements.

Plans to improve the risk management process

In an attempt to improve the risk management process within the Department, the following activities will be implemented:

- Strengthening of collaboration efforts on risk management activities between the Department, UIF and CF
- More emphasis will be placed on Sheltered Employment Factories
- Streamlining of some of the risk mitigation action plans
- Review of the control environment around programme / project management.

3.3 FRAUD AND CORRUPTION

- The Department has a draft Fraud Prevention Policy and an approved Fraud Prevention Strategy
- The purpose of the Strategy is to prevent and detect fraud and corruption and to create a culture which is intolerable of fraud and corruption
- The Department conducted a Fraud Risk Assessment during the year. Inadequate controls or gaps were identified. All suspected fraud or criminal activities are reported through the hotline, emails and walk-ins
- During the year, fraud awareness campaigns were conducted and seventeen cases were reported to the Department for investigation, ten cases were finalised during the period
- Fraud and corruption activities are reported either anonymously through email or the hotline or it can be reported directly at the Risk Management Directorate or to a senior official or to the Director-General. Investigations are conducted by the Risk Management Directorate and reports are presented to the Executive Committee, Risk Committee and Audit Committee.

3.4 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 (SMS) are required to declare their business interests annually. All other officials are required to follow the prescribed disclosure mechanisms should they perform remunerative work outside of the public sector.

3.5 CODE OF CONDUCT

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 a declaration by the oversight committee members are among others initiatives implemented to manage possible conflict of interest.

3.6 HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The Department developed an Environmental Health and Safety Plan.

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

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

- Ventilation in building
- Safety of officials against hazards
- The protocol to report incidents
- OHS compliance checklists to be completed monthly
- Training to internal staff regarding OHS matters
- Training of Security Officers.

3.7 PORTFOLIO COMMITTEES

The first meeting of the Committee of Labour in the Fifth Parliament was held on 2 July 2014. The purpose was to outline the Department's programmes and other issues including the organisational structure.

Subsequently the Department attended various briefings as follows:

COMMITTEE	DATE	PURPOSE
Portfolio Committee on Labour	30 July 2014	Ratification of the International Labour Organisation (ILO) convention (particularly the instrument for the amendment of the ILO constitution)
	17 October 2014	Briefing the Committee regarding the Annual Report for the 2013/14 financial year of the Department
	25 February 2015	Briefing the Committee regarding the Quarterly Performance Reports of the Department.
	11 March 2015	Presentation of the Strategic Plan and the Annual Performance Plan of the Department.
Select Committee on Labour	22 July 2014	Briefing on the Budget Vote, Strategic and Annual Performance Plans.

3.8 SCOPA RESOLUTIONS

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

Resolution No.	Subject	Details	Response by the Department	Resolved (Yes/No)
3.	Asset management	<p>The Auditor-General reported that: Proper control systems to safeguard and maintain assets were not implemented, as required by section 38(1) (d) of the Public Finance Management Act and Treasury Regulation 10.1.1(a) as a material number of minor assets had no physical location and condition recorded.</p> <p>The Committee recommended that the Accounting Officer ensures that: a) A verifiable asset register - which contains asset descriptions, dates on which they were acquired, as well as serial numbers - is created and updated on a monthly basis b) Proper control systems and policies are implemented to safeguard and maintain assets, and that appropriate action is taken against individuals who do not comply with the prescribed policies.</p>	<p>An action plan was developed by the Department to comply with section 38(1) (d) of the PFMA, as well as Treasury Regulation 10.1.1, in respect of asset management</p> <p>The following was implemented by the Department to address the Asset Management findings of the Auditor-General:</p> <ul style="list-style-type: none"> • Monthly reconciliations are done by the Asset Management Unit: Head Office on the major and minor asset registers • A report of discrepancies discovered are provided to the Asset Practitioners: Provincial Operations to correct the registers • All Deputy Directors: Management Support Services and Assistant Directors: Finance and SCM have access to these reports to ensure the discrepancies are corrected • The existing policy makes provision for financial misconduct • The SCOPA resolutions were circulated to all the provincial offices to take cognisance of the Committee's recommendations <p>The Department received an unqualified audit report for the 2012/13 and 2013/14 financial years, which further indicates that monitoring and controls are in place to effectively address the findings relating to assets and the management thereof</p>	Yes – resolved finding did not recur in the 2012-2013 financial year
4.	Revenue management	<p>The Auditor-General reported that: The Accounting Officer did not take effective and appropriate steps to collect all money due as required by section 38(1) (c) (i) of the PFMA and TR 11.2.1, 15.10.1.2(a) and 15.10.1.2 (e)</p> <p>The Committee recommended that the Accounting Officer ensures that: a) The monthly debtors' reconciliations are prepared and reviewed through regular monitoring to ensure that the debtors' balances are correct at the end of the financial year b) The Department implements a system to assist in accounting for these transactions, and the system should automatically calculate the outstanding balances at financial year end, including the correct interest for the period</p>	<p>The recommendations of SCOPA have been implemented</p>	Yes – resolved

Resolution No.	Subject	Details	Response by the Department	Resolved (Yes/No)
	5. Procurement/ supply chain management	<p>The Auditor-General reported the following:</p> <ul style="list-style-type: none"> a) The Department did not comply with paragraph 16A.3 of the Treasury Regulations as the supply chain management policy is not sufficiently documented with regard to measures to prevent non-compliance with the SCM system and processes b) Goods and services of a transaction value above R500 000 were procured without inviting competitive bids, as required by Treasury Regulations 16A6.1. Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of Treasury Regulation 16A6.4 c) The Accounting Officer did not report the deviation from normal procurement processes to National Treasury and the Auditor-General as required by paragraph 16A.6.4 of the Treasury Regulations d) Contracts and quotations were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the State, which is prescribed in order to comply with Treasury Regulation 16A8.3 e) Employees of the Department performed remunerative work outside their employment in the Department without written permission from the relevant authority as required by Section 30 of the Public Service Act. <p>The Committee recommended that the Accounting Officer ensures that:</p> <ul style="list-style-type: none"> a) The Department's Supply Chain Management (SCM) policy is updated, encompassing all the elements of the PFMA, Treasury Regulations, Preferential Procurement Policy Framework Act (No. 5 of 2000), Preferential Procurement Regulations and Supply Chain Management Practice Notes issued by the National Treasury. This will ensure an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective b) Appropriate disciplinary measures are taken against officials who do not comply with SCM requirements c) Supply chain personnel are trained in all SCM policies and procedures. 	<p>The Department ensures that each procurement submission is complete and all the relevant documents are attached - a checklist was developed to ensure compliance to Supply Chain Management prescripts. The checklist is completed, verified and approved by three officials.</p> <p>The SCM policy was amended to address the finding regarding deviations and in house training sessions as well as workshops were arranged for the officials responsible for SCM processes.</p> <p>Deviations are reported to National Treasury on a monthly basis.</p> <p>The Department does not have access to a system(s) to detect that vendors are employed by the State, however the Department ensures quotes received from vendors are accompanied by the declaration of interest forms (SBD 2, 8 and 9 forms).</p>	Yes – resolved

Resolution No.	Subject	Details	Response by the Department	Resolved (Yes/No)
6.	Internal control	<p>The Auditor-General reported that: The accounting officer did not effectively exercise oversight responsibility regarding compliance with laws and regulations and related internal controls relating to assets, supply chain management and reporting on predetermined objectives. Management did not establish an IT governance framework that supports and enables the department to report efficiently on its activities, including reporting on predetermined objectives which resulted in the ICT strategy for the department and its entities reporting to it not being developed and approved.</p> <p>The Committee recommended that the Accounting Officer ensures that:</p> <p>a) There is oversight responsibility over financial management and internal controls, and appropriate disciplinary measures are taken against individuals who fail to exercise this responsibility</p> <p>b) Internal controls are strengthened and monitored continuously to ensure compliance with the Department's policies and procedures</p> <p>c) There is regular monitoring and review of the policies related to the safeguarding and maintenance of assets</p> <p>d) An ICT governance framework is established and implemented.</p>	<p>The recommendations of SCOPA have been implemented in respect of paragraphs a, b and c.</p> <p>Recommendation d: An ICT strategy was signed and approved on the 30 July 2012 by the Accounting Officer, Deputy Director-General: Corporate Services, the Chief Information Officer, as well as the Commissioners of the Unemployment and Compensation Funds. The document clarifies the implementation of the IT operating model of the Department over a period of five (5) year (2012 to 2017). The following governance structures were registered after the conclusion of the IT PPP in the form of the following committees / boards to ensure implementation and compliance of the ICT strategy:</p> <ul style="list-style-type: none"> • ICT Executive Committee – chaired by the Accounting Officer • ICT Strategy and Architectural Board – chaired by the Chief Information Officer • Investment committee – chaired by the Chief Financial Officer • ICT Programme / Portfolio committee – chaired by the Chief Information Officer • ICT Services Board – chaired by the Chief Information Officer • ICT Supplier Relationship Board – Service Management Director • ICT Change Approval Board – Service Management Director. 	Yes – resolved
7.	Financial and performance management	<p>The Auditor-General reported that: Management did not prepare adequate, regular and complete financial and performance reports that are supported and evidenced by reliable information. Material differences which were not identified by management prior to submission of the financial statements were identified between the financial statements and the supporting schedules for PPP assets, lease commitments, commitments and accruals. Further, differences were noted on the figures reported in the annual performance report and the auditor's recalculation. The Committee recommended that the Accounting Officer ensures that: The financial statements and other information included in the annual report are checked and reviewed for completeness and accuracy prior to audit. All amendments to financial statements and information should be done before the annual audit commences</p>	<p>The recommendations of SCOPA have been implemented</p>	Yes – resolved

Resolution No.	Subject	Details	Response by the Department	Resolved (Yes/No)
	Investigations	<p>The Auditor-General reported that: The disciplinary process resulting from the outcome of the forensic investigation at Indlela which was instituted by the Department of Higher Education and Training has not been finalised at the date of the report for the Department to consider the impact on its financial statements</p> <p>The Committee recommended that: The Accounting Officer follows up on the progress of the investigation with the Department of Higher Education and report to the Committee in the next quarterly report.</p>	<p>All functions and budgetary allocations were in line with the Presidential Proclamation issued in Government Gazette No. 32549 dated 4 September 2009, transferred to the Department of Higher Education and Training</p> <p>A process of facilitating the transfer of functions, the National Macro Organisation of State (NMOS), was duly followed and participated in by both departments</p> <p>In the report issued post the forensic investigation (after the transfer of the functions), certain allegations have been highlighted to the Department of Higher Education and Training, by the initiators of the investigation</p> <p>As such, the Department of Labour has not received communication from the Department of Higher Education and Training to the effect that any of the allegations have been confirmed, nor has any recommendation been received as to future processes regarding such allegations</p> <p>The matter was not raised by the Auditor-General in the 2012/2013, 2013/14 financial years Audit Reports and are therefore resolved, in respect of the Department of Labour's intervention.</p>	

3.9 PRIOR MODIFICATIONS TO AUDIT REPORTS

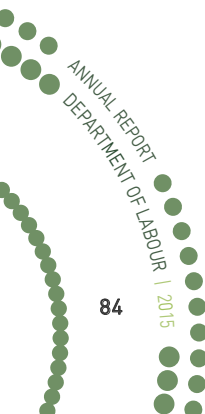
Audit report and important matters in the management report for 2014/15 financial year.

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance		Financial year in which it first arose	Progress made in clearing / resolving the matter*
Qualification		Unqualified opinion	Unqualified opinion
Disclaimer		None	None
Adverse opinion		None	None
Matters of non-compliance	<p>Refer below</p> <p>2013/14</p> <p>1. Material under-spending of the budget/vote. As disclosed in the appropriation statement, the department has underspent the budget to the amount of R73 803 000 (3%). The under-spending on current payments is mainly attributable to less than anticipated payments under Programme 1 (Administration) to the Department of Public Works (DPW), as incorrect invoices received from DPW were returned to be corrected and not received back in time for payment. These invoices amounted to R62 757 000, while less than anticipated payments under Programme 2 (Inspection and Enforcement Services) for compensation of employees, amounted to R10 857 000.</p>	<p>Refer below</p> <p>2013/14</p> <p>Progress:</p> <ul style="list-style-type: none"> • 90% of lease agreements received from DPW. Asset registers in respect of buildings finalised. Monitoring tool implemented for lease buildings and municipal services, which is updated monthly. <p>Vacancy Rate:</p> <ul style="list-style-type: none"> • The Department's Human Resource unit has identified a task team that monitors the implementation of the recruitment processes in the Department as well as assisting in the reduction of the vacancy rate. • The vacancy rate is monitored on a weekly basis. 	



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>Report on other legal and regulatory requirements</p> <p>2. In accordance with the PAA and the general notice issued in terms thereof, the Auditor-General report the following findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, non-compliance with legislation as well as internal control. The objective of the tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, the Auditor-General does not express an opinion or conclusion on these matters.</p> <p>Predetermined objectives</p> <p>3. 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 department for the year ended 31 March 2014:</p> <ul style="list-style-type: none"> » Programme 2: Inspections and Enforcement Services » Programme 3: Public Employment Services » Programme 4: Labour Policy and Industrial Relations <p>4. The Auditor-General reported performance information against the overall criteria of usefulness and reliability.</p> <p>5. The 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. Further tests were performed to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPi).</p> <p>6. The Auditor-General assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.</p>	<p>2012/13</p>	<p>The Department developed a Standard Operations Manual applicable to all regions (labour centres, provincial offices and branches at head office), which will outline the manner performance information should be:</p> <ul style="list-style-type: none"> • Prepared • Collected • Verified • Reported. <p>A performance verification certificate (to agree with the contents/information) will be signed at each level; thus, labour centres, provincial offices and branches.</p> <p>Branch consultations to ensure compliance with the NT/DPME prescripts and ensure institutionalisation through the approved SOP, policies and guidelines.</p> <p>Performance targets revised in order to meet the requirements of the FMPPi.</p> <p>The Department's Internal Audit Unit developed and implemented a risk based Internal Audit plan to determine the Department's compliance with the National Treasury Framework on Performance Information. Furthermore, recommended corrective actions throughout the year.</p> <p>The Department conducted quarterly source verification at three Provincial Offices (business units and labour centres) and monthly source verification within the four branches.</p> <p>Quarterly reporting frameworks developed, wherein some of the requirements are to report actual achievement against the planned target and further provide collaborating evidence of performance.</p> <p>Monthly and quarterly spot checks of performance information done at head office, provincial offices and labour centres, respectively.</p>

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>7. The material findings in respect of the selected programmes are as follows:</p> <p>Programme 2: Inspections and Enforcement Service</p> <p>Usefulness of reported performance information</p> <p>8. The FMPPI requires the following:</p> <ul style="list-style-type: none"> » Performance targets must be specific in clearly identifying the nature and required level of performance. A total of 24% of significantly important targets were not specific. » Performance targets must be measurable. The Auditor-General could not measure the required performance for 41% of significantly important targets. » The period or deadline for delivery of targets must be specified. A total of 47% of significantly important targets were not time bound. » Performance indicators must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use. A total of 47% of significantly important indicators were not well defined. <p>The aforementioned was as a result of management not adhering to the requirements of the FMPPI due to a lack of proper systems and processes and inadequate technical indicator descriptions.</p> <p>Reliability of reported performance information</p> <p>9. Reasons for variances between planned and actual achievements reported in the annual performance report were not supported by adequate and reliable corroborating evidence for 65% of the targets not achieved, as required by the National Treasury's Guide for the preparation of the annual report. This was due to a lack of documented and approved internal policies and procedures to address reporting requirements and a lack of review of the presentation of the annual performance report by the Planning, Monitoring and Evaluation unit.</p> <p>10. The National Treasury's FMPPI requires that institutions should have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. The Auditor-General was unable to obtain the information and explanations considered necessary to satisfy the auditors to the reliability of information presented with respect to Programme 2 Inspection and Enforcement Services.</p> <p>This was due to limitations placed on the scope of work because the institution could not provide sufficient appropriate evidence in support of the information presented with respect to the Inspection and Enforcement Services.</p>	2012/13	Refer to progress above



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>Programme 3: Public Employment Services</p> <p>Usefulness of reported performance information</p> <p>11. No reasons for variances between planned and actual achievements reported in the annual performance report were given for 21% of the targets not achieved, as required by the National Treasury's Guide for the preparation of the annual report. This was due to a lack of documented and approved internal policies and procedures to address reporting requirements and a lack of review of the presentation of the annual performance report by Planning, Monitoring and Evaluation unit.</p> <p>12. The FMPPi requires the following:</p> <ul style="list-style-type: none"> » Performance targets must be specific in clearly identifying the nature and required level of performance. A total of 64% of significantly important targets were not specific » Performance targets must be measurable. The Auditor-General could not measure the required performance for 36% of significantly important targets. » The period or deadline for delivery of targets must be specified. A total of 29% of significantly important targets were not time bound. » Performance indicators must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use. A total of 50% of significantly important indicators were not well defined. » Performance indicators must be verifiable, meaning that it must be possible to validate the processes and systems that produced the indicator/measure. A total of 50% of the significantly important indicators were not verifiable. <p>The aforementioned was as a result of management not adhering to the requirements of the FMPPi due to a lack of proper systems and processes and inadequate technical indicator descriptions.</p> <p>Reliability of reported performance information</p> <p>13. Reasons for variances between planned and actual achievements reported in the annual performance report were not supported by adequate and reliable corroborating evidence for 64% of the targets not achieved, as required by the National Treasury's Guide for the preparation of the annual report. This was due to a lack of documented and approved internal policies and procedures to address reporting requirements and a lack of review of the presentation of the annual performance report by the, Planning, Monitoring and Evaluation unit.</p> <p>14. The National Treasury's FMPPi requires that institutions should have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. The Auditor-General was unable to obtain the information and explanations considered as necessary to satisfy the auditors as to the reliability of information presented with respect to Programme 3 Public Employment Services.</p> <p>15. This was due to limitations placed on the scope of work due to the fact that the institution could not provide sufficient appropriate evidence in support of the information presented with respect to the Public Employment Services</p>	<p>2012/13</p>	<p>Refer to progress above</p>

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>Programme 4: Labour Policy and Industrial Relations</p> <p>Usefulness of reported performance information</p> <p>16. The FMPPi requires the following:</p> <ul style="list-style-type: none"> » Performance targets must be specific in clearly identifying the nature and required level of performance. A total of 42% of significantly important targets were not specific » Performance targets must be measurable. The Auditor-General could not measure the required performance for 21% of significantly important targets » The period or deadline for delivery of targets must be specified. A total of 21% of significantly important targets were not time bound » Performance indicators must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use. A total of 29% of significantly important indicators were not well defined » Performance indicators must be verifiable, meaning that it must be possible to validate the processes and systems that produced the indicator/measure. A total of 29% of the significantly important indicators were not verifiable. <p>The aforementioned was as a result that management did not adhere to the requirements of the FMPPi due to a lack of proper systems and processes and inadequate technical indicator descriptions.</p> <p>Reliability of reported performance information</p> <p>17. Reasons for variances between planned and actual achievements reported in the annual performance report were not supported by adequate and reliable corroborating evidence for 25% of the targets not achieved, as required by the National Treasury's guide for the preparation of the annual report. This was due to a lack of documented and approved internal policies and procedures to address reporting requirements and a lack of review of the presentation of the annual performance report by Planning, Monitoring and Evaluation unit.</p> <p>18. The FMPPi requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. Significantly important targets were not reliable when compared to the source information or evidence provided, for Programme 4. This was due to a lack of standard operating procedures or documented system descriptions for the accurate recording of actual achievements and technical indicator descriptions for the accurate measurement, recording and monitoring of performance.</p>	2012/13	Refer to progress above

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>Additional matters</p> <p>19. The Auditor-General drew attention to the following matters:</p>		
<p>Compliance with legislation</p> <p>20. The Auditor-General performed procedures to obtain evidence that the Department had complied with applicable legislation regarding financial matters, financial management and other related matters. The Auditor-General's findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:</p>	2013/14	In accordance with Paragraph 4.9 of The SCM Guide for Accounting Officers, bids will be advertised for a period of 30 days before closure. Advertised in the Government Tender Bulletin and in other appropriate media except in urgent cases when bids may be advertised for a shorter period as determined by the Accounting Officer. Only urgent forthcoming procurement requests will follow the shortened bid advertisement period – monthly monitoring conducted
<p>Procurement and contract management</p> <p>21. The Accounting Officer approved a bid to be advertised in Government Tender Bulletin for a period less than 21 days before closure, for cases that were not urgent in contravention of Treasury Regulation 16A6.3 (c)</p> <p>22. The Accounting Officer did not ensure that preferential procurement policy was implemented within the framework a preference point system as per Preferential Procurement Policy Framework Act; 2000 (Act No. 5 of 2000) paragraph 2(1)(a)</p>		
<p>Expenditure management</p> <p>23. The Accounting Officer did not take effective steps to prevent irregular expenditure as required by Section 38(1) (h), of the PFMA and the Treasury Regulation 9.1.1</p>	2011/12	Circulars issued and training provided to Supply Chain Management (SCM) officials at Head Office, the provincial offices, as well as labour centres during financial inspections regarding SCM prescripts and procedures. Inspections concluded on 31 November 2014
<p>Strategic planning and performance management</p> <p>24. The Accounting Officer did not ensure that the Department's budget included the measurable objectives, expected outcomes, programme outputs, indicators, and targets of the institution as required by Treasury Regulation 5.2.3(d)</p>	2013/14	The Department reports on financial expenditure against set targets in accordance with Treasury Regulation 5.2.3(d)

3.10 MONITORING AND COMPLIANCE

The following tasks were performed by the Financial Control Unit:

- Facilitated, monitored and controlled the receipt and answering of all requests for information and audit queries from the Auditor-General, as per the agreed Audit Protocol
- Facilitated the Audit Steering Committee meetings between the Auditor-General and Senior Management of the Department
- After receipt of the final Audit Management Report from the Auditor-General an audit action plan was developed to monitor and resolve the audit findings in respect of Head Office
- A workshop was held to discuss findings raised by the Auditor-General; officials from Head Office and provincial offices attended the meeting. During the workshop, each provincial office was assisted with developing an audit action plan from their respective audit management reports to address audit findings as issued by the Auditor-General
- Financial inspections were performed at all provincial offices, problematic offices were visited twice and where required, training was provided in respect of compliance to prescripts
- BAS, SafetyWeb and Safetynet system training was provided to the respective system users at the provincial offices during financial inspections
- Annual review of procedure manuals to ensure compliance to amended financial prescripts as issued by National Treasury
- Document control reports were generated daily and monthly in respect of financial transactions to detect duplication and fraudulent transactions
- Facilitated, monitored and controlled the safeguarding of and availability of financial documentation for both internal and external audit purposes.

3.11 INTERNAL AUDIT AND AUDIT COMMITTEES

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

The key objective of the Internal Audit Activity is to add value and improve the 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 (IA) activity reviews the following:

- Risk management processes
- The reliability and integrity of financial and operational information
- Compliance with laws, regulations, policies and contracts
- Safeguarding of assets
- The economical and efficient use of resources
- Establishment of operational goals and objectives.

Key activities

- Development of the three-year rolling and operational internal audit plan (Department of Labour and Sheltered Employment Factories) approved by the Audit Committee and the Accounting Officer
- Implementation of the approved internal audit plans
- Quarterly reporting to the Audit Committee

- Perform secretarial functions to the Audit Committee
- Review the Internal Audit and Audit Committee Charters
- Participation of Internal Audit in the Department’s Executive Committee meetings
- Training and development of officials to keep abreast of the professional and public service developments
- Quality review of the Internal Audit Activity.

Summary of work done

The following audit types were performed:

Department of Labour		
Audit Type	Number of Audits	Percentage
Compliance/ Regularity	10	22%
Financial audits	4	9%
Risk management / Governance	2	4%
Performance information (pre-determined objectives)	7	16%
IT audits	15	33%
Follow-up reviews	7	16%
Total	45	100%

Sheltered Employment Factories		
Audit Type	Number of Audits	Percentage
Compliance/ Regularity	2	12%
Financial audits	3	18%
Risk management / Governance	2	12%
Performance information (pre-determined objectives)	2	12%
IT audits	3	17%
Follow-up reviews	5	29%
Total	17	100%

Internal Controls

Based on the work done by internal audit during the 2014/15 financial year, the overall control environment of the Department is reasonably adequate, however inconsistently effective in most areas. The design of the controls in the area of organisational performance (performance information) is inadequate which resulted in significant issues noted. We further noted a recurrence of findings (Department and Sheltered Employment Factories) in the areas where systems have been put in place in the previous years. To enhance the system of controls, adequate design, implementation of recommendations, management actions, consistent and effective monitoring mechanisms should be implemented.

Risk Management

The risk management processes have been established at both strategic and operational levels. However, a need exists for a structured approach in the identification of emerging risks. Furthermore, there is a need to strengthen the risk management processes and improve on the risk culture at the Sheltered Employment Factories.

Governance Processes

In our opinion, the governance processes within the Department are reasonably adequate, however ineffective, improvements are required in the implementation of management decisions taken at different levels.

The Governance processes within the Sheltered Employment Factories were noted to be inadequate. Significant findings raised in the internal audit reports were as a result of inadequate and ineffective governance processes within the SEF.

3.12 AUDIT COMMITTEE REPORT

Report of the Audit Committee for the year ended 31 March 2015

Introduction

The Committee is pleased to present its report for the financial year ending 31 March 2015. 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 and 77 of the PFMA. 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 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 Sheltered Employment Factories.

The table below discloses relevant information on the audit committee members:

Name	Rank	Qualifications	Date Appointed	Date Resigned/ Contract Ended	Number of Meetings Attended	Comment
Mr T Mageza	Chairperson (External)	MBL; BComm Diploma in Training Management	September 2013	N/A	5/5	None
Mr N Mhlongo	Member (External)	CA (SA); CGMA ACMA; ATC B. Com (Hons)	September 2013	N/A	4/5	None
Ms R Kalidass	Member (External)	CA(SA) B. Com (Hons) BCompt	September 2013	N/A	3/5	None
Mr D Hlatshwayo	Member (External)	CA (SA) MBA, B Compt. (Hons)	April 2014	N/A	5/5	None

The committee also had special meetings with the Accounting Officer and the Auditor-General.

Effectiveness of internal control

In line with the PFMA and best practice on corporate governance, 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.

Our opinion, based on the work done by Internal Audit, consideration of the Auditor-General reports and engagement with different stakeholders during year, is that management has put reasonably adequate controls in most areas, which are inconsistently effective to monitor the risks.

The design of the controls in most of the areas has ensured that the Department maintains its level of sound financial management practices; however a need exists to strengthen and monitor the controls within the performance information (pre-determined objectives). The Committee noted that there is need for interventions that require consistent implementation and effective monitoring in the following areas:

- Inadequate information technology strategy to support the Department's strategic plans
- The development of an adequate information technology (management information) system to strengthen the process of collation and reporting of the Department's performance information
- The reporting of performance information that is inadequately supported by valid and accurate evidence
- Delays in the development and implementation of action plans to address identified weaknesses in performance information
- Inadequate and inconsistent 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.

Sheltered Employment Factories (SEF)

The system of internal control has not yielded improvements in the SEF control environment in comparison to the previous financial year. The Audit Committee noted challenges through its advisory role and work performed by Internal Audit during the year, that there is need for stringent interventions that require adequate design of processes, consistent implementation, and effective monitoring of processes in the following areas:

- Non-adherence to the reporting requirements of National Treasury for preparation of financial statements
- Poor turnaround time in implementing decisions and processes that impact governance and the control environment (CFO appointment, delegations- financial/ human resource)
- The delays in the migration of the SEF information technology to the Departmental information technology environment
- Management of the SEF (CEO) and the delays in the appointment of the Acting Chief Financial Officer in the six months of the reporting period
- Implementation of SEF Business Case
- Non-implementation of the Audit Committee resolutions, mainly in the improving of the SEF financial statements and inclusion of the indicator on Gross Profit Margins.

Internal Audit

The Department has a functional Internal Audit Unit which includes internally established information technology. Internal Audit has ensured that its resources cover both the Department and SEF. The committee is satisfied that Internal Audit has operated effectively, despite its limitation of resources (human resource) for the period under review. The work performed by Internal Audit has enabled the Committee to fulfil its duties.

External audit

In the performance of its duties, the committee considered the work and matters raised by the external audit (Auditor-General). The committee has consistently monitored the progress made by management in the implementation of corrective measures (2013/14 Action Plan). However, the Committee is still concerned with the recurrence of the findings in the area of performance information.

Risk management

The Department has a risk management function in place as per PFMA. The Audit Committee has evaluated the risk management reports during the year and is satisfied that through the Risk Management Committee recommendations, Internal Audit was able to focus on the key-risks facing the Department.

Combined assurance

The committee is satisfied with the coordination of the work between internal audit, risk management and external audit. However, has noted a need to establish and implement a formal structured combined assurance model to enhance effective coordination of the assurance services within the Department, the Funds' Internal Audit Units, Risk Management section and other assurance providers within the Department of Labour.

In-year management and monthly/quarterly reporting

The Audit Committee was appraised with monthly and quarterly reports during the year. The Audit Committee is satisfied with the quality of monthly and quarterly reports prepared and issued by the Department during the year. However, concerned over consistent delays in the submission of the SEF Financial Statements to the Audit Committee for proper review and analysis.

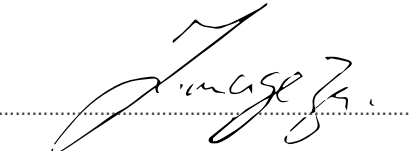
Evaluation of financial statements

The Audit Committee has for both the Department and Sheltered Employment Factories:

- 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 SEF compliance to legal and regulatory provisions
- Reviewed the annual Audit Report and Management Report from Auditor-General
- Reviewed the information on predetermined objectives prepared for annual report
- Reviewed the quality and observed the timing in which the financial information was made available to ensure that adequate oversight is provided.

Appreciation

The Committee acknowledges the efforts and work by management and is confident that through the strengthening of processes and consistent implementation of decisions, the good work will continue to effectively enhance the Department's role in the South African labour market.



Mr T Mageza
Chairperson of the Audit Committee

31 July 2015

PART D: HUMAN RESOURCE MANAGEMENT

4.1 Introduction

93

4.2 Human resources oversight statistics

93



4. HUMAN RESOURCE MANAGEMENT

4.1 INTRODUCTION

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

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

4.2 HUMAN RESOURCE OVERSIGHT STATISTICS

4.2.1 PERSONNEL RELATED EXPENDITURE

TABLE 4.2.1.1 PERSONNEL EXPENDITURE BY PROGRAMME FOR THE PERIOD 1 APRIL 2014 TO 31 MARCH 2015

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	675 957	309 546	5 438	5 077	12.8	97
Inspection and Enforcement Services	430 878	350 098	5 484	527	14.4	110
Public Employment Services	465 264	265 059	1 640	15	11.0	83
Labour Policy and Industrial Relations	847 837	73 048	576	2 964	3.0	23
Total	2 419 936	997 751	13 138	8 583	41.2	313

TABLE 4.2.1.2 PERSONNEL COSTS BY SALARY BAND FOR THE PERIOD 1 APRIL 2014 TO 31 MARCH 2015

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	16 848	1.68	54	5
Skilled (Level 3-5)	222 661	22.32	713	70
Highly skilled production (Levels 6-8)	582 659	58.40	1 865	183
Highly skilled supervision (Levels 9-12)	156 642	15.70	501	49
Senior and Top management (Levels 13-16)	18 941	1.90	61	6
Total	997 751	100	3 194	313

TABLE 4.2.1.3 SALARIES, OVERTIME, HOME OWNERS ALLOWANCE AND MEDICAL AID BY PROGRAMME FOR THE PERIOD 1 APRIL 2014 TO 31 MARCH 2015

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	216 286	21.68	7 558	0.76	9 564	0.96	14 737	1.48
Inspection and Enforcement Services	253 649	25.42	328	0.03	11 831	1.19	18 627	1.87
Public Employment Services	189 281	18.97	129	0.01	6 803	0.68	10 584	1.06
Labour Policy and Industrial Relations	51 637	5.18	5	0.00	1 510	0.15	2 610	0.26
Total	710 853	71.25	8 020	0.80	29 708	2.98	46 558	4.67

TABLE 4.2.1.4 SALARIES, OVERTIME, HOME OWNERS ALLOWANCE AND MEDICAL AID BY SALARY BAND FOR THE PERIOD 1 APRIL 2014 TO 31 MARCH 2015

Salary band	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Skilled (level 1-2)	12 003	1.20	135	0.01	502	0.05	786	0.08
Skilled (level 3-5)	158 636	15.90	1 790	0.18	6 630	0.66	10 390	1.04
Highly skilled production (levels 6-8)	415 118	41.61	4 684	0.46	17 348	1.74	27 188	2.73
Highly skilled supervision (levels 9-12)	111 601	11.19	1 259	0.13	4 664	0.47	7 310	0.73
Senior management (level 13-16)	13 495	1.35	152	0.02	564	0.06	884	0.09
Total	710 853	71.25	8 020	0.80	29 708	2.98	46 558	4.67

4.2.2 EMPLOYMENT AND VACANCIES

The tables in this section summarise the position with regard to employment and vacancies.

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment.

This information is presented in terms of three key variables:

- Programme
- Salary band
- Critical occupations (see definition in notes below).



Departments have identified critical occupations that need to be monitored. In terms of current regulations, it is possible to create a post on the establishment that can be occupied by more than one employee.

Therefore, the vacancy rate reflects the percentage of posts that are not filled.

TABLE 4.2.2.1 EMPLOYMENT AND VACANCIES BY PROGRAMME AS ON 31 MARCH 2015

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration (Corporate Services)	499	461	7.6%	3
Chief Operations Officer	6 612	5 967	9.8%	64
Public Employment Services	227	177	22.0%	25
Labour Policy and Labour Market Programmes	127	107	15.8%	0
Inspection and Enforcement	76	68	10.5%	0
Social Insurance	UIF: 517 CC: 690	UIF: 441 CC: 594	UIF: 14.7% CC: 13.9%	UIF: 46 CC: 186
Total	8 748	7 815	10.7%	324

TABLE 4.2.2.2 EMPLOYMENT AND VACANCIES BY SALARY BAND AS ON 31 MARCH 2015

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)	3	2	33.3%	0
Skilled (3-5)	1 461	1 323	9.5%	309
Highly skilled production (6-8)	6 036	5 432	10.0%	4
Highly skilled supervision (9-12)	1 107	946	14.5%	6
Senior management (13-16)	141	112	20.6%	5
Total	8 748	7 815	10.7%	324

TABLE 4.2.2.3 EMPLOYMENT AND VACANCIES BY CRITICAL OCCUPATIONS AS ON 31 MARCH 2015

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Inspectors	1 735	1 599	7.8%	0
Employment Services Practitioners and Career Counsellors	279	266	4.7%	0
Total	2 014	1 865	7.4%	0

4.2.3 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 4.2.3.1 SMS POST INFORMATION AS ON 31 MARCH 2015

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
Salary Level 16	1	1	100%	0	0%
Salary Level 15	8	6	75%	2	25%
Salary Level 14	33	32	97%	1	3.0%
Salary Level 13	99	73	73.7%	26	26.3%
Total	141	112	79.4%	29	20.6%

TABLE 4.2.3.2 SMS POST INFORMATION AS ON 30 SEPTEMBER 2014

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Salary Level 16	1	0	0%	1	100%
Salary Level 15	8	7	87.5%	1	12.5%
Salary Level 14	33	30	90.9%	3	9.1%
Salary Level 13	99	70	70.7%	29	29.3%
Total	141	107	75.9%	34	24.1%

TABLE 4.2.3.3 ADVERTISING AND FILLING OF SMS POSTS FOR THE PERIOD 1 APRIL 2014 TO 31 MARCH 2015

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
Salary Level 16	1	1	0
Salary Level 15	2	0	0
Salary Level 14	2	2	0
Salary Level 13	7	2	0
Total	12	5	0

TABLE 4.2.3.4 REASONS FOR NOT HAVING COMPLIED WITH THE FILLING OF FUNDED VACANT SMS - ADVERTISED WITHIN 6 MONTHS AND FILLED WITHIN 12 MONTHS AFTER BECOMING VACANT FOR THE PERIOD 1 APRIL 2014 AND 31 MARCH 2015

Reasons for vacancies not advertised within twelve months
All SMS posts in the Department have been advertised within 3 months of being vacant since the Department prioritised the filling of these positions as they are critical.
One post of Director is vacant and the Department is in the process of advertising the position.
Reasons for vacancies not filled within twelve months
Re-advertisement due to not finding suitable candidates during recruitment process or not enough pool of suitable candidates applied for the post.
Lack of suitable candidates for some technical positions that exist in the Department.

Notes

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



TABLE 4.2.3.5 DISCIPLINARY STEPS TAKEN FOR NOT COMPLYING WITH THE PRESCRIBED TIMEFRAMES FOR FILLING SMS POSTS WITHIN 12 MONTHS FOR THE PERIOD 1 APRIL 2014 AND 31 MARCH 2015

Reasons for vacancies not advertised within twelve months
None.

Reasons for vacancies not filled within twelve months
None.

4.2.4 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 4.2.4.1 JOB EVALUATION BY SALARY BAND FOR THE PERIOD 1 APRIL 2014 TO 31 MARCH 2015

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower Skilled (Levels 1-2)	3	0	0	0	0	0	0
Skilled (Levels 3-5)	1 461	1	0.07	3	0.2	0	0
Highly skilled production (Levels 6-8)	6 036	14	0.23	996	16.5	0	0
Highly skilled supervision (Levels 9-12)	1 107	46	4.16	24	2.2	0	0
Senior Management Service Band A	99	3	3.03	0	0	0	0
Senior Management Service Band B	33	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
Total	8 748	64	7.49	1 023	0	0	0

TABLE 4.2.4.2 PROFILE OF EMPLOYEES WHOSE POSITIONS WERE UPGRADED DUE TO THEIR POSTS BEING UPGRADED FOR THE PERIOD 1 APRIL 2014 TO 31 MARCH 2015

Gender	African	Asian	Coloured	White	Total
Female	511	11	68	35	625
Male	367	15	29	21	432
Total	878	26	97	56	1 057

Employees with a disability	21
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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 4.2.4.3 EMPLOYEES WITH SALARY LEVELS HIGHER THAN THOSE DETERMINED BY JOB EVALUATION BY OCCUPATION FOR THE PERIOD 1 APRIL 2014 TO 31 MARCH 2015

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Director	1	13	14	The incumbent was previously a Chief of Staff at the Ministry and was later transferred to the post of Director: ESSA Dev. Management.
Deputy Director	2	11	12	The incumbents were transferred from SR12 posts at their previous establishments to SR11 posts on their current establishments.
Assistant Director	2	9	10	One official was transferred from Northern Cape to Gauteng. She was upgraded from SR9 to SR10. Another official was upgraded from SR9 to SR10 with effect from 2013/09/01.
Councilor	41	10	11	DPSA Circular No 4 of 2009 with regard to the Occupation Specific Dispensation for Medical Officers, Dentists, Medical/ Dental Specialist, Pharmacists, Pharmacist's Assistants and Emergency Services personnel provided for salary amounts outside the salary notch structure.
Senior Specialist	1	12	13	Although the incumbent is on SR12 he disposed over the necessary qualifications and relevant experience to be absorbed in the SR13 post.
Field ICT Technicians	1	6	9	The incumbents were temporarily absorbed in posts while waiting for an approved structure of ICT to absorb them into the correct posts.
Field ICT Technicians	6	7	9	The incumbents were temporarily absorbed in posts while waiting for an approved structure of ICT to absorb them into the correct posts.
Field ICT Technicians	5	8	9	The incumbents were temporarily absorbed in posts while waiting for an approved structure of ICT to absorb them into the correct posts.
Field ICT Technicians	5	8	10	The incumbents were temporarily absorbed in posts while waiting for an approved structure of ICT to absorb them into the correct posts.
Total number of employees whose salaries exceeded the level determined by job evaluation				64
Percentage of total employed				0.8%

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

TABLE 4.2.4.4 PROFILE OF EMPLOYEES WHO HAVE SALARY LEVELS HIGHER THAN THOSE DETERMINED BY JOB EVALUATION FOR THE PERIOD 1 APRIL 2014 TO 31 MARCH 2015

Gender	African	Asian	Coloured	White	Total
Female	32	0	2	5	39
Male	7	2	1	7	25
Total	39	2	3	12	64
Employees with a disability	0	0	0	0	0
Total number of employees whose salaries exceeded the grades determine by job evaluation					64



4.2.5 EMPLOYMENT CHANGES

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

TABLE 4.2.5.1 ANNUAL TURNOVER RATES BY SALARY BAND FOR THE PERIOD 1 APRIL 2014 TO 31 MARCH 2015

Salary band	Number of employees at beginning of period- 1 April 2014	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	0	3	1	0%
Skilled (Levels3-5)	1 746	184	68	3.9%
Highly skilled production (Levels 6-8)	4 893	274	233	4.8%
Highly skilled supervision (Levels 9-12)	880	83	57	6.5%
Senior Management Service Bands A	70	5	2	2.9%
Senior Management Service Bands B	28	3	1	3.6%
Senior Management Service Bands C	6	1	0	0%
Senior Management Service Bands D	1	0	0	0%
Contracts	125	353	155	124%
Total	7 749	906	517	6.7%

* Note: The Department's contracts are normally 12 months, starting 1 April to 31 March

TABLE 4.2.5.2 ANNUAL TURNOVER RATES BY CRITICAL OCCUPATION FOR THE PERIOD 1 APRIL 2014 TO 31 MARCH 2015

Critical occupation	Number of employees at beginning of period- April 2014	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Inspectors	1450	63	61	4.2%
Employment Services Practitioners and Career Counsellors	268	6	15	5.6%
Total	1718	69	76	4.4%

TABLE 4.2.5.3 REASONS WHY STAFF LEFT THE DEPARTMENT FOR THE PERIOD 1 APRIL 2014 TO 31 MARCH 2015

Termination Type	Number	% of Total Resignations
Death	36	9.9%
Resignation	174	48.1%
Expiry of contract	0	0%
Dismissal – operational changes	0	0%
Dismissal – misconduct	19	5.3%
Dismissal – inefficiency	0	0%
Discharged due to ill-health	0	0%
Retirement	70	19.3%
Transfer to other Public Service Departments	61	16.9%
Other	2	0.6%
Total	362	100%
Total number of employees who left as a % of total employment	7815	4.6%

TABLE 4.2.5.4 PROMOTIONS BY CRITICAL OCCUPATION FOR THE PERIOD 1 APRIL 2014 TO 31 MARCH 2015

Occupation	Employees 1 April 2014	Promotions to another salary level	Salary level promotions as a 0% of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Inspectors	1 450	50	3.5%	0	0
Employment Services Practitioners and Career Councillors	268	13	4.9%	0	0
Total	1 718	63	3.7%	0	0

TABLE 4.2.5.5 PROMOTIONS BY SALARY BAND FOR THE PERIOD 1 APRIL 2014 TO 31 MARCH 2015

Salary Band	Employees 1 April 2014	Promotions to another salary level	Salary band promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of employees by salary bands
Lower skilled (Levels 1-2)	0	0	0%	0	0
Skilled (Levels 3-5)	1 746	24	1.4%	0	0
Highly skilled production (Levels 6-8)	4 893	226	4.6%	0	0
Highly skilled supervision (Levels 9-12)	880	99	11.3%	0	0
Senior Management (Level 13-16)	105	14	13.3%	0	0
Total	7 624	363	4.8%	0	0



4.2.6 EMPLOYMENT EQUITY

TABLE 4.2.6.1 TOTAL NUMBER OF EMPLOYEES (INCLUDING EMPLOYEES WITH DISABILITIES) IN EACH OF THE FOLLOWING OCCUPATIONAL CATEGORIES AS ON 31 MARCH 2015

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	49	5	4	8	39	1	1	5	112
Professionals	156	10	13	17	126	10	0	29	361
Technicians and associate professionals	1 111	102	46	102	1 176	129	44	298	3 008
Clerks	1 505	178	54	79	1 798	249	48	171	4 082
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	102	9	1	4	116	16	0	4	252
Total	2 923	304	118	210	3 255	405	93	507	7 815
Employees with disabilities	83	59	10	9	4	4	14	24	207

TABLE 4.2.6.2 TOTAL NUMBER OF EMPLOYEES (INCLUDING EMPLOYEES WITH DISABILITIES) IN EACH OF THE FOLLOWING OCCUPATIONAL BANDS AS ON 31 MARCH 2015

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	5	0	0	0	2	0	0	0	7
Senior Management	44	5	4	8	37	1	1	5	105
Professionally qualified and experienced specialists and mid-management	381	27	20	39	379	32	5	63	946
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	886	85	39	80	923	107	39	264	2 423
Semi-skilled and discretionary decision making	1 505	178	54	79	1 798	249	48	171	4 082
Unskilled and defined decision making	102	9	1	4	116	16	0	4	252
Total	2 923	304	118	210	3 255	405	93	507	7 815

TABLE 4.2.6.3 RECRUITMENT FOR THE PERIOD 1 APRIL 2014 TO 31 MARCH 2015

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	1	0	0	0	1
Senior Management	5	0	0	0	3	0	0	0	8
Professionally qualified and experienced specialists and mid-management	34	1	0	1	45	0	0	2	83
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	70	8	2	11	58	6	1	9	165
Semi-skilled and discretionary decision making	136	15	7	16	62	10	2	15	263
Unskilled and defined decision making	21	2	0	2	5	1	0	2	33
Total	266	26	9	30	174	17	3	28	553
Employees with disabilities	8	0	0	2	4	0	0	0	14

TABLE 4.2.6.4 PROMOTIONS FOR THE PERIOD 1 APRIL 2014 TO 31 MARCH 2015

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	0	0	0	0	1
Senior Management	1	0	1	1	1	0	0	0	4
Professionally qualified and experienced specialists and mid management	22	2	0	1	21	0	0	2	48
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	45	1	1	0	40	2	0	3	92
Semi-skilled and discretionary decision making	99	6	3	0	81	8	1	1	199
Unskilled and defined decision making	7	4	1	0	6	1	0	0	19
Total	175	13	6	2	149	11	1	6	363
Employees with disabilities	0	0	0	0	3	0	0	1	4



TABLE 4.2.6.5 TERMINATIONS FOR THE PERIOD 1 APRIL 2014 TO 31 MARCH 2015

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	2	0	0	0	3
Professionally qualified and experienced specialists and mid management	24	1	3	3	16	1	1	8	57
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	55	9	2	5	54	4	3	17	149
Semi-skilled and discretionary decision making	66	6	0	4	46	5	1	9	137
Unskilled and defined decision making	8	1	0	0	5	0	0	2	16
Total	154	17	5	12	123	10	5	36	362
Employees with Disabilities	5	0	0	2	3	0	0	1	11

TABLE 4.2.6.6 DISCIPLINARY ACTION FOR THE PERIOD 1 APRIL 2014 TO 31 MARCH 2015

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
	169	27	64	4	216	11	45	10	546

TABLE 4.2.6.7 SKILLS DEVELOPMENT FOR THE PERIOD 1 APRIL 2014 TO 31 MARCH 2015

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	11	0	0	0	10	0	0	1	22
Professionals	177	37	34	27	157	55	55	65	607
Technicians and associate professionals	721	110	35	20	920	49	43	98	1 996
Clerks	300	100	70	30	450	125	15	10	1 100
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	199	50	62	2	215	90	66	37	721
Total	1 408	297	201	79	1 752	319	179	211	4 446
Employees with disabilities	12	1	0	2	8	3	0	5	31

4.2.7 SIGNING OF PERFORMANCE AGREEMENTS BY SMS MEMBERS

All members of the SMS must conclude and sign performance agreements within specific timeframes.

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

TABLE 4.2.7.1 SIGNING OF PERFORMANCE AGREEMENTS BY SMS MEMBERS AS ON 31 MAY 2014

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	0	0	0%
Salary Level 16	1	1	0	0%
Salary Level 15	7	6	5	83.3%
Salary Level 14	34	34	31	91.2%
Salary Level 13	100	69	68	98.6%
Total	143	110	104	95.5%

TABLE 4.2.7.2 REASONS FOR NOT HAVING CONCLUDED PERFORMANCE AGREEMENTS FOR ALL SMS MEMBERS AS ON 31 MAY 2014

Reasons
Late submission.
New appointments.
Acting DG during the 2014/2015 performance cycle.

TABLE 4.2.7.3 DISCIPLINARY STEPS TAKEN AGAINST SMS MEMBERS FOR NOT HAVING CONCLUDED PERFORMANCE AGREEMENTS AS ON 31 MAY 2014

Reasons
Implemented the forfeiture of performance incentives for that particular cycle.



4.2.8 PERFORMANCE REWARDS

To encourage good performance, the Department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, disability, salary bands and critical occupations (see definition in notes below).

TABLE 4.2.8.1 PERFORMANCE REWARDS BY RACE, GENDER AND DISABILITY FOR THE PERIOD 1 APRIL 2014 TO 31 TO MARCH 2015

Race and Gender	Beneficiary Profile			Cost	
	Number of Beneficiaries	Number of Employees	% of total within group	Cost (R'000)	Average cost per employee
African					
Male	541	2 797	19.3%	7 728 800.35	14 286.14
Female	777	3 214	24.2%	11 015 022.23	14 176.35
Asian					
Male	36	113	31.9%	602 688.11	16 741.34
Female	41	95	43.2%	620 417.93	15 132.14
Coloured					
Male	38	295	12.9%	623 239.63	16 401.04
Female	76	398	19.1%	1 178 330.40	15 504.35
White					
Male	44	194	22.7%	848 232.00	19 278.00
Female	163	514	31.7%	3 038 714.90	18 642.42
Total	1 716	7 620	22.5%	25 655 445.55	14 950.73

TABLE 4.2.8.2 PERFORMANCE REWARDS BY SALARY BAND FOR PERSONNEL BELOW SENIOR MANAGEMENT SERVICE FOR THE PERIOD 1 APRIL 2014 TO 31 MARCH 2015

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	Average cost per employee	
Lower Skilled (levels 1-2)	0	0	0%	0	0	0
Skilled (level 3-5)	348	2 007	17.3%	1 360 403.31	6 027.65	0.1%
Highly skilled production (level 6-8)	1 092	5 459	20.0%	6 658 958.03	9 727.97	0.6%
Highly skilled supervision (level 9-12)	215	1 114	19.3%	3 084 202.28	16 971.60	0.2%
Total	1 655	8 580	19.3%	11 103 563.62	9 890.91	0.9%

*The total cost of performance rewards for salary bands below SMS R11 103 563.62

TABLE 4.2.8.3 PERFORMANCE REWARDS BY CRITICAL OCCUPATION FOR THE PERIOD 1 APRIL 2014 TO 31 MARCH 2015

Critical occupation	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost	Average cost per employee
Employment Service Practitioners	2	181	1.1%	25 771.39	12 885.70
Career Councillors	14	85	16.5%	357 814.47	25 558.18
Total	16	266	6.0%	383 585.86	23 974.12

Notes

The CORE classification, as prescribed by the DPSA, should be used for completion of this table.

Critical occupations are defined as occupations or sub-categories within an occupation:

- in which there is a scarcity of qualified and experienced persons currently or anticipated in the future, either because such skilled persons are not available or they are available but do not meet the applicable employment criteria;
- for which persons require advanced knowledge in a specified subject area or science or learning field and such knowledge is acquired by a prolonged course or study and/or specialised instruction;
- where the inherent nature of the occupation requires consistent exercise of discretion and is predominantly intellectual in nature; and
- in respect of which a department experiences a high degree of difficulty to recruit or retain the services of employees;

TABLE 4.2.8.4 PERFORMANCE RELATED REWARDS (CASH BONUS), BY SALARY BAND FOR SENIOR MANAGEMENT SERVICE FOR THE PERIOD 1 APRIL 2014 TO 31 MARCH 2015

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	Average cost per employee	
Band A	2	69	2.9%	154 360.62	77 180.31	7.4%
Band B	2	33	6.1%	168 275.88	84 137.94	8.1%
Band C	1	6	16.7%	108 601.60	108 601.60	5.2%
Band D	0	0	0%	0	0	0%
Total	5	108	4.6%	431 238.10	86 247.62	20.7%

*The total cost of performance rewards for SMS R2 081 168.45

4.2.9 FOREIGN WORKERS

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

TABLE 4.2.9.1 FOREIGN WORKERS BY SALARY BAND FOR THE PERIOD 1 APRIL 2014 TO 31 MARCH 2015

Salary band	1 April 2014		31 March 2015		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	0	0%	0	0%	0	0%
Highly skilled production (level 6-8)	2	66.7%	2	66.7%	0	0%
Highly skilled supervision (level 9-12)	1	33.3%	1	33.3%	0	0%
Contract (level 9-12)	0	0%	0	0%	0	0%
Contract (level 13-16)	0	0%	0	0%	0	0%
Total	3	100%	3	100%	0	0%

**TABLE 4.2.9.2 FOREIGN WORKERS BY MAJOR OCCUPATION FOR THE PERIOD 1 APRIL 2014 TO 31 MARCH 2015**

Major occupation	1 April 2014		31 March 2015		Change	
	Number	% of total	Number	% of total	Number	% Change
Professionals and managers	2	66.7%	2	66.7%	0	0%
Technicians and associated professionals	1	33.3%	1	33.3%	0	0%
Total	3	100%	3	100%	0	0%

4.2.10 LEAVE UTILISATION

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave and disability leave. In both cases, the estimated cost of the leave is also provided.

TABLE 4.2.10.1 SICK LEAVE FOR THE PERIOD 1 JANUARY 2014 TO 31 DECEMBER 2014

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)	26	84.6%	2	0%	13	10
Skilled (levels 3-5)	8 779	77.5%	989	14.0%	9	5 432
Highly skilled production (levels 6-8)	46 015	77.6%	5 175	73.3%	9	41 705
Highly skilled supervision (levels 9 -12)	6 036	77.6%	810	11.5%	7	11 534
Top and senior management (levels 13-16)	601	82.0%	85	1.2%	7	1 963
Total	61 457	77.6%	7 061	100%	9	60 644

TABLE 4.2.10.2 DISABILITY LEAVE (TEMPORARY AND PERMANENT) FOR THE PERIOD 1 JANUARY 2014 TO 31 DECEMBER 2014

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)	770	100%	37	14.2%	21	480
Highly skilled production (Levels 6-8)	6 160	100%	202	77.7%	30	5 814
Highly skilled supervision (Levels 9-12)	564	100%	19	7.3%	30	1 113
Senior management (Levels 13-16)	28	100%	2	0.8%	14	92
Total	7 522	100%	260	100%	29	7 499

TABLE 4.2.10.3 ANNUAL LEAVE FOR THE PERIOD 1 JANUARY 2014 TO 31 DECEMBER 2014

Salary band	Total days taken	Average per employee	Number of employees using annual leave
Lower skilled (Levels 1-2)	48	16	3
Skilled (Levels 3-5)	24 065	22	1 116
Highly skilled production (Levels 6-8)	136 325.09	24	5 741
Highly skilled supervision (Levels 9-12)	23 147	23	996
Senior management (Levels 13-16)	2 699	23	116
Total	186 284.09	23	7 972

TABLE 4.2.10.4 CAPPED LEAVE FOR THE PERIOD 1 JANUARY 2014 TO 31 DECEMBER 2014

Salary band	Total days of capped leave taken	Number of Employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 December 2014
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	40	14	3	29
Highly skilled production (Levels 6-8)	428	99	4	31
Highly skilled supervision (Levels 9-12)	48	15	3	38
Senior management (Levels 13-16)	8	2	4	31
Total	524	130	4	32

TABLE 4.2.10.5 LEAVE PAYOUTS FOR THE PERIOD 1 APRIL 2014 TO 31 MARCH 2015

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave payout for 2014/15 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave payouts on termination of service for 2014/15	9 333	308	30 302
Current leave payout on termination of service for 2014/15	1 445	204	7 083
Total	10 778	512	21 051



4.2.11 HIV/AIDS and HEALTH PROMOTION PROGRAMMES

TABLE 4.2.11.1 STEPS TAKEN TO REDUCE THE RISK OF OCCUPATIONAL EXPOSURE

Units/categories of employees identified to be at high risk of contracting HIV and related diseases (if any)	Key steps taken to reduce the risk
YES	<ul style="list-style-type: none"> • 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 • The approved Departmental HIV and AIDS, STIs and TB Management policy responds and addresses the needs of all employees in the Department in line with the NSP 2012-2016 and the Technical Assistance Guidelines • An annual HIV, STIs and TB Management operation is developed and implemented • Conducting regular HIV and TB awareness.

TABLE 4.2.11.2 DETAILS OF HEALTH PROMOTION AND HIV/AIDS PROGRAMMES (TICK THE APPLICABLE BOXES AND PROVIDE THE REQUIRED INFORMATION)

Question	Yes	No	Details, if yes
1. Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	X		Mr Risimati F Chauke, Chief Director: Human Resource Management
2. Does the Department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		<p>The Department has a dedicated Employee Health and Wellness (EHW) Sub-directorate which has a structure that makes provision for the following four staff members who coordinates the programme nationally:</p> <ul style="list-style-type: none"> • 3 x Deputy Director (1- HQ; 1- UIF and 1- CF) • 4 Assistant Directors (2- HQ; 1- UFI and 1- CF) • 1 Senior Practitioner (HQ) <p>The sub-directorates are supported by Wellness Champions who fulfils the role of peer educators in all provinces.</p> <p>The budget for HQ EHW for 2014/2015 was R1 775 167.00</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 psychosocial sessions on individual and or groups to employees experiencing performance impairing programmes.</p> <p>A programme on Trauma Debriefing was introduced focusing on employees at risk.</p> <p>Wellness days were conducted to provide employees with an opportunity to test and know their health status including HIV.</p> <p>Creating awareness by writing articles on health and wellness issues which are published in iDoL (Internal Newsletter) 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; Leading a Healthy Lifestyles; Men's Health; and STIs awareness.</p> <p>Promotion of physical activities through sports and recreation.</p> <p>Commemorating health and wellness days in line with the National Health calendar of events.</p> <p>Rolling-out of HIV counselling and testing campaigns.</p>

Question	Yes	No	Details, if yes
4. Has the Department established [a] committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	X		<p>National Employment Equity Consultative Forum which consists of the representatives from all the provincial offices of the Department.</p> <p>EE Manager : Ms P.M Tengeni Chairperson : Mr RF Chauke (CD- HRM) Deputy Chairperson : Mr. GM Mabunda Director: HRM : Ms P. Mthethwa</p> <p>Designated groups: Disabled : Mr ZJ Mbala Women : Ms Z Gqodi Blacks : Mr SC Cornelius</p> <p>Non-designated group: White: Male : Mr HN Weitsz.</p> <p>Representatives from the Chief Directorates: Finance : Ms G Mathibe Communication : Mr L Ramutloa Employment Equity : Mr TS Siobo</p> <p>Representatives from the Directorates: SCM and OA : Mr PA Naake T and D : Mr S Chuma PM and CS : Ms L Dlamini EHWP and GDY : Mr RB Mkansi ER : Mr C Skhosana</p> <p>Chairperson/Delegate of each LEECF: Head Office : Ms L Nawana Eastern Cape : Mr L Matiwane Free State : Mr SZ Segalo Gauteng : Mr R Reddy Kwazulu-Natal : Mr S Malinga Limpopo : Mr GM Mabunda Mpumalanga : Ms P Dyalvani Northern Cape : Mr AA Makape North West : Ms FM Barkel Western Cape : Ms AX Mdladlana CF : Ms TA Molloy UIF : Mr K Kagisho</p> <p>Representatives of Unions: NEHAWU/PAWUSA : Mr S Singila PSA : Mr L Ayton SASAWU : Mr S Pinana</p> <p>Secretariat: Ms L Rudah Ms L Pitsi Ms IS Groenewald Ms G Maritz Ms VY Modiba</p>
5. Has the Department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	X		<p>The following policies were reviewed and approved:</p> <p>HIV and AIDS, STI's and TB Management policy Health and Productivity Management policy Wellness Management policy;</p> <p>The following policies are on draft:</p> <p>Medical surveillance policy Management of Substance Abuse policy</p>



Question	Yes	No	Details, if yes
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 approved 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; and the NSP 2012-2016 provides protection of HIV positive employees against stigma and discrimination. Conducting advocacy sessions to advocate for the rights of people with HIV and for reasonable accommodation; and support for people infected and affected by HIV. Conducting regular HCT programme 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 Annual Performance Plan had an indicator of ensuring that 25% of Departmental staff complement participates in HIV counselling and testing by end of March 2015. The programme is implemented through raising awareness on HCT and also conducting on-site HCT through the use of GEMS and other service providers. A total of 2 091 employees which amount to 27.2% were tested for HIV at the end of March 2015
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. The Department also utilises the System Monitoring Tool which was developed by the DPSA to enable departments to check their readiness to implement EHWP. Monitoring of implementation is also done through MPAT process.

4.2.12. LABOUR RELATIONS

TABLE 4.2.12.1 COLLECTIVE AGREEMENTS FOR THE PERIOD 1 APRIL 2014 TO 31 MARCH 2015

Subject matter	Date
Total number of Collective agreements	0

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

TABLE 4.2.12.2 MISCONDUCT AND DISCIPLINARY HEARINGS FINALISED FOR THE PERIOD 1 APRIL 2014 TO 31 MARCH 2015

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	12	2%
Verbal warning	27	5%
Written warning	95	19%
Final written warning	290	57%
Suspended without pay	32	6%
Fine	0	0%
Demotion	0	0%
Dismissal	19	4%
Not guilty	11	2%
Case withdrawn	26	5%
Total	512	100%

TABLE 4.2.12.3 TYPES OF MISCONDUCT ADDRESSED AT DISCIPLINARY HEARINGS FOR THE PERIOD 1 APRIL 2014 TO 31 MARCH 2015

Type of misconduct	Number	% of total
Absenteeism	19	23.17%
Abuse of power	0	0%
Alcohol abuse	0	0%
Assault	0	0%
Bribery	9	10.97%
Dereliction of duty	14	17.07%
Email abuse	1	1.22%
Failure to declare IES monies	0	0%
Fraud	10	12.20%
Fruitless expenditure	0	0%
Insubordination	5	6.10%
Misrepresentation	1	1.22%
Negligence	10	12.20%
Sexual harassment	0	0%
State vehicle misuse	13	15.85%
Total	82	100%

TABLE 4.2.12.4 GRIEVANCES LOGGED FOR THE PERIOD 1 APRIL 2014 TO 31 MARCH 2015

Grievances	Number	% of Total
Number of grievances resolved	199	65%
Number of grievances not resolved	106	35%
Total number of grievances lodged	305	100%

TABLE 4.2.12.5 DISPUTES LOGGED WITH COUNCILS FOR THE PERIOD 1 APRIL 2014 TO 31 MARCH 2015

Disputes	Number	% of Total
Number of disputes upheld	4	18%
Number of disputes dismissed	18	82%
Total number of disputes lodged	22	100%

TABLE 4.2.12.6 STRIKE ACTIONS FOR THE PERIOD 1 APRIL 2014 TO 31 MARCH 2015

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 4.2.12.7 PRECAUTIONARY SUSPENSIONS FOR THE PERIOD 1 APRIL 2014 TO 31 MARCH 2015

Number of people suspended	15
Number of people whose suspension exceeded 30 days	8
Average number of days suspended	90
Cost of suspension	R 1 999 914.80



4.2.13 SKILLS DEVELOPMENT

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

TABLE 4.2.13.1 TRAINING NEEDS IDENTIFIED FOR THE PERIOD 1 APRIL 2014 TO 31 MARCH 2015

Occupational category	Gender	Number of employees as at 1 April 2014	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	40	0	30	0	30
	Male	63	0	45	0	45
Professionals	Female	149	0	300	0	300
	Male	185	0	187	0	187
Technicians and associate professionals	Female	1 569	0	950	0	950
	Male	1 249	0	874	0	874
Clerks	Female	2 324	0	1 425	0	1 425
	Male	1 784	0	1 088	0	1 088
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	147	0	200	0	200
	Male	114	0	115	0	115
Sub total	Female	4 229	0	2 905	0	2 905
	Male	3 395	0	2 309	0	2 309
Total		7 624	0	5 214	0	5 214

TABLE 4.2.13.2 TRAINING PROVIDED FOR THE PERIOD 1 APRIL 2014 TO 31 MARCH 2015

Occupational category	Gender	Number of employees as at 1 April 2014	Training provided within the reporting period			
			Learnerships	Skills programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	40	0	11	0	11
	Male	63	0	11	0	11
Professionals	Female	149	0	332	0	332
	Male	185	0	275	0	275
Technicians and associate professionals	Female	1 569	0	1 110	0	1 110
	Male	1 249	0	886	0	886
Clerks	Female	2 324	0	600	0	600
	Male	1 784	0	500	0	500
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	147	0	408	0	408
	Male	114	0	313	0	313
Sub total	Female	4 229	0	2 461	0	2 461
	Male	3 395	0	1 985	0	1 985
Total		7 624	0	4 446	0	4 446

4.2.14 INJURY ON DUTY

The following tables provide basic information on injury on duty.

TABLE 4.2.14.1 INJURY ON DUTY FOR THE PERIOD 1 APRIL 2014 TO 31 MARCH 2015

Nature of injury on duty	Number	% of total
Required basic medical attention only	21	100%
Temporary total disablement	0	0%
Permanent disablement	0	0%
Fatal	0	0%
Total	21	100%



4.2.14.1 Utilisation of consultants

TABLE 4.2.15.1 REPORT ON CONSULTANT APPOINTMENTS USING APPROPRIATED FUNDS FOR THE PERIOD 1 APRIL 2014 TO 31 MARCH 2015

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
IT audit	5	36 months	R 2 028 897.36
Organisational design and review	1	36 months	R 25 572 947.41
Investigate progress made in the reduction of weekly working hours to a level of 40 hours	9	8 months but extended to 13 months	R 814 837.84
Assessing knowledge levels about the work of the department of labour and its communication campaigns	9	12 month and extended to 14 months	R 2 556 536.00
Analysis of the effectiveness of the bargaining council exemptions	4	12 month and extended to 14 months	R 864 000.00
Work seeker attitude research	5	8 months	R 1 384 058.95
Health risk management	1	24 Months	R 840 000.00
Air conditioning assessment in an office building (JHB)	1	50 hours	R 67 977.63
Conduct indoor air quality survey and testing at a Labour Centre (JHB)	1	24 hours	R 8 187.65
Total number of projects	9	Total duration Work days	Total contract value in Rand
	36	145 months and 74hrs	R 34 137 442.84

TABLE 4.2.15.2 ANALYSIS OF CONSULTANT APPOINTMENTS USING APPROPRIATED FUNDS, IN TERMS OF HISTORICALLY DISADVANTAGED INDIVIDUALS (HDI) FOR THE PERIOD 1 APRIL 2014 TO 31 MARCH 2015

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
Investigate progress made in the reduction of weekly working hours to a level of 40 hours	100%	100%	9
Work-seeker attitude research	90% black, 60% female top management	1 person	3
Assessing knowledge levels about the work of the department of labour and its communication campaigns	100%	100%	8
Analysis of the effectiveness of the bargaining council exemptions	100%	100%	4
Air conditioning assessment in an office building (JHB)	51%	51%	1
Conduct indoor air quality survey and testing at a Labour Centre (JHB)	Not applicable – National Health Laboratory is a Government Institute	Not applicable – National Health Laboratory is a Government Institute	Not applicable – National Health Laboratory is a Government Institute

TABLE 4.2.15.3 REPORT ON CONSULTANT APPOINTMENTS USING DONOR FUNDS FOR THE PERIOD 1 APRIL 2014 TO 31 MARCH 2015

Project title	Total Number of consultants that worked on project	Duration (Work days)	Donor and contract value in Rand
Nil	Nil	Nil	Nil
Total number of projects	Total individual consultants	Total duration Work days	Total contract value in Rand
Nil	Nil	Nil	Nil

TABLE 4.2.15.4 ANALYSIS OF CONSULTANT APPOINTMENTS USING DONOR FUNDS, IN TERMS OF HISTORICALLY DISADVANTAGED INDIVIDUALS (HDI) FOR THE PERIOD 1 APRIL 2014 TO 31 MARCH 2015

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

4.2.16 SEVERANCE PACKAGES

TABLE 4.2.16.1 GRANTING OF EMPLOYEE INITIATED SEVERANCE PACKAGES FOR THE PERIOD 1 APRIL 2014 TO 31 MARCH 2015

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)	-	-	-	-
Skilled Levels 3-5)	-	-	-	-
Highly skilled production (Levels 6-8)	-	-	-	-
Highly skilled supervision (Levels 9-12)	-	-	-	-
Senior management (Levels 13-16)	-	-	-	-
Total	Nil	Nil	Nil	Nil

PART E: FINANCIAL INFORMATION

DEPARTMENT OF LABOUR

5.1 Report of the Auditor-General	118
5.2 Annual Financial Statements	124
5.2.1 Appropriation Statement	124
5.2.2 Notes to the Appropriation Statement	143
5.2.3 Statement of Financial Performance	145
5.2.4 Statement of Financial Position	146
5.2.5 Statement of Changes in Net Assets	147
5.2.6 Cash Flow Statement	148
5.2.7 Accounting Policies	149
5.2.8 Notes to the Annual Financial Statements (including Accounting policies)	156
5.2.9 Annexures	175

5. FINANCIAL INFORMATION

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

Report on the financial statements

Introduction

1. I have audited the financial statements of the Department of Labour set out on pages 124 to 174, which comprise of the appropriation statement, the statement of financial position as at 31 March 2015, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting Officers's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with 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), 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.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the [consolidated and separate] financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Labour as at 31 March 2015 and its financial performance and cash flows for the year then ended, in accordance with the Modified Cash Standard, and the requirements of the PFMA.

Emphasis of matter

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

Material under spending of the budget/vote

As disclosed in the appropriation statement, the department has underspent the budget to the amount of R126 356 000 (5 %). The under spending on current payments is mainly attributable to the Department of Public Works (DPW) invoicing the Department of Labour (DoL) for an amount which was R88 962 000 less than what was budgeted for. Additionally, claims from the Compensation Fund were R16 269 000 less than anticipated, the Government Communications Informations Systems (GCIS) did not provide invoices for Employment Equity Awards Awareness campaigns in time to be paid at year end and research for Research Monitoring and Evaluation agenda four (4) amounting to R19 958 000 which were aimed to start in the last quarter and failed to do so.

Additional matter

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

Unaudited supplementary information

The supplementary information set out on pages 175 to 184, Annexure 1 to 6 does not form part of the financial statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

9. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, non-compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

10. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2015
 - » Programme 2: Inspections and Enforcement Service on pages 34 to 45
 - » Programme 3: Public Employment Services on pages 46 to 58
 - » Programme 4: Labour Policy and Industrial Relations on pages 59 to 68.
11. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
12. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPPI).
13. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
14. The material findings in respect of the selected programmes are as follows

Programme 2: Inspections and Enforcement Service

Usefulness of reported performance information

Reasons for variances not disclosed

15. No reasons for variances between planned and actual achievements reported in the annual performance report were given for 86% of the targets as required by the National Treasury's Guide for the preparation of the annual report. This was due to a lack of documented and approved internal policies and procedures to address reporting requirements and a lack of adequate review of the presentation of the annual performance report by Planning, Monitoring and Evaluation and the Audit committee

Performance targets not specific , measurable, time bound and indicators not well defined and verifiable

16. Performance targets should be specific in clearly identifying the nature and required level of performance, as required by the FMPPI. A total of 36% of significantly important targets were not specific.
17. Performance targets should be measurable, as required by the FMPPI. We could not measure the required performance for 57% of significantly important targets.
18. The period or deadline for delivery of targets should be specified, as required by the FMPPI. A total of 21 % of the targets were not time bound.
19. Performance indicators should be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use, as required by the FMPPI. A total of 21% of significantly important indicators were not well defined.
20. The processes and systems that produced the indicator should be verifiable, as required by the FMPPI. A total of 50% of the significantly important indicators were not verifiable.

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

Reliability of reported performance information

21. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. We were unable to obtain the information and explanations we considered necessary to satisfy ourselves as to the reliability of the reported performance information. This was due to absence of information systems and the fact that the auditee could not provide sufficient appropriate evidence in support of the reported performance information, presented with respect to the Inspection and Enforcement Services.

Programme 3: Public Employment Services

Usefulness of reported performance information

Reasons for variances not supported

22. Reasons for variances between planned and actual achievements reported in the annual performance report were not supported by adequate and reliable corroborating evidence for 33% of the targets, as required by the National Treasury's Guide for the preparation of the annual report. This was due to a lack of documented and approved internal policies and procedures, implemented to address reporting requirements in addition to a lack of adequate review of the presentation of the annual performance report by Planning, Monitoring and Evaluation.

Performance targets not specific , measurable and indicators not well defined and verifiable

23. Performance targets should be specific in clearly identifying the nature and required level of performance, as required by the FMPPI. A total of 22% of significantly important targets were not specific
24. Performance targets should be measurable, as required by the FMPPI. We could not measure the required performance for 33% of significantly important targets.
25. Performance indicators should be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use, as required by the FMPPI. A total of 22% of significantly important indicators were not well defined.
26. Performance indicators should be verifiable,, as required by the FMPPI.. A total of 44% of the significantly important indicators were not verifiable.

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

Reliability of reported performance information

27. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. We were unable to obtain the information and explanations we considered necessary to satisfy ourselves as to the reliability of the reported performance information. This was due to inadequate information systems, operational half the year under review, as well as the fact that the auditee could not provide sufficient appropriate evidence in support of the reported performance information

Programme 4: Labour Policy and Industrial Relations

Usefulness of reported performance information

Performance targets not specific , measurable and indicators not well defined and verifiable

28. Performance targets should be specific in clearly identifying the nature and required level of performance, as required by the FMPPI. A total of 47% of significantly important targets was not specific.
29. Performance targets should be measurable, as required by the FMPPI. We could not measure the required performance for 47% of significantly important target.
30. The period or deadline for delivery of targets should be specified, as required by the FMPPI A total of 27% of significantly important targets were not time bound.
31. Performance indicators should be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use as required by the FMPPI. A total of 43% of significantly important indicators were not well defined.
32. Performance indicators should be verifiable, as required by the FMPPI. A total of 29% of the significantly important indicators were not verifiable This was because management was did not adhere to the requirements of the FMPPI due to a lack of proper systems and processes and inadequate technical indicator descriptions.

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

Reliability of reported performance information

33. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and

targets. Adequate and reliable corroborating evidence could not be provided for 29% of the significantly important targets to assess the reliability of the reported performance information. This was due to a lack of standard operating procedures or documented system descriptions for the accurate recording of actual achievements and technical indicator descriptions for the accurate measurement, recording and monitoring of performance.

Additional matters

34. I draw attention to the following matters:

Achievement of planned targets

35. Refer to the annual performance report on pages 26 to 65; for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs, 15 to 33 of this report.

Adjustment of material misstatements

36. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information of Programme Two (2), Programme Three (3) and Programme Four (4). As management subsequently corrected only some of the misstatements, I identified material findings on the usefulness and reliability of the reported performance information.

Unaudited supplementary information

37. The supplementary information set out on pages 66 to 71 does not form part of the annual performance report and is presented as additional information. I have not audited these schedules and, accordingly, I do not report thereon.

Compliance with legislation

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

Financial statements

39. The final financial statements submitted for auditing were not prepared in all material respects in terms of section 40(1) of the PFMA. Misstatements in aggregate of (non-current assets, receivables, clearing accounts, lease commitments), identified by the auditors in the submitted financial statement were subsequently corrected and, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

40. The accounting officer did not take effective steps to prevent irregular expenditure as required by section 38(1) (c) (ii), of the PFMA and TR 9.1.1.

Procurement and contract management

41. A consultants reduction plan was not in place as required by Paragraph 4.5 of National Treasury instruction 01 of 2013/14

Assets and liability management

42. Management did not clear all suspense accounts as required by Treasury Regulation 17.1.1(b).

Consequence management

43. Effective and appropriate disciplinary steps were not taken against officials who possibly incurred and permitted irregular expenditure, as required by section 38(1)(h)(iii), of the Public Finance Management Act, and the Treasury Regulation 16A9.1 (b) This is due to the lack of disciplinary action being taken against officials that are alleged to have been involved in financial misconduct

Internal control

44. I considered internal control relevant to my audit of the financial statements, the annual performance report and compliance with legislation for the Department of Labour. 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 non-compliance with legislation.

Leadership

45. The Accounting Officer did not have sufficient monitoring controls to ensure the proper implementation of the overall process of monitoring regarding predetermined objectives, compliance with laws and regulations and related internal controls, resulting in numerous findings on predetermined objectives, compliance with laws and regulation and internal control

46. The Accounting Officer did not effectively exercise oversight responsibility regarding information technology (IT) security management controls, (including network controls), and inadequate development of business continuity plan, and a disaster recovery plan.

47. The Accounting Officer did not have documented policies and procedures to adequately guide the operations of the Department resulting in numerous instances of non-compliance with the PFMA as detailed under the findings on non-compliance with legislation section of this report. In addition, management did not take adequate actions to address the internal control deficiencies identified during our audit.

Financial and performance management

48. The Accounting Officer did not prepare regular, accurate and complete financial statements that are supported by reliable evidence and aligned to the financial reporting framework and this, resulted in misstatements made which were corrected in the annual financial statements and material misstatements made, identified, and corrected in the annual performance report.

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

Auditor General

Pretoria

31 July 2015



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

5.2 ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

5.2.1 APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

Voted funds and Direct charges Programme	Appropriation per programme							2013/14	
	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
1. Administration	784 919	-	(20 000)	764 919	675 957	88 962	88.4%	840 449	795 870
2. Inspection and Enforcement Services	410 405	-	22 000	432 405	430 878	1 527	99.6%	426 811	412 213
3. Public Employment Services	481 533	-	-	481 533	465 264	16 269	96.6%	413 496	413 495
4. Labour Policy and Industrial Relations	869 435	-	(2 000)	867 435	847 837	19 598	97.7%	764 491	749 866
Subtotal	2 546 292	-	-	2 546 292	2 419 936	126 356	95.0%	2 445 247	2 371 444
TOTAL (brought forward)									
Reconciliation with statement of financial performance									
ADD Departmental receipts				11 155				22 601	
Actual amounts per statement of financial performance (total revenue)				2 557 447				2 467 848	
Actual amounts per statement of financial performance (total expenditure)					2 419 936				2 371 444

DEPARTMENT OF LABOUR: VOTE 18
APPROPRIATION STATEMENT for the year ended 31 March 2015

	Appropriation per economic classification									
	2014/15					2013/14				
	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	
Current payments	1 591 086	(19 754)	-	1 571 332	1 458 326	113 006	92.8%	1 543 243	1 469 629	
Compensation of employees	1 006 083	1 657	-	1 007 740	997 751	9 989	99.0%	876 994	866 137	
Goods and services	585 003	(21 411)	-	563 592	460 575	103 017	81.7%	666 249	603 492	
Transfers and subsidies	927 587	8 895	-	936 482	924 613	11 869	98.7%	823 405	823 379	
Provinces and municipalities	2	471	-	473	473	-	100.0%	447	446	
Departmental agencies and accounts	789 941	4 399	-	794 340	785 813	8 527	98.9%	676 206	676 182	
Foreign governments and international organisations	17 441	-	-	17 441	17 019	422	97.6%	15 914	15 914	
Non-profit institutions	119 452	50	-	119 502	116 584	2 918	97.6%	127 702	127 702	
Households	751	3 975	-	4 726	4 724	2	100.0%	3 136	3 135	
Payments for capital assets	27 619	9 964	-	37 583	36 102	1 481	96.1%	60 462	60 299	
Buildings and other fixed structures	302	1 582	-	1 884	1 867	17	99.1%	1 548	1 548	
Machinery and equipment	27 317	8 382	-	35 699	34 235	1 464	95.9%	58 914	58 751	
Payments for financial assets	-	895	-	895	895	-	100.0%	18 137	18 137	
Total	2 546 292	-	-	2 546 292	2 419 936	126 356	95.0%	2 445 247	2 371 444	

DEPARTMENT OF LABOUR: VOTE 18
APPROPRIATION STATEMENT for the year ended 31 March 2015

Programme 1: Administration										
	2014/15					2013/14				
	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	
Sub programme										
1. Ministry	18 299	8 447	-	26 746	24 340	2 406	91.0%	19 219	18 557	
2. Management	405 216	(2 500)	(14 356)	388 360	373 838	14 522	96.3%	427 136	421 288	
3. Corporate Services	62 993	3 655	(3 044)	63 604	57 650	5 954	90.6%	61 303	53 234	
4. Office of the Chief Financial Officer	118 958	(11 184)	(2 600)	105 174	97 453	7 721	92.7%	142 161	142 161	
5. Office Accommodation	179 453	1 582	-	181 035	122 676	58 359	67.8%	190 630	160 630	
Total for sub programmes	784 919	-	(20 000)	764 919	675 957	88 962	88.4%	840 449	795 870	
Economic classification										
Current payments	759 871	(16 318)	(20 000)	723 553	636 026	87 527	87.9%	761 281	716 727	
Compensation of employees	334 888	(532)	(20 000)	314 356	309 546	4 810	98.5%	268 664	267 317	
Goods and services	424 983	(15 786)	-	409 197	326 480	82 717	79.8%	492 617	449 410	
Transfers and subsidies	199	5 631	-	5 830	5 830	-	100.0%	1 545	1 520	
Provinces and municipalities	-	450	-	450	451	(1)	100.2%	417	416	
Departmental agencies and accounts	-	4 399	-	4 399	4 399	-	100.0%	35	11	
Non-profit institutions	-	50	-	50	50	-	100.0%	-	-	
Households	199	732	-	931	930	1	99.9%	1 093	1 093	
Payments for capital assets	24 849	9 792	-	34 641	33 206	1 435	95.9%	59 486	59 486	
Buildings and other fixed structures	302	1 582	-	1 884	1 867	17	99.1%	1 548	1 548	
Machinery and equipment	24 547	8 210	-	32 757	31 339	1 418	95.7%	57 938	57 938	
Payments for financial assets	-	895	-	895	895	-	100.0%	18 137	18 137	
Total	784 919	-	(20 000)	764 919	675 957	88 962	88.4%	840 449	795 870	

DEPARTMENT OF LABOUR: VOTE 18
APPROPRIATION STATEMENT for the year ended 31 March 2015

Economic classification	2014/15						2013/14		
	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
Current payments	18 257	8 415	-	26 672	24 308	2 364	91.1%	18 942	18 284
Compensation of employees	12 518	(32)	-	12 486	10 474	2 012	83.9%	9 401	8 741
Goods and services	5 739	8 447	-	14 186	13 834	352	97.5%	9 541	9 543
Transfers and subsidies	-	32	-	32	32	-	100.0%	5	1
Provinces and municipalities	-	-	-	-	-	-	-	2	1
Departmental agencies and accounts	-	-	-	-	-	-	-	3	-
Households	-	32	-	32	32	-	100.0%	-	-
Payments for capital assets	42	-	-	42	-	42	-	272	272
Machinery and equipment	42	-	-	42	-	42	-	272	272
Total	18 299	8 447	-	26 746	24 340	2 406	91.0%	19 219	18 557
1.2 Management									
Current payments	399 054	(11 381)	(14 356)	373 317	359 363	13 954	96.3%	418 123	412 295
Compensation of employees	227 968	(407)	(14 356)	213 205	212 726	479	99.8%	180 336	181 256
Goods and services	171 086	(10 974)	-	160 112	146 637	13 475	91.6%	237 787	231 039
Transfers and subsidies	199	1 187	-	1 386	1 386	-	100.0%	1 360	1 340
Provinces and municipalities	-	407	-	407	408	(1)	100.2%	371	371
Departmental agencies and accounts	-	123	-	123	123	-	100.0%	30	10
Non-profit institutions	-	50	-	50	50	-	100.0%	-	-
Households	199	607	-	806	805	1	99.9%	959	959
Payments for capital assets	5 963	7 694	-	13 657	13 089	568	95.8%	7 653	7 653
Buildings and other fixed structures	17	-	-	17	-	17	-	16	16
Machinery and equipment	5 946	7 694	-	13 640	13 089	551	96.0%	7 637	7 637
Total	405 216	(2 500)	(14 356)	388 360	373 838	14 522	96.3%	427 136	421 288

DEPARTMENT OF LABOUR: VOTE 18
APPROPRIATION STATEMENT for the year ended 31 March 2015

Economic classification	2014/15						2013/14		
	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
Current payments	62 496	(663)	(3 044)	58 789	53 252	5 537	90.6%	60 487	52 419
Compensation of employees	34 745	5 195	(3 044)	36 896	36 896	-	100.0%	33 597	32 890
Goods and services	27 751	(5 858)	-	21 893	16 356	5 537	74.7%	26 890	19 529
Transfers and subsidies	-	4 318	-	4 318	4 318	-	100.0%	26	25
Departmental agencies and accounts	-	4 276	-	4 276	4 276	-	100.0%	2	1
Households	-	42	-	42	42	-	100.0%	24	24
Payments for capital assets	497	-	-	497	80	417	16.1%	790	790
Machinery and equipment	497	-	-	497	80	417	16.1%	790	790
Total	62 993	3 655	(3 044)	63 604	57 650	5 954	90.6%	61 303	53 234
1.4 Office of the Chief Financial Officer									
Current payments	100 896	(12 689)	(2 600)	85 607	78 294	7 313	91.5%	74 631	74 631
Compensation of employees	59 657	(5 288)	(2 600)	51 769	49 450	2 319	95.5%	45 330	44 430
Goods and services	41 239	(7 401)	-	33 838	28 844	4 994	85.2%	29 301	30 201
Transfers and subsidies	-	94	-	94	94	-	100.0%	154	154
Provinces and municipalities	-	43	-	43	43	-	100.0%	44	44
Households	-	51	-	51	51	-	100.0%	110	110
Payments for capital assets	18 062	516	-	18 578	18 170	408	97.8%	49 239	49 239
Machinery and equipment	18 062	516	-	18 578	18 170	408	97.8%	49 239	49 239
Payments for financial assets	-	895	-	895	895	-	100.0%	18 137	18 137
Total	118 958	(11 184)	(2 600)	105 174	97 453	7 721	92.7%	142 161	142 161

DEPARTMENT OF LABOUR: VOTE 18
APPROPRIATION STATEMENT for the year ended 31 March 2015

1.5 Office Accommodation										
Economic classification	2014/15					2013/14				
	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	
Current payments	179 168	-	-	179 168	120 809	58 359	67.4%	189 098	159 098	
Goods and services	179 168	-	-	179 168	120 809	58 359	67.4%	189 098	159 098	
Payments for capital assets	285	1 582	-	1 867	1 867	-	100.0%	1 532	1 532	
Buildings and other fixed structures	285	1 582	-	1 867	1 867	-	100.0%	1 532	1 532	
Total	179 453	1 582	-	181 035	122 676	58 359	67.8%	190 630	160 630	
Programme 2: Inspection and Enforcement Services										
Sub programme										
1. Management and Support Services	4 602	(63)	-	4 539	4 545	(6)	100.1%	16 096	16 096	
2. Occupation Health and Safety	25 881	(3 595)	-	22 286	22 196	90	99.6%	20 535	16 560	
3. Registration	55 881	(4 504)	-	51 377	51 377	-	100.0%	55 687	48 300	
4. Compliance, Monitoring and Enforcement	309 128	9 043	22 000	340 171	340 162	9	100.0%	315 453	315 453	
5. Training of Staff	6 127	-	-	6 127	5 484	643	89.5%	16 347	13 111	
6. Statutory and Advocacy Services	8 786	(881)	-	7 905	7 114	791	90.0%	2 693	2 693	
Total for sub programmes	410 405	-	22 000	432 405	430 878	1 527	99.6%	426 811	412 213	

DEPARTMENT OF LABOUR: VOTE 18
APPROPRIATION STATEMENT for the year ended 31 March 2015

	Economic classification									
	2014/15					2013/14				
	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	
Current payments	408 259	(1 887)	22 000	428 372	426 844	1 528	99.6%	425 013	410 415	
Compensation of employees	324 662	3 436	22 000	350 098	350 098	-	100.0%	324 660	318 566	
Goods and services	83 597	(5 323)	-	78 274	76 746	1 528	98.0%	100 353	91 849	
Transfers and subsidies	162	1 715	-	1 877	1 878	(1)	100.1%	1 468	1 468	
Provinces and municipalities	-	21	-	21	22	(1)	104.8%	21	21	
Households	162	1 694	-	1 856	1 856	-	100.0%	1 447	1 447	
Payments for capital assets	1 984	172	-	2 156	2 156	-	100.0%	330	330	
Machinery and equipment	1 984	172	-	2 156	2 156	-	100.0%	330	330	
Total	410 405	-	22 000	432 405	430 878	1 527	99.6%	426 811	412 213	
2.1 Management and Support Services: Inspection and Enforcement Services										
Current payments	4 602	(63)	-	4 539	4 545	(6)	100.1%	15 546	15 546	
Compensation of employees	2 893	(219)	-	2 674	2 675	(1)	100.0%	10 594	7 070	
Goods and services	1 709	156	-	1 865	1 870	(5)	100.3%	4 952	8 476	
Transfers and subsidies	-	-	-	-	-	-	-	354	354	
Households	-	-	-	-	-	-	-	354	354	
Payments for capital assets	-	-	-	-	-	-	-	196	196	
Machinery and equipment	-	-	-	-	-	-	-	196	196	
Total	4 602	(63)	-	4 539	4 545	(6)	100.1%	16 096	16 096	

DEPARTMENT OF LABOUR: VOTE 18
APPROPRIATION STATEMENT for the year ended 31 March 2015

2.2 Occupational Health and Safety										2013/14	
2014/15											
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
Current payments	23 949	(3 476)	-	20 473	20 383	90	99.6%	20 412	16 437		
Compensation of employees	17 355	(2 014)	-	15 341	15 341	-	100.0%	10 426	10 202		
Goods and services	6 594	(1 462)	-	5 132	5 042	90	98.2%	9 986	6 235		
Transfers and subsidies	-	10	-	10	10	-	100.0%	53	53		
Households	-	10	-	10	10	-	100.0%	53	53		
Payments for capital assets	1 932	(129)	-	1 803	1 803	-	100.0%	70	70		
Machinery and equipment	1 932	(129)	-	1 803	1 803	-	100.0%	70	70		
Total	25 881	(3 595)	-	22 286	22 196	90	99.6%	20 535	16 560		
2.3 Registration: Inspection and Enforcement Services											
Current payments	55 848	(4 677)	-	51 171	51 170	1	100.0%	55 575	48 188		
Compensation of employees	45 621	(1 066)	-	44 555	44 555	-	100.0%	39 328	42 254		
Goods and services	10 227	(3 611)	-	6 616	6 615	1	100.0%	16 247	5 934		
Transfers and subsidies	33	173	-	206	207	(1)	100.5%	112	112		
Provinces and municipalities	-	2	-	2	3	(1)	150.0%	3	3		
Households	33	171	-	204	204	-	100.0%	109	109		
Total	55 881	(4 504)	-	51 377	51 377	-	100.0%	55 687	48 300		

DEPARTMENT OF LABOUR: VOTE 18
APPROPRIATION STATEMENT for the year ended 31 March 2015

2.4 Compliance, Monitoring and Enforcement										2013/14	
2014/15											
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
Current payments	308 947	7 256	22 000	338 203	338 194	9	100.0%	314 453	314 453	314 453	314 453
Compensation of employees	253 907	6 742	22 000	282 649	282 649	-	100.0%	262 278	257 247	257 247	257 247
Goods and services	55 040	514	-	55 554	55 545	9	100.0%	52 175	57 206	57 206	57 206
Transfers and subsidies	129	1 532	-	1 661	1 661	-	100.0%	936	936	936	936
Provinces and municipalities	-	19	-	19	19	-	100.0%	18	18	18	18
Households	129	1 513	-	1 642	1 642	-	100.0%	918	918	918	918
Payments for capital assets	52	255	-	307	307	-	100.0%	64	64	64	64
Machinery and equipment	52	255	-	307	307	-	100.0%	64	64	64	64
Total	309 128	9 043	22 000	340 171	340 162	9	100.0%	315 453	315 453	315 453	315 453
2.5 Training of Staff: Inspection and Enforcement Services											
Current payments	6 127	-	-	6 127	5 484	643	89.5%	16 347	13 111	16 347	13 111
Goods and services	6 127	-	-	6 127	5 484	643	89.5%	16 347	13 111	16 347	13 111
Total	6 127	-	-	6 127	5 484	643	89.5%	16 347	13 111	16 347	13 111
2.6 Statutory and Advocacy Services											
Current payments	8 786	(927)	-	7 859	7 068	791	89.9%	2 680	2 680	2 680	2 680
Compensation of employees	4 886	(7)	-	4 879	4 878	1	100.0%	2 034	1 793	2 034	1 793
Goods and services	3 900	(920)	-	2 980	2 190	790	73.5%	646	887	646	887
Transfers and subsidies	-	-	-	-	-	-	-	13	13	13	13
Households	-	-	-	-	-	-	-	13	13	13	13
Payments for capital assets	-	46	-	46	46	-	100.0%	-	-	-	-
Machinery and equipment	-	46	-	46	46	-	100.0%	-	-	-	-
Total	8 786	(881)	-	7 905	7 114	791	90.0%	2 693	2 693	2 693	2 693

DEPARTMENT OF LABOUR: VOTE 18
APPROPRIATION STATEMENT for the year ended 31 March 2015

Programme 3: Public Employment Services									
2014/15									
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Management and Support Services:	33 252	1 406	-	34 658	34 586	72	99.8%	28 374	28 374
2. Employer Services	116 668	222	-	116 890	116 829	61	99.9%	116 293	116 293
3. Work Seeker Services	114 179	4 653	-	118 832	117 234	1 598	98.7%	95 775	95 775
4. Designated Groups Special Services	850	-	-	850	291	559	34.2%	200	200
5. Sheltered Employment Factories and Subsidies to Designated Workshops	139 164	(6 281)	-	132 883	127 813	5 070	96.2%	115 610	115 610
6. Productivity South Africa	43 119	-	-	43 119	43 119	-	100.0%	40 286	40 286
7. Unemployment Insurance Fund	1	-	-	1	-	1	-	1	-
8. Compensation Fund	32 278	-	-	32 278	23 752	8 526	73.6%	15 640	15 640
9. Training of Staff:	2 022	-	-	2 022	1 640	382	81.1%	1 317	1 317
Total for sub programmes	481 533	-	-	481 533	465 264	16 269	96.6%	413 496	413 495
Economic classification									
Current payments	303 414	(1 146)	-	302 268	297 477	4 791	98.4%	245 731	245 731
Compensation of employees	267 378	(844)	-	266 534	265 059	1 475	99.4%	212 767	212 767
Goods and services	36 036	(302)	-	35 734	32 418	3 316	90.7%	32 964	32 964
Transfers and subsidies	177 569	1 146	-	178 715	167 269	11 446	93.6%	167 462	167 461
Provinces and municipalities	-	-	-	-	-	-	-	9	9
Departmental agencies and accounts	75 398	-	-	75 398	66 871	8 527	88.7%	55 925	55 925
Non-profit institutions	102 134	-	-	102 134	99 216	2 918	97.1%	111 198	111 198
Households	37	1 146	-	1 183	1 182	1	99.9%	330	329
Payments for capital assets	550	-	-	550	518	32	94.2%	303	303
Machinery and equipment	550	-	-	550	518	32	94.2%	303	303
Total	481 533	-	-	481 533	465 264	16 269	96.6%	413 496	413 495

DEPARTMENT OF LABOUR: VOTE 18
APPROPRIATION STATEMENT for the year ended 31 March 2015

3.1 Management and Support Services: Public Employment Services									
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	32 702	1 533	-	34 235	34 195	40	99.9%	28 079	28 079
Compensation of employees	26 805	1 533	-	28 338	28 338	-	100.0%	23 236	22 362
Goods and services	5 897	-	-	5 897	5 857	40	99.3%	4 843	5 717
Transfers and subsidies	-	8	-	8	8	-	100.0%	37	37
Households	-	8	-	8	8	-	100.0%	37	37
Payments for capital assets	550	(135)	-	415	383	32	92.3%	258	258
Machinery and equipment	550	(135)	-	415	383	32	92.3%	258	258
Total	33 252	1 406	-	34 658	34 586	72	99.8%	28 374	28 374
3.2 Employer Services									
Current payments	116 668	(767)	-	115 901	115 840	61	99.9%	116 025	116 025
Compensation of employees	103 526	(3 664)	-	99 862	99 809	53	99.9%	102 440	100 293
Goods and services	13 142	2 897	-	16 039	16 031	8	100.0%	13 585	15 732
Transfers and subsidies	-	854	-	854	854	-	100.0%	223	223
Households	-	854	-	854	854	-	100.0%	223	223
Payments for capital assets	-	135	-	135	135	-	100.0%	45	45
Machinery and equipment	-	135	-	135	135	-	100.0%	45	45
Total	116 668	222	-	116 890	116 829	61	100.0%	116 293	116 293

DEPARTMENT OF LABOUR: VOTE 18
APPROPRIATION STATEMENT for the year ended 31 March 2015

Economic classification	3.3 Work Seeker Services							2013/14	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	114 142	4 496	-	118 638	117 041	1 597	98.7%	95 697	95 697
Compensation of employees	101 065	7 695	-	108 760	108 760	-	100.0%	83 142	85 971
Goods and services	13 077	(3 199)	-	9 878	8 281	1 597	83.8%	12 555	9 726
Transfers and subsidies	37	157	-	194	193	1	99.5%	78	78
Provinces and municipalities	-	-	-	-	-	-	-	9	9
Households	37	157	-	194	193	1	99.5%	69	69
Total	114 179	4 653	-	118 832	117 234	1 598	98.7%	95 775	95 775
3.4 Designated Groups Special Services									
Transfers and subsidies	850	-	-	850	291	559	34.2%	200	200
Non-profit institutions	850	-	-	850	291	559	34.2%	200	200
Total	850	-	-	850	291	559	34.2%	200	200
3.5 Sheltered Employment Factories and Subsidies to Designated Workshops									
Current payments	37 880	(6 408)	-	31 472	28 761	2 711	91.4%	4 612	4 612
Compensation of employees	35 982	(6 408)	-	29 574	28 152	1 422	95.2%	3 948	4 140
Goods and services	1 898	-	-	1 898	609	1 289	32.1%	664	472
Transfers and subsidies	101 284	127	-	101 411	99 052	2 359	97.7%	110 998	110 998
Non-profit institutions	101 284	-	-	101 284	98 925	2 359	97.7%	110 998	110 998
Households	-	127	-	127	127	-	100.0%	-	-
Total	139 164	(6 281)	-	132 883	127 813	5 070	96.2%	115 610	115 610

DEPARTMENT OF LABOUR: VOTE 18
APPROPRIATION STATEMENT for the year ended 31 March 2015

3.6 Productivity South Africa									
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 %	2013/14	
								Final Appropriation R'000	Actual expenditure R'000
Current payments	-	-	-	-	-	-	-	1	1
Compensation of employees	-	-	-	-	-	-	-	1	1
Transfers and subsidies	43 119	-	-	43 119	43 119	-	100.0%	40 285	40 285
Departmental agencies and accounts	43 119	-	-	43 119	43 119	-	100.0%	40 285	40 285
Total	43 119	-	-	43 119	43 119	-	100.0%	40 286	40 286
3.7 Unemployment Insurance Fund									
Transfers and subsidies	1	-	-	1	-	1	-	1	-
Departmental agencies and accounts	1	-	-	1	-	1	-	1	-
Total	1	-	-	1	-	1	-	1	-
3.8 Compensation Fund									
Transfers and subsidies	32 278	-	-	32 278	23 752	8 526	73.6%	15 640	15 640
Departmental agencies and accounts	32 278	-	-	32 278	23 752	8 526	73.6%	15 640	15 640
Total	32 278	-	-	32 278	23 752	8 526	73.6%	15 640	15 640
3.9 Training of Staff: Public Employment Services									
Current payments	2 022	-	-	2 022	1 640	382	81.1%	1 317	1 317
Goods and services	2 022	-	-	2 022	1 640	382	81.1%	1 317	1 317
Total	2 022	-	-	2 022	1 640	382	81.1%	1 317	1 317

DEPARTMENT OF LABOUR: VOTE 18
APPROPRIATION STATEMENT for the year ended 31 March 2015

Programme 4: Labour Policy and Industrial Relations									
2014/15									
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Management and Support	12 678	(230)	(300)	12 148	10 135	2 013	83.4%	13 406	10 151
2. Strengthen Civil Society	17 318	-	-	17 318	17 318	-	100.0%	16 504	16 504
3. Collective Bargaining	14 573	470	(500)	14 543	13 467	1 076	92.6%	13 340	12 306
4. Employment Equity	14 555	-	(200)	14 355	9 943	4 412	69.3%	12 865	12 763
5. Employment Standards	12 633	-	(200)	12 433	11 035	1 398	88.8%	13 222	12 464
6. Commission for Conciliation, Mediation and Arbitration	687 096	-	-	687 096	687 096	-	100.0%	594 418	594 418
7. Research, Policy and Planning	9 779	(240)	(500)	9 039	6 677	2 362	73.9%	12 743	7 419
8. Labour Market Information and Statistics	37 641	-	-	37 641	33 945	3 696	90.2%	34 301	31 324
9. International Labour Matters	35 340	-	(100)	35 240	30 774	4 466	87.3%	27 414	26 591
10. National Economic Development and Labour Council	27 822	-	(200)	27 622	27 447	175	99.4%	26 278	25 926
Total for sub programmes	869 435	-	(2 000)	867 435	847 837	19 598	97.7%	764 491	749 866

DEPARTMENT OF LABOUR: VOTE 18
APPROPRIATION STATEMENT for the year ended 31 March 2015

	Economic classification										2013/14	
	2014/15										Expenditure as % of final appropriation	Final Appropriation
	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	%	R'000	R'000
Current payments	119 542	(403)	(2 000)	117 139	97 979	19 160	83.6%	111 218	96 756		111 218	96 756
Compensation of employees	79 155	(403)	(2 000)	76 752	73 048	3 704	95.2%	70 903	67 487		70 903	67 487
Goods and services	40 387	-	-	40 387	24 931	15 456	61.7%	40 315	29 269		40 315	29 269
Transfers and subsidies	749 657	403	-	750 060	749 636	424	99.9%	652 930	652 930		652 930	652 930
Provinces and municipalities	2	-	-	2	-	2	-	-	-		-	-
Departmental agencies and accounts	714 543	-	-	714 543	714 543	-	100.0%	620 246	620 246		620 246	620 246
Foreign governments and international organisations	17 441	-	-	17 441	17 019	422	97.6%	15 914	15 914		15 914	15 914
Non-profit institutions	17 318	-	-	17 318	17 318	-	100.0%	16 504	16 504		16 504	16 504
Households	353	403	-	756	756	-	100.0%	266	266		266	266
Payments for capital assets	236	-	-	236	222	14	94.1%	343	180		343	180
Machinery and equipment	236	-	-	236	222	14	94.1%	343	180		343	180
Total	869 435	(230)	(2 000)	867 435	847 837	19 598	97.7%	764 491	749 866		764 491	749 866
4.1 Management and Support Services: Labour Policy and Industrial Relations												
Current payments	12 678	(230)	(300)	12 148	10 135	2 013	83.4%	13 196	9 956		13 196	9 956
Compensation of employees	8 426	-	(300)	8 126	8 106	20	99.8%	7 901	7 147		7 901	7 147
Goods and services	4 252	(230)	-	4 022	2 029	1 993	50.4%	5 295	2 809		5 295	2 809
Transfers and subsidies	-	-	-	-	-	-	-	164	164		164	164
Households	-	-	-	-	-	-	-	164	164		164	164
Payments for capital assets	-	-	-	-	-	-	-	46	31		46	31
Machinery and equipment	-	-	-	-	-	-	-	46	31		46	31
Total	12 678	(230)	(300)	12 148	10 135	2 013	83.4%	13 406	10 151		13 406	10 151

DEPARTMENT OF LABOUR: VOTE 18
APPROPRIATION STATEMENT for the year ended 31 March 2015

4.2 Strengthen Civil Society										
Economic classification	2014/15					2013/14				
	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	
Transfers and subsidies	17 318	-	-	17 318	17 318	-	100.0%	16 504	16 504	
Non-profit institutions	17 318	-	-	17 318	17 318	-	100.0%	16 504	16 504	
Total	17 318	-	-	17 318	17 318	-	100.0%	16 504	16 504	
4.3 Collective Bargaining										
Current payments	14 220	470	(500)	14 190	13 114	1 076	92.4%	13 290	12 284	
Compensation of employees	11 038	-	(500)	10 538	10 097	441	95.8%	11 103	10 742	
Goods and services	3 182	470	-	3 652	3 017	635	82.6%	2 187	1 542	
Transfers and subsidies	353	-	-	353	353	-	100.0%	-	-	
Households	353	-	-	353	353	-	100.0%	-	-	
Payments for capital assets	-	-	-	-	-	-	-	50	22	
Machinery and equipment	-	-	-	-	-	-	-	50	22	
Total	14 573	470	(500)	14 543	13 467	1 076	92.6%	13 340	12 306	
4.4 Employment Equity										
Current payments	14 555	(39)	(200)	14 316	9 904	4 412	69.2%	12 865	12 763	
Compensation of employees	6 848	(39)	(200)	6 609	6 376	233	96.5%	6 580	6 596	
Goods and services	7 707	-	-	7 707	3 528	4 179	45.8%	6 285	6 167	
Transfers and subsidies	-	39	-	39	39	-	100.0%	-	-	
Households	-	39	-	39	39	-	100.0%	-	-	
Total	14 555	-	(200)	14 355	9 943	4 412	69.3%	12 865	12 763	

DEPARTMENT OF LABOUR: VOTE 18
APPROPRIATION STATEMENT for the year ended 31 March 2015

Economic classification	2014/15							2013/14	
	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
Current payments	12 554	-	(200)	12 354	10 956	1 398	88.7%	13 156	12 398
Compensation of employees	6 889	-	(200)	6 689	6 517	172	97.4%	6 633	6 012
Goods and services	5 665	-	-	5 665	4 439	1 226	78.4%	6 523	6 386
Transfers and subsidies	-	-	-	-	-	-	-	66	66
Households	-	-	-	-	-	-	-	66	66
Payments for capital assets	79	-	-	79	79	-	100.0%	-	-
Machinery and equipment	79	-	-	79	79	-	100.0%	-	-
Total	12 633	-	(200)	12 433	11 035	1 398	88.8%	13 222	12 464
4.6 Commission for Conciliation, Mediation and Arbitration									
Transfers and subsidies	687 096	-	-	687 096	687 096	-	100.0%	594 418	594 418
Departmental agencies and accounts	687 096	-	-	687 096	687 096	-	100.0%	594 418	594 418
Total	687 096	-	-	687 096	687 096	-	100.0%	594 418	594 418
4.7 Research, Policy and Planning									
Current payments	9 779	(261)	(500)	9 018	6 656	2 362	73.8%	12 743	7 419
Compensation of employees	4 463	(21)	(500)	3 942	3 666	276	93.0%	4 562	4 242
Goods and services	5 316	(240)	-	5 076	2 990	2 086	58.9%	8 181	3 177
Transfers and subsidies	-	21	-	21	21	-	100.0%	-	-
Households	-	21	-	21	21	-	100.0%	-	-
Total	9 779	(240)	(500)	9 039	6 677	2 362	73.9%	12 743	7 419

DEPARTMENT OF LABOUR: VOTE 18
APPROPRIATION STATEMENT for the year ended 31 March 2015

4.8 Labour Market Information and Statistics											2013/14	
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	
Current payments	37 618	(343)	-	37 275	33 595	3 680	90.1%	34 257	31 291			
Compensation of employees	30 471	(343)	-	30 128	29 281	847	97.2%	27 117	26 390			
Goods and services	7 147	-	-	7 147	4 314	2 833	60.4%	7 140	4 901			
Transfers and subsidies	2	343	-	345	343	2	99.4%	24	24			
Provinces and municipalities	2	-	-	2	-	2	-	-	-			
Households	-	343	-	343	343	-	100.0%	24	24			
Payments for capital assets	21	-	-	21	7	14	33.3%	20	9			
Machinery and equipment	21	-	-	21	7	14	33.3%	20	9			
Total	37 641	-	-	37 641	33 945	3 696	90.2%	34 301	31 324			
4.9 International Labour Matters												
Current payments	17 763	-	(100)	17 663	13 619	4 044	77.1%	11 261	10 547			
Compensation of employees	10 653	-	(100)	10 553	9 005	1 548	85.3%	6 571	6 260			
Goods and services	7 110	-	-	7 110	4 614	2 496	64.9%	4 690	4 287			
Transfers and subsidies	17 441	-	-	17 441	17 019	422	97.6%	15 926	15 926			
Foreign governments and international organisations	17 441	-	-	17 441	17 019	422	97.6%	15 914	15 914			
Households	-	-	-	-	-	-	-	12	12			
Payments for capital assets	136	-	-	136	136	-	100.0%	227	118			
Machinery and equipment	136	-	-	136	136	-	100.0%	227	118			
Total	35 340	-	(100)	35 240	30 774	4 466	87.3%	27 414	26 591			

DEPARTMENT OF LABOUR: VOTE 18
 APPROPRIATION STATEMENT for the year ended 31 March 2015

4.10 National Economic Development and Labour Council									
Economic classification	2014/15					2013/14			
	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
Current payments	375	-	(200)	175	-	175	-	450	98
Compensation of employees	367	-	(200)	167	-	167	-	436	98
Goods and services	8	-	-	8	-	8	-	14	-
Transfers and subsidies	27 447	-	-	27 447	27 447	-	100.0%	25 828	25 828
Departmental agencies and accounts	27 447	-	-	27 447	27 447	-	100.0%	25 828	25 828
Total	27 822	-	(200)	27 622	27 447	175	99.4%	26 278	25 926

DEPARTMENT OF LABOUR: VOTE 18

5.2.2 NOTES TO THE APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

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

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

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

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

3. Detail on payments for financial assets

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

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

4.1 Programme				
	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Administration				
Current Payments	723 553	636 026	87 527	12.1%
Transfers and Subsidies	5 830	5 830	-	0.0%
Payment for Capital Assets	34 641	33 206	1 435	4.1%
Payment of Financial Assets	895	895	-	0.0%
Total	764 919	675 957	88 962	11.6%

The under-spending on current payments is mainly attributable to the following reasons:

- The Department of Public Works (DPW) invoiced the Department of Labour for an amount which was less than what was budgeted for
- Receipt of invoices for software payments were delayed by the supplier and the payment was not processed.

Inspection and Enforcement Services				
Current Payments	428 372	426 844	1 528	0.4%
Transfers and Subsidies	1 877	1 878	(1)	(0.1%)
Payment for Capital Assets	2 156	2 156	-	0.0%
Total	432 405	430 878	1 527	0.4%

Public Employment Services				
Current Payments	302 268	297 477	4 791	1.6%
Transfers and Subsidies	178 715	167 269	11 446	6.4%
Payment for Capital Assets	550	518	32	5.8%
Total	481 533	465 264	16 269	3.4%

Less than anticipated claims from the Compensation Fund in respect of compensation for injuries on duty.

DEPARTMENT OF LABOUR: VOTE 18
NOTES TO THE APPROPRIATION STATEMENT for the year ended 31 March 2015

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
Programme	R'000	R'000	R'000	%
Labour Policy and Industrial Relations				
Current Payments	117 139	97 979	19 160	16.4%
Transfers and Subsidies	750 060	749 636	424	0.1%
Payment for Capital Assets	236	222	14	5.9%
Total	867 435	847 837	19 598	2.3%

The under-spending is mainly due to:

- GCIS did not provide the invoices for the EE Awards Awareness campaigns in time to be paid before year end
- Research projects were aimed to start in the last quarter and failed to do so.

4.2 Per economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Current payments				
Compensation of employees	1 007 740	997 751	9 989	1.0%
Goods and services	563 592	460 575	103 017	18.3%
Transfers and subsidies				
Provinces and municipalities	473	473	-	0.0%
Departmental agencies and accounts	794 340	785 813	8 527	1.1%
Foreign governments and international organisations	17 441	17 019	422	2.4%
Non-profit institutions	119 502	116 584	2 918	2.4%
Households	4 726	4 724	2	0.0%
Payments for capital assets				
Buildings and other fixed structures	1 884	1 867	17	0.9%
Machinery and equipment	35 699	34 235	1 464	4.1%
Payments for financial assets	895	895	-	0.0%

The under-spending on current payments is mainly attributable to the following reasons:

- The Department of Public Works (DPW) invoiced the Department of Labour for an amount which was less than what was budgeted for
- Receipt of invoices for software payments were delayed by the supplier and the payment was not processed.

DEPARTMENT OF LABOUR: VOTE 18

5.2.3 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2015

	Note	2014/15 R'000	2013/14 R'000
REVENUE			
Annual appropriation	<u>1</u>	2 546 292	2 445 247
Departmental revenue	<u>2</u>	11 155	22 601
TOTAL REVENUE		2 557 447	2 467 848
EXPENDITURE			
Current expenditure			
Compensation of employees	<u>3</u>	997 751	866 137
Goods and services	<u>4</u>	460 575	603 492
Total current expenditure		1 458 326	1 469 629
Transfers and subsidies			
Transfers and subsidies	<u>6</u>	924 613	823 379
Total transfers and subsidies		924 613	823 379
Expenditure for capital assets			
Tangible assets	<u>7</u>	36 102	60 299
Total expenditure for capital assets		36 102	60 299
Payments for financial assets	<u>5</u>	895	18 137
TOTAL EXPENDITURE		2 419 936	2 371 444
SURPLUS/(DEFICIT) FOR THE YEAR		137 511	96 404
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		126 356	73 803
Departmental revenue and NRF Receipts	<u>12</u>	11 155	22 601
SURPLUS/(DEFICIT) FOR THE YEAR		137 511	96 404

DEPARTMENT OF LABOUR: VOTE 18

5.2.4 STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH 2015

	Note	2014/15 R'000	2013/14 R'000
ASSETS			
Current assets		147 736	346 632
Cash and cash equivalents	<u>8</u>	45 613	160 556
Prepayments and advances	<u>9</u>	19 527	10 120
Receivables	<u>10</u>	82 596	175 956
Non-Current assets		32 003	24 374
Receivables	<u>10</u>	32 003	24 374
TOTAL ASSETS		179 739	371 006
LIABILITIES			
Current liabilities		174 183	365 997
Voted funds to be surrendered to the Revenue Fund	<u>11</u>	126 356	73 803
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	<u>12</u>	1 037	11 898
Bank overdraft	<u>13</u>	45 317	276 235
Payables	<u>14</u>	1 473	4 061
Non-Current liabilities			
Payables	<u>15</u>	137	-
TOTAL LIABILITIES		174 320	365 997
NET ASSETS		5 419	5 009
Represented by:			
Recoverable revenue		5 419	5 009
TOTAL		5 419	5 009

DEPARTMENT OF LABOUR: VOTE 18

5.2.5 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2015

	2014/15 R'000	2013/14 R'000
Recoverable revenue		
Opening balance	5 009	13 492
Transfers:	410	(8 483)
Debts recovered (included in departmental receipts)	(2 923)	(15 107)
Debts raised	3 333	6 624
TOTAL	5 419	5 009

DEPARTMENT OF LABOUR: VOTE 18

5.2.6 CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

CASH FLOW	Note	2014/15 R'000	2013/14 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		2 556 339	2 467 848
Annual appropriated funds received	1.1	2 546 292	2 445 247
Departmental revenue received	2	8 729	16 284
Interest received	2.3	1 318	6 317
Net (increase)/decrease in working capital		73 736	(80 333)
Surrendered to Revenue Fund		(95 819)	(121 801)
Current payments		(1 458 326)	(1 469 629)
Payments for financial assets		(895)	(18 137)
Transfers and subsidies paid		(924 613)	(823 379)
Net cash flow available from operating activities	16	150 422	(45 431)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	7	(36 102)	(60 299)
Proceeds from sale of capital assets	2.4	1 108	-
Net cash flows from investing activities		(34 994)	(60 299)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		410	(8 483)
Increase/(decrease) in non-current payables		137	-
Net cash flows from financing activities		547	(8 483)
Net increase/(decrease) in cash and cash equivalents		115 975	(114 213)
Cash and cash equivalents at beginning of period		(115 679)	(1 466)
Cash and cash equivalents at end of period	17	296	(115 679)

DEPARTMENT OF LABOUR: VOTE 18

5.2.7 ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2015***Summary of significant accounting policies***

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated.

The historical cost method 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 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.

DEPARTMENT OF LABOUR: VOTE 18
ACCOUNTING POLICIES for the year ended 31 March 2015

7. REVENUE

7.1. Appropriated funds

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

Appropriated funds are recognised in the statement of financial performance on the date the appropriation becomes effective.

Adjustments made in terms of the adjustments budget process are recognised in the statement of financial performance on the date the adjustments become effective.

The net amount of any appropriated funds due to / from the relevant revenue fund at the reporting date is recognised as a payable / receivable in the statement of financial position.

7.2. Departmental revenue

Departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the relevant revenue fund, unless stated otherwise.

Any amount owing to the relevant revenue fund at the reporting date is recognised as a payable in the statement of financial position.

7.3. Accrued departmental revenue

Accruals in respect of departmental revenue (excluding tax revenue) are recorded in the notes to the financial statements when:

it is probable that the economic benefits or service potential associated with the transaction will flow to the Department; and the amount of revenue can be measured reliably.

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

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

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.

DEPARTMENT OF LABOUR: VOTE 18
ACCOUNTING POLICIES for the year ended 31 March 2015

8.3. Accrued expenditure payable

Accrued expenditure payable is recorded in the notes to the financial statements when the goods are received or, in the case of services, when they are rendered to the Department.

Accrued expenditure payable is measured at cost.

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.

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.

DEPARTMENT OF LABOUR: VOTE 18
ACCOUNTING POLICIES for the year ended 31 March 2015

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.

13. INVESTMENTS

Investments are recognised in the statement of financial position at cost.

14. 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

Loans and payables are recognised in the statement of financial position at cost.

16. CAPITAL ASSETS

16.1. Immovable capital assets

Immovable capital assets are initially recorded in the notes to the financial statements at cost. Immovable capital assets acquired through a non-exchange transaction is measured at fair value as at the date of acquisition.

Where the cost of immovable capital assets cannot be determined accurately, the immovable capital assets are measured at R1 unless the fair value of the asset has been reliably estimated, in which case the fair value is used.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.

Immovable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.

Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the immovable asset is recorded by another department in which case the completed project costs are transferred to that department.

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 accurately, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.

All assets acquired prior to 1 April 2002 (or a later date as approved by the OAG) may be recorded at R1.

Movable capital assets are subsequently carried at cost and are not subject to depreciation or impairment.

Biological assets are subsequently carried at fair value.

DEPARTMENT OF LABOUR: VOTE 18
ACCOUNTING POLICIES for the year ended 31 March 2015

Subsequent expenditure that is of a capital nature is added to the cost of the asset at the end of the capital project unless the movable asset is recorded by another department/entity in which case the completed project costs are transferred to that department.

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 accurately, 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 that is of a capital nature is added to the cost of the asset at the end of the capital project unless the intangible asset is recorded by another department/entity in which case the completed project costs are transferred to that department.

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 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

DEPARTMENT OF LABOUR: VOTE 18
ACCOUNTING POLICIES for the year ended 31 March 2015

Approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance

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 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.

DEPARTMENT OF LABOUR: VOTE 18
ACCOUNTING POLICIES for the year ended 31 March 2015

23. AGENT-PRINCIPAL ARRANGEMENTS

Public sector entities are frequently required to perform activities and/or provide goods and services on behalf of others. In the public sector, the performance of these activities or provision of goods and services is most often governed by legislation or contracts concluded between the affected parties. Despite this, there are a number of practical accounting issues that arise from these arrangements. The foremost question is which department/entity, or to what extent a department/ entity should account for the revenues, expenses, assets and or liabilities arising from such arrangements (Refer to Note 34 of the AFS).

24. DEPARTURES FROM THE MCS REQUIREMENTS

Management has concluded that the financial statements fairly present the Department's primary and secondary information; that the Department complied with the standard except where it has departed from a particular requirement to achieve fair presentation. The requirement from which the Department has departed, the nature of the Departure and the reason for departure will be disclosed.

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/ Provincial 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/Provincial 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 are recorded in the notes to the financial statements when the transaction is not at arm's length.

28. INVENTORIES (EFFECTIVE FROM 1 APRIL 2016)

At the date of acquisition, inventories are recorded at cost price in the notes to the financial statements.

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

Inventories are subsequently measured at the lower of cost and net realisable value or the lower of cost and replacement value.

DEPARTMENT OF LABOUR: VOTE 18

5.2.8 NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

1. Annual Appropriation

1.1 Annual Appropriation

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

	2014/15			2013/14
	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Appropriation received
	R'000	R'000	R'000	R'000
Administration	764 919	764 919	-	840 449
Inspection and Enforcement Services	432 405	432 405	-	440 190
Public Employment Services	481 533	481 533	-	400 117
Labour Policy and Industrial Relations	867 435	867 435	-	764 491
Total	2 546 292	2 546 292	-	2 445 247

2. Departmental revenue

	Note	2014/15 R'000	2013/14 R'000
Tax revenue			
Sales of goods and services other than capital assets	2.1	3 956	4 209
Fines, penalties and forfeits	2.2	4	44
Interest, dividends and rent on land	2.3	1 318	6 317
Sales of capital assets	2.4	1 108	-
Transactions in financial assets and liabilities	2.5	4 769	12 031
Departmental revenue collected		11 155	22 601

2.1 Sales of goods and services other than capital assets

	Note	2014/15 R'000	2013/14 R'000
Sales of goods and services produced by the department	2	3 928	4 179
Sales by market establishment		182	175
Administrative fees		1 853	2 234
Other sales		1 893	1 770
Sales of scrap, waste and other used current goods		28	30
Total		3 956	4 209

2.2 Fines, penalties and forfeits

	Note	2014/15 R'000	2013/14 R'000
Fines	2	4	4
Penalties		-	40
Total		4	44

2.3 Interest, dividends and rent on land

	Note	2014/15 R'000	2013/14 R'000
Interest	2	1 318	6 317
Total		1 318	6 317

DEPARTMENT OF LABOUR: VOTE 18
NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2015

	Note	2014/15	2013/14
2.4 Sale of capital assets	2	R'000	R'000
Tangible assets		1 108	-
Machinery and equipment	31	1 108	-
Total		1 108	-
2.5 Transactions in financial assets and liabilities	2	R'000	R'000
Receivables		2 108	9 160
Stale cheques written back		-	3
Other Receipts including Recoverable Revenue		2 661	2 868
Total		4 769	12 031
3. Compensation of employees	Note	2014/15	2013/14
3.1 Salaries and Wages		R'000	R'000
Basic salary		710 853	619 623
Performance award		12 393	13 293
Service Based		1 348	1 321
Compensative/circumstantial		10 689	5 246
Other non-pensionable allowances		123 663	100 898
Total		858 946	740 381
3.2 Social contributions	Note	2014/15	2013/14
Employer contributions		R'000	R'000
Pension		92 037	79 751
Medical		46 559	45 819
UIF		-	5
Bargaining council		209	181
Total		138 805	125 756
Total compensation of employees		997 751	886 137
Average number of employees		3 194	2 928

DEPARTMENT OF LABOUR: VOTE 18
NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2015

	Note	2014/15	2013/14
4. Goods and services		R'000	R'000
Administrative fees		5 796	4 424
Advertising		6 067	12 068
Minor assets	4.1	4 417	2 396
Bursaries (employees)		2 294	2 446
Catering		2 803	4 501
Communication		35 237	34 462
Computer services	4.2	69 703	106 342
Consultants: Business and advisory services		6 313	45 320
Legal services		2 270	3 995
Contractors		8 154	16 037
Agency and support/outsourced services		3 036	2 964
Entertainment		139	272
Audit cost – external	4.3	15 320	14 011
Fleet services		19 359	12 824
Consumables	4.4	22 082	19 626
Operating leases		104 876	148 071
Property payments	4.5	46 761	53 164
Rental and hiring		844	648
Transport provided as part of the departmental activities		390	-
Travel and subsistence	4.6	73 035	79 027
Venues and facilities		7 092	7 795
Training and development		13 136	20 830
Other operating expenditure	4.7	11 451	12 269
Total		460 575	603 492

	Note	2014/15	2013/14
4.1 Minor assets	4	R'000	R'000
Tangible assets		4 417	2 396
Machinery and equipment		4 417	2 396
Intangible assets		-	-
Total		4 417	2 396

**50% deposits to Service Products amounting to R191 666.88 were recognised as expenditure and not as prepayments in the Statement of Financial Position. This was correctly recorded in the Notes for Movements in Minor Assets.*

	Note	2014/15	2013/14
4.2 Computer services	4	R'000	R'000
SITA computer services		34 286	16 373
External computer service providers		35 417	89 969
Total		69 703	106 342

	Note	2014/15	2013/14
4.3 Audit cost – External	4	R'000	R'000
Regularity audits		15 320	14 011
Total		15 320	14 011

DEPARTMENT OF LABOUR: VOTE 18
NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2015

	Note	2014/15	2013/14
4.4 Consumables	4	R'000	R'000
Consumable supplies		3 194	1 943
Uniform and clothing		946	320
Household supplies		1 373	1 171
Building material and supplies		106	126
IT consumables		523	176
Other consumables		246	150
Stationery, printing and office supplies		18 888	17 683
Total		22 082	19 626
4.5 Property payments	4	R'000	R'000
Municipal services		22 108	20 445
Property management fees		1 101	1 039
Property maintenance and repairs		3 850	7 225
Other		19 702	24 455
Total		46 761	53 164
4.6 Travel and subsistence	4	R'000	R'000
Local		63 174	67 006
Foreign		9 861	12 021
Total		73 035	79 027
4.7 Other operating expenditure	4	R'000	R'000
Professional bodies, membership and subscription fees		22	94
Resettlement costs		5 748	3 704
Other		5 681	8 471
Total		11 451	12 269
5. Payments for financial assets	Note	2014/15	2013/14
Debts written off	5.1	895	18 137
Total		895	18 137
5.1 Debts written off	Note	2014/15	2013/14
Nature of debts written off	5	R'000	R'000
Staff debts		893	14 626
Other		2	-
Subsidised transport debts		-	3 511
Total debt written off		895	18 137

DEPARTMENT OF LABOUR: VOTE 18
NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2015

	Note	2014/15 R'000	2013/14 R'000
6. Transfers and subsidies			
Provinces and municipalities	Annex 1A	473	446
Departmental agencies and accounts	Annex 1B	785 813	676 182
Foreign governments and international organisations	Annex 1C	17 019	15 914
Non-profit institutions	Annex 1D	116 584	127 702
Households	Annex 1E	4 724	3 135
Total		924 613	823 379
	Note	2014/15 R'000	2013/14 R'000
7. Expenditure for capital assets			
Tangible assets		36 102	60 299
Buildings and other fixed structures	33	1 867	1 549
Machinery and equipment	31	34 235	58 750
Total		36 102	60 299

**50% deposits to Service Products amounting to R570 988.35 were recognised as expenditure and not as prepayments in the Statement of Financial Position. This was correctly recorded in the Notes for Movements in Capital Assets.*

	Voted funds R'000	Aid assistance R'000	Total R'000
7.1 Analysis of funds utilised to acquire capital assets - 2014/15			
Tangible assets	36 102	-	36 102
Buildings and other fixed structures	1 867	-	1 867
Machinery and equipment	34 235	-	34 235
Total	36 102	-	36 102

	Voted funds R'000	Aid assistance R'000	Total R'000
7.2 Analysis of funds utilised to acquire capital assets - 2013/14			
Tangible assets	60 299	-	60 299
Buildings and other fixed structures	1 549	-	1 549
Machinery and equipment	58 750	-	58 750
Total	60 299	-	60 299

	Note	2014/15 R'000	2013/14 R'000
7.3 Finance lease expenditure included in Expenditure for capital assets			
Tangible assets		-	272
Machinery and equipment		-	272
Total		-	272

DEPARTMENT OF LABOUR: VOTE 18
NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2015

	Note	2014/15	2013/14
8. Cash and cash equivalents		R'000	R'000
Consolidated Paymaster General Account		45 112	160 074
Disbursements		3	-
Cash on hand		498	482
Total		45 613	160 556

	Note	2014/15	2013/14
9. Prepayments and advances		R'000	R'000
Travel and subsistence		255	267
Prepayments		19 272	9 853
Total		19 527	10 120

**Deposits made to Service Products amounting to R762 655.20 were recognised as expenditure in Statement of Financial Performance and correctly recorded in the Notes for Movements in Minor and Major Assets.*

10. Receivables

	Note	2014/15			2013/14
		Less than one year	One to three years	Older than three years	Total
		R'000	R'000	R'000	R'000
	10.1				
Claims recoverable	Annex 3	76 524	10 903	12 520	99 947
Recoverable expenditure	10.2	1 033	453	1 283	2 769
Staff debt	10.3	4 664	3 226	3 586	11 476
Other debtors	10.4	375	-	32	407
Total		82 596	14 582	17 421	114 599

	Note	2014/15	2013/14
10.1 Claims recoverable	10	R'000	R'000
National departments		12 293	16 609
Provincial departments		403	214
Public entities		87 251	174 288
Total		99 947	191 111

	Note	2014/15	2013/14
10.2 Recoverable expenditure (disallowance accounts)	10	R'000	R'000
Disallowance miscellaneous		898	841
Disallowance account		1 796	950
Clearing account		75	17
Total		2 769	1 808

DEPARTMENT OF LABOUR: VOTE 18
NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2015

	Note	2014/15	2013/14
10.3 Staff debt	10	R'000	R'000
Subsidised transport		118	108
Travel and subsistence		2	2
Bursaries		2 798	2 386
Salary overpayment (In-service)		148	193
Salary overpayment (Out-service)		847	1 389
State guarantees		96	127
Other		7 467	3 197
Total		11 476	7 402
10.4 Other debtors	10	R'000	R'000
Salary Clearing accounts		407	9
Total		407	9
11. Voted funds to be surrendered to the Revenue Fund	Note	2014/15	2013/14
Opening balance		R'000	R'000
Transfer from statement of financial performance		126 356	73 803
Paid during the year		(73 803)	(104 994)
Closing balance		126 356	73 803
12. Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	Note	2014/15	2013/14
Opening balance		R'000	R'000
Transfer from Statement of Financial Performance		11 155	22 601
Paid during the year		(22 016)	(16 807)
Closing balance		1 037	11 898
13. Bank Overdraft	Note	2014/15	2013/14
Consolidated Paymaster General Account		(45 317)	(276 235)
Total		(45 317)	(276 235)
<i>* The PMG Account is in overdraft due to the expenditure incurred on behalf of the Unemployment Insurance Fund (UIF) and the Compensation Fund (CF).</i>			
14. Payables – current	Note	2014/15	2013/14
Amounts owing to other entities		154	1 605
Clearing accounts	14.1	1 150	1 933
Other payables	14.2	169	523
Total		1 473	4 061
14.1 Clearing accounts	Note	2014/15	2013/14
Salary control accounts	14	1 150	1 933
Total		1 150	1 933

DEPARTMENT OF LABOUR: VOTE 18
NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2015

	Note	2014/15	2013/14
14.2 Other payables	14	R'000	R'000
Arrear wages		169	523
Total		169	523

	Note	2014/15			Total	2013/14
		One to two years	Two to three years	More than three years		
		R'000	R'000	R'000	R'000	R'000
15. Payables – non-current						
Amounts owing to other entities		5	10	28	43	-
Other payables	15.1	1	3	90	94	-
Total		6	13	118	137	-

	Note	2014/15	2013/14
15.1 Other payables	15	R'000	R'000
Salary clearing account		94	-
Total		94	-

	Note	2014/15	2013/14
16. Net cash flow available from operating activities		R'000	R'000
Net surplus/(deficit) as per Statement of Financial Performance		137 511	96 404
Add back non cash/cash movements not deemed operating activities		12 911	(141 835)
(Increase)/decrease in receivables – current		85 731	(80 462)
(Increase)/decrease in prepayments and advances		(9 407)	(3 255)
Increase/(decrease) in payables – current		(2 588)	3 384
Proceeds from sale of capital assets		(1 108)	-
Expenditure on capital assets		36 102	60 299
Surrenders to Revenue Fund		(95 819)	(121 801)
Net cash flow generated by operating activities		150 422	(45 431)

	Note	2014/15	2013/14
17. Reconciliation of cash and cash equivalents for cash flow purposes		R'000	R'000
Consolidated Paymaster General account		(205)	(116 161)
Disbursements		3	-
Cash on hand		498	482
Total		296	(115 679)

18. Contingent liabilities and contingent assets

		Note	2014/15	2013/14
18.1 Contingent liabilities			R'000	R'000
Liable to	Nature			
Housing loan guarantees	Employees	Annex 2A	3 270	4 197
Claims against the department	Claims	Annex 2B	2 526	2 505
Intergovernmental payables (unconfirmed balances)	Claims	Annex 4	59 921	44
Total			65 717	6 746

DEPARTMENT OF LABOUR: VOTE 18
NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2015

	Note	2014/15 R'000	2013/14 R'000
19. Commitments			
Current expenditure		18 075	199 484
Approved and contracted		14 032	198 049
Approved but not yet contracted		4 043	1 435
Capital expenditure		339	588
Approved and contracted		-	580
Approved but not yet contracted		339	8
Total Commitments		18 414	200 072

*Commitments older than a year amounting to R668 702.99 and R14 054 423.18 relates to projects in the 2014/15 financial year. Of this amount, R7 065 038.43 is for Administration and R10 955 407.52 are commitments related to CF and UIF.

	30 Days R'000	30+ Days R'000	2014/15 Total R'000	2013/14 Total R'000
20. Accruals and payables not recognised				
Listed by economic classification				
Goods and services	54 643	1 686	56 329	45 156
Transfers and subsidies	-	-	-	34
Capital assets	1 927	-	1 927	6 847
Total	56 570	1 686	58 256	52 037

	Note	2014/15 R'000	2013/14 R'000
Listed by programme level			
Programme 1 – Administration		53 567	44 998
Programme 2 – Inspection and Enforcement Services		713	3 926
Programme 3 – Public Employment Services		3 685	2 581
Programme 4 – Labour Policy and Industrial Relations		291	532
Total		58 256	52 037

	Note	2014/15 R'000	2013/14 R'000
Confirmed balances with other departments	Annex 4	6 174	88
Confirmed balances with other government entities	Annex 4	-	3 799
Total		6 174	3 887

	2014/15 R'000	2013/14 R'000
21. Employee benefits		
Leave entitlement*	38 633	33 425
Service bonus (Thirteenth cheque)	30 863	27 110
Performance awards	3 347	1 692
Capped leave commitments	33 230	33 714
Other	3 458	-
Total	109 531	95 941

*During January 2015 to March 2015, 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 R38 632 810.08 for the year-ended 31 March 2015, the value of leave with negative balances amounts to R1 530 626.49.

DEPARTMENT OF LABOUR: VOTE 18
NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2015

22. Lease commitments

22.1 Operating leases expenditure	Buildings and other fixed structures	Machinery and equipment	Total
2014/15	R'000	R'000	R'000
Not later than 1 year	225 217	8 004	233 221
Later than 1 year and not later than 5 years	25 024	8 427	33 451
Total lease commitments*	250 241	16 431	266 672

*R250 241 306.56 of the total lease commitment amount relates to the lease of buildings.

2013/14	Buildings and other fixed structures	Machinery and equipment	Total
2013/14	R'000	R'000	R'000
Not later than 1 year	65 516	7 288	72 804
Later than 1 year and not later than 5 years	134 045	6 167	140 212
Later than five years	212 851	-	212 851
Total lease commitments	412 412	13 455	425 867

23. Accrued departmental revenue	Note	2014/15	2013/14
2014/15		R'000	R'000
Sales of goods and services other than capital assets		10	7
Interest, dividends and rent on land		103	65
Transactions in financial assets and liabilities		-	4
Total		113	76

23.1 Analysis of accrued departmental revenue	Note	2014/15	2013/14
2014/15		R'000	R'000
Opening balance		76	131
Less: amounts received		(76)	(131)
Add: amounts recognised		113	76
Closing balance		113	76

24. Irregular expenditure**24.1 Reconciliation of irregular expenditure**

2014/15	Note	2014/15	2013/14
2014/15		R'000	R'000
Opening balance		11 783	49 113
Add: Irregular expenditure – relating to current year		8 120	4 851
Less: Prior year amounts condoned		(40)	(39 750)
Less: Current year amounts condoned		(1 269)	(2 431)
Closing balance		18 594	11 783

Analysis of awaiting condonation per age classification

Current year	6 812	2 420
Prior years	11 782	9 363
Total	18 594	11 783

DEPARTMENT OF LABOUR: VOTE 18
NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2015

24.2 Details of irregular expenditure – current year

Incident	Disciplinary steps taken/criminal proceedings	2014/15 R'000
Correct procurement not followed		8 037
No authorisation for official trip		83
Total		8 120

24.3 Details of irregular expenditure condoned

Incident	Condoned by Accounting Officer	2014/15 R'000
Correct procurement not followed		1 309
Total		1 309

25. Fruitless and wasteful expenditure

25.1 Reconciliation of fruitless and wasteful expenditure	Note	2014/15 R'000	2013/14 R'000
Opening balance		413	880
Fruitless and wasteful expenditure – relating to current year		61	-
Less: Amounts resolved		(25)	(467)
Fruitless and wasteful expenditure awaiting resolution		449	413

25.2 Analysis of awaiting resolution per economic classification	2014/15 R'000	2013/14 R'000
Current	449	413
Total	449	413

25.3 Analysis of Current year's fruitless and wasteful expenditure	Disciplinary steps taken/criminal proceedings	2014/15 R'000
Incident		
No shows for hotel accommodation	Investigation in process	36
Traffic fines	Expenditure disallowed	25
Total		61

26. Related party transactions

Related Parties	Nature of relationship
Compensation Fund (CF)	Public Entity controlled by the Department of Labour
Unemployment Insurance Fund (UIF)	Public Entity controlled by the Department of Labour
Sheltered Employment Factories	Public Entity controlled by the Department of Labour

Related Parties	Transaction type	2014/15 R'000	2013/14 R'000
Sheltered Employment Factories*	Compensation of Employees	26 925	3 410
	Compensation of Employees (Internal Audit)	329	440
	Total	27 254	3 850

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

DEPARTMENT OF LABOUR: VOTE 18
NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2015

	No. of Individuals	2014/15 R'000	2013/14 R'000
27. Key management personnel			
Political office bearers	2	3 438	2 107
Officials:			
Level 15 to 16	8	10 893	8 954
Level 14	34	36 522	24 118
Acting positions	1	268	42
Total		51 121	35 221

28. Public Private Partnership**Description of the arrangement**

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

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.

Amounts paid for Infrastructure IT Support Service:

Payment type	Total payments R'000	Department of Labour	Unemployment	Compensation
		portion R'000	Insurance Fund portion R'000	Fund portion R'000
2013/14				
Infrastructure IT Support Service*	177 237	65 578	56 716	54 943
2014/15				
Infrastructure IT Support Service*	3 306	1 102	1 102	1 102

*The amounts paid for the 2013/14 and 2014/15 Infrastructure IT Support Service is disclosed in Note 4 of the AFS.

Amounts paid for unitary fee:

Payment type	Total payments R'000	Department of Labour	Unemployment	Compensation
		portion R'000	Insurance Fund portion R'000	Fund portion R'000
2013/14				
Unitary fee**	22 075	8 168	7 064	6 843

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

Software licenses

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

DEPARTMENT OF LABOUR: VOTE 18
NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2015

Payment type	Total payments	Department of Labour portion	Unemployment Insurance Fund portion	Compensation Fund portion
	R'000	R'000	R'000	R'000
2013/14				
Software Licenses	46 452	15 484	15 484	15 484

After the conclusion of the PPP contract an amount of R1 711 023.34 remained in the reinvestment account (EOH account) held by EOH.

Reinvestment fund

The reinvestment fund is a separate bank account for purposes of administering and the separate safekeeping of excess profit, foreign exchange rate savings and service credits. The reinvestment fund may be used during the term of the PPP Agreement to fund:

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

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

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

	2014/15
	R'000
As at 31 March 2015, the balance of the reinvestment fund was:	
Department of Labour	1 061
Compensation Fund	323
Unemployment Insurance Fund	327
Total	1 711

29. Impairment

	Note	2014/15	2013/14
		R'000	R'000
Impairment		388	-
Logis: Assets		-	-
Staff debtors		104	1 498
Other debtors		180	193
Total		672	1 691

30. Provisions

	Note	2014/15	2013/14
		R'000	R'000
Provisions*		89	-
Private enterprises		-	-
Staff debtors		2 996	2 935
Other debtors		501	371
Total		3 586	3 306

*Provisions above relate to debts older than three (3) years and taking into account the age of these debts and other factors in accordance with the Departmental Debt Policy, it is uncertain whether these debts will be written off in the following financial year.

DEPARTMENT OF LABOUR: VOTE 18
NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2015

	Private enterprises	Staff debtors	Other debtors	Total provisions
	R'000	R'000	R'000	R'000
30.1 Reconciliation of movement in provisions – 2014/15				
Opening balance	-	2 935	371	3 306
Provisions raised	89	1 669	185	1 943
Settlement of provision without cost to the department	-	(1 608)	(55)	(1 663)
Closing balance	89	2 996	501	3 586

	Private enterprises	Staff debtors	Other debtors	Total provisions
	R'000	R'000	R'000	R'000
30.2 Reconciliation of movement in provisions – 2013/14				
Opening balance	64	11 349	6 059	17 472
Provisions raised	-	1 191	137	1 328
Settlement of provision without cost to the department	(64)	(9 605)	(5 825)	(15 494)
Closing balance	-	2 935	371	3 306

31. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Opening balance	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	253 045	63 054	(24 323)	291 776
Transport assets	119 229	31 063	(10 120)	140 172
Computer equipment	56 707	25 196	(10 793)	71 110
Furniture and office equipment	50 659	4 297	(2 431)	52 525
Other machinery and equipment	26 450	2 498	(979)	27 969
TOTAL CAPITAL ASSETS	253 045	63 054	(24 323)	291 776

	Number	Value
		R'000
Movable Tangible Capital Assets under investigation		
Machinery and equipment	11	1 188

Investigation regarding Transport Assets and IT equipment to be finalised before it can be written off in the 2015/16 financial year.

31.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Cash	Non-cash	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	34 235	26 892	1 927	63 054
Transport assets	17 681	13 382	-	31 063
Computer equipment	13 751	10 231	1 214	25 196
Furniture and office equipment	1 979	2 091	227	4 297
Other machinery and equipment	824	1 188	486	2 498
TOTAL ADDITIONS	34 235	26 892	1 927	63 054

DEPARTMENT OF LABOUR: VOTE 18
NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2015

31.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Sold for cash R'000	Transfer out or destroyed or scrapped R'000	Total disposals R'000	Cash Received Actual R'000
MACHINERY AND EQUIPMENT	-	(24 323)	(24 323)	(1 108)
Transport assets	-	(10 120)	(10 120)	(1 108)
Computer equipment	-	(10 793)	(10 793)	-
Furniture and office equipment	-	(2 431)	(2 431)	-
Other machinery and equipment	-	(979)	(979)	-
TOTAL DISPOSAL	-	(24 323)	(24 323)	(1 108)

31.3 Movement for 2013/14

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

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	198 130	(4 597)	65 592	(6 080)	253 045
Transport assets	72 686	(7 185)	54 433	(705)	119 229
Computer equipment	47 450	4 687	8 117	(3 547)	56 707
Furniture and office equipment	51 085	(2 479)	2 775	(722)	50 659
Other machinery and equipment	26 909	380	267	(1 106)	26 450
TOTAL MOVABLE	198 130	(4 597)	65 592	(6 080)	253 045

31.3.1 Prior period error

Nature of prior period error

Note 2013/14
31.3 R'000

Relating to 2013/14

Non-Cash: Prior Period Price Corrections	301
Non-Cash: Prior Period Price Corrections	(404)
Reclassified: Prior Period Asset Category Corrections	173
Reclassified: Prior Period Asset Category Corrections	(78)

Total

(8)

31.4 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2015

	Intangible assets R'000	Machinery and equipment R'000	Total R'000
Opening balance	15	105 956	105 971
Additions	1	9 640	9 641
Disposals	-	(7 443)	(7 443)
TOTAL MINOR ASSETS	16	108 153	108 169

DEPARTMENT OF LABOUR: VOTE 18
NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2015

	Intangible assets	Machinery and equipment	Total
Number of R1 minor assets	-	6 715	6 715
Number of minor assets at cost	5	94 894	94 899
TOTAL NUMBER OF MINOR ASSETS	5	101 609	101 614

Movable Tangible Capital Assets under investigation	Number	Value R'000
Machinery and equipment	2	5

Investigation regarding IT equipment to be finalised before it can be written off in the 2015/16 financial year.

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

	Intangible assets R'000	Machinery and equipment R'000	Total R'000
Opening balance	15	101 724	101 739
Prior period error	232	6 110	6 342
Additions	-	3 138	3 138
Disposals	(232)	(5 016)	(5 248)
TOTAL MINOR ASSETS	15	105 956	105 971

	Intangible assets	Machinery and equipment	Total
Number of R1 minor assets	-	6 609	6 609
Number of minor assets at cost	71	94 616	94 687
TOTAL NUMBER OF MINOR ASSETS	71	101 225	101 296

31.4.1 Prior period error	Note	2013/14
Nature of prior period error	31.4	R'000
Relating to 2013/14		
Non-Cash: Prior Period Price Corrections		105
Non-Cash: Prior Period Price Corrections		(111)
Reclassified: Prior Period Asset Category Corrections		259
Reclassified: Prior Period Asset Category Corrections		(259)
Adjustment to Prior Period Additions		4
Total		(2)

31.5 Movable assets written off

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2015

	Machinery and equipment R'000	Total R'000
Assets written off	2 307	2 307
TOTAL MOVABLE ASSETS WRITTEN OFF	2 307	2 307

DEPARTMENT OF LABOUR: VOTE 18
NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2015

32. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Opening balance	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000
Software	192 388	9 795	(10)	202 173
TOTAL INTANGIBLE CAPITAL ASSETS	192 388	9 795	(10)	202 173

32.1 Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Cash	Non-Cash	Received current year, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000
Software	-	9 795	-	9 795
TOTAL ADDITIONS	-	9 795	-	9 795

32.2 Disposals

DISPOSALS OF INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
Software	-	(10)	(10)	-
TOTAL DISPOSALS	-	(10)	(10)	-

32.3 Movement for 2013/14

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

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
Software	40	357 320	-	(164 972)	192 388
TOTAL INTANGIBLE CAPITAL ASSETS	40	357 320	-	(164 972)	192 388

32.3.1 Prior period error

Nature of prior period error
Relating to 2013/14

Note
32.3
2013/14
R'000

Reclassified: Prior Period Asset Category Corrections

(88)

Total

(88)

DEPARTMENT OF LABOUR: VOTE 18
NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2015

33. Immovable Tangible Capital Assets**MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015**

	Opening balance	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	215	1 989	(1 967)	237
Non-residential buildings	107	1 867	(1 884)	90
Other fixed structures	108	122	(83)	147
TOTAL CAPITAL ASSETS	215	1 989	(1 967)	237

33.1 Additions**ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015**

	Cash	Non-cash	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000
BUILDING AND OTHER FIXED STRUCTURES	1 867	122	-	1 989
Non-residential buildings	1 867	-	-	1 867
Other fixed structures	-	122	-	122
TOTAL ADDITIONS	1 867	122	-	1 989

33.2 Disposals**DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2015**

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	-	(1 967)	(1 967)	-
Non-residential buildings	-	(1 884)	(1 884)	-
Other fixed structures	-	(83)	(83)	-
TOTAL DISPOSALS	-	(1 967)	(1 967)	-

33.3 Movement for 2013/14**MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2014**

	Opening balance	Prior period error	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	100	106	1 549	(1 540)	215
Non-residential buildings	100	(2)	1 549	(1 540)	107
Other fixed structures	-	108	-	-	108
TOTAL CAPITAL ASSETS	100	106	1 549	(1 540)	215

DEPARTMENT OF LABOUR: VOTE 18
NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2015

33.3.1 Prior period error	Note	2013/14
Nature of prior period error	33.3	R'000
Relating to 2013/14		
Reclassified: Prior Period Asset Category Corrections		(7)
Total		<u>(7)</u>
34. Agent-principal arrangements		
	2014/15	2013/14
	R'000	R'000
34.1 Department acting as the principal		
Government Communication and Information Systems (GCIS)	16 531	5 904
Compensation Fund (CF)	23 752	15 640
Commission for Conciliation Mediation and Arbitration (CCMA)	687 096	594 418
National Economic Development and Labour Council (NEDLAC)	27 447	25 828
Productivity South Africa (PSA)	43 119	40 285
DITSELA Workers Education Institute	17 318	16 504
National Council for the Physically Disabled	136	186
National Council for the Blind	155	14
Workshops for the Blind	7 792	6 911
Work Centres for the Disabled	91 132	104 087
Total	<u>914 478</u>	<u>809 777</u>

Government Communication and Information Systems (GCIS):

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

Compensation Fund (CF):

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

Commission for Conciliation Mediation and Arbitration (CCMA)

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

National Economic Development and Labour Council (NEDLAC):

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

Productivity South Africa (PSA):

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

National Council for the Physically Disabled:

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

National Council for the Blind:

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

Workshops for the Blind:

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

Work Centres for the Disabled:

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

DEPARTMENT OF LABOUR: VOTE 18
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2015

5.2.9 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

ANNEXURE 1A STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION			TRANSFER			EXPENDITURE			2013/14 Division of Revenue Act R'000	
	Division of Revenue Act 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 %	Amount received by municipality R'000	Amount spent by municipality R'000		% of available funds spent by municipality %
Municipal Vehicle Licences	2	-	471	473	473	-	-	-	-	100%	446
	2	-	471	473	473	-	-	-	-	-	446

ANNEXURE 1B STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER			2013/14 Appropriation Act R'000
	Adjusted Appropriation R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %		
Licences (Radio and TV)	-	-	20	20	20	100%	11	
Compensation Fund (CF)	32 278	-	-	32 278	23 752	74%	15 640	
Unemployment Insurance Fund (UIF)	1	-	-	1	-	-	-	
Claims against the State	-	-	103	103	103	100%	-	
Commission for Conciliation, Mediation and Arbitration (CCMA)	687 096	-	-	687 096	687 096	100%	594 418	
Productivity SA	43 119	-	-	43 119	43 119	100%	40 285	
National Economic Development and Labour Council (NEDLAC)	27 447	-	-	27 447	27 447	100%	25 828	
Public Sector Seta	-	-	4 276	4 276	4 276	100%	-	
Total	789 941	-	4 399	794 340	785 813		676 182	

DEPARTMENT OF LABOUR: VOTE 18
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2015

ANNEXURE 1C
STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

FOREIGN GOVERNMENT/ INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE			2013/14
	Adjusted Appropriation Act	Roll overs	Adjustments	Total Available	Actual Transfer	Available Transferred	% of	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers								
International Labour Organisation (ILO)	16 596	-	-	16 596	16 155		97%	15 110
African Regional Labour Administration Centre (ARLAC)	845	-	-	845	864		102%	804
Total	17 441	-	-	17 441	17 019			15 914

ANNEXURE 1D
STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

NON-PROFIT INSTITUTIONS	TRANSFER ALLOCATION				EXPENDITURE			2013/14
	Adjusted Appropriation Act	Roll overs	Adjustments	Total Available	Actual Transfer	Available transferred	% of	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers								
SA National Council for the Blind	337	-	-	337	155		46%	14
Deaf Federation of South Africa	238	-	-	238	-		-	-
National Council for the Physical Disabled	275	-	-	275	136		49%	186
Workcentres for the Disabled	91 132	-	-	91 132	91 132		100%	104 087
Workshops for the Blind	10 152	-	-	10 152	7 793		77%	6 911
Strengthen Civil Society	17 318	-	-	17 318	17 318		100%	16 504
Donations and gifts NPI	-	-	50	50	50		100%	-
Total	119 452	-	50	119 502	116 584			127 702

DEPARTMENT OF LABOUR: VOTE 18
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2015

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

HOUSEHOLDS	TRANSFER ALLOCATION					EXPENDITURE			2013/14	
	Adjusted Appropriation Act	Roll Overs	Adjust-ments	Total Available	Actual Transfer	Available funds Transferred	% of	Appropriation Act		
	R'000	R'000	R'000	R'000	R'000		%	R'000	R'000	
Transfers										
Leave gratuity	751	-	3 944	4 695	4 693		100%		3 048	
Exgratia payments	-	-	31	31	31		100%		87	
Total	751	-	3 975	4 726	4 724				3 135	

**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	2014/15		2013/14	
	R'000		R'000	
Made in kind				
Office Furniture and Equipment:				
Allemandsdrift Aet Centre		68		-
Nantes Primary School		53		-
Leading Note Music and Art Foundation		33		-
RMI Church		48		-
Total		202		-

DEPARTMENT OF LABOUR: VOTE 18
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2015

ANNEXURE 2A
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2015 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2014	Adjustment to opening balance	Guarantees draw downs during the year	Guarantees repaid/cancelled/reduced/released during the year	Closing balance 31 March 2015	Guaranteed interest for year ended 31 March 2015	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Housing									
Standard Bank of SA Limited	Housing Loan Guarantee	762	762	(12)	-	(130)	620	-	-
Nedbank Limited (former Cape of Good Hope)	Housing Loan Guarantee	16	16	-	-	-	16	-	-
Nedbank Limited	Housing Loan Guarantee	548	548	(57)	-	(190)	301	-	-
Firststrand Bank Limited: FNB	Housing Loan Guarantee	728	728	-	-	(136)	592	-	-
ABSA	Housing Loan Guarantee	560	560	(40)	-	(188)	332	-	-
Company Unique Finance (PTY)	Housing Loan Guarantee	30	30	-	-	-	30	-	-
Old Mutual Finance Limited	Housing Loan Guarantee	34	34	(17)	-	-	17	-	-
Peoples Bank (former FBC Fidelity Bank)	Housing Loan Guarantee	225	225	(17)	-	-	208	-	-
Nedbank LTD Incorp. (former Peoples Bank NBS)	Housing Loan Guarantee	437	437	(18)	-	(63)	356	-	-
Firststrand Bank Limited: FNB (former Saambou)	Housing Loan Guarantee	429	429	-	-	(21)	408	-	-
Old Mutual Bank Division of Nedbank (former PERM)	Housing Loan Guarantee	277	277	(12)	-	(7)	258	-	-
Future Bank Corporation Limited	Housing Loan Guarantee	14	14	-	-	-	14	-	-
Free State Development Corporation	Housing Loan Guarantee	78	78	-	-	-	78	-	-
VBS Mutual Bank	Housing Loan Guarantee	7	7	-	-	-	7	-	-
BOE Bank Limited	Housing Loan Guarantee	19	19	-	-	(19)	-	-	-
Green Start Home Loans (PTY) LTD	Housing Loan Guarantee	33	33	-	-	-	33	-	-
TOTAL		4 197	4 197	(173)	-	(754)	3 270	-	-

DEPARTMENT OF LABOUR: VOTE 18
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2015

**ANNEXURE 2B
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2015**

Nature of Liability	Opening Balance 1 April 2014	Liabilities incurred during the year	Liabilities paid/cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31 March 2015
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Claims: Supplier-related	312	-	-	-	312
Claims: Employee-related	339	-	-	-	339
Civil Claims	1 854	21	-	-	1 875
TOTAL	2 505	21	-	-	2 526

DEPARTMENT OF LABOUR: VOTE 18
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2015

**ANNEXURE 3
CLAIMS RECOVERABLE**

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2014/15	
	31/03/2015	31/03/2014	31/03/2015	31/03/2014	31/03/2015	31/03/2014	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	R'000
Department								
Agriculture	-	10	-	-	-	10		-
Higher Education & Training	32	-	12 144	12 177	12 176	12 177		-
Provincial: Health GT	41	72	-	-	41	72		-
Provincial: Health MP	-	17	-	-	-	17		-
Provincial: Health EC	23	23	-	-	23	23		-
Provincial: Health KZN	17	13	-	-	17	13		-
Provincial: Health NW	27	15	-	-	27	15		-
Provincial: Health LP	4	4	-	-	4	4		-
Public Works	41	41	-	-	41	41		-
Provincial: Public Works LP	14	14	-	-	14	14		-
Provincial: Public Works KZN	-	10	-	-	-	10		-
Gauteng Shared Services	27	27	-	-	27	27		-
Provincial: Social Development EC	12	12	-	-	12	12		-
Provincial: Social Development GT	7	7	-	-	7	7		-
Provincial: Social Development NW	-	63	-	-	-	63	'2015/04/01	16
Rural Development and Land Reform	-	10	-	-	-	10		-
Provincial: Rural Development and Land Reform WC	14	-	-	-	14	-		-
Provincial: Transport KZN	19	-	-	-	19	-		-
Provincial: Water Affairs EC	9	9	-	-	9	9		-
Provincial: Art and Culture KZN	13	13	-	-	13	13		-

DEPARTMENT OF LABOUR: VOTE 18
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2015

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2014/15	
	31/03/2015	31/03/2014	31/03/2015	31/03/2014	31/03/2015	31/03/2014	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	R'000
KZN Agriculture, Environment Affairs and Rural Development	4	4	-	-	4	4	-	-
Provincial: Co-operative Governance & Traditional Affairs KZN	17	17	-	-	17	17	-	-
Provincial: Co-operative Governance and Traditional Affairs GT	10	-	-	-	10	-	-	-
Government Pension Administration Agency (GPAA)	19	19	-	-	19	19	-	-
Correctional Services GT	9	9	-	-	9	9	-	-
Provincial: Treasury FS	13	12	-	-	13	12	-	-
Provincial: Health and Social Development LP	38	38	-	-	38	38	-	-
Provincial: Roads and Public Transport EC	8	8	-	-	8	8	-	-
Provincial: Roads and Public Transport LP	-	24	-	-	-	24	-	-
Provincial: Roads and Public Transport GT	-	41	-	-	-	41	-	-
Provincial: Statistics South Africa WC	25	-	-	-	25	-	-	-
Provincial: Home Affairs NW	12	-	-	-	12	-	-	-
Provincial: Human Settlement GT	8	-	-	-	8	-	-	-
Provincial: Education KZN	-	9	-	-	-	9	-	-
Provincial: Education WC	-	53	-	-	-	53	-	-
Provincial: Education MP	6	6	-	-	6	6	-	-
Provincial: Education GT	28	28	-	-	28	28	-	-
Provincial: Education EC	34	34	-	-	34	34	-	-
International Relations & Co-operation (Dirco)	21	-	-	-	21	-	-	-

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2014/15	
	31/03/2015	31/03/2014	31/03/2015	31/03/2014	31/03/2015	31/03/2014	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	R'000
Other Government Entities								
Compensation Fund (CF)	60 992	66 762	-	-	60 992	66 762		-
National Skills Fund (NSF)	964	964	-	-	964	964		-
Unemployment Insurance Fund (UIF)	25 251	110 482	-	-	25 251	110 482		-
South African Social Security Agency (SASSA) GT	35	35	-	-	35	35		-
South African Social Security Agency (SASSA) KZN	9	9	-	-	9	9		-
South African Social Security Agency (SASSA) NW	-	20	-	-	-	20		-
Total	87 803	178 934	12 144	12 177	99 947	191 111		16

DEPARTMENT OF LABOUR: VOTE 18
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2015

**ANNEXURE 4
INTER-GOVERNMENT PAYABLES**

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL		Cash in transit at year end 2014/15	
	31/03/2015	31/03/2014	31/03/2015	31/03/2014	31/03/2015	31/03/2014	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
DEPARTMENTS								
Current								
Justice and Constitutional Development	-	12	-	-	-	12		-
Social Development	-	-	-	2	-	2		-
Water Affairs	-	3	-	-	-	3		-
Environmental Affairs	-	73	-	-	-	73		-
Finance	-	-	-	42	-	42		-
Government Communication and Info Services	-	-	615	-	615	-		-
South African Police Services	42	-	-	-	42	-		-
Free State Province	46	-	-	-	46	-		-
Roads and Public Work	17	-	-	-	17	-		-
Home Affairs	152	-	-	-	152	-		-
Current								
Public Works	4 618	-	58 577	-	63 195	-		-
Non-Current								
Public Works	1 140	-	-	-	1 140	-		-
OTHER GOVERNMENT ENTITY								
Current								
Compensation Fund	-	3 799	-	-	-	3 799		-
Government Printing Works	159	-	729	-	888	-		-
Total	6 174	3 887	59 921	44	66 095	3 931		-

DEPARTMENT OF LABOUR: VOTE 18
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2015

ANNEXURE 5
INVENTORIES

INVENTORY	Note	Quantity	2014/15	Quantity	2013/14
			R'000		R'000
Opening balance		460 497	9 796	363 025	8 887
Add/(Less): Adjustments to prior year balance		(279 571)	(3 805)	-	70
Add: Additions/Purchases - Cash		373 635	28 780	468 936	25 907
Add: Additions - Non-cash		-	-	468	-
(Less): Disposals		(11 484)	(1 129)	(5 109)	(88 132)
(Less): Issues		(368 787)	(28 522)	(474 887)	(24 232)
Add/(Less): Adjustments		8 055	98	108 064	87 296
Closing balance		182 345	5 218	460 497	9 796

ANNEXURE 6A
MOVEMENT IN CAPITAL WORK IN PROGRESS

MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2015

	Opening balance	Current Year Capital WIP	Completed Assets	Closing balance
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	13 065	481	(1 387)	12 159
Non-residential buildings	13 065	481	(1 387)	12 159
TOTAL	13 065	481	(1 387)	12 159

MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2014

	Opening balance	Current Year Capital WIP	Completed Assets	Closing balance
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	14 598	-	(1 533)	13 065
Non-residential buildings	14 598	-	(1 533)	13 065
TOTAL	14 598	-	(1 533)	13 065

PART F: SHELTERED EMPLOYMENT FACTORIES

6.1 Report of the Accounting Officer	186
6.2 Annual Performance Monitoring Report	187
6.3 Progress report regarding the prior year audit report	189
6.4 Report of the Auditor-General	193
6.5 Annual Financial Statements	197
6.5.1 Statement of Financial Performance	197
6.5.2 Statement of Financial Position	198
6.5.3 Statement of Changes in Net Assets	199
6.5.4 Statement of Cash Flows	200
6.5.5 Accounting policies	201
6.5.6 Notes to the Annual Financial Statements	209

6. SHELTERED EMPLOYMENT FACTORIES

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

6.1.1 GENERAL REVIEW OF THE STATE OF AFFAIRS

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

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

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

6.1.2 SERVICES RENDERED BY SEF

The SEF is engaged in the manufacturing and selling of furniture, metal products and textiles. Other services comprise of bookbinding and related services.

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

6.1.3 CAPACITY CONSTRAINTS

The structure of the SEF has been approved and the process of filling positions was commenced with.

6.1.4 CORPORATE GOVERNANCE ARRANGEMENTS

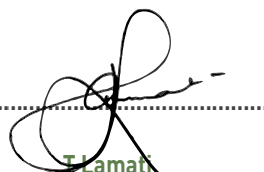
Department of Labour has oversight relating to the corporate governance of the SEF.

6.1.5 EVENTS AFTER THE REPORTING DATE

Management is not aware of any event after the financial year-end.

6.1.6 APPROVAL

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



T. Lamati
Director-General of Labour
31 July 2015

6.2 ANNUAL PERFORMANCE MONITORING REPORT

Key Outputs	Performance Indicators	Actual Achievement	Annual Target	Actual Performance	Deviation from Planned target to actual achievement 2014/2015	Reasons for Variance
	For 2014/15	2013/2014	For 2014/15			
An efficient, effective and development orientated public service (Outcome 12)						
1. Manage factories to be viable and sustainable enterprise	Strategic risks monitored in line with the Risk Appetite Model/ Framework.	Achieved Risk Management Charter approved; Quarterly strategic risks monitoring reports prepared and presented at the NRMC	Quarterly strategic risks monitoring reports prepared and discussed at the Management Committee (MANCO)	Achieved Quarterly risks were monitored and reports were prepared and discussed at the Management Committee	N/A	None
2. Accessible Sheltered Employment Factories for all South Africans	Expansion consultations conducted for the expansion of the SEF into Limpopo and Mpumalanga	Partially Achieved Consultation Plan and Implementation plan developed but not yet implemented with all relevant stakeholders	Implementation of consultation plan with all relevant stakeholders	Not Achieved Consultation Plan was not implemented with all relevant stakeholders	100% deviation from planned target to actual achievement as the Consultation Plan was not implemented with all relevant stakeholders	Some consultations were not executed due to unavailability of some key stakeholders in the Limpopo and Mpumalanga province
3. Increase sales/ revenue from goods and services in the SEF	Increased sales to R65 million per annum	Achieved Sales as at 31 March 2014 is R92 859 144	Increased sales to R65 million per annum	Not Achieved Sales Revenue is R74 616 397 at the end of the 2014/15 financial year	27% deviation from planned target to actual achievement as only R47million sales revenue was achieved from the targeted R65million	Delays in processing contracts with new customers such as Coega Development Corporation and the Western Cape Department of Health
4. Increase awareness of the SEF to the market	SEF Marketing and re-branding strategy developed, approved and implemented in line with Business Case and the Employment Services Bill	Achieved Marketing Strategy and Implementation Plan developed and approved. Implemented the Marketing Strategy in line with the implementation plan	Develop marketing strategy and get approval	Achieved Marketing Strategy developed, approved and implemented	N/A	None
5. Improve production performance and efficiency in the factories	Production Standards developed and implemented in Sheltered Employment Factories	N/A	Develop production standards across all factories and get approval	Not Achieved Productions Standards not developed and not implemented across all factories	100% deviation from planned target to actual achievement as production standards were not developed and implemented	Inadequate capacity in the production unit to develop production norms and standards

Key Outputs	Performance Indicators	Actual Achievement	Annual Target	Actual Performance	Deviation from Planned target to actual achievement 2014/2015	Reasons for Variance	
	For 2014/15	2013/2014	For 2014/15				
Decent employment through inclusive economic growth (outcome 4)							
6.	Develop a finance management turnaround strategy	Financial security and sustainability achieved in line with the Financial Management Strategy	Not Achieved Financial Management Strategy not finalised and still in draft	Financial Management Strategy 80% implemented and measured against KPI's on a quarterly basis	Not Achieved Financial Management Strategy not finalised and approved	100% deviation from planned target to actual achievement as Financial Management Strategy not finalised and approved	Inadequate capacity within the finance unit to complete the finance management strategy due to the resignation of the Chief Financial Officer
7.	Enforced Supply Chain Management procedures to comply with PFMA	Procurements done in line with the Supply Chain Management Policy	Achieved Suppliers database established. Contracts with suppliers for raw materials (wood, textile and steel) Develop and implement reporting framework to measure SCM implementation	Review contracts with suppliers of raw material. Invite more suppliers to bid for long term contracts. Performance on implementation of SCM policy assessed in line with reporting framework	Not Achieved Contracts with suppliers of raw material not reviewed. Invitations for more suppliers for long term contracts not yet issued. Performance on the implementation of SCM policy has been assessed in line with reporting framework	100% deviation from planned target to actual achievement as none of the targets were achieved	Contracts have not yet been reviewed due to re-structuring of procurement in the new SCM unit Manager's plan. All procurement is now done on a three quotation basis until new contracts are signed. Invitations for bids by additional suppliers have been delayed due to incorrect specifications
8.	Contribute to decent employment creation	Increased sustainable work opportunities created for persons with disabilities, increase SEF capacity to 998 persons with disabilities employed in the SEF by end March 2015	N/A	96 additional Employment opportunities created for people with disabilities	Not Achieved 40 additional temporary employment opportunities were created for persons with disabilities through the DBE project by using locals nearer the schools to assemble desks	Inadequate production activity due to low sales volumes. Additional orders were only received towards the end of the year which would be produced in 2015/16	Expedite the employment of more employees with disabilities based on the opening balance of orders on the backlog and future expected orders
9.	Effectively manage Employment Equity in line with the EE Plan of the SEF	SEF Employment Equity Plan implemented	Partially Achieved Youth 12% Women 30%	13% of Youth employed in the SEF as at end of March 2015 33% of Women in the SEF by end of March 2015	Not Achieved Youth =14.5% Women = 30%	9% deviation from planned target as the percentage of women employed in the SEF by the 31st March 2015 was 30% instead of the planned 33%	Lack of adequate production activity to enable the recruitment of additional factory workers

6.3 PROGRESS REPORT REGARDING THE PRIOR YEAR AUDIT REPORT

AUDIT REPORT AND IMPORTANT MATTERS IN THE MANAGEMENT REPORT FOR THE 2013/14 FINANCIAL YEAR:

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance		Financial year in which it first arose	Progress made in clearing / resolving the matter*
Qualification		Unqualified opinion	Unqualified opinion
Disclaimer		None	None
Adverse opinion		None	None
Emphasis of matters			
1	Contingent assets As disclosed in note 25, the entity has disclosed a contingent asset. The contingent assets is as a result of the entity lodging a dispute with the South African Revenue Services for the 2013/2014 financial year, relating to overpayments of VAT for the period amounting to R 2 905 901.		Resolved – action plan developed to address the contingent assets finding.
2	Financial sustainability As per the Statement of Comprehensive income, 44% of SEF revenue is generated from single contract that terminates in the 2014/15 year. There are currently no further orders or contracts in place that would replace the revenue and productivity generated from the aforementioned contract, casting doubt on the entities sustained financial stability.		Resolved – action plan developed to address the financial sustainability finding.
3	Material Losses As disclosed in note 6 to the financial statements, material losses to the amount of R5 459 000 were incurred as a result of a write-off of irrecoverable trade debtors.	2012/13	Action plan developed to address the material losses finding.
4	Restatement of corresponding figures As disclosed in note 19 to the financial statements, the corresponding figures relating to the financial period ending 31 March 2013, was restated as a result of an error discovered during the financial period ending 31 March 2014 in the financial statements of Sheltered Employment factories at, and for the year ended 31 March 2013.	2012/13	Resolved
5	Report on other legal and regulatory requirements In accordance with the PAA and the general notice issued in terms thereof, Auditor General report the following findings on the reported performance information against predetermined objectives for the selected objectives presented in the annual performance report, compliance with legislation as well as internal control. The objective of the Auditor General tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, Auditor General do not express an opinion or conclusion on these matters.		
6	Predetermined objectives Auditor General performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the trading entity for the year ended 31 March 2014:		
7	Auditor General evaluated the reported performance information against the overall criteria of usefulness and reliability.		
8	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 objectives. 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 (FMPPi).		
9	Auditor General assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.		

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance		Financial year in which it first arose	Progress made in clearing / resolving the matter*
Qualification		Unqualified opinion	Unqualified opinion
Disclaimer		None	None
Adverse opinion		None	None
Emphasis of matters			
10	The material findings selected programmes/objectives are as follows:		
10.1	<p>Usefulness of reported performance information</p> <p>Consistency Treasury Regulation 5.2.4) requires that the annual performance plan should form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 27% of the reported indicators were not consistent with the indicators as per the approved annual performance plan. This was due to the insufficient review by management of the planned indicators, and the Annual Monitoring Report by the trading entity.</p>	2012/13	Management reviewed consistency of objectives, indicators and targets between planning, reporting and monitoring.
10.2	<p>Reported indicators not measurable The FMPPI requires the following</p> <ul style="list-style-type: none"> • Performance targets must be measurable, meaning that it must be possible to validate the processes and systems that produced the indicator/measure. The Auditor-General could not measure the required performance for 27% of the targets. This was due to non-adherence by management to FMPPI and did not receive the necessary training to enable application of the principles. • Performance indicators must be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use. A total of 27% of the indicators were not well defined. <p>This was because management was not adequately trained in the requirements of the FMPPI.</p>	2012/13	Management commenced with familiarisation of FMPPI requirements and the application of the principles.
11	Additional matter		
11.1	<p>Achievement of planned targets Refer to the annual performance report on page(s) 95 to 96 for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information reported in paragraph(s) 2.4 of this report.</p>	2012/13	<p>The CEO tasked with ensuring oversight regarding predetermined objectives.</p> <p>Management noted and considered the achievement of planned targets in relation to the material findings set out above [paragraph. 10.] i.e. "Usefulness of reported performance information on Consistency", and "Reported indicators not measurable - FMPPI requirements".</p>
11.2	<p>Compliance with legislation Auditor General performed procedures to obtain evidence that the trading entity had complied with applicable legislation regarding financial matters, financial management and other related matters. Auditor General findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:</p>		

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter*
Qualification	Unqualified opinion	Unqualified opinion
Disclaimer	None	None
Adverse opinion	None	None
Emphasis of matters		
<p>Asset management and liability management The chief executive officer (CEO) did not comply with the requirements of the PFMA as prescribed by section 38(1) (a) to have and maintain effective, efficient and transparent systems of financial and risk management and internal control, over the debt management. This was due to a lack of approved and implemented policies and procedures to govern the processes.</p>	2012/13	The CEO tasked with ensuring oversight regarding asset and liability management, and in process of resolving.
<p>Expenditure management The CEO did not take effective and appropriate steps to prevent irregular as well as fruitless and wasteful expenditure as required by section 38(c) of the PFMA, and TR 9.1.1</p>	2012/13	The CEO tasked with ensuring oversight regarding expenditure management and commenced with means and procedures in support of expenditure management.
<p>Financial statements, performance and annual report The financial statements submitted for auditing were not prepared in all material respects in terms of section 40(1) of the PFMA. . Material misstatements relating to revenue, the cash flow statement, and value added tax, identified by the auditors in the submitted financial statements were subsequently corrected resulting in the financial statements receiving an unqualified audit opinion.</p>	2012/13	Resolved.
<p>Procurement and contract management A portion of goods and services with a transaction value of between R2000 and R30 000 were procured without obtaining written price quotations from at least three different prospective providers as per the requirements of Treasury Regulation (TR) 16A6.1.and the requirement of Practice Note 8 of 2007-08 issued in terms of section 76(4)(c) of the PFMA</p>	2012/13	The CEO tasked with ensuring oversight regarding procurement and contract management and in process of resolving through corrective governance practises.
<p>Revenue management The CEO did not establish systems, procedures, processes to ensure efficient and effective cash management, including, collecting revenue when it is due, pursuing debtors with appropriate sensitivity and rigour to ensure that amounts receivable are collected, and accurately forecasting the institution's cash flow requirements, as required by TR 15.10.1.1, and TR 15.10.1.2</p>	2012/13	The CEO tasked with ensuring oversight regarding revenue management, and commenced with establishment of systems, procedures, processes to ensure efficient and effective cash management, in compliance with TR 15.10.1.1, and TR 15.10.1.2.
<p>Strategic Planning and Performance Management The CEO did not ensure that there were expected outcomes, programme outputs, indicators (measures) and targets that were linked to a financial budget, as per the requirements of Treasury Regulation 5.2.3(d).</p>	2012/13	The CEO tasked with ensuring oversight regarding predetermined objectives and linking of the budget thereto, and commenced with compliance of requirements - Treasury Regulation 5.2.3(d).

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter*
Qualification	Unqualified opinion	Unqualified opinion
Disclaimer	None	None
Adverse opinion	None	None
Emphasis of matters		
<p>Internal control The Auditor General is considered with regards to internal control relevant to the audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for, the findings on the annual performance report and the findings on non-compliance with legislation included in this report.</p>		
<p>Leadership The CEO was ineffective in monitoring controls to ensure adherence to laws and regulations relating to procurement, project management, revenue management, and expenditure management,</p>	2012/13	The Department takes note of the Auditor-General's recommendation.
<p>The CEO was ineffective in ensuring adequate review of financial statements prior to submission as corresponding figures weren't appropriately disclosed in the current year financial statement submitted for audit.</p>	2012/13	The Department takes note of the Auditor-General's recommendation.
<p>Financial and performance management The CEO did not prepare regular, accurate and complete financial statements that are supported by reliable evidence and aligned to the financial reporting framework and this resulted in material misstatements that were subsequently corrected in the annual financial statements.</p>	2012/13	Resolved
<p>Governance The CEO did develop a plan to address prior year internal and external audit findings, however adherence to the plan was not adequately monitored resulting in a number of deficiencies reported in the prior year not being addressed.</p>	2013/14	Ensure monthly monitoring of the SEF Audit Action Plan.
<p>The entity did develop a fraud prevention plan, however the fraud prevention plan was not implemented, and consequently, a number of control deficiencies identified previously remain unaddressed</p>	2013/14	Fraud prevention plan implemented during the 2014/15 financial year.

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

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Sheltered Employment Factories set out on pages 197 to 219, which comprise the statement of financial position as at 31 March 2015, the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African 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) 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.

Auditor-General's Responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

BASIS FOR QUALIFIED OPINION

Cost of sales and operating expenses

6. The entity did not absorb direct labour costs which are directly linked to production using the appropriate labour overhead recovery rate in accordance with GRAP 12, Inventories. Therefore, the entity incorrectly absorbed the cost of labour in operating expenses instead of cost of sales. Consequently, cost of sales is understated by R 40 539 million and operating expenses overstated by R 40 539 million.

Related party transactions

7. The trading entity did not disclose the remuneration of key management personnel, in accordance with GRAP 20 Related-party disclosures. The remuneration of key management personnel should be disclosed in total and for each of the following categories: short-term employee benefits, post-employment benefits, other long-term benefits and termination benefits.

Cash flow statement

8. I was unable to obtain sufficient appropriate audit evidence for amounts presented in the cash flow statement, as I was not provided with audit evidence to substantiate calculations for the amount presented. I was unable to confirm cash flow amounts by alternative means. Consequently, I was unable to determine whether any adjustment was required to the cash flow statement.

Aggregation of immaterial uncorrected misstatements

9. The financial statements as a whole are materially misstated due to the cumulative effect of numerous individually immaterial uncorrected misstatements amongst others, the following items included in the statement of financial position, the statement of financial performance and the notes to the financial statements:
- » Trade and other payables are understated by R 1,198 million
 - » Cash and cash equivalents are understated by R 97 649
 - » Non-current finance lease liability is overstated by R 15 276 and current portion of finance lease liability is overstated by R 99 043
 - » Operating expenses are understated by R 1,141 million
 - » Finance costs are understated by R 114 487.

Qualified opinion

10. In my opinion, except for the effects of the matters described in the basis for qualified opinion paragraphs the financial statements present fairly, in all material respects, the financial position of the Sheltered Employment Factories as at 31 March 2015 and its financial performance and cash flows for the year then ended, in accordance with the SA Standards of GRAP and the requirements of the PFMA.

Emphasis of matters

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

Restatement of corresponding figures

12. As disclosed in note 19 to the financial statements, the corresponding figures for 31 March 2014 have been restated as a result of an error discovered during the year ended 31 March 2015 in the financial statements of the Sheltered Employment Factories at, and for the year ended, 31 March 2014.

Report on other legal and regulatory requirements

13. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and the general notice issued in terms thereof. I have a responsibility to report findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, non-compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

14. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the trading entity for the year ended 31 March 2015
- » Objective 1: An efficient, effective and development oriented public service and empowered, fair inclusive citizenship on page 187
 - » Objective 2: Decent employment through inclusive growth on page 188
15. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
16. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for managing programme performance information (FMPPPI).
17. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
18. The material findings in respect of the selected objectives are as follows:

OBJECTIVE 2: DECENT EMPLOYMENT THROUGH INCLUSIVE GROWTH**USEFULNESS OF REPORTED PERFORMANCE INFORMATION*****Measurability of indicators and targets***

19. Performance targets should be measurable as required by the FMPPI. I could not measure the required performance for 25% of the targets. This was due to non-adherence by management to the FMPPI and the fact that management had not received the necessary training to enable application of the principles.
20. Performance indicators should be well defined by having clear definitions so that data can be collected consistently and is easy to understand and use, as required by the FMPPI. A total of 25% of the indicators were not well defined. This was because management was not adequately trained in the requirements of the FMPPI.

Additional matters

21. I draw attention to the following matters:

Achievement of planned targets

22. Refer to the annual performance report on pages 187 to 188 for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness of the reported performance information for the selected objectives reported in paragraphs 19 to 20 of this report.

Adjustment of material misstatements

23. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information of objective 2: Decent employment through inclusive growth. As management subsequently corrected the misstatements, I did not raise any material findings on the reliability of the reported performance information.

Compliance with legislation

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

Procurement and contract management

25. Goods and services with a transaction value below R 500 000 were procured without obtaining the required price quotations, as required by Treasury Regulation 16A6.1.

Expenditure management

26. The accounting officer did not take effective steps to prevent irregular expenditure, as required by section 38(1)(c)(ii) of the Public Finance Management Act.

Annual financial statements, performance and annual report

27. 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 Public Finance Management Act. 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.

Revenue management

28. The CEO did not establish systems, procedures and 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

Internal control

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

Leadership

- 30. A lack of oversight by management relating to failure to ensure compliance with laws and regulations based on the non-compliance identified due to the misstatements in the financial statements and annual performance report in the current year and non-adherence to National Treasury supply chain related regulations.
- 31. The CEO does not adequately review the monthly reports or the financial statements and the annual performance report prior to their submission for auditing and thus material misstatements, and non-compliance with laws and regulations were not identified and corrected. Furthermore there are insufficient monitoring controls over financial and performance-related information to ensure the proper implementation of the overall process of planning indicators and targets on predetermined objectives to ensure achievement of planned performance.
- 32. The accounting officer did not ensure that the chief financial officer's post was filled timeously, which resulted in multiple internal control breakdowns during the year.
- 33. The Sheltered Employment Factories developed a plan to address prior year internal and external audit findings, but adherence to the plan was not adequately monitored on a timely basis by the appropriate level of management. As a result a number of deficiencies reported in the prior year recurred in the current year.

Financial and performance management

- 34. Management did not ensure that staff members were adequately trained to apply proper procedures to facilitate sound record management.
- 35. Management did not ensure all monthly controls were functioning adequately resulting in misstatements due to incorrect fixed overhead costing of stock and bank reconciliations that were not performed daily.
- 36. Non-compliance with the PFMA, treasury regulations and Standards of GRAP resulted in material misstatements. Furthermore deficiencies were noted regarding the reporting of predetermined objectives and compliance.

Governance

- 37. Risk management processes were inadequate to identify and monitor risks relating to the achievement of financial and performance reporting objectives.

Auditor General

Pretoria
31 July 2015



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

SHELTERED EMPLOYMENT FACTORIES

6.5 ANNUAL FINANCIAL STATEMENTS**6.5.1 STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2015**

	Note	31-Mar-15 R	31-Mar-14 R
Revenue from exchange transactions			
Sale of goods and services	1	48 194 486	92 859 144
Cost of sales		<u>(29 836 358)</u>	<u>(70 093 688)</u>
Gross profit		18 358 128	22 765 456
Other Revenue from exchange transactions			
Interest earned - external investments	2.1	605 683	1 066 033
Interest earned - outstanding receivables	2.2	230 725	333 156
Other Income	2.3	290 215	874 043
Revenue from non-exchange transactions			
Transfers and sponsorships	3	91 132 000	104 087 000
Operating expenses	4	<u>(85 307 529)</u>	<u>(102 658 873)</u>
Operating surplus		25 312 222	26 466 814
Finance costs	5	<u>(526 625)</u>	<u>(400 431)</u>
Surplus for the year		24 785 597	26 066 383
Total Comprehensive Income / (Loss)		<u><u>24 785 597</u></u>	<u><u>26 066 383</u></u>

SHELTERED EMPLOYMENT FACTORIES
STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2015

6.5.2 STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2015

	Note	31-Mar-15 R	31-Mar-14 R
ASSETS			
Non-current assets			
Property plant and equipment	6	7 091 307	9 511 826
Current assets			
Inventories	7	14 561 662	19 008 974
Trade and other receivables	8	30 732 824	23 123 998
Cash and cash equivalents	9	11 409 327	2 452 013
Total Assets		63 795 120	54 096 810
EQUITY AND LIABILITIES			
Equity			
Retained earnings		48 819 878	21 034 281
Total Net Assets		48 819 878	21 034 281
Liabilities			
Non-current liabilities			
Non-current finance lease liability	10	1 533 098	1 601 983
Current liabilities			
Trade and other payables	11	11 935 775	25 781 990
Deferred income	12	1 239 622	1 239 622
Current portion of finance lease liability	10	266 747	1 438 934
Total Liabilities		14 975 242	30 062 529
Total Equity and Liabilities		63 795 120	54 096 810

SHELTERED EMPLOYMENT FACTORIES
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2015

6.5.3 STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2015

	Retained earnings R	Total equity R
Balance at 1 April 2013	(204 820)	(204 820)
Prior period error	(1 827 282)	(1 827 282)
Total comprehensive loss for the year	26 066 383	26 066 383
Restated balance at 31 March 2014	24 034 281	24 034 281
Total comprehensive loss for the year	24 785 597	24 785 597
Balance as at 31 March 2015	48 819 878	48 819 878

SHELTERED EMPLOYMENT FACTORIES
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2015

6.5.4 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2015

	Note	31-Mar-15 R	31-Mar-14 R
Cash flows from operating activities			
Cash receipts from customers		135 549 501	132 558 718
Cash paid to suppliers and employees		(126 624 166)	(163 234 321)
Cash generated from operations	13	8 925 335	(30 675 603)
Interest income		836 408	1 399 189
Finance costs		(309 095)	(400 431)
Net cash flows from operating activities		9 452 648	(29 676 845)
Cash flows from investing activities			
Purchase of property plant and equipment		(493 335)	(650 010)
Proceeds on disposal of property plant and equipment		(2 000)	65 240
Net cash flows from investing activities		(495 335)	(584 770)
Net increase / (decrease) in cash and cash equivalents		8 957 313	(30 261 615)
Cash and cash equivalents at beginning of the year		2 452 013	32 713 628
Cash and cash equivalents at end of the year	9	11 409 326	2 452 013

**SHELTERED EMPLOYMENT FACTORIES
ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2015**

6.5.5 ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2015

1. BASIS OF PRESENTATION

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

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

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

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

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

2. PRESENTATION CURRENCY

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

3. GOING CONCERN ASSUMPTION

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

4. COMPARATIVE INFORMATION

4.1. Current year comparatives (budget)

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

4.2. Prior-year comparatives

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

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

5. STANDARD, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

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

**SHELTERED EMPLOYMENT FACTORIES
ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2015**

5.1. GRAP 20 – Related Parties

6. SIGNIFICANT JUDGEMENTS AND ESTIMATES

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

6.1. Judgments

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

6.2. Estimates

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

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

6.2.1. Provisions

Provisions are recognised in the statement of financial position when:

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

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

6.2.2. Depreciation

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

The estimated useful lives are:

Asset class	Years
Plant and machinery	10 - 15
Office furniture and fittings	12 - 15
Computer equipment	3 - 5
Appliances	5 - 8
Office equipment	8 - 10
Leased assets	3 - 5

6.2.3. Effective interest rate

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



**SHELTERED EMPLOYMENT FACTORIES
ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2015**

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

6.2.4. Allowance for doubtful debts

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

6.2.5. Impairments of assets

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

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

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

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

7. FINANCIAL INSTRUMENTS

7.1. Initial Recognition and measurement

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

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

7.2. Gains and losses on subsequent Measurement

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

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

**SHELTERED EMPLOYMENT FACTORIES
ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2015**

7.3. Offsetting

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

7.4. Cash and cash equivalents

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

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

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

7.5. Trade and other receivables

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

Impairments of trade and other receivables are determined in accordance with the accounting policy for impairments. Impairment adjustments are made through the use of an allowance account.

Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the reporting date are classified as current. Interest is charged on overdue accounts.

7.6. Trade and other payables

Trade payables consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost which is initial carrying amounts, less repayments, plus interest.

8. INVENTORIES

8.1. Initial recognition and measurement

Inventories consist of raw materials, work-in-progress (WIP) and finished goods (FG), are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. The basis of determining cost is the weighted-average method.

Inventories are initially recognised at cost. Cost refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. The cost of manufactured inventory includes the cost of labour, materials and overheads used during the manufacturing process excluding discounts received.

8.2. Subsequent measurement

The carrying amount of inventories is recognised as an expense (where as direct cost are released to cost of sales) in the period in which the related revenue is recognised, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

**SHELTERED EMPLOYMENT FACTORIES
ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2015**

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

A provision is maintained for obsolete or damaged inventory. The level of the provision for obsolete inventory is equivalent to the value of the difference between the cost of the inventory and its net realisable value or current replacement cost at financial year-end.

Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction of inventories recognised as an expense in the period in which the reversal occurs.

Discount received are recognised as a reduction to the cost of raw materials purchased.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

9. PROPERTY, PLANT AND EQUIPMENT

9.1. Initial recognition and measurement

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes and are expected to be used during more than one year.

Items of property, plant and equipment are recognised as assets when it is probable that future economic benefits or service potential associated with the item will flow to the entity and the cost or fair value of the item can be measured reliably.

Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost where acquired through exchange transactions. However, when items of property, plant and equipment are acquired through non-exchange transactions, those items are initially measured at their fair values as at the date of acquisition.

The cost of an item of property, plant and equipment is the purchase price and other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the entity. Trade discounts and rebates are deducted in arriving at the cost at which the asset is recognised.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. These major components are depreciated separately over their useful lives.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

9.2. Subsequent measurement and depreciation

Property, plant and equipment's are subsequently carried at cost less accumulated depreciation and impairments. The cost of an asset is depreciated over the estimated useful life.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciable amount is determined after taking into account an assets' residual value, where applicable.

The assets' residual values, useful lives and depreciation methods are reviewed at each financial year-end and adjusted prospectively, if appropriate.

**SHELTERED EMPLOYMENT FACTORIES
ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2015**

9.3. Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

10. EMPLOYEE BENEFITS

10.1. Short term employee benefits

Short term employee benefits encompasses all those benefits that become payable in the short term, i.e. within a financial year or within 12 months after the financial year. Therefore, short term employee benefits include remuneration, compensated absences and bonuses.

Short term employee benefits are recognised in the Statement of Financial Performance as services are rendered, except for non-accumulating benefits, which are recognised when the specific event occurs. These short term employee benefits are measured at their undiscounted costs in the period the employee renders the related service or the specific event occurs.

10.2. Defined contribution plans

Contributions made towards the fund are recognised as an expense in the Statement of Financial Performance in the period that such contributions become payable. This contribution expense is measured at the undiscounted amount of the contribution paid or payable to the fund. A liability is recognised to the extent that any of the contributions have not yet been paid. Conversely an asset is recognised to the extent that any contributions have been paid in advance.

10.3. Defined benefit plans

Pursuant to the entity's obligation to fund the post-employment benefits provided through a defined benefit plan, the entity recognises a defined benefit obligation or asset with reference to the fund's financial position. To the extent that the future benefits payable under the fund exceeds the value assets held to finance those benefits, the entity recognises as defined benefit obligation. To the extent that the value of plan assets exceeds the future benefits payable by the fund the entity recognises as defined benefit asset. Plan assets are assets that are held by long-term employee benefit funds or qualifying insurance policies. Plan assets are not available to the creditors of the entity nor can they be paid directly to the entity.

Plan assets included in the defined benefit plan asset or liability recognised are measured at their fair values. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of any defined benefit asset recognised is limited to the sum of any past service costs and actuarial gains and losses not yet recognised and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

The plan liabilities are measured at the present value of the future benefits payable. This present value of the plan liabilities is determined through actuarial valuation techniques.

The entity operates one defined benefit pension plans, all of which require contributions to be made to separately administered funds. The cost of providing benefits under the defined benefit plans is determined separately for each plan, using the projected unit credit method.

The past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits have already vested, immediately following the introduction of, or changes to, a pension plan, past service costs are recognised immediately.

**SHELTERED EMPLOYMENT FACTORIES
ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2015**

11. LEASES

11.1. The entity as Lessee

11.1.1. Recognition

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the entity. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the entity uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

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

Operating leases are those leases that do not fall within the scope of the above definition. The aggregate benefit of incentives of operating lease is recognised as a reduction of rental expense on a straight-line basis over the term of the relevant lease.

12. REVENUE

12.1. Revenue from Exchange Transactions

Revenue comprise of sale of manufactured furniture, metal products, textile and canteen items. Whereas services rendered comprise of bookbinding and other services. Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for rebates, VAT and other similar allowances.

Sale of manufactured items: Revenue from the sale of goods is recognised when substantially all the risks and rewards of ownership of the goods have passed to the consumer.

Revenue from rendering bookbinding, textile and other services: Revenue is recognised when the service has been rendered and they become due and payable.

12.1.1. Finance income:

Interest is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the entity

12.2. Revenue from Non-Exchange Transactions

Any Government or International donor grant is initially recognised in the statement of financial position as deferred revenue when there is reasonable assurance that the conditions attached to it will be complied with and that the grant will be received

12.2.1. Subsequent to initial recognition:

Grants for the purpose of giving immediate financial support with no future related costs are recognised in the statement of financial performance in the period in which they become receivable

Grants that compensate the entity for expenses or losses incurred are recognised as revenue in the statement of financial performance on a systematic basis in the same periods in which the expenses or losses are incurred.

**SHELTERED EMPLOYMENT FACTORIES
ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2015**

Grants received that carry any restrictions or conditions as to the use thereof are held in a deferred revenue account until such time as the conditions or stipulations related thereto have been fulfilled or a repayment has been made. Effectively each grant is assessed to determine if any liability exists and if so, the grant is recorded as deferred revenue until such time as there is no longer any liability by the entity that relates to that grant.

The entity receives a grant from the Department of Labour (Controlling Entity) to subsidise operating expenses. No conditional or international grants were received in the current year. All grants received were recognised in the statements of financial performance at the fair value of the amount received upon receipt of the grant.

13. GAINS AND LOSSES ON SUBSEQUENT MEASUREMENT

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

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

14. COMMITMENT, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

SEF does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

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

15. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Public Finance Management Act (PFMA) and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the entity's supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

16. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

17. RECOVERY OF IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

The recovery of irregular, fruitless and wasteful expenditure is based on legislated procedures, and is recognized when the recovery thereof from the responsible officials is probable. The recovery of unauthorised, irregular, fruitless and wasteful expenditure is treated as other income.

18. RELATED PARTIES

The entity operates in an economic environment currently dominated by entities directly or indirectly owned by the South African Government. As a result of the constitutional independence of all three spheres of government in South Africa, only parties within the national sphere of Government are considered to be related parties.

SHELTERED EMPLOYMENT FACTORIES
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

6.5.6 NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 R	2014 R
1. Revenue from exchange transactions			
Revenue from sale of goods		46 370 205	91 146 363
Revenue from services rendered		1 824 280	1 712 781
		<u>48 194 486</u>	<u>92 859 144</u>
2.1 Interest earned - external investments			
Bank		605 683	1 066 033
		<u>605 683</u>	<u>1 066 033</u>
2.2 Interest earned - outstanding receivables			
Interest earned on outstanding debtors		230 725	
		<u>230 725</u>	<u>-</u>
2.3 Other Income from exchange transactions			
Deferred revenue recognised	12	-	269 820
Commission received		32 452	30 541
Discounts received		260 763	-
		<u>293 215</u>	<u>300 361</u>
3. Revenue from non-exchange transactions			
Department of Labour Transfer		91 132 000	104 087 000
		<u>91 132 000</u>	<u>104 087 000</u>
4. Operating expenses			
Advertising		144 007	115 431
Auditor's remuneration	4.1	1 377 943	1 011 548
Bad debts written off		-	4 788 920
Bank Charges		157 831	769 034
Professional fees		1 241 378	672 676
Depreciation on property plant and equipment		3 006 583	3 168 565
Employee costs		52 535 557	78 916 828
Operational expenses		14 425 006	4 378 366
Write down of inventory expense		155 478	241 059
Entertainment		59 648	20 689
Impairment on trade and other receivables		3 994 854	(4 966 467)
Minor assets expensed		-	-
Loss on disposal of assets		44 888	15 088
IT expenses		1 040 544	909 094
Printing and stationary		400 370	455 773
Security		1 495 714	1 206 868
Telephone and fax		1 587 824	1 594 461
Training		107 073	144 608
Transport and freight		3 438 590	7 758 414
Travel local		94 241	1 457 918
		<u>85 307 529</u>	<u>102 658 873</u>

SHELTERED EMPLOYMENT FACTORIES
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 R	2014 R
4.1 Auditors remuneration			
Fees		<u>1 377 943</u>	<u>1 011 548</u>
5. Finance Costs			
Interest charge on finance leases		217 531	319 179
Other interest paid		<u>309 095</u>	<u>81 252</u>
		<u>526 625</u>	<u>400 431</u>
6. Property plant and equipment			
Carrying amounts of:			
Plant and machinery		4 685 332	5 596 248
Furniture and fixtures		535 689	724 207
Office equipment		106 601	149 532
Computer equipment		225 279	252 272
Appliances		33 240	44 444
Leased assets		<u>1 505 166</u>	<u>2 745 123</u>
		<u>7 091 307</u>	<u>9 511 826</u>

Cost / Valuation	Plant and machinery	Furniture and fixtures	Office equipment	Computer equipment	Appliances	Leased assets	TOTAL
	R	R	R	R	R	R	R
Balance at 31 March 2013	16 076 247	1 816 917	388 878	1 510 006	157 477	4 149 457	24 098 982
Additions	354 169	72 153	70 135	148 818	4 735	671 971	1 321 981
Disposals	(17 109)	(1 970)	(7 632)	(37 118)	(2 650)	(70 135)	(136 614)
Balance at 31 March 2014	16 413 307	1 887 100	451 381	1 621 706	159 562	4 751 293	25 284 349
Additions	359 609	15 361	-	111 974	6 391	275 038	768 373
Disposals	(141 207)	(650)	(135)	(13 329)	(100)	(183 251)	(338 672)
Balance at 31 March 2015	16 631 709	1 901 811	451 246	1 720 351	165 853	4 843 080	25 714 050
Accumulated depreciation							
Balance at 31 March 2013	9 566 415	928 082	272 868	1 200 223	98 489	594 169	12 660 246
Eliminated on disposal of assets	(3 780)	(1 106)	(7 540)	(42 098)	(1 762)	-	(56 286)
Depreciation expense	1 254 423	235 918	36 522	211 310	18 391	1 412 001	3 168 565
Balance at 31 March 2014	10 817 058	1 162 894	301 850	1 369 435	115 118	2 006 170	15 772 525
Eliminated on disposal of assets	(102 718)	(461)	(70)	(9 208)	(76)	(159 883)	(272 417)
Depreciation expense	1 232 036	203 689	42 866	134 846	17 572	1 491 628	3 122 637
Balance at 31 March 2015	11 946 376	1 366 122	344 646	1 495 072	132 614	3 337 914	18 622 745

	2015 R	2014 R
7. Inventories		
Raw materials and components	10 435 476	8 766 129
Work in progress	425 027	3 352 905
Finished goods	<u>4 229 799</u>	<u>7 301 552</u>
	<u>15 090 302</u>	<u>19 420 586</u>
Inventory write downs to net realizable value	<u>(528 640)</u>	<u>(411 612)</u>
	<u>14 561 662</u>	<u>19 008 974</u>
Value of inventory carried at fair value less costs to sell	<u>-</u>	<u>-</u>

SHELTERED EMPLOYMENT FACTORIES
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	2015 R	2014 R
8. Trade and other receivables		
Trade receivables	39 510 814	25 918 319
Provision for doubtful debts	8.1 (9 050 022)	(5 056 469)
	<u>30 460 792</u>	<u>20 861 850</u>
VAT receivable	-	1 707 661
Sundry debtors	272 032	59 079
	<u>30 732 824</u>	<u>22 628 590</u>
Age of receivables that are past due but not impaired		
Current (0 – 30 days)	3 615 000	7 242 253
31 - 60 Days	389 000	4 507 727
61 - 90 Days	254 000	5 543 633
91 - 120 Days	1 122 000	2 435 344
Greater than 120 days	33 471 000	5 226 007
	<u>38 851 000</u>	<u>24 954 964</u>
Age of impaired trade receivables		
Greater than 120 days	9 050 022	5 056 468
	<u>9 050 022</u>	<u>5 056 468</u>

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The entity does not hold any collateral as security.

8.1 Reconciliation of the doubtful debt provision

Balance at beginning of the year	5 056 468	10 022 935
Contributions to provisions	3 993 554	5 056 469
Amounts written off during the year as uncollectible	-	(5 459 369)
Reversal of provision	-	(4 563 567)
Increase/Decrease in provision	-	-
Balance at end of the year	<u>9 050 022</u>	<u>5 056 468</u>

In determining the recoverability of a trade receivable the entity considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large.

9. Cash and cash equivalents

Bank balances	11 386 327	2 428 913
Cash on hand	23 000	23 100
	<u>11 409 327</u>	<u>2 452 013</u>

9.1 Significant cash and cash equivalent balances held by the entity that are not available for use by the entity.

The entity holds the amount in its call account which relates to certain conditional grants from the Department of Labour for which the conditions of recognition have not yet been met.

	<u>1 239 622</u>	<u>1 239 622</u>
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SHELTERED EMPLOYMENT FACTORIES
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	2015 R	2014 R
10. Finance lease liability		
The entity leases certain of its office equipment and motor vehicles in terms of finance leases. The entity does not have the option to acquire the assets at the termination of the lease. The average lease term is between 3 and 5 years and the average effective borrowing rate is 9%. Interest rates are linked to prime at the contract date. All the leases have fixed repayment.		
Amounts payable under finance leases:		
Finance lease liability - Minimum lease payments		
No later than 1 year	1 625 499	1 644 498
Later than 1 year and no later than 5 years	285 706	1 689 647
Later than 5 years	-	-
Future Finance charges on finance leases	(111 361)	(293 228)
Present Value of finance lease liability	<u>1 799 845</u>	<u>3 040 917</u>
Present Value of Minimum Lease Obligations:		
No later than 1 year	1 533 098	1 438 934
Later than 1 year and no later than 5 years	266 747	1 601 983
Later than 5 years	-	-
	<u>1 799 845</u>	<u>3 040 917</u>
11. Trade and other payables		
Trade payables	4 182 971	16 405 529
Accruals	1 807 727	1 083 413
Income received in advance	3 884 779	2 113 702
VAT payable	52 877	-
Accrued leave pay	692 489	5 079 597
Provision for long service allowance	935 355	978 120
Accrued staff and workers back pay	-	-
Stabilisation fund	106 541	106 541
Reconciled receipts	-	-
Outstanding cheques	273 037	15 089
Unidentified deposits	-	-
	<u>11 935 775</u>	<u>25 781 990</u>
12. Deferred income		
Balance at beginning of the year	1 239 622	1 509 442
Conditions met and recognised as revenue	2	(269 820)
Balance at end of the year	<u>1 239 622</u>	<u>1 239 622</u>
Balance at end of year relates to the following projects:		
Business case project	-	-
Other special projects	1 239 622	1 398 117
	<u>1 239 622</u>	<u>1 398 117</u>

SHELTERED EMPLOYMENT FACTORIES
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

		2015 R	2014 R
13. Cash generated from operations			
(Loss) / profit for the year	4.2	24 785 597	26 066 383
Adjustments for:		4 946 954	(5 681 488)
Depreciation on property plant and equipment		3 006 583	3 168 565
Interest income		(836 408)	(1 399 189)
Finance costs		309 095	400 431
Write down of inventory expense		155 478	241 059
Impairment on trade and other receivables		3 994 854	(4 966 467)
Finance lease instalments		(1 727 536)	(1 313 693)
Prior period error on sales		-	(1 827 282)
Loss on disposal of assets		44 888	15 088
Recovery of depreciation		-	-
Operating surplus before working capital changes:		(22 107 183)	(51 059 951)
(Increase)/decrease in inventories		4 291 834	(5 422 032)
(Increase)/decrease in trade and other receivables		(11 603 681)	(8 116 531)
Increase/(decrease) in trade and other payables		(14 795 337)	(37 252 010)
Increase/(decrease) in deferred income		-	(269 378)
		<u><u>7 625 367</u></u>	<u><u>(30 675 057)</u></u>
14. Defined contribution plan			
Included in employee costs are the following:			
Pension fund		5 390 917	2 274 644
Provident fund		25 960	2 947 508
		<u><u>5 416 877</u></u>	<u><u>5 222 152</u></u>

15. RELATED PARTIES

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

15.1 Related Party Relationships

SEF is an entity controlled by the Department of Labour the Accounting Officer of SEF is the Director-General of the Department of Labour. The Department of Labour has control and significant influence of the operations of SEF as defined in IPSAS 20: Related Parties.

SEF is a related party to Key Management Personnel and close family members of Key Management Personnel.

15.2 Related Party Transactions

Sale of goods to Government Departments and entities		43 990 546	97 671 004
Sale of goods to SEF CEO		-	3 106
Sale of goods to SEF CFO		-	8 808
Sales of goods to SEF employees		2 233	8 394
Transfers - Department of Labour subsidy		91 132 000	104 807 000
		<u><u>135 124 780</u></u>	<u><u>202 498 312</u></u>

SHELTERED EMPLOYMENT FACTORIES
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	2015 R	2014 R
15.3 Related Party Balances		
Department of Labour	504 190	-
Compensation Fund	9 407	-
	<u>513 597</u>	<u>-</u>
15.4 Cash and cash equivalents at end of the year		
Salaries and benefits of key management personnel	<u>26 925 000</u>	<u>3 046 848</u>
15.5 Services in Kind: Internal audit - Department of Labour		
The Department of Labour renders internal audit services to the SEF	<u>326 000</u>	<u>439 638</u>
15.6 Services in Kind: Premises - Department of Labour		
The Department of Labour pay lease rentals to the Department of Public Works on behalf of Sheltered Employment Factories	<u>-</u>	<u>-</u>
15.7 Services in Kind: Capital Expenditure - Department of Labour		
The Department of Labour incurred capital expenditure on behalf of Sheltered Employment Factories	<u>1 214 000</u>	<u>-</u>
15.8 Services in Kind: Administrative Salaries - Department of Labour		
The Department of Labour seconded administrative staff to the Sheltered Employment Factories	<u>26 925 000</u>	<u>3 410 000</u>
16. Irregular expenditure		
Reconciliation of Irregular Expenditure:		
Opening balance	384 943	94 574
Irregular Expenditure current year	16 464 868	290 369
Condoned or written off by accounting officer	(376 000)	-
Transferred to receivables for recovery - not condoned	-	-
Closing balance	<u>16 473 811</u>	<u>384 943</u>
<p>Irregular expenditure relates to expenditure incurred through procurement from sole suppliers by means other than tender without accounting officer authorisation of this deviation procurement without requesting the number of quotes as required by Treasury Regulations and procurement without acquiring the necessary tax clearance certificates.</p>		
17. Fruitless and Wasteful Expenditure		Restated
Opening balance	1 414 370	1 384 000
Fruitless and wasteful expenditure – relating to current year	18.1 281 000	30 370
Less: Amounts condoned	(902 000)	-
Fruitless and wasteful expenditure awaiting condonement	<u>793 370</u>	<u>1 414 370</u>

SHELTERED EMPLOYMENT FACTORIES
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

	2015 R	2014 R
17.1 Detail of fruitless and wasteful expenditure current year		
Interest incurred on late payment of accounts	280 509	9 054
Payment of vehicle repairs for a vehicle which was in an accident	-	-
Payment of a traffic fine	-	2 581
Payments of accounts not in use	-	18 735
Overpayment of salaries after an individual's service was terminated	-	-
	280 509	30 370

18. Commitments

SEF has the following contractual commitments that it has entered into for the coming financial years

Purchase Orders (Suppliers)	196 387	1 363 000
Contractual Commitments:		
Financial Lease Contracts	1 911 205	3 334 000
Security Services	2 232 000	1 596 676
	4 339 592	6 293 676

19. Prior Period Error

The prior period error is the basis of SEF's qualification in 2012/13 Financial year, which was investigated and corrected in the prior period annual financial statements. Further investigation indicated that there was a duplication.

19.1 The effect of the duplication is as follow:

Decrease of Trade and other Receivables	(4 034 033)
Increase of the VAT Receivables	495 408
Increase of Inventory	1 711 345

20. Financial Instruments**20.1 Classification****20.1.1 Financial assets**

In accordance with GRAP 104 the Financial Assets of the entity are classified as follows:

<u>Financial Assets</u>	<u>Classification</u>
Receivables	
Trade receivables	Loans and receivables
VAT receivables	Loans and receivables
Sundry debtors	Loans and receivables
Bank Cash and Cash Equivalents	
Bank Balances	Held for trading

Summary of financial assets

Receivables			
Trade receivables (incl. doubtful debt provision)	Loans and receivables	30 460 792	20 861 850
VAT receivables	Loans and receivables	-	1 707 661
Sundry debtors	Loans and receivables	272 032	59 079
		30 732 824	22 628 590

**SHELTERED EMPLOYMENT FACTORIES
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**

	2015 R	2014 R
Held for trading		
Bank Balances and Cash	11 409 327	2 452 013
	11 409 327	2 452 013
Total Financial Assets	42 142 151	25 080 603

20.1.2 Financial liabilities

In Accordance with GRAP 104 the Financial Liabilities of the Entity are Classified as follow:

<u>Financial Liabilities</u>	<u>Classification</u>
Long-term Liabilities	
Non-current finance lease liability	Financial liabilities at amortised cost
Creditors	
Trade payables	Financial liabilities at amortised cost
Accruals	Financial liabilities at amortised cost
Income received in advance	Financial liabilities at amortised cost
VAT payable	Financial liabilities at amortised cost
Accrued leave pay	Financial liabilities at amortised cost
Stabilisation fund	Financial liabilities at amortised cost
Unreconciled receipts	Financial liabilities at amortised cost
Outstanding cheques	Financial liabilities at amortised cost

Current Portion of Long-term Liabilities

Current portion of finance lease liability Financial liabilities at amortised cost

Summary of financial liabilities

Financial Liabilities at Amortised Cost

Long-term Liabilities	Non-current finance lease liability	266 747	1 601 983
Current Portion of Long-term Liabilities	Current portion of finance lease liability	1 533 098	1 438 934
Creditors	Trade payables	4 182 971	16 405 529
Creditors	Accruals	1 807 727	1 083 413
Creditors	Income received in advance	3 884 779	2 113 702
Creditors	VAT payable	52 877	-
Creditors	Accrued leave pay	692 489	5 079 597
Creditors	Accrued back pay	-	-
Creditors	Stabilisation fund	106 541	106 541
Creditors	Reconciled receipts	-	-
Creditors	Outstanding cheques	273 037	15 089
Creditors	Unidentified deposits	-	-
		12 800 266	27 844 787
Total Financial Liabilities		12 800 266	27 844 787

SHELTERED EMPLOYMENT FACTORIES
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

20.2 Fair Value

The Fair Values of Financial Assets and Financial Liabilities are determined as follows:

- The Fair Value of Financial Assets and Financial Liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices
- The Fair Value of other Financial Assets and Financial Liabilities is determined in accordance with generally accepted valuation techniques based on discounted cash flow analysis using interest rates currently charged or paid by other parties and the remaining term to repayment of the interest
- The Fair Value of Other Financial Assets and Financial Liabilities (excluding Derivative Instruments) is calculated based on the present value of future principal and interest cash flows discounted at the market rate of interest at the reporting date. In respect of the liability component of convertible notes the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For finance leases the market rate of interest is determined by reference to similar lease agreements.

Management considers the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements to approximate their fair values on 31 March 2012 as a result of the short-term maturity of these assets and liabilities.

31 March 2015

	Carrying Amount R	Fair Value R
Financial Assets		
Loans and Receivables		
Trade receivables (incl doubtful debt provision)	30 732 824	30 732 824
Held for trading		
Bank Balances and Cash	11 409 327	11 409 327
Total Financial Assets	<u>42 142 151</u>	<u>42 142 151</u>
Financial liabilities		
Financial Liabilities at Amortised Cost:		
Long-term Liabilities	266 747	266 747
Current Portion of Long-term Liabilities	1 533 098	1 533 098
Creditors	11 000 420	11 000 420
Total Financial Liabilities	<u>12 800 265</u>	<u>12 800 265</u>

31 March 2014

	Carrying Amount R	Fair Value R
Financial Assets		
Loans and Receivables		
Trade receivables (incl doubtful debt provision)	22 628 590	22 628 590
Held for trading		
Bank Balances and Cash	2 452 013	2 452 013
Total Financial Assets	<u>25 080 603</u>	<u>25 080 603</u>
Financial liabilities		
Financial Liabilities at Amortised Cost:		
Long-term Liabilities	1 601 983	1 601 983
Current Portion of Long-term Liabilities	1 438 934	1 438 934
Creditors	24 803 870	24 803 870
Total Financial Liabilities	<u>27 844 787</u>	<u>27 844 787</u>

SHELTERED EMPLOYMENT FACTORIES
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

20.3 Financial Risk Management Objectives

The entities finance department monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis and annually by external auditors. The entity does not enter into or trade financial instruments for speculative purposes.

20.4 Significant Accounting Policies

Details of the significant Accounting Policies and methods adopted including the criteria for recognition the basis of measurement and the basis on which income and expenses are recognised in respect of each class of Financial Asset. Financial Liability and Equity Instrument are disclosed in the Accounting Policies to the Annual Financial Statements.

20.5 Market Risk

The entity's activities expose it primarily to the financial risks of changes in interest rates. No formal policy exists to hedge volatilities in the interest rate market. There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

20.6 Interest Rate Risk

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes. There was no change in the entity's interest rate risk management policy during the period.

All financial instruments attract interest at rates linked directly to the prime bank overdraft rate. The effective interest rate used by the entity is the prime interest rate.

In the case of debtors whose accounts become in arrears it is endeavoured to collect such accounts by "levying of penalty charges" "demand for payment" and as a last resort "handed over for collection" whichever procedure is applicable in terms of entity debtors management policy.

All trade receivables and other debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment/discounting where applicable.

Interest Rate Sensitivity Analysis

As the entity has no significant interest risk exposure at financial year end the effect of a 1% strengthening or weakening of the prime interest rate at reporting date is not considered material.

20.7 Liquidity risk

Sufficient cash is maintained to manage the entity's liquidity risk. Limitations are imposed by Treasury Regulations 32 to the Public Finance Management Act 1999 (Act 1 of 1999) on borrowings which limits the committed lines of credit available to entity.

20.8 Credit risk

Credit risk consists mainly of cash deposits cash equivalents and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter party.

Trade debtors consist mainly of 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.

	2015	2014
Maximum credit and interest risk exposure in respect of financial instruments is as follows:	R	R
Trade and other receivables	30 732 824	22 628 590
Bank balances and cash	11 409 327	2 452 013
Maximum Credit and Interest Risk Exposure	<u>42 142 151</u>	<u>25 080 603</u>

21. CAPITAL COMMITMENTS

No capital commitments are recorded for the period

SHELTERED EMPLOYMENT FACTORIES
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

22. EVENTS AFTER THE REPORTING PERIOD

22.1 No events after reporting period

23. CONTINGENT LIABILITIES

There are no contingent liabilities

24. CONTINGENT ASSETS

There are no contingent assets

24. Statement of comparison of budget and actual amounts

	Approved Budget	Adjustments	Final budget	Actual amounts on comparable basis	Difference between final budget and actual	References
Receipts						
Sale of goods	65 576 000	-	65 576 000	45 792 117	19 783 883	A
Rendering of services	1 884 000	-	1 884 000	1 824 280	59 720	B
Other income	381 000	-	381 000	290 518	90 482	C
Interest received - Investment	1 501 000	-	1 501 000	836 408	664 592	D
Department of Labour transfer	122 332 000	-	122 332 000	91 132 000	31 200 000	E
Total receipts	191 674 000	-	191 674 000	139 875 323	(38 261)	
Payments						
Employee costs	96 647 000	-	96 647 000	46 833 553	49 813 447	F
Depreciation amortisation	-	-	-	1 631 009	(1 631 009)	G
Finance costs	292 000	-	292 000	309 095	(17 095)	H
Materials and bulk purchases	-	-	-	-	-	
Other expenditure	73 694 000	-	73 694 000	28 897 652	44 796 348	I
Total payments	170 633 000	-	170 633 000	77 671 309	92 961 691	
Net receipts/ (payments)	21 041 000	-	21 041 000	62 204 014	(41 163 014)	
A	Reduction in Sales is due to finalisation of MoU completed towards the end of the financial year. These will reflect in the new financial year					
B	There were less CMT orders than what was anticipated					
C	Commission reduced due to the transferred personnel to the Department of Labour which reduces the benefit of administering their payments to 3rd parties					
D	Lower volumes meant lesser cash movements were in our bank accounts than anticipated giving rise to less interest earned					
E	The National Treasury allocation was re-directed to the Department and a new allocation letter issued. This covers the migrated personnel costs					
F	The material difference is as a result of the migrated personnel. The cost is now recognized by the Department of Labour					
G	Depreciation not cash item					
H	Additional lease contract was entered into to improve business operations					
I	The entity was efficient in managing its operating expenditure by reducing operating costs					





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