**Report of the Portfolio Committee on Employment and Labour on Budget Vote 31: Employment and Labour, the Strategic Plan of the Department and Entities 2020/21 – 2024/25 and the Annual Performance Plan of the Department and Entities 2023/24, Dated 3 May 2023**

The Portfolio Committee on Employment and Labour, having considered the budgets of the Department and its entities in line with their 2020 - 2025 Strategic Plans and Annual Performance Plans which were presented to it on 15 and 22 March 2023, reports as follows:

**1. INTRODUCTION**

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

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

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

**2.1. Programmes and entities of the Department**

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

* Programme 1: Administration
* Programme 2: Inspection and Enforcement Service (IES)
* Programme 3: Public Employment Services (PES)
* Programme 4: Labour Policy and Industrial Relations (LR&IR)

The following entities report to the Department:

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

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

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

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

**2.3. Strategic Plan per government MTSF priorities**

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

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

With regard to ICT, the Department aims to develop a three-year Cybersecurity roadmap.

The Department aims to replace all targeted legacy applications by SAP4HANA as per the roadmap.

**2.3.2. Priority 2: Economic transformation and job creation**

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

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

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

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

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

**2.3.3. Priority 3: Education, skills and health**

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

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

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

**2.3.5. Priority 6: Social cohesion and safer communities**

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

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

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

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

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

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

The Annual Performance Plan 2023/24 was subjected to auditing by the Auditor General, Internal Audit, National Treasury and DPME for:

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

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

Table 1: Budget allocation of the Department 2022/23

|  |  |  |
| --- | --- | --- |
| **Programme** |  |  |
|  | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
| 1. | Administration | 1 101 159 000 | 1 075 982 000 | 1 132 276 000 | 1 195 540 000 |
| 2. | Inspections and Enforcement Services | 614 869 000 | 650 552 000 | 679 241 000 | 709 157 000 |
| 3. | Public Employment Services | 1 014 726 000 | 1 020 826 000 | 686 515 000 | 725 682 000 |
| 4. | Labour Policy and Industrial Relations | 1 377 022 000 | 1 344 865 000 | 1 404 387 | 1 467 182 000 |
| **Total** |  **4 107 776 000** | **4 092 225 000** | **3 902 419 000** | **4 097 507 000** |
| Economic Classification |  |  |  |  |
| Current Payments | 2 206 165 000 | 2 129 146 000 | 2 223 364 000 | 2 321 601 000 |
| Transfers and Subsidies | 1 801 812 000 | 1 853 177 000 | 1 555 792 000 | 1 634 138 000 |
| Payment for Capital Assets | 99 799 000 | 109 902 000 | 123 263 000 | 141 768 000 |
| Payment for Financial Assets |  |  |  |  |
|  |  |  |  |  |
| **Total** | **4 107 776 000** | **4 092 225 000** | **3 902 419 000** | **4 097 507 000** |

*Source: Presentation to the PC on Employment and Labour dated 15 March 2025*

**2.4.1. Programme 1: Administration**

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

The budget allocation for Programme 1 amounts to R1 billion (R1 075 982 000) in 2023/24 financial year. This is the second highest programme budget allocation after Programme 4.

The annual performance plan of the programme includes:

* Vacant funded posts maintained at 7% or less every quarter.
* A gender responsive recruitment process. To have 49% of SMS positions occupied by women. 30 days after each quarter.
* 25 % of positions occupied by youth,
* 3% of positions occupied by people with disabilities.
* 100% implementation of roadmap phase 1.
* Provision of LP& IR systems on an integrated ICT platform.
* Rollout of the Ethics Management Plan for the year.
* 75% of corruption/fraud cases finalised by Department through investigations within 6 months.
* 80% of consequence management cases related to corruption finalised by ER through investigations within 90 days.
* Development of Business Continuity Plans.
* 1 AFS by 31 May and 3 IFS 30 days after each quarter
* 100% reporting of all detected irregular and/or unauthorised expenditure cases per financial year, to the Accounting Officer.
* 100% reporting of all detected Fruitless and Wasteful Expenditure, to the Accounting Officer.

**2.4.2. Programme 2: Inspection and Enforcement Services**

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

The budget allocation for this programme amounts to R655.6 million (R650 552 000) in the 2023/24 financial year.

The annual performance plan of this programme includes:

* To inspect 298 332 employers in 2023/24 financial year to determine compliance with employment law.
* To serve 95% of non-compliant employers with notices in terms of relevant labour legislation within 14 calendar days of the inspection.
* To have 65% of non-compliant employers/workplaces/users received by Statutory Services settled out of court or CCMA or referred for prosecution within 30 calendar days.
* To conduct 4 seminars and 2 conferences in 2023/24 financial year to enhance awareness of employment law.

**2.4.3. Programme 3: Public Employment Services**

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

The budget allocation for this programme amounts to 1.0 billion (R1 0020 826 000) in the 2023/24 financial year.

The annual performance plan of this programme includes:

* To register 900 000 work-seekers on the Employment Services of South Africa (ESSA) database.
* To register 110 000 employment opportunities on ESSA.
* To provide 250 000 work-seekers with employment counselling in 2023/24 financial year.
* To fill 60 000 registered employment opportunities with registered work-seekers.
* To conclude 24 partnership agreements with various stakeholders.
* To develop and approve one policy (National Employment Policy) in the year 2023/24.

**2.4.4. Programme 4: Labour Policy and Industrial Relations**

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

The budget allocation for this programme amounts to R1.3 billion (R1 344 865 000) in 2023/24 financial year. This is the highest programme budget allocation of the Department of Employment and Labour.

The annual performance plan of this programme includes:

* Annual EE Report and Public Register published by 30 June 2023.
* 2023/24 Annual EE Report developed by 31 March 2024.
* National minimum wage reviewed and approved by the Minister by 31 March.
* 100% of collective agreements where parties are representative assessed and verified within 120 working days of receipt per annum.
* 100% of collective agreements assessed and verified within 60 working days of receipt per annum.
* 100% of labour organisations’ applications for registration approved or refused within 90 working days of receipt per annum.
* Two reports on the implementation of bilateral cooperation and multilateral obligations signed off by the Minister annually.
* Four annual labour market trend reports produced by 31 March 2023.
* Two research reports completed by 31 March 2024,

**3. ENTITIES OF THE DEPARTMENT OF EMPLOYMENT AND LABOUR**

The entities reporting to DEL are:

3.1. Productivity South Africa (PSA)

3.2. Commission for Conciliation Mediation and Arbitration (CCMA)

3.3. National Economic Development and Labour Council (NEDLAC)

3.4. Compensation Fund (CF)

3.5. Unemployment Insurance Fund (UIF)

CF and UIF did not make presentations to the Committee.

**3.1. Productivity South Africa**

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

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

Productivity SA has three regions comprised as follows:

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

The functions of the Productivity SA are to:

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

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

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

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

**3.1.1. Strategic Plan of Productivity SA 2020/21 – 2024/25**

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

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

* 30 day payment report with corrective measures implemented where applicable done on a monthly basis.
* 100% elimination of wasteful and fruitless expenditure incrementally from baseline of R518, 000.00.

*Priority 2: Economic transformation and job creation.*

* To save 28900 jobs.
* To support 578 companies facing economic distress.
* To train 1734 members of workplace/future forums
* To support 8108 SMMEs and other enterprises through CIS
* To capacitate 7878 entrepreneurs, workers and managers to promote culture of productivity.
* To capacitate 1615 productivity champions to build awareness and promote a stronger culture of productivity.
* To have 50 advocacy and public awareness campaigns to support the productivity movement in South Africa by 31 March.

**3.1.2 Annual Performance Plan 2023/24**

**3.1.2.1. Programme 1: Administration/Corporate Services/HRM**

This programme aims to

* Have 30 day payment report with corrective measures implemented where applicable done on a monthly basis.
* 10% elimination of fruitless and wasteful expenditure incrementally from baseline of R518, 000.00 by 31 March.
* 50% reduction of audit outcomes/findings incrementally from 2021/22 baseline by 31 March
* 100% of planned training interventions commenced by 31 March.
* Have 10 advocacy and public awareness campaigns to support the productivity movement in South Africa by 31 March.

**3.1.2.2. Programme 2: Competitiveness Improvement Services**

This programme aims to:

* To support 1252 SMMEs and other enterprises through Competitiveness Improvement Service by 31 March.
* To capacitate 2400 entrepreneurs, workers and managers to promote the culture of productivity.
* Capacitate 323 productivity champions to build awareness and promote a stronger culture of productivity in South Africa.

**3.1.2.3. Programme 3: Business Turnaround and Recovery**

This programme aims to:

* To save 3550 jobs in companies facing economic distress y 31 March
* To support 71 companies facing economic distress through turn-around strategies to retain jobs (nurturing) by 31 March.
* To train and capacitate 213 workplaces/future forum members on productivity improvement solutions by 31 March.

**3.1.2.4. Programme 4: Research, Innovation and Statistics**

This programme aims to:

* Publish and disseminate four research reports and publications on priority sectors by 31 March.
* Publish two statistical reports on productivity and competitiveness by 31 March.

**3.1.3. Budget of the Productivity SA per programme**

Table 2: Budget per Programme

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Expenditure per Programme** | **2022/23****R’000** | **2023/24****R’000** | **2024/25****R’000** | **2025/26****R’000** |
| Administration | 49 693 | 51 396 | 53 803 | 55 652 |
| Research, Innovation and Statistics Services | 11 198 | 11 695 | 12 252 | 12 797 |
| Business Turnaround and Recovery | 83 197 | 52 169 | 55 069 | 57 300 |
| Competitiveness Improvement Services | 29 280 | 31 821 | 33 304 | 34 900 |
| **TOTAL** | **173 368** | **147 081** | **154 428** | **160 649** |

*Source: Presentation to the PC on Employment and Labour dated 22 March 2023*

The larger portion of the budget (35%) was allocated to Business Turnaround and Recovery programme.

**3.1.4. Budget by Strategic Objective**

Table 3: Budget by Strategic Objective

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Expenditure per Strategic Objective** | **2022/23****R’000** | **2023/24****R’000** | **2024/25****R’000** | **2025/26****R’000** |
| Strengthen the institutional capacity of Productivity SA to deliver on its mandate and be financially sustainable | 44 724 | 46 256 | 48 423 | 50 110 |
| To improve productivity for sustained inclusive economic growth and competitiveness | 29 280 | 31 821 | 33 304 | 34 900 |
| To support enterprises facing economic distress and initiatives aimed at preventing job losses | 83 197 | 52 169 | 55 069 | 57 300 |
| Generation and dissemination of productivity related research and statistics | 11 198 | 11 695 | 12 252 | 12 797 |
| To promote a culture of productivity and competitiveness in the workplace and community life | 4 969 | 5 140 | 5 380 | 5 542 |
| **TOTAL** | **173 368** | **147 081** | **154 428** | **160 649** |

*Source: Presentation to the PC on Employment and Labour dated 22 March 2023*

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

**3.2. Commission for Conciliation Mediation and Arbitration (CCMA)**

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

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

**3.2.1. Mandatory functions of the CCMA**

The mandatory functions of the CCMA are:

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

**3.2.2. Discretionary functions of the CCMA**

The discretionary functions of the CCMA are to:

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

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

* Administration
* Proactive and relevant labour market intervention
* Special interventions and support
* Efficient and quality dispute resolution and enforcement services
* Effective strategy management and governance

**3.2.3. Strategic Plan 2020/21-2024/25**

The strategic initiatives per programme are as follows:

**3.2.3.1. Administration**

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

**3.2.3.2. Proactive and relevant market intervention**

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

**3.2.3.3. Special interventions and support**

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

**3.2.3.4. Efficient and quality dispute resolution and enforcement services**

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

**3.2.3.5. Effective strategy management and governance**

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

**3.2.4. Annual Performance Plan 2023/24**

The Annual Performance Plan of the CCMA for 2023/24 financial year is as outlined in the following paragraphs.

**3.2.4.1. Programme 1: Administration**

This programme aims to achieve the following targets in 2023/24 financial year:

* To achieve one percent net surplus by 31 March 2024.
* To achieve 1:1 ratio of safety to cash margins by 31 March 2024.
* To implement 100% of human resource plan by 31 March 2024.
* To deliver 42 training interventions to develop identified stakeholders per annum.
* To have three automation and integration of case disbursement (dispute resolution process) deployed by 31 March 2024.
* To implement 90% of uptime ICT critical systems by 31 March 2024.

**3.2.4.2. Programme 2: Proactive and Relevant Labour Market Intervention**

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

* To conduct eight collective bargaining support processes for strategically identified users.
* To conduct four pre-collective bargaining conferences for strategically identified users.
* To engage eight targeted workplaces to implement transformation of workplace relations project(s).
* To deliver eight vulnerable sector projects to targeted users.
* To attain 90% of positive ratings on participant evaluation outcomes.
* To conduct 12 interventions to promote effective dispute resolution in essential services.
* To engage three stakeholders to make inputs on legislative changes.
* To engage 120 entities to ensure that there are minimums to be maintained during industrial action in essential services.
* To monitor eight essential services designations, minimum services agreements, minimum services determination and/ or maintenance service determinations for compliance and observance.
* To conduct 14 awareness sessions on essential services designation.

**3.2.4.3. Programme 3: Special Interventions and Support**

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

* To implement 100% of Phase 3 of the CCMA/ BUSA SME Labour Support Web Tool by 31 March 2024.

**3.2.4.4. Programme 4: Efficient and Quality Dispute Resolution and Enforcement Services**

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

* To hear 98% of conciliable cases within 30 days at first event (excludes agreed extensions, where certificates were issued, out of jurisdiction cases/ withdrawn/ settled by parties’ cases prior to the matter being scheduled, no process cases and cases which are not conciliable or where conciliation is not first process).
* To send 98% of arbitration awards rendered to parties within 14 days of the conclusion of the arbitration proceedings (excludes extensions granted and heads of arguments filed).
* To resolve 58% of disputes of interests.
* To conduct 100% of section 71 of the LRA cases (as and when referred).
* To conduct 100% of section 73 of the LRA cases (as and when referred).
* To conduct two self-initiated cases in order to determine whether or not the whole or a a part of any service is an essential service per annum.
* To reach 74 884 users who access CCMA services from identified sectors.
* To implement all advocacy campaigns planned by 31 March 2024.
* To save 40% of jobs compared to employees likely to be retrenched (as per the cases referred to the CCMA).
* To achieve 8% return to work index by 31 March 2024.
* To resolve 93% of public interest disputes per annum.

**3.2.4.5. Programme 5: Effective Strategy Management and Governance**

This programme aims to achieve the following targets in 2023/24 financial year:

* To conduct one strategic forecasting and situational analysis per annum.
* To implement 100% of Compliance Management Plan by 31 March 2024.
* To implement 100% of Risk Management Plan by 31 March 2024.
	+ 1. **Spending trends of the CCMA per programme**

CCMA reported on its budget as follows:

Table 4: Overview of the 2023/24 Budget and MTEF

|  |  |  |
| --- | --- | --- |
| **Programme2** | **Approved Budget** | **Medium Term Estimates** |
| **2022/23****(R’000)** | **2023/24****(R’000)** | **2024/25****(R’000)** | **2025/26****(R’000)** |
| 1. | Administration | 228 533 | 223 228 | 227 100 | 237 273 |
| 2. | Proactive and relevant labour market intervention | 16 350 | 15 728 | 17 672 | 18 464 |
| 3. | Special interventions and support | 17 490 | 14 891 | 17 949 | 18 753 |
| 4. | Efficient and quality dispute resolution and enforcement services | 761 645 | 769 380 | 809 734 | 845 964 |
| 5. | Effective strategy management and governance | 38 623 | 39 727 | 37 380 | 39 055 |
| **TOTAL** | **1 062 641** | **1 062 955** | **1 109 835** | **1 159 509** |

*Source: Presentation to the PC on Employment and Labour dated 22 March 2022*

The total budget of the CCMA for 2022/23 financial year is R1.1 billion (R1 062 955 000). Programme 4 received the highest programme allocation of R769.4 million or 72%, followed by programme 1 at R223.2 million or 21%.

**3.3. National Economic Development and Labour Council (NEDLAC)**

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

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

**3.3.1. The Presidential Climate Commission (PCC)**

* The PCC is an independent, multi-stakeholder body established by President Cyril Ramaphosa. It consists of the President, nine Ministers and 23 commissioners from government, business, labour, civil society and research and academic institutions, appointed in December 2020.
* Its purpose is to oversee and facilitate a just and equitable transition towards a low-emissions and climate –resilient economy.
* The PCC Secretariat provides support for the Commission and undertakes research and policy work relating to a just transition, climate mitigation, adaptation, and finance.

**3.3.2. Why is PCC a programme under Nedlac**

* The Climate Change Bill (currently in Parliament) provides for s PCC.
* However, the President per Cabinet decision already appointed the PCC and it needs an institutional home.
* Since it is a social partner body, the Cabinet agreed that Nedlac should house the PCC for a period of two years until the Climate Change Bill is passed, promulgated and the PCC is set up as a Schedule 3A public entity.
* An MOU to effect this was signed in August 2022 between DEL, DPME and DFFE.
* The MOA requires that Nedlac provides the following functions/support to the PCC:
	+ Fiscal host for government and donor funds.
	+ Financial management
	+ Procurement
	+ Human Resource support
	+ Provision of office space and office administration services
	+ Project support
* Funds were appropriated in the Adjustment Budget

**3.3.3. Key changes to the SP and APP to accommodate the PCC**

* The theory of change has been changed to add the following:
	+ Impact: Social partners contribute meaningfully to achieve a just climate transition to an inclusive, equitable and climate-resilient economy and society.
	+ Long term outcomes: PCC makes recommendations about just climate transition based on inclusive stakeholder engagement and informed by science.
* A fourth programme has been added with the following key performance indicators:
	+ Policy recommendations made to advance a just transition.
	+ Scientific knowledge documents produced which inform the planning and implementation of a just transition.
	+ Increased public awareness on a just transition to improve consensus on the Just Transition Framework.

**3.3.4. Annual Performance Plan for 2023/24 financial year**

**3.3.4.1. Programme 1: Administration**

Key performance indicators for programme 1: Administration (1)

* To obtain an unqualified audit opinion.
* To receive over 75% positive responses in an annual stakeholder satisfaction survey.
* To implement 90% of annual facilities management plan.
* To resolve 90% of IT complaints within agreed timeframes.
* To implement 80% of training initiatives in the training plan.
* To award 100% of contracts to suppliers within two months of closing date of advert.
* To meet 80% of milestones for the achievement of the Governance Task Team for 2022/23 year.
* To deliver one monitoring and evaluation product.

**3.3.4.2. Programme 2: Core-operations/ Programmes**

The key performance indicators for Programme 2 are:

* To release 100% of dialogues reports within 14 working days of convening a dialogue.
* To successfully conclude 80% agreements within nine months of the issues being tabled unless otherwise agreed.
* To conclude 100% of reports within six months of the issue being tabled.
* To conclude 100% section 77 Standing Committee reports within five days of the resolution of the matter.

**3.3.4.3. Programme 3: Capacity-building**

Key performance indicators for programme 3 are:

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

**3.3.4.4. Programme 4: PCC**

Key performance indicators for programme 4 are:

* PCC to adopt two documents incorporating policy recommendations.
* To produce two scientific documents.
* To produce two consolidated reports on public dialogues within 30 days of the last dialogue.

**3.3.5. Budget of NEDLAC for 2023/24 and the MTEF**

Table 5: 2022/23 NEDLAC Budget Information

|  |  |  |  |
| --- | --- | --- | --- |
| **Programme** | **2022/23** | **2023/24** | **2024/25** |
| R’000 | R’000 | R’000 |
| 1. | Administration | 47 056 | 47 528 | 49 105 |
| 2. | Core-operations | 19 559 | 5 281 | 5 492 |
| 3. | Capacity building | 7 500 | 7 500 | 7 500 |
| 4. | Presidential Climate Commission | 12 553 | 28 213 | 29 082 |
|  | Special projects | 12 000 | - | - |
|  | **TOTAL** | **98 668** | **88 523** | **91 179** |

*Source: Presentation to the PC on Employment and Labour dated 22 March 2022*

The total budget allocation for 2023/24 financial year amounted to R88.5 million. More than half of the budget, which is R47.5 million or 54% is allocated to the Administration programme.

1. **COMMITTEE OBSERVATIONS**

The Committee made the following observations:

**4.1. Department of Employment and Labour and SEE**

* The Quarterly Labour Force Survey for Q4: 2022 indicated that 169 000 jobs were gained between Q3 and Q4. The total number of persons employed were 15.9 million in Q4. The number of unemployed persons increased by 28 000 to 7.8 million in Q4 of 2022.The discouraged work seekers decreased by 151 000 in Q4 of 2022. The official unemployment rate decreased by 0.2% from 32.9% in Q3 of 2022 to 32.7% in Q4 of 2022.
* The budget of the Department decreased from R4.1 billion in 2022/23 to R4.0 billion in 2023/24 financial year. The decrease in total budget resulted from the decrease in the budgets of Administration and LP&IR programmes. Administration budget decreased from R1.1 billion in 2022/23 to R1.0 billion in 2023/24 and the budget of LP&IR decreased from R1.37 billion to R1.34 billion. In terms of Economic Classification, the budget for Current Payments decreased from R2.2 billion in 2022/23 to R2.2 billion in 2023/24.
* The SEE is not benefiting from any source of preferential treatment from the State, despite the Committee recommendations.

**4.2. Productivity SA**

* Productivity SA is still receiving its budget from multiple sources.
* The top ten countries in world competitiveness index have national productivity strategies.

**4.3. CCMA**

* CCMA offices opened for walk-ins on 01 May 2022.
* The budget of the CCMA increased from R1 062 641 000 in 2022/23 to R1 062 955 000 in 2023/24 financial year. It is projected to increase from R1 062 955 000 in 2023/24 to R1 109 835 000 in 2024/25 financial year.

**4.4. Nedlac**

* Since the Presidential Climate Commission (PCC) is a social partner body, Cabinet agreed that Nedlac should house the PCC for a period of two years until the Climate Change Bill is passed, promulgated and the PCC is set up as a Schedule 3A public entity.
* Nedlac has established a Labour Law Reforms Task Team to address the unemployment crisis.
* The Committee notes that Nedlac has established a Governance Task Team to revisit and redraft some of the institution’s founding documents.

**4.5 Compensation Fund (CF)**

* The Committee observed with serious concern that Compensation Fund did not table 2023/24 Annual Performance Plan (APP) in Parliament.
* Compensation Fund has not accounted as to how it has spent the funds in the implementation of 2022/23 Annual Performance Plan.
	1. **Unemployment Insurance Fund (UIF)**
* The Committee remains unease with the inability of Unemployment Insurance Fund to table in Parliament policy documents that account as to how the funds have been spent in the implementation of the 2022/23 Annual Performance Plan.
* UIF could not table the 2023/24 Annual Performance Plan, as it has not accounted for the previous one.
1. **COMMITTEE RECOMMENDATIONS**

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

**5.1 Department of Employment and Labour and SEE**

* Ensuring that the initiatives of the Department are aligned to its expanded mandate of *employment*.
* The Department must work with National Treasury to ensure that that SEE receive preferential procurement status from government departments.
* That people with disabilities that work for SEE are provided with transport to and from work.
* The Public Employment Services branch of the Department is restructured and repurposed for job creation, including interdepartmental and private sector activities.

**5.2 Productivity SA**

* Ensuring that the Productivity SA single source funding model is finalised so that the mandate of PSA is funded through section 12 of the Act read together with section 40(a) of the Act.
* Ensuring that the Productivity SA receives its budget timeously.
* Productivity SA has to develop the National Productivity Strategy to improve productivity levels in the country, engaging with social partners at Nedlac.

**5.3 CCMA**

* Ensuring that additional funding is made available to enable the entity to fully execute its statutory as well as legislative mandate.
* Ensuring that the services of the entity are decentralised to Labour Centres.

**5.4 Nedlac**

* The Governance Task Team finalise its work of ensuring that Nedlac structure is fit-for-purpose and table its report before the Committee.
* Nedlac has to consider amendments to legislation to encourage working from home so as to ensure that gains made as a result of COVID-19 are not lost.

**5.5 Compensation Fund**

* The Department of Employment and Labour (DEL) needs to appear before the Committee with Compensation Fund led by both Administrative and Political Leadership and explain the real state of affairs of Compensation Fund, as well as the impact that their interventions are yielding for an efficient and effective running of Compensation Fund.
* Compensation Fund needs to table to Parliament all the outstanding policy documents, for accountability, transparency and openness purposes among others.

**5.6 Unemployment Insurance Fund (UIF)**

* Unemployment Insurance Fund (UIF) with Department of Employment and Labour led by both Administrative and Political Leadership to brief the Committee on the current state of affairs of UIF and commit on dates as to when to expect improvement on the entity.
* UIF needs to give commitment to the Committee as to when all outstanding policy documents will be table in Parliament.

The Department of Employment and Labour should report back to the Portfolio Committee on Employment and Labour on progress made with regard to the above-mentioned recommendations within one month after the report has been adopted in the National Assembly.

**Report to be considered.**