

**Ministry**

**Employment & Labour**

**Republic of South Africa**

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**NATIONAL ASSEMBLY**

**WRITTEN REPLY**

**QUESTION NUMBER: 969 [NW1136E]**

**969. Mrs S J Graham (DA) to ask the Minister of Employment and Labour:**

(1) In view of the COVID-19 pandemic that will result in many companies having a substantially lower return of earnings for the current financial year which is going to affect their submissions in terms of the Compensation for Occupational Injuries and Diseases Act, Act 130 of 1993, in order to renew their letters of good standing, what mechanisms (a) has his department put in place to address a potentially large number of companies that will be flagged for audit as a result of the lower return of earnings and (b) will be put in place to speed up the audit process to ensure that a letter of good standing can be issued quickly in order to not negatively impact companies;

(2) whether his department will make the submission of supporting documents more user-friendly and streamlined in preparation for this; if not, why not; if so, what are the relevant details;

(3) whether his department will allow an appeals process for assessments based on estimations where a potential system overload causes companies to fail to submit documents within the requisite 21 days; if not, why not; if so; what are the relevant details;

(4) what adjustments have been made to the system to allow companies to submit large files such as audited financial statements in order to mitigate against the loss of documents resulting from zipped files and multiple separate emailed documents due to the limited size allowed;

(5) what is (a) the current backlog of audits and (b) being done to address the specified backlogs? NW1136E

**REPLY:**

1. The Compensation Fund has taken cognisance of the negative impacts of Covid-19 on businesses and their payrolls and as such have increased the 30% variance threshold in earnings limit to 50%. This consideration will drastically reduce the number of employers who may be flagged for audits rendering them unable to generate their Letters of Good Standing.

Where required based on the outcome of the assessments, additional contract resources will be sourced to assist with audits during this period.

1. Supporting documents are not required with the submission of returns. These documents are required in instances where employers are flagged for audit or in support of applications for revision of assessments.
2. The process of applying for estimates is an established process for employers. Once an estimate is applied for, employers are afforded a period of 180 days to apply for a revision of assessment.
3. As indicated above, employers are not required to submit these documents on the ROE Online system. Where they are flagged for audit, they get an automated response letter with details of documents they need to submit for audit and email addresses they need to submit these documents to. Alternatively supporting documents can be submitted through the labour centres or arrangements could be made with inspection services to collect the documents.
4. The current backlogs are 8300 audits. We are using internal resources and Payroll Audit Inspectors to assist to clear this backlog by the end of June 2021. This process requires making contact with employers to obtain full required information to do the audit. Where required audit information is not submitted these will not be cleared and employer will be unable to obtain Letters of Good Standing.