Thursday, 18 June 2020]

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OF THE

REPUBLIC OF SOUTH AFRICA

ANNOUNCEMENTS, TABLINGS AND COMMITTEE REPORTS

THURSDAY, 18 JUNE 2020

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(a) Government Notice No R. 439, published in Government Gazette No 43190, dated 31 March 2020: Directions issued by the Minister of Forestry, Fisheries and the Environment in terms of Regulation 10(8) of the Regulations issued in terms of section 27(2) of the Act: Measures to address, prevent and Combat the Spread of Covid-19, in terms of the Disaster Management Act, 2002 (Act No 57 of 2002).

(b) Government Notice No 421, published in Government Gazette No 43174, dated 27 March 2020: Amendment of the listed Activities and Associated Minimum Emission Standards Identified in Section 21 of the National Environmental Management: Air Quality Act, 2004 (Act No 39 of 2004).

(c) General Notice No 221, published in Government Gazette No 43173, dated 27 March 2020: Calling for admissions to advisory committee (High-Level panel) in terms of the National Environmental Management: Biodiversity Act, 2004 (Act No 10 of 2004).

National Assembly

1. The Minister of Finance

(a) Proposed Conduct Standard – Conditions for smoothed bonus policies to form part of default investment portfolios, made in terms of section 106 (1) (a) of the Financial Sector Regulation Act, 2017 (Act 9 of 2017), and paragraph (c) of the definition of “default investment portfolio” as defined in the Regulations made in terms of section 36 of the Pension Funds Act, 1956 (Act No 24 of 1956).

Referred to the **Standing Committee on Finance** for consideration.

COMMITTEE REPORTS

National Assembly

1. REPORT OF THE PORTFOLIO COMMITTEE ON EMPLOYMENT AND LABOUR ON AN OVERSIGHT VISIT TO THE COMPENSATION FUND HEAD-QUARTERS, DATED 10 JUNE 2020

The Portfolio Committee on Employment and Labour, having conducted an oversight visit to the Compensation Fund Head-Quarters on 13 March 2020, reports as follows:

1. Introduction

The Portfolio Committee on Employment and Labour undertook an oversight visit to the Compensation Fund Head-Quarters, in Pretoria. The decision to undertake an oversight emanated from the discussions following the presentation by the Fund on its second quarter performance report. The meeting of the Portfolio Committee on Employment and Labour where the presentation was made took place on 26 February 2020 and was attended by a number of stakeholders. One of the issues discussed at this meeting was the migration from uMehluko to Comp-Easy information system, where there was a major disagreement among Members of the Committee on the efficiency of the new system. This report aims to highlight the observations of the Committee following engagements with the officials of the Fund and make some recommendations.

2. Objectives of the visit

The objectives of the visit were informed by, among others things, the following facts:

- The Fund received disclaimers with findings in all their audit outcomes over the past five years i.e. 2014/15 to 2018/19.
- The Auditor-General reported some of the non-compliance areas to include: Poor quality of financial statements with material misstatements not corrected; irregular expenditure; fruitless and wasteful expenditure; inability to collect debts; lack of consequence management; and inadequate management of contracts.
- The Fund identified the following service delivery challenges:
  - Inadequate ICT infrastructure resulting in volumes of unpaid medical claims and infrequent payment of benefits.

- Refusal by medical providers to assist CF clients.
- Medical service providers who destabilise the Fund's systems for their own advantage.
- Unregulated involvement of third parties in the claims process.
- Claims data is still in three systems (e-Claims, ICM and uMehluko).
- Limited medical professionals for assessment of medical claims.

In response to the above-mentioned challenges, the Fund developed an Action Plan, which was implemented in phases. Phase 1 was implemented from July 2015 to April 2018. The entity is currently implementing Phase 2 of the plan.

In view of the above-mentioned challenges, the purpose of the visit was to assess the implementation of the Action Plan so as to ascertain whether there is improvement in service delivery. Furthermore, it was also to expose the Members of the Portfolio Committee on Employment and Labour to the operations of the Compensation Fund, including operations of the new Comp-Easy system.

3. Delegation

3.1. Portfolio Committee on Labour

The delegation comprised the following Members:

- Hon ML Dunjwa, MP (ANC) (Chairperson and Leader of Delegation)
- Hon NP Nkabane, MP (ANC)
- Hon NL Hermans, MP (ANC)
- Hon M Nontsele, MP (ANC)
- Hon AS Zuma, MP (ANC)
- Hon NE Hinana, MP (DA)
- Hon H Denner, MP (FF Plus)

Apologies were received from the following Members:

- Hon. Mdabe (ANC)

- Hon. Bagraim (DA)
- Hon. Cardo (DA)
- Hon. Ngwezi (IFP)

Support Staff:

- Mr Z Sakasa (Committee Secretary)
- Mr S Ngcobo (Content Advisor)
- Mr T Mokoena (Researcher)

4. Visit to the Compensation Fund (CF)

The Department of Employment and Labour (DEL), was led by the Director-General (DG), Mr T Lamati and the CF was represented by, among others, the following:

- Mr V Mafata, Commissioner of the CF;
- Ms T Nene-Shezi, Chairperson of the CF Board;
- Ms L Francois, Chairperson of the Internal Audit Committee;
- Mr Sihlangu, Claims Registration;
- Ms Ruiter, Medical Benefits; and
- Mr Fakier, Rehabilitation Services.

Other Board Members representing Organised Labour and Business were also present.

4.1. Opening remarks by the Director-General

The Director-General (DG), as the Accounting Officer at the Department of Employment and Labour (DEL), welcomed the delegation of the Portfolio Committee to the Head-Quarters of the Compensation Fund (CF). The CF is one of the entities of the DEL. The DG gave a comprehensive background on the history of the CF, which led to the challenges the entity finds itself in today. The DG started by explaining that the CF performs functions of a medical insurance, pension fund, medical benefits as well rehabilitation functions. Further he explained that before 2014 functions were centralised and currently they are decentralised. Previously operations were manual, currently they are automated. When the current GD started in 2014, he changed the management structure, except risk management. The medical services, claims as well as disability and rehabilitation management structures were changed.

Medical doctors were appointed in provinces when the new structure was introduced. Third parties have been involved in the claims process for a long time. The involvement of the third parties resulted from the inefficiencies of the Fund. The third parties employed the previous employees of the Fund who knew the inefficiencies of the Fund and exploited them to the benefit of the third parties. The CF realised that uMehluko system was not what it needed, hence the introduction of Comp-Easy. The transition from uMehluko to Comp-Easy started on 1 October 2019. The uMehluko system was switched of but migration of data to the new system is ongoing. Therefore, there is currently one system that is operational. The DG explained that the current complaints from the third parties are as a result of the leaks in the system being closed.

The DG explained that the purpose of introducing the Compensation for Occupational Injuries and Diseases (COID) Amendment Bill is to eliminate having to deal with third parties in future.

The DG explained that the root course of ICT related problems is that SITA is responsible for facilitating ICT related matters in government departments. Therefore, providers of ICT services are sourced by SITA. The system experiences downtimes on several occasions resulting in Labour Centres being unable to work. The DG proposed the separation of the Department from SITA as proposed by the Minister of Home Affairs.

4.2. Opening remarks by the Chairperson

The Chairperson outlined the objectives and the purpose of the oversight visit and requested for introductions. and the entity to proceed with presentations.

4.3. Presentation by the CF Board

The Chairperson of the CF Board, Ms Thembi Nene-Shezi, briefed the Committee on problems encountered by the entity. She mentioned

As part of its deliberations, the Committee agreed to request the Department of Employment and Labour to investigate the third party service providers and report to it in its next engagement. The Committee also recommended that the CF should not entertain these third party service providers since workers can make their own claims through the legal processes.

4.4. Presentation by the Internal Audit Committee

The Chairperson of the Internal Audit Committee, Ms Lorraine Francois, presented on the internal processes followed by the Internal Audit Committee. The Chairperson of the Internal Audit Committee alluded to the necessity of restructuring the Fund so as to separate it from the DEL. This proposal was rejected by the DG. He explained that he is the chairperson of the Fund in accordance with King Report IV. However, he has too much on his plate and as a result has delegated the function. The DG further asserted that the independence of the Fund does not guarantee that it will be out of the woods.

According to the DG, the Fund needs competences that it does not have. These competences are available in the country but the Fund has to compete with the Department of Health, Medical Aids and others for these skills. Hence, the CF has introduced bursary schemes for studies towards these competences.

The Chairperson of the Fund explained that her proposal was a review of the structure to ensure that it is fit for purpose. Further, she explained that currently the CF has to go through DEL to procure most of the resources including human resource. The current structure result in delays in decision making.

With regard to the consolidated action plan that was not seen by the Internal Audit Committee, the Chairperson explained that the plan came in when the Auditor General came for audit, before the Committee had seen the plan.

The Chairperson of the Internal Audit Committee proposed a model similar to State Owned Entities, where government departments are shareholders in entities.

4.5. Presentation by the Commissioner of the Compensation Fund

Mr Mafata explained that the end-date of the Action Plan is March 2022. He stated that there were 84 000 claims registered at the end of Q2 under uMehluko. Many claims were rejected by Comp-Easy system, which started in October 2019.

The students who are supported through bursaries offered by the Fund are at Pretoria University, University of Cape Town, University of KwaZulu-Natal and Tshwane University of Technology. Mentoring and support for students is provided.

Mr Mafata reported as follows with regard to fraud investigations:

- Two (2) cases were referred to the HAWKS.
- Three (3) officials were dismissed from the Public Service.
- R160 million case was finalised internally and 8 officials were dismissed. Three officials were exonerated.
- Eight (8) cases were referred to Commercial Crimes Unit.
- Twenty-one (21) cases were referred to South African Police Service (SAPS).
- There were 21 cases of fraud against medical doctors. R170 000 was returned to the CF with interest.
- Fine of R500 000 and 10 years suspended sentence for some officials for colluding with service providers.

In response to why the PIC is not held to account by the Fund, Mr Mafata explained that the PIC is a fund manager and a minimum service level agreement was concluded with it. The agreement provides for penalties for non-performance. The relationship with the PIC might not be managed well.

4.6. Comp-Easy system demonstration

The demonstration on how the Comp-Easy system works was conducted for the members of the delegation. The demonstration covered:

- User registration approval

- Registration of a claim
- Claim adjudication
    - First medical report
    - Progress medical report
    - Final medical report
- Medical claims adjudication
    - Delegations according to salary levels
- Create pre-authorisation assessment letter
- Schedule case management/ Disability manager
    - Presentation by Occupational Therapist

It was explained that the employment of orthoptists has saved the Fund approximately R7 million in the past six months since they were employed.

4.7. Walk-about by Chairperson of the Portfolio Committee and Honourable Hermans

The Chairperson gave a feed-back on their walk-about on the head-quarters of the Fund. The Chairperson and Honourable Hermans met the reception staff who informed them about challenges they encounter with walk-in clients. While the members were there, they engaged with one walk-in client who had administrative challenges. The client was assisted and the problem was escalated to the relevant manager. The client was satisfied with the assistance she received.

They were also taken to where claims are processed. This is where they were informed about the required information for a claim to be adjudicated. They were informed that failure to provide all the required information result in a claim being rejected. When a claim is rejected the claimant is informed of outstanding information. Some claimants resubmit the claim with outstanding information while others don’t.

The members also visited the Call Centre where one of the attendants received a complaint regarding access to the system. The client was informed that he was not registered as the user and was assisted to register. The client confirmed while the members were still there that she could access the system after she was assisted with registration.

Overall the Members were impressed with the demographic profile of the staff establishment of the Fund.

5. Committee observations

The Committee made the following observations:

5.1. Migration from uMehluko to Comp-Easy system has some challenges.

5.2. Despite challenges with regards to Comp-Easy, the system is functional on the internal user side and has resulted in open leaks being closed.

5.3. The closure of leaks in ICT system has resulted in frustration of the third parties.

5.4. The separation of the CF from the DEL is not necessary at this stage.

5.5. The challenges of the service level agreement between the Compensation Fund and Public Investment Corporation (PIC) were noted.

5.6. The CF is still grappling with historical inefficiencies.

6. Committee Recommendations

The Committee made the following recommendations, that the Minister of Employment and Labour ensures that:

6.1. A full forensic report be provided on all investigations and cases of fraud against the Compensation Fund.

6.2. Nationwide inspections and investigations be continued with, particularly with regards to fraudulent medical claims; and IT support is provided for end-users of Comp-Easy system.

6.3. Internal Audit should visit provinces in order to investigate what is happening at provincial level.

6.4. The Committee is updated on processes regarding resolution of challenges with SITA.

6.5. The minimum service level agreement concluded with the PIC is monitored and there are consequences for non-performance.

6.6. CF tables the implementation report of the Action Plan on a quarterly basis.

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 this report has been adopted in the National Assembly.

Report to be considered.

2. REPORT OF THE PORTFOLIO COMMITTEE ON EMPLOYMENT AND LABOUR ON THE THIRD QUARTERLY REPORTS REGARDING THE PERFORMANCE OF THE DEPARTMENT OF EMPLOYMENT AND LABOUR AND ITS ENTITIES IN MEETING STRATEGIC OBJECTIVES FOR 2018/19, DATED 10 JUNE 2020

The Portfolio Committee on Employment and Labour, having considered the Third Quarterly Report on the performance of the Department of Employment and Labour (DEL) and its entities in meeting strategic objectives for 2018/19, reports as follows:

1. Introduction

The Portfolio Committee on Employment and Labour considered the Third Quarterly Reports on the performance of the Department of Employment and Labour and its entities in meeting strategic objectives for 2018/19 as presented in the meeting held on 21 August 2019.

This report gives an overview of the presentations made by the Department of Employment and Labour (Department) and its entities, focusing mainly on its achievements, output in respect of the performance indicators and targets set for 2018/19 and the financial performance. The report also provides the Committee’s key deliberations and recommendations relating to the Department’s and entities’ performance.

2. Performance per Strategic Objective

The Department reported on its performance per strategic objectives as follows:

Table 1: DEL Performance per Strategic Objective in Q3

STRATEGIC OBJECTIVES	Planned Indicators	Indicators with Q3 Targets	Achieved	Overall Achievement
Strengthen occupational safety	This strategic objective is covered under indicators that are applicable to protecting vulnerable workers			
Promote equity in the labour market	1	0	0	-

Protecting vulnerable workers	5	4	4	100%
Strengthening multilateral and bilateral relations	1	1	1	100%
Contribute to employment creation	4	4	4	100%
Promoting sound labour relations	3	3	1	33%
Monitoring the impact of legislation	2	1	0	0%
Strengthening the institutional capacity of the Department	4	4	4	100%
OVERALL PERFORMANCE	**20**	**17**	**14**	**82%**

Source: Presentation to the Portfolio Committee on Employment and Labour dated 21 August 2019

The overall performance per strategic objectives improved from 80% in the Q2 of 2018/19 to 82% in the Q3 of 2018/19. The major contributors to improvement in overall performance were Protecting vulnerable workers and Strengthening multilateral and bilateral relations strategic objective at 75% to 100% and 0% to 100% respectively. Monitoring the impact of legislation strategic objective subdued the increase in overall performance by regressing from 100% in Q2 to 0% in Q3 of 2018/19.

3. Performance per Programme

The overall performance per programme was reported as follows:

Table 2 DEL Performance per Programme in Q3

BRANCH	**Annual Planned Indicators**	**Indicators with Q3 Targets**	**Achieved**	**Overall Achievement %**
Administration	4	4	4	100%
Inspections and Enforcement Services	4	4	4	100%
Public Employment Services	4	4	4	100%
Labour Policy and Industrial Relations	8	5	2	40%
OVERALL PERFORMANCE	**20**	**17**	**14**	**82%**

Source: Presentation to the Portfolio Committee on Employment and Labour dated 21 August 2019

Labour Policy and Industrial Relations is the only programme that achieved less than 100% performance. This programme achieved a performance of 40%, which is a decrease in performance from the 50% achieved in the Q2 of 2018/19. Inspection and Enforcement Services programme improved from 75% in Q2 of 2018/19 to 100% in Q3 of 2018/19.

4. Programme performance in Q3 of 2018/19

4.1. Administration

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

The Administration programme comprise the following sub-programmes: Ministry; Office of the Director-General; Office of the Chief Operations Officer; Corporate Services; and Office of the Chief Financial Officer. Corporate Services includes: Human Resource Management, Internal Audit, Risk Management, Security Services, Communication, Legal Services and Office of the Chief Information Officer.

The Department incurred fruitless and wasteful expenditure of R425 812.57 in Q3 of 2018/19. This is an increase of R48 969.73 from R376 842.84 recorded in the Q2 of the year under review.

There was no unauthorized expenditure detected and reported during the reporting period.

A total of R670 380.73 of irregular expenditure was detected and reported during the reporting period. This is an increase of R414 640.61 from R255 740.12 recorded in the Q2 of 2018/19.

4.2. Inspection and Enforcement Services (IES)

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

The programme consists of the following sub-programmes: Management and Support Services; Occupational Health and Safety; Registration: IES; Compliance, Monitoring and Enforcement Services; Training of Staff: IES; and Statutory and Advocacy Services.

The programme conducted 46 508 inspections in the third quarter of 2018/19 against a target of 43 746, translating to an overall performance of 106%. Of those inspected 37 453 were found to be compliant and 9 055 were non-compliant and as a result were issued with enforcement notices.

A total of 414 Director-General Reviews were conducted against a target of 466, which constitutes 88.6% achievement. Only 118 complied at the initial review and 256 did not comply and were issued with Director-General recommendations with which to comply within 60 days. The following sectors were reviewed: Agriculture; Mining and Quarrying; Manufacturing; Electricity, Gas and Water; Construction; Retail, Motor Trade; Wholesale Trade, Commercial Trade; Catering, Accommodation; Transport, Storage and Communications; Finance and Business; and Community, Special and Personal Services.

In order to address identified areas of non-compliance, the programme is to conduct advocacy sessions on: employer organisations; Employment Equity Consultative Forums; and trade union federations. Furthermore, the programme will serve confirmatory letters to employers who fail to comply within timeframe and employers who fail to comply with sections invoking direct referral for prosecution.

The programme conducted 420 employment equity inspections against a target of 259, which constitutes 162% performance. Of those inspected, 258 were compliant and 162 were non-compliant and those found to be non-compliant were issued with notices to comply within 14 days. To address areas of non-compliance, the programme will serve confirmatory letters to employers who fail to comply within timeframe and employers who fail to comply with sections invoking direct referral for prosecution. Moreover, structured advocacy sessions are to be reintroduced and strengthened under EE to deepen the employers and workers understanding of EEA.

IES inspected 36 083 workplaces for BCEA compliance against a target of 35 093, translating into 87.3% achievement. Of those inspected 12.7% were found to be non-compliant and issued with enforcement notices to comply within 14 days. Major BCEA non-compliance was found in the following sectors: Wholesale and Retail; Hospitality; Farm Worker sector; Community Services sector; and Private Security. Areas of non-compliance included: underpayment of wages; non-issuing of pay slips; illegal deductions; non-issuing of particulars of employment; and non-signing of attendance to prove working hours including overtime. IES is to reintroduce and strengthen structured advocacy sessions under BCEA and to deepen the employers and workers understanding of the BCEA including the Sectoral Determinations.

A total of 5 162 OHS inspections were conducted against a target of 4 702, resulting in a positive variance of 559. Of the total number of inspections done, 3 201 were compliant, translating to 62% compliance level. Sectors inspected were construction, which constituted more than half of the inspections conducted in KZN, Gauteng and Western Cape. This was followed by Iron and Steel and the Wholesale and Retail sector with most inspections conducted in KZN and Gauteng. The bulk of the inspections conducted in Wholesale and Retail sector were in the Free State province.

Of the 256 incidents that were reported, 182 or 71% were investigated and finalized within 90 days. A total of 859 applications for registration of entities were received and 854 or 99.4% were processed and finalized within 60 days.

A total of 4 044 procedural (UIF) audits were conducted against a target of 3 095, equating to 130.7% performance. Of those employers audited, 54.3% were compliant and 46.7% were non-compliant and those found to be non-compliant were issued with enforcement notices to comply within 14 days. Areas of non-compliance were: declarations in terms of section 56 of the UIA; failure to register with the Fund; and non-payment of contributions. The most non-compliant sectors were: Private Security; domestic; Construction; Wholesale and Retail; and Manufacturing. To address non-compliance, IES will reintroduce and strengthen structured advocacy sessions under UI legislation and deepen the employers and workers understanding of UI legislation. Furthermore, IES will strengthen relationship with SARS to achieve improved compliance.

A total of 233 or 101.7% payroll audits were conducted against a target of 229. A total of 104 audited employers were compliant and 129 were non-compliant and issued with notices. The areas of non-compliance were: declarations as per section 56(3) non-compliance in terms of section 56 of the UIA; failure to register with the Fund; and non-payment of contributions. The most non-complying sectors were: Private Security; Domestic; Construction; Wholesale and Retail; Manufacturing; and Iron and Steel. IES is to launch a series of advocacy campaigns to sensitise non-compliant employers about the legislation and the consequences of non-compliance as per section 56(3).

The Employment Audit Services (EAS) recovered a total of R515 882.95 through penalties imposed to non-compliant employers. The major share of monies recovered was in the Eastern Cape (R336 520.49); North West (R90 413.37); and Western Cape (R81 913.44).

The total number of employers referred for prosecution were as follows:

- DG Reviews: 3
- Employment Equity (EE): 15
- Basic Conditions of Employment Act (BCEA): 608
- Occupational Health and Safety Act (OHS):16
- Employment Audit Services (EAS): 71

4.3. Public Employment Services (PES)

The purpose of this programme is to provide assistance to companies and workers to adjust to changing labour market conditions and to regulate private employment agencies. It consists of the following sub-programmes: Management and Support Services; Employer Services; Work-Seeker Services; and Designated Groups Special Services. The programme has oversight over the following entities: Supported Employment Enterprises; Productivity South Africa; Unemployment Insurance Fund; and Compensation Fund.

4.3.1. PES performance per strategic objective

The PES programme contributes to outcome 4 of the Medium Term Strategic Framework 2014-2019, which is decent employment through inclusive economic growth. The DEL strategic objective 1 is contribution to decent employment creation.

Table 3: PES performance per Strategic Objective in Q3

KEY PERFORMANCE INDICATORS	Q3 TARGET	ACTUAL
No. of work seekers registered on ESSA	151 000	203 293
No. of registered work-seekers provided with employment counselling	142 001	174 985

Source: Information obtained from the presentation to PC: Employment and Labour dated 21 August 2019

Table 3 reflects that the PES programme registered 203 293 work-seekers on ESSA against a target of 151 000, translating to 135% achievement. Gauteng province registered the highest number of work-seekers at 52 341, followed by KZN at 29 765 and Western Cape at 28 529. Of the work-seekers registered, 122 922 or 60% are young people aged 16 – 35 years and 80 369 or 40% are adults aged 36 years and above. Of the work-seekers registered, 1 437 or 0.7% are people with different forms of disabilities, including 678 with blindness, 299 with physical disabilities and 168 with chronic conditions.

In terms of Employment Equity, 171 894 or 85% of work-seekers registered are Africans; 21 652 or 11% Coloureds; 5 653 or 3% Whites and only 2 464 or 1% are Indians. The remaining 1 630 were not specified by equity group.

Only 32 039 or 29% of registered work and learning opportunities were classified by economic sectors, while 78 726 or 71% were not. Agriculture; Construction; and Safety and Security registered 10 321; 6 974; and 3 821 respectively. Of the 110 765 opportunities registered, 65 140 or 59% are formal jobs.

PES programme provided 174 985 out of 203 293 or 86% work-seekers with employment counselling against a target of 142 001, translating to 123% achievement. Gauteng; Eastern Cape; and KZN provided 43 144; 26 456; and 23 762 employment counselling respectively.

A total of 31 741 work and learning opportunities were filled by registered work-seekers, of which 18 408 or 58% were formal jobs, 9 320 or 29% were projects, 2 511 or 8% were learnerships and 463 or 2% were internships. A total of 22 504 work-seekers placed are young people between the ages 16 – 35 years. The remaining 9 237 are work-seekers aged 36 years and above.

Only 9 332 or 29% opportunities filled were classified by economic sector and 22 409 or 71% were not. Most of the placements came from Agriculture (3 146) followed by Construction (2 021) and Security (1 390). Challenges with placement include skills mismatch and that number of work-seekers registered lack required experience. Proposed interventions include: profiling of work-seekers on ESSA database, establishment of employment schemes for the low skills work-seekers and provisioning of funding from UIF and CF for the implementation of employment schemes.

4.4. Labour Policy and Industrial Relations (LP & IR)

The purpose of this programme is to facilitate the establishment of an equitable and sound labour relations environment and the promotion of South Africa’s interests in international labour matters through research, analysis and evaluating labour policy, and providing statistical data on the labour market, including providing support to institutions that promote social dialogue. The programme consists of the following sub-programmes and entities: Management and Support Services; Strengthen Civil Society; Collective Bargaining; Employment Equity; Employment Standards; Commission for Conciliation, Mediation and

Arbitration (CCMA); Research, Policy and Planning; Labour market Information and Statistics; International Labour Matters; and National Economic Development and Labour Council (NEDLAC).

LP & IR programme received 38 applications for registration from labour organisations in Q3. This was an increase by 11 applications from the 27 received in Q2. Of those applications received 32 were refused within 90 days of receipt. The number of applications refused increased by 10 from 22 refused in Q2. Only 6 applications were approved within 90 days in Q3, which is an increase by 1 from the 5 applications approved within 90 days in Q2.

The number of trade union applications increased from 9 054 in Q2 to 10 016 in Q3 of 2018/19. The Public Service reflected the highest number of members at 5 219 or 52%. Trade union members impacted by refusal increased from 8 246 in Q2 to 9 401 in Q3 of 2018/19. The highest number of members impacted by refusal were from the public service at 5 096 or 54%.

5. Financial Report

5.1. Expenditure information per programme in Q3

Table 4: DEL Expenditure Information per programme in Q3

BRANCH	**ADJUSTED BUDGET R'000**	**EXPENDITURE AS AT 31/12/2018 R'000**	**AVAILABLE BUDGET R'000**	**EXP AS T 31 12/2018 %**
Administration	906 631	541 079	365 552	60%
Inspection and Enforcement Services	592 223	384 884	207 339	65%
Public Employment Services	580 574	404 061	176 513	70%
Labour Policy and Industrial Relations	1 203 442	904 869	298 573	75%
Total	**3 282 870**	**2 234 893**	**1 047 977**	**68%**

Source: Presentation to the PC: Employment and Labour dated 21 August 2019

The adjusted budget of the DEL amounted to R3.3 billion in 2018/19 financial year. By the end of the third quarter, R2.2 billion or 68% was spent. The available budget as at 31 December 2018 was R1 million. The Administration programme spent R541 million or 60% of the allocated R906.6 million by the end of Q3 of 2018/19.This programme had an available budget of R365.5 million by the end of Q3.

The IES programme spent R384.8 million or 65% of the allocated R592.2 million by the end of Q3 of 2018/19. The available budget as at 31 December 2018 was R207.3 million. The PES programme spent R404 million or 70% of the allocated R580.6 million by the end of Q3 of 2018/19. The available budget as at 31 December 2018 was R176.5 million. LP & IR spent R904.9 million or 75% of the allocated R1.2 billion by the end of Q3 of 2018/19. The available budget as at the end of the Q3 was R298.6 million. The portion of the budget spent by this programme is in line with the expenditure pattern recommended by the National Treasury.

Table 5: Expenditure Information by Economic Classification in Q3

ECONOMIC CLASSIFICATION	ADJUSTED BUDGET	EXPENDITURE AS AT 31/12 2018	AVAILABLE BUDGET	% EXPENDITURE AS AT 31/12 2018
Current Payments	**1 885 315**	**1 218 967**	**666 348**	**65%**
Compensation of Employees	1 293 058	861 375	431 683	67%
Goods and Services	592 257	357 592	234 665	60%
Transfers and Subsidies	**1 287 983**	**996 199**	**291 784**	**77%**
Payments for Capital Assets	**109 572**	**18 478**	**91 094**	**17%**
Payment for Financial Assets	**-**	**1 249**	**-1 249**	*****
Total	**3 282 870**	**2 234 893**	**1 047 977**	**68%**

Source: Presentation to the PC: Employment and Labour dated 21 August 2019

In terms of Economic Classification, the larger portion of the budget went to Current Payments and followed by Transfers and Subsidies. Compensation of Employees constitute the larger share of Current Payments at R1. 2 billion or 69% of the Current of Payments budget. At the end of Q3 Current Payments spent R1.2 billion or 65% of the allocated R1.8 billion. The available budget for current payments as at 31 December 2018 was R666.3 million. Compensation of Employees spent R861 million or 67% of the allocated R1.3 billion for the year 2018/19. The available budget for Compensation of Employees as at 31 December 2018 was R431.6 million.

Goods and Services spent R357.6 million or 60% of the allocated R592.3 million by the end of Q3 of 2018/19. The available budget for Goods and Services was R234.7 million as at 31 December 2018.

A total of R996.2 million or 77% of the R1.3 billion allocated for Transfers and Subsidies was spent by the end of Q3. The available budget for Transfers and Subsidies was R291.8 as at 31 December 2018. The largest amount, which is R963 million was transferred to the CCMA. CCMA spent R722 million or 75 % of the allocation by the end of Q3. The available budget for the CCMA was R240.8 million as at 31 December 2018. Productivity South Africa received a transfer of R53.3 million and had spent all its budget transfer by the end of Q3.

6. Supported Employment Enterprises

The entity was established in 1943 through a Cabinet Memorandum as Service Product for the sole purpose of creating employment for ex-service man and women who could not secure employment in the labour market due to barriers that prevented their participation. The factories moved from various departments and eventually to the then Department of Manpower as the Sheltered Employment Factories.

The entity was formally established under the Employment Services Act, No. 04 of 2014 and continue to be audited as a trading entity.

There are currently 13 factories located in 8 of the 9 provinces in South Africa, with Mpumalanga currently being the only province without a factory. A process is underway to launch the Mpumalanga factory before the end of the current financial year.

The SEE provides employment to a total of 159 DEL staff seconded to support operations and a total of 1100 persons with disabilities employed under the Basic Conditions of Employment Act.

SEE is managed under the Department of Employment and Labour and report through the Branch: Public Employment Services.

Until 1999 the entity enjoyed "Preferential Procurement Status" that meant all government departments procured their office and school furniture as well as hospital linen and uniforms from SEE. The entity continues to receive grant funding to subsidize operations and is allowed to charge 50% upfront payment.

6.1. Performance per Strategic Objective

Table 6: Performance per Strategic Objective of SEE in Q3 of 2018/19

STRATEGIC OBJECTIVE	Annual Planned Indicators	Indicators with targets reporting in Q3	Achieved	Overall Achievement %
Provide work opportunities for PWD	2	2	1	50%
Overall Performance	**2**	**2**	**1**	**50%**

Source: Presentation to the PC: Employment and Labour dated 21 August 2019

The performance of SEE increased from 0% in Q2 to 50% in Q3 of 2018/19. SEE employed 94 people with disabilities by end of Q3 against a target of 75. This was because SEE required additional capacity to deliver on the outstanding orders for National Department of Basic Education; Western Cape Department of Health; and Eastern Cape Department of Education.

The revenue from the sale of goods and services increased by 8.36% in Q3 of 2018/19 against a target of 10% increase. To remedy the situation, the entity plans to secure more contracts through implementation of the approved sales plan during Q4; process outstanding orders and collect revenue; resolve outstanding dispute on orders; and accelerate manufacturing process on new orders.

7. Q3 PERFORMANCE OF ENTITIES OF THE DEPARTMENT OF LABOUR (2018/19)

The entities that report to the Department of Labour are:

- Compensation Fund (CF)
- Commission for Conciliation Mediation and Arbitration (CCMA)
- National Economic Development and Labour Council (NEDLAC)

- Unemployment Insurance Fund (UIF)
- Productivity South Africa (PSA).

7.1. The Compensation Fund (CF)

Constitutional Mandate

The mandate of the CF is derived from section 27(1)(c) of the Constitution. In terms of this section, "Everyone has the right to have access to social security, including, if they are unable to support themselves and their dependents, appropriate social assistance." The CF is mandated to provide social security to all injured and diseased employees.

Legislative Mandate

The CF is a Schedule 3A Public Entity of DEL. The CF administers the Occupational Injuries and Diseases Act (COIDA). The main objective of the Act is to provide compensation for disablement caused by occupational injuries or diseases sustained or contracted by employees, or for death resulting from injuries or diseases.

7.1.1. CF Performance per Strategic Objective in Q3 of 2018/19

CF reported its performance per strategic objectives as follows:

Table 7: Q3 Performance per Strategic Objective

STRATEGIC OBJECTIVE	Annual Planned Indicators	Indicators with targets reporting in Q3	Achieved	Overall achievement %
Provide an effective and efficient client oriented support services	3	1	1	100%
Provide faster, reliable and accessible COID services by 2020	6	6	5	83%
Overall Performance	**9**	**7**	**6**	**86%**

Source: Presentation to the PC: Employment and Labour dated 21 August 2019

Table 7 above reflects that CF achieved an overall performance of 86% in Q3 of 2018/19. On the strategic objective "Provide an effective and efficient client oriented support services", the entity had one target reporting in Q3 which was achieved equating to 100% achievement. On the objective "Provide faster, reliable and accessible COID services by 2020" CF had six targets reporting in Q3 and achieved 5 translating to an achievement of 83%.

7.1.2. CF Performance per Programme in Q3 of 2018/19

Table 8: Q3 Performance per Programme

PROGRAMME	**Annual Planned Indicators**	**Indicators with targets reporting in Q3**	**Achieved**	**Overall Achievement %**
Administration	3	1	1	100%
Compensation for Occupational Injuries and Diseases Services Operations	3	3	2	67%
Medical Services	2	2	2	100%
Orthotic Rehabilitation	1	1	1	100%
Overall Performance	**9**	**7**	**6**	**86%**

Source: Presentation to the PC: Employment and Labour dated 21 August 2019

Table 8 above reflects performance per programme in Q3 of 2018/19. The overall achievement was 86%, with all but "Compensation for Occupational Injuries and Diseases Services Operations" programme achieving a performance of 100%. "Compensation for Occupational injuries and Diseases Services Operations" programme had three targets reporting in Q3 and achieved two translating to 67% achievement. This programme registered a total of 113 420 claims and adjudicated 109 307 or 96% in Q3 of 2018/19. Of the 113 420 registered claims, 106 657 or 94% were adjudicated within 40 working days against a target of 90% finalized within 40 working days.

Medical Services programme received 695 054 medical invoices and finalized 692 993 or 99.7% in Q3 of 2018/19. Of the 695 054 invoices received, 662 865 or 95% were finalized within 60 working days against a target of 85% of medical invoices finalized within 60 working days. This programme received 1073 pre-authorisations and responded to 999 or 93% within 10 working days against a target of 85% pre-authorisations responded to within 10 working days on previously finalized cases.

The Orthotic Rehabilitation programme received 893 requests for assistive devices and responded to 882 or 92% within 15 working days against a target of 85% of compliant requests for assistive devices responded to within 15 working days. The provinces that achieved less than 85% were Eastern Cape (71%), North West (75%) and Western Cape (82%). Under-achievement was attributed to non-compliance to letters and a process to load POE on the Y-Drive. The following actions are proposed to remedy non-compliance:

- The POE requirement to be discussed at workshops with provinces emphasizing the audit outcome.
- Constant communication and training with the provinces.
- Conduct provincial visit to provide support on performance information and reporting.
- Compiled and sent non-compliance notices to CDPOS of provinces where POE is not being submitted.

7.1.3. CF Financial Performance in Q3 of 2018/19

CF reported financial performance as follows:

Table 9: CF Expenditure per Programme in Q3 of 2018/19

BRANCH	**ADJUSTED BUDGET**	**EXPENDITURE AS AT 31/12/2018**	**AVAILABLE BUDGET**	**EXP AS AT 31/12/2018**
	R'000	**R'000**	**R'000**	**%**
Administration	2 340 425	655 799	1 684 626	28%
COID Services	1 022 669	1 143 821	-121 152	112%
Medical Services	3 106 081	2 020 779	1 085 302	65%
Orthotic and Medical Rehabilitation	68 750	26 428	42 322	38%
Total	**6 537 925**	**3 846 827**	**2 691 097**	**59%**

Source: Presentation to the PC: Employment and Labour dated 21 August 2018/19

The adjusted budget for CF amounted to R6.5 billion and R3.8 billion or 59% was spent by the end of Q3 of 2018/19. This is less than the expenditure benchmark set by National Treasury, which recommends 25% expenditure per quarter. However, COID Services programme expenditure stood at 112% by the end of Q3. It was allocated R1 billion and had spent R1.1 billion by the end of Q3. Over-expenditure amounted to R121 million. Medical Services spent R2 billion or 65% of the allocated R3 billion. The available budget for this programme was R1 billion at the end of Q3. Orthotic and Medical Rehabilitation spent R26,4 million or 38% of the allocated R68.7 million by the end of Q3. The available budget was R42.3 million at the end of Q3 of 2018/19.

Table 10: CF Expenditure by Economic Classification in Q3 of 2018/19

ECONOMIC CLASSIFICATION	ADJUSTED BUDGET	EXPENDITURE AS AT 31/12 2018	AVAILABLE BUDGET	% EXPENDITURE AS AT 31/12 2018
Current Payments	**2 210 609**	**806 507**	**1 404 102**	**36%**
Compensation of Employees	973 497	399 181	574 316	41%
Goods and Services	1 237 112	407 326	829 786	33%
Payments for Capital Assets	**82 251**	**6 094**	**76 157**	**7%**
Total Administrative Expenditure	**2 292 861**	**812 602**	**1 480 259**	**35%**
Compensation Claims	1 185 670	1 031 557	154 114	87%
Medical Claims	3 099 440	2 002 760	1 096 770	65%
Total Benefits	**4 285 110**	**3 034 226**	**1 250 884**	**71%**
Total Budget	**6 577 971**	**3 846 828**	**2 731 143**	**58%**

Source: Presentation to the PC: Employment and dated 21 August 2019

Table 10 reflect that total administrative amounted to R812.6 million or 35% of the allocated R2.2 billion. The available budget was R1.4 billion as at 31 December 2018. The largest allocation went to Goods and Services at R1.2 billion and R407.3 million or 33% of that amount was spent as at 31 December 2018. The available budget for this programme was R829.7 million by the end of Q3 of 2018.

The entity spent R3 billion or 71% of the R4 billion allocated for total benefits by the end of Q3. There was R1 billion available budget by the end of Q3. A larger portion of benefits budget was allocated to

Medical Claims at R3 billion and R2 billions or 65% of this amount was spent by the end of Q3 of 2018/19. Compensation Claims received R1.1 billion and R1.0 or 87% was spent as at 31 December 2018.

In terms of Economic Classification, a total of R3.8 billion or 58% of the allocated R6.5 billion was spent by the end of Q3. The available budget was R2.7 billion as at 31 December 2018.

7.2. Commission for Conciliation, Mediation and Arbitration (CCMA)

CCMA reported its performance per strategic objective as follows:

7.2.1. CCMA Performance per Strategic Objective in Q3 of 2018/19

Table 11: CCMA Performance per Strategic Objective in Q3

STRATEGIC OBJECTIVE	Annual Planned Targets	Planned Targets reporting in Q3	Achieved	Overall Achievement
Enhancing the Labour Market to advance stability and growth	5	2	1	50%
Advance good practices at work and transforming workplace relations	5	1	1	100%
Building knowledge and skills	1	1	1	100%
Optimising the organisation	8	4	2	50%
Overall Performance	**19**	**8**	**5**	**63%**

Source: Presentation to the PC: Employment and Labour dated 21 August 2019

Table 11 reflects the overall achievement of the CCMA was at 63% by the end of Q3 of 2018/19, which is a decrease in performance from the 78% achieved in Q3 of 2017/18. The entity under-performed in two strategic objectives, which are Enhancing the Labour Market to advance stability and growth (50%); and Optimising the organization (50%).

The entity delivered five capacity building interventions on effective negotiation skills covering the COGP and the Accord against a target of six strategically identified users. Non-achievement of this target was attributed to down time experienced due to early closure during December 2018. However, CCMA promised that the annual target will still be achieved as a result of delivery of five interventions to mitigate for the early December closure of Q3.

Of the 112 377 registered cases, 99 621 or 88.65% were heard first event within 30 days against a target of 98% of all registered cases' first event heard. The reason for non-achievement was reported to be the description of the target not being prescriptive enough for CMS to produce accurate statistics. It was reported that this target has been amended in the 2019/20 APP and will now be achieved as planned.

CCMA delivered 12 training interventions to capacitate the workforce for efficient and effective delivery of the CCMA mandate against a target of 13 training interventions. The entity reported that it was planning to over achieve on this target in Q4 of 2018/19 to compensate for non-achievement in the Q3. It therefore promised that the annual target will be met.

7.2.2. CCMA Dashboard inQ3 od 2018/19

The entity reported on its progress during the period under review as follows:

- A total of 45 180 cases were referred to the CCMA in Q3 of 2018/19, compared to 46 517 cases in Q3 of 2017/18.
- On average it took CCMA 23 days to conciliate disputes compared to the legislated target of 30 days.
- On average it took the entity 60 days to arbitrate disputes against a target of 60 days.
- The entity settled 133 or 88% of the 152 public interest matters (section 150) during the period under review.
- The CCMA settlement rate for the period under review was 74%.

- The entity conducted 379 outreach services during the period under review. A total of 16 564 people were capacitated to better understand the law and their rights through the outreach activities conducted.
- Of the 31 426 jobs at stake, 12 943 or 41% were saved compared to employees facing retrenchments (cases referred to the CCMA)
- The CCMA Indaba was held on 6-8 December 2018 in Cape Town, Western Cape.
- The entity received 88 complaints in Q3 of 2018/19 compared to 99 complaints received in Q3 of 2017/18 financial year, which were investigated and reported to.

7.2.3. CCMA Financial Performance in Q3 of 2018/19

Table 12: CCMA Expenditure per Programme in Q3 of 2018/19

PROGRAMME	**BUDGET**	**ACTUAL SPENDING**	**VARIANCE**	**EXPENDITURE AS AT 31 DECEMBER 2018**
	R'000	**R'000**	**R'000**	**%**
Administration	394 407	353 411	40 996	89.6%
Institution Development	19 934	18 203	1 731	91.3%
Corporate Governance	4 891	3 900	991	79.7%
Social Services	333 865	322 341	11 524	96.5%
Total	**753 098**	**697 856**	**55 242**	**92.7%**

Source: Adapted from the Presentation to the PC: Employment and Labour dated 21 August 2019

The CCMA spent R697.9 million or 92.7% of the allocated R753.1 million as at 31 December 2018. The available budget for the remainder of the financial year was R55.2 million. The Administration programme received the highest allocation of R394.4 million and spent R353.4 million or 89.6% of the programme budget by the end of Q3. The available budget for the programme was R40.9 million at the end of Q3 of 2018/19. The entity reported that the variance resulted from unfilled vacancies and variable administrative expenses that are on demand basis as well as the procurement of once off ICT projects.

Social Services programme received the second highest allocation of R333.9 million and spent R697.9 million or 96.5% of the allocation by the end of Q3. The available budget for the remainder of the financial year was R11.5 million. CCMA reported that expenditure is in line with the projected spending.

Institutional Development programme spent R18.2 million or 91.3% of the allocated R19.9 million by the end of Q3 of 2018/19. The available budget was R1.7 million as at 31 December 2018. CCMA reported that the variance resulted from bursaries' costs as well as training course fees and material costs which will be utilized as and when the interventions happen.

Corporate Governance programme spent R3.9 million or 79.7% of the allocated R4.9 million by the end of Q3 of 2018/19. The variance was reported to have resulted from unfilled vacancies as well as training course fees, travel costs and fees which were planned for GB members.

Table 13: CCMA Expenditure by Economic Classification in Q3 of 2018/19

ECONOMIC CLASSIFICATION	BUDGET	ACTUAL SPENDING	VARIANCE	EXPENDITURE AS AT Q3
	R'000	**R'000**	**R'000**	**%**
Compensation of Employees	380 351	374 103	6 247	98.4%
Goods and Services	337 248	310 645	26 603	92.1%
Transfer Payments	4 588	3 557	1 031	77.5%
Total Operational Expenditure	**722 187**	**688 305**	**33 881**	**95.3%**
Capital Expenditure	**30 911**	**9 551**	**21 360**	**30.9%**
Total Expenditure	**753 098**	**697 856**	**55 241**	**92.7%**

Source: Adapted from the Presentation to the PC: Employment and Labour dated 21 August 2019

The total operational expenditure of CCMA amounted to R688.3 million or 95.3% of the allocated R722.2 million. The available budget for operational expenditure was R33.9 million for the remainder of the financial year. The largest portion of the allocation of R380.4 million went to Compensation of employees, of which R374.1 million or 98.4% was spent as at 31 December 2018. The variance of R6.2 million was reported to be in line with the projected budget and was related to unfilled vacancies.

Goods and Services received the second largest allocation of R337.2 million and R310.6 or 92.1% was spent by the end of Q3 of 2018/19. The variance of R26.6 million was reported to have resulted from training, software, consulting fees and legal fees that are on demand basis as well as the communication expenses due to the implementation of cost containment measures.

CCMA spent R3.6 million or 22% of the allocated R4.6 million on Transfer Payments by the end of Q3 of 2018/19. The variance of R1 million was reported to have resulted from lower inflow of claims on settled and awarded cases from bargaining councils.

The entity spent R9.6 million or 30.9% of the R30.9 million allocated for Capital Expenditure. The variance of R21.4 million was reported to have resulted from once off procurement of JAVS case recording system, video conferencing and IP based call center solution system that are currently under the procurement processes.

7.3. National Economic Development and Labour Council (NEDLAC)

NEDLAC was established through the NEDLAC Act no 35 of 1994. It operates under the terms of the NEDLAC Constitution. NEDLAC mandate is derived from the following: NEDLAC Act; Labour Relations Act, NEDLAC Constitution; and NEDLAC protocols.

NEDLAC objectives in terms of the NEDLAC Act are as follows:

- 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 they are introduced in Parliament;
- Consider all significant changes to social and economic policy before it is implemented or introduced in Parliament; and
- Encourage and promote the formulation of coordinated policy on social and economic matters.

7.3.1. NEDLAC Performance per programme

NEDLAC reported its performance per programme as follows:

Table 14: NEDLAC Performance per programme in Q3

PROGRAMME	**Total No. of Quarterly Planned Indicators**	**Achieved**	**Not Achieved**	**Overall Achievement %**
Administration	7	6	1	86%
Core-Operations	15	15	0	100%
Constituency Capacity Building	6	3	3	50%
Overall Performance	**28**	**24**	**4**	**86%**

Source: Presentation to the PC: Employment and Labour dated 21 August 2019

Table 14 reflects an overall achievement of 86% by NEDLAC as at 31 December 2018. Constituency Capacity Building programme achieved three of the six indicators reporting in Q3, translating to an achievement of 50%. Core-Operations programme achieved all the targets reporting in Q3 of 2018/19. The Administration programme achieved six of the seven targets reporting in Q3, translating to an achievement of 86%.

7.3.2. Challenges experienced and remedial action

Some of the targets in the Annual Performance Plan were not achieved and the reasons provided were as follows:

- The performance appraisals were not conducted as some employees had gone on emergency leave (maternity/ ill health) prior to conclusion of appraisals. Remedial action includes realignment of governance standards with the national norms and improved internal processes.
- No performance improvement plans were developed due to employees that had undergone performance appraisals had performed in line with the set standards.
- NEDLAC obtained a qualified audit opinion as a result of undisclosed irregular expenditure amounting to R391 809.00 on the financial statements. As a remedial action, NEDLAC is in the process of improving compliance with the relevant statutory requirements, NEDLAC policies and protocols. Furthermore, audit action plans are going to be implemented timeously and effectively.

- Progress reports were not submitted to the Financial Committee because information was not received timeously from constituencies. As a remedial action, constituencies were reminded to submit information timeously. This target has since been removed from the APP of 2019/20 because of heavy reliance on external parties for achievement.
- Insufficient budget allocation resulting in cost pressures. To remedy the situation, funding requests were submitted to the DEL and National Treasury with MTEF submissions. Moreover, cost containment measures were put in place to manage spending.
- Receiving of additional projects/ mandates after budget allocation. Additional funding requests were submitted to the DEL and National Treasury.
- Shortage of human resources and inadequate requisite structure. To remedy the situation, proposals were submitted to governance structures for creation of new positions and funding proposals for the positions were submitted to DEL and National Treasury. Furthermore, NEDLAC will undertake an organizational workflow assessment process to review its structure and necessary resources and to recommend change where necessary to advance the organisation's mandate.
- Lack of employee benefits e.g. Medical Aid, Pension Fund etc. Funding proposals were submitted and subsequently approved by the DEL and National Treasury. Benefits are to be implemented in the 2019/20 financial year.

7.3.3. NEDLAC Financial Performance in Q3 of 2018/19

7.3.3.1. NEDLAC revenue

Table 15: Budget Income for 2018/19 Financial Year

Description of Income	**Amount**
1. Grant from Department of Employment and Labour	R33 825 000
2. Interest Received	R452 000
3. Sundry Income	R95 000
4. Total Income	**R34 372 000**

Source: Presentation to the PC: Employment and Labour dated 21 August 2019

The total income of NEDLAC in 2018/19 financial year amounted to R34.44 million, excluding the R12 million allocation for the Job Summit. The largest portion of revenue was the R33.8 million grant from the Department of Employment and Labour.

7.3.3.2. NEDLAC expenditure per economic classification in Q3

Table 16: NEDLAC expenditure per economic classification in Q3

ECONOMIC CLASSIFICATION	**Budget 2018/19**	**Actual 2018/19 Q3**	**Variance (Over)/ Under Q3**
	R'000	**R'000**	**R'000**
Compensation of Employees	11 119	12 228	(1 109)
Goods and Services	14 702	18 543	(3 841)
TOTAL	**25 821**	**30 771**	**(4 950)**

Source: Presentation to the PC: Employment and Labour dated 21 August 2019

NEDLAC spent R12.2 million on Compensation of Employees by the end of Q3 of 2018/19 against a budget of R11.1 million, equating to an over-expenditure of R1.1 million. It was reported that this over-expenditure was incurred as a result of increased workload where staff resources are sourced to compensate for suspended staff or staff on maternity leave. It spent R18.5 million on Goods and Services against a budget of R14.7 million, translating to an over-expenditure of R3.8 million. A total of R30.8 million was spent on current payments against a budget of R25.8 million, translating to an over-expenditure of R4.9 million.

7.4. Productivity South Africa

Productivity SA is established in terms of section 31 of the Employment Services Act, No. 4 of 2014, with the mandate to fulfill an economic or social responsibility of government. Its mandate is to promote employment growth and productivity thereby contributing to South Africa's socio-economic development and competitiveness.

Productivity SA has three regional offices in Johannesburg/ Midrand, which is the Head Office and also servicing Gauteng, North West and Limpopo; eThekwini/ Durban servicing KZN, Eastern Cape and Mpumalanga; and Cape Town servicing Western Cape, Northern Cape and Free State.

7.4.1. Productivity SA Performance per Strategic Objective in Q3

Productivity SA reported its performance per strategic objective as follows:

Table 17: Productivity SA Performance per Strategic Objective in Q3

STRATEGIC OBJECTIVE	**Annual Planned Indicators**	**Indicators with Targets Reporting in Q3**	**Achieved**	**Overall Achievement %**
Strengthen the institutional capacity of Productivity SA to deliver on its mandate and be financially sustainable	4	1	1	100%
Provide support to programmes aimed at sustainable employment and income growth	2	2	1	50%
Provide support to companies facing economic distress to retain jobs	3	3	0	0%
Contribute to employment and income growth through research, information generation and dissemination	2	-	-	-
Promote social dialogue and a culture of productivity and competitiveness in the workplace and community life	2	2	2	100%
Overall Performance	**13**	**8**	**4**	**50%**

Source: Presentation to the PC: Employment and Labour dated 21 August 2019

The overall performance of Productivity SA in Q3 of 2018/19 was 50%. The entity achieved 100% on its indicators in the following strategic objectives: Strengthen the institutional capacity of Productivity SA to deliver on its mandate and be financially sustainable; and Promote social dialogue and a culture of productivity and competitiveness in the workplace and community life.

Some of the achievements of the entity was that 48 companies ranging from small to large corporates in industry sectors including in the Special Economic Zones (SEZ) and Industrial Parks were supported through the WPC Programme against a target of 25. A total of 117 productivity champions; Education, Training and Skills Development Facilitators (ETDs); and beneficiaries were trained against a target of 40. The entity generated income amounting to R3.5 million in Q3 of 2018/19.

The entity achieved 50% and 0% on the objectives to Provide support to programmes aimed at sustainable employment and income growth; and to Provide support to companies facing economic distress to retain jobs, respectively.

The source of the challenges resulting in non-achievement on indicators was the expansion of the mandate of Productivity SA consequent to the promulgation of the Employment Services Act in 2015. The mandate was expanded to include: (a) promoting employment growth; and (b) supporting initiatives aimed at preventing job losses. However, the expansion of the mandate was not accompanied by additional funding for execution of the expanded mandate.

7.4.2. Productivity SA Performance per Programme in Q3

Productivity SA reported on its performance per programme as follows:

Table 18: Productivity SA Performance per Programme

PROGRAMME	**Annual Planned Indicators**	**Indicators with Targets Reporting in Q3**	**Achieved**	**Overall Achievement %**
Corporate Services	2	1	1	100%

Human Resource Management	1	-	-	-
Marketing and Communication	1	1	1	100%
Productivity Organisational Solutions	2	2	1	50%
Value Chain Competitiveness	4	1	1	100%
Turnaround Solutions	3	3	0	0%
Overall Performance	**13**	**8**	**4**	**50%**

Source: Presentation to the PC: Employment and Labour dated 21 August 2019

Table 16 reflects that Productivity SA achieved all its planned indicators in the following programmes: Corporate Services; Marketing and Communication; and Value Chain Competitiveness. Marketing and Communication programme improved from 0% in Q2 to 100% in Q3 of 2018/19. The entity paid all SMEs within 30 days of receipt of invoices. Productivity SA hosted three productivity awards and regional milestones workshops against a target of one. The entity capacitated 48 companies to improve productivity and business efficiency against a target of 25.

Productivity Organisational Solutions consistently achieved 50% performance from Q1 to Q3 of 2018/19. The entity supported 1024 SMEs and co-operatives on ESD programmes through productivity and operational efficiency enhancement programmes against a target of 1600. Productivity SA trained 117 productivity champions, Education, Training and Skills Development Facilitators (ETDs) and beneficiaries against a target of 40.

Turnaround Solutions programme performance was 0% from Q1 to Q3 of 2018/19 as a result of unfunded mandate, as mentioned above.

7.4.3. Productivity SA Financial Performance in Q3 of 2018/19

Productivity SA reported its financial performance as follows:

Table 19: Productivity SA Financial Performance in Q3

FINANCIAL PERFORMANCE	**Quarter 3**		
	Actual R’000	**Budget R’000**	**Variance R’000**
Revenue	**60 633**	**104 240**	**(43 607)**

Non-exchange revenue	52 980	94 451	(41 471)
Administration	39 975	39 975	
Turnaround Solutions	3 774	45 245	(41 471)
Workplace Challenge	9 231	9 231	
Other Revenue	7 653	9 789	(2 136)
Expenditure	**66 167**	**109 535**	**43 368**
Employment costs	48 608	48 312	(296)
General Expenses	17 559	61 223	43 664
Surplus/ (Deficit)	**(5 534)**	**(5 295)**	**(239)**

Source: Presentation to the PC: Employment and Labour dated 21August 2019

Productivity SA budgeted for R104 million but received a budget of R60.6 million, resulting in a deficit of R43.6 million. The larger portion of actual revenue was non-exchange revenue, which amounted to R52.9 million or 87% of actual revenue. However, the entity had budgeted for R94 million resulting to a deficit of R41 million. Non-exchange Revenue comprise Administration, Turnaround Solutions and Workplace Challenge programme. Administration constitute the larger percentage of Non-Exchange Revenue, which is R39.9 million or 75% of non-exchange revenue.

Productivity SA spent R66.2 million against the revenue of R60.6, resulting to a deficit of R5.5 million. The entity had budgeted for an expenditure of R109.5 million resulting to a variance of R43.3 million. The larger portion of expenditure went to Employment Costs, which amounted to R48.6 million or 73% of expenditure.

7.5. Unemployment Insurance Fund (UIF)

7.5.1. UIF Performance per Strategic Objective in Q1, Q2 and Q3 of 2018/19

UIF reported its expenditure per strategic objective as follows:

Table 20: UIF Performance per Strategic Objective in Q1, Q2 and Q3

	2018/19 Q1	**2018/19 Q2**	**2018/19 Q3**

Strategic Objectives	Planned indicators	Achieved	Overall Achievement	Planned indicators	Achieved	Overall Achievement	Planned Indicators	Achieved	Overall Achievement
Ensure financial sustainability	3	3	100%	3	3	100%	3	3	100%
Strengthen institutional capacity of the Fund	1	1	100%	1	0	0%	1	0	0%
Provide easy to use services through multiple access points	2	1	50%	2	0	0%	2	0	0%
Improve service delivery	6	3	50%	6	5	83%	6	5	83%%
Collaborate with stakeholders to improve compliance with UIF Act	2	1	50%	2	1	50%	2	2	100%
Enhance employability of UIF beneficiaries, enable entrepreneurship and preserve jobs	2	1	50%	2	1	50%	2	1	50%
Overall Performance	**16**	**10**	**63%**	**16**	**10**	**63%**	**16**	**11**	**69%**

Source: Presentation to the PC: Employment and Labour dated 21 August 2019

UIF performance improved from 63% in Q2 to 69% in Q3 of 2018/19. The entity achieved a performance of 100% in strategic objective: Ensure financial sustainability and Collaborate with stakeholders to improve compliance with UIF Acts. The performance of UIF on the Strategic Objective, "Collaborate with stakeholders to improve compliance with UIF Acts", improved from 50% in Q2 to 100% in Q3 of 2018/19. The entity's performance was consistent at 83% on "Improve Service Delivery" strategic objective. Similarly, the entity was consistent at 50% from Q1 to Q3 on "Enhance employability of UIF beneficiaries, enable entrepreneurship and preserve jobs" strategic objective. UIF achievement was 0% on strategic objectives "Strengthen institutional capacity of the Fund"; and "Provide easy to use services through multiple access points", which lowered the overall performance to 69%. UIF failed to reduce vacancy rate to less than equal to 11%, hence 0% achievement on strengthen institutional capacity of the Fund. The entity failed to upgrade 20 provincial sites with free Wi-Fi. This resulted in 0%performance on "Provide easy to use services through multiple access points. UIF issued 76% of applications with complete information with compliance certificates or tender letter within 10 working days, against a target of 90% issued within 10 working days. This resulted in 83% achievement on “Improve service delivery objective”. The entity failed to provide 100 000 UIF beneficiaries with learning and/ or work place experience opportunities. This resulted in 50% achievement on “Enhance employability of UIF beneficiaries, enable entrepreneurship and preserve jobs” strategic objective.

7.5.2. Claims Comparison

UIF processed 96% unemployment benefits within 15 working days against a target of 90% in Q3 of 2018/19. This is an improvement from the 94% and 91% processed in Q2 and Q1 respectively. The highest performing provinces were Eastern Cape, Free State and Gauteng and they all processed 98% unemployment benefits within 15 working days in Q3.

UIF processed 94% of in-service benefits within 10 working days in Q3 of 2018/19 against a target of 90% within 10 working days. This was an improvement from the 92% and 89% of in-service benefits processed within 10 working days in Q2 and Q1 respectively. Eastern Cape, Free State, Gauteng and Northern Cape were the highest performing provinces in Q3 at 98%.

The entity processed 93% of death benefits within 20 working days in Q3 of 2018/19 against a target of 90% within 20 working days. The Free State province processed all death benefits within 20 working days.

The entity paid 100% of benefits within six working days in Q3 of 2018/19 against a target of 95% benefits paid within 6 working days. This is an improvement from the 99% and 97% achievement in Q2 and Q1 respectively.

7.5.3. UIF Financial Performance in Q3 of 2018/19

7.5.3.1. UIF Expenditure per Programme in Q3

The Fund reported on its expenditure per programme as follows:

Table 21: UIF Expenditure per Programme in Q3 of 2018/19

PROGRAMMES	**Budget R'000**	**Actual R'000**	**Variance R'000**	**Spent %**
Administration	1 325 373	676 642	648 731	51%
Business Operations	9 256 265	9 092 492	193 773	98%
Labour Activation Programmes	729 838	48 265	681 573	7%
Total	**11 341 476**	**9 817 399**	**1 524 077**	**87%**

Source: Presentation to the PC: Employment and Labour dated 21 August 2019

UIF spent R9.8 billion or 87% of the allocated R11.3 billion by the end of Q3 of 2018/19. Business Operations programme, which received the highest budget allocation spent R9.0 billion or 98% of the allocated R9.2 billion by the end of Q3 of 2018/19. The contributing factors to underspending of 2% was Compensation of Employees on overtime in line with the limitation of overtime to 30% of official's salary.

Administration programme spent R676.6 million or 51% of the allocated R1.3 billion by the end of Q3 of 2018/19. Contributing factors to 49% underspending were:

- The Fund continued to limit spending in accordance with the cost containment measures.
- Management fees were less than the budgeted amount due to new mandate that was estimated higher due to the fact that Initial Commitment Capital fees of new instruments were substantially higher than subsequent management fees. Trading activity in the Portfolio also decreased due to unfavourable market conditions.
- The Fund was in the process of filling the vacant positions.

Labour Activation Programmes, which received the least allocation spent R48.2 million or 7% of the allocated R729.8 million by the end of Q3 of 2018/19. The 93% underspending was due to the delays on the finalization of the evaluation process and inadequate supporting documents submitted by service providers for payment.

7.5.3.2 UIF Expenditure per Economic Classification in Q3

The Fund reported on expenditure per Economic Classification as follows:

Table 22: UIF Expenditure by Economic Classification in Q3 of 2018/19

ECONOMIC CLASSIFICATION	Budget R'000	Actual R'000	Variance R'000	Spent %
Compensation of Employees	1 129 554	949 472	180 082	84%
Goods and Services	1 405 369	804 404	600 965	57%
CAPEX	414 227	55 598	358 628	13%
Transfers	8 806 553	8 063 523	743 030	92%
Total	**11 755 703**	**9 872 997**	**1 882 705**	**84%**

Source: Presentation to the PC: Employment and Labour dated 21 August 2019

The Fund spent R9.8 or 84% of the allocated R11.7 billion in the Q3, resulting in a variance of R1.9 billion. The largest budget allocation went to Transfers, whose budget amounted to R8.8 billion or 75% of the total budget allocation of the Fund. Of this amount R8.1 billion or 92% was spent by the end of Q3 of 2018/19. The second largest allocation went to Goods and Services, whose budget amounted R1.4 billion. Of this amount R804.4 or 57% was spent by the end of Q3, resulting to a variance of R66.9 million. A total of R949.5 million or 84% of R1.1 billion was spent on Compensation of Employees by the end of Q3 of 2018/19. Capital Expenditure received the least allocation of R414.2 million, of R55.6 million or 13% was spent by the end of Q3 of 2018/19.

8. Committee Observations

The Committee made the following observations:

8.1. The overall performance of the CCMA went down from 78% in Q3 of 2017/18 to 63% in Q3 of 2018/19.

8.2. The CCMA had spent 93% of its budget by the end of Q3, which is far above the recommended 75%.

8.3. NEDLAC did not report on performance per strategic objective.

8.4. NEDLAC identified shortage of human resources and inadequate requisite structure as one of the challenges that resulted in some of its performance targets not being achieved.

8.5. The funding for core-programmes of Productivity SA (Workplace Challenges and Turnaround Solutions) is not guaranteed. The TAS funding has over the past three years never been transferred in full and/or on time by the DEL/UIF; and funding for the WPC from Department of Trade and

Industry covers only 45% of the total operational costs of the programme with 55% of expenses unfunded.

8.6. The UIF did not report on non-financial performance per programme in its presentation to the Committee.

8.7. Health and safety in mines is regulated by the Mine Health and Safety Act while all other sectors are regulated by the Occupational Health and Safety Act.

8.8. Some employers still employ foreign nationals for jobs that do not require critical/scarce skills.

9. Committee Recommendations

The Committee recommends that the Minister ensures that:

9.1. The CCMA is appropriately resourced to deal with its extended mandate arising from amendments to labour legislation.

9.2. All entities reporting to the Department of Employment and Labour use a uniform format of reporting financial and non-financial performance as the Department.

9.3. NEDLAC is restructured and resourced to effectively and efficiently execute its mandate.

9.4. The funding challenges of Productivity South Africa are timeously resolved.

9.5. Integration of Mine Health and Safety into Occupational Health Safety is explored.

9.6. The Department cooperates with the Department of Home Affairs in addressing the issue of employment of foreign nationals for jobs that can be done by South Africans.

Report to be considered.

3. REPORT OF THE PORTFOLIO COMMITTEE ON EMPLOYMENT AND LABOUR ON THE FOURTH QUARTERLY REPORT REGARDING THE PERFORMANCE OF THE DEPARTMENT OF EMPLOYMENT AND LABOUR AND ITS ENTITIES IN MEETING STRATEGIC OBJECTIVES FOR 2018/19, DATED 10 JUNE 2020

The Portfolio Committee on Employment and Labour, having considered the Fourth Quarterly Report on the performance of the Department of Employment and Labour (DEL) and its entities in meeting strategic objectives for 2018/19, reports as follows:

1. Introduction

The Portfolio Committee on Employment and Labour considered the Fourth Quarterly Report on the performance of the Department of Employment and Labour and its entities in meeting strategic objectives for 2018/19 as presented in the meeting held on 27 and 28 August 2019.

This report gives an overview of the presentations made by the Department of Employment and Labour (Department) and its entities, focusing mainly on its achievements, output in respect of the performance indicators and targets set for 2018/19 and the financial performance. The report also provides the Committee's key deliberations and recommendations relating to the performance of the Department and its entities.

2. Performance per Strategic Objective

The Department reported on its performance per strategic objective as follows:

Table 1: DEL Performance per Strategic Objective in Q4

STRATEGIC OBJECTIVES	Planned Indicators	Indicators with Q4 Targets	Achieved	Overall Achievement
Strengthen occupational safety protection	This strategic objective is covered in terms of indicators that are applicable to protecting vulnerable workers			
Promote equity in the labour market	1	1	1	100%

Protecting vulnerable workers	5	4	2	50%
Strengthening multilateral and bilateral relations	1	0	-	-
Contribute to employment creation	4	4	4	100%
Promoting sound labour relations	3	3	1	33%
Monitoring the impact of legislation	2	2	2	100%
Strengthening the institutional capacity of the Department	4	4	3	75%
OVERALL PERFORMANCE	**20**	**18**	**13**	**72%**

Source: Presentation to the Portfolio Committee on Employment and Labour dated 27 August 2019

The overall performance of the Department went down from 82% in Q3 to 72% in Q4 of 2018/19 financial year. The Department's performance on "Protecting vulnerable workers went down from 100% in Q3 to 50% in Q4. On "Strengthening the institutional capacity of the department" it deteriorated from 100% in Q3 to 75% in Q4. The Department's performance on "Promoting sound labour relations" was remained at 33% in both Q3 and Q4. The Department improved on "Monitoring the impact of legislation" strategic objective from 0% in Q3 to 100%in Q4. The Department reported an overall achievement of 100% in "Promote equity in the labour market" strategic objective.

3. Performance per Programme

The overall performance per programme was reported as follows:

Table 2 DEL Performance per Programme in Q4

BRANCH	**Annual Planned Indicators**	**Indicators with Q4 Targets**	**Achieved**	**Overall Achievement %**
Administration	4	4	3	75%
Inspections and Enforcement Services	4	4	3	50%
Public Employment Services	4	4	4	100%
Labour Policy and Industrial Relations	8	8	6	66%
OVERALL PERFORMANCE	**20**	**20**	**16**	**72%**

Source: Presentation to the Portfolio Committee on Employment and Labour dated 27 August 2019

The Public Employment Services programme remained at 100% in both Q3 and Q4 of 2018/19 financial year. Administration programme and Inspections and Enforcement Services programme went down from 100% in Q3 to 75% and 50% in Q4 respectively. Labour Policy and Industrial Relations programme improved from 40% in Q3 to 66% in Q4 of 2018/19 financial year.

4. Programme performance in Q4 of 2018/19

4.1. Administration

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

The Administration programme comprise the following sub-programmes: Ministry; Office of the Director-General; Office of the Chief Operations Officer; Corporate Services; and Office of the Chief Financial Officer. Corporate Services includes: Human Resource Management, Internal Audit, Risk management, Security Services, Communication, Legal Services and Office of the Chief Information Officer.

The Department incurred fruitless and wasteful expenditure amounting to R2.9 million (R2 896 605.76) in the fourth quarter of 2018/19. This is an increase of R2.5 million (R2 470 793.19) from R425 812.57 reported in Q3 of the year under review.

A total of R1.5 million (R1 502 954.17) of irregular expenditure was detected and reported during the reporting period. This is an increase of R832 573.44 from R670 380.73 reported in the third quarter of 2018/19.

There was no unauthorized expenditure detected and reported during the reporting period.

4.2. Inspection and Enforcement Services (IES)

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

The programme consists of the following sub-programmes: Management and Support Services; Occupational Health and Safety; Registration: IES; Compliance, Monitoring and Enforcement Services; Training of Staff: IES; and Statutory and Advocacy Services.

The programme conducted 61 642 inspections in Q4 of 2018/19 against a target of 65 620, translating to an overall performance of 94%. Of those inspected 49 615 were found to be compliant and 12 027 were non-compliant and as a result were issued with enforcement notices. The highest number of inspections conducted were in KZN, which conducted 13 112 inspections. It was followed by Gauteng, which conducted 12 630 inspections.

A total of 680 Director-General Reviews were conducted against a target of 700, which constitutes 97.1% performance. Of all the reviews conducted 273 complied and 407 did not comply. Of the 407 that did not comply 339 were issued with Director-General recommendation with which to comply within 60 days. Eastern Cape had the highest number of compliant employers, which was 83 employers. Gauteng had the highest number of non-compliant employers, which was 111 employers. The following sectors were reviewed: Agriculture; Manufacturing; Construction; Retail, Motor Trade; Wholesale Trade, Commercial Trade; Catering, Accommodation; Finance and Business; and Community, Special and Personal Services.

In order to address identified areas of non-compliance, the programme is to monitor due dates for employers to comply with DG recommendations; serve confirmatory letters to employers who fail to comply within timeframe and employers who fail to comply with sections invoking direct referral for prosecution; and conduct quarterly workshops to capacitate newly converted EE inspectors.

The programme conducted 384 employment equity inspections against a target of 388, which constitutes 99% performance. Of those inspected, 271 were compliant and 113 were non-compliant and those found to be non-compliant were issued with notices to comply within 14 days. Gauteng conducted the highest number of EE inspections, which was 123 inspections against a target of 83. Of those inspections conducted in Gauteng, 91; were compliant and 32 were non-compliant. To address areas of non-compliance nationally, the programme will conduct advocacy sessions with employers and their EE Forums; serve confirmatory letters to employers who fail to comply within timeframe; and invoke direct referral for prosecution for those employers who were found to be operating without an EE Plan.

IES inspected 48 038 workplaces for BCEA compliance against a target of 52 638, translating into 91% performance. Of those inspected 87% were compliant and 13% were found to be non-compliant and issued with enforcement notices to comply within 14 days. Major BCEA non-compliance was found in the following sectors: Wholesale and Retail; Domestic; Hospitality; Farm Worker sector; and Private Security sectors. Areas of non-compliance included: underpayment of wages; non-issuing of pay slips; illegal deductions; non-issuing of particulars of employment; and non-signing of attendance to prove working hours including overtime. IES is to conduct project based inspections to determine areas of non-compliance in sectors; establish sector specific forums to engage stakeholders; create awareness through radio talk shows and advocacy; and reintroduce and strengthen structured advocacy sessions Under BCEA and deepen the employers and workers' understanding of BCEA and National Minimum Wage Act including Sectoral Determinations.

A total of 6 887 OHS inspections were conducted against a target of 6 857, resulting in a positive variance of 30. Of the total number of inspections done, 4 275 were compliant, translating to 63.5% compliance level. A total of 2 512 or 36.5% of those employers inspected were non-compliant and were issued with enforcement notices to comply within the defined period or to take such action as the law allows.

Of the 272 incidents that were reported, 210 or 77%% were investigated and finalized within 90 days. The challenges with investigations of these incidents include inaccessibility of injured persons and witnesses when incidents are investigated; protracted periods by National Prosecution Authority in prosecution decisions; new inspectors' limited competency in investigating and recommending prosecution; incidents reported to labour centres not forwarded to provincial offices within specified timeframes; and poor quality incidents reports by OHS inspectors.

A total of 533 applications for registration of entities were received and 527 or 99% were processed and finalized within 60 days against a target of 80% entities processed within 60 days. Head Office and the Western Cape province processed most applications within 60 days, followed by Gauteng and KZN.

A total of 5 485 procedural (UIF) audits were conducted against a target of 4 644, equating to 118% performance. Of those employers audited, 3 099 or 56.5% were compliant and 2 386 or 43.5% were non-compliant and those found to be non-compliant were issued with enforcement notices to comply within 14 days.

A total of 371 or 107.7% payroll audits were conducted against a target of 346. A total of 156 or 42% audited employers were compliant and 215 or 58% were non-compliant and issued with notices. Areas of non-compliance were: declarations in terms of section 56 of the UIA; failure to register with the Fund; and non-payment of contributions. The most non-compliant sectors were: wholesale and retail; community; hospitality; and farm work sectors. To address non-compliance, IES will reintroduce and strengthen structured advocacy sessions under UI legislation and deepen the employers and workers understanding of UI legislation; strengthen relationship with SARS to achieve improved compliance; and launch a series of advocacy campaigns to sensitise non-compliant employers about the legislation and the consequences of non-compliance as per section 56(3).

The Employment Audit Services (EAS) recovered a total of R291 202.66 through penalties imposed to non-compliant employers. The major share of monies recovered was in the Eastern Cape (R166 964.78); and North West (R100 818.88).

4.3. Public Employment Services (PES)

The purpose of this programme is to provide assistance to companies and workers to adjust to changing labour market conditions and to regulate private employment agencies. It consists of the following sub-programmes: Management and Support Services; Employer Services; Work-Seeker Services; and Designated Groups Special Services. The programme has oversight over the following entities: Supported Employment Enterprises; Productivity South Africa; Unemployment Insurance Fund; and Compensation Fund.

4.3.1. PES performance per strategic objective

PES reported performance per strategic objective as follows:

Table 3: Work-seekers registered per Province Q4

Province	**Q4 Target**	**Actual**
EC	21 000	27 373
FS	12 250	17 825
GP	45 000	53 652

KZN	31 500	33 530
LP	12 250	18 163
MP	14 000	17004
NC	5 250	8 251
NW	10 500	14 462
WC	22 250	27 669
Online	0	15 952
TOTAL	**174 000**	**233 881**

Source: Presentation to PC: Employment and Labour dated 27 August 2019

Table 3 reflects that the PES programme registered 233 881 work-seekers on ESSA against a target of 174 000, translating to 134% achievement. Gauteng province registered the highest number of work-seekers at 53 652, followed by KZN at 33 530 and Western Cape at 27 669. Of the work-seekers registered, 146 465 or 63% are young people aged 16 - 35 years and 87 413 or 37% are adults aged 36 years and above. Of the work-seekers registered, 1 367 or 0.6% are people with different forms of disabilities, including 737 with blindness, 228 with physical disabilities and 184 with chronic conditions. In terms of Employment Equity, 200 431 or 86% of work-seekers registered are Africans; 23 853 or 10% Coloureds; 6 424 or 3% Whites and only 2 737 or 1% are Indians. The remaining 436 were not specified by equity group.

Only 39 191 or 29% of registered work and learning opportunities were classified by economic sectors, while 103 613 were not. Agriculture; Construction; and Safety and Security registered 10 927; 8 160; and 5 588 respectively. Of the 142 804 opportunities registered, 81 947 or 57% are formal jobs.

Table 4: Work-seekers provided with employment counselling by Province

Province	**Target**	**Actual**
EC	27 080	34 438
FS	16 670	20 403
GP	39 580	48 983
KZN	22 920	31 745
LP	20 830	21 845
MP	22 920	21 592
NC	14 580	13 885

NW	18 750	18 070
WC	16 670	18 517
Online	0	7 197
Total	**200 000**	**240 675**

Source: Presentation to the PC: Employment and Labour dated 27 August 2019

PES programme provided 240 675 work-seekers with employment counselling against a target of 200 000, translating to 120% achievement. Gauteng; Eastern Cape; and KZN provided 48 983; 34 438; and 31 745 employment counselling respectively.

A total of 49 968 work and learning opportunities were filled by registered work-seekers, of which 30 156 or 60% were formal jobs, 13 906 or 28% were projects, 3 695 or 7% were learnerships and 680 or 1% were internships. A total of 34 829 or 70% work-seekers placed were young people between the ages 16 – 35 years. The remaining 15 107 were work-seekers aged 36 years and above.

Only 12 056 or 24% opportunities filled were classified by economic sector and 37 912 or 76% were not. Most of the placements came from Agriculture (3 364); followed by Construction (2 920); Safety and Security (2 017); and Banking (1 423). Challenges with placement include skills mismatch and that number of work-seekers registered lack required experience. Proposed interventions include: profiling of work-seekers on ESSA database, establishment of employment schemes for the low skills work-seekers and provisioning of funding from UIF and CF for the implementation of employment schemes.

4.4. Labour Policy and Industrial Relations (LP & IR)

The purpose of this programme is to facilitate the establishment of an equitable and sound labour relations environment and the promotion of South Africa's interests in international labour matters through research, analysis and evaluating labour policy, and providing statistical data on the labour market, including providing support to institutions that promote social dialogue. The programme consists of the following sub-programmes and entities: Management and Support Services; Strengthen Civil Society; Collective Bargaining; Employment Equity; Employment Standards; Commission for Conciliation, Mediation and Arbitration (CCMA); Research, Policy and Planning; Labour market Information and Statistics; International Labour Matters; and National Economic Development and Labour Council (NEDLAC).

LP & IR programme received 33 applications for registration from labour organisations in Q4. This was a decrease by 5 applications from the 38 received in Q3. Of those applications received 29 were refused within 90 days of receipt. The number of applications refused decreased by 3 from 32 refused in Q3 of 2018/19. Only 4 applications were approved within 90 days in Q4, which is a decrease by 2 from the 6 applications approved within 90 days in Q3. One trade union was deregistered in Q4 of 2018/19.

The number of trade union applications increased from 10 016 in Q3 to 19 465 in Q4 of 2018/19. The Industrial sector and the Estate sector reflected the highest number of members at 4 000 each. Trade union members impacted by refusal per sector increased from 9 401 in Q3 to 15 503 in Q4 of 2018/19. The highest number of members impacted by refusal were from the Estate sector.

5. Financial Report

5.1. Expenditure information per programme in Q4

Table 5: DEL Expenditure Information per programme in Q4

BRANCH	FINAL APPROPRIATION	EXPENDITURE AS AT 31/03/2019	AVAILABLE BUDGET	EXP AS T 31/03/2019
	R'000	R'000	R'000	%
Administration	881 531	804 917	76 614	91%
Inspection and Enforcement Services	592 223	549 211	43 012	93%
Public Employment Services	605 674	542 817	62 857	90%
Labour Policy and Industrial Relations	1 203 442	1 189 746	13 696	99%
Total	**3 282 870**	**3 086 691**	**196 179**	**94%**

Source: Presentation to the PC: Employment and Labour dated 27 August 2019

The final appropriation of the DEL amounted to R3.3 billion in 2018/19 financial year. By the end of Q4, R3.1 billion or 94% was spent. The available budget as at 31 March 2019 was R196.2 million. The Department underspent by 6% at the end of Q4 of 2018/19.

The Administration programme spent R804.9 million or 91% of the allocated R881.5 million by the end of Q4 of 2018/19 financial year. This programme had an available budget of R76.6 million by the end of Q4. This programme underspent by 9% at the end of Q4.

The IES programme spent R549.2 million or 93% of the allocated R592.2 million by the end of the Q4 of 2018/19 financial year. The available budget as at 31 March 2019 was R43 million. IES programme underspent by 7% at the end of Q4 of 2018/19.

The PES programme spent R542.8 million or 90% of the allocated R605.7 million by the end of Q4 of 2018/19 financial year. The available budget as at 31 March 2019 was R62.9 million. The under expenditure of this programme was 10% as at 31 March 2019.

LP & IR programme spent R1.18 billion or 99% of the allocated R1.2 billion by the end of Q4 of 2018/19 financial year. The available budget as at the end of the Q4 was R13.7 million. The portion of the budget spent by this programme is in line with the expenditure pattern recommended by the National Treasury.

Table 6: Expenditure Information by Economic Classification in Q4

ECONOMIC CLASSIFICATION	**FINAL APPROPRIATION**	**EXPENDITURE AS AT 31/03/2019**	**AVAILABLE BUDGET**	**% EXPENDITURE AS AT 31/03/2018**
	R'000	**R'000**	**R'000**	**%**
Current Payments	**1 856 686**	**1 700 606**	**156 080**	**92%**
Compensation of Employees	1 271 652	1 149 680	121 972	90%
Goods and Services	585 034	550 926	34 108	94%
Transfers and Subsidies	**1 3315 142**	**1 296 766**	**18 376**	**99%**
Payments for Capital Assets	**109 633**	**87 910**	**21 723**	**80%**
Payment for Financial Assets	**1 409**	**1 409**	**0**	*
Total	**3 282 870**	**3 086 691**	**196 179**	**94%**

Source: Presentation to the PC: Employment and Labour dated 27 August 2019

In terms of Economic Classification, the larger portion of the budget went to Current Payments (R1.9 billion) and followed by Transfers and Subsidies (R1.3 billion). Compensation of Employees comprised the R1. 3 billion or 69% of the Current Payments budget. At the end of Q4 Current Payments spent R1.7 billion or 92% of the allocated R1.8 billion. The available budget for current payments as at 31 March 2019 was R156.1 million. Compensation of Employees spent R1.1 billion or 90% of the allocated R1.3 billion for the year 2018/19 financial year. The available budget for Compensation of Employees as at 31 March 2019 was R121.9 million.

Goods and Services spent R550.9 million or 94% of the allocated R585 million by the end of Q4 of 2018/19 financial year. The available budget for Goods and Services was R34.1 million as at 31 March 2019.

A total of R1.29 billion or 99% of the R1.3 billion allocated for Transfers and Subsidies was spent by the end of Q4. The available budget for Transfers and Subsidies was R18.4 million as at 31 March 2019. The largest amount, which is R963 million was transferred from Labour Policy and Industrial Relations programme to the CCMA and was all spent (100%) as at 31 March 2019. NEDLAC received R45.98 million from the same programme and all was spent (100%) by 31 March 2019. Productivity South Africa received a transfer of R78.4 million from the Public Employment Services programme and had spent all its budget transfer (100%) by the end of Q4.

6. Supported Employment Enterprises (SEE)

The entity was established in 1943 through a Cabinet Memorandum as Service Product for the sole purpose of creating employment for ex-service man and women who could not secure employment in the labour market due to barriers that prevented their participation. The factories moved from various departments and eventually to the then Department of Manpower as the Sheltered Employment Factories.

The entity was formally established under the Employment Services Act, No. 04 of 2014 and continue to be audited as a trading entity.

There are currently 13 factories located in 8 of the 9 provinces in South Africa, with Mpumalanga currently being the only province without a factory. A process is underway to launch the Mpumalanga factory before the end of the current financial year.

The SEE provides employment to a total of 159 DEL staff seconded to support operations and a number of persons with disabilities employed under the Basic Conditions of Employment Act.

SEE is managed under the Department of Employment and Labour and report through the Branch: Public Employment Services.

Until 1999 the entity enjoyed "Preferential Procurement Status" that meant all government departments procured their office and school furniture as well as hospital linen and uniforms from SEE. The entity continues to receive grant funding to subsidize operations and is allowed to charge 50% upfront payment. SEE is allowed to invest proceeds from its sales in the following:

- Employing additional people.
- Expansion of manufacturing capacity of the entity. Large scale investment was made in the new Limpopo, Seshego factory and replacement of some of the old machinery in existing factories across the country.
- The sales proceeds generated during 2019/20 financial year will fund the establishment of a new factory in Mpumalanga and employment of additional people.

6.1. Performance per Strategic Objective

SEE reported on its performance as follows:

Table 7: Performance per Strategic Objective of SEE in Q4 of 2018/19

STRATEGIC OBJECTIVE	Annual Planned Indicators	Indicators with targets reporting in Q4	Achieved	Overall Achievement %
Provide work opportunities for PWD	2	2	2	100%
Overall Performance	**2**	**2**	**2**	**100%**

Source: Presentation to the PC: Employment and Labour dated 27 August 2019

The performance of SEE increased from 50% in the Q3 to 100% in the Q4 of 2018/19. SEE met its target of employing 100 people with disabilities by end of Q4 of 2018/19. The entity plans to secure more business in order to sustain and increase employment levels. It also intends to continuously improve its manufacturing processes and customer care.

6.2. Head count per factory

Table 8: Number of People with disabilities (PWD) employed per factory

Factory	DBN	PMB	EL	PE	Ndabeni	Epping	Kimberly	Bloem	Potchestroom	Silverton	Rand JHB	SpringF (JHB)
PWD 31/03/2018	92	59	45	59	162	98	59	52	31	100	82	90
PWD provided with work opportunities 2018/19	0	6	25	18	10	0	1	1	4	11	24	0
PWD 31/03/2019	92	65	70	77	172	98	60	53	35	111	106	90

Source: Presentation to the PC: Employment and Labour dated 27 August 2019

Table 8 reflects the number of people with disabilities employed per factory. Durban factory did not employ PWD in 2018/19 financial year due to damage to the factory as a result of storms in the province two years ago.

The sales revenue of the entity from goods and services increased by 16.59% against a target of 10% by the end of Q4 of 2018/19. The actual revenue was R72 million against a target of R61.8 million by the end of Q4 of 2018/19 financial year.

6.3. Challenges facing SEE

Some of the challenges confronting SEE are:

- Lack of support from government departments. Department of Basic Education and the Department of Health are some of the few government departments that support the entity.

- The entity is expected to compete for tenders like other private organisations without the requisite expertise.

6.4. Audit Outcome

The entity reported that it received a qualified audit opinion in 2018/19 financial year. The reason for a negative opinion was reported to be non-alignment of Strategic Plan and the Annual Performance Plan. Financially there was disagreement between SEE and Auditor General personnel on the method used to calculate costs of raw material. SEE has requested assistance from AGSA so as to comply within two months.

7. Q4 PERFORMANCE OF ENTITIES OF THE DEPARTMENT OF LABOUR (2018/19)

The entities that report to the Department of Labour are:

- Compensation Fund (CF)
- Commission for Conciliation Mediation and Arbitration (CCMA)
- National Economic Development and Labour Council (NEDLAC)
- Unemployment Insurance Fund (UIF)
- Productivity South Africa (PSA)

7.1. The Compensation Fund (CF)

Constitutional Mandate

The mandate of the CF is derived from section 27(1)(c) of the Constitution. In terms of this section, "Everyone has the right to have access to social security, including, if they are unable to support themselves and their dependents; and appropriate social assistance." The CF is mandated to provide social security to all injured and diseased employees.

Legislative Mandate

The CF is a Schedule 3A Public Entity of DEL. The CF administers the Occupational Injuries and Diseases Act (COIDA). The main objective of the Act is to provide compensation for disablement caused by occupational injuries or diseases sustained or contracted by employees, or for death resulting from injuries or diseases.

7.1.1. CF Performance per Strategic Objective in Q4 of 2018/19

CF reported on its strategic objectives as follows:

Table 9: Q4 Performance per Strategic Objective

STRATEGIC OBJECTIVE	Annual Planned Indicators	Indicators with targets reporting in Q3	Achieved	Overall achievement %
Provide an effective and efficient client oriented support services	3	3	1	33%
Provide faster, reliable and accessible COID services by 2020	6	6	5	83%
Overall Performance	**9**	**9**	**6**	**67%**

Source: Presentation to the PC: Employment and Labour dated 21 August 2019

Table 9 above reflects that CF achieved an overall performance of 67% in Q4 of 2018/19 financial year. This is a decrease from the overall achievement of 86% in Q3 of 2018/19. On the strategic objective "Provide an effective and efficient client oriented support services", the entity had three targets reporting in Q4 and only one was achieved. This translates to an overall performance of 33%, which is a decrease from the 100% achieved in Q3 on the same strategic objective.

On the objective "Provide faster, reliable and accessible COID services by 2020" CF had six targets reporting in Q4 and achieved 5 translating to an achievement of 83%, which is consistent with Q3 achievement.

7.1.2. CF Performance per Programme in Q4 of 2018/19

CF reported its performance per programme as follows:

Table 10: CF Performance per Programme in Q4

PROGRAMME	Annual Planned Indicators	Indicators with targets reporting in Q4	Achieved	Overall Achievement %
Administration	3	3	1	33%
Compensation for Occupational Injuries and Diseases Services Operations	3	3	2	67%
Medical Services	2	2	2	100%
Orthotic Rehabilitation	1	1	1	100%
Overall Performance	**9**	**9**	**6**	**67%**

Source: Presentation to the PC: Employment and Labour dated 27 August 2019

Table 10 above reflects performance per programme in Q4 of 2018/19. The overall achievement was 67%, with Administration and Compensation for Occupational Injuries and Diseases Services Operations (COID Services Operations) achieving 33% and 67% respectively. Medical Services and Orthotic Rehabilitation programmes achieved 100% each.

Administration programme had three targets reporting in Q4 and achieved only one, translating into an overall achievement of 33%. The Fund managed to increase its risk management maturity level to 3.5 by 31 March 2019 against a target of four, resulting to a variance of 0.5. The Fund requested an independent assessment of the risk management maturity from Internal Audit. It will device an improvement plan based on the outcome of the audit. Administration programme did not achieve its target of increasing investment return by 6.7% by the end of Q4 of 2018/19 financial year. It only managed to achieve 5.1% due to weak economic growth environment, which contributed to poor market performance.

Compensation for Occupational Injuries and Diseases Services Operations programme had three targets reporting in Q4 and achieved two translating to 67% achievement. COID Services and Operations programme assessed 55% of active registered employers by 31 March 2019 against a target of 75% resulting to a variance of 20%. The reasons for non-achievement include employers' non-submission of Return on Earnings (RoE's); definition of active registered employers not fully implemented due to current APP limitations; and employer follow-up and enforcement through IES not effective.

Table 11: Compensation claims adjudicated in Q4

Province	Total claims registered	Total claims adjudicated	% of total claims adjudicated	Claims adjudicated within 40 working days	% of total claims adjudicated within 40 working days
EC	10153	9916	98%	9193	91%
FS	3399	3308	97%	3221	95%
GP	41383	40418	98%	37837	91%
KZN	18203	17035	94%	16635	91%
LP	23584	23274	99%	22707	96%
MP	5836	5781	99%	570898	98%
NW	6389	6221	97%	6121	96%
NC	1839	1806	98%	1745	95%
WC	45437	45036	99%	43497	96%
Total	**156223**	**152795**	**98%**	**146664**	**94%**

Source: Presentation to the PC: Employment and Labour dated 27 August 2019

CF adjudicated 146 664 or 94% of 156 223 registered compensation claims within 40 working days against a target of 90%. All the provinces exceeded the target of 90% with Mpumalanga adjudicating 98% of registered compensation claims within 40 working days.

Table 12: Medical invoices finalized in Q4

Province	Total received	Total finalised	% of total finalised	Finalised within 60 working days	% of total finalized within 60 working days
EC	50992	50823	100%	48860	96%
FS	37131	36975	100%	35010	94%
GP	566428	564491	100%	522004	92%
KZN	51641	51485	100%	46104	89%

LP	77231	76692	99%	73763	96%
MP	30093	30002	100%	28354	94%
NW	35896	35617	99%	34678	97%
NC	12002	11977	100%	11188	93%
WC	71538	71176	99%	65941	92%
Autopay	1790	1790	100%	1479	83%
Total	**934742**	**931028**	**100%**	**867381**	**93%**

Source: Presentation to the PC: Employment and Labour dated 27 August 2019

The entity finalized 93% of medical invoices within 60 working days of receipt against a target of 85%. All the provinces exceeded the target of 85% with North West finalizing 97% of medical invoices. All provinces exceeded the 85% target of medical invoices finalized within 60 working days.

Table 13: Compliant requests for assistive devices responded to in Q4

Province	**Received**	**Achieved**	**Percentage**
EC	29	18	62%
FS	81	81	100%
GP	356	324	91%
KZN	219	208	95%
LP	153	134	88%
MP	130	124	95%
NC	21	18	86%
NW	79	67	85%
WC	91	82	90%
Total	**1159**	**1057**	**91%**

Source: Presentation to the PC: Employment and Labour dated 27 august 2019

CF responded to 91% of compliant requests for assistive devices within 15 working days against a target of 85%. The highest performing province was the Free State which responded to all compliant requests for assistive devices within 15 working days. The Eastern Cape was the only province that under achieved by responding to 62% of compliant requests for assistive devices within 15 working days.

Table 14: Pre-authorisation responded to within 10 working days in Q4

Province	Received	Achieved	Percentage
EC	184	162	88%
FS	116	114	98%
GP	563	503	89%
KZN	225	212	94%
LP	143	140	98%
MP	133	124	93%
NC	31	30	97%
NW	6	6	100%
WC	237	229	97%
Total	**1638**	**1520**	**93%**

Source: Presentation to the PC: Employment and Labour dated 27 August 2019

The Fund responded to 93% of pre-authorisation within 10 working days on previously finalized cases against a target of 85%. All the provinces exceeded the target of 85% with North West responding to all pre-authorisation within 10 working days. However, North West received only six pre-authorisations requests.

7.1.3. CF Financial Performance in Q4 of 2018/19

CF reported financial performance as follows:

Table 15: CF Expenditure per Programme in Q4 of 2018/19

BRANCH	ADJUSTED BUDGET	EXPENDITURE AS AT 31/12/2018	AVAILABLE BUDGET	EXP AS AT 31/12/2018
	R'000	**R'000**	**R'000**	**%**
Administration	2 357 627	3 869 336	(1 511 709)	164%
COID Services	1 364 860	2 271 573	(906 714)	166%
Medical Services	2 772 988	4 856 527	(2 083 539)	175%
Orthotic and Medical Rehabilitation	42 450	26 653	15 797	63%

Total	**6 537 925**	**11 024 089**	**(4 486 164)**	**169%**

Source: Presentation to the PC: Employment and Labour dated 27 August 2018/19

The adjusted budget for CF amounted to R6.5 billion and R11 billion or 169% was spent by the end of Q4 of 2018/19 financial year. The budget allocation was exceeded by R4.5 billion or 69% at the end of Q4. Medical Services had a budget of R2.8 billion but it spent R4.9 billion exceeding the allocated budget by R2 billion or 75%. The Administration programme spent R3.3 billion against the allocated budget of R2.4 billion resulting to an over-expenditure of R1.5 billion or 64% The only programme that did not overspend was the Orthotic and Medical Rehabilitation programme. It spent R26.7 million against a budget of R42.5 million, translating to 63% expenditure or underspending of R15.8 million.

7.2. The Unemployment Insurance Fund

Constitutional Mandate

The mandate of the UIF is derived from section 27(1)(c) of the Constitution. The UIF provides social security to its contributors in line with section 27(1)(c) which states that "everyone has the right to social security".

Legislative Mandate

The mandate of UIF is stated in the Unemployment Insurance Act (Act 63 of 2001) as amended. The UIF was established in terms of section 4(1) of the UIA. The Act empowers the UIF to register all employers and employees in South Africa and pay those who qualify for unemployment insurance benefits.

The Unemployment Contributions Act (Act 4 of 2002) empowers the SARS Commissioner and the UI Commissioner to collect monthly contributions from both employers and employees. Section 9 of the UCA empowers the UI Commissioner to collect contributions from all those employers who are not required to register as employers in terms of the fourth schedule of the Income Tax Act (Act 58 of 1962) and who are not liable for the payment of the skills development levy in terms of the Skills Development Act (Act 9 of 1999). These contributions are used to pay benefits and other expenditure reasonably incurred relating to the application of the Act.

Policy Mandate

The UIF is expected to make a contribution to the following service delivery outcomes:

- Creation of decent employment through inclusive economic growth;
- An efficient, effective and development-oriented public service and an empowered and inclusive citizenship; and
- An inclusive and responsive social security system.

7.2.1. UIF Performance per Strategic Objective in Q4 of 2018/19

UIF reported on its performance per strategic objective as follows:

Table 16: UIF Performance per Strategic Objective in Q4

STRATEGIC OBJECTIVE	Planned Indicators	Achieved	Overall Achievement %
Ensure financial sustainability	3	3	100%
Strengthen institutional capacity of the Fund	1	0	0
Provide easy to use services through multiple access points	2	0	0
Improve service delivery	6	5	83%
Collaborate with stakeholders to improve compliance with UIF acts	2	1	50%
Enhance employability of UIF beneficiaries, enable entrepreneurship and preserve jobs	2	1	50%
OVERALL PERFORMANCE	**16**	**10**	**63%**

Source: Presentation to the PC: Employment and Labour dated 27 August 2019

The overall performance of the UIF went down from 69% in Q3 to 63% in Q4 of 2018/19 financial year. The sole contributor to the decrease in performance was the strategic objective, “Collaborate with stakeholders to improve compliance with UIF Acts”, which went down from 100% achievement in Q3 to 50% in Q4. Overall performance on other strategic objectives remained the same for Q3 and Q4. On the strategic objective, “Ensure financial sustainability”, the entity achieved an overall performance of 100% in both Q3 and Q4. On “Improve service delivery” strategic objective, UIF achieved an overall performance of 83% in Q3 and Q4. The Fund’s performance on strategic objectives, “Strengthen institutional capacity of the Fund" and "Provide easy to use services through multiple access points" was 0% for both Q3 and Q4.

7.2.2. UIF Performance per Programme in Q4 of 2018/19

UIF reported on its performance per programme as follows:

Table 17:UIF Performance per programme in Q4

PROGRAMME	Planned Targets	Achieved	Overall Achievement %
Administration	6	3	50%
Business Operations	8	6	75%
Labour Activation Programmes	2	1	50%
Overall Performance	**16**	**10**	**63%**

Source: Presentation to the PC: Employment and Labour dated 27 August 2019

The Administration programme had six planned targets and managed to achieve three, translating to an overall achievement of 50%. The Business Operations programme achieved six targets against the planned eight targets, equating to 75% overall achievement. UIF achieved one target against two planned targets on Labour Activation Programmes, translating to an overall achievement of 50%

The targets that were not achieved include:

- Percentage of vacancy rate reduced. The process to appoint 32 Call Centre agents will be finalized in Q1 of 2019/20.
- Number of provincial sites upgraded with free Wi-Fi. Service provider has been appointed and equipment was delivered on 19 March 2019. Implementation to commence in Q1 of 2019/20.
- Integrated Claims Management System (ICMS) implemented. The target has been revised and rolled over to the 2019/20 APP.
- Number of newly registered employers per year. Performance on this target was impacted by the system downtime owing to data centre move. The system was stabilized after the data centre move and introduced online registration.

- Percentage of applications with complete information issued with compliance certificates or tender letter within 10 working days. The action plan was implemented and improved month-to-month performance but did not yield expected results for cumulative target. The strategies that were put in place to ensure month-to-month performance will be maintained.
- Number of UIF beneficiaries provided with learning and/or workplace experience opportunities. Request for proposal one has been finalized. The target has been revised in the 2019/20financial year.

7.2.3. Annual Performance Comparison

Table 18: UIF annual performance comparison 2017/18 and 2018/19

Province	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
	Ordinary		In-Service		Deceased		Payments		Registrations	
EC	76%	93%	75%	93%	78%	93%	99%	97%	98%	98%
FS	80%	95%	66%	94%	70%	98%	98%	100%	94%	97%
GP	89%	96%	78%	96%	69%	88%	100%	100%	98%	98%
HO	84%	89%	61%	75%			95%	99%	99%	99%
KZN	85%	94%	68%	91%	84%	94%	97%	98%	96%	98%
LP	70%	89%	56%	90%	71%	88%	100%	100%	96%	100%
MP	80%	88%	50%	86%	75%	90%	97%	93%	96%	95%
NW	79%	94%	72%	95%	58%	92%	99%	99%	94%	98%
NC	94%	95%	90%	97%	93%	95%	96%	96%	96%	96%
WC	84%	94%	73%	92%	79%	91%	99%	100%	92%	99%
Total	**83%**	**94%**	**71%**	**92%**	**75%**	**92%**	**99%**	**99%**	**98%**	**99%**

Source: Presentation to PC: Employment and Labour dated 27 August 2019

UIF processed 94% of unemployment benefits within 15 days against a target of 90% in 2018/19 financial year. This is an improvement of 11% from the 83% achieved in 2017/18. It processed 92% of in-service benefits within 10days against a target of 90%. This reflects an improvement of 21 against the 71% processed in 2017/18. The Fund processed 92% of deceased benefits within 20 days against the target of 90%. This reflects an improvement of 17% from the 75 % achieved in 2017/18. The entity registered 99% of UIF claims within two working days in 2018/19. This was an improvement in performance from the 98% registered in 2017/18. The Fund also paid 99% of UIF benefits in 2018/19, which was the same as in 2017/18.

7.2.4. UIF Expenditure per Programme in Q4 of 2018/19

The Fund reported on its expenditure per programme as follows:

Table 19: UIF expenditure per programme in Q4

PROGRAMME	Budget	Actual as at 31/03/2019	Variance	Expenditure as at 31/03/2019
	R'000	R'000	R'000	%
Administration	2 374 694	2 088 928	285 766	88%
Business Operation	11 430 629	12 475 841	-1 045 214	109%
LAP	950 386	121 507	828 879	13%
TOTAL	**14 755 709**	**14 686 276**	**69 433**	**99.5%**

Source: Presentation to the PC: Employment and Labour dated 27 August 2019

The UIF spent R14.7 billion or 99.5% of the allocated R14.8 billion as at 31 March 2019. The highest budget allocation was for Business Operations, which was R11.4 billion and the entity over-spent in excess of R1billion or 9%. The actual expenditure as at 31 March 2019 was R12.5 billion. The Administration programme spent R2 billion or 88% of the allocated R2.3 billion, resulting to a variance of R285.8 million. The Labour Activation Programme (LAP) spent R121.5 million or 13% of the allocated R950.4 million resulting to a variance of R828.9 million.

7.2.5. UIF Expenditure per Economic Classification in Q4 of 2018/19

UIF reported on its expenditure by Economic Classification as follows:

Table 20: UIF expenditure by economic Classification in Q4

ECONOMIC CLASSIFICATION	Budget	Actual as at 31/03/2019	Variance	Expenditure as at 31/03/2019
	R'000	R'000	R'000	%
Compensation of Employees	1 526 440	1 338 030	188 410	88%

Goods and Services	1 835 131	2 182 338	-347 257	119%
CAPEX	713 904	53 212	660 743	7%
Transfers	10 680 233	11 112 696	-432 463	104%
TOTAL	**14 755 709**	**14 686 276**	**69 433**	**99.5%**

Source: Presentation to the PC: Employment and Labour dated 27 August 2019

The larger share of the budget went to Transfers at R10.7 billion. The entity over-spent the allocation to the excess of R432.5 million or 4%. The actual expenditure on Transfers was R11.1 billion as at 31 March 2019. The entity spent R2.2 billion or 119% against the allocation of R1.8 billion, resulting to a variance of R347.3 million. A total of R1.3 billion or 88% was spent on Compensation of Employees against an allocation of R1.5 billion, resulting to a variance of R188.4 million. The Fund spent R53.2 million or 7% of the R713.9 million allocated for Capital Expenditure resulting to a variance of R660.7 million.

7.3. Commission for Conciliation, Mediation and Arbitration (CCMA)

Constitutional Mandate

CCMA aims to promote social justice and economic development in the world of work, and to be the best dispute management and dispute resolution organization. The entity derives its mandate from section 23 of the Constitution that deals with labour relations.

Legislative Mandate

CCMA legislative mandate is drawn from the purpose of the Labour Relations Act (LRA), which is to advance economic development, social justice, labour peace and the democratization of the workplace. Section 115(1) of the LRA identifies the mandatory functions of the CCMA as follows:

- Conciliate workplace disputes.
- Arbitrate certain categories of disputes that remain unresolved after conciliation.
- Establish picketing rules in respect of protected strikes and lock-outs.
- Facilitate the establishment of workplace forums and statutory councils.
- Compile and publish information and statistics.
- Consider accreditation and subsidy of Bargaining Councils and Private Agencies.
- Administer the Essential Services Committee (ESC), including the Director of the CCMA functioning as the Accounting Officer for the ESC.

7.3.1. CCMA Performance per Strategic Objective in Q4 of 2018/19

CCMA reported its performance per strategic objectives as follows:

Table 21: CCMA Performance per Strategic Objective in Q4

STRATEGIC OBJECTIVE	**Annual Planned Targets**	**Planned Targets reporting in Q4**	**Achieved**	**Overall Achievement**
Enhancing the Labour Market to advance stability and growth	5	5	5	100%
Advance good practices at work and transforming workplace relations	5	5	5	100%
Building knowledge and skills	1	1	1	100%
Optimising the organisation	8	8	7	95%
Overall Performance	**19**	**19**	**18**	**95%**

Source: Presentation to the PC: Employment and Labour dated 27 August 2019

Table 21 reflects the overall achievement of the CCMA at 95% by the end of Q4 of 2018/19, which is an improvement from the 63% achieved in Q3 of 2018/19. It is also an improvement in performance when compared to the 87% achieved in Q4 of 2017/18. The entity improved from 50% to 100% in the strategic objective, “Enhancing the labour market to advance stability and growth”. CCMA improved from 50% to 95% in the strategic objective, “Optimising the organization”.

CCMA heard 136 857 or 88% of the 155 351 registered cases’ first event within 30 days against a target of 90%. The reason for non-achievement of the target was reported to be the limited capacity of the Case Management System to extract and populate the number of conciliations sat down to be heard at first event within 30 days. To avoid the repeat of this non-achievement, CCMA reported that it has amended the technical indicator to reflect “all” cases activated for conciliation at first event within 30 days of the date of receipt of the referral.

7.3.2. CCMA Dashboard in Q4 of 2018/19

The entity reported on its progress during the period under review as follows:

- A total of 51 000 cases were referred to the CCMA in Q4 of 2018/19 financial year, compared to 45 180 cases in Q3 of the same year.
- On average it took CCMA 24 days to conciliate disputes compared to the legislated target of 30 days. It took CCMA 23 days on average to conciliate disputes in Q3 of 2018/19.
- On average it took the entity 68 days to arbitrate disputes against a target of 60 days in Q4 of 2018/19. The target of 60 days was achieved in Q3 of 2018/19.
- The entity settled 29 or 83% of the 35 public interest matters (section 150) during the period under review.
- The CCMA settlement rate remained unchanged at 74% in the period under review.
- The entity conducted 376 outreach services during the period under review.
    - A total of 19 082 people were capacitated to better understand the law and their rights through the outreach activities conducted.
- Of the 38 588 jobs at stake, 15 787 or 41% were saved compared to employees facing retrenchments (cases referred to the CCMA).
- CCMA hosted the 2nd Annual Labour Conference on 14 – 15 March 2019 in Ekurhuleni. The theme of the conference was the implications and application of the Employment Law Amendments and the National Minimum Wage.
- The entity received 114 complaints in Q4 of 2018/19 compared to 98 complaints received in Q4 of 2017/18 financial year, which were investigated and reported on.

7.3.3. CCMA Financial Performance in Q4 of 2018/19

Table 22: CCMA Expenditure per Programme in Q4 of 2018/19

PROGRAMME	Budget	Actual Spending	Variance	Expenditure As at 31 December 2018
	R'000	R'000	R'000	%
Administration	554 987	512 286	42 701	92%

Institution Development	29 733	28 363	1 369	95%
Corporate Governance	7 300	5 316	1 984	73%
Social Services	453 540	429 800	23 740	95%
Total	**1 045 560**	**975 765**	**69 795**	**93%**

Source: Adapted from the Presentation to the PC: Employment and Labour dated 28 August 2019

The CCMA spent R975.8 million or 93% of the allocated R1 billion as at 31 March 2019, resulting to under-expenditure of R69.8 million or 7% of the budget allocation. The Administration programme received the highest allocation and spent R512.3 or 92% of the allocated R554.9 million, resulting to an under-expenditure of R42.7 million or 8% of the allocated amount. The entity reported that the variance resulted from implementation of cost cutting measures.

Expenditure for Social Services programme amounted to R429.8 million or 95% of the R453.5 million budget, resulting to a variance of R23.7 million or 5% of the budget. The variance resulted from unfilled vacancies, planned foreign travel, software and computer maintenance as well as the court litigations costs and the procurement of once off JAVS recording system that was awarded but the expenditure did not incur as anticipated.

Institution Development programme was allocated a budget of R29.7 million and spent R28.4 million or 95%, resulting in R1.4 million or 5% as unspent budget. CCMA reported that the variance resulted from unfilled vacancies as well as dispute management activities that are demand based.

Corporate Governance spent R5.3 million or 73% of R7.3 million budget allocation, resulting to a variance of R1.9 or 27% of the allocation. The variance was reported to have resulted from training course fees and material development costs that were planned to conduct the training interventions.

Table 23: CCMA Expenditure by Economic Classification in Q4 of 2018/19

ECONOMIC CLASSIFICATION	**Budget**	**Actual Spending**	**Variance**	**Expenditure as.at Q4**
	R'000	**R'000**	**R'000**	**%**
Compensation of Employees	538 678	522 178	16 500	97%
Goods and Services	469 793	438 128	31 665	93%
Transfer Payments	6 178	5 610	568	91%

Total Operational Expenditure	**1 014 649**	**965 916**	**48 733**	**95%**
Capital Expenditure	**30 911**	**9 849**	**21 062**	**32%**
Total Expenditure	**1 045 560**	**975 765**	**69 795**	**93%**

Source: Adapted from the Presentation to the PC: Employment and Labour dated 28 August 2019

The total operational expenditure of CCMA amounted to R965.9 million or 95% of the allocated R1 billion. The entity underspent by R48.7 million on operational expenditure at the of Q4 of 2018/19 financial year. The largest portion of the allocation of R538.7 million went to Compensation of employees, of which R522.2 million or 97% was spent as at 31 March 2019. The variance of R16.5 million was reported to be in line with the projected budget and was related to unfilled vacancies.

Goods and Services received the second largest allocation of R469.8 million and R438.1 or 93% was spent by the end of Q4 of 2018/19. The variance of R31.7 million was reported to have resulted from training, software, consulting fees and legal fees that are on demand basis as well as the communication expenses due to the implementation of cost containment measures.

CCMA spent R5.6 million or 91% of the allocated R6.2 million on Transfer Payments by the end of Q4 of 2018/19. The variance of R568 000 was reported to have resulted from lower inflow of Bargaining Council claims submitted that relates to awards rendered and settlement agreements.

The entity spent R9.8 million or 32% of the R30.9 million allocated for Capital Expenditure. The variance of R21 million was reported to have resulted from once off procurement of JAVS case recording system. The contract was awarded; however, the services are not yet expensed as anticipated.

7.4. National Economic Development and Labour Council (NEDLAC)

NEDLAC was established through the NEDLAC Act no 35 of 1994. It operates under the terms of the NEDLAC Constitution. NEDLAC mandate is derived from the following: NEDLAC Act; Labour Relations Act, NEDLAC Constitution; and NEDLAC protocols.

NEDLAC objectives in terms of the NEDLAC Act are as follows:

- 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 they are introduced in Parliament;
- Consider all significant changes to social and economic policy before it is implemented or introduced in Parliament; and
- Encourage and promote the formulation of coordinated policy on social and economic matters.

7.4.1. NEDLAC Performance per programme

NEDLAC reported its performance per programme as follows:

Table 24: NEDLAC Performance per programme in Q4

PROGRAMME	Total No. of Quarterly Planned Indicators	Achieved	Not Achieved	Overall Achievement %
Administration	7	6	1	86%
Core-Operations	18	17	1	94%
Constituency Capacity Building	6	6	0	100%
Overall Performance	**31**	**29**	**2**	**94%**

Source: Presentation to the PC: Employment and Labour dated 28 August 2019

Table 24 reflects an overall achievement of 94% by NEDLAC as at 31 March 2019. Constituency Capacity Building programme achieved all six indicators reporting in Q4, translating to an achievement of 100%. Core-Operations programme had 18 targets reporting in Q4 of 2018/19 financial year and achieved 17, translating to performance of 94%. The Administration programme achieved six of the seven targets reporting in Q4, translating to an achievement of 86%.

7.4.2. Challenges experienced and remedial action

Some of the targets in the Annual Performance Plan were not achieved and the reasons provided were as follows:

- Quarterly staff performance appraisals for finance staff were not conducted within two months following the end of each quarter. The appraisals were not concluded due to suspension of the line manager. Appraisals would be conducted in the next quarter by the new line manager.
- The Labour Market Research report could not be concluded in time due to delays encountered during the consultation processes by the Chamber.

7.4.3. NEDLAC Financial Performance in Q4 of 2018/19

7.4.3.1. NEDLAC budgeted income for 2018/19

Table 25: Budgeted Income for 2018/19 Financial Year

Description of Income	Amount
1. Grant from Department of Employment and Labour	R33 825 000
2. Interest Received	R452 000
3. Sundry Income	R95 000
4. Total Income	**R34 372 000**

Source: Presentation to the PC: Employment and Labour dated 28 August 2019

The total income of NEDLAC in 2018/19 financial year amounted to R34.4 million, excluding the R12 million allocation for the Job Summit. The largest portion of revenue was the R33.8 million grant from the Department of Employment and Labour.

7.4.3.2. NEDLAC expenditure per economic classification in Q3

Table 26: NEDLAC expenditure per economic classification in Q4

ECONOMIC CLASSIFICATION	Actual	Budget	Variance
	R'000	**R'000**	**R'000**
Compensation of Employees	21 235		

Goods and Services	25 665		
TOTAL	**46 900**	**41 456**	**(5 444)**

Source: Presentation to the PC: Employment and Labour dated 21 August 2019

NEDLAC spent R21.2 million on Compensation of Employees by the end of Q4 of 2018/19. It spent R25.7 million on Goods and Services, resulting in total expenditure of R46.9 million against a budget of R41.5 million, translating to an over-expenditure of R5.4 million.

7.5. Productivity South Africa

Productivity SA is established in terms of section 31 of the Employment Services Act, No. 4 of 2014, with the mandate to fulfill an economic or social responsibility of government. Its mandate is to promote employment growth and productivity thereby contributing to South Africa's socio-economic development and competitiveness.

Productivity SA has three regional offices in Johannesburg/ Midrand, which is the head office and also servicing Gauteng, North West and Limpopo; eThekwini/ Durban servicing KZN, Eastern Cape and Mpumalanga; and Cape Town servicing Western Cape, Northern Cape and Free State.

7.5.1. Productivity SA Performance per Strategic Objective in Q3

Productivity SA reported its performance per strategic objective as follows:

Table 27: Productivity SA Performance per Strategic Objective in Q4

STRATEGIC OBJECTIVE	Annual Planned Indicators	Indicators with Targets Reporting in Q4	Achieved	Overall Achievement %
Strengthen the institutional capacity of Productivity SA to deliver on its mandate and be financially sustainable	4	4	3	75%
Provide support to programmes	2	2	1	50%

aimed at sustainable employment and income growth				
Provide support to companies facing economic distress to retain jobs	3	3	0	0%
Contribute to employment and income growth through research, information generation and dissemination	2	2	0	0%
Promote social dialogue and a culture of productivity and competitiveness in the workplace and community life	2	1	0	0%
Overall Performance	**13**	**12**	**4**	**33%**

Source: Presentation to the PC: Employment and Labour dated 28 August 2019

The overall performance of Productivity SA went down from 50% in Q3 to 33% in Q4 of 2018/19 financial year. On the strategic objective, "Strengthen the institutional capacity of Productivity SA to deliver on its mandate and be financially sustainable" the entity's performance went down from 100% in Q3 to 75% in Q4. On the strategic objective, "Provide support to programmes aimed at sustainable employment and income growth" Productivity SA remained at 50% performance in Q4 as it was in Q3 of 2018/19. The entity's overall achievement was 0% in the following strategic objectives:

- Provide support to companies facing economic distress to retain jobs.
- Contribute to employment and income growth through research, information generation and dissemination.
- Promote social dialogue and a culture of productivity and competitiveness in the workplace and community life.

7.5.2. Productivity SA Performance per Programme in Q4 of 2018/19

Productivity SA reported on its performance per programme as follows:

Table 28: Productivity SA Performance per Programme inQ4

PROGRAMME	**Annual**	**Indicators**	**Achieved**	**Overall**

	Planned Indicators	with Targets Reporting in Q4		Achievement %
Corporate Services	2	2	2	100%
Human Resource Management	1	1	-	0%
Marketing and Communication	1	-	-	-
Productivity Organisational Solutions	2	2	1	50%
Value Chain Competitiveness	4	4	1	25%
Turnaround Solutions	3	3	0	0%
Overall Performance	**13**	**12**	**4**	**33%**

Source: Presentation to the PC: Employment and Labour dated 28 August 2019

Table 28 reflects that Productivity SA achieved all its planned indicators in the Corporate Services programme. The performance on Human Resource Management programme remained at 0% in Q4 as it was in Q3 of 2018/19. Productivity Organisational Solutions' programme performance remained at 50% in both Q4 and Q3 of 2018/19 financial year. Performance on Value Chain Competitiveness programme went down from 100% in Q3 to 25% in Q4 of 2018/19. Performance on Turnaround Solutions remained at 0% in both Q3 and Q4 of 2018/19.

7.5.3. Productivity SA Financial Performance in Q4 of 2018/19

Productivity SA reported its financial performance as follows:

Table 29: Productivity SA Revenue and Expenditure per Programme in Q4

FINANCIAL PERFORMANCE	Quarter 4		
	Actual R'000	**Budget R'000**	**Variance R'000**
Revenue	**87 983**	**144 883**	**(56 900)**
Non-exchange revenue	77 506	123 168	(45 662)
Administration	66 776	53 261	13 515
Turnaround Solutions	1 099	60 326	(59 227)

Workplace Challenge	9 631	9 581	50
Exchange Revenue	10 477	21 715	(11 238)
Expenditure/ Programme	**87 766**	**144 883**	**57 117**
Administration	53 912	50 767	(3 145)
Productivity Organisational Solutions	11 193	11 482	289
Value Chain Competitiveness	8 683	9 449	766
Workplace Challenge	12 879	12 859	(20)
Turnaround Solutions	1 099	60 326	59 227
Surplus/ (Deficit)	**217**	**-**	**217**

Source: Presentation to the PC: Employment and Labour dated 28August 2019

Productivity SA budgeted for R144.9 million in 2018/19 financial year but received a budget of R87.9 million, resulting in a budget deficit of R56.9 million. The entity budgeted for non-exchange revenue amounting to R123.2 million but received R77.5 million, resulting to a budget deficit of R45 7 million. The larger share of non-ex change revenue was Administration programme which received R66.8 million against the budgeted R53.3, resulting to a surplus of R13.5 million. Turnaround Solutions programme budgeted for R60.3 million but received only R1.1 million resulting to a budget deficit of R59.2 million. Exchange revenue amounted to R10.5 million against budgeted R21.7 million resulting to a budget deficit of R11.2 million.

The expenditure on Administration programme constituted the largest amount at R53.9 million or 61% of the overall expenditure against the budget of R50.8 million resulting to over-expenditure by R3.1 million in Q4 of 2018/19 financial year.

Productivity SA spent R87.8 million against the budget of R144.9 million, resulting to under-expenditure of R57.1 million. The larger portion of expenditure went to Administration programme, which amounted to R53.9 million against a budget of R50.8 million resulting to over-expenditure of R3.1. million. Productivity Organisational Solutions programme spent R11.2 million against an allocation of R11.5 million resulting to an under-expenditure of R289 000. Value Chain Competitiveness programme spent

R8.7 million in Q4 of 2018/19 financial year against the budget allocation of R9.4 million resulting to an under-expenditure of R766 000. Workplace Challenge programme spent R12.87 million against the budget of R12.85 resulting to an over-expenditure of R20 000. Turnaround Solutions programme spent the whole R1.1 million that was allocated against the budgeted R60.3 million in Q4 of 2018/19 financial year. Productivity SA was left with a budget surplus of R217 000 at the end of Q4 of 2018/19 financial year.

Table 30 below reflects revenue and expenditure by economic classification as at 31 March 2019.

Table 30: Productivity SA Revenue and Expenditure by Economic Classification in Q4

FINANCIAL PERFORMANCE	**Quarter 4**		
	Actual R'000	**Budget R'000**	**Variance R'000**
Revenue	**87 983**	**144 883**	**(56 900)**
Non-exchange revenue	**77 506**	**123 168**	**(45 662)**
Department of Labour	66 776	53 261	13 515
Unemployment Insurance Fund	1 099	60 326	(59 227)
Department of Trade and Industry	9 631	9 581	50
Exchange Revenue	**10 477**	**21 715**	**(11 238)**
Expenditure/ Programme	**87 766**	**144 883**	**57 117**
Compensation of Employees	64 595	64 520	(75)
Goods and Services	23 171	80 363	57 192
Surplus/ (Deficit)	**217**	**-**	**217**

Source: Presentation to the PC: Employment and Labour dated 28August 2019

Table 30 above classify non-exchange revenue according to source. Productivity SA received R66.8 million from the Department of Labour against R53.3 million that was budgeted for, resulting to a positive variance of R13.5 million. The Department of Trade and Industry allocated R9.63 million to the entity against the budgeted R9.58 million resulting to a budget surplus of R50 000. The financial problems of

Productivity SA arose from the allocation of R1.1 million by the UIF that is far less than the budgeted R60.3 million, resulting to a shortfall of R59.2 million.

Productivity SA spent R64.6 or 74% of expenditure per economic classification on Compensation of employees against a budget of R64.5 million, resulting to an over-expenditure of R75 000. It spent R23.2 million or 26% of expenditure by economic classification budget on Goods and Services against the budget of R80.4 million, resulting to under-expenditure of R57.2 million or 71%

8. Committee Observations

The Committee made the following observations:

8.1. SEE lacks support from government departments. The entity is expected to compete for tenders like other private organisations without the requisite expertise.

8.2. CCMA did not report non-financial performance per programme in its presentation to the Committee.

8.3. NEDLAC did not report non-financial performance per strategic objective as well as expenditure per programme in its presentation to the Committee.

8.4. Productivity SA received R1.1 million from UIF against the planned budget of R60.3 million, resulting to a shortfall of R59.2 million. The entity underspent its Goods and Services budget by R57.2 million or 71%.

9. Committee Recommendations

The Committee recommends that the Minister ensures that:

9.1. Supported Employment Enterprises receive the necessary support from government departments through negotiations with National Treasury to accord the entity the preferential procurement status.

9.2. All entities of the Department use a uniform format of reporting financial and non-financial performance.

9.3. The funding model of Productivity SA is timeously expedited to ensure that the entity fulfill its crucial mandate, which include assisting companies in distress to save jobs.

Report to be considered.

4. REPORT OF THE PORTFOLIO COMMITTEE ON EMPLOYMENT AND LABOUR ON THE FIRST QUARTERLY REPORT REGARDING THE PERFORMANCE OF THE DEPARTMENT OF EMPLOYMENT AND LABOUR AND ITS ENTITIES IN MEETING STRATEGIC OBJECTIVES FOR 2019/20, DATED 10 JUNE 2020

The Portfolio Committee on Employment and Labour, having considered the First Quarterly Report on the performance of the Department of Employment and Labour (DEL) and its entities in meeting strategic objectives for 2019/20, reports as follows:

1. INTRODUCTION

The Portfolio Committee on Employment and Labour considered the First Quarterly Report on the performance of the Department of Employment and Labour and its entities in meeting strategic objectives for 2019/20 as presented in the meeting held on 13 and 20 November 2019.

This report gives an overview of the presentations made by the Department of Employment and Labour (Department) and its entities, focusing mainly on its achievements, output in respect of the performance indicators and targets set for 2019/20 financial year and the financial performance. The report also provides the Committee's observations and recommendations relating to the Department's and entities' performance.

2. PERFORMANCE PER STRATEGIC OBJECTIVES

The Department reported on its performance per strategic objective as follows:

Table 1: DEL Performance per Strategic Objective in Q1 of 2019/20

STRATEGIC OBJECTIVES		Planned Indicators	Indicators with Q1 Targets	Achieved	Overall Achievement
1.	Strengthen occupational safety protection	This strategic objective is covered under indicators that are applicable to protecting vulnerable workers			
2.	Promote equity in the labour market	1	1	1	100%

3.	Protecting vulnerable workers	5	4	2	50%
4.	Strengthening multilateral and bilateral relations	1	1	1	100%
5.	Contribute to employment creation	4	4	4	100%
6.	Promoting sound labour relations	3	3	2	66%
7.	Monitoring the impact of legislation	2	2	2	100%
8.	Strengthening the institutional capacity of the Department	3	3	3	100%
OVERALL PERFORMANCE		**19**	**18**	**15**	**83%**

Source: Presentation to the Portfolio Committee on Employment and Labour dated 13 November 2019

The overall performance of the Department increased from 72% in Q4 of 2018/19 to 83% in Q1 of 2019/20 financial year. The Department's performance on Strategic Objective 6 increased from 33% in Q4 of 2018/19 to 66% in Q1 of 2019/20 financial year. On Strategic Objective 8 it increased from 75% in Q4 of 2018/19 to 100% in Q1 of 2019/20 financial year. The improvement in performance of these two strategic objectives resulted to an increase in overall performance from 72% in Q4 of 2018/19 to 83% in Q1 of 2019/20 financial year.

3. PERFORMANCE PER PROGRAMME

The overall performance per programme was reported as follows:

Table 2 DEL Performance per Programme in Q1 of 2019/20

BRANCH		**Annual Planned Indicators**	**Indicators with Q1 Targets**	**Achieved**	**Overall Achievement %**
1.	Administration	3	3	3	100%
2.	Inspections and Enforcement Services	4	4	2	50%
3.	Public Employment Services	4	4	4	100%
4.	Labour Policy and Industrial Relations	8	7	6	86%
OVERALL PERFORMANCE		**19**	**18**	**15**	**83%**

Source: Presentation to the Portfolio Committee on Employment and Labour dated 13 November 2019

The Administration programme's performance improved from 75% in Q4 of 2018/19 to 100% in Q1 of 2019/20 financial year. The Labour Policy and Industrial Relations programme improved its performance from 66% in 2018/19 to 86% in Q1 of 2019/20 financial year. Improvement in performance on these two programmes led to an increase in overall achievement from 72% in Q4 of 2018/19 to 83% in Q1 of 2019/20 financial year.

4. PROGRAMME PERFORMANCE IN Q1 of 2019/20

4.1. Administration

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

The Administration programme comprise the following sub-programmes: Ministry; Office of the Director-General; Office of the Chief Operations Officer; Corporate Services; and Office of the Chief Financial Officer. Corporate Services includes: Human Resource Management, Internal Audit, Risk management, Security Services, Communication, Legal Services and Office of the Chief Information Officer.

The targets reporting in Q1 under Administration programme were:

- Communication annual work plan approved by 30 April 2019.
- 100% implementation of the activities mapped for Q1.
- One Annual Financial Statement compiled by 31 May 2019, which comply with guidelines issued by National Treasury.
- All cases of irregular; fruitless and wasteful and/or unauthorized expenditure detected and reported monthly to the Accounting Officer.

All the above targets were achieved leading to an overall achievement of 100% on this programme.

The Department incurred irregular expenditure amounting to R22,008.45 and fruitless and wasteful expenditure amounting to R360,547.06 in Q1 of 2019/20 financial year. There was no unauthorized expenditure detected and reported during the reporting period.

4.2. Inspection and Enforcement Services (IES)

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

The programme consists of the following sub-programmes: Management and Support Services; Occupational Health and Safety; Registration: IES; Compliance, Monitoring and Enforcement Services; Training of Staff: IES; and Statutory and Advocacy Services.

The targets reporting in Q1 under the Inspection and Enforcement Services were:

- Inspecting 55 173 employers to determine compliance with employment law.
- To serve 85% of non-compliant employers of those inspected with notice in terms of relevant labour legislation within 14 calendar days of the inspection.
- To refer 60% of non-compliant employers who failed to comply with the served notice to Statutory Services for prosecution within 30 calendar days.
- To finalise 70% of reported incidents within prescribed time frames.

The programme inspected 52 184 employers to determine compliance with employment law against a target of 55 173. Of the 52 184 employers inspected, 9 770 were found to be non-compliant and 9 729 were served with notices within 14 calendar days of inspection. Of the 9 729 employers served with notices, 2 024 failed to comply with those notices and 72% (863 of 1 195) of them were referred for prosecution against a target of 60%. Of the 185 incidents reported, 115 or 62% were finalized against a target of 70%.

The Free State and North West provinces achieved an overall performance of 100% each in IES programme in Q1 of 2019/20. Of the 52 184 employers inspected to determine compliance with employment law, 10 734 were from KZN and 10 426 were from Gauteng. Of the 9 729 non-compliant employers served with notice within 14 calendar days, 2 230 were from KZN and 1 352 were from Gauteng province. Of the 863 employers who failed to comply with served notices and were referred for prosecution, 395 were from KZN and 181 were from Limpopo. KZN province finalized all its reported incidents (100%) within the prescribed time frame. Gauteng had the least number of reported incidents (37%) finalized within the prescribed time frame. The amounts recovered for non-compliance to Basic Conditions of Employment Act (BCEA) and the National Minimum Wage Act (NMWA) were R442 798 and R5 486 223 respectively. The largest amount recovered for non-compliance to the BCEA was from the Agriculture sector at R248 232. The highest amount recovered for non-compliance to the NMWA was from the Wholesale and Retail sector at R1.6 million followed by Community sector at R1.1 million. The amounts recovered after prosecution for non-compliance to BCEA and NMWA were R392 872 and R6.2 million respectively. A total of 84 employers from the Community sector were referred for prosecution for non-compliance to BCEA, which is the highest number per sector. A total of 99 employers from Wholesale and Retail were referred for prosecution for non-compliance to NMWA. The highest number of prosecutions for non-compliance to BCEA were from KZN at 369 and those for non-compliance to Occupational Health and Safety Act (OHSA) were from Limpopo at 33. The highest number of reported incidents took place in Manufacturing, Construction and Agriculture at 42(22%), 35(18%) and 23(12%) respectively.

4.3. Public Employment Services (PES)

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

This programme consists of the following sub-programmes: Management and Support Services; Employer Services; Work-Seeker Services; and Designated Groups Special Services. The programme has oversight over the following entities: Supported Employment Enterprises; Productivity South Africa; Unemployment Insurance Fund; and Compensation Fund.

4.3.1. PES performance per strategic objective

PES reported performance per strategic objective as follows:

Table 3: PES Performance per Strategic Objective in Q1 of 2019/20

STRATEGIC OBJECTIVES	**Planned Indicators**	**Indicators with targets reporting in Q1**	**Achieved**	**Overall Achievement**
Contribute to decent employment creation	4	4	4	100%
Overall Performance	**4**	**4**	**4**	**100%**

Source: Information obtained from the Presentation to the PC: Employment and Labour dated 13-11-2019

The PES programme achieved all four planned indicators, translating to an overall achievement of 100%. The programme planned to register 161 000 work-seekers on Employment Services of South Africa

(ESSA) database. It registered 220 851 work-seekers on ESSA, thus over-achieving by 59 851. Table 4 below reflects the number of registered work-seekers per province.

Table 4: Number of work-seekers registered on ESSA per Province in Q1 of 2019/20

PROVINCE	**Target to be registered**	**Actual registered**	**Variance**
EC	19 320	26 416	7 096
FS	11 270	14 691	3 421
GP	41 860	50 793	8 933
KZN	28 980	32 350	3 370
LP	11 270	17 661	6 391
MP	12 880	16 396	3 516
NC	4 830	7 154	2 324
NW	9 660	12 572	2 912
WC	20 930	28 125	7 195
*Online	0	14 693	14 693
TOTAL	**161 000**	**220 851**	**59 851**

Source: Presentation to the PC: Employment and Labour dated 13 November 2019

Table 4 above reflects that the majority of work-seekers registered on ESSA were in Gauteng and KZN at 50 793 and 32 350 respectively. Northern Cape registered 7 154 work-seekers on ESSA in Q1, which is the least number registered by a province.

The programme planned to register 21 600 employment opportunities on ESSA. It registered 52 894 employment opportunities on ESSA, with a positive variance of 31 294 in Q1 of 2019.20 financial year. Table 5 below shows the number of employment opportunities registered on ESSA per province.

Table 5: Number of employment opportunities registered on ESSA per Province in Q1 of 2019/20

PROVINCE	**Target to be registered**	**Actual registered**	**Variance**
EC	3 024	6 329	3 305
FS	1 728	5 633	3 905
GP	4 320	8 354	4 034

KZN	3 456	7 800	4 344
LP	2 160	7 326	5 166
MP	1 728	2 814	1 086
NC	1 080	5 786	4 706
NW	1 512	4 685	3 173
WC	2 592	4 093	1 501
*Online	0	74	74
TOTAL	**21 600**	**52 894**	**31 294**

Source: Presentation to the PC: Employment and Labour dated 13 November 2019

Table 5 above shows that Gauteng registered 8 354 employment opportunities, which is the highest number of employment opportunities registered by a province. It was followed by KZN, which registered 7 800 employment opportunities on ESSA in Q1. Mpumalanga province registered 2 814 employment opportunities, which is the least number of employment opportunities registered by a province.

PES planned to provide 50 400 work-seekers with employment counselling. It provided 70 086 work-seekers with employment counselling, resulting to an over-achievement by 19 686 in Q1 of 2019/20 financial year. Table 6 below reflects the number of work-seekers provided with employment counselling per province.

Table 6: Number of work-seekers provided with employment counselling per Province in Q1 of 2019/20

PROVINCE	**Target to be provided with counselling**	**Actual provided with counselling**	**Variance**
EC	6 401	9 701	3 300
FS	4 399	5 644	1 245
GP	10 399	13 232	2 833
KZN	6 401	9 362	2 961
LP	5 198	7 051	1 853
MP	6 000	9 038	3 038
NC	2 801	3 431	630
NW	4 001	5 164	1 163
WC	4 800	5 074	274

*Online	0	2 389	2 389
TOTAL	**50 400**	**70 086**	**19 686**

Source: Presentation to the PC: Employment and Labour dated 13 November 2019

Table 6 above reflects that Gauteng province provided 13 232 work-seekers with counselling, which is the highest number of work-seekers provided with counselling by a province. It is followed by the Eastern Cape which provided 9 701 work-seekers with employment counselling. Northern Cape province provided 3 431 work-seekers with employment counselling, which is the least number of work-seekers provided with counselling.

This programme planned to fill 10 800 employment opportunities with registered work-seekers but managed to fill 18 126 translating to an over-achievement of 7 326 in Q1 of 2019/20 financial year. Table 7 below reflects the number of registered employment opportunities filled by registered work-seekers per province.

Table 7: Number of registered employment opportunities filled by registered work seekers per province in Q1 of 2019/20

PROVINCE	Target to be filled	Actual filled	Variance
EC	1 512	2 906	1 394
FS	864	1 544	680
GP	2 160	3 320	1 160
KZN	1 728	2 258	530
LP	1 080	3 940	2 860
MP	864	876	12
NC	540	713	173
NW	756	882	126
WC	1 296	1 687	391
*Online	0	0	0
TOTAL	**10 800**	**18 126**	**7 326**

Source: Presentation to the PC: Employment and Labour dated 13 November 2019

Table 7 above reflects that Limpopo filled 3 940 registered employment opportunities with registered work-seekers, which is the highest number of registered employment opportunities filled with registered work-seekers by a province. It is followed by Gauteng, which filled 3 320 employment opportunities with registered work-seekers.

The Department reported that of the 18 126 opportunities filled by registered work-seekers, only 3 308 or 18% were classified by economic sector. The majority of the placements classified by economic sector were from Manufacturing at 958 followed by Education at 542 and Safety and Security at 453. Challenges of placement included skills mismatch and lack of required experience by a number of work-seekers. A total of 12 631 or 70% of work-seekers placed were aged between 15 and 35 years. A total of 5 495 or 30% of work-seekers placed were 36 years and above. Of the registered employment opportunities filled with registered work-seekers 9 422 or 52% were formal jobs; 4 421 or 24% were projects; 2 680 or 15% were Labour Activation Programmes of the UIF; and 1 225 or 7% were Learnerships.

4.4. Labour Policy and Industrial Relations (LP & IR)

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

The programme consists of the following sub-programmes and entities: Management and Support Services; Strengthen Civil Society; Collective Bargaining; Employment Equity; Employment Standards; Commission for Conciliation, Mediation and Arbitration (CCMA); Research, Policy and Planning; Labour market Information and Statistics; International Labour Matters; and National Economic Development and Labour Council (NEDLAC).

4.4.1. Performance per Strategic Objectives

The programme reported its performance per strategic objectives in Q1 as follows:

Table 8: Performance per Strategic Objectives in Q1 of 2019/20

STRATEGIC OBJECTIVES		Planned Indicators	Indicators with Q1 targets	Achieved	Overall Achievement
1.	Promote equity in the labour	1	1	1	100%

	market				
2.	Strengthen multilateral and bilateral relations	1	1	1	100%
3.	Promote sound labour relations	3	3	2	67%
4.	Monitor impact of legislation	2	2	2	100%
OVERALL PERFORMANCE		**7**	**7**	**6**	**86%**

Source: Information obtained from the presentation to the PC: Employment and Labour dated 13 November 2019

Table 8 reflects that this programme had seven indicators reporting in Q1 and achieved six of them, translating to an overall achievement of 86%. On Strategic Objective 1 objective, the programme published the 2018/19 Annual Employment Equity report and Public Register by 30 June 2019 as per target.

On Strategic Objective 2, the programme had the annual implementation report signed off by the Minister on 29 April 2019.

On Strategic Objective 3, the programme failed to extend 100% of collective agreements within 90 calendar days of receipt. It achieved the target of approving or rejecting 100% of labour organizations' applications for registration within 90 calendar days of receipt. The programme also achieved the target of moderating workplace conflict by measuring the impact of the labour relations amendments. It reported that there were four incidents of industrial action from 1 April 2019 to 30 June 2019 compared to 66 for the corresponding period in 2018/19 financial year prior to the new LRA amendments.

On Strategic Objective 4, the programme achieved both targets of producing two annual labour market trends reports by June 2019 and identifying research services providers to deliver on the RME agenda by 31 March 2020.

5. FINANCIAL REPORT

5.1. Expenditure information per programme in Q1 of 2019/20

The Department reported its expenditure per programme as follows:

Table 9: DEL Expenditure Information per programme in Q1 of 2019/20

BRANCH	FINAL APPROPRIATION 2019/20	ACTUAL EXPENDITURE	AVAILABLE BUDGET	EXP AS T 30/06/2019
	R'000	**R'000**	**R'000**	**%**
Administration	961 959	182 532	779 427	19.0%
Inspection and Enforcement Services	631 133	126 187	504 946	20.0%
Public Employment Services	611 198	145 635	465 563	23.8%
Labour Policy and Industrial Relations	1 230 843	304 288	926 555	24.7%
Total	**3 435 133**	**758 642**	**2 676 491**	**22.1%**

Source: Presentation to the PC: Employment and Labour dated 13 November 2019

Table 9 above reflects that the Department spent R758.6 million or 22.1% of the original appropriation of R3.4 billion by the end of Q1 of 2019/20 financial year, resulting to a variance of R2.7 billion.

Labour Policy and Industrial Relations programme was appropriated R1.2 billion, which was the highest programme allocation. This programme spent R305.3 million or 24.7% of the allocation by the end of Q1, resulting to a variance of R926.6 million. However, the appropriation of this programme less transfers was R120.3 million and it spent R23.1 million or 19.2% by the end of Q1 of 2019/20 financial year, resulting to a variance of R97.2 million. This programme received the least budget allocation when transfers are subtracted.

The Administration programme was appropriated R961.9 million, which was the second highest programme allocation. It spent R182.5 million or 19.0% by the end of Q1 of 2019/20 financial year, resulting to a variance of R779.4 million. The Administration programme was appropriated R422.6 million less transfers and had spent R95.7 million or 22.6% by the end of Q1 of 2019/20, resulting to a variance of R326.9 million.

The Inspection and Enforcement Services programme spent R126.2 million or 20.0% of the R631.1 appropriated budget by the end of Q1 of 2019/20, resulting to a variance of R504.9 million. This programme received a budget allocation of R522.6 million when transfers are excluded and it spent R113.3 million or 21.7% of the allocated amount by the end of Q1 of 2019/20, resulting to a variance of R409.2 million.

Public Employment Services programme spent R145.6 million or 23.8% of the R611.2 million appropriated budget by the end of Q1 of 2019/20, resulting to a variance of R465.6 million. The budget allocation of this programme amounted to R327.7 million when transfers are excluded and it had spent R68.6 million or 20.9% by the end of Q1 of 2019/20, resulting to a variance of R259.1 million.

Table 10 below reflects the expenditure information by economic classification.

Table 10: Expenditure Information by Economic Classification in Q1 of 2019/20

ECONOMIC CLASSIFICATION	**FINAL APPROPRIATION**	**EXPENDITURE AS AT 30/06/2019**	**AVAILABLE BUDGET**	**% EXPENDITURE AS AT 30/06/2019**
	R'000	**R'000**	**R'000**	**%**
Current Payments	**2 065 593**	**407 969**	**1 657 624**	**19.8%**
Compensation of Employees	1 393 207	300 751	1 092 456	21.6%
Goods and Services	672 386	107 218	565 168	15.9%
Transfers and Subsidies	**1 309 356**	**346 645**	**962 711**	**26.5%**
Payments for Capital Assets	**60 184**	**3 853**	**56 331**	6.4%
Payment for Financial Assets	**-**	**175**	**(175)**	100.0%
Total	**3 435 133**	**758 642**	**2 676 491**	**22.1%**

Source: Presentation to the PC: Employment and Labour dated 13 November 2019

Of the total original appropriation of R3.4 billion, R2.1 billion was allocated to Current Payments. A total of R407.9 million or 19.8% of Current Payments budget was spent by the end of Q1 of 2019/20, resulting to a variance of R1.7 billion. The larger share of the Current Payments budget (R1.4 billion) went to Compensation of Employees. Of this amount, R300.8 million or 21.6% was spent by the end of Q1 of 2019/20 resulting to a variance of R1.1 billion. Goods and Services received R672.4 million and spent

R107.2 million or 15.9% of the appropriation by the end of Q1 of 2019/20, resulting to R565 million variance.

A total of R1.3 billion was appropriated for Transfers and Subsidies and R346.6 or 26.5% was spent by the end of Q1 of 2019/20 financial year, resulting to a variance of R962.7 million.

Payments for Capital Assets was appropriated R60.2 million and spent R3.9 million or 6.4% of the appropriation by the end of Q1 of 2019/20 financial year, resulting to a variance of R56.3 million.

6. SUPPORTED EMPLOYMENT ENTERPRISES (SEE)

The entity was established in 1943 through a Cabinet Memorandum as Service Product for the sole purpose of creating employment for ex-service man and women who could not secure employment in the labour market due to barriers that prevented their participation. The factories moved from various departments and eventually to the then Department of Manpower as the Sheltered Employment Factories.

The entity was formally established under the Employment Services Act, No. 4 of 2014. and continue to be audited as a trading entity.

There are currently 13 factories located in 8 of the 9 provinces in South Africa, with Mpumalanga currently being the only province without a factory. A process is underway to launch the Mpumalanga factory.

The SEE provides employment to 1 064 persons with disabilities.

SEE is managed under the Department of Employment and Labour and report through the Branch: Public Employment Services.

Until 1999 the entity enjoyed “Preferential Procurement Status” that meant all government departments procured their office and school furniture as well as hospital linen and uniforms from SEE. The entity continues to receive grant funding to subsidize operations and is allowed to charge 50% upfront payment. SEE is allowed to invest proceeds from its sales in the following:

- Employing additional people.

- Expansion of manufacturing capacity of the entity. Large scale investment was made in the new Limpopo, Seshego factory and replacement of some of the old machinery in existing factories across the country.
- The sales proceeds generated during 2019/20 financial year will fund the establishment of a new factory in Mpumalanga and employment of additional people.

6.1. Performance per Strategic Objective

SEE reported on its performance as follows:

Table 11: Performance per Strategic Objective of SEE in Q4 of 2018/19

STRATEGIC OBJECTIVE	Annual Planned Indicators	Indicators with targets reporting in Q1	Achieved	Overall Achievement %
Provide work opportunities for PWD	2	1	1	100%
Overall Performance	**2**	**1**	**1**	**100%**

Source: Presentation to the PC: Employment and Labour dated 13 November 2019

The performance of SEE remained at 100% from Q4 of 2018/19 to Q1 of2019/20 financial year. SEE exceeded its target of employing 25 people with disabilities by end of Q1 of 2019/20 financial year by employing 10 more people above target.

7. Q1 PERFORMANCE OF ENTITIES OF THE DEPARTMENT OF LABOUR (2019/20)

The entities that report to the Department of Employment and Labour are:

- Productivity South Africa
- Commission for Conciliation Mediation and Arbitration
- Compensation Fund
- Unemployment Insurance Fund
- National Economic Development and Labour Council.

7.1. Productivity South Africa

Productivity SA is established in terms of section 31 of the Employment Services Act, No. 4 of 2014, with the mandate to fulfill an economic or social responsibility of government. Its mandate is to promote employment growth and productivity thereby contributing to South Africa's socio-economic development and competitiveness.

Productivity SA has three regional offices in Johannesburg/ Midrand, which is the Head Office and also servicing Gauteng, North West and Limpopo; eThekwini/ Durban servicing KZN, Eastern Cape and Mpumalanga; and Cape Town servicing Western Cape, Northern Cape and Free State.

7.1.1. Productivity SA Performance per Strategic Objective in Q1 of 2019/20

Productivity SA reported its performance per strategic objective as follows:

Table 12: Productivity SA Performance per Strategic Objectives in Q1 of 2019/20

STRATEGIC OBJECTIVES		**Annual Planned Indicators**	**Q1 Planned Indicators**	**Achieved**	**Overall Achievement %**
1.	Strengthen the institutional capacity of Productivity SA to deliver on its mandate and be financially sustainable	2	1	1	100%
2.	To support programmes aimed at sustainable employment and income growth	1	1	1	100%
3.	To support enterprises facing economic distress and initiatives aimed at preventing job losses.	-	-	-	-
4.	Generation and dissemination of productivity related research and statistics	2	1	1	100%
5.	To promote a culture of productivity and competitiveness in the workplace and community life	2	2	0	0%
Overall Performance		**7**	**5**	**3**	**60%**

Source: Presentation to the PC: Employment and Labour dated 13 November 2019

Productivity SA achieved three of the five Q1 planned targets, translating to an overall performance of 60%. The entity did not receive funding for Strategic Objective 3 by the end of Q1 of 2019/20. Strategic Objective 5 had two planned indicators reporting in Q1 and did not achieve both of them, translating to an overall achievement of 0%. The entity had an overall achievement of 100% in Strategic Objectives 1, 2 and 4.

7.1.2. Productivity SA Performance per Programme in Q1 of 2019/20

Productivity SA reported on its performance per programme as follows:

Table 13: Productivity SA Performance per Programme in Q1 of 2019/20

PROGRAMME		**Annual Planned Indicators**	**Q1 Planned Indicators**	**Achieved**	**Overall Achievement %**
1.	Corporate Services	1	1	1	100%
2.	Human Resource Management	1	0	0	-
3.	Marketing and Communication	1	1	0	0%
4.	Productivity Organisational Solutions	2	2	1	50%
5.	Value Chain Competitiveness	2	1	1	100%
6.	Turnaround Solutions	-	-	-	-
Overall Performance		**7**	**5**	**3**	**60%**

Source: Presentation to the PC: Employment and Labour dated 13 November 2019

Table 13 reflects that Programme 2 (Human Resource Management) had no planned indicators reporting in Q1. As reflected in table 12 under Strategic Objective 3, Productivity SA did not receive funding for Programme 6 (Turnaround solutions) by the end of Q1 of 2019/20 financial year. Programme 3 (Marketing and Communication) had one planned indicator reporting in Q1, which was not achieved translating to an overall achievement of 0%. This indicator was to host three productivity awards and regional milestones workshops. The programme managed to host only one workshop reportedly due to budgetary constraints. Programme 4 (Productivity Organisational Solutions) achieved one of the two Q1 planned indicators, translating to an overall achievement of 50%. The programme planned to train 60 Education, Training and

Development (ETD) practitioners and Skills Development Facilitators but managed to train only six reportedly due to lack of operational budget. However, it capacitated 977 enterprises to improve productivity and business efficiency against a target of 813. Programme 1 (Corporate Services) and Programme 5 (Value Chain Competitiveness) achieved all Q1 planned indicators, translating to overall achievement of 100%. Programme 1 paid all SMEs within 30 days of receipt of statements, translating to an overall achievement of 100%. Programme 5 published one statistical report on productivity and competitiveness as planned.

7.1.3. Productivity SA Financial Performance in Q1 of 2019/20

Productivity SA reported its financial performance as follows:

Table 14: Productivity SA Revenue and Expenditure per Programme in Q1 of 2019/20

FINANCIAL PERFORMANCE	**Quarter 1**		
	Actual R'000	**Budget R'000**	**Variance R'000**
Revenue	**16 276**	**30 111**	**(13 835)**
Non-exchange revenue	13 653	21 090	(7 437)
Administration	13 653	13 653	-
Turnaround Solutions	-	5 000	(5 000)
Workplace Challenge	-	2 437	(2 437)
Exchange Revenue	2 623	9 021	(6 398)
Expenditure/ Programme	**22 825**	**30 111**	**7 286**
Administration	14 185	14 023	(162)
Productivity Organisational Solutions	3 101	3 292	191
Value Chain Competitiveness	2 298	2 817	519
Workplace Challenge	3 241	4 979	1 738
Turnaround Solutions	-	5 000	5 000
Surplus/ (Deficit)	**(6 549)**	**-**	**(6 549)**

Source: Presentation to the PC: Employment and Labour dated 13 November 2019

The Q1 revenue of Productivity SA amounted to R16.3 million, which is R13.8 million less than the budgeted R30.1 million. It comprised R13.7 million non-exchange revenue and R2.6 exchange revenue. The non-exchange revenue was R7.4 million less than the budgeted R21.1 million. Funding from the UIF for Turnaround Solutions and from DTI for Workplace Challenges programmes were not received by the end of Q1. The budgeted amount for Turnaround Solutions was R5 million and R2.4 for Workplace Challenges.

The Q1 expenditure of Productivity SA amounted to R22.8 million, resulting to a deficit or over-expenditure of R6.5 million. The Administration programme spent R14.2 million in Q1, which is the highest amount of expenditure and is R162 000 more than the budgeted R14.0 million. Productivity Organisational Solutions programme spent R3.1 million, which is R191 000 less that the budgeted expenditure of R3.3 million. Value Chain Competitiveness programme spent R2.3 million, which is R519 000 less than the budgeted R2.8 million. Workplace Challenges programme spent R3.2 million, which is R1.7 million less than the budgeted expenditure of R4.9 million.

Table 15: Productivity SA Revenue and Expenditure by Economic Classification in Q1

FINANCIAL PERFORMANCE	**Quarter 1**		
	Actual R'000	**Budget R'000**	**Variance R'000**
Revenue	**16 276**	**30 111**	**(13 835)**
Non-exchange revenue	**13 653**	**21 090**	**(7 437)**
Department of Labour	13 653	13 653	-
Unemployment Insurance Fund	-	5 000	(2 437)
Department of Trade and Industry	-	2 437	50
Exchange Revenue	**2 623**	**9 021**	**(6 398)**
Expenditure	**22 825**	**30 111**	**7 286**
Compensation of Employees	17 434	20 096	2 662
Goods and Services	5 391	10 015	4 624
Surplus/ (Deficit)	**(6 549)**	**-**	**(6 549)**

Source: Presentation to the PC: Employment and Labour dated 13 November 2019

Q1 expenditure of Productivity SA amounted to R22.8 million, comprising R17.4 million spent on Compensation of Employees and R5.4 million on Goods and Services. Expenditure on Compensation of Employees was R2.7 million less than the budgeted expenditure of R20.1 million. Expenditure on Goods and services was R4.6 million less than the budgeted R10.0 million.

7.2. Commission for Conciliation, Mediation and Arbitration (CCMA)

Constitutional Mandate

The CCMA aims to promote social justice and economic development in the world of work, and to be the best dispute management and dispute resolution organization. The entity derives its mandate from section 23 of the Constitution that deals with labour relations.

Legislative Mandate

The CCMA's legislative mandate is drawn from the purpose of the Labour Relations Act (LRA), which is to advance economic development, social justice, labour peace and the democratization of the workplace. Section 115(1) of the LRA identifies the mandatory functions of the CCMA as follows:

- Conciliate workplace disputes.
- Arbitrate certain categories of disputes that remain unresolved after conciliation.
- Establish picketing rules in respect of protected strikes and lock-outs.
- Facilitate the establishment of workplace forums and statutory councils.
- Compile and publish information and statistics.
- Consider accreditation and subsidy of Bargaining Councils and Private Agencies.
- Administer the Essential Services Committee (ESC), including the Director of the CCMA functioning as the Accounting Officer for the ESC.

7.2.1. CCMA Performance per Strategic Objective in Q1 of 2019/20

CCMA reported its performance per strategic objectives as follows:

Table 16: CCMA Performance per Strategic Objective in Q1 of 2019/20

STRATEGIC OBJECTIVE	Annual Planned Targets	Planned Targets reporting	Achieved	Overall Achievement

			in Q1		
1.	Enhancing the Labour Market to advance stability and growth	2	2	2	100%
2.	Advancing good practices at work and transforming workplace relations	0	0	0	-
3.	Building knowledge and skills	1	1	1	100%
4.	Optimising the organisation	4	4	2	50%
Overall Performance		**7**	**7**	**5**	**71%**

Source: Presentation to the PC: Employment and Labour dated 27 August 2019

Table 16 reflects that CCMA achieved five of its seven planned targets translating to an overall performance of 71%, which is a decrease in performance from the 95% achieved in Q4 of 2018/19 and from 75% achieved in Q1 of 2018/19.

The decrease in performance was a result of under-achievement in strategic objective 4 (Optimising the organization). The entity conciliated 97% (32 522/33 632) of cases at first event within 30 days of the date of receipt of the referral against a target of 100%. This under-achievement was reported to be due to operational and administrative errors. The entity reported that measures to improve internal controls have been implemented at regional level in order to mitigate the risk of reoccurrence.
CCMA sent 99.29% (5 492/5 531) arbitration awards rendered to parties within 14 days of the conclusion of the arbitration proceedings against a target of 100%. Under-achievement on this target was also reported to be due to operational and administrative errors. The entity reported that measures to improve internal controls have been implemented at regional level in order to mitigate the risk of reoccurrence.

7.2.2. CCMA Dashboard inQ4 of 2018/19

The entity reported on its progress during the period under review as follows:

- A total of 51 771 cases were referred to the CCMA in Q1 of 2019/20 financial year, compared to 48 704 cases in Q1 of the 2018/19 financial year.
- On average it took CCMA 24 days to conciliate disputes compared to the legislated target of 30 days.
- On average it took the entity 48 days to arbitrate disputes against a target of 60 days.

- The entity settled 33 or 85% of the 39 public interest matters (section 150) during the period under review.
- The CCMA settlement rate was 79% in the period under review.
- The entity conducted 485 outreach services during the period under review.
  - A total of 10 661 people were capacitated to better understand the law and their rights through the outreach activities conducted.
- Of the 11 998 jobs at stake, 5 409 or 45% were saved compared to employees facing retrenchments (cases referred to the CCMA).
- The CCMA held 2019 Collective Bargaining Season Briefing on 09 May 2019 at the Birchwood Hotel, Boksburg, Gauteng Province.
- The entity received 116 complaints in Q1 of 2019/20, compared to 80 complaints received in Q1 of 2018/19 financial year.

7.2.3. CCMA Financial Performance in Q1 of 2019/20

Table 17: CCMA Expenditure per Programme in Q1 of 2019/20

PROGRAMME	**Budget**	**Actual Spending**	**Variance**	**Expenditure as at end of Q1 of 2019/20**
	R'000	**R'000**	**R'000**	**%**
Administration	146 506	129 903	16 603	87%
Institution Development	10 911	5 504	5 307	50%
Corporate Governance	2 503	1 442	1 061	58%
Social Services	109 206	119 968	(10 762)	110%%
Total	**269 127**	**256 917**	**12 209**	**95%**

Source: Adapted from the Presentation to the PC: Employment and Labour dated 13 November 2019

Table 17 above reflects that CCMA spent R256.9 million or 95% of the R269.1 million budget allocated for Q1 of 2019/20 financial year. The Administration programme received R146.5 million, which is the largest share of the entity's budget and spent R129.9 or 87% by the end of Q1 resulting to a variance of R16.6 million. Social Services programme received the second largest allocation of R109.2 million and spent R119.9 million or 10% in excess of the budget allocation. Institution Development programme spent R5.5 million or 50% of the allocated R10.9 million resulting to a variance of R5.3 million in Q1 of

2019/20. Corporate Governance spent R1.4 million or 58% of the allocated R2.5 million in Q1 resulting to a variance of R1.0 million.

Table 18: CCMA Expenditure by Economic Classification in Q1 of 2019/20

ECONOMIC CLASSIFICATION	**Budget**	**Actual Spending**	**Variance**	**Expenditure as.at end of Q1**
	R'000	**R'000**	**R'000**	**%**
Compensation of Employees	142 818	135 199	7 619	95%
Goods and Services	119 929	120 011	(82)	100%
Transfer Payments	1 380	1 031	349	75%
Total Operational Expenditure	**264 127**	**256 241**	**7 886**	**97%**
Capital Expenditure	**5 000**	**676**	**4 324**	**14%**
Total Expenditure	**269 127**	**256 917**	**12 209**	**95%**

Source: Adapted from the Presentation to the PC: Employment and Labour dated 13 November 2019

Table 18 above reflects that CCMA spent R256.2 million or 97% of the R264.1 million Total Operational Expenditure in Q1 of 2019/20 resulting to a variance of R7.9 million. Of this amount, R135.2 million or 95% of the R142.8 million allocated for Compensation of Employees was spent in Q1 resulting to a variance of R7.6 million. A total of R120.0 million was spent on Goods and Services resulting to over-expenditure of R82 000. A total of R1.0 million or 75% was spent on Transfer Payments against an allocation of R1.4 million, resulting to a variance of R349 000. A total of R676 000 or 14% of the R5 million allocated for capital Expenditure was spent in Q1 of 2019/20 financial year.

7.3. The Compensation Fund (CF)

Constitutional Mandate

The mandate of the CF is derived from section 27(1)(c) of the Constitution. In terms of this section, "Everyone has the right to have access to social security, including, if they are unable to support themselves and their dependents; and appropriate social assistance." The CF is mandated to provide social security to all injured and diseased employees.

Legislative Mandate

The CF is a Schedule 3A Public Entity of DEL. The CF administers the Occupational Injuries and Diseases Act (COIDA). The main objective of the Act is to provide compensation for disablement caused by occupational injuries or diseases sustained or contracted by employees, or for death resulting from injuries or diseases.

7.3.1. CF Performance per Strategic Objective in Q1 of 2019/20

CF reported on its strategic objectives as follows:

Table 19: CF Performance per Strategic Objectives in Q1 of 2019/20

STRATEGIC OBJECTIVE		Annual Planned Indicators	Indicators with targets reporting in Q1	Achieved	Overall achievement %
1.	Provide an effective and efficient client oriented support services	3	1	0	0%
2.	Provide faster, reliable and accessible COID services by 2020	6	5	2	40%
Overall Performance		**9**	**6**	**2**	**33%**

Source: Presentation to the PC: Employment and Labour dated 20 November 2019

Table 19 above reflects that CF achieved two of the six indicators with targets reporting in Q1, translating to an overall performance of 33%. This reflects a decrease in performance from the 67% achieved in Q4 of 2018/19. Strategic objective 1 had one indicator with target reporting in Q1, which was not achieved translating to an overall achievement of 0%. The flagship projects under this strategic objective are: Improved capacity through Human Resource Development; increase in the asset base of the Fund through investments; and contribute to employment creation through investments and training programmes.

Strategic objective 2 achieved two of the five indicators with targets reporting in Q1, translating to an overall achievement of 40%. Flagship projects under this strategic objective are:

- Integrated Online Platform for Employer Registration and compliance management
- Online Claims Management System
- Hospital Care Management Program

- Disability Care Management
- Integration of data from e-claims. ICM and uMehluko systems or better
- Review of medical services function in the Fund
- Chronic Medication Dispensing

7.3.2. CF Performance per Programme in Q1 of 2019/20

CF reported its performance per programme as follows:

Table 20: CF Performance per Programme in Q1 of 2019/20

PROGRAMME		Annual Planned Indicators	Indicators with targets reporting in Q1	Achieved	Overall Achievement %
1.	Administration	3	1	0	0%
2.	Compensation for Occupational Injuries and Diseases Services Operations	3	2	1	50%
3.	Medical Services	2	2	1	50%
4.	Orthotic and Rehabilitation	1	1	0	0%
Overall Performance		**9**	**6**	**2**	**33%**

Source: Presentation to the PC: Employment and Labour dated 20 November 2019

Table 20 above reflects that the entity achieved two of the six indicators with targets reporting in Q1, translating to an overall achievement of 33%. This is a decrease in performance from the 76 % achieved in Q4 of 2018/19. Programme 1 and programme 4 had one indicator each with targets reporting in Q1, which were not achieved translating to an overall achievement of 0% for both programmes. Programme 1 (Administration) implemented 18% of the approved annual risk-based audit plan against the Q1 target of 20%. Programme 4 responded to 83% of compliant requests for assistive devices within 15 working days of receipt against a target of 85%.

Programme 2 and programme 3 achieved one of the two indicators with targets reporting in Q1 each, translating to an overall achievement of 50% for both programmes. Programme 2 paid 87% of approved benefits within five working days against a target of 100%. It adjudicated 93% of claims within 30 working days of receipt, thus exceeding the Q1 target of 90%. Programme 3 finalised 60% of medical invoices within 40 working days of receipt against a target of 85%. It responded to 95% of pre-authorisation requests within 10 working days, thus exceeding the Q1 target of 85%.

7.3.3. Performance per Province in Q1 of 2019/20

Table 21: Compensation claims adjudicated within 30 working days of receipt in Q1 of 2019/20

Province	Total claims registered	Total claims adjudicated	% of total claims adjudicated	Claims adjudicated within 30 working days	% of total claims adjudicated within 30 working days
EC	3396	3219	95%	3092	91%
FS	560	522	93%	512	91%
GP	11240	10464	93%	10270	91%
KZN	6425	6242	97%	5986	93%
LP	4897	4636	95%	4621	94%
MP	2660	2608	98%	2583	97%
NW	2448	2281	93%	2261	92%
NC	590	560	95%	554	94%
WC	11180	10798	97%	10598	95%
Total	**43396**	**41330**	**95%**	**40477**	**93%**

Source: Presentation to the PC: Employment and Labour dated 20 November 2019

Of the 43 396 claims received by CF in Q1 of 2019/20, 41 330 or 95% were adjudicated. A total of 40 477 or 93% of those received claims were adjudicated within 30 working days against a target of 90%. Gauteng province registered 11 240 claims, which is the highest number of claims registered in Q1. The province managed to adjudicate 10 464 or 93% of those registered claims. Of the registered claims, 10 270 or 91% were adjudicated within 30 working days. Western Cape province registered 11 180 claims in Q1 of 2019/20, which is the second highest number of claims registered. The province adjudicated 10 798 or 97% of the registered claims. Of the registered claims, 10 598 or 95% were adjudicated within 30 working days. Free State province registered 560 claims, which is the least number of claims registered in Q1 of 2019/20. This province adjudicated 522 or 93% of the registered claims. It adjudicated 512 or 91% of the registered claims within 30 working days.

Table 22: Medical invoices finalized within 40 working days of receipt in Q1 of 2019/20

Province	**Total received**	**Total finalised**	**Finalised within 40 working days**	**% of total finalized within 40 working days**
EC	9040	3324	3212	36%
FS	18030	8710	8591	48%
GP	131632	82572	81215	62%
KZN	26312	14585	13112	50%
LP	18904	15437	15283	81%
MP	16012	9182	8719	54%
NW	16854	13942	13843	82%
NC	2915	1135	1082	37%
WC	19609	10359	10011	51%
Autopay	844	657	654	77%
Total	**260152**	**159903**	**155722**	**60%**

Source: Presentation to the PC: Employment and Labour dated 20 November 2019

Of the 260 152 medical invoices received, 159 903 were finalized and 155 722 or 60% were finalized within 40 working days against a target of 85%. A total of 844 medical invoices were received through Autopay and 657 were finalized. Of those medical invoices received through Auto-Pay, 654 or 77% were finalized within 40 working days. Of the 131 632 medical invoices received by the GP, 82 572 were finalized and 81 215 or 62% were finalized within 40 working days. Western Cape province finalized 10 359 of the 19 609 medical claims received in Q1 of 2019/20. Of the claims receive by the WC 10 011 or 51% were finalized within 40 working days. Northern Cape province received 2 915 medical invoices, which was the least number of invoices received by the province. Of those invoices 1 135 were finalized and 1 082 or 37% were finalized within 40 working days.

Table 23: Pre-authorisation responded to within 10 working days on previously finalized cases in Q1 of 2019/20

Province	**Received**	**Achieved**	**Percentage**
EC	92	89	97%

FS	43	43	100%
GP	186	163	88%
KZN	182	181	99%
LP	51	51	100%
MP	40	39	98%
NC	13	13	100%
NW	23	20	87%
WC	74	72	97%
Total	**704**	**671**	**95%**

Source: Presentation to the PC: Employment and Labour dated 20 November 2019

Of the 704 pre-authorisations received, 671 or 95% were responded to within 10 working days on previously finalized cases against a target of 85%. GP responded to 163 or 88% of the 186 received pre-authorisations within 10 working days on previously finalized cases. GP received the highest number of pre-authorisations, followed by KZN. KZN responded to 181 or 99% of the 182 received pre-authorisations within 10 working days on previously finalized cases. North West province received the least number of pre-authorisations and responded to 20 or 87% of the 23 received pre-authorisations within 10 working days.

Table 24: Compliant requests for assistive devices responded to within 15 working days of receipt in Q1 of 2019/20

Province	**Received**	**Actual Performance**	**% Achievement**
EC	14	5	36%
FS	27	27	100%
GP	111	63	57%
KZN	86	83	97%
LP	33	32	97%
MP	35	32	91%
NC	16	16	100%
NW	16	16	100%
WC	41	41	100%
Total	**379**	**315**	**83%**

Source: Presentation to the PC: Employment and Labour dated 20 November 2019

Of the 379 compliant assistive devices requests received, 315 or 83% were responded to within 15 working days of receipt against a target of 85%. The Free State, Northern Cape, North West and Western Cape responded to all compliant assistive devices requests within 15 working days of receipt, which translate to overall achievement of 100% for the four provinces. Gauteng province responded to 63 or 57% of the 111 compliant assistive devices requests within 15 working days. Eastern Cape received the least number of request and responded to 5 or 36% of the 14 received compliant assistive devices requests within 15 working days. Poor performance in the Eastern Cape and Gauteng was attributed to capacity constraints.

7.4. National Economic Development and Labour Council (Nedlac)

NEDLAC was established through the NEDLAC Act, No. 35 of 1994. It operates under the terms of the NEDLAC Constitution. NEDLAC's mandate is derived from the following: NEDLAC Act; Labour Relations Act, NEDLAC Constitution; and NEDLAC protocols.

NEDLAC's objectives in terms of the NEDLAC Act are as follows:

- 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 they are introduced in Parliament;
- Consider all significant changes to social and economic policy before it is implemented or introduced in Parliament; and
- Encourage and promote the formulation of coordinated policy on social and economic matters.

7.4.1. Nedlac Performance per programme in Q1 of 2019/20

Nedlac reported its performance per programme as follows:

Table 25: Nedlac Performance per programme in Q1 of 2019/20

PROGRAMME	**Total No. of Quarterly**	**Achieved**	**Not Achieved**	**Overall Achievement**

		Planned Indicators			%
1.	Administration	5	5	0	100%
2.	Core-Operations	5	5	0	100%
3.	Constituency Capacity Building	3	3	0	100%
Overall Performance		**13**	**13**	**0**	**100%**

Source: Presentation to the PC: Employment and Labour dated 20 November 2019

Table 25 above reflects that Nedlac had 13 planned indicators reporting in Q1 and all the targets for those indicators were achieved, translating to an overall performance of 100%. Nedlac reported that the work achieved in Q1 was primarily administrative with achievements in human resource where staff performance was given more priority, an improvement from previous years. The entity also reported that the performance of Core-operations programme was primarily as a result of the successful engagements on legislation and the achieving of set out performance based strategic and organizational goals. Furthermore, the entity reported that the 100% achieved in programme 3 in Q1 was an improvement in receiving financial report from the three constituencies on a quarterly basis, which was previously the area of low performance. This was achieved reportedly by the implementation of more efficient monitoring tools for each of the constituency funds.

7.4.2. Nedlac Financial Overview as at Q1 of 2019/20

Nedlac reported on its finances as follows:

Table 26: Financial Overview as at 30 June 2019

Revenue	**Amount R'000**
Transfers	10 185
Interest Received	205
Sundry income	67
SETA	19
Total income	**10 476**
Expenditure	**Amount R'000**

Administration	6 159
Core Operations	997
Capacity Building	461
Total spending	**7 617**
Surplus/(Deficit)	**2 858**

Source: Presentation to the PC: Employment and Labour dated 20 November 2019

The total income of Nedlac in Q1 of 2019/20 amounted to R10.4 million. The larger portion of the revenue was a transfer from Labour Policy and Industrial Relations programme of the Department, which was R10.1 million. The total expenditure at Q1 amounted to R7.6 million, resulting to a surplus of R2.8 million. The larger portion of expenditure was on Administration programme, which spent R6.1 million in Q1 of 2019/20 financial year.

7.5. The Unemployment Insurance Fund

Constitutional Mandate

The mandate of the UIF is derived from section 27(1)(c) of the Constitution. The UIF provides social security to its contributors in line with section 27(1)(c) which states that "everyone has the right to social security".

Legislative Mandate

The mandate of UIF is stated in the Unemployment Insurance Act (Act 63 of 2001) as amended. The UIF was established in terms of section 4(1) of the UIA. The Act empowers the UIF to register all employers and employees in South Africa and pay those who qualify for unemployment insurance benefits.

The Unemployment Contributions Act (Act 4 of 2002) empowers the SARS Commissioner and the UI Commissioner to collect monthly contributions from both employers and employees. Section 9 of the UCA empowers the UI Commissioner to collect contributions from all those employers who are not required to register as employers in terms of the fourth schedule of the Income Tax Act (Act 58 of 1962) and who are not liable for the payment of the skills development levy in terms of the Skills Development Act (Act 9 of 1999). These contributions are used to pay benefits and other expenditure reasonably incurred relating to the application of the Act.

Policy Mandate

The UIF is expected to make a contribution to the following service delivery outcomes:

- Creation of decent employment through inclusive economic growth;
- An efficient, effective and development-oriented public service and an empowered and inclusive citizenship; and
- An inclusive and responsive social security system.

7.5.1. UIF Performance per Strategic Objective in Q1 of 2019/20

UIF reported on its performance per strategic objective as follows:

Table 27: UIF Performance per Strategic Objective in Q1 of 2019/20

STRATEGIC OBJECTIVE		**Planned Indicators**	**Achieved**	**Overall Achievement %**
1.	Ensure financial sustainability	3	2	67%
2.	Strengthen institutional capacity of the Fund	1	0	0%
3.	Provide easy to use services through multiple access points	1	0	0%
4.	Improve service delivery	6	5	83%
5.	Collaborate with stakeholders to improve compliance with UIF acts	2	2	100%
6.	Enhance employability of UIF beneficiaries, enable entrepreneurship and preserve jobs	2	2	100%
OVERALL PERFORMANCE		**15**	**11**	**73%**

Source: Presentation to the PC: Employment and Labour dated 20 November 2019

Table 27 reflects that UIF achieved 11 of the 15 planned indicators reporting in Q1, translating to an overall performance of 73%. The entity did not achieve on all indicators under strategic objectives 2 and 3, translating to an overall achievement of 0% in both strategic objectives. Programme 2 missed the target of maintaining the vacancy rate at 10%. Instead it went up to 11.79% (71/602). Under strategic objective 3, the entity failed to implement the Integrated Claims Management System (ICMS) because the user requirement of SAP Release 1 was not developed. It received an overall achievement of 100% in strategic objectives 5 and 6. The entity received overall achievement of 67% and 83% in strategic objectives 1 and 4 respectively. Under strategic objective 1, the entity paid 99.8% of valid invoices against a target of 100%, resulting to an overall achievement of 67% (2/3). Under strategic objective 4, 93% of new companies were created with a registration document (UI54) within one working day, against a target of 95%. This resulted to an overall achievement of 83% (5/6) in strategic objective 4.

7.5.2. UIF Performance per Programme in Q1 of 2019/20

UIF reported on its performance per programme as follows:

Table 28: UIF Performance per programme in Q1 of 2019/20

PROGRAMME		Planned Targets	Achieved	Overall Achievement %
1.	Administration	5	2	40%
2.	Business Operations	8	7	88%
3.	Labour Activation Programmes	2	2	100%
Overall Performance		**15**	**11**	**73%**

Source: Presentation to the PC: Employment and Labour dated 20 November 2019

Table 28 reflects that the Administration programme achieved two of the five planned indicators with targets reporting in Q1, translating to an overall achievement of 40%. Business operations programme achieved seven of the eight planned indicators with targets reporting to Q1, translating to an overall achievement of 88%. Programme 3 achieved all planned targets with indicators reporting in Q1 of 2019/20 financial year.

7.5.3. Business Operations: Performance per Province in Q1 of 2019/20

Table 29: % of valid claims (Unemployment Benefit) approved/ rejected within specified time frames

Province	Q1 2019/20	Q1 2018/19
EC	97%	87%
FS	98%	91%
GP	98%	95%

HO	88%	90%
KZN	96%	93%
LP	74%	84%
MP	93%	76%
NW	93%	94%
NC	94%	92%
WC	90%	94%
Total	**93%**	**91%**

Source: Presentation to the PC: Employment and Labour dated 20 November 2019

The UIF processed 93% of valid claims for unemployment benefits with complete information within 15 working days, thus exceeding the 90% target. This is an improvement from the 91% achieved in Q1 of 2018/19 financial year. Head Office processed 88% claims against a target of 90%, which was a decrease in performance from 90% achieved in Q1 of 2018/19 financial year. Limpopo province processed 74% claims against a target of 90%, which was a decrease in performance from 84% achieved in Q1 of 2018/19 financial year. Free State and Gauteng provinces processed 98% of claims, which is the highest percentage of claims processed by a province. Good performance in processing of unemployment benefits was attributed to establishment of rapid response task teams.

Table 30: % of valid claims (in-service benefits; maternity, illness and adoption benefits) processed within specified time frames

Province	**Q1 2019/20**	**Q1 2018/2019**
EC	97%	83%
FC	99%	94%
GP	99%	94%
HO	76%	77%
KZN	94%	88%
LP	82%	81%
MP	92%	79%
NW	95%	94%
NC	97%	90%
WC	87%	94%

Total	**93%**	**89%**

Source: Presentation to the PC: Employment and Labour dated 20 November 2019

The UIF processed 93% of valid in-service; maternity, illness and adoption benefits with complete information within 10 working days against a target of 90%. This was an improvement in performance from the 89% achieved in 2018/19 financial year. Head Office processed 76% claims in Q1 of 2019/20 financial year against a target of 90%, which was a decrease in performance from the 77% processed in Q1 of 2018/19 financial year. Limpopo province processed 82% of valid claims within 10 working days against a target of 90%, which was an increase in performance from the 81 % processed in Q1 of 2018/19 financial year. The Western Cape province processed 87% of the valid claims, which was a decrease in performance from the 94% processed in Q1 of 2018/19 financial year.

Table 31: % of valid claims (Deceased benefit) processed within specified time frames

Province	**Q1 2019/20**	**Q1 2018/19**
EC	97%	88%
FS	99%	93%
GP	97%	75%
KZN	97%	89%
LP	81%	89%
MP	92%	88%
NW	97%	88%
NC	91%	96%
WC	97%	93%
Total	**95%**	**87%**

Source: Presentation to the PC: Employment and Labour dated 20 November 2019

The UIF processed 95% of deceased benefit claims with complete information within 20 working days in Q1 of 2019/20 against a target of 90%, which was an improvement in performance from the 87% processed in 2018/19 financial year. Limpopo was the only province that missed the target of 90% by processing 81% death benefit claims in Q1 of 2019/20 financial year. Its performance decreased from 89% processed in Q1 of 2018/19.

Table 32: % of benefit payment documents created after receipt within specified time frame

Province	Q1 2019/20	Q1 2018/19
EC	100%	96%
FS	100%	100%
GP	100%	99%
HO	92%	100%
KZN	99%	98%
LP	100%	100%
MP	100%	77%
NW	100%	97%
NC	98%	93%
WC	100%	99%
Total	**100%**	**97%**

Source: Presentation to the PC: Employment and Labour dated 20 November 2019

Table 32 above reflects that only Head Office missed the targets of creating 95% benefit payment documents after receipt within 6 working days. Head Office achieved an overall performance of 92% in Q1 of 2019/20, which was a decrease in performance from 100% achieved in Q1 of 2018/19 financial year.

Table: 33: % of new companies created with a registration document (UI54) within 1 working day

Province	Q1 2019/20	2018/19
EC	99%	98%
FS	100%	95%
GP	98%	98%
HO	89%	99%
KZN	99%	96%
LP	100%	100%
MP	100%	89%
NW	99%	97%
NC	99%	97%
WC	99%	98%
uFiling	100%	

Total	93%	98%

Source: Presentation to the PC: Employment and Labour dated 20 November 2019

The entity created 93% of new companies with a registration document (UI54) within one working day in Q1 of 2019/20 against a target of creating 95% new companies. Only Head Office missed the 95% target by creating 89% new companies with a registration document within one working day in Q1 of 2019/20 financial year.

7.5.4. UIF Expenditure per Programme in Q1 of 2019/20

The Fund reported on its expenditure per programme as follows:

Table 34: UIF expenditure per programme in Q1 of 2019/20

PROGRAMME		**Budget**	**Actual as at 30/06/2019**	**Variance**	**Exp. as at 30/06/2019**
		R'000	R'000	R'000	%
1.	Administration	738 139	195 331	542 808	26%
2.	Business Operation	2 974 204	4 084 867	-1 110 663	137%
3.	LAP	416 435	16 218	400 217	4%%
	TOTAL	**4 128 778**	**4 296 416**	**-167 638**	**104%%**

Source: Presentation to the PC: Employment and Labour dated 20 November 2019

The UIF spent R4.2 billion or 104% of the R4.1 budget in Q1 of 2019/20, resulting to over-expenditure of R167.6 million. Over-expenditure of the total budget was a result of over-expenditure in programme 2 (Business Operations). This programme spent R4.0 billion or 137% against a budget of R2.9 billion by the end of Q1 of 2019/20, resulting to an over-expenditure of R1.1 billion. Overspending in benefits payments was reported to be due to implementation of the Amendment Act. However, it was reported that the benefit payments budget will be revised as per the latest actuarial valuations to cover the Amendments.

Programme 1 (Administration) spent R195.3 million or 26% of the R738.1 million budget, resulting to under expenditure of R542.8 million. The contributing factors to 74% under-expenditure of the budget were reported to be:

- The 12% underspending in compensation of employees due to the vacant post not yet filled.

- The Fund being in the process of creating the LAP structures in the provincial offices.
- Number of ICT projects both hardware and software on contracting stages.
- Management and investment fees low spending due to the new mandate that was estimated higher due to the fact that initial commitment capital fees of new instruments are substantially higher than subsequent management fee. Trading activity in the portfolio also decreased due to unfavourable market conditions.

Programme 3 spent R16.2 million or 4% of the R416.4 million budget, resulting to under expenditure of R400.2 million. The 96% underspending was reported to be due to delays on the finalization of the evaluation process and inadequate supporting documents submitted by service providers for payment.

7.5.5. UIF Expenditure per Economic Classification in Q1 of 2019/20

UIF reported on its expenditure by Economic Classification as follows:

Table 35: UIF expenditure by economic Classification in Q1 of 2019/20

ECONOMIC CLASSIFICATION	**Budget**	**Actual as at 30/06/2019**	**Variance**	**Expenditure as at 30/06/2019**
	R'000	R'000	R'000	%
Compensation of Employees	374 913	328 062	46 851	88%
Goods and Services	506 309	187 298	319 011	37%
CAPEX	264 485	20 551	243 934	8%
Transfers	2 983 071	3 760 505	-777 434	126%
TOTAL	**4 128 778**	**4 296 416**	**-167 638**	**104%**

Source: Presentation to the PC: Employment and Labour dated 20 November 2019

The largest component of the budget was Transfers at R2.9 billion or 72% of the total budget of the UIF. A total of R3.7 billion or 126% was spent against a budget of R2.9 billion, resulting to overspending by R777.4 billion. The second largest component of the budget was Goods and Services at R506.3 million or 12% of the total budget of the entity. A total of R187.2 or 37% was spent by the end of Q1 of 2019/20 resulting to a variance of R319.0 million. A total of R328.0 or 88% of the R374.9 budget for compensation of employees was spent by the end of Q1 of 2019/20 resulting to a variance of R46.8 million. The Capital

Expenditure amounted to R20.5 million or 8% of the R264.4 budget, resulting to a variance of R243.9 million.

8. Committee Observations

After receiving the presentations from the Department and its entities, the Committee made the following observations:

8.1. The Department of Employment and Labour

8.1.1. The Wholesale and Retail sector had high level of non-compliance to the National Minimum Wage Act.

8.1.2. The highest number of Occupational Health and Safety incidents were reported in the Manufacturing sector.

8.1.3. A total of 18 126 registered employment opportunities were filled by registered work-seekers against a target of 10 800.

8.2. Productivity South Africa

8.2.1. Productivity SA will receive its budget from the Public Employment Services programme of the Department as from the next financial year.

8.3. The Compensation Fund

8.3.1. Performance of the Compensation Fund deteriorated from 67% in Q4 of 2018/19 to 33% in Q1 of 2019/20.

8.3.2. Compensation Fund did not report on Q1 budget and expenditure. The Fund subsequently submitted its financial report after it was alerted of the omission by the Committee members. The report reflected that it achieved two of the six planned indicators, translating to an overall performance of 33% in Q1. The Fund spent 13% (R910.8 million of R7.1 billion) of its budget at the end of Q1, resulting to a variance of R6.2 billion.

8.4. Nedlac

8.4.1. Nedlac did not report on its performance per strategic objective.

8.4.2. Nedlac's budget and expenditure was not reported in accordance with the standard format of financial reporting.

8.5. Unemployment Insurance Fund

8.5.1. Unemployment Insurance Fund did not provide actual numbers of processed claims in its report on performance by provinces.

9. Committee Recommendations

In view of the above-mentioned observations, the Committee recommends that the Minister ensures that:

9.1. The Department of Employment and Labour

9.1.1. The Department deploys its scares resources to focus on sectors that reported high levels on non-compliance to legislation.

9.1.2. In addition to the reporting on work opportunities filled by work-seekers registered on ESSA, the Department also report on employment creation by other departments.

9.2. Productivity South Africa

9.2.1. The Department keeps the Committee updated regarding the new funding model of Productivity SA.

9.3. Compensation Fund

9.3.1. The Fund continues to report quarterly to the Committee on progress regarding the implementation of its Action Plan.

9.4. All entities reporting to the Department

9.4.1. All entities of the Department use a standard format of reporting similar to that used by the Department.

Report to be considered.

5. REPORT OF THE PORTFOLIO COMMITTEE ON EMPLOYMENT AND LABOUR ON THE SECOND QUARTERLY REPORT REGARDING THE PERFORMANCE OF THE DEPARTMENT OF EMPLOYMENT AND LABOUR AND ITS ENTITIES IN MEETING STRATEGIC OBJECTIVES FOR 2019/20, DATED 10 JUNE 2020

The Portfolio Committee on Employment and Labour, having considered the Second Quarterly Report (July to September 2019) on the performance of the Department of Employment and Labour (DEL) and its entities in meeting strategic objectives for 2019/20, reports as follows:

1. Introduction

The Portfolio Committee on Employment and Labour considered the Second Quarterly Report on the performance of the Department of Employment and Labour and its entities in meeting strategic objectives for 2019/20 as presented in the meeting held on 26 February, 4 and 11 March 2020.

This report gives an overview of the presentations made by the Department of Employment and Labour (Department) and its entities, focusing mainly on its achievements, output in respect of the performance indicators and targets set for 2019/20 and the financial performance. The report also provides the Committee's key deliberations and recommendations relating to the performance of the Department and its entities.

2. Performance per Strategic Objective

The Department reported on its performance per strategic objective as follows:

Table 1: DEL Performance per Strategic Objective in Q2 of 2019/20

STRATEGIC OBJECTIVES	**Planned Indicators**	**Indicators with Q2 Targets**	**Achieved**	**Overall Achievement**

1	Strengthen occupational safety protection	This strategic objective is covered under indicators that are applicable to protecting vulnerable workers			
2	Promote equity in the labour market	1	0	0	-
3	Protecting vulnerable workers	5	4	4	100%
4	Strengthening multilateral and bilateral relations	1	0	0	-
5	Contribute to employment creation	4	4	4	100%
6	Promoting sound labour relations	3	3	2	67%
7	Monitoring the impact of legislation	2	1	0	0%
8	Strengthening the institutional capacity of the Department	3	3	3	100%
OVERALL PERFORMANCE		**19**	**15**	**13**	**87%**

Source: Presentation to the Portfolio Committee on Employment and Labour dated 26 February 2020

The overall performance of the Department improved from 83% in Q1 to 87% in Q2 of 2019/20 financial year. The Department's performance on strategic objective 3 (Protecting vulnerable workers) improved from 50% in Q1 to 100% in Q2 of 2019/20. Performance on strategic objective 6 (Promoting sound labour relations) improved from 66% in Q1 to 67% in Q2 of 2019/20. Strategic objective 7 (Monitoring the impact of legislation) performance went down from 100% in Q1 to 0% in Q2 of 2019/20.

3. Performance per Programme

The overall performance per programme was reported as follows:

Table 2: DEL Performance per Programme in Q2 of 2019/20

BRANCH		**Annual Planned Indicators**	**Indicators with Q2 Targets**	**Achieved**	**Overall Achievement %**
1	Administration	3	3	3	100%
2	Inspections and Enforcement Services	4	4	4	100%
3	Public Employment Services	4	4	4	100%
4	Labour Policy and Industrial Relations	8	4	2	50%
OVERALL PERFORMANCE		**19**	**15**	**13**	**87%**

Source: Presentation to the Portfolio Committee on Employment and Labour dated 26 February 2020

The Inspection and Enforcement Services programme improved from 50% in Q1 to 100% in Q2 of 2019/20 financial year. Labour Policy and Industrial Relations programme went down from 86% in Q1 of 2019/20 to 50% in Q2 of 2019/20. Programme 1 (Administration) and 3 (Public Employment Services) performance remained at 100% in Q1 and Q2.

The overall performance of 87% is the highest in the previous five quarters' performance.

4. Programme performance in Q2 of 2019/20

4.1. Administration

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

The Administration programme comprise the following sub-programmes: Ministry; Office of the Director-General; Office of the Chief Operations Officer; Corporate Services; and Office of the Chief Financial Officer. Corporate Services includes: Human Resource Management, Internal Audit, Risk management, Security Services, Communication, Legal Services and Office of the Chief Information Officer.

The Department reported three cases of irregular expenditure, which amounted to R53 319,81 in Q2 of 2019/20, which is an increase from R22 008.45 reported in Q1 of 2019/20. A total of 53 cases of fruitless and wasteful expenditure were reported, amounting to R602 416,79, which is an increase from R360 547.06 reported in Q1. There were no cases of unauthorized expenditure reported.

A total of 185 cases were reported in Q2 of 2019/20 financial year. Of the 185 cases, 48 or 26% were reported in North West province. Northern Cape province reported three cases, which was the least number of misconduct cases reported in a province. KwaZulu-Natal reported 17 cases of misconduct related to Compensation Fund claims. Of the 185 misconduct cases reported, 56 or 30% were for dereliction of duty followed by 49 or 26% for damage of State/ rental vehicle. A total of 73 or 39% of misconduct cases reported were committed by employees on salary level six. A total of 106 or 57% of reported cases were finalized and 79 cases are still pending.

4.2. Inspection and Enforcement Services (IES)

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

The programme consists of the following sub-programmes: Management and Support Services; Occupational Health and Safety; Registration: IES; Compliance, Monitoring and Enforcement Services; Training of Staff: IES; and Statutory and Advocacy Services.

The programme inspected 112 661 employers to determine compliance with employment law against a target of 110 346, which is 2% more than the target. Of those inspected 101 190 or 88% were found to be compliant. Despite the over-achievement, Gauteng, Mpumalanga and Northern Cape were not able to achieve their targets due to:

- Inspector vacancies and inadequate supply of fleet vehicles in Gauteng (Pretoria) Labour Centre and Provincial Office;
- Limited capacity for statutory services in Mpumalanga province; and
- Few inspectors generally lagging behind in their targets.

In order to address the shortfall, the Department has:

- Expedited the filling of inspector vacancies;
- Conducted blitz inspections;
- Deployed additional inspectors to deal with backlogs;
- Deployed resources to deal with cases referred for prosecution; and
- Authorized some inspectors to use personal cars where there are shortages of fleet vehicles.

Of the 112 661 employers inspected 11 471 or 10% were non-compliant. Of the non-compliant employers, 11 447 or 99.8% against a target of 85% were served with notices within 14 calendar days of the inspection. The Gauteng province conducted 23 368 inspections, which is the highest number of inspections conducted. However, the province did not meet the target of conducting 23 760 inspections. The second highest number of inspections were conducted in KZN, which inspected 23 078 employers against a target of 22 458. The Northern Cape province conducted the least number of inspections, which was 4 137 against a target of 4 938. Mpumalanga province inspected 8 353 employers against a target of 8 544, thus missing the target.

Of the 11 447 employers served with notices to comply, 3 443 or 30% failed to comply with served notices and 76% or 1 246 of 1 638 were referred for prosecution. Gauteng and KZN had the highest number of employers served with notices within 14 calendar days, at 2 102 and 2 507 respectively. KZN referred 348 employers for prosecution, which is the highest number of referrals followed by Gauteng at 200 referrals.

Of the 169 incidents reported, 163 or 96% were finalized. Gauteng reported 46 incidents followed by KZN, which reported 28 incidents. The Northern Cape, North West and Western Cape did not finalise all the incidents.

4.3. Public Employment Services (PES)

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

This programme comprise the following sub-programmes: Management and Support Services; Employer Services; Work-Seeker Services; and Designated Groups Special Services. The programme has oversight over the following entities: Supported Employment Enterprises; Productivity South Africa; Unemployment Insurance Fund; and Compensation Fund.

4.3.1. PES performance per Strategic Objective

PES programme reported its performance as follows:

Table 3: Performance per Strategic Goal 1: Contribute to decent employment creation

PROGRAMME PERFORMANCE INDICATOR		**Q2 Target**	**Actual Performance**	**Variance**
1.	No of work-seekers registered on Employment Services of South Africa (ESSA) database per year	175 000	252 803	77 803
2.	No. of employment opportunities registered on ESSA per year	43 200	87 089	43 889
3.	No. of registered work-seekers provided with employment counselling per year	109 200	145 858	36 658
4.	No. of registered employment opportunities filled by	21 600	33 827	12 227

	registered work-seekers per year.			

Source: Information received from presentation to PC on Employment and Labour dated 26 February 2020

Table 3 reflects that the programme registered 252 803 work-seekers on ESSA against a target of 175 000, resulting to a positive variance of 77 803. The highest number of work-seekers registered were in Gauteng and KZN at 61 858 and 38 981 respectively. The Western Cape province registered the third highest number of work-seekers at 33 994.

The PES programme registered 87 089 employment opportunities on ESSA against a target of 43 200, resulting in a variance of 43 889. Gauteng and Limpopo provinces registered 13 837 and 12 335 employment opportunities respectively. The Eastern Cape province registered the third highest number of employment opportunities at 11 010.

Table 3 reflects that 145 858 work-seekers were provided with employment counselling against a target of 109 200, resulting to a variance of 36 658. Gauteng province provided 28 144 work-seekers with employment counselling against a target of 22 531. It was followed by KZN, which provided 20 297 work-seekers with employment counselling against a target of 13 869.

A total of 33 827 registered employment opportunities were filled by registered work-seekers in Q2 of 2019/20 against a target of 21 600, resulting in a variance of 12 227. Gauteng and Limpopo province filled the highest number of registered employment opportunities with registered work-seekers at 6 686 and 5 611 respectively.

4.4. Labour Policy and Industrial Relations (LP & IR)

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

This programme consists of the following sub-programmes and entities: Management and Support Services; Strengthen Civil Society; Collective Bargaining; Employment Equity; Employment Standards;

Commission for Conciliation, Mediation and Arbitration (CCMA); Research, Policy and Planning; Labour market Information and Statistics; International Labour Matters; and National Economic Development and Labour Council (NEDLAC).

LP & IR programme received seven collective agreements and four were extended within 90 calendar days, translating to a performance of 57.1% against a target of 100%. Three or 42.9% of collective agreements were extended longer than 90 calendar days. The backlog has subsequently been dealt with.

This programme received 31 applications for registration and 28 were refused within 90 calendar days of receipt. Three of the applications were approved within 90 calendar days of receipt. This translates to an overall achievement of 100%.

The programme achieved the target of moderating workplace conflict by measuring the impact of the Labour Relations Amendments. Consultations were conducted with 18 employer organisations and 15 trade unions and they have amended their constitutions as per directive.

LP & IR programme did not manage to identify service providers to deliver on the RME agenda by 30 September 2019. Terms of reference for internally conducted research were presented to the DD forum by 12 July 2019.

5. Financial Report

5.1. Expenditure information per programme in Q2 of 2019/20

Table 4: DEL Expenditure Information per programme in Q2

BRANCH		Projection Jul - Sept 2019/20	Expenditure Jul - Sept	Variance	Spent
		R'000	**R'000**	**R'000**	**%**
1.	Administration	256 747	221 431	35 316	86.2%
2.	Inspection and Enforcement Services	146 096	141 800	4 296	97.1%
3.	Public Employment Services	164 749	140 180	24 569	85.1%

4.	Labour Policy and Industrial Relations	288 313	275 236	13 077	95.5%
Total		**855 905**	**778 647**	**77 258**	**90.9%**

Source: Presentation to the PC: Employment and Labour dated February 2020

The Department spent R778.6 million or 90.9% of the projected R855.9 million by the end of Q2 of 2019/20, resulting to a variance of R77.2 million.

Programme 4, which received the highest programme allocation, spent R275.2 million or 95.5% of the projected R288.3 million in Q2, resulting to a variance of R13.0 million. A total of R244.7 million or 88.9% of the programme expenditure went to Transfers and Subsidies. This was 99.5% of the projected R245.8 to be spent on Transfers and Subsidies in Q2.

Programme 1 received the second highest allocation and spent R221.4 million or 86.2% of the projected R256.7 million by the end of Q2, resulting to an under-expenditure of R35.3 million. A larger portion of this programme expenditure went to Compensation of Employees and Goods and Services, which spent R103.5 million and R100.2 million respectively.

Programme 3 spent R140.1 million or 85.1% of the projected R164.7 million, translating to an under-expenditure of R24.5 million. The larger share of this programme budget went to Compensation of Employees and Transfers and Subsidies. A total of R70.2 million was spent on Compensation of Employees in Q2 followed by R56.9 million spent on Transfers and Subsidies.

Programme 2 spent R141.8 or 97.1% of the projected R146.0 million, resulting to a variance of R4.2 million. The larger portion of this programme budget went to Compensation of Employees at R115.0 million or 81.1% of the R141.8 million spent in Q2 of 2019/20 financial year.

Table 5: Expenditure Information by Economic Classification in Q2

ECONOMIC CLASSIFICATION	Projection Jul – Sept 2019/20	Expenditure Jul – Sept 2019/20	Variance	Spent
	R’000	**R’000**	**R’000**	**%**

Current Payments	**528 208**	**457 065**	**71 143**	**86.5%**
Compensation of Employees	332 348	313 441	18 907	94.3%
Goods and Services	195 860	143 624	52 236	73.3%
Transfers and Subsidies	**317 408**	**304 640**	**12 768**	**96.0%**
Payments for Capital Assets	**19 789**	**16 889**	**2 900**	**85.3%**
Payment for Financial Assets	**-**	**53**	**-53**	**-100%***
Total	**865 405**	**778 647**	**86 758**	**89.9%**

Source: Presentation to the PC: Employment and Labour dated 26 February 2020

A total of R457.0 million or 86.5% of the R528.2 projected for current payments was spent in Q2, resulting to a variance of R71.1 million. The bigger share of R313.4 million or 94.3% of the projected R332.3 was spent on Compensation of Employees, resulting to a variance of R18.9 million. A total of R143.6 million or 73.3% of the R195.8 projected Goods and Services expenditure was spent by the end of Q2, translating to a variance of R52.2 million.

A total of R304.6 million or 96.0% of the projected R317.4 million was spent on Transfers and Subsidies by the end of Q2, resulting to a variance of R12.7 million.

A total of R16.8 million or 85.3% of the projected R19.7 million was spent on Payment for Capital assets resulting to a variance of R2.9 million.

6. Q2 PERFORMANCE OF ENTITIES OF THE DEPARTMENT OF LABOUR (2019/20)

The entities that report to the Department of Labour are:

- Compensation Fund (CF)
- Commission for Conciliation Mediation and Arbitration (CCMA)
- National Economic Development and Labour Council (NEDLAC)
- Unemployment Insurance Fund (UIF)
- Productivity South Africa (PSA)

6.1. The Compensation Fund (CF)

Constitutional Mandate

The mandate of the CF is derived from section 27(1)(c) of the Constitution. In terms of this section, "Everyone has the right to have access to social security, including, if they are unable to support themselves and their dependents; and appropriate social assistance." The CF is mandated to provide social security to all injured and diseased employees.

Legislative Mandate

CF is a Schedule 3A Public Entity of DEL. CF administers the Occupational Injuries and Diseases Act (COIDA). The main objective of the Act is to provide compensation for disablement caused by occupational injuries or diseases sustained or contracted by employees, or for death resulting from injuries or diseases.

6.1.1. CF Performance per Strategic Objective in Q2 of 2019/20

CF reported on its Strategic Objectives as follows:

Table 6: Q2 Performance per Strategic Objective

STRATEGIC OBJECTIVE		**Annual Planned Indicators**	**Indicators with targets reporting in Q2**	**Achieved**	**Overall achievement %**
1.	Provide an effective and efficient client oriented support services	3	1	0	0%
2.	Provide faster, reliable and accessible COID services by 2020	6	5	3	60%
Overall Performance		**9**	**6**	**3**	**50%**

Source: Presentation to the PC: Employment and Labour dated 26 February 2020

Table 6 above reflects that CF achieved an overall performance of 50% in Q2 of 2019/20 financial year. This is an improvement from the 33% achieved in Q1 of 2019/20. However, it is a decline in performance compared to 86% achieved in Q2 of 2018/19 financial year.

Strategic objective 1 had one indicator with a target reporting in Q2, which was not achieved. Strategic objective 2 had five indicators reporting in Q2 and three were achieved, translating to an overall achievement of 60% for this strategic objective. There were six indicators in total with targets reporting in Q2 and three were achieved, translating to an overall performance of 50%.

6.1.2. CF Performance per Programme in Q2 of 2019/20

CF reported its performance per programme as follows:

Table 7: CF Performance per Programme in Q2

PROGRAMME		Annual Planned Indicators	Indicators with targets reporting in Q2	Achieved	Overall Achievement %
1.	Administration	3	1	0	0%
2.	Compensation for Occupational Injuries and Diseases Services Operations	3	2	1	50%
3.	Medical Services	2	2	1	50%
4.	Orthotic and Rehabilitation	1	1	1	100%
Overall Performance		**9**	**6**	**3**	**50%**

Source: Presentation to the PC: Employment and Labour dated 26 February 2020

Table 7 above reflects performance of the CF per programme in Q2 of 2019/20. CF overall performance was 50%. Both programme 2 and 3 had two indicators each with targets reporting in Q2 and both achieved one translating to overall achievement of 50 % for both programmes. Programme 4 had one indicator with target reporting in Q2 of 2019/20, which was achieved translating to an overall achievement of 100%. Programme one had one indicator with target reporting in Q2, which was not achieved translating to an overall achievement of 0%.

Performance targets that were not achieved are the following:

- 45% implementation of the approved annual risk-based audit plan in Q2. CF managed to implement 42% of the approved annual risk-based audit plan in Q2. The reason for not achieving the target was that the risk maturity assessment report was not completed. Engagements with all stakeholders are in progress to finalise the report.

- Pay 100% of approved benefits within 5 working days in Q2. 89% of approved benefits were paid within 5 working days in Q2. The reason for not achieving the target was reported to be items being stuck in the staging area during the uMehluko era. This would be due to the claims failing validation checks on ICD to enable their integration into SAP finance system for payment. This problem is reported to have been rectified in COMPEASY as there will not be a staging area. The claims are processed and paid in the same system.
- Finalise 85% of medical invoices within 40 working days of receipt in Q2. 72% of medical invoices were finalized within 40 working days of receipt in Q2. The reason for the variance was reported to be due to movement of autopay functional due to AG and Audit Committee concerns. To remedy the situation, the entity has provided training and additional officials to process claims, re-allocated resources from programme 2 to programme 3 and reviewed provincial organizational structure to augment lacking capacity.

Performance targets that were achieved are the following:

- 94% of claims were adjudicated within 30 working days of receipt in Q2 against a target of 90%.
- 95% of pre-authorisation requests were responded to within 10working days against a target of 85%.
- 97% of compliant requests for assistive devices were responded to within 15 working days of receipt against a target of 85%.

6.1.3. Provincial Breakdown of Actual Performance

6.1.3.1. Claims adjudicated within 30 working days of receipt

CF target was to adjudicate 90% of claims within 30 working days of receipt. Table 8 below is the report on actual performance.

Table 8: Compensation claims adjudicated in Q2

PROVINCE	Total claims registered	Total claims adjudicated	% of total claims adjudicated	Claims adjudicated within 30 working days	% of total claims adjudicated within 30 working days
EC	6344	6006	95%	5752	91%
FS	1443	1401	97%	1359	94%
GP	20615	19539	95%	18787	91%
KZN	10465	10213	98%	9835	94%
LP	7413	7140	96%	7044	95%
MP	6566	6415	98%	6251	95%
NW	4320	4124	95%	4049	94%
NC	774	746	96%	725	94%
WC	24517	24008	98%	23380	95%
Total	**82457**	**79592**	**97%**	**77182**	**94%**

Source: Presentation to the PC: Employment and Labour dated 26 February 2020

CF adjudicated 79592 or 94% of 82457 registered compensation claims within 30 working days against a target of 90%. All the provinces exceeded the target of 90%.

6.1.3.2. Medical invoices finalized within 40 working days

The entity had a target of finalizing 85% of medical invoices within 40 working days. Table 9 below reflects actual performance on this target.

Table 9: Medical invoices finalized in Q2

PROVINCE	Total invoices received	Total invoices finalised	% of total finalised	Finalised within 40 working days	% of total finalized within 60 working days
EC	20942	15813	76%	14071	67%

FS	26197	20420	78%	15036	57%
GP	242926	205000	84%	182049	75%
KZN	39019	33936	87%	23950	61%
LP	25888	24091	93%	22972	89%
MP	36158	30492	84%	23429	65%
NW	28589	27291	95%	26831	94%
NC	4093	2887	71%	2202	54%
WC	42381	30489	72%	26162	62%
Auto-pay	842	788	94%	661	79%
Total	**467035**	**391207**	**84%**	**337363**	**72%**

Source: Presentation to the PC: Employment and Labour dated 26 February 2020

The entity finalized 391207 or 72% of the 467035 received medical invoices within 40 working days of receipt against a target of 85%. The only two provinces that exceeded the target are Limpopo and North West provinces at 89% and 94% respectively.

6.1.3.3. Pre-authorisations responded to within 10 working days on previously finalized cases

The Fund had a target of responding to 85% of pre-authorisations within 10 working days on previously finalized cases. Table 10 below reflects actual performance on this target.

Table 10: Pre-authorisations responded to within 10 working days

PROVINCE	**Total Received**	**Pre-authorisations responded to within 10 working days**	**% Pre-authorisations responded to within 10 working days**
EC	109	101	93%
FS	91	91	100%
GP	394	366	93%
KZN	207	206	100%
LP	70	70	100%
MP	115	112	97%
NC	24	24	100%

NW	40	36	90%
WC	179	169	94%
Total	**1229**	**1175**	**96%**

Source: Presentation to the PC: Employment and Labour dated 26 February 2020

The Fund responded to 1175 or 96% of 1229 received pre-authorisations within 10 working days on previously finalized cases. All provinces exceeded the target of 85% response to pre-authorisations within 10 working days.

6.1.3.4. Compliant assistive devices requests responded to within 15 working days

CF's target was to respond to 85% of compliant assistive devices request within 15 working days of receipt. Table 11 below reflects actual performance on this target.

Table 11: Compliant assistive devices request responded to within 15 working days

PROVINCE	Requests Received	Actual Performance	Percentage Achievement
EC	70	61	87%
FS	35	35	100%
GP	168	164	98%
KZN	118	116	98%
LP	67	65	97%
MP	75	74	99%
NC	23	22	96%
NW	31	31	100%
WC	71	71	100%
Total	**658**	**639**	**97%**

Source: Presentation to the PC: Employment and Labour dated 26 February 2020

The Fund responded to 639 or 97% of the 658 compliant requests for assistive devices within 15 working days of receipt. All the provinces exceeded the set target of responding to 85% of compliant requests for assistive devices.

6.1.4. CF Financial Performance in Q2 of 2019/20

CF reported financial performance as follows:

Table 12: CF Expenditure per Programme in Q2 of 2019/20

PROGRAMME		**Approved Budget**	**Expenditure in Q2**	**Available Budget**	**Overall Expenditure**
		R'000	**R'000**	**R'000**	**%**
1.	Administration	3 092 141	864 083	2 228 058	28%
2.	COID Services operations	992 720	254 709	738 011	26%
3.	Medical Services	3 036 432	1 337 065	1 699 367	44%
4.	Orthotic and Medical Rehabilitation	64 975	45 476	19 499	70%
Total		**7 186 268**	**2 501 333**	**4 684 935**	**35%**

Source: Presentation to the PC: Employment and Labour dated 26 February 2020

The approved budget for CF amounted to R7.2 billion and R2.5 billion or 35% was spent by the end of Q2 of 2019/20 financial year. The available budget by the end of Q2 was R4.7 billion.

Programme 1 received the largest share of the CF budget and spent R864.0 million or 28% of the allocated R3.0 billion, resulting to a variance of R2.2 billion by the end of Q2 of 2019/20. The entity reported that the Annual Performance Plan targets planned for Q2 were not achieved by the Administration programme.

Programme 2 spent R254.7 million or 26% of the allocated R992.7 million resulting to an under expenditure of R738.0 million. This programme achieved 50% of the Annual Performance Plan targets planned for Q2 of 2019/20 financial year.

Programme 3 spent R1.3 billion or 44% of the allocated R3.0 billion resulting in R1.6 billion unspent in Q2 of 2019/20. Medical Services programme achieved 50% of Annual Performance Plan targets planned for Q2 of 2019/20.

Programme 4 spent R45.4 million or 70% of the allocated R64.9 million resulting to R19.4 million remaining unspent in Q2 of 2019/20 financial year. This programme achieved all of the Annual Performance Plan targets for Q2 of 2019/20.

6.2. The Unemployment Insurance Fund

Constitutional Mandate

The mandate of UIF is derived from section 27(1)(c) of the Constitution. UIF provides social security to its contributors in line with section 27(1)(c) which states that "everyone has the right to social security".

Legislative Mandate

The mandate of UIF is stated in the Unemployment Insurance Act (Act 63 of 2001) as amended. The UIF was established in terms of section 4(1) of the UIA. The Act empowers the UIF to register all employers and employees in South Africa and pay those who qualify for unemployment insurance benefits.

The Unemployment Contributions Act (Act 4 of 2002) empowers the SARS Commissioner and the UI Commissioner to collect monthly contributions from both employers and employees. Section 9 of the UCA empowers the UI Commissioner to collect contributions from all those employers who are not required to register as employers in terms of the fourth schedule of the Income Tax Act (Act 58 of 1962) and who are not liable for the payment of the skills development levy in terms of the Skills Development Act (Act 9 of 1999). These contributions are used to pay benefits and other expenditure reasonably incurred relating to the application of the Act.

Policy Mandate

UIF is expected to make a contribution to the following service delivery outcomes:

- Creation of decent employment through inclusive economic growth;
- An efficient, effective and development-oriented public service and an empowered and inclusive citizenship; and
- An inclusive and responsive social security system.

6.2.1. UIF Performance per Strategic Objective in Q2 of 2019/20

UIF reported on its performance per strategic objective as follows:

Table 13: UIF Performance per Strategic Objective in Q2

STRATEGIC OBJECTIVE		Planned Indicators	Achieved	Overall Achievement %
1.	Ensure financial sustainability	3	3	100%
2.	Strengthen institutional capacity of the Fund	1	1	100%
3.	Provide easy to use services through multiple access points	1	0	0
4.	Improve service delivery	6	6	100%
5.	Collaborate with stakeholders to improve compliance with UIF acts	2	2	100%
6.	Enhance employability of UIF beneficiaries, enable entrepreneurship and preserve jobs	2	0	0%
OVERALL PERFORMANCE		**15**	**12**	**80%**

Source: Presentation to the PC: Employment and Labour dated 4 March 2020

The overall performance of the UIF improved from 73% in Q1 to 80% in Q2 of 2019/20 financial year. The contributor to the improved performance was 100% achievement on strategic objectives 1, 2, 4, and 5. The entity's performance was at 0% on strategic objectives 3 and 6. The indicator for strategic objective 3 was to implement the integrated claims management system (ICMS). This was not achieved and the reason provided is that the submission was not presented to BAC and the entity is still waiting for quotation for handover from the service provider.

The first indicator for strategic objective 6 was to provide 40000 UIF beneficiaries with learning opportunities. The entity managed to provide 35341 beneficiaries with learning opportunities. The entity reported that implementation of phase 2 will bring in new beneficiaries. The second indicator was to process 90% of Training Lay-off Schemes (TLS) on receipt of recommendation ruling by Single Adjudication Committee (SAC) for approval by the delegated authority within 15 working days. Of the 15 TLS received 13 or 87% were processed within 15 working days.

6.2.2. UIF Performance per Programme in Q2 of 2019/20

UIF reported on its performance per programme as follows:

Table 14:UIF Performance per programme in Q2

PROGRAMME		Planned Targets	Achieved	Overall Achievement %
1.	Administration	5	4	80%
2.	Business Operations	8	8	100%
3.	Labour Activation Programmes	2	0	0%
Overall Performance		**15**	**12**	**80%**

Source: Presentation to the PC: Employment and Labour dated 4 March 2020

The Administration programme had five planned targets and managed to achieve four, translating to an overall achievement of 80%. The Business Operations programme achieved all eight planned targets, translating to 100% achievement. UIF did not achieve two targets planned for programme 3 translating to 0% achievement.

6.2.3. UIF performance by province in Q2

The entity reported its performance per province in Q2 of 2019/20 financial year as follows:

6.2.3.1 Unemployment benefits

Table 15: % of valid claims (Unemployment benefit) with complete information approved or rejected within specified time frames. Target: 90% within 15 working days

Province	Received	Processed	Processed within TAT	Rejected	Refused	2019/20 Q2	2018/19 Q2
Eastern Cape	61 355	35 096	33 750	479	26 259	96%	93%
Free State	30 072	22 549	22 049	711	7 523	98%	97%
Gauteng	150 046	113 644	111 698	3 340	36 402	98%	96%
Head Office	32 284	9 197	8 191	693	23 087	89%	88%
KwaZulu Natal	148 021	77 344	75 183	6 396	70 677	97%	95%

Limpopo	53 892	37 686	29 403	947	16 206	78%	95%
Mpumalanga	68 974	32 811	30 822	2 762	36 163	94%	89%
North West	33 067	21 475	19 589	568	11 592	91%	94%
Northern Cape	23 489	12 354	11 649	828	11 135	94%	95%
Western Cape	111 043	76 593	69 979	1 824	34 450	91%	93%
Grand Total	**712 243**	**438 749**	**412 322**	**18 548**	**273 494**	**94%**	**94%**

Source: Presentation to the PC on Employment and Labour dated 4 March 2020

UIF received a total of 712 243 unemployment benefit claims in Q2. Of the 438 749 valid claims with complete information processed, 412 322 were processed with 15 working days. This translates to 94% overall performance against a target of 90%, which is consistent with 2018/18 Q2 performance. Head Office received 32 284 unemployment claims benefits and processed 9 197. Of the 9 197 claims processed, 8 191 were processed with 15 working days, translating to a performance of 89%, which is less than a 90% target. However, this performance is an improvement from the 88% achieved in Q2 of 2918/19. Limpopo province received 53 892 unemployment benefits claims and processed 37 686. Of the 37 686 processed claims, 29 403 were processed within 15 working days, translating to an achievement of 78% against a target of 90%. This reflects a decline in performance from the 95% achieved in Q2 of 2018/19.

6.2.3.2. In-service, Maternity, Illness and Adoption benefits

Table 16: % of valid claims (in-service benefits, maternity, illness and adoption benefits) with complete information approved or rejected within specified time frames. Target: 90% within 10 working days

Province	**Received**	**Processed**	**Processed within TAT**	**Rejected**	**Refused**	**2019/20 Q2**	**2018/19 Q2**
Eastern Cape	7 834	4 588	4 407	185	3 246	96%	94%
Free State	3 653	2 585	2 520	129	1 068	97%	97%
Gauteng	28 570	21 500	21 143	1 124	7 070	98%	95%
Head Office	8 567	3 984	2 891	240	4 583	73%	71%

KwaZulu Natal	21 092	12 295	11 674	1 209	8 797	95%	91%
Limpopo	6 759	4 787	4 071	356	1 972	85%	96%
Mpumalanga	6 748	3 603	3 308	484	3 145	92%	86%
North West	4 824	3 231	2 927	215	1 593	91%	95%
Northern Cape	2 643	1 466	1 409	279	1 177	96%	97%
Western Cape	20 840	14 444	12 844	957	6 396	89%	90%
Grand Total	**111 530**	**72 483**	**67 194**	**5 178**	**39 047**	**93%**	**92%**

Source: Presentation to the PC on Employment and Labour dated 4 March 2020

The entity received a total of 111 530 in-services, maternity, illness and adoption benefits claims in Q2 of 2019/20 financial year. Of the 72 483 valid claims processed, 67 194 or 93% were processed within 10 working days against a target of 90%. This is an improvement from the 92% processed within 10 working days in Q2 of 2018/19. Gauteng, Limpopo and Western Cape did not meet the target as they achieved 73%, 85% and 89% respectively.

6.2.3.3. Deceased benefits

Table 17: % of valid claims (Deceased benefit) with complete information approved or rejected within specified time frames. Target 90% within 20 working days

Province	**Received**	**Processed**	**Processed within TAT**	**Rejected**	**Refused**	**2019/20 Q2**	**2018/19 Q2**
Eastern Cape	1 439	979	952	0	460	97%	90%
Free State	908	643	612	0	265	95%	100%
Gauteng	2 265	1 745	1 697	0	520	97%	92%
KwaZulu-Natal	3 323	1 730	1 687	0	1 593	98%	95%
Limpopo	758	602	503	0	156	84%	92%

Mpumalanga	754	603	555	0	151	92%	91%
North West	808	525	494	0	283	94%	94%
Western Cape	1 563	1 089	1 056	0	474	97%	91%
Grand Total	**12 236**	**8 168**	**7 793**	**0**	**4 068**	**95%**	**93%**

Source: Presentation to the PC on Employment and Labour dated 4 March 2020

The Fund received a total of 12 236 deceased benefits claims and processed 8 168 in Q2 of 2019/20. Of the 8 168 processed, 7 793 or 95% were processed within 20 working days against a target of 90%. This is an improvement from the 93% deceased benefits claims processed within 20 working days in Q2 of 2018/19 financial year. Limpopo was the only province that did not meet the target of processing 90% of deceased claims benefit within 20 working days. It processed 503 of the 603 deceased claims within 20 working days, translating to an overall achievement of 84% in Q2 of 2019/20. This reflects a decline in performance from the 92% achieved in Q2 of 2018/19.

6.2.4. UIF Expenditure per Programme in Q2 of 2019/20

Table 18: UIF expenditure per programme in Q2

PROGRAMME		**Budget**	**Actual**	**Variance**	**Expenditure**
		R'000	R'000	R'000	%
1.	Administration	1 387 643	518 757	868 885	37%
2.	Business Operation	5 945 097	8 699 868	-2 754 779	146%
3.	LAP	622 550	265 515	357 035	43%
TOTAL		**7 955 290**	**9 484 140**	**-1 528 850**	**119%**

Source: Presentation to the PC on Employment and Labour dated 4 March 2020

Table 18 reflects that UIF budget was R7.9 billion and it spent R9.4 billion or 119%, which is an over-expenditure by R1.5 billion. The overall expenditure was caused by overspending in programme 2, which was allocated R5.9 billion and spent R8.6 billion or 146% resulting in over-expenditure of R2.7 billion. The over-expenditure was reported to be as a result of overspending in benefit payments due to implementation of the Amendment Act. The entity reported that benefit payments budget will be revised as per the latest actuarial valuations to cover amendments.

Programme 1 spent R518.7 million or 37% of the R1.3 billion budget resulting to underspending of R868.8 million. The Fund reported that underspending was on compensation of employees due to the vacant posts not filled. The Fund reported that it is in the process of creating the LAP structures in the provincial offices. It also reported that a number of ICT projects, both hardware and software are on contracting stages. There was low spending on management and investment fees, which was reported to be due to the new mandate that was estimated higher because the Initial Commitment Capital Fees of new instruments were substantially higher than subsequent management fees.

Programme 3 spent R265.5 million or 43% of the R622.5 million resulting to underspending amounting to R357.0 million. Underspending resulted from the implementation of certain measures to improve governance, compliance and accountability in relation to the delivery of LAP programmes. The remaining 57% is reported to be committed to 56 funding partners with whom the UIF/ DEL have concluded funding agreements. The implementation of these 56 funding agreements will be closely managed by the UIF in line with the stipulated timelines.

6.2.5. UIF Expenditure per Economic Classification in Q2 of 2019/20

UIF reported on its expenditure by Economic Classification as follows:

Table 19: UIF expenditure by Economic Classification in Q2

ECONOMIC CLASSIFICATION	Budget	Actual	Variance	Expenditure
	R'000	R'000	R'000	%
Compensation of Employees	749 857	668 391	81 467	89%
Goods and Services	1 010 509	525 960	484 549	52%
CAPEX	439 102	82 936	356 166	19%
Transfers	5 755 821	8 206 854	2 451 032	142%
TOTAL	**7 955 290**	**9 484 140**	**-1 528 850**	**119%**

Source: Presentation to the PC on Employment and Labour dated 4 March 2020

The Fund spent R8.2 billion or 142% of the R5.7 billion Transfers budget resulting to overspending amounting to R2.4 billion. A total of R668.3 million or 89% of the R749.8 million Compensation of Employees budget was spent by the end of Q2, resulting to underspending amounting to R81.4 million. The entity spent R525.9 million or 52% of R1.0 billion Goods and Services budget resulting to underspending amounting to R484.5 million. Underspending was reported to be as a result of cost containing measures. Of the R439.1 million CAPEX budget, R82.9 million or 19% was spent resulting in underspending amounting to R356.1 million.

6.2.6. Audit findings

Thirteen cases of irregular expenditure amounting to R107.2 million were confirmed. Ten of these cases are under investigation and the irregular expenditure amounts to R12.4 million. The Fund reported that there was no progress on the status of transactions for the month ending September 2019.

The Fund has introduced the following corrective measures to reduce irregular expenditure:

- To include contract management on the performance agreement for all Directors within UIF;
- Implementation of SAP system-automated purchase orders with notifications when the spending has exceeded the contract amount;
- Each to perform reconciliation for all their contracts. SCM to keep contract matrix which is monitored by Executive Committee;
- All deviations and extensions to be tabled at the Bid Adjudication Committee, prior to extending the contract;
- Weekly report to the office of the Commissioner which include Fruitless' Wasteful and Irregular Expenditure together with the Contract Register and Procurement plan;
- The Fund has introduced the Probity Office within the Office of the Commissioner to coordinate irregular expenditure process and monitor the implementation of the consequences management;
- The Office of the Commissioner performs an analysis on the Irregular, Fruitless and Wasteful Expenditure report and provide gap analysis where necessary;
- The progress on the Irregular, Fruitless and Wasteful Expenditure transactions is submitted to the Director-General periodically and presented to all relevant governance structures such as the Audit Committee; and
- The Fund is in the process of appointing external investigators to fast track the completion of the irregular expenditure cases.

There are five cases of Fruitless and Wasteful expenditure amounting to R79.8 million that are under investigation

6.3. Commission for Conciliation Mediation and Arbitration (CCMA)

Constitutional Mandate

CCMA aims to promote social justice and economic development in the world of work, and to be the best dispute management and dispute resolution organization. The entity derives its mandate from section 23 of the Constitution that deals with labour relations.

Legislative Mandate

CCMA legislative mandate is drawn from the purpose of the Labour Relations Act (LRA), which is to advance economic development, social justice, labour peace and the democratization of the workplace. Section 115(1) of the LRA identifies the mandatory functions of the CCMA as follows:

- Conciliate workplace disputes.
- Arbitrate certain categories of disputes that remain unresolved after conciliation.
- Establish picketing rules in respect of protected strikes and lock-outs.
- Facilitate the establishment of workplace forums and statutory councils.
- Compile and publish information and statistics.
- Consider accreditation and subsidy of Bargaining Councils and Private Agencies.
- Administer the Essential Services Committee (ESC), including the Director of the CCMA functioning as the Accounting Officer for the ESC.

6.3.1. CCMA Performance per Strategic Objective in Q2 of 2019/20

CCMA reported its performance per strategic objectives as follows:

Table 20: CCMA Performance per Strategic Objective in Q2

STRATEGIC OBJECTIVE	Planned Annual Targets	Planned Targets reporting in Q2	Achieved	Overall Achievement

1.	Enhancing the Labour Market to advance stability and growth	2	2	1	50%
2.	Advance good practices at work and transforming workplace relations	0	0	0	-
3.	Building knowledge and skills	1	1	1	100%
4.	Optimising the organisation	5	5	3	60%
Overall Performance		**8**	**8**	**5**	**63%**

Source: Presentation to the PC: Employment and Labour dated 4 March 2020

Table 20 reflects an overall achievement of the CCMA at 63% by the end of Q2 of 2019/20, which is a decline from 95% achieved in Q2 of 2018/19 financial year. It is also a decline in performance when compared to 71% achieved in Q1 of 2019/20 financial year.

CCMA performance in Strategic Objective 1 deteriorated from 100% in Q1 to 50% in Q2 of 2019/20 financial year. There was improvement in performance in Strategic Objective 4 from 50% in Q1 to 60% in Q2 of 2019/20 financial year. Performance on Strategic Objective 3 was consistent at 100% in Q1 and Q2 of 2019/20.

The reasons for under-performing were reported as follows:

- Seven capacity building interventions on effective negotiations skills were delivered against the target of nine. Non-achievement on this target was reported to be due to the cancellations by parties with short notice. Management reported that it has put in interventions in place to ensure that this target is reached by the end of the financial year.
- The Commission conciliated 98.3% (65 871 of 67 033) of cases at first event within 30 days of the date of receipt of the referral (excluding agreed extensions) against a target of 100%. The entity reported that it had implemented measures to improve internal controls at regional level in order to mitigate the risk of re-occurrence.
- The Commission sent 99.6% (10 866 of 10 912) of arbitration awards rendered to parties within 14 days of conclusion of the arbitration proceedings (excluding extensions granted and heads of arguments filed) against the target of 100%. Measures to improve internal controls have been implemented at Regional level to mitigate the risk of re-occurrence.

6.3.2. CCMA Dashboard in Q2 of 2019/20

The entity reported on its progress during the period under review as follows:

- A total of 58 037 cases were referred to the CCMA in Q2 of 2019/20 financial year, compared to 48 664 cases in Q2 of 2018/19 financial year.
- On average it took CCMA 23 days to conciliate disputes compared to the legislated target of 30 days.
- On average it took the entity 54 days to arbitrate disputes against a target of 60 days.
- The entity settled 36 or 78% of the 46 public interest matters (section 150) during the period under review.
- CCMA settlement rate was 77% in the period under review.
- The entity conducted 514 outreach services during the period under review.
  - A total of 23 262 people were capacitated to better understand the law and their rights through the outreach activities conducted.
- Of the 22 558 jobs at stake, 9 559 or 42% were saved compared to employees facing retrenchments (cases referred to the CCMA)
- CCMA held the following events during the period under review:
  - 2019 CCMA and Councils Labour Dialogue on 4-5 September 2019 at the Lakes Hotel and Conference Centre, Benoni, Gauteng Province.
  - 3rd Annual CCMA shop-stewards and union officials conference on 12-13 September 2019 at Gallagher Convention Centre, Midrand, Gauteng.
- The entity received 133 complaints in Q2 of 2019/20 compared to 100 complaints received in Q2 of 2018/19 financial year. Of the 133 cases received, 130 were investigated and responded to and three are pending investigations.

6.3.3. CCMA Financial Performance in Q2 of 2019/20

Table 21: CCMA Expenditure per Programme in Q2 of 2019/20

PROGRAMME		**Budget**	**Actual Spending**	**Variance**	**Expenditure as at 31/09/2019**
		R'000	**R'000**	**R'000**	**%**
1.	Administration	278 496	263 611	14 885	95%
2.	Institution Development	21 700	13 265	8 435	61%
3.	Corporate Governance	5 293	3 129	2 165	59%

4.	Social Services	218 772	235 001	(16 228)	107%
Total		**524 262**	**515 005**	**9 257**	**98%**

Source: Adapted from the Presentation to the PC on Employment and Labour dated 4 March 2020

CCMA spent R515.0 million or 98% of the R524.2 budget allocated for Q2 of 2019/20 financial year, resulting to a variance of R9.2 million. Programme 1 received the highest allocation of R278.4 million and spent R263.6 or 95%, resulting to a variance of R14.8 million. The variance was reported to have resulted from:

- Utilisation of court litigation costs;
- Balloting and automation of predictive tool;
- Provision for audit fees;
- Timing difference as a result of Oracle Audit Vault contract not yet signed;
- Disaster recovery solution, helpdesk solution and business reengineering contracts not yet awarded; and
- Delay in procurement of furniture.

Social Services programme received the second highest allocation of R218.7 million and spent R235.0 million, which was an overspending by R16.2 million or 7% of the programme budget. The overspending was reported to have resulted from utilization of part time commissioners which is 3% higher than the projected efficiency of 60%, as well as the increase in variable case disbursement costs such as venue and travelling costs in response to case load.

Corporate Governance spent R5.3 million or 73% of R7.3 million budget allocation, resulting to a variance of R1.9 or 27% of the allocation. The variance was reported to have resulted from training course fees and material development costs that were planned to conduct the training interventions.

Programme 2 spent R13.2 million or 61% of the allocated R21.7 million resulting to a variance of R8.4 million. The variance was reported to have resulted from training and bursary costs that were planned for but not utilized as anticipated due to lower number of applicants for bursaries.

The Corporate Governance programme spent R3.1 million or 59% of the allocated R5.2 million, resulting to underspending of R2.1 million. The variance was reported to have resulted from the timing difference in filling of vacancies as well as under expenditure on board fees and training for the Board Committees.

Table 22 CCMA Expenditure by Economic Classification in Q2 of 2019/20

ECONOMIC CLASSIFICATION	**Budget**	**Actual Spending**	**Variance**	**Expenditure as.at Q2**
	R'000	**R'000**	**R'000**	**%**
Compensation of Employees	284 988	274 690	10 298	96%
Goods and Services	231 514	236 941	(5 427)	102%
Transfer Payments	2 760	2 271	489	82%
Total Operational Expenditure	**519 262**	**513 902**	**5 360**	**99%**
Capital Expenditure	**5 000**	**1 102**	**3 898**	**22%**
Total Expenditure	**524 262**	**515 004**	**9 258**	**98%**

Source: Adapted from the Presentation to the PC on Employment and Labour dated 4 March 2020

The total operational expenditure of CCMA amounted to R513.9 million or 99% of the allocated R519.2 million in Q2 of 2019/20 financial year. The largest portion of the allocation of R284.9 million went to Compensation of employees, of which R274.6 million or 96% was spent as at end of September 2019. The variance of R10.2 million was reported to unfilled vacancies.

Goods and Services received the second largest allocation of R231.5 million and R236.9 million or 102% was spent by the end of Q2 of 2019/20. The over expenditure of R5.4 million or 2% of item budget was reported to have resulted from utilization of part-time commissioners which is 3% higher than the projected efficiency of 60%, as well as the increase in variable case disbursement cost such as venue and travelling costs in response to case load. The other contributing factor is the depreciation not budgeted for. Only CAPEX was considered during the planning phase.

Transfer payments spent R2.2 million or 82% of the budgeted R2.7 million in Q2 of 2019/20 financial year, resulting to a variance of R489 000. This variance was reported to be as a result of less inflow of Bargaining Council claims submitted that relates to awards rendered and settlement agreements.

A total of R1.1 million or 22% of the budgeted R5.0 million was spent on capital expenditure, resulting to a variance of R3.8 million. The variance was reported to have resulted from the timing difference in procurement of furniture and ICT projects planned.

6.4. National Economic Development and Labour Council (NEDLAC)

NEDLAC was established through the NEDLAC Act no 35 of 1994. It operates under the terms of the NEDLAC Constitution. NEDLAC mandate is derived from the following: NEDLAC Act; Labour Relations Act, NEDLAC Constitution; and NEDLAC protocols.

NEDLAC objectives in terms of the NEDLAC Act are as follows:

- 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 they are introduced in Parliament;
- Consider all significant changes to social and economic policy before it is implemented or introduced in Parliament; and
- Encourage and promote the formulation of coordinated policy on social and economic matters.

6.4.1. NEDLAC Performance per programme

NEDLAC reported its performance per programme as follows:

Table 23: NEDLAC Performance per programme in Q2 of 2019/20

PROGRAMME		Total No. of Quarterly Planned Indicators	Achieved	Not Achieved	Overall Achievement %
1.	Administration	7	6	1	86%
2.	Core-Operations	7	7	1	100%
3.	Constituency Capacity Building	3	3	0	100%
Overall Performance		**17**	**16**	**2**	**94%**

Source: Presentation to the PC on Employment and Labour dated 11 March 2020

Table 23 reflects that NEDLAC achieved 16 or 94% of the 17 planned indicators for Q2 of 2019/20 financial year. Programme 2 and 3 achieved all planned indicators, translating to the overall achievement of 100% on both programmes.

Programme 1 achieved 6 of the 7 planned objectives, translating to an overall achievement of 86% in Q2 of 2019/20 financial year. Achieved objectives include convening a successful Annual Summit in September 2019, completion and submission of the Annual Report for 2018/19 and achievement of an unqualified audit opinion. The organizational workflow assessment could not be concluded by Human Resource in Q2 due to budgetary constraints. Completion of this target has been deferred to Q4 of 2019/20 financial year.

6.4.2. NEDLAC Financial Performance in Q2 of 2019/20

6.4.2.1. NEDLAC budgeted income for 2019/20

Table 24: Budgeted Income for 2019/20 Financial Year

Description of Income		**Amount**
1.	Grant from Department of Employment and Labour	R20 371 000
2.	Interest Received	R673 000
3.	Sundry Income	R116 000
Total Income		**R21 160 000**

Source: Presentation to the PC on Employment and Labour dated 11 March 2020

The total income of NEDLAC in 2019/20 financial year amounted to R21.1 million. The largest portion of revenue was the R20.3 million grant from the Department of Employment and Labour. The second highest revenue came from interest earned on invested transfer from the Department of Employment and Labour.

6.4.2.2. NEDLAC expenditure per programme in Q2 of 2019/20

Table 25: NEDLAC expenditure per programme in Q2 of 2019/20

ECONOMIC CLASSIFICATION	**Q1 Budget**	**Q2 Budget**
	R’000	**R’000**
Administration	6 159	14 415

Core-Operations	997	3 228
Capacity Building	461	920
TOTAL	**7 617**	**18 563**

Source: Presentation to the PC on Employment and Labour dated 11 March 2020

Nedlac spent R18.5 million in Q2 of 2019/20. Salaries and wages were reported to account for 46% or R8.4 million of expenditure. Job summit related expenditure amounted to R983 128. The entity reported that the implementation of employee benefits scheme accounts for a large portion of this under-expenditure. The implementation target date was the 1st January 2020.

6.5. Productivity South Africa

Productivity SA (PSA) was established in terms of section 31 of the Employment Services Act, No. 4 of 2014 as a juristic person and Schedule 3A Public Entity in terms of the PFMA, No.1 of 1999 as amended. The mandate of PSA is to promote employment growth and productivity thereby contributing to South Africa's socio-economic development and competitiveness.

Productivity SA has three regional offices in Johannesburg/ Midrand, which is the head office and also servicing Gauteng, North West and Limpopo; eThekwini/ Durban servicing KZN, Eastern Cape and Mpumalanga; and Cape Town servicing Western Cape, Northern Cape and Free State.

6.5.1. Productivity SA Performance per Programme in Q2 of 2019/20

Productivity SA reported its performance per programme as follows:

Table 26: Productivity SA Performance per Programme in Q2 of 2019/20

PROGRAMME		**Annual Planned Indicators**	**Indicators with Targets Reporting in Q2**	**Achieved**	**Overall Achievement %**
1.	Corporate Services	1	1	1	100%
2.	Human Resource Management	1	n/a	n/a	n/a
3.	Marketing and Communication	1	1	0	0%

4.	Productivity Organisational Solutions	2	2	2	100%
5.	Value Chain Competitiveness	2	n/a	n/a	n/a
6.	Turnaround Solutions	-	-	-	-
Overall Performance		**7**	**4**	**3**	**75%**

Source: Presentation to the PC on Employment and Labour dated 11 March 2020

Productivity SA achieved 3 of 4 planned indicators for Q2 of 2019/20, resulting to an overall performance of 75%. This is an improvement from 60% achieved in Q1 of 2019/20 financial year and 37% achieved in Q2 of 2018/19 financial year. Programme 1 and 4 achieved all planned indicators, translating to an overall achievement of 100% each. Programme 4 improved from 50% of performance in Q1 of 2019/20 financial year. Marketing and Communication programme had one indicator reporting in Q2, which was not achieved translating to an overall achievement of 0%.

6.5.2. Productivity SA Performance per Strategic Objective in Q2 of 2019/20

Productivity SA reported its performance per strategic objective as follows:

Table 27: Productivity SA Performance per Strategic Objective in Q2 of 2019/20

STRATEGIC OBJECTIVE		**Annual Planned Indicators**	**Indicators with Targets Reporting in Q2**	**Achieved**	**Overall Achievement %**
1.	Strengthen the institutional capacity of PSA to deliver on its mandate and be financially sustainable	2	1	1	100%
2.	To support government programmes aimed at sustainable employment and income growth	1	1	1	100%
3.	To support enterprises facing economic distress and initiatives aimed at preventing job losses	-	-	-	-

4.	Generation and dissemination of productivity related research and statistics	2	n/a	n/a	n/a
5.	To promote a culture of productivity and competitiveness in the workplace and community life	2	2	1	50%
Overall Performance		**7**	**4**	**3**	**75%**

Source: Presentation to the PC on Employment and Labour dated 11 March 2020

Productivity SA had an overall achievement of 100% in strategic objectives 1 and 2. It achieved one of the two performance indicators with targets reporting in Q2, translating to an overall achievement of 50%.

6.5.3. Productivity SA Financial Performance in Q2 of 2019/20

Productivity SA reported its financial performance as follows:

Table 28: Productivity SA Financial Performance in Q2 of 2019/20

REVENUE STREAMS	**Actual**	**Budget**	**Deviation**
	R'000	**R'000**	**R'000**
Money appropriated by Parliament (DoL)	14 073	13 652	421
Grants (UIF)	-	5 000	(5 000)
Grants (DTI)	4 918	2 482	2 437
Graduate Income	10 540	-	10 540
Other Income	2 477	7 040	(4 563)
TOTAL INCOME	**32 008**	**28 173**	**3 835**
EXPENSES BY ECONOMIC CLASSIFICATION			
Employee Costs	15 897	20 051	4 154
Goods and Services	5 876	8 122	2 246
Graduate Expenses	10 540	-	(10 540)
TOTAL EXPENSES	**32 313**	**28 173**	**(4 14)**
NET RESULTS	**(305)**	**0**	**(305)**

Source: Presentation to the PC on Employment and Labour dated 11 March 2020

The total revenue of Productivity SA amounted to R32.0 million, comprising R14.0 million appropriated by Parliament (DoL), R10.5 million Graduate Income and R4.9 million grant from Department of Trade and Industry. A total of R2.4 million was recorded as other income.

Total expenditure amounted to R32.3 million and R15.8 million or almost half of expenditure was on Compensation of Employees. A total of R5.8 million was spent on Goods and Services.

7. Committee Observations

The Committee made the following observations:

Department of Employment and Labour

7.1. The irregular expenditure incurred by the Department increased from R22 008.45 in Q1 to R53 319.81 in Q2 of 2019/20.

7.2. Fruitless and wasteful expenditure incurred by the Department increased from 360 547.06 in Q1 to R602 416.79 in Q2 of 2019/20 financial year.

7.3. Some inspectors have been authorized to use personal cars where there are shortages in fleet vehicles.

7.4. IES programme performance in Gauteng, Mpumalanga and Northern Cape was 75%, 50% and 50% respectively.

Compensation Fund

7.5. The service providers have not been paid for a period of about six months resulting in some companies having to retrench staff.

7.6. Comp-Easy is not functioning the way it should be.

7.7. CF performance declined from 94% in Q1 to 72% in Q2 of 2019/20 financial year.

Unemployment Insurance Fund

7.8. The IT systems of the Fund are off-line most of the time and the service providers are regularly changed.

7.9. The Fund incurred irregular expenditure amounting to about R107million and ten cases amounting to about R12 million are under investigation.

7.10. The entity incurred Fruitless and wasteful expenditure amounting to about R79 million.

Commission for Conciliation Mediation and Arbitration (CCMA)

7.11. CCMA performance declined from 71% in Q1 to 63% in Q2 of 2019/20. When compared to Q2 of 2018/19 financial year, it declined from 95% to 63%.

7.12. The entity has seen more than an anticipated increase in the number of referrals since the introduction of the National Minimum Wage Act.

7.13. CCMA presentation on non-financial performance per strategic objectives reflects annual target and annual achievements and does not clearly reflect Q2 target and achievements.

7.14. The Commission did not present its non-financial performance results per programme.

7.15. In its presentation on financial performance the entity did not state actual expenditure as a percentage of the budget allocation.

National Economic Development and Labour Council (NEDLAC)

7.16. NEDLAC presentation does not have a table that reflects Q2 budget allocation per programme, Q2 expenditure per programme, variance and Q2 expenditure as a percentage of budget allocation.

7.17. Ongoing engagement at NEDLAC on impact of energy crisis on employment levels.

7.18. Slow progress in review of the NEDLAC Act, NEDLAC Constitution and NEDLAC protocols.

Productivity South Africa

7.19. Productivity SA did not report on financial performance per programme.

7.20. Productivity SA self-generated income does not comprise a significant portion of its revenue.

7.21. The issue of single source funding should be concluded by April 2020.

8. Committee Recommendations

The Committee recommends that the Minister ensures that:

Department of Employment and Labour

8.1. IES programme performance in Gauteng, Mpumalanga and Northern Cape is closely monitored with a review of timeous intervention to address poor performance.

Compensation Fund

8.2. The risk maturity assessment report is finalized and implemented without delay.

8.3. The Fund present the turn-around strategy to the Committee on ICT and how it intends to address backlogs.

Unemployment Insurance Fund

8.4. Issues raised by the Auditor general are urgently addressed.

Commission for Conciliation, Mediation and Arbitration

8.5. Resources are made available to the CCMA to ensure that it is capacitated to deal with increased work-load as a result of the introduction of the National Minimum Wage.

8.6. CCMA aligns its reporting format on finances to that of the Department.

National Economic Development and Labour Council

8.7. Nedlac aligns its format of presentation of financial information with that of the Department.

Productivity SA

8.8. The entity develops a strategy to increase the self-generated portion of revenue.

8.9. The entity aligns its financial report format to that of the Department.

Report to be considered.

6. REPORT OF THE PORTFOLIO COMMITTEE ON COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS ON THE PETITION PERTAINING TO SERVICE DELIVERY IN NEMALLPIUS EXT 22, UNDER THE CITY OF TSHWANE, DATED 17 JUNE 2020

Having considered the petition from the residents of Nemallpius Ext 22 calling on the Gauteng MEC for Cooperative Governance, Human Settlements and Traditional Affairs to attend to their service delivery grievances against the City of Tshwane, the Portfolio Committee on Cooperative Governance and Traditional Affairs reports as follows:

1. BACKGROUND

1.1. On 04 June 2020, the Portfolio Committee on Cooperative Governance and Traditional Affairs considered an undated petition from the residents of Nemallpius Ext 22, calling on the Gauteng MEC for Cooperative Governance Human Settlements and Traditional Affairs to attend to their service delivery grievances against the City of Tshwane.

1.2. In response to the request, which the Committee entertained in line with its mandate to exercise oversight over the Executive arm and local sphere of Government, the Committee called the City of Tshwane on 04 June 2020 to brief it on the matter.

2. PRESENTATION

Ms Maggie Tlou, a member of the Committee and a resident of the City of Tshwane, introduced the petition as follows:

2.1. The people of Nemallpius Ext 22 felt neglected by Government, as they had no access to electricity, and network connection. A contractor named Reliant Electricity dashed the residents' hope of access to electricity when it packed up its electricity installation equipment and left the area due not receiving payment.

2.2. Additional grievances included the distribution of food parcels to well-connected people instead of the poor; insufficient provision of public transportation; the need for a mobile police station to patrol Extension 22; as well as the building of a school.

2.3. Nemallpius had a high percentage of disabled people, and the people's grievances had been going on for five years.

3. RESPONSE BY THE CITY OF TSHWANE

3.1. A serious problem that concerned everybody in Tshwane, and set the area back, was the theft of electricity cables for the purposes of recycling the copper. This continued to be a challenge as the municipality could not reach all the areas, and lacked early warning technology.

3.2. The recently appointed Administrators of Tshwane visited the area earlier in the day, and spent the better part of it speaking to the community about matters of concern. This was part of their responsibility to restore order and stability in the area, and attend to the electricity matter.

4. COMMITTEE OBSERVATIONS

4.1. The Committee welcomed the report from the interim administration team of the City Tshwane and applauded the team's efforts towards the resolution of the problems affecting the municipality's residents. Although the team answered all questions, the answers were not always satisfactory.

4.2. A mobile police unit would assist greatly in increasing police visibility and deter crime in Extension 22. The Committee noted the City's appointment of 169 additional metro police to strengthen capacity to enforce the law.

4.3. There was a danger that the inequitable distribution of services in Ext 22, where some sections were receiving services while others were not, could sow divisions that could further destabilise the community. There was no sufficient indication to show that the team of administrators was giving this issue due attention. They were simply shifting the responsibility to the Department of Human Settlements, insisting that connecting the houses was not the function of the City. This was not inspiring confidence.

4.4. The Committee noted the submission in absentia by the Department of Human Settlements that many of the challenges experienced related to the introduction of the lockdown, and now that it is permissible for contractors to resume work, these issues will receive the necessary attention. In this regard, the Committee emphasised the need for members, particularly those in Tshwane, to make sure that the contractors are back at work and are on site in Nemallpius.

5. RECOMMENDATIONS

5.1. The administration team must **immediately** put timeframes on the activities pursued to resolve the problems in Nemallpius Ext 22, including the 700 houses due for electrification, as well as the development of a crime prevention plan to address the problem of cable theft and illegal electricity connections

5.2. The City of Tshwane should **urgently** follow up with the Department of Human Settlements regarding the matter of Reliant Electricity who left Nemallpius Ext 22 allegedly due to non-payment.

5.3. The Department of Human Settlements, which was not in attendance despite invitation, should provide a written response to all the questions directed to it by **end of business Tuesday 09 June 2020**.

Report to be considered.

7. REPORT OF THE PORTFOLIO COMMITTEE ON COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS ON THE PETITION RELATING TO THE ILLEGAL OCCUPATION OF STAND 1/1224, NUMBER 42, SECOND AVENUE, ALBERTON NORTH, UNDER THE CITY OF EKURHULENI, DAED 17 JUNE 2020

Having considered the petition dated 11 February 2020, from Mr Willie Basson (on behalf of the residents of Ward 37 in Alberton North), pertaining to illegal occupation of Stand 1/1224 (Number 42, Second Avenue, in Alberton North), the Portfolio Committee on Cooperative Governance and Traditional Affairs reports as follows:

1. BACKGROUND

1.1. The Portfolio Committee received a petition dated 11 February 2020, from Mr Willie Basson, writing on behalf of the residents of Ward 37 in Alberton North. The petition called for the National Assembly to investigate the illegal occupation of Stand 1/1224, No.42, Second Avenue in Alberton North.

1.2. In response to the request, which the Committee entertained in line with its mandate to exercise oversight over the local sphere of government, the Committee called the City of Ekurhuleni before it on Wednesday 03 June 2020, to brief it on the matter.

2. PRESENTATION

Mr Darren Bergman (DA), constituency head of Alberton, led the introduction of the petition's subject matter as follows:

2.1. Property owners and residents in Alberton North have been complaining since 2011 regarding the illegal occupation of garages and building belonging to the Department of Education.

2.2. There was a Court Order to evict the illegal occupants, but they are still there several years later. The South Africa Police Service has not taken action, and the Ekurhuleni Council has not provided alternative accommodation.

2.3. Officials from the City of Ekurhuleni were avoiding visiting the area, and there were no chemical toilets in place.

2.4. The proposed remedies are: switch off the electricity supply to the place; confiscate the loud speaker system in the premises; the metro must enforce the eviction order; police must act on the drug sales; investigate the alteration of the garages for accommodation; fine the illegal mechanics in the property, and prevent the use of the public park as a public toilet facility

3. RESPONSE FROM CITY OF EKURHULENI

The City noted the inputs from Mr Bergman, noting that it was supplying chemical toilets extensively, including to all its 119 informal settlements. It would investigate the alleged issue of non-existent chemical toilet supply in the buildings and garages in question. Executive Mayor, Mr Mzwandile Masina also committed to leading the City towards the resolution of the matter.

4. COMMITTEE OBSERVATIONS

4.1. The Committee welcomed the Executive Mayor's undertaking to resolve the Ward 37 matter.

4.2. It noted that the District Development Model should assist in facilitating the coordination needed to resolve the matter, as it involved diverse role players.

4.3. As the owner of the stand in question, and a key stakeholder in the matter, the Gauteng Department of Education should have been part of the meeting.

4.4. For the Committee to get the full story, it needed to hear from all the parties involved in the matter.

5. RECOMMENDATIONS

5.1. The Committee should bring together all the key stakeholders involved in the Ward 37 issue, including the Gauteng Department of Education, within three months of the adoption of this Report.

5.2. From the City of Ekurhuleni's side, the Executive Mayor should initiate the process of starting engagements with all the involved parties, and report to the Committee two weeks after the date of the petition's hearing.

5.3. The Gauteng Provincial Department of Human Settlements, Cooperative and Governance and Traditional Affairs must assist the Executive Mayor where required.

Report to be considered.

8. REPORT OF THE PORTFOLIO COMMITTEE ON COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS ON THE PETITION RELATING TO THE GLEN MARAIS SUB-STATION FIRE INCIDENT UNDER THE CITY OF EKURHULENI, DATED 17 JUNE 2020

Having considered the petition from Honourable Michael Waters (DA) pertaining to the fire at Glen Marais sub-station situated within the boundaries of the City of Ekurhuleni, which resulted in many residents not having electricity for six days, the Portfolio Committee on Cooperative Governance and Traditional Affairs reports as follows:

1. BACKGROUND

1.1. On 26 August 2019, Honourable Michael Waters (DA) wrote to the Chairperson of the Portfolio Committee on Cooperative Governance and Traditional Affairs requesting the Committee to call before it the City of Ekurhuleni in relation to a petition handed to Parliament regarding a fire at the Glen Marais sub-station that left many residents without electricity for six days. The Committee has a mandate to exercise oversight over the local sphere of government.

1.2. In response to the request, the Committee called the City of Ekurhuleni before it on Tuesday 03 December 2019 to receive a briefing on the matter. On Wednesday 03 June 2020, the Committee called the City again for a follow-up briefing.

2. PRESENTATION

On both occasions, Mr Michael Wilson, an official from the City’s Energy Department, led the presentations. In the presentation of 03 December 2019,

2.1. Mr Wilson recounted a brief history of the sub-station to contextualise the events leading to the failure, with emphasis on the fact it was approximately 50 years old. However, the incident that led to the equipment failure was the theft of feeder cables. Investigations into the thefts also implicated two City of Ekurhuleni officials.

2.2. There was sufficient maintenance work on the sub-station, including monthly inspections and follow up job cards; annual transformer oil sampling; annual infrared scanning; biannual intrusive maintenance; and weekly battery inspection and follow up job cards.

2.3. Following the fire incident, the City, as and when immediately possible, executed repair works for the restoration of supply to customers, including replacing the damaged switchboard with a new switchboard. The City was able to restore electricity supply to all customers within seven days.

2.4. In terms of preventative measures for the future, the City was installing ground-breaking pre-warning anti-theft devices in 'hotspot areas' on top of cable; new switchboards; and undertaking refurbishment of feeder cables.

In the presentation of 03 June, the City reported that there was visible progress in respect of the preventive measures outlined during the previous engagement, including installation of the early warning system, which has brought some stability. However, the City had no information on the progress regarding the criminal prosecution of the officials implicated in cable theft, as well as on the cable between Van Riebeeck Park and Spartan, allegedly broken since 31 July 2018. Mr Wilson undertook to conduct further investigation and report to the Committee.

3. COMMITTEE OBSERVATIONS

3.1. Both presentations were welcome, even though the first presentation was highly technical for the most part.

3.2. There was enquiry as to whether the City would consider compensating residents for the food wastages resulting from the sub-station failure and consequent outage. There was also a recognition that such compensation had no precedent and budgetary provision.

3.3. Also registered was a query as to whether City could have prevented the fire incident had it undertaken timely maintenance, and on whether the use of the mobile feeder board could have alleviated the power outage. At the same time, the Committee took note of the City's report that there was sufficient maintenance work on the sub-station, and that the mobile feeder board was unsuitable for a sub-station the size of Glen Marais.

3.4. It was more cost-effective to maintain rather than repair infrastructure, and cheaper to refurbish it than procuring new equipment. However, the Committee had to be mindful that most of the electricity infrastructure around Ekurhuleni was among the oldest in the country, some of it dating back to the Second World War. As some of this infrastructure had exceeded its lifespan, there were limits to the value of repairs and refurbishments.

3.5. There was a need for the City to improve its communication to residents as far as electricity outages were concerned. The Committee noted the reported progress in this regard, including the creation of WhatsApp groups for affected residents.

4. RECOMMENDATIONS

4.1. The City of Ekurhuleni must conduct further investigation and research, and report to the Committee, on the state of the cable connecting Van Riebeeck Park and Spartan.

4.2. The City must report on progress regarding criminal prosecution of the two municipal officials involved in cable theft.

Report to be considered.

9. REPORT OF THE PORTFOLIO COMMITTEE ON COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS ON THE PETITION RELATING TO PUBLIC PARTICIPATION AND LEGISLATIVE COMPLIANCE IN A PROPOSED HOUSING DEVELOPMENT IN ALBERTON UNDER THE CITY OF EKURHULENI, DATED 17 JUNE 2020

Having considered the petition from Honourable D Bergman (DA), calling on Parliament to investigate public participation and legislative compliance in the proposed housing development in Alberton, the Portfolio Committee on Cooperative Governance and Traditional Affairs reports as follows:

1. BACKGROUND

1.1. On 21 August 2019, Honourable Darren Bergman tabled a petition to the Speaker of the National Assembly, on behalf of his Alberton constituency, calling on the Assembly to investigate public participation and legislative compliance in the proposed housing development in the area. The Speaker referred the petition to the Portfolio Committee on Cooperative Governance and Traditional Affairs for consideration. The Committee has a mandate to exercise oversight over the local sphere of government.

1.2. In response to the request, the Committee called the City of Ekurhuleni before it on Wednesday 03 June 2020 to receive a briefing on the matter.

2. PRESENTATION

Honourable Bergman introduced the petition by reporting that all the involved parties formed a Steering Committee, found consensus, and resolved the matter amicably. It was good ending story of which everyone could be proud.

3. COMMITTEE OBSERVATIONS

The Committee noted and welcomed the good news.

Report to be considered.

10. REPORT OF THE PORTFOLIO COMMITTEE ON COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS ON THE PETITION PERTAINING TO NUMEROUS POWER OUTAGES IN BOKSBURG AND GERMISTON, UNDER THE CITY OF EKURHULENI, DATED 17 JUNE 2020

The Portfolio Committee on Cooperative Governance and Traditional Affairs, having considered the petition calling on the Assembly to investigate numerous power outages in Boksburg and Germiston, submitted by Mr M Waters (DA), and the Assembly having referred it to the Committee on 19 September 2019, reports as follows:

1. BACKGROUND

1.1. On 19 September 2019, Mr Michael Waters submitted a petition on behalf of his Alberton constituency, calling on the National Assembly to investigate the numerous power outages in the Boksburg and Germiston areas in the City of Ekurhuleni. The Speaker referred the petition to the Portfolio Committee on Cooperative Governance and Traditional Affairs for consideration and reporting. The Committee has a mandate to exercise oversight over the local sphere of government.

1.2. In response to the request, the Committee called the City of Ekurhuleni, on Wednesday 03 June 2020, to brief it on the matter.

2. PRESENTATION

Mr Waters introduced the petition by reporting that the residents of Boksburg and Germiston had been experiencing numerous power outages that lasted up to five days. This was particularly devastating to the Small Medium and Micro Enterprises (SMMEs) that operated in the area, thus depressing its economy and threatening the livelihoods of residents.

3. RESPONSE BY THE CITY OF EKURHULENI

Responding on behalf of the City's Energy Department, Mr Michael Wilson noted the following:

3.1. The Ekurhuleni electricity network was one of the oldest networks in the country. The City had recently replaced some of the old electricity cables and anticipates that this will bring some level of stability in the affected areas.

3.2. Further contributing to the electricity provision crisis in the areas in question was the growing problem of illegal connections and bypassing of meters by backyard house dwellers, and this had taken a massive upturn due to the lockdown.

3.3. Despite these challenges, the City of Ekurhuleni performed better than most areas in the Gauteng region in the terms of electricity provision.

4. COMMITTEE OBSERVATIONS

4.1. The Committee noted the fragility of the ageing electricity network, which not only affected Ekurhuleni but also the rest of the country. The City of Ekurhuleni needed to develop a capital investment plan to respond to this challenge.

4.2. There City's decreasing revenue collection rate, and its effect on the electricity budget and electricity infrastructure spending was of great concern. At the same time, the Committee noted the City's report that it had injected substantial amounts of funding in the essential services budget, including water and electricity.

4.3. There were 383 recorded power outages in the Wayville area recently and the City needed to provide a specific timeframe by when it expected restoring stability in the area. At the same time, the Committee noted the report that the City had recently replaced some of the old electricity cables, as well as the anticipation that this would bring some level of stability in the affected areas. It also noted the clarification provided around the 383 outages, including errors in the counting methodology that may have exaggerated the magnitude of the problem.

5. COMMITTEE RECOMMENDATIONS

5.1. The City must immediately furnish the Committee with a copy of the progress report, as Mr Wilson tabled it, for purposes of communicating it to ward councillors and residents in the affected areas.

Report to be considered.