





Department: Labour **REPUBLIC OF SOUTH AFRICA**

REPORT OF LABOUR 2014/15 Private Bag X117, Pretorie 000 Subdirectors Subdirectors RP Number RP221/2015 ISBN Number 978-0-621-43802 Private Bar A communication, Private Bag X117, Pretoria, 900, to communication, ANOUT AND DESIGN: Subdirectorate to the member primers RP Number RP221/2015 ISBN Number 378-0-621-43802-4 • Oppartment of Labour, Laboria House, 15 Francis Baard Street, Pretoria. Rg X117, Pretoria, 0001 12) 309 4000 More munication More municatio More munication More municatio More munication

DEPARTMENT OF LABOUR

•••• ANNUAL REPORT



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

> • MN OLIPHANT MP, Minister of Labour

• SP HOLOMISA MP, Deputy Minister of Labour

••• T LAMATI Director-General ●●● ANNUAL REPORT ●●●● DEPARTMENT OF LABOUR

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1. ADMINISTRATION

1.1 DEPARTMENT'S VISION

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

1.2 LIST OF ABBREVIATIONS/ACRONYMS

AG	Auditor-General
BCEA	Basic Conditions of Employment Act
CCMA	Commission for Conciliation, Mediation and Arbitration
CF	Compensation Fund
CS	Corporate Services
CF0	Chief Financial Officer
C00	Chief Operations Officer
CIO	Chief Information Officer
COIDA	Compensation for Occupational Injuries and Diseases Act
Act DG	Acting Director-General
DG	Director-General
DPSA	Department of Public Service and Administration
EEA	Employment Equity Act
EPWP	Extended Public Works Programme
ESSA	Employment Services of South Africa
НО	Head Office
HRM	Human Resource Management
ICD	Integrated Client Database
IES	Inspection and Enforcement Services
IL0	International Labour Organisation
LMIS	Labour Market Information and Statistics
LP and IR	Labour Policy and Industrial Relations
LRA	Labour Relations Act
MTSF	Medium-Term Strategic Framework
MTEF	Medium-Term Expenditure Framework
OHS	Occupational Health and Safety
PDP	Personal Development Plan
PES	Public Employment Services
PFMA	Public Finance Management Act
PPP	Public Private Partnership
RME	Research, Monitoring and Evaluation
SEF UIF	Sheltered Employment Factories
UIF	Unemployment Insurance Fund

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1.3 FOREWORD BY THE MINISTER

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

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

A major achievement during 2014/15 was the promulgation of amendments to the Labour Relations Act, the Basic Conditions of Employment Act and the Employment Equity Act. Together, these amendments are intended to give further protection to vulnerable workers, especially those engaged in temporary work arrangements, to promote greater equity in the labour market and especially, to promote equal treatment. Regulations were completed for the Labour Relations Act, Employment Equity Act. A Code of Good Practice on Equal Pay for Work of Equal Value was also completed and published.

A new Employment Services Act was gazetted during the year, which provides a legal framework for the operation of the public employment services and the regulation of private employment agencies. Amendments to the Unemployment Insurance Act reached the fourth Parliament but could not be finalised. Amendments to the Occupational Health and Safety Act and to the Compensation for Occupational Injuries and Diseases Act also reached an advanced stage in the Department during the year.

Major aspects of our programme of legislative reform were completed during the year and steps were also taken to further strengthen and professionalise the inspection and enforcement capacity of the Department. During the coming years, our emphasis will move to enforcement and to monitoring and evaluating the implementation of the labour laws, as amended.

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

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

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MN Oliphant, MP Minister of Labour

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1.4 DEPUTY MINISTER'S STATEMENT

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

These amendments were the product of protracted and often difficult negotiations involving the contrasting interests of Organised Labour, Organised Business, Government and diverse political parties in Parliament. The National Economic Development and Labour Council, as always, played a sterling role in bringing about the requisite consensus for the passage of these laws.

The revamping of our labour laws is a highly significant milestone that underscores our resolve to help transform and regulate the labour market. Consistent with the policy orientation of the Department since 1994, the amendments strive to balance regulation of the labour market with sufficient flexibility for growth and development. But they must also be judged by their effectiveness in regarding protection for vulnerable workers.

> President Zuma, in his State of the Nation address of 17 June 2014, announced that Deputy President, Cyril Ramaphosa, would convene a social partner dialogue within the ambit of NEDLAC. This process of social dialogue would deliberate on the state of the labour relations environment and would engage on a national minimum wage.

On 4 November 2014, a Labour Relations Indaba was convened at which a declaration was adopted that contains a number of principles to guide the engagement. Since January 2015, the NEDLAC constituencies have been engaging on the two focal areas. The challenge will now be to ensure that good progress is made in the deliberations around the Indaba resolutions. Both labour relations stability and the issue of a national minimum wage are critical areas for the future of the labour market and for advancing the decent work agenda.

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

SP Holomisa, MP Deputy-Minister of Labour

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

1.5.1 OVERVIEW OF THE OPERATIONS OF THE DEPARTMENT

The Department of Labour derives its mandate from the Constitution of the Republic of South Africa and gives effect thereto through a number of acts which regulate labour matters in South Africa. Such legislation includes the Labour Relations Act (1995), the Basic Conditions of Employment Act (1997), the Employment Equity Act (1998), and the Occupational Health and Safety Act (1993).

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

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

1.5.2 CHALLENGES FACING THE DEPARTMENT

Overall, the following challenges can be highlighted:

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

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

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

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

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

1.5.2.2 The second challenge relates to the changing nature of work

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

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

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

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

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

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

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

1.5.2.6 Key strategic interventions to address the challenges

- Undertaking a significant Business Improvement and Change Programme to transform all parts of the Department's operations
- Ensuring that service delivery staff are empowered to deliver on the entire suite of the Department's services
- Developing and creating an environment of accountability for service delivery and correct attitudes and behaviour among staff
- Developing a service delivery model and establishing a network of integrated service delivery points as close as . possible to the people
- Establishing strategic partnerships for collaboration in creating and delivering value to citizens
- Improving the quality and performance of the labour market in order to strengthen the country's economic prospects
- Leveraging the transformative nature of public employment services to fight poverty and unemployment
- Putting in place measures to encourage continuous learning, development and innovation by those serving at the point of contact with clients.

1.5.3 EXPENDITURE ANALYSIS

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

1.5.4. PROJECTS FOR THE YEAR AND FUTURE YEARS

1.5.4.1 Enforcing decent work principles

The Department aims to ensure that employers adhere to employment equity plans and decent work principles, and that vulnerable workers are protected. Over the medium-term, the Department plans to enhance enforcement by increasing the number of inspections for compliance with labour legislation. There were 206 794 inspections and follow-ups are targeted for 2017/18, which is an increase of 3.8% over the medium-term. The number of inspectors will increase from 960 in 2014/15 to 1 175 in 2017/18. R 1.6 Billion has been allocated to the Inspection and Enforcement Services programme over the medium-term, mainly in compensation of employees and travel and subsistence.

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

1.5.4.2 Supporting work-seekers

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The National Development Plan sets an employment target of 11 million jobs to be created by 2030. To support the NUMPER REPORT OF LABOUR 1 24 achievement of this target, the Employment Services Act (2014) aims to provide free public employment services and regulate private employment agencies. The Department's employment services system is an IT portal where work-seekers can register as unemployed and provide information about their work experience, gualifications and the kind of work they are looking for. Employers can use the portal to register vacancies and other opportunities they may have, such as training, learnerships, and internships. The system matches work-seekers to opportunities, and after an assessment process, refers work-seekers to employers. To increase the number of registered work-seekers and the number of work-seekers placed in registered employment opportunities, the Department will host roadshows, run advocacy campaigns, integrate the employment services system with the Unemployment Insurance Fund, the Compensation Fund and national learner database systems, and establish partnerships with other stakeholders such as the Department of

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Higher Education and Training, the Department of Public Works, the National Youth Development Agency, organised business, and municipalities. Through a new counselling strategy, the Department aims to get work-seekers job ready and thus reduce the time it takes to place a work-seeker. The Department will also explore partnerships to modernise the system's assessment tests. In support of these interventions, the Public Employment Services programme receives R1.1 billion over the medium-term, excluding transfers.

1.5.4.3 Regulating the workplace

The Department will focus on setting standards to reduce inequality in pay and minimum wages for all vulnerable workers. and to improve compliance with the Employment Equity Act (1998). The Department will review 12 Sectoral determinations between 2014/15 and 2017/18 to regulate agreements on benchmarks for pay inequality, and then conduct an assessment of pay scales to ensure that the gaps in minimum wage determinations are reduced. The Department will also investigate the introduction of a national minimum wage and determine its likely impact on wage structure, inequality, employment, and the living standard of workers. These activities are funded in the Labour Policy and Industrial Relations programme. In addition, the Department will transfer R2.3 billion over the medium-term from this programme to the Commission for Conciliation Mediation and Arbitration and R90.9 million to the National Economic Development and Labour Council.

1.5.5 PLANNED POLICY INITIATIVES

- Amendment of Unemployment Insurance Act No 63 of 2001: These changes relate to improvements of benefits and administrative changes regarding submission of information by employers to the Fund
- Promulgate the Employment Services Act: The new Employment Services Act aims to strengthen the provision of employment services within the Department and to repeal employment services provisions in the Skills Development Act
- Amendment of the Compensation for Occupational Injuries and Diseases Act: Develop a rehabilitation, reintegration and return-to-work policy for injured and diseased workers to ensure integration with other South African policies and programmes, which provide a framework for rehabilitation of people with disabilities which stresses the importance of vocational integration
- Amendment of the OHS Act, 85 of 1993: Although the OHS Act has placed responsibility of creating a healthy and safe working environment on the employers, the provisions compelling employers to do this are very vague. In order to address these shortcomings, it is necessary that the OHS Act in its current form be amended in order to ensure that.
 - » Employers develop and implement a health and safety management system
 - » Penalties issued to employers are increased
 - » Inspectors are enabled to issue prescribed fines on the spot.

1.5.6 OVERVIEW OF THE FINANCIAL RESULTS OF THE DEPARTMENT

1.5.6.1 Departmental revenue

	2014/2015			2013/2014		
Departmental revenue	Estimate	Actual amount collected	(Over)/ under collection	Estimate	Actual amount collected	(Over)/ under collection
	R'000	R'000	R'000	R'000	R'000	R'000
Sales of goods and services other than capital assets	3 277	3 956	(679)	2 280	4 209	(1 929)
Transfers received				-	-	-
Fines, penalties and forfeits	60	4	56	600	44	556
Interest, dividends and rent on land	1 417	1 318	99	480	6 317	(5 837)
Sale of capital assets	-	1 108	(1 108)	-	-	-
Financial transactions in assets and liabilities	5 338	4 769	569	8 896	12 031	(3 135)
Total	10 092	11 155	(1 063)	12 256	22 601	(10 345)

1.5.6.1.1 Determination of tariffs

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

1.5.6.1.2 Free services

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

1.5.6.1.3 Reasons for over/under collection of revenue

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

Programme names		2014/2015			2013/2014	13/2014	
	Final appropriation	Actual expenditure	(Over)/under expenditure	Final appropriation	Actual expenditure	(Over)/under expenditure	
	R'000	R'000	R'000	R'000	R'000	R'000	
Administration	764 919	675 957	88 962	840 449	795 870	44 579	
Inspection and Enforcement Services	432 405	430 878	1 527	426 811	412 213	14 598	
Public Employment Services	481 533	465 264	16 269	413 496	413 495	1	
Labour Policy and Industrial Relations	867 435	847 837	19 598	764 491	749 866	14 625	
Total	2 546 292	2 419 936	126 356	2 445 247	2 371 444	73 803	

1.5.7 PROGRAMME EXPENDITURE

1.5.7.1 Budget allocation for the 2014/15 financial year

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

1.5.7.2 Reasons for under-spending

Programme 1: Administration

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

- The Department of Public Works invoiced the Department of Labour for an amount which was less than what was budgeted for
- NAUPL REPORT OF LABOUR 1 24 Receipt of invoices for software payments were delayed by the supplier and the payment was not processed during the 2014/15 financial year.

Programme 3: Public Employment Services

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

Programme 4: Labour Policy and Industrial Relations

The under-spending is mainly due to:

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

1.5.7.3 Impact on programmes and service delivery

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

1.5.7.4 Actions taken or planned, to avoid recurrence

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

1.5.7.5 Virement applied

Virement was applied as follows:

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

Programme 1

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

Reason for Virement

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

Programme 1 and 4

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

Reason for Virement

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

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Programme 4

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

Reason for Virement

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

1.5.8 UNAUTHORISED, FRUITLESS AND WASTEFUL AND IRREGULAR EXPENDITURE

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

1.5.9 PUBLIC PRIVATE PARTNERSHIPS (PPP)

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

1.5.10 DISCONTINUED ACTIVITIES/ACTIVITIES TO BE DISCONTINUED

The Department has not identified any activities to be discontinued.

1.5.11 NEW OR PROPOSED ACTIVITIES

No new activities have been proposed.

1.5.12 SUPPLY CHAIN MANAGEMENT

1.5.12.1 Unsolicited bid proposals concluded for the year under review

No unsolicited bid proposals concluded for the year under review.

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

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

1.5.12.3 Challenges experienced in SCM and how they were resolved

NULLIN REPORT OF LABOUR 1 24 The main challenge remains understaffing at provincial level.

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

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

1.5.14 EXEMPTIONS AND DEVIATIONS RECEIVED FROM THE NATIONAL TREASURY

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

1.1.15 OTHER

1.5.15.1 Interim financial statements

The Interim Financial Statements were prepared in accordance with National Treasury prescripts and submitted within the required timeframes.

The amounts reported in the Financial Statements were reconciled with the financial systems prior to submission thereof to National Treasury.

The Interim Financial Statements were approved by the Accounting Officer.

1.5.16 ACKNOWLEDGEMENT

The Department once more acknowledges the contributions of our staff and Executive Management in the attainment of the goals contained in this annual report despite the challenges we experienced in the labour market as well as in the global economy.

1.5.17 CONCLUSION

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

1.5.18 APPROVAL

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

T Lamati **Director-General: Labour** 31 July 2015

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

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

- All information and amounts disclosed throughout the Annual Report are consistent
- The Annual Report is complete, accurate and is free from any omissions
- The Annual Report has been prepared in accordance with the guidelines on annual reports as issued by the National Treasury
- The Annual Financial Statements (Part E) have been prepared in accordance with the modified cash standard and the relevant frameworks and guidelines issued by the National Treasury
- The Accounting Officer is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information
- The Accounting Officer is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resource information and the Annual Financial Statements.

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

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

Yours faithfully

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T Lamati Director-General: Labour 31 July 2015



1.7 STRATEGIC OVERVIEW

1.7.1 Vision

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

1.7.2 Mission

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

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

1.7.3 Values

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



1.8 LEGISLATIVE AND OTHER MANDATES

1.8.1 Constitutional and legislative mandates

The Department of Labour's legislative framework is informed by the South African Constitution, Chapter 2 and Bill of **Rights**:

- Section 9, to ensure equal access to opportunities .
- Section 10, promotion of labour standards and fundamental rights at work
- Section 18, freedom of association
- Section 23, to ensure sound labour relations
- Section 24, to ensure an environment that is not harmful to the health and wellbeing of those in the workplace
- Section 27, to provide adequate social security nets to protect vulnerable workers
- Section 28, to ensure that children are protected from exploitative labour practices and not required or permitted to perform work or services that are inappropriate for a person of that child's age or their well-being, education, physical or mental health or spiritual, moral or social development is placed at risk
- Section 34, access to courts and access to fair and speedy labour justice.

The Department administers the following legislation:

LEGISLATION	PURPOSE
Labour Relations Act, 66 of 1995 (LRA)	The Labour Relations Act (LRA), Act 66 of 1995 aims to promote economic development, social justice, labour peace and democracy in the workplace
The Basic Conditions of Employment Act, 75 of 1997 (BCEA)	The purpose of this Act is to advance economic development and social justice by fulfilling the primary objects of this Act which are:
	• To give effect to and regulate the right to fair labour practices conferred by section 23(1) of the Constitution by: » Establishing and enforcing basic conditions of employment » Regulating the variation of basic conditions of employment
	• To give effect to obligations incurred by the Republic as a member state of the International Labour Organisation
The Employment Equity Act, 55 of 1998	The purpose of the Act is to achieve equity in the workplace, by:
(EEA)	• Promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination
	• Implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups, to ensure their equitable representation in all occupational categories and levels in the workforce
The Unemployment Insurance Act, 30 of 1996 (UIA)	The Act empowers the UIF to register all employers and employees in South Africa for unemployment insurance benefits
The Occupational Health and Safety Act, 85 of 1993 (OHSA)	The Occupational Health and Safety Act aims to provide for the health and safety of persons at work and for the health and safety of persons in connection with the activities of persons at work and to establish an advisory council for occupational health and safety
The Compensation for Occupational Injuries and Diseases Act, 130 of 1993 (COIDA)	To provide for compensation for disablement caused by occupational injuries or diseases sustained or contracted by employees in the course of their employment, or for death resulting from such injuries or diseases; and to provide for matters connected therewith
National Economic Development and Labour Council Act, 35 of 1994 (NEDLAC)	To provide for the establishment of the National Economic, Development and Labour Council; to repeal certain provisions of the Labour Relations Act, 1995; and to provide for matters connected therewith
Employment Services Act, 4 of 2014 Skills Development Act, 97 of 1998	To provide for public employment services, their governance and functioning, including the registration of private employment agencies. To provide for the establishment and functioning of Productivity South Africa and the Sheltered Employment Factories

1.8.2 POLICY MANDATES

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

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

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

- **Productivity South Africa (PSA)**. Productivity SA aims to develop and enhance productive capacity in South Africa by continuously improving labour practices in South Africa. It works to build institutional capacity through sound project management skills, and through developing working relationships with other government agencies.
- National Economic Development and Labour Council (NEDLAC). A statutory social dialogue body, with its constituency comprising organised labour organisations, business organisations, government departments, and community groups. Social partners discuss and negotiate on public finance and monetary policy, labour market policy, trade and industrial policy, and development policy.
- **The Commission for Conciliation, Mediation and Arbitration (CCMA).** An independent body established by the Labour Relations Act, No. 66 of 1995. The CCMA promotes social justice and fairness in the workplace by providing high-quality, ethical, innovative and cost-effective dispute management as well as dispute resolution services.

Amendments to legislation:

- Amendment of the Unemployment Insurance Act No. 63 of 2001. These changes relate to improvements of benefits and administrative changes regarding submission of information by employers to the Fund
- **Promulgation of the Employment Services Act.** The new Employment Services Act aims to strengthen the provision of employment services within the Department and to repeal employment services provisions in the Skills Development Act
- Amendment of the Compensation for Occupational Injuries and Diseases Act. Develop a rehabilitation, re-integration and return-to-work policy for injured and diseased workers to ensure integration with other South African policies and programmes, which provide a framework for rehabilitation of people with disabilities which stresses the importance of vocational integration
- Amendment of the OHS Act, 85 of 1993. Although the OHS Act has placed responsibility of creating a healthy and safe working environment on the employers, the provisions compelling employers to do this are very vague. In order to address these shortcomings, it is necessary that the OHS Act in its current form be amended in order to ensure that
 - » Employers develop and implement a health and safety management system
 - » Penalties issued to employers are increased
 - » Inspectors are enabled to issues prescribed fines on the spot
- Amendment of the Basic Conditions of Employment Act. The Basic Conditions of Employment Amendment Act, 2013 (Act No.20 of 2013) was assented into law on 4 December 2013 and subsequently published in the Government Gazette on 9 December 2013
- Amendment of the Employment Equity Act. The amendments have been approved by the National Assembly and the National Council of Provinces
- Amendment of the Labour Relations Act. The amendments have been approved by the National Assembly and the National Council of Provinces.

The following represents the target clients and beneficiaries of the Department's services and labour market information:

- Employers
- Employees
- Unemployed and under-employed
 - » Private employment agencies
 - » Trade unions and trade union federations
 - » Employer organisations.

1.9 ORGANISATIONAL STRUCTURE TOP LEADERSHIP



 MN OLIPHANT MP, Minister of Labour

• SP HOLOMISA MP, Deputy Minister of Labour

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 ••• T LAMATI Director-General

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

1.10 ENTITIES REPORTING TO THE MINISTER

The following entities report to the Minister of Labour:

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
Unemployment Insurance Fund	The Unemployment Insurance Act 63 of 2001 (UIA). The Unemployment Insurance Fund contributes to the alleviation of poverty in South Africa by providing short-term unemployment insurance to all workers who qualify for unemployment related benefits. The Fund is financed by a dedicated tax on the wage bill	Public Entity	Collection of unemployment insurance contributions and payment of benefits to qualifying contributors
Compensation Fund (CF)	The Compensation for Occupational Injuries and Diseases Act 130 of 1993 (COIDA). The CF's main objective is to provide compensation for disability, illness and death resulting from occupational injuries and diseases	Public Entity	Collection of contributions and payment of medical, compensation and pension benefits
Productivity South Africa	Section 21 Company – Companies Act, 1973. Productivity SA is mandated by Government, Organised Labour and Organised Business to improve the productive capacity of the economy and thus contribute to South Africa's socio-economic development and competitiveness	Public Entity	 The functions of Productivity South Africa are: Promote a culture of productivity in the workplace Develop relevant productivity competencies Facilitate and evaluate productivity improvement and competitiveness in workplaces Measure and evaluate productivity in the workplace Maintain a data-base of productivity and competitiveness systems and to publicise these systems Undertake productivity-related research Support initiatives aimed at preventing job losses Perform any other prescribed function.
Commission for Conciliation, Mediation and Arbitration	The Labour Relations Act (LRA), No 66 of 1995. Commission for Conciliation, Mediation and Arbitration (CCMA) was established in terms of the Labour Relations Act, 1995 as amended. It is mandated to promote social justice and fairness in the workplace by delivering ethical, qualitative, innovative and cost effective dispute management and resolution services, institution building services, education, training and development, and efficient administration.	Public Entity	 The CCMA's compulsory statutory functions are to: Conciliate workplace disputes Arbitrate certain categories of disputes that remain unresolved after conciliation, establish picketing rules Facilitate the establishment of workplace forums and statutory councils Compile and publish information and statistics about CCMA activities Accredit and consider applications for subsidy by bargaining councils and private agencies Provide support for the Essential Services Committee.

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
National Economic Development and Labour Council (NEDLAC)	National Economic Development and Labour Council Act, 35 of 1994 (NEDLAC). The National Economic Development and Labour Council was established in terms of the National Economic Development and Labour Council Act, 1994, and operates in terms of its own constitution. The Act requires organised labour, organised business, community based organisations and Government, as a collective, to promote the goals of economic growth; participate in economic decision making and social equity; seek to reach consensus and conclude agreements on matters pertaining to social and economic policy; consider all proposed labour legislation relating to labour market policy and all significant changes to social and economic policies before these are introduced in Parliament; and encourage and promote the formulation of coordinated policy on social and economic matters	Public Entity	 The NEDLAC Act requires the institution to: Strive to promote the goals of economic growth, participation in economic decision -making and social equity Seek to reach consensus and conclude agreements on matters pertaining to social and economic policy Consider all proposed labour legislation relating to labour market policy before it is introduced in Parliament Encourage and promote the formulation of coordinated policy on social and economic policy before it is implemented or introduced in Parliament Consider all significant changes to social and economic policy before it is implemented or introduced in Parliament Consider all significant changes to social and economic policy before it is implemented or introduced in Parliament Consider Social Economic Disputes in terms of Section 77 of the Labour Relations Act
Sheltered Employment	PFMA Act 1 of 1999 (as amended by Act 29 of 1999)	Business unit of the Department	The Sheltered Employment Factories were established in 1943 to provide employment for people with mental and physical disabilities that prevented them from entering the open labour market, due to the nature of their afflictions

