

ANNUAL REPORT

DEPARTMENT OF LABOUR

2016/17

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It is my privilege and honour to submit to you the Annual Report of the Department of Labour for the period 1 April 2016 to 31 March 2017, in terms of the Public Finance Management Act, 1999.



SP Holomisa
Deputy Minister of Labour

MN Oliphant
Minister of Labour

T Lamati
Director-General



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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	IES	Inspection and Enforcement Services
AR	Annual Report	ILO	International Labour Organisation
BCEA	Basic Conditions of Employment Act	LC	Labour centre
BRRR	Budgetary Review and Recommendations Report	LMIS	Labour Market Information and Statistics
CCMA	Commission for Conciliation, Mediation and Arbitration	LP and IR	Labour Policy and Industrial Relations
CF	Compensation Fund	LRA	Labour Relations Act
CSO	Client service officer	MTEF	Medium-Term Expenditure Framework
CS	Corporate Services	NDP	National Development Plan
CFO	Chief Financial Officer	NEDLAC	National Economic Development and Labour Council
COO	Chief Operations Officer	OHS	Occupational Health and Safety
CIO	Chief Information Officer	PDP	Personal Development Plan
COIDA	Compensation for Occupational Injuries and Diseases Act	PES	Public Employment Services
DG	Director-General	PFMA	Public Finance Management Act
DPSA	Department of Public Service and Administration	PO	Provincial office
EEA	Employment Equity Act	PPP	Public Private Partnership
ENE	Estimated National Expenditure	PSA	Productivity South Africa
EPWP	Extended Public Works Programme	QPR	Quarterly Performance Report
ESSA	Employment Services of South Africa	RME	Research, Monitoring and Evaluation
HO	Head Office	SEE	Supported Employment Enterprises
HRM	Human Resource Management	UIF	Unemployment Insurance Fund
ICD	Integrated Client Database		

1.3 FOREWORD BY THE MINISTER

Mildred Oliphant

History has it that in the same year the apartheid South African government came into power in 1948, the United Nations General Assembly adopted the Universal Declaration of Human Rights. As it would have been expected, South Africa was one of only eight countries that refused to sign this seminal human rights document, in large part because the government was already preparing to implement the apartheid programme which would systematically violate every one of the rights recognised in this declaration. It was only when South Africa became a constitutional democracy in 1994 that those human rights of all South Africans, as expressed in the Freedom Charter, finally received protection in our Bill of Rights. The South African Bill of Rights in itself was born out of the long struggle against apartheid and injustices.

Like in the 1955 Freedom Charter, the essence of Article 25 of the Declaration foregrounds liberties such as (i) Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his/her control. Our labour laws find expression and are inspired by these universal covenants.

I submit therefore that those who are uncomfortable with what is contained in our labour laws, like the 1948 Apartheid government, are against the essence of universal liberties. Our own Constitution also enjoins us to establish instruments to give effect to Section 23 of our Bill of Rights, which the Department of Labour and Government as a whole, have pursued with impeccable levels of discipline and prudence.

Bringing change to the pre-1994 labour relations legislative framework, a system so pervasive and systemic like the state-sanctioned discrimination, is not an event but a process. The labour relations environment is unavoidably dynamic hence our labour relations instruments require constant fine-tuning. The most important pillars of our labour laws are the emphasis on worker rights, workplace democracy, affirmative action, harmonisation of labour and capital in pursuit of industrial peace and social justice. When doing this work, we continue to maintain the delicate balance between extending protection to workers in general and vulnerable workers in particular on the one hand, and ensuring that in the process of doing so, we do not choke economic development on the other hand. There are many provisions in our laws that seek to provide notable relief to businesses in general and small businesses in particular.

The year under review has been characterised by our continued efforts to raise awareness of the amended labour laws. The implementation of the Action Plan to address the challenges in the Compensation Fund continues to produce notable improvements. The Unemployment Insurance Amendment Bill was passed by both the National Assembly and the National Council of Provinces and was also assented to by the President of the Republic of South Africa. Our major preoccupation in the coming months, will be to fast track the process of actioning the necessary legislative instruments to give effect to the recent ground breaking agreement on the modalities of introducing a National Minimum Wage in South Africa.

I would like to thank the Portfolio Committee and the Select Committee for their continued support and their commitment to performing their oversight role over the Department. The continued support and work of the Deputy Minister of Labour is much appreciated. Thanks also to our social partners, Organised Business and Organised Labour, the Department, its entities and staff for their effort and contributions.

I present the Annual Report of the Department for the 2016/17 Financial Year.



MN Oliphant, MP
Minister of Labour

1.4 DEPUTY MINISTER'S STATEMENT

Phathekile Holomisa

The Constitution of the Republic of South Africa enjoins us as the Department of Labour to, inter alia, ensure equal access to opportunities and to provide adequate social security nets to protect vulnerable workers (Section 9 and Section 27, respectively). Equally the policy mandate of the Department behoves us to work towards improved economic efficiency and productivity, as well as the creation of decent employment. The International Labour Organisations' (ILO) Decent Work Agenda is instructive that "productive employment and decent work are key elements to achieving a fair globalisation and poverty reduction. Decent work sums up the aspirations of people in their working lives."

It involves opportunities for work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration.

The obligations expressed above are important and notable policy imperatives, calling upon us to deliver on. Across the board, amongst thought leaders, opinion makers - politically, socially, economically - there seems to be consensus in our narrative that our country continues to grapple with the triple challenges of poverty, unemployment and inequality.

In the year under review (2016/17) the Department has performed admirably, obtaining an overall achievement of 74%. Significantly, on the Strategic Objective: Contribute to Employment Creation, the performance measure was 75% whilst protecting vulnerable workers sits at 83%. This is a significant improvement in the performance of the Department in the last three years – an achievement for which we must applaud the Director General and his team.

Moving forward we have to broaden our scope and interrogate our performance from the prism of the impact that we make in the labour market, especially on the three main issues I have highlighted above, namely, Decent Work, Social Security and the triple challenges of poverty, unemployment and inequality.

It remains for me to thank the Minister of Labour, Mrs Mildred Oliphant, for the leadership and guidance she has provided over this period, the support of the Director General, Mr Thobile Lamati, his executive management, heads of the Entities reporting to the Department, and indeed all staff of the Department of Labour.



SP Holomisa, MP
Deputy Minister of Labour



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

Thobile Lamati

1.5.1 OVERVIEW OF THE OPERATIONS OF THE DEPARTMENT

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
 - Promoting sound labour relations
 - Eliminating inequality and discrimination in the workplace
 - Enhancing occupational health and safety awareness and compliance in the workplace
 - Giving value to social dialogue in the formulation of sound and responsive legislation and policies to attain labour market flexibility for competitiveness of enterprises which is balanced with the promotion of decent employment.

The Department 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).

1.5.1.2 OVERVIEW OF THE RESULTS AND CHALLENGES OF THE DEPARTMENT

OVERVIEW OF THE RESULTS OF THE DEPARTMENT

The Department has, in terms of its performance for the period under review, recorded a significant improvement in the achievement of its targets. As recorded in the 2015/16 Annual Report, 50% of the targets were achieved against a 96.6% expenditure level. This has improved to 74% of targets achieved with an expenditure level of 97.1% in the year under review.

In respect of public entities receiving transfer payments via Vote 28: Labour, the Commission for Conciliation, Mediation and Arbitration (CCMA) has recorded 91% of targets achieved with an expenditure level of 95.5%, the National Economic Development and Labour Council (NEDLAC) 90% of targets achieved with an expenditure level of 100% and Productivity South Africa (PSA) 68% of targets achieved with an expenditure level of 100%.

A major achievement during the Medium-Term Strategic Framework 2014 – 2020 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 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 and 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 promulgated during August 2015, which provides a legal framework for the operation of the Public Employment Services, the regulation of private employment agencies and temporary employment services, the establishment and operations of Supported Employment Enterprises and Productivity South Africa. Amendments to the Unemployment Insurance Act have been finalised and the President has assented to the Unemployment Insurance Act, 2016 as amended. 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 this term.

Major aspects of our programme of legislative reform were completed during this term 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.

These amendments are the products 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 the 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 regarding protection of vulnerable workers.

South Africa faces a massive and sustained challenge of poverty, inequality, unemployment and low pay across the economy. Addressing these problems requires sustained and coordinated action from all stakeholders.

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. 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.

On 4 November 2014, a Labour Relations Indaba was convened at which a declaration was adopted that contained a number of principles to guide the engagement. Since January 2015, the NEDLAC constituencies have been engaging on the two focal areas. The outcome of the engagement was an announcement by the Deputy President of South Africa early in 2017, on the proposed national minimum wage to be adopted by the country.

It is also important to note that the national minimum wage is not a solution for all the problems of the economy, but is intended as a floor to protect the most vulnerable workers. It is one tool among many which Government believes could make a significant and rapid difference to the living experiences of almost half of the country's workers.

The Department believes there is value in bringing South Africa into the company of countries around the world that have adopted caring economic strategies to address the crises facing their citizens. But much more needs to be done beyond the minimum wage to transform South Africa into a fair and equitable society with decent work for all.

The minimum wage will be overseen by a commission which will be tasked with conducting annual reviews.

CHALLENGES FACING THE DEPARTMENT

Moderating workplace conflict

The burden of industrial action remains a heavy one on South Africa's labour relations. Recent years have witnessed a few strikes of long duration as well as strikes marked by violence, intimidation of non-striking workers, damage to property and deaths. The annual Industrial Action Report developed by the Department of Labour shows an increase in the number of strike activity from 110 strikes in 2015 to 122 strikes in 2016 as well as an increase in the number of workdays lost from 903 921 in 2015 to 946 323 in 2016.

The high level of conflict in labour relations led to the President's call on the social partners to deliberate on the state of the labour relations environment, finding consensus on ways of effectively dealing with prolonged strikes and violence associated with industrial action. This call was made in the State of the Nation Address in 2014 and has been followed by a Labour Relations Indaba held on 4 November 2014. The Department is closely involved in on-going discussions taking place with the social partners under the auspices of NEDLAC.

Dealing with wage inequality and the implementation of a National Minimum Wage

Wage inequality is commonly viewed as a feature of the South African labour market that contributes to instability in industrial relations. Wage demands are also the most common cause of industrial action in the country. The President's call on the social partners included a call to deliberate on low wages, wage inequalities and the modalities for introducing a national minimum wage and the Labour Relations Indaba of 2014 therefore included a focus on addressing wage inequality.

In addition to participating in discussions with social partners on a national minimum wage and wage inequality at NEDLAC, the Department is assessing income differentials in terms of the Employment Equity Act and continues to review minimum wages set by sectoral determinations in terms of the Basic Conditions of Employment Act. Both these actions are contained in the Department's Annual Performance Plan.

KEY STRATEGIC INTERVENTIONS TO ADDRESS OPERATIONAL CHALLENGES

- Undertaking a significant Business Improvement and Change Programme to transform the Department's operations
- Ensuring that service delivery staff is empowered to deliver on the entire suite of the Department's services
- Developing and creating an environment of accountability for service delivery
- 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 decrease poverty and unemployment
- Establish measures to encourage continuous learning, development and innovation by those serving at the point of contact with clients.

1.5.2 OVERVIEW OF THE FINANCIAL RESULTS OF THE DEPARTMENT

1.5.2.1 DEPARTMENTAL RECEIPTS

Departmental receipts	2016/2017			2015/2016		
	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	4 852	4 555	297	4 511	4 141	370
Transfers received	-	-	-	-	-	-
Fines, penalties and forfeits	1 040	1 011	29	1 506	1 009	497
Interest, dividends and rent on land	1 252	1 377	(125)	1 380	1 303	77
Sale of capital assets	32	29	3	300	105	195
Financial transactions in assets and liabilities	5 690	4 730	960	5 116	3 498	1 618
Total	12 866	11 702	1 164	12 813	10 056	2 757

1.5.2.2 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 were approved and published in the Government Gazette (Refer to Note 2: Departmental Revenue in the Annual Financial Statements).

1.5.2.3 FREE SERVICES

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

1.5.2.4 REASONS FOR OVER/UNDER COLLECTION OF REVENUE

The main reason for the under collection of revenue is due to the fact that the Department could not forecast the exact amount to be received in respect of Sales of Goods and Services and fewer debts were recovered than anticipated.

1.5.3 OVERVIEW OF EXPENDITURE PER PROGRAMME

Programme Names	2016/2017			2015/2016		
	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	847 105	819 070	28 035	814 047	745 637	68 410
Inspection and Enforcement Services	500 355	464 269	36 086	472 894	472 894	-
Public Employment Services	525 698	524 879	819	497 297	485 099	12 198
Labour Policy and Industrial Relations	969 719	953 367	16 352	919 996	908 365	11 631
Total	2 842 877	2 761 585	81 292	2 704 234	2 611 995	92 239

1.5.3.1 BUDGET ALLOCATION FOR 2016/17 FINANCIAL YEAR

The original allocation for Vote 28: Labour, as included in the Estimates of National Expenditure for 2016/17, was reflected as R 2 847 877 000. This included a provision in respect of Transfer Payments to the value of R 1 064 600 000.

During the 2016/17 Adjustment Budget process the allocation for Vote 28: Labour was decreased by R 5 000 000 or 0.18%, such decrease being in respect of calculated cost savings.

The final allocation for Vote 28: Labour therefore reflected in the Adjusted Estimates of National Expenditure as R 2 842 877 000 which included R 1 076 415 000 in respect of Transfer Payments.

As per the Appropriation Statement for the Department, in respect of the 2016/17 financial year, the total expenditure defrayed against the Vote is recorded as R 2 761 585 000. This represents an expenditure level of 97.1%. An underutilisation of R 81 292 000 or 2.9% is reflected.

1.5.3.2 REASONS FOR UNDER-SPENDING PER PROGRAMME

PROGRAMME 1: ADMINISTRATION

The under spending is mainly attributable to:

Capital Assets: The delays in the finalisation of the Mobile Labour Centre project.

Transfers and Subsidies: Less than anticipated vehicle licences were renewed.

PROGRAMME 2: INSPECTION AND ENFORCEMENT SERVICES

The under spending is mainly attributable to:

Compensation of Employees: The conversion of the OHS inspector posts that is to be funded 100% by the CF and will allow for the filling of other vacant inspector posts currently unfunded against the establishment. Delays in the finalisation of the inspector programme resulted in concomitant delays and therefore under-spending on Goods and Services.

PROGRAMME 4: LABOUR POLICY AND INDUSTRIAL RELATIONS

The under-spending is mainly attributable to:

Compensation of Employees: The non-filling of vacant posts.

Goods and Services: Less than anticipated travel fees (visits to Switzerland being paid for by the ILO, cancellations of trips by the counterpart - postponement to the next financial year and some being sponsored by the agencies)

Capital Assets: The under-expenditure is due to the delay in the procuring of office furniture for the Labour Attaché.

Transfers and Subsidies: The exchange rate fluctuations when the payments to the ILO and ARLAC were processed.

1.5.3.3 ACTIONS TAKEN OR PLANNED TO AVOID RECURRENCE

- To expedite the finalisation of the MLC (Mobile Labour Centre) project
- Vacant posts to be filled
- To expedite the procurement of office furniture for the Labour Attaché

1.5.3.4 VIREMENT APPLIED

VIREMENT WAS APPLIED AS FOLLOWS:

Programme		
Shifted from	Shifted to	R'000
Programme 1: Administration: Office Accommodation	Programme 3: Public Employment Services Transfers and Subsidies: Productivity SA	7 000
Programme 3: Public Employment Services: Work-Seekers	Programme 3: Public Employment Services: Productivity SA	4 113
Programme 4: Labour Policy and Industrial Relations: Employment Standards: Goods and services	Programme 4: Labour Policy & Industrial Relations Employment Standards: Transfers to Non Profit Institutions	80
Programme 1: Administration : Office Accommodation	Programme 4: Labour Policy and Industrial Relations (Transfers to NEDLAC)	500

PROGRAMME 1 TO PROGRAMME 3

Treasury approval was granted (dated 17 February 2017) to apply virement to the amount of R 7 000 000.00 from Programme 1: Administration: Office Accommodation to Programme 3: Public Employment Services: Productivity SA.

PROGRAMME 3

Treasury approval was granted (dated 17 February 2017) to apply virement to the amount of R 4 113 000.00 within Programme 3: between the Sub-Programme: Work-Seeker Services to Productivity SA.

Reason for Virement

The Department assisted Productivity South Africa to address the entity's funding problem and to ensure that it remains technically solvent. All expenditure relating to services provided by Productivity South Africa to other departments or agencies of government must be recovered in full in accordance with Section 40 (b) of the Employment Services Act.

PROGRAMME 4

Treasury approval was granted (dated 8 June 2016) to apply virement within Programme 4: Labour Policy and Industrial Relations amounting to R 80 000.00 from Goods and Services to Transfers and Subsidies (Non-Profit Institutions).

Reason for Virement

The Department approved donations towards eight schools whose learners participated in the National Day Against Child Labour (ADACL) to the value of R 5 000.00 each.

PROGRAMME 1 TO PROGRAMME 4

Treasury approval was granted (dated 8 September 2016) to apply virement amounting to R 500 000.00 from Programme 1: Administration: Office Accommodation to Programme 4: Labour Policy and Industrial Relations (NEDLAC).

Reason for Virement

Funding was provided for the newly established national minimum wage advisory panel at the National Economic and Development Council.

ECONOMIC CLASSIFICATION

Funds were shifted within the main divisions of the Vote to adjust the economic classifications of expenditure (approved by the Accounting Officer). Refer to Appropriation Statement for details in this regard.

1.5.4 UNAUTHORISED, FRUITLESS AND WASTEFUL AND IRREGULAR EXPENDITURE

No Unauthorised Expenditure was reported during the 2016/17 financial year. Irregular Expenditure as well as Fruitless and Wasteful Expenditure incurred by the Department are disclosed in Note 23 and 24 of the Annual Financial Statements.

1.5.5 FUTURE PLANS OF THE DEPARTMENT

1.5.5.1 PROJECTS FOR THE YEAR AND FUTURE YEARS

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. However, the Department has faced challenges in both retaining inspectors and finding suitable, specialised candidates. The R64 million allocated for an additional 124 labour inspectors in 2016/17, was withdrawn, with the implications that it would no longer be possible to add inspectors or fill some of the vacancies. This will seriously hamper the ability to increase the number of inspections from 2014/15 to 2019/20 with 30% as required in the MTSF.

Supporting work-seekers

The National Development Plan sets an employment target of 11 million jobs to be created by 2030. To support the achievement of this target, the Employment Services Act (2014) aims to provide free public employment services and regulate private employment agencies. The Department's employment services system is an IT-portal where work-seekers can register as unemployed and provide information about their work experience, qualifications and the kind of work they are looking for. Employers can use the portal to register vacancies and other opportunities they may have, such as training, learnerships, and internships. The system matches work-seekers to opportunities, and after an assessment process, refers work-seekers to employers.

To increase the number of registered work-seekers and the number of work-seekers placed in registered employment opportunities, the Department will host road shows, run advocacy campaigns, integrate the employment services system with the Unemployment Insurance Fund, the Compensation Fund and national learner database systems. Establish partnerships with other stakeholders such as the Department of Higher Education and Training, the Department of Public Works, the National Youth Development Agency, Organised Business and municipalities. Through a new counselling strategy, the Department aims to prepare work-seekers for work 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 R 1.1 billion over the medium-term, excluding transfers.

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 structures, inequality, employment, and the standard of living for workers. These activities are funded in the Labour Policy and Industrial Relations Programme. In addition, the Department will transfer R 2.3 billion over the medium-term from this programme to the Commission for Conciliation Mediation and Arbitration and R 90.9 million to the National Economic Development and Labour Council.

1.5.5.2 REVISIONS TO LEGISLATIVE AND OTHER MANDATES

- a) **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.
- b) **Issue regulations in terms 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.
- c) **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.
- d) **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 immediately.

1.5.6 PUBLIC PRIVATE PARTNERSHIPS (PPP)

The Department did not enter into any Public Private Partnership (PPP) as at 31 March 2017.

1.5.7 DISCONTINUED ACTIVITIES / ACTIVITIES TO BE DISCONTINUED

The Department has not identified any activities to be discontinued.

1.5.8 NEW OR PROPOSED ACTIVITIES.

No new activities have been proposed.

1.5.9 SUPPLY CHAIN MANAGEMENT (SCM)

1.5.9.1 UNSOLICITED BID PROPOSALS CONCLUDED FOR THE YEAR UNDER REVIEW

No unsolicited bid proposals concluded for the year under review.

1.5.9.2 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 possible irregular expenditure is investigated to either determine responsibility in order to recover the amount involved or follow the necessary procedures to condone
- Investigations into all irregular transactions are undertaken which could result in disciplinary steps being taken against officials who transgress in this regard
- Procedure manuals were updated and communicated to all officials in this regard
- Training was provided to officials to inform them of the correct procedures to be followed during the procurement process
- Financial inspections were conducted at the provincial offices to assist officials to avoid the re-occurrence of Irregular Expenditure.

1.5.9.3 CHALLENGES EXPERIENCED IN SCM AND HOW THEY WERE RESOLVED

Due to the segregation of duties in Limpopo, in appropriate intervention will be formulated internally, by evaluating processes and staff competencies.

Revisions were made to the Accruals and Commitments registers to review contract management processes.

1.5.10 GIFTS AND DONATIONS RECEIVED IN KIND FROM NON-RELATED PARTIES

The Department did not receive any gifts or donations in kind during the 2016/17 Financial Year.

1.5.11 EXEMPTIONS AND DEVIATIONS RECEIVED FROM THE NATIONAL TREASURY

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

1.5.12 COST CONTAINMENT

The Department implemented all Instruction Notes as issued by the National Treasury

National Treasury Instruction 01 of 2013/14 - Cost Containment Measures

National Treasury Instruction 02 of 2016/17 - Cost Containment Measures

National Treasury Instruction 03 of 2016/17 - Cost Containment Measures

National Treasury Instruction 04 of 2017/18 was received during the 2017/18 financial year and is in the process of being implemented.

In addition to the above, the Department issued guidelines regarding cost containment measures, this is aimed at ensuring comprehensive implementation of the National Treasury Instructions.

The Department signed the participation letter for the RT15/2016 transversal contract relating to the provision of mobile telephony.

1.5.13 EVENTS AFTER THE REPORTING DATE

None.

1.5.14 OTHER

1.5.14.1 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 the National Treasury.

The Interim Financial Statements were approved by the Accounting Officer.

1.5.15 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.

1.5.16 CONCLUSION

In conclusion, I hereby submit the Department's Annual Report for the period ended 31 March 2017.

1.5.17 APPROVAL

The Annual Financial Statements for the 2016/17 financial year have been approved by the Accounting Officer.

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

Thobile Lamati
Director-General
July 2017



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

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

All information and amounts disclosed throughout the Annual Report are consistent.

The Annual Report is complete, accurate and is free from any omissions.

The Annual Report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part E and F) 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 resources 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 2017.

Yours faithfully

T Lamati

Director-General: Labour

July 2017



1.7 STRATEGIC OVERVIEW

1.7.1. OUR VISION

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

1.7.2. OUR MISSION

Regulate the South African 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. OUR VALUES

- 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 LEGISLATIVE MANDATE

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), as amended	<p>The purpose of this Act is to advance economic development and social justice by fulfilling the primary objects of this Act which are:</p> <ul style="list-style-type: none"> • To give effect to and regulate the right to fair labour practices conferred by section 23(1) of the Constitution by: <ul style="list-style-type: none"> > Establishing and enforcing basic conditions of employment > Regulating the variation of basic conditions of employment • To give effect to obligations incurred by the Republic as a member state of the International Labour Organisation
The Employment Equity Act, 55 of 1998 (EEA)	<p>The purpose of the Act is to achieve equity in the workplace, by:</p> <ul style="list-style-type: none"> • Promoting equal opportunity and fair treatment in employment through the elimination of unfair discrimination • Implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups, to ensure their equitable representation in all occupational categories and levels in the workforce
The Unemployment Insurance Act, 30 of 1996 (UIA) as amended	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 (ESA) Skills Development Act, 97 of 1998 (SDA)	To provide for public employment services, their governance and functioning, including to provide for transitional arrangements for the registration of private employment agencies, the establishment and functioning of Productivity South Africa and the Supported Employment Enterprises

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.

1.8.3 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.

1.8.4 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.
- **Issue regulations in terms of the Employment Services Act, Act No. 4 of 2014.** The new Regulations aim to strengthen the provision of employment services within the Department and to provide further clarity on the prescribed provisions of the 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 Occupational Health and Safety 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.

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

- Workers
- Employers
- Unemployed and under-employed
- Private employment agencies
- Trade unions and trade union federations.



1.9 ORGANISATIONAL STRUCTURE

LEADERSHIP

Leadership is a key factor in both our organisational performance and in the success of the country we serve, South Africa.



(From left to right)

SP Holomisa
Deputy Minister of Labour

MN Oliphant
Minister of Labour

T Lamati
Director-General of Labour

INSTITUTIONS REPORTING TO THE EXECUTIVE AUTHORITY

Advisory Council for Occupational Health and Safety, Commission for Conciliation Mediation and Arbitration (CCMA), Commission for Employment Equity (CEE), Compensation Board, Employment Conditions Commission (ECC), National Economic Development and Labour Council (NEDLAC), Productivity South Africa, Unemployment Insurance Board.



(From left to right)

V Mafata: CF Commissioner

T Maruping: UIF Commissioner

S Morotoba: Deputy Director-General: Public Employment Services

B Matebesi: Deputy Director-General: Corporate Services

A Moiloa: Deputy Director-General: Inspection and Enforcement Services

M Bronkhorst: Chief Operations Officer

V Seafeld: Deputy Director-General: Labour Policy and Industrial Relations

D Kyle: Acting Chief Financial Officer

1.10 ENTITIES REPORTING TO THE MINISTER

The table below indicates the entities that report to the Minister of Labour:

Name of Entity	Legislative Mandate	Financial Relationship	Nature of Operations
Unemployment Insurance Fund	The Unemployment Insurance Act 63 of 2001 (UIA). The Unemployment Insurance Fund contributes to the alleviation of poverty in South Africa by providing short-term unemployment insurance to all workers who qualify for unemployment related benefits. The Fund is financed by a dedicated tax on the wage bill	Public Entity	Collection of unemployment insurance contributions and payment of benefits to qualifying contributors
Compensation Fund (CF)	The Compensation for Occupational Injuries and Diseases Act 130 of 1993 (COIDA). The CF's main objective is to provide compensation for disability, illness and death resulting from occupational injuries and diseases	Public Entity	Collection of contributions and payment of medical, compensation and pension benefits
Productivity South Africa	Section 21 Company – Companies Act, 1973. Productivity SA is mandated by Government, Organised Labour and Organised Business to improve the productive capacity of the economy and thus contribute to South Africa's socio-economic development and competitiveness	Public Entity	The functions of Productivity South Africa are: <ul style="list-style-type: none"> • Promote a culture of productivity in the workplace • Develop relevant productivity competencies • Facilitate and evaluate productivity improvement and competitiveness in workplaces • Measure and evaluate productivity in the workplace • Maintain a data-base of productivity and competitiveness systems and to publicise these systems • Undertake productivity-related research • Support initiatives aimed at preventing job losses • Perform any other prescribed function.
Commission for Conciliation, Mediation and Arbitration	The Labour Relations Act (LRA), No 66 of 1995. Commission for Conciliation, Mediation and Arbitration (CCMA) was established in terms of the Labour Relations Act, 1995 as amended. It is mandated to promote social justice and fairness in the workplace by delivering ethical, qualitative, innovative and cost effective dispute management and resolution services, institution building services, education, training and development and efficient administration.	Public Entity	The CCMA's compulsory statutory functions are to: <ul style="list-style-type: none"> • Conciliate workplace disputes • Arbitrate certain categories of disputes that remain unresolved after conciliation, establish picketing rules • Facilitate the establishment of workplace forums and statutory councils • Compile and publish information and statistics about CCMA activities • Accredite and consider applications for subsidy by bargaining councils and private agencies • Provide support for the Essential Services Committee.

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



PART B

PERFORMANCE INFORMATION

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1. AUDITOR GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs certain audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page **122** of the Report of the Auditor General, published as Part E: Financial Information.



2. OVERVIEW OF DEPARTMENTAL PERFORMANCE

2.1 SERVICE DELIVERY ENVIRONMENT

Outcome 12 requires government to work towards “an effective, efficient and development-orientated public service.” The Amended Public Service Regulations, 2016 seek to institutionalise the operations management framework (which comprises among others the Service Delivery Model, the Service Delivery Charter, Service Standards, Business Processes and Standard Operating Procedures (SOP) per Key Service and the Service Delivery Improvement Plans) within departments. The provisions of the operations management framework seek to improve the effectiveness and efficiency of service delivery as envisaged by the NDP.

The Department is still facing service delivery challenges due to the inherent IT legacy system, inadequate funding, vacancy rate, low staff morale, inadequate office accommodation, lack of uniformity in terms of implementation of business processes and SOPs of certain key services. As a result, the service standards as pledged to the service beneficiaries are not met.

As outlined above, interventions were implemented to shift the Department to a new trajectory of service delivery innovation and customer focus and client- oriented as well as improved service delivery.

The service delivery interventions include the following:

- Develop and implement the Service Delivery Model (SDM) to ensure alignment of service offerings to the Strategic Plan and Annual Performance Plan for the Department
- Review of Business Processes (BP) and Standard Operating Procedures (SOPs) for the identified key services to streamline and improve service delivery (responsive time and turnaround time)
- IT system enhancements were implemented to improve service delivery
- Advocacy campaigns were conducted to educate and inform the clients about service offerings and access channels (on-line services, call centres, walk-ins, etc.)
- Monitor implementation progress of the Batho Pele Principles, Service Standards and Service Charter
- Monitor and report on implementation progress of the approved Service Delivery Improvement Plan (SDIP) for the three-year cycle (FY 2015-2018)
- Develop a Policy and Procedure Manual on Complaints, Compliments and Suggestions in the Department for effective and efficient management. The nomination of dedicated nodal points to deal with complaints, compliments and suggestions within all areas of responsibility
- Monitoring of frontline service delivery as part of the Batho Pele Standards Pilot Project to 18 identified service delivery points in Free State, Limpopo and Gauteng. The site visit observation checklist was used as a tool to assess the “as is” situation, make findings and recommend corrective actions.

The focus was on the following nine key factors:

- Location and accessibility
- Visibility and signage
- Queue management and waiting times
- Dignified treatment
- Cleanliness and comfort

- Safety and security
- Service charter and standards
- Productivity (including processes, people, IT system, funds, etc.)
- Complaints management system
- Procure nametags for departmental officials (prioritising the frontline officials and field workers) to promote the sense of responsibility and accountability of our staff.

2.2 SERVICE DELIVERY IMPROVEMENT PLAN

The Department has completed a service delivery improvement plan. The tables below highlight the service delivery plan and the achievements to date.

Main services and standards

Main services	Beneficiaries	Current/actual standard of service	Desired standard of service	Actual achievement	
Compensation Fund: 1. Register and adjudicate valid compensation claims within 60 days.	Employees: Deceased Injured Acquired diseases on duty Beneficiaries: Widows, widowers and children of employees	85% of registered claims adjudicated within 60 days	95% of registered claims adjudicated within 30 working days	Claims	Number of Claims
				Registered	155 427
				Accepted	132 718
				Not Accepted	13 203
				Under Investigation	608
				Repudiated	1
				Adjudicated within 60 working days	130 800
				Total Adjudication	145 922
				Actual Performance :	94%
				Variance :	-1%
2. Medical claims finalized within 60 days of receiving invoice	Employees: Deceased Injured Acquired diseases on duty Beneficiaries: Widows, widowers and children of employees	85% of medical claims finalised within 60 days of receiving invoice	85% of medical claims finalised within 30 working days of receiving invoice	Reasons for variance:	None
				Medical	Number of invoices
				Received	747 525
				medical claims finalized within 60 days	613 430
				Actual Performance :	82%
Public Employment Services: 1. Provide employment counselling once a week to work-seekers that avail themselves	Unemployed Under employed Retrenched Ex-Offenders PWD's	Provide employment counselling to 150 000 work-seekers who avail themselves (the target was reduced by 100 000 = 250 000-150 000 in the FY under review)	Provide employment counselling to 150 000 work-seekers who avail themselves	Variance :	-3%
				Reasons for variance:	None
				Actual Performance:	197 247
				Variance :	47 247
				Reasons for variance:	Advocacy sessions

COMPENSATION FUND (CF):

Batho Pele arrangements with beneficiaries (Consultation access etc.)

Current/actual arrangements	Desired arrangements	Actual achievements
Consultation	Stakeholder Consultative Meetings	CF: 6 customer surveys in the period under review for Free State, Limpopo and Gauteng. The main challenges identified relate to non-uniformity of service delivery standards and information given to customers at different service points
Courtesy	A dedicated customer enquiry desk	Pilot project completed and the results indicate the need of 100 dedicated CF CSO's to be appointed.
	Develop and roll out query resolution process	Policy and Procedure Manual on Complaints, Compliments and Suggestions are in the approval process
Access	Decentralisation of COIDA services to processing labour centres	CF: COIDA services have been decentralised to all provinces with exception of employer registration and assessment.
	Implementation of Umehluko	Labour centres have view and processing access for Umehluko.
	Information Brochures, Pamphlets and Posters displayed at the service points	The approved service charters, service standards and related service offerings were distributed to HQ, POs and LCs to be displayed.
	Information Forum, educational campaigns and stakeholder engagement	CF: Stakeholder and Communication have conducted over 50 educational forums and stakeholder engagements. PES: 19 updated and 1 new pamphlets were placed on the website.
Information	Information Brochures, Pamphlets and Posters displayed at the service points	The approved service charters, service standards and related service offerings were distributed to HQ, POs and LCs to be displayed.
	Information Forum, educational campaigns and stakeholder engagement	CF: Stakeholder and Communication have conducted over 50 educational forums and Stakeholder engagements. PES: 19 updated and 1 new pamphlets were placed on the DoL website.
Openness and Transparency	Display service charters and standards at HQ, PO and LCs	The approved service charters and service standards were distributed to HQ, POs and LCs to be displayed.
	Publish annual report for public consumption	Annual Reports for the FY 2015/16 – Department of Labour and CF were published
Redress	Decentralise complaints resolution process to Labour Centres	Policy and Procedure Manual on Complaints, Compliments and Suggestions are in the approval process
	Appeals processed according to the COID Act	COID Act Amendments were incorporated in the current processes.
	Acknowledge complaints within 48 hours of receipt.	An instruction in this regard was communicated to all offices for compliance.
Value for Money	Implementation of Umehluko system at the LCs to streamline processes as well as to reduce the responsive time and document	Umehluko is accessible to all CF provincial staff for viewing and processing. There is an on-going system enhancement to improve productivity turnaround time.

PUBLIC EMPLOYMENT SERVICES (PES)

Batho Pele arrangements with beneficiaries (Consultation access etc.)

Current/actual arrangements	Desired arrangements	Actual achievements
Consultation	<ul style="list-style-type: none"> 261 advocacy campaigns conducted including career exhibitions 	667 advocacy campaigns (against the target of 261) conducted during the year 2016 -17.
Courtesy	<ul style="list-style-type: none"> Number of Employment Counsellors increased depending on availability of budget Continuous training of CSO's to refer work-seekers for employment counselling. 	<p>PES had 16 vacancies (Employment Counsellor posts) 12 have thus far been filled.</p> <p>On-the – job training of CSO's has been provided and still on-going.</p>
Access	<ul style="list-style-type: none"> 15% of ES clients use on-line service Increase the scope of the call centre to deal with all PES services enquiries. Introduce SMS notification for 50% of PES services 	<p>Total number of clients (work-seekers) registered on ESSA system is 212 367. A number of 20 077 out of 212 367 used online service 9.4% of employment services used on-line</p> <p>The enhancement of the call centre service is still in process.</p> <p>SMS notification not yet implemented. The system development is still in process.</p>
Information	<ul style="list-style-type: none"> Pamphlets Electronic and print adverts Update information on the website as and when necessary 	<p>Pamphlets and adverts are displayed on Intranet and all service points</p> <p>A radio programme was done on community Radio Ubuntu regarding the value of employment counselling. The other two radio programmes have been developed and will be broadcast in 2017/18.</p>
Openness and Transparency	<ul style="list-style-type: none"> Public participation programmes to inform the public about the service offerings, promoting awareness of worker's rights and obligations. 	<p>The approved service charters and service standards were distributed to HQ, POs and LCs to be displayed.</p> <p>Annual Reports for the FY 2015/16 – Department of Labour and CF were published</p>
Redress	<ul style="list-style-type: none"> Customer service complaints are reported or escalation through labour centre, provincial, and national structures including the call centre. 	<p>Policy and Procedure Manual on Complaints, Compliments and Suggestions are in approval process</p> <p>An instruction in this regard was communicated to all offices</p>
Value for money	<ul style="list-style-type: none"> Execute system integration plan 	Umehluko is accessible to all CF provincial staff for viewing and processing. There is an on-going system enhancement to improve productivity turnaround time.

SERVICE DELIVERY INFORMATION TOOL

Current/actual information tools	Desired information tools	Actual achievements
DPSA Operations Management Framework has been adopted	Automated Performance Information System to monitor and report on implementation	4 QR and 1 AR SDIP implementation reports were produced and approved
Manual Performance Information reporting tool (Ms Word)		

COMPLAINTS MECHANISM

Current/actual complaints mechanism	Desired complaints mechanism	Actual achievements
<ul style="list-style-type: none"> DPSA Complaint Management Framework has been adopted Policy and Procedure Manual in approval process Manual forms to lodge complaints Register to record complaints received Manual Complaint Resolution Reporting (resolution rate) 	Automated Customer Interaction Centre system to lodge, monitor and report on complaints	<p>Policy and Procedure Manual in approval process</p> <p>An instruction on complaint management (annexures: form, register and report template) was issued to all offices for compliance, pending the approval of the policy.</p>

2.3 ORGANISATIONAL ENVIRONMENT

Public Employment Services implemented the following initiatives to improve the Branch performance:

- Very strict management measures in the performance of PES Services to be in line with the Standard Operating Procedures
- Improvements on Information Technology to collate and submit performance information by labour centres and provincial offices
- Discarded performance information that was not supported by specified means of verification in those indicators where manual systems are still in use
- Ensuring that performance management meetings and governance meetings are held as scheduled and resolutions are implemented with the provincial PES Deputy Directors, the Employment Services Practitioner, the Career Counsellors and the Employment Services Board
- Worked very closely with Internal Audit, Risk and the Auditor-General to ensure that performance information is accurate, verifiable and reliable.

2.4 KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

Refer to Part A 8.4.



3. STRATEGIC OUTCOME ORIENTED GOALS

3.1 SERVICE DELIVERY OUTCOMES AND DEPARTMENTAL STRATEGIC GOALS

The Department of Labour 2016/17 Annual Report is based on the following outcomes (aligned to the APP and SP tabled in March 2016)

Outcome 4: Decent employment through inclusive economic growth

Outcome 5: A skilled and capable workforce to support an inclusive growth path

Outcome 11: Create a better South Africa, a better Africa and a better World

Outcome 12: An efficient, effective and development oriented public service

Outcome 14: Transforming society and uniting the country.

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

STRATEGIC OUTCOME ORIENTED GOAL 1: (OUTCOME 4) DECENT EMPLOYMENT THROUGH INCLUSIVE ECONOMIC GROWTH	
Department's Strategic Goals	1. Promote Occupational health services (Outcome 4) 2. Contribute to decent employment creation (Outcome 4 and outcome 5) 3. Protect vulnerable workers (Outcome 4) 5. Strengthen occupational safety protection (Outcome 4) 6. Promote sound labour relations (Outcome 4) 7. Monitor the impact of legislation (Outcome 4) 9. Development of the Occupational Health and Safety policies (Outcome 4)
STRATEGIC OUTCOME ORIENTED GOAL 2: (OUTCOME 5) A SKILLED AND CAPABLE WORKFORCE TO SUPPORT AN INCLUSIVE GROWTH PATH	
Department's Strategic Goal	2. Contribute to decent employment creation
STRATEGIC OUTCOME ORIENTED GOAL 3: (OUTCOME 11) CREATE A BETTER SOUTH AFRICA, A BETTER AFRICA AND A BETTER WORLD	
Department's Strategic Goal	4. Strengthen multilateral and bilateral relations
STRATEGIC OUTCOME ORIENTED GOAL 4: (OUTCOME 12) AN EFFICIENT, EFFECTIVE AND DEVELOPMENT ORIENTED PUBLIC SERVICE	
Department's Strategic Goal	8. Strengthen the institutional capacity of the Department
STRATEGIC OUTCOME ORIENTED GOAL 5: (OUTCOME 14) TRANSFORMING SOCIETY AND UNITING THE NATION	
Department's Strategic Goal	10. Promote Equity in the labour market

3.2 PROGRESS MADE TOWARDS THE ACHIEVEMENT OF THE FIVE-YEAR TARGETS

3.2.1 INSPECTION AND ENFORCEMENT SERVICES: OUTCOME 4: DECENT EMPLOYMENT THROUGH INCLUSIVE ECONOMIC GROWTH

Sub-outcome 7: Workplace conflict is reduced and collaboration between government, organised business and organised labour improves

KEY PERFORMANCE INDICATOR	2014 LEVEL BASELINE	MTSF TARGET	LATEST AVAILABLE MEASUREMENT Progress to date	NOTE
Strengthen implementation of existing labour regulations to improve the protection of vulnerable workers and create decent work environment as well as address labour market inefficiencies	Labour raised concerns about tedious enforcement processes which were responded to in the form of amendments to legislation to short circuit enforcement processes and increased fines for non-compliant	<p>Increase in number of inspections and follow ups by 30%</p> <p>Strengthen capacity of the inspectorate through training and increase personnel. To achieve increased targets and visibility of inspectorate.</p>	<p>The number of inspections and follow ups were increased by just over 20% during the period. The Branch introduced specialisation and enforcement processes were streamlined from 30 days to 14 days and instead of two notices we can enforce with one notice across the board except for OHS.</p> <p>During the period 2014 to 2016 the Branch has conducted the following inspections:</p> <p>285 203 BCEA inspections</p> <p>44 154 OHS inspections</p> <p>And 7095 EEA inspections</p> <p>The capacity of the inspectorate was somewhat strengthened through training and development although it was not to the degree envisaged due to resources constraint. The number of inspectors was increased albeit marginally. Specialisation was implemented to a limited extent.</p> <p>The number of inspections to be conducted was also marginally increased in line with the number of inspectors available.</p> <p>Due to the small number of inspectors, the Branch conducted Blitz inspections to ensure the visibility of the inspectors in the labour market</p>	<p>Amendments to legislation, Standard Operating Procedure, Quarterly performance reports.</p> <p>Annual reports</p>

THE INSPECTION AND ENFORCEMENT SERVICES IS ADDRESSING THE FOLLOWING:

1. Protection of vulnerable workers through a basket of employment laws that is administered by the Department such as the Basic Conditions of Employment Act
2. Transformation of the Labour Market through administering the Employment Equity Act
3. Ensuring that there are standards and programmes that regulate the Health and Safety of the workforce.

How has the Department (IES) accelerated the attainment of NDP goals of reducing unemployment, poverty and inequality:

1. Through inspections and advocacy sessions conducted, the level of compliance by employers in terms of labour legislation has improved
2. Levels of prosecution for non-compliant employers has been improved as compared to the previous years
3. Capacity issues are being addressed through training and development as well as increased collaborations with key stakeholders.

3.2.2 PUBLIC EMPLOYMENT SERVICES: OUTCOME 4 DECENT EMPLOYMENT THROUGH INCLUSIVE ECONOMIC GROWTH

PES accelerated the attainment of the NDP goals of reducing unemployment, poverty and inequality through interventions as listed in the table:

OBJECTIVE STATEMENT	THIRD YEAR TARGET OF MTSF	3 YEARS PROGRESS TO 31 MARCH 2017
Communicate PES) initiatives and interventions through various channels	PES initiatives and interventions communicated through various channels 801	2 006
Register work seekers on Employment system of South Africa(ESSA)	Work-seekers registered on ESSA for opportunities 1 750 000	1 697 941
Provide employment counselling to work-seekers	Work-seekers provided with employment counselling 620 000	603 355
Place work-seekers into opportunities	Work-seekers placed into opportunities 53 000	35 961
Registration of opportunities into ESSA	Opportunities registered on ESSA 172 000	251 651

3.2.3 LABOUR POLICY AND INDUSTRIAL RELATIONS: OUTCOME 14: TRANSFORMING SOCIETY AND UNITING THE COUNTRY

LP and IR contributes to SUB-OUTCOME 2: EQUAL OPPORTUNITIES, INCLUSION AND REDRESS – Indicator dealing with “At least 40% Middle and senior management (are African by 2018/19)” and by 31 March 2017, 22.1% of senior management and 41.5% of middle management levels are Africans (Verification Source: 2016-17 CEE Annual Report).

Agreement reached between Government, Organised Business and Organised Labour on measures to strengthen dispute resolution mechanisms with a view to increasing stability in the labour market. Agreement also reached on the modalities for the introduction of a national minimum wage of R20 an hour, to be implemented by 1 May 2018. These agreements contribute to the achievement of a more responsive labour market as envisaged in the National Development Plan, to Outcome 4 of the Programme of Action and to the Nine-Point Plan.

Sub-outcome 7: Workplace conflict is reduced and collaboration between government, organised business and organised labour improves

KEY PERFORMANCE INDICATOR	2014 LEVEL BASELINE	MTSF TARGET	LATEST AVAILABLE MEASUREMENT	NOTE
			Progress to date	
Measurable improvements in social partner and workplace relationships	Need for improvement in social partner and workplace relationships	<p>Report on progress on agreed initiatives</p> <p>Process piloted</p> <p>Progress in implementation of all elements of Presidential package relating to platinum belt</p> <p>Process implemented in 3 sectors and 10 workplaces</p>	<p>Training is being provided.</p> <p>Capacity building courses for employees and managers are continuously provided by the department (CCMA) and experts contracted in to provide the service, for example Best Practice workshop for supervisors on Managing Discipline and Incapacity for BECSA (BHP Billiton/South 32 Energy and Coal SA in Mpumalanga) took place.</p> <p>Training and outreach programs are continuously provided to union leadership and shop stewards e.g. freedom of association and tolerance.</p>	Companies and the CCMA are bringing in experts to train different unions on how to deal with conflict and how to bring cases on behalf of union members within the various structures of companies and the CCMA.
		<ul style="list-style-type: none"> • Stabilising the labour market • Substantial agreement between Nedlac constituencies on addressing violent and protracted strikes • Code of Good Practice on Collective Bargaining and Industrial Action developed; Accord on Collective Bargaining & Industrial Action agreed • Picketing Rules agreed • Industrial Action Advisory Arbitration model receiving attention • Working days lost due to strikes lower from 2013 to 2016 • NMW Advisory Panel to the Deputy President has recommended a national minimum wage of R20 per-hour • Substantial progress on further modalities relating to NMW and its implementation. 		

ANALYSIS

How has the Department (LP and IR) accelerated the attainment of NDP goals of reducing unemployment, poverty and inequality

1. Consult with stakeholders on the need for legislative amendments and on the national minimum wage
2. Work on the EEA has been done in order to strengthen the enforcement regime in order to facilitate the transformation of the labour market.

Recommendations for accelerating progress for the remainder of term:

1. Seamless legislative amendment process
2. Available funds for an extended advocacy campaign in order to promote the national minimum wage.

Department performance on ENE performance indicators

ENE PERFORMANCE INDICATORS	RELATED PROGRAMME	OUTCOME TO WHICH IT CONTRIBUTES	TARGET	OVERALL ACHIEVEMENTS
Total number of workplaces/employers inspected and reviewed per year to determine compliance with various labour legislation	Inspection and Enforcement Services	Outcome 4: Decent employment through inclusive growth	175 478	173 120
Percentage of reported incidents per year investigated within 90 days	Inspection and Enforcement Services		62%	80%
Number of work-seekers registered on the Employment Services of South Africa database system per year	Public Employment Services		500 000	666 719
Number of registered work-seekers provided with employment counselling per year	Public Employment Services		150 000	197 247
Number of registered employment opportunities filled by registered work seekers per year	Public Employment Services		8 000	12 517
Number of pay scales accessed per year to reduce gaps in minimum wage determinations	Labour Policy and Industrial Relations		2	Two sectoral determinations minimum wages were reviewed to improve wages of 727 708 vulnerable employees.

***Indicator 3.6 Number of employer payroll audits conducted per-year to determine employers contribution to the Unemployment Insurance Fund", is a UIF competency that is funded from the UIF budget.

Target: 13 016 Actual Performance: 13 334



Department performance per Strategic Goal

ACTUAL OUTPUT - VALIDATED				
STRATEGIC GOALS	PERFORMANCE INDICATORS	ACHIEVED	NOT ACHIEVED	OVERALL ACHIEVEMENT
Promote occupational health services	This strategic goal is covered in terms of indicators that are applicable in strengthening occupational safety protection.			
Contribute to decent employment creation	8	6	2	75%
Protect vulnerable workers	6	5	1	83%
Strengthen multilateral and bilateral relations	1	1	0	100%
Strengthen occupational safety protection	6	5	1	83%
Promote sound labour relations	2	0	2	0%
Monitor the impact of legislation	2	1	1	50%
Strengthen the institutional capacity of the Department	5	3	2	60%
Development of the occupational health and safety policies	This strategic goal is covered in terms of indicators that are applicable in strengthen occupational safety protection.			
Promote equity in the labour market	5	5	0	100%
Total	35	26	9	74%
OVERALL PERFORMANCE%		74%	26%	

Department performance per Programme

PROGRAMME	PERFORMANCE INDICATORS	ACHIEVED	NOT ACHIEVED	OVERALL ACHIEVEMENT
Administration	5	3	2	60%
Inspections and Enforcement Services	15	13	2	87%
Public Employment Services	8	6	2	75%
Labour Policy and Industrial Relations	7	4	3	57%
TOTAL	35	26	9	74%
OVERALL PERFORMANCE %		74%	26%	

LEGENDS

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



4. PERFORMANCE INFORMATION BY PROGRAMME

4.1 PROGRAMME 1: ADMINISTRATION

Programme Purpose: Provide strategic leadership, management and support services to the Department.

The Ministry provides political oversight to ensure that the Department's mandate is achieved.

The Office of the Director-General provides administrative oversight for effective implementation of the Department's mandate and overall accounting oversight.

Programme Description: The programme consists of the following sub-programmes:

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

Corporate Services includes:

- **Human Resource Management** ensures optimum and efficient utilisation and development of human capital and to provide an advisory service on matters pertaining to organisational effectiveness and development, transformation management, individual performance management, sound employee relations, employee health and wellness, as well as effective and efficient recruitment, selection and placement services including research and development of human resources policies and practices
- **Internal Audit** provides management and the Audit Committee with independent objective assurance with a view to improving effectiveness of governance, risk management and control processes
- **Risk Management** pro-actively manages/addresses risks that have a negative impact on the Department's performance
- **Security Services** renders security support aimed at protecting the Department's information, staff and assets
- **Communication** disseminates and improves access to information about the Department
- **Legal Services** exists to provide Legal Support Services to the Department
- **Office of the Chief Information Officer** caters for the Information and Communications Technology (ICT) needs and requirements of the Department
- **Office of the Chief Financial Officer** renders effective and efficient financial management and administrative support for the Department as well as office accommodation requirements.

Strategic Outcome Oriented Goal 5: (Outcome 12)	An efficient, effective and development oriented public service
Department's Strategic Goal	8. Strengthen the institutional capacity of the Department (by ensuring that the department is adequately resourced with infrastructure and human capital necessary for efficient service delivery)

PROGRAMME 1: Administration							
Strategic Goal 8: Strengthening the institutional capacity of the Department (Outcome 12)							
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017	COMMENTS ON THE DEVIATIONS
1 Provide strategic management and support services to the Department	1.1 Improve the Department's management practice and strategic support based on the Management Performance Assessment Tool. (M-PAT) assessment criteria 55% of total Department's M-PAT standards at 3 and 4	Not Achieved 30% instead of the targeted 50% of total Department's M-PAT standards are at level 3 by 31 March 2015, and 9% of total Department's M-PAT standards are at level 4 by 31 March 2015	Not Achieved 37% of total Department's M-PAT standards per KPI are at level 3 and 4	55% of total Department's M-PAT standards per KPI at level 3 and 4 by 31 March 2017	Not Achieved 32% of total Department's M-PAT standards at level 3 and 4 by March 2017 based on the Moderated M-PAT report. M-PAT 1.6/2016/17 Action Plan	23%	Non-compliance to M-PAT recommendations by the department and the annual shifting of targets/goal posts by the DPME in the standards set for M-PAT.
2 Integrated Human Resource strategy implemented	2.1 Percentage of vacancy rate reduced by 31 March	Not Achieved 10.67% (of the total 8 748 funded posts, 933 were vacant)	Not Achieved 12.4% (Of the total 8 778 funded posts, 1086 were vacant).	9.9%	Achieved 9.27% (Of the total 8 650 funded posts, 802 were vacant)	None	None
3 Effective financial management and governance	3.1 Number of Annual Financial Statements (AFS) and Interim Financial Statements (IFS) compiled per year that comply with guidelines issued by the National Treasury	Achieved 2013/14 Annual report was developed and submitted to the National Treasury by 31 May 2014. 3 Interim Financial Reports were compiled and submitted to the National Treasury on due dates as determined by the National Treasury	Achieved 2014/15 Annual Financial Statements was compiled and submitted to the National Treasury by 31 May 2015. 3 Interim Financial Reports were compiled and submitted to the National Treasury on due dates as determined by the National Treasury	1 AFS by 31 May, and 3 IFS 30 days after each quarter.	Achieved The published annual report and the IFS' provided to the Auditor-General and National Treasury.	None	None

PROGRAMME 1: Administration							
Strategic Goal 8: Strengthening the institutional capacity of the Department (Outcome 12)							
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017	COMMENTS ON THE DEVIATIONS
4.4 Effective supply chain management	4.1Percentage of compliant invoices paid within 30 days of receipt	Not Achieved	Not Achieved	100%	Not Achieved	0.5%	<ul style="list-style-type: none">Ensure that banking details for suppliers are correct and valid prior to processing an official order; andRegular follow-up on calls logged at LOGIK for all LOGIS related errors/ problems.
		91.23% (16 434 of the 16 545) invoices were paid within 30 days of receipt	99.54% (16 939 of the 17 018) of invoices were paid within 30 days of receipt		99.5%		

ADMINISTRATION STRATEGY TO DEAL WITH UNDERPERFORMANCE

KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	PLANNED TARGET	ACTUAL ACHIEVEMENT 2016/2017	STRATEGY TO OVERCOME UNDERPERFORMANCE	DATE OF IMPLEMENTATION AND IMPLEMENTOR
1. Provide strategic management and support services to the Department	1.2 Improve the Department's management practice and strategic support based on the Management Performance Assessment Tool. (M-PAT) assessment criteria 55% of total Department's M-PAT standards at 3 and 4	55% of total Department's M-PAT standards per KPI at level 3 and 4 by 31 March 2017	Not Achieved 32% of total Department's M-PAT standards at level 3 and 4 by March 2017 based on the Moderated M-PAT report. M-PAT 1.6/2016/17 Action Plan	Development of the M-PAT Action Plan that will be monitored on a monthly basis by the Monitoring and Evaluation Steering Committee that meets monthly to monitor and evaluate performance against the APP. Reports from the M&E Steerco are submitted to EXCO for decision making.	Monthly throughout the 2017/18 Financial Year. DDG:CS will address and implement DPME recommendations on the M-PAT Action Plan and the OCOO will co-ordinate the monitoring and Evaluation thereof.
2. Effective supply chain management	2.1 Percentage of compliant invoices paid within 30 days of receipt	100%	Not Achieved A total of 17666 invoices were received, whereby 17593 were paid within 30 days and 73 were not which equates to 99.5% which were paid within 30days.	<ul style="list-style-type: none"> Ensure that banking details for suppliers are correct and valid prior to processing an official order; and Regular follow-up on calls logged at LOGIK for all LOGIS related errors/ problems. 	2017/18 Financial Year OCFO – Office of the DoL CFO

Changes to planned targets

None

4.2 PROGRAMME 2: INSPECTION AND ENFORCEMENT SERVICES (IES)

Purpose: Realise decent work by regulating non-employment and employment conditions through inspection and enforcement, to achieve compliance with all labour market policies.

Description: The programme consists of the following sub-programmes

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

Strategic Outcome Oriented Goal 1: (Outcome 4)	Decent employment through inclusive growth
Department's strategic goal	1. Promote occupational health services 2. Development of the Occupational Health and Safety policies 3. Protect vulnerable workers 5. Strengthen occupational safety protection
Strategic Outcome Oriented Goal 1: (Outcome 14)	Transforming society and uniting the nation
Department's strategic goal	10. Promote equity in the labour market

PROGRAMME 2: Inspection and Enforcement Services						
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017
10: Promote equity in the labour market (Outcome 14: Transforming society and uniting the country)						
1. Promotion of Employment Equity in the Labour market	1.1 Number of designated employers reviewed per year to determine compliance with Employment Equity legislation	Achieved	Achieved	808	Achieved	The target was over-achieved by 41
		551 employers were reviewed against the expected 523	831 employers were reviewed against the expected 750.	849 Employers were reviewed against the expected 808		
The Department did not have adequate EE inspectors therefore BCEA inspectors were utilised to conduct EE inspections.						
Training was then conducted that assisted Inspectors to understand the DG Review process and to fast track the process. Employers were notified on time of appointments. This resulted in the Branch over-achieving the target						

PROGRAMME 2: Inspection and Enforcement Services									
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017			
10: Promote equity in the labour market (Outcome 14: Transforming society and uniting the country)									
1.2 Percentage of non-compliant employers of those reviewed in reference to 1.1 issued with a recommendation within 90 calendar days of the review	1.2 Percentage of non-compliant employers of those reviewed in reference to 1.1 issued with a recommendation within 90 calendar days of the review	Achieved 100 % non-compliant employers dealt with. A total of 375 recommendations were served within 90 days to a total of 374 non-compliant employers.	Not Achieved 86% of non-compliant employers of those reviewed in reference to 1.1 issued with a recommendation within 90 days of the review	100%	Achieved 100% (834 of 834) Out of the 849 employers reviewed 834 were non-compliant and all non-compliant employers were dealt with	None			
					Prov.		Number of employers not complying	No. issued with a recommendation	% Issued with a recommendation
					EC		142	142	100%
					FS		20	20	100%
					GP		209	209	100%
					KZN		68	68	100%
					LP		20	20	100%
					MP		89	89	100%
					NC		40	40	100%
					NW		39	39	100%
					WC		207	207	100%
					Total		834	834	100%
None						None			

PROGRAMME 2: Inspection and Enforcement Services																																																				
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017	COMMENTS ON THE DEVIATIONS																																													
10: Promote equity in the labour market (Outcome 14: Transforming society and uniting the country)																																																				
1.3 Number of designated employers inspected per year to determine compliance with Employment Equity legislation	1.3 Number of designated employers inspected per year to determine compliance with Employment Equity legislation	Not Achieved	Achieved	4 729	Achieved	The target was over achieved with 18 inspections 4 747 Designated employers were inspected from a target of 4 729 <table><tr><th>Prov.</th><th>Target</th><th>Actual</th><th>inspected</th><th>Variance</th></tr><tr><td>EC</td><td>382</td><td>472</td><td>90</td></tr><tr><td>FS</td><td>240</td><td>312</td><td>72</td></tr><tr><td>GP</td><td>1 946</td><td>1 448</td><td>-498</td></tr><tr><td>KZN</td><td>648</td><td>713</td><td>65</td></tr><tr><td>LP</td><td>120</td><td>140</td><td>20</td></tr><tr><td>MP</td><td>192</td><td>247</td><td>55</td></tr><tr><td>NC</td><td>85</td><td>68</td><td>-17</td></tr><tr><td>NW</td><td>180</td><td>243</td><td>63</td></tr><tr><td>WC</td><td>936</td><td>1 104</td><td>168</td></tr><tr><td>TOTAL</td><td>4 729</td><td>4 747</td><td>18</td></tr></table>	Prov.	Target	Actual	inspected	Variance	EC	382	472	90	FS	240	312	72	GP	1 946	1 448	-498	KZN	648	713	65	LP	120	140	20	MP	192	247	55	NC	85	68	-17	NW	180	243	63	WC	936	1 104	168	TOTAL	4 729	4 747	18	The Department did not have adequate EE inspectors therefore BCEA inspectors were utilised to conduct EE inspections. Training was conducted that assisted Inspectors to fast track the process and Blitz inspections were conducted in preparation of the quarterly seminars which resulted in the Branch over-achieving the target.
		Prov.	Target	Actual	inspected		Variance																																													
		EC	382	472	90																																															
		FS	240	312	72																																															
		GP	1 946	1 448	-498																																															
		KZN	648	713	65																																															
		LP	120	140	20																																															
		MP	192	247	55																																															
		NC	85	68	-17																																															
		NW	180	243	63																																															
WC	936	1 104	168																																																	
TOTAL	4 729	4 747	18																																																	
1 364 designated employers were inspected	5 022 designated employers were inspected																																																			

PROGRAMME 2: Inspection and Enforcement Services										
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017	COMMENTS ON THE DEVIATIONS			
10: Promote equity in the labour market (Outcome 14: Transforming society and uniting the country)										
1.4 Percentage of non-complying workplaces inspected per year with reference to 1.3. dealt with in terms of the Employment Equity Act	1.4 Percentage of non-complying workplaces inspected per year with reference to 1.3. dealt with in terms of the Employment Equity Act	Not Achieved 93% (515 of the 553) non-compliant workplaces were dealt with	Achieved 100% (1 040 of the 1 036) non-compliant workplaces were dealt with	100%	Achieved Of the 4 747 inspected employers, 877 were non-compliant. 100% (877 of 877) non-compliant employers were dealt with	None	None			
						Prov.		Number of non-complying workplaces	Number of work places dealt with	% Dealt with
						EC		104	104	100%
						FS		1	1	100%
						GP		96	96	100%
						KZN		227	227	100%
						LP		91	91	100%
						MP		87	87	100%
						NC		50	50	100%
						NW		55	55	100%
						WC		166	166	100%
						TOTAL		877	877	100%

PROGRAMME 2: Inspection and Enforcement Services						
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017
1.1: Promote Occupational health services and 3: Protect vulnerable workers (Outcome 4: Decent employment through inclusive economic growth)						
2. Workers protected through inspection and enforcement of labour legislation	2.1 Number of workplaces inspected per year to determine compliance with labour legislation	Not Achieved	Achieved	134 958	Achieved	The target was overachieved by 9 103
		A total of 149 847 workplaces were inspected	A total of 146 307 workplaces were inspected against an annual target of 135 356		A total of 144 061 workplaces were inspected against an annual target of 134 958	
						There were blitz inspections conducted and this resulted in the Branch over-achieving the target.

PROGRAMME 2: Inspection and Enforcement Services								
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017		
1: Promote Occupational health services and 3: Protect vulnerable workers (Outcome 4: Decent employment through inclusive economic growth)								
2.2 Percentage of non-complying workplaces inspected per year with reference to 2.1 dealt with in terms of the relevant labour legislation	2.2 Percentage of non-complying workplaces inspected per year with reference to 2.1 dealt with in terms of the relevant labour legislation	Not Achieved 91% of non-complying workplaces were dealt with. A total of 27 291 notices were issued and 394 cases were	Not Achieved 97% of non-complying workplaces were dealt with. A total of 29 015 notices were issued and 217 cases were referred to court.	100%	Achieved	None		
					Of the 144 061 workplaces inspected, 20 546 were non-compliant.	None		
					100% of the non-compliant workplaces were dealt with			
					Prov.	Number of workplaces not complying	Number dealt with	% dealt with
					EC	1 945	1 945	100%
					FS	848	848	100%
					GP	3 629	3 629	100%
					KZN	5 198	5 198	100%
					LP	1 547	1 547	100%
					MP	1 235	1 235	100%
					NC	909	909	100%
NW	698	698	100%					
WC	4 537	4 537	100%					
TOTAL	20 546	20 546	100%					

PROGRAMME 2: Inspection and Enforcement Services						
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017
1: Promote Occupational health services and 3: Protect vulnerable workers (Outcome 4: Decent employment through inclusive economic growth)						
2.3 Number of advocacy and educational sessions conducted per year in identified sectors	<p>Achieved</p> <p>6 sessions conducted</p> <ul style="list-style-type: none"> • 1 advocacy for cleaning contract • HBA Seminar • Shop Stewards training (100 trained) • 2 Training sessions for the Taxi sector (262 people trained) • 1 Ministerial Imbizo for Agriculture and Forestry conducted in the Western Cape 	<p>Not Achieved</p> <p>Four Seminars were conducted following sectors:</p> <ul style="list-style-type: none"> • Construction • Hazardous Biological Agents • Forestry • Private Security • Number of shop stewards trained in following sectors: • Construction =112 Shop Stewards Trained. • Hazardous • Hazardous Biological Agents =60 Shop Stewards Trained. • Forestry= 52 Shop Stewards Trained. • Private Security=56 Shop Stewards Trained 	<p>4 Seminars conducted in the following sectors:</p> <ul style="list-style-type: none"> • Wholesale and retail • Hazardous Biological Agents • Private Security • Construction 	<p>Not Achieved</p> <p>4 Seminars conducted in the following sectors:</p> <ul style="list-style-type: none"> • Wholesale and retail • Hazardous Biological Agents • Private Security • Construction <p>Not Achieved</p> <p>357 shop stewards were trained</p>	<p>The target was underachieved by -43</p>	<p>The Branch could not achieve the training of 400 shop stewards as planned due to poor attendance by shop stewards.</p> <p>Only 357 shop stewards were trained as a result in 2017/18 the Branch has decided to train based on request from the trade unions.</p>

PROGRAMME 2: Inspection and Enforcement Services							
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017		
2.4 Percentage of inspections on request for work permits conducted within 25 calendar days		Not Achieved 75% (730 of 968) requested investigations were conducted within 5 days	Not Achieved 63% (626 of 994) requested investigations were conducted within 5 days.	90%	Achieved 97% (498 of 513) of inspections on request for work permit were conducted within 25 calendar days		
					Prov.	Number of requests received	% inspected within 25 calendar days
					EC	47	100%
					FS	10	100%
					GP	222	94%
					KZN	34	100%
					LP	38	100%
					MP	68	100%
					NC	7	100%
					NW	6	133%
					WC	81	96%
					TOTAL	513	97%
					<p>The target was overachieved by 7%</p> <p>Applications for work permits are associated with investors relations and the Department collaborates with the Department of Home Affairs to strengthen investor relations and the economy of the country.</p> <p>To ensure that employers utilise local labour force instead of giving priority to the foreign nationals. Work permit applications were given priority and this led to the Branch over-achieving the target</p>		

PROGRAMME 2: Inspection and Enforcement Services																																																													
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017																																																							
	2.5 Percentage of non-complying workplaces inspected with reference to 2.4 per year dealt with in terms of the relevant labour legislation	New Output	New Output	100%	Achieved Of the 498 investigations conducted, 27 were non-compliant and 100% (27 of 27) were dealt with	None																																																							
					<table><thead><tr><th>Prov.</th><th>Number of workplaces not complying</th><th>Number compliant</th><th>No. of workplaces dealt with</th><th>% of workplaces dealt with</th></tr></thead><tbody><tr><td>EC</td><td>3</td><td>44</td><td>3</td><td>100%</td></tr><tr><td>FS</td><td>0</td><td>10</td><td>0</td><td>100%</td></tr><tr><td>GP</td><td>3</td><td>205</td><td>3</td><td>100%</td></tr><tr><td>KZN</td><td>5</td><td>29</td><td>5</td><td>100%</td></tr><tr><td>LP</td><td>8</td><td>30</td><td>8</td><td>100%</td></tr><tr><td>MP</td><td>2</td><td>66</td><td>2</td><td>100%</td></tr><tr><td>NC</td><td>1</td><td>6</td><td>1</td><td>100%</td></tr><tr><td>NW</td><td>0</td><td>8</td><td>0</td><td>100%</td></tr><tr><td>WC</td><td>5</td><td>73</td><td>5</td><td>100%</td></tr><tr><td>TOTAL</td><td>27</td><td>471</td><td>27</td><td>100%</td></tr></tbody></table>	Prov.	Number of workplaces not complying	Number compliant	No. of workplaces dealt with	% of workplaces dealt with	EC	3	44	3	100%	FS	0	10	0	100%	GP	3	205	3	100%	KZN	5	29	5	100%	LP	8	30	8	100%	MP	2	66	2	100%	NC	1	6	1	100%	NW	0	8	0	100%	WC	5	73	5	100%	TOTAL	27	471	27	100%	None
Prov.	Number of workplaces not complying	Number compliant	No. of workplaces dealt with	% of workplaces dealt with																																																									
EC	3	44	3	100%																																																									
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NC	1	6	1	100%																																																									
NW	0	8	0	100%																																																									
WC	5	73	5	100%																																																									
TOTAL	27	471	27	100%																																																									
						None																																																							

PROGRAMME 2: Inspection and Enforcement Services										
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017			DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017	COMMENTS ON THE DEVIATIONS	
5: Strengthen Occupational Safety Protection and 9: Development of the Occupational Health and Safety policies (Outcome 4: Decent employment through inclusive economic growth)										
3.3. Strengthen occupational safety protection	3.1 Number of workplaces inspected per year to determine their compliance with the OHS legislation	Achieved	Achieved	21 967	Achieved					The target was over achieved by 1000 There were blitz inspections conducted in preparation for the quarterly seminars, resulting in Branch over-achieving the target
		A total of 23 678 workplaces were inspected	A total of 22 423 workplaces were inspected		A total of 22 967 workplaces were inspected against a target of 21 967					
					Prov.	Target to be inspected	Actual number inspected	Number compliant	Variance	
					EC	2 487	2 667	1963	180	
					FS	2 100	2 141	1 457	41	
					GP	5 604	5 608	4 188	4	
					KZN	4 800	4 949	3 423	149	
					LP	1 584	1 717	825	133	
					MP	820	1 101	584	281	
					NC	732	304	173	-428	
					NW	1 356	1 858	1 338	502	
					WC	2 484	2 622	1 978	138	
					TOTAL	21 967	22 967	15 929	1 000	

PROGRAMME 2: Inspection and Enforcement Services							
KEY OUTPUTS	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017	COMMENTS ON THE DEVIATIONS
3.2 Percentage of non-complying workplaces inspected per year with reference to 3.1 dealt with in terms of the OHS legislation	Achieved 106% was dealt with. A total of 6 570 notices were issued and 112 cases were referred to court	Achieved 99.7% was dealt with. A total of 9 490 notices were issued and 34 cases were referred to court.	100 %	Achieved Of the 22 967 inspections conducted 7 328 workplaces were non-compliant and 100% (7 328 of 7 328) workplaces were dealt with	None	None	None
				Prov.	Number of workplaces not complying	Number dealt with	% dealt with
				EC	704	704	100%
				FS	684	684	100%
				GP	1 720	1 720	100%
				KZN	1 526	1 526	100%
				LP	891	891	100%
				MP	508	508	100%
				NC	131	131	100%
				NW	520	520	100%
				WC	644	644	100%
				TOTAL	7 328	7 328	100%

PROGRAMME 2: Inspection and Enforcement Services									
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017			
3.3 Percentage of reported incidents investigated within 90 days	3.3 Percentage of reported incidents investigated within 90 days	Not Achieved 45% (of the 1 305 reported) 589 incidents were investigated within 90 days	Achieved 82% (of the 1 309 reported) 1 080 incidents were investigated within 90 days.	62%	Achieved	The target was over achieved by 18%			
					80% (703 of 878 reported incidents were investigated within 90 days)				
					Prov.		Number of reported incidents	Number investigated within 90 days	% inspected within 90 days
					EC		183	133	73%
					FS		45	40	89%
					GP		146	105	72%
					KZN		182	152	84%
					LP		103	70	68%
					MP		56	56	100%
					NC		19	10	53%
					NW		45	38	84%
WC	99	99	100%						
TOTAL	878	703	80%						
						When an injury occurs in the workplace, injured persons have to report the incident to the Department.			
						The injured person is entitled to claim from the CF therefore reported incidents are fast-tracked in order to ensure that claims are paid accordingly.			
						The Department prioritises these incidents in order to collect evidence whilst it's still available.			
						Due to the high risk associated with incidents, investigations were given priority.			

PROGRAMME 2: Inspection and Enforcement Services											
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017				DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017	COMMENTS ON THE DEVIATIONS	
3.4 Percentage of applications for registration of entities processed within 60 calendar days	3.4 Percentage of applications for registration of entities processed within 60 calendar days	Achieved 100% (4 474 applications were received and 4 474 were processed within 4 weeks)	Not Achieved 72% (4 828 applications were received and 3 453 were processed within 4 weeks).	80%	Achieved	98% (6 863 applications were received and 6 709 were processed within 60 calendar days)				The target was over achieved by 18%	Effective control measures implementation led to prioritisation of entity registration.
					Prov.	Number of applications received	Number processed within 60 calendar days	% processed within 60 calendar days			
					EC	990	990	100%			
					FS	251	251	100%			
					GP	995	995	100%			
					KZN	1 201	1 201	100%			
					LP	102	99	97%			
					MP	302	302	100%			
					NC	109	109	100%			
					NW	13	13	100%			
					WC	44	44	100%			
					HQ	2 856	2 705	95%			
TOTAL	6 863	6 709	98%								

PROGRAMME 2: Inspection and Enforcement Services						
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017
	3.5 Amendments to the Occupational Health and Safety Act processed through the relevant structure (Cabinet) by 31 March 2017	Not Achieved <ul style="list-style-type: none"> The Bill submitted to NEDLAC Draft Major Hazardous Installation (MHI) Regulations were developed 	Achieved The OHS Bill was finalized at NEDLAC. No further sessions were scheduled for discussion of the Bill in the new financial year. The NEDLAC process is considered finalised and NEDLAC was required to produce a final report. Bill to be submitted to the Cluster in Q1 of 2016/17 Regulation. Explosives Regulations amended is to be published for public comment. Only one regulation was given permission by ACOHS to be published. The Business constituent of ACOHS did not give permission for the Ergonomics Regulation and the Major Hazard Installation Regulation to be published as one member was not satisfied despite the extra effort by DoL and the additional session arranged	OHS Amended bill submitted to Cabinet	Not Achieved The Bill is ready for public comment.	The Bill has not been submitted The finalisation of the Bill is dependent on external processes as a result there were delays that resulted in the Branch not achieving the target.

PROGRAMME 2: Inspection and Enforcement Services																																																													
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017																																																							
	3.6 Number of employer payroll audits conducted per year to determine employers contribution to the Unemployment Insurance Fund.	Not Achieved 5 378 employer payroll audits were conducted	Achieved 12 288 employer payroll audits were conducted	13 016	Achieved	The target was overachieved by 318																																																							
					13 334 Employer payroll audits were conducted and 8 275 employers contribute towards the UIF																																																								
					<table><tr><th>Prov.</th><th>Target</th><th>Actual conducted</th><th>Number of employers contributing</th><th>Variance</th></tr><tr><td>EC</td><td>1 160</td><td>1 347</td><td>696</td><td>187</td></tr><tr><td>FS</td><td>1 188</td><td>1 159</td><td>544</td><td>-29</td></tr><tr><td>GP</td><td>2 328</td><td>2 330</td><td>2 889</td><td>2</td></tr><tr><td>KZN</td><td>1 680</td><td>1 950</td><td>1 251</td><td>270</td></tr><tr><td>LP</td><td>1 284</td><td>1 295</td><td>728</td><td>11</td></tr><tr><td>MP</td><td>1 356</td><td>1 477</td><td>607</td><td>121</td></tr><tr><td>NC</td><td>1 176</td><td>891</td><td>479</td><td>-285</td></tr><tr><td>NW</td><td>1 224</td><td>1 256</td><td>698</td><td>32</td></tr><tr><td>WC</td><td>1 620</td><td>1 629</td><td>383</td><td>9</td></tr><tr><td>TOTAL</td><td>13 016</td><td>13 334</td><td>8 275</td><td>318</td></tr></table>		Prov.	Target	Actual conducted	Number of employers contributing	Variance	EC	1 160	1 347	696	187	FS	1 188	1 159	544	-29	GP	2 328	2 330	2 889	2	KZN	1 680	1 950	1 251	270	LP	1 284	1 295	728	11	MP	1 356	1 477	607	121	NC	1 176	891	479	-285	NW	1 224	1 256	698	32	WC	1 620	1 629	383	9	TOTAL	13 016	13 334	8 275	318
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WC	1 620	1 629	383	9																																																									
TOTAL	13 016	13 334	8 275	318																																																									
Vacant posts were filled and 44 newly recruited auditors were trained in November 2016. Subsequent to the training, blitz inspections were conducted as a practical training for the newly appointed Auditors. This resulted in the Branch over achieving the target.																																																													

INSPECTIONS AND ENFORCEMENT SERVICES STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	STRATEGY TO OVERCOME UNDERPERFORMANCE	DATE OF IMPLEMENTATION AND IMPLEMENTER
2. Workers protected through inspection and enforcement of labour legislation	2.3 Number of advocacy and educational sessions conducted per year in identified sectors	<p>4 Seminars conducted in the following sectors:</p> <ul style="list-style-type: none"> • Wholesale and retail • Hazardous Biological Agents • Private Security • Construction <p>1 Training Programme (400 Shop stewards trained)</p>	<p>Not Achieved</p> <p>4 Seminars conducted in the following sectors:</p> <ul style="list-style-type: none"> • Wholesale and retail • Hazardous Biological Agents • Private Security • Construction <p>Not Achieved</p> <p>357 shop stewards were trained</p>	<p>In 2017/18 the Branch has decided to train based on requests from the Trade Unions.</p>	<p>2017/18 Financial Year</p> <p>DDG:IES</p>
3. Strengthen occupational safety protection	3.5 Amendments to the Occupational Health and Safety Act processed through the relevant structure (Cabinet) by 31 March 2017	OHS Amended bill submitted to Cabinet	<p>Not Achieved</p> <p>357 shop stewards were trained</p>	<p>In some instances, there are other parties involved in the process of the Bill, such as DPME, that have an impact on stages within the process.</p> <p>There is some difficulty in managing external processes.</p>	<p>2017/18 Financial Year</p> <p>DDG:IES</p>

Changes to planned targets

None

4.3 PROGRAMME 3: PUBLIC EMPLOYMENT SERVICES (PES)

Purpose: Provide assistance to companies and workers to adjust to changing labour market conditions and to regulate private employment agencies.

Description: The programme consists of the following sub-programmes:

Management and Support Services: Public Employment Services manages delegated administrative and financial responsibilities, coordinates all planning, monitoring and evaluation functions, and provides corporate support to line function sub programmes.

Employer Services, with the following functions:

- Register job vacancies and other work opportunities
- Facilitate placing of work seekers with employers or in other work opportunities
- Facilitate exchange of information among labour market participants, including employers, workers and work seekers, private employment agencies, Sector Education and Training Authorities and training providers
- Facilitating the employment of foreign nationals in a manner that is consistent with the object of this Act and the Immigration Act
- Assists companies in distress, provides a social plan and regulates private employment agencies and Temporary Employment Services.

Work-Seeker Services:

- Match work-seekers with available work opportunities
- Register work seekers, and retrenched workers, on the employment services system
- Advise work seekers on access to education and training
- Advise workers on access to social security benefits
- Provide specialised services to assist vulnerable work-seekers; facilitates the provision of employability enhancement programmes.

Designated Groups Special Services: facilitates the transfer of subsidies to designated organisations to promote the employment of people with disabilities, youth, and women, in collaboration with relevant bodies.

The programme has oversight over the following entities:

Supported Employment Enterprises:

- Facilitates supported employment
- Provides work opportunities for persons with disabilities
- Develops and implement programmes that promote the employability of persons with disabilities, including persons with permanent disablement as defined in the Compensation for Occupational Injuries and Diseases Act, 1993 (Act No. 130 of 1993), in the light of their evolving needs in a changing economy
- Performs any other function as may be prescribed by the Minister.

Productivity South Africa:

- Promotes a culture of productivity in the workplace
- Develops relevant productivity competencies
- Facilitates and evaluate productivity improvement and competitiveness in workplaces
- Measures and evaluates productivity in the workplace
- Maintains a data-base of productivity and competitiveness systems and to publicise these systems
- Undertakes productivity-related research
- Supports initiatives aimed at preventing job losses; and performs any other prescribed function.

Transfer of funds to the Compensation Fund

Compensation Fund:

- Provides for compensation to work place injuries and diseases. PES makes provision for the compensation of public servants in terms of the COIDA
- Branch PES facilitates the conclusion of the Memorandum of Agreement, transfer of funding and monitoring of the entity's performance against its Strategic Plan.

Strategic Outcome Oriented Goal 2: (Outcome 4)	Decent employment through inclusive economic growth
Department's strategic goal	Contributing to decent employment creation
Strategic Outcome Oriented Goal 3: (Outcome 4)	Decent employment through inclusive economic growth
Department's strategic goal	2. Contribute to skills development

PROGRAMME 3: Public Employment Services							
Strategic Goal 2: Contribute to decent employment creation (Outcomes 4: decent employment through inclusive economic growth)							
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017	COMMENTS ON THE DEVIATIONS
1. Employment Services provided in accordance with Employment Services Act and prescribed Regulations	1.1 Number of final regulations and policies in terms of the Employment Services Act tabled to ES board per year	Not Achieved Draft employment Service Regulations was developed but not published for public comments The Branch successfully consulted with the State Law advisors and the Presidency regarding the promulgation of the ES Act The ES Act was promulgated on 9 August 2015	Not Achieved Draft Regulations on Private Employment Agencies/Temporary Employment Services; Registration of work-seekers; and Employment of Foreign Nationals were forwarded to the DDG: PES and approved on 12/06/2015	4 regulations to the ES Board by March 2017 relating to: (1) Registration of work-seekers Section and 52. (2) Private Employment agencies, Temporary Employment Services section 13 and 52, (3) The procedure for employment of foreign nationals, section 52 (4) Provision of employment services by persons outside of the public administration Section 52.	Achieved All 4 regulations were tabled to the ES Board at a meeting held from 14-15 March 2017.	None	None

PROGRAMME 3: Public Employment Services																																																		
Strategic Goal 2: Contribute to decent employment creation (Outcomes 4: decent employment through inclusive economic growth)																																																		
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017																																												
1.2 Employment Services communicated	1.2 Number of PES provincial and local advocacy campaigns conducted per year	Achieved 18 Provincial and 518 local campaigns conducted by March 2016	Achieved 24 Provincial advocacy campaigns conducted and 648 Local campaigns conducted.	261 advocacy campaigns conducted by March 2017	Achieved	Target was over-achieved by 406																																												
					667 advocacy campaigns were conducted.																																													
					<table><tr><th>Prov</th><th>Target</th><th>Actual</th><th>Variance</th></tr><tr><td>EC</td><td>33</td><td>103</td><td>70</td></tr><tr><td>FS</td><td>23</td><td>46</td><td>23</td></tr><tr><td>GP</td><td>53</td><td>85</td><td>32</td></tr><tr><td>KZN</td><td>33</td><td>105</td><td>72</td></tr><tr><td>LP</td><td>27</td><td>98</td><td>71</td></tr><tr><td>MP</td><td>31</td><td>68</td><td>37</td></tr><tr><td>NC</td><td>15</td><td>71</td><td>56</td></tr><tr><td>NW</td><td>21</td><td>64</td><td>43</td></tr><tr><td>WC</td><td>25</td><td>27</td><td>2</td></tr><tr><td>Total</td><td>261</td><td>667</td><td>406</td></tr></table>		Prov	Target	Actual	Variance	EC	33	103	70	FS	23	46	23	GP	53	85	32	KZN	33	105	72	LP	27	98	71	MP	31	68	37	NC	15	71	56	NW	21	64	43	WC	25	27	2	Total	261	667	406
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Total	261	667	406																																															
High demand for advocacy campaigns.																																																		

PROGRAMME 3: Public Employment Services										
Strategic Goal 2: Contribute to decent employment creation (Outcomes 4: decent employment through inclusive economic growth)										
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017			DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017	COMMENTS ON THE DEVIATIONS	
1.3 Work-seekers registered	1.3 Number of work-seekers registered on ESSA per year	Not Achieved A total of 618 570 (95% of target) work-seekers were registered, and is reflected on the branches business systems	Achieved 634 503 work-seekers registered.	500 000	Achieved 666 719 work-seekers were registered.			The target was over-achieved by 166 719	Advocacy campaign reach out to work-seekers	
					Prov	Target	Actual			Variance
					EC	55 000	78 846			23 846
					FS	30 000	42 517			12 517
					GP	120 000	143 059			23 059
					KZN	85 000	111 781			26 781
					LP	30 000	65 333			35 333
					MP	35 000	52 297			17 297
					NC	10 000	20 911			10 911
					NW	25 000	41 776			16 776
					WC	60 000	79 696			19 696
					OTHER	50 000	30 503			-19 497
					Total	500 000	666 719			166 719
					*Other include: online self-registration, UIF Sect 17 beneficiaries programmatically imported from Siyaya.					
					*Other Target was based on projected increase of online self-registration usage and UIF imports. <ul style="list-style-type: none">Data cleansing exercise was conducted to ensure data integrity. Work-seekers below the age of 16 and above the age of 89 were deleted.					
					<ul style="list-style-type: none">Total quarterly figures for provinces were adjusted in line with staff movement.					

PROGRAMME 3: Public Employment Services																																																						
Strategic Goal 2: Contribute to decent employment creation (Outcomes 4: decent employment through inclusive economic growth)																																																						
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017																																																
1.4 Employment counseling provided	1.4 Number of registered work-seekers provided with employment counselling per year	Achieved A total of 246 744 work-seekers were provided with employment counselling	Not Achieved 208 861 Work-seekers were provided with employment counselling.	150 000	Achieved	The target was over-achieved by 47 247																																																
					197 247 work-seekers were provided with employment counselling																																																	
					<table><tr><th>Prov</th><th>Target</th><th>Actual</th><th>Variance</th></tr><tr><td>EC</td><td>18 050</td><td>23 421</td><td>5 371</td></tr><tr><td>FS</td><td>10 800</td><td>16 921</td><td>6 121</td></tr><tr><td>GP</td><td>34 400</td><td>39 511</td><td>5 111</td></tr><tr><td>KZN</td><td>16 300</td><td>22 947</td><td>6 647</td></tr><tr><td>LP</td><td>18 050</td><td>27 803</td><td>9 753</td></tr><tr><td>MP</td><td>16 300</td><td>19 989</td><td>3 689</td></tr><tr><td>NC</td><td>9 000</td><td>9 375</td><td>375</td></tr><tr><td>NW</td><td>16 300</td><td>19 896</td><td>3 596</td></tr><tr><td>WC</td><td>10 800</td><td>11 400</td><td>600</td></tr><tr><td>* OTHER</td><td>0</td><td>5 984</td><td>5 984</td></tr><tr><td>Total</td><td>150 000</td><td>197 247</td><td>47 247</td></tr></table>		Prov	Target	Actual	Variance	EC	18 050	23 421	5 371	FS	10 800	16 921	6 121	GP	34 400	39 511	5 111	KZN	16 300	22 947	6 647	LP	18 050	27 803	9 753	MP	16 300	19 989	3 689	NC	9 000	9 375	375	NW	16 300	19 896	3 596	WC	10 800	11 400	600	* OTHER	0	5 984	5 984	Total	150 000	197 247	47 247
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* OTHER	0	5 984	5 984																																																			
Total	150 000	197 247	47 247																																																			
*Other refers to Profile updated by On-line users																																																						

PROGRAMME 3: Public Employment Services								
Strategic Goal 2: Contribute to decent employment creation (Outcomes 4: decent employment through inclusive economic growth)								
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017			COMMENTS ON THE DEVIATIONS
1.5 Work-seekers placed in employment or learning opportunities	1.5 Number of Registered employment opportunities filled by registered work-seekers per year	Not Achieved A total of 14 634 (73%) work-seekers were placed against a target of 20 000	Not Achieved 10 927 work-seekers were placed.	8 000	12 517 work-seekers were placed.			The target was over-achieved by 4 517
					Prov	Target	Actual	
					EC	1 100	1 792	
					FS	650	789	
					GP	1 500	2 350	
					KZN	1400	2 497	
					LP	700	2 298	
					MP	650	1 098	
					NC	400	593	
					NW	500	302	
					WC	1 100	784	
					*OTHER	0	14	
TOTAL			8 000	12 517	4 517			
*Other refers to placement on-line against online opportunity								
Advocacy campaigns and partnerships established with employers								

PROGRAMME 3: Public Employment Services																																																						
Strategic Goal 2: Contribute to decent employment creation (Outcomes 4: decent employment through inclusive economic growth)																																																						
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017																																																
1.6 Work and learning opportunities registered	1.6 Number of employment opportunities registered on ESSA per year	Achieved A total of 74 056 employment opportunities were registered	Achieved 102 631 employment opportunities were registered	60 000	Achieved	The target was over-achieved by 14 510																																																
					74 510 Employment opportunities were registered.																																																	
					<table><tr><th>Prov</th><th>Target</th><th>Actual</th><th>Variance</th></tr><tr><td>EC</td><td>8 400</td><td>9 277</td><td>877</td></tr><tr><td>FS</td><td>4 800</td><td>6 718</td><td>1 918</td></tr><tr><td>GP</td><td>11 400</td><td>14 956</td><td>3 556</td></tr><tr><td>KZN</td><td>10 200</td><td>11 454</td><td>1 254</td></tr><tr><td>LP</td><td>5 400</td><td>6 382</td><td>982</td></tr><tr><td>MP</td><td>4 800</td><td>4 302</td><td>-498</td></tr><tr><td>NC</td><td>3 000</td><td>5 452</td><td>2 452</td></tr><tr><td>NW</td><td>3 600</td><td>2 944</td><td>-656</td></tr><tr><td>WC</td><td>8 400</td><td>11 742</td><td>3 342</td></tr><tr><td>*OTHER</td><td>0</td><td>1 283</td><td>1 283</td></tr><tr><td>TOTAL</td><td>60 000</td><td>74 510</td><td>14 510</td></tr></table>		Prov	Target	Actual	Variance	EC	8 400	9 277	877	FS	4 800	6 718	1 918	GP	11 400	14 956	3 556	KZN	10 200	11 454	1 254	LP	5 400	6 382	982	MP	4 800	4 302	-498	NC	3 000	5 452	2 452	NW	3 600	2 944	-656	WC	8 400	11 742	3 342	*OTHER	0	1 283	1 283	TOTAL	60 000	74 510	14 510
					Prov		Target	Actual	Variance																																													
					EC		8 400	9 277	877																																													
					FS		4 800	6 718	1 918																																													
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					KZN		10 200	11 454	1 254																																													
					LP		5 400	6 382	982																																													
					MP		4 800	4 302	-498																																													
					NC		3 000	5 452	2 452																																													
					NW		3 600	2 944	-656																																													
					WC		8 400	11 742	3 342																																													
*OTHER	0	1 283	1 283																																																			
TOTAL	60 000	74 510	14 510																																																			
*Other refers to online/Head Office registered opportunities																																																						

PROGRAMME 3: Public Employment Services										
Strategic Goal 2: Contribute to decent employment creation (Outcomes 4: decent employment through inclusive economic growth)										
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017				
1.7 Vulnerable work-seekers protected	1.7 percentage of applications from Private Employment Agencies and Temporary Employment Services processed within 60 calendar days	Not Achieved 281 private employment agencies 320 (of 354) were registered 17 (of 30) TES were processed	Not Achieved 281 PEAs processed within 60 days and 116 processed beyond 60 days.	100% complete PEA and TES applications processed within 60 calendar days of receipt	Not achieved 70% (285 of 408) applications were processed within 60 calendar days of receipt while 30% (123 of 408) were processed beyond 60 calendar days	The target was under-achieved by -30% Delays in the verification process of the applicants' information.				
					Prov		Processed	Processed within 60 calendar days	% processed within 60 calendar days	Processed beyond 60 calendar days
					EC		26	26	100%	0
					FS		16	16	100%	0
					GP		134	125	93%	9
					KZN		36	12	33%	24
					LP		18	18	100%	0
					MP		10	10	100%	0
					NC		5	2	40%	3
					NW		9	7	78%	2
					WC		154	69	45%	85
					TOTAL		408	285	70%	123

PROGRAMME 3: Public Employment Services								
Strategic Goal 2: Contribute to decent employment creation (Outcomes 4: decent employment through inclusive economic growth)								
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017		
2.1 Foreign nationals individual and corporate work visas recommended to the Department of Home Affairs	2.1 percentage of applications for foreign nationals corporate and individual work visa processed within 30 working days	Not Achieved	Not Achieved	70%	Not Achieved	The target was under-achieved by -21% Delays in the verification process of the applicants' information.		
		(95 corporate work visas and 741 individual work visas) were received. Corporate (53% achieved) 49 processed within 30 days	34 Corporate applications processed within 30 days and 57 processed beyond 30 days.		49% (298 of 611) applications were processed within 30 working days and 51% (313 of 611) were processed beyond 30 working days			
		Individual permits (68% achieved) 502 processed within 30 days	314 Individual applications processed within 30 days and 57 processed beyond 30 days.	Prov				
				EC	48		47	1
				FS	7		4	3
				GP	*271		102	169
				KZN	37		31	6
				LP	44		31	13
				MP	*61		30	31
				NC	10		9	1
				NW	*6		2	4
				WC	*127		42	85
		TOTAL	611	298	313			
					*Includes corporate work visa application involving large numbers of workers.			

PUBLIC EMPLOYMENT SERVICES STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	STRATEGY TO OVERCOME UNDERPERFORMANCE	DATE OF IMPLEMENTATION AND IMPLEMENTER
1.7 Vulnerable work-seekers protected	1.7 Percentage of applications from Private Employment Agencies and Temporary Employment Services processed within 60 days calendar days	100% complete PEA and TES applications processed within 60 calendar days of receipt	70% (287 of 409) applications were processed within 60 calendar days of receipt while 30% (122 of 409) were processed beyond 60 calendar days	Review and revise target to 70%. Introduce electronic application process from April 2017. Move the Indicator to Branch work plan	1st Quarter 2017/18. Provincial DD:PES and CDPOs
2. Foreign nationals individual and corporate work visas processed	2.1 Applications for foreign nationals corporate and individual work visa processed within 30 working days	70% Complete applications for foreign nationals corporate and individual work visa processed within 30 working days	49% (298 of 611) applications were processed within 30 working days and 51% (313 of 611) were processed beyond 30 working days	Introduce electronic application process from April 2017. Move Indicator to Branch work plan	1st Quarter 2017/18. Provincial DD:PES and CDPOs

Changes to planned targets

The Branch PES Indicators in the 2017/18 Annual Performance Plan will be reduced to (4) four and the other (5) five will be reported in the Branch work-plan. The targets will remain as per the ENE projections.

4.4 PROGRAMME 4: LABOUR POLICY AND INDUSTRIAL RELATIONS (LP AND IR)

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

Strategic Outcome Oriented Goal 2: (Outcome 4)	Decent employment through inclusive economic growth
Department's Strategic Goals	2. Contribute to decent employment creation 3. Protect vulnerable workers 6. Promote sound labour relations 7. Monitor the impact of legislation
Strategic Outcome Oriented Goal 4: (Outcome 11)	Create a better South Africa a better Africa and a better world
Department's Strategic Goals	4. Strengthen multilateral and bilateral relations
Strategic Outcome Oriented Goal 7: (Outcome 14)	Creating a better South Africa and contributing to a better and safer Africa
Department's Strategic Goals	10. Promote equity in the labour market

PROGRAMME 4: Labour Policy and Industrial Relations							
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017	COMMENTS ON THE DEVIATIONS
Strategic Goal 10: Promote Equity in the Labour Market (Outcome 14: Transforming society and uniting the country)							
1. Ensure that the policy environment supports Employment Equity and compliance by 31 March 2017	1.1 Number of policy instruments developed and promoted to enhance the implementation of EEA by 31 March 2017	Not Achieved Code of Good Practice on Equal Pay for Work of Equal Value finalised by 31 March 2015. It was only published in June 2015	Achieved Amended Code of Good Practice on Employment of People with Disabilities published in Government Gazette on 11 November 2015.	Amended Code of Good Practice on preparation and implementation of EE Plans developed by 31 March 2017	Achieved Amended Code of Good Practice on preparation and implementation of EE Plans developed by 31 March 2017	None	None
		Achieved The Employment Equity Amendment Act, 2013 and EE Regulations of 2014 commenced on 1 August 2014	Achieved 9 workshops conducted on Code of Equal Pay for Work of Equal Value by 30 September 2015.	Conduct 13 workshops on amended Code of Good Practice on Employment of Persons with Disabilities by 30 September 2016	13 workshops on amended Code of Good Practice on Employment of Persons with Disabilities conducted by 30 September 2016		
		Achieved 18 workshops were conducted with stakeholders in provinces on amended EEA and amended EE regulations	Achieved 2014-2015 Annual Employment Equity Report and Public Register published by 30 June 2015.	2015-2016 Annual Employment Equity Report and Public Register published by 30 June 2016	Achieved 2015-2016 Annual Employment Equity Report and Public Register published and launched by 25 April 2016		

PROGRAMME 4: Labour Policy and Industrial Relations							
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017	COMMENTS ON THE DEVIATIONS
		Public Register were published and launched by the Minister at the Employment Equity and Transformation Indaba on 9 April 2014	Achieved 2015-2016 annual Employment Equity Report and Public Register developed by 31 March 2016.	2016-2017 annual Employment Equity Report and Public Register developed by 31 March 2017	Achieved 2016-2017 annual Employment Equity Report and Public Register developed by 31 March 2017	None	None
		Achieved The 2014 to 2015 Annual Employment Equity Report and Public Register were finalised by 31 March 2015					
		2014-2015 Annual Report developed; and 2014-2015 Public Register developed and published in Government Gazette No: 38 587					

PROGRAMME 4: Labour Policy and Industrial Relations						
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017
Strategic Goal 3: Protect vulnerable workers (Outcome 4 Decent employment through inclusive economic growth)						
2. Establish basic standards and minimum wages	2.1 Number of sectoral determinations reviewed per year	Achieved 2 New sectors investigated for possible setting of minimum wages and conditions of employment. Two new sectors were investigated: Garden Service Building Construction Sector	Achieved 1 new sector the Abattoir sector was investigated for possible setting of minimum wages and conditions of employment. Report was submitted to the ECC	2 Review Hospitality and Taxi SDs by March 2017	Achieved Hospitality and Taxi Sectoral determinations reviewed	None
Strategic Goal 4: Strengthen multilateral and bilateral relations (Outcome 11: Create a better South Africa, a better Africa and a better world)						
3. Advance national priorities through bilateral relations	3.1 Strengthen and monitor implementation of bilateral agreements that are in line with national priorities within set time frames	Achieved 8 Reports submitted • 7 reports in terms of Article 22 of the ILO Constitution and submitted to the ILO • 1 Report in terms of Article 19 of the ILO Constitution submitted to the ILO	Achieved Finalised 1 Article 19 reports Achieved Finalised 7 Articles 22 reports	Signed bilateral agreements implemented within set time frames as per their specific action plans (Lesotho, Namibia, Algeria, Mozambique, Brazil, Cuba, Germany and China)	Achieved 1 mid-term and 1 annual implementation reports submitted in September and March respectively NB: Progress on implementation of signed bi-lateral agreements reported on pages 18-30 on the Annual implementation report. Algeria – page 18 Brazil –page 19 China –page 20 Cuba – page 21 Germany – page 23 Lesotho and Mozambique – page 27 Namibia and Swaziland – page 28 Tunisia and Zambia –page 29 Zimbabwe –page 30 France –page 21	None

PROGRAMME 4: Labour Policy and Industrial Relations							
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017	COMMENTS ON THE DEVIATIONS
Strategic Goal 6: Promote Sound Labour Relations (Outcome 4: Decent employment through inclusive economic growth)							
4. Promoting sound labour relations	4.1 Percentage of agreements extended within 90 calendar days of receipt by end of March 2017	Not Achieved 20 collective agreements were within 60 days of receipt end of March 2017	Not Achieved 32 collective agreements extended to non-parties for reporting period: • 1 collective agreement extended to non-parties within 60 days • 31 collective agreements extended to non-parties in longer than 60 days of receipt	100% of collective agreements extended within 90 calendar days by end of March 2017	Not Achieved 61.5% (62%) of collective agreements extended with 90 calendar days of receipt. 25 collective agreements received in 2016/2017: • 16 extended within 90 days • 10 extended in longer than 90 days.	38% (10 collective agreements)	Delays caused by both external and internal factors affected expeditious processing of agreement request
	4.2 Percentage of labour organisation applications for registration approved or refused within 90 calendar days of receipt by end of March	Not Achieved 98% 147 applications considered and finalised within 90 days of receipt" • 5 approved within 90 days • 139 refused within 90 days • 2 refused in more than 90 days • 100+ Complete-Q1-Q4 • 100%+ Complete Annual Report	Not Achieved 97% of labour organisation applications processed within 90 days of receipt 134 applications considered and finalised for reporting period: • 10 approved within 90 days • 119 refused within 90 days • 3 approved in longer than 90 days • 1 refused in longer than 90 days	100% of labour organisation applications for registration approved or refused within 90 calendar days of receipt by end of March 2017	Not Achieved 96% 118 applications were received. 11 applications for registration approved within 90 calendar days 102 applications for registration refused within 90 calendar days	4% (5 applications)	Delays caused by both external and internal factors affected expeditious processing of approvals

PROGRAMME 4: Labour Policy and Industrial Relations							
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017	COMMENTS ON THE DEVIATIONS
Strategic Goal 7: Monitor the impact of legislation (Outcome 4: Decent employment through inclusive economic growth)							
5. Monitor and evaluate the trends and impact of legislation in the labour market	5.1 Number of labour market trends reports produced annually	<p>Achieved</p> <p>By 4 September 2014, four annual labour market reports were published. These include: Annual Administrative Statistics report 2013, Industrial Action report 2013, Job Opportunity and Unemployment in the SA Labour Market report 2013/14 and Annual Labour Market Bulletin 2013/14. Media statements were also released for all annual report by September 2014.</p> <p>By March 2015, two annual reports were finalised and submitted to the Minister for approval. These include: Industrial Action Report 2014 and Annual Administrative Statistics Report 2014</p>	<p>Not Achieved</p> <p>By March 2016, two annual labour market reports were produced. These include: Annual Industrial Action report 2015 and the Annual Administrative Statistics report 2015; these reports will be published by September 2016.</p> <p>By June 2015, two annual labour market reports were produced. These include Annual Labour Market Bulletin 2014/15 and the Job Opportunity and Unemployment in the South African Labour Market 2014/15 reports. These were published by September 2015.</p> <p>By September 2015, 4 reports were published. These include: Annual Industrial Action report 2014, Annual</p>	4	<p>Achieved</p> <p>1. By 30 June 2016, two annual labour market trend reports were produced. These reports include: Job Opportunity and Unemployment in the SA Labour Market report 2015/16 and Annual Labour Market Bulletin 2015/16.</p> <p>2. By 31 March 2017, two annual labour market trend reports were produced. These reports include: Annual Industrial Action Report 2016 and Annual Administrative Statistics 2016</p>	None	None

PROGRAMME 4: Labour Policy and Industrial Relations							
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017	COMMENTS ON THE DEVIATIONS
Strategic Goal 7: Monitor the impact of legislation (Outcome 4: Decent employment through inclusive economic growth)							
		In addition, the national Client Satisfaction Survey report 2014 was also completed and submitted to the Minister for approval by 31 March 2015	Administrative Statistics report 2014, Annual Labour Market Bulletin 2014/15 and the job Opportunity and Unemployment in the South African Labour Market 2014/15			None	None

PROGRAMME 4: Labour Policy and Industrial Relations							
KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	ACTUAL ACHIEVEMENT 2014/2015	ACTUAL ACHIEVEMENT 2015/2016	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT FOR 2016/2017	COMMENTS ON THE DEVIATIONS
Strategic Goal 7: Monitor the impact of legislation (Outcome 4: Decent employment through inclusive economic growth)							
5.2 Number of labour market research reports produced annually	<p>Achieved</p> <p>Four final research reports were developed and submitted to the DDG for sign-off</p> <p>Analysing effectiveness of bargaining council exemptions</p> <p>Evaluating progress made towards reducing working hours to 40hours</p> <p>Assessing knowledge levels about the work Department and its communication campaigns</p> <p>Work-seekers' attitudes towards job offers in the South African labour market</p>	<p>Achieved</p> <p>The following were developed:</p> <p>1. National Minimum Wage: Data collection instruments developed, discussed and approved. Final research report was signed off by the committee</p> <p>2. Analysis of bursary recipient's performance: Data collection instruments developed</p> <p>3. Active Labour Market Policy: Data collection instruments developed, discussed and approved</p> <p>4. Rescue Adequacy: Data collection instruments developed, discussed and approved, Interview commenced with internal stakeholders</p>	<p>4 Research reports in line with RME Agenda produced by 31 March 2017</p>	<p>Not Achieved</p> <p>2 Research reports produced and submitted by 31 March 2017.</p> <p>1. Investigating resource adequacy for effective inspections to be conducted within the South African Labour Market (Resource Adequacy)</p> <p>2. Research on the Analysis of the impact and effectiveness of the BCEA Earning Threshold</p>	<p>2 research reports were not finalised by 31 March 2017.</p>	<p>Delays on projects caused by internal process deficiencies</p>	

LABOUR POLICY AND INDUSTRIAL RELATIONS STRATEGY TO OVERCOME AREAS OF UNDER PERFORMANCE

KEY OUTPUTS	PROGRAMME PERFORMANCE INDICATOR	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	STRATEGY TO OVERCOME UNDER-PERFORMANCE	DATE OF IMPLEMENTATION AND IMPLEMENTER
4. Promoting sound labour relations	4.1 Percentage of collective agreements extended within 90 calendar days of receipt by end of March 2017	100% of collective agreements extended within 90 calendar days of receipt by end of March 2017	<p>Not Achieved</p> <p>57% of collective agreements extended with 90 calendar days of receipt.</p> <p>26 collective agreements received in 2016/2017:</p> <ul style="list-style-type: none"> • 16 extended within 90 days; • 10 extended in longer than 90 days. 	<p>1. Memoranda of Understanding (MOU) to be entered into between Department and Bargaining Councils to improve processing of collective agreements.</p> <p>2. Departmental internal processes to be reviewed to improve efficiencies.</p>	<p>1. MOU's to be implemented by end September 2017.</p> <p>2. The Department's internal process review to be completed by end September 2017</p> <p>DDG LP and IR</p>
5. Monitor and evaluate the trends and impact of legislation in the labour market	5.2 Number of labour market research reports produced annually	4 Research reports in line with RME Agenda produced by 31 March 2017	<p>Not Achieved</p> <p>2 Research reports produced and submitted by 31 March 2017.</p> <p>1. Investigating resource adequacy for effective inspections to be conducted within the South African Labour Market (Resource Adequacy)</p> <p>2. Research on the impact and effectiveness of the BCEA Threshold</p>	<p>Training Lay-off Scheme</p> <p>The reports for Training Lay-Off Scheme will be finalised, quality assured and approved.</p>	<p>June 2017</p> <p>DDG LP and IR</p>

Changes to planned targets

None

2.5 LINKING PERFORMANCE WITH BUDGETS FOR THE YEAR ENDED 31 MARCH 2016

Voted funds and direct charges	2016/17			2015/16		
	Final appropriation	Actual expenditure	Over/under expenditure	Final appropriation	Actual expenditure	Over/under expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Programme						
1. Administration	847 105	819 070	28 035	814 047	745 637	68 410
2. Inspection and Enforcement Services	500 355	464 269	36 086	472 894	472 894	-
3. Public Employment Services	525 698	524 879	819	497 297	485 099	12 198
4. Labour Policy and Industrial Relations	969 719	953 367	16 352	919 996	908 365	11 631
TOTAL	2 842 877	2 761 585	81 292	2 704 234	2 611 995	92 239

Regarding the overall performance of the Department from 01 April 2016 to 31 March 2017 - 74% of the targets were achieved and 97.1% of the budget was spent for the 2016/17 financial year.

PROGRAMME 1: ADMINISTRATION						
	2016/17			2015/16		
	Final appropriation	Actual expenditure	Variance	Final appropriation	Actual expenditure	Variance
	R'000	R'000	R'000	R'000	R'000	R'000
Sub-programme						
1. Ministry	32 188	32 188	-	32 708	32 649	59
2. Management	257 656	255 374	2 282	402 389	375 380	270 090
3. Corporate Services	262 499	260 182	2 317	67 306	63 366	3 94
4. Office of the Chief Financial Officer	125 121	105 632	19 489	135 776	113 160	22 616
5. Office Accommodation	169 641	165 694	3 947	175 868	161 082	14 786
TOTAL	847 105	819 070	28 035	818 047	745 637	68 410

The programme purpose is to provide management, strategic and administrative support services to the Ministry and the Department, with a goal of building institutional capacity. To carry out this objective the Programme spent 96.7% of its allocated budget for the 2016/17 financial year and achieved 60% of the predetermined targets. Therefore the allocation was sufficient to carry out the objectives of the Programme.

PROGRAMME 2: INSPECTION AND ENFORCEMENT SERVICES						
	2016/17			2015/16		
	Final appropriation	Actual expenditure	Variance	Final appropriation	Actual expenditure	Variance
	R'000	R'000	R'000	R'000	R'000	R'000
Sub-programme						
1. Management and Support Services: Inspection and Enforcement Services	6 886	6 883	3	4 618	4 618	
2. Occupational Health and Safety	28 454	23 870	4 584	29 338	29 338	
3. Registration: Inspection and Enforcement Services	61 639	53 648	7 991	52 587	52 587	
4. Compliance, Monitoring and Enforcement	388 285	367 843	20 442	373 034	373 034	
5. Training of Staff: Inspection and Enforcement Services	5 430	4 673	757	6 680	6 680	
6. Statutory and Advocacy Services	9 661	7 352	2 309	6 637	6 637	
TOTAL	500 355	464 269	36 086	472 894	472 894	

The Programme utilised 92.8% of its allocated budget to carry out its mandated objective and deliverables and achieved 87% of the predetermined targets. The allocation was sufficient for all operations of the Programme.

PROGRAMME 3: PUBLIC EMPLOYMENT SERVICES						
	2016/17			2015/16		
	Final Appropriation	Actual Expenditure	Variance	Final Appropriation	Actual Expenditure	Variance
	R'000	R'000	R'000	R'000	R'000	R'000
Sub-programme						
1. Management and Support Services: Public Employment Services	89 487	89 487		38 450	35 968	2 482
2. Employer Services	81 451	81 451		112 500	120 086	2 414 3 420
3. Work-Seeker Services	115 142	115 141	1	119 458	116 038	442
4. Designated Groups Special Services	12 117	11 300	817	11 508	11 066	
5. Supported Employment Enterprises	148 692	148 692		140 707	140 707	
6. Workshops						
7. Productivity South Africa	59 057	59 057		45 531	45 531	
8. Unemployment Insurance Fund	1		1	1		1
9. Compensation Fund	19 031	19 031		18 073	14 780	3 293
10. Training of Staff: Public Employment Services	720	720		1 069	923	146
TOTAL	525 698	524 879	819	497 297	458 099	12 198

The Programme utilised 99.8% of it allocated budget to carry out its mandated objective and deliverables and achieved 75% of the predetermined targets. The allocation was sufficient for all operations of the Programme.

PROGRAMME 4: LABOUR POLICY AND INDUSTRIAL RELATIONS						
	2016/17			2015/16		
	Final Appropriation	Actual Expenditure	Variance	Final Appropriation	Actual Expenditure	Variance
	R'000	R'000	R'000	R'000	R'000	R'000
Sub-programme						
1. Management and Support Services: Labour Policy and Industrial Relations	15 492	13 854	1 638	14 240	12 578	1 662
2. Strengthen Civil Society	18 879	18 879		17 929	17 929	
3. Collective Bargaining	14 476	13 151	1 325	13 318	12 582	736
4. Employment Equity	15 037	12 916	2 121	14 706	14 324	382
5. Employment Standards	13 654	11 175	2 479	12 791	10 961	1 830
6. Commission for Conciliation, Mediation and Arbitration	770 501	770 501		731 799	731 799	
7. Research, Policy and Planning	9 728	7 858	1 870	10 431	7 110	3 321
8. Labour Market Information and Statistics	38 353	36 232	2 121	38 747	35 860	2 887
9. International Labour Matters	42 782	37 984	4 798	37 031	36 431	600
10. National Economic Development and Labour Council	30 817	30 817		29 004	28 791	213
TOTAL	969 719	953 367	16 352	919 996	908 365	11 631

The Programme utilised 98.3% of it allocated budget to carry out its mandated objective and deliverables and achieved 57% of the predetermined targets. The allocation was sufficient for all operations of the Programme.



5. TRANSFER PAYMENTS

5.1. TRANSFER PAYMENTS TO PUBLIC ENTITIES

5.1.1 TRANSFER PAYMENT TO PUBLIC ENTITIES

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity (R'000)	Amount spent by the public entity (R'000)	Achievements of the public entity
Compensation Fund (CF)	The Compensation Fund's (CF) main objective is to provide compensation for disability, illness and death resulting from occupational injuries and diseases	19 031	19 031	Detailed information regarding performance information, achievements and financial status is available in the published Annual Report of the Compensation Fund
Commission for Conciliation, Mediation and Arbitration (CCMA)	To resolve workplace disputes through conciliation, mediation and arbitration	R770 501	R770 501	188 449 Cases referred 100 585 Cases settled 27 010 Pre-conciliations heard 17 959 Pre-conciliations settled 63 457 Con-arbs heard 56 344 Con-arbs finalised
Productivity SA (PSA)	Transferring of productivity knowledge and skills in order to contribute to employment creation, job saving and promoting workplace productivity	R59 057	R59 057	7 099 beneficiaries capacitated in productivity related concepts: <ul style="list-style-type: none"> • 5 527 Emerging entrepreneurs • 273 Educators • 1 002 Workers • 175 Managers • 122 Skills development facilitators. Productivity SA brand awareness through strategic partnership: <ul style="list-style-type: none"> • 316 Media articles published • 8 Productivity awards held • 4 Productivity SA magazines produced • 12 Electronic newsletters produced • 55 Workshops and seminars conducted.

Name of Public Entity	Services rendered by the public entity	Amount transferred to the public entity (R'000)	Amount spent by the public entity (R'000)	Achievements of the public entity
National Economic Development and Labour Council (NEDLAC)	<ul style="list-style-type: none"> Promote economic growth, participation in economic decision making and social equity through social dialogue. Provide for the establishment of a national economic, development and labour council; to repeal certain provisions of the Labour Relations Act, 1956; and to provide for matters connected therewith. Considers all proposed labour legislation relating to labour market policy before it is introduced in Parliament Considers all significant changes to social and economic policy before it is implemented or introduced in Parliament Encourages and promotes the formulation of coordinated policy on social and economic matters. 	30 817	30 817	<ul style="list-style-type: none"> Governance structures have met in compliance with the Nedlac Constitution. Voice and data infrastructure has been upgraded. Document management system has been implemented. The following legislative engagements were concluded: <ul style="list-style-type: none"> Extension of Security of Tenure Amendment Bill Gas Amendment Bill Amended Employment Equity Regulations The following legislative engagement were initiated: <ul style="list-style-type: none"> Occupational Health and Safety Amendment Bill Code of Good Practice on Equal Pay for Work of Equal Value Mine Health and Safety Amendment Bill special sessions were convened. Research reports were concluded. The Nedlac Annual Summit was convened. A Labour Relations Indaba was convened. An engagement process on labour relations and minimum wages were respectively convened.
Unemployment Insurance Fund (UIF)	-	Nil	Nil	No funds budgeted or transferred.

5.1.2 TRANSFER PAYMENTS TO ALL ORGANISATIONS OTHER THAN PUBLIC ENTITIES

Name of transferee	Type of organisation	Purpose for which the funds were used	Did the dept. comply with 38 (1) (j) of the PFMA	Amount transferred (R'000)	Amount spent by the Entity (R'000)	Reasons for the funds not paid over
Supported Employment Enterprises (SEE)	Trading Entity	Funds was utilised by the Supported Employment Enterprises to provide employment for people with mental and physical disabilities that prevented them from entering the open labour market, due to the nature of their afflictions	Yes	138 568	138 568	N/A

Regarding the transfers to other institutions than Public Entities; please refer to Annexure 1B to E of the AFS.

The table below reflects the transfer payments which were budgeted for in the period 1 April 2016 to 31 March 2017, but no transfer payments were made.

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

6. CONDITIONAL GRANTS

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

7. DONOR FUNDS

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

8. CAPITAL INVESTMENT

8.1. CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN

Infrastructure projects	2016/2017			2015/2016		
	Final Appropriation	Actual	(Over)/ Under Expenditure	Final Appropriation	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
New and replacement assets	-	-	-	2 000	511	1 489
Existing infrastructure assets	-	-	-	-	-	-
Upgrades and additions	-	-	-	-	-	-
Rehabilitation, renovations and refurbishments	-	-	-	-	-	-
Maintenance and repairs	5 146	4 139	1 007	2 000	2 560	(560)
Infrastructure transfer	-	-	-	-	-	-
Current	-	-	-	-	-	-
Capital	28 000	29 185	(1 185)	-	-	-
Total	33 146	33 324	(178)	4 000	3 071	929

- a) The Department did not compile a capital investment and asset management plan in accordance with the GIAMA as challenges were experienced to obtain correct inputs seeing that many lease agreements are not being provided by DPW and DPW is implementing new plans on short notice which have drastic influence on the management/strategic planning of DOL accommodation in the future.
- b) The expenditure incurred during the 2016/17 financial year was for the following projects:
- An amount of R 23 388 998 was paid as an advance for the Mt Ayliff construction project as no funds would be available in new financial year as allocation would be required to pay for other commitments
 - An amount of R4 893 038 was paid for the design and preparation of documents for the Bronkhorstspuit Labour Centre construction
 - An amount of R633 800 was paid for the completion of the design for the Taung Labour Centre
 - An amount of R63 315 was paid for the provisioning of shelters for public at the Rustenburg Labour Centre while a final amount of R206 093 was paid as final payment for the construction project of the labour centre.
- c) Due to a delay in the completion of registered capital projects and confirmation of project plans by DPW, it is difficult for the Department to budget for Capital Projects as funds are not spent when requested.
- d) Amount spent for the 2016/17 financial year on Capital Works was R29 185 and this was only possible due to the advance payment that was made for Mt Ayliff Labour Centre.





PART C

GOVERNANCE

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1. INTRODUCTION

The Department is committed to maintaining the highest standards of governance which is fundamental to the management of public finances and resources. The public wants assurance that the Department has good governance structures in place to effectively, efficiently and economically utilise the state resources, which are funded by the tax payer.



2. RISK MANAGEMENT

The Department is committed to implementing and maintaining effective, efficient and transparent systems of risk management as outlined by section 38 (a) of the Public Finance Management Act. The Department has an approved Risk Management Policy and Strategy.

The Director-General has delegated the oversight of risk management to the Risk Management Committee which regularly reviews significant risks and the mitigating strategies designed to manage these risks. The DG retains overall accountability and responsibility of the Department's risk management.

The Risk Committee is chaired by an independent person and has one additional independent member.

During the year under review the Committee met four times and it was satisfied with the progress on the implementation of the mitigation strategies in addressing the risks identified.

Risk assessments are conducted annually during the Department's strategic planning period and thereafter monitored quarterly.



3. FRAUD AND CORRUPTION

The Department has an Anti Fraud and Corruption Prevention Policy and Strategy which is reviewed annually. The purpose of the Strategy is to create a culture which is intolerable to corruption / fraud and to prevent, detect and investigate corruption/ fraud.

Fraud awareness campaigns are conducted throughout the period of reporting to create awareness to staff about the impact of fraud and corruption to the Department.

All suspected fraud or criminal activity is reported to the Fraud Investigation unit via the fraud hotline, email and/ or walk-in for investigation and reporting purposes



4. MINIMISING CONFLICT OF INTEREST

The Department has implemented processes to minimise conflict of interest. These processes are as a result of legislative requirements and best practices that we intend to enrich. All members of the senior management service are required to declare their business interests annually. All other officials are required to follow the prescribed disclosure mechanisms should they perform remunerative work outside of the public sector.

Critical to strengthening organisational integrity, and in addition to the above, pre-employment screening, vetting processes of both employees and service providers; declarations during recruitment processes; supply chain practitioners signing the Code of Conduct; and the signing of a declaration by the oversight committee members are amongst others initiatives implemented to manage possible conflicts of interest.

5. CODE OF CONDUCT

In order to give practical effect to the relevant constitutional provisions relating to the public service, all employees are expected to comply with the Code of Conduct.

The Code acts as a guideline to employees as to what is expected of them from an ethical point of view, both in their individual conduct and in their relationship with others. Compliance with the Code can be expected to enhance professionalism and help to ensure confidence in the public service.

The need exists to provide guidelines to employees with regard to their relationship with the legislature, political and executive office-bearers, other employees and the public and to indicate the spirit in which employees should perform their duties, what should be done to avoid conflicts of interests and what is expected of them in terms of their personal conduct in public and private life.

It is expected of the Departmental Code of Conduct to evoke a commitment to high standards of professionalism in order to contribute significantly to a more effective and sufficient service delivery to our clients and stakeholders as well as to the elimination of corruption in the Department. Employees need to be aware of what is expected of them from an ethical point of view, both externally and within the Department. Therefore, all employees in the Department will be expected to comply with this Code of Conduct in order to give effect to its purpose i.e:

- The maintenance of discipline
- The promotion of professionalism
- To ensure confidence in the Public Service.

6. HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The Department developed an Environmental, Health and Safety Plan.

The Department has a Health and Safety Committee to ensure that health and safety issues are adhered to. In respect of the year under review, meetings were held to discuss the following:

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

7. PORTFOLIO COMMITTEES

COMMITTEE	DATE AND VENUE	REASON
Portfolio Committee	06 April 2016 V227, Old Assembly	Budget Reviews Department of Labour and UIF
Portfolio Committee	07 April 2016 S12A, NCOP	Budget Reviews CF and PSA
Portfolio Committee	13 APRIL 2016 V227, Old Assembly	Budget allocations Reviews CCMA and NEDLAC
Portfolio Committee	15 April 2016 S35, NCOP	Briefing on the CCMA default award made to six employees dismissed at inyoni boerdery Mpumalanga
Portfolio Committee	20 April 2016 S26, NCOP	Briefing on turn-around strategy of the Compensation Fund
Portfolio Committee	04 May 2016 S12A, NCOP	Parliamentary Legal Advisor on the Labour Laws Amendment Bill and Department of Labour comments on Private Member's Bill
Portfolio Committee	10 May 2016 NA	Budget Vote

COMMITTEE	DATE AND VENUE	REASON
Select Committee	17 May 2017 M515, Marks building	Briefing by Department of Labour on UI Amendment Bill (B25A-2015)s75
Select Committee	24 May 2016 NCOP	Budget Vote
Portfolio Committee	25 May 2016	Briefing on QPR4 by SEE and Department of Labour
Portfolio Committee	17 August 2016 S35,NCOP	Briefing by Department of Labour on turn-around strategy of CF
Portfolio Committee	24 August 2016	Progress on Action Plan of CF
Select Committee	06 September 2016	Briefing by the Department of Labour on Unemployment Insurance Amendment Bill (B 25D-2015)
Portfolio Committee	07 September 2016	Briefing on Mpumalanga oversight visits
Portfolio Committee	14-16 September 2016	Northern Cape oversight visits
Select Committee	20 September 2016	Deliberations on UI Amendment Bill
Portfolio Committee	12 October 2016	Briefings engagements in preparations for BRRR
Portfolio Committee	26 October 2016 M201, Marks building	Further engagements with AGSA and Department of Labour in preparations for consideration of the BRRR on AR and financial statements of Department of Labour and entities
Portfolio Committee	02 November 2016 S35,NCOP	Considerations of oral submissions during public hearing on Labour Laws Amendment Bill by Department of Labour and Legal Advisor
Portfolio Committee	09 November 2016 M201,Marks Building	Briefing on further costing regarding the Labour Laws Amendment Bill
Portfolio Committee	16 November 2016 S26, NCOP	Deliberations on Labour Laws Amendment Bill
Portfolio Committee	30 November 2016 Committee room 2, 90 Plein	Deliberations on Labour Laws Amendment Bill
Portfolio Committee	07 December 2016 S26,NCOP	Action Plans CF and Department of Labour QR2
Portfolio Committee	01 February 2017 Old Assembly	QPR 1 and 2 for CCMA, NEDLAC and PSA
Portfolio Committee	08 February 2017 Old Assembly	QPR 1 and 2 for UIF, CF and SEE
Portfolio Committee	01 March 2017 S26,NCOP	Briefing on inspections done in the Northern Cape and feedback on committee recommendations
Portfolio Committee	03 March 2017	Briefing on the NEDLAC process with regards to national minimum wage



8. SCOPA RESOLUTIONS

RESOLUTION NO.	SUBJECT	DETAILS	RESPONSE BY THE DEPARTMENT	RESOLVED (YES/NO)
Two (2) -ATC131106	Second (2nd)	Recommendations to the Auditor-General's findings	The previous SCOPA resolution received by the Department was the second (2nd) report in respect of the financial year ended 31 March 2012. Quarterly progress reports are submitted to SCOPA, action plans were developed to address the findings of the 2011/12 Audit Report and non-recurrence thereof in the subsequent financial years.	Yes



9. PRIOR MODIFICATIONS TO AUDIT REPORTS

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
Qualification	Unqualified opinion	Unqualified opinion
Disclaimer	None	None
Adverse opinion	None	None
Matters of non-compliance	None	None
Emphasis of matter The Auditor-General draw attention to the matter below. The Auditor-General's opinion is not modified in respect of this matter.		
As disclosed in Note 29 to the Financial Statements, the corresponding figures for 31 March 2015 have been restated as a result of an error discovered during 31 March 2016 in the Financial Statements of the Department of Labour at, and for the year ended 31 March 2015.	2015/16	The statements were corrected and accepted by the Auditor-General.

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
<p>PREDETERMINED OBJECTIVES</p> <p>The Auditor-General performed procedures to obtain evidence about the usefulness and reliability of the reported performance information of the following selected programmes presented in the annual performance report of the department for the year ended 31 March 2016:</p> <ul style="list-style-type: none"> • Programme 2: Inspection And Enforcement Services • Programme 3: Public Employment Services • Programme 4: Labour Policy And Industrial Relations <p>The Auditor-General evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. The Auditor-General further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by National Treasury's Framework for managing programme performance information (FMPPi).</p> <p>The Auditor-General assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.</p> <p>The material findings in respect of the selected programmes are as follows:</p> <p><i>(Table continues on page 86)</i></p>	<p>2012/13</p>	<p>The following was implemented to resolve the findings raised by the Auditor-General:</p> <p>Standard Operations Manual applicable to all regions, which outline how performance information should be:</p> <ol style="list-style-type: none"> 1. Prepared 2. Collected 3. Verified 4. Reported <p>A performance verification certificate (to agree with the contents / information) will be signed at each level; thus, Labour Centres and Provincial Offices</p> <p>Provincial Offices to ensure information is accessible and can support performance reporting</p> <p>SOP's developed by Branches and the CD: PM and E.</p> <p>Branch consultations to ensure compliance with the National Treasury / Department of Planning Monitoring and Evaluation's prescripts to ensure institutionalisation through the approved Standard Operating Procedures as well as policies and guidelines.</p> <p>Performance targets revised in order to meet the requirements of FMPPi.</p> <p>Internal Audit developed and implemented an Internal Audit Plan to determine and evaluate the accuracy and completeness of the reported performance.</p> <p>Performance Information Management System developed and implemented. Quarterly reporting frameworks developed, wherein the requirements to report actual achievement against the planned target and further provide collaborating evidence of performance.</p> <p>A certificate (to agree with the contents/information) will be signed at each level; thus, Labour Centre, Provincial Office, COO and Branch.</p> <p>Monthly and quarterly spot checks of performance information will be done at Head Office, Provinces and Labour Centres respectively.</p> <p>The Department reports on financial expenditure against set targets starting from Q1 of 2016/17.</p> <p>QPR Reporting frameworks are aligned to the various approved and tabled Annual Performance Plans.</p>

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
<p>PROGRAMME 2: INSPECTION AND ENFORCEMENT SERVICES USEFULNESS OF REPORTED PERFORMANCE INFORMATION</p> <p>The Auditor-General was unable to obtain sufficient appropriate audit evidence to support the reasons provided for the variance between planned targets and actual achievements.</p> <p>The FMPPPI requires that performance targets should be specific in clearly identifying the nature and required level of performance and measurable. A total of 44% of significantly important targets were not specific.</p> <p>Performance targets should be measurable, as required by the FMPPPI. We could not measure the required performance for 44% of significantly important targets.</p> <p>Performance indicators should be well defined by having clear data definitions so that data can be collected consistently and is easy to understand and use, as required by the FMPPPI. A total of 44% of significantly important indicators were not well defined.</p> <p>The processes and systems that produced the indicator should be verifiable, as required by the FMPPPI. A total of 38% of the significantly important indicators were not verifiable.</p> <p>These deviations were a result of management not adhering to the requirements of the FMPPPI due to a lack of proper systems and processes and inadequate technical indicator descriptions.</p> <p>RELIABILITY OF REPORTED PERFORMANCE INFORMATION</p> <p>The FMPPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure reliable reporting of actual achievements against planned objectives, indicators and targets. The Auditor-General was unable to obtain the information and explanations considered necessary to satisfy the Auditor-General as to the reliability of the reported performance information. This was due to limitations placed on the scope of work due to the fact that the auditee could not provide sufficient appropriate evidence in support of the reported performance information.</p>	2012/13	A monthly monitoring tool has been developed to support performance reported by the Branches. Verification thereof is conducted on a quarterly basis.
<p>PROGRAMME 3: PUBLIC EMPLOYMENT SERVICES USEFULNESS OF REPORTED PERFORMANCE INFORMATION</p> <p>The Auditor-General did not raise any material findings on the usefulness of the reported performance information.</p> <p>RELIABILITY OF REPORTED PERFORMANCE INFORMATION</p> <p>The FMPPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure reliable reporting of actual achievements against planned objectives, indicators and targets. The reported achievements against planned targets of 22% indicators were not reliable when compared to the evidence provided.</p>	2012/13	A monthly monitoring tool has been developed to support performance reported by the branches. Verification thereof is conducted on a quarterly basis.

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
<p>PROGRAMME 4: LABOUR POLICY AND INDUSTRIAL RELATIONS USEFULNESS OF REPORTED PERFORMANCE INFORMATION</p> <p>The Auditor-General was unable to obtain sufficient appropriate audit evidence to support the reasons provided for the variance between planned targets and actual achievements.</p> <p>Treasury regulation 5.2.4 requires the annual performance plan to form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 23% were not consistent with those in the approved annual performance plan.</p> <p>The FMPPi requires that performance targets should be specific in clearly identifying the nature and required level of performance and measurable. A total of 23% targets were not specific</p> <p>Performance targets should be measurable, as required by the FMPPi. We could not measure the required performance for 31% of significantly important targets</p> <p>Performance indicators should be well defined by having clear definitions so that data can be collected consistently and is easy to understand and use, as required by the FMPPi. A total of 29% of the indicators were not well defined.</p> <p>The processes and systems that produced the indicator should be verifiable, as required by the FMPPi. A total of 29% of the indicators were not verifiable.</p>	2012/13	A monthly monitoring tool has been developed to support performance reported by the branches. Verification thereof is conducted on a quarterly basis.
<p>RELIABILITY OF REPORTED PERFORMANCE INFORMATION</p> <p>The FMPPi requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure reliable reporting of actual achievements against planned objectives, indicators and targets. The reported achievements against planned targets of 15% of the indicators were not reliable when compared to the evidence provided. These were materially misstated.</p>	2012/13	A monthly monitoring tool has been developed to support performance reported by the branches. Verification thereof is conducted on a quarterly basis.
ADDITIONAL MATTER		
The Auditor-General drew attention to the following matters:		
<p>ACHIEVEMENT OF PLANNED TARGETS</p> <p>Refer to the annual performance report for the 2015/16 financial year for information on the achievement of the planned targets for the year.</p> <p>This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information.</p>	2012/13	A monthly monitoring tool has been developed to support performance reported by the branches. Verification thereof is conducted on a quarterly basis.
<p>ADJUSTMENT OF MATERIAL MISSTATEMENTS</p> <p>The Auditor-General identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of Public Employment Services and Labour Policy and Industrial Relations. As management subsequently corrected only some of the misstatements, The Auditor-General raised material findings on the usefulness and reliability of the reported performance information. Those that were not corrected are included in the conclusions paragraphs.</p>		A monthly monitoring tool has been developed to support performance reported by the branches. Verification thereof is conducted on a quarterly basis.

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
COMPLIANCE WITH LEGISLATION		
The Auditor-General performed procedures to obtain evidence that the department had complied with applicable legislation regarding financial matters, financial management and other related matters. The material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:		
FINANCIAL STATEMENTS The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 40(1)(a) of the PFMA. Material misstatements of accruals, commitments, operating lease commitments, finance leases and expenditure identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.		The statements were corrected and accepted by the Auditor-General.
EXPENDITURE MANAGEMENT The accounting officer did not take effective and appropriate steps to prevent irregular and fruitless and wasteful expenditure, as required by section 38(1)(c)(iii) of the PFMA.	2012/13	<ul style="list-style-type: none"> Disciplinary action is taken against officials who do not comply with SCM prescripts. To ensure accountability and compliance newly appointed managers are orientated in respect of the PFMA, Treasury Regulations and SCM prescripts.
ASSET AND LIABILITY MANAGEMENT The accounting officer did not ensure that amounts included in clearing suspense accounts are cleared and correctly allocated to the relevant cost centres on a monthly basis as required by the treasury regulation 17.1.2(b).	2014/15	<ul style="list-style-type: none"> To address the clearing of suspense accounts a procedure manual was developed, approved and implemented. In addition compensating controls but not limited to, have also been put in place. Monthly reconciliation of suspense accounts. Identification of long outstanding transactions for clearing. Prioritise transactions older than 1 year. Rectify / clear all outstanding transactions older than 2 months.
INTERNAL CONTROL		
The Auditor-General considered internal control relevant to the audit of the financial statements, the annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the opinion, the findings on the annual performance report and the findings on compliance with legislation included in the report.		
LEADERSHIP The accounting officer did not have sufficient monitoring controls to ensure proper implementation of the overall process of monitoring, predetermined objectives, compliance with laws and regulations and related internal controls, resulting in numerous findings on predetermined objectives, compliance with laws and regulation and internal control.		A monthly monitoring tool has been developed to support performance reported by the branches. Verifications thereof are conducted on a quarterly basis.

Nature of qualification, disclaimer, adverse opinion and matters of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
The accounting officer did not exercise effective oversight of information technology (IT) security management controls (including network controls) and the development of business continuity plan and disaster recovery plan.		<p>The Draft Business Continuity Management (BCM) plan was tabled at the National Risk Management Committee meeting of the 26 April 2017. The report was referred back to the Department's Executive structures for further consultation and deliberations. The Committee also advised that the Plan must be consolidated and should include UIF, CF and SEE. The Disaster Recovery Plan will then be developed based on the consolidated BCM.</p> <p>UIF and SEE have already commenced with the procurement for the Service Provider to assist. The final BCM is expected to be presented to National Risk Committee in the next meeting which will take place in the second quarter.</p>
The Accounting Officer did not have documented policies and procedures to adequately guide the operations of the Department, resulting in numerous instances of non-compliance with the PFMA, as detailed under the findings on compliance with legislation section of the 2015/16 annual report. In addition, management did not take adequate actions to address the internal control deficiencies identified during the audit.		
FINANCIAL AND PERFORMANCE MANAGEMENT <p>The Accounting Officer did not prepare regular, accurate and complete financial statements that are supported by reliable evidence and aligned to the financial reporting framework. This resulted in misstatements in the annual financial statements having to be corrected, and material misstatements in the annual performance report being identified and corrected.</p>		The statements and the performance report were corrected and accepted by the Auditor-General.
The Department does not have appropriate record management systems to ensure that complete, relevant and accurate information is accessible and available to support performance information reporting and reasons for all variances.		A monthly monitoring tool has been developed to support performance reported by the branches. Verification thereof is conducted on a quarterly basis.
The Auditor-General identified the following shortcomings in human resource management relating to predetermined objectives:		
The Department did not hold personnel accountable for shortcomings identified during the internal and external audit processes.		Disciplinary action is taken against officials who do not comply with prescripts.



10. INTERNAL CONTROL UNIT

The following tasks were performed by the Internal Control (Financial Control) Unit:

- Workshops held to discuss findings raised by the Auditor-General, which was attended by Head Office and provincial officials, During the workshops each office was assisted with developing an audit action plan from their respective audit management reports
- After receipt of the Management Reports from the Auditor-General an Audit Action Plan was developed to monitor and resolve the audit findings
- Financial inspections were performed at all provincial offices, problematic offices visited twice and where appropriate, training was provided in respect of compliance to prescripts
- Ensure compliance with revenue, payments and BAS system
- BAS, SafetyWeb and SafetyNet system training provide to the respective system users during inspections
- Review of procedure manuals to ensure compliance to amended financial prescripts as issued by National Treasury
- Document control report monitored in respect of financial transactions to detect duplication and fraudulent transactions.



11. INTERNAL AUDIT AND AUDIT COMMITTEES

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

The key objective of the Internal Audit Activity is to add value and improve the Department's operations by providing objective assurance and consulting services. This is done by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of internal controls, risk management and governance processes.

The Internal Audit Directorate performed the audits for both the Department of Labour and Supported Employment Enterprises (SEE).

The Internal Audit (IA) activity reviews are the following:

- Risk management processes
- The reliability and integrity of financial, operational and performance information
- Compliance with laws, regulations, policies and contracts
- Safeguarding of assets
- The economical and efficient use of resources
- Establishment of operational goals and objectives
- Assessment of the adequacy and effectiveness of controls around information technology processes.

Key activities

- Development of a three-year internal audit plan and annual plans approved by the Audit Committee and the Accounting Officer
- Implementation of the approved internal audit plans
- Quarter reporting to the Audit Committee
- Perform secretarial functions to the Audit Committee
- Review the Internal Audit and Audit Committee Charters
- Quality reviews of the Internal Audit Activity
- Participation and provide advice in the Department's Executive Committee meetings
- Training and development of officials to keep abreast with the professional and public service developments.

Summary of work done

The Internal Audit Directorate provided both assurance and consulting services during the financial year.

The following audit types were performed:

Department of Labour		
Audit Type	Number of Audits	Percentage
Compliance/ regularity	6	16%
Financial audits	1	2%
Risk management / governance	3	8%
Strategic plan and annual performance plans Performance Information (Pre-determined objectives)	12	32%
IT audits	6	16%
Follow-up reviews	10	26%
Total	38	100%

Supported Employment Enterprise		
Audit Type	Number of Audits	Percentage
Compliance/ Regularity	6	27%
Financial Audits	1	5%
Strategic plan and Annual performance plan Performance information (pre-determined objectives)	6	27%
IT Audits	4	18%
Follow-up reviews	5	23%
Total	22	100%



12. REPORT OF THE AUDIT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2017

INTRODUCTION

The Committee is pleased to present its report for the financial year ending 31 March 2017. The report is presented in accordance with the requirement of the Public Finance Management Act 1 of 1999 and in line with the National Treasury Annual Report guide.

AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee has discharged its oversight responsibilities to the Department of Labour independently and objectively in compliance with Section 76, 77 and 38 (1) (a) of the PFMA and Treasury Regulation 3.1. The Audit Committee adopted formal terms of reference (Audit Committee Charter) and has discharged its responsibilities as contained therein, and regulated its affairs in compliance with the Charter.

COMMITTEE MEETINGS

The Department of Labour has a constituted Audit Committee, comprising of four independent members and remained instrumental in providing independent advice to the Department. The Committee also provides oversight responsibilities to the Supported Employment Enterprise (SEE).

The table below discloses relevant information on the audit committee members

Name	Rank	Qualifications	Date Appointed	Date Resigned/ Contract Ended	Number of Meetings Attended	Comment
Mr T Mageza	Chairperson (External)	MBL; B Com	September 2013	August 2016	3/5	The chairperson attended all meetings for the financial year as at the date of contract expiry
Mr D Hlatshwayo	Chairperson (External)	CD (SA) CA (SA) MBA,	April 2014 November 2016*	N/A	5/5	The Audit Committee member had valid contract during his appointment as the interim Chairperson
Mr N Mhlongo	Member (External) Member (External)	CA (SA); CGMA ACMA	September 2013	August 2016	4/5	Re-appointment as the interim Audit Committee member
Ms R Kalidaas	Member (External)	CA(SA) B. Com (Hons) B Compt	September 2013 November 2016*	August 2016	3/5	Re-appointment as the interim Audit Committee member
Mr CF Terhoeven	Member (External)	CA(SA), CTA M COM Taxation	November 2016*	N/A	2/2	Appointment as a member in the interim Audit Committee

The Audit Committee's term ended in August 2016. An interim Committee was appointed ending in August 2017. Recruitment processes for the appointment of a Committee for a 3 year term are in progress.

The Committee had separate meetings with the Accounting Officer and presented their report to the Minister.

EFFECTIVENESS OF INTERNAL CONTROLS

In line with the PFMA and Treasury Regulations, Internal Audit provides the Audit Committee and management with assurance on the adequacy and effectiveness of the internal controls. This is achieved by means of risk management processes, evaluation of processes, identification of corrective actions and recommendations to enhance the control environment.

The Audit Committee is of the opinion, based on the work done by Internal Audit, consideration of the Auditor General audit and management report, engagement with management and other stakeholders during year, that the control environment and the controls are fairly adequate in most areas, however inconsistently effective to manage, monitor the risks and ensure achievement of organisational objectives.

The adequate design of the controls in most of the areas has ensured that the Department maintains its level of sound financial management practices; even though there is a growing concern on the management of commitment, accruals which result in irregular expenditure.

The Audit Committee is encouraged by the strides and efforts by management in the achievement of organisational goals (predetermined objectives), however concerned that material misstatements (over-achievements) that may have been reported in Programme 2 (Inspection and Enforcement Services) annual performance.

The Committee noted that there is need for continuous interventions that requires consistent implementation and effective monitoring in the following areas:

- The effective implementation of the Department's ICT governance process and operations that will enable the following key concerning areas
 - Uniform and coordinated implementation of ICT initiatives across the Department in support of effective of service delivery
 - The development and implementation of a management information system to strengthen the process of collation and reporting of the Department's Performance Information
- The development of business processes to create an enabling environment for the integration of systems within the Department.
- The reporting of Performance Information that is inadequately supported by valid, complete and accurate evidence
- The establishment of an effective contract management system to eliminate the control deficiencies on accruals and commitments that leads to irregular expenditure
- Ineffective implementation of management action plans to improve on the areas of identified weaknesses and eliminate the recurrence of audit findings
- Improvement in the level of compliance on the Management of Performance Assessment Tool (MPAT) standards.

SUPPORTED EMPLOYMENT ENTERPRISES TRADING AS SUPPORTED EMPLOYMENT ENTERPRISES (SEE)

The Audit Committee acknowledges the gradual improvements in financial internal controls in the SEE environment for the financial year. The Committee is of the opinion that there is still a need to ensure a sound control environment in financial and performance management in the following areas:

- Building skills and capacity in the financial and supply chain management of the SEE to improve the internal control environment and allow the proper segregation of duties in the following areas:
 - The compilation and review of the SEE annual, quarter and annual financial statements.
 - Strengthening of the SEE Supply Chain Management processes by ensuring that SCM processes are consistently implemented to ensure compliance with the applicable legislation.
- Inadequate and ineffective implementation and monitoring controls and implementation of action plans
- Poor achievements on the SEE strategic objectives and annual performance plans
- The lack of a pricing model which will enable the SEE to recover its costs of the manufacturing of products
- The Audit Committee noted that the SEE is not in a position to be set up as a formal stand alone self-sustainable entity due to its nature and mandate which it carries, thus decided remove the action item on the profitable and self-sustainability thereto. It was further decided that the continuity of the SEE is subject to social requirements of South Africa for the provision of meaningful jobs to the persons with disabilities.

INTERNAL AUDIT

The Department has a functional Internal Audit which includes internally established Information Technology. The Internal Audit performed its annual plan adequately and ensured that its resources cover both Department and SEE. The committee is satisfied that the Internal Audit has operated effectively, despite its limitation of resources (human resource) for the period under review. The work performed by Internal Audit has enabled the Committee to fulfil its duties around Compliance, Financial Management, Performance and Information Technology.

The Committee is satisfied with the coordination of the work between internal audit, risk management and external audit.

EXTERNAL AUDIT

In the performance of its duties, the Committee considered the work and matters raised by external audit (Auditor-General). The Committee has consistently monitored the progress made by management in the implementation of corrective measures (2015/16 action plan). However, the Committee is still concerned with the high number and nature of recurring findings.

RISK MANAGEMENT

The Department has a risk management function in place in line with the PFMA. The Audit Committee has evaluated the risk management reports during the year and is satisfied that through the Risk Management Committee recommendations were implemented. As a result Internal Audit was able to focus on the key risks facing the Department. The Committee has noted that there is a need to improve the Department's maturity level which will assist in the effective treatment of risks and is concerned with the timing of the SEE risk assessment which requires improvement.

IN-YEAR MANAGEMENT AND MONTHLY/QUARTERLY REPORT

The Audit Committee was apprised with quarterly financial reports and quarter progress reports (QPR) during the year. The Audit Committee is concerned that Internal Audit recommendations were not adequately implemented during the quarter reporting to ensure correction and or accurate reporting of organisational performance.

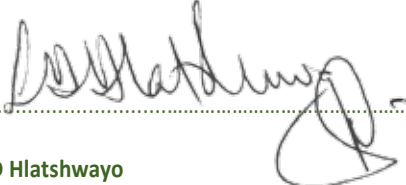
EVALUATION OF FINANCIAL STATEMENTS

The Audit Committee has for both the Department and Supported Employment Enterprise;

- Reviewed and discussed the quarterly/ interim financial statements during the reporting period
- Reviewed and discussed the annual Financial Statements to be presented for auditing purposes and raised concerns around recording and accounting (disclosure) of amortisation of the SAP licences on the Department's and Fund's financial statements
- Reviewed the Department's and SEE compliance to legal and regulatory provisions
- Reviewed the annual Audit Report and Management Report from Auditor-General
- Reviewed the information on predetermined objectives prepared for annual report
- Reviewed the quality and observed the timeliness of the financial information made available to ensure that adequate oversight is provided.

APPRECIATION

The Committee acknowledges the efforts and work by management and remains confident that through the strengthening of governance processes, and consistent implementation of decisions, service delivery will be realised to enhance the Department's role in the South African labour market.



Mr D Hlatshwayo

Chairperson of the Audit Committee

Date: 31 July 2017



PART D

HUMAN RESOURCE MANAGEMENT

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1. INTRODUCTION

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



2. OVERVIEW OF HUMAN RESOURCES

The status of human resources in the Department

The Department of Labour believes that its employees have a critical role to play to enable it to achieve its objectives. It is therefore important that it has adequate and efficient human capital for enhanced performance and service delivery.

Human resource priorities for the year under review and the impact of these

The Department identified the following priorities:

- Recruitment: To reduce the vacancy rate to below 10%
- Employment Equity: To ensure 50% representation of Women at SMS level and meet a 3% target of People with Disabilities
- Training and Development: To ensure implementation of HRD Strategy within the Department.

Workforce planning and key strategies to attract and recruit a skilled and capable workforce

In line with the HR Plan of the Department, positions up to SR 8 are advertised internally and in the DPSA Circular. Positions at SR9 and above are advertised externally.

Employee performance management

To ensure implementation of the Performance Management System in the Department in line with the DPSA framework.

Employee wellness programmes

Employee Wellness issues impact on the productivity of staff. To address employee wellness issues, the Department provides the following:

- The Department recently launched the wellness centre as a pilot project
- The Department also implements pre-retirement programme
- The Department also implements medical surveillance programme
- Counselling services such as individual counselling, grief counselling, trauma counselling and supervisory training are provided to all employees.

Achievements and challenges faced by the Department, as well as future human resource plans /goals

- The Department surpassed the EE target of employing People with Disabilities
- Meeting 50% target of representation of women at SMS level continues to be a challenge
- Challenge – retaining youth is still a challenge for the Department. They do not stay long in positions
- Inability to attract and retain critical skills (specifically ICT skills) which are critical to carry out the Department's mandate
- The vacancy rate has been reduced below the 10% target.



3. HUMAN RESOURCES OVERSIGHT STATISTICS

3.1. PERSONNEL RELATED EXPENDITURE

The following tables summarises the final audited personnel related expenditure by programme and by salary bands. In particular, it provides an indication of the following:

- Amount spent on personnel
- Amount spent on salaries, overtime, homeowner's allowances and medical aid.

Table 3.1.1 Personnel expenditure by programme for the period 1 April 2016 and 31 March 2017

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services expenditure (R'000)	Personnel expenditure as a % of total expenditure	Average personnel cost per employee (R'000)
Administration	819 070	325 903	3 143	5 860	11.8	41 167
Inspection and Enforcement Services	464 269	381 987	4 673	300	13.8	48 251
Public Employment Services	524 878	272 277	720	27	9.9	34 393
Labour Policy and Industrial Relations	953 367	84 527	564	3 837	3.1	10 677
Total	2 761 585	1 064 694	9 099	10 024	38.6	134 488

Table 3.1.2 Personnel costs by salary band for the period 1 April 2016 and 31 March 2017

Salary band	Personnel expenditure (R'000)	% of total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	49 393	4.64	124	19
Skilled (Level 3-5)	461 700	43.36	1 155	173
Highly skilled production (Levels 6-8)	357 281	33.56	894	134
Highly skilled supervision (Levels 9-12)	174 431	16.38	436	65
Senior and Top management (Levels 13-16)	21 889	2.06	55	8
Total	1 064 694	100	2 663	134 488

Table 3.1.3 Salaries, Overtime, Home Owners Allowance and Medical Aid by programme for the period 1 April 2016 and 31 March 2017

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Administration	225 816	21.21	3 599	0.34	10 893	1.02	17 707	1.66
Inspection and Enforcement Services	271 844	25.53	214	0.02	14 521	1.36	22 687	2.13
Public Employment Services	158 079	14.85	388	0.04	5 990	0.56	9 872	0.93
Labour Policy and Industrial Relations	58 287	5.47	0	0.00	1 943	0.18	3 264	0.31
Total	714 027	67.06	4 201	0.39	33 347	3.13	53 530	5.03

Table 3.1.4 Salaries, Overtime, Home Owners Allowance and Medical Aid by salary band for the period 1 April 2016 and 31 March 2017

Programme	Salaries		Overtime		Home Owners Allowance		Medical Aid	
	Amount (R'000)	Salaries as a % of personnel costs	Amount (R'000)	Overtime as a % of personnel costs	Amount (R'000)	HOA as a % of personnel costs	Amount (R'000)	Medical aid as a % of personnel costs
Lower skilled (Levels 1-2)	33 125	3.11	195	0.02	1 547	0.15	2 483	0.23
Skilled (Level 3-5)	309 635	29.08	1 822	0.17	14 461	1.36	23 213	2.18
Highly skilled production (Levels 6-8)	239 607	22.50	1 410	0.13	11 190	1.05	17 963	1.69
Highly skilled supervision (Levels 9-12)	116 981	10.99	688	0.06	5 463	0.51	8 770	0.82
Senior and Top management (Levels 13-16)	14 679	1.38	86	0.01	686	0.06	1 100	0.10
Total	714 027	67.06	4 201	0.39	33 347	3.13	53 530	5.03

3.2. EMPLOYMENT AND VACANCIES

Table 3.2.1 Employment and vacancies by programme as on 31 March 2017

Programme	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Administration (Ministry, Deputy Minister , DG and Corporate Service)	490	450	8.2%	28
Chief Operations Officer	6 481	5 991	7.6%	2
Public Employment Services	223	164	26.5%	12
Labour Policy and Industrial Relations	109	107	1.8%	0
Inspection and Enforcement Services	75	65	13.3%	0
Social Insurance	UIF=576 CC=696	UIF=449 CC=622	UIF=22.0% CC=10.6%	UIF=2 CC=134
Total	8 650	7 848	9.3%	178

Table 3.2.2 Employment and vacancies by salary band as on 31 March 2017

Salary band	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Lower skilled (1-2)	1	0	0%	0
Skilled(3-5)	1 276	1 164	8.8%	70
Highly skilled production (6-8)	6 084	5 595	8.0%	94
Highly skilled supervision (9-12)	1 151	969	15.8%	8
Senior management (13-16)	138	120	13.0%	6
Total	8 650	7 848	9.3%	178

Table 3.2.3 Employment and vacancies by critical occupations as on 31 March 2017

Critical occupation	Number of posts on approved establishment	Number of posts filled	Vacancy Rate	Number of employees additional to the establishment
Inspectors	1 425	1 295	9.1%	0
Employment Service Practitioners and Counsellors	290	270	6.9%	0
Total	1 715	1 565	8.7%	0

3.3. FILLING OF SMS POSTS

Table 3.3.1 SMS post information as on 31 March 2017

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	1	100%	0	0%
Salary Level 16	0	0	0%	0	0%
Salary Level 15	8	8	100%	0	0%
Salary Level 14	29	25	85.2%	4	13.8%
Salary Level 13	100	86	86.0%	14	14.0%
Total	138	120	86.9%	18	13.0%

Table 3.3.2 SMS post information as at 30 September 2016

SMS Level	Total number of funded SMS posts	Total number of SMS posts filled	% of SMS posts filled	Total number of SMS posts vacant	% of SMS posts vacant
Director-General/ Head of Department	1	1	100%	0	0%
Salary Level 16	0	0	0%	0	0%
Salary Level 15	8	6	75.0%	2	25.0%
Salary Level 14	29	28	96.5%	1	3.4%
Salary Level 13	100	84	84.0%	16	16.0%
Total	138	119	86.2%	19	13.8%

Table 3.3.3 Advertising and filling of SMS posts for the period 1 April 2016 and 31 March 2017

SMS Level	Advertising	Filling of posts	
	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filled in 6 months of becoming vacant	Number of vacancies per level not filled in 6 months but filled in 12 months
Salary Level 16	0	0	0
Salary Level 15	4	3	1
Salary Level 14	6	2	2
Salary Level 13	6	2	1
Total	16	7	4

Table 3.3.4 Reasons for not having complied with the filling of funded vacant SMS posts - Advertised within 6 months and filled within 12 months after becoming vacant for the period 1 April 2016 and 31 March 2017**Reasons for vacancies not advertised within six months**

There were delays in concluding arrangements with Vukuzenzele for advertising externally.

Reasons for vacancies not filled within twelve months

The post of Senior Manager: Medical Services at the Compensation Fund was advertised more than once internally and externally, however no suitable candidates were found, then a head hunting process was conducted.

Cabinet approval delayed the filling of 1 post on SR15.

Two SR 14 posts were re-advertised due to the fact that the recommended candidates declined employment offers which caused the delay

One post on SR13 posts was not funded and became funded in 2016/17

Table 3.3.5 Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months for the period 1 April 2016 and 31 March 2017**Reasons for vacancies not advertised within twelve months**

None.

Reasons for vacancies not filled within twelve months

Candidates declining offers and posts to be re-advertised

Delays in receiving competency results on filling of posts.

3.4. JOB EVALUATION**Table 3.4.1 Job evaluation by salary band for the period 1 April 2016 and 31 March 2017**

Salary band	Number of posts on approved establishment	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower Skilled (Levels 1-2)	1	0	0	0	0	0	0
Skilled (Levels 3-5)	1 276	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	6 084	0	0	2	0	0	0
Highly skilled supervision (Levels 9-12)	1 151	17	1.5%	16	94.1%	0	0
Senior Management Service Band A	100	0	0	0	0	0	0
Senior Management Service Band B	29	0	0	0	0	0	0
Senior Management Service Band C	8	0	0	0	0	0	0
Senior Management Service Band D	1	0	0	0	0	0	0
Total	8 650	17	1.5%	18	94.1%	0	0

Table 3.4.2 Profile of employees whose positions were upgraded due to their posts being upgraded for the period 1 April 2016 and 31 March 2017

Gender	African	Asian	Coloured	White	Total
Female	7	0	3	2	12
Male	6	1	1	0	8
Total	13	1	4	2	20

Two extra employees were upgraded within the reporting period however their posts were not evaluated within the reporting period.

Employees with a disability	1
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The following table summarises the number of cases where remuneration bands exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

Table 3.4.3 Employees with salary levels higher than those determined by job evaluation by occupation for the period 1 April 2016 and 31 March 2017

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Director	2	13	14	One incumbent was previously a Chief of Staff at the Ministry and was later transferred to the post of Director: ESSA Development Management. The other official was transferred from EOH to an ICT post and was already on salary level 14. When the post was evaluated, it was found to be lower than the level of salary earned.
ICT Project Manager	1	12	14	The incumbent was transferred on Section 197 from EOH to an ICT post and was already on salary level 14. When the post was evaluated, it was found to be lower than the level of salary earned.
Business Analyst	2	11	12	The incumbents were transferred on Section 197 from EOH to ICT posts and were already on salary level 12. When the posts were evaluated, they were found to be lower than the salary earned.
DD: Data Centre Network and Security	1	11	12	The incumbent was transferred on Section 197 from EOH to ICT post and was already on salary level 12. When the post was evaluated, it was found to be lower than the salary earned.
DD: Solution and Application Development	1	11	12	The incumbent was transferred on Section 197 from EOH to an ICT post and was already on salary level 12. When the post was evaluated it was lower than the salary earned.
Deputy Director	1	10	12	The official was absorbed in this post due to lack of positions at the time of rationalisation involving people from TBVC states
System Engineer	2	8	12	The incumbents were transferred on Section 197 from EOH to ICT posts and were already on salary level 12. When the posts were evaluated, they were found to be lower than the salary earned.
System Engineer	3	8	11	The incumbents were transferred on Section 197 from EOH to ICT posts and were already on salary level 11. When the posts were evaluated, they were found to be lower than the salary earned.
Contract and Licence Controller	1	10	11	The incumbent was transferred on Section 197 from EOH to an ICT post and was already on salary level 11. When the post was evaluated, it was found to be lower than the salary earned.
SAP Analyst	4	9	11	The incumbents were transferred on Section 197 from EOH to ICT posts and were already on salary level 11. When the posts were evaluated, they were found to be lower than the salary earned.
Network Engineer	1	8	11	The incumbent was transferred on Section 197 from EOH to an ICT post and were already on salary level 11. When the post was evaluated, it was found to be lower than the salary earned.

Network Engineer	1	9	10	The incumbent was transferred on Section 197 from EOH to an ICT post and was already on salary level 10. When the post was evaluated, it was found to be lower than the salary earned.
Assistant Director	2	9	10	The officials received external offers from other Departments and were counter offered by the Department.
System Test Analyst	1	9	10	The incumbent was transferred on Section 197 from EOH to an ICT post and was already on salary level 10. When the post was evaluated, it was found to be lower than the salary earned.
System Engineer	2	8	10	The incumbents were transferred on Section 197 from EOH to ICT posts and was already on salary level 10. When the posts were evaluated, they were found to be lower than the salary earned.
System Security Engineering	1	8	10	The incumbent was transferred on Section 197 from EOH to an ICT post and was already on salary level 10. When the post was evaluated, it was found to be lower than the salary earned.
Field ICT Technicians	10	8	10	The incumbents were transferred on Section 197 from EOH to ICT posts and were already on salary level 10. When the posts were evaluated, they were found to be lower than the salary earned.
Field ICT Technicians	15	8	9	The incumbents were transferred on Section 197 from EOH to ICT posts and were already on salary level 9. When the posts were evaluated, they were found to be lower than the salary earned.
Network Engineer	1	8	9	The incumbent was transferred on Section 197 from EOH to an ICT post and was already on salary level 9. When the post was evaluated, it was found to be lower than the salary earned.
Remote ICT Technician	1	8	9	The incumbent was transferred on Section 197 from EOH to an ICT post and were already on salary level 9. When the post was evaluated, it was found to be lower than the salary earned.
Total number of employees whose salaries exceeded the level determined by job evaluation				53

Percentage of total employed	0.7%
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The officials earning higher salaries than the job evaluation level, however, precedes and includes the reporting period.

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

Table 3.4.4 Profile of employees who have salary levels higher than those determined by job evaluation for the period 1 April 2016 and 31 March 2017

Gender	African	Asian	Coloured	White	Total
Female	9	0	0	3	12
Male	17	4	2	18	41
Total	26	4	2	21	53

Employees with a disability	0	0	0	0	0
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3.5. EMPLOYMENT CHANGES

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

Table 3.5.1 Annual turnover rates by salary band for the period 1 April 2016 and 31 March 2017

Salary band	Number of employees at beginning of period-1 April 2016	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	2	0	0	0%
Skilled (Levels 3-5)	1 171	126	31	2.6%
Highly skilled production (Levels 6-8)	5 482	282	211	3.8%
Highly skilled supervision (Levels 9-12)	922	54	43	4.7%
Senior Management Service Bands A	80	5	5	6.2%
Senior Management Service Bands B	27	2	4	14.8%
Senior Management Service Bands C	7	1	3	42.8%
Senior Management Service Bands D	1	0	0	0%
Contracts	189	175	201	106.3%
Total	7 881	645	498	6.3%

Table 3.5.2 Annual turnover rates by critical occupation for the period 1 April 2016 and 31 March 2017

Critical occupation	Number of employees at beginning of period-April 2016	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Inspectors	1 312	72	63	4.8%
Employment Service Practitioners and Counsellors	113	18	13	11.5%
TOTAL	1 425	90	76	5.3%

The table below identifies the major reasons why staff left the Department.

Table 3.5.3 Reasons why staff left the Department for the period 1 April 2016 and 31 March 2017

Termination Type	Number	% of Total Resignations
Death	21	4.2%
Resignation	172	34.5%
Expiry of contract	177	35.5%
Dismissal – operational changes	0	0%
Dismissal – misconduct	17	3.4%
Dismissal – inefficiency	0	0%
Discharged due to ill-health	9	1.8%
Retirement	66	13.2%
Transfer to other public service departments	36	7.2%
Other	0	0%
Total	498	100%
Total number of employees who left as a % of total employment	7 881	6.3%

Table 3.5.4 Promotions by critical occupation for the period 1 April 2016 and 31 March 2017

Occupation	Employees 1 April 2016	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progression as a % of employees by occupation
Inspectors	1 312	49	3.7%	0	0
Employment Service Practitioners and Counsellors	113	9	8.0%		
Total	1 425	58	4.1%	0	0

Table 3.5.5 Promotions by salary band for the period 1 April 2016 and 31 March 2017

Salary Band	Employees 1 April 2016	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progression as a % of
Lower skilled (Levels 1-2)	2	0	0%	0	0
Skilled (Levels3-5)	1 171	9	0.8	0	0
Highly skilled production (Levels 6-8)	5482	186	3.4%	0	0
Highly skilled supervision (Levels 9-12)	922	45	4.9%	0	0
Senior Management (Level 13-16)	115	10	8.7%	0	0
Total	7 692	250	3.2%	0	0

3.6. EMPLOYMENT EQUITY

Table 3.6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2017

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	54	3	5	7	41	2	1	7	120
Professionals	185	10	13	21	184	16	0	30	459
Technicians and associate professionals	1 141	96	48	97	1 157	135	44	298	3 016
Clerks	1 538	192	48	65	1 806	222	47	118	4 036
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	84	11	0	3	100	16	0	3	217
Total	3 002	312	114	193	3 288	391	92	456	7 848
Employees with disabilities	85	10	4	16	67	11	4	24	221

These totals do not include contract workers.

Table 3.6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2017

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	5	1	0	0	2	0	0	1	9
Senior management	49	2	5	7	39	2	1	6	111
Professionally qualified and experienced specialists and mid-management	409	26	23	47	400	33	6	55	999
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	917	80	38	71	941	118	38	273	2 476
Semi-skilled and discretionary decision making	1 538	192	48	65	1 806	222	47	118	4 036
Unskilled and defined decision making	84	11	0	3	100	16	0	3	217
Total	3 002	312	114	193	3 288	391	92	456	7 848

These totals do not include contract workers.

Table 3.6.3 Recruitment for the period 1 April 2016 to 31 March 2017

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	1	0	0	0	1
Senior Management	2	0	0	0	5	0	0	0	7
Professionally qualified and experienced specialists and mid-management	27	1	3	0	23	4	0	0	58
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	63	2	0	1	57	5	0	1	129
Semi-skilled and discretionary decision making	141	22	2	7	85	2	1	1	261
Unskilled and defined decision making	10	3	0	0	13	3	0	0	29
Total	243	28	5	8	184	14	1	2	485
Employees with disabilities	1	1	0	0	3	0	0	0	5

These recruitment totals do not include contract workers.

Table 3.6.4 Promotions for the period 1 April 2016 to 31 March 2017

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	2	0	0	0	0	0	0	1	3
Senior management	3	0	1	0	2	0	0	1	7
Professionally qualified and experienced specialists and mid-management	21	0	0	0	24	0	0	0	45
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	77	1	1	0	62	3	0	9	153
Semi-skilled and discretionary decision making	22	3	0	0	16	1	0	0	42
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	125	4	2	0	104	4	0	11	250
Employees with disabilities	3	0	0	0	1	1	0	0	5

Table 3.6.5 Terminations for the period 1 April 2016 to 31 March 2017

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	2	0	0	0	1	0	0	0	3
Senior Management	3	2	0	1	3	0	0	0	9
Professionally qualified and experienced specialists and mid-management	17	2	0	2	19	0	0	3	43
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	56	3	1	8	30	14	0	17	129
Semi-skilled and discretionary decision making	42	6	0	6	34	10	1	4	103
Unskilled and defined decision making	3	0	0	0	5	2	0	0	10
Total	123	13	1	17	92	26	1	24	297
Employees with Disabilities	5	2	0	0	0	0	0	2	9

These termination totals do not include contract workers.

Table 3.6.6 Disciplinary action for the period 1 April 2016 to 31 March 2017

Race	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
	100	12	0	1	70	4	1	6	194

Table 3.6.7 Skills development for the period 1 April 2016 to 31 March 2017

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	79	0	0	1	72	0	0	8	160
Professionals	231	11	0	11	248	12	0	26	539
Technicians and associate professionals	432	33	9	26	386	48	0	47	981
Clerks	747	45	6	44	788	57	1	64	1 752
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	20	2	0	0	19	1	0	0	42
Total	1 509	91	15	82	1 513	118	1	145	3 474
Employees with disabilities	19	2	0	3	16	3	0	1	44

3.7. SIGNING OF PERFORMANCE AGREEMENTS BY SMS MEMBERS

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

Table 3.7.1 Signing of performance agreements by SMS members as on 31 May 2016

SMS Level	Total number of funded SMS posts	Total number of SMS members	Total number of signed performance agreements	Signed performance agreements as % of total number of SMS members
Director-General/ Head of Department	1	1	1	100%
Salary Level 16	0	0	0	0%
Salary Level 15	8	7	6	85%
Salary Level 14	29	27	25	96%
Salary Level 13	101	80	76	95%
Total	139	115	108	94%

Table 3.7.2 Reasons for not having concluded performance agreements for all SMS members as on 31 March 2016

Reasons
Suspension
SMS members were overseas
Sick Leave

Table 3.7.3 Disciplinary steps taken against SMS members for not having concluded Performance agreements as on 31 March 2016

Reasons
Intention for disciplinary action letters were issued to non-complying SMS members.

3.8. PERFORMANCE REWARDS

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

Table 3.8.1 Performance Rewards by race, gender and disability for the period 1 April 2016 to 31 March 2017

Race and Gender	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within group	Cost (R'000)	Average cost per employee
African					
Male	703	2 896	24.27%	13 662.91	19 437.09
Female	975	3 216	30.31%	18 349.89	18 820.40
Asian					
Male	48	112	42.85%	1 121.11	23 356.45
Female	51	93	54.83%	934.79	18 329.21
Coloured					
Male	34	298	11.40%	553.26	16 272.35
Female	81	396	20.45%	1 529.99	18 888.76
White					
Male	48	202	23.76%	1 095.84	22 830.00
Female	154	479	32.15%	3 401.98	22 090.77
Employees with a disability	46	214	21.96%	785.43	16 711.27
Total	2 140	7 906	27.08%	41 435.20	19 353.10

Table 3.8.2 Performance rewards by salary band for personnel below Senior Management Service for the period 1 April 2016 to 31 March 2017

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Lower Skilled (Levels 1-2)	0	2	0%	0	0	0%
Skilled (level 3-5)	232	1 171	19.81%	2 656	11 448.27	6.32%
Highly skilled production (level 6-8)	1 614	5482	29.44%	2 829	17 533,45	67,3%
Highly skilled supervision (level 9-12)	282	922	30.58%	9 733	34 514.18	23,14%
Total	2 128	7 577	28.08%	40 688	63 493	96.76%

Table 3.8.3 Performance rewards by critical occupation for the period 1 April 2016 to 31 March 2017

Salary band	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee
Inspectors	134	1 304	10.27	2 472 104.00	18 448.53
Employment services Practitioners and Career Counsellors	11	106	10.3	359 212.79	32 655.70
Total	145	1 410	10	2 831 316.79	19 526.32

Table 3.8.4 Performance related rewards (cash bonus), by salary band for Senior Management Service for the period 1 April 2016 to 31 March 2017

Salary band	Beneficiary Profile			Cost		Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	
Band A	8	80	69.3%	452 053.88	57 860.36	1,1%
Band B	2	27	25%	130 788.40	58 668.33	0,3%
Band C	1	7	5%	164 891.61	59 050.42	0,4%
Band D	0	1	0.7%	-	-	0%
Total	11	115	100%	747 733.89	175 579.11	1,8%

3.9. FOREIGN WORKERS

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

Table 3.9.1 Foreign workers by salary band for the period 1 April 2016 and 31 March 2017

Salary band	01 April 2016		31 March 2017		Change	
	Number	% of total	Number	% of total	Number	% Change
Lower skilled	0	0%	0	0%	0	0%
Highly skilled production (Lev. 6-8)	2	66.7%	2	66.7%	0	0%
Highly skilled supervision (Lev. 9-12)	1	33.3%	1	33.3%	0	0%
Contract (level 9-12)	0	0%	0	0%	0	0%
Contract (level 13-16)	0	0%	0	0%	0	0%
Total	3	100%	3	100%	0	0%

Table 3.9.2 Foreign workers by major occupation for the period 1 April 2016 and 31 March 2017

Salary band	01 April 2016		31 March 2017		Change	
	Number	% of total	Number	% of total	Number	% Change
Professional and managers	2	66.7%	2	66.7%	0	0%
Technicians and associated professionals	1	33.3%	1	33.3%	0	0%
Total	3	100%	3	100%	0	0%

3.10. LEAVE UTILISATION

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

Table 3.10.1 Sick leave for the period 1 January 2016 to 31 December 2016

Salary band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower Skills (Level 1-2)	59	55.9	25	0.3	2	29
Skilled (levels 3-5)	12 082	57.8	1 800	22.3	7	9 012
Highly skilled production (levels 6-8)	53 473	52.9	5 299	65.5	10	57 871
Highly skilled supervision (levels 9 -12)	6 979	50.7	866	10.7	8	15 740
Top and Senior management (levels 13-16)	671	48.1	95	1.2	7	2 540
Total	73 264	53.4	8 085	100	9	85 192

Table 3.10.2 Disability leave (temporary and permanent) for the period 1 January 2016 to 31 December 2016

Salary band	Total days	% Days with Medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	531	100	12	11.8	44	421
Highly skilled production (Levels 6-8)	3 532	99.9	76	74.5	46	3811
Highly skilled supervision (Levels 9-12)	350	100	10	9.8	35	889
Senior management (Levels 13-16)	134	100	4	3.9	33	462
Total	4 547	99.9	102	100	44	5583

The table below summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

Table 3.10.3 Annual Leave for the period 1 January 2016 to 31 December 2016

Salary band	Total days taken	Number of Employees using annual leave	Average days per employee
Lower skilled (Levels 1-2)	105	28	4
Skilled (Levels 3-5)	25 142	2 180	11
Highly skilled production (Levels 6-8)	126 783	5 872	22
Highly skilled supervision (Levels 9-12)	23 136	1 038	22
Senior management (Levels 13-16)	2 769	133	21
Total	177 935	9 251	19

Table 3.10.4 Capped leave for the period 1 January 2016 to 31 December 2016

Salary band	Total days of capped leave taken	Number of Employees using capped leave	Average number of days taken per employee	Average capped leave per employee as on 31 March 2017
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	19	9	2	33
Highly skilled production (Levels 6-8)	515	108	5	30
Highly skilled supervision (Levels 9-12)	92	14	7	37
Senior management (Levels 13-16)	19	9	2	33
Total	628	132	5	31

The following table summarises payments made to employees as a result of leave that was not taken.

Table 3.10.5 Leave payouts for the period 1 April 2016 and 31 March 2017

Reason	Total amount (R'000)	Number of employees	Average per employee (R'000)
Leave payout for 2016/17 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave payouts on termination of service for 2016/17	0	0	0
Current leave payout on termination of service for 2016/17	0	0	0
Total	0	0	0
Senior management (Levels 13-16)	2 769	133	21
Total	177 935	9 251	19

3.11. HIV/AIDS AND HEALTH PROMOTION PROGRAMMES

Table 3.11.1 Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV and related diseases (if any)	Key steps taken to reduce the risk
Yes	<ul style="list-style-type: none"> • By implementing the HIV AND AIDS Technical Guidelines and the Code of Good Practice on Managing HIV and AIDS in the World of Work which is meant for external clients as well • By implementing the prescripts of the Departmental HIV and AIDS, STIs and TB Management Policy • An annual HIV, STIs and TB Management operational is developed and implemented • Conducting regular HIV and TB awareness.

Table 3.11.2 Details of health promotion and HIV/AIDS programmes (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if yes
1. Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	✓		CD HRM and D: HRM
2. Does the Department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	✓		<p>Wellness sub-directorates at HQ; UIF and CF which consists of the following: 3 x Deputy Directors (1- HQ, 1- CF & 1- UIF) 4 x Assistant Directors (2 - HQ, 1- CF & 1 - UIF) 1 x Senior Personnel Practitioner</p> <p>The sub-directorates are supported by Wellness Champions who fulfils the role of peer educators in all provinces.</p> <p>The budget for EHW for 2016/2017 was R 2 369 000.00.</p>
Question	Yes	No	Details, if yes
3. Has the Department introduced an employee assistance or health promotion programme for your employees? If so, indicate the key elements/services of this programme.			<ul style="list-style-type: none"> • Rendering psycho-social sessions on individual and or groups to employees experiencing performance impairing programmes • A programme on Trauma Debriefing is rendered to employees at risk • Wellness days were conducted to provide employees with an opportunity to test and know their health status including HIV • Creating awareness by writing articles on health and wellness issues which are published on iDoL; and EHWP (Internal Newsletters) and circulated to employees through Exchange Post Master • Conducting health awareness and educational sessions focusing on a wide array of health and wellness issues such as financial wellness; stress management; breast cancer awareness; TB awareness; diet and nutrition; hypertension; drug and substance abuse; eye care; HIV and AIDS; leading a healthy lifestyles; men's health; and STI awareness • Promotion of physical activities through sports and recreation • Commemorating health and wellness days in line with the national health calendar of events • Rolling-out of HIV counselling and testing campaigns.

Question	Yes	No	Details, if yes
4. Has the Department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	✓		<p>National Employment Equity Consultative Forum which consists of the following representatives from all the provincial offices of the Department is used as a committee that advises on the implementation of Health and Wellness Issues:</p> <p>EE Manager : Ms. B Matebesi Chairperson : Ms. MM Matyila (CD: HRM) Deputy Chairperson : Mr. TJ Mashaba Director: HRM : Ms. PP Mthethwa</p> <p>Designated groups: Disabled : Mr. JR Mokake Women : Ms. S Esbend Blacks : Mr. PM Masoga : Mr. SC Cornelius</p> <p>Non-designated group: White Male : Mr. JJ Schoeman</p> <p>Representatives from the Chief Directorates: Finance : Ms. MG Mathibe Communication : Mr. ME Mosima</p> <p>Representatives from the Directorates: SCM : Ms. MJ Coetzee OA and FM : Mr. PA Naake T&D : Mr. GM Mosima PM&CS : Ms. LC Dlamini EHWP & GDY : Mr. RB Mkansi ER : Ms. T Roos OD : Mr. RR Negota</p> <p>Chairperson/Delegate of each LEECF: Head Office : Ms. LS Nawana Eastern Cape : Ms. P Mbongwana Free State : Mr. SZ Segalo Gauteng : Mr. MV Nxumalo Kwazulu-Natal : Ms. K Selepe Limpopo : Mr. GM Mabunda Mpumalanga : Ms. NP Dyalvani Northern Cape : Mr. AA Makape North West : Mr. MP Motlhabane Western Cape : Ms. M Zamile CF : Ms. AM Tshivhase UIF : Ms. DI Makgato</p> <p>Representatives of Unions: NEHAWU : Mr. TJ Mashaba PSA : Mr. GIK Moalosi</p> <p>Secretariat: Ms. L Rudah Ms. LA Pitsi Ms. IS Groenewald Ms. G Maritz Ms. VY Modiba</p>
5. Has the Department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	✓		<p>The HIV and AIDS policy is currently being reviewed to align with the New National Strategic Plan 2017-2022.</p>

6. Has the Department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	✓	<ul style="list-style-type: none"> The current HIV, STIs and TB Management policy which is in line with the revised Code of Good Practice on Managing HIV and AIDS in the World of Work provides protection of HIV positive employees against stigma and discrimination Sessions are conducted to advocate for the rights of people with HIV and for reasonable accommodation; and support for people infected and affected by HIV Regular HCT programme is conducted to de-stigmatise HIV testing.
7. Does the Department encourage its employees to undergo voluntary counselling and testing? If so, list the results that you have achieved.	✓	The Employee Health and Wellness Programme implements HCT programme through raising awareness on voluntary counselling and testing and also conducting on-site HCT through the use of GEMS and other service providers.
8. Has the Department developed measures/ indicators to monitor and evaluate the impact of its health promotion programme? If so, list these measures/indicators.	✓	<p>Monitoring and evaluation is done through the Local Employment Consultative Forums which feeds to the National Employment Equity Consultative Forum, and the HR Programme Management Committee; Human Resource Management Forum where quarterly reports are submitted to evaluate performance against set targets.</p> <p>The Department also utilises the System Monitoring Tool which was developed by the DPSA to enable departments to check their readiness to implement EHWP.</p> <p>Monitoring of implementation is also done through MPAT process.</p>

3.12. LABOUR RELATIONS

Table 3.12.1 Collective agreements for the period 1 April 2016 and 31 March 2017

Total number of Collective agreements	None
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The following table summarises the outcome of disciplinary hearings conducted within the Department for the year under review.

Table 3.12.2 Misconduct and disciplinary hearings finalised for the period 1 April 2016 and 31 March 2017

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	1	0.9%
Verbal warning	0	0%
Written warning	61	56.4%
Final written warning	17	15.4%
Suspended without pay	0	0%
Fine	0	0%
Demotion	1	0.9%
Dismissal	6	5.5%
Not guilty	2	1.8%
Case withdrawn	17	15.5%
Final Written Warning and Suspension	5	4.5%
Total	110	100%

Total number of disciplinary hearings finalised	109
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Table 3.12.3 Types of misconduct addressed at disciplinary hearings for the period 1 April 2016 and 31 March 2017

Type of misconduct	Number	% of total
Absenteeism	17	8.8%
Alcohol abuse	1	0.5%
Abscondment	4	2.1%
Breach of policy	3	1.6%
Bribery	1	0.5%
Damage of state vehicle	10	5.2%
Disrespectful	1	0.5%
Dishonesty	3	1.6%
Dereliction of duty	35	18.0%
E-mail abuse	2	1.0%
Failure to sign a performance agreement	1	0.5%
Falsification of documents	1	0.5%
Fraud	4	2.1%
Insubordination	11	5.7%
Maladministration	3	1.6%
Misrepresentation	2	1.0%
Negligence	23	11.9%
No show	10	5.2%
Irregular appointment	2	1.0%
Remunerative work	1	0.5%
Sexual harassment	1	0.5%
Reckless driving	13	6.7%
State vehicle misuse	9	4.6%
Theft	1	0.5%
Inappropriate behaviour	5	2.6%
Victimisation	1	0.5%
Non-compliance with leave policy	1	0.5%
Misuse of state asset	1	0.5%
Irregular expenditure	1	0.5%
Unauthorised overtime payment	4	2.1%
Late coming	1	0.5%
Failure to safeguard state assets	1	0.5%
Loss of laptop	1	0.5%
Other:	19	9.8%
Total	194	100%

Table 3.12.4 Grievances logged for the period 1 April 2016 and 31 March 2017

Grievances	Number	% of Total
Number of grievances resolved	169	72%
Number of grievances not resolved	67	28%
Total number of grievances lodged	236	100%

Table 3.12.5 Disputes logged with councils for the period 1 April 2016 and 31 March 2017

Disputes	Number	% of Total
Number of disputes upheld	7	21%
Number of disputes dismissed	27	79%
Total number of disputes lodged	75	100%

Table 3.12.6 Strike actions for the period 1 April 2016 and 31 March 2017

Total number of persons working days lost	0
Total costs working days lost	0
Amount recovered as a result of no work no pay (R'000)	0

Table 3.12.7 Precautionary suspensions for the period 1 April 2016 and 31 March 2017

Number of people suspended	4
Number of people who's suspension exceeded 30 days	3
Average number of days suspended	335
Cost of suspension (R'000)	R 1 598 035.18

3.13. SKILLS DEVELOPMENT

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

Table 3.13.1 Training needs identified for the period 1 April 2016 and 31 March 2017

Occupational category	Gender	Number of employees as at 1 April 2016	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	48	0	72	0	72
	Male	73	0	66	0	66
Professionals	Female	215	0	222	0	222
	Male	209	0	199	0	199
Technicians and associate professionals	Female	1 578	0	385	0	385
	Male	1 315	0	415	0	415
Clerks	Female	2 228	0	788	0	788
	Male	1 810	0	762	0	762
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	118	0	20	0	20
	Male	98	0	20	0	20
Sub total	Female	4 187	0	1 487	0	1 487
	Male	3 505	0	1 462	0	1 462
Total		7 692	0	2 949	0	2 949

Table 3.13.2 Training provided for the period 1 April 2016 and 31 March 2017

Occupational category	Gender	Number of employees as at 1 April 2016	Training needs identified at start of the reporting period			
			Learnerships	Skills Programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	48	0	80	0	80
	Male	73	0	80	0	80
Professionals	Female	215	0	286	0	286
	Male	209	0	253	0	253
Technicians and associate professionals	Female	1 578	0	481	0	481
	Male	1 315	0	500	0	500
Clerks	Female	2 228	0	910	0	910
	Male	1 810	0	842	0	842
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	118	0	20	0	20
	Male	98	0	22	0	22
Sub-total	Female	4 187	0	1 777	0	1 777
	Male	3 505	0	1 697	0	1 697
Total		7 692	0	3 474	0	3 474

3.14. INJURY ON DUTY

The following table provide basic information on injuries on duty.

Table 3.14.1 Injury on duty for the period 1 April 2016 and 31 March 2017

Nature of injury on duty	Number	% of total
Required basic medical attention only	16	94%
Temporary total disablement	1	6%
Permanent disablement	0	0%
Fatal	0	0%
Total	17	100%

3.15. UTILISATION OF CONSULTANTS

Table 3.15.1 Report on consultant appointments using appropriated funds for the period 1 April 2016 and 31 March 2017

Project title	Total number of consultants that worked on project	Duration (work days)	Contract value in Rand
Health risk management	1	792	R1 000 000.00
Disciplinary action based on the forensic investigation	3	27.25	R 499 034.09
Litigation support	1	6	R 197 070.72
Investigation on allegations of mis-management of contract	3	63	R 498 617.53
Legal experts to draft a statute and amendment to the existing labour legislation	1	6.5	R 111 720.00
Facilitate strategic risk assessment for the Department of Labour	5	5 Sessions	R 184 560.72
Investigation into the nature and extent of the employee's incapacity leave	1	1.1	R 13 780.00
Investigation into the nature and extent of the employee's incapacity leave	1	1.1	R 13 780.00
Commission research project	5	220	R 437 485.00
Documentation of the visit by the algerian technical experts	1	17	R 489 008.92
Specialist for a high level presentation during the mid-term workshop	1	0.1	R 29 800.00
Translation of pamphlets	1	1	R 34 396.50

Total number of projects	Total individual consultants	Total duration (work days)	Total contract value in Rand
12	24	1 123.55 working days plus 5 sessions	R 3 509 253.48

Table 3.15.2 Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2016 and 31 March 2017

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
Health risk management	38.89% black, 13.75% female top management	52.64%	Information not available
Disciplinary action based on the Forensic Investigation	81.25% black, 18.75% female top management	100%	5
Litigation support	81.25% black, 18.75% female top management	100%	4
Legal experts on allegations of mis-management of contract	81.25% black, 18.75% female top management	100%	4
Investigation into the nature and extent of the employee's incapacity leave	38.89% black, 13.75% female top management	52.64%	Information not available
Commission research project	0.00%	100%	1
Specialist for a high level presentation during the mid-term workshop	0.00%	0.00%	1
Translation of pamphlets	100%	100%	1

Table 3.15.3 Report on consultant appointments using donor funds for the period 1 April 2016 and 31 March 2017

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

Table 3.15.4 Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs) for the period 1 April 2016 and 31 March 2017

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
Nil	Nil	Nil	Nil





PART E

FINANCIAL INFORMATION

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1 REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO. 28 DEPARTMENT OF LABOUR

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

- 1 I have audited the financial statements of the Department of Labour set out on pages **130** to **212**, which comprise the appropriation statement, statement of financial position as at 31 March 2017, and the statement of financial performance, statement of changes in net assets, and cash flow statement for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
- 2 In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Labour as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with the Modified Cash Standard prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

BASIS FOR OPINION

- 3 I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this report.
- 4 I am independent of the Department in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) together with the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
- 5 I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

EMPHASIS OF MATTERS

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

RESTATEMENT OF CORRESPONDING FIGURES

- 7 As disclosed in note 20 and note 32 to the financial statements, the corresponding figures for 31 March 2016 have been restated as a result of an error in the financial statements of the Department, and for the year ended, 31 March 2017.

IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

- 8 As disclosed in note 23 to the financial statements, irregular expenditure to the amount of R 4 274 000, was incurred in the current year as a result of not following correct procurement procedures.

OTHER MATTERS

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

SOFTWARE LICENCES

- 10 Software licences were procured via a conditional deviation granted by the National Treasury at 31 March 2017, not all the conditions of the deviation were met. While software licences are fundamental to the operation of the entities, the concern is that some of the conditions set out by the National Treasury appear to be unreachable. Not meeting these conditions will be considered non-compliance and may contribute to irregular expenditure.
- 11 The amount of the new contract increased by 385% due to the perpetual nature of the licences procured as well as the increase of modules from 25 to 85. Although the usage was 16% as at 31 March 2017, the Department have implemented a plan to fully use the licence capacity.

- 12 Furthermore, there remains some uncertainty over the extent of use of the licences at the Unemployment Insurance Fund (UIF), as UIF did not commit to the system “go live date”, which will affect the amount of users of the system. However, 40% of expenditure for licences and support on the current licence contract was incurred by the fund. This may lead to the possible fruitless and wasteful expenditure as the UIF did not implement.

UNAUDITED SUPPLEMENTARY SCHEDULES

- 13 The supplementary information set out on pages **213** to **222** does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

RESPONSIBILITIES OF THE ACCOUNTING OFFICER FOR THE FINANCIAL STATEMENTS

- 14 The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with Modified Cash Standard and the requirements of the PFMA and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- 15 In preparing the financial statements, the accounting officer is responsible for assessing the Department of Labour’s ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless there is an intention either to liquidate the department or to cease operations, or there is no realistic alternative but to do so.

AUDITOR-GENERAL’S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

- 16 My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
- 17 A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor’s report.

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

INTRODUCTION AND SCOPE

- 18 In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
- 19 My procedures address the reported performance information, which must be based on the approved performance planning documents of the Department of Labour. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
- 20 I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the Department of Labour for the year ended 31 March 2017:

Programmes	Pages in annual performance report
Programme 2 : Inspection and Enforcement Services	38 - 54
Programme 3: Public Employment Services	55 - 64
Programme 4: Labour Policy and Industrial Relations	65 - 73

- 21 I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
- 22 The material findings in respect of the reliability of the selected programmes are as follows:

PROGRAMME 2: INSPECTION AND ENFORCEMENT SERVICES

- 23 I was unable to obtain sufficient appropriate evidence of accuracy and validity of the reported performance information for the selected programmes. This was due to a lack of sufficient understanding by the persons compiling the information including the lack of sufficient and adequate review of the reported information.
- 24 The reported achievements for the targets were misstated as the evidence provided did not agree with the reported achievements as follows:

Various Indicators	Reported achievement	Audited value
1.1 Number of designated employers reviewed per year to determine compliance with employment equity legislation	849	569
1.2 Percentage of non-compliant employers of those reviewed in reference to 1.1 issued with a recommendation within 90 days of the review	100%	81%
1.3 Number of designated employers inspected per year to determine compliance with employment equity legislation	4 747	3 323
1.4 Percentage of non-complying workplaces inspected per year with reference to 1.3. Dealt with in terms of the Employment Equity Act	100%	85%
2.2 Percentage of non-complying workplaces inspected per year with reference to 2.1 Dealt with in terms of the relevant labour legislation	100%	65%
2.4 Percentage of inspections on request for work permits conducted within 25 working days	97%	82%
Indicator 3.3 – percentage of reported incidents investigated within 90 days	80%	61%

- 25 I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:
- Programme 3: Public Employment Services
 - Programme 4: Labour Policy and Industrial Relations

OTHER MATTERS

I draw attention to the matters below

ACHIEVEMENT OF PLANNED TARGETS

- 26 Refer to the annual performance report on pages **34** to **73** for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a number of targets. This information should be considered in the context of the material findings¹²³ expressed on the reliability of the reported performance information in paragraphs **23** to **25** of this report.

ADJUSTMENT OF MATERIAL MISSTATEMENTS

- 27 I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Programme 2: Inspection and Enforcement Services, and Programme 4: Labour Policy and Industrial Relations. As management subsequently corrected only some of the misstatements, I raised material findings on the reliability of the reported performance information.

REPORT ON AUDIT OF COMPLIANCE WITH LEGISLATION

INTRODUCTION AND SCOPE

- 28 In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the department with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
- 29 The material findings in respect of the compliance criteria for the applicable subject matters are as follows:

PROCUREMENT AND CONTRACT MANAGEMENT

- 30 Goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by Treasury Regulation 16A6.1.
- 31 Quotations were awarded to bidders based on preference points that were not calculated in accordance with the requirements of the Preferential Procurement Policy Framework Act and its regulations.
- 32 Bid documentation for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by Preferential Procurement Regulation 9 (1)

ANNUAL FINANCIAL STATEMENTS

- 33 The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, in all instances, as required by section 40(1)(b) of the PFMA. Material misstatements on expenditure, commitments, fixed asset register, leave entitlement and prepayments and advances identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

EXPENDITURE MANAGEMENT

- 34 The accounting officer did not take effective and appropriate steps to prevent irregular expenditure incurred in the current year of R 4 274 000 as disclosed in notes 23 of the financial statements, as required by section 38(1)(c)(ii) of the PFMA.

OTHER INFORMATION

- 35 The Department's accounting officer is responsible for the other information. The other information comprises the information in the annual report which includes the accounting officer's report, audit committee's report and the annexures.
- 36 The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in the auditor's report.
- 37 My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on them.
- 38 In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.
- 39 I have nothing to report in this regard.

INTERNAL CONTROL DEFICIENCIES

- 40 I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the compliance with applicable legislation and the findings on the annual performance report

LEADERSHIP

- 41 The accounting officer did not have sufficient monitoring controls to ensure proper implementation of the overall process of monitoring of predetermined objectives, compliance with legislation and related internal controls. This resulted in numerous findings on predetermined objectives, compliance with legislation and internal control. In addition; management did not take adequate actions to address the internal control deficiencies identified during my audit.
- 42 The accounting officer did not effectively oversee information technology security management controls (including network controls). IT Management had not formally implemented adequate security controls to mitigate the risk of unauthorised access to the system, as there are unnecessary network protocols/services configured, which may provide entry points into the network

FINANCIAL AND PERFORMANCE MANAGEMENT

- 43 The accounting officer did not prepare regular, accurate and complete financial statements and performance reports that are supported by reliable evidence and aligned to the financial and performance reporting framework. This resulted in misstatements in the annual financial statements and the annual performance report, which were subsequently corrected.
- 44 The Department did not have appropriate record management systems to ensure that complete, relevant and accurate information is accessible and available to support performance information reporting and reasons for all variances.

Auditor General

Auditor-General

31 July 2017

Pretoria

ANNEXURE A – AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

- 1 As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected programmes and on the department's compliance with respect to the selected subject matters.

FINANCIAL STATEMENTS

- 2 In addition to my responsibility for the audit of the financial statements, as described in the auditor's report, I also:
 - Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer.
 - Conclude on the appropriateness of the accounting officer's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the department's ability to continue as a going concern. If i conclude that a material uncertainty exists, i am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause a department to cease operating as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

- 3 I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
- 4 I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

ANNEXURE B – AUDITOR-GENERAL’S RESPONSIBILITY FOR THE AUDIT OF THE REPORTED PERFORMANCE INFORMATION

- 4 As part of my engagement conducted in accordance with ISA 300, I exercise professional judgement and maintain professional scepticism throughout my reasonable assurance engagement on reported performance information for selected programmes.
- 5 I am independent of the department in accordance with the International Ethics Standards Board for Accountants’ Code of ethics for professional accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

QUALITY CONTROL RELATING TO ASSURANCE ENGAGEMENTS

- 6 In accordance with the International Standard on Quality Control 1, the Auditor-General of South Africa maintains a comprehensive system of quality control that includes documented policies and procedures on compliance with ethical requirements and professional standards.

REPORTED PERFORMANCE INFORMATION

- 7 In addition to my responsibility for the assurance engagement on reported performance information, as described in the auditor’s report, I also:
 - Identify and assess risks of material misstatement of the reported performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. In making those risk assessments, I consider internal control relevant to the management and reporting of performance information per selected programme in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department’s internal control.
 - Evaluate the documentation maintained by the department that supports the generation, collation, aggregation, monitoring and reporting of performance indicators and their related targets for the selected programmes.
 - Evaluate and test the usefulness of planned and reported performance information, including presentation in the annual performance report, its consistency with the approved performance planning documents of the department and whether the indicators and related targets were measurable and relevant.
 - Evaluate and test the reliability of information on performance achievement to determine whether it is valid, accurate and complete.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

- 8 I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
- 9 I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, related safeguards.

2 ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

2.1 APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

APPROPRIATION PER PROGRAMME									
2016/17								2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Programme:									
1. Administration	856 614	-	(9 509)	847 105	819 070	28 035	96.7%	814 047	745 637
2. Inspection and Enforcement Services	509 341	-	(8 986)	500 355	464 269	36 086	92.8%	472 894	472 894
3. Public Employment Services	507 203	-	18 495	525 698	524 879	819	99.8%	497 297	485 099
4. Labour Policy and Industrial Relations	969 719	-	-	969 719	953 367	16 352	98.3%	919 996	908 365
Subtotal	2 842 877	-	-	2 842 877	2 761 585	81 292	97.1%	2 704 234	2 611 995
TOTAL (brought forward)									
Reconciliation with statement of financial performance									
ADD Departmental receipts				11 702				10 056	
Actual amounts per statement of financial performance (total revenue)				2 854 579				2 714 290	
Actual amounts per statement of financial performance (total expenditure)					2 761 585				2 611 995

APPROPRIATION PER ECONOMIC CLASSIFICATION

2016/17								2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current Payments	1 675 880	(51 100)	(11 113)	1 613 667	1 545 323	68 344	95.8%	1 606 336	1 533 016
Compensation of employees	1 107 970	(16 586)	-	1 091 384	1 064 694	26 690	97.6%	1 039 419	1 025 615
Salaries and wages	939 185	(37 989)	(10 688)	890 508	869 518	20 990	97.6%	881 249	874 919
Social contributions	168 785	21 403	10 688	200 876	195 176	5 700	97.2%	158 170	150 696
Goods and services	567 910	(34 514)	(11 113)	522 283	480 629	41 654	92.0%	566 917	507 401
Administrative fees	5 336	804	-	6 140	5 941	199	96.8%	5 344	4 958
Advertising	9 451	660	-	10 111	9 881	230	97.7%	17 939	17 431
Minor assets	7 148	(784)	-	6 364	3 340	3 024	52.5%	3 448	2 869
Audit costs: External	20 392	(2 568)	-	17 824	16 913	911	94.9%	19 205	16 511
Bursaries: Employees	2 877	(403)	-	2 474	1 978	496	80.0%	2 202	1 906
Catering: Departmental activities	3 825	1 441	-	5 266	4 674	592	88.8%	4 646	4 532
Communication	32 493	(4 890)	(1 000)	26 603	24 770	1 833	93.1%	31 598	31 232
Computer services	104 446	(15 878)	-	88 568	88 129	439	99.5%	90 880	66 868
Consultants: Business and advisory services	14 161	(1 837)	-	12 324	10 025	2 299	81.3%	10 877	7 178
Legal services	3 325	4 276	-	7 601	7 601	-	100.0%	4 003	3 085
Contractors	6 209	1 053	-	7 262	6 979	283	96.1%	7 210	7 091
Agency and support / outsourced services	5 512	(894)	-	4 618	2 135	2 483	46.2%	3 308	3 111
Entertainment	361	(30)	-	331	192	139	58.0%	221	189
Fleet services	22 757	2 424	(113)	25 068	21 888	3 180	87.3%	21 011	19 795
Inventory: Fuel, oil and gas	442	(442)	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	20	(20)	-	-	-	-	-	-	-
Inventory: Materials and supplies	144	(81)	-	63	-	63	-	-	-
Inventory: Medical supplies	-	-	-	-	-	-	-	31	-
Inventory: Other supplies	414	(414)	-	-	-	-	-	10	-
Consumable supplies	4 268	305	-	4 573	3 390	1 183	74.1%	2 621	2 545
Consumable: Stationery, printing and office supplies	20 248	118	(1 000)	19 366	16 325	3 041	84.3%	20 232	19 673
Operating leases	131 730	(5 580)	(7 000)	119 150	115 668	3 482	97.1%	146 145	139 488
Property payments	67 144	(14 402)	-	52 742	48 428	4 314	91.8%	67 233	57 055
Transport provided: Departmental activity	58	128	-	186	185	1	99.5%	140	140
Travel and subsistence	66 610	13 074	(2 000)	77 684	72 203	5 481	92.9%	84 688	82 429
Training and development	14 024	(6 950)	-	7 074	3 803	3 271	53.8%	7 982	6 636
Operating payments	12 035	(2 189)	-	9 846	8 744	1 102	88.8%	8 605	6 489

APPROPRIATION PER ECONOMIC CLASSIFICATION									
2016/17								2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Venues and facilities	10 731	(833)	-	9 898	6 924	2 974	70.0%	6 234	5 087
Rental and hiring	1 749	(602)	-	1 147	513	634	44.7%	1 104	1 103
Transfers and subsidies	1 063 403	1 899	11 113	1 076 415	1 073 153	3 262	99.7%	1 014 226	1 010 418
Provinces and municipalities	701	32	-	733	586	147	79.9%	622	550
Provinces	-	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	-	-	-	-	-	-	-	-	-
Municipalities	701	32	-	733	586	147	79.9%	622	550
Municipal bank accounts	701	32	-	733	586	147	79.9%	622	550
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	868 294	17	11 113	879 424	879 423	1	100.0%	824 206	820 912
Social security funds	19 032	-	-	19 032	19 031	1	100.0%	18 074	14 780
Departmental agencies and accounts	849 262	17	11 113	860 392	860 392	-	100.0%	806 132	806 132
Foreign governments and international organisations	21 957	-	-	21 957	19 719	2 238	89.8%	20 912	20 912
Non-profit institutions	169 644	-	-	169 644	168 787	857	99.5%	164 487	164 045
Households	2 807	1 850	-	4 657	4 638	19	99.6%	3 999	3 999
Social benefits	2 807	1 747	-	4 554	4 536	18	99.6%	3 311	3 311
Other transfers to households	-	103	-	103	102	1	99.0%	688	688
Payments for capital assets	103 594	46 633	-	150 227	140 541	9 686	93.6%	83 212	68 101
Buildings and other fixed structures	28 000	1 198	-	29 198	29 198	-	100.0%	2 000	511
Buildings	28 000	1 198	-	29 198	29 198	-	100.0%	2 000	511
Machinery and equipment	75 594	(931)	-	74 663	64 977	9 686	87.0%	81 212	67 590
Transport equipment	24 472	(4 383)	(2 509)	17 580	9 103	8 477	51.8%	38 927	26 010
Other machinery and equipment	51 122	3 452	2 509	57 083	55 874	1 209	97.9%	42 285	41 580
Software and other intangible assets	-	46 366	-	46 366	46 366	-	100.0%	-	-
Payments for financial assets	-	2 568	-	2 568	2 568	-	100.0%	460	460
Total	2 842 877	-	-	2 842 877	2 761 585	81 292	97.1%	2 704 234	2 611 995

PROGRAMME 1: ADMINISTRATION

2016/17								2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Ministry	32 107	81	-	32 188	32 188	-	100.0%	32 708	32 649
2. Management	257 737	(81)	-	257 656	255 374	2 282	99.1%	402 389	375 380
3. Corporate Services	247 241	15 258	-	262 499	260 182	2 317	99.1%	67 306	63 366
4. Office of the Chief Financial Officer	129 314	(1 684)	(2 509)	125 121	105 632	19 489	84.4%	135 776	113 160
5. Office Accommodation	190 215	(13 574)	(7 000)	169 641	165 694	3 947	97.7%	175 868	161 082
Total for sub programmes	856 614	-	(9 509)	847 105	819 070	28 035	96.7%	814 047	745 637

2016/17								2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	784 212	(49 664)	(7 000)	727 548	708 637	18 911	97.4%	760 712	707 328
Compensation of employees	350 614	(20 792)	-	329 822	325 904	3 918	98.8%	331 228	325 922
Salaries and wages	306 372	(23 105)	-	283 267	279 349	3 918	98.6%	281 006	278 062
Social contributions	44 242	2 313	-	46 555	46 555	-	100.0%	50 222	47 860
Goods and services	433 598	(28 872)	(7 000)	397 726	382 733	14 993	96.2%	429 484	381 406
Administrative fees	2 834	781	-	3 615	3 614	1	100.0%	2 934	2 812
Advertising	6 140	(83)	-	6 057	6 039	18	99.7%	11 039	11 001
Minor assets	2 606	(213)	-	2 393	1 934	459	80.8%	1 660	1 586
Audit costs: External	20 392	(2 568)	-	17 824	16 913	911	94.9%	19 205	16 511
Bursaries: Employees	2 166	(394)	-	1 772	1 693	79	95.5%	1 976	1 680
Catering: Departmental activities	1 465	(27)	-	1 438	1 435	3	99.8%	1 905	1 883
Communication	26 014	(4 418)	-	21 596	21 498	98	99.5%	17 129	16 980
Computer services	103 391	(15 820)	-	87 571	87 279	292	99.7%	89 632	65 885
Consultants: Business and advisory services	8 735	(2 181)	-	6 554	5 859	695	89.4%	4 924	3 845
Laboratory services	3 275	4 265	-	7 540	7 540	-	100.0%	3 024	3 024
Legal services	3 715	1 719	-	5 434	5 382	52	99.0%	4 466	4 347
Agency and support / outsourced services	4 709	(649)	-	4 060	2 013	2 047	49.6%	3 087	2 897
Entertainment	168	5	-	173	140	33	80.9%	113	111
Fleet services	9 283	3 299	-	12 582	10 943	1 639	87.0%	10 148	9 084
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	20	(20)	-	-	-	-	-	-	-
Inventory: Materials and supplies	113	(50)	-	63	-	63	-	-	-
Inventory: Medical supplies	-	-	-	-	-	-	-	31	-
Inventory: Other supplies	-	-	-	-	-	-	-	10	-
Consumable supplies	2 231	70	-	2 301	2 199	102	95.6%	1 937	1 915
Consumable: Stationery, printing and office supplies	7 810	1 157	-	8 967	8 961	6	99.9%	10 841	10 841
Operating leases	126 972	(3 886)	(7 000)	116 086	113 458	2 628	97.7%	144 096	137 524
Property payments	66 174	(14 315)	-	51 859	47 925	3 934	92.4%	54 680	44 556
Transport provided: Departmental activity	-	15	-	15	14	1	93.3%	131	131

2016/17								2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Travel and subsistence	21 078	10 928	-	32 006	32 003	3	100.0%	37 064	37 061
Training and development	6 744	(3 439)	-	3 305	1 886	1 419	57.1%	3 213	3 012
Operating payments	5 289	(2 258)	-	3 031	2 632	399	86.8%	3 970	2 748
Venues and facilities	1 942	(517)	-	1 425	1 324	101	92.9%	1 937	1 641
Rental and hiring	332	(273)	-	59	49	10	83.1%	332	331
Transfers and subsidies	1 689	497	-	2 186	2 022	164	92.5%	2 389	2 318
Provinces and municipalities	700	(6)	-	694	547	147	78.8%	593	522
Provinces	-	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	-	-	-	-	-	-	-	-	-
Municipalities	700	(6)	-	694	547	147	78.8%	593	522
Municipal bank accounts	700	(6)	-	694	547	147	78.8%	593	522
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	16	-	16	16	-	100.0%	11	11
Social security funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	16	-	16	16	-	100.0%	11	11
Foreign governments and international organisations	-	-	-	-	-	-	-	3	3
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	989	487	-	1 476	1 459	17	98.8%	1 782	1 782
Social benefits	989	420	-	1 409	1 393	16	98.9%	1 254	1 254
Other transfers to households	-	67	-	67	66	1	98.5%	528	528
Payments for capital assets	70 713	46 599	(2 509)	114 803	105 843	8 960	92.2%	50 486	35 531
Buildings and other fixed structures	28 000	1 198	-	29 198	29 198	-	100.0%	2 000	511
Buildings	28 000	1 198	-	29 198	29 198	-	100.0%	2 000	511
Machinery and equipment	42 713	(965)	(2 509)	39 239	30 279	8 960	77.2%	48 486	35 020
Transport equipment	24 472	(4 383)	(2 509)	17 580	9 103	8 477	51.8%	38 927	26 010
Other machinery and equipment	18 241	3 418	-	21 659	21 176	483	97.8%	9 559	9 010
Software and other intangible assets	-	46 366	-	46 366	46 366	-	100.0%	-	-
Payments for financial assets	-	2 568	-	2 568	2 568	-	100.0%	460	460
Total	856 614	-	(9 509)	847 105	819 070	28 035	96.7%	814 047	745 637

1.1 MINISTRY									
	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual expenditure
Economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	31 061	1 127	-	32 188	32 188	-	100.0%	32 461	32 461
Compensation of employees	20 731	(4 760)	-	15 971	15 971	-	100.0%	14 066	14 066
Goods and services	10 330	5 887	-	16 217	16 217	-	100.0%	18 395	18 395
Transfers and subsidies	-	-	-	-	-	-	-	3	3
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	3	3
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	1 046	(1 046)	-	-	-	-	-	244	185
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	1 046	(1 046)	-	-	-	-	-	244	185
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	32 107	81	-	32 188	32 188	-	100.0%	32 708	32 649

1.2 MANAGEMENT

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	254 723	(464)	-	254 259	252 607	1 652	99.4%	391 299	365 779
Compensation of employees	196 030	(15 923)	-	180 107	180 090	17	100.0%	221 587	219 308
Goods and services	58 693	15 459	-	74 152	72 517	1 635	97.8%	169 712	146 471
Transfers and subsidies	1 431	383	-	1 814	1 667	147	91.9%	1 395	1 395
Provinces and municipalities	650	(16)	-	634	488	146	77.0%	493	493
Departmental agencies and accounts	-	16	-	16	16	-	100.0%	11	11
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	781	383	-	1 164	1 163	1	99.9%	891	891
Payments for capital assets	1 583	-	-	1 583	1 100	483	69.5%	9 695	8 206
Buildings and other fixed structures	-	13	-	13	13	-	100.0%	1 523	34
Machinery and equipment	1 583	(13)	-	1 570	1 087	483	69.2%	8 172	8 172
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	257 737	(81)	-	257 656	255 374	2 282	99.1%	402 389	375 380

1.3 CORPORATE SERVICES

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	231 988	(32 792)	-	199 196	196 895	2 301	98.8%	66 598	62 658
Compensation of employees	73 903	(5)	-	73 898	71 603	2 295	96.9%	41 303	38 276
Goods and services	158 085	(32 787)	-	125 298	125 292	6	100.0%	25 295	24 382
Transfers and subsidies	204	-	-	204	188	16	92.2%	190	190
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	204	-	-	204	188	16	92.2%	190	190
Payments for capital assets	15 049	48 050	-	63 099	63 099	-	100.0%	518	518
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	15 049	1 684	-	16 733	16 733	-	100.0%	518	518
Software and other intangible assets	-	46 366	-	46 366	46 366	-	100.0%	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	247 241	15 258	-	262 499	260 182	2 317	99.1%	67 306	63 366

1.4 OFFICE OF THE CHIEF FINANCIAL OFFICER

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	104 225	(2 682)	-	101 543	90 532	11 011	89.2%	94 963	85 825
Compensation of employees	59 950	(104)	-	59 846	58 240	1 606	97.3%	54 272	54 272
Goods and services	44 275	(2 578)	-	41 697	32 292	9 405	77.4%	40 691	31 553
Transfers and subsidies	54	114	-	168	167	1	99.4%	801	730
Provinces and municipalities	50	10	-	60	59	1	98.3%	100	29
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	4	104	-	108	108	-	100.0%	701	701
Payments for capital assets	25 035	(1 684)	(2 509)	20 842	12 365	8 477	59.3%	39 552	26 145
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	25 035	(1 684)	(2 509)	20 842	12 365	8 477	59.3%	39 552	26 145
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	2 568	-	2 568	2 568	-	100.0%	460	460
Total	129 314	(1 684)	(2 509)	125 121	105 632	19 489	84.4%	135 776	113 160

1.5 OFFICE ACCOMMODATION

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	162 215	(14 853)	(7 000)	140 362	136 415	3 947	97.2%	175 391	160 605
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	162 215	(14 853)	(7 000)	140 362	136 415	3 947	97.2%	175 391	160 605
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	28 000	1 279	-	29 279	29 279	-	100.0%	477	477
Buildings and other fixed structures	28 000	1 185	-	29 185	29 185	-	100.0%	477	477
Machinery and equipment	-	94	-	94	94	-	100.0%	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	190 215	(13 574)	(7 000)	169 641	165 694	3 947	97.7%	175 868	161 082

PROGRAMME 2: INSPECTION AND ENFORCEMENT SERVICES									
2016/17								2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Management and Support Services: Inspection and Enforcement Services	5 944	518	424	6 886	6 883	3	100.0%	4 618	4 618
2. Occupational Health and Safety	28 972	(518)	-	28 454	23 870	4 584	83.9%	29 338	29 338
3. Registration: Inspection and Enforcement Services	61 639	-	-	61 639	53 648	7 991	87.0%	52 587	52 587
4. Compliance, Monitoring and Enforcement	397 758	-	(9 473)	388 285	367 843	20 442	94.7%	373 034	373 034
5. Training of Staff: Inspection and Enforcement Services	5 430	-	-	5 430	4 673	757	86.1%	6 680	6 680
6. Statutory and Advocacy Services	9 598	-	63	9 661	7 352	2 309	76.1%	6 637	6 637
Total for sub programmes	509 341	-	(8 986)	500 355	464 269	36 086	92.8%	472 894	472 894

2016/17								2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	476 561	(946)	(10 688)	464 927	428 843	36 084	92.2%	439 771	439 771
Compensation of employees	414 468	(937)	(10 688)	402 843	381 987	20 856	94.8%	375 866	375 866
Salaries and wages	350 034	(26)	(10 688)	339 320	323 858	15 462	95.4%	317 580	317 580
Social contributions	64 434	(911)	-	63 523	58 129	5 394	91.5%	58 286	58 286
Goods and services	62 093	(9)	-	62 084	46 856	15 228	75.5%	63 905	63 905
Administrative fees	1 208	203	-	1 411	1 308	103	92.7%	1 302	1 302
Advertising	10	274	-	284	284	-	100.0%	65	65
Minor assets	2 827	(16)	-	2 811	502	2 309	17.9%	544	544
Audit costs: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	711	(28)	-	683	266	417	38.9%	147	147
Catering: Departmental activities	515	1 128	-	1 643	1 594	49	97.0%	1 021	1 021
Communication	2 990	(68)	-	2 922	1 340	1 582	45.9%	7 702	7 702
Computer services	-	-	-	-	-	-	-	2	2
Consultants: Business and advisory services	188	113	-	301	301	-	100.0%	167	167
Legal services	50	11	-	61	61	-	100.0%	61	61
Contractors	345	120	-	465	308	157	66.2%	701	701
Agency and support / outsourced services	799	(251)	-	548	113	435	20.6%	112	112
Entertainment	143	(20)	-	123	19	104	15.4%	16	16
Fleet services	9 868	(602)	-	9 266	7 987	1 279	86.2%	7 473	7 473
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	-	-	-	-	-	-	-	-	-
Inventory: Medical supplies	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-	-
Consumable supplies	1 677	115	-	1 792	739	1 053	41.2%	486	486
Consumable: Stationery, printing and office supplies	3 935	(197)	-	3 738	3 026	712	81.0%	4 376	4 376
Operating leases	917	(54)	-	863	217	646	25.1%	354	354
Property payments	466	70	-	536	286	250	53.4%	7 660	7 660
Transport provided: Departmental activity	-	67	-	67	67	-	100.0%	9	9

2016/17								2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Travel and subsistence	24 087	1 190	-	25 277	22 596	2 681	89.4%	25 384	25 384
Training and development	4 693	(2 783)	-	1 910	1 153	757	60.4%	2 277	2 277
Operating payments	2 758	(1)	-	2 757	2 280	477	82.7%	2 243	2 243
Venues and facilities	3 850	519	-	4 369	2 171	2 198	49.7%	1 331	1 331
Rental and hiring	56	201	-	257	238	19	92.6%	472	472
Transfers and subsidies	752	946	-	1 698	1 696	2	99.9%	1 216	1 216
Provinces and municipalities	-	28	-	28	28	-	100.0%	23	23
Provinces	-	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	-	-	-	-	-	-	-	-	-
Municipalities	-	28	-	28	28	-	100.0%	23	23
Municipal bank accounts	-	28	-	28	28	-	100.0%	23	23
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	752	918	-	1 670	1 668	2	99.9%	1 193	1 193
Social benefits	752	883	-	1 635	1 633	2	99.9%	1 082	1 082
Other transfers to households	-	35	-	35	35	-	100.0%	111	111
Payments for capital assets	32 028	-	1 702	33 730	33 730	-	100.0%	31 907	31 907
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Machinery and equipment	32 028	-	1 702	33 730	33 730	-	100.0%	31 907	31 907
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	32 028	-	1 702	33 730	33 730	-	100.0%	31 907	31 907
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	509 341	-	(8 986)	500 355	464 269	36 086	92.8%	472 894	472 894

2.1 MANAGEMENT AND SUPPORT SERVICES: INSPECTION AND ENFORCEMENT SERVICES

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	4 559	302	-	4 861	4 860	1	100.0%	4 602	4 602
Compensation of employees	3 322	(19)	-	3 303	3 302	1	100.0%	2 915	2 915
Goods and services	1 237	321	-	1 558	1 558	-	100.0%	1 687	1 687
Transfers and subsidies	10	-	-	10	8	2	80.0%	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	10	-	-	10	8	2	80.0%	-	-
Payments for capital assets	1 375	216	424	2 015	2 015	-	100.0%	16	16
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	1 375	216	424	2 015	2 015	-	100.0%	16	16
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	5 944	518	424	6 886	6 883	3	100.0%	4 618	4 618

2.2 OCCUPATIONAL HEALTH AND SAFETY

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	28 306	(302)	-	28 004	23 420	4 584	83.6%	22 766	22 766
Compensation of employees	22 738	-	-	22 738	19 417	3 321	85.4%	18 594	18 594
Goods and services	5 568	(302)	-	5 266	4 003	1 263	76.0%	4 172	4 172
Transfers and subsidies	-	-	-	-	-	-	-	10	10
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	10	10
Payments for capital assets	666	(216)	-	450	450	-	100.0%	6 562	6 562
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	666	(216)	-	450	450	-	100.0%	6 562	6 562
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	28 972	(518)	-	28 454	23 870	4 584	83.9%	29 338	29 338

2.3 REGISTRATION: INSPECTION & ENFORCEMENT SERVICES

2016/17								2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	61 537	(60)	-	61 477	53 486	7 991	87.0%	52 393	52 393
Compensation of employees	54 087	(60)	-	54 027	50 958	3 069	94.3%	47 009	47 009
Goods and services	7 450	-	-	7 450	2 528	4 922	33.9%	5 384	5 384
Transfers and subsidies	102	60	-	162	162	-	100.0%	194	194
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	102	60	-	162	162	-	100.0%	194	194
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	61 639	-	-	61 639	53 648	7 991	87.0%	52 587	52 587

2.4 COMPLIANCE, MONITORING AND ENFORCEMENT

2016/17								2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	367 218	(886)	(10 688)	355 644	335 202	20 442	94.3%	346 843	346 843
Compensation of employees	328 628	(858)	(10 688)	317 082	303 617	13 465	95.8%	302 913	302 913
Goods and services	38 590	(28)	-	38 562	31 585	6 977	81.9%	43 930	43 930
Transfers and subsidies	640	886	-	1 526	1 526	-	100.0%	1 012	1 012
Provinces and municipalities	-	28	-	28	28	-	100.0%	23	23
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	640	858	-	1 498	1 498	-	100.0%	989	989
Payments for capital assets	29 900	-	1 215	31 115	31 115	-	100.0%	25 179	25 179
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	29 900	-	1 215	31 115	31 115	-	100.0%	25 179	25 179
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	397 758	-	(9 473)	388 285	367 843	20 442	94.7%	373 034	373 034

2.5 TRAINING OF STAFF: INSPECTION & ENFORCEMENT SERVICES

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	5 430	-	-	5 430	4 673	757	86.1%	6 680	6 680
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	5 430	-	-	5 430	4 673	757	86.1%	6 680	6 680
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	5 430	-	-	5 430	4 673	757	86.1%	6 680	6 680

2.6 STATUTORY AND ADVOCACY SERVICES

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	9 511	-	-	9 511	7 202	2 309	75.7%	6 487	6 487
Compensation of employees	5 693	-	-	5 693	4 693	1 000	82.4%	4 435	4 435
Goods and services	3 818	-	-	3 818	2 509	1 309	65.7%	2 052	2 052
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	87	-	63	150	150	-	100.0%	150	150
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	87	-	63	150	150	-	100.0%	150	150
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	9 598	-	63	9 661	7 352	2 309	76.1%	6 637	6 637

PROGRAMME 3: PUBLIC EMPLOYMENT SERVICES									
2016/17								2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub programme									
1. Management and Support Services: Public Employment Services	40 697	37 295	11 495	89 487	89 487	-	100.0%	38 450	35 968
2. Employer Services	123 016	(41 565)	-	81 451	81 451	-	100.0%	122 500	120 086
3. Work-Seeker Services	118 803	452	(4 113)	115 142	115 141	1	100.0%	119 458	116 038
4. Designated Groups Special Services	12 117	-	-	12 117	11 300	817	93.3%	11 508	11 066
5. Supported Employment Enterprises	144 468	4 224	-	148 692	148 692	-	100.0%	140 707	140 707
6. Productivity South Africa	47 944	-	11 113	59 057	59 057	-	100.0%	45 531	45 531
7. Unemployment Insurance Fund	1	-	-	1	-	1	-	1	-
8. Compensation Fund	19 031	-	-	19 031	19 031	-	100.0%	18 073	14 780
9. Training of Staff: Public Employment Services	1 126	(406)	-	720	720	-	100.0%	1 069	923
Total for sub programmes	507 203	-	18 495	525 698	524 879	819	99.8%	497 297	485 099

2016/17								2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	288 450	(387)	6 575	294 638	294 637	1	100.0%	285 884	277 561
Compensation of employees	256 342	5 246	10 688	272 276	272 276	-	100.0%	251 825	245 728
Salaries and wages	207 485	(14 846)	-	192 639	192 639	-	100.0%	212 879	211 439
Social contributions	48 857	20 092	10 688	79 637	79 637	-	100.0%	38 946	34 289
Goods and services	32 108	(5 633)	(4 113)	22 362	22 361	1	100.0%	34 059	31 833
Administrative fees	849	(329)	-	520	520	-	100.0%	441	416
Advertising	262	(29)	-	233	233	-	100.0%	798	798
Minor assets	1 058	(391)	-	667	667	-	100.0%	569	569
Audit costs: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	-	19	-	19	19	-	100.0%	49	49
Catering: Departmental activities	852	314	-	1 166	1 166	-	100.0%	1 427	1 413
Communication	2 860	(382)	(1 000)	1 478	1 478	-	100.0%	5 616	5 584
Computer services	-	-	-	-	-	-	-	63	37
Consultants: Business and advisory services	-	27	-	27	27	-	100.0%	21	21
Legal services	-	-	-	-	-	-	-	-	-
Contractors	1 962	(793)	-	1 169	1 169	-	100.0%	1 967	1 967
Agency and support / outsourced services	-	4	-	4	4	-	100.0%	102	102
Entertainment	22	(8)	-	14	14	-	100.0%	15	15
Fleet services	3 139	(275)	(113)	2 751	2 751	-	100.0%	3 002	3 002
Inventory: Fuel, oil and gas	442	(442)	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	31	(31)	-	-	-	-	-	-	-
Inventory: Medical supplies	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	414	(414)	-	-	-	-	-	-	-
Consumable supplies	21	120	-	141	141	-	100.0%	135	135
Consumable: Stationery, printing and office supplies	3 361	(830)	(1 000)	1 531	1 531	-	100.0%	1 666	1 666
Operating leases	1 728	(1 418)	-	310	310	-	100.0%	425	422
Property payments	315	(157)	-	158	158	-	100.0%	4 292	4 292
Transport provided: Departmental activity	-	34	-	34	34	-	100.0%	-	-
Travel and subsistence	9 278	1 632	(2 000)	8 910	8 910	-	100.0%	10 195	9 045
Training and development	1 126	(728)	-	398	398	-	100.0%	817	671
Operating payments	1 776	(191)	-	1 585	1 585	-	100.0%	1 743	1 123

2016/17								2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Venues and facilities	2 021	(867)	-	1 154	1 153	1	100.0%	416	206
Rental and hiring	591	(498)	-	93	93	-	100.0%	300	300
Transfers and subsidies	218 703	353	11 113	230 169	229 351	818	99.6%	211 113	207 377
Provinces and municipalities	-	11	-	11	11	-	100.0%	4	4
Provinces	-	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	-	-	-	-	-	-	-	-	-
Municipalities	-	11	-	11	11	-	100.0%	4	4
Municipal bank accounts	-	11	-	11	11	-	100.0%	4	4
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	66 976	-	11 113	78 089	78 088	1	100.0%	63 605	60 311
Social security funds	19 032	-	-	19 032	19 031	1	100.0%	18 074	14 780
Departmental agencies and accounts	47 944	-	11 113	59 057	59 057	-	100.0%	45 531	45 531
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	150 685	-	-	150 685	149 868	817	99.5%	146 558	146 116
Households	1 042	342	-	1 384	1 384	-	100.0%	946	946
Social benefits	1 042	341	-	1 383	1 383	-	100.0%	929	929
Other transfers to households	-	1	-	1	1	-	-	17	17
Payments for capital assets	50	34	807	891	891	-	100.0%	300	161
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Machinery and equipment	50	34	807	891	891	-	100.0%	300	161
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	50	34	807	891	891	-	100.0%	300	161
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	507 203	-	18 495	525 698	524 879	819	99.8%	497 297	485 099

3.1 MANAGEMENT AND SUPPORT SERVICES: PUBLIC EMPLOYMENT SERVICES

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	40 647	37 270	10 688	88 605	88 605	-	100.0%	38 071	35 728
Compensation of employees	34 040	38 108	10 688	82 836	82 836	-	100.0%	32 407	30 164
Goods and services	6 607	(838)	-	5 769	5 769	-	100.0%	5 664	5 564
Transfers and subsidies	-	24	-	24	24	-	100.0%	86	86
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	24	-	24	24	-	100.0%	86	86
Payments for capital assets	50	1	807	858	858	-	100.0%	293	154
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	50	1	807	858	858	-	100.0%	293	154
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	40 697	37 295	11 495	89 487	89 487	-	100.0%	38 450	35 968

3.2 EMPLOYER SERVICES

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	122 016	(41 429)	-	80 587	80 587	-	100.0%	122 128	119 714
Compensation of employees	109 534	(38 141)	-	71 393	71 393	-	100.0%	107 387	104 973
Goods and services	12 482	(3 288)	-	9 194	9 194	-	100.0%	14 741	14 741
Transfers and subsidies	1 000	(152)	-	848	848	-	100.0%	372	372
Provinces and municipalities	-	9	-	9	9	-	100.0%	4	4
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	1 000	(161)	-	839	839	-	100.0%	368	368
Payments for capital assets	-	16	-	16	16	-	100.0%	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	16	-	16	16	-	100.0%	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	123 016	(41 565)	-	81 451	81 451	-	100.0%	122 500	120 086

3.3 WORK-SEEKER SERVICES

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	118 761	69	(4 113)	114 717	114 716	1	100.0%	119 127	115 707
Compensation of employees	107 868	631	-	108 499	108 499	-	100.0%	107 048	105 608
Goods and services	10 893	(562)	(4 113)	6 218	6 217	1	100.0%	12 079	10 099
Transfers and subsidies	42	366	-	408	408	-	100.0%	324	324
Provinces and municipalities	-	2	-	2	2	-	100.0%	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	42	364	-	406	406	-	100.0%	324	324
Payments for capital assets	-	17	-	17	17	-	100.0%	7	7
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	17	-	17	17	-	100.0%	7	7
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	118 803	452	(4 113)	115 142	115 141	1	100.0%	119 458	116 038

3.4 DESIGNATED GROUPS SPECIAL SERVICES

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Transfers and subsidies	12 117	-	-	12 117	11 300	817	93.3%	11 508	11 066
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	12 117	-	-	12 117	11 300	817	93.3%	11 508	11 066
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	12 117	-	-	12 117	11 300	817	93.3%	11 508	11 066

3.5 SUPPORTED EMPLOYMENT ENTERPRISES

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	5 900	4 109	-	10 009	10 009	-	100.0%	5 489	5 489
Compensation of employees	4 900	4 648	-	9 548	9 548	-	100.0%	4 983	4 983
Goods and services	1 000	(539)	-	461	461	-	100.0%	506	506
Transfers and subsidies	138 568	115	-	138 683	138 683	-	100.0%	135 218	135 218
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	138 568	-	-	138 568	138 568	-	100.0%	135 050	135 050
Households	-	115	-	115	115	-	100.0%	168	168
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	144 468	4 224	-	148 692	148 692	-	100.0%	140 707	140 707

3.6 PRODUCTIVITY SOUTH AFRICA									
	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Transfers and subsidies	47 944	-	11 113	59 057	59 057	-	100.0%	45 531	45 531
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	47 944	-	11 113	59 057	59 057	-	100.0%	45 531	45 531
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	47 944	-	11 113	59 057	59 057	-	100.0%	45 531	45 531

3.7 UNEMPLOYMENT INSURANCE FUND

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Transfers and subsidies	1	-	-	1	-	1	-	1	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	1	-	-	1	-	1	-	1	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	1	-	-	1	-	1	-	1	-

3.8 COMPENSATION FUND									
	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Transfers and subsidies	19 031	-	-	19 031	19 031	-	100.0%	18 073	14 780
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	19 031	-	-	19 031	19 031	-	100.0%	18 073	14 780
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	19 031	-	-	19 031	19 031	-	100.0%	18 073	14 780

3.9 TRAINING OF STAFF: PUBLIC EMPLOYMENT SERVICES

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	1 126	(406)	-	720	720	-	100.0%	1 069	923
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	1 126	(406)	-	720	720	-	100.0%	1 069	923
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	1 126	(406)	-	720	720	-	100.0%	1 069	923

PROGRAMME 4: LABOUR POLICY AND INDUSTRIAL RELATIONS									
2016/17								2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sub-programme									
1. Management and Support Services: Labour Policy and Industrial Relations	15 466	26	-	15 492	13 854	1 638	89.4%	14 240	12 578
2. Strengthen Civil Society	18 879	-	-	18 879	18 879	-	100.0%	17 929	17 929
3. Collective Bargaining	14 364	112	-	14 476	13 151	1 325	90.8%	13 318	12 582
4. Employment Equity	14 903	134	-	15 037	12 916	2 121	85.9%	14 706	14 324
5. Employment Standards	13 733	(79)	-	13 654	11 175	2 479	81.8%	12 791	10 961
6. Commission for Conciliation, Mediation and Arbitration	770 501	-	-	770 501	770 501	-	100.0%	731 799	731 799
7. Research, Policy and Planning	9 728	-	-	9 728	7 858	1 870	80.8%	10 431	7 110
8. Labour Market Information and Statistics	38 546	(193)	-	38 353	36 232	2 121	94.5%	38 747	35 860
9. International Labour Matters	42 782	-	-	42 782	37 984	4 798	88.8%	37 031	36 431
10. National Economic Development and Labour Council	30 817	-	-	30 817	30 817	-	100.0%	29 004	28 791
Total for sub-programmes	969 719	-	-	969 719	953 367	16 352	98.3%	919 996	908 365

2016/17								2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	126 657	(103)	-	126 554	113 206	13 348	89.5%	119 969	108 356
Compensation of employees	86 546	(103)	-	86 443	84 527	1 916	97.8%	80 500	78 099
Salaries and wages	75 294	(12)	-	75 282	73 672	1 610	97.9%	69 784	67 838
Social contributions	11 252	(91)	-	11 161	10 855	306	97.3%	10 716	10 261
Goods and services	40 111	-	-	40 111	28 679	11 432	71.5%	39 469	30 257
Administrative fees	445	149	-	594	499	95	84.0%	667	428
Advertising	3 039	498	-	3 537	3 325	212	94.0%	6 037	5 567
Minor assets	657	(164)	-	493	237	256	48.1%	675	170
Audit costs: External	-	-	-	-	-	-	-	-	-
Bursaries: Employees	-	-	-	-	-	-	-	30	30
Catering: Departmental activities	993	26	-	1 019	479	540	47.0%	293	215
Communication	629	(22)	-	607	454	153	74.8%	1 151	966
Computer services	1 055	(58)	-	997	850	147	85.3%	1 183	944
Consultants: Business and advisory services	5 238	204	-	5 442	3 838	1 604	70.5%	5 765	3 145
Legal services	-	-	-	-	-	-	-	918	-
Contractors	187	7	-	194	120	74	61.9%	76	76
Agency and support / outsourced services	4	2	-	6	5	1	83.3%	7	-
Entertainment	28	(7)	-	21	19	2	90.5%	77	47
Fleet services	467	2	-	469	207	262	44.1%	388	236
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	-	-	-	-	-	-	-	-	-
Inventory: Medical supplies	-	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-	-
Consumable supplies	339	-	-	339	311	28	91.7%	63	9
Consumable: Stationery, printing and office supplies	5 142	(12)	-	5 130	2 807	2 323	54.7%	3 349	2 790
Operating leases	2 113	(222)	-	1 892	1 683	208	89.0%	1 270	1 188
Property payments	189	-	-	189	59	130	31.2%	601	547
Transport provided: Departmental activity	58	12	-	70	70	-	100.0%	-	-

2016/17								2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Travel and subsistence	12 167	(676)	-	11 491	8 694	2 797	75.7%	12 045	10 939
Training and development	1 461	-	-	1 461	366	1 095	25.1%	1 675	676
Operating payments	2 212	261	-	2 473	2 247	226	90.9%	649	375
Venues and facilities	2 918	32	-	2 950	2 276	674	77.2%	2 550	1 909
Rental and hiring	770	(32)	-	738	133	605	18.0%	-	-
Transfers and subsidies	842 259	103	-	842 362	840 084	2 278	99.7%	799 508	799 507
Provinces and municipalities	1	(1)	-	-	-	-	-	2	1
Provinces	-	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-	-
Provincial agencies and funds	-	-	-	-	-	-	-	-	-
Municipalities	1	(1)	-	-	-	-	-	2	1
Municipal bank accounts	1	(1)	-	-	-	-	-	2	1
Municipal agencies and funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	801 318	1	-	801 319	801 319	-	100.0%	760 590	760 590
Social security funds	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	801 318	1	-	801 319	801 319	-	100.0%	760 590	760 590
Foreign governments and international organisations	21 957	-	-	21 957	19 719	2 238	89.8%	20 909	20 909
Non-profit institutions	18 959	-	-	18 959	18 919	40	99.8%	17 929	17 929
Households	24	103	-	127	127	-	100.0%	78	78
Social benefits	24	103	-	127	127	-	100.0%	46	46
Other transfers to households	-	-	-	-	-	-	-	32	32
Payments for capital assets	803	-	-	803	77	726	9.6%	519	502
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-
Machinery and equipment	803	-	-	803	77	726	9.6%	519	502
Transport equipment	-	-	-	-	-	-	-	-	-
Other machinery and equipment	803	-	-	803	77	726	9.6%	519	502
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	969 719	-	-	969 719	953 367	16 352	98.3%	919 996	908 365

4.1 MANAGEMENT AND SUPPORT SERVICES: LABOUR POLICY AND INDUSTRIAL RELATIONS

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	15 407	26	-	15 433	13 849	1 584	89.7%	14 083	12 438
Compensation of employees	11 112	26	-	11 138	11 138	-	100.0%	9 960	9 863
Goods and services	4 295	-	-	4 295	2 711	1 584	63.1%	4 123	2 575
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	59	-	-	59	5	54	8.5%	157	140
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	59	-	-	59	5	54	8.5%	157	140
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	15 466	26	-	15 492	13 854	1 638	89.4%	14 240	12 578

4.2 STRENGTHEN CIVIL SOCIETY

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Transfers and subsidies	18 879	-	-	18 879	18 879	-	100.0%	17 929	17 929
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	18 879	-	-	18 879	18 879	-	100.0%	17 929	17 929
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	18 879	-	-	18 879	18 879	-	100.0%	17 929	17 929

4.3 COLLECTIVE BARGAINING

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	14 327	53	-	14 380	13 069	1 311	90.9%	13 313	12 577
Compensation of employees	11 954	53	-	12 007	12 007	-	100.0%	10 977	10 977
Goods and services	2 373	-	-	2 373	1 062	1 311	44.8%	2 336	1 600
Transfers and subsidies	-	59	-	59	59	-	100.0%	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	59	-	59	59	-	100.0%	-	-
Payments for capital assets	37	-	-	37	23	14	62.2%	5	5
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	37	-	-	37	23	14	62.2%	5	5
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	14 364	112	-	14 476	13 151	1 325	90.8%	13 318	12 582

4.4 EMPLOYMENT EQUITY									
	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	14 903	134	-	15 037	12 916	2 121	85.9%	14 631	14 249
Compensation of employees	7 071	134	-	7 205	7 204	1	100.0%	6 817	6 624
Goods and services	7 832	-	-	7 832	5 712	2 120	72.9%	7 814	7 625
Transfers and subsidies	-	-	-	-	-	-	-	8	8
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	8	8
Payments for capital assets	-	-	-	-	-	-	-	67	67
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	67	67
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	14 903	134	-	15 037	12 916	2 121	85.9%	14 706	14 324

4.5 EMPLOYMENT STANDARDS

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	13 651	(79)	-	13 572	11 133	2 439	82.0%	12 755	10 925
Compensation of employees	7 877	(79)	-	7 798	7 578	220	97.2%	7 392	7 293
Goods and services	5 774	-	-	5 774	3 555	2 219	61.6%	5 363	3 632
Transfers and subsidies	80	-	-	80	40	40	50.0%	32	32
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	80	-	-	80	40	40	50.0%	-	-
Households	-	-	-	-	-	-	-	32	32
Payments for capital assets	2	-	-	2	2	-	100.0%	4	4
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	2	-	-	2	2	-	100.0%	4	4
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	13 733	(79)	-	13 654	11 175	2 479	81.8%	12 791	10 961

4.6 COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION

2016/17								2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	-	-	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Transfers and subsidies	770 501	-	-	770 501	770 501	-	100.0%	731 799	731 799
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	770 501	-	-	770 501	770 501	-	100.0%	731 799	731 799
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	770 501	-	-	770 501	770 501	-	100.0%	731 799	731 799

4.7 RESEARCH, POLICY AND PLANNING

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	9 704	-	-	9 704	7 834	1 870	80.7%	10 431	7 110
Compensation of employees	4 505	-	-	4 505	4 369	136	97.0%	4 230	4 047
Goods and services	5 199	-	-	5 199	3 465	1 734	66.6%	6 201	3 063
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	24	-	-	24	24	-	100.0%	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	24	-	-	24	24	-	100.0%	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	9 728	-	-	9 728	7 858	1 870	80.8%	10 431	7 110

4.8 LABOUR MARKET INFORMATION & STATISTICS

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	38 440	(217)	-	38 223	36 160	2 063	94.6%	38 485	35 599
Compensation of employees	32 765	(217)	-	32 548	31 612	936	97.1%	31 281	30 055
Goods and services	5 675	-	-	5 675	4 548	1 127	80.1%	7 204	5 544
Transfers and subsidies	25	24	-	49	49	-	100.0%	40	39
Provinces and municipalities	1	(1)	-	-	-	-	-	2	1
Departmental agencies and accounts	-	1	-	1	1	-	100.0%	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	24	24	-	48	48	-	100.0%	38	38
Payments for capital assets	81	-	-	81	23	58	28.4%	222	222
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	81	-	-	81	23	58	28.4%	222	222
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	38 546	(193)	-	38 353	36 232	2 121	94.5%	38 747	35 860

4.9 INTERNATIONAL LABOUR MATTERS

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	20 225	(20)	-	20 205	18 245	1 960	90.3%	16 058	15 458
Compensation of employees	11 262	(20)	-	11 242	10 619	623	94.5%	9 639	9 240
Goods and services	8 963	-	-	8 963	7 626	1 337	85.1%	6 419	6 218
Transfers and subsidies	21 957	20	-	21 977	19 739	2 238	89.8%	20 909	20 909
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	21 957	-	-	21 957	19 719	2 238	89.8%	20 909	20 909
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	20	-	20	20	-	100.0%	-	-
Payments for capital assets	600	-	-	600	-	600	-	64	64
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	600	-	-	600	-	600	-	64	64
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	42 782	-	-	42 782	37 984	4 798	88.8%	37 031	36 431

4.10 NATIONAL ECONOMIC DEVELOPMENT AND LABOUR COUNCIL

	2016/17							2015/16	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of Final Appropriation	Final Appropriation	Actual expenditure
ECONOMIC CLASSIFICATION	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments	-	-	-	-	-	-	-	213	-
Compensation of employees	-	-	-	-	-	-	-	204	-
Goods and services	-	-	-	-	-	-	-	9	-
Transfers and subsidies	30 817	-	-	30 817	30 817	-	100.0%	28 791	28 791
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	30 817	-	-	30 817	30 817	-	100.0%	28 791	28 791
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
Total	30 817	-	-	30 817	30 817	-	100.0%	29 004	28 791

2.2 NOTES TO THE APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

1. DETAIL OF TRANSFERS AND SUBSIDIES AS PER APPROPRIATION ACT (AFTER VIREMENT):

Detail of these transactions can be viewed in the note on Transfers and Subsidies, Disclosure Notes and Annexure 1 (A-E) to the Annual Financial Statements.

2. DETAIL OF SPECIFICALLY AND EXCLUSIVELY APPROPRIATED AMOUNTS VOTED (AFTER VIREMENT):

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

3. DETAIL ON PAYMENTS FOR FINANCIAL ASSETS

Detail of these transactions per programme can be viewed in the note on Payments for Financial Assets to the Annual Financial Statements.

4. EXPLANATIONS OF MATERIAL VARIANCES FROM AMOUNTS VOTED (AFTER VIREMENT):

4.1 PER PROGRAMME				
	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
ADMINISTRATION				
Current payment	727 548	708 637	18 911	2.6%
Transfers and subsidies	2 186	2 022	164	7.5%
Payment for capital assets	114 803	105 843	8 960	7.8%
Payment for financial assets	2 568	2 568	-	0.0%
Total	847 105	819 070	28 035	3.3%

The under spending is mainly attributable to:

Capital Assets: The delays in the finalisation of the mobile labour centre project.

Transfers and Subsidies: Less than anticipated vehicle licences were renewed.

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
INSPECTION AND ENFORCEMENT SERVICES				
Current payment	464 927	428 843	36 084	7.8%
Transfers and subsidies	1 698	1 696	2	0.1%
Payment for capital assets	33 730	33 730	-	0.0%
Total	500 355	464 269	36 086	7.2%

The under spending is mainly attributable to:

Compensation of Employees: The conversion of the OHS inspector posts that is to be funded 100% by the CF and will allow for the filling of other vacant inspector posts currently unfunded against the establishment. Delays in the finalisation of the inspector program resulted in concomitant delays and therefore under spending on goods and services.

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
PUBLIC EMPLOYMENT SERVICES				
Current payment	294 638	294 637	1	0.0%
Transfers and subsidies	230 169	229 351	818	0.4%
Payment for capital assets	891	891	-	0.0%
Total	525 698	524 879	819	0.2%

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
LABOUR POLICY AND INDUSTRIAL RELATIONS				
Current payment	126 554	113 206	13 348	10.5%
Transfers and subsidies	842 362	840 084	2 278	0.3%
Payment for capital assets	803	77	726	90.4%
Total	969 719	953 367	16 352	1.7%

The under spending is mainly attributable to:

Compensation of Employees: The non-filling of vacant posts.

Goods and Services: Less than anticipated travel fees (trips to Switzerland being paid for by the ILO, cancellations of visits by the counterpart - postponement to the next financial year and some being sponsored for by the agencies)

Capital Assets: The under expenditure is due to the delay in the procuring office furniture for the Labour Attaché.

Transfers and Subsidies: The exchange rate fluctuations when the payments to the ILO and ARLAC were processed.

4.2 PER ECONOMIC CLASSIFICATION				
	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	R'000
Current payments				
Compensation of employees	1 091 384	1 064 694	26 690	2.4%
Goods and services	522 283	480 629	41 654	8.0%
Transfers and subsidies				
Provinces and municipalities	733	586	147	20.1%
Departmental agencies and accounts	879 424	879 423	1	0.0%
Foreign governments and international organisations	21 957	19 719	2 238	10.2%
Non-profit institutions	169 644	168 787	857	0.5%
Households	4 657	4 638	19	0.4%
Payments for capital assets				
Buildings and other fixed structures	29 198	29 198	-	0.0%
Machinery and equipment	74 663	64 977	9 686	13.0%
Software and other intangible assets	46 366	46 366	-	0.0%
Payment of financial assets	2 568	2 568	-	0.0%
Total	2 842 877	2 761 585	81 292	2.9%

The under spending is mainly attributable to:

Compensation of Employees (2.4%): The conversion of the OHS inspector posts that is to be funded 100% by the CF and will allow for the filling of other vacant inspector posts currently unfunded against the establishment. Delays in the finalisation of the inspector program resulted in concomitant delays and therefore under spending on goods and services and the non-filling of vacant posts.

Goods and Services (7.3%): Less than anticipated travel fees (trips to Switzerland being paid for by the ILO, cancellations of trips by the counterpart - postponement to the next financial year and some being sponsored for by the agencies)

Machinery and Equipment (13.0%): The delays in the finalisation of the mobile labour centre project and the delay in the procuring office furniture for the Labour Attaché.

Provinces and Municipalities (20.1%): Less than anticipated vehicle licences were renewed.

Foreign Governments and International Organisations (10.2%): The exchange rate fluctuation when the payments to the ILO and ARLAC were processed.

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED
31 MARCH 2017**

	Note	2016/17 R'000	2015/16 R'000
REVENUE			
Annual appropriation	<u>1</u>	2 842 877	2 704 234
Departmental revenue	<u>2</u>	11 702	10 056
TOTAL REVENUE		2 854 579	2 714 290
EXPENDITURE			
Current expenditure			
Compensation of employees	<u>3</u>	1 064 694	1 025 615
Goods and services	<u>4</u>	480 629	507 401
Total current expenditure		1 545 323	1 533 016
Transfers and subsidies			
Transfers and subsidies	<u>6</u>	1 073 153	1 010 418
Total transfers and subsidies		1 073 153	1 010 418
Expenditure for capital assets			
Tangible assets	<u>7</u>	94 175	68 101
Intangible assets	<u>7</u>	46 366	-
Total expenditure for capital assets		140 541	68 101
Payments for financial assets	<u>5</u>	2 568	460
TOTAL EXPENDITURE		2 761 585	2 611 995
SURPLUS/(DEFICIT) FOR THE YEAR		92 994	102 295
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		81 292	92 239
Annual appropriation		81 292	92 239
Departmental revenue and NRF Receipts	<u>12</u>	11 702	10 056
SURPLUS/(DEFICIT) FOR THE YEAR		92 994	102 295

**STATEMENT OF FINANCIAL POSITION AS AT
31 MARCH 2017**

	Note	2016/17 R'000	2015/16 R'000
ASSETS			
Current assets		166 137	84 403
Cash and cash equivalents	<u>8</u>	443	9 755
Prepayments and advances	<u>9</u>	15 072	12 720
Receivables	<u>10</u>	150 622	61 928
Non-current assets		22 562	22 286
Receivables	<u>10</u>	22 562	22 286
TOTAL ASSETS		188 699	106 689
LIABILITIES			
Current liabilities		182 555	101 308
Voted funds to be surrendered to the Revenue Fund	<u>11</u>	81 292	92 239
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	<u>12</u>	562	1 035
Bank overdraft	<u>13</u>	98 080	-
Payables	<u>14</u>	2 621	8 034
TOTAL LIABILITIES		182 555	101 308
NET ASSETS		6 144	5 381
Represented by:			
Recoverable revenue		6 144	5 381
TOTAL		6 144	5 381

**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED
31 MARCH 2017**

	Note	2016/17 R'000	2015/16 R'000
Recoverable revenue			
Opening balance		5 381	5 419
Transfers:		763	(38)
Debts recovered (included in departmental receipts)		3 231	2 962
Debts raised		(2 468)	(3 000)
TOTAL		6 144	5 381

**CASH FLOW STATEMENT FOR THE YEAR ENDED
31 MARCH 2017**

	Note	2016/17 R'000	2015/16 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		2 854 550	2 714 185
Annual appropriated funds received	<u>1.1</u>	2 842 877	2 704 234
Departmental revenue received	<u>2</u>	10 296	8 648
Interest received	<u>2.3</u>	1 377	1 303
Net (increase)/decrease in working capital		(96 735)	43 753
Surrendered to Revenue Fund		(104 414)	(136 414)
Current payments		(1 545 323)	(1 533 016)
Payments for financial assets		(2 568)	(460)
Transfers and subsidies paid		(1 073 153)	(1 010 418)
Net cash flow available from operating activities	<u>15</u>	<u>(32 357)</u>	<u>77 630</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	<u>7</u>	(140 541)	(68 101)
Proceeds from sale of capital assets	<u>2.4</u>	29	105
Net cash flows from investing activities		<u>(140 512)</u>	<u>(67 996)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		763	(38)
Increase/(decrease) in non-current payables		-	(137)
Net cash flows from financing activities		<u>763</u>	<u>(175)</u>
Net increase/(decrease) in cash and cash equivalents		(107 392)	9 459
Cash and cash equivalents at beginning of period		9 755	296
Cash and cash equivalents at end of period	<u>16</u>	<u>(97 637)</u>	<u>9 755</u>

2.3 ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. Management has concluded that the financial statements present fairly the Department's primary and secondary information.

The historical cost convention has been used, except where otherwise indicated. Management has used assessments and estimates in preparing the annual financial statements. These are based on the best information available at the time of preparation.

Where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act (PFMA), Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the PFMA and the annual Division of Revenue Act.

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Modified Cash Standard.

2. GOING CONCERN

The financial statements have been prepared on a going concern basis.

3. PRESENTATION CURRENCY

Amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the Department.

4. ROUNDING

Unless otherwise stated, financial figures have been rounded to the nearest one thousand Rand (R'000).

5. FOREIGN CURRENCY TRANSLATION

Cash flows arising from foreign currency transactions are translated into South African Rands using the spot exchange rates prevailing at the date of payment / receipt.

6. COMPARATIVE INFORMATION

6.1 PRIOR PERIOD COMPARATIVE INFORMATION

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

6.2 CURRENT YEAR COMPARISON WITH BUDGET

A comparison between the approved, final budget and actual amounts for each programme and economic classification is included in the appropriation statement.

7. REVENUE

7.1 APPROPRIATED FUNDS

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

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

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

7.2 DEPARTMENTAL REVENUE

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

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

7.3 ACCRUED DEPARTMENTAL REVENUE

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

- It is probable that the economic benefits or service potential associated with the transaction will flow to the Department
- The amount of revenue can be measured reliably

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

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

Write-offs are made according to the department's debt write-off policy.

8. EXPENDITURE

8.1 COMPENSATION OF EMPLOYEES

8.1.1 Salaries and wages

Salaries and wages are recognised in the statement of financial performance on the date of payment.

8.1.2 Social contributions

Social contributions made by the Department in respect of current employees are recognised in the statement of financial performance on the date of payment.

Social contributions made by the Department in respect of ex-employees are classified as transfers to households in the statement of financial performance on the date of payment.

8.2 OTHER EXPENDITURE

Other expenditure (such as goods and services, transfers and subsidies and payments for capital assets) is recognised in the statement of financial performance on the date of payment. The expense is classified as a capital expense if the total consideration paid is more than the capitalisation threshold.

8.3 ACCRUED EXPENDITURE PAYABLE

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

Accrued expenditure payable is measured at cost.

8.4 LEASES

8.4.1 Operating leases

Operating lease payments made during the reporting period are recognised as current expenditure in the statement of financial performance on the date of payment.

The operating lease commitments are recorded in the notes to the financial statements.

8.4.2 Finance leases

Finance lease payments made during the reporting period are recognised as capital expenditure in the statement of financial performance on the date of payment.

The finance lease commitments are recorded in the notes to the financial statements and are not apportioned between the capital and interest portions.

Finance lease assets acquired at the end of the lease term are recorded and measured at the lower of:

- Cost, being the fair value of the asset
- The sum of the minimum lease payments made, including any payments made to acquire ownership at the end of the lease term, excluding interest.

9. AID ASSISTANCE

9.1 AID ASSISTANCE RECEIVED

Aid assistance received in cash is recognised in the statement of financial performance when received. In-kind aid assistance is recorded in the notes to the financial statements on the date of receipt and is measured at fair value.

Aid assistance not spent for the intended purpose and any unutilised funds from aid assistance that are required to be refunded to the donor are recognised as a payable in the statement of financial position.

9.2 AID ASSISTANCE PAID

Aid assistance paid is recognised in the statement of financial performance on the date of payment. Aid assistance payments made prior to the receipt of funds are recognised as a receivable in the statement of financial position.

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are stated at cost in the statement of financial position.

Bank overdrafts are shown separately on the face of the statement of financial position as a current liability.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

11. PREPAYMENTS AND ADVANCES

Prepayments and advances are recognised in the statement of financial position when the Department receives or disburses the cash.

Prepayments and advances are initially and subsequently measured at cost.

12. LOANS AND RECEIVABLES

Loans and receivables are recognised in the statement of financial position at cost plus accrued interest, where interest is charged, less amounts already settled or written-off. Write-offs are made according to the Department's write-off policy.

13. INVESTMENTS

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

14. FINANCIAL ASSETS

14.1 FINANCIAL ASSETS (NOT COVERED ELSEWHERE)

A financial asset is recognised initially at its cost plus transaction costs that are directly attributable to the acquisition or issue of the financial.

At the reporting date, a department shall measure its financial assets at cost, less amounts already settled or written-off, except for recognised loans and receivables, which are measured at cost plus accrued interest, where interest is charged, less amounts already settled or written-off.

14.2 IMPAIRMENT OF FINANCIAL ASSETS

Where there is an indication of impairment of a financial asset, an estimation of the reduction in the recorded carrying value, to reflect the best estimate of the amount of the future economic benefits expected to be received from that asset, is recorded in the notes to the financial statements.

15. PAYABLES

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

16. CAPITAL ASSETS

16.1 IMMOVABLE CAPITAL ASSETS

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

Where the cost of immovable capital assets cannot be determined reliably, the immovable capital assets are measured at fair value for recording in the asset register.

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

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

16.2 MOVABLE CAPITAL ASSETS

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

Where the cost of movable capital assets cannot be determined reliably, the movable capital assets are measured at fair value and where fair value cannot be determined; the movable assets are measured at R1.

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

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

Biological assets are subsequently carried at fair value.

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

16.3 INTANGIBLE ASSETS

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

Internally generated intangible assets are recorded in the notes to the financial statements when the Department commences the development phase of the project.

Where the cost of intangible assets cannot be determined reliably, the intangible capital assets are measured at fair value and where fair value cannot be determined; the intangible assets are measured at R1.

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

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

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

17. PROVISIONS AND CONTINGENTS

17.1 PROVISIONS

Provisions are recorded in the notes to the financial statements when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made. The provision is measured as the best estimate of the funds required to settle the present obligation at the reporting date.

17.2 CONTINGENT LIABILITIES

Contingent liabilities are recorded in the notes to the financial statements when there is a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Department or when there is a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured reliably.

17.3 CONTINGENT ASSETS

Contingent assets are recorded in the notes to the financial statements when a possible asset arises from past events, and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not within the control of the Department.

17.4 COMMITMENTS

Commitments are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the Department will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.

18. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is recognised in the statement of financial position until such time as the expenditure is either:

- Approved by Parliament or the Provincial Legislature with funding and the related funds are received
- Approved by Parliament or the Provincial Legislature without funding and is written off against the appropriation in the statement of financial performance
- Transferred to receivables for recovery.

Unauthorised expenditure is measured at the amount of the confirmed unauthorised expenditure.

19. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the total value of the fruitless and or wasteful expenditure incurred.

Fruitless and wasteful expenditure is removed from the notes to the financial statements when it is resolved or transferred to receivables for recovery.

Fruitless and wasteful expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

20. IRREGULAR EXPENDITURE

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred unless it is impracticable to determine, in which case reasons therefor are provided in the note.

Irregular expenditure is removed from the note when it is either condoned by the relevant authority, transferred to receivables for recovery or not condoned and is not recoverable.

Irregular expenditure receivables are measured at the amount that is expected to be recoverable and are de-recognised when settled or subsequently written-off as irrecoverable.

21. CHANGES IN ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND ERRORS

Changes in accounting policies that are affected by management have been applied retrospectively in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such instances the Department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with MCS requirements.

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with MCS requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the Department shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

22. EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the financial statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the financial statements.

23. PRINCIPAL-AGENT ARRANGEMENTS

The Department is party to a principal-agent arrangement for entities listed in note 33. All related revenues, expenditures, assets and liabilities have been recognised or recorded in terms of the relevant policies listed herein. Additional disclosures have been provided in the notes to the financial statements where appropriate.

24. DEPARTURES FROM THE MCS REQUIREMENTS

The financial statements present fairly the Department's primary and secondary information.

25. CAPITALISATION RESERVE

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National Revenue Fund when the underlying asset is disposed and the related funds are received.

26. RECOVERABLE REVENUE

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.

27. RELATED PARTY TRANSACTIONS

A related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party. Related party transactions within the Minister's portfolio are recorded in the notes to the financial statements when the transaction is not at arm's length.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Department. The number of individuals and their full compensation is recorded in the notes to the financial statements.

28. INVENTORIES (EFFECTIVE FROM 1 APRIL 2017)

At the date of acquisition, inventories are recorded at cost price in the statement of financial performance.

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

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

Subsequent measurement of the cost of inventory is determined on the weighted average basis.

29. PUBLIC-PRIVATE PARTNERSHIPS

Public Private Partnerships are accounted for based on the nature and/or the substance of the partnership. The transaction is accounted for in accordance with the relevant accounting policies.

A summary of the significant terms of the PPP agreement, the parties to the agreement, and the date of commencement thereof together with the description and nature of the concession fees received, the unitary fees paid, rights and obligations of the Department are recorded in the notes to the financial statements.

30. EMPLOYEE BENEFITS

The value of each major class of employee benefit obligation (accruals, payables not recognised and provisions) is disclosed in the Employee benefits note.

2.8 NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. ANNUAL APPROPRIATION

1.1 ANNUAL APPROPRIATION

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

	Final Appropriation R'000	Actual Funds Received R'000	2016/17 Funds not requested/ not received R'000	Final Appropriation R'000	2015/16 Appropriation received R'000
Administration	847 105	849 114	(2 009)	814 047	814 047
Inspection and Enforcement Services	500 355	509 341	(8 986)	472 894	472 894
Public Employment Services	525 698	514 203	11 495	497 297	497 297
Labour Policy and Industrial Relations	969 719	970 219	(500)	919 996	919 996
Total	2 842 877	2 842 877	-	2 704 234	2 704 234

2. DEPARTMENTAL REVENUE

	Note	2016/17 R'000	2015/16 R'000
Tax revenue			
Sale of goods and services other than capital assets	2.1	4 555	4 141
Fines, penalties and forfeits	2.2	1 011	1 009
Interest, dividends and rent on land	2.3	1 377	1 303
Sale of capital assets	2.4	29	105
Transactions in financial assets and liabilities	2.5	4 730	3 498
Departmental revenue collected		11 702	10 056

2.1 SALE OF GOODS AND SERVICES OTHER THAN CAPITAL ASSETS

	Note 2	2016/17 R'000	2015/16 R'000
Sale of goods and services produced by the Department		4 530	4 129
Sales by market establishment		164	176
Administrative fees		2 318	1 970
Other sales		2 048	1 983
Sales of scrap, waste and other used current goods		25	12
Total		4 555	4 141

2.2 FINES, PENALTIES AND FORFEITS

	Note 2	2016/17 R'000	2015/16 R'000
Fines		250	4
Penalties		761	1 005
Total		1 011	1 009

2.3 INTEREST, DIVIDENDS AND RENT ON LAND

	Note 2	2016/17 R'000	2015/16 R'000
Interest		1 377	1 303
Total		1 377	1 303

2.4 SALE OF CAPITAL ASSETS

	Note 2	2016/17 R'000	2015/16 R'000
Tangible assets		29	105
Machinery and equipment	30	29	105
Total		29	105

2.5 TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES

	Note 2	2016/17 R'000	2015/16 R'000
Receivables		1 995	2 428
Other Receipts including Recoverable Revenue		2 735	1 070
Total		4 730	3 498

3. COMPENSATION OF EMPLOYEES**3.1 SALARIES AND WAGES**

	Note 3	2016/17 R'000	2015/16 R'000
Basic salary		714 027	725 798
Performance award		16 693	13 017
Service Based		1 568	1 230
Compensative/circumstantial		7 210	5 648
Other non-pensionable allowances		130 020	129 226
Total		869 518	874 919

3.2 SOCIAL CONTRIBUTIONS

	Note 3	2016/17 R'000	2015/16 R'000
Employer contributions			
Pension		141 444	93 918
Medical		53 530	56 568
Bargaining council		202	210
Total		195 176	150 696
Total compensation of employees		1 064 694	1 025 615
Average number of employees		2 671	3 126

4. GOODS AND SERVICES

	Note	2016/17 R'000	2015/16 R'000
Administrative fees		5 642	4 667
Advertising		9 882	17 431
Minor assets	4.1	3 339	2 869
Bursaries (employees)		1 978	1 906
Catering		3 918	4 024
Communication		24 770	31 232
Computer services	4.2	88 129	66 868
Consultants: Business and advisory services		10 023	7 178
Legal services		7 601	3 085
Contractors		6 916	7 091
Agency and support / outsourced services		2 139	3 111
Entertainment		191	189
Audit cost – external	4.3	16 913	16 511
Fleet services		21 889	19 795
Consumables	4.4	19 665	22 218
Operating leases		115 668	139 488
Property payments	4.5	48 426	57 055
Rental and hiring		513	1 103
Transport provided as part of the departmental activities		186	140
Travel and subsistence	4.6	69 398	78 097
Venues and facilities		5 602	4 341
Training and development		9 100	12 513
Other operating expenditure	4.7	8 741	6 489
Total		480 629	507 401

4.1 MINOR ASSETS

	Note 4	2016/17 R'000	2015/16 R'000
Tangible assets		3 339	2 869
Machinery and equipment		3 339	2 869
Total		3 339	2 869

4.2 COMPUTER SERVICES

	Note 4	2016/17 R'000	2015/16 R'000
SITA computer services		40 375	43 560
External computer service providers		47 754	23 308
Total		88 129	66 868

4.3 AUDIT COST – EXTERNAL

	Note 4	2016/17 R'000	2015/16 R'000
Regularity audits		16 913	16 511
Total		16 913	16 511

4.4 CONSUMABLES

	Note 4	2016/17 R'000	2015/16 R'000
Consumable supplies		3 391	2 545
Uniform and clothing		1 032	433
Household supplies		1 313	1 472
Building material and supplies		113	107
IT consumables		872	275
Other consumables		61	258
Stationery, printing and office supplies		16 274	19 673
Total		19 665	22 218

4.5 PROPERTY PAYMENTS

	Note 4	2016/17 R'000	2015/16 R'000
Municipal services		25 627	25 816
Property management fees		1 020	1 231
Property maintenance and repairs		4 581	7 930
Other		17 198	22 078
Total		48 426	57 055

4.6 TRAVEL AND SUBSISTENCE

	Note 4	2016/17 R'000	2015/16 R'000
Local		59 029	61 310
Foreign		10 369	16 787
Total		69 398	78 097

4.7 OTHER OPERATING EXPENDITURE

	Note 4	2016/17 R'000	2015/16 R'000
Professional bodies, membership and subscription fees		42	35
Resettlement costs		1 831	428
Other		6 868	6 026
Total		8 741	6 489

5. PAYMENTS FOR FINANCIAL ASSETS

	Note	2016/17 R'000	2015/16 R'000
Material losses through criminal conduct		19	-
Theft	5.1	19	-
Other material losses written off	5.2	2 538	-
Debts written off	5.3	11	460
Total		2 568	460

5.1 OTHER MATERIALS LOSSES

	Note 5	2016/17 R'000	2015/16 R'000
Nature of other material losses			
Incident	Disciplinary steps taken/Criminal proceedings		
Misconduct	Final written warning letters issued to responsible officials	19	-
Total		19	-

5.2 OTHER MATERIAL LOSSES WRITTEN OFF

	Note 5	2016/17 R'000	2015/16 R'000
Nature of losses			
Receivables relating to:			
Mobile devices		2 425	-
Damaged vehicles		113	-
Total		2 538	-

5.3 DEBTS WRITTEN OFF

	Note 5	2016/17 R'000	2015/16 R'000
Nature of debts written off			
Other debt written off			
Staff debts		2	458
Other		9	2
Total		11	460

6. TRANSFERS AND SUBSIDIES

	Note	2016/17 R'000	2015/16 R'000
Provinces and municipalities	Annex 1A	586	550
Departmental agencies and accounts	Annex 1B	879 423	820 912
Foreign governments and international organisations	Annex 1C	19 719	20 912
Non-profit institutions	Annex 1D	168 787	164 045
Households	Annex 1E	4 638	3 999
Total		1 073 153	1 010 418

7. EXPENDITURE FOR CAPITAL ASSETS

	Note	2016/17 R'000	2015/16 R'000
Tangible assets		94 175	68 101
Buildings and other fixed structures	32	29 198	511
Machinery and equipment	30	64 977	67 590
Intangible assets		46 366	-
Software	31	46 366	-
Total		140 541	68 101

**Amount of R46 365 624.00 includes systems develop during PPP and will be transferred to the Funds after all deliverables of the PPP have been met.

7.1 ANALYSIS OF FUNDS UTILISED TO ACQUIRE CAPITAL ASSETS – 2016/17

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	94 175	-	94 175
Buildings and other fixed structures	29 198	-	29 198
Machinery and equipment	64 977	-	64 977
Intangible assets	46 366	-	46 366
Software	46 366	-	46 366
Total	140 541	-	140 541

7.2 ANALYSIS OF FUNDS UTILISED TO ACQUIRE CAPITAL ASSETS – 2015/16

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	68 101	-	68 101
Buildings and other fixed structures	511	-	511
Machinery and equipment	67 590	-	67 590
Total	68 101	-	68 101

7.3 FINANCE LEASE EXPENDITURE INCLUDED IN EXPENDITURE FOR CAPITAL ASSETS

	Note 7	2016/17 R'000	2015/16 R'000
Tangible assets		33 352	31 638
Machinery and equipment		33 352	31 638
Total		33 352	31 638

8. CASH AND CASH EQUIVALENTS

	Note	2016/17 R'000	2015/16 R'000
Consolidated Paymaster General Account		-	9 289
Disbursements		-	86
Cash on hand		443	380
Total		443	9 755

9. PREPAYMENTS AND ADVANCES

	Note	2016/17 R'000	2015/16 R'000
Travel and subsistence		264	204
Advances paid	9.1	14 808	12 516
Total		15 072	12 720

*Deposits made to SEE amounting to R592 809.78 were recognised as expenditure in the Statement of Financial Performance and correctly recorded in the Note for Movements in Minor and Capital Assets.

9.1 ADVANCES PAID

	Note 9	2016/17 R'000	2015/16 R'000
National departments	Annex 7A	14 758	12 466
Public entities	Annex 7A	50	50
Total		14 808	12 516

9.2 PREPAYMENTS (EXPENSED)

	Note 9	2016/17 R'000	2015/16 R'000
Public entities		1 474	-
Total		1 474	-

9.3 ADVANCED PAID (EXPENSED)

	Note 9	2016/17 R'000	2015/16 R'000
Public entities	Annex7A	1 282	593
Total		1 282	593

10. RECEIVABLES

	Note	Current R'000	Non- current R'000	2016/17 Total R'000	Current R'000	Non- current R'000	2015/16 Total R'000
Claims recoverable	10.1	148 366	13 593	161 959	58 793	12 854	71 647
Recoverable expenditure	10.2	448	1 029	1 477	1 920	2 649	4 569
Staff debt	10.3	1 808	7 892	9 700	1 214	6 783	7 997
Other debtors	10.4	-	48	48	1	-	1
Total		150 622	22 562	173 184	61 928	22 286	84 214

10.1 CLAIMS RECOVERABLE

	Note 10, Annex 4	2016/17 R'000	2015/16 R'000
National departments		12 309	12 318
Provincial departments		430	469
Public entities		149 220	58 860
Total		161 959	71 647

10.2 RECOVERABLE EXPENDITURE (DISALLOWANCE ACCOUNTS)

	Note 10	2016/17 R'000	2015/16 R'000
Disallowance miscellaneous		937	839
Damaged vehicles		370	244
Disallowance accounts		152	3 248
Clearing accounts		18	238
Total		1 477	4 569

10.3 STAFF DEBT

	Note 10	2016/17 R'000	2015/16 R'000
Subsidised transport		13	11
Travel and subsistence		21	-
Bursaries		3 083	2 755
Salary overpayment (In-service)		277	222
Salary overpayment (Out-service)		920	835
State guarantees		36	35
Other		5 350	4 139
Total		9 700	7 997

10.4 OTHER DEBTORS

	Note 10	2016/17 R'000	2015/16 R'000
Salary clearing accounts		48	1
Total		48	1

11. VOTED FUNDS TO BE SURRENDERED TO THE REVENUE FUND

	Note	2016/17 R'000	2015/16 R'000
Opening balance		92 239	126 356
Transfer from statement of financial performance (as restated)		81 292	92 239
Paid during the year		(92 239)	(126 356)
Closing balance		81 292	92 239

12. DEPARTMENTAL REVENUE AND NRF RECEIPTS TO BE SURRENDERED TO THE REVENUE FUND

	Note	2016/17 R'000	2015/16 R'000
Opening balance		1 035	1 037
Transfer from Statement of Financial Performance (as restated)		11 702	10 056
Paid during the year		(12 175)	(10 058)
Closing balance		562	1 035

13. BANK OVERDRAFT

	Note	2016/17 R'000	2015/16 R'000
Consolidated Paymaster General Account		98 080	-
Total		98 080	-

*The PMG Account is in overdraft due to the expenditure incurred on behalf of the Unemployment Insurance Fund (UIF) the Compensation Fund (CF) and Supported Employment Enterprises (SEE)

14. PAYABLES – CURRENT

	Note	2016/17 R'000	2015/16 R'000
Amounts owing to other entities		128	-
Clearing accounts	14.1	506	553
Other payables	14.2	1 987	7 481
Total		2 621	8 034

14.1 CLEARING ACCOUNTS

	Note 14	2016/17 R'000	2015/16 R'000
Salary control accounts		506	553
Total		506	553

14.2 OTHER PAYABLES

	Note 14	2016/17 R'000	2015/16 R'000
Arrear wages		1 741	545
CCMA		246	2 221
Disallowance Miscellaneous account		-	4 715
Total		1 987	7 481

15. NET CASHFLOW AVAILABLE FROM OPERATING ACTIVITIES

	Note	2016/17 Total R'000	2015/16 Total R'000
Net surplus/(deficit) as per Statement of Financial Performance		92 994	102 295
Add back non cash/cash movements not deemed operating activities		(60 637)	(24 665)
(Increase)/decrease in receivables – current		(88 970)	30 385
(Increase)/decrease in prepayments and advances		(2 352)	6 807
Increase/(decrease) in payables – current		(5 413)	6 561
Proceeds from sale of capital assets		(29)	(105)
Expenditure on capital assets		140 541	68 101
Surrenders to Revenue Fund		(104 414)	(136 414)
Net cash flow generated by operating activities		32 357	77 630

16. RECONCILIATION OF CASH AND CASH EQUIVALENTS FOR CASH FLOW PURPOSES

	Note	2016/17 R'000	2015/16 R'000
Consolidated Paymaster General account		(98 080)	9 289
Disbursements		-	86
Cash on hand		443	380
Total		(97 637)	9 755

17. CONTINGENT LIABILITIES

17.1 CONTINGENT LIABILITIES

		Note	2016/17 R'000	2015/16 R'000
Liable to	Nature			
Housing loan guarantees	Employees	Annex 2A	2 612	3 107
Claims against the Department		Annex 2B	4 435	4 425
Intergovernmental payables (unconfirmed balances)		Annex 4	290	13 923
Total			7 337	21 455

17.2 CONTINGENT ASSETS

	Note	2016/17 R'000	2015/16 R'000
Nature of contingent asset			
Possible receivables from DPW: Leased buildings		4 915	13 330
Total		4 915	13 330

**The disclosed amount relates to payments made to DPW in excess of the approved rental and such cases have been referred to DPW to be investigated.*

18. COMMITMENTS

	Note	2016/17 R'000	2015/16 R'000
Current expenditure		286 569	319 619
Approved and contracted		286 409	119 405
Approved but not yet contracted		160	200 214
Capital expenditure		-	4 685
Approved and contracted		-	3 287
Approved but not yet contracted		-	1 398
Total Commitments		286 569	324 304

*Commitments amounting to R137 662 030.33 are older than 1 year

	Note	2016/17 R'000	2015/16 R'000
Listed by programme level			
Programme 1 - Administration		81 574	134 435
Programme 2 - Inspection and Enforcement Services		2 917	12 931
Programme 3 - Public Employment Services		-	4 704
Programme 4 - Labour Policy and Industrial Relations		76	5 063
Unemployment Insurance Fund		101 731	73 524
Compensation Fund		100 271	93 647
Total		286 569	324 304

19. ACCRUALS AND PAYABLES NOT RECOGNISED

19.1 ACCRUALS

	30 Days R'000	30+ Days R'000	2016/17 Total R'000	2015/16 Total R'000
Listed by economic Classification				
Goods and services	61 861	839	62 700	53 825
Other	2 938	-	2 938	827
Total	64 799	839	65 638	54 652

	Note	2016/17 R'000	2015/16 R'000
Listed by programme level			
Programme 1 – Administration		56 400	51 566
Programme 2 – Inspection and Enforcement Services		2 908	1 032
Programme 3 – Public Employment Services		5 938	1 899
Programme 4 – Labour Policy and Industrial Relations		392	155
Total		65 638	54 652

19.2 PAYABLES NOT RECOGNISED

	30 Days R'000	30 Days R'000	2016/17 Total R'000	2015/16 Total R'000
Listed by economic Classification				
Goods and services	770	156	926	120
Total	770	156	926	120

	Note	2016/17 R'000	2015/16 R'000
Listed by programme level			
Programme 1 – Administration		476	106
Programme 2 – Inspection and Enforcement Services		83	-
Programme 3 – Public Employment Services		94	3
Programme 4 – Labour Policy and Industrial Relations		273	11
Total		926	120

*Reasons for material accruals: Actuals relating to operating and finance leases (R4.2 Mil), security and cleaning contractual services (R4.3 mil), Auditor-General (2.6 mil), SAP support services (3 mil) as well to Department of Public Works (R35.2 mil)

	Note	2016/17 R'000	2015/16 R'000
Included in the above totals are the following:			
Confirmed balances with other departments	Annex 4	604	929
Confirmed balances with other government entities	Annex 4	24 761	30
Total		25 365	959

20. EMPLOYEE BENEFITS

	Note	2016/17 R'000	2015/16 R'000
Leave entitlement*		41 428	32 420
Service bonus (Thirteenth cheque)		30 996	32 341
Performance awards		11 806	7 789
Capped leave commitments		30 212	33 461
Long Service Awards**		437	681
Total		114 879	106 692

20.1 PRIOR PERIOD ERROR

	Note	2015/16 R'000
Nature of prior period error		
Relating to 2015/16		
Correction of incorrect prior year's Leave entitlement		7 422
Correction of incorrect prior year's Capped leave commitments		57
Total prior period errors		7 479

*During January 2017 to March 2017, leave is at times taken in excess of the accrued leave days (one quarter of leave entitlement) and these results in negative balances at year-end. Included in the leave entitlement of R41 427 673.95 for the year-ended 31 March 2017, the value of leave with negative balances amounts to R1 483 315.17.

**At this stage the Department is not able to reliably measure the long term portion of the long service awards.

21. LEASE COMMITMENTS

21.1 OPERATING LEASES EXPENDITURE

	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
2016/17			
Not later than 1 year	100 084	7 062	107 146
Later than 1 year and not later than 5 years	151 228	6 008	157 236
Later than 5 years	16 593	-	16 593
Total lease commitments	267 905	13 070	280 975

	Buildings and other fixed structures R'000	Machinery and equipment R'000	Total R'000
2015/16			
Not later than 1 year	127 730	8 088	135 818
Later than 1 year and not later than 5 years	161 883	5 548	167 431
Total lease commitments	289 613	13 636	303 249

The main leasing arrangement is for leasing of DPW buildings and photocopy machines.
There are no assets that are being sub-leased.

21.2 FINANCE LEASES EXPENDITURE**

	Machinery and equipment R'000	Total R'000
2016/17		
Not later than 1 year	4 902	4 902
Total lease commitments	4 902	4 902

	Machinery and equipment R'000	Total R'000
2015/16		
Not later than 1 year	34 450	34 450
Later than 1 year and not later than 5 years	4 902	4 902
Total lease commitments	39 352	39 352

The main leasing arrangement is for leasing of mobile devices (tablets & cell phones) from Vodacom.
There are no assets that are being sub-leased.

22. ACCRUED DEPARTMENTAL REVENUE

	Note	2016/17 R'000	2015/16 R'000
Tax revenue		13	14
Sales of goods and services other than capital assets		75	79
Interest, dividends and rent on land		32	-
Total		120	93

22.1 ANALYSIS OF ACCRUED DEPARTMENTAL REVENUE

	Note	2016/17 R'000	2015/16 R'000
Opening balance		93	113
Less: amounts received		(93)	(113)
Add: amounts recognised		120	93
Closing balance		120	93

23. IRREGULAR EXPENDITURE

23.1 RECONCILIATION OF IRREGULAR EXPENDITURE

	Note	2016/17 R'000	2015/16 R'000
Opening balance		39 543	18 594
Add: Irregular expenditure – relating to current year		4 274	25 257
Less: Prior year amounts condoned		(9 304)	(3 013)
Less: Current year amounts condoned		-	(1 295)
Closing balance		34 513	39 543

Analysis of awaiting condonation per age classification

Current year	4 274	23 962
Prior years	30 239	15 581
Total	34 513	39 543

23.2 DETAILS OF IRREGULAR EXPENDITURE – CURRENT YEAR

	2016/17 R'000
Incident	Disciplinary steps taken/ criminal proceedings
Correct procedures not followed	4 274
Total	4 274

23.3 DETAILS OF IRREGULAR EXPENDITURE CONDONED

	2016/17 R'000
Incident	Condoned by condoning authority
Correct procurement procedures not followed	9 304
Total	9 304

24. FRUITLESS AND WASTEFUL EXPENDITURE

24.1 RECONCILIATION OF FRUITLESS AND WASTEFUL EXPENDITURE

	Note	2016/17 R'000	2015/16 R'000
Opening balance		481	449
Prior period error		-	(1)
Fruitless and wasteful expenditure – relating to current year		300	34
Less: Amounts resolved		(330)	(1)
Closing balance		451	481

24.2 ANALYSIS OF AWAITING RESOLUTION PER ECONOMIC CLASSIFICATION

	Note	2016/17 R'000	2015/16 R'000
Current		451	481
Total		451	481

24.3 ANALYSIS OF CURRENT YEAR'S FRUITLESS AND WASTEFUL EXPENDITURE

		2016/17 R'000
Incident	Disciplinary steps taken/criminal proceedings	
No Shows for Hotel Accommodation	Investigation in process	15
No show - other	Investigation in process	6
Vehicle related damages/accidents	Investigation in process	130
Other	Investigation in process	149
Total		300

24.4 PRIOR PERIOD ERROR

	2015/16 R'000
Nature of prior period error	
Relating to 2015/16 (affecting the opening balance)	
Correction of incorrect prior year's F and WE amounts	(1)
Total prior period errors	(1)

25. RELATED PARTY TRANSACTIONS

Nature of relationship

Public Entities controlled by the Department of Labour

Compensation Fund (CF)

Unemployment Insurance Fund (UIF)

Supported Employment Enterprises (SEE)

Commission for Conciliation Mediation and Arbitration (CCMA)

National Economic Development and Labour Council (NEDLAC)

Productivity South Africa (PSA)

Related Party Transactions:

Related Party	Transaction type	2016/17	2015/16
		R'000	R'000
Supported Employment Enterprises*	Compensation of Employees	7 376	5 657
	Compensation of Employees (Internal Audit)	450	273
	Total	7 826	5 930

*State Owned Properties occupied by SEE form part of the Labour portfolio.

26. KEY MANAGEMENT PERSONNEL

	No. of Individuals	2016/17 R'000	2015/16 R'000
Political office bearers	2	4 211	4 211
Officials:			
Level 15 to 16	10	12 887	12 552
Level 14	32	35 140	38 457
Acting positions	4	185	69
Family member of key management personnel	1	287	346
Total		52 710	55 635

27. PUBLIC PRIVATE PARTNERSHIP

Description of the arrangement

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

Infrastructure IT Support Service rendered after the PPP ended on 30 November 2012

- Annexure 12 of the PPP Agreement provides for the Department to, among others; request certain services to be rendered by the contractor during the contract termination support period, i.e. 1 December 2012 to 30 November 2013. The Department requested the contractor by way of its contract termination support service request, dated 8 August 2012, to render certain services and the contractor subsequently provided the Department with a proposal setting out the services to be rendered.
- During November 2012, the Department and the contractor agreed to activate the termination support period, stipulated in the contract (extended to 31 May 2014). During this period the contractor provided specific services to the Department with a focus of transferring skills, knowledge and staff to the Department. The Department paid a negotiated termination support fee to the contractor for this support period.

After the conclusion of the PPP contract an amount of R1 848 505.82 remained in the reinvestment account (EOH account) held by EOH.

Reinvestment fund

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

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

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

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

As at 31 March 2017, the balance of the reinvestment fund was:

	2016/17 R'000	2015/16 R'000
Department of Labour	1 139	1 061
Compensation Fund	358	323
Unemployment Insurance Fund	352	327
Total	1 849	1 711

28. IMPAIRMENT (OTHER THAN RECEIVABLES, ACCRUED DEPARTMENTAL REVENUE, LOANS AND INVESTMENTS)

	Note	2016/17 R'000	2015/16 R'000
Impairment			
Staff debtors		28	21
Other debtors		-	5
Total		28	26

29. PROVISIONS

	Note	2016/17 R'000	2015/16 R'000
Provisions*			
Private enterprises		89	90
Staff debtors		3 039	3 306
Other debtors		1 578	994
Total		4 706	4 390

*Provisions above relate to debts older than three (3) years, due to the age of these debts and other factors in accordance with the Departmental Debt Policy.

29.1 RECONCILIATION OF MOVEMENT IN PROVISIONS – 2016/17

	Private enterprises R'000	Staff debtors R'000	Other debtors R'000	Total provisions R'000
Opening balance	90	3 306	994	4 390
Increase in provision	67	810	1 085	1 962
Settlement of provision	(68)	(1 077)	(501)	(1 646)
Closing balance	89	3 039	1 578	4 706

29.2 RECONCILIATION OF MOVEMENT IN PROVISIONS – 2015/16

	Private enterprises R'000	Staff debtors R'000	Other debtors R'000	Total provisions R'000
Opening balance	89	2 996	501	3 586
Increase in provision	1	1 471	613	2 085
Settlement of provision	-	(1 161)	(120)	(1 281)
Closing balance	90	3 306	994	4 390

30. MOVABLE TANGIBLE CAPITAL ASSETS**MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017**

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	323 425	-	31 725	(4 251)	350 899
Transport assets	161 706	-	9 103	(524)	170 285
Computer equipment	77 938	-	15 635	(2 950)	90 623
Furniture and office equipment	54 998	-	2 917	(342)	57 573
Other machinery and equipment	28 783	-	4 070	(435)	32 418
TOTAL CAPITAL ASSETS	323 425	-	31 725	(4 251)	350 899

Movable Tangible Capital Assets Under Investigation

Included in the above total of the movable tangible capital assets per the asset register are assets that are under investigation:

	Number	Value R'000
Machinery and equipment	19	1 293

Vehicle damaged/stolen, under investigation.

*IT equipment stolen/lost, under investigation.

30.1 ADDITIONS

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Cash* R'000	Non-cash R'000	(Capital Work in Progress current costs and finance lease payments) R'000	Received current, not paid (Paid current year, received prior year) R'000	Total R'000
MACHINERY AND EQUIPMENT	64 977	-	(33 352)	100	31 725
Transport assets	9 103	-	-	-	9 103
Computer equipment*	48 987	-	(33 352)	-	15 635
Furniture and office equipment	2 817	-	-	100	2 917
Other machinery and equipment	4 070	-	-	-	4 070
TOTAL ADDITIONS	64 977	-	(33 352)*	100	31 725

*Finance Leases for R33 352 380.71 was included in the Additions above.

30.2 DISPOSALS

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Sold for cash R'000	Non-cash disposal R'000	Total disposals R'000	Cash Received Actual R'000
MACHINERY AND EQUIPMENT	-	(4 251)	(4 251)	29
Transport assets	-	(524)	(524)	29
Computer equipment	-	(2 950)	(2 950)	-
Furniture and office equipment	-	(342)	(342)	-
Other machinery and equipment	-	(435)	(435)	-
TOTAL DISPOSAL	-	(4 251)	(4 251)	29

30.3 MOVEMENT FOR 2015/16

MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	288 970	2 478	36 778	(4 801)	323 425
Transport assets	138 805	(28)	26 010	(3 081)	161 706
Computer equipment	70 270	2 661	6 211	(1 204)	77 938
Furniture and office equipment	52 425	(152)	3 182	(457)	54 998
Other machinery and equipment	27 470	(3)	1 375	(59)	28 783
TOTAL MOVABLE TANGIBLE	288 970	2 478	36 778	(4 801)	323 425

30.3.1 PRIOR PERIOD ERROR

	Note	2015/16 R'000
Nature of prior period error		
Relating to 2015/16		
Non-Cash: prior period price corrections		188
Non-Cash: prior period price corrections		(2 666)
Prior period asset category corrections		28
Prior period asset category corrections		(28)
Adjustment to prior period additions		7
Transfers and adjustments (2015/16)		4 949
Total prior period errors		2 478

*Prior year error that affected opening balance included above.

30.4 MINOR ASSETS

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2017

	Intangible assets R'000	Machinery and equipment R'000	Total R'000
Opening balance	15	110 277	110 292
Value adjustments	-	-	-
Additions	-	3 608	3 608
Disposals	-	(2 170)	(2 170)
TOTAL MINOR ASSETS	15	111 715	111 730

	Intangible assets	Machinery and equipment	Total
Number of R1 minor assets	-	7 067	7 067
Number of minor assets at cost	25	95 223	95 248
TOTAL NUMBER OF MINOR ASSETS	25	102 290	102 315

Minor Capital Assets under investigation

Included in the above total of the minor capital assets per the asset register are assets that are under investigation:

	Number	Value R'000
Machinery and equipment	32	66

*IT equipment stolen/lost, under investigation.

*Assets stolen/lost, under investigation.

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2016

	Intangible assets R'000	Machinery and equipment R'000	Total R'000
Opening balance	15	108 408	108 423
Value adjustments	-	55	55
Additions	-	3 445	3 445
Disposals	-	(1 631)	(1 631)
TOTAL MINOR ASSETS	15	110 277	110 292

	Intangible assets	Machinery and equipment	Total R'000
Number of R1 minor assets	-	6 953	6 953
Number of minor assets at cost	78	95 377	95 455
TOTAL NUMBER OF MINOR ASSETS	78	102 330	102 408

30.4.1 PRIOR PERIOD ERROR

	Note	2015/16 R'000
Nature of prior period error		
Relating to 2015/16		
Non-Cash: Prior Period addition completed in current period		24
Prior period asset category corrections		266
Prior period asset category corrections		(266)
Prior period price corrections		82
Prior period price corrections		(13)
Prior period asset to consumable		(3)
Transfers and adjustments (2015/16)		(35)
Total prior period errors		55

*Prior year error that affected opening balance included above.

30.5 MOVABLE ASSETS WRITTEN OFF

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2017

	Intangible assets R'000	Machinery and equipment R'000	Total R'000
Assets written off	-	1 069	1 069
TOTAL MOVABLE ASSETS WRITTEN OFF	-	1 069	1 069

MOVABLE ASSETS WRITTEN OFF FOR THE YEAR ENDED AS AT 31 MARCH 2016

	Intangible assets R'000	Machinery and equipment R'000	Total R'000
Assets written off	-	2 696	2 696
TOTAL MOVABLE ASSETS WRITTEN OFF	-	2 696	2 696

31. INTANGIBLE CAPITAL ASSETS

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals R'000	Closing Balance R'000
Software	202 173	-	46 366	-	248 539
TOTAL INTANGIBLE ASSETS	202 173	-	46 366	-	248 539

31.1 ADDITIONS

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Cash R'000	Non-Cash R'000	(Development work in progress – current costs) R'000	Received current year, not paid (Paid current year, received prior year) R'000	Total R'000
Software	46 366	-	-	-	46 366
TOTAL ADDITIONS	46 366	-	-	-	46 366

31.2 DISPOSALS

DISPOSALS OF INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Sold for cash R'000	Non-cash disposal R'000	Total disposals R'000	Cash Received Actual R'000
Software	-	-	-	-
TOTAL DISPOSALS	-	-	-	-

31.3 MOVEMENT FOR 2015/16

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
Software	202 173	-	-	-	202 173
TOTAL INTANGIBLE ASSETS	202 173	-	-	-	202 173

31.3.1 PRIOR PERIOD ERROR

	note	2015/16 R'000
Nature of prior period error		
Relating to 2015/16		416
Transfers (2015/16)		(416)
Adjustments (2015/16)		
Total prior period errors		-

32. IMMOVABLE TANGIBLE CAPITAL ASSETS

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Opening balance R'000	Value adjustments R'000	Additions R'000	Disposals	Closing Balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	118	-	29 198	(29 185)	131
Non-residential buildings	118	-	29 198	(29 185)	131
Other fixed structures	-	-	-	-	-
Capital Works-in-progress	12 543	-	29 185	-	41 728
TOTAL TANGIBLE CAPITAL ASSETS	12 661	-	58 383	(29 185)	41 859

32.1 ADDITIONS

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Cash R'000	Non-cash R'000	(Capital Work in Progress current costs and finance lease payments) R'000	Received current, not paid (Paid current year, received prior year) R'000	Total R'000
BUILDINGS AND OTHER FIXED STRUCTURES	29 198	-	-	-	29 198
Non-residential buildings	29 198	-	-	-	29 198
Other fixed structures	-	-	-	-	-
TOTAL ADDITIONS	29 198	-	-	-	29 198

32.2 DISPOSALS

DISPOSALS OF IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2017

	Sold for cash R'000	Non-cash disposal R'000	Total disposals R'000	Cash Received Actual R'000
BUILDINGS AND OTHER FIXED STRUCTURES	-	(29 185)	(29 185)	-
Non-residential buildings	-	(29 185)	(29 185)	-
Other fixed structures	-	-	-	-
TOTAL DISPOSALS	-	(29 185)	(29 185)	-

32.3 MOVEMENT FOR 2015/16

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2016

	Opening balance R'000	Prior period error R'000	Additions R'000	Disposals R'000	Closing Balance R'000
BUILDINGS AND OTHER FIXED STRUCTURES	167	(61)	511	(499)	118
Non-residential buildings	106	-	511	(499)	118
Other fixed structures	61	(61)	-	-	-
Capital Works-in-progress	-	12 543	-	-	12 543
TOTAL TANGIBLE CAPITAL ASSETS	167	12 482	511	(499)	12 661

32.3.1 PRIOR PERIOD ERROR

	Note	2015/16 R'000
Nature of prior period error		
Relating to 2015/16		
Transfers (2015/16)		8
Adjustments (2015/16)		(69)
Capital Works-in-progress (2015/16)		12 543
Total prior period errors		12 482

33. PRINCIPAL-AGENT ARRANGEMENTS**3.1 DEPARTMENT ACTING AS THE PRINCIPAL**

	2016/17 R'000	2015/16 R'000
Government Communication and Information Systems (GCIS)	12 264	12 186
Total	12 264	12 186

Government Communication and Information Services (GCIS)

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

2.9 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

ANNEXURE 1A

STATEMENT OF CONDITIONAL GRANTS AND OTHER TRANSFERS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT			2015/16
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Transfers											
Municipal Vehicle Licences	733	-	-	733	586	-	-	-	-	-	550
TOTAL	733	-	-	733	586	-	-	-	-	-	550

*Vehicles in all Provincial Officers and Labour Centres – amount paid to municipalities across the country.

ANNEXURE 1B

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2015/16
	Adjusted Appropriation	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Licences (Radio and TV)	17	-	-	17	17	100%	11
Compensation Fund (CF)	19 031	-	-	19 031	19 031	100%	14 780
Unemployment Insurance Fund (UIF)	1	-	-	1	-	-	-
Commission for Conciliation, Mediation and Arbitration (CCMA)	770 501	-	-	770 501	770 501	100%	731 799
Productivity SA	59 057	-	-	59 057	59 057	100%	45 531
National Economic Development and Labour Council (NEDLAC)	30 817	-	-	30 817	30 817	100%	28 791
TOTAL	879 424	-	-	879 424	879 423		820 912

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

	TRANSFER ALLOCATION				EXPENDITURE		2015/16
	Adjusted Appropriation Act	Roll overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	Appropriation Act
FOREIGN GOVERNMENT/ INTERNATIONAL ORGANISATION							
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
International Labour Organisation (ILO)	20 861	-	-	20 861	18 761	90%	19 753
African Regional Labour Administration Centre (ARLAC)	1 096	-	-	1 096	958	87%	1 156
Donations and gifts (FIGO)	-	-	-	-	-	-	3
TOTAL	21 957	-	-	21 957	19 719		20 912

ANNEXURE 1D**STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS**

	TRANSFER ALLOCATION				EXPENDITURE		2015/16
	Adjusted Appropriation Act	Roll overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	Appropriation Act
NON-PROFIT INSTITUTIONS							
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
SA National Council for the Blind	372	-	-	372	366	98%	417
Deaf Federation of South Africa	192	-	-	192	-	-	-
National Council for the Physical Disabled	302	-	-	302	296	98%	308
Workshops for the Blind	11 251	-	-	11 251	10 638	95%	10 341
Strengthen Civil Society	18 879	-	-	18 879	18 879	100%	17 929
Donations and gifts NPI	80	-	-	80	40	50%	-
TOTAL	31 076	-	-	31 076	30 219		28 995

ANNEXURE 1D (1)**STATEMENT OF TRANSFERS TO SUPPORTED EMPLOYMENT ENTERPRISES**

	TRANSFER ALLOCATION				EXPENDITURE		2015/16
	Adjusted Appropriation Act	Roll overs	Adjustments	Total Available	Actual Transfer	% of Available funds transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Workcentres for the Disabled	138 568	-	-	138 568	138 568	100%	135 050
TOTAL	138 568	-	-	138 568	138 568		135 050

ANNEXURE 1E

STATEMENT OF TRANSFERS TO HOUSEHOLDS

	TRANSFER ALLOCATION				EXPENDITURE		2015/16
HOUSEHOLDS	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Leave gratuity	4 554	-	-	4 554	4 536	100%	3 311
Ex-gratia payments	103	-	-	103	102	99%	688
TOTAL	4 657	-	-	4 657	4 638		3 999

ANNEXURE 1F

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE

NATURE OF GIFT, DONATION OR SPONSORSHIP	2016/17	2015/16
	R'000	R'000
Made in kind		
Office Furniture and Equipment:		
Allemansdrift AET Centre	-	5
Remnant Ministries International Church	-	47
Zwanangaye Orphanage Home	-	42
Royal Eagles Workshop Centre	-	20
End Time Message Assembly	-	12
The Body of Christ Community Centre Church	49	-
Masobye Primary School, Mpumalanga	28	-
Ithutheng Computer Development and Training, Gauteng	45	-
TOTAL	122	126

ANNEXURE 2A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2017 – LOCAL

GUARANTOR INSTITUTION	Guarantee in respect of Housing	Original guaranteed capital amount	Opening balance 1 April 2 016	Adjustment to opening balance	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Closing balance 31 March 2 017	Guaranteed interest for year ended 31 March 2 017	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'1100	R'000	R'000
Standard Bank of SA Limited	Housing Loan Guarantee	652	652	-	-	(25)	627	-	-
Nedbank Limited (former Cape of Good Hope)	Housing Loan Guarantee	16	16	-	-	-	16	-	-
Nedbank Limited	Housing Loan Guarantee	266	266	-	-	(30)	236	-	-
Firststrand Bank Limited: FNB	Housing Loan Guarantee	487	487	-	-	(182)	305	-	-
ABSA	Housing Loan Guarantee	396	396	-	-	(86)	310	-	-
Company Unique Finance (PTY)	Housing Loan Guarantee	30	30	-	-	-	30	-	-
Old Mutual Finance Limited	Housing Loan Guarantee	17	17	-	-	-	17	-	-
Peoples Bank (former FBC Fidelity Bank)	Housing Loan Guarantee	194	194	-	-	(22)	172	-	-
Nedbank LTD Incorp. (former Peoples Bank NBS)	Housing Loan Guarantee	344	344	-	-	(64)	280	-	-
Firststrand Bank Limited: FNB (former Saambou)	Housing Loan Guarantee	386	386	-	-	(58)	328	-	-
Old Mutual Bank Division of Nedbank (former PERM)	Housing Loan Guarantee	248	248	-	-	(28)	220	-	-
Future Bank Corporation Limited	Housing Loan Guarantee	14	14	-	-	-	14	-	-
Free State Development Corporation	Housing Loan Guarantee	17	17	-	-	-	17	-	-
VBS Mutual Bank	Housing Loan Guarantee	7	7	-	-	-	7	-	-
Green Start Home Loans (PTY) LTD	Housing Loan Guarantee	33	33	-	-	-	33	-	-
TOTAL		3 107	3 107	-	-	(495)	2 612	-	-

ANNEXURE 2B**STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2017**

NATURE OF LIABILITY	Opening Balance 1 April 2016	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31 March 2017
	R'000	R'000	R'000	R'000	R'000
Claims against the Department					
Claims: Supplier-related	312	-	-	-	312
Claims: Employee-related	339	-	-	-	339
Civil Claims	3 774	30	(20)	-	3 784
TOTAL	4 425	30	(20)	-	4 435

ANNEXURE 3

CLAIMS RECOVERABLE

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2016/17*	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016	Receipt date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
DEPARTMENT								
Higher Education and Training	32	32	12 144	12 144	12 176	12 176		-
Justice and Constitutional Development	8	8	-	-	8	8		-
Provincial: Health (GP)	41	41	-	-	41	41		-
Provincial: Health (MP)	-	17	-	-	-	17		-
Provincial: Health (EC)	23	23	-	-	23	23		-
Provincial: Health (KZN)	17	28	-	-	17	28		-
Provincial: Health (NW)	27	27	-	-	27	27		-
Provincial: Health (LP)	4	4	-	-	4	4		-
Public Works	41	41	-	-	41	41		-
Provincial: Public Works (LP)	14	14	-	-	14	14		-
Gauteng Shared Services	15	15	-	-	15	15		-
Social Development	15	15	-	-	15	15		-
Provincial: Social Development (GP)	7	7	-	-	7	7		-
Provincial: Transport (KZN)	19	19	-	-	19	19		-
Water and Sanitation	9	9	-	-	9	9		-
Provincial: Art and Culture (KZN)	13	13	-	-	13	13		-
Provincial: Agriculture, Environment Affairs and Rural Development (KZN)	4	4	-	-	4	4		-
Rural Development and Land Reform	10	-	-	-	10	-		-
Provincial: Co-operative Governance and Traditional Affairs (KZN)	17	17	-	-	17	17		-
Correctional Services (GP)	20	35	-	-	20	35		-
Provincial: Treasury (FS)	13	13	-	-	13	13		-

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2016/17*	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016	Receipt date up to six (6) working days after year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
Provincial: Treasury (GP)	39	-	-	-	39	-		-
Provincial: Health and Social Development (LP)	38	38	-	-	38	38		-
Provincial: Roads and Public Transport (EC)	8	8	-	-	8	8		-
Provincial: Home Affairs (GP)	18	18	-	-	18	18		-
Provincial: Human Settlement (GP)	8	8	-	-	8	8		-
Provincial Environmental Affairs	-	19	-	-	-	19		-
Provincial: Education (MP)	6	6	-	-	6	6		-
Provincial: Education (GP)	28	44	-	-	28	44		-
Provincial: Education (EC)	34	34	-	-	34	34		-
International Relations & Co-operation (DIRCO)	21	21	-	-	21	21		-
Provincial: Education (LP)	27	-	-	-	27	-		-
Human Settlements	10	-	-	-	10	-		-
Provincial: Environment Affairs (WC)	8	-	-	-	8	-		-
Other Government Entities								
Compensation Fund (CF)	25 592	23 378	-	-	25 592	23 378		-
National Skills Fund (NSF)	964	964	-	-	964	964		-
Unemployment Insurance Fund (UIF)	122 077	34 278	-	-	122 077	34 278	3 April 2017	103 290
Supported Employment Enterprises	553	241	-	-	553	241		-
South African Social Security Agency (SASSA) GT	35	35	-	-	35	35		-
South African Social Security Agency (SASSA) KZN	-	9	-	-	-	9		-
Centre for Public Service Innovation	-	20	-	-	-	20		-
TOTAL	149 815	59 503	12 144	12 144	161 959	71 647		103 290

ANNEXURE 4

INTER-GOVERNMENT PAYABLES

	Confirmed balance outstanding		Unconfirmed balance outstanding		Total		Cash in transit at year end 2016/17*	
GOVERNMENT ENTITY	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016	Payment date up to six (6) working days before year end	Amount
	R'000	R'000	R'000	R'000	R'000	R'000		R'000
DEPARTMENTS								
Current								
Home Affairs	-	112	-	-	-	112		-
Social Development: Northern Cape	-	17	8	-	8	17		-
Social Development: KwaZulu-Natal	-	1	-	-	-	1		-
South African Police Services	-	43	-	1	-	44		-
Education: KwaZulu-Natal	-	15	-	-	-	15		-
Public Works and Roads: North West	-	17	-	-	-	17		-
Police, Roads and Transport: Free State	-	18	-	-	-	18		-
Government Communication and Info Services	-	-	-	800	-	800		-
Correctional Services	21	-	-	-	21	-		-
Human Settlements	47	-	-	-	47	-		-
Public Service and Administration	465	-	6	-	471	-		-
Justice and Constitutional Development	71	706	-	13 093	71	13 799	4 April 2017	11
Non-current								
Higher Education and Training	-	-	18	18	18	18		-
Justice and Constitutional Development	-	-	-	11	-	11		-
OTHER GOVERNMENT ENTITY								
Current								
Government Printing	426	30	30	-	456	30		-
SITA	24 335	-	228	-	24 563	-	3 April 2017	23 895
TOTAL	25 365	959	290	13 923	25 019	14 882		23 906

ANNEXURE 5

INVENTORIES

INVENTORY	Note	Quantity	2016/17	Quantity	2015/16
			R'000		R'000
Opening balance		192 657	7 460	182 345	5 218
Add/(Less): Adjustments to prior year balance		(147 515)	(7 072)	(5 411)	30 628
Add: Additions/Purchases - Cash		10 796	226	-	3 842
Add: Additions - Non-cash		-	-	-	-
(Less): Disposals		(17 309)	(260)	-	(66)
(Less): Issues		(10 786)	(225)	-	(5 119)
Add/(Less): Adjustments		(27 462)	(71)	15 723	(27 043)
Closing balance		381	58	192 657	7 460

ANNEXURE 6

MOVEMENT IN CAPITAL WORK IN PROGRESS

MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2017

	Opening balance	Current Year Capital WIP	Completed Assets	Closing balance
	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	12 543	29 185	-	41 728
Non-residential buildings	12 543	29 185	-	41 728
Other fixed structures	-	-	-	-
TOTAL	12 543	29 185	-	41 728

Age analysis on on-going projects	Number of projects		2016/17
	Planned, Construction not started	Planned, Construction started	Total R'000
0 to 1 Year	-	-	-
1 to 3 Years	-	-	-
3 to 5 Years	-	-	-
Longer than 5 Years	18	4	41 728
Total	18	4	41 728

Include discussion on projects longer than 5 years in capital work in progress

- * Rustenburg construction completed but final account not settled due to dispute by DPW with consultants and contractors
- * Mount Ayliff's is in the construction stage
- * Taung and Bronkhorstspuit are in the planning stage
- * The 18 buildings remaining are not yet in the planning or construction stage.

MOVEMENT IN CAPITAL WORK IN PROGRESS FOR THE YEAR ENDED 31 MARCH 2016

	Opening balance	Prior period error	Current Year Capital WIP	Completed Assets	Closing balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	12 159	384	-	-	12 543
Non-residential buildings	12 159	384	-	-	12 543
Other fixed structures	-	-	-	-	-
TOTAL	12 159	384	-	-	12 543

ANNEXURE 7A

INTER-ENTITY ADVANCES PAID (NOTE 9)

	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
ENTITY	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	R'000	R'000	R'000	R'000	R'000	R'000
NATIONAL DEPARTMENTS						
Government Communication and Information Systems (GCIS)	12 264	12 186	-	-	12 264	12 186
International Relations and cooperation	2 494	280	-	-	2 494	280
PUBLIC ENTITIES						
SA Post Office (Permit Mail)	50	50	-	-	50	50
Supported Employment Enterprises (SEE)	1 282	593	-	-	1 282	593
TOTAL	16 090	13 109	-	-	16 090	13 109





PART F

SUPPORTED EMPLOYMENT ENTERPRISES

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STATEMENT OF RESPONSIBILITY BY THE ACCOUNTING OFFICER

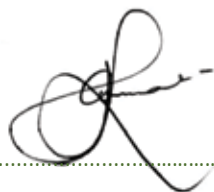
The Director-General of Labour is responsible for the preparation and fair presentation of these Annual Financial Statements in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP) and in the manner required by the Public Finance Management Act, 1999, (Act no. 1 of 1999). This responsibility includes designing, implementing and maintaining a system of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The Auditor-General of South Africa is responsible for expressing an opinion on the fair presentation of the financial statements.

As the Director-General is also responsible for the system of internal financial controls, it should be noted that these controls are designed to provide reasonable, but not absolute, assurance as to the fair presentation of the financial statements; to adequately safeguard, verify and maintain accountability over the assets of the entity; and to prevent and detect misstatements and loss. Nothing has come to the attention of the Director-General to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis, since the Director-General has every reason to believe that the SEE factories have adequate resources in place to continue operations for the foreseeable future.

The financial statements have been audited by the Auditor-General of South Africa, who was given unrestricted access to all financial records and related data, including minutes of all management meetings held. The Auditor-General of South Africa believes that all representations made to the Auditor-General of South Africa during the audit were valid and appropriate.

The financial statements were approved by the Director-General on 31 July 2017.



Thobile Lamati
Director-General
July 2017

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

GENERAL OVERVIEW OF THE ENTITY

The Supported Employment Enterprise (SEE) was established in 1943 to provide employment for people with mental and physical disabilities that prevented them from entering the open labour market due to the nature of their afflictions. Of the 893 (an increase over last year's 874) factory workers currently employed, 100% are intellectually / mentally / psychologically challenged. The factories are open to all races.

The factories have operated without enabling legislation since inception, except for a Cabinet Memorandum, first compiled in 1943. The Employment Services Act 4 of 2014, which was promulgated on the 7th April 2014, makes provision for the establishment of Supported Employment Enterprises (SEE). The SEE will be established in terms of the Public Service Act as a Government Component. This is in line with the implementation of turnaround strategies to ensure that the factories are viable sustainable entities.

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

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

Services rendered by SEE:

- The entity supplies a significant number of government hospitals with hospital linen and protective clothing
- The entity supplies different departments with office furniture, as well as school furniture

Capacity constraints:

- There is a need to review the current approved structure in order to capacitate the entity and ensure the smooth running of the organisation.

Corporate governance arrangements:

The Department of Labour is currently providing the following services to SEE

- Internal audit
- Audit and risk committee
- Legal services

FINANCIAL OVERVIEW

In the recent years, the Supported Employment Enterprises financial health had seen deterioration due to the revocation of the preferential supplier status of SEE and the production processes which are not cost effective. This has resulted in low revenues, as presented in this report, and the inability to recoup full cost of goods sold. In response, the Supported Employment Enterprises have launched a Sustainability Plan aimed at:

- Driving Business Productivity and Cost Containment Programmes to restore financial sustainability.
- Re-engineering of production processes.
- Investment on machinery and equipment as part of capital maintenance.
- Developing selling price lists that are cost reflective.

Key to strengthening our financial health is achieving a balance between the revenue generated and cost of production. Our plans in the sustainability plans are aimed at implementing growth strategies with a view to increase revenue whilst increasing the employment creation of persons with disabilities.

FINANCIAL RESULTS FOR THE YEAR

Revenue decreased by 8% from R52m to R48m, this reflects tough conditions under which the entity had to trade in the current year. In line with the sustainability plan, measures had been put in place to increase business significantly. Cost of sales has remained fairly constant, this is directly attributable to the costing methodologies in place and used by the entity.

- Operating Expenditure has indicated an increase by 21% as compared to the previous financial year. This is due to numerous debtors written off that occurred during the year. The debts were written off in consultation with the Department of Labour Legal services.

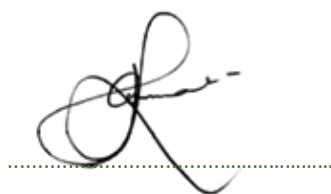
PRIOR MODIFICATIONS TO AUDIT REPORTS (INPUT FROM AGSA MANAGEMENT REPORT)

NATURE OF QUALIFICATION, DISCLAIMER, ADVERSE OPINION AND MATTERS OF NON-COMPLIANCE		FINANCIAL YEAR IN WHICH IT FIRST AROSE	PROGRESS MADE IN CLEARING / RESOLVING THE MATTER
MATTERS AFFECTING THE AUDIT REPORT			
REPORT ON PRE-DETERMINED OBJECTIVES			
1.	Restatement of corresponding figures As disclosed in note 26 to the financial statements, the corresponding figures for 31 March 2016 have been restated as a result of errors in the financial statements of the entity at, and for the year ended, 31 March 2017.	2015/16	Unresolved
2.	In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.		
3.	Predetermined Objectives The Auditor-General performed procedures to obtain evidence about the usefulness and reliability of the reported performance information, for the following selected programmes, presented in the annual performance report of the entity for the year ended 31 March 2016. <ul style="list-style-type: none"> Objective 1 : An efficient, effective and development oriented public service and empowered, fair inclusive citizenship Objective 2: Decent employment through inclusive growth Auditor-General evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's Annual Reporting principles and whether the reported performance was consistent with the planned programmes. The Auditor-General further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's framework for managing programme performance information (FMPPi)		
3.1.	The Auditor-General assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.		
3.2.	The Auditor-General did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes: <ul style="list-style-type: none"> Objective 1: An efficient, effective and development oriented public service and empowered, fair inclusive citizenship Objective 2: Decent employment through inclusive growth 		
4.	ADDITIONAL MATTERS		
4.1	Achievement of planned targets Refer to the annual performance report on page 236 for information on the achievement of planned targets for the year. This information should be considered in the context of the conclusions expressed on the usefulness and reliability of the information reported in this report	2012/13	The CEO was tasked with ensuring oversight regarding predetermined objectives
4.2	Adjustment of material misstatements The Auditor-General identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of objective 2 and 3. As management subsequently corrected the misstatements, we did not identify any material findings on the usefulness and reliability of the reported performance information.		

NON-COMPLIANCE WITH LAWS AND REGULATIONS			
5.	FINDINGS ON COMPLIANCE WITH LEGISLATION		
5.1	Financial statements, performance and annual reports The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records as required by section 40(1)(a) and (b) of the PFMA. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected and the supporting records could not be provided subsequently, which resulted in the financial statements receiving a qualified audit opinion.	2012/13	The CEO was tasked with ensuring oversight regarding the preparation of the annual financial statements
5.2	Expenditure management The Accounting Officer did not take effective steps to prevent irregular, fruitless and wasteful expenditure as required by section 38 (1) (c)(ii) of the Public Finance Management Act	2012/13	The CEO was tasked with ensuring oversight regarding expenditure management
5.3	Revenue management The Accounting Officer did not establish systems, procedures, processes to ensure efficient and effective cash management, including, collecting revenue when it is due, pursuing debtors with appropriate sensitivity and rigour to ensure that amounts receivable are collected, and accurately forecasting the institution's cash flow requirements, as required by TR 15.10.1.1, and TR 15.10.1.2	2012/13	The CEO was tasked with ensuring oversight regarding revenue management
5.4	Procurement and contract management Goods and services with a transaction value of between R 2 000 and R 500 000 were procured without obtaining written price quotations from at least three different prospective providers as per the requirements of Treasury Regulation (TR) 16A6.1 and the requirement of Practice Note 8 of 2007-08 issued in terms of section 76(4)(c) of the PFMA	2012/13	Resolved
6.	INTERNAL CONTROL		
6.1	Leadership The CEO does not adequately review the monthly reports or the financial statements and the Management did not have sufficient monitoring controls to ensure the proper implementation of the overall process of planning indicators and targets on predetermined objectives to ensure achievement of planned performance.	2012/13	The Department takes note of the Auditor-General's recommendation
6.2	The entity has action plan to address prior year audit findings. However, sufficient time and action were not taken to monitor implementation thereof. As a result repeat material findings, non-compliance issues and internal control deficiencies have been reported in the current year.	2014/15	The Department takes note of the Auditor-General's recommendation
6.3	Financial and performance management The entity did not prepare regular, accurate and complete financial statements that are supported by reliable evidence and aligned to the financial reporting framework and this resulted in misstatements in the annual financial statement and annual performance report. Management did not ensure that staff members are adequately trained to apply proper procedures to facilitate sound record management.	2012/13	The Department takes note of the Auditor-General's recommendation
6.4	Governance Inadequate risk management processes to identify and monitor risks relating to the achievement of financial and performance reporting objectives	2012/13	Resolved

APPROVAL

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



Thobile Lamati
 Director-General
 31 July 2017



INDEPENDENT AUDITOR'S REPORT TO PARLIAMENT ON SUPPORTED EMPLOYMENT ENTERPRISES

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

QUALIFIED OPINION

1. I have audited the financial statements of the Supported Employment Enterprises set out on pages 241 to 277, which comprise the statement of financial position as at 31 March 2017, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Supported Employment Enterprises as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

BASIS FOR QUALIFIED OPINION

COST OF SALES AND INVENTORIES

3. The entity did not value the inventories at the lower of cost and net realisable value, in addition the entity did not recognise all the cost of sales in accordance with GRAP 12, Inventories. As a result, I was unable to obtain sufficient appropriate audit evidence for the valuation of inventories and cost of sales for the current year and prior year. The entity's records did not permit the application of adequate alternative audit procedures regarding the valuation of inventories and cost of sales. As a consequence I was unable to determine whether any adjustments were necessary with regard to:
 - Cost of sales stated at R 119,503 million (2016: R 119,117 million)
 - Inventories stated at R 41,880 million (2016: R 6,423 million)
4. The limitations indicated above also have an impact on the allowance for obsolete inventory stated at R1,112 million (2016: -R1,050 million in the financial statements).

AGGREGATION OF IMMATERIAL UNCORRECTED MISSTATEMENTS

TOTAL EXPENDITURE

5. Total expenditure was materially misstated by R 2 290 123 due to the cumulative effect of individually immaterial uncorrected misstatements in the following items:
 - Employee cost stated at R 94,481million was understated by R 794 329
 - Allowance for debt impairment and impairment losses stated at R 6,459 million was understated by R 1,077 million
 - General expenses stated at R 7,244 million was understated by R 418 523
6. Consequently, I was unable to determine whether any further adjustment to total expenditure was necessary.
7. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
8. I am independent of the trading entity in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
9. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

EMPHASIS OF MATTERS

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

RESTATEMENT OF CORRESPONDING FIGURES

11. As disclosed in note 26 to the financial statements, the corresponding figures for 31 March 2016 have been restated as a result of errors in the financial statements of the entity at, and for the year ended, 31 March 2017.

PROVISION FOR IMPAIRMENTS – TRADE DEBTORS

12. As disclosed in note 14 to the financial statements, a material impairment provision for doubtful debts to the amount of R6 459 533 was provided for in the financial statements.

RESPONSIBILITIES OF ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

13. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with SA Standards of GRAP and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and for such internal control as the accounting determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
14. In preparing the financial statements, the accounting officer is responsible for assessing the Supported Employment Enterprise's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless there is an intention either to liquidate the trading entity or to cease operations, or there is no realistic alternative but to do so.

AUDITOR-GENERAL'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

15. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
16. A further description of my responsibilities for the audit of the financial statements is included in the annexure to the auditor's report

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

INTRODUCTION AND SCOPE

17. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
18. My procedures address the reported performance information, which must be based on the trading entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
19. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the annual performance report of the trading entity for the year ended 31 March 2017:

OBJECTIVES	PAGES IN THE ANNUAL PERFORMANCE REPORT
Objective 4 – decent employment through inclusive economic growth for persons with disabilities	236
Objective 5 – a skilled and capable workforce to support an inclusive growth path	237-239
Objective 12 - an efficient, effective and development-oriented public service	240

20. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

21. The material findings in respect of the usefulness and reliability of the selected objectives are as follows:

DECENT EMPLOYMENT THROUGH INCLUSIVE ECONOMIC GROWTH FOR PERSONS WITH DISABILITIES (OUTCOME 4)

INDICATOR 1.1 – PRODUCTION NORMS AND STANDARDS IMPLEMENTED AND TRAINING CONDUCTED

22. There was no clear and logical link between the indicator and target for production norms and standards approved and training conducted and the strategic objective to which it relates, as required by the Framework for managing programme performance information (FMPPPI). The indicator and related target focused on production norms and standards, while the strategic objective aimed to achieve decent employment. Furthermore I was unable to obtain sufficient appropriate audit evidence to verify the reliability of the reported achievements. I was unable to confirm whether the reported achievements of these indicators were reliable by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements of performance norms and standards not implemented.

INDICATOR 1.1.2 – PERCENTAGE INCREASE IN GROSS PROFIT

23. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of gross profit margin increased to 41%. This was due to inappropriate accounting record for cost of sales. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement of 149% gross loss.

EFFICIENT AND EFFECTIVE PUBLIC SERVICE (OUTCOME 12)

INDICATOR 2.2 – NUMBER OF STRATEGIC RISKS MONITORED AND REPORTED QUARTERLY

24. There was no clear and logical link between the indicator and target for number of strategic risks monitored and reported quarterly and the strategic objective to which it relates, as required by the FMPPPI. The indicator and related target focused on monitoring and reporting strategic risks, while the strategic objective aimed to achieve efficient and effective public service. Furthermore, the target on the number of strategic risks monitored and reported quarterly was not specific in clearly identifying the nature and required level of performance and measurable for delivery, as required by the FMPPPI.

INDICATOR 2.3 – PERCENTAGE PROCUREMENT DONE IN LINE WITH APPROVED SUPPLY CHAIN MANAGEMENT POLICY PER ANNUM

25. The target was reported as procurement done in line with procurement plan while the target was approved as procurement done in line with approved SCM policy in the annual performance plan. This is not in line with the requirements of treasury regulation 5.2.4. Furthermore I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement of 99% of procurement done in line with SCM policy by end of March 2017.

A SKILLED AND CAPABLE WORKFORCE TO SUPPORT AN INCLUSIVE GROWTH PATH (OUTCOME 5)

INDICATOR 3.1 – PERCENTAGE STAFF DEVELOPMENT AS PER WORK SKILLS PLAN PER ANNUM

26. The method of calculation for the achievement of the planned indicator was not clearly defined, as required by the FMPPPI. I was unable to confirm that the reported achievement of this indicator was reliable by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement of 32 officials that underwent training.

OTHER MATTERS

27. I draw attention to the matters below.

ACHIEVEMENT OF PLANNED TARGETS

28. Refer to the annual performance report on pages 236 to 240 for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a number of targets.

ADJUSTMENT OF MATERIAL MISSTATEMENTS

29. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of objective 4 – decent employment through inclusive economic growth for persons with disabilities; objective 5 – a skilled and capable workforce to support an inclusive growth path; and objective 12 – an efficient, effective and development oriented public service. As management subsequently corrected only some of the misstatements, I reported material findings on the usefulness and reliability of the reported performance information.

REPORT ON AUDIT OF COMPLIANCE WITH LEGISLATION

INTRODUCTION AND SCOPE

30. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the trading entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
31. The material findings in respect of the compliance criteria for the applicable subject matters are as follows:

ANNUAL FINANCIAL STATEMENTS

32. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records as required by section 40(1)(a) and (b) of the PFMA. Material misstatements identified by the auditors in the submitted financial statements were not adequately corrected and the supporting records could not be provided subsequently, which resulted in the financial statements receiving a qualified audit opinion

EXPENDITURE MANAGEMENT

33. Effective steps were not taken to prevent irregular expenditure amounting to R1 894 955 was incurred and disclosed in note 23 to the annual financial statements, in contravention of section 38(1)(c)(ii) of the PFMA and treasury regulation 9.1.1.
34. Contractual obligations and money owed by the entity were not met and settled within 30 days, as required by section 38(1)(f) of the PFMA and treasury regulation 8.2.3.

REVENUE MANAGEMENT

35. The accounting officer did not establish systems, procedures and processes to ensure efficient and effective cash management, including collecting revenue when it is due, pursuing debtors with appropriate sensitivity and rigour to ensure that amounts receivable are collected, and accurately forecasting the institution's cash flow requirements, as required by Treasury Regulation 15.10.1.2(a) and 15.10.1.2(e).

OTHER INFORMATION

36. The Supported Employment Enterprises accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report thereon and those selected objectives presented in the annual performance report that have been specifically reported on in the auditor's report.
37. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
38. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact
39. I have not yet received the annual report. When I do receive this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected I may have to re-issue my auditor's report amended as appropriate.

INTERNAL CONTROL DEFICIENCIES

40. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.

LEADERSHIP

41. The chief executive officer did not adequately review the monthly reports or the financial statements and management did not have sufficient monitoring controls to ensure proper implementation of the overall process of planning indicators and targets for predetermined objectives to achieve planned performance.
42. Management did not embark on a process to fully understand prior year issues and the underlying control deficiencies before implementing actions to correct them. As a result, repeat material findings on the financial statements and compliance with legislation internal control deficiencies were raised in the current year.

FINANCIAL AND PERFORMANCE MANAGEMENT

43. The entity did not prepare regular, accurate and complete financial statements that are supported by reliable evidence and aligned to the financial reporting framework. This resulted in misstatements in the annual financial statement and annual performance report.

Auditor General

Auditor-General

Pretoria

31 July 2017



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

ANNEXURE A – AUDITOR-GENERAL’S RESPONSIBILITY FOR THE AUDIT

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected objectives and on the trading entity’s compliance with respect to the selected subject matters.

FINANCIAL STATEMENTS

In addition to my responsibility for the audit of the financial statements as described in the auditor’s report, I also:

- Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the trading entity’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting officer
- Conclude on the appropriateness of the accounting officer’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Supported Employment Entities ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the Auditor’s Report. However, future events or conditions may cause a trading entity to cease to continue as a going concern
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and here applicable, related safeguards.

SUPPORTED EMPLOYMENT ENTERPRISES PERFORMANCE INFORMATION

Key Outputs	Performance Indicators	Actual Achievement	Actual Achievement	Annual Target	Actual Performance	Deviation from Planned target to actual achievement 2016/2017	Reasons for Variance
	For 2016/17	2014/2015	2015/2016	For 2016/17			
1. Decent employment through inclusive economic growth for persons with disabilities (outcome 4)							
1.1	1.1.1. Increase sales of goods and services and maintain a healthy gross profit margin on products manufactured in the SEE.	1.1.1.1. Production norms and standards developed and trainings conducted to factory managers and instructors by end of March 2017.	Not Achieved Productions Standards not developed and not implemented across all factories	Not Achieved Production norms and standards developed but not yet implemented across all factories	Production norms and standards approved and training conducted.	Not Achieved 50% deviation from planned target to actual achievement Performance norms and standards not fully implemented.	The production norms and standards were approved and training done was not documented and implemented to all factory instructors and managers. Lack of adequate skills to implement norms and standards. Management will Obtain assistance from the SABs for the review and implement production norms and standards.
		1.1.2 Percentage increase of gross profit.	N/A	Not Achieved -244%	Gross profit margin increased to 41%.	Not Achieved -149% gross loss	Change in accounting treatment of the costing model from variable costing to absorption costing. Manufacturing overheads are fully absorbed in Cost of Sales (previously absorbed under operating costs). Management will be appointing additional posts for 1 x Director & 2 x Deputy Director Business Development to assist with securing more sales orders and contracts in order to increase the sales of SEE.
		1.1.3 Number of marketing campaigns conducted per annum.	Achieved Marketing Strategy developed, approved and implemented.	Achieved Marketing Strategy and Implementation plan were reviewed in line with market conditions and approved	8 marketing campaigns conducted by end of March 2017.	Achieved 18 Marketing Campaigns: 8 product exhibitions and 10 print media campaigns.	SEE developed a marketing campaign targeting business travellers who uses South African Airways and Tsogo Sun Hotels. This led to print media campaigns being executed.

Key Outputs		Performance Indicators	Actual Achievement	Actual Achievement	Annual Target	Actual Performance	Deviation from Planned target to actual achievement 2016/2017	Reasons for Variance
		For 2016/17	2014/2015	2015/2016	For 2016/17			
2. An efficient, effective and development orientated public service (Outcome 12)								
2.1.	Effective and efficient financial management and governance.	2.1.1 Percentage number of Audit findings reduced per annum.	N/A.	N/A.	50% of identified audit findings in the 2015/16 audit action plan resolved.	Achieved 50% of identified audit findings in the 2015/16 audit action plan resolved.	None	None
		2.1.2. Number of Strategic Risks monitored and reported per annum.	Achieved Quarterly risks were monitored and reports were prepared and discussed at the Management Committee	Not Achieved Strategic Risks not monitored and no reports prepared for discussion at the Management Committee due to capacity constraints that led to lack of Strategic Risk Management.	Number of Strategic Risks monitored and reported quarterly.	Achieved Strategic Risk Monitored and reported quarterly	N/A	N/A
		2.1.3 Percentage procurement done in line with approved SCM policy per annum.	Not Achieved • Contracts with suppliers of raw material not reviewed. • Invitations for more suppliers for long term contracts not yet issued. • Performance on the implementation of SCM policy has been assessed in line with reporting framework	Not Achieved • Performance on implementation of Supply Chain Management policy not assessed • Supply Chain Management Policy Reviewed to be in Line with Treasury Guidelines and updates but not yet approved • Supply Chain Management Framework developed.	95% procurement done in line with approved SCM policy by end of March 2017.	Achieved 99% of procurement done in line with procurement plan	4% Overachieved	Sub-Bid Adjudication Committee established within the SEE to ensure that procurement is done in line with the SCM policy

Key Outputs	Performance Indicators	Actual Achievement	Actual Achievement	Annual Target	Actual Performance	Deviation from Planned target to actual achievement 2016/2017	Reasons for Variance
	For 2016/17	2014/2015	2015/2016	For 2016/17			
3. A skilled and capable workforce to support an inclusive growth path (Outcome 5)							
3.1. Strengthen institutional capacity of SEE.	3.1.1. Percentage of all SEE employees developed as per Work Skills Plan per annum.			80% of the Work Skills Plan implemented by the end of March 2017.	Not Achieved 32 officials underwent training (2% of the establishment) officials, 8 (25%) are persons with disability	98% deviation from planned target.	No training committee appointed in the SEE which led to difficulty in appointing training service providers and implementing Work Skills Plan (WSP). The training committee and service provider has now been appointed.

ANNEXURE A

SUPPORTED EMPLOYMENT ENTERPRISES

STRATEGY TO DEAL WITH UNDERPERFORMANCE

Key Outputs	Performance Indicators For 2016/17	PLANNED TARGET 2016/2017	ACTUAL ACHIEVEMENT 2016/2017	STRATEGY TO OVERCOME UNDERPERFORMANCE	DATE OF IMPLEMENTATION AND IMPLEMENTER
1.1 Increase sales of goods and services and maintain a healthy gross profit margin on all products manufactured in the SEE.	1.1.1. Production norms and standards developed and trainings conducted to factory managers and instructors by end of March 2017	Production norms and standards approved and training conducted	Not achieved Performance norms and standards not implemented	Collaboration with productivity SA to assist with: - Conducting a work study and review of SEE manufacturing processes. - Development of SABS certified Norms and Standards - Implementation of approved SEE Norms and Standards throughout the factories. - Up-skilling of key personnel involved in production planning and execution.	01 April 2018 Director: Operations
3.1 Strengthen institutional capacity of SEE.	3.1.1 Percentage of all SEE employees developed as per Work Skills Plan per annum.	80% of the Work Skills Plan implemented by the end of March 2017.	Not achieved -32 officials underwent training (2% of the establishment) officials, 8 (25%) are persons with disability	- Establishment of the SEE training committee. - Consolidation of training requirements for all directorates within the entity. - Filling of the vacant approved ASD HR training and Development post.	01 April 2017 Director: Human Resources Management

ANNEXURE A1

REVISED PERFORMANCE INDICATORS

Indicator No	Performance Indicator	Annual Target Before Revision	Annual Target after Revision	Reason for revision	Impact
1.1.	Percentage increase of gross profit.	Gross profit margin increased to 41% .	Target removed	Target not achievable - SEE's mandate is to create employment opportunities for persons with disabilities.	None- Target will be monitored in divisional workplans /
1.3.	Number of marketing campaigns conducted per annum	8 Advocacy campaigns conducted by end of March 2017.	8 Marketing campaigns conducted by end of March 2017.	Target not Specific - SEE conducts marketing campaigns to secure sales instead of advocacy campaigns, as the entity trades in goods and services.	The SEE will now target to implement overall marketing campaigns instead of just advocacy.
2.1.	Percentage number of Audit findings reduced per annum.	30% of identified audit findings in the 2015/16 audit action plan resolved	50% of identified audit findings in the 2015/16 audit action plan resolved	Target not realistic - more than 30% of the audit findings were resolved.	Improvement in overall governance and financial reporting.
3.2.	Percentage of identified persons with disabilities skills developed.	20% of identified persons with disabilities skills developed by end of 2017	80% of the Work Skills Plan implemented by the end of March 2017.	Target merged with target 3.1.	None- SEE Work Skills Plan includes persons with disabilities

STATEMENT OF FINANCIAL POSITION
31 MARCH 2017

	Note	31 Mar 2017 R'	31 Mar 2016 Restated R'
Non-current assets		4 626 365	5 554 820
Property, plant and equipment	12.	4 626 365	5 554 820
Current assets		253 066 730	210 957 452
Inventories	13.	41 880 626	6 423 295
Trade and other receivables (exchange transactions)	14.	19 061 280	14 001 415
Cash and cash equivalents	15.	192 124 825	190 532 742
Total Assets		257 693 094	216 512 271
EQUITY AND LIABILITIES			
Equity		130 490 206	86 434 338
Retained earnings		130 490 206	86 434 338
Total equity		130 490 206	86 434 338
Liabilities			
Non-current liabilities		-	63 373
Non-current finance lease liability	16.	-	63 373
Current liabilities		127 202 888	130 014 560
Trade and other payables (exchange transactions)	17.	124 963 469	126 720 870
Provisions	18.	932 134	1 875 717
Deferred income	19.	1 239 622	1 239 622
Current portion of finance lease liability	16.	67 663	178 352
Total Liabilities		127 202 888	130 077 933
Total Equity and Liabilities		257 693 094	216 512 271

STATEMENT OF FINANCIAL PERFORMANCE
31 MARCH 2017

	Note	31 Mar 2017 R'	31 Mar 2016 Restated R'
Revenue From Exchange Transactions			
Sale of goods and services	3.	48 001 010	52 404 193
Cost of sales	4.	(119 503 472)	(119 117 000)
Gross (Loss)/Profit		(71 502 461)	(66 712 807)
Other Revenue			
Interest earned - External investments	5.1	13 326 491	1 573 538
Interest earned - Outstanding receivables	5.2	634 163	443 746
Other income	5.3	535 166	521 696
Revenue From Non-Exchange Transactions			
Transfers and sponsorships	6.	138 568 000	135 050 000
Operating expenditure			
Allowance for obsolete inventory	13.	1 112 631	(1 050 693)
Allowance for debt impairment and impairment losses	14.	(6 459 533)	3 793 771
Depreciation and impairment	7.	(711 325)	(1 332 843)
Employee cost	8.	(23 765 862)	(23 921 543)
Profit/ (Loss) on disposal of assets	9.	(391 223)	4 721
General expenses	10.	(7 244 655)	(8 371 103)
Operating surplus		44 101 392	39 998 485
Finance costs	11.	(45 524)	(170 688)
Profit/ (Loss) for the year		44 055 868	39 827 797

STATEMENT OF CHANGES IN NET ASSETS
31 MARCH 2017

	Note	RETAINED EARNING R'	TOTAL EQUITY R'
Balance at 31 March 2015 as previously stated		48 433 823	48 433 823
Prior period adjustments	26.	(1 827 282)	(1 827 282)
Restated balance at 31 March 2015		46 606 541	46 606 541
Total comprehensive income/(loss) for the year		39 827 797	39 827 797
Restated balance at 31 March 2016		86 434 338	86 434 338
Balance as previously stated		84 645 386	84 645 386
Prior period adjustments	26.	1 788 952	1 788 952
Total Comprehensive Income / (Loss) as at 31 March 2017		44 055 868	44 055 868
Balance at 31 March 2017		130 490 206	130 490 206

STATEMENT OF CASHFLOWS

31 MARCH 2017

	Note	31-Mar-17 R'	31-Mar-16 Restated R'
Cash flows from operating activities			
Receipts			
Grants and Transfers		138 568 000	135 050 000
Customers and other receipts		43 476 311	66 118 672
Interest income		13 960 654	2 017 284
		196 004 965	203 185 956
Payments			
Suppliers and employees		(193 294 018)	(20 872 451)
Finance costs		(5 942)	(77 449)
		(193 299 960)	(20 949 900)
Net cash flows from operating activities	20.	2 705 005	182 236 056
Cash flows from investing activities			
Purchase of Property, plant and equipment		(899 279)	(1 512 015)
Proceeds on sale of Property, plant and equipment		0	50 732
Net cash flows from investing activities		(899 279)	(1 461 283)
Cash flows from financing activities			
Finance lease payments		(213 643)	(1 651 359)
Net cash flows from financing activities		(213 643)	(1 651 359)
Net increase/(decrease) in cash and cash equivalents		1 592 083	179 123 415
Cash and cash equivalents at the beginning of the year		190 532 742	11 409 327
Cash and cash equivalents at the end of the year		192 124 825	190 532 742

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
31 MARCH 2017

	R'	R'	R'	R'	R'	R'
	Approved Budget	Adjustments	Final approved budget	Actual amounts on comparable basis	Difference between final budget and actual	References
Revenue						
Sale of goods	71 890 000	-	71 890 000	48 001 010	23 888 990	A
Other income	2 619 381	6 633 648	9 253 029	14 495 820	(5 242 792)	B
Department of Labour transfer	128 150 703	16 317 297	144 468 000	138 568 000	5 900 000	C
Total Revenue	202 660 084	64 902 390	225 611 029	201 064 831	-	

Expenditure						
Employee costs	116 864 331	(2 931)	116 861 400	94 481 993	22 379 407	D
Cost of sales	42 415 100	80 741 088	123 156 188	119 503 472	3 652 716	E
Operating Expense	32 753 049	(63 399 367)	(30 646 318)	(56 976 502)	26 330 184	F
Total Expenditure	192 032 480	17 338 790	209 371 270	157 008 963	52 362 307	
Profit/ (Loss) for the year						
	10 627 604	47 563 600	16 239 759	44 055 868	(52 362 307)	

Capital Expenditure						
Capital Expenditure	16 320 228	57 576 474	73 896 702	1 932 676	71 964 026	G

A	Revenue is below budget by R23m. Delays in securing supplier contracts contributed to the setbacks, however this has been resolved permanently and matter put to rest. 2016/17 saw the last quarter of the year showing a significant rise in delivery of goods thus improving sales. Future prospects look good as orders have been secured and turnaround times have improved significantly
B	Other income variance is favourable, this is due to improved cash management principles combined with high interest earned on the call account
C	The Department of Labour transfer is below budget due to adjustments made by the National Treasury to the drawdown
D	Employee cost is below budget due to high vacancy rate, the human resources unit is now properly capacitated to significantly reduce the vacancy rate and this will improve in the following financial year
E	Cost of sale is below budget by R3.6m, as a direct proportion to sales generated
F	Operating expenditure has a favourable variance due to implementation of cost containment measures and deferred non cash items such as depreciation for planned capital expenditure
G	Capital expenditure spent is below budget due to delays in tender processes, these will be incurred in the following financial year

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

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

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

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the entity.

1.2 GOING CONCERN ASSUMPTION

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

1.3 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

SIGNIFICANT JUDGEMENTS INCLUDE:

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 18 - Provisions.

Allowance for debt impairment

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.4 PROPERTY, PLANT AND EQUIPMENT

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

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Plant and machinery	10-15 years
Furniture and fixtures	12-15 years
Office equipment	8-10 years
Computer equipment	3-5 years
Appliances	5-8 years

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.5 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A financial asset is:

- Cash
- A residual interest of another entity
- A contractual right to:
 - Receive cash or another financial asset from another entity; or
 - Exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.
 - A financial liability is any liability that is a contractual obligation to:
- Deliver cash or another financial asset to another entity; or
- Exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade and other receivables from exchange transactions	Financial asset measured at amortised cost
Finance lease liability	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade and other payables from exchange transactions	Financial asset measured at amortised cost
Finance lease liability	Financial asset measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Gains and losses

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

Impairment and uncollectibility of financial assets

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

DERECOGNITION

Financial assets

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.6 TAX

The entity is exempt from income taxation in terms of section 10 of the Income Tax Act, Act 58 of 1962.

1.7 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.8 INVENTORIES

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.9 EMPLOYEE BENEFITS

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

SHORT-TERM EMPLOYEE BENEFITS

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Multi-employer plans and/or State plans and/or Composite social security programmes

The entity classifies a multi-employer plan and/or state plans and/or composite social security programmes as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

1.10 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in notes 29 and 30.

1.11 COMMITMENTS

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Commitments are disclosed in note 25 of the Financial Statements.

The commitment value is calculated as the difference between contract values and payments made or recognised as payables from exchange transactions as at the last day of the year.

1.12 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

SALE OF GOODS

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- the amount of revenue can be measured reliably
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.13 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity. When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability.

Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Services in-kind

Except for financial guarantee contracts, the entity recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the entity's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the entity disclose the nature and type of services in-kind received during the reporting period.

1.14 TURNOVER

Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value added taxation.

1.15 COST OF SALES

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all deficits of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.16 COMPARATIVE FIGURES

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. Refer to note 26

Where prior period errors have been identified during the current financial year, comparative figures have been restated from the earliest prior period presented. Refer to note 26

1.17 UNAUTHORISED EXPENDITURE**Unauthorised expenditure means:**

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.18 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.19 IRREGULAR EXPENDITURE

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements are updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the

National Treasury or the relevant authority is recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.2 BUDGET INFORMATION

The approved budget is prepared on an accrual basis.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.21 RELATED PARTIES

The entity operates in an economic environment currently dominated by entities directly or indirectly owned by the South African Government. As a result of the constitutional independence of all three spheres of government in South Africa, only parties within the national sphere of Government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

All transactions with related parties are disclosed. This includes transactions conducted at arm's length.

1.22 EVENTS AFTER REPORTING DATE

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue.

Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.



2 NEW STANDARDS AND INTERPRETATIONS

2.1 STANDARDS AND INTERPRETATIONS ISSUED, BUT NOT YET EFFECTIVE

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2017 or later periods:

GRAP 20: RELATED PARTIES

The objective of this standard is to ensure that a reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual annual financial statements.

The effective date of the standard has not yet been set by the Minister of Finance.

The entity does not envisage adoption of the standard until it becomes effective.

The adoption of this standard is not expected to impact on the results of the entity, but may result in more disclosure than is currently provided in the annual financial statements.

GRAP 108: STATUTORY RECEIVABLES

The objective of the standard is to prescribe the accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

The standard requires statutory receivables to be recognised

- using GRAP 9 if the transaction is an exchange transaction
- using GRAP 23 if the transaction is a non-exchange transaction, or
- if the transaction is not within the scope of GRAP 9 or GRAP 23, the receivable is recognised when the definition of an asset is met and when it is probable that future economic benefits or service potential associated with the asset will flow to the entity and the transaction can be measured reliably.

The effective date of the standard has not yet been set by the Minister of Finance.

The entity does not envisage adoption of the standard until it becomes effective and applicable to its operations.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

GRAP 109: ACCOUNTING BY PRINCIPALS AND AGENTS

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

The effective date of the standard has not yet been set by the Minister of Finance.

The entity does not envisage adoption of the standard until it becomes effective and applicable to its operations.

It is unlikely that the standard will have a material impact on the entity's annual financial statements.

Directive 12: The selection of an appropriate reporting framework by public entities

The objective of the directive is to prescribe the criteria to be applied by public entities in selecting and applying an appropriate reporting framework.

The effective date of the directive is 1 April 2018.

The entity does not envisage adoption of the directive until it becomes effective.

The directive is not expected to have an impact on the entity's annual financial statements.

NOTES: ANNUAL FINANCIAL STATEMENTS
31 MARCH 2017

	31-Mar-17 R'	31-Mar-16 Restated R'
3. Revenue from exchange transactions		
Revenue from the sale of goods	46 597 169	48 973 356
Revenue from services rendered	1 403 841	3 430 837
	48 001 010	52 404 193

4. Cost of sales		
Opening inventory	6 423 295	15 886 952
Purchases	60 058 800	18 486 177
Labour cost	70 729 884	70 521 581
Fixed and variable overheads	24 172 118	20 645 586
Closing inventory	(41 880 626)	(6 423 295)
Total cost of inventory sold	119 503 472	119 117 000

Included in fixed and variable overheads are the following expenses:

Depreciation and impairment	725 187	1 669 646
Other overheads	23 446 931	18 975 940
	24 172 118	20 645 586

5. Other income		
5.1 Interest earned - external investments		
Bank	13 326 491	1 573 538
	13 326 491	1 573 538

5.2 Interest earned - outstanding receivables

Interest earned on outstanding debtors	634 163	443 746
	634 163	443 746

5.3 Other income from exchange transactions

Canteen revenue	497 128	484 327
Commission received	38 039	37 370
	535 166	521 696

NOTES: ANNUAL FINANCIAL STATEMENTS
31 | 2017

	31-Mar-2017 R'	31-Mar-16 Restated R'
6. Revenue from non-exchange transactions		
Department of labour transfer	138 568 000	135 050 000
	138 568 000	135 050 000
Operating expenditure		
7. Depreciation and impairment		
Depreciation on property, plant and equipment	(711 325)	(1 332 843)
	(711 325)	(1 332 843)
8. Employee cost		
Salaries, allowances and bonuses	(23 752 108)	(23 921 543)
Casual wages	(13 753)	-
	(23 765 862)	(23 921 543)
9. Profit/ (loss) on disposal of assets		
Property, plant and equipment	(391 223)	4 721
Other assets	-	-
	(391 223)	4 721

NOTES: ANNUAL FINANCIAL STATEMENTS
31 MARCH 2017

	31-Mar-2017 R'	31-Mar-16 Restated R'
10. General expenses		
Advertising	(533 963)	(434 514)
Auditor's remuneration	(1 962 372)	(1 326 161)
Bank Charges	(123 415)	(185 408)
Canteen expenses	(544 085)	(598 773)
Cleaning	(330 528)	(91 487)
Consumables	(79 226)	(257 263)
Entertainment	(51 026)	(25 212)
Internet services	(500 762)	(666 070)
IT expenses	(248 296)	(250 236)
Occupational health and safety expenses	(45 326)	-
Printing and stationary	(87 608)	(159 241)
Professional fees	(194 848)	(272 359)
Refuse and sanitation	(15 046)	(16 343)
Repairs and maintenance	-	(2 220)
Security	(3 362)	(3 355)
Small assets	-	4 140
Staff welfare	(3 082)	-
Telephone and fax	(77 399)	(60 701)
Training	(226 158)	(12 650)
Transport and freight	(1 825 107)	(3 470 652)
Travel local	(393 047)	(542 598)
	(7 244 655)	(8 371 103)
11. Finance Costs		
Interest charge on finance leases	(39 582)	(93 239)
Other interest paid	(5 942)	(77 449)
	(45 524)	(170 688)

NOTES: ANNUAL FINANCIAL STATEMENTS
31 MARCH 2017

12. Property, Plant and equipment

	2017				2016	
	Cost/ Valuation	Accumulated depreciation	Carrying amount	Cost/ Valuation	Accumulated depreciation	Carrying amount
Plant and machinery	16 381 256	12 760 906	3 620 349	16 376 717	12 688 423	3 688 294
Furniture and fittings	1 988 861	1 536 411	452 450	2 006 005	1 525 449	480 556
Office equipment	843 492	769 867	73 626	559 279	465 033	94 246
Computer equipment	2 191 400	1 820 072	371 328	2 686 431	1 653 922	1 032 509
Appliances	195 753	150 632	45 121	197 588	151 185	46 403
Leased assets	4 502 684	4 439 196	63 489	4 779 446	4 566 634	212 812
	26 103 447	21 477 084	4 626 363	26 605 466	21 050 646	5 554 820

2017 Reconciliation of carrying amount							
		Opening carrying amount	Additions	Disposals	Depreciation	Transfers	Closing carrying amount
Plant and machinery		3 688 294	826 142	(168 900)	(725 187)	-	3 620 349
Furniture and fittings		480 556	30 371	(3 916)	(54 561)	-	452 450
Office equipment		94 246	-	(179)	(20 441)	-	73 627
Computer equipment		1 032 509	5 491	(212 648)	(454 024)	-	371 328
Appliances		46 403	18 878	(5 582)	(14 578)	-	45 121
Leased assets		212 812	18 397	-	(167 721)	-	63 488
		5 554 820	899 279	(391 224)	(1 436 512)	-	4 626 363

2016 Reconciliation of carrying amount							
		Opening carrying amount	Additions	Disposals	Depreciation	Transfers	Closing carrying amount
Plant and machinery		4 685 332	71 911	(15 198)	(1 053 751)	-	3 688 294
Furniture and fixtures		535 689	114 106	(93 946)	(263 185)	-	480 556
Office equipment		106 601	120 481	(100 687)	(32 149)	-	94 246
Computer equipment		225 279	1 136 017	(24 030)	(304 757)	-	1 032 509
Appliances		33 240	31 985	(42)	(18 780)	-	46 403
Leased assets		1 505 166	37 515	-	(1 329 869)	-	212 812
		7 091 307	1 512 015	(46 011)	(3 002 491)	-	5 554 820

NOTES: ANNUAL FINANCIAL STATEMENTS
31 MARCH 2017

	31-Mar-2017 R'	31-Mar-16 Restated R'
13. Inventories		
Raw materials	30 575 820	3 524 198
Work in progress	7 334 848	641 827
Finished goods	4 436 659	3 836 603
Allowance for obsolete inventory	(466 702)	(1 579 333)
	41 880 626	6 423 295

Reconciliation of allowance for obsolete inventory

Balance at beginning of the year	1 579 333	528 640
Increase/ (Decrease) in allowance	(1 112 631)	1 050 693
Balance at end of the year	466 702	1 579 333

Inventory written down to net realisable value/ reversal of write down

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

The write-down amounted to R 1 112 631 (2016: R1 050 693) which is recognised as part of the cost of inventory in the statement of financial performance.

Inventories pledged as security

No inventories have been pledged as security for liabilities.

NOTES: ANNUAL FINANCIAL STATEMENTS

31 MARCH 2017

	31-Mar-2017 R'	31-Mar-16 Restated R'
14. Trade and other receivables (exchange transactions)		
Gross balances		
Trade receivables	27 759 183	19 256 219
Impairment losses written off directly against debtors (bad debts)	(2 525 193)	-
Balance after bad debts	25 233 991	19 256 219
Vat Receivable	877 972	-
Sundry Receivable	2 139 908	246
Deposit	-	1 200
	28 251 870	19 257 665
Allowance for impairment		
Trade receivables	(9 190 591)	(5 256 250)
VAT Receivable	-	-
Sundry receivables	-	-
Deposits	-	-
	(9 190 591)	(5 256 250)
Net balances		
Trade receivables	16 043 400	13 999 969
VAT Receivable	877 972	-
Sundry receivables	2 139 908	246
Deposits	-	1 200
	19 061 280	14 001 415
Ageing of gross trade receivables		
Current (0 – 30 days)	11 261 924	3 762 092
31 - 60 Days	2 528 162	575 373
61 - 90 Days	492 075	1 292 879
91 - 120 Days	205 205	637 408
Greater than 120 days	10 746 625	12 988 466
	25 233 991	19 256 218
Ageing of trade receivables past due but not impaired		
Current (0 – 30 days)	11 261 924	3 762 092
31 - 60 Days	2 528 162	575 373
61 - 90 Days	492 075	1 292 879
91 - 120 Days	205 205	637 408
Greater than 120 days	1 556 034	7 732 216
	16 043 400	13 999 969

Impairment

Trade receivables which are less than three months past due are not considered to have a high risk of irrecoverability. The recoverable amount from all trade receivables categorised as high risk is estimated to determine the amount by which such debtors are impaired.

NOTES: ANNUAL FINANCIAL STATEMENTS
31 MARCH 2017

	31-Mar-2017 R'	31-Mar-16 Restated R'
Ageing of impaired trade receivables		
Greater than 120 days	9 190 591	5 256 251
	9 190 591	5 256 251
Reconciliation of allowance for debt impairment		
Balance at beginning of the year	5 256 251	9 050 022
Allowance utilised to write off bad debts	-	-
Increase/ (Decrease) in provision	3 934 341	-3 793 771
Balance at end of the year	9 190 591	5 256 251

Trade and other receivables pledged as security

No trade and other receivables were held as security for liabilities

Credit quality of trade receivables and impairment

In determining the recoverability of trade receivables, the entity considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large.

An estimate of the allowance for debt impairment is made based on the review of all outstanding accounts receivable at year-end. The recoverable amount from debtors classified as high risk is estimated and considered in calculating the allowance for debt impairment.

Credit risk exposure

The entity's maximum exposure to credit risk at the reporting date is the fair value of each class of receivable above. No collateral is held as security the above receivables

15. Cash and cash equivalents

Bank balances	192 113 501	190 509 742
Cash on hand	11 324	23 000
	192 124 825	190 532 742
Significant cash and cash equivalents not available for use	1 239 622	1 239 622

The entity holds the amount in its call account which relates to certain conditional grants from the Department of Labour for which the conditions of recognition have not yet been met.

Cash and cash equivalents pledged as security

Except for cash and cash equivalents not available for use, no other cash and cash equivalents are held as security for liabilities.

NOTES: ANNUAL FINANCIAL STATEMENTS

31 MARCH 2017

	31-Mar-2017 R'	31-Mar-16 Restated R'
16. Finance lease liability		
Minimum lease payments due		
- within one year	69 501	198 625
- in second to fifth year	-	65 156
- later than five years	-	-
Less future finance charges	(1 838)	(22 057)
Present value of minimum lease payments	67 663	241 724
Present value of minimum lease payments		
- within one year	67 663	178 352
- in second to fifth year	-	63 373
- later than five years	-	-
	67 663	241 724

The entity leases certain of its office equipment in terms of finance leases. The entity has an option to acquire certain leased assets at the termination of the lease. The average lease term is between 3 and 5 years and the average effective borrowing rate is 9%. Interest rates are linked to prime at the contract date. All the leases have variable capital repayment.

The entity's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer to note 12.

NOTE

17. Trade and other payables (exchange transactions)		
Trade payables	7 123 349	2 404 007
Accruals	8 954 427	5 706 129
Income received in advance	106 339 676	117 209 863
VAT payable	-	537 922
Accrued leave pay	17.1 2 439 476	739 839
Stabilisation fund	17.2 106 541	106 541
Outstanding cheques	-	16 569
	124 963 469	126 720 870

17.1 Accrued Leave Pay

Accrued leave pay is reviewed at year - end and adjusted to reflect the current best estimates.

17.2 Stabilisation Fund

During 2010, SEE received a refund of R3,210,268 from the Civil Pensions Stabilization Account (CPSA) for Stabilisation Fund contributions collected from Temporary Employees Pension Fund members after 1 July 1999 plus interest. The employer contribution (R2,407,700) was surrendered to the Revenue Fund and the employee contribution part (R802,568) had to be refunded to the members. The full amount of employee contributions could not be refunded to all the members due to the fact that some of the old members could not be traced. The outstanding amount of R106 541 is accounted for the the Stabilisation Fund account of SEE. No adjustment was done during the interim.

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31 MARCH 2017

	31-Mar-2017 R'	31-Mar-16 Restated R'
18. Provisions		
Reconciliation of opening to closing balances		
Opening balance	1 875 717	935 355
Additions/ Reversals	(943 583)	940 362
Closing balance	932 134	1 875 717

The provision for long service allowance is reviewed at year-end and adjusted to reflect the current best estimates.

Provision for long service allowance is calculated at One Rand (R1,00) for every week worked. Accumulated long service is only payable on retirement or resignation

19. Deferred income		
Opening balance	1 239 622	1 239 622
Conditions met and recognised as revenue	-	-
Closing balance	1 239 622	1 239 622

The closing balance relates to the following projects

Business case project	111 325	111 325
Other special projects	1 128 297	1 128 297
	1 239 622	1 239 622

20. Cash (used in) / generated from operations		
Surplus/ (Deficit) for the year	44 055 868	39 827 797
Adjustments for:		
Depreciation and amortisation	1 436 512	3 002 490
Profit/ (loss) on sale of assets	391 223	(4 721)
Allowance for debt impairment and impairment losses	6 459 533	(3 793 771)
Allowance for obsolete inventory	(1 112 631)	1 050 693
Accrual for leave pay	1 699 636	47 350
Provisions	(943 583)	940 362
Finance cost on finance leases	39 582	93 239
Changes in working capital:		
Inventories	(34 344 700)	8 412 964
Receivables from exchange transactions	(11 519 398)	16 986 554
Trade payables (exchange transactions)	(3 457 037)	115 673 099
Provisions	-	-
Unspent conditional grants and receipts		
	2 705 005	182 236 056

NOTES: ANNUAL FINANCIAL STATEMENTS

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	31-Mar-2017 R'	31-Mar-16 Restated R'
21. Contributions Towards Employee Retirement Benefits		
Included in employee costs are the following		
Pension fund	2 831 462	2 826 607
Provident fund	4 500 427	4 043 964
	7 331 889	6 870 571

The SEE started participating in the Textile Industry Provident Fund with effect from 01 November 2009. The employer contributes 9% of salary on behalf of each employee and the employees contribute 7%.

Only one employee, Ms L Scheepers is contributing to the Temporary Pension Fund. The employer is contributing 2,74834% and the employee contributes 5%.

22. RELATED PARTIES

All transactions below were made in terms of equivalent to those in arm's length transactions unless stated otherwise.

22.1 Related Party Relationships

SEE is an entity controlled by the Department of Labour, the Accounting Officer of SEE is the Director-General of Labour. The Department has control and significant influence on the operations of SEE as defined in IPSAS 20: Related Parties

Controlling Entity: Department of Labour

Entities under common control:

- Compensation Fund (CF)
- Commission for Conciliation, Mediation and Arbitration (CCMA)
- National Economic Development and Labour Council (NEDLAC)
- Productivity South Africa (PSA)
- Unemployment Insurance Fund (UIF)
- Refer to note 22.4

Key management personnel:

The above listed entities are all related parties as they are under common control by the Department of Labour.

SEE is a related party to Key Management Personnel and close family members of Key Management Personnel.

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	31-Mar-2017 R'	31-Mar-16 Restated R'
22.2 Related party transactions		
Transfers - Department of Labour subsidy	138 568 000	135 050 000
Sale of goods to Compensation Fund (UIF)	13 985	135 576
Sale of goods to Unemployment Insurance Fund (UIF)	1 413 255	2 461 247
Sale of goods to Department of Labour (DoL)	1 802 174	3 683 288
Sale of goods to Commission for Conciliation, Mediation and Arbitration (CCMA)	853 856	-
	142 651 270	141 330 110
Transactions with key management and employees		
Sale of goods to CEO	-	527.99
Sale of goods to employees	9 815.47	44 865
	9 815.47	45 393.35
22.3 Related party balances		
Trade and Other Receivables:		
Department of labour (DoL)	730 090	1 032 934
Compensation fund	12 720	116 578
Unemployment Insurance Fund (UIF)	16 416	2 805 821
Commission for Conciliation, Mediation and Arbitration (CCMA)	574 652	-
	1 333 878	3 955 333
22.4 Key management remuneration		
Mr S Nondwangu - Chief Executive Officer (Appointed 1 August 2013)		
Basic Salary	741 913	713 899
Expenses allowances	317 963	305 957
Performance award	-	-
	1 059 876	1 019 855
Mr S Ngcongco - Chief Financial Officer (Appointed January 2016)		
Basic Salary	621 055	151 231
Expenses allowances	106 855	32 551
Performance award	-	-
Service Bonus	23 341	-
	751 250	183 782

NOTES: ANNUAL FINANCIAL STATEMENTS
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	31-Mar-2017 R'	31-Mar-16 Restated R'
Ms Gladys Manamela - Director: Operations (Appointed August 2015)		
Basic Salary	571 619	431 624
Expenses allowances	259 134	149 381
Performance award	-	-
Service Bonus	48 411	
	879 163	581 005
Ms Ella Ntshabele - Director: Governance and Assurance (Appointed September 2015)		
Basic Salary	549 445	311 605
Expenses allowances	294 869	167 228
Performance award	-	-
	844 313	478 834
Ms Kefiloe Tselane - Director: HRM and Special Projects (Appointed October 2015)		
Basic Salary	557 690	271 099
Expenses allowances	242 559	117 768
Performance award	-	-
Service Bonus	46 603	
	846 852	388 867
22.5 Services in Kind: Administrative Salaries : Department of Labour		
The Department of Labour seconded administrative staff to the SEE	7 376 261	5 657 000
22.6 Services in Kind: Internal audit - Department of Labour		
The Department of Labour renders internal audit services to the SEE	449 646	197 964
22.7 Services in Kind: Premises - Department of Labour		
The Department of Labour pay lease rentals to the Department of Public Works on behalf of Supported Employment Enterprises	-	-
22.8 Services in Kind: Capital Expenditure - Department of Labour		
The Department of Labour incurred capital expenditure on behalf of Supported Employment Enterprises	3 605 104	3 260 620
22.9 Compensation to key management personnel: Compensation Fund		
The Compensation Fund paid salaries and wages for two key management personnel from 01 September 2015 on behalf of Supported Employment Enterprises	1 691 166	867 701

NOTES: ANNUAL FINANCIAL STATEMENTS
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	31-Mar-2017 R'	31-Mar-16 Restated R'
23. Irregular expenditure		
Reconciliation of Irregular Expenditure:		
Opening balance	105 013	16 095 486
Irregular expenditure - current year	1 894 955	1 719 881
Condoned or written off by accounting officer	(1 754 583)	(17 710 355)
Transferred to receivables for recovery - not condoned	-	-
Closing balance	245 385	105 013

Details of irregular expenditure - current year

Irregular expenditure relates to expenditure incurred through procurement from sole suppliers by means other than tender without accounting officer authorisation of this deviation, procurement without requesting the number of quotes as required by Treasury Regulations and procurement without acquiring the necessary tax clearance certificates.

Action taken/ to be taken

Irregular expenditure not yet condoned will be investigated and appropriate steps taken.

24. Fruitless and Wasteful Expenditure		
Opening balance	40 114	280 509
Fruitless and wasteful expenditure – relating to current year	5 857	40 114
Fruitless and wasteful expenditure – relating to prior year	-	-
Less: Amounts condoned	(45 918)	(280 509)
Fruitless and wasteful expenditure awaiting condonation	53	40 114

24.1 Detail of fruitless and wasteful expenditure - current year		
Interest incurred on late payment of accounts	5 857	40 114
	5 857	40 114

NOTES: ANNUAL FINANCIAL STATEMENTS
31 MARCH 2017

	31-Mar-2017 R'	31-Mar-16 Restated R'
25. Commitments		
Operational commitments		
Approved and already contracted	87 935	1 728 750
	87 935	1 728 750
The approved and contracted commitments comprise the following;		
Financial Lease Contracts	67 768	248 791
Operational Lease	20 167	1 358 402
Security Services	-	121 558
	87 935	1 728 750

Capital commitments

The entity had no capital commitments as at 31 March 2017

NOTES: ANNUAL FINANCIAL STATEMENTS

31 MARCH 2017

26. Prior period errors

During 2017, the following errors were noted. All errors affecting periods before 2016 have been corrected retrospectively from the earliest prior period presented. Errors that first occurred in 2016 have been adjusted from 2016.

Debits to each balance/ class of transactions are disclosed as positive amounts and credits to each balance/ class of transactions are disclosed as negative amounts

26.1 Error 1

Misstatement of revenue and related account balances due to an incorrect journal recorded in the 2016 annual financial statements

The effects of the adjustments are as follows;

Trade and other receivables (VAT)	495 408
Opening Retained earnings	1 827 282
Inventory	1 711 345
Trade and other receivables	(4 034 035)
Trade and other receivables (Allowance for debt impairment)	4 034 033
Allowance for debt impairment (Statement of financial performance)	(4 034 033)

Error 2

Understatement of operating expenditure and trade and other payables due to a system error in which canteen purchases were not recorded in the trial balance and 2016 annual financial statements.

The effects of the adjustments are as follows;

General expenses	6 298
Trade and other payables from exchange transactions	(6 298)

Error 3

Understatement of depreciation and accumulated depreciation in 2016 due to an erroneous reversal of 2016 depreciation on computer equipment

The effects of the adjustments are as follows;

Depreciation - Computer equipment	7 081
Property, plant and equipment (Accumulated depreciation)	(7 081)

Error 4

Misstatement of provision for bad debts in the 2016 financial statements due to incorrect application of the debt policy in calculating the provision for bad debts

The effects of the adjustments are as follows;

Allowance for debt impairment	1 808 582
Trade and other receivables (Allowance debt impairment)	(1 808 582)

Error 5

Overstatement of allowance for slow moving, redundant inventory in 2016 due to erroneous calculations.

The effects of the adjustments are as follows;

Inventory (Allowance for obsolete inventory)	1 397 096
Allowance for obsolete inventory	(1 397 096)

Error 6

Overstatement of operating expenses due to a payment that was posted to computer expenses instead of the finance lease liability in 2016.

The effects of the adjustments are as follows;

Finance lease liability	7 067
General expenses (Printing and stationary)	(7 067)

NOTES: ANNUAL FINANCIAL STATEMENTS

31 MARCH 2017

26.2 Reclassification

Reclassification 1

Overstatement of revenue in 2016 due to settlement discounts disclosed as revenue instead of a deduction in expenditure.

The effects of the reclassification are as follows;

Other income	297 086
Cost of sales	(297 086)

Reclassification 2

The following expenses that are separately disclosable in terms of GRAP 1 were disclosed as part of operating expenditure and included manufacturing costs;

The effects of the reclassification are as follows;

Employee costs	23 921 543
Depreciation	1 325 763
Profit/ (loss) on disposal of assets	(4 721)
General expenses	(139 113)
Operating expenditure	(25 381 697)

Reclassification 3

The following expenses that are separately disclosable were aggregated and disclosed as net impairments;

The effects of the reclassification are as follows;

Allowance for debt impairment	(1 568 321)
Allowance for obsolete stock	2 021 721
Net impairments	(453 400)

Reclassification 4

Provisions were previously disclosed as trade and other payables in 2016 and previous years. The effect of the reclassification is as follows;

The effects of the reclassification are as follows;

Payables from exchange transactions	1 875 717
Provisions	(1 875 717)

NOTES: ANNUAL FINANCIAL STATEMENTS

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Reclassification 5

Increase in allowance for slow moving, damaged and obsolete inventory was classified as general expenses in 2016;

The effects of the reclassification are as follows;

Allowance for slow moving, damaged & obsolete inventory	426 068
General expenses	(426 068)

Reclassification 6

Understatement of operating expenditure (general expenses) and overstatement of cost of sales due to overstatement of manufacturing overhead recoveries in 2016 and expenses not apportioned between manufacturing and administration.

The effects of the reclassification are as follows;

General expenses	8 658 826
Cost of sales	(8 658 826)

Other changes to comparative financial information

Due to the correction of errors from the earliest prior period presented, the comparative statement of cashflows has been restated.

The presentation of property, plant and equipment, inventories, cost of sales, and receivables has been aligned to the requirements of the relevant GRAP standards.

Contributions towards employee retirement benefits were not completely disclosed in the 2016 financial statements.

Undisclosed related party transactions and balances were disclosed in the current year.

NOTES: ANNUAL FINANCIAL STATEMENTS
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26.3 Reconciliation of 2016 previously reported amounts to restated amounts

Statement of financial position					
	Amount as previously reported	Prior period error	Changes in accounting policy	Reclassification	Restated amount
Non-current assets					
Property, plant and equipment	5 561 901	(7 081)			5 554 820
Current assets					
Inventories	3 314 854	3 108 441			6 423 295
Trade and other receivables	15 314 590	(1 313 176)			14 001 414
Cash and cash equivalents	190 532 742				190 532 742
Equity					
*Retained earnings	(84 645 386)	(1 788 952)			(86 434 338)
Non-current liabilities					
Non-current finance lease liability	(63 373)	-			(63 373)
Current liabilities					
Trade and other payables	(128 590 288)	(6 298)		1 875 717	(126 720 870)
Provisions	-			(1 875 717)	(1 875 717)
Deferred income	(1 239 622)				(1 239 622)
Current portion of finance lease liability	(185 419)	7 067			(178 352)
	-	-	-	-	-

NOTES: ANNUAL FINANCIAL STATEMENTS
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Statement of financial performance					
	Amount as previously reported	Prior period error	Changes in accounting policy	Reclassification	Restated amount
Revenue From Exchange Transactions					
Sale of goods and services	(52 404 193)	-			(52 404 193)
Cost of sales	128 072 912			(8 955 911.48)	119 117 000
Other Revenue					
Interest earned - External investments	(1 573 538)				(1 573 538)
Interest earned - Outstanding receivables	(443 746)				(443 746)
Other income	(818 782)			297 086	(521 696)
Revenue From Non-Exchange Transactions					
Transfers and sponsorships	(135 050 000)				(135 050 000)
Expenditure					
Finance costs	170 688				170 688
Operating expenses	25 381 697			(25 381 697)	-
Employee costs		-		23 921 543	23 921 543
Depreciation		7 081		1 325 763	1 332 843
Profit/ (loss) on disposal of assets				(4 721)	(4 721)
General expenses		(769)		8 371 871	8 371 102
Net impairments	453 400			(453 400)	-
Allowance for debt impairment		(2 225 451)		(1 568 321)	(3 793 772)
Allowance for obsolete stock		(1 397 096)		2 447 789	1 050 693
	(62 046 660)	(3 616 234)	-	0	(39 827 797)
*Total change in 2016 surplus transferred to closing balance of 2016 retained earnings					(3 616 234)
*Total adjustments against 2016 opening retained earnings					1 827 282
					(1 788 952)

NOTES: ANNUAL FINANCIAL STATEMENTS

31 MARCH 2017

	31-Mar-2017 R'	31-Mar-16 Restated R'
27. Financial Instruments disclosure		
Categories of financial instruments		
Financial instruments at amortised cost		
Financial Assets		
Trade and other receivables (exchange transactions)	19 061 280	14 001 415
Cash and cash equivalents	192 124 825	190 532 742
	211 186 104	204 534 157
Financial liabilities		
Trade and other payables (exchange transactions)	124 963 469	126 720 870
Provisions	932 134	1 875 717
Finance lease liability	67 663	241 724
	125 963 266	128 838 311

Management considers the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements to approximate their fair values on 31 March 2017, as a result of the short-term maturity of these assets and liabilities.

Financial instruments at cost

The entity has no financial instruments carried at cost

Financial instruments at fair value

The entity has no financial instruments carried at fair value

28. Risk management

The SEE's activities expose it to a variety of financial risks: market risk (mainly price risk), credit risk and liquidity risk.

The entity's finance department monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The entity does not enter into or trade financial instruments for speculative purposes.

Market Risk

The SEE's activities expose it to a variety of financial risks: market risk (mainly price risk), credit risk and liquidity risk.

NOTES: ANNUAL FINANCIAL STATEMENTS

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Interest Rate Risk

Interest rate risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes. There was no change in the entity's interest rate risk management policy during the period.

The entity's financial instruments attract interest at rates linked directly to the prime bank overdraft rate. The effective interest rate used by the entity is the prime interest rate.

In the case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of entity debtors management policy.

All trade receivables and other debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

Interest Rate Sensitivity Analysis

As the entity has no significant interest rate risk exposure at financial year end, the effect of a 1% strengthening or weakening of the prime interest rate at reporting date is not considered material.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter party.

Trade debtors consist mainly of government departments of which surety vests in the National Treasury for any such debts owing. Other debtors comprise private sector Financial assets exposed to credit risk at year end were as follows:

	2017	2016
Trade and other receivables	19 061 280	14 001 415
Cash and cash equivalents	192 124 825	190 532 742
	211 186 104	204 534 157

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities

Sufficient cash is maintained to manage the entity's liquidity risk. Limitations are imposed by Treasury Regulations 32 to the Public Finance Management Act, 1999 (Act 1 of 1999) on borrowings, which limits the committed lines of credit available to entity.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

NOTES: ANNUAL FINANCIAL STATEMENTS
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2017	Due after 12 months	Due within 12 months	Total
Trade and other payables (exchange transactions)	-	124 963 469	124 963 469
Provisions	-	932 134	932 134
Finance lease liability	-	67 663	67 663
	<u>-</u>	<u>125 963 266</u>	<u>125 963 266</u>

2016	Due after 12 months	Due within 12 months	Total
Trade and other payables (exchange transactions)	-	126 720 870	126 720 870
Provisions	-	1 875 717	1 875 717
Finance lease liability	63 373	178 352	241 724
	<u>63 373</u>	<u>128 774 938</u>	<u>128 838 311</u>

29. Events after the reporting period

No events after reporting period

30. Contingent liabilities

The entity had no contingent liabilities as at 31 March 2017.

31. Contingent assets

The entity had no contingent assets as at 31 March 2017.





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