Budgetary Review and Recommendation Report of the Portfolio Committee on Employment and Labour, dated 23 October 2024

The Portfolio Committee on Employment and Labour, (the Committee) having considered the performance of the Department of Employment and Labour and its entities in meetings held on 8; 9 and 16 October 2024, reports as follows:

1. INTRODUCTION

The Budgetary Review and Recommendation Report of the Committee has been compiled in compliance with the Money Bills Amendment Procedure and Related Matters Act, No. 9 of 2009. This report provides an assessment of the Department of Employment and Labour (DEL) and its entities' service delivery performance given available resources; effectiveness and efficiency of the use and forward allocation of available resources; and recommendations on the forward use of resources.

1.1. The mandate of the Committee

All parliamentary committees have a mandate to legislate, conduct oversight over the executive and facilitate public participation. As such, the mandate of the Committee is governed by the strategy of Parliament and the Constitution of the Republic of South Africa. The Committee is charged with the responsibility of holding the executive and related entities accountable through oversight of objectives of its programmes; scrutinising its budget and expenditure; and recommending through Parliament, what actions the Department should take to attain its strategic goals and contribute to service delivery.

The National Assembly, through its committees, is required by section 5 of the Money Bills Amendment Procedure and Related Matters Act, No. 9 of 2009, to annually assess the performance of each national department and submit Budgetary Review and Recommendation Reports (BRRR) for tabling in the National Assembly. These reports should be submitted to the Minister of Finance and the relevant Ministers.

1.2. The mandate of the Department of Employment and Labour

The Department of Employment and Labour derives its mandate from the Constitution of the Republic of South Africa and gives effect thereto through legislation which regulate labour matters in South Africa. Such legislation includes the:

- Occupational Health and Safety Act (1993)
- Labour Relations Act (1995)
- Basic Conditions of Employment Act (1997)
- Employment Equity Act (1998)
- Employment Services Act (2014)
- National Minimum Wage Act (2018)

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

- Creation of decent employment.
- Promoting labour standards and fundamental rights at work.
- Providing adequate social security 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 growth.

1.3. Purpose of the BRRR

The Money Bills Amendment Procedure and Related Matters Act sets out the process that allows Parliament to make recommendations to the Minister of Finance to amend the budget of a national department. In October/November of each year, portfolio committees must compile BRR Reports that assess service delivery performance given available resources; evaluate the effective and efficient use and forward allocation of resources; and may make recommendations of forward use of resources. The reports are also source documents for Standing/ Select Committees on Appropriations/ Finance when they make recommendations to the House of Parliament on the

Medium-Term Budget Policy Statements (MTBPS). The comprehensive review and analysis of the previous financial year's performance, as well as performance to date, form part of this process.

1.4. Method

In reviewing the work of the labour portfolio (Department and its entities) for the 2023/24 financial year, the Committee placed emphasis on the following:

- Overall performance in lieu of allocated budget as reflected in the annual reports of the portfolio.
- Presentations by the labour portfolio to the Committee on their annual reports.
- Report of the Auditor-General on the labour portfolio.
- Presentation by the Auditor-General to the Committee.
- Responses of the Department to the BRR report of 2023.

The source documents used by the Committee are presentations by the labour portfolio during the year, and annual reports of the Department and entities.

1.5. Outline of the contents of the Report

The content of the Report is as follows:

- Overview of the key relevant policy focus areas.
- Summary of previous key financial and performance recommendations of the Committee.
- Overview and assessment of financial performance of the Department of Labour.
- Report of the Auditor-General.
- Overview of financial performance of DEL in Q1 of 2024/25.
- Overview and assessment of service delivery performance for 2023/24 financial year.
- Overview of Performance of Entities of the Department of Labour.
- Committee Observations.
- Committee Recommendations.
- Appreciation.

The sections below expatiate on the content outlined above.

2. OVERVIEW OF THE KEY RELEVANT POLICY FOCUS AREAS

The South African economy has been adversely affected by events such as the COVID-19 in the year 2020. In his State of the Nation Address (SONA) of February 2024, President Cyril Ramaphosa noted that more than 100 000 South Africans lost their lives, and two million people lost their jobs because of this pandemic.

There were social unrests in July 2021, which followed the arrest of the former President Jacob Zuma and affected mostly KwaZulu-Natal and Gauteng. These unrests resulted in loss of lives and destruction of property.

The country experienced wildfires in the Western Cape, floods in KwaZulu-Natal, heat waves in the Northern Cape, drought in the Eastern Cape, and storms in Gauteng.

All these events had a negative impact on the economy of the country, including job creation. Unemployment remains one of the major challenges the country faces, including inequality and poverty.

However, the Quarterly Labour Force Survey (QLFS), which is a household-based survey conducted by Statistics South Africa, indicated that the number of employed persons increased by 22 000 to 16.7 million in the first quarter of 2024 compared to the fourth quarter of 2023.

The number of unemployed persons increased by 330 000 to 8.2 million during the same period. The number of people who were not economically active for reasons other than discouragement decreased by 214 000 to 13.1 million. The discouraged work-seekers decreased by 1000 in the first quarter of 2024 compared to the fourth quarter of 2023. This resulted in a net decrease of 215 000 in the not economically active population.

The afore-mentioned changes in employment and unemployment figures resulted in the official unemployment rate increasing by 0.8% from 32.1% in the fourth quarter of 2023 to 32.9% in the first quarter of 2024. The unemployment rate according to the expanded definition also increased by 0.8% to 41.9% in first quarter of 2024 compared to the fourth quarter of 2023.

The youth (15 to 34 years) unemployment increased by 236 000 to 4.9 million and a decrease of 7 000 in the number of employed youth to 5.9 million was reported. This resulted in an increase in the youth unemployment rate by 1.3% from 44.3% in the fourth quarter of 2023 to 45.5% in the first quarter of 2024.

The Quarterly Employment Statistics (QES), which is an industry/enterprise-based sample survey conducted by Statistics SA, showed that total employment increased by 42 000 or 0.4% quarter-on-quarter from 10 674 000 in March2024 to 10 716 000 in June 2024 (Q1 to Q2). This was attributed to the increase in the community services industry of 92 000 or 3.1%.
Full time employment decreased by 39 000 or -0.4% quarter-on-quarter, from 9 488 000 in the first quarter to 9 449 000 in the second quarter of 2024. This was attributed to decreases in the following industries: manufacturing: (-17 000 or -1.4%), mining (-7 000 or -1.5%), transport (-7 000 or -1.5%), business services (-5 000 or -0.2%), trade (-5 000 or -0.2%), and community services (-2 000 or -o.1%). The electricity industry showed no change. There was an increase of 4 000 or 0.8% in the construction industry.
Part time employment increased by 81 000 or 6.8% quarter-on-quarter from 1 186 000 in the first quarter to 1 267 000 in the second quarter of 2024. This was due to increases in the following industries: community services (94 000 or 17.5%), and manufacturing (1 000 or 1.2%). The electricity, trade and transport industries showed no changes. The business services and construction industries reported a decrease of 9 000 or -4.0% and 5 000 or -6.9% respectively.

The highly contested national and provincial elections of 29 May 2024 took place in the context of the afore-mentioned conditions and resulted in the governing African National Congress losing its outright majority leading to the formation of the Multi Party Government or Government of National Unity (GNU). The African National Congress and the Democratic Alliance signed the founding statement of intent of the Government of National Unity, which outlines the Basic Minimum Programme of Priorities. Other political parties later signed the statement of intent resulting in ten political parties finally comprising the GNU. The statement of intent identified job creation as one of the priorities of the GNU.
The business community responded positively towards the formation of the GNU and has committed to supporting it by ramping up reform measures in three priority spheres, which are electricity, logistics, and crime and corruption, to lift the country's economic growth rate and improve the investment climate.

The easing of load shedding reinforced the positive expectations and on the 19 September 2024 the Governor of the South African Reserve Bank announced the 25-basis point cut in interest rates, which was the first interest rate cut since March 2020.
In response to the criticism that the cut was late and small the Governor pointed out that the difference between South Africa and the developed world is inflation expectations. Furthermore, he stated that expectations about where inflation is heading play a key role in driving prices high e.g. When workers expect inflation to remain high, they demand higher salary increases – which in turn drive prices higher, as companies must recoup these higher costs.

3. SUMMARY OF PREVIOUS KEY FINANCIAL AND PERFORMANCE RECOMMENDATIONS OF THE COMMITTEE

3.1. Committee Report on Budget Vote

In the Budget Vote 31 Report of the current year, the Committee recommended that the Minister considers the following:

- Ensuring that the initiatives of the Department are aligned to its expanded mandate of employment.
- The Department must work with National Treasury to ensure that the Supported Employment Enterprises (SEE) receive preferential procurement status from government departments.
- That people with disabilities that work for SEE are provided with transport to and from work.
- That Public Employment Services branch of the Department is restructured and repurposed for job creation, including interdepartmental and private sector activities.
- The process of establishing the SEE factory in Mpumalanga must be expedited without delay.
- The Department must come with the ICT strategy to address the ICT problems that it has experienced over several years.
- The Department must come and brief the Committee on its plans regarding the Unemployment Insurance Fund (UIF) and the Compensation Fund (CF) as stand-alone entities reporting to the Department.

3.2. BRRR 2023 recommendations and responses of the Department

3.2.1. Department of Employment and Labour

Recommendations

- The Department should develop a plan to address issues raised by the Auditor General and report quarterly to the Portfolio Committee on progress made regarding the implementation of the Audit Action Plan.
- The Department should align its ICT procurement process with the SITA Act to address the material findings by the Auditor General. That within seven days of the adoption of this report, the Committee must invite SITA to appear before it to explain the SITA Act processes.
- The Department must develop the ICT strategic plan and align all IT projects to the strategic plan.
- The Department must implement a comprehensive system of managing consequences related to poor performance. It must investigate all transgressions that led to material irregularities, irregular expenditure, and fruitless and wasteful expenditure. It must urgently implement all recommendations from investigation reports concluded as this will promote the culture of accountability.
- The Department must fill the vacant funded posts without delay, especially the posts under the Inspectorate and Enforcement Services programme, Further, the post of Chairperson of the Northern Cape Risk Committee must be filled without delay.

Response

- There are ongoing engagements with SITA. They are aimed at resolving the challenges that are experienced by DEL family in the ICT space. SITA also gets to be given procurement plans of DEL to process them the best way they know how.
- The department does have strategic direction which could be better aided by the ICT environment that does not have patterns of downtime which impact largely on the services rendered to the clients as it is currently the case under SITA.
- The department continues to implement consequence management.More often than not the department would have a sizeable number of acting position due to disciplinary processes that would be underway.

3.2.2. Supported Employment Enterprises

Recommendations

- SEE's capacity, processes and controls must be strengthened to enable credible financial and performance reporting.
- The Committee should receive regular updates on engagements between Department of Employment and Labour and National Treasury on preferential procurement status of the SEE
- The Department should provide alternative energy source for SEE factories to support uninterrupted production output and to reduce the delivery lead times to customers.

Response

Transportation of Persons with Disabilities to and from work

SEE recognises that suitable, affordable and accessible transport system for persons with disabilities remains not only just a challenge, but also as one of the largest barriers to their independence. Subsequent to the Portfolio Committee recommendation in 2023, SEE started the process of seeking advice from various internal and external stakeholders on this critical issue raised by honourable members. It became clear that the issue of transport for persons with disabilities requires comprehensive consultation, collaboration as systematically coordinated efforts between various stakeholders.

These stakeholders include the Department of Transport, Department of Women, Youth and Persons with Disabilities, Department of Employment and labour, Municipal stakeholders offering transport services to local commuters as well as taxi industry associations that play a critical role in the transportation sector. The scope and magnitude have to be coordinated at a much more senior and executive level of both national and provincial governments.

SEE has employees across eight provinces in the country and are scattered around the suburbs, townships and rural areas of South Africa. The approach required is an enabling universal transport driven largely by municipal transport services and it must be heavily subsidised by the state to ensure accessibility. The Western Cape model of Dial-a-Ride with retrofitted buses to wheelchairs that is integrated with the My Citi bus service was observed by SEE management as an effective mode,

however it still has its own challenges around capacity to accommodate the population of disabled users.There are also some of the Golden Arrow buses in Cape Town that are wheelchair friendly, however not all of them.
In Gauteng, the accommodative transport system seems to be limited to the services of Rea Vaya, A Re Yeng, Harambee (BRT-Bus Rapid Transit) and Gautrain connection buses. The rest of the buses do not have necessary facilities to accommodate commuters with disabilities. SEE management continues to lobby various municipality officials to expand the enablement of universal access to transportation, however the limited resources is one reason that is often cited when responding to SEE proposals.
This is precisely why this very important matter requires the intervention at higher level that include executive decisions to invest in transport infrastructure as well as providing accessibility through subsidised services. This will enable the readily vulnerable members of the population with very limited disposable incomes to at least be able to travel to and from work.

3.2.3. Nedlac

Recommendation

- Nedlac's capacity, processes and controls must be strengthened to enable credible financial and performance reporting.

Response

- Nedlac believes that when it comes to this recommendation the institution is up to the task, and as such come the end of 2023/24 results will talk for themselves pertaining to credible financial and performance reporting. Nedlac is confident in stating this because in the 2022/23 financial year there had been considerable capacity building and skills development that the institution's staff received.

Recommendation

- Nedlac must investigate all transgressions that led to irregular expenditure and urgently implement all recommendations from investigation reports concluded as this will promote the culture of accountability.

Response

- The institution does pay much attention to investigation reports. These serves as sources of information where lessons learnt get drawn from. This is so, precisely because the transgression cases are historical ones. For instance, if you take fruitless and wasteful expenditure incurred. This would be a historical case which relates to performance bonus payments that were paid to a few staff members that did not qualify for them.

3.2.4. Productivity South Africa

Recommendation

- The Department should develop a Single Source Funding Model to ensure that the mandate of Productivity SA is funded through section 12 of the Employment Services Act read together with section 40(a) of the Employment Services Act.

Response

- The issue of developing a single source funding model is a matter that the entity is still pursuing.

Recommendation

- Temporary relaxation of the entry requirements which requires distressed companies to be in good standing with UIF and SARS and allow opportunities for companies to be assisted with compliance while concurrently assisting them to save jobs.

Response

- When the companies are being saved surely there are compromises that have to be reached. But there should never be a situation where companies are rescued in a manner that is zero beneficial to the employees. Whilst the situation that the company finds itself in, ought to be acknowledged by all parties, there must never be a destruction of any of its stakeholders for its survival. But yes, issues of requirements that are there, for companies whose survival is being worked out may need to be continuously looked into, to ensure there is no defeat of the very same objective that is intended to be achieved.

Recommendation

- Adoption of the Institute of Management Development (IMD) Competitiveness Framework as a Country Framework for measuring and evaluating productivity and competitiveness.

Response

- When it comes to the adoption of the Institute of Management Development (IMD) Competitiveness Framework as a country's one, this surely speaks to the consideration of various options of benchmarking the country's productivity levels, that may need to be explored.

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

Recommendation

- Application should be made to the National Treasury (NT) for budget surpluses of other entities within the portfolio that are not going to be utilised by those entities to be transferred to the CCMA.

Response

- A request has been made to DEL to assist with the recommendation, as the department is responsible and has sight of all entities within the portfolio.

Recommendation

- Application should be made to the NT that the budget surplus of the CCMA that is because of unforeseen or unavoidable circumstances be retained by the entity.

Response

- The CCMA is a public entity listed in Schedule 3A of the PFMA. It may only accumulate surpluses realised in the previous financial year with the prior written approval of the relevant Treasury.
  For the 2022/23 financial year, the request for retaining the surplus from the prior year to the NT and was approved. For all future years, should the CCMA realise a cash surplus, such will be considered and processed in terms of the National Treasury Instruction 12 of 2020/21 on Retention of Surpluses.

Recommendation

- CCMA should charge private sector clients for services rendered such as training and seminars provided.

Response

- The CCMA has recently conducted a review of the operating model. Included in the review was how the CCMA is funded. The review made recommendations on how the CCMA can implement the funding strategy of the organisation to address the funding challenges. The CCMA is currently considering how the following activities will be implemented:
  - Review agreements with universities for LDP and other short courses. Further, review the contracts with stakeholders that use the CCMA information.
  - Conduct market research to identify opportunities for the CCMA and develop a competitive tariff of fees for the CCMA. Based on the research outcome, develop strategies to increase awareness of the CCMA services and product offerings.

4. OVERVIEW AND ASSESSMENT OF FINANCIAL PERFORMANCE OF THE DEPARTMENT OF EMPLOYMENT AND LABOUR

4.1. Overview of Vote allocation and spending per programme for 2023/24

The activities of the Department of Employment and Labour are structured into four programmes, namely: Administration; Inspection and Enforcement Services, Public Employment Services; and Labour Policy and Industrial Relations. The table below reflects the allocation and expenditure per programme in 2023/24 financial year.

Table 1: Revenue and Expenditure per Programme for 2023/24 financial year

PROGRAMMES	2023/24

		FINAL APPROPRIATION	ACTUAL EXPENDITURE AS AT 31/03/2024	AVAILABLE BUDGET	EXPENDITURE AS AT 31/03/2024
		R'000	*R'000*	*R'000*	*%*
1.	**ADMINISTRATION**	1 045 131	1 037 053	8 078	99.2%
2.	**INSPECTION AND ENFORCEMENT SERVICES**	608 008	600 855	7 153	98.8%
3.	**PUBLIC EMPLOYMENT SERVICES**	1 039 641	1 037 011	2 630	99.7%
4.	**LABOUR POLICY AND INDISTRIAL RELATIONS**	1 323 934	1 321 061	2 873	99.8
TOTAL		**4 016 714**	**3 995 980**	**20 734**	**99.5%**

Source: Presentation to the PC on Employment and labour dated 9 October 2024

Table 1 reflects the final budget appropriation for the Department of Employment and Labour as R4.0 billion and the actual expenditure at the end of the 2023/24 financial year as R3.9 billion or 99.5%, which resulted in unspent budget of R20.7 million.

4.1.1. Administration

The purpose of the Administration programme 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 activities of the programme are structured into five sub-programmes, namely: Ministry; Management; Corporate Services; Office of the Chief Financial Officer; and Office Administration.

The Administration programme received the second largest budget allocation of R1.045 billion and spent R1.037 billion or 99.2% by the end of 2023/24 financial year, resulting in underspending of R8.0 million.

4.1.2. Inspections and Enforcement Services

The purpose of this programme is to realise decent work by regulating non-employment and employment conditions through inspection and enforcement, to achieve compliance with all labour market policies. IES programme comprise the following sub-programmes: Management and Support Services; Occupational Health and Safety; Registration; Compliance, Monitoring and Enforcement; Training of Staff; and Statutory and Advocacy Services.

The Inspection and Enforcement Services programme received a final appropriation of R608.0 million and spent R600.8 million or 98.8% by the end of 2023/24 financial year, resulting in underspending of R7.1 million.

4.1.3. Public Employment Services

The purpose of the PES programme is to assist companies and workers to adjust to changing labour market conditions, and to regulate private employment agencies.

This programme comprises the following sub-programmes: Management and Support Services: PES; Employer Services; Work-Seeker Services; Designated Groups Special Services; Supported Employment Enterprises; Productivity South Africa; Unemployment Insurance Fund; Compensation Fund; and Training of Staff: PES.

The Public Employment Services programme received a budget allocation of R1.039 billion and spent R1.037 billion or 99.7% by the end of 2023/24 financial year, resulting in underspending of R2.6 million.

This branch spent R610.2 million of its budget on transfers and subsidies. Some of the entities that received transfers from PES are:

- Supported Employment Enterprises – R207.9 million
- Productivity SA – R71.2 million
- Compensation Fund – R6.9 million
- Government Technical Advisory Centre (GTAC) – R211.4 million

- Industrial Development Corporation (IDC) – R87 million

4.1.4. Labour Policy and Industrial Relations

The purpose of the LP&IR programme is to facilitate the establishment of an equitable and sound labour relations environment; support institutions of social dialogue and promote South Africa's interests in international labour matters; conduct research, analysis and evaluate labour policy; and provide statistical data on the labour market.

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

The Labour Policy and Industrial Relations programme received the largest budget allocation of R1.323 billion and spent R1.321 billion or 99.8% by the end of 2023/24 financial year, resulting to underspending of R2.8 million.

This branch spent R1.16 billion of its budget on transfers and subsidies. Some of the entities that received transfers from LP&IR branch include:

- CCMA – R1.04 billion
- Nedlac – R73.6 million

4.2. Overview of Vote allocation and spending per Economic Classification for 2023/24

The Department reported its expenditure by Economic Classification as follows:

Table 2: Expenditure by Economic Classification in 2023/24

ECONOMIC CLASSIFICATION	2023/24			
	FINAL APPROPRIATION	ACTUAL EXPENDITURE	AVAILABLE BUDGET	EXPENDITURE AS AT 31/03/2023
	R'000	R'000	R'000	%
Compensation oof Employees	1 408 299	1 395 350	12 949	99.1%
Goods and Services	710 315	706 718	3 597	99.5%
Transfers and Subsidies	1 781 022	1 780 197	825	100.0%
Payment for Capital Assets	117 046	113 983	3 363	97.1%
Payments for Financial Assets	32	32	-	100.0%
TOTAL	**4 016 714**	**3 995 980**	**20 734**	**99.5%**

Source: Presentation to PC: Employment and Labour dated 9 October 2024

The above table shows that larger portion of the budget went to Transfers and Subsidies at R1.781 billion. The entities that are recipients of these transfers include SEE, Productivity SA, CCMA and Nedlac.

The second largest portion of the budget went to Compensation of Employees at R1.408 billion. Of this amount, R1.395 billion or 99.1% was spent by the end of the 2023/24 financial year resulting to a variance of R12.9 million.

Payment for Capital Assets received R117.0 million and spent R113.9 million or 97.1% by the end of the 2023/24 financial year resulting to a variance of R3.4 million.

Goods and Services received R710.3 million and spent R706.7 or 99.5% of the allocated budget by the end of 2023/24 financial year resulting to variance of R3.6 million.

5. FINANCIAL INFORMATION

5.1 Report of the Auditor-General of South Africa (AGSA)

AGSA found that the financial statements of DEL present fairly, in all material respects, the financial position of the Department as at 31 March 2024 and its financial performance and cash flow for the year then ended in accordance with Modified Cash Standards (MCS) prescribed by the National Treasury and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

However, AGSA made the following material findings on compliance with the selected legislative requirements:

- Expenditure Management
  Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R62.7 million.
  Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R991 000.
  Payments were not made within 30 days or an agreed period after receipt of an invoice, as required by treasury regulations.
- Consequence Management
  AGSA was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure.
  AGSA was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred fruitless and wasteful expenditure.
- Internal control deficiencies
  Management did not ensure that there were effective controls over information technology systems, consequently, significant weaknesses were identified.
- Material irregularities
  AGSA noted that there are 13 software licenses that are being underutilised at a loss to the Department.

5.2. Financial Performance and Financial Position

5.2.1. Statement of Financial Performance

The total revenue of the Department amounted to R4.098 billion in 2023/24 financial year, which is a decrease of R63.5 million from the R4.161 billion total revenue in 2022/23.
The total revenue comprises the following:

- Annual appropriation=R4.016 billion
- Departmental revenue=R21.708 million
- Aid assistance=R59.924 million.

The total expenditure of the Department amounted to R4.023 billion in 2023/24 financial year, which is an increase of R121.5 million from the total revenue of R3.901 billion in 2022/23.
The total expenditure comprises the following:

- Current expenditure=R2.110 billion
  - Compensation of employees=R1.395 billion
  - Goods and services=R706.7 million
  - Aid assistance=R7.9 million
- Transfers and subsidies=R1.780 billion
- Expenditure for capital assets=R132.9 million
- Payment for financial assets=R32 000

The Department recorded a surplus of R75.1 million in the 2023/24 financial year.

5.2.2. Statement of Financial Position

The total assets of the Department amounted to R577.2 million in 2023/24 financial year, which is an increase of R48.4 million from the R528.8 million total assets in 2022/23.
The total assets comprise:

- Current assets=R538.6 million
- Non-current assets=R38.6 million

The total liabilities of the Department amounted to R556.0 million in 2023/24 financial year, which is an increase of R43.7 million from the R512.3 total liabilities in 2022/23.

The net assets amounted to R21.2 million in 2023/24 financial year, which is an increase of R4.6 million from the R16.5 million net assets in 2022/23 financial year.

6. FINANCIAL PERFORMANCE FOR Q1 OF 2024/25 FINANCIAL YEAR

6.1. Expenditure Analysis

The Department spent R981.3 million against the projection of R964.4 million, which is R16.9 million (1.8%) higher than projected. This was mainly in the Administration and Public Employment Services programmes.

6.2. Expenditure per programme

6.2.1. Administration

The Administration branch overspent by R22.9 million or 8.9% mainly on Goods and Services due to the payment of invoices for computer services and travel costs from the previous financial year (2023/24), and unanticipated costs for legal matters and also for maintenance and repairs of departmental vehicles in the province.

6.2.2. Inspection and Enforcement Services (IES)

The IES branch underspent by R17.6 million or 11.1% mainly on Compensation of Employees (vacancies not filled following the shifting of Occupational Health and Safety inspectors to the Compensation Fund) and Goods and Services (invoices for telecommunication devices being less than projected and the decision by the IES branch to conduct and organise workshops and advocacy sessions virtually.

6.2.3. Public Employment Services (PES)

The PES branch overspent by R19.6 million or 9.1% mainly on Goods and Services and Transfers and subsidies due a higher than anticipated number of provincial offices staff attending the Ministerial imbizos, cleaning services and security contracts in Provincial offices, higher transfers to the Compensation Fund for the payment of administration costs of civil servants' injury on duty claims for the prior years (some from 2022/23 and others from February and March 2024).

6.2.4. Labour Policy and Industrial Relations

The LP&IR branch underspent by R8 million or 2.4% mainly on Compensation of Employees and Goods and Services, due to the vacant DDG and Chief Director posts, delays in invoices from Government Printers, application of cost containment measures affecting travel and venues and facilities costs and delayed invoicing by DIRCO for the Labour Attaché's Operating Lease.

6.2.5. Personnel

The spending on Compensation of Employees was R348.7 million. This is lower than projected by R18.6 million or 5.1% and is mainly attributed to delays in the filling of vacant posts due to the implementation of the DPSA directive on filling of vacant posts. The headcount target for 2024/25 is 3 211 of which 2 585 posts were filled by the end of June 2024. The Department has DPSA approval and is in a process of filling critical vacant posts within the Compensation of Employees baseline.

7. OVERVIEW AND ASSESSMENT OF SERVICE DELIVERY PERFORMANCE FOR 2023/24

7.1. Annual performance per Programme

Table 3:Service Delivery Performance per Programme in 2023/24

BRANCH	ANNUAL PLANNED INDICATORS	ACHIEVED	NOT ACHIEVED	% ACHIEVED
Administration	14	8	6	57%
Inspections and Enforcement Services	4	4	0	100%
Public Employment Services	7	6	1	86%
Labour Policy and Industrial	11	11	0	100%

Relations				
OVERALL PERFORMANCE	**36**	**29**	**7**	**81%**

Source: Presentation to the PC: Employment and Labour dated 9 October 2024

The total number of key performance indicators for the financial year 2023/24 was 36 and 29 planned performance indicators were achieved, translating to an overall performance of 81%. This represents an improvement from the overall performance of 72% achieved in 2022/23 financial year.

The Administration branch had 14 annual planned performance indicators and eight were achieved by the end of 203/24 financial year translating to 57% achievement. This represents an improvement from the overall achievement of 56% in 2022/23 financial year.
The following targets were not achieved:

- 25% of positions occupied by youth per annum. Only 21.2% (1077 of 5079) posts were occupied by youth per annum.
- 3% of positions occupied by PWD per annum. Only 2.5% (127 of 5079) posts were occupied by PWD per annum.
- 75% of corruption/fraud cases finalised within 6 months. Only 54% (27 of 50) cases were finalised within 6 months.
- Roll out of ethics management plan for the year. Ethics Strategy and Implementation plan was not in place and therefore achievement could not be confirmed.
- Development of the Business Continuity Plans. The Business Continuity Plan has been finalised and recommended for approval by the National Risk Management Committee to the Directo-General in the meeting held in February 2024.
- Provisioning of LP&IR system on an integrated ICT Platform. For International Relations the system went live on 30 November 2023. For Employment Equity unit show and tell and integration testing was complete and the UAT testing sign-off was scheduled for 13 May 2024. Show and Tell for Collective Bargaining, LMIS and Employment Standard was completed. UAT sign-off remained outstanding. Only one of the five deployments was achieved.

The Inspections and Enforcement Services Branch had four annual planned indicators, and all were achieved by the end of 2023/24 financial year translating to 100% achievement.
The branch inspected 308 799 employers against a target of 298 104.Of the 308 799 employers inspected, 233 941 or 75.7% were found to be compliant.Of the 308 799 employers inspected, 74 858 were found to be non-compliant. Of the 74 858 non-compliant employers, 74 305 or 99% were served with notices in terms of relevant employment law within 14 calendar days of inspection.Of the 7 583 employers received by Statutory Services, 6 719 or 89% were referred for prosecution within 30 working days.
The Inspection and Enforcement Services branch received an unqualified audit opinion.

The Public Employment Services branch had seven annual planned indicators and six were achieved by the end of 2023/24 financial year translating to 86% achievement. This represents an improvement from overall achievement of 3% in 2022/23 financial year.
The following annual planned indicator was not achieved:

- National Labour Migration Policy (NLMP) and Employment Services Amendment Bill (ESAB) finalised and approved for submission to Cabinet by the Minister.
  The Nedlac consultation with social partners on NLMP and ESAB commenced in August 2023.
  In December 2023 the Branch conducted a workshop for the Social Partners at Nedlac on Labour Migration.
  The second SEIAS certificate has been received from Presidency.
  The preliminary certification has been received from office of the Chief State Law Advisor.

This Branch registered 1 087 858 work-seekers on Employment Services of South Africa (ESSA) in 2023/24 financial year against a target of 900 000.It registered 154 817 employment opportunities on ESSA against a target of 110 000.The branch provided 333 395 work-seekers with employment counselling against a target of 250 000.It filled 89 345 registered employment opportunities with registered work-seekers against a target of 60 000.A total of 25 partnership agreements were concluded by the DDG of PES with various stakeholders against a target of 24.A total of 13 Jobs and/or Career Fairs were conducted in provinces in 2023/24 against a target of nine.

The Labour Policy and Industrial Relations branch had 11 annual planned indicators, and all were achieved by the end of 2023/24 financial year translating to 100% achievement. This represents an improvement from the overall achievement of 70% in 2022/23 financial year.
This branch achieved the following targets:

- Draft 5-year sector EE targets developed and re-published for public comment by 31 March 2024.
- 2022/23 Annual EE Report published by 30 June 2023.
- 2023/24 Annual EE report and Public Register developed by 31 March 2024.
- Review of the National Minimum Wage level by 31 March 2024.
- 100% of collective agreements where parties are not representative assessed and verified within 120 working days of receipt by 31 March 2024.
- 100% of collective agreements where parties are representative assessed and verified within 60 working days of receipt by 31 March 2024.
- Final Framework on Social Compact developed, tabled and adopted at Nedlac by 31 March 2024.
- 100% of labour organisations' applications for registration approved or refused within 90 working days of receipt by 31 March 2024.
- Two progress reports on the implementation of bilateral cooperation and multilateral obligations submitted to the Minister annually.
- Four Annual Labour Market Trend Reports produced by 31 March 2024.
- Two research reports completed by 31 March 2024.

8. OVERVIEW OF PERFORMANCE OF ENTITIES OF THE DEL IN 2023/24

8.1. Supported Employment Enterprises (SEE)

8.1.1. Overview of operations of the SEE

SEE was established in 1943 through a Cabinet Memorandum. The entity was reestablished in terms of the legislation through the Employment Services Act of 2014. The purpose of the entity is to provide employment opportunities to persons with mental and physical disabilities that prevent them from participating in the open labour market due to the nature of their disabilities.
There are currently 13 factories across the country located in eight of the nine provinces with Mpumalanga being the only province without a factory. SEE has three product categories which is textile, wood and steel. The textile products include hospital linen such as theatre gowns, protective clothing and bed linen. The factories also produce wooden furniture such as school desks and office furniture. The steel products comprise safes and braai stands. These products are sold to the public and private sector clients as well as to the general public.

8.1.2. Overview of SEE performance against Annual Performance Plan of 2023/24

Table 3: SEE performance in 2023/24

ANNUAL PERFORMANCE TARGETS	ACTUAL	ACHIEVED	NOT ACHIEVED	REMEDIAL ACTION
Employment of 150 persons with disability	150 PWD	Achieved	N/A	Ensure employment sustainability
10% sales growth	13% growth	Achieved	N/A	Drive more customer acquisition and retention
10 MOUs	12 MOUs	Achieved	N/A	Grow private sector partnerships
% APP achieved	**100%**	**100%**	**N/A**	**100%**

Source: Presentation to the PC on Employment and Labour dated 9 October 2024

The SEE absorbed 150 persons with disabilities into permanent employment in 2023/24 financial year, which was an improvement from the 50 persons with disabilities absorbed in 2022/23 financial year.

The SEE achieved an increase in sales revenue from R51.7 million in 2022/23 to R60.8 million in 2023/24 financial year, which represents a 13% increase in revenue against a target of 10% growth in sales.
The increase in sales revenue was driven by huge orders from the Western Cape Provincial Health Department, North-West Provincial Education Department and Northern Cape Provincial Education Department that was worth R32 million of hospital linen, R19 million school furniture and R4 million school furniture respectively.

The SEE exceeded its predetermined target of concluding 10 memoranda of understanding (MOU) by concluding 12 MOUs.

8.1.3. Overview of SEE Human Resources in 2023/24

The SEE has two categories of employees, which are the administrative officials employed in terms of the Public Service Act with the establishment of 159 administrative post of which 135 are filled and 24 are vacant. The 24 vacancies are as a result of the Department of Public Service and Administration (DPSA) moratorium on the filling of vacant posts. The administrative staff are part of the Public Employment Services branch of the Department of Employment and Labour.
The second category of stall consists of 1047 persons with disabilities employed under the Basic Conditions of Employment Act. Of these employees, 163 were employed during the period under review.
Of the 1047 persons with disabilities employed, 41% are female; 59% are male; 73% are black and 27% are white.

8.1.4. Overview of Finances of SEE in 2023/24

The table below shows the finances of the SEE in 2023/24 as reflected in its Annual Report.
Table 4: SEE Finances in 2023/24

Total Revenue Received	**2023/24 R**	**2022/23 R**	**Variance R**	**Variance %**
Sales of Goods and Services other than capital assets	60 915 442	53 807 703	7 107 739	13%
Transfer Grant	207 915 000	166 486 000	41 429 000	25%
Interest, dividends and rent on land	7 701 601	2 602 882	5 098 719	196%
Services in Kind	27 098 142	28 766 052	-1 667 910	-6%
Other Income	228 976	263 785	-34 809	-13%
Sale of Capital Assets	92 548	96 314	-3 766	-4%

Source: Annual Report, Department of Employment and Labour, 2023/24

The table above shows that the SEE received R60.9 million from sales of good and services other than capital assets in 2023/24 financial year, which represent an increase of 13% from the R53.8 million received in 2022/23 financial year.
The increase in revenue is attributed to more sales orders received in 2023/24.The entity received R207.9 million from transfer grants in 2023/24, which represents an increase of 25% from the R166.4 million received in the 2022/23 financial year.The variance is attributed to an increase on the grant allocation of R20 million, approval on the virement of R20.7 million for bail out toward payment of administrative claims from DEL and increment on base allocation.A total of R7.7 million was received from interests, dividends and rent on land in 2023/24 financial year, which is an increase of 196% from R2.6 million received in 2022/23 financial year.The increase is attributed to higher interest earned on cash excesses as well as interest charged on trade debtors

The SEE received R27.1 million from services in kind in 2023/24 financial year, which translates to a decrease of 6% from the R28.8 million received in 2022/24 financial year.The reason for the variance was reported to be that services in kind was budgeted based on the prior year incorrect actual amount correction of which was effected in the current year.

8.1.5. Irregular Expenditure

The entity incurred irregular expenditure amounting to R3.6 million in the 2023/24 financial year.The irregular expenditure is attributed to failure to obtain three quotations as required by the Preferential Procurement Policy Framework Act (PPPFA).

8.1.6. Fruitless and Wasteful Expenditure
The SEE incurred fruitless and wasteful expenditure amounting to R1.6 million.The fruitless and wasteful expenditure was attributed to inventory, asset theft and penalties.

8.2. Compensation Fund
8.2.1. Constitutional Mandate (CF)
The mandate of the Compensation Fund is derived from section 27(1)(c) of the Constitution of the Republic of South Africa. In terms of the Constitution all South Africans have the right to social security. The CF is mandated to provide social security to all injured and diseased employees.

8.2.2. Legislative Mandate
The CF is a schedule 3A public entity of the Department of Employment and Labour. The Fund administers the Compensation for Occupational Injuries and Diseases Act No 130 of 1993 as amended by Compensation for Occupational Injuries and Diseases Act No 61 of 1997 and further by the COID Amendment Act 10 of 2022. The main objective of the Act is to provide compensation for disablement caused by occupational injuries or diseases sustained or contracted by employees or for death resulting from such injuries or diseases and provide for matters connected therewith.

8.2.3. Programmes of the CF
The CF executes its mandate through four programmes, namely:
- Administration
- COID Services
- Medical Benefits
- Orthotics and Rehabilitation

8.2.4. CF Performance per Programme
The CF reported its performance per programme as reflected in table 5.

Table 5: CF Performance per Programme in 2023/24

PROGRAMME	ANNUAL PLANNED INDICATORS	ACHIEVED	NOT ACHIEVED	OVERALL ACHIEVEMENT
Administration	12	6	6	50%
COID Services	3	1	2	33%
Medical Services	2	2	0	100%
Orthotic and Rehabilitation	4	3	1	75%
Overall Performance	**21**	**12**	**9**	**57%**

Source: Presentation to the PC on Employment and labour dated 98 October 2024

Table 5 shows that the CF had 21 annual planned indicators and 12 were achieved, representing an overall performance of 57%.

The Administration programme had 12 annual planned indicators and six were achieved, representing an overall achievement of 50%.
The following annual planned indicators were not achieved:
- 13% of assets under management allocated to black asset managers.
- R700 million allocated to small and medium enterprises.
- 2000 decent jobs created through job summit initiatives annual. 226 jobs were lost as at end of September 2023.
- 100% reduction in fruitless and wasteful expenditure. Fruitless and wasteful expenditure was reduced by 7.317%
- 75% reduction in irregular expenditure. Irregular expenditure was reduced by only 3.19%.
- 75% of cases recorded in the case register investigated in the 2023/24 financial year. Only 49% of cases were finalised.

COID Services programme had three annual planned indicators and only one was achieved, representing an overall achievement of 33%.

The following annual planned indicators were not achieved:

- 90% of claims received adjudicated within 25 working days. Of the 107 713 claims received, 92 502 were adjudicated within 25 working days representing 86%.
- 90% of approved benefits paid within 10 working days. Of the R6 billion approved benefits, R4 billion was paid within 10 working days representing 75%.

Medical Services programme had two annual planned indicators, and they were both achieved representing 100% overall achievement.Orthotic and Rehabilitation programme had four annual planned indicators and three were achieved representing 75% overall achievement.The annual indicator that was not achieved was to fund 300 persons with disabilities for vocational rehabilitation programme. Only 87 persons with disabilities were funded.

8.2.5. Programme Performance vs Budget vs Expenditure

The entity reported on its expenditure during the 2023/24 financial year as reflected in table 6 below.

Table 6: Programme Performance vs Budget vs Expenditure

Programme	**Annual Planned Indicators**	**Achieved Performance**	**Total Budget**	**Total Expenditure**	**Overall Expenditure against Budget**
		%	R'000	R'000	%
Administration	11	55%	5 077 975	7 920 352	156
COID Services	3	33%	1 772 915	1 962 774	111%
Medical Benefits	2	66%	5 469 170	3 047 441	56%
Orthotics and Rehabilitation	4	75%	372 415	265 559	71%
Overall Performance	**21**	**57%**	**12 692 475**	**13 196 099**	**104%**

Source: Presentation to the PC on Employment and Labour dated 8 October 2024

Table 6 shows that CF received a total budget of R12.6 billion and spent R13.1 billionin the 2023/24 financial year, which represents 104% expenditure and achieved 57% of its annual planned indicators.

The Administration programme received a total budget of R5.0 billion and spent R7.9 billion, which translates to an overall expenditure of 156% and achieved 55% of its annual planned indicators.The variance of R2.8 billion is attributed to provision for impairment allowances R5.7 billion which was more than the budget due to increased debtors' books.

The COID Services programme received a total budget of R1.7 billion and spent R1.9 billion, which translates to an overall expenditure of 111% and achieved 33% of its annual planned targets.The R189 million variance is reported to have resulted from the audit adjustment journals at year end from accruals of claims as the Fund was correcting the accounting records.

The Medical Benefits programme received a total budget of R5.4 billion and spent R3.0 billion, which represents to an overall expenditure of 56% and achieved 66% of its annual planned indicators.The R2.4 billion variance (underspending) was reported to be due to delay in payments of benefits as management applied precautionary measures and interventions as fraudulent claims were occurring. These measures include the blocking of payments to medical service providers due to unauthorised changes to banking details.

The Orthotics and Rehabilitation programme received a total budget of R372 million and spent R265 million, which an overall expenditure of 71% and achieved 75% of annual planned targets.The R106 million underspending is attributed to the difficulty in the accessibility assessment at the training institutions for COID pensioners.

8.2.6. Audit Outcome

The CF audit outcome was a disclaimer with findings.
The root causes of adverse audit opinion were reported by AGSA to be the following:

- Inadequate ICT controls (including user access and security controls) as well as verification controls to ensure that only valid claims are paid, and beneficiary banking details are legitimate.
- Lack of adequate record management systems
- Delays in investigations of potential fraudulent claims/ payments and lack of consequence management.
- Lack of an organisational culture that promotes integrity, performance, accountability and transparency.

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

The CCMA is a statutory body established in terms of section 112 of the Labour Relations Act of 1995, as amended.In terms of section 113 of the Labour Relations Act, the CCMA is independent of the State, any political party, trade union, employer, employers' organisation, federation of trade unions, or federation of employers' organisation.
The functions of the CCMA are categorised into mandatory and discretionary functions.

8.3.1. Mandatory functions

The mandatory functions of the CCMA are:

- Conciliate and arbitrate workplace disputes.
- Assist with the establishment of workplace forums.
- Compile and publish statistics and information about its activities
- Administer the Essential Services Committee.
- Consider applications foe accreditation and subsidies of bargaining councils and private agencies.

8.3.2. Discretionary functions

The discretionary functions of the CCMA are:

- Supervise ballots for unions and employer organisations.
- Provide training and information relating to the primary objective of the LRA.
- Advise a party to a dispute about the procedures to follow.
- Offer to resolve a dispute that has not been referred to the CCMA.
- Publish guidelines on any aspect of the LRA and to make rules.
- Provide training and advise on the establishment of collective bargaining structures, workplace restructuring, consultation processes, termination of employment, employment equity programmes and dispute prevention.
- Conduct and publish research.
- Provide assistance of an administrative nature to an employee earning less than the BCEA threshold.
- Determine fees that the CCMA can charge and regulate practice and procedure for conciliation and arbitration hearings.

8.3.3. Programmes of the CCMA

The CCMA has five programmes, namely:

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

8.3.4. CCMA Performance per Programme in 2023/24

CCMA reported on its performance per programme in 2023/24 as reflected in table 7 below.

Table 7: CCMA Performance per Programme in 2023/24

PROGRAMME	PLANNED TARGETS	ACHIEVED	NOT ACHIEVED	OVERALL ACHIEVEMENT
Administration	6	6	0	100%
Proactive and Relevant Labour Market Intervention	10	9	1	90%
Special Interventions and Support	4	4	0	100%
Efficient and Quality Dispute Resolution and Enforcement Services	11	9	2	82%
Effective Strategy Management and Governance	1	1	0	100%
OVERALL PERFORMANCE	**32**	**29**	**3**	**91%**

Source: Presentation to the PC on Employment and Labour dated 9 October 2024

The CCMA had 32 planned targets for 2023/24 financial year and 29 were achieved, translating to an overall performance of 91%

The Administration programme had six planned targets, and they were all achieved, translating to an overall achievement of 100%. The Proactive and Relevant Labour Market Intervention had 10 planned targets and nine were achieved, translating to an overall achievement of 90%. The non-achievement of the target was attributed to the following factors:

- Timing: Tiger Brands changed the initially proposed dates to April at the last minute due to their internal processes.
- Affordability: One intervention was conducted at no cost to the parties due to that employer's strategic position in the labour market.
- Late communication by parties: Pepkor communicated at a late stage that affordability contributed to their eventual rejection of the offer. A discretion could have been exercised timeously to determine if the intervention could be offered at no cost to this employer as well. Low awareness of the process (internally and externally) affects the uptake of the process.

Special Interventions and Support programme had four planned targets, and they were all achieved, translating to an overall achievement of 100%.Efficient and Quality Dispute Resolution and Enforcement Services had 11 planned targets and nine were achieved, translating to an overall achievement of 82%.The target of percentage of jobs saved compared to employees likely to be retrenched (as per the cases referred to the CCMA) per annum and percentage of return-to-work index achieved by 31 March 2024 were not achieved.It was reported that it was anticipated that the target would not be met due to its increase to 40%.

Effective Strategy Management and Governance had one planned target, and it was achieved translating to an overall achievement of 100%.

8.3.5. CCMA Financial Performance per Programme in 2023/24

CCMA reported on its financial performance per programme in 2023/24 as reflected in table 8 below.

Table 8: CCMA Financial Performance per Programme in 2023/24

PROGRAMME	BUDGET	AUDITED RESULTS/ EXPENDITURE	VARIANCE	EXPENDITURE

	R'000	R'000	R'000	%
Administration	229 775	216 304	13 471	94%
Labour Market Intervention	13 645	12 018	1 627	88%
Special Interventions and Support	16 455	16 082	373	98%
Dispute Resolution and Enforcement Services	793 604	783 980	9 624	99%
Strategy Management and Governance	42 403	36 712	5 691	87%
TOTAL	**1 095 881**	**1 065 095**	**30 786**	**97%**

Source: Presentation to the PC on Employment and Labour dated 9 October 2024

The entity had a total budget of R1 095 billion in the 2023/24 financial year and spent R1.065 billion or 97% of the allocation, resulting to a variance of R30.7 million.

The Administration programme had a budget of R229.7 million and spent R216.3 million or 94% of the allocated budget, resulting to a variance of R13.4 million.The variance was attributed to timing differences in staff recruitment. The other factors that contributed to under expenditure were reported to include projects such as JAVS maintenance, BUSA web tool, Helpdesk solution, CMS enhancements, Compliance Management Tool Software and procurement of laptops through the lease option which were budgeted for but not utilised as anticipated, as these projects were not awarded.
Further, the employee wellness programme and employee relations activities as well as administrative variable expenditure contributed to the under expenditure as the service s are consumed as and when required.Furthermore, the savings related to operating costs result from the travel costs and training interventions which were budgeted for but not utilised as anticipated.

The Labour Market Intervention programme had a budget of R13.6 million and spent R12.0 or 88% of the allocation, resulting to a variance of R1.6 million.The variance was attributed to fewer claims received from the Councils on the awards made.

The Special Interventions and Support programme had a budget of R16.455 million and spent R16.082 million or 98% of the allocated budget resulting to a variance of R373 000.The variance was reported to result from timing difference in staff recruitment. The other contributing factor was reported to be saving on part-time commissioners related to mediation interventions.

Dispute Resolution and Enforcement Services spent R783.9 million or 99% of the R793.6 budget, resulting to a variance of R9.6 million.The variance was attributed to the unfilled vacancies related to the support staff and full-time commissioners. Furthermore, savings were realised from variable administration expenses.

Strategy Management and Governance programme spent R36.7 million or 87% of the R42.4 million budget allocation, resulting to a variance of R5.6 million.The variance was reported to result from projects such as Qualitative Data Analysis Software, Social Media Management Tool, and Data Analytic Tool which were budgeted for but not utilised as anticipated.
Lastly, thesaving was also seen from an additional provision that was made for insurance related to the procurement of ICT laptops and other assets as well as the saving resulting from the travel and subsistence for the provincial visits.

8.3.6. CCMA Audit Outcome for 2023/24 Financial Year

The CCMA maintained an unqualified audit opinion with no findings (clean audit) in the 2023/24 financial year.

8.4 Productivity South Africa

Productivity South Africa was founded in 1969 and was previously known as the National Productivity Institute. Productivity SA is now established in terms of section 31 of the Employment Services Act, No. 4 of 2014 as a schedule 3A Public Entity of the Department of Employment and Labour. Its responsibility is to fulfil an economic or social mandate of government, which is to promote employment growth and productivity thereby contributing to South Africa's socio-economic development and competitiveness.

Section 32 of the Act lists the functions of Productivity SA as follows:

- To promote a culture of productivity in the workplace.
- To develop relevant productivity competencies.
- To facilitate and evaluate productivity improvement and competitiveness in the workplaces.
- To measure and evaluate productivity in the workplace.
- To maintain a database of productivity and competitiveness systems and to publicise these systems.
- To undertake productivity related research.
- To support initiatives aimed at preventing job losses.
- To perform any other prescribed function.

The outcome-oriented goals for the 2023/24 financial year were:

- To improve productivity for sustained inclusive economic growth and competitiveness.
- To promote full and productive employment and decent work.
- To contribute to wealth creation and income growth.
- To improve workplace collaboration and dialogue.

8.4.1. Productivity SA Performance per Programme in 2023/24

Productivity SA reported its performance per programme in the 2023/24 financial year as reflected in the table below.

Table 9: Productivity SA Performance per Programme in 2023/24

Programme		**Annual Planned Indicators**	**Achieved**	**Not Achieved**	**Overall Achievement**
1.	Administration - Corporate Services	3	1	2	33%
2.	Administration - Human Resource Management	1	1	0	100%
3.	Administration - Corporate Relations	1	1	0	100%
4.	Competitiveness Improvement Services	3	3	0	100%
5.	Business Turnaround and Recovery	3	3	0	100%
6.	Research, Innovation and Statistics	2	1	1	50%
Overall Performance		**13**	**10**	**3**	**77%**

Source: Presentation to the PC on Employment and Labour dated 16 October 2024

Table 9 shows that Productivity SA had 13 annual planned indicators and 10 were achieved, which represents an overall performance of 77%.

The Administration – Corporate Services programme had three annual planned indicators, and one was achieved translating to an overall achievement of 33%.

The targets that were not achieved were:

- 30-day payment report with corrective measures implemented where applicable.
  The non-achievement was attribute to liquidity risks faced by the entity which impacted payment of short-term debts including suppliers, late invoice approvals and S&T claims. Additional internal control processes in trade payables were reported to have been implemented as remedial action including performance management measures.
- 10% elimination of fruitless and wasteful expenditure incrementally from baseline of R581,000.00 by 31 March 2024.
  The deviation was reported to have been that the ZAP software was acquired to be used as an analysis tool, this was however not customised to fit the needs of the entity. Only part of the mapping process was concluded. The expenditure was thus incurred in vain as it did not benefit the organisation.
  As a remedial action, ZAP software was terminated and the contract terminated.

The Research, Innovation and Statistics programme had two annual planned indicators, and one was achieved.The indicator that was not achieved was to produce four research reports and publications on priority sectors and disseminate them by 31 March 2024.
Only two reports and publications on priority sectors were published and disseminated by 31 March.The reason provided for not achieving the target was the non-filling of a vacancy related to the drafting of the two outstanding reports.
All the other programmes achieved 100% of their annual planned indicators.

The Competitiveness Improvement Services recorded the following achievements:

- Supported 1617 SMMEs (129%)
- Capacitated 3016 entrepreneurs (126%)
- Trained 542 productivity champions (168%)
- 40% youth trained
- 48% women trained
- 86% black entrepreneurs, workers and managers trained
- Since 2020, supported over 5750 SMMEs employing more than 14000 employees - both informal and formal economy.

The Business Turnaround and Recovery programme recorded the following achievements:

- Supported 71 companies (148%)
- Saved 5390 jobs (151%)
- Trained 934 future forum members (438%)
- Jobs saved per province: Gauteng (2075), Western Cape (893), KwaZulu-Natal (537). Of the saved jobs, 12.4% were for people with disabilities and 46% belonged to the youth.
- Since 2020, the entity supported 257 companies retaining 21102 jobs and capacitated 2601 future forum members.

8.4.2. Productivity SA Performance per Strategic Objective in 2023/24

Productivity SA reported its performance per strategic objective as reflected in the table below.

Table 10: Productivity SA Performance per Strategic Objective in 2023/24

Strategic Objective		**Annual Planned Indicators**	**Achieved**	**Not Achieved**	**Overall Achievement**
1.	Strengthen the institutional capacity of Productivity SA to deliver on its mandate and be financially sustainable (CS & HRM)	4	2	2	50%
2.	To support government programmes aimed at sustainable employment and income growth (CIS)	2	2	0	100%
3.	To support enterprises facing economic distress and initiatives aimed at preventing job losses (BT&R)	3	3	0	100%
4.	Generation and dissemination of productivity related research and statistics (RIS)	2	1	1	50%
5	To promote a culture of productivity and competitiveness in the workplace and community (CIS&CR)	2	2	0	100%
Overall Performance		**13**	**10**	**3**	**77%**

Source: Presentation to the PC on Employment and labour dated 16 October 2024

Table 10 shows that the overall achievement of the entity was 50% on strategic objective one, which is implemented through Corporate Service programme where the entity recorded an overall achievement of 33% in the 2023/24 financial year.

The overall achievement of the entity was 50% on strategic objective four, which is implemented through the Research, Innovation and Statistics programme which achieved 50% of its annual planned indicators in 2023/24 financial year.
The entity achieved 100% performance on the rest of the strategic objectives.

8.4.3. Productivity SA Financial Performance in 2023/24

8.4.3.1. Productivity SA expenditure per programme

Productivity SA reported on its expenditure per programme as reflected in table 11 below.

Table 11: Productivity SA Expenditure per Programme/Economic Classification in 2023/24

Programme/ Economic Classification	**Expenditure R**
Administration	
Compensation of Employees	52, 384,589.44
Goods and Services	24,754,187.93
Loss on disposal included in exchange revenue	103,498.43
Total	**77,242,275.80**
Research Innovation and Statistics	
Compensation of Employees	6,168,671.27
Goods and Services	1,170,214.49
Total	**7,338,885.76**
Competitive Improvement Services and Region 1 Operations	
Compensation of Employees	16,677,908.41
Goods and Services	14,485,059.48
Total	**31,162,976.89**
Business Turnaround and Recovery	
Compensation of Employees	9,214,321.74
Goods and Services	23,833,301.98
Total	**33,047,623.72**
GRAND TOTAL	**148,791,762.17**

Source: Revised Presentation of Productivity SA of 16 October 2024

The total revenue of Productivity SA amounted to R146 million and can be broken down as follows:

- Total Grant from DEL = R68.5 million
- UIF Grant Funding = R33.0 million
- Department of Trade, Industry and Competition = R10.3 million
- Additional Revenue = R34.2 million

Total Revenue = R146.0 million

The total expenditure of Productivity SA amounted toR148 million, which resulted in overspending of R2.6 million.
The Administration programme spent R77.2 million in the 2023/24 financial year. Of this amount, R52.3 million or 68% and R24.7 or 32% went to Compensation of Employees and Goods and Services respectively.
Research Innovation and Statistics programme spent R7.3 million in the 2023/24 financial year. Of this amount R6.1 million or 84% and R1.1 million or 16% went to Compensation of Employees and Goods and Services respectively.
Competitiveness Improvement Services programme spent R31.1 million in the 2023/24 financial year. Of this amount, R16.6 million or 54% and R14.4 million or 46% went to Compensation of Employees and Goods and Services respectively.
Business Turnaround and Recovery programme spent R33.0 million in the 2023/24 financial year. Of this amount, R9.2 million or 28% and R23.8 million or 72% went to Compensation of Employees and Goods and Services respectively.

8.5. National Economic Development and Labour Council (Nedlac)

Nedlac is a statutory body established through the Nedlac Act No. 35 of 1994. Nedlac's mandate is derived from the Nedlac Act, Labour Relations Act, Nedlac constitution and Nedlac protocols. The Nedlac Act sets out its objectives, powers and functions,
Nedlac's objectives in terms of the Act are to:

- Strive to promote the goals of economic growth, participation in economic decision-making and social equity.
- Seek to reach consensus and conclude agreements on matters pertaining to social and economic policy.
- Consider all proposed labour legislation relating to labour market policy before it is introduced in Parliament.
- Consider all significant changes to social and economic policy before it is implemented or introduced in Parliament.
- Encourage and promote the formulation of coordinated policy on social and economic matters.

Section 77 of the Labour Relations Act No.66 of 1995 sets out a role for Nedlac to give disputing parties, who seek to protest to promote or defend socio-economic interests of workers an opportunity to find resolution.
Nedlac operates in terms of the Nedlac constitution. The Nedlac Constitution sets out the composition of Nedlac, which includes an executive council, four chambers, a management committee and a secretariat. It further details the composition and powers of these structures as well as the admission criteria for members.

8.5.1. Nedlac's overall annual performance in 2023/24

Nedlac reported on its annual performance for 2023/24 as follows:
Table 12: Nedlac Performance per Programme in 2023/24

Programme	Number of annual targets	Number of applicable targets	Number of targets achieved	Number of targets not achieved	Overall Achievement %
Administration	8	8	7	1	88%
Core Operations	4	2	2	0	100%
Capacity Building	1	1	1	0	100%
Presidential Climate Commission	3	3	3	0	100%
Overall Performance	**16**	**14**	**13**	**1**	**93%**

Source: Presentation to the PC on Employment and Labour dated 16 October 2024

Table 11 shows that Nedlac had 16 annual targets and 14 applicable targets. Of the 14 applicable targets 13 were achieved translating to an overall performance of 93%.

The aim of the Administration programme is to build an organisation with the competencies, capabilities, and resources to deliver on the organisation's strategy successfully. The programme had eight applicable targets and seven were achieved representing an overall achievement of 88%.
One target was not met, and the reason provided was that two awards over R500 000 issued to suppliers were not met within two months from the closing date of adverts. In the first instance, the large number of responses required a longer period than anticipated to evaluate the Request for Quotations (RFQ), and in the second instance, negotiations were required with the prospective service provider before the tender could be awarded.

The Core-Operations programme's objective is to ensure that the leadership of business, community, government, and labour cooperate to identify and implement ways to address relevant and important social and economic issues. The programme manages engagement processes on policies and legislation, dialogues, and other activities.
The programme had four annual targets and two applicable targets. The other two targets were not applicable because no agreements were concluded in the year under review and section 77 notices were finalised. The two applicable targets were achieved translating to an overall achievement of 100%.

The purpose of the Capacity Building programme is to enhance the ability of social partners to engage on and negotiate on social and economic issues through the provision of tools of trade, training and technical support.
The Capacity Building programme had one applicable target, which was achieved translating to an overall achievement of 100%. The following transpired under this programme:

- Community Constituency convened a 2-day Policy School in March 2024 attended by 100 delegates while Labour Constituency convened a 3-day successful Labour school.
- Ten delegates from Community and Labour constituencies started an Economic Modelling Academy (EMA) training in February 2024 for a period of six months.
- Ten members from Business, Community and Labour Constituencies started a University of Pretoria leadership and Development programme in November 2023 which ended in April 2024.
- Organised Labour and Community constituencies were supported to attend the Africa Growth and Opportunity Act (AGOA) Forum in November 2023 in Johannesburg and Organised Labour was supported to send an additional delegate to the World Trade Organisation (WTO) 13th Ministerial Conference in February 2024.

The Presidential Climate Commission (PCC) aims to build a compact between social partners around the Just Climate Transition through an inclusive, transparent, action-oriented process informed by science.
The programme had three applicable targets, which were all achieved translating to an overall achievement of 100%.
The three targets that were achieved are the following:

- Policy recommendations
    - Closure of the Komati Power Station
    - Social Ownership of Renewable Energy
- Scientific Knowledge Documents
    - Climate Finance Landscape Report
    - Recommendations on the Draft Integrated Resource Plan
- Public Awareness
    - Energy Dialogue Series
    - Social Ownership of Renewable Energy

8.5.2 Nedlac Expenditure per Programme in 2023/24

Nedlac reported on its expenditure per programme as follows:

Table 13: Nedlac expenditure per Programme in 2023/24

Programme	**2023/24**			
	Budget	**Actual Expenditure**	**(Over)/ Under expenditure**	**Expenditure as % of Budget**
	R'000	**R'000**	**R'000**	**%**
Administration	48 256	46 394	1 862	96%
Core Operations	8 937	11 169	-2 232	125%
Capacity Building	7 500	5 712	1 788	76%
Presidential Climate Commission	42 813	57 408	-14 595	134%
Total	**107 506**	**120 683**	**-13 177**	**112%**

Source: Adapted from the Presentation to the PC on Employment and Labour dated 16 October 2024

The above table shows that Nedlac had a total budget of R107.5 million and it spent R120.6 million or 112% resulting in over expenditure amounting to R13.1 million.

The two programmes that overspent their budgets are the Core Operations and the Presidential Climate Commission. The Core Operations and the Presidential Climate Commission (PCC) overspent their budgets by R2.2 million and R14.5 million respectively.
The PPC expenditure includes service-in-kind expenditure of R27 million in 2023/24 financial year. This expenditure, it was reported, relates to in-kind services received and recognised as expenditure in line with the Generally Recognised Accounting Practice (GRAP) standards. Further, it was reported

that the approved budgets were not exceeded in bot financial years (2022/23 included), as this is purely an accounting entry.

The Administration programme received the largest budget allocation of R48.2 million and spent R46.3 million or 96% of its budget by the end of 2023/24 financial year, resulting to a variance of R1.8 million. This programme includes all salaries and general expenditure; hence it is allocated the most funding.

The Capacity Building programme had a budget of R7.5 million and spent R5.7 million or 76% of its budget by the end of 2023/24 financial year, resulting to a variance of R1.7 million.

8.5.3. Audit Findings

The entity received an unqualified audit opinion with no findings.
However, Nedlac incurred an irregular expenditure amounting to R894 361 because of failure to obtain three quotations as per procurement regulations.

9. COMMITTEE OBSERVATIONS

After considering the presentations made by the Department and its entities on their annual reports, the Committee made the following overall observations:

9.1. General Observations

9.1.1. The official unemployment rate increasing by 0.8% from 32.1% in the fourth quarter of 2023 to 32.9% in the first quarter of 2024. The unemployment rate according to the expanded definition also increased by 0.8% to 41.9% in first quarter of 2024 compared to the fourth quarter of 2023.

9.1.2. According to the Commission for Employment Equity (CEE) Annual Report of 2023/24 the White population group represented 62.1% and the Indian population group represented 11.6% of all positions at the top management level, which is significantly higher than their respective Economically Active Population (EAP). The African population group with an EAP of 80.7% accounted for 17.2% and Coloured population group with an EAP of 9% accounted for 6.1% of all positions at this occupational level. The representation of Foreign Nationals remained relatively high at 3.0% at this occupational level.

9.1.3. Unemployment Insurance Fund's financial statements were submitted for auditing on 31 August 2024 and the anticipated sign off date is 30 November 2024.

9.2. Department of Employment and Labour

9.2.1. The Department of Employment and Labour spent 99.4% of its budget allocation and achieved 81% of its planned performance indicators in 2023/24 financial year.

9.2.2. AGSA noted that there are 13 software licenses that are underutilised at a loss to the Department.

9.2.3. The Department incurred irregular expenditure amounting to R62.7 million. Most of the irregular expenditure was reportedly caused by non-compliance with Preferential Procurement Policy Framework Act (PPPFA).

9.2.4. It incurred fruitless and wasteful expenditure amounting to R981 000. Most of the fruitless and wasteful expenditure was reportedly caused by vehicle damage and no show on flights and accommodation.

9.2.5. AGSA found that payments were not made within 30 days or an agreed period after receipt of an invoice, as required by treasury regulations.

9.2.6. Furthermore, AGSA reported that the preference point system was not applied in some of the procurement of goods and services as required by PPPFA and the Treasury Regulations.

9.2.7. That the Department and its entities have a number of acting positions owing to vacancies, and this undermines the stability required.

9.2.8. The processes following TERS payments by UIF have led to prolonged periods where inaccurate payments were identified, resulting in financial losses. This suggest that there are inefficiencies or inadequacies in the post-payment verification and correction processes, which are causing delays in identifying and rectifying incorrect payments. The financial losses incurred highlight the need for more effective and timely error detection and correction mechanisms to minimise such losses.

9.3. Supported Employment Enterprises (SEE)

9.3.1. The challenge is the underfunded mandate where almost 90% of the treasury grant to SEE goes to salaries of both administrative and factory employees. The balance is expected to cover the cost of raw materials used in production, maintenance of machinery and operational costs.
9.3.2. The entity is subjected to stringent government procurement prescripts, which were designed for government departments as end users and not an entity such as SEE, which converts stock into finished products for sale to generate revenue.
9.3.3. The entity is facing areas of non-performance and financial challenges, which are significant obstacles to its operational effectiveness and financial stability.

9.4. Compensation Fund (CF)
9.4.1. The overall performance of the Compensation Fund was 57% and it spent 104% of its budget in the 2023/24 financial year.
9.4.2. Some of the annual indicators that were not achieved include creating 2000 decent jobs through job summit initiatives and reduction of irregular expenditure as well as fruitless and wasteful expenditure by 75% and 100% respectively. Instead, irregular expenditure was reduced by 3.19% and fruitless and wasteful expenditure was reduced by 7.31%.
9.4.3. The entity received a disclaimed with findings audit opinion from the Auditor General of South Africa.

9.5. Commission for Conciliation, Mediation and Arbitration (CCMA)
9.5.1. CCMA spent 97% of its allocated budget in 2023/24 financial year and achieved 91% of its planned targets.
9.5.2. The entity received a clean audit opinion (unqualified with no findings) in the 2023/24 financial year.
9.5.3. CCMA had to reduce the number of days the commissioners work because of budget reductions.

9.6. Productivity South Africa
9.6.1. The entity achieved an overall performance of 77% in the 2023/24 financial year.
9.6.2. Productivity SA faces significant financial challenge with Post-Retirement Medical Aid (PRMA) costs.
9.6.3. The entity has temporarily suspended recruitment efforts due to financial constraints and this impacts its performance. The moratorium on the filling of vacant posts has exacerbated this situation.
9.6.4. The Research, Innovation and Statistics (RIS) programme has been under-performing for the past three years due to capacity constraints of the research unit.
9.6.5. The entity did not pay its suppliers within 30 days of receipt of invoices as required by the procurement regulations.
9.6.6. The 10% elimination of fruitless and wasteful expenditure incrementally from baseline of R518,000.00 by 31 March 2024 was not achieved.

9.7. National Economic Development and Labour Council (Nedlac)
9.7.1. Nedlac spent 112% (120.6 million/ 107.5 million) of its budget in the 2023/24 financial year and achieved an overall performance of 93% (13/14 targets).
9.7.2. The Governance Task Team (GTT) concluded its work after reaching agreement on the New Nedlac Bill and the Revised Constitution.
9.7.3. The entity achieved a clean audit opinion for the first time in the 2023/24 financial year. This is an improvement from the previous year's audit outcome which was unqualified with findings.However, Nedlac incurred an irregular expenditure amounting to R894 361 because of failure to obtain three quotations as per procurement policies.
9.7.4. The consensus positions reached by social partners at Nedlac are sometimes overturned during the committee deliberations on Bills.

10. COMMITTEE RECOMMENDATIONS

Having considered the presentations of the Department and its entities on their annual reports, the Committee recommends that the Minister of Employment and Labour ensures that the following steps are taken:

10.1. Department of Employment and Labour

10.1.1. There should be discipline in ensuring that accurate and complete financial and performance records are maintained.
10.1.2. Needs analysis should be performed before software licences are procured.
10.1.3. The accounting officer should act swiftly on the material irregularities notification to ensure that public funds are recovered; internal controls are strengthened; and consequence management is implemented. Where possible fraud and corruption has been identified, state agencies must be brought in to ensure independent and credible investigations are conducted.
10.1.4. Performance management processes should be implemented across the different levels of officials to ensure efficiency and financial discipline.
10.1.5. To resolve the issue of delayed payments, the Department should adopt electronic invoicing, automatic processing, and ensure staff are trained on prompt payment regulations.
10.1.6. Implement a comprehensive training program for procurement officials to ensure they understand and correctly apply the preference points system as required by the PPPFA and Treasury Regulations.
10.1.7. The post-verification processes relating to TERS payments made by UIF should be expedited to ensure the speedy recovery of money lost as a result of fraudulent or inaccurate payments made to beneficiaries.
10.1.8. The accounting officer should conduct assessments to evaluate the impact of failing to meet objectives on service delivery. This includes identifying areas where inadequate performance could affect crucial services and taking steps to address these weaknesses.
10.1.9. Disaster recovery plan should be tested to ensure timeous recoverability during disruption.
10.1.10. IT projects should be aligned with and directed by the ICT strategic plan which in line with the Department's objectives. This suggests that there may be instances where IT projects are not currently aligned with the overall ICT strategy or Department goals, potentially leading to inefficiencies or misalignment with the Department's strategic direction.
10.1.11. The Minister must ensure the speedy filling of critical vacancies that are funded in both the Department and its entities.This should include increasing the capacity of inspectors to ensure compliance with the labour and immigration laws by companies. The widespread problem of employee exploitation by employers and employment of illegal foreigners needs urgent attention.

10.2. Supported Employment Enterprises

10.2.1. SEE needs to come up with a strategy to increase sales revenue to augment the National Treasury grant.
10.2.2. The Committee should be regularly updated on engagements between the Department and National Treasury on preferential procurement status of the SEE.
10.2.3. The entity should strictly comply with the requirement of the Preferential Procurement Policy Framework Act (PPPFA) to obtain at least three written price quotation from different suppliers when procuring goods and services in order to avoid irregular expenditure in future.

10.3. Compensation Fund

10.3.1. The control environment of the Fund should be reviewed (including the role of management) and subsequently strengthen the preventative and monitoring controls to identify deficiencies early and act appropriately.
10.3.2. Performance management processes should be implemented across different levels of officialsto ensure efficiency and financial discipline.
10.3.3. The formation of a training directorate within the Compensation Fund is supported by the Committee to address the skills gap.
10.3.4. The acquisition of the ICT infrastructure by the Compensation Fund is supported by the Committee to address the ICT challenges.

10.4. Commission for Conciliation, Mediation and Arbitration

10.4.1. To enhance performance, CCMA and DEL should conduct a thorough review of its budget allocation to identify areas where spending can be optimised, analyse the reasons behind the 9% shortfall in target achievements to develop strategies to overcome barriers, and implement a robust monitoring and evaluation system to track progress and make timely adjustments.

10.4.2. Application should be made to the National Treasury (NT) for budget surpluses of other entities within the Employment and Labourportfolio that are not going to be utilised by those entities to be transferred to the CCMA.
10.4.3. The CCMA should follow applicable National Treasury guidelines to apply for retention of cash surplus.

10.5. Productivity South Africa

10.5.1. To improve overall performance, the entity should conduct a thorough review of its strategies and operations, identify areas for enhancement, and implement targeted improvements to address any shortcomings.
10.5.2. Engage with legal experts to review and strengthen the legal strategy, aiming to mitigate the risk of unfavourable legal outcomes. Develop a comprehensive financial plan, including contingency funds, to prepare for potential increase I post-retirement medical aid costs. Explore alternative benefit structures or negotiate with medical aid providers to find more cost-effective solutions.
10.5.3. Productivity SA should continue pursuing the matter of developing a Single Source Funding Model to ensure that the mandate of Productivity SA is funded through section 12 of the Employment Services Act read together with section 40(a) of the Employment Services Act.
10.5.4. To address capacity constraints of the research unit, the entity must explore partnerships with institutions of higher education whereby it provides practical research experience or internships to recently qualified graduates.
10.5.5. The entity should put measures in place to ensure that suppliers are paid within 30 days of receipt of invoices as per TreasuryRegulations 8.2.3.

10.6. National Economic Development and Labour Council

10.6.1. Nedlac should strictly comply with the requirement of the Preferential Procurement Policy Framework Act (PPPFA) to obtain at least three written price quotation from different suppliers when procuring goods and services to avoid irregular expenditure in future.
10.6.2. The Nedlac reports on relevant Bills referred to Parliament must be provided to the Portfolio Committee on Employment and Labour.
10.6.3. To sustain the improvement and address the irregular expenditure, the entity should strengthen its procurement processes, ensure compliance with policies, and implement robust internal controls to prevent future occurrences of non-compliance.

11. APPRECIATION

The Committee appreciates the cooperation it received from the Department and its entities throughout the BRRR process. The Committee also acknowledges the assistance of the Auditor-General of South Africa (AGSA) in providing information necessary for compiling this report.

Report to be considered.