Budgetary Review and Recommendation Report of the Portfolio Committee on Employment and Labour, dated 22 October 2025

The Portfolio Committee on Employment and Labour, (the Committee), having considered the performance of the Department of Employment and Labour and its entities in a meeting held virtually on 13 October 2025, reports as follows:

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.

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 to 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.

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, which it fulfils through a range of legislative instruments that regulate labour matters in the country. Key among these are 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), and the National Minimum Wage Act (2018). Guided by this legislative framework, the Department's policy mandate is to regulate and strengthen the labour market through policies and programmes developed in consultation with social partners. These efforts aim to promote decent employment creation, uphold labour standards and fundamental rights at work, provide social protection for vulnerable workers, and foster sound labour relations. Furthermore, the Department seeks to eliminate workplace inequality and discrimination, enhance occupational health and safety awareness and compliance, and promote social dialogue as a cornerstone for developing responsive and inclusive labour market policies that support sustainable economic growth.

Purpose of the BRRR

The Money Bills Amendment Procedure and Related Matters Act outline the process through which Parliament may make recommendations to the Minister of Finance to amend the budget of a national department. In terms of this Act, portfolio committees are required, during October and November each year, to compile Budgetary Review and Recommendations Reports (BRRRs). These reports assess a department's service delivery performance in relation to the resources allocated; evaluate the efficiency, effectiveness, and economy of resource utilisation; and make recommendations regarding future resource allocations. The BRRRs serve as key reference documents for the Standing and Select Committees on Appropriations and Finance when making recommendations to the Houses of Parliament on the Medium-Term Budget Policy Statement (MTBPS). The process includes a comprehensive review and analysis of a department's performance during the previous financial year, as well as performance trends in the current financial year.

Method

In reviewing the work of the Employment and Labour Portfolio comprising the Department of Employment and Labour and its entities, for the 2024/25 financial year, the Committee placed emphasis on assessing both financial and non-financial performance to determine the extent to which planned objectives were achieved within the allocated budget. Specific attention was given to the overall performance as reflected in the annual reports; presentations made by the Department and its entities on their achievements and challenges; the findings and audit outcomes presented by the Auditor-General. In addition, the Committee considered the Department's responses to the recommendations contained in the 2024 Budgetary Review and Recommendations Report (BRRR) to track progress on previously identified areas of concern. The review process was informed by key source documents, including the annual reports of the Department and its entities, the Auditor General's report, as well as presentations made to the Committee throughout the financial year.

Outline of the contents of the Report

The content of the Report is as follows:

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

The sections below expatiate on the content outlined above.

1. Overview of the Key Relevant Policy Focus Areas

South Africa moves into the Seventh Administration under the Government of National Unity (GNU). The Medium-Term Development Plan (MTDP) 2024–2029 identifies inclusive economic growth and job creation as key national priorities. In support of this, the Department of Employment and Labour is finalising the National Employment Policy (NEP), which aims to ensure that economic growth leads to the creation of sustainable and decent jobs. The policy provides a framework for structural and institutional reforms that will help transform investment into increased employment, social inclusion, and economic participation.

This initiative represents one of the Department's major contributions to advancing reindustrialisation and economic transformation in South Africa. To promote labour stability and fairness in the workplace. Amendments to the Labour Relations Act (LRA) have introduced compulsory balloting before industrial action can take place. The Commission for Conciliation, Mediation and Arbitration (CCMA) has also been empowered to intervene in prolonged labour disputes that affect the public interest, to reduce disruptions to the economy. In addition, the National Minimum Wage (NMW) Commission continues to review the minimum wage annually and make recommendations to the Minister of Employment and Labour on appropriate adjustments. The Commission also monitors the wages of domestic and farm workers to ensure they are progressively aligned with the national minimum wage. These measures are designed to promote fair labour practices, protect vulnerable workers, and strengthen stability within the labour market.

2. Summary of the Committee Report on Budget Vote

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

a. Department of Employment and Labour (DEL)

The Committee recommended that the Department strengthen governance, accountability, and service delivery capacity by implementing all outstanding Audit Action Plan measures and improving financial management systems. It should urgently fill vacant senior management positions to stabilise leadership and ensure strategic continuity. The Department must also accelerate the modernisation of its ICT systems, particularly the delayed SAP Diphetogo project, to enhance efficiency and data accuracy. In addition, the Committee called for more effective monitoring of employment equity compliance and improved intergovernmental coordination to support job creation and decent work.

The Committee further urged the Department to prioritise the implementation of the National Labour Migration Policy (NLMP) and Employment Services Amendment Bill (ESAB) to strengthen regulation of labour migration and employment facilitation. It also emphasised the need to enhance the capacity of the Inspection and Enforcement Services (IES) branch by filling inspector vacancies, ensuring better follow-up on non-compliance, and improving workplace safety enforcement.

b. Supported Employment Enterprises (SEE)

The Committee recommended that the Department urgently implement the SEE turnaround strategy with clear timelines, measurable targets, and accountability mechanisms. SEE must strengthen its financial management and internal control systems, ensuring full compliance with the PFMA and GRAP. The Committee urged the Department to appoint a permanent Chief Executive Officer and fill all critical vacancies to stabilise management. It further recommended a review of SEE's funding and business model to achieve greater financial sustainability, including diversification of its client base beyond government contracts. The Committee also called for enhanced consequence management for financial irregularities and better utilisation of SEE factories to improve production capacity and job creation for persons with disabilities. Progress on the turnaround plan and factory modernisation should be reported to Parliament quarterly.

c. Unemployment Insurance Fund (UIF)

The Committee recommended that the UIF improve its claims processing systems, enhance turnaround times, and reduce backlogs in benefit payments. It should strengthen governance, cybersecurity, and internal controls following previous audit concerns. The Committee also emphasised the need for the UIF to diversify its investment portfolio and ensure that investment decisions yield sustainable returns without exposing the Fund to excessive risk. The Committee urged the UIF to collaborate more effectively with the Department's Public Employment Services to link beneficiaries to active labour market programmes.

d. Compensation Fund (CF)

The Committee expressed concern over persistent system inefficiencies and audit qualifications at the Compensation Fund. It is recommended that the Fund urgently stabilise its CompEasy claims management system, improve financial reporting, and enhance data integrity. The Fund must also finalise investigations into irregular expenditure and strengthen consequence management. The Committee encouraged the Department to ensure stronger oversight and leadership accountability to restore public trust in the Fund's administration.

e. Productivity SA

The Committee recommended that Productivity SA expand its productivity enhancement programmes, particularly in small and medium enterprises (SMEs) and township economies. It called for increased collaboration with the Department and other economic development entities to drive industrial competitiveness and job retention. The Committee also recommended that the entity's funding model be reviewed to ensure predictable, long-term financial support for its operations.

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

The Committee commended the CCMA for maintaining high performance in dispute resolution but expressed concern over budget limitations affecting its ability to manage increased caseloads. It is recommended that additional funding be considered to enhance its mediation and arbitration capacity, including the recruitment of commissioners. The Committee further urged the CCMA to strengthen its awareness and outreach programmes to ensure greater accessibility for workers in remote and rural areas.

g. National Economic Development and Labour Council (NEDLAC)

The Committee encouraged NEDLAC to strengthen its role in facilitating social dialogue among government, business, labour, and community stakeholders. It recommended improved governance, transparency in resource utilisation, and stronger linkages between NEDLAC's policy discussions and the Department's implementation programmes.

3. BRRR 2024 recommendations and responses of the Department

DEPARTMENT OF EMPLOYMENT AND LABOUR

a. **To resolve the issue of delayed payments, the Department should adopt electronic invoicing, automatic processing, and ensure staff are trained on prompt payment regulations.**

Response

The UIF, as reported to the National Assembly Committee, in 2024, is in the process of developing an electronic system that is based on the concept of workflow management for receiving invoices from suppliers and tracking invoices throughout the different stages of processing by the different role players, including:

- Validation of the invoice by the process owner;
- Confirmation by SCM that procurement documentation is in order and that the invoice is in line with such documentation;
- Preparation of the payment voucher by the Accounts Payable unit;
- Recommendation and approval by properly delegated officials as per approved financial delegations, including the Director-General for amounts in excess of R30 million.

The electronic system is anticipated to be completed on the 31st of March 2025

b. **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.**

Response:

- The Unemployment Insurance Fund SCM officials attended a training that took place from the 20th to the 22nd of November 2024 on the latest amendments to the PPPFA and related Treasury Regulations
- This intensive three-day programme provided officials with valuable skills and insights, enhancing their ability to improve Supply Chain Management processes. Officials gained a thorough understanding of the latest industry best practices, which will enable them to streamline operations, increase efficiency, and make more informed decisions.
- The training also focused on teamwork and collaboration, inducting officials on the implementation of advanced SCM strategies and technologies to address complex challenges. Consequently, the trained officials are now better equipped to optimise supply chain functions, minimise disruptions, and drive the organisation's overall success.

c. **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.**

Response:

- The Unemployment Insurance Fund Management instituted the post-verification exercise to ensure that all COVIDTERS funds reached the intended beneficiaries at the right time and were never misused by Employers.
- The project started in 2021, and to date, more than R30billion has been verified. The UIF further appointed twenty-seven audit firms, as the last push to complete and expedite the verification of R65 billion.
- Phase 3 of the project started in October 2024, and 18 300 Employers were verified for the past four months. The project managed to recover R71 673 598.18 from invalid applications, and an amount of R225 619 121.22 was raised as a debt and will be recovered through the debt collection process.
- In total, an amount of R2,5 billion was recovered and paid to UIF.
- UIF intentionally appointed more Auditors to complete the recovery process by the 31st of March 2025.

SUPPORTED EMPLOYMENT ENTERPRISES

d. **SEE needs to come up with a strategy to increase sales revenue to augment the National Treasury grant.**

- The Supported Employment Enterprises (SEE) has developed and begun implementing a comprehensive marketing strategy aimed at reversing the entity’s financial losses and positioning it for long-term sustainability. Central to this strategy is a series of Marketing Expos and Open Days to be hosted across SEE factories nationwide. These events are designed to strengthen brand visibility, showcase SEE's diverse product range, and create direct engagement opportunities with key decision-makers in both the public and private sectors.

- In addition, the marketing strategy places strong emphasis on modernising SEE's sales and distribution channels. The entity is advancing plans to establish its own e-commerce platform to facilitate direct online sales, while also leveraging partnerships with established digital marketplaces such as Takealot. This digital transition is expected to significantly broaden SEE's customer base, enhance operational efficiency, and stimulate consistent revenue growth. Collectively, these initiatives demonstrate SEE's commitment to improving its financial position through innovation, market expansion, and prudent cost management, ensuring the entity's continued contribution to employment creation for persons with disabilities.

e. The Committee should be regularly updated on engagements between the Department and the National Treasury on the preferential procurement status of the SEE.

- The Public Procurement Bill signed into law makes provision for "set-aside for preferential procurement" as per Chapter 4 of the Act no 28 of 2024. The act makes provision for a procuring institution to set-aside target or bids for procuring from: Section17(1)(a) subsection 3(e) people with disabilities, Section 17 (1)(a) subsection 3(h)(v) small enterprises owned by people with disabilities. SEE intends to approach and encourage state institutions to procure from SEE under the above set-aside clause.

f. The entity should strictly comply with the requirement of the Preferential Procurement Policy Framework Act (PPPFA) to obtain at least three written price quotations from different suppliers when procuring goods and services to avoid irregular expenditure in future.

- SEE is striving to ensure compliance with the necessary procurement laws and regulations. There are stringent reviews in place to ensure three written price quotations are received and evaluated accordingly. This is evident by the fact that SEE does not have any findings in the current financial year relating to non-compliance with regulations for not obtaining the necessary three quotations. The entity is also in the process of reviewing the internal procurement policy to strengthen internal controls around the procurement processes and ensure that, where three quotes are not provided, necessary procurement deviation approvals are obtained.

COMPENSATION FUND

g. 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.

- The Fund is embedding clean administration and good governance in all of its operational environments. The 2023/24 audit action plan has identified the internal controls that must be implemented on the system, reporting and performance assessments. Gaps have been identified, and compensating controls have been developed and implemented. In addition, the Fund is in the process of implementing:
    - ✓ Biometric functionality to identify users transacting on CompEasy.
    - ✓ Two-factor authentication to prevent unauthorised access to systems.
    - ✓ The banking project to verify all transactions from the Fund to prevent unauthorised payments.
    - ✓ Board of Healthcare Funders (BHF) automated Medical Service Provider (MSP) verification to ensure payments to valid providers.

h. **Performance management processes should be implemented across different levels of officials to ensure efficiency and financial discipline**

- During the Financial Year 2025/2026, the Entity will launch a Corporate Culture Roadshow in all the provinces to reorient officials about the Fund's core values. This initiative will ensure alignment with the Fund's mandate and emphasise everyone’s role in achieving both the Fund's objectives and Clean Audit Goals. Furthermore, officials are strongly encouraged to participate in Management Development Programs, Project Management and Finance for Non-Financial Managers learning programmes to enhance their understanding and capabilities in financial matters.

i. **The formation of a training directorate within the Compensation Fund is supported by the Committee to address the skills gap.**

- **Short-Term Goal:** The Fund will initiate a comprehensive requirements analysis and engage in consultations with stakeholders to benchmark and define the essential criteria for establishing the Functional Training Directorate. This process will encompass Functional & Management Learning Programme Delivery and COID Qualification, Directorate Structure (Learning Programme Delivery, Training Standards and Monitoring & Evaluation Sub-Units). A detailed business case will be developed to support the formation of the Functional Training Directorate.
- **Medium-Term Goals:** The focus will shift to enhancing the capabilities of the Functional Training Directorate by integrating subject matter experts and qualified trainers, filling existing vacancies, and launching a "Train the Trainer" programme and Functional Training Unit. For the Fund to support this initiative, change management strategies will be implemented to cultivate a culture of continuous learning within the organisation. Additionally, suitable facilities and infrastructure will be identified, equipped, and upgraded, along with the development, testing, and rollout of a Learner Information Management System (LIMS). The Development and Design of COID Qualifications, accreditation of the qualification, the training centre and its practitioners will be prioritised.
- **Long-Term Goals**: Pilot the qualification and undergo continuous monitoring and evaluation to adapt to the Fund's and its stakeholders' evolving needs. This strategic approach will ensure the establishment of a sustainable and effective Training Directorate that addresses current skills gaps and anticipates future competency requirements.

COMMISSION FOR CONCILIATION, MEDIATION AND ARBITRATION

j. **To enhance performance, CCMA and DEL should conduct a thorough review of their budget allocation to identify areas where spending can be optimised, analyse the reasons behind the 9 per cent 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**.

- The South African economy has faced significant challenges, leading to a decline in fiscal resources and necessitating budget cuts across all Government departments and their entities, including the CCMA. However, it is important to note that for the 2025/26 financial year, the CCMA's budget will receive an additional R50 million to support its operations. The Department is optimistic that as the country's economic climate improves, budget allocations to entities such as the CCMA will also increase. Despite these budget constraints, the CCMA continues to perform admirably, with operational reports indicating a settlement rate exceeding 70 per cent. Furthermore, the average turnaround time for conciliation (26 days) is well within the legally prescribed 30 days, and arbitration is completed in 78 days, which is below the 90-day target stipulated by CCMA rules. However, the austerity measures have strained resources, which present challenges in meeting targets and delivering optimal performance.

- The Department, as part of the CCMA governance structures, will conduct a thorough review of the current budget allocation to identify areas where spending can be optimised. This review will aim to find efficiencies without compromising the core services of the CCMA. The strategies will be developed to address the barriers affecting target achievement, with a focus on resource allocation and operational constraints. As part of the CCMA board, the Department will continue to work closely with the CCMA to implement a robust monitoring and evaluation system. By strengthening the monitoring process, the CCMA can better navigate the current resource limitations while continuing to provide high-quality services.

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

While most of the Department's entities are operating under austerity measures due to the challenging economic climate, the Department has made efforts to engage with the National Treasury to secure additional resources for the CCMA. Unfortunately, these efforts have not yet been successful. Nevertheless, the Department will continue its engagement with the National Treasury to ensure that, where savings or surpluses arise from other entities within the portfolio, the CCMA receives the necessary support. The intention is to alleviate the burden on staff, who are working diligently with limited resources, and ensure the CCMA can continue delivering its critical services effectively. It is also important to note that the budget of the CCMA will be increased by about R50 million in the next budget in February

l. **The CCMA should follow applicable National Treasury guidelines to apply for retention of cash surplus.**

The CCMA adheres to the National Treasury guidelines as mandated by the PFMA. Recently, the National Treasury approved the CCMA request under Section 53(3) of the PFMA and National Treasury Instruction 12 of 2020/21, allowing it to retain the cash surplus from the 2023/24 financial year.

NATIONAL ECONOMIC DEVELOPMENT AND LABOUR COUNCIL

m. **Nedlac should strictly comply with the requirements of the Preferential Procurement Policy Framework Act (PPPFA) to obtain at least three written price quotations from different suppliers when procuring goods and services to avoid irregular expenditure in future**

- All government entities, including Nedlac, are required to comply with the National Treasury prescripts and ordinances. Nedlac has always adhered to the Preferential Procurement Policy Framework Act (PPPFA) and will continue to source at least three written price quotations from different suppliers for any procurement bid. This practice ensures compliance with the PPPFA and helps avoid irregular expenditure, aligning with the broader goal of promoting transparency and accountability in public procurement.

n. **The Nedlac reports on relevant Bills referred to Parliament must be provided to the Portfolio Committee on Employment and Labour.**

- Nedlac will ensure that the relevant reports on Bills referred to Parliament are provided to the Portfolio Committee on Employment and Labour in accordance with the required procedures and timelines.

o. **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.**

- Nedlac will strengthen its procurement processes, ensure compliance with policies, and implement robust internal controls to prevent future occurrences of non-compliance.

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

Overview of Vote 31: Employment and Labour's 2024/25 budget allocation and spending per programme, based on the National Treasury's 2024 Estimates of National Expenditure (ENE). 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.

Table 1: Overview of Vote Allocation and Spending per Programme for 2024/25

Programme	2024/25 Allocation (R million)	% of Total Vote	Key Focus Areas
1. Administration	**R 1 029.7 m**	**26.7%**	Provides strategic leadership, management, and corporate services. Includes office accommodation, ICT, and financial management.
2. Inspection and Enforcement Services	**R 661.2 m**	**17.2%**	Ensures compliance with labour laws via inspections and enforcement; promotes occupational health and safety.
3. Public Employment Services	**R 901.8 m**	**23.4%**	Supports job seekers through registration, counselling, placement, and subsidies to organisations for people with disabilities.
4. Labour Policy and Industrial Relations	**R 1 262.2 m**	**32.7%**	Develops labour policies, oversees dispute resolution, collective bargaining, and funds entities such as the CCMA and NEDLAC.
Total Vote 31	**R 3 854.8 billion**	**100%**	—

Source: Department of Employment and Labour Annual Report, 2024/25

The Department of Employment and Labour's Vote 31 allocation for 2024/25, amounting to R3.85 billion, is distributed across four main programmes that reflect the department's core functions of promoting decent work, ensuring compliance with labour laws, and supporting employment creation. The largest share of the budget, R1.26 billion (32.7%), is directed to Labour Policy and Industrial Relations, which funds key labour market institutions such as the Commission for Conciliation, Mediation and Arbitration (CCMA) and NEDLAC, and supports collective bargaining and labour policy development.

The Administration programme receives R1.03 billion (26.7%) to provide strategic management, governance, and corporate support functions, including ICT and financial services, ensuring the smooth operation of the department. Public Employment Services accounts for R901.8 million (23.4%), focusing on assisting job seekers through registration, counselling, and placement services, as well as providing subsidies to organisations supporting people with disabilities. Meanwhile, Inspection and Enforcement Services receives R661.2 million (17.2%) to enhance compliance with labour legislation and strengthen occupational health and safety enforcement.

Table 2: Economic Classification Summary (2024/25)

Category	Allocation (R million)	% of Total	Notes
Current payments	**R 2 131.0 m**	**55%**	Mainly compensation of employees (R 1.5 billion).
Transfers and subsidies	**R 1 615.3 m**	**42%**	Includes transfers to CCMA, NEDLAC, Productivity SA, and Supported Employment Enterprises.
Capital assets	**R 108.5 m**	**3%**	Buildings, ICT systems, and equipment.
Total	**R 3 854.8**	**100%**	—

	billion		

Source: Department of Employment and Labour Annual Report, 2024/25

The economic classification of Vote 31: Employment and Labour for 2024/25 shows that the department's spending is largely driven by operational and personnel-related costs. The majority of the budget, amounting to R2.13 billion (55%), is allocated to current payments, mainly for compensation of employees (R1.5 billion), which reflects the labour-intensive nature of the department's work, including inspections, employment services, and policy oversight.

Transfers and subsidies account for R1.62 billion (42%), channelled primarily to key public entities such as the CCMA, NEDLAC, Productivity South Africa, and Supported Employment Enterprises, which play a vital role in dispute resolution, social dialogue, productivity improvement, and promoting employment for persons with disabilities. A smaller portion, R108.5 million (3%), is allocated to payments for capital assets, including investment in buildings, ICT systems, and equipment, which support service delivery modernisation and infrastructure needs.

4.1 Key Observations

The 2024/25 budget analysis for Vote 31: Employment and Labour reveals several key spending trends over the medium term. The largest share of the budget is allocated to the Labour Policy and Industrial Relations programme, primarily driven by substantial transfers to entities such as the CCMA, which alone receives more than R975 million to support dispute resolution and collective bargaining functions. In contrast, the Public Employment Services programme experiences a decline in funding over the MTEF period, largely due to the phasing out of the Presidential Employment Stimulus funds, which had temporarily boosted employment initiatives. The Administration and Inspection and Enforcement Services programmes show modest growth, reflecting ongoing efforts to strengthen institutional capacity, modernise systems, and enhance labour law compliance and occupational safety enforcement. The total departmental expenditure was expected to decline slightly by 0.5 per cent between 2023/24 and 2026/27, signalling a period of fiscal consolidation while maintaining essential service delivery and regulatory oversight functions.

4.2 Financial performance of the Department

During the 2024/25 financial year, the Department operated in a constrained administrative and fiscal environment. The implementation of DPSA Circular 49 of 2023 imposed strict controls on the filling of vacancies, which led to a 232-post increase in the Department's vacancy rate, now standing at 34 per cent. Leadership instability further affected performance, with four officials acting as Accounting Officer during the year. The Department also faced major ICT challenges, with outdated systems and delayed migration to modern SAP platforms. Several Labour Centres, including the Klerksdorp office, continued to operate in temporary or inadequate facilities, which affected service delivery.

Table 3: Departmental Performance Summary

Indicator	2023/24	2024/25	Trend
Key Performance Indicators achieved	81%	**73%**	↓ Decline
Budget expenditure	99.4%	**98.6%**	Slight under
Audit outcome	Unqualified (with findings)	**Qualified**	↓ Regressed

Source: Department of Employment and Labour Annual Report 2024/25

The Department achieved 24 out of 33 planned performance indicators, representing 73 per cent of its annual targets. This marks a decline from the 81 per cent achievement rate recorded in the previous year. While service delivery was maintained in several core areas, the regression in performance was primarily attributed to staffing constraints, budget pressures, and delayed implementation of modern ICT systems. The Department spent R3.8 billion of its R3.85 billion budget, representing an expenditure rate of 98.6 per cent. However, the Auditor-General issued a qualified audit opinion, citing insufficient evidence on receivables, irregular expenditure amounting to R271 million, and fruitless expenditure of R1.8 million, mainly linked to unused SAP software licences.

4.3 Programme Performance Analysis

Programme 1: Administration

Programme 1: Administration, the Department spent R1.065 billion, achieving most of its administrative objectives, including maintaining a 50 per cent representation of women in senior management and 2.6 per cent representation of persons with disabilities. However, persistent vacancies in senior positions, the delay in the SAP Diphetogo system migration, and weaknesses in financial controls affected efficiency. The Department is committed to filling all funded vacancies within the first eight months of the 2025/26 financial year. The Committee should seek clarity on the revised completion timeline of the SAP Diphetogo project, the measures to strengthen internal controls, and the steps being taken to address recurring audit findings

Programme 2: Inspection and Enforcement Services (IES)

The Inspection and Enforcement Services (IES) programme achieved its overall performance targets, conducting 310,798 workplace inspections against a target of 298,104. The Branch ensured that 99 per cent of non-compliant employers were served with enforcement notices within 14 days, and 83 per cent of cases were referred for prosecution within 30 days. A total of R37.9 million was recovered through enforcement activities, including R10.4 million under the National Minimum Wage Act. Despite strong performance, the programme underspent R52 million due to vacancies and delays in the procurement of ICT equipment. The Committee may wish to engage the Department on the outcomes of prosecutions, the sustainability of performance under fiscal pressure, and measures to strengthen compliance in low-wage sectors such as domestic and agricultural work.

Programme 3: Public Employment Services (PES)

The Public Employment Services (PES) branch performed relatively well, exceeding its key targets. It registered over 1.3 million work-seekers against a target of 950,000 and facilitated nearly 99,000 placements, mainly among youth and women. The programme also hosted numerous career fairs, job exhibitions, and counselling initiatives. However, challenges persist in converting placements into long-term employment and addressing the mismatch between work-seekers' skills and available job opportunities. The finalisation of the National Labour Migration Policy (NLMP) and the Employment Services Amendment Bill (ESAB) remain outstanding, as both documents were still awaiting Cabinet approval at the close of the financial year. The Committee should request updates on the reasons for the delay in approval, strategies for tracking post-placement outcomes, and measures to ensure that employment services are sustainable and impactful.

Programme 4: Labour Policy and Industrial Relations (LP&IR)

The Labour Policy and Industrial Relations (LP&IR) branch achieved 80 per cent of its annual targets. The programme successfully implemented and reviewed the National Minimum Wage (NMW), produced labour market trend reports, and represented South Africa in several international forums, including the ILO, BRICS, and G20 engagements. However, workplace transformation remains slow, with many employers failing to meet Employment Equity (EE) targets. The Committee should examine the Department's enforcement mechanisms for EE compliance, the support provided to the NMW Commission in reviewing wage adjustments, and strategies to accelerate sectoral transformation.

4.4 Financial Performance of the Department of Employment and Labour (2024/25)

Table 4: Financial Performance of the Department of Employment and Labour (2024/25)

Programme	Final Allocation (R'000)	Expenditure (R'000)	% Spent

Administration	1 065 150	1 065 150	100%
IES	600 474	548 008	91.3%
PES	929 991	929 991	100%
LP&IR	1 259 227	1 259 227	100%
TOTAL	**3 854 842**	**3 802 376**	**98.6%**

Source: Department of Employment and Labour Annual Report 2024/25

During the 2024/25 financial year, the Department of Employment and Labour (DEL) was allocated a final appropriation of R3.85 billion, reflecting a 6.9 per cent increase from the previous year's allocation. The Department reported an overall expenditure of R3.80 billion, translating to a spending rate of 98.6 per cent, which indicates that it generally maintained sound budgetary control despite certain operational inefficiencies. No unauthorised expenditure was recorded during the reporting period, demonstrating adherence to appropriation limits; however, the Department continues to face challenges related to irregular, fruitless, and wasteful expenditure. The Department's spending was distributed across four main programmes, namely Administration, Inspection and Enforcement Services (IES), Public Employment Services (PES), and Labour Policy and Industrial Relations (LP&IR).

Programme 1: Administration

Expenditure under the Administration Programme amounted to R1.065 billion, representing full utilisation of the allocation. The bulk of this spending covered personnel costs, ICT infrastructure upgrades, and litigation expenses. Delays in finalising key ICT projects, particularly the SAP Diphetogo migration, resulted in additional costs for software licences and system maintenance. Despite the full expenditure rate, the Department reported R23 million in fruitless and wasteful expenditure arising from payments for unused SAP licences.

Programme 2: Inspection and Enforcement Services (IES)

The Inspection and Enforcement Services (IES) Programme recorded an expenditure of R548 million out of an allocated R600 million, resulting in an underspending of R52 million or 8.7 per cent. The underspending was primarily attributed to vacant posts, delays in procuring ICT equipment and vehicles for labour inspectors, and lower-than-anticipated payments for provincial operational expenses. Despite the underspending, the programme exceeded its inspection targets and achieved significant recoveries of unpaid wages for vulnerable workers.

Programme 3: Public Employment Services (PES)

The Public Employment Services (PES) Programme spent its full budget of R929.9 million, with funds channelled towards employment counselling, job placement programmes, and subsidies to non-profit organisations that assist in training and employment facilitation. While spending performance was strong, the Department reported delays in the submission of expenditure documentation by certain funded organisations, which affected financial reporting timelines. This remains an area that requires tighter monitoring to ensure compliance with grant conditions and value-for-money outcomes.

Programme 4: Labour Policy and Industrial Relations (LP&IR)

The Labour Policy and Industrial Relations (LP&IR) Programme also achieved full expenditure of R1.26 billion, with a significant portion of the allocation transferred to public entities such as the Commission for Conciliation, Mediation and Arbitration (CCMA), NEDLAC, and the International Labour Organisation (ILO) for membership fees. The programme managed all its transfers efficiently, and no material variances were reported. However, the Department continues to face challenges in the timely extension of collective agreements and implementation of certain policy reforms, which indirectly impact expenditure performance in this area.

5. Report of the Auditor-General of South Africa (AGSA)

The Auditor-General of South Africa (AGSA) issued a qualified audit opinion on the financial statements of the Department of Employment and Labour (DEL) for the 2024/25 financial year. This represents a regression from the unqualified opinion with findings received in the previous year, indicating a decline in the Department's overall financial governance and internal control environment. The qualification arose primarily from inadequate supporting documentation and incomplete records related to receivables, as well as non-compliance with the Public Finance Management Act (PFMA) and Treasury Regulations governing supply chain management and financial reporting.

According to the AGSA, the Department did not maintain accurate and complete records of all transactions and balances. Certain receivables and suspense accounts lacked sufficient supporting evidence to verify their validity and accuracy. The audit further noted inconsistencies in the reconciliation of general ledger accounts, particularly regarding interest on staff debts and claims recoverable from third parties. These weaknesses compromised the credibility of the financial statements and resulted in the Auditor-General being unable to confirm the completeness of revenue and debtors disclosed in the Department's records.

The audit also revealed significant non-compliance with legislation governing financial management. The Department incurred irregular expenditure amounting to R271 million, primarily resulting from non-adherence to procurement and contract management procedures. The irregularities stemmed from instances where competitive bidding processes were not followed, deviations from normal tender procedures were not adequately justified, and contracts were extended or varied without the requisite approvals. These practices contravened the PFMA, National Treasury Regulations, and the Department's own supply chain policies.

In addition, the Auditor-General reported fruitless and wasteful expenditure of R1.8 million, of which R23 million related to unused SAP software licences that the Department continued to pay for despite delays in the SAP Diphetogo modernisation project. This expenditure was deemed avoidable and reflective of weaknesses in project management, contract oversight, and ICT governance. The AGSA highlighted that the Department's internal audit and risk management units had not adequately monitored the implementation of corrective actions to address these recurring financial and operational weaknesses. The AGSA also identified deficiencies in consequence management. Investigations into prior years' irregular and fruitless expenditure were not finalised within reasonable timeframes, and disciplinary actions against responsible officials were either delayed or not implemented at all. This lack of accountability undermines the effectiveness of internal controls and perpetuates a culture of non-compliance within the Department. Furthermore, the audit noted that the Department's Audit Action Plan was not fully implemented, and progress in resolving prior year findings was minimal. Another area of concern highlighted by the Auditor-General relates to performance information. While the reported performance against targets was largely reliable, the AGSA observed weaknesses in the verification of certain reported achievements, particularly in the Public Employment Services and Supported Employment Enterprises (SEE) programmes. In some instances, evidence supporting performance achievements was inadequate or not properly validated at the time of the audit. This points to a need for stronger monitoring and evaluation processes, as well as improved data integrity across all reporting units.

The AGSA also raised concerns regarding information technology (IT) governance and security controls. The audit found that the Department's IT systems were outdated and not aligned with the Control Objectives for Information and Related Technologies (COBIT) framework, resulting in increased risks of system failures and data integrity issues. The delayed implementation of the SAP Diphetogo project and the use of legacy systems limited the Department's ability to produce timely and accurate financial and performance information. The AGSA recommended that the Department expedite the ICT modernisation process and strengthen oversight over IT contract management to avoid further financial losses. Despite these challenges, the Auditor-General noted some areas of improvement, particularly in budget management and the reduction of unauthorised expenditure, which remained at zero for the reporting year. The Department also demonstrated partial compliance with the Employment Equity Act and other governance requirements, though these improvements were overshadowed by persistent control deficiencies. In summary, the Auditor-General's findings indicate that while the Department continues to maintain fiscal discipline in terms of expenditure, systemic weaknesses in financial management, internal controls, and consequence management persist. The Committee is urged to exercise heightened oversight over the implementation of the Department's Audit Action Plan, focusing on the following critical areas:

- Completion of all pending investigations into irregular and fruitless expenditure and enforcement of consequence management;
- Strengthening of supply chain management processes and adherence to competitive bidding regulations;
- Improvement in financial record-keeping, reconciliations, and documentation to ensure credible reporting;
- Acceleration of ICT modernisation to support accurate financial and performance reporting; and
- Regular monitoring of progress toward achieving a clean audit opinion by 2025/26.

The Committee may also consider requesting quarterly progress reports on the implementation of the audit action plan, along with evidence of corrective measures taken against non-compliance. Ensuring accountability and transparency in financial management remains essential for restoring public confidence and enhancing the Department's operational effectiveness. The overall performance of the Department of Employment and Labour (DEL) during the 2024/25 financial year reflects a department that continues to deliver essential labour market services under difficult administrative, fiscal, and structural constraints. While it achieved 73 per cent of its annual performance targets, this represents a decline from the previous year's performance levels and points to persistent systemic weaknesses in governance, staffing, and information management systems.

The Department's qualified audit opinion, coupled with recurring findings on irregular and fruitless expenditure, underscores the need for stronger financial discipline and tighter internal controls. Operationally, the Department maintained a strong presence in labour inspections and compliance enforcement, as evidenced by the successful completion of more than 310,000 workplace inspections and substantial recoveries for vulnerable workers. Similarly, the Public Employment Services branch demonstrated commendable progress in facilitating employment opportunities, particularly for youth and women. However, these achievements were offset by continuing challenges in achieving sustainable job placements and delays in the approval of key policy frameworks such as the National Labour Migration Policy and the Employment Services Amendment Bill.

The Inspection and Enforcement Services (IES) branch continued to play a critical role in enforcing labour legislation, yet faces mounting pressures from staffing shortages and budget constraints. The Department's continued reliance on outdated ICT systems and the delays in implementing the SAP Diphetogo modernisation project have further hampered efficiency, data integrity, and service delivery. Without accelerated investment in ICT infrastructure and governance reform, the Department risks recurring audit challenges and further erosion of public confidence in its administrative capacity. Moreover, leadership instability with multiple acting appointments at the senior management level continues to undermine accountability and long-term strategic direction. Despite these challenges, the Department has demonstrated resilience in maintaining near-full budget expenditure and preventing unauthorised spending. This reflects a degree of financial prudence that can serve as a foundation for future improvements. To build on this, the Department must prioritise the implementation of its Audit Action Plan, enforce consequence management against non-compliance, and strengthen risk management and internal audit functions. The Committee should ensure that these corrective actions are tracked and verified through quarterly oversight engagements. Going forward, the Portfolio Committee on Employment and Labour should focus its oversight on five key areas:

- Governance and Leadership Stability – ensuring the permanent filling of senior management posts and improving accountability mechanisms;
- Financial Management and Audit Improvement – monitoring implementation of audit recommendations and reduction of irregular expenditure;
- ICT Modernisation – oversight on the completion of the SAP Diphetogo project and broader digital transformation initiatives;
- Supported Employment Enterprises Reform – enforcing the implementation of the SEE turnaround plan to restore its operational and financial viability; and

- Policy Implementation and Impact – ensuring that the Department's legislative and policy interventions, including employment equity enforcement and migration policy reforms, translate into measurable socio-economic outcomes.

6. Overview of the Performance of Entities of The DEL in 2024/25

Supported Employment Enterprises (SEE)

The Supported Employment Enterprises (SEE) is a trading entity under the Department of Employment and Labour (DEL), established to provide sheltered employment opportunities for persons with disabilities who are unable to compete in the open labour market. The entity operates 13 factories across eight provinces, producing furniture, linen, and protective clothing for government departments and public institutions. SEE's strategic intent is to enhance the employability and economic participation of persons with disabilities, while maintaining financial sustainability through product sales and service contracts. However, during the 2024/25 financial year, the entity continued to face severe financial, operational, and governance challenges, which have undermined its performance and long-term viability.

Operational and Performance Overview of Supported Employment Enterprises (SEE)

SEE's overall performance for the 2024/25 financial year was unsatisfactory. The entity did not achieve the majority of its planned targets. Sales revenue declined by 42 per cent, against a projected growth target of 40 per cent, largely due to reduced orders from key government clients, production inefficiencies, and equipment breakdowns. The entity's largest clients remained the Western Cape Department of Health (R36 million) and the Northern Cape Department of Education (R15 million), but there was minimal success in expanding its market base to include private sector clients. Employment creation also stagnated during the reporting period. Only one additional person with a disability was employed, against an annual target of fifty. This performance highlights the entity's inability to expand its workforce or sustain job creation for persons with disabilities, which remains its primary social mandate. SEE management attributed the poor performance to declining sales, limited production capacity, and a lack of working capital. Approximately 95 per cent of its government grant allocation was spent on salaries, leaving minimal funds for production materials, marketing, and business development initiatives. The entity also struggled to modernise its production facilities and diversify its product range. Many of its factories still operate with obsolete machinery, outdated manufacturing processes, and limited automation. These challenges have negatively impacted productivity, product quality, and competitiveness. The delay in finalising the establishment of a factory in Mpumalanga Province, which has been on the Department's agenda for several years, further reflects weak planning and execution capacity.

Financial Performance of Supported Employment Enterprises (SEE)

Financially, SEE remained heavily dependent on government transfers and recorded another year of financial instability. While the entity received its full subsidy from the Department, revenue generation from product sales and services continued to decline. The total grant funding was largely absorbed by employee compensation, while little was allocated to operational investment or capital renewal. This financial imbalance has further eroded SEE's ability to sustain its operations independently or generate surplus income for reinvestment. The entity's financial records revealed poor management of inventory, cash flow, and assets. Stock records were incomplete, and physical stock counts were inconsistent with accounting records. In several factories, inventory was either obsolete or damaged, with limited accountability for stock losses. Asset verification processes were also weak, with incomplete documentation supporting asset movements, disposals, and impairments.

Audit-General Findings of Supported Employment Enterprises (SEE)

The Auditor-General of South Africa (AGSA) issued an adverse audit opinion on SEE's financial statements for 2024/25, indicating serious deficiencies in financial management, compliance, and governance. The adverse opinion was based on material misstatements, lack of sufficient and appropriate audit evidence, and non-compliance with key provisions of the Public Finance Management Act (PFMA) and Generally Recognised Accounting Practice (GRAP). The AGSA found that SEE failed to maintain proper accounting records and supporting documentation for revenue, expenditure, and assets. Financial statements contained errors in the valuation of inventories and receivables, and there were material discrepancies in reported figures. The entity incurred irregular expenditure amounting to R23.5 million, mainly due to procurement without following competitive bidding processes and unauthorised contract extensions. In addition, fruitless and wasteful expenditure totalling R5.5 million was identified, arising from idle machinery, late payment penalties, and the purchase of materials not utilised in production. The audit also revealed serious governance and leadership weaknesses. SEE operated for most of the year without a permanent Chief Executive Officer, and key management positions were filled in an acting capacity. Internal audit and risk management functions were weak and failed to detect or address control deficiencies in time. Investigations into irregular expenditure and mismanagement were not completed within required timelines, and consequence management remained ineffective. The AGSA concluded that these recurring deficiencies reflect systemic management failure and poor accountability at both the entity and departmental oversight levels.

Governance and Oversight Concerns of SEE

SEE's persistent underperformance has raised concerns about its long-term sustainability and alignment with its social mandate. The heavy dependence on government subsidies and inability to generate sufficient revenue from sales indicate a need for a structural review of its business model. Furthermore, the lack of leadership continuity, weak governance systems, and ineffective internal controls have contributed to a cycle of poor audit outcomes and operational stagnation. The Department of Employment and Labour has committed to implementing a comprehensive turnaround plan for SEE in the 2025/26 financial year. The plan aims to restore financial discipline, modernise production processes, expand the client base (including partnerships with the private sector), and strengthen accountability mechanisms. However, as of the end of 2024/25, no detailed progress report or clear performance milestones had been presented to the Committee, raising concerns about the Department's capacity to implement the proposed reforms effectively.

The Commission for Conciliation, Mediation and Arbitration (CCMA)

Overview of The Commission for Conciliation, Mediation and Arbitration (CCMA)

The Commission for Conciliation, Mediation and Arbitration (CCMA) remains South Africa's primary statutory body for promoting labour peace, fair dispute resolution, and employment stability. The 2024/25 financial year marked the final phase of the *Imvuselelo – The Revival* strategic cycle (2020–2025). Despite fiscal austerity, growing unemployment, and high dispute volumes, the CCMA continued to deliver above-target results and strengthen its institutional resilience.

Performance Highlights

- Overall Performance: 99.57% of conciliable cases were heard within 30 days; 99.99% of arbitration awards were issued within 14 days.
- Settlement Rate: 77% (target exceeded).
- Job Preservation: 30 581 jobs saved (47.1% of jobs at risk).
- Case Volume: 193 069 referrals (up 7.8% from 188 619 in 2023/24).
- Turnaround Times: 26 days for conciliation; 109 days for arbitration.
- Digital Access: 118 000 new users of the CCMA/BUSA Labour Advice Web Tool; 208 792 users accessed CCMA services, many from vulnerable sectors.
- TERS: 13 085 jobs preserved at a cost of R1.45 billion – highest in five years.
- Financial Position: R976 million government grant; net deficit of –0.70% but a healthy liquidity ratio (1.4:1) and R104.7 million in cash equivalents.
- Governance: Clean administration with no discontinued activities, irregular expenditure under control, and audit recommendations fully implemented

Strategic and Operational Context

The CCMA operated amid economic stagnation, energy instability, and persistent unemployment. Fiscal reductions of 6.3% in baseline funding constrained its capacity to meet rising caseloads. The institution implemented efficiency measures pre-conciliation, online hearings, and telephonic processes to maintain service levels. Key strategic partnerships with the Department of Employment and Labour (DEL), SALGA, Business Unity SA, and international agencies (ILO, Eswatini CMAC, Namibian Labour Commissioner) supported outreach and policy alignment. CT modernisation progressed (WhatsApp Chatbot, Court Online, Wi-Fi rollout to 22 of 25 offices, AI transcription pilot), although procurement and capacity bottlenecks slowed full digitisation.

Institutional Challenges

Table 5: CCMA Challenges

Area	Issues Identified
Funding Constraints	6.3% baseline reduction, affecting capacity, ICT upgrades, and long-term infrastructure investment.
Staffing and Capacity	Reduced headcount; heavy reliance on part-time commissioners and interpreters, risking consistency and institutional memory.
ICT Delays	Procurement inefficiencies and non-responsive bids delayed SharePoint integration and full Wi-Fi rollout.
Rising Caseloads	Growing Section 189A retrenchments (+122%) and carry-over cases (14%) increased workload pressure.
Digital Security	Expansion of online platforms demands stronger cybersecurity and data protection investment

Source: CCMA Annual report 2024/25 financial year

Key Achievements in Labour Market Stability of the entity

- 185 labour market interventions and workplace capacity-building projects delivered (100% satisfaction from 4,778 participants).
- Transformation and vulnerable sector projects exceeded targets (160% and 180% respectively).
- Strong job-saving performance through proactive facilitation and use of TERS.
- Enhanced access to justice for vulnerable sectors (agriculture, domestic, retail, mining, private security

The CCMA demonstrated strong institutional resilience and service excellence under severe fiscal and operational pressures. Its performance in dispute resolution, job preservation, and stakeholder engagement reinforces its centrality in maintaining labour peace. Continued parliamentary oversight should focus on funding adequacy, human capacity, ICT transformation, and accessibility to ensure the CCMA remains a future-fit custodian of social justice in South Africa’s labour market.

Compensation Fund (CF)

Overview Of the Compensation Fund 2024/25 Annual Report

This summary highlights the key findings and challenges from the Compensation Fund (CF) 2024/25 Annual Report. It provides an overview of the Fund’s performance, financial position, governance, and key matters requiring the attention of the Portfolio Committee on Employment and Labour.

Overall Performance

- The Fund achieved 52% of its annual targets, a decline from 57% in 2023/24.
- Persistent administrative and capacity challenges limited progress in achieving service delivery and governance goals.
- Key operational achievements:
    - ✓ 107,205 claims received; 86% adjudicated within 25 working days (target 90%).
    - ✓ 1.3 million benefits worth R5.5 billion approved and paid (medical, pension, and compensation).
    - ✓ 93% of 932,580 medical invoices finalised within 30 working days.
    - ✓ 98% of assistive device requests processed within 15 working days.

Main constraints:

- Shortages of skilled staff in actuarial, medical, and rehabilitation services.
- Procurement and decision-making delays due to the Fund’s status as a departmental public entity.
- Weak financial controls and recurring audit issues.

Financial Performance

Financial position remains strong despite audit weaknesses.

- Total revenue: R23.863 billion (+0.5% from R23.7 billion in 2023/24).
- Operating surplus: R12.4 billion (up from R8.0 billion).
- Net asset value: R101.1 billion (up from R79.4 billion).

- Investments: R139.6 billion (+18.3%) largely due to market growth.
- Employer contributions: R12.3 billion.
- Benefits paid: R5.5 billion (increase from R4.9 billion).

Cost pressures:

- Operating expenses declined by 28% due to lower impairments and finance costs.
- Employee costs stable at R1.5 billion.
- Surplus of R21.7 billion retained in line with National Treasury Instruction 12 of 2020/21.

Audit And Governance Outcomes

Audit Opinion:

- **Disclaimer** issued by the Auditor-General for the second consecutive year.
- Root causes: unreliable financial reporting, data integrity weaknesses, and poor internal control implementation.

Irregular, Fruitless and Wasteful Expenditure:

- Irregular expenditure: R769.9 million (no reduction from prior year).
- Fruitless and wasteful expenditure: 2.05% residual; target of full elimination not achieved.
- Weak internal control capacity — the Internal Control Unit operates with five of six posts filled.

Governance and Compliance:

- Risk Management and Ethics: 100% implementation of the ethics programme; ethics committee and hotline functional.
- Anti-Corruption: 75% of 20 reported fraud cases investigated and finalised.
- Vacancy rate: 10.4% (up from 8.3% in 2023/24).
- No unsolicited bids were processed during the year.

Policy and Strategic Context

- Implementation of the Compensation for Occupational Injuries and Diseases Amendment Act (Act 10 of 2022) continued.
- Expanded coverage now includes domestic workers and rehabilitation/reintegration services.
- Introduction of a new Employer Underwriting System Module and Integrated Claims Management System (ICMS) planned for 2025/26.
- Collaboration with Rand Mutual Assurance (RMA) and Federated Employers Mutual (FEM) sustained positive benefits delivery.
- The unbundling process between the Compensation Fund and Unemployment Insurance Fund has begun to improve efficiency and autonomy.

Human Capital and Service Delivery

- Capacity shortages remain a significant risk to service delivery.
- The Vocational Rehabilitation Programme expanded to support injured workers' reintegration into employment and entrepreneurship.
- Continued partnership with the Inspection and Enforcement Services (IES) branch for Occupational Health and Safety initiatives.
- Job creation outcomes declined: 99 youth jobs created through the Presidential Youth Employment Intervention (144 in 2023/24).

The Compensation Fund remains financially stable; however, it continues to underperform in key areas such as governance, audit outcomes, and human resource management. Although there have been improvements in service delivery turnaround times, the persistence of a disclaimer audit opinion, ongoing irregular expenditure, and overall declining performance highlight the urgent need for decisive leadership and strengthened parliamentary oversight. The Portfolio Committee should prioritise follow-up on the implementation of the Audit Action Plan, the filling of critical vacancies, progress in ICT modernisation and unbundling reforms, and the strengthening of accountability mechanisms to ensure clean governance and the effective delivery of compensation services.

Unemployment Insurance Fund (UIF)

Overview of the Unemployment Insurance Fund (UIF) Annual Report 2024/2025

The Unemployment Insurance Fund (UIF), a Schedule 3A public entity under the Department of Employment and Labour (DEL), continues to face systemic governance, structural and operational challenges despite marginal improvements in service delivery and financial management during the 2024/25 financial year. The period under review was marked by leadership instability three Acting Commissioners serving during the year, and an ongoing limitation in the Fund's governance model, as the UIF Board remains advisory rather than fully empowered to implement strategic or corrective interventions. The UIF spent 99% of its allocated budget, indicating a sound financial management discipline, yet this has not translated into proportionate improvements in performance outcomes or audit quality.

Performance Overview
Programme 1: Administration

- Audit improvement remains a major concern. The UIF once again received a qualified audit opinion from the Auditor-General, despite a "task team" being established to achieve an unqualified opinion by 2026/27.
- Only 34% of audit action plans were implemented (target: 100%), reflecting slow institutional responsiveness to audit findings.
- POPIA implementation stood at 93%, slightly below target, due to capacity constraints in the Office of the Information Officer.
- Fraud and corruption cases: While 100% of "simple" cases were finalised within 90 days, only 39% of "complex" cases met the deadline. Cost containment measures delayed investigations due to travel restrictions on investigators.

Programme 2: Business Operations

- Unemployment benefits: 93% of claims were processed within 15 working days, exceeding the 92% target.
- In-service benefits (maternity, illness, adoption): 90% were processed within 10 working days (target: 92%).
- Deceased benefits: 91% were processed within 20 working days (target: 92%).
- Despite ICT and staffing challenges, the claims-processing performance shows notable resilience. However, service quality remains inconsistent across provinces due to infrastructure disparities and recurring SITA network failures.

Programme 3: Labour Activation Programme (LAP)

- The LAP remains the weakest performing component of the UIF.
    - Only 28,563 beneficiaries were trained through employability programmes against a target of 360,000, achieving less than 10% of the target.
    - Conversely, 860 enterprises were supported (target: 90), a positive outcome largely attributed to ongoing projects with the NYDA and Productivity SA.
- Persistent governance and value-for-money concerns continue, as the Board has not yet instituted the recommended overhaul of the LAP procurement and monitoring systems.

Institutional and Governance Environment

The UIF's structural design remains a barrier to effective governance. As an advisory board, the entity lacks full decision-making authority over operational and financial matters, which weakens accountability lines and slows reform implementation. The "Fit-for-Purpose" organisational restructuring project and unbundling process, intended to redefine UIF's governance and capacity framework, have been delayed due to stakeholder consultations and internal capacity gaps. The leadership turnover further undermines continuity in strategic execution. The simultaneous absence of joint planning and coordination among the Board, Management, and Executive Authority exacerbates fragmentation in oversight and accountability.

Service Delivery and Modernisation

Significant efforts were made to improve service accessibility:

- Digital transformation: The Enterprise Architecture ICT Strategy was approved and partially implemented.
- New customer channels: USSD systems, kiosks, mobile app, and free Wi-Fi at labour centres expanded user access.
- Rural outreach: Procurement of 17 mobile buses was near completion, yet delays in deployment affected service expansion.

However, the Integrated Claims Management System has not yet been fully deployed, forcing reliance on manual interventions and overtime to meet turnaround targets. The reliance on temporary contracted financial and ICT skills highlights a lack of sustainable in-house capacity.

Financial Management and Audit

The UIF maintained fiscal discipline, with 99 per cent budget expenditure, and continues to recover irregular COVID-19 TERS payments through the "Follow the Money" project, reclaiming R2.5 billion to date. Nonetheless, the recurring qualified audit opinion underscores persistent deficiencies in internal controls, supply chain management, and financial reporting. Only 75 per cent of supplier invoices were paid within 30 days, below the PFMA standard of 100%.

The 2024/25 Annual Report shows a UIF that is operationally active but structurally constrained. Incremental improvements in service delivery and financial discipline coexist with persistent governance weaknesses, audit findings, and strategic inertia. A decisive structural and legislative reform, particularly the empowerment of the Board, strengthening of ICT systems, and overhaul of the Labour Activation Programme, is essential for UIF to function as an effective social insurance institution that protects workers and promotes employment sustainability.

National Economic Development and Labour Council (Nedlac)

Overview Nedlac Annual Report 2024-25

- Nedlac achieved 88 per cent of its Annual Performance Plan (APP) targets, delivering on 14 of 16 targets.
- The institution received a clean audit for the third consecutive year, indicating sound financial management and compliance with the Public Finance Management Act (PFMA).
- Stakeholder satisfaction was 84 per cent demonstrating confidence in Nedlac's operations and relevance as South Africa's premier social dialogue platform.

Policy and Legislative Impact

Nedlac played a central role in national policy-making and legislative engagements, finalising key processes that affect the economy, labour market, and governance:

- Labour Law Reform Task Team concluded amendments to:
  - ✓ Labour Relations Act (47 changes)
  - ✓ Basic Conditions of Employment Act (13 changes)
  - ✓ Employment Equity Act (3 changes)
  - ✓ National Minimum Wage Act (2 changes)
- Facilitated engagements on seven other policy instruments, including:
  - ✓ *National Labour Migration Policy*
  - ✓ *Expanded Public Works Programme (EPWP) Policy*
  - ✓ *Tobacco Products and Electronic Delivery Systems Control Bill*
  - ✓ *Gas Amendment Bill*
  - ✓ *Social Services Practitioners Bill*
  - ✓ *Immigration Regulations Amendment*
  - ✓ *Electronic Deeds Registration Systems Amendment Bill*

This legislative activity reflects Nedlac's continued role in balancing socio-economic interests through inclusive dialogue.

Governance and Leadership

- Leadership transition: Ms Lisa Seftel concluded her term as Executive Director in February 2025; Mr Makhukhu Mampuru assumed office thereafter.
- Governance structures Executive Council, Audit and Risk Committee, and Management Committee remain functional and effective.
- The clean audit outcome confirms effective internal controls and financial discipline.

Financial Position

- Budget pressures persisted, with constrained fiscal allocations and donor shortfalls.
- Irregular expenditure of R2.1 million was recorded, linked to historical contractual obligations.
- Despite a negative cash flow and a net current liability position, the entity maintained overall financial stability and compliance.
- Continued financial vigilance will be critical to avoid future liquidity challenges.

Institutional Capacity

- Staff complement: 57 employees, of whom 70% are women and 86% are Black.
- HR, ethics, and training policies were updated.
- 80% training achievement rate under the capacity-building programme.
- IT and facility upgrades implemented, including:
  - Transition to energy-efficient systems,
  - Upgraded cybersecurity measures,
  - New backup and Wi-Fi infrastructure.

Presidential Climate Commission (PCC) Integration

- The Climate Change Act (2024) formally established the PCC as a Schedule 3 entity hosted by Nedlac.
- PCC achievements include:
  - Development of a National Climate Change Response Fund,
  - Research on Just Transition and Climate Finance,
  - Youth and Higher Education climate outreach programmes.
- Integration of the PCC within Nedlac highlights the growing link between labour market policy and climate transition policy.

Strategic Contributions

- The 29th Nedlac Summit produced the "30 Years of Democracy Review", reflecting on achievements, challenges, and recommendations for the 7th Administration.
- Supported social dialogue around South Africa's G20 Presidency (2025), AfCFTA implementation, and Government of National Unity priorities.
- Continued leadership in tripartite and regional dialogue with SADC and ILO partners.

The 2024/25 Annual Report presents a picture of a well-governed and strategically important institution that continues to play a central role in South Africa's system of social dialogue. However, concerns persist regarding sustainability risks, capacity constraints, and the persistent gap between Nedlac's negotiated agreements and their implementation by the government. The Committee should therefore maintain close oversight of Nedlac's financial health and audit outcomes, the implementation of labour reforms and policy commitments, and the institution's readiness to fulfil its expanding mandate in relation to climate transition and inclusive economic development.

Productivity SA

Overview of the 2024/25 Annual Report – Productivity SA

Productivity South Africa (Productivity SA) is a public entity established under the Employment Services Act, No. 4 of 2014, reporting to the Department of Employment and Labour (DEL). Its mandate is to promote employment growth and productivity, thereby enhancing South Africa's competitiveness and socio-economic development. During the 2024/25 financial year, Productivity SA operated under difficult economic conditions marked by slow growth, high unemployment, and resource constraints. Despite these challenges, the entity achieved 85 per cent of its Annual Performance Plan (APP) targets, improving from 77 per cent in 2023/24.

Performance Highlights

Table 6: Overall Programme Performance

Programme	Targets Achieved	Achievement %	Key Results
1. Administration	4 of 5	80%	Improved audit outcomes and HR training. Some delays in 30-day supplier payments.
2. Competitiveness Improvement Services (CIS)	3 of 3	100%	Supported 1 323 SMMEs, capacitated 2 696 workers and managers, preserved 3 241 jobs.
3. Business Turnaround and Recovery (BT&R)	2 of 3	67%	Saved 7 094 jobs (target: 3 850), supported 40 distressed firms. Delayed UIF funding affected output.
4. Research, Innovation & Statistics (RIS)	2 of 2	100%	Produced 4 research reports, published the national Productivity Statistics 2024, and IMD Competitiveness Yearbook results.

Overall organisational achievement: 85% (11 of 13 APP targets met).

Financial Overview

- Total revenue: R118.6 million (vs R168 million budgeted).
- Main funding sources: DEL (R61.4m), UIF (R27m), the dtic (R10m).
- Shortfall: R49 million, mainly due to delayed UIF disbursement and underperformance in revenue generation.

- Additional support: R9.5 million emergency assistance from DEL (March 2025).
- Financial position: Assets R64.5m; Liabilities R47.1m; Surplus R17.3m – technically solvent.
- Audit outcomes: Improved – findings reduced from 14 to 10; fruitless and wasteful expenditure decreased from R713k to R405k.

Governance and Oversight

- The Board's term was extended to 31 July 2025, pending appointment of a new board.
- Portfolio Committee engagements: Productivity SA appeared before the Committee five times during 2024/25 for APP, quarterly, and annual reporting.
- The Committee noted strong performance despite chronic underfunding and a limited national footprint.
- The Audit and Risk Committee and Internal Audit functions were fully operational.

Key Challenges

- Underfunding and capacity constraints limiting national reach and service delivery.
- Delayed UIF funding caused disruption in BT&R implementation.
- High vacancy rate due to fiscal constraints and Treasury moratoriums.
- Dependence on conditional funding transfers, creating financial instability.
- Procurement capacity weaknesses and delays in supplier payments.
- Revenue underperformance despite adoption of a Revenue Generation Strategy.

Strategic Outlook

- Kaizen Centre of Excellence: Productivity SA aims to position itself as a national hub for productivity enhancement.
- Expansion of digital transformation and innovation projects to support SMMEs and cooperatives.
- Implementation of the Productivity Ecosystem for Decent Work Project with the ILO.
- Continued collaboration with DEL, UIF, and the dtic to ensure programme continuity and job preservation.

Productivity SA continues to perform well relative to its constrained resources and plays a critical role in job preservation, enterprise competitiveness, and productivity enhancement. However, its financial instability, limited capacity, and dependency on conditional funding threaten sustainability. The Committee should focus its oversight on securing stable funding, institutional capacity building, and national reach to strengthen the entity's impact on employment and productivity in South Africa.

7. Committee Observations and Recommendations

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

7.1 General observations

During the 2024/25 financial year, the Department of Employment and Labour (DEL) operated in a challenging economic environment marked by weak GDP growth, fiscal austerity, and persistent structural constraints. South Africa's economy grew by approximately 1.2 per cent, driven mainly by a modest recovery in the services and manufacturing sectors, while energy supply interruptions, logistics inefficiencies, and subdued investment confidence continued to impede productivity. Fiscal consolidation measures limited public sector spending, directly affecting the Department's operational capacity, particularly in employment facilitation, infrastructure maintenance, and the filling of critical vacancies.

The labour market remained under significant pressure, with an official unemployment rate of 32.1 per cent and youth unemployment above 43 per cent. Formal job creation remained stagnant as businesses struggled under high operating costs and slow economic growth. The Department's employment and enforcement programmes were therefore implemented amid rising demand for public employment services and greater pressure to protect vulnerable workers through compliance inspections, minimum wage enforcement, and equity promotion. High inflation and rising living costs also intensified worker vulnerability and reduced real incomes, underscoring the importance of effective labour protection and fair wage policies.

The broader economic conditions also affected the performance of Supported Employment Enterprises (SEE), whose revenue declined sharply due to reduced public sector procurement and weak private demand. Load-shedding and infrastructure deficiencies further disrupted production in

SEE factories and departmental service centres. The Committee observed that these macroeconomic factors, while external to the Department, significantly influenced its ability to achieve employment creation and compliance targets. It concluded that sustained economic recovery, improved infrastructure, and effective policy coordination remain essential for the Department and its entities to deliver on their mandates of promoting decent work, fair labour practices, and inclusive growth.

Additionally, improved coordination between the Department of Employment and Labour (DEL) and its entities can significantly enhance the quality of financial statements by ensuring consistency, accuracy, and accountability in financial reporting. Through better alignment of accounting systems, timely data sharing, and standardised reporting practices, the Department can eliminate discrepancies and ensure complete, audit-ready information. Regular joint financial reviews and audit committee meetings strengthen oversight, enabling early detection of errors or irregularities. Shared technical expertise and uniform application of financial management procedures across entities also promote compliance with the Public Finance Management Act (PFMA) and Generally Recognised Accounting Practice (GRAP). Ultimately, effective coordination fosters transparency, reduces audit findings, and enhances the overall credibility of the Department's financial statements

7.2 Department of Employment and Labour

Table 7: Committee Observations and Recommendations – Department of Employment and Labour (DEL) 2024/25

No.	Committee Observations	Committee Recommendations
1	The Department achieved 73% of its annual performance targets, reflecting a decline from 81% in the previous year. This indicates a regression in overall performance and weaknesses in programme coordination and accountability.	The Department must strengthen performance management and accountability mechanisms, ensuring branch heads are held responsible for underperformance and that corrective measures are implemented within six months.
2	There is persistent leadership instability, with four Acting Accounting Officers during the year and a high vacancy rate (34%). This instability affects governance and service delivery.	The Department must fill all critical vacancies, including senior management posts, by the end of quarter 4 of 2025/26 in particularly in the Director General position and Commissioners, in the process of implementation, and report progress quarterly to the Committee.
3	The Department received a qualified audit opinion for 2024/25, a regression from the prior unqualified opinion. The AG cited inadequate supporting documentation and weak internal controls.	The Department must fully implement its Audit Action Plan and provide the Committee with quarterly updates on progress made in addressing all audit findings.
4	There was R271 million in irregular expenditure and R1.8 million in fruitless and wasteful expenditure, including R23 million for unused SAP licences.	The Department must finalise investigations into irregular and fruitless expenditure and enforce consequence management against officials responsible.

5	Delays in the SAP Diphetogo project and reliance on outdated ICT systems continue to hinder service delivery and data management.	The Department must accelerate the implementation of modern technology and report quarterly to the Committee on ICT upgrades and expenditure.
6	The implementation of DPSA Circular 49 of 2023 had restricted the filling of posts, thus contributing to service delivery challenges.	Given the lifting of the DPSA restriction, the Department should fast-track the filling of critical posts and front-line services delivery, prioritise the filling of the Director-General position to bring stability in the Department.
7	Public Employment Services (PES) exceeded registration and placement targets but lacks mechanisms to measure the sustainability of placements.	PES must develop and implement a tracking system for post-placement outcomes to assess long-term employment sustainability.
8	The Inspection and Enforcement Services (IES) branch achieved strong results but continues to face inspector shortages and resource constraints.	The Department must increase inspector recruitment and training and ensure sufficient resources for compliance and enforcement activities.
9	There is slow progress in Employment Equity (EE) transformation across sectors, with many employers not meeting sectoral targets.	The Department must strengthen monitoring and enforcement of Employment Equity compliance and finalise the implementation of sectoral EE targets by 2025/26.
10	The Department's internal audit and risk management systems remain weak, and audit findings are repeated annually.	The Department must enhance the independence and capacity of internal audit and risk functions, ensuring regular oversight by the Audit Committee. Additionally, the report of the Audit Committee on the implementation of Audit Action plans should be submitted to the Committee as part of the Department's quarterly report. The Committee also recommends that the Department should commit to 6 months in-year interim Audits by AGSA as a way of strengthening early interventions to improve final audit outcomes.
11	Poor infrastructure and unsuitable office facilities in several provinces hinder service delivery.	The Department must develop an Infrastructure Improvement Plan with timelines and costings for Labour Centre upgrades and submit it to the Committee for oversight.

12	The Supported Employment Enterprises (SEE) remains in financial distress and continues to receive adverse audit opinions, undermining the Department's credibility.	The Department must intensify the implementation of the preferential procurement targeted toward persons with disability and table a progress report to the Committee each quarter.
13	Consequence management is weak, with delays in disciplinary processes and limited accountability for financial mismanagement.	The Department must strengthen consequence management mechanisms and report to the Committee on the outcomes of all disciplinary cases related to financial misconduct. Additionally, the department should operationalise a formal consequence management framework for all backlog cases, including clear protocols for dealing with current non-compliance, irregular expenditure, and misconduct, supported by regular reporting.
14	The Audit Action Plan is in place, but not effectively monitored or implemented.	The Committee recommends that the Department integrate audit action tracking into quarterly performance reports, verified by the Audit Committee.
15	Despite a 98.6% expenditure rate, concerns remain about value for money and programme efficiency.	The Department must conduct efficiency reviews of all programmes to ensure that expenditure translates into measurable outcomes and improved service delivery.
16	Inter-entity coordination between DEL and its entities (UIF, CF, SEE, Productivity SA, CCMA, NEDLAC) remains weak, leading to duplication and misalignment.	The Department must strengthen coordination mechanisms with entities and ensure alignment between departmental and entity performance plans.
17	The department's internal audit function is ineffective due to limited capacity and delays in implementing audit recommendations, impacting oversight and the control environment.	Enhance the capacity of internal audit units within the department to ensure they are fully capacitated and able to provide timely assurance on critical areas, including the implementation of audit recommendations.
18	The department's IT infrastructure is inadequately configured, limiting effective control mechanisms and timely risk detection, contributing to governance failures.	Conduct a comprehensive IT infrastructure assessment and implement a remedial plan based on the AGSA recommendations to strengthen systems for proactive risk detection and control enforcement.
19	The department's financial statements show no significant improvement in quality, with root causes of prior audit findings not effectively addressed, leading to poor financial transparency.	Implement urgent corrective actions to address root causes of audit findings, improve the quality of financial reporting, and ensure timely and accurate financial statements.

7.3 Supported Employment Enterprises (SEE)

Table 8: Committee Observations and Recommendations – Supported Employment Enterprises (SEE) 2024/25

No.	Committee Observations	Committee Recommendations
1	SEE received an adverse audit opinion from the Auditor-General, indicating severe weaknesses in financial management, compliance, and record-keeping.	The Department must implement a comprehensive financial recovery plan for SEE, addressing all audit findings within six months, and submit quarterly progress reports to the Committee.
2	SEE failed to maintain adequate and accurate financial records, including supporting documentation for inventories, receivables, and revenue.	The Department should ensure that SEE introduces a proper accounting and record-keeping system, aligned with PFMA and GRAP standards, with regular internal audit verification. Additionally, the Department must strengthen financial controls by ensuring proper reconciliation of receivables and supporting documentation for inventory adjustments to improve the accuracy of financial statements.
3	SEE incurred irregular expenditure (R23.5 million) and fruitless and wasteful expenditure (R5.5 million) due to poor procurement and contract management.	The Department must finalise investigations into all irregular and fruitless expenditure and enforce consequence management against responsible officials. A report should be submitted to Parliament within the next reporting cycle.
4	Internal audit and risk management functions were ineffective and failed to detect control weaknesses in time.	SEE must strengthen its internal audit and risk management capacity, ensuring independent oversight and quarterly risk assessments reported to the Audit Committee.
5	SEE recorded a 42% decline in sales revenue, with factories operating below capacity and limited private sector engagement.	The Department must implement a sales and marketing strategy to diversify SEE's client base, improve production efficiency, and attract private sector contracts.
6	SEE employed only one additional person with a disability (target: 50), reflecting poor performance against its social mandate.	SEE should establish measurable employment targets and implement skills development programmes to increase employment of persons with disabilities in 2025/26.
7	Approximately 95% of SEE's grant was spent on salaries, leaving minimal funds for production and factory upgrades.	The Department should review SEE's funding model to ensure a more balanced allocation between compensation and operational investment.
8	Weak inventory and asset management resulted in discrepancies between physical stock and financial records.	SEE must introduce an automated inventory management system and conduct bi-annual stock verifications, with findings reported to internal audit.

9	The long-planned Mpumalanga factory remains unfinished, limiting SEE's geographical reach and employment impact.	The Department must provide a detailed implementation plan and timeline for the completion of the Mpumalanga factory, with progress reported quarterly to the Committee.

10	Consequence management for financial misconduct has been slow or absent.	The Department must ensure all pending disciplinary cases related to financial mismanagement are concluded within six months, and outcomes reported to the Committee.
11	SEE remains overly dependent on government subsidies, with limited income generation capacity.	The Department should explore public-private partnerships (PPPs) and new business models to enhance SEE's financial sustainability.
12	SEE's core social mandate to empower persons with disabilities is being undermined by operational inefficiencies and poor oversight.	The Department should reaffirm SEE's social mandate through performance-linked targets and ensure alignment between financial resources and employment outcomes.
13	The SEE could not substantiate the adjustments made to inventories and payments received in advance, leading to material misstatements in the financial statements.	Implement robust procedures for supporting and reconciling inventories and payables, with regular review processes to prevent such discrepancies.
14	The financial management weaknesses identified highlight the need for better capacity and oversight within the SEE to prevent and detect errors and irregularities.	Invest in capacity building and strengthen oversight mechanisms to improve financial management practices and reduce risks of inaccuracies and irregularities.
15	The entity's cash flow statements contain multiple errors, affecting the accuracy of reported cash flows in operating and investing activities.	Enhance internal controls over cash flow reporting, with detailed review and reconciliation processes to ensure accurate disclosures.

7.4 Compensation Fund (CF)

Table 9: Committee Observations and Recommendations on the Compensation Fund 2024/25 Annual Report

No.	Committee Observation	Committee Recommendation
1	The Fund remains financially sound with strong asset growth, but continues to underperform in governance, audit compliance, and accountability.	The Committee recommends that the Department ensure stronger financial oversight and quarterly progress reports on governance reforms and audit compliance.

2	The Auditor-General issued a disclaimer audit opinion for the second consecutive year due to weak financial controls and unreliable information.	The Committee urges the Fund to implement the Audit Action Plan without delay and report quarterly on corrective measures and progress towards a clean audit. Additionally, the Committee recommends that the minister should report to the Committee on progress made on investigations into the Compensation Fund by the fusion centre activities, and based on the progress report that would be provided, a determination on the need for any other investigation that may be necessary to be undertaken would be made.
3	Persistent irregular, fruitless, and wasteful expenditure undermines financial discipline and public confidence.	The Committee recommends strengthening internal control systems and enforcing consequence management against officials responsible for non-compliance.
4	High vacancy rates (10.4%) and limited technical capacity constrain performance in finance, actuarial, and rehabilitation functions.	The Committee recommends filling all critical vacancies within set timeframes and implementing a skills attraction and retention strategy for scarce occupations.
5	Only 52% of planned targets were achieved in 2024/25, reflecting a decline in organisational performance.	The Committee recommends that management develop a Performance Recovery Plan to improve achievement levels to at least 80% by 2026, with regular progress reporting.
6	While service delivery turnaround times improved, inefficiencies remain in claims adjudication and benefit payments.	The Committee recommends strengthening monitoring systems to ensure consistent service delivery improvements and faster turnaround times for beneficiaries.
7	The rollout of the Integrated Claims Management System (ICMS) and Employer Underwriting System is delayed.	The Committee recommends prioritising ICT modernisation and providing Parliament with A detailed implementation timeline and progress report.
8	The unbundling of the CF and UIF remains incomplete, limiting operational autonomy and flexibility.	The Committee recommends that the Department finalise the unbundling process and submit a status report outlining milestones, risks, and timelines.
9	Ethics and anti-corruption programmes are in place, but case resolution remains slow.	The Committee recommends that the Fund expedite investigations of all outstanding cases and strengthen internal ethics and compliance monitoring.

10	Oversight structures such as the Compensation Fund Board and Audit and Risk Committee are functional but not fully effective.	The Committee recommends reviewing the mandate and performance of these oversight bodies to ensure accountability and improved governance outcomes.
11	The CF had inadequate processes to ensure accurate employer assessment and failed to comply with the assessment procedures of the COIDA, leading to incorrect revenue estimates.	Strengthen assessment procedures by ensuring compliance with COIDA requirements and improving employer evaluation processes to enhance revenue accuracy.
12	The CF did not issue notices of assessment to employers who met the criteria for reduction rates under COIDA, affecting the accuracy of statutory receivables.	Implement a systematic process for the timely issuance of assessment notices to all qualifying employers to improve collection and compliance.
13	The CF lacked effective internal controls over revenue from non-exchange transactions, resulting in uncertified receivables and inaccurate financial reporting.	Enhance internal control systems to verify and match receivables accurately, ensuring reliable revenue recognition and financial statements.
14	The CF's investments yielded less than the expected rate of return due to insufficient oversight and risk management of unlisted investments.	Re-assess and strengthen oversight over investments by involving experienced investment committees and implementing better risk management practices.
15	The CF did not maintain adequate records to substantiate compensation benefits, risking misstatements in the financial statements.	Improve record-keeping and documentation processes for compensation benefits and related liabilities to substantiate amounts in financial reporting.
16	The CF was unable to provide sufficient audit evidence for fair value adjustments and contingent assets/liabilities, leading to unsupported restatements.	Establish robust internal controls and documentation procedures for fair value assessments and contingencies to support accurate disclosures.
17	Provisions for outstanding claims and pension capitalised values were not finalised on time, impacting the accuracy of liabilities.	Ensure timely finalisation and review of actuarial reports and provisions to accurately reflect liabilities in financial statements.

7.5 Unemployment Insurance Fund (UIF)

Table 10: UIF Annual Report 2024/2025: Key Concerns and Recommendations

No	Key Concern / Observation	Committee Recommendation
1	The UIF Board is only advisory, lacking the power to enforce decisions or ensure accountability.	The Committee recommends that the Ministry expedites the amendment of the UIF Act to give the Board full decision-making and fiduciary powers.

2	Leadership is unstable, with three different Acting Commissioners in one year.	The Committee recommends that the Ministry urgently appoints a permanent, substantive UIF Commissioner to provide stability.
3	The UIF received another qualified audit opinion, with repeat findings from previous years.	The Committee recommends that the Ministry develops and implements a detailed audit action plan with clear deadlines and quarterly progress reports.
4	Heavy reliance on temporary consultants for core functions like finance and ICT.	The Committee recommends that the Ministry creates a plan to build internal capacity and reduce dependency on external contractors.
5	Severe underperformance: only 28,563 people trained against a target of 360,000.	The Committee recommends that the Ministry provide a corrective action plan to address contract delays and capacity gaps that hinder the LAP.
6	Poor oversight of implementing partners, leading to concerns about value for money.	The Committee recommends that the Ministry conducts a performance and expenditure audit of LAP projects and develop a strict partner accountability framework.
7	Uneven service delivery, with rural areas having poor access to UIF services.	The Committee recommends that the Ministry reports on the rollout and effectiveness of mobile units and kiosks in improving geographic coverage.
8	Continued reliance on manual claim processing, which is inefficient and high-risk.	The Committee recommends that the Ministry accelerates the full implementation and automation of the Integrated Claims Management System (ICMS).
9	Slow fraud investigations, with only 39% of complex cases finalised within a year.	The Committee recommends that the Ministry provides quarterly reports on investigation progress and steps to strengthen the anti-fraud unit.

10	Not fully compliant with the POPIA, risking beneficiary data security.	The Committee recommends that the Ministry ensures a 100% POPIA compliance by a specified deadline and ensure data protection.
11	UIF programs show limited evidence of directly creating jobs or reintegrating workers into the economy.	The Committee recommends that the Ministry conducts an impact evaluation to link UIF spending to measurable job creation and re-entry outcomes.
12	No progress on covering the informal sector and self-employed workers.	The Committee recommends that the Ministry briefs the Committee on the progress of legislative amendments to extend UIF coverage to these workers.

13	Poor coordination between UIF management, the Board, and the Department, leading to delays in decision-making and implementation	The Committee recommends that the Ministry establishes clear coordination protocols and accountability lines between the Board, Commissioner, and DEL to ensure the timely execution of directives.
14	The UIF recognised COVID-19 TERS expenditure, but some employers' payments could not be verified due to a lack of supporting documentation.	Implement rigorous verification procedures and obtain comprehensive supporting documentation before processing payments to ensure validity.
15	There were instances where both employers and employees could not be verified in relation to COVID-19 TERS claims, increasing the risk of incorrect beneficiary payments.	Strengthen verification processes for employers and employees to confirm eligibility prior to benefit payments.
16	The UIF funded a company assessed as being in financial distress despite the company being able to pay dividends and not complying with specific mandatory requirements.	Review and tighten the criteria and verification processes for funding approval, ensuring compliance and avoiding funding to non-eligible entities.
17	The UIF has weak internal controls over benefit payments, including delays in investigating intercepted payments and inadequate segregation of duties.	Improve internal controls by establishing timely investigation procedures and enforcing segregation of duties in payment processes.

7.6 Commission for Conciliation, Mediation and Arbitration (CCMA)

Table 11: Portfolio Committee on Employment and Labour – Observations and Recommendations on the CCMA 2024/25 Annual Report

No.	Committee Observations	Committee Recommendations
1	The CCMA achieved strong overall performance, meeting and exceeding most service delivery targets despite a 6.3% reduction in baseline funding.	The Committee recommends that the Department of Employment and Labour (DEL) engage National Treasury to review the CCMA's funding model to ensure financial sustainability and protect service delivery. Thus, the committee recommends allocating more financial resources towards the CCMA.
2	There was a 7.8% increase in case referrals, with a 122% increase in Section 189A (large-scale retrenchment) cases, creating workload pressures.	The Committee recommends that the CCMA review staffing capacity and explore innovative case management methods (e.g., digital scheduling and pre-conciliations) to manage increasing caseloads effectively.

3	The CCMA's job-saving interventions were commendable 47% of at-risk jobs were saved, and 13 085 were preserved via the TERS scheme.	The Committee recommends that the CCMA and DEL expand proactive retrenchment prevention mechanisms and strengthen coordination between the CCMA, UIF, and DEL's Employment Services to safeguard more jobs.
4	The entity demonstrated good financial governance, maintained a healthy liquidity ratio (1.4:1), and implemented all previous audit recommendations.	The Committee recommends that the CCMA continue to uphold sound financial management practices and maintain full compliance with the PFMA and Treasury Regulations.
5	The CCMA's ICT modernisation (Chatbot, Court Online, AI transcription, Wi-Fi rollout) progressed well, though procurement delays and non-responsive bids hindered completion.	The Committee recommends that the CCMA fast-tracks ICT infrastructure projects, address supply chain inefficiencies, and strengthen cybersecurity to protect sensitive case data.
6	There remains heavy reliance on part-time commissioners and interpreters, which affects consistency and institutional knowledge.	The Committee recommends that the CCMA prioritise the appointment of full-time commissioners, improve human resource planning, and develop a succession and retention strategy.
7	The CCMA successfully expanded access to vulnerable and remote workers (208 000 users; 118 000 new web tool users), but rural access gaps persist.	The Committee recommends enhanced collaboration with SALGA and DEL Labour Centres to increase physical and digital access to CCMA services, especially in rural and underserved areas.
8	The Imvuselelo – The Revival Strategic Plan (2020–2025) concluded successfully, positioning the CCMA for the next strategic cycle.	The Committee recommends that the CCMA present its new 2025–2030 Strategic Plan to the Committee, highlighting how it will address financial sustainability, digital transformation, and access equity.
9	The CCMA's partnerships with social partners, NEDLAC, ILO, SALGA, and business organisations strengthened labour market collaboration.	The Committee recommends that the CCMA sustain and expand partnerships for capacity building, labour relations transformation, and dispute prevention.

10	Persistent economic and energy challenges (slow growth, power cuts, unemployment) increased demand for CCMA services.	The Committee recommends that the CCMA and DEL develop joint resilience strategies, including contingency planning for service continuity during economic and infrastructure crises.
11	The CCMA's operating expenditure was significantly below budget (39.9%), mainly due to reduced travel and training expenses because of virtual platform usage.	Develop a strategic plan to optimise virtual service delivery, ensuring cost savings are balanced with maintaining service quality and staff capability.
12	The number of referrals increased to 193,069, reflecting a high demand for dispute resolution services.	Scale up capacity and resources to manage increased referrals efficiently, possibly by expanding the pool of trained mediators and conciliators.
13	The CCMA overachieved in reaching sectors with access to services, with 208,792 users accessing from targeted sectors, surpassing the target of 120,000.	Continue expanding outreach initiatives to underserved sectors, ensuring equitable access and addressing specific sector needs.

7.7 Productivity South Africa

Table 12: Observations and Recommendations on Productivity SA (2024/25 Annual Report)

No.	Observations	Recommendations
1	Productivity SA achieved 85% of APP targets, showing improvement from 77% in 2023/24. Strong results in CIS and Research programmes, but uneven performance due to funding delays.	Commend PSA for improved performance. The Committee should monitor implementation of the acceleration plan to ensure unachieved targets are recovered in 2025/26.
2	PSA remains underfunded, relying mainly on conditional grants from DEL, UIF, and the DTIC. The delayed UIF tranche disrupted BT and R activities and cash flow.	The Committee should engage DEL, UIF, and National Treasury on a revised, sustainable funding model to provide PSA with predictable baseline funding.
3	The BT&R programme saved 7 094 jobs but supported only 40 firms (target 77) due to funding delays. Implementation lost 8 months of the financial year.	Oversight focus should ensure the timely disbursement of UIF funds and evaluate the effectiveness of turnaround interventions in job retention.

4	CIS programme met all targets: 1 323 SMMEs supported, 3 241 jobs preserved, 2 696 workers capacitated. However, limited reach across provinces.	Strengthen provincial rollout and ensure additional funding to expand CIS to rural and township enterprises.
5	Programme achieved 100%; produced national productivity reports and competitiveness data with IMD. Resource constraints limit research depth.	Provide additional research capacity and data resources to support evidence-based productivity policy and planning.
6	The Board's term was extended to July 2025 pending the appointment of a new one. Governance remains stable, but succession uncertainty persists.	DEL to finalise appointment of a new Board before term expiry to ensure governance continuity and strategic oversight.
7	High vacancy rate and limited human capital due to fiscal restrictions. This affects project delivery and compliance monitoring.	The Committee should request a comprehensive HR and capacity plan to address critical vacancies and strengthen institutional capability.
8	Audit findings improved (reduced from 14 to 10). Fruitless and wasteful expenditure dropped from R713k to R405k.	Maintain momentum through ongoing audit action plan monitoring and enhanced internal controls.
9	PSA's revenue underperformed (R118.6m vs R168m budget). Reliance on grants limits sustainability.	Support PSA's Revenue Generation Strategy, explore fee-based advisory services and partnerships with development agencies.
10	PSA operates only three regional offices covering nine provinces, limiting reach and visibility.	Advocate for expanded provincial presence through partnerships with SEDA, SEZs, and provincial economic departments.
11	Positive outcomes on job preservation and SMME competitiveness, but limited long term impact tracking.	Introduce impact evaluation mechanisms and standardised reporting on jobs saved, productivity gains, and enterprise survival rates.
12	PSA aligns with NDP 2030 and MTDP 2024–2029 priorities, but digital transformation and AI-driven productivity are still emerging areas.	Encourage investment in digital transformation, innovation, and AI capability as productivity catalysts for the future of work.
13	The overall audit outcomes for Productivity South Africa (PSA) indicate a regression compared to the previous year, reflecting increased challenges in financial and performance management.	Immediate action should be taken to address the governance weaknesses and instill a culture of accountability and transparency within PSA.

14	PSA's performance reports contained material findings, suggesting significant deficiencies in implementing adequate controls for reliable reporting and compliance.	Conduct comprehensive skills assessments and targeted training for staff involved in performance and financial reporting to improve competency levels.
15	Weak ICT infrastructure and irregular expenditure issues add to the vulnerabilities that affect PSA's financial and operational integrity.	Upgrade and improve ICT infrastructure to support proactive risk detection, control enforcement, and reliable financial and performance reporting.
16	There is evidence of a lack of a culture of strong performance, accountability, transparency, and consequence management within PSA, impacting audit outcomes and operational effectiveness.	Enhance internal controls, especially around performance reporting, to ensure the accuracy and reliability of achievements reported in audits.

7.8 National Economic Development and Labour Council (Nedlac)

Table 13: NEDLAC Annual Report 2024/25 – Committee Observations and Recommendations

No.	Observation	Recommendation
1	Strong Institutional Performance: Nedlac achieved 88% of its APP targets and maintained a clean audit for the third consecutive year, reflecting strong governance and accountability.	Commend Nedlac for its performance and sustained oversight to ensure continued compliance with PFMA and Treasury guidelines.
2	Effective Social Dialogue: Nedlac successfully facilitated major legislative and policy engagements, including comprehensive labour law reforms.	Encourage Nedlac to maintain its proactive facilitation of multi-stakeholder dialogue and strengthen coordination with the Department of Employment and Labour (DEL).
3	Leadership Transition: Smooth transition from outgoing ED, Ms Lisa Seftel to new ED, Mr Makhukhu Mampuru ensured organisational stability.	Support leadership continuity and request a strategic plan from the new ED outlining Nedlac's priorities and capacity-building approach.
4	Fiscal Constraints: Budget reductions, donor shortfalls, and R2.1 million in irregular expenditure indicate financial strain.	Engage with DEL and the National Treasury to secure stable and adequate funding. Strengthen internal financial controls and risk management.
5	Capacity and HR Challenges: Staff shortages and workload constraints affected performance in Core Operations.	Prioritise filling key vacancies and increasing training budgets to enhance institutional capacity.

6	Integration of the Presidential Climate Commission (PCC): PCC hosted by Nedlac as a Schedule 3 entity under the Climate Change Act (2024).	Clarify governance, financial reporting, and accountability mechanisms between Nedlac, PCC, and DEL. Ensure sufficient resourcing for both entities.
7	Stakeholder Confidence and Inclusivity: Stakeholder satisfaction at 84%, but representation of youth, informal sector, and community voices remains limited.	Review Nedlac's founding documents to promote inclusivity and ensure broader participation of marginalised and community groups.
8	Policy Implementation Gaps: Several policies and Bills processed at Nedlac remain pending or unimplemented.	Request progress reports on all Bills and policies reviewed at Nedlac to monitor implementation and alignment with parliamentary processes.
9	Alignment with National Priorities: Nedlac's work aligns with the NDP, MTDP goals, AfCFTA, and G20 Presidency priorities.	Ensure Nedlac's dialogue outputs inform national policy frameworks and that social dialogue supports employment creation and transformation.
10	Digital and Infrastructure Modernisation: IT upgrades and energy-efficient systems implemented, but some infrastructure maintenance was delayed due to budget limits.	Support continued investment in digital transformation and infrastructure maintenance to improve efficiency and sustainability.
11	Despite good audit outcomes, there is an overall concern regarding limited stakeholder participation, which may impact Nedlac's effectiveness in driving organizational reforms.	Enhance stakeholder engagement by expanding participation of labour, business, and government representatives to foster more inclusive and impactful decision-making processes.

8. 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.