ANNUAL REPORT 2020/2021

National Economic Development and Labour Council

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PART A
GENERAL INFORMATION

GENERAL INFORMATION

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LIST OF ABBREVIATIONS AND ACRONYMS

4IR	Fourth Industrial Revolution
AG	Auditor-General
APP	Annual Performance Plan
BIG	Basic Income Grant
CCMA	Commission for Conciliation, Mediation and Arbitration
Cosatu	Congress of South African Trade Unions
Covid-19	Coronavirus disease of 2019
CPD	Corporation for Public Deposits
CSSRR	Comprehensive Social Security and Retirement Reforms
DC	Development Chamber
DWCP	Decent Work Country Programme
EPP	Employment Promotion Programme
ERLT	Economic Recovery Leadership Team
ERRP	Economic Recovery and Reconstruction Plan
Exco	Executive Council
EPWP	Expanded Public Works Programme
Fedusa	Federation of Unions of South Africa
FSCA	Financial Sector Conduct Authority
GDP	Gross Domestic Product
GRAP	Generally Recognised Accounting Practice
IESBA	International Ethics Standards Board for Accountants
IEJ	Institute for Economic Justice
ILO	International Labour Organisation
ISA	International Standards on Auditing
JTC	Joint Technical Committee
LMC	Labour Market Chamber
LRA	Labour Relations Act
Manco	Management Committee
MISTRA	Mapungubwe Institute for Strategic Reflection
MTEF	Medium Term Expenditure Framework
Nactu	National Council of Trade Unions
Nedlac	National Economic Development and Labour Council
NRRTT	Nedlac Rapid Response Task Team
NSFAS	National Student Financial Aid Scheme
NSSF	National Social Security Fund
PCU	Project Co-ordinating Unit
PFMA	Public Finance Management Act
PFMPC	Public Finance and Monetary Policy Chamber
PPE	Personal Protective Equipment
PWC	Presidential Working Committee
SARS	South African Revenue Service
SETA	Sectoral Education and Training Authority
Stats SA	Statistics South Africa
TERS	Covid-19 Temporary Employee Relief Scheme
TESELICO	Technical Sectoral Liaison Committee of the Trade and Industry chamber
TIC	Trade and Industry Chamber
TIPS	Trade and Industrial Policy Strategies
uBIG	Universal Basic Income Grant
UI	Unemployment Insurance
UIF	Unemployment Insurance Fund
UNCTAD	United Nations Conference on Trade and Development

1. NEDLAC'S MANDATE

The Nedlac Act 35 of 1994 requires the institution to:

- Strive to promote the goals of economic growth, participation in economic decision-making and social equity;
- Seek to reach consensus and conclude agreements on matters pertaining to social and economic policy;
- Consider all proposed labour legislation relating to labour market policy before it is introduced in Parliament;
- Encourage and promote the formulation of coordinated policy on social and economic matters;
- Consider all significant changes to social and economic policy before it is implemented or introduced in Parliament; and
- Consider socio-economic disputes in terms of section 77 of the Labour Relations Act (LRA).

2. NEDLAC'S MODUS OPERANDI

Nedlac conducts its business by using one, or all, of the following methods:

- Negotiating formal consensus-based agreements on economic and social policy issues;
- Facilitating engagements and negotiations on proposed policy or legislation prior to tabling in Parliament;
- Conducting information-sharing sessions and social dialogues on social and economic policies;
- Tracking the implementation of key economic and social issues and facilitating collaboration and co-ordination of social partners where this will further implementation;
- Monitoring progress on the consideration of Nedlac Reports on various legislative issues which have been concluded at Nedlac; and
- Resolving socio-economic disputes in terms of section 77 of the LRA.

3. FOREWORD BY THE MINISTER OF EMPLOYMENT AND LABOUR

Mr. Thembelani Waltermade Nxesi
Honourable Minister of Employment and Labour

It gives me great pleasure to introduce the 2020/21 Annual Integrated Report of Nedlac. This report records how Nedlac has become a significant national hub of social and economic dialogue and decision making in the tumultuous 2020/21 financial year.

Nedlac has been central in co-ordinating the response of the social partners in addressing the Covid-19 pandemic and the economic recovery and reconstruction of our country. It co-ordinated a range of social partners to deliver on many crucial solutions including the Covid-19 Temporary Employee Relief Scheme (TERS), Occupational Health and Safety Directions in respect of Covid-19, the social compact to support Eskom and inputs into the Economic Recovery and Reconstruction Programme (ERRP). Nedlac also monitored the progress of the Presidential Jobs Summit Agreements which have now become integrated into the ERRP.

There has been much improvement and innovation in Nedlac over the 2020/21 financial year. A very successful National Summit was held inviting prominent speakers including the Director-General of the International Labour Organisation (ILO) to reflect on its work. It has held social dialogues on important issues including the Future of Work and the implementation of the ILO (C190) Convention focusing on violence in workplaces.

Confronted with the Covid-19 pandemic, the Nedlac secretariat was able to affect a speedy and seamless transition to working remotely and online which has led to greater efficiency and cost savings.

I congratulate the Nedlac management and staff on receiving an unqualified audit with fewer findings than in the previous year. I would like to thank the Nedlac staff and social partners for the commitment and energy they have put into the Nedlac processes which have played a significant role in accomplishing this achievement.

Honourable Minister of Employment and Labour

Mr. Thembelani Waltermade Nxesi

4. EXECUTIVE DIRECTOR'S OVERVIEW

Lisa Seftel
Executive Director

The year under review was of course impacted by a 'once-in-a-hundred-years' event, necessitating a commensurate response from the social partners. I can confidently say that the social partners rose to the occasion in terms of the collective response to the Coronavirus disease 2019 (Covid-19) pandemic and charting the course of economic recovery for South Africa. Upfront, I would thus like to acknowledge the work done by organised business, community, government and labour in this regard. It was a privilege for Nedlac to be part of the process – oiling the wheels and bringing the glue for processes to come to fruition.

Responding to the Covid-19 pandemic must be considered as Nedlac's first key achievement for the 2020/21 reporting year. When it became clear that South Africa was going to be impacted upon by the Covid-19 pandemic the Nedlac secretariat convened a Covid-19 Rapid Response Task Team (RRTT) which met frequently and worked tirelessly to respond to the Covid-19 pandemic. As a result of the efforts of the social partners:

- Through the holding of special Executive Council (Exco) meetings in April and May 2020, inputs were given to President Cyril Ramaphosa and his Cabinet on how the country should respond to the opening up of the economy.
- The Covid-19 Temporary Employee Relief Scheme (TERS) was set up, monitored and amended as lockdown levels varied. Representatives of organised business and labour engaged tirelessly with management of the Unemployment Insurance Fund (UIF) to ensure that blockages were addressed and workers received their benefits. Over R61 billion was disbursed through this scheme making an enormous difference to the lives of workers and saving many companies from closing.
- A Health and Safety Direction for workplaces was developed and also amended as understanding of the Covid-19 virus grew. This Direction became a crucial guide to employers and workers on how workplaces could open up safely.
- Extensive engagements took place regarding balancing the issues of lives and livelihoods and maximising the safest return to work and business with regard to the retail, tourism, hospitality and liquor-related sectors. A social compact in respect of liquor was considered although no agreement was reached by the end of the period under review.
- Engagements were held on ways to extend and improve the provision of relief to the unemployed and the poor including through social grants, food parcels and school feeding. Towards the end of the period under review, the social partners had overseen the development of a Covid-19 vaccine roll-out plan including a focus on workplace sites.

A second key achievement in 2021/22 was building high levels of consensus between social partners on an economic recovery action plan which was incorporated into the Economic Recovery and Reconstruction Plan of the country. A set of short- and long-term measures was agreed upon in an intensive process lasting no longer than five weeks. This was a significant achievement in view of the contentious and contradictory views that social partners have held in the past on how to build an inclusive economy. Nedlac is now responsible for tracking the progress of the commitments made by all social partners and facilitating areas of collaboration and co-ordination.

A similar achievement of remarkable consensus occurred in the drafting of a social compact to support Eskom. The social compact commits all the social partners to work in different ways to ensure the security of affordable energy. This was one of the commitments made and implemented by the social partners arising out of the Presidential Jobs Summit Agreements.

Despite the upheavals caused by the Covid-19 pandemic, progress has been made on restructuring Nedlac to be "fit for purpose". A revised Strategic Plan was developed shifting Nedlac's role to focus on social dialogue and facilitating processes of social compacting as well as continuing to input into policy and legislative processes. Subsequently, the executive council approved a staff restructuring to align the structure of Nedlac with the new Strategic Plan. The new look Nedlac was evident in the Annual Summit which was not only different because it was virtual but because it brought in outside stakeholders to contribute inputs about the role of Nedlac.

The year has not been without its challenges. While the move to online meetings has often led to improved productivity in terms of ease of meetings, social partners have experienced problems with connectivity which limits their full participation. There are also processes which have taken too long to complete and therefore risked losing value such as the work of the Comprehensive Social Security and Retirement Reforms Task Team (CSSRR).

Nedlac is very pleased to have received an unqualified audit for the third year in a row. While Nedlac's budget was decreased by 12% as a result of the fiscal constraints facing the country, we were able to not only achieve but exceed the initial planned deliverables. There were significant shifts in our spending patterns because, due to the lockdown, we no longer spent money on travel, accommodation and catering for meetings. As a result, at the end of the year, we had a surplus of R 13.9 Million. We will be applying to use this surplus in the 2021/22 financial year.

The Majority of the Irregular Expenditure identified in the current year relates to contracts that were identified as irregular in the prior financial year and Nedlac is in the process of applying for condonation for previous irregular expenditure. We have made good progress at addressing outstanding external audit queries resulting in a 19% decrease in findings from the prior year. It is further noted that there were no material findings reported on the annual financial statements and annual performance report. While our supply chain processes remain slow, there is steady progress in improving our systems and capacity.

I would like to take this opportunity to thank all the Nedlac role players for going the extra mile during the year under review. We have built social partnership and social solidarity together. To the Minister of Employment and Labour for your unwavering support of Nedlac, to the social partners for their indefatigable energy to engage and demand, to the management team and staff at Nedlac for their perseverance and dedication – you have all contributed to making Nedlac a significant part of the story of Nedlac during the 'once in a hundred years' event.

Lisa Seftel

Executive Director

The Nedlac Executive Director on behalf of the Nedlac staff and stakeholders remembers Ms Simnikiwe Sikiwe a former staff member of Nedlac who was part of the Jobs Summit Project Unit and later worked under the Economic Recovery process, and Mr Robert Leigh a member of the Business for South Africa who played a significant role in ensuring the relief for workers as a result of the Covid-19 pandemic. Both members lost their lives to Covid-19.
May their souls rest in peace.

5. MESSAGE FROM THE OVERALL CONVENOR – BUSINESS

Kaizer Moyane
Overall Business Convenor

Just as we were getting used to dealing with the usual problems of poverty, unemployment and inequality in South Africa, the world was plunged into a deeper crisis. It was the Covid-19 pandemic. One by one, governments around the world began to impose restrictions on their economies and people. South Africa also went into a hard lockdown for a few weeks, almost like a panicked reaction, supposedly to prepare the country's health system for the calamity that was surely coming. The Nedlac social partners immediately sprang into action and began a marathon of engagements to secure critical compacts that would become the bedrock of the country's socio-economic response to the pandemic.

Starting with the formation of the Rapid Response Task Team, consisting of senior leaders from all of Nedlac's four constituencies, Nedlac became the engine room where policy interventions were carefully but urgently crafted to deal with the pandemic's escalating threat to lives and livelihoods. Faced with a common enemy, the social partners put aside their traditional differences and worked collaboratively to agree on measures that saw businesses and workers impacted by the pandemic and lockdown, receive financial assistance through a revamped Covid-19 temporary employer/employee relief scheme (TERS) under the auspices of the Unemployment Insurance Fund.

This scheme dispensed billions of Rands in relief at a time when it was desperately needed. The social partners then worked with government to refine the country's risk-adjusted lockdown system, which has seen the country move between lockdown levels, depending on the behaviour of the coronavirus. To complement these lockdown levels, the social partners worked on critical regulations that would help to manage the health and safety of workers, including practical work arrangements and health protocols to avoid or minimise the spread of Covid-19. Employers were encouraged to permit their employees who could reasonably work from home to do so. For those workers who were required to work from their employers' premises, the social partners agreed on safety measures to apply in public transport. With unemployment climbing at alarming rates, and informal work largely interrupted by the lockdown regulations, the social partners also collaborated with government on measures to provide relief. Although logistical challenges abounded, food parcels and the basic grant of R350 were distributed to many desperate South Africans.

I mention these interventions to highlight the great amount of work that Nedlac coordinated during the year under review, in a relatively short period of time, with real and immediate impact on employers, workers and the whole society. It was a collaborative effort. However, from organised Business I wish to acknowledge the dedication and selflessness demonstrated by some senior leaders who prioritised the needs of the country over those of Business or their own, who worked tirelessly in the open and in the background to rally organised business around the common good. I am talking about leaders like Martin Kingston, Cas Coovadia, and many more in Business Unity South Africa and the Black Business Council who made invaluable contributions to the country's response to the pandemic through Nedlac.

For an organisation used to hosting face-to-face meetings, Nedlac pivoted seamlessly onto virtual meeting platforms without much time to prepare. That the institution managed to enable and support participation by all social partners in the many meetings held during the year, deserves to be highlighted and praised. The secretariat, led ably by the Executive Director Ms Lisa Seftel, provided real leadership in facilitating real engagements, often producing quality records within extremely tight deadlines. This commitment by the Nedlac secretariat, especially in the middle of the pandemic, is truly praiseworthy. This commitment will continue to be central as the social partners continue their important work of placing the country on a sustainable economic recovery path. Work has already begun in this regard but needs to be accelerated.

While the work of responding to the pandemic was going on, Nedlac also progressed dialogue on other important work. The Governance Task Team, set up by the Executive Committee, continued its work of reviewing the institution's functioning and composition to ensure it remained relevant and fit for purpose. A broad range of voices were considered by the researchers assisting Nedlac in this regard, which would enrich their recommendations in this critical endeavour. The approved new organisational structure of Nedlac will also support the repositioning of the organisation and its focus.

Nedlac is committed to good governance. It is therefore encouraging that the organisation received an unqualified audit opinion from the Auditor General, for the third successive year. In a year that was unusual and often called for quick, responsive decisions, it is commendable that management stayed within the rules, especially in respect of procurement. With the cooperation and support of all constituencies, management will undoubtedly work to clear the identified audit findings.

With the country's rate of unemployment remaining stubbornly high, especially among young people, social partners continued to work diligently on support measures, especially via the UIF's Covid-19 TERS. The Covid-19 pandemic has also highlighted the need for a responsive and well-resourced health system. Therefore the work on NHI remains critical. I am certain that the dedication of leaders and experts from all Nedlac constituencies will contribute to an affordable and sustainable solution in this regard.

Finally, I wish to express sincere appreciation for the collaboration between social partners during the year under review. In particular, I am grateful to all the Business leaders who put in countless hours to serve on the many task teams and workstreams of the Executive Council and the four chambers, including late nights and weekends, to ensure that the country had a better response to the impacts of the pandemic. The same goes for our social partners and the secretariat, who sacrificed personal and family time to collaborate in Nedlac's work. My thanks also go to my colleagues who convene the Business delegations in the various chambers. They and their task team members have continued to represent the voice of Business in their respective chambers' work programmes.

So, while the country continues to face the threat of a mutating coronavirus, I am confident that Nedlac and its constituencies will continue to work tirelessly to protect lives and livelihoods.

Kaizer Moyane

Overall Business Convenor

6. MESSAGE FROM THE OVERALL CONVENOR – COMMUNITY

Mr. Thulani Tshefuta
Community Overall Convenor

The 2020/21 reporting year had a difficult start shortly after the announcement of the first Covid-19 lockdown in South Africa. The battering effects of Covid-19 exacerbated our socio-economic circumstances and flushed the lives and livelihoods of the people. If anything, the Covid-19 pandemic laid bare what we already knew about poverty and inequality in South Africa. Without a shadow of doubt, Nedlac played a pivotal role in shaping a collective country response to Covid-19 in saving the lives and livelihoods of many people. The Community Constituency is pleased that, in addition to economic measures, its proposals on humanitarian and social relief measures found traction amongst other social partners as part of the response package.

Nedlac is one of the few institutions that managed to adapt to the new way of business continuity in the midst of Covid-19. In this period, Nedlac was able to pursue issues that were already on its agenda and even more emerging issues. Over this reporting period, the 2020/21 financial year, Nedlac was able to process and cover the following issues, among others:

- Various interventions that were proposed and implemented under the auspices of the Covid-19 NRRT;
- Collective effort of social partners towards the development and adoption of the Economic Reconstruction and Recovery Plan (ERRP) and subsequent implementation mechanisms;
- Continued implementation of the Presidential Jobs Summit Framework Agreement;
- Basic Education Laws Amendment Bill;
- Land Expropriation Bill;
- Special Session of the Development Chamber and Public Finance and Monetary Chamber on the National Student Financial Aid Scheme (NSFAS) funding crisis and historical debt challenge; and
- Several Section 77 notices.

Despite delays, we note with keen interest the progress of the work under the Comprehensive Social Security Task Team. The high levels of vulnerability and real-life experiences in the face of Covid-19 have made a strong case to expedite the implementation of different aspects of this Comprehensive Social Security System including the Universal Basic Income Grant (uBIG) alongside other structural economic reforms. This steady progress now must open the way for government to engage meaningfully on the next steps required for the introduction of a uBIG.

The Governance Task Team has made commendable progress towards building Nedlac into an institution that is fit-for-purpose. The research project undertaken with MISTRA and the ILO provides a firm basis upon which constituencies can build. Over time, Nedlac has organically evolved and outgrown the narrow mandate as set out in its outdated founding documents. This task team must conclude its work and report to the governance structures of Nedlac. These structures must take this work forward by focusing on actual amendments that will reposition Nedlac to be fit-for-purpose in driving social dialogue in South Africa.

The fault lines that were exposed by the Covid-19 pandemic have shown the centrality of cooperatives and the informal economy in ensuring economic participation, generating employment and income, and sustaining livelihoods. If properly supported, this sector can create many alternative jobs.

Youth, women, and disabled persons remain on the margins of economic activity. They are the embodiment and face of unemployment, poverty and inequality; this is not sustainable for our democracy.

We acknowledge and commend the efforts of the Executive Director in working with social partners to set Nedlac on a strategic path that asserts the national prominence of issues that matter to the life of our nation. Nedlac is steadily growing into a relevant, responsive and a dynamic organisation and we now witness a sense of stability within the Secretariat.

In the 2020/21 financial year, Nedlac reports an unqualified audit opinion with an impressive 93% performance achievement with thirteen out of fourteen Annual Performance Plan (APP) targets being met.

One of the single biggest threats to our collective efforts is corruption. Despite many assurances and efforts to curtail corruption in the Covid-19 work, it still prevailed. All acts of corruption that have been committed in the face of Covid-19 pandemic must be condemned, diligently pursued and punished to the maximum extent possible.

The key tenets of any new emerging social compact must be intentional in helping us to address the fault lines of unemployment, poverty, and inequality. All work done at Nedlac has to culminate in ensuring that people's lives change for the better.

We wish to thank the Executive Director and the entire Secretariat of Nedlac for their continued support over this period.

Mr. Thulani Tshefuta

Overall Community Constituency Convenor

7. MESSAGE FROM THE OVERALL CONVENOR – GOVERNMENT

Virgil Seafield
Overall Government Convenor

When the warning was sounded some 15 months ago that Covid-19 would become much more than a health crisis, but one that would affect all facets of our lives, one could not have imagined the disruptive scope of its impact on the lives of our people, the havoc it unleashed on our health sector, the destruction of so many jobs and livelihoods and its disastrous effect on our economy.

As we look back over the last year and some three months, what we already observed in the first few months of the pandemic, is that the emerging fault lines in our society were forced wide open. The pandemic amplified the structural nature of our inequality and the poor continued to suffer the brunt of it. Our already fragile labour market haemorrhaged, and our precarious economy continued faltering.

It is in this "perfect storm" that Nedlac had to forge a way to assist government to navigate through the need to "follow the science" in order to protect lives on the one hand and to protect our economy and livelihoods on the other, as if the two are mutually exclusive.

It is in this context that, as we engage on the conclusion of the Nedlac Annual Integrated Report that we have to truthfully consider our achievements against what we set out to do at the start of the 2020/21 financial year.

There are the obvious run-of-the-mill assessments of our work against targets and financial plans. We have to ask questions as to whether the chambers were effective in concluding their different areas of engagement. The critical questions are: Have we satisfied the transformational agenda of the organisation that we set for ourselves? Have we become "relevant"? These are inevitably difficult questions to answer because the work of Nedlac by its very nature demands relevance not only for the social partners but also for government.

The organisation has achieved almost all of its performance targets barring the second quarterly report on the Presidential Jobs Summit, since the work of the Economic Recovery and Reconstruction Task Team overtook the work of the Joint Technical Committee (JTC) which was initially established to oversee the work of the Jobs Summit (refer to Annexure A for the integrated report on the Jobs Summit).

I am certain that I speak on behalf of all government representatives on the JTC, that this represents one of the major opportunities lost to shift the debate positively on the employment imperatives of the Jobs Summit.

Nedlac has not been in as favourable a financial position as it currently is for a long time. This is probably the result of changes to the ways of working employed by the organisation which saved massively on transport and accommodation costs. I am of the view that the most important of these was eventuated by solidifying the managerial financial oversight of the organisation. The challenges for retaining skilled staff in this area of work will continue.

These challenges, highlighted by the current economic crisis, present us with difficult choices, but also with opportunities to drive debates around key policy issues that confront us. The strength of South Africa's capacity to engage in meaningful dialogue has already been successfully tested, but these challenges are an indictment on the social partners under the umbrella of Nedlac to work together towards workable solutions based on consensus. In line with the broader objective of Government to respond to development challenges, we will continue to engage in social dialogue for the realisation of our vision of a better life for all.

The refrain on social dialogue as the essence of Nedlac remains an important role in shaping outcomes. This key role - and the capacity of Nedlac to address it - will depend to a large extent on the outcome of the Nedlac Governance Task Team.

Sadly, it is not the first time that we pose these questions. In a previous report, the Business Overall Convenor, Professor Raymond Parsons made mention of the International Labour Organisation (ILO) assisted Nedlac Review and refers to a report in this regard by Professor Eddie Webster of Wits University. This was in 2007. Yet again in 2021, the ILO assisted Review by the Mapungubwe Institute for Strategic Reflection (MISTRA) presented a report to the social partners that seeks to assist in the governance issues of the organisation. We trust that this will allow for a process that deepens social dialogue and renders the organisation inclusive and fit for purpose.

I wish to thank all of the Nedlac staff for supporting my role as Overall Government Convenor and for their commitment to Nedlac. I also want to express my gratitude to all the Nedlac Overall Convenors and all the members of the constituencies for their cooperation and effort to ensure that Nedlac remains a cherished democratic space. I wish Nedlac management all the best for the coming year with all the challenges that Covid-19 has brought on.

Virgil Seafield

Overall Government Convenor

8. MESSAGE FROM THE OVERALL CONVENOR – LABOUR

Bheki Ntshalintshali
Labour Overall Convenor

The year 2020/21 would be written in the history books as one of the exorbitant disaster years in our lifetime. The Covid-19 pandemic came uninvited with unprecedented speed, since then all our lives have changed in fundamental ways. It barricaded economies and the movement of people. Within a short period the pandemic destroyed global economies and millions of jobs globally and impacted so negatively on lives and livelihoods. To date we have lost 4.5 million lives and over 255 million jobs globally - some of which may be permanent losses. In this context the situation posed many challenges for South Africa and to institutions of social dialogue like Nedlac to find solutions. Nedlac's response required cooperation among all as urgent decisions and interventions had to be made.

It is imperative to recognize at this point the sacrifice that "essential" workers including frontline workers like the healthcare workers, wholesale and retailers, transport, safety and security had to make, at times paying the highest price to save our lives. We salute them and their families, they are our real heroes and heroines.

It is the view of Organised Labour that Nedlac did not disappoint in responding to the challenges, though it could have done better in some respects. Nedlac took a conscious decision that for it to respond to the challenges effectively and efficiently it must adjust its modus operandi. First it changed to meeting virtually, 24/7, with senior leadership from all constituents. The modus operandi was underpinned by the idea that life and livelihood were two sides of the same coin. This approach, in our view was a balanced act and acknowledgement that life lost would never be recovered. Loss of livelihood could be equally destructive with the same consequences. As Organised Labour, we made the greatest contribution on the relief packages including the Covid-19 TERS, followed by government. The lesson learnt in our view, is that with political will our government is able to do more, effectively and efficiently.

Recognizing that the Covid-19 pandemic was not the primary cause of our socioeconomic tragedy, but exposed our conditions of high unemployment, inequality, and poverty. It reminded us that we are still the most unequal society in the world, 27 years into our democratic breakthrough.

South Africa does not lack ideas or capacity to diagnose its problems, particularly within the State. What it lacks is the understanding of a developmental state being efficient, effective, timeously responsive and flexible with the r ability to adjust to an emergency while being productive - that is, to deliver quality services on time. This is evidenced in government's indecision, slow progress or lack of it in implementing the ERRP. Good and excellent plans were crafted at Nedlac which were broadly accepted by many and gave hope that if all are executed, they would positively change our situation. The commitment made by the government of ensuring the participation by the President and some key Ministers gave confidence to social dialogue and commitment to find a lasting solutions.

The characterization of ours as a capable developmental state would not be complete without analysing the capacity of the bureaucracy that is able to link strategy, projects, project management, operational plans, and performance management. We hold the strong view that unless and until we address this, all our grand plans will come to naught. Unless and until the public sector managers manage people, we will go nowhere. We are deliberately focusing on the State fully understanding that government cannot succeed alone, we emphasize its leadership role and ability to discipline business.

Returning to the Covid-19 pandemic, it reminded us of the inadequacies in the state of our health system and laid these bare for us all to see. It confirmed the view that the NHI will be our saviour in relation to the challenges we face in our fragmented health system and the solution available to us is to move with speed in its introduction. The crisis also exposed our lack of capacity in the pharmaceutical sector, despite our resolution to establish a state pharmaceutical company. The current patient to doctor and nurse to patient ratios are not sustainable. The state of our rural clinics is neither justifiable nor sustainable, nor aligned with international norms. This is a crisis that should not be squandered. It offers us an opportunity to think out of the box. The impact of our health system goes beyond the normal challenges that can be seen with the naked eye, they are deeper, and to a certain extent, structural. With all these challenges, our actions on the provision of Personal Protective Equipment (PPE), lack of enforcement of regulations including health and safety, the vaccination programme etc. were not surprising. Having said all this, we acknowledge the positive efforts of all at Nedlac and national government. The comment is based on our view that we could have done better and still have that opportunity to do so.

"Rivers never go reverse. So, try to live like river. Forget the past and focus on the future. Always be positive"

This is what we at Nedlac should focus on. Our message of wearing masks, washing hands, sanitizing, social distancing and taking the jab, should vibrate everywhere.

Returning to Nedlac itself, a few people including academics have expressed their views about Nedlac and posed a question as to whether Nedlac is fit-for-purpose, and in the process tabled a few scenarios. This has raised several questions some supportive and others rejecting the notion of the question. What is missing in the process in our view is the importance of social dialogue. This includes the understanding of the formulation of policy and/or legislative process, including the role of cabinet and parliament. It has been confirmed that with the political will and cooperation among social partners, Nedlac can do more. During a crisis, we all now know what Nedlac can do. Yes, you can only see the stars in the dark. Nedlac's performance during this pandemic is what many countries envy.

Finally, we would want to pay tribute to Mr. Virgil Seafield for his contribution to Nedlac and to the Social dialogue. We worked very well with him though at times the government mandate was limiting and restrictive. We also take this opportunity to welcome new members of Exco (cabinet) hoping that they will continue with the work already commenced, particularly in areas like the ERRP, uBIG, and pension fund reforms including early withdrawal. All ideas moving forward are important and we hope no-one would vulgarise them. Let the year 2021/22 be a year of strength and cooperation. Let it be the year of the Ratification of the ILO Convention 190. A year free of violence and harassment in the world of work.

Bheki Ntshalintshali

Overall Organised Labour Convenor

9. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

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

- All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by the Auditor-General (AG);
- The annual report is complete, accurate and is free from any omissions;
- The annual report has been prepared in accordance with the guidelines on the annual report as issued by the National Treasury;
- The Annual Financial Statements (Part E) have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) standards applicable to the public entity; and
- The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The accounting authority is responsible for establishing and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

External auditors have been engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the entity for the financial year ended 31 March 2021.

Ms. Lisa Seftel

Executive Director: Nedlac

10. STRATEGIC OVERVIEW

Nedlac was one of the first post-apartheid institutions established as is recorded in the Founding Declaration as "the vehicle by which government, labour, business and community organisations will seek to cooperate, through problem-solving and negotiation, on economic, labour and development issues and related challenges facing the country".

Nedlac is established in law through the National Economic Development and Labour Council Act, No. 35 of 1994, and operates in terms of its own constitution.

VISION

To promote growth, equity and participation through social dialogue.

MISSION

To give effect to the Nedlac Act by ensuring effective public participation in labour market and socio-economic policy and legislation, and to facilitate consensus and cooperation between government, labour, business and the community in dealing with South Africa's socio-economic challenges.

VALUES

We respect and promote:

- Accountability;
- Transparency;
- Integrity and ethical conduct;
- A spirit of partnership;
- Problem-solving; and
- Consensus-seeking.

11. LEGISLATIVE AND OTHER MANDATES

Nedlac Act, No. 35 of 1994

Nedlac is a statutory body established through the Nedlac Act No. 35 of 1994. The Nedlac Act sets out the objectives, powers and functions of Nedlac.

Nedlac Constitution

The Nedlac Constitution sets out the composition of Nedlac which shall include an executive council, four chambers, a management committee and a secretariat. It further details the composition and powers of these structures as well as admission criteria for members.

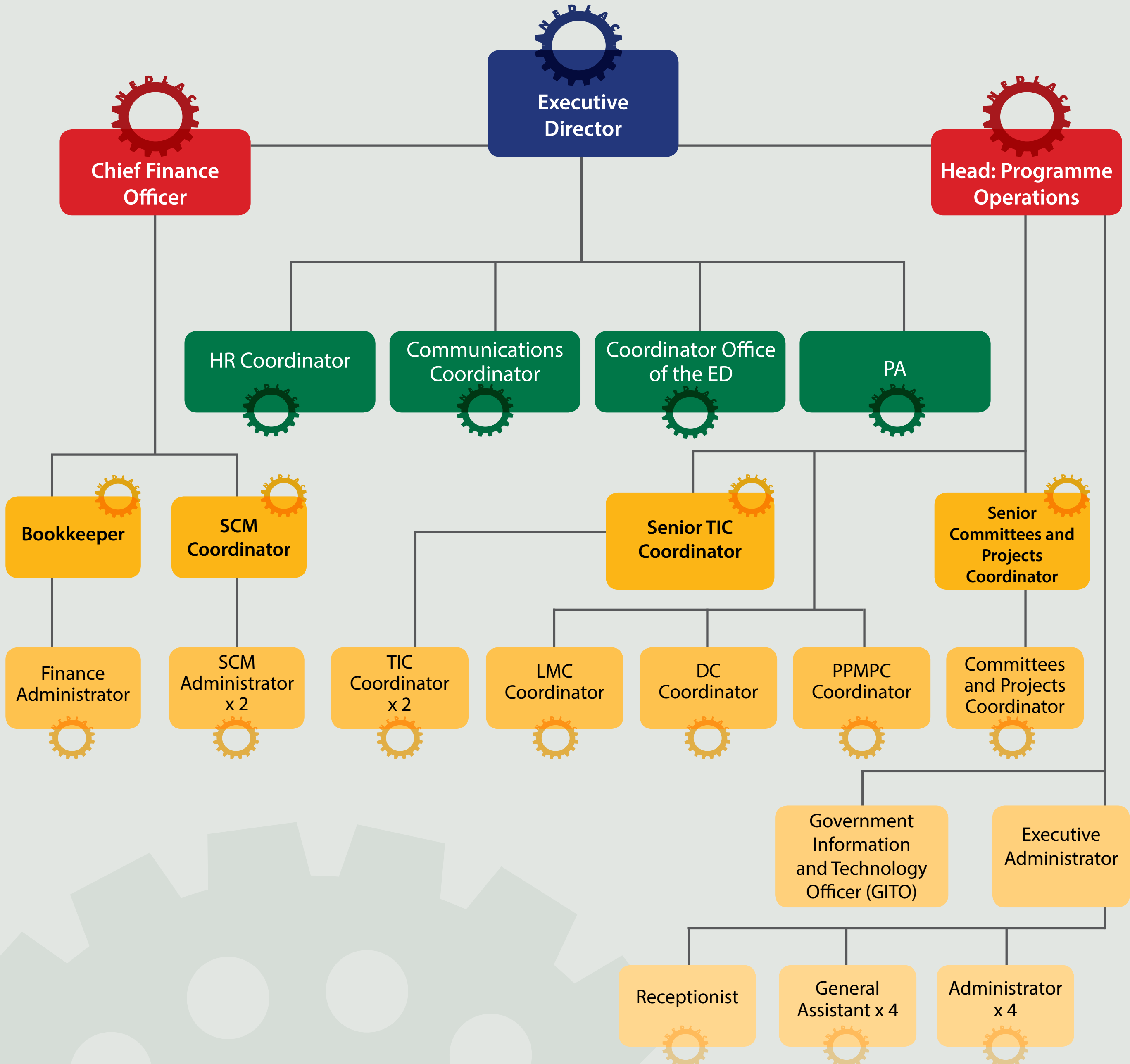
Labour Relations Act, No. 66 of 1995

Section 77 of the LRA sets out a role for Nedlac to give disputing parties, who seek to protest to promote or defend socio-economic interests of workers, an opportunity to find resolution.

Public Finance Management Act, No. 1 of 1999

Nedlac is a Schedule 3(a) public entity and is required to follow the prescripts of the Public Finance Management Act.

12. ORGANISATIONAL STRUCTURE



OUR TEAM

Executive Management

Lisa Seftel
Executive Director

Jonas Shai
Chief Financial Officer
Resigned 30 November 2020

Nobuntu Sibisi
Head: Programme Operations

Farhaan Shamsoodeen
Chief Financial Officer
Started 20 February 2021

Secretariat

Busisiwe Milisi-Mngese
Senior Coordinator Committees & Projects

Nozuko Hlwatika
Coordinator Committees & Projects

Judy Blom
Senior Coordinator Trade & Industry Chamber

Nozipho Ngema
Coordinator Trade & Industry Chamber

Matshidiso Lithebe
Coordinator Trade & Industry Chamber

Priscilla Mashabane
Coordinator Development Chamber

Tsholofelo Lelaka
Coordinator Labour Market Chamber

Vuyisa Tafa
Coordinator Public Finance and Monetary Chamber

Secretariat (Continued)

Nolwazi Mthembu- Makaula
Coordinator in the Office of the Executive Director

Benedict Mokgothu
Government Information Technology Officer

Gilbert Sithole
Coordinator Supply Chain Management

Nthabiseng Koopedi
Coordinator Human Resources

Sharlotte Kopano van Rooyen
Executive Administrator

Nkhensani Mati
Personal Assistant

Joyce Segooa
Supply Chain Management Administrator

Sibongile Pheeha
Supply Chain Management Administrator

Sharon Lerumo
Finance Administrator

Isaac Khalo
Bookkeeper

Cindy Zulu
Administrator

Ruth Mofokeng
Administrator

Basetsana Mokgoare
Administrator

Fiona Nchabeleng
Administrator

Patricia Phogole
Receptionist

Samuel Mulwela
General Worker

Secretariat (Continued)

Thuli Radebe
General Worker

Prudence Zwane
General Worker

Baby Skhosana
General Worker

Presidential Jobs Summit Coordination Unit Staff

Carmel Marock
Team Leader

Sharna Johardien- Newman
Programme Manager

Dineo Modika
Senior Administrator

Simnikiwe Sikiwe
Project Assistant
Deceased - June 2021

Constituency Support Staff

Rejoyce Mudzanani
Community Constituency Administrator

Nonhlanhla Ngubane
Labour Constituency Coordinator

Mbongeni Magula
Government Constituency Coordinator

Lisa Peega
Business Constituency Coordinator

Contract Staff

Thomas Mohl
Senior Accountant
Acting CFO
1 December 2020 -
19 February 2021

PART B

PERFORMANCE INFORMATION

1. AUDITOR-GENERAL'S REPORT: PREDETERMINED OBJECTIVES

The AG has performed the necessary audit on performance information for the 2020/21 financial year.

The AG performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. The AG performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete. There were no material findings on the usefulness and reliability of the reported performance information for the audited programme Core Operations.

2. SITUATIONAL ANALYSIS

2.1 Service Delivery Environment

When the 2020/21 financial year began, South Africa was in Level 5 lockdown and all South Africans were seized with fear and uncertainty as the Covid-19 virus began to spread. A few weeks earlier, South Africa's credit rating was downgraded by rating agencies and the Minister of Finance's budget speech in February 2020 had painted a sober picture of the poor economic situation the country was facing.

The Covid-19 pandemic and lockdown thus contributed to increased unemployment, poverty, hunger and inequality. Unemployment in the second quarter of 2020 reached 40%, with levels of over 60% amongst young people. In March 2021, unemployment figures were at 32.5% and Gross Domestic Product (GDP) growth had declined from 3% in 2010 to -6.97% in 2020, while the budget deficit was up 6.3% in 2020 from 4.6% in 2019. In 2021 public debt rose from 34.7% in 2019 to 62.2%.

One of the principal reasons for the dire pre-Covid-19 situation was the precipitous decline in investment in South Africa by the public and private sectors. On the public side, state capacity and credibility had declined due to lack of institutional integrity and severe accountability deficits while the state had not been able to provide regulatory and policy certainty for investors. Significant resources that should have opened up opportunities in new economic sectors or revitalized infrastructure had been diverted and misappropriated for non-productive resources.

South Africa also faces a sustained energy crisis which has posed material constraints on the ability of the private sector to grow, has acted as a powerful disincentive for new investors to come to South Africa and has impacted negatively on small business thus mitigating against job creation and income-generating opportunities.

Private sector employment in the industrial and mining sector has been on a downward trajectory and future trends in the world of work – including digitalisation, globalisation and climate change do not bode well for growth and job creation in these sectors. Poor economic growth prospects have an impact on the potential for transformation including the growth of dynamic wealth-generating black and small businesses. Despite Broad-based Black Economic Empowerment codes and the Employment Equity Act, white males continue to occupy the majority of senior management positions in private sector positions.

Levels of unionisation are down on previous years and it is increasingly difficult to organise atypical forms of work. The union movement has also been under pressure with fragmentation and division in many of the key private sector unions.

Poor economic growth in the South African context not only increases poverty and marginalisation but intensifies racial inequalities and has reversed the non-racial dividend that the democratisation of South Africa achieved. Economic hardship contributes to serious cracks in social cohesion as is most evident in high levels of gender-based violence in South Africa.

In South Africa, Covid-19 has torn away a veil that had concealed the issues facing our economy and our society, forcing social partners to confront what is really going on. The decision to undertake a stringent and protracted lockdown helped avoid worse infection levels but also had a range of serious negative consequences, including a massive blow to the economy and intense social distress.

The long-term behavioural changes wrought by the pandemic are profound. Certain sectors, such as transport and tourism may never be able to contribute as significantly to GDP and job creation and trends such as increased digitalisation will mean new growth will be in different directions. The most likely effect will be a sustained negative impact on employment, which as noted above was already under intense pressure. Thus, the crisis that South Africa faces is not cyclical or temporary but structural requiring deep and thoroughgoing reform of the economy – initiated primarily by the state but also dependent on the actions of all social partners.

This was the service delivery context that Nedlac and its social partners operated in during 2020/21. In this fragile and unstable economic environment, Nedlac played a crucial role in bringing social partners together to support the Government's response to mitigating not only the spread of Covid-19, but also loss of livelihoods and lives. In the face of these challenges, a significant consensus was forged and trust was built. Organised business, community, labour and government were able to speak with one voice and reach agreement on most areas on what was required to be done to respond to the Covid-19 pandemic and recover and reconstruct the economy. The details of Nedlac's activities are set out in Section B of the report. This contributed to creating hope and confidence for all South Africans.

2.2 Organisational environment

At the start of the 2020/21 financial year, the Nedlac secretariat was required to perform new roles and work in a new way. It adapted quickly and, after the lockdown, there was a total shift from physical engagements at the Nedlac offices to remote working and 100% of engagements taking place on online platforms. New policies were introduced to enable Nedlac to supply constituencies with data and to supply Nedlac staff with cell phones so that this transition could be smooth.

Before the lockdown and the significant worsening of the economic crisis, Nedlac housed a Project Co-ordinating Unit (PCU) to monitor the implementation of the 2018 Presidential Jobs Summit Commitments and co-ordinate meetings of the Presidential Working Committee (PWC), Joint Technical Committee (JTC) and a two-a-side set up to ensure that commitments to create jobs were realised. With the need for a broader economic recovery and reconstruction plan, the social partners agreed to refocus their efforts towards economic recovery. At the end of the period under review, a document tracking whether Jobs Summit Commitments had been achieved, had been institutionalised in government and those that need to be integrated into the work of economic recovery were agreed upon. Thus, as part of an organisational restructuring process, the staff who were part of the PCU are being integrated into the work of economic recovery in Nedlac.

As a result of the significant changes discussed above, the management agreed to develop a new Theory of Change which was included in a revised Strategic Plan for 2020-25. The Theory of Change focuses the organisation on three areas of work, namely:

- Building an effective and accountable institution which accounts for the use of its financial resources, whose staff are productive, whose governance is efficient and effective and whose processes enable effective decision making;
- Achieving significant collaboration between the leaders of business, community, government and labour constituencies to address relevant and important social and economic issues. This will be achieved through social dialogues, agreements or social compacts or facilitated processes in respect of economic, labour market, fiscal and financial and social and development issues; and
- Enhancing the capability of social partners to engage and negotiate on social and economic issues.

This Theory of Change shaped the Annual Performance Plan for 2021/22. New key performance areas and indicators were introduced and there was a necessity to restructure the organisation to be aligned with the new strategy. The restructuring process, *inter alia:*

- Organised the core operations of Nedlac around two units, one focusing on economic issues and the other on labour and development issues. Each unit will be led by a senior manager who will be responsible for the work of the chambers and various task teams including rapid response and leadership task teams per key issues;
- Introduced a new post of Senior Manager: Corporate Services to enable Nedlac to be more efficient and effective, especially in the new normal world of digitalisation as well as to enhance the productivity of and investment in Nedlac's staff;
- Separated out the planning, budgeting, monitoring and reporting from the core operations and situates it within the office of the Executive Director; and
- Re-evaluated all jobs and benchmarked Nedlac salaries to public entities of a similar size and scope of work.

The Nedlac social partners see the restructuring as one part of a broader process of making Nedlac fit for purpose. In the year under review, a Governance Task Team set up by the Exco conducted a study on how Nedlac needs to further change. This study also considered the issue of the representativity of the social partners at Nedlac. The recommendations from the study will be implemented in the 2021/22 financial year.

2.3 Key policy developments and legislative changes

There were no significant changes in the legislative framework which guides the work of Nedlac. At a policy level, Nedlac played a significant role in the development of the Economic Recovery and Reconstruction Plan (ERRP) as indicated above.

2.4 Progress towards achievement of institutional impact and outcomes

Government Priority	Strategic outcome-oriented goal 3	Nedlac progress
Priority 1: Capable, Ethical and Developmental State.	Promote and embed a culture of effective social dialogue and engagement.	Effective social dialogue and engagement was achieved in relation to responding to the Covid-19 pandemic, economic recovery and facilitating inputs about policy and legislation.
Government Priority	**Strategic outcome-oriented goal 4**	**Nedlac progress**
Priority 1: Capable, Ethical and Developmental State.	Enhance governance, and organisational effectiveness and efficiency.	Human Resources policies were reviewed to improve organisational effectiveness. A new governance protocol in relation to the respective roles of the Manco and Exco was introduced.

Government Priority	Nedlac strategic outcome-oriented goal 1	Nedlac progress
Priority 2: Economic transformation and Job Creation.	Promote economic growth, social equity, decent work and employment creation.	Monitoring the implementation of the Presidential Jobs Summit continued and by the end of the period was integrated into the work of economic recovery. An Economic Recovery and Reconstruction Plan was facilitated by Nedlac after significant inputs from social partners.
Government Priority	**Nedlac strategic outcome-oriented goal 2**	**Nedlac progress**
Priority 2: Economic transformation and Job Creation.	Promote effective participation in socio-economic policymaking and legislation.	Seven policies and/or legislative changes were considered in the Nedlac Chambers and reports provided to the respective Ministers.

3. OVERVIEW OF NEDLAC'S PERFORMANCE

Nedlac had 14 planned targets reporting in terms of the Annual Performance Plan (APP) for 2020/21 financial year. A total of 13 targets were achieved, representing 93% overall performance for this period.

One indicator was not achieved in Programme Two, namely, the submission of a progress report to the Joint Technical Committee (JTC) of the Jobs Summit. The reason for non-achievement of this target was that the report could not be considered by the JTC due to the refocusing of the work of Nedlac from the Presidential Jobs Summit Framework Agreement to the Economic Recovery Action Plan (ERAP). A summary of the Annual Performance Indicators is displayed in the table below:

Programme	Annual Planned Indicators	Planned Targets Achieved in 2020/21	Not Achieved	Overall Achievement (%)
Administration	4	4	0	**100%**
Core Operations	9	8	1	**89%**
Constituency Capacity Building Funds	1	1	0	**100%**
Summary	**14**	**13**	**1**	**93%**

3.1 Programme 1: Administration

The purpose of this programme is to enhance organisational efficiency and effectiveness. These indicators seek to improve strategic oversight and governance of the entity, improve risk management, organisational culture, performance and improved transparency.

Achievements

Unqualified Audit

Nedlac obtained an unqualified audit opinion in the audit of the 2019/20 financial year conducted by the AG of South Africa.

The Nedlac 25th Annual Summit

The Summit was convened on 8 Decemeber 2020, under the the theme *"Social compacting for economic recovery in the time of Covid-19: pointers to the future"*. The purpose of the Summit was to seek the views of internal and external parties on how Nedlac and its social partners have performed by responding pro-actively to the Covid-19 pandemic, crafting a social compact to support Eskom, pro-active implementation of the 2018 Presidential Jobs Summit Agreements and in the development of an Economic Recovery Action Plan for the country.

Executive Council (Exco)

In the period under review Exco convened five meetings in addition to the target of four. These additional meetings engaged on the Covid-19 pandemic, the MTEF and the budget.

Monitoring reports

Two monitoring reports were done updating the Manco on progress in the process of consideration of Nedlac Reports once they have been concluded at Nedlac and submitted to the relevant Ministers and Parliamentary Portfolio Committees.

Revised polices

The Performance Management, Human Resources and Asset Management policies were reviewed.

Challenges

In the period under review, Nedlac had to shift to conducting its work online due to the Covid-19 pandemic. Work was able to continue although some social partners experienced connectivity challenges as well as challenges paying for data. This was mitigated to some extent by Nedlac putting in place a process to purchase data for members of constituencies. Poor capacity in Nedlac's supply chain unit leading to delays in procuring service providers.

PROGRAMME 1: ADMINISTRATION

No.	Performance indicator	Actual performance			Planned target 2020/21	Actual achievement 2020/21	Deviation from planned target to actual achievement for 2020/21	Comment on deviation
		2017/18	2018/19	2019/20				
1.1.	Unqualified audit opinion obtained by 31 March each year.	Unqualified audit opinion was obtained by 31 March 2018.	Target not achieved. Qualified audit opinion was obtained by 31 March 2019	Unqualified audit opinion was obtained by 31 March 2020.	Unqualified audit opinion obtained by 31 March each year.	Unqualified audit opinion was obtained.	None	None
1.2.	Performance of Nedlac considered by the Nedlac Annual National Summit by 31 March each year.	Annual Summit was convened.	Annual Summit was convened.	Annual Summit was convened.	Performance of Nedlac considered by the Nedlac Annual National Summit by 31 March each year.	Performance of Nedlac was considered by the Nedlac Annual National Summit on 8 December 2020.	None	None
1.3.	Number of EXCO meetings convened by 31 March each year.	7 x EXCO meetings held including special Exco meetings.	7 x EXCO meetings held including special Exco meetings.	7 x EXCO meetings convened by 31 March 2020.	4 x EXCO meetings convened by 31 March each year.	9 x EXCO meetings convened by 21 March 2021.	5 additional Exco meetings were convened by 31 March 2021.	The additional meetings were convened as follows: In Quarter 1, additional meetings were convened on 17 April, 15 May and 19 June to consider the challenges imposed by the Covid-19 pandemic and also focused on the Supplementary National Budget. In Quarter 3, two additional meetings were convened. The Exco meeting on 2 October 2020 was for Exco to approve the 2019/2020 AG's report, including the Audited Annual Performance Report for 2019/20 and the Audited Annual Financial Statements the 2019/20. The special Exco meeting of 16 October 2020 was convened to engage on the Medium-Term Budget Policy Statement.
1.4.	2 x Monitoring Reports submitted to Manco by 31 March each year.	No target	No target	No target	2 x Monitoring Reports were submitted to Manco by 31 March each year.	2 x Monitoring Reports were submitted to Manco on 21 August 2020 and 19 February 2021.	None	None

3.2 Programme 2: Core Operations

Core Operations is responsible for the day-to-day work of Nedlac in respect of social dialogue, social compacting, processing of legislation and policies and facilitating collaboration.

Achievements

Engagements to respond to the Covid-19 pandemic through the work of the Nedlac Covid-19 Rapid Response Task Team (NRRTT).

Development of a Social Partners' Economic Recovery Action Plan and the subsequent establishment of implementation structures and processes to track and collaborate on the implementation of the Economic Recovery and Reconstruction Plan (ERRP).

Achievement of some commitments in the Presidential Jobs Summit Framework Agreement and integration of others into the ERRP or the processes of social partners.

The commissioning of research by the Governance Task Team on how Nedlac can become fit for purpose.

The conclusion of two Section 77 notices on:

- The Economic Crisis filed by the Congress of South African Trade Unions (Cosatu); and
- Public Transport Challenges filed by Cosatu, the Federation of Unions of South Africa (Fedusa) and the National Council of Trade Unions (Nactu).

Challenges

Consideration by Nedlac structures of the Climate Change Bill was concluded in a slightly longer period than the required six months. This was due to a delay in securing the sign-off from the Community constituency.

Delays in the completion of the work of the CSSR Task Team were because it took longer than anticipated for social partners to sign-off on the research reports.

Concluded Nedlac Reports on draft legislation or policy

Nedlac Reports were finalised on the following legislative and policy matters:

Conservation Agriculture Policy

The objective of the policy is to facilitate the promotion and establishment of ecologically and economically sustainable agricultural systems acceptable to the majority of farmers, that will increase food security levels and address associated national security risks.

National Policy on Comprehensive Producer Development Support (NPCPDS)

The main objective of the policy is to regulate and guide the provision of support measures to various categories of producers, thereby contributing to the restoration of natural resources, as well as promoting a sustainable and competitive agricultural sector.

Draft National Freshwater (Inland) Wild Capture Fisheries Policy

The policy seeks to align inland fisheries governance with constitutional requirements for a sustainable development approach to natural resource utilisation for the benefit of all citizens.

Climate Change Bill

The purpose of the Climate Change Bill is to build the Republic's effective climate change response and a long term, just transition to a climate resilient and low carbon economy and society in the context of sustainable development; and to provide for matters connected therewith.

Upgrading of Land Tenure Rights Amendment (ULTRA) Bill

The purpose of the Bill is to enable the upgrading and conversation into ownership of certain rights granted in respect of land, for the transfer of communal land in full ownership to communities and other related matters. The Bill also seeks to amend sections of the principal act which were found to be unconstitutional.

Basic Education Laws Amendment Bill

The Bill seeks to align the South African Schools Act (Act No. 84 of 1996) (SASA) and the Employment of Educators Act (Act No. 76 of 1998) (EEA) with developments in the education landscape and to ensure that systems of learning and excellence in education are put in place in a manner which respects, protects, promotes and fulfils the right to basic education as enshrined in section 29(1) of the Constitution of the Republic of South Africa, 1996. The Bill also seeks to make certain technical and substantive adjustments to enhance the powers of provincial Heads of Department in respect of the affairs of public schools, to clarify certain existing provisions and to insert certain provisions to cover matters which are not provided for in the existing legislation.

Expropriation Bill

The Bill seeks to provide clarity on the provisions in respect of the expropriation of property for a public purpose or in the public interest. It also provides for the state to expropriate property with nil compensation in certain specified instances to facilitate the delivery of public goods and services including land reform, environmental management and protection, job creation, redistribution of wealth and other socio-economic initiatives.

Special sessions

Special sessions are sessions convened on topics prioritised by the chambers in order to drive development agenda issues. These sessions addressed various issues of engagements as identified by the chambers, namely, the Development Chamber (DC), the Trade and Industry Chamber (TIC), the Labour Market Chamber (LMC) and the Public Finance and Monetary Policy Chamber (PFMPC), in line with the Nedlac mandate.

The Development Chamber (DC) convened the following special sessions:

Infrastructure Investment Plan (19 June 2020)

The Infrastructure Investment Office was established by President Ramaphosa on 15 December 2019. The Office developed an Infrastructure Investment Plan which was presented in the Chamber. The investment plan anticipates addressing a history of massive infrastructure underspending by all spheres of government and state-owned enterprises. The Plan has also been conceptualised as part of the country's strategy to revitalise the economy and reduce unemployment.

Expanded Public Works Programme (EPWP) (16 October 2020)

The purpose of the session was for government to provide a status report on the state of the EPWP and report on challenges that Nedlac social partners had identified. The session also sought inputs from social partners on options to tighten the controls in relation to the disbursements to provinces and municipalities that implement the EPWP.

The Public Finance and Monetary Policy Chamber (PFMPC) convened the following special sessions:

FinScope Research 2019 (25 November 2020)

The FinScope research is conducted by FinMark Trust annually on the progress in relation to financial inclusion in South Africa. The purpose of the session was to understand access to, use of and demand for financial services by both the formal and informal sectors; track uptake and usage of financial products or services by the public; and identify how people's financial services needs and perceptions are evolving and identify how well the financial sector is currently meeting people's needs.

Addressing Unclaimed Benefits (28 May 2020)

The session received a progress report from the Financial Sector Conduct Authority (FSCA) on tracking beneficiaries for unclaimed benefits. The key reasons for unclaimed benefits related to foreign workers that leave the country shortly after the expiry of their work permits and are not able to claim their benefits if they are resident in their home countries; failure by fund members to inform dependents when members pass on; and failure by boards of funds to take all reasonable steps to trace and pay those entitled to unclaimed benefits. The Chamber made a number of proposals to address these challenges.

Development and Public Finance and Monetary Policy Chamber (PFMPC)(30 March 2021)

The PFMPC convened a joint meeting with the DC on the National Student Financial Aid Scheme (NSFAS) funding crisis and historical debt challenge. The meeting acknowledged government's predicament regarding provision of sustainable funding for higher education. At the meeting, social partners agreed to establish a task team to engage on possible solutions and to assess progress made on the implementation of the recommendations made by the Higher Education Commission of Inquiry (the Heher Commission).

The following special sessions were convened by the Labour Market Chamber (LMC):

Essential Services Commission (ESC) (1 December 2020)

The purpose of the session was for the ESC to make presentations to the Chamber on challenges it has encountered in relation to compliance and interpretation of the LRA challenges in terms of dispute resolution mechanisms. Furthermore, it was an opportunity for social partners to provide inputs on measures to assist ESC to address the identified challenges.

Special session with Statistics South Africa (Stats SA) (19 November 2020)

The purpose of the session was for Stats SA to update the Chamber on the Quarterly Labour Force Survey, employment and unemployment rates and the impact of Covid-19 on data collection.

Special session on dispute resolution with the Commission for Conciliation, Mediation and Arbitration (CCMA) and collective bargaining (25 June 2020)

The purpose of the session was for the Chamber to understand CCMA priorities, programmes and challenges for the year including how they were responding to the Covid-19 pandemic.

The Trade and Industry Chamber (TIC) convened the following special sessions:

"ECONOMY AND COVID-19"- UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT (UNCTAD)

This was an information sharing session on the *UNCTAD Trade and Development Report 2020: From Global Pandemic to Prosperity for all: Avoiding another Lost Decade*.

Special session on the Fourth Industrial Revolution (4IR) Diagnostic Report (21 May 2020)

The Diagnostic Report outlined the work completed by the Presidential Commission on the 4IR, with a specific emphasis on the principles of 4IR strategy and recommendations to guide South Africans in crafting a shared 4IR future. The report emphasised the role of institutional actors in leading and resourcing the work that must be undertaken to ensure success.

The Executive Council (Exco) convened the following special sessions:

Special Exco on deepening cooperation as part of the national effort to combat the coronavirus (Covid-19) (17 April 2020)

This session which was requested and chaired by President Ramaphosa, discussed proposed measures to contain the spread of the virus and to minimise loss of life and livelihoods.

Special Exco on a follow up engagement on Covid-19 (15 May 2020)

This session which was also requested and chaired by the President was an opportunity for government to obtain inputs from social partners on the impact of Covid-19 and proposals to re-open the economy safely.

Economic Recovery Forums (13 August 2020 and 15 September 2020)

These two forums were chaired by President Cyril Ramaphosa. At the first session, the President requested that the social partners present their plans for economic recovery. After a series of 10 meetings, at the second session the social partners reported on their collective endeavours to produce a Social Partners' Economic Recovery Action Plan which set out the short- and long-term steps to address business confidence and turn the economy around after the Covid-19 pandemic.

Additional work of Chambers

Trade and Industry Chamber (TIC)

The following matters were discussed by the TIC:

- **Trade and Industry Chamber (TIC) and Technical Infrastructure Agencies (TIA) (23 February 2021)**

During 2020, recommendations on how these agencies could better function were finalised by social partners and sent to the Minister of Trade, Industry and Competition. A follow-up TIC/TIA workshop was held focusing on business' proposal on the implementation of a Supplier Declaration of Conformity standard.

Public Finance and Monetary Policy Chamber (PFMPC)

The PFMPC focused on the stabilisation of South African Revenue Services (SARS) as well as inputs on the National Budget. Engagements were held on possible solutions in order to enable SARS to serve a higher purpose of enabling government to build a capable state that fosters sustainable economic growth and social development that serves the wellbeing of all South Africans.

Labour Market Chamber (LMC)

The following matters were discussed by the LMC:

- **Extending Unemployment Insurance (UI) coverage to include atypical workers**

A task team was set up to consider possible regulatory or legislative changes to enable the extension of UI benefits to this category of workers. This became more urgent in the context of the Covid-19 pandemic as atypical workers were not able to receive relief or income replacement from the UIF.

- **Revised Skills Strategy**

Government tabled a revised skill strategy to support the successful implementation of the Economic Reconstruction and Recovery Plan (ERRP) and to review the role of the Sectoral Education and Training Authorities (SETAs).

- **Decent Work Country Programme (DWCP) – Future of Work webinars**

Nedlac in partnership with the International Labour Organization (ILO) hosted a webinar series on the Future of Work in South Africa to provide an opportunity for social partners to gain and improve their understanding on the future of work and its potential negative and positive impacts, and to identify possible interventions to mitigate negative impacts and take advantage of positive impacts. The webinars enabled social partners to explore appropriate policy responses on the future of work to advance and safeguard the promotion of decent work. The webinar series covered the following thematic areas: 4IR and Innovation, Climate Change, Demographic Shifts and Globalisation, and Covid-19.

Demarcations Standing Committee-Resolution of Demarcation Awards

In terms of Section 62 of the LRA, the CCMA is required to consult with Nedlac prior to making a demarcation award as to which bargaining council a particular sector may fall under. The Demarcations Standing Committee considers the draft demarcation awards and indicates their support or not of the award by the Commissioner of the CCMA. Nedlac received 32 demarcation award applications from the CCMA in the year under review. All these applications were considered within the required 21 days of receipt by the Standing Committee.

Special Projects and Manco Task Teams

The following work was done or is still being done by Manco Task Teams:

Comprehensive Social Security and Retirement Reforms Task Team (CSSRR)

The task team conducted the following research studies:

- **National Social Security Fund (NSSF)**

Assessed the impact of a proposal on savings and investments in South Africa.

- **Financial Feasibility of a Basic Income Grant (BIG)**

The purpose of this project is to assess the fiscal feasibility of providing income support to individuals who are between the ages of 18 to 59 in South Africa, considering the nature of income support (universal or means-tested, and conditional or unconditional), the value of income support (to cover nutritional needs, reduce poverty or provide a certain standard of living), links to the labour market and its macroeconomic and socio-economic impacts. The implementation of a BIG would be a huge financial addition to the fiscus, and therefore it was recommended that alternative sources of funding needed to be explored.

- **Actuarial Sustainability of the NSSF**

The research was commissioned by the Department of Social Development through the ILO. The objective of the research was to investigate the sustainability of the NSSF including in relation to people with disabilities and how there could be links with other contributory funds.

- **Economies of Scale**

The work was conducted by the FSCA to quantify the administrative efficiencies and economies of scale associated with retirement fund sizes. This was with a view to identifying a range of optimal fund membership sizes and associated relevant administrative and market structure considerations.

- **Default Fund/Auto Enrolment**

The paper was developed by the National Treasury to consider whether there should be a default fund alongside occupational scheme. This scheme would focus on those who are self-employed, work for small employers, are working in the informal sector or have irregular or seasonal incomes. The default fund was proposed to be an annuity provider, providing gender-neutral annuity rates.

The above research work will be considered in updating the Comprehensive Social Security paper in the forthcoming financial year.

Governance Task Team

The Governance Task Team was established by Exco to review the Nedlac Founding Documents, including the Nedlac Act, Nedlac Constitution and Nedlac Protocols. In 2020/21, the task team agreed to undertake a research study on whether Nedlac was fit for purpose in partnership with MISTRA and the ILO. The study was funded by the ILO and Yellowwoods Social Investments. The purpose of the study among others, was to address, in the context of economic and health crises, how Nedlac should respond to the changing nature of work, align with the new mandate of the Department of Employment and Labour, address issues of representation of stakeholders at Nedlac, as well as the location of Nedlac within government. Interviews for the study with research participants from within and outside of Nedlac were concluded by the end of the financial year.

Section 77 Standing Committee

The following Section 77 notices were addressed at Nedlac:

Violent Crimes in the Western Cape

The notice was filed by Cosatu, dated 11 September 2018. There was limited progress made in relation to addressing this notice due to the unresponsiveness of the respondents. The applicant requested a facilitated process to try and find a way for respondents to participate and resolve the Notice. A process to appoint an external facilitator was attempted but was not finalised by the end of the period under review.

Defence and Promotion of Socio-Economic Interests of Workers and the Working Class in General

This notice was filed by the South African Federation of Trade Unions, dated 28 September 2020. The Standing Committee convened a series of plenaries to resolve the issue. The Applicant indicated that it was not satisfied with the responses of the respondents to its demands. As at the end of the financial year, the Standing Committee was in a process of considering inputs from the Applicant and Respondents in order to determine way forward on this matter.

Economic crisis

This notice was filed by Cosatu, dated 4 October 2019. The Standing Committee convened a series of plenaries to resolve the issue. The demands by Cosatu were resolved and the Standing Committee agreed on 29 June 2020 that the section 77 process was closed. Parties further agreed to continue engaging each other on the issue of the review of the chapters of the National Development Plan relating to the economy and employment outside the ambit of the Section 77 process.

Public Transport issues

The notice was filed by Cosatu, Fedusa and Nactu on permission under the Covid-19 protocols for 100% capacity on public transport, dated 24 July 2020. The Standing Committee convened plenaries to resolve the issue; however, there was no consensus reached. Therefore, the Standing Committee on 15 September 2020 agreed that the Section 77 notice on Transport filed by Cosatu, Fedusa and Nactu could not be resolved. The Standing Committee therefore issued a Section 77 Certificate in which it deemed the notice as having been considered.

Presidential Jobs Summit

After the Presidential Jobs Summit was held in 2018, the social partners agreed to establish a number of structures to monitor its implementation including a PCU housed at Nedlac. To expedite progress, the President also agreed to a PWC which would meet monthly to receive reports on progress and unblock challenges if required. Significant progress was made in some areas – by both government and other social partners. These included in energy security, unblocking travel restrictions for persons with critical skills, and supporting business processing and master planning in respect of the clothing, textile and furniture sector. However, once the economic impact of the Covid-19 pandemic and lockdown became evident, the social partners realised that there was a need to pivot towards a plan for economic recovery. Therefore, in respect of the future of the Presidential Jobs Summit Framework Agreement, the JTC of the Jobs Summit embarked on a process to review the 77 Jobs Summit commitments to refocus and pivot them towards the imperatives of economic reconstruction and recovery. Progress was evaluated to establish:

i. Whether the commitment has been achieved;
ii. Whether commitments have been or can be institutionalised within Government or elsewhere;
iii. Whether commitments can be integrated into or are the same as commitments in the Economic Recovery and Reconstruction Plan (ERRP); and

Where ongoing work which should continue in an appropriate forum.

The PCU also commissioned a service provider to develop a learning and reflection note titled: "Lessons for social compacting from the Jobs Summit and the Economic Recovery Action Plan". The note examined the overall social compacting approach, considered what has worked well and how these results can be amplified.

Annexure A of this report contains a report on progress on all the Jobs Summit Framework Agreements, whether they have been achieved and, where relevant, the way forward to ensure their continued implementation.

Economic Recovery

Between April and July 2021, the social partners involved in monitoring the implementation of the Jobs Summit Commitments reflected on the implications of the COVID19 pandemic on the priorities of the Jobs Summit. Social partners agreed that the extent of the challenge necessitated a shift of focus to help to mitigate the impact of the pandemic and address the economic and employment crisis.

On 13 August 2020, the President convened a Nedlac Forum for Economic Recovery where the social partners were requested to present their plans and proposals for economic recovery. The meeting resolved that Nedlac constituencies will nominate senior leadership to serve on a team that will draw up a set of priority actions for economic reconstruction and the institutional arrangements to support these actions. This Action Plan was developed through detailed consultation between all social partners facilitated by Nedlac. At least 10 meetings with senior leadership were held between 13 August and 15 September where a report back was provided to the President.

On 15 October 2020 the President announced the Economic Reconstruction and Recovery Strategy (ERRS), which incorporated the Action Plan.

The deliberations of the social partners then shifted to ensuring its implementation including setting up a number of structures to ensure this including an Economic Recovery Leadership Team (ERLT), a Process Committee, work streams and a process of escalation in the event of blockages.

The social partners agreed to focus on the following four areas which are critical for the recovery of the economy and where immediate collaboration and co-ordination can achieve quick wins and make demonstrable progress:

i. Energy security;
ii. Localisation;
iii. Public and freight transport; and
iv. A supportive eco-system for SMMEs.

Covid-19 Nedlac Rapid Response Task Team

During the period under review, Nedlac established a Covid-19 Rapid Response Task Team to address the impact of Covid-19 on the lives and livelihoods of South Africans. The task team established different workstreams or sub-committees to engage on different matters. These are as follows:

Income replacement for workers- Covid-19 TERS

i. When the lockdown was announced, there was an urgent need to provide income replacement for workers where employers could not afford to pay workers' salaries. The Unemployment Insurance Fund (UIF) consulted Nedlac on providing such workers with temporary relief for employees who were working reduced hours, for workers with comorbidities who could not be accommodated at workplaces, and for those working in sectors that were closed in terms of the Disaster Management Act, 2020.

ii. Over the year, an Unemployment Insurance (UI) sub-committee was set up which provided inputs and advised on the wordings of Directions in terms of the National Disaster Regulations to give effect to this mechanism of income replacement. It also addressed the operational challenges facing the timeous disbursement of benefits, the large backlog that had developed, and the need to extend the Covid-19 TERS as the State of Disaster continued to be extended. Over time a separate operational sub-committee was also established to deal with more technical issues. The UI sub-committee was also instrumental in getting technical assistance for the UIF from the Government Technical Advisory Centre. To address the sustainability of the UIF, engagements were held between the UIF's actuaries and actuaries nominated by the social partners. This was helpful in assessing the feasibility of a possible extension of the UIF's payments.

Assistance from financial institutions including banks and pension funds

i. At the start of the lockdown there were calls by Nedlac social partners for a special dispensation in respect of the contribution of employers and employees to medical aids, insurance and pension schemes. There were also calls for banks and other financial institutions to reduce fees and provide payment holidays during the lockdown period. As a result, a sub-committee was set up which deliberated on those issues.

ii. Extensive information sharing sessions were convened on the Loan Guarantee Scheme announced by the President on 21 April 2020 as part of the Economic Stimulus Package which was designed to support small businesses which were experiencing financial distress as a result of the declaration of the State of Disaster due to the Covid-19 pandemic. Engagements were held on proposals in respect of improving access to the fund, using Development Finance Institutions (DFIs) and non-bank lenders to distribute the funds, especially to Small, Medium and Micro Enterprises (SMMEs).

iii. The sub-committee also engaged, developed and published on 6 May 2020 a Best Practice Guide on Temporary Relief from Making Payment of Retirement Fund Contributions and Risk Premiums.

High level meeting on relief measures to companies and workers in distress

When the second wave of Covid-19 started in December 2021, the social partners agreed to establish a high-level meeting to engage on proposed relief measures for workers and companies. The social partners deliberated on the following:

i. Non-financial relief measures such as the reduction of taxation;

ii. The Loan Guarantee Scheme (LGS) – it was noted that the LGS would be closed in April 2021. This was due to the low performance of the scheme. It was further agreed that other similar measures such as design of a new scheme could be established; alternatively, government could revamp the Khula Scheme which is administered by the Department of Small Business Development;

iii. Relief measures by the Department of Tourism – the sub-committee welcomed and noted the Department of Tourism's efforts to support the tourism industry;

iv. Extension of Social Relief of Distress Grants – the community social partners submitted a proposal to Government on proposed possible options for removing the exclusion of women from the receipt of the Social Relief of Distress Grant;

v. Access to pension funds – the meeting requested that labour and government should fast track engagement on this matter; and

vi. School feeding –the Department of Basic Education made a presentation on the re-establishment of school feeding despite the fact that schools were not functioning at 100% capacity.

Health and safety in the workplace and the vaccine roll-out

Workplaces needed to put new measures in place to open up safely after the hard lockdown in April 2020. As a result, an Occupational Health and Safety (OHS) sub-committee was established to develop a Health and Safety Direction in terms of the Emergency Regulations. As the lockdown was eased, the committee reviewed the Direction to be aligned with different lockdown levels. The OHS sub-committee also monitored compliance by employers. In the fourth quarter, this sub-committee has also been used as a forum for consultations on the Covid-19 vaccine roll-out plan.

Regarding the vaccine roll-out, discussions centred on vaccine prioritisation, preparation of site selection and allocation, and the process of collection of data about workplaces.

Safe travel

The social partners were very concerned about public transport becoming a vector for the transmission of the Covid-19 virus as well as the slow pace at which rail was brought back into operation after the re-opening of the economy. As a result of this, a Transport sub-committee was set up which engaged on issues regarding safe travel.

Local production of PPEs and medical supplies

In the early period of the lockdown, regular reports were provided to the Nedlac Rapid Response Team on the security of supply of PPEs, medicines and medical appliances.

The Nedlac Rapid Response Team also initiated a social partner engagement and initiative to promote local procurement of PPEs and medical supplies and subsequently to address corruption by the public sector in respect of PPEs through a Local Procurement sub-committee. This committee was not able to achieve much.

Retail sector

The Nedlac Covid-19 Rapid Response Task Team (NRRTT) had extensive engagements to ensure a safe and compliant retail sector for both workers and consumers. The special meetings between the NRRTT and the retail sector considered various commitments made by retail stores to prioritise the shortening of long queues in shopping centres and stores, as these were vectors for transmission. In addition, efficient communication by retail stores on Covid-19-related matters was addressed.

Liquor industry

In the year under review, the sale of liquor was banned during some levels of lockdown which severely impacted the liquor industry. To address this a sub-committee on liquor was established which developed a draft Liquor Social Compact. The social compact sought to ensure that the liquor industry committed to provide various kinds of support to the health sector as well as introduce harm reduction programmes in exchange for a lifting of restrictions.

By the end of the period under review, the contents of the social compact had not been agreed as one of the key participants, the South African Breweries (SAB), had requested to be excused from engagements on the matter due to its pending court case on the liquor ban issue.

Public space management

Nedlac social partners engaged with the Department of Cooperative Governance and Traditional Affairs (COGTA) and the South African Local Government Agency (SALGA) on the need to support informal traders in public spaces and protect them from Covid-19. Nedlac also facilitated engagement between organised labour and COGTA in respect of picketing rights in terms of the lockdown regulations.

Relationship between Nat Joints and the Nedlac Rapid Response Task Team

In the third quarter, a relationship between the Nat Joints (a structure of officials which reports to the National Covid-19 Co-ordinating Council) and the Nedlac Rapid Response Task Team was established followed by regular deliberations between it and the Nedlac Rapid Response Task Team (NRTT) on the following:

i. Clarity on regulations for different levels of lockdown;

ii. Vaccine roll-out;

iii. Return to work and school;

iv. Relief measures;

v. Restrictions on the tourism sector;

vi. Restrictions on the liquor industry; and

vii. Communication and community mobilisation and awareness.

Communication and Behavioural Change

Through the Nat Joints, a National Communications Partnership (NCP) has been established which involves all the social partners and is led by the Government Communication and Information System (GCIS). This partnership has focused on the Vaccination Roll-out Plan and the strengthening of content and platforms for distribution of communication material and through educational fora.

In March 2020, Nedlac submitted its Annual Performance Plan (APP) for the 2020/21 financial year in line with the set timeframes by 30 January 2020 which was approved by Parliament in March 2020. Government, during the implementation of the 2020/21 APP, requested government entities to revise their 2020/21 Annual Performance Plans in order to address negative impact caused by the Covid-19 pandemic. Nedlac subsequently revised its APP which was then tabled in Parliament in July 2020. This section of the report provides information on Nedlac's performance in relation to performance targets which were reported until the end of Quarter 1 when in-year amendments were made to the APP.

Programme 2: Core Operations

No.	Performance Indicator	Actual performance			Planned target 2020/21	Actual Achievement 2020/21	Deviation from planned target to actual achievement for 2020/21	Comment on deviation
		2017/18	2018/19	2019/20				
2.4.	All Nedlac Reports on draft legislation or policy concluded within 6 months from date of tabling at relevant structure at Nedlac except where stipulated exclusions apply.	Not All Nedlac Reports on legislation were concluded within 6 months of tabling at the relevant structures at Nedlac. One Nedlac Report was concluded within six months of tabling i.e. the Electronic Deeds Registration Systems Bill. One Nedlac Report was concluded after six months, i.e. the Critical Infrastructure Protection (CIP) Bill.	All Nedlac Reports on legislation were concluded within 6 months of tabling at the relevant structures at Nedlac.	Not All Nedlac Reports on draft legislation or policy were concluded within 6 months of tabling at Nedlac. The following legislation was not concluded within 6 months: The Companies Amendment Bill was not achieved due to challenges encountered during the sign-off stage of the task team.	All Nedlac Reports on draft legislation or policy concluded within 6 months from date of tabling at relevant structure at Nedlac except where stipulated exclusions apply.	All Nedlac Reports on draft legislation or policy were concluded within 6 months from date of tabling at Nedlac in Quarter 1.	None	None

Programme 2: Core Operations (continued)

No.	Performance Indicator	Actual performance			Planned target 2020/21	Actual Achievement 2020/21	Deviation from planned target to actual achievement for 2020/21	Comment on deviation
		2017/18	2018/19	2019/20				
2.1.	Two chamber sessions convened by each chamber by 31 March each year.	2 x special sessions were convened by the PFMPC.	7 x special sessions were convened by the PFMPC.	6 x special sessions were convened by the PFMPC.	Two chamber sessions convened by each chamber by 31 March each year.	Two chamber sessions were convened by the DC, TIC and PFMPC by 31 March 2021. The LMC convened 3 chamber sessions during this period.	1 additional chamber session was convened by the LMC.	The additional Chamber session with StatsSA was convened due to a need to identify the impact of Covid-19 on data collection and job losses, and to obtain information on sectors of the economy impacted by the pandemic leading to job losses as compared to sectors experiencing increases in employment.
2.2.	1 x engagement session on Annual National Budget convened by 31 March each year	1 x engagement session on Annual National Budget was convened.	1 x engagement session on Annual National Budget was convened.	1 x engagement session on Annual National Budget was convened.	1 x engagement session on Annual National Budget convened by 31 March each year.	1 x engagement session on Annual National Budget was convened on 25 November 2020.	None	None
2.3.	1 x engagement session on Medium-Term Budget Policy Statement (MTBPS) by 31 March each year	1 x engagement session on Medium-Term Budget Policy Statement was convened.	1 x engagement session on Medium-Term Budget Policy Statement was convened.	1 x engagement session on Medium-Term Budget Policy Statement was convened.	1 x engagement session on Medium-Term Budget Policy Statement (MTBPS) by 31 March each year.	1 x engagement session on Medium-Term Budget Policy Statement was convened on 26 August 2020.	None	None

Programme 2: Core Operations (continued)

No.	Performance Indicator	Actual performance			Planned target 2020/21	Actual Achievement 2020/21	Deviation from planned target to actual achievement for 2020/21	Comment on deviation
		2017/18	2018/19	2019/20				
2.4.	80% of Nedlac Reports on draft legislation or policy concluded within 6 months from the date of tabling at the relevant structure at Nedlac, except where stipulated exclusions apply.	66% (6 out of 9) of Nedlac Reports on legislation were concluded within 6 months of tabling at the relevant structures of the DC at Nedlac. One Nedlac Report was concluded within six months of tabling i.e. the Electronic Deeds Registration Systems Bill. One Nedlac report was concluded after six months i.e. the Critical Infrastructure Protection (CIP) Bill.	100% (14 out of 14) of Nedlac Reports on legislation were concluded within 6 months of tabling at the relevant structures of the DC at Nedlac.	83% (i.e. 5 out of 6) of Nedlac Reports on draft legislation or policy were concluded within 6 months of tabling at the relevant structure of Nedlac. The following legislation was not concluded within 6 months: The Climate Chamber Bill was not achieved due to challenges encountered during the sign-off stage of the task team.	80% of Nedlac Reports on draft legislation or policy concluded within 6 months from the date of tabling at the relevant structure at Nedlac, except where stipulated exclusions apply.	86% of Nedlac Reports on draft legislation or policy were concluded within 6 months from the date of tabling in 2020/21 i.e. 6 Nedlac Reports concluded out of 7 tabled at Nedlac.	86% of concluded Nedlac reports was achieved, which is 6% above the planned performance. A total of 6 Nedlac Reports were concluded out of 7 tabled at Nedlac. A minimum of 80% performance for this target had been required.	None
2.5.	4 x progress reports submitted to TIC on Teselico activities by 31 March each year.	4 x progress reports were submitted to Chamber on Technical Sectoral Liaison Committee (TESELICO) activities.	4 x progress reports were submitted to Chamber on TESELICO activities.	4 x progress reports were submitted to Chamber on TESELICO activities.	4 x progress reports submitted to TIC on Teselico activities Chamber by 31 March each year.	4 x progress reports were submitted to TIC on Teselico activities by 31 March 2021.	None	None

Programme 2: Core Operations (continued)

No.	Performance Indicator	Actual performance 2017/18	Actual performance 2018/19	Actual performance 2019/20	Planned target 2020/21	Actual Achievement 2020/21	Deviation from planned target to actual achievement for 2020/21	Comment on deviation
2.6.	4 x progress reports submitted to the LMC on the DWCP.	4 x progress reports submitted to the Manco.	4 x progress reports submitted to Manco.	4 x progress reports submitted to Manco	4 x progress reports submitted to the LMC on the DWCP	4 x progress reports were submitted to the LMC on the DWCP.	None	None
2.7.	2 x Reports Submitted to Manco by 31 March 2021 on measures to address the adverse impact of Covid-19 and the lockdown on the economy.	Not target	No target	No target	2 x Reports Submitted to Manco by 31 March 2021 on measures to address the adverse impact of Covid-19 and the lockdown on the economy.	2 x Reports on measures to address the adverse impact of Covid-19 and the lockdown on the economy was submitted to Manco on 31 August 2020 and 19 February 2021.	None	None
2.8.	100% of Section 77 notices final reports concluded within five working days from date of resolution Section 77 notices.	100% Section 77 final reports were concluded within 5 working days of the resolution of all section 77 notices.	100% Section 77 final reports were concluded within 5 working days of the resolution of all section 77 notices.	100% Section 77 final reports on matters that were concluded within 5 working days of the resolution of all section 77 notices	100% of Section 77 notices final reports concluded within five working days from date of resolution of Section 77 notices.	100% of Section 77 notices were concluded within five working days of the resolution having been made by the Standing Committee.	None	None

Programme 2: Core Operations (continued)

No.	Performance Indicator	Actual performance 2017/18	Actual performance 2018/19	Actual performance 2019/20	Planned target 2020/21	Actual Achievement 2020/21	Deviation from planned target to actual achievement for 2020/21	Comment on deviation
2.9.	2 x quarterly reports considered on the implementation of the Jobs Summit Framework Agreement by 31 March each year.	No target	No target	No target	2 x quarterly reports considered on the implementation of the Jobs Summit Framework Agreement by 31 March each year.	1 x quarterly report on the implementation of the Jobs Summit Framework Agreement was considered by the JTC of the Jobs Summit on 24 April 2020. The second quarterly report on the implementation of the Jobs Summit Framework Agreement was not considered by the JTC in Quarter 3.	Quarterly report on the implementation of the Jobs Summit Framework Agreement was not considered by The JTC or its sub-committees in Quarter 3.	The JTC or its sub-committees did not meet in Quarter 3. This was due to the refocus on the work of Nedlac from the Presidential Jobs Summit Framework Agreement to the Economic Recovery Action Plan (ERAP) and the ERAP did not fall within the scope of the JTC.

3.3 Programme 3: Capacity Building Funds

Purpose: The purpose of this target is to ensure that organised business, labour and community have access to funds to build their capacity.

No.	Performance Indicator	Actual performance			Planned target 2020/21	Actual Achievement 2020/21	Deviation from planned target to actual achievement for 2020/21	Comment on deviation
		2017/18	2018/19	2019/20				
3.1.	Number of Financial reports submitted to governance structures by 31 March each year.	4 x financial reports were submitted to governance structures.	4 x financial reports were submitted to governance structures.	4 x financial reports were submitted to governance structures.	4 x financial reports submitted to governance structures by 31 March each year.	4 x financial reports were submitted to governance structures by 31 March 2021.	None	None

PART C
GOVERNANCE

1. INTRODUCTION

The Governance section will firstly set out the governance arrangements of Nedlac. In the second section, the role, membership and number of meetings of the following Nedlac structures will be set out:

- Exco, Management Committee (Manco) and its standing committees;
- The four Nedlac chambers and their standing committees and task teams;
- The Section 77 Standing Committee;
- Manco appointed task teams;
- Committees that were responsible for the monitoring of the Presidential Jobs Summit Agreements; and
- Economic Recovery and Reconstruction Plan structures.

The third section will report on a number of governance obligations such as risk management.

2. OVERVIEW OF GOVERNANCE STRUCTURES

Portfolio Committee on Employment and Labour

The Portfolio Committee on Employment and Labour exercises oversight over the service delivery performance of Nedlac. Nedlac executive management has made presentations to the Portfolio Committee on its Strategic Plan, Annual Performance Plan and on subsequent performance in the form of quarterly reports.

Executive Authority

The Minister of the Department of Employment and Labour is the executive authority of Nedlac.

National Summit

The Nedlac Constitution makes provision for an annual consultative forum of both members and as many interested parties as possible to report on and consider the activities of the Council.

Executive Council (Exco)

The Exco of Nedlac is the accounting authority of Nedlac. The role of the Exco is to discuss matters of national social and economic importance. Furthermore, it approves Nedlac's annual financial and non-financial performance and all Nedlac policies. It meets on average four times per year and is made up of 18 persons per social partner.

Management Committee (Manco)

The Manco is responsible for overseeing and co-ordinating the work of Nedlac, subject to the authority of the Exco. It has two standing committees, namely the Audit and Risk Committee and Human the Resources and Remuneration Committee.

Human Resources and Remuneration Committee (HR Remcom)

The Human Resources and Remuneration Committee is responsible for the development and review of Nedlac's human resources policies and procedures, changes to salaries, terms and conditions of employment, and outcomes of performance appraisals and performance-based incentives. It similarly makes recommendations to Manco and Exco in respect of human resources matters and is composed of one representative per social partner.

Audit and Risk Committee (ARC)

The Audit and Risk Committee provides an independent, objective oversight and review, and makes recommendations to Manco in respect of financial and performance reporting and relevant policies. Social partners nominate one representative and an alternate to this committee.

Internal Audit Committees

Internal audit is an outsourced function and Outsourced Risk and Compliance Assessment (ORCA) was the service provider contracted during the year under review. A total of ten reports were issued during the year under review and management developed action plans to address the root causes of the findings that were reported.

3. MEMBERSHIP AND NUMBER OF MEETINGS OF NEDLAC STRUCTURES

Governance structures

Executive Council (Exco)

Executive Council (Exco) Members			
Business	**Community**	**Government**	**Labour**
Sipho Pityana	Thulani Tshefuta	Minister Thembelani Nxesi	Bheki Ntshalintshali
Martin Kingston	Laura Kganyago	Minister Tito Mboweni	Matthew Parks
Tanya Cohen	Conti Matlakala	Minister Ebrahim Patel	Mduduzi Mbongwe
Kaizer Moyane	Thulani Mabuza	Minister Patricia De Lille	Anthony Ehrenreich
Busi Mavuso	Lawrence Bale	Deputy Minister Boitumelo Moloi (Alternate)	Jan Mahlangu
Cas Coovadia	Mbusi Nzimande	Thobile Lamati	Lebogang Mulaisi
Chris Campbell	Herman Tsebe	Lionel October	Mpheane Lepaku
Deidre Penfold	Tumelo Zwane	Dondo Mogajane	Mabutho Cele
Gwarega Mangozhe	Thembinkosi Josopu	Thabo Mokoena	Moses Lekota
Joe Mwase	Nhlanhla Ndlovu	Mzolisi Toni	Zingiswa Losi
Roger Baxter	Tebello Radebe	Virgil Seafield	Solly Phetoe
Stavros Nicolaou	Zacharia Matsela	Stephen Hanival (Alternate)	Riefdah Ajam
Vusi Khumalo	Isobel Frye	Nkosiyomzi Madula (Alternate)	Godfrey Selematsela
Maurice Radebe	Kugesh Naidoo	Lindiwe Ndelu (Alternate)	Martle Keyter
Jonathan Goldberg	Daluxolo Ntsinde	Catherine Mavi (Alternate)	Narius Moloto
Sino Moabalobelo	Skumbuzo Mpanza	Adam Mthombeni	Malose Kutumela
Paul Bondi	Dumisani Mthalane	Faried Adams	Edward Thobejane
John Purchase	Erasmus Phophi	Thembinkosi Mkalipi	Pat Mphila
Alan Mukoki	Thandiwe Alina Mfulo (alternate)	Adele Gilbert	
Ayanda Ntsaluba		Matthews Bantsijang (Alternate)	
Ayanda Mngadi		Basil Maseko (Alternate)	
Isaac Ramputa		Alvina Thela	
Christo Botes		Thobile Lamati (Alternate)	
Lerato Mosiah		Thabane Zulu	
Nico Vermeulen		Sam Vukela	
Tebele Makhetha			

Number of meetings Convened	9

Management Committee (Manco)

Management Committee (Manco) Members			
Business	**Community**	**Government**	**Labour**
Kaizer Moyane	Thulani Tshefuta	Virgil Seafield	Bheki Ntshalintshali
Jonathan Goldberg	Laura Kganyago	Faried Adams	Matthew Parks
Sino Moabalobelo	Lawrence Bale	Adam Mthombeni	Mduduzi Mbongwe
Paul Bondi	Tebello Radebe	Alvinah Thela	Anthony Ehrenreich
John Purchase	Thembinkosi Josopu	Ntsoaki Mamashela (alternate)	Mabutho Cele
Olivier Serrao (alternate)	Mbusi Nzimande (alternate)	Thembinkosi Mkalipi	Moses Lekota
Rajendra Rajcoomar (alternate from April -October 2020)	Daluxolo Ntsinde (alternate)		Lebogang Mulaisi
Julian du Plessis (alternate from April – October 2020)	Nhlanhla Ndlovu (alternate)		Riefdah Ajam
			Martle Keyter
			Narius Moloto
			Edward Thobejane
			Godfrey Selematsela

Number of meetings Convened	11

Human Resources and Remuneration Committee

Human Resources and Remuneration Committee Members			
Business	**Community**	**Government**	**Labour**
Siobhan Leyden	Tumi Zwane	Ntsoaki Mamashela	Oupa Sebiloane
		Stephen Rathai (alternate)	Jan Mahlangu (alternate)

Number of meetings Convened	8

Audit and Risk Committee

Audit and Risk Committee Members			
Business	**Community**	**Government**	**Labour**
Julian du Plessis	Kugesh Naidoo	Freddie Petersen	Chris Klopper
Zelda Setladi		Seswai Mathabathe	Jacques Hugo
Rajendra Rajcoomar (Alternante)		Max Tsotetsi (alternate)	

Number of meetings Convened	8

Other Structures of Nedlac

Development Chamber (DC)

The DC seeks to reach consensus and conclude agreements on matters pertaining to development issues.

Development Chamber Members			
Business	**Community**	**Government**	**Labour**
Sino Moabalobelo	Laura Kganyago	Adam Mthombeni	Matthew Parks
Sanelisiwe Jantjies	Thembinkosi Josopu	Catherine Mavi	Godfrey Selematsela
Tyson Sibanda	Lawrence Bale	Ngube Thokwana	Brenda Modise
Kevin Cowley	Herman Tsebe		Sipho Ndhlovu
Theo Boshoff	Lucus Qakaza		Tengo Tengela
Lisa Peega	Matthews Mponzo		

Number of meetings Convened	6

Development Chamber Task Teams

Basic Education Laws Amendment Bill Task Team

The task team was responsible for considering the proposed amendments to ensure alignment with the South African Schools Act, 1996 (Act No. 84 of 1996) (SASA), and the Employment of Educators Act, 1998 (Act No. 76 of 1998) (EEA).

Basic Education Laws Amendment Bill Task Team Members			
Business	**Community**	**Government**	**Labour**
Cheryl James	Conti Matlakala	Shalili Misser	Stanley Mphahlele
Danie Pretorius	Palesa Lebenya	Chris Leukes	Sipho Ndhlovu
Mustak Ally	Lawrence Bale	Charles Ledwaba	Matthew Parks
Sino Moabalobelo	Mokgadi Rakabe	Noluvuyo Gela	
Sanelisiwe Jantjies			

Number of meetings Convened	7

Expropriation Bill Task Team (Joint Task Team of the DC and TIC)

The purpose of the task team was to consider Government's proposal as contained in the Bill on instances where expropriation could be done for public purpose or in the public interest; as well as certain instances where expropriation for nil compensation may be just and equitable in the public interest.

Expropriation Bill Task Team Members			
Business	**Community**	**Government**	**Labour**
Theo Boshoff	Roy Ledwaba	Faried Adams	Tengo Tengela
Tyson Sibanda	Karel Lehloo	Johannes Lekala	Antonio Franks
Olivier Serrao	Tshilidzi Isaac Dagada	Welcome Mokoena	Lucky Moni
Tebele Luthuli	Ndiyakholwa Ngqulu	Livhuwani Ndou	Anthony Ehrenreich
Pierre Venter	Matthews Mponzo	Nadine Fourie	Matthew Parks
Annelize Crosby	Nomveliso Ngesi	Florence Radaba	Ashley Benjamin
Mosidi Melamu		Udey Naidoo	

Number of meetings Convened	5

Preservation and Development of Agricultural Land Bill (Joint Task Team of the DC and TIC)

The purpose of the task team was to consider the above-mentioned Bill concerned with the preservation of agricultural land.

Preservation and Development of Agricultural Land Bill Members			
Business	**Community**	**Government**	**Labour**
Theo Boshoff (lead)	Roy Ledwaba (lead)	Lydia Bosoga (lead)	Matthew Parks
Stephinah Mudau	Matthews Mponzo	Mashudu Marubini	Malose Kutumela
Pierre Venter	Muzikayise Phewa	Selekane Phahladira	Mpheane Lepaku
Janse Rabie	Laura Kganyago	Hein Lindeman	Sipho Ndlhovu
Ursula Brown	Tumelo John Zwane	Faried Adams	Tony Ehrenrich (Alternate)
Olivier Serrão	Zilindile Hibhane	Adele Gilbert	
Mosidi Melamu (Alternate)			
Tyson Sibanda (Alternate)			

Number of meetings Convened	4

Upgrading of Land Tenure Rights (ULTRA) Amendment Bill

The purpose of the task team was to consider the proposed amendments in respect of land tenure rights.

Upgrading of Land Tenure Rights (ULTRA) Amendment Bill Members			
Business	**Community**	**Government**	**Labour**
Theo Boshoff (lead)	Ndiakholwa Ngqulu	Sello Ramasala	Matthew Parks
Tsholofelo Tshwagong	Herman Tsebe	Vela Mngwengwe	Sipho Ndhlovu
Ursula Brown	Roy Ledwaba	Thami Mdontswa	
Pierre Venter		Tshepo Mahlaela	
Sino Moabalobelo			
Annelize Crosby			
Tyson Sibanda			
Mosidi Melamu			
Sanelisiwe Jantjies			

Number of meetings Convened	3

Amendment of Administrative Adjudication of Road Traffic Offences (AARTO) Regulations

This task team was set up to consider the proposed Regulations and engage and outline a detail process of payment of penalties imposed for infringements as well as the procedure for the effective and expeditious adjudication of infringements with the purpose to encourage compliance with national and provincial laws.

Amendment of Administrative Adjudication of Road Traffic Offences (AARTO) Regulations task team members			
Business	**Community**	**Government**	**Labour**
Gavin Kelly	Lucas Qakaza (lead)	Ngwako Thoka	Matthew Parks (lead)
Tyson Sibanda	Lawrence Bale	John Motsatsing	Mdumiseni Mabaso
Sandile Ntseoane (lead)	Mbusi Nzimande	Johannes Makgatho (lead)	Sipho Ndhlovu
Siganeko Magafela	Tumelo Zwane	Mncedisi Lawrence Theo	Tengo Tengela
Kevin Van Der Merwe		Hentie Joubert	Boitumelo Molete
Kulani Siwela		Gert van Eeden	Lebogang Mulaisi
Gary McGraw		Qacha Moletsane	

Number of meetings Convened	2

Labour Market Chamber (LMC)

The purpose of the LMC is to consider all proposed labour legislation and policy matters relating to the labour market before it is introduced in Parliament.

Labour Market Chamber (LMC) Members		
Business	**Government**	**Labour**
Jonathan Goldberg	Thembinkosi Mkalipi	Mduduzi Mbongwe
Innocent Dwayi	Ntsoaki Mamashela	Maja Mphahlele
Jahni de Villiers	Stephen Rathai	Lebogang Mulaisi
Lucio Trentini	Unathi Ramabulana	Babsy Nhlapo
Motsamai Motlhamme (alternate)	Masilo Lefika	Gizelle Conradie
Aruna Ranchod (alternate)		Zanoxolo Mpendu
Sino Moabalobelo (alternate)		Louisa Nett (alternate)
		Matthew Parks (alternate)
		Sipho Ndhlovu (alternate)

Labour Market Chamber (LMC) Members		
Business	**Government**	**Labour**
		Thandeka Phiri (alternate)
		Sipho Ndhlovu (alternate)
		Thandeka Phiri (alternate)

Number of meetings Convened	4

Labour Market Chamber (LMC) Structures

Decent Work Country Programme (DWCP) Steering Committee

The DWCP Steering Committee plays a key role in overseeing the formulation of projects and the approval of projects prior to implementation by the ILO.

Decent Work Country Programme (DWCP) Steering Committee Members			
Business	**Government**	**Labour**	**Community**
Bev Jack	Sipho Ndebele	Theo Steele	Pat Horn
Cheryl James	Georginah Petersen	Gertrude Mtshweni	Conti Matlakala
Sifiso Lukhele	Lufuno Tinyani	Lebogang Mulaisi	Tumi Zwane
Motsamai Motlhamme		Brenda Modise	Thulani Mabuza
Sanelisiwe Jantjies		Martle Keyter	
Sino Moabalobelo		Sipho Ndhlovu	
		Zanoxolo Mpendu	

Number of meetings Convened	3

Demarcations Standing Committee

The Demarcations Standing Committee deals with Resolution of Bargaining Council Disputes and Registration of Bargaining and Statutory Councils

Demarcations Standing Committee members		
Business	**Government**	**Labour**
Lucio Trentini	Mary Ngwetjana	Mduduzi Mbongwe
Gerrie Bezuidenhout	Lehlohonolo Molefe	Martle Keyter

Public Finance and Monetary Policy Chamber (PFMPC)

The PFMPC's mandate is to consider and reach consensus on all matters pertaining to financial, fiscal and monetary and exchange rate policies; the coordination of fiscal and monetary policy; related elements of macroeconomic policy and the associated institutions of delivery.

Public Finance and Monitory Policy Chamber Members		
Business	**Government**	**Labour**
Paul Bondi	Alvinah Thela	Moses Lekota
Jeff Gable	Basil Maseko	Jan Mahlangu
Mark Brits	Ismail Momoniat	Riefdah Ajam
Stephen Smith		Matthew Parks
Olivier Serrao		Sekgota Phochana
Tyson Sibanda		Nhlonipho Baloyi
Kyle Mande		Tengo Tengela
Yvonne van der Westhuizen		

Number of meetings Convened	6

Trade and Industry Chamber (TIC)

The TIC seeks to reach consensus and make agreements on all matters pertaining to the economic and social dimensions of trade, industrial, mining, agricultural and services policies, as well as the associated institutions of delivery.

Trade and Industry Chamber (TIC) Members		
Business	**Government**	**Labour**
John Purchase	Faried Adams	Anthony Ehrenreich
Olivier Serrao	Adele Gilbert	Ashley Benjamin
Tyson Sibanda	Phumudzo Mahosi	Etienne Vlok
Deidre Penfold	Nikki Kruger	Lucky Moni
Paul Theron	Tendani Rhamulonga	

Number of meetings Convened	10

Trade and Industry Chamber (TIC) Structures

Extended TESELICO Sub-Committee

TESELICO seeks to ensure that the South African position at negotiation forums, both bilateral and multilateral, is informed through deliberation and supported by the social partners' constituencies.

Extended Technical Sectoral Liaison Committee (TESELICO) Sub-Committee Members		
Business	**Government**	**Labour**
Catherine Grant	Faried Adams	Ashley Benjamin
Paul Theron	Nikki Kruger	Simon Eppel
Jirka Vymetal	Phumudzo Mahosi	Mpheane Lepaku
Deidre Penfold	Adele Gilbert	Lucky Moni
Stephanie van der Walt		
Glen Malherbe		

Number of meetings Convened	8

Trade and Industry Chamber (TIC) Task Teams

Climate Change Bill

This task team engaged on South Africa's response to building an effective climate change policy and ensuring the long-term just transition to a climate resilient and lower carbon economy and society.

Climate Change Bill Task Team Members		
Business	**Government**	**Labour**
Tyson Sibanda (alternates)	Tshililo Mabirimisa	Anthony Ehrenreich
Olivier Serrao (alternate)	Pregora Mabaso-Muvhango (expert)	Etienne Vlok
Robert Cohen	Desmond Ramabulana (expert)	Ashley Benjamin
Amanda Tregoning	Faried Adams	Mpheane Lepaku
Matthew Morrison	Evelyn Masotja (expert)	Tony Franks
Tebele Makhetha (alternate)	Mokgadi Mathonzi	
Michael Judin (alternate)	Maria Nonyana-Mokabane	
Wilfred Tshuma	Adele Gilbert	
Mumtaz Moola		
Michelle du Toit		

Number of meetings Convened	7

National Policy on Comprehensive Producer Development Support Task Team

The National Policy on Comprehensive Producer Development Support Task Team considered guidelines for the provision of support to various categories of agricultural producers.

National Policy on Comprehensive Producer Development Support Members		
Business	**Community**	**Government**
Terrence Brown	Bonga Msomi (Lead)	Mpheane Lepaku (Lead)
Pamela Ramagaga	Jeffrey Ngaka (expert)	Andreas Nxumalo
Abrie Rautenbach	Tozamile Lukhalo (expert)	Frank Nxumalo (alternate)
Sipamandla Mpikeleli	Roger Tuckeldoe (expert)	Sipho Ndlovu
Theo Boshoff	Vivian Pila (expert)	Tengo Tengela
Louisa Nkgadime	Nkele Malahlela (expert)	Lucky Moni
Pierre Venter (alternate)	Faried Adams	Ngoako Matsha (alternate)
Tyson Sibanda (alternate)	Adele Gilbert	Khulekani Ngubane
Olivier Serrão (alternate)	Bridget Mohlala	
Tumelo Marivate (alternate)		
Terrence Brown	Bonga Msomi (Lead)	Mpheane Lepaku (Lead)
Neo Momodu		

Number of meetings Convened	8

Section 77 Standing Committee

The purpose of the Section 77 Standing Committee is to consider notices brought in terms of section 77 of the Labour Relations Act No 66 of 1995.

Section 77 Standing Committee members			
Business	**Community**	**Government**	**Labour**
Motsamai Motlhamme	Tebello Radebe	Thembinkosi Mkalipi	Mduduzi Mbongwe
Jahni de Villiers (alternate)	Zacharia Matsela (alternate)	Stephen Rathai (alternate)	Theo Steele (alternate)

Number of meetings Convened	12

Nedlac Covid-19 Rapid Response Task Team (NRRTT)

The Nedlac Covid-19 Rapid Response Task Team (NRRTT) seeks to coordinate a response between social partners, and other existing coordinating teams within government in response to the outbreak of the Covid-19.

Nedlac Covid-19 Rapid Response Task Team Members			
Business	**Community**	**Government**	**Labour**
Martin Kingston	Isobel Frye	Faried Adams	Tony Ehrenreich
Stavros Nicolaou	Nkululeko Nxesi	Virgil Seafield	Martle Keyter
Olivier Serrao	Nomonde Mqhayi- Mbambo	Thembinkosi Mkalipi	Edward Thobejane
Cas Covadia	Pat Horn	Stephen Hanival	Lebogang Mulaisi
Kaizer Moyane	Mabalane Mfundisi	Barry Kistnasamy	Matthew Parks
Robert Legh	Lawrence Bale	Linton Mchunu	Jan Mahlangu
Motsamai Motlhamme		Dianne Dunkerley	
Sino Moabalobelo		Aneme Malan	
Bongi Kunene		Peter Ntshipale	
Pravashni Naidoo			
Tshifhiwa Tshivhengwa			

Nedlac Covid-19 Rapid Response Task Team Members			
Business	**Community**	**Government**	**Labour**
Neo Momodu			

Number of meetings Convened	39

Nedlac Covid-19 Rapid Response Task Team (RRTT) sub-committees

Medical aids, pension funds and insurance sub-committee

The task team was established to engage on relief measures put in place by medical aids, pension funds, banks and insurance companies due to Covid-19 lockdowns.

Medical aids, pension funds and insurance sub-committee members			
Business	**Community**	**Government**	**Labour**
Sino Moabalobelo	Tebello Radebe	Errol Makhubela	Martle Keyter
Anne-Marie D'Alton	Lawrence Bale	Ismail Momoniat	Lebogang Mulaisi
Radesh Maharaj	Thembinkosi Josopu	Faried Adams	Matthew Parks
Kobus Hanekom	Isobel Frye	Tembinkosi Mkhaliphi	Tony Ehrenreich
Wayne Hiller van Rensburg	Pat Horn		Jaques Hugo
Zareena Camroodien			Jan Mahlangu
Lerato Mosiah			
Tebogo Phaleng			
Boshoff Steenekamp			
Stephen Smith			
Omar Abba			

Number of meetings Convened	11

Loan Guarantee Scheme sub-committee

The purpose of the task team was to engage, identify reasons for slow uptake of the scheme and agree on interventions to assist with increasing the uptake of the Loan Guarantee Scheme.

Loan Guarantee Scheme sub-committee members			
Business	**Community**	**Government**	**Labour**
Bongi Kunene	Tebello Radebe	Errol Makhubela	Martle Keyter
Omar Abba	Lawrence Bale	Ismail Momoniat	Lebogang Mulaisi
Kganki Matabane	Thembinkosi Josopu	Faried Adams	Matthew Parks
Cas Coovadia		Tembinkosi Mkhaliphi	Tony Ehrenreich
Polo Leteka		Virgil Seafield	Jaques Hugo
Lisa Klein			Jan Mahlangu
Olivier Serrao			

Number of meetings Convened	10

Public Space Management sub-committee

The Public Space management sub-committee engaged on how municipalities could collaborate with informal sector organisations to improve safe public spaces especially at hot spots such as taxi ranks; and how a guideline public space management could be adapted to Covid-19 circumstances; and how municipal workers, especially in waste management, could be better protected.

Public Space Management sub-committee members			
Business	**Community**	**Government**	**Labour**
Sanelisiwe Jantjies	Pat Horn	Kanyisa Walaza	Lebogang Mulaisi
Sino Moabalobelo	Caroline Skinner	Thato Mopape	Matthew Parks
	Nkululeko Nxesi		Tony Ehrenreich
	Thulane Mabuza		

Number of meetings Convened	3

Social Development Sub-committee

The Social Development sub-committee engaged on social development issues such as social grants, food parcels, support to civil society and engagements on early childhood development.

Social Development sub-committee members			
Business	**Community**	**Government**	**Labour**
Kaizer Moyane	Isobel Frye	Virgil Seafield	Brenda Modise
Robert Legh	Nkululeko Nxesi	Linton Mchunu	Lebogang Mulaisi
Motsamai Motlhamme		Brenda Sibeko	Matthew Parks
Sino Moabalobelo		Peter Netshipale	Jan Mahlangu
Adri Grobler		Mzolisi Toni	
Andile Mazwai		Faried Adams	

Number of meetings Convened	10

Occupational Health and Safety (OHS) sub-committee

The task team was established to assist in developing the Occupational Health and Safety Direction as well to guide employers on ensuring the safety of workers at workplaces especially during the Covid-19 pandemic including to support the Covid-19 vaccine rollout for workers.

Occupational Health and Safety (OHS) sub-committee members			
Business	**Community**	**Government**	**Labour**
Martin Kingston	Steve Letsike	Tibor Szana	Lebogang Mulaisi
Cas Coovadia	Mbusi Nzimande	Barry Kistnasamy	Matthew Parks
Jahni de Villiers	Pat Horn	Vuyo Mafata	Brenda Modise
Siobhan Leyden	Laura Kganyago	Milly Ruiters	
Sino Moabalobelo		Lulama Magubane	
Lungi Nyathi		William Mogashoa	
		Rajen Naidoo	
		Mohammed Jeebhay	

Number of meetings Convened	27

Unemployment Insurance Fund (UIF) sub-committee

The task team was established to assist the UIF to disburse benefits to workers under the Covid-19 TERS which was established to assist employers facing operational challenges during the pandemic.

Unemployment Insurance Fund (UIF) sub-committee members		
Business	**Government**	**Labour**
Robert Legh	Thembinkosi Mkalipi	Matthew Parks
Talita Laubscher	Teboho Maruping	Tony Ehrenreich
Jonny Goldberg	Virgil Seafield	Lebogang Mulaisi
Kaizer Moyane	Mzie Yawa	Jan Mahlangu
Sino Moabalobelo	Faried Adams	Martle Keyter
Andrew Donaldson	Marsha Bronkhorst	Sipho Ndlovu
Natalie Singh	Allan Ragavaloo	
	Dingaan Basimane	
	Xola Monakali	

Number of meetings Convened	40

Transport sub-committee

The transport sub-committee was established to engage on safe travel during the Covid-19 pandemic.

Transport sub-committee members			
Business	**Community**	**Government**	**Labour**
Deidre Penfold	Tumelo Zwane	Faried Adams	Anthony Ehrenreich
Marton Solomon	Tebello Radebe	Nkosinathi Sishi	Martle Keyter
Jackie Walters	Pat Horn	Lesiba Manemela	Mathew Parks
Sino Moabalobela	Clement Doncabe	Brigadier Mahlabane	Lebogang Mulaisi
Bafana Magagula			Jacques Hugo
Basil Govender			Eric Munyai
Cezanne Maherali			Sonja Carstens
Nduduzo Nyanda			Godfrey Selematsela

Number of meetings Convened	26

Liquor Industry task team

The task team is developing a social compact to seek ways in the short term to balance the impact of Covid-19 on lives and livelihoods and in the short, medium and long term to address the negative impact of excessive alcohol consumption.

Liquor Industry task team members			
Business	**Community**	**Government**	**Labour**
Pravashini Govender	Thembinkosi Josopu	Faried Adams	Sipho Ndlovu
Martin Kingston		Rebecca Lekalakala	Tony Ehrenreich
Patricia Pillay		Khadija Jamaloodien	Martle Keyter
John Purchase		Thembinkosi Mkalipi	Jacques Hugo
Pravashini Govender		Barry Kistnasamy	Matthew Parks
Millecent Maroga		Clementine Makaepea	Lebogang Mulaisi
Gwarega Mangozhe		Evelinah Masotja	Jan Mahlangu
Kurt Moore		Virgil Seafield	
Nonhlanhla Mohlaba			
Lucky Ntimane			

Liquor Industry task team members			
Business	**Community**	**Government**	**Labour**
Olivier Serrão			
Hellen Ndlovu			
Neo Momodu			
Tshifhiwa Tshivhengwa			
Martin Kingston			

Number of meetings Convened	15

Communications and Behavioural Change sub-committee

The Communications and Behavioural Change sub-committee was established to address the challenge of behaviour change and encourage social partners to use and share communication materials.

Communications and Behavioural Change sub-committee members			
Business	**Community**	**Government**	**Labour**
Dianne Woodward	Mfundisi Mabalane	Sagie Pillay	Matthew Parks
Seara Mkhabela	Steve Letsike	Josias Peela	Jan Mahlangu
Siven Maslamoney	Nelisa Ngqulana	Makhosonke Buthelezi	
Timothy Scholtz		Spo Kgalamono	
Martin Kingston		Tasneen Carrim	
Brenda Goldblatt			
Neo Momodu			
Renee Grawitzky			

Number of meetings Convened	5

High level meeting on relief measures to companies and workers in distress

The purpose of the high-level meeting on relief measures to companies and workers in distress was to engage on proposed relief financial and non-financial measures to assist workers and companies.

High level meeting on relief measures to companies and workers in distress members			
Business	**Community**	**Government**	**Labour**
Bongi Kunene	Tebello Radebe	Errol Makhubela	Martle Keyter
Abba Omar	Lawrence Bale	Ismail Momoniat	Lebogang Mulaisi
Kaizer Moyane	Thulani Tshefuta	Faried Adams	Matthew Parks
Cas Coovadia	Isobel Frye	Tembinkosi Mkhaliphi	Tony Ehrenreich
Martin Kingston	Pat Horn	Virgil Seafield	Jaques Hugo
Robert Legh	Thembinkosi Josopu	Brenda Sibeko	Jan Mahlangu
Tshifhiwa Tshivhengwa		Anthony Makwiramiti	Mpeane Lepaku
Mark Brits		Shamilla Chettiar	Sipho Ndlovu
		Mmangalisi Masoga	Riedah Ajam

Number of meetings Convened	6

Presidential Jobs Summit

The purpose of the Presidential Jobs Summit in 2018 was for the Nedlac social partners to identify solutions to job retention and job creation blockages, as well as opportunities that each social partner can work on to stimulate greater participation in the economy.

Jobs Summit Structures

Joint Technical Committee (JTC)

The JTC sought to monitor the implementation of the Presidential Jobs Summit Agreements.

Joint Technical Committee (JTC) members			
Business	**Community**	**Government**	**Labour**
Cas Coovadia	Thulani Mabuza	Virgil Seafield	Majakhuname Mphahlele
Joanne Yawitch	Michael Mkhize	Rudi Dicks	Mpheane Lepaku
Ruth Troskei	Thulani Tshefuta	Faried Adams	Simon Eppel
Sino Moabalobelo	Thembinkosi Josopu	Kaemete Tsotetsi	Tengo Tengela
Kaizer Moyane	Nhlanhla Ndlovu	Yolande Smite	Sipho Ndhlovu
Olivier Serrao	Isobel Frye	Stephen Rathai	Mduduzi Mbongwe
	Dumisani Mthalane	Stephen Hanival	Lucky Moni
		Nyiko Mabunda	Frank Nxumalo

Number of meetings Convened	10

Blended Finance task team

The mandate of the blended finance task team was to consider development of more appropriate financing products, including micro-financing, gap housing products and blended financing, including for emerging farmers and to prioritise women, youth and persons with disabilities.

Blended Finance task team members			
Business	**Government**	**Labour**	**Community**
Theo Boshoff	Rowena Joemat	Matthew Parks	Nhlanhla Ndlovu
Sino Moabalobelo	Mokete Meldah Mokono	Simon Eppel	Thulani Mabuza
Joanne Yawitch	Pumeza Gubuza Nasele Mehlomakulu	Tengo Tengela	
Annelize Crosby	Ramasodi Mooketsa	Sipho Ndhlovu	
Pierre Venter	Faried Adams	Jan Mahlangu	
Mosidi Melamu	Virgil Seafield	Makale Ngwenya	

Number of meetings Convened	6

War on Leaks task team

The task team seeks to create new opportunities for public employment in cities and new opportunities in municipal infrastructure maintenance.

War on Leaks task team members			
Business	**Government**	**Labour**	**Community**
Joanne Yawitch	Faried Adams	Edward De Klerk	Sugen Pillay
Lisa Peega	Rudi Dicks	Nhlanhla Ndlovu	Thulani Mabuza
Nomaza Spelman	Thembinkosi Mkalipi	Simon Eppel	Maryana Iskander
Ruth Trosie	Virgil Seafield	Sipho Ndhlovu	Sherrie Donaldson
Sino Moabalobelo	Mohapi Ndileka	Tengo Tengela	Stephen Shields

War on Leaks task team members			
Business	**Government**	**Labour**	**Community**
Cecil Macheke	Nkosi Nhlanhla		
Chris Campbell			

Number of meetings Convened	2

Eskom Social Compact task team

The purpose of this task team was for the social partners to engage and agree on resolutions of the energy crisis facing the country by agreeing on the key principles that underpin a social compact on energy security.

Eskom Social Compact members			
Business	**Government**	**Labour**	**Community**
Tebello Chabana	Rudi Dicks	Jan Mahlangu	Tebello Radebe
Joanne Yawitch	Makgola Makololo	Matthew Parks	Thulani Mabuza
Christoff Hamman			Nhlanhla Ndlovu

Number of meetings Convened	3

Economic Recovery and Reconstruction Plan

Nedlac social partners recognised the need for the country to establish mechanisms to re-build and recoverthe economy, following the Covid-19 pandemic and economic lockdown. Social partners therefore developed an Economic Recovery Plan between August and September 2020. This document contributed to the country's Economic Recovery and Reconstruction Plan which was announced by President Ramaphosaon 15 October 2020. The Nedlac social partners are tasked with ensuring the implementation of both quick wins and longer-term issues to ensure economic recovery through an ERLT.

Economic Recovery Leadership Team (ERLT) members			
Business	**Community**	**Government**	**Labour**
Cas Coovadia	Thulani Tshefuta	Thobile Lamati	Matthew Parks
Thevendrie Brewer	Nhlanhla Ndlovu	Rudzani Nevhutshena	Lebo Mulaisi
Mpumi Madisa	Laura Kganyago	Min Mmamoloko Kubayi-Ngubane	Ashley Benjamin
Roger Baxter	Thembinkosi Josopu	Pumeza Magona	Jacques Hugo
Kganki Matabane	Tebello Radebe	Virgil Seafield	Solly Phetoe
Martin Kingston	Grant Abbott	Onke Mjo	Bheki Nsthalintshali
Jonathan Cawood	Pat Horn	Nombini Ngubo	Riefdah Adjam
Jarredine Morris	Lawrence Bale	Nomzamo Bhengu	Simon Eppel
Zingi Khuli	Mbusi Nzimande	Faried Adams	Chriscentia Nonney
Bongi Kunene	Roro Ntsinde	Min Gwede Mantashe	Maile Modupi
Thenji Nhlapo		Vuyelwa Siyeka	Martle Keyter
Lebusa Meso		Nonkqubela Jordan	Jacques Hugo
Busi Mavuso		Stephen Hanival	Godfrey Selematsela
		Linda Ganca	
		Trudi Makhaya	
		Didy Dennis Vollenhoven	
		Nomvuyiso Batyi	
		Min Thembelani (Thulas) Nxesi	
		Min Pravin Gordan	
		Min Ebrahim Patel	

Number of meetings Convened	13

Manco and Exco Task Teams

Comprehensive Social Security and Retirement Reforms (CSRR) Task Team

The purposed of the Nedlac Comprehensive Social Security task team is to, among others, engage on proposals, identify areas of agreement and disagreement, and produce a Nedlac report that would assist in shaping South African social security and retirement reforms.

Comprehensive Social Security and Retirement Reforms (CSSRR) Task Team members			
Business	**Community**	**Government**	**Labour**
Jonathan Goldberg	Isobel Frye	Brenda Sibeko	Jan Mahlangu
Stephen Smith	Gugu Ntingane	Anthony Makwiramiti	Matthew Parks
Nishika Indurjeeth	Laura Kganyago	Mahlogonolo Moloko	Lebogang Mulaisi
Siobhan Leyden	Tumelo John Zwane	Brenton van Vrede	Helen Diatile
Isaac Ramputa	Mbusi Nzimande	Teboho Maruping	Sipho Owen Ndhlovu
Rowan Burger	Lawrence Bale	Vuyo Mafata	Thomas Ngwane
Rajendra Rajcoomar	Conti Matlakala (alternate)	David Khumalo	Silindile Mbhele
Cobus Strydom		Basil Maseko	Herman Kosterns
Joseph Mtolo		Ismail Momoniat	Jacques Hugo
Michelle Acton (alternate)		Alvinah Thela	Nhlonipho Baloyi
Sino Moabalobelo (alternate)		Piwe Tshombe	Frank Nxumalo
		Pebetse Maleka	
		Marsha Bronkhorst	
		Diketso Ratau	

Number of meetings Convened	16

Governance Task Team

The mandate of the Governance Task Team is to review the Nedlac founding documents and Identify gaps and weaknesses with the aim of making Nedlac fit for purpose.

Governance Task Team members			
Business	**Community**	**Government**	**Labour**
Cas Coovadia	Thembinkosi Josopu	Thembinkosi Mkalipi	Jan Mahlangu
Kaizer Moyane	Nhlanhla Ndlovu	Faried Adams	Sipho Ndhlovu
Deidre Penfold	Thulani Tshefuta	Virgil Seafield	Mpeane Lepaku
	Lawrence Bale (alternate)		Mduduzi Mbongwe (alternate)

Number of meetings Convened	5

4. COMPLIANCE WITH LAWS AND REGULATIONS

Management has complied with laws and regulations during the financial year and no material transgressions have been noted. Nedlac complied with labour legislation by reviewing its human resources policies and contracts with staff to ensure compliance with the Labour Relations Act and the Basic Conditions of Employment Act during the year under review.

Nedlac management addressed the following occupational health and safety matters to improve compliance with the Occupational Health and Safety Act:

i. Electrical compliance tests were conducted.

ii. Fire risk assessment was concluded.

iii. Fire safety protocols were developed.

5. FRAUD AND CORRUPTION

No cases of fraud and corruption have been identified during the financial year. Nedlac started a process of updating its fraud prevention plan and securing a hotline during the year under review.

6. MINIMISING CONFLICT OF INTEREST

There were no conflicts of interest in the period under review. Meetings of governance structures have a standard agenda item on declaration of conflict of Interest.

7. CODE OF CONDUCT

Nedlac started a process of developing code of good conduct in the year under review.

8. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

Nedlac has a functioning Occupational Health and Safety Committee and after doing a health and safety audit in the prior financial year, this period focused on:

i. Securing a service provider to repair the heating, ventilation and air conditioning (HVAC) systems;

ii Installing fire safety measures

iii Repairing and service the elevator basis; and

iv Providing access control to the Nedlac building which complied with Covid-19 protocols.

To address the risk of Covid-19 infections, Nedlac developed and updated Covid-19 protocols during the year in respect of:

i. Conditions under which staff could work in the office;

ii. Home office ergonomics; and

iii. Protocols for the use of printers and other automated office facilities.

9. SOCIAL RESPONSIBILITY

No social responsibility initiatives took place during the financial year.

10. AUDIT COMMITTEE REPORT

Nedlac Audit and Risk Committee Report: 2020/21 Financial Year

The Nedlac Audit and Risk Committee (ARC) is pleased to present its report for the financial year ended 31 March 2021.

Audit and Risk Committee responsibility

The ARC is a Standing Committee of the Executive Council and is therefore accountable to and assists the Executive Council in fulfilling its oversight responsibilities.

In line with its responsibilities arising from Section 51(1)(a)(ii); 76(4)(d) of the Public Finance Management Act, 1999 and Treasury Regulation 27.1, the ARC is required to produce a record of its engagements and deliberations, and reports to its supporting structure, the Management Committee and Executive Council of the institution.

The ARC has adopted appropriate formal terms of reference outlined in its Audit Committee Charter. The Charter sets out the principles upon which the ARC is to fulfil its oversight responsibilities. It is in this light that during the year under review, the ARC has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein and in accordance with the related accounting policies and practices.

Audit and Risk Committee members and attendance

The ARC consists of the members from each of the Nedlac Constituencies made up of Business, Community, Government, Labour and an independent Chairperson as listed hereunder.

The ARC is required to meet quarterly as per the approved Audit and Risk Committee Charter of Nedlac. During the 2020/21 financial year, four ordinary and four special meetings were held as follows:

Ordinary Meetings	Special Meetings
23 June 2020	13 July 2020
7 August 2020	20 October 2020
18 November 2020	28 September 2020
11 February 2021	14 January 2021

The membership of the ARC changed during the course of the year at the three-year review with the retirement of a Government representative in September 2020, who was succeeded by an alternative, and two resignations from the Business constituency in October 2020. The Committee membership was then reviewed in December 2020 and a new ARC was appointed and inducted in January 2021.

No	Name of Member	Period of membership during 2020/21 financial year	Number of Meetings attended
1.	Shami Kholong (Independent Chair)	April 2020 - December 2020	5
2.	Velile Pangwa (Independent Chair)	January 2021 - March 2021	2
3.	Mr. Kugesh Naidoo (Community)	April 2020 - March 2021	7
4.	Mr. Freddie Pietersen	April 2020 - September 2020	1
5.	Mr Seswai Mathabathe (Government)	October 2020 - March 2021	5
6.	Mr. Chris Klopper (Labour)	April 2020 - December 2020	2
7.	Mr Jacques Hugo (Labour)	January 2021 - March 2021	2
8.	Mr. J. du Plessis (Business)	April 2020 - October 2020	1
9.	Mr R. Rajcoomar (Business Alternative)	April 2020 - October 2020	2
10.	Ms Zelda Setladi (Business)	January 2021 - March 2021	2

Stakeholder Engagement

The Committee has engaged with the following Nedlac stakeholders and structures:

- Executive Council (Exco)
- Management Committee (Manco)
- Nedlac Management
- Internal Auditor
- Auditor-General of South Africa

Effectiveness of Internal Control

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in Nedlac and reported to both the Manco and Exco of Nedlac, reveals that, as in the previous year, some control weaknesses remain from the previous reporting periods which require management's attention, although improvements have been made.

The following internal audit work was completed during the year under review:

No.	Audit Project
1	Risk Management
2	Performance Information
3	Human Resources
4	Annual Financial Statements Review
5	Financial Discipline Review
6	Follow-up Audits
7	Supply Chain Management
8	Information Technology

The ARC acknowledges that during the year under review, Management has made efforts to identify and address the control weakness of the past few financial years. We further acknowledge that some the matters to being addressed by Management are historical and will require significant time to fully resolve.

During the financial year, Nedlac also saw a change in the Internal Audit team, following the expiry of the three-year service contract with Outsourced Risk and Compliance Assessment (ORCA), succeeded by a new service provider, Samba Solutions, in March 2021. We commend the work output of ORCA over the past financial year, as we believe their efforts played a significant role in the successes seen by the organisation to date.

Although we note that continued efforts are required by Management, specifically in attending to the findings raised by the Auditor General, we hope that Samba Solutions will ensure that the areas in which control weaknesses have been identified are monitored and tracked to hold both management and Nedlac staff accountable.

The ARC acknowledges and appreciates the efforts underway by management and the governance structures of Manco and Exco to address the areas of concern raised by our combined assurers. In this regard, we especially appreciate the efforts made by management in appointing service providers and part-time expertise to address the challenges around compliance and to strengthen the identified control weaknesses, particularly in Supply Chain Management.

Risk Management

Management ensured that a risk register was in place throughout the financial year which was presented to the ARC. To ensure oversight of the top ten strategic and operational risks, the ARC and Exco performed regular monitoring. Emerging risks were also identified as the organisation grappled with the changes needed in the working environment due to the Covid-19 pandemic.

Management is encouraged to keep track of the identified risks as recorded in the Strategic and Annual Performance Plans to ensure that all these areas are addressed in the 2021/22 financial year.

In-Year Management and Quarterly Report

Management has reported quarterly as required by the PFMA. In addition, at all ARC, meetings, management has presented quarterly reports for review and/or consideration by the ARC.

Evaluation of Financial Statements

The Audit and Risk Committee reviewed the Annual Financial Statements prepared by management and recommended them for audit subject to recommended refinements by the ARC being implemented.

Evaluation of Performance Information

The ARC further evaluated the performance information and recommended it for audit subject to recommended refinements being implemented.

Auditor General's Report

The ARC notes with appreciation, the Unqualified Audit Opinion, which retains the same outcome from the previous year, with findings raised by the Auditor General. The ARC further notes that there has been improvement in the audit opinion with a decrease in the number of findings. The ARC is also comforted by the Auditor General, the Internal Auditor and management's commitment to addressing the findings raised in the 2020/21 financial year's audit.

The ARC appreciates the work of the Auditor-General on the Annual Financial Statements as well as the Performance Information and is of the opinion that the Audited Annual Financial Statements together with the Performance Information be accepted and read together with the report of the Auditor-General.

In conclusion, ARC expresses its gratitude to all its members including those that have moved on, retired and stepped down during the 2020/21 financial year. We would also like to thank all the stakeholders who participated in the audit processes by both the Internal Audit and the Auditor General, their efforts, and the internal team effort have paid off and we wish to see a stronger and more compliant Nedlac in the future.

Velile Pangwa

Chairperson of the Audit and Risk Committee
Nedlac

PART D

HUMAN RESOURCES MANAGEMENT

HUMAN RESOURCES MANAGEMENT

This section sets out the relevant details in respect of Nedlac's staff complement of 36 in the tables below.

HUMAN RESOURCES OVERSIGHT STATISTICS

Personnel related expenditure

Personnel cost by programme/ activity/ objective

Programme/activity/ objective	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Programme 1	46 042 373	14 136 298	31%	17	831 547
Programme 2	46 042 373	12 439 942	27%	17	731 761
Programme 3	46 042 373	1 696 356	4%	3	565 452

Personnel cost by salary band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	2 116 000	7%	1	2 116 000
Senior Management	6 303 000	22%	5	1 260 600
Professional qualified	11 426 000	50%	16	714 125
Skilled	3 411 000	12%	7	487 286
Semi-skilled	1 487 000	5%	5	297 400
Unskilled	731 000	3%	4	182 750
TOTAL				

Performance rewards

Programme//activity/ objective	Performance rewards	Personnel expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	N/A	N/A	N/A
Senior Management	9 603	28 272 595	0,03%
Professional qualified	21 532	28 272 595	0,08%
Skilled	9 726	28 272 595	0,03%
Semi-skilled	9 483	28 272 595	0,03%
Unskilled	719	28 272 595	0,001%
TOTAL			

Expenditure

Total expenditure for the entity	Personnel expenditure	Personnel expenditure as % of total expenditure	No. of employees	Average personnel cost per employee (annual)
R45 600 966	R 28 272 595	62%	37	R 764 124

Training costs

Personnel expenditure	Training expenditure	Training expenditure as a % of personnel cost	No. of employees	Average training cost per employee
R 28 272 595	R 103 312	0.37%	37	R2 792.21

Employment and vacancies

2020/2021 Approved posts	2020/2021 Vacancies	% of Vacancies
39	2	5.12%

Levels	2020/2021 No. of Employees	2020/2021 Approved Posts	2020/2021 Vacancies
Top Management	1	1	0
Senior Management	3	4	1
Professional	17	18	1
Skilled	7	7	0
Semi-skilled	5	5	0
Unskilled	4	4	0
TOTAL	**37**	**39**	**2**

Employment changes

Levels	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	1	0	0	1
Senior Management	4	1	2	3
Professional	17	0	0	17
Skilled	7	0	0	7
Semi-skilled	5	0	0	5
Unskilled	4	0	0	4
Total	**38**	**1**	**2**	**37**

Reasons for staff leaving the institution

Reason	Number
Death	0
Resignation	2
Dismissal	0
Retirement	0
Ill health	0
Expiry of contract	0
Other	0
Total	**2**

Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	0
Written Warning	0
Final Written warning	0
Dismissal	0
Total	**0**

Equity target and employment equity status

Levels	African		Coloured		Indian		White	
	F	M	F	M	F	M	F	M
Top management							1	
Senior Management	1		1			1		
Professional	11	5					1	

PART E
FINANCIAL INFORMATION

1. REPORT OF THE AUDITOR-GENERAL

Report of the Auditor-General to Parliament on the National Economic Development and Labour Council

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the National Economic Development and Labour Council, set out on pages 74 to 106, which comprise the statement of financial position as at 31 March 2021, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Economic Development and Labour Council as at 31 March 2021, and its financial performance and cash flows for the year then ended, in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my auditor's report.

4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Restatement of corresponding figures

7. As disclosed in note 30 to the financial statements, the corresponding figures for 31 March 2020 were restated as a result of an error in the financial statements of the public entity at, and for the year ended, 31 March 2021.

Responsibilities of the accounting authority for the financial statements

8. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

9. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Auditor-General's responsibilities for the audit of the financial statements

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate,

they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

13. My procedures address the usefulness and reliability of the reported performance information, which must be based on the public entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the public entity's annual performance report for the year ended 31 March 2021.

Programmes	Pages in the annual performance report (Part B)
Programme 2 – core operations	31– 43

15. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

16. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:

- Programme 2 – core operations.

Other matter

17. I draw attention to the matter below.

Achievement of planned targets

18. Refer to the annual performance report on pages 29 to 44 for information on the achievement of planned targets for the year and management's explanations provided for the under-/over-achievement of targets.

Report on the audit of compliance with legislation

Introduction and scope

19. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the public entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

20. The material findings on compliance with specific matters in key legislation are as follows:

Expenditure management

21. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R3 787 185, as disclosed in note 26 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by deviations from normal procurement processes and advertising of awards not in line with National Treasury guidelines.

22. Effective steps were not taken to prevent fruitless and wasteful expenditure amounting to R192 771, as disclosed in note 28 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The fruitless and wasteful expenditure was caused by penalties and interest incurred on late payments.

Other information

23. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.

24. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information, and I do not express an audit opinion or any form of assurance conclusion on it.

25. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

26. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected, this will not be necessary.

Internal control deficiencies

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

28. There was inadequate oversight over compliance with laws and regulations by the oversight structures, which resulted in repeat findings on expenditure management.

29. Management did not adequately review and monitor compliance with applicable laws and regulations.

Auditor-General

Auditor-General

Pretoria

31 July 2021

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the Report of the Auditor-General to Parliament on the Nedlac Auditor-General's responsibility for the audit

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

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

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

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Nedlac is a statutory body which is governed and mandated as per The National Economic Development and Labour Council Act, Act 35 of 1994. Nedlac's work programme is largely determined by the legislative and policy programme of Government as well as issues tabled by constituencies. These issues are tabled at the Management Committee or Executive Council. Issues that are tabled at the Management Committee or Executive Council are referred to the appropriate Chambers for negotiation or consultation: Trade and Industry Chamber; Public Finance and Monetary Policy Chamber; Labour Market Chamber; and Development Chamber. Issues of a cross-cutting nature are dealt with by the Manco and-or Exco,usually through special task teams. There have been no changes in the legislative mandate of Nedlac.
Overall Convenors	Mr. K Moyane (Business) Mr. B Ntshalintshali (Labour) Mr. T Tshefuta (Community) Mr. V Seafield (Government)
Registered office	Nedlac House 14A Jellicoe Avenue Rosebank 2196
Business address	Erf 205, Rosebank Township,14A Jellicoe Avenue Rosebank Johannesburg South Africa 2196
Postal address	P.O Box 1775 Saxonworld 2132
Bankers	Standard Bank
External Auditors	Auditor General of South Africa

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The reports and statements set out below comprise the annual financial statements presented to the Parliament of the RSA.

Statement of Financial Position as at 31 March 2021

Figures in Rands	Note(s)	2021	2020 Restated*
Assets			
Current Assets			
Receivables from exchange transactions	4	202 307	15 735
Cash and cash equivalents	3	26 127 580	16 982 980
		26 329 887	**16 998 715**
Non-Current Assets			
Property, plant and equipment	5	17 962 134	18 049 139
Intangible assets	6	320 597	321 471
		18 282 731	**18 370 610**
Total Assets		**44 612 618**	**35 369 325**
Liabilities			
Current Liabilities			
Payables from exchange transactions	7	5 373 062	7 660 405
Provisions	8	1 099 474	687 011
Deferred Income		-	2 825 497
		6 472 536	**11 172 913**
Total Liabilities		**6 472 536**	**11 172 913**
Net Assets		**38 140 082**	**24 196 412**
Accumulated surplus	10	38 140 082	24 196 412

Statement of Financial Performance

Figures in Rands	Note(s)	2021	2020 Restated*
Revenue			
Revenue from exchange transactions			
Other revenue		94 295	165 861
Interest received	11	1 146 839	1 430 446
Total revenue from exchange transactions		**1 241 134**	**1 596 307**
Revenue from non-exchange transactions			
Transfer revenue			
Transfers from other government entities	12	58 303 497	44 315 947
Total revenue	**13**	**59 544 631**	**45 912 254**
Expenditure			
Personnel expenses	14	(28 272 595)	(24 827 931)
Depreciation and amortisation expenses		(1 804 056)	(1 782 485)
Reversal of impairments		-	(98 480)
Finance costs		(404)	(205 179)
Lease rentals on operating lease	25	(120 139)	(27 483)
Profit on sale of assets		-	100
Miscellaneous Expenses	15	(15 403 772)	(18 405 777)
Total expenditure		**(45 600 966)**	**(45 347 235)**
Surplus for the year		**13 943 665**	**565 019**

Statement of Changes in Net Assets

Figures in Rands	Accumulated surplus	Total net assets
Balance at 01 April 2019	**23 631 393**	**23 631 393**
Changes in net assets		
Rounding Adjustment	5	5
Surplus for the year	565 019	565 019
Total changes	565 019	565 019
Opening balance as previously reported	24 196 417	24 196 417
Restated* Balance at 01 April 2020 as restated*	**24 196 417**	**24 196 417**
Changes in net assets		
Surplus for the year	13 943 665	13 943 665
Total changes	13 943 665	13 943 665
Balance at 31 March 2021	**38 140 082**	**38 140 082**

Cash Flow Statement

Figures in Rands	Note(s)	2021	2020 Restated*
Cash flows from operating activities			
Receipts			
Grants		58 303 497	44 315 947
Interest income		1 146 839	1 430 446
Other receipts		94 295	165 861
		59 544 631	**45 912 254**
Payments			
Employee costs		(28 272 595)	(25 169 209)
Suppliers		(20 410 855)	(19 383 731)
Finance costs		(404)	(205 179)
		(48 683 854)	**(44 758 119)**
Net cash flows from operating activities	18	**10 860 777**	**1 154 135**
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(1 248 740)	(386 848)
Proceeds from sale of property, plant and equipment	5	-	100
Purchase of other intangible assets	6	(467 437)	(172 510)
Net cash flows from investing activities		**(1 716 177)**	**(559 258)**
Net increase/(decrease) in cash and cash equivalents		**9 144 600**	**594 877**
Cash and cash equivalents at the beginning of the year		16 982 980	16 388 003
Cash and cash equivalents at the end of the year	3	**26 127 580**	**16 982 880**

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

Figures in Rands	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Other operating revenue	-	-	-	94 295	94 295	
Interest received	835 000	-	835 000	1 146 839	311 839	A1
Total revenue from exchange transactions	**835 000**	**-**	**835 000**	**1 241 134**	**406 134**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	62 114 000	(6 636 000)	55 478 000	58 303 497	2 825 497	A2
Total revenue	**62 949 000**	**(6 636 000)**	**56 313 000**	**59 544 631**	**3 231 631**	
Expenditure						
Personnel	(26 372 000)	499 000	(25 873 000)	(28 272 595)	(2 399 595)	A3
Depreciation and amortisation	(1 078 000)	1 078 000	-	(1 804 056)	(1 804 056)	A4
Finance costs	-	-	-	(404)	(404)	
Lease rentals on operating lease	-	-	-	(120 139)	(120 139)	
Miscellaneous	(35 499 000)	5 059 000	(30 440 000)	(15 403 772)	15 036 228	A5
Total expenditure	**(62 949 000)**	**6 636 000**	**(56 313 000)**	**(45 600 966)**	**10 712 034**	
Surplus before taxation	**-**	**-**	**-**	**13 943 665**	**13 943 665**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**-**	**-**	**-**	**13 943 665**	**13 943 665**	

Reconciliation

The accounting policies on pages 8 to 21 and the notes on pages 22 to 31 form an integral part of the annual financial statements.

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables / Held to maturity investments and/or loans and receivables

The entity assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the asset will remain in use for the next 12 months - however, the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time.

Provisions

A provision is a liability of uncertain timing or amount.

A provision shall be recognised when an entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in the *provisions note*.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Bad debts must only be written off on the authority of Manco/Exco, subject to the recommendation of the Audit and Risk Committee, after all reasonable steps have been taken to recover the debt and it is satisfied that:

- The debtor cannot be traced;
- All legal and other measures have been exhausted;
- Recovery of the debt would be uneconomical;
- Recovery would cause undue hardship to the debtor or his/her departments; and
- It would be an advantage to Nedlac to effect a settlement of its claim or to waive the claim.

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- It is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- The cost of the item can be measured reliably. Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment is depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land	Not depreciated	Infinite
Buildings	Straight line	35 Years
Furniture and fixtures	Straight line	5 - 20 Years
Motor vehicles	Straight line	15 Years
Office equipment	Straight line	1 - 10 Years
IT equipment	Straight line	1 - 20 Years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.5 Intangible assets

An asset is identifiable if it either:

- Is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- Arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- It is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- The cost or fair value of the asset can be measured reliably.

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date. Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software, other	Straight line	1 - 10 Years

1.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

Cash;

A residual interest of another entity; or a contractual right to:

- receive cash or another financial asset from another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- Deliver cash or another financial asset to another entity; or
- Exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

1.6 Financial instruments (continued)

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions. Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash and Cash Equivalents	Financial asset measured at amortised cost
Trade and Other Receivables	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the category:

- Financial instruments at amortised cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity calibrates the valuation technique and

1.6 Financial instruments (continued)

tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- Combined instrument that is required to be measured at fair value; or
- An investment in a residual interest that meets the requirements for reclassification.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- The contractual rights to the cash flows from the financial asset expire, are settled or waived;
- The entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- The entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
  - Derecognise the asset; and
  - Recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing

1.6 Financial instruments (continued)

liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished - i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from non-exchange transactions (taxes and transfers).

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.8 Employee benefits

Short-term employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees. The cost of short-term employee benefits, (those payable within 12 months, after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected costs of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance and a reliable estimate of their obligation can be made.

1.9 Provisions and contingencies

Provisions are recognised when:

the entity has a present obligation as a result of a past event;

it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and

a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating surplus.

A constructive obligation to restructure arises only when an entity:

- Has a detailed formal plan for the restructuring, identifying at least:
  - The activity/operating unit or part of an activity/ operating unit concerned;
  - The principal locations affected;
  - The location, function, and approximate number of employees who will be compensated for services being terminated;
  - The expenditures that will be undertaken; and
  - When the plan will be implemented; and
  - Has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Contingent assets and contingent liabilities are not recognised.

1.10 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

1.10 Commitments (continued)

Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and

Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.11 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Interest

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

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

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.12 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Government grants

Government grants are recognised as revenue when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- The amount of the revenue can be measured reliably; and
- To the extent that there has been compliance with any restrictions associated with the grant.

The entity assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remits grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

Other grants and donations

Other grants and donations are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised when the conditions are satisfied.

1.13 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.14 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.15 Irregular expenditure

Irregular expenditure as defined in Section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of, or that is not in accordance with a requirement of any applicable legislation, including -

(a) This Act; or

(b) The State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or

(c) Any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned.

If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements.

The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.16 Budget information

The entity is typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by the entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2020/04/01 to 2021/03/31.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting - therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.17 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances, and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.18 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- Those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.19 Tax

Nedlac is exempt from paying income tax in terms of Section 10(1)(cA)(i) of the Income Tax Act.

Notes to the Annual Financial Statements

Figures in Rands	2021	2020

2. New standards and interpretations / Amendments and Improvements

2.1 Standards and interpretations issued, but not yet effective

GRAP Standard	Changes
GRAP 104 (financial instruments)	Approved but not yet effective
GRAP 25 (employee benefits)	Approved but not yet effective
GRAP 1 (Presentation of Financial Statements)	Amendments
GRAP 13 – Leases improvements	Improvements
GRAP 17 – Property, plant and equipment	Improvements
GRAP 20 – Related party disclosures improvements	Improvements
GRAP 31 – Intangible assets improvements	Improvements
GRAP 24 – Presentation of budget information in Financials	Improvements

Notes to the Annual Financial Statements

Figures in Rands	2021	2020

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1 493	5 001
Bank balances	26 126 087	16 977 979
	26 127 580	**16 982 980**

4. Receivables from exchange transactions

Current assets	202 307	15 735

Receivables Age Analysis

Included in the amount above are Sundry debtors of R19 362 (2020: R4 295) and the following trade receivables.

Receivables Age Analysis

31 March 2021	120 Days	90 Days	60 Days	30 Days	Current	Balance
Trade Receivables	283	-	-	-	182 662	182 945

31 March 2020	120 Days	90 Days	60 Days	30 Days	Current	Balance
Trade Receivables	11 440	-	-	-	-	11 440

Notes to the Annual Financial Statements

Figures in Rands	2021	2020

5. Property, plant and equipment

	2021			2020				
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Value Adjustment Cost	Accumulated depreciation and accumulated impairment	Value Adjustment Accumulated Depreciation and Impairment	Carrying value
Land	1 500 000	-	1 500 000	1 500 000	-	-	-	1 500 000
Buildings	21 707 233	(8 570 425)	13 136 808	21 707 233	-	(7 765 458)	-	13 941 775
Furniture and fixtures	3 613 228	(2 396 197)	1 217 031	3 651 194	(49 917)	(2 300 849)	49 917	1 350 345
Motor vehicles	587 831	(311 558)	276 273	587 831	-	(272 370)	-	315 461
Office equipment	1 526 301	(863 503)	662 798	1 680 318	(357 244)	(1 097 759)	358 051	583 366
IT equipment	1 794 554	(625 330)	1 169 224	1 490 533	(729 540)	(1 096 622)	693 820	358 191
Total	**30 729 147**	**(12 767 013)**	**17 962 134**	**30 617 109**	**(1 136 701)**	**(12 533 057)**	**1 101 788**	**18 049 139**

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Depreciation	Total
Land	1 500 000	-	-	1 500 000
Buildings	13 941 775	-	(804 967)	13 136 808
Furniture and fixtures	1 350 345	11 951	(145 265)	1 217 031
Motor vehicles	315 461	-	(39 188)	276 273
Office equipment	583 367	203 228	(123 796)	662 799
IT equipment	358 191	1 033 561	(222 527)	1 169 225
	18 049 139	**1 248 740**	**(1 335 743)**	**17 962 136**

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Impairment Loss	Depreciation	Total
Land	1 500 000	-	-	-	1 500 000
Buildings	14 772 589	-	(23 991)	(806 823)	13 941 775
Furniture and fixtures	1 678 357	28 862	(48 434)	(308 440)	1 350 345
Motor vehicles	354 616	-	-	(39 155)	315 461
Office equipment	627 058	113 137	(25 552)	(131 276)	583 367
IT equipment	245 308	244 849	(503)	(131 463)	358 191
	19 177 928	**386 848**	**(98 480)**	**(1 417 157)**	**18 049 139**

Notes to the Annual Financial Statements

Figures in Rands	2021	2020

6. Intangible assets

	2021			2020		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	2 237 816	(1 917 219)	320 597	1 152 418	(830 947)	321 471

Reconciliation of intangible assets - 2021

	Opening balance	Additions	Amortisation	Total
Computer software, other	321 471	467 437	(468 311)	320 597

Reconciliation of intangible assets - 2020

	Opening balance	Additions	Amortisation	Total
Computer software, other	514 289	172 510	(365 328)	321 471

Notes to the Annual Financial Statements

Figures in Rands	2021	2020

7. Payables from exchange transactions

Trade payables	795 658	255 772
Payroll accruals	4 176 460	4 610 284
Other accrued expenses	400 944	2 794 349
	5 373 062	**7 660 405**

8. Provisions

Reconciliation of provisions - 2021

	Opening Balance	Utilised during the year	Reversed during the year	Total
Provision - Bonus	51 063	(51 063)	83 865	83 865
Provision – Leave	635 948	(327 594)	707 255	1 015 609
	687 011	**(378 657)**	**791 120**	**1 099 474**

Reconciliation of provisions - 2020

	Opening Balance	Utilised during the year	Reversed during the year	Total
Provision - Bonus	401 601	(289 028)	(61 510)	51 063
Provision – Leave	902 917	(543 193)	276 224	635 948
	1 304 518	**(832 221)**	**214 714**	**687 011**

9. Deferred Income

Deferred Income	-	2 825 497

Nedlac had funds for Jobs Summit related activities of R2 825 497 from 2019/20 financial year. This conditional grant as at 31 March 2021 had been fully spent.

10. Accumulated surplus

Accumulated surplus	38 140 082	24 196 417
Gain on sale of property, plant and equipment	-	100

11. Investment revenue

Interest revenue

Interest received - other	1 146 839	1 430 446

The amount included in Investment revenue arising from exchange transactions amounted to R 1 146 839

Notes to the Annual Financial Statements

Figures in Rands	2021	2020

12. Government grants and subsidies

Operating grants		
Government grant	58 303 497	44 315 947

13. Revenue

Other revenue	94 295	165 861
Interest received - investment	1 146 839	1 430 446
Government grants and subsidies	58 303 497	44 315 947
	59 544 631	**45 912 254**

The amount included in revenue arising from exchanges of goods or services are as follows:		
Other revenue	94 295	165 861
Interest received - investment	1 146 839	1 430 446
	1 241 134	**1 596 307**

The amount included in revenue arising from non-exchange transactions is as follows:		
Government grants and subsidies	58 303 497	44 315 947

During the 2020/21 financial year, Nedlac was the beneficiary of research that was conducted by the Mapungubwe Institute for Strategic Reflection (MISTRA), the Institute for Economic Justice (IEJ), Trade & Industrial Policy Strategies (TIPS) and the Employment Promotion Programme (EPP). Although Nedlac received the research data, there was no payment made by or through the Nedlac. Nedlac does not have the ability to exercise control over the services and it is on this basis that the nature and type of services in-kind are disclosed but not recognised.

14. Employee related costs

Basic	25 861 480	23 662 067
Bonus	107 056	-
UIF	66 138	62 456
WCA	75 593	71 993
SDL	165 523	197 085
Other payroll levies	155 065	229 534
Leave pay provision charge	523 226	276 224
Short term benefit	1 259 676	273 669
13th cheques	58 838	54 903
	28 272 595	**24 827 931**

Notes to the Annual Financial Statements

Figures in Rands	2021	2020

15. Miscellaneous

Advertising	1 260	34 184
Auditor's remuneration	2 176 170	1 579 436
Bank charges	25 953	41 233
Catering	29 443	766 295
Cleaning	20 007	20 209
Conferences and seminars	312 923	1 495 328
Consulting and professional fees	7 584 891	4 461 676
Electricity	497 728	670 185
Fines and penalties	203 676	297 405
IT expenses	96 703	145 082
Insurance	129 048	197 956
Levies	13 587	18 116
Maintenance and repairs	3 075	22 128
Motor vehicle expenses	-	11 848
Postage and courier	4 593	22 849
Printing and stationery	70 115	1 086 460
Recruitment fees	-	430 092
Repairs and maintenance	371 390	163 947
Security expenses	317 430	241 738
Stipend allowance	110 000	110 000
Study grants	169 295	59 457
Subscriptions and membership fees	12 078	9 556
Telephone and fax	2 058 519	623 775
Training	50 107	30 313
Travel - local	1 145 781	5 833 202
Travel - overseas	-	33 307
	15 403 772	**18 405 777**

16. Depreciation and amortisation expenses

Depreciation		
Buildings	804 967	806 823
Furniture and fixtures	145 266	308 439
Motor vehicles	39 188	39 155
Office equipment	123 796	131 276
IT equipment	222 527	131 464
Amortisation		
Computer software	468 312	365 328
	1 804 056	**1 782 485**

Notes to the Annual Financial Statements

Figures in Rands	2021	2020

17. Auditors' remuneration

External audit	1 861 383	1 149 783
Internal audit	314 787	429 653
	2 176 170	**1 579 436**

18. Cash generated from operations

Surplus	13 943 665	549 520
Adjustments for:		
Depreciation and amortisation	1 804 056	1 782 485
Loss on sale of assets and liabilities	-	(100)
Impairment loss	-	98 480
Movements in provisions	412 461	(617 507)
Changes in working capital:		
Receivables from exchange transactions	(186 572)	130 042
Payables from exchange transactions	(2 287 337)	2 786 257
Deferred income	(2 825 497)	(3 574 947)
Other movement	1	5
	10 860 777	**1 154 135**

19. Budget differences

Material differences between budget and actual amounts

A1 Interest received

Interest received was higher than anticipated due to additional interest earned on the cash reserves. The underspending of goods and services has largely contributed to excess cash in the bank throughout the financial year.

A2 Government grants and subsidies

The Nedlac budget allocation of R62 100 000 from the Department of Employment and Labour was cut in Quarter 2 by R6 637 000 to R55 478 000. An additional amount of R2 825 497 was recognised as revenue from the Jobs Summit conditional grant in line with expenses incurred.

A3 Employee costs

The major reason for the variance is due to the additional headcount relating to the Jobs Summit that is included in the cost of employment.

A4 Depreciation

This is a non-cash item which was not taken into consideration when budgeting for the 2020/21 financial year

A5 Miscellaneous expenses

Due to lockdown, activity was lower than anticipated and thus expenditure incurred on goods and services was significantly lower than budgeted for, resulting in a saving.

Notes to the Annual Financial Statements

Figures in Rands	2021	2020

20. Commitments

Authorised capital expenditure		
Total capital commitments		
Already contracted for but not provided for	-	-
Authorised operational expenditure		
Already contracted for but not provided for		
Internal audit fees	-	418 605
Unified email management solutions (mimecast)	22 014	57 115
Vox telecom voice and data	920 704	1 826 961
Security guarding services	202 400	195 224
Photocopy and printing costs	103 496	103 496
Photocopy and printing costs	305 805	425 942
Insurance - Nedlac assets	27 657	65 984
Employee benefits advisory costs	129 000	189 000
Research	-	2 141 819
Security alarm system	16 371	-
SAGE support	78 000	-
Insurance - cellphones	40 594	-
Economic and employment trends research	923 766	-
Internal audit fees	917 928	-
	3 687 735	**5 424 146**
Total operational commitments		
Already contracted for but not provided for	3 687 735	5 424 146

Operating Lease

Minimum lease payments due		
- within one year	118 318	176 479
- in second to fifth year inclusive	307 625	352 959
	425 943	**529 438**

Nedlac acquired photocopier machines by entering into operating lease agreements of 36 months. Total contract value amounts to R529 438.

Notes to the Annual Financial Statements

Figures in Rands	2021	2020

21. Financial instruments disclosure

Categories of financial instruments

2021

Financial assets

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	202 307	202 307
Cash and cash equivalents	26 127 580	-	26 127 580
	26 127 580	**202 307**	**26 329 887**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	5 373 062	5 373 062

2020

Financial assets

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	15 735	15 735
Cash and cash equivalents	16 982 980	-	16 982 980
	16 982 980	**15 735**	**16 998 715**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	7 660 405	7 660 405

22. Contingencies

Retention of Cash Surplus

In terms of Section 53 (3) of PFMA, public entities listed in Schedule 3A and 3C of the PFMA may not retain cash surpluses that were realised in the previous financial year without obtaining prior written approval from the National Treasury.

In September 2020, the National Treasury issued Instruction No. 12 of 2020/21 which gave more detail to the surplus definition. According to this instruction, a surplus is based on the formula used below.As of 31 March 2021 the cash surplus was calculated as follows:

Components	**Amount**
Cash and cash equivalent	R26 127 580
Add: Receivables	R 202 307
Less: Current liabilities	R 6 472 536
Surplus (Deficit) as of 31 March 2021	R19 857 351

Notes to the Annual Financial Statements

Figures in Rands	2021	2020

22. Contingencies (continued)

Other contingent liabilities

The former executive director, Mr Vilakazi, has challenged his dismissal through the Labour Court. Management's assessment after discussion with its lawyers is that Nedlac's merits to win the case are strong based on factual evidence. If in the unlikely event the Nedlac is unsuccessful, an estimated amount of backpay of up to R4 455 000 would be owing if Mr Vilakazi is reinstated.

The former Chief Financial Officer, Mr Daza, has challenged his dismissal through the Labour Court. Management's assessment after discussion with its lawyers is that Nedlac's merits to win the case are strong based on factual evidence. If in the unlikely event the Nedlac is unsuccessful, an estimated amount of of up to R373 800 would be owing if Mr Daza is paid remuneration of up to four months of his suspension.

23. Going concern

We draw attention to the fact that at 31 March 2021, the entity had an accumulated surplus of R 38 140 082 and that the entity's assets exceed its total liabilities by R 38 140 082.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

It is further noted that going concern of Nedlac was not impacted by the ongoing Covid-19 pandemic.

24. Events after the reporting date

Members are not aware of any matter or circumstance arising since the end of the financial period.

25. Lease rentals on operating lease

Equipment		
Contractual amounts	120 139	27 483

Notes to the Annual Financial Statements

Figures in Rands	2021	2020

26. Irregular expenditure

Opening balance	19 588 782	11 585 231
Add: Irregular expenditure - current year	3 787 185	8 003 551
	23 375 967	**19 588 782**

Details of irregular expenditure – current year		
Advertising of award not in line with National Treasury guidelines	BIG research	1 156 409
Advertising of award not in line with National Treasury guidelines	NSSF research	829 953
Advertising of award not in line with National Treasury guidelines	Travel management services	818 704
Advertising of award not in line with National Treasury guidelines	Administration of employee benefits	60 000
Advertising of award not in line with National Treasury guidelines	Telephone and data service	801 759
Advertising of award not in line with National Treasury guidelines	Economic trends research	70 555
Advertising of award not in line with National Treasury guidelines	Group life cover	49 805
		3 787 185

Disciplinary steps taken/criminal proceedings

Two senior staff members were dismissed with one middle manager issued with a final written warning. Investigations into losses sustained by the entity were also conducted.

A new leadership team was put in place including a new Executive Director and Chief Financial Officer.

A programme of training and retraining of all staff including supply chain managers has been put in place. The internal audit action plan includes a focus on supply chain procedures.

Proper mechanisms for segregation of duties has been put in place in respect of supply chain.

27. Related parties

Relationships

Public Entity	Proudly South African
Members of key management	L. Seftel
	N Sibisi
	J. Shai (01/04/2020 - 30/11/2020)
	F Shamsoodeen (22/02/2021 - 31/03/2021)
	T. Mohl - Acting CFO (Date 01 November 2020)

Proudly South African was formed by Nedlac. Some of the Exco members of Nedlac also form part of the board members of Proudly South African. Nedlac is also responsible for the appointment of the chairperson of the board of directors for Proudly South African. There are no binding arrangements and Proudly South African does not receive a financial interest from Nedlac. Statutory reporting of Proudly South African does not occur through Nedlac.

Notes to the Annual Financial Statements

Figures in Rands	2021	2020

27. Related parties (continued)

Related party balances

Grant Received from related parties

Department of Employment and Labour	58 303 497	44 315 947

The Minister of the Department of Employment and Labour is the Executive Authority of Nedlac.

Compensation to members and other key management		
Dumisani Mthalane	400	7 292
Puleng Herman Tsebe	1 000	-
Lawrence Bale	38 893	168 902
Conti Matlakala	9 200	16 571
Thulani Tshefuta	137 666	134 599
Tebello Radebe	22 700	412
Thulani Mabuza	7 200	132 363
Zacharia Matsela	2 000	9 494
Thembinkosi Josopu	35 600	11 287
Lucky Moni	2 166	49 096
Sekgota Lincon Phocana	-	25 877
Maj E. Mphahlele	-	10 086
Louisa Nett	-	931
Godfrey Matsela Selematsela	5 554	35 221
Lucas Qakaza	1 200	4 975
Lerato Mofokeng	200	3 507
	263 779	**610 613**

28. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure	1 240 568	690 249
Add: Fruitless and wasteful expenditure - current year	192 771	550 319
	1 433 339	**1 240 568**

Fruitless and wasteful expenditure incurred in prior years relates to flights and accommodation costs and penalties and interest on late payments to SARS. These flights and accommodation costs amounting to R690 249 were incurred in vain as delegates booked for flights and accommodation but did not utilise these services. These SARS penalties and interest costs amounting to R550 319 were incurred as a result of profile change issues experienced with the change in management.

Fruitless and wasteful expenditure incurred for the current year amounting to R192 771 relates to SARS submissions and payment made after the date stipulated by SARS as a result of penalties and interests charges.

Notes to the Annual Financial Statements

Figures in Rands	2021	2020

29. Management Emoluments

	Basic Salary	Bonuses/ Performance related payments	Employer contribution to Pension/ Medical Fund/e.t.c	Termination benefits	Other	Total
Ms L. Seftel - Executive Director	1 742 500	-	464 552	-	3 000	2 210 052
Mr J. Shai - Chief Financial Officer (01/04/2020 to 30/11/2020)	984 000	-	291 075	123 454	3 000	1 401 529
Mr S. Shamsoodeen - Chief Financial Officer (22/02/2021 to 31/03/2021)	151 380	-	44 630	-	-	196 010
Ms N. Sibisi - Head of Program Operations	1 053 649	4 626	317 672	-	3 000	1 378 947
	3 931 529	**4 626**	**1 117 929**	**123 454**	**9 000**	**5 186 538**

2020

	Basic Salary	Bonuses/ Perfomance related payments	Expenses	Employer contribution to Pension/ Medical Fund/e.t.c	Termination benefits	Total
Ms L. Seftel - Executive Director	207 041	-	-	79 500	-	286 541
Mr M. Vilakazi - Executive Director	383 681	-	10 500	-	200 271	594 452
Mr T. Thejane - Executive Director	208 488	-	-	-	-	208 488
Mr T. Mkalipi Executive Director	49 020	-	-	-	-	49 020
Mr J. Shai - Chief Financial Officer	1 440 000	-	-	106 200	-	1 546 200
Mr M. Daza - Chief Financial Officer	345 036	-	6 000	-	238 261	589 297
Ms N. Sibisi - Head of Program Operations	1 207 319	20 226	19 940	84 695	-	1 332 180
	3 840 585	**20 226**	**36 440**	**270 395**	**438 532**	**4 606 178**

Notes to the Annual Financial Statements

Figures in Rands	2021	2020

30. Prior-year adjustments

To comply with GRAP 3, adjustments to correct the prior period errors were effected into the comparative figures.

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position

2020	Note	As previously reported	Correction of error	Restated
Consulting fees	N1	(4 304 869)	(89 287)	(4 394 156)
IT expenses	N5	(108 232)	(36 850)	(145 082)
Interest expenses	N2	-	(205 179)	(205 179)
Penalties	N2	-	(297 405)	(297 405)
Meetings/conferences	N1	(1 480 278)	(15 050)	(1 495 328)
Telephone and fax	N1	(621 051)	(3 480)	(624 531)
Travel and accomodation local	N3	(5 450 596)	(382 606)	(5 833 202)
Travel and accomodation international	N3	(65 394)	(34 677)	(100 071)
Printing and stationery expenses	N6	(369 888)	(293 351)	(663 239)
		(12 400 308)	**(1 357 885)**	**(13 758 193)**

Statement of financial performance

2020

	Note	As previously reported	Correction of error	Restated
Office equipment @ cost	N4	1 302 926	20 148	1 323 074
IT equipment @ cost	N5	797 844	(36 850)	760 994
Office equipment - accumulated depreciation	N4	(719 559)	(20 148)	(739 707)
Trade payables	N1	(166 280)	(89 487)	(255 767)
Furniture and fittings/@ cost/admin	N7	3 518 176	83 101	3 601 277
Furniture and fittings/accum depre/admin	N7	(2 167 831)	(83 101)	(2 250 932)
Other accruals	N3/N6	(2 063 562)	(728 964)	(2 792 526)
Payroll accruals	N4	(4 794 711)	(502 584)	(5 297 295)
		(4 292 997)	**(1 357 885)**	**(5 650 882)**

Notes to the Annual Financial Statements

Figures in Rands	2021	2020

30. Prior-year adjustments (continued)

The following prior period errors adjustments occurred:

N1 - Nedlac had misstated its Consulting fees and Salaries and wages in the 2020 financial year.

N2 - Nedlac incurred penalty on late submission and payment of monthly EMP 201's, these costs were incorrectly included in Salaries and wages account.

N3 - Travel and accommodation for the 2020 financial year was incorrectly understated as no accruals were raised in that year, resulting in understatement of Travel and accommodation expenditure in the 2020 financial year.

N4 - Office equipment costs and accumulated depreciation costs in 2020 financial year were erroneously understated by R20 148.

N5 - Computer equipment costs and Computer expenses in the 2020 financial year were erroneously misstated by R36 850.

N6 - Printing and stationery expenses for the 2020 financial year was incorrectly understated as no accruals were raised in that year, resulting in understatement of Printing and stationery expenditure in the 2020 financial year.

N7 - Furniture and fittings costs and accumulated depreciation in the 2020 financial year were erroneously understated by R83 101.

31. Risk management and financial risk management

Financial risk Management

The entity's activities expose to the following financial risks: Cash flow interest rate risk (Market risk)

Credit risk and Liquidity risk

The Accounting Authority and the Executive Director have overall responsibility for the establishment and oversight of Nedlac's risk management framework. Nedlac's risk management policies are established to identify and analyse the risks faced by Nedlac, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Nedlac's activities. Nedlac, through its training and management standards and procedures, aims to develop a disciplined and constructive environment in in which all employees understand their roles and obligations.

Liquidity risk

Liquidity risk is the risk that Nedlac will encounter difficulty in raising funds to meet its commitments. Nedlac's approach to managing liquidity is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Nedlac's reputation.

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will default on its obligation to Nedlac, thereby causing financial loss. It is Nedlac's policy that all customers who wish to trade on credit terms are assessed for credit worthiness. In addition, receivable balances are monitors on an ongoing basis with the result that the exposure to bad debts is not significant. A provision is made for doubtful debts. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial position.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2021	2020
Cash and cash equivalent	26 127 580	16 982 980
Receivables from exchange transactions	202 307	15 735
Market risk		
Interest rate risk		

Nedlac's exposure to interest risk is managed by investing, on a short term basis, in current accounts and the Corporation for Public Deposits (CPD), to ensure maximum interest on surplus funds within the prescribed legislation. The risk arises when there are interest rate changes downward, as this will reduce the interest income on invested funds. The entity manages its interest rate risk by only investing its funds in accounts at financial institutions wherein the accounts accrue interest at market related interest rates. In terms of National Treasury Regulation (section 31.3.3), all surplus funds are deposited in the call account.

Nedlac is exposed to interest rate changes in respect of returns on its investments with financial institutions.

PART F
ANNEXURES

ANNEXURE A: JOBS SUMMIT REPORT

CONTENTS

ABBREVIATIONS AND ACRONYMS

ACFTA	African Continental Free Trade Agreement
APDP	Automotive Production and Development Programme
ASISA	Association for Savings and Investment South Africa
B4SA	Business for South Africa
BASA	Business and Arts South Africa
BBGF	Black Business Growth Fund
BLSA	Business Leadership South Africa
BPESA	Business Process Enabling South Africa
BPO	Business Process Outsourcing
BUSA	Business Unity South Africa
CCMA	Commission for Conciliation, Mediation and Arbitration
CGCSA	Consumer Goods Council of South Africa
Covid-19	Coronavirus disease 2019
DALRRD	Department of Agriculture, Land Reform and Rural Development
DBE	Department of Basic Education
DBSA	Development Bank of Southern Africa
DC	Development Chamber
DFFE	Department of Forestry, Fisheries and the Environment
DHA	Department of Home Affairs
DHET	Department of Higher Education and Training
DMRE	Department of Mineral Resources
DTIC	Department of Trade, Industry and Competition
ECD	Early Childhood Development
ECEDA	Eastern Cape Economic Development Agency
ELIDZ	East London Industrial Development Zone
EPWP	Extended Public Works Programme
EPR	Extended Producer Responsibility
ERRP	Economic Reconstruction and Recovery Plan
ETI	Employment Tax Initiative
FSTC	Financial Sector Transformation Council
GBS	Global Business Services
GPG	Gender Pay Gap
IDC	Industrial Development Corporation
IID	Institute of Interior Design
ILO	International Labour Organization
ISA	Infrastructure South Africa
JTC	Joint Technical Committee
KIM	Key Industry Management
M&E	Monitoring and Evaluation
MoU	Memorandum of Understanding
NAASP	National African Association for Automobile Services Providers
NCAP	New Customs Act Programme
NDoH	National Department of Health
NDP	National Development Plan
Nedlac	National Economic Development and Labour Council
NEETs	(youths) Not in Employment, Education or Training
NEF	National Empowerment Fund
NBI	National Business Initiative
NCAP	New Customs Act Programme
NMW	National Minimum Wage
NPA	National Pricing Agreement
PMO	Project Management Office
PPP	Public-Private Partnership
PPGI	Public-Private Growth Initiative
PSA	Productivity South Africa
PYEI	Presidential Youth Employment Initiative
QCTO	Quality Council for Trades and Occupations
SA	South Africa
SAB	South African Breweries
SACTWU	South African Clothing and Textile Workers Union
SAFI	South African Furniture Initiative
SAPB	South Africa Political Boundaries
SARS	South African Revenue Services

SCORE	Sustaining Competitive and Responsible Enterprises
SEFA	Small Enterprise Finance Agency
SEIAS	Socio Economic Impact Assessment System
SETA	Sector Education and Training Authority
SMME	Small, Medium and Micro Enterprises
SWPN	Strategic Water Partners Network
TAMDEV	Technical Assistance, Mentorship and Development
TASEZ	Tshwane Automotive Special Economic Zone
TERS	Temporary Employer-Employee Relief Scheme
TH	Tariff Heading
TLMS	Trade Logistics Monitoring System
TRAC	Transparency in Corporate Reporting
TVET	Technical and Vocational Education and Training
UIF	Unemployment Insurance Fund
WWFSA	World Wide Fund for Nature South Africa
YES	Youth Environmental Services

BACKGROUND AND CONTEXT

At the Joint Technical Committee of 24 April 2020, the Jobs Summit Social Partners reflected on the implications of the Coronavirus disease (Covid-19) pandemic on the priorities of the Jobs Summit. The Coronavirus pandemic has disrupted the lives of many South Africans and businesses, and has made even more urgent, the challenge of job retention and creation. Partners agreed that the extent of the challenge necessitated a refocus with a view to mitigating the impact of the pandemic and addressing the economic and employment crisis.

A broad framework for refocusing the 2018 Jobs Summit Agreements in the context of the Covid-19 pandemic was developed. The social partners agreed that the existing Jobs Summit Commitments should be re-prioritised and augmented in support of a broader Post-Covid-19 Employment Agenda in a manner that retains the social compact that was created through the signing of the Framework Agreement.

As part of this, business presented their proposals (developed as part of the Business4South Africa process (B4SA). In the presentation, business argued for an integrated accelerated economic recovery strategy, which harnesses South Africa's potential in the shortest possible time by leveraging all resources to address the economic challenges. Based on these developments and inputs from all Constituencies, a revised presentation was developed. These inputs were then explored further on 20 July 2020 in a smaller meeting of social partners. This meeting agreed with the proposal to build on the foundation of the Jobs Summit and align with other initiatives to support an Economic Recovery Plan.

On 13 August 2020, the President called a National Economic Development and Labour Council (Nedlac) Forum for Economic Recovery where the social partners were requested to present their plans and proposals for economic recovery. The meeting resolved that Nedlac constituencies would nominate senior leadership to serve on a team that draws up a set of priority actions for economic reconstruction and the institutional arrangements to support these actions.

On 15 October 2020, the President announced the Economic Reconstruction and Recovery Strategy which incorporated the Social Partner's Economic Recovery Action Plan and which the social partners at Nedlac committed to track and contribute to the implementation of.

In January 2021, the social partners discussed the future of Presidential Jobs Summit Framework Agreements in light of the above developments. The Joint Technical Committee (JTC) of the Jobs Summit embarked on a process to review the 77 Jobs Summit commitments with the view to refocus and pivot them towards the imperatives of economic reconstruction and recovery. Progress was evaluated per commitment to establish:

- Whether the commitment has been achieved;
- Whether commitments have been or can be institutionalised within Government or elsewhere;
- Whether commitments can be integrated into or are the same as commitments in the Economic Recovery and Reconstruction Plan (ERRP); and
- Where ongoing work should continue in an appropriate forum.

This report provides progress on the Jobs Summit commitments as well as the outcome of the above process. Where commitments have not been achieved, they have been integrated into the economic recovery process. The report is set out against the six work areas in which agreements were made in the Jobs Summit. These areas are:

- Prevention of job losses Interventions;
- Economic Sector Specific Interventions;
- Small, Medium and Micro Enterprises (SMME) Interventions;
- Education and Skills Interventions;
- Inclusive Growth Interventions; and
- Public and Social Interventions.

1. PREVENTION OF JOB LOSSES

1.1 Revision of the Training Lay Off Scheme into Temporary Employer-Employee Relief Scheme (TERS)

Since the Jobs Summit, the social partners have put significant effort into redesigning and improving the scheme including renaming it TERS.

To date, the Unemployment Insurance Fund (UIF) has assisted 106 companies with R525,679 Million made in commitments. This impacted on the jobs of 18 903 workers. A total of R317,938 Million has been paid to the approved companies in income support. The Commission for Conciliation, Mediation and Arbitration (CCMA) facilitated processes that enabled 49,538 jobs to be saved between April 2020 and January 2021.

The TERS applications are approved or rejected by the delegated authority within 15 working days. During the 2019/2020 financial year the Director-General issued a Directive to improve the TERS performance. The measures included: delinking the Sector Education and Training Authority (SETAs) from the TERS application process; specifying turnaround times for other functionaries involved in TERS, i.e., UIF finance, UIF compliance and legal services.

The Department took a policy decision that the TERS applications from distressed companies who qualify to benefit from TERS but are not compliant with their obligations in terms of the Unemployment Insurance Act, 2001 ("UI Act") and the Unemployment Insurance Contributions Act 2002 ("UI Contributions Act"), should not be rejected. Such entities are given the opportunity to comply, or they may conclude agreements with the UIF undertaking to comply with their obligations in terms of sections in the UIF Act and UI Contributions Act, within a stipulated time period. The challenge impacting the TERS performance is the fact that there is often a delay (which can be weeks) for the companies to either comply or conclude the undertaking agreements with the UIF.

Way forward: The commitment has been achieved and institutionalized in the UIF. Work continues to address operational challenges. Social partners will continue to monitor implementation through their participation on the UI and CMMA boards.

1.2 Distressed sector funding

In April 2020, the Industrial Development Corporation (IDC) announced a R2.5 Billion Covid-19 Distressed Fund to fund businesses that are or will become distressed because of the pandemic and the associated economic lockdown. A portion of the fund (R300 Million) was ring-fenced for the Small Industrial Finance Distressed Fund aimed at providing funding support to small industrial businesses. Although the criteria for both funds were consistent, the Small Industrial Finance Distressed Fund offered concessionary rates to further support this highly impacted segment.

In line with previous experience with the distressed funding made available following the global financial crisis in 2009, interest in the fund during the first couple of months was low. Reasons for the initial slow uptake included businesses prioritising careful management of their liquidity instead of taking up more debt and other interventions in the economy offering better terms and less onerous criteria compared to the IDC fund.

Based on market feedback and an assessment of applications in the pipeline, the criteria for the fund were updated to make it more accessible to clients. Changes made to the criteria included:

- changes to pricing;
- relaxing requirements on businesses not to have been in distress before the pandemic; and
- extending the period that businesses were expected to show recovery.

The IDC is exploring several other avenues to improve the uptake of the fund. These include:

- establishing partnerships to enable more channels for businesses to access the fund;
- proactive business development initiatives;
- creating an off-balance-sheet vehicle managed by a turnaround specialist;
- increased marketing and awareness; and
- optimising internal processes and resource utilisation.

Proactive business development initiatives include:

- Engaging with industry associations and other stakeholders to promote distressed funding solutions and one-on-one engagements with identified companies;

- Active engagement with clients across IDC's existing portfolio to identify any emerging requirements for distressed funding or support to firms able to benefit from supply chain disruptions;
- Industry-specific solutions being assessed e.g. within the tourism sector efforts are being made to provide financial support to clients who have completely exhausted their reserves;
- Assessing requirements by wine and other alcoholic beverage producers that are being impacted by bans on alcohol sales;
- Ongoing engagement with the clothing and textiles industry to assess producers' funding requirements;
- Engaging larger clients in IDC's portfolio to identify companies in their supplier base that are experiencing challenges; and
- Engaging with non-traditional lenders to identify opportunities to access the SME market, which has been heavily impacted by Covid-19.

As of January 2021, IDC approved funding to the value of R241 Million to six businesses utilising the fund. Two of these businesses operate in the textiles industry, with the other three involved in aerospace, tourism, electrical equipment manufacturing, and a steel services company.

Way forward: The IDC commitment has been institutionalized with ongoing work to assist companies in distress through the SMME work stream of the ERRP.

1.3 Productivity related interventions

The UIF is indirectly funding job preservation by providing Funds to Productivity SA (PSA) (a total amount of R104, 571, 000 to turn 174 companies around for a period of one year in the 2020-21 Financial Year) with regard to the turnaround finance and expertise.

Labour's interventions related to productivity are ongoing. Within the clothing manufacturing industry, since the Jobs Summit, a partnership was created between the clothing manufacturing industry's National Bargaining Council and the International Labour Organisation (ILO) to introduce the productivity-related Sustaining Competitive and Responsible Enterprises (SCORE) Programme into various clothing factories. The SCORE Programme is a consultation-driven process of factory improvement in which workers and managers collectively solve productivity related challenges.

Under the Covid-19 lockdown, the clothing manufacturing industry's National Bargaining Council has partnered with PSA to bring its Business Turnaround and Recovery (BT&R) services to the attention of local struggling factories. It has been adopted by some factories already and there is potential for further take-up.

Way forward: The PSA Business Turnaround Solution has been recapitalised and this unit is institutionalised and ongoing in PSA. Labour has ongoing schemes in various clothing factories.

1.4 Establishment of a rapid response team

Social partners agreed about the need for a single point of referral for mechanisms that can be utilised by companies as well as workers/unions in these companies. However, while many of the mechanisms exist, there are real concerns that they do not operate optimally.

A service provider was appointed to undertake a review of existing mechanisms and to make recommendations on ways to strengthen these interventions. The review of existing mechanisms broadly concluded that most current schemes are not available for distressed businesses and are too small to have a material impact. Thus, the second phase was reconfigured to consider a proposal to social partners for an income recovery fund.

Phase two proposed the establishment of a South African Income Recovery Fund, which is structured as a risk-facility or similar. The agreed next steps include the confirmation of risk capital feasibility and a detailed feasibility study.

Way forward: To be taken forward in the SMME workstream of the ERRP.

2. ECONOMIC SECTOR SPECIFIC INTERVENTIONS

Agreements comprising 35 projects were concluded within this component of the Framework Agreement. Government has the lead responsibility for 16 of the projects, while Business has the lead responsibility in 18 programmes. Labour is the lead on one programme.

2.1. Procurement interventions

2.1.1. Boosting domestic demand for private sector procurement interventions

Market Access Platform

Proudly South African expanded the Market Access Programme (MAP) initially set up by South Africa Political Boundaries (SAPB). This portal seeks to drive demand for localisation by allowing vetted and highly rated manufacturers and service providers to enlist on the portal. Corporates can then select these companies based on their rating. Corporates can also load tender opportunities and make localisation commitments on the system.

Way forward: This has been institutionalised in Proudly South African.

500 Companies and other localisation commitments by the private sector

Way forward: This work was negatively impacted upon by the Covid-19 pandemic. However, it has been revived through a Localisation Technical Working Committee, which was formed in February 2020. Business Unity South Africa (BUSA), Business Leadership South Africa (BLSA), National Business Initiatives (NBI), Consumer Goods Councils of South Africa (CGCSA), Proudly South African, Manufacturing Circle and South African Breweries (SAB) meet on a weekly basis to work on the implementation of the localisation targets set for the private sector in the ERRP.

SACWTU Tender Monitoring System

A tender monitoring system implemented by Proudly South African, through the support of the South African Clothing and Textile Workers Union (SACTWU), aims to check compliance with local content regulations through monitoring of all tenders issued in the public sector (for the designated sectors/items). The system helps the DTI intervene and propose corrective measures at the time when the tenders for these designated items are issued.

Way forward: The tender monitoring system has been institutionalised in Proudly South African.

2.2. Growing and deepening SA exports

2.2.1. Adopting a more aggressive approach to increasing exports

Explore the establishment of "export bridges"

Following initial preparatory work and discussions with stakeholders at the Nedlac Export Promotion Working Group, the export bridges project advanced to implementation stage. Approvals for a pilot of the project have been received, and an initial design for the project was completed in February 2020. Rollout of the initiative was subsequently suspended during Covid-19.

Way forward: The project is on hold pending the further normalisation of conditions. A revised pilot of the project is being considered for inclusion during Dubai Expo, in September 2021.

Establish an airfreight export forum

The formal establishment of the forum is pending the completion of preparatory work on an Export master plan. However, structured cooperation with the airfreight sector is ongoing.

Partnerships with the South African Freight Forwarders Association (SAAFF) have assisted in raising airfreight issues as they arise, while new monitoring capacity for airfreight is being developed through a digital trade logistics tracking solution, the Trade Logistics Monitoring System (TLMS).

Way forward: This work will be taken forward by the public transport and freight workstream of the ERRP.

Establish a forum to address infrastructure blockages to exports

A Nedlac working group on trade-related infrastructure has been established and completed their work.

2.3. Focusing industrial financing to transform and upgrade the economy

2.3.1. Financial sector

R100 Billion Fund

The R100 Billion fund commitment is a joint Business and Government commitment. The Financial Services Sector committed to make R100 Billion available as part of the BBGF (Black Business Growth Fund) and Ownership (Equity Equivalents) rules enshrined in the latest Financial Sector Code (FSC - previously referred to as the Financial Sector Charter).

Guidelines for the disbursement of this funding are still being finalised. The Department of Trade, Industry and Competition (DTIC) has submitted written comments and Business should submit comments in order to finalise. This will be prioritised at the next meeting of the stakeholders (Business and Arts South Africa (BASA), Association for Savings and Investment South Africa (ASISA), the Financial Sector Transformation Council (FSTC) and DTIC and include a representative from Community and Labour to finalise the guidelines.

Business indicated that a single point of adjudication/ standardised criteria will create challenges with the Competition Commission. This matter remains unresolved. Government had also suggested that the funds target should be reprioritised to more diverse sectors to ensure alignment with the ERRP.

Way forward: This commitment will be integrated into the work of the ERRP.

Single point of entry for industrial finance and single due diligence standard

The FSTC has circulated draft guidelines, which address due diligence standards.

Government, through the Department of Trade Industry and Competition (DTIC), Industrial Development Corporation (IDC), National Empowerment Fund (NEF) and Small Enterprise Finance Agency (SEFA) are investigating the sharing of 'back-office' processing services, which may lead to a common format for incentive applications.

DTIC, through the shared services intervention, ensures that the same information is requested across the DTIC from companies applying for incentives, grants and/ loan facilities programmes in an effort to simplify the applications process.

Way forward: This work has been institutionalised in the DTIC.

"Interest make up facility"

The DTIC provided R700 Million in FY 2019/2020 to provide loan finance for machinery, equipment and working capital at a fixed rate of 2.5%. It was administered through the Industrial Development Corporation (IDC). The NEF created a Black Business Support loan facility. Enterprises were able to access loans for working capital, machinery and equipment with a 12-month payment moratorium at 0% fixed rate by NEF.

An Interest make-up support scheme administered by the DTIC in partnership with commercial banks has been agreed.

Way forward: This work has been institutionalised in the DTIC.

Special Economic Zones

In order to accelerate job creation in the zones, the DTIC has adopted a new approach which allows for the stronger involvement of national government in SEZs, a focus on the development of strong investment pipeline prior to designation, greater collaborative planning and development and strong value propositions for the zones.

A national project management unit has been established to assist SEZs. The unit comprises of officials and support staff seconded from the DTIC and contracted experts, forming the core team responsible for the day-to-day running of its operations. This core team will be supported by a panel of technical experts and specialists that are suitably qualified and experienced in all the disciplines to plan, develop and manage SEZs and Industrial Parks.

The national project management unit will work closely with both the IDC and the Development Bank of Southern African (DBSA), both of whom play a critical role in industrial development and infrastructure investment.

The SEZ programme has attracted 229 investors to date, with an estimated value of over R55 Billion. Of these investors 142 are operating in SEZs, creating approximately 15 747 direct jobs.

Because of the national lockdown, the performance of SEZs were and continues to be under severe pressure. Lockdowns have significantly impacted on their supply chains with a number of investors forced to halt production. It is difficult to quantify the losses due to the shutdown on a global scale but from ports alone, import cargo volume has decreased. All operational SEZs across the country have witnessed a decline in trade volumes. Due to the massive disruption in trade and freight, the impact on the logistics and manufacturing sector has been significant and the increase in logistic costs have hampered supply chain and business operations.

Despite the devastating impact of Covid-19 in the economy, SEZ programme achieved the following during 2020/21 financial year:

- Tshwane Automotive SEZ is completing the construction of 12 factories with the private investment value of R4.33 Billion, these investments are expected to create approximately 2088 jobs.
- Dube Trade Port secured new investments worth approximately R 600 Million, the investments are expected to create 841 jobs.
- COEGA has signed four new investors that are estimated to be valued approximately R49 Million and are expected to create an estimated 101 new jobs.

- Saldanha Bay Industrial Development Zone is completing the construction of two manufacturing facilities with an investment value of R380 Million, they are expected to create approximately 90 direct jobs.
- Richards Bay IDZ is completing the construction of edible oil factory and Titanium Dioxide factory with a combined private investment value of R5.8 Billion, they are expected to create approximately 600 direct jobs.
- Consensus with DPE and Transnet on the establishment of rail corridor between Ford and Port of Ngqura to support Ford and Tshwane Automotive Special Economic Zone (TASEZ) on the movement of components and finished cars from Pretoria to the port.
- Maluti-A-Phofung Special Economic Zone SEZ has just finished the construction of factories for three investments with a combined value of R580 Million, the investments are expected to create 290 direct jobs once they are fully operational.
- East London Industrial Development Zone (ELIDZ) completed the construction of nine investor facilities and the expansion of three existing facilities. These facilities will create an additional 1 534 manufacturing and services jobs and these will be operationalized within the next two years.

2.3.2. Private and public sector collaboration

The Framework Agreement commits to the establishment of an Infrastructure Funding task team to develop infrastructure projects to crowd-in private sector. This has now been achieved in the form of Infrastructure South Africa (ISA).

Way forward: This commitment has been institutionalised in ISA.

2.4. Sectoral interventions

Various sectoral interventions are being led by the DTIC sector desks. The reports below outline the progress made in each sector; however, Covid-19 has affected some of the targets.

2.4.1. Agriculture and agro-processing value chain

Business reported that a Special Projects Joint Technical Committee has been established to resolve regulatory blockages which some of the Public-Private-Community Partnerships experience. A single meeting took place in 2020 where a series of specific challenges were discussed and commitments made. Unfortunately, these commitments have not been fulfilled.

Amongst these commitments, the Eastern Cape Economic Development Agency (ECEDA) undertook to share the master plan for the Magwa tea estate wherein the opportunities for public private partnerships would be set out. Despite numerous requests, this was never shared, hence blocking any potential investment into these projects. The Komati group also received an undertaking by the Valuer-General to expedite valuations in the relevant restitution claim but to date no feedback has been received. Investment into the joint venture on restituted land cannot commence until the restitution claim is settled.

Way forward: Ongoing bilateral work between business and Department of Agriculture, Land Reform and Rural Development (DALRRD).

2.4.2. Blended finance models for land redistribution

Significant agreements have been reached on a blended finance concept as well as a draft Memorandum of Understanding (MOU). The banking sector, many agribusinesses and commodity organisations have indicated their willingness to participate. As of 25 February 2021, private sector has compiled a list of potential participants who have expressed an interest to participate.

If Government grants are matched Rand for Rand by private sector loan capital (as envisioned by the blended finance scheme), it can unlock up to R1 Billion in private sector investment into land redistribution and agricultural development for previously disadvantaged farmers.

2.4.3. Road to Rail

To move the transportation of grain from road to rail, the Nedlac Development Chamber convened a research reference group and appointed a service provider to collect data from companies and build models toassess the feasibility of revitalising rail sidings on a Public-private partnerships (PPP) basis. The research report has been concluded.

Detailed meetings have taken place between the agricultural industry and Transnet Freight Rail's top management to identify specific blockages and unlock barriers. This development is showing great potential and certain branch lines have already increased their conveyance of agricultural products by rail.

Way forward: To be taken forward by the freight and public transport working group of the ERRP.

2.4.4. Acceleration of productive land reform

Finalise and publish draft redistribution policy and Bill for public comment

Cabinet has approved the Beneficiary Selection and Land Allocation Policy as well as the Land Donations Policy. This was taken forward by the Nedlac Development Chamber.

Explore the possibility of introducing Land Reform Ombudsman

Cabinet approved some of the land advisory panel recommendations, which are at the initial stages of implementation. However, a decision was reached that the current justice system and institutions be utilised where applicable. This matter is thus closed.

Finalise the Electronic Deeds Registration Bill by Parliament

Parliament approved the Electronic Deeds Registry Act in October 2019. Initial discussions with business have taken place regarding an electronic platform that will incorporate additional sources of land-based information in the future. Government is appointing a service provider to develop the electronic platform required to give effect to the Act. The banking sector undertook to provide technical assistance. After the Deeds Office records are migrated to a digital platform, the second phase will include the addition of land-based information contained in other public registries.

Way forward: This will be taken forward by DALRRD.

2.4.5. Metals, Machinery and Mining Equipment

Downstream Metals and Machinery

The Department of Higher Education and Training (DHET) has commenced a project to transform Technical and Vocational Education and Training (TVET) colleges to supply specialised, sector-specific skills required by the economy, as identified by the Education and Skill Working Committee. This includes Centres of Specialisation. In addition, the DHET is seeking to support partnerships between TVET colleges and industry to offer occupational programmes.

Export Tax on Scrap Metal

The Minister of Finance announced the export tax on scrap metal as part of the budget speech. This tax will apply to ferrous metals at the rate of R1,000 per tonne, aluminium at R3,000 per tonne, red metals at R8, 426 per tonne and other waste and scrap metal at R1,000 per tonne. The budget speech indicates that this tax aims to improve the availability of better-quality scrap metal at affordable prices for the domestic foundries and mills.

The amended Price Preference System (PPS) as of 2 October 2020 has been effective in providing for the availability of affordable scrap to the domestic consuming industry and hence proposals to retain the permit system to support the export tax is being investigated.

Way forward: The export tax is going through the parliamentary process with expected implementation by 1 August 2021.

Short-term Negotiated Pricing Agreements (NPA)

The Department of Mineral Resources (DMRE) has approved a short-term NPA framework, with a duration of three to five years, as well as an interim long-term NPA framework, with a duration of six to ten years. Both frameworks target large power users, with minimum consumption thresholds of 80 GWh and/or load factors greater than 70% and where electricity is a large cost component for the enterprise.

The short-term NPA is structured primarily to support the restart of assets shut as a result of electricity hikes, or to sustain operations at risk of closure. The interim long-term NPA framework aims to incentivise the retention of operations in priority and strategic sectors that would otherwise be severely curtailed or shut down. It is also designed to support new investment in these sectors; principally investments geared towards beneficiating locally mined commodities.

This commitment has been achieved.

2.4.6. Clothing, textiles, leather and footwear value chain

The DTIC reported that a master plan for this sector was completed and signed by all parties on 6 November 2019 at the Investors' Conference. The master plan commits retailers to R85 Million of new units of production in South Africa over the next five years, commits manufacturers to at least R7 Billion investment over the next five years and commits to create approximately 28 000 new jobs in the first five years. A Project Management Office (PMO) and Executive Oversight Committee have been established.

This commitment has been achieved.

2.4.7. Automotive value chain

The South Africa Automotive Master Plan (SAAM) has been finalised (post-2020 Automotive Production and Development Programme (APDP) amendments have been incorporated) and is now in the implementation phase. There is a need to access government-business-labour partnership targets to improve local economic impact and increase jobs.

Early in February 2021, the Ford Motor Company announced a R16 Billion investment to expand their manufacturing facility for the next generation of Ford Ranger bakkie. This investment is expected to create 1,200 incremental jobs in SA as well as an estimated 10,000 new jobs across the Ford supplier network.

This commitment has been achieved.

2.4.8. Furniture value chain

The DTIC in partnership with the South African Furniture Initiative (SAFI) facilitated engagements with key stakeholders across the furniture industry value-chain to develop a furniture industry master plan and furniture forum. The Furniture Forum will address projects such as:

- Training - development and implementation of a Training Course for South African Revenue Service (SARS). Customs officials to swiftly recognize illegal and/or improper import behaviour related to Furniture (April – October 2021);
- Quality standards and guidelines – to be reviewed and developed across the Furniture value chain, commencing with Office Furniture in April 2021;
- Trade Remedy applications as a defense mechanism for Industry, e.g. Rebate (Warpknit) and safeguard applications, etc.; and
- Tariff heading detailed classification (effective 01 Jan 2021).

SAFI has committed to host a Furniture Forum annually to keep the furniture industry up to date with industry related developments. SAFI hosted a successful 2nd Annual Furniture Sector Forum on the 21st October 2020 via Zoom webinar in partnership with the DTIC, Proudly South African, Institute of Interior Design and Trend Forward. The next forum will take place on 20 October 2021.

In respect of developing a local talent pool and up date technical skills aligned to new technology the following is ongoing:

- Furniture design qualification and furniture design competition;
- Updated upholstery qualification to be piloted in April 2021;
- Redesign of the furniture maker qualification; and
- Inclusion of furniture in the Department of Higher Education Skills Priority Plan.

This commitment has been achieved.

2.4.9. Infrastructure to support economic and social development

Improving municipal infrastructure

Organised business established Technical Assistance, Mentoring and Development (TAMDEV) in July 2019 to ensure that technical skills that are needed for infrastructure project implementation are in place. Its projects are as follows:

- Providing technical support to ISA;
- Establishment of an Eastern Cape PMO to support selected municipalities for infrastructure planning and revenue management. Six technical mentors have been appointed and are focusing on energy, revenue management and strategic planning interventions;
- Support to the Waterberg District Municipality in the areas of infrastructure, financial management, local economic development and strategic planning. Ten mentors have been appointed and matched to sixteen mentees;
- Combatting the spread of Covid-19 as a result of the lack of water supply in high density areas. The project is currently rolled out by TAMDEV in the Eastern Cape, Western Cape and Gauteng. Community Works Programme (CWP) youth are trained to assist in the installation of the units. To date 13 CWP youth are involved in the installation process; and
- Support with electrical infrastructure and skills transfer at Ekurhuleni municipality.

Way Forward: Tamdev is institutionalised in the NBI.

2.4.10. Business Process Services (renamed Global Business Services)

An original job target of 50,000 was set in the Jobs Summit. However, this target is likely to be doubled to 100,000 for the five year period ending 2023. The Global Business Services (GBS) initiative has been an important success story.

Despite Covid-19, a total of 10,723 new jobs were created in 2020 of which more than 80% were youth jobs, 65% were for women, and 2,390 were hired inclusively. Much of the uptick in growth can be attributed to South Africa's decisive and relevant response to Covid-19 and strong performance through government and business collaboration with the sector remaining open to service the international client base and domestic client base, where considered essential. The role of the DTIC, Harambee, Business Process Enabling South Africa (BPESA) and the Public Private Growth Initiative (PPGI) was pivotal in achieving this outcome. The DTIC incentives continue to play a crucial role in South Africa's price competitiveness which is also driving this growth.

Diversity targets have also been met during the year (96% non-white versus target of 90%; 65% women versus target of 65%; 91% youth versus target of 80%; 17% hired inclusively in 2020 versus a target of 20%). There were no new community based operators setting up in this period but 45% of staff are working from home, in their communities. 50 Micro enterprises participated in the growth opportunity versus a target of 20.

On the 13th of April 2021, SA was named as the Most Favoured Offshore CX Delivery Location for 2021, in the Annual Front Office Business Process Outsourcing (BPO) Omnibus Survey. With the high growth potential of the sector, and South Africa's very high competitive ranking 70,000 jobs, including the 20,000 in 2021, this could be added to the economy by the end of 2023.

Way forward: Ongoing collaboration between BPESA and its partners in the DTIC and Harambee.

2.5. Water and Sanitation

2.5.1. War on Leaks programme

During Phase 1 and 2 the recruitment processes for 3000 and 5000 learners respectively were concluded. Of this, 4671 completed the water agents programme and 1865 the artisan programme. However, those who have completed have not been placed due to budget constraints within government and other entities, and specifically municipalities. For the same reason Phase 3 has been suspended.

The Department of Water and Sanitation is committed to ensuring that all 1 865 artisans and 4 671 water agents are placed in various initiatives within the Departments own programs or in municipalities.

Way forward: Placement of successful learners by the Department of Water and Sanitation.

2.5.2. Water stewardship

Water stewardship programmes with the Department of Water and Sanitation and various stakeholder such as SASOL, the World-Wide Fund for Nature South Africa (WWFSA) and Strategic Water Partners Network (SWPN) continue. These include in Govan Mbeki Municipality, Secunda, Metsimaholo, Greylingstad, Hennops River and Polokwane.

The WWFSA has made the Strategic Water Source Areas their primary organisational priority, and will be implementing projects worth over R100 Million over the next three years and will create at least 420 permanent or part time jobs from this funding. In the last four years, WWF has mobilised approximately R30 Million into the area, and created 170 jobs. In addition, this work has given rural cattle farmers access to mobile cattle auctions, allowing them to convert their cattle more easily into cash. To date, these auctions have created approximately R28 Million for local people, which is the equivalent to approximately 845 minimum wage jobs for a year. Under lockdown conditions, the business contribution to this work has in many areas shifted to the provision of emergency water and sanitation facilities to support the public health drive.

Way forward: These projects are ongoing.

2.6. Waste economy

The waste beneficiation projects (coal ash and industrial wastes) identified in the Jobs Summit, have received waste exclusion authorisations, have subsequently been implemented, and are reporting to the Department of Forestry, Fisheries and the Environment (DFFE). The project for beneficiation of household/commercial waste has been incorporated into an Extended Producer Responsibility (EPR) plan that is being implemented and progress will also be reported on a six-month basis to DFFE.

Way forward: This commitment has been achieved.

2.7. Just transition

The Presidential Climate Change Coordinating Commission (PCCCC) was established in December 2020. The Commission is tasked with advising on South Africa's climate change response. This includes mitigation and adaptation to climate change and its associated impacts. It will furthermore provide independent monitoring and review of South Africa's progress in meeting its emissions reduction and adaptation goals.

Way forward: This commitment has been achieved.

2.8. Providing policy certainty and improving regulatory efficiency

2.8.1. Immigration regulatory regime

Unabridged birth certificates

The regulations on unabridged birth certificates have been finalised and new requirements for children travelling through South African Ports of Entry was introduced in November 2019. The advisory provides for the following exemptions:

- South African children travelling on South African passports may travel to South Africa without birth certificates.
- Supporting documents are not required where children are in direct transit at an international airport.
- Children in possession of valid South African visas are not required to produce the documents already submitted as part of their visa applications when travelling through a port of entry of the Republic.
- A child presenting a passport, which contains the details of his or her parent/parents is not required to produce a birth certificate/equivalent document.
- In the case of school tours, the parental consent letter may be replaced with a letter from the school Principal confirming that all consent letters are held by the school.

E-Visas

The e-visa pilot project has been piloted in Kenya and India. The first person issued with an e-visa arrived in SA on 1 November 2019. Although the system tested successfully in Kenya, further testing of the system has been disrupted by Covid-19. As international travel starts to recover in the wake of Covid-19, Department of Home Affairs (DHA) will undertake a full roll-out of e-visas to visitors from China, India, Kenya, Nigeria, and ten other countries.

Critical skills

The revised draft critical skills list was gazetted on 18 February 2021 for public comments. An implementation plan which details a sequence of activities has been put into place with the aim to have the final list published by Minister not later than 30 April 2021.

In the interim, the Department of Home affairs continues to process applications as per the current 2014 list. Specific occupations as identified by the Presidential Jobs Summit, which are not provided through the lists, continue to be processed through the general work visa regime as and when they are received.

2.8.2. Streamlining the water use licensing applications

The Department of Water and Sanitation has contracted in technical experts, supported by Operational Vulindlela (OV), to work on re-engineering the electronic water use licence application system to improve efficiencies in water use licence approvals.

Way forward: This team is institutionalised in the DWS and has been prioritised as a structural reform in OV.

2.8.3. Decarbonising the economy

The Trade and Industry Chamber at Nedlac has concluded its engagement on the Climate Change Bill and the DEA is expected to release a clear policy statement on the holistic greenhouse gas mitigation system.

Way forward: To be taken forward in the implementation of the Climate Change Bill and PCCC.

2.8.4. Pharmaceutical regulatory regime including in respect of hemp and cannabis

There is significant increased efficiency in the operation of SAHPRA including improved turnaround times for approvals of health product applications.

In respect of hemp and cannabis, the social partners recognise that the arrangements for the licensing and permits for hemp require a clear policy position, which is a joint responsibility of the Department of Health, the Small Business Development Department, the DTIC, the Department of Justice and Constitutional Development and National Treasury.

On 5 August 2020, Cabinet submitted the Cannabis for Private Purposes Bill 2020 to Parliament. The Bill decriminalises the use, possession or cultivation of cannabis in a private place by an adult. It does so by repealing certain sections of the Drugs & Drug Trafficking Act and the Medicines & Related Substances Control Act. The Bill sets out how an adult may use, possess or cultivate cannabis. According to the Bill, an adult person may provide, or obtain from another person, cannabis, cannabis plants or cannabis cultivating material. However, this cannot be for the exchange of remuneration. The Bill does not regulate the commercialisation of cannabis.

Way forward: To be taken forward through the development of a hemp and cannabis master plan.

2.8.5. Spectrum

The President, in his 2021 State of the Nation Address announced that the roll out of spectrum will be finalised in March 2022. In addition, this process has been prioritised as a structural reform in Operation Vulindlela as follows:

- Increase available spectrum to meet demand to enable reduction in cost and increase in quality;
- Migrate from analogue to digital TV; and
- Creating an enabling environment for rapid deployment of digital communications infrastructure.

Way forward: This is an ERRP commitment and is also being taken forward by Operation Vulindlela.

3. SMME INTERVENTIONS

A total of 12 projects to support SMME's were agreed upon and included within the Framework Agreement. Business is responsible for six of these, all of which have been initiated. Government is the lead Constituency responsible for the other six projects.

3.1. Leverage procurement for small firms and co-operatives

3.1.1. SMME support

Identify existing interventions across government and the private sector and create a coherent platform to enhance access and coordination of SMME support.

To date Lepharo Incubator and Chemin have been supported by Seda to develop 17 incubated suppliers. These are located in Johannesburg and Ekurhuleni Metro.

The distribution of incubators and accelerators in South Africa follows a similar pattern to that of the economy, with a high density in Gauteng 37% or 91, Western Cape 22% or 54, Eastern Cape 11% or 27 followed by KZN at 9% or 23.

Engagement with 100 of these incubators has taken place and Seda will be playing a lead facilitation role. As the outcome of this ecosystem mapping Phase 1 , a database of 244 has been developed, but will need further data cleaning during the Phase 2 of this project taking place in the new financial year.

DSBD completed full establishment of the Mpumalanga and Mafikeng Digital Hubs (part of the incubator hub network). Three new township base hubs were also established in the Eastern Cape, Western Cape and Northwest, are fully equipped and have the following support spaces (Co-Working spaces, Innovations Spaces, Coding Labs and Makerspaces).

Way forward: Institutionalised in the DSBD and further tracked through the SMME work stream.

3.1.2. Implementation and monitoring of Government SMME spend

Upscale the implementation and monitor the 30% set aside Government spend for SMMEs and co-operatives and encourage other Social Partners to adopt similar programmes.

National Treasury is currently reviewing how best to move forward on the tracking of the 30% procurement obligation.

Way forward: To be considered further as part of the Public Procurement Bill deliberations.

3.1.3. 30 Days Payment

A dedicated SMME payment unit is being setup by National Treasury that will work closely with the office of the Chief Procurement Officer (CPO) to facilitate the enforcement of payment requirements as well as consequence management. An email inquiry line has been established where all queries relating to the non-payment of SMME supplier invoices should be logged. The email address is 30daysqueries@treasury.gov.za. The dedicated e-mail address to lodge complaints on the non-payment of legitimate invoices has been operational as of 4 June 2020.

Business launched a campaign to encourage their members to pay invoices of SMMEs within 30 days. This call was integrated into the work of B4SA post lockdown and was the subject of an extensive communications campaign across the corporate sector.

Way forward: Continues to receive attention in the SMME workstream of the ERRP process.

3.1.4. Township supplier assessments, linkages and development initiative

Seda has entered into an Agreement with the Retail Motor Industries Organisation (RMI) to support informal auto body mechanics. This collaborative Initiative will provide technical (by the RMI) and business (by Seda) to black informal and semi-formal businesses that are candidates and members of the National African Association for Automobile Services Providers (NAAASP). The Programme is designed to assist NAASP candidates to comply with the statutory requirements of the formal trading market so that they can be able to access business opportunities, especially from formal RMI members.

Way forward: To be institutionalised in SEDA.

3.1.5. Support for rural production clusters, township, and informal settlement enterprise support

The Department of Small Business Development administers a Township and Rural Enterprise Fund to support small businesses in these areas.

Way forward: To be institutionalised in DSBD.

3.1.6. Proposal to upscale and re-capitalise the Khula Credit Guarantee Scheme (KCG) for greater impact

The Khula Credit Guarantee scheme continues to assist in encouraging the growth of SMMES. The portfolio guarantees in place as of 30 Sept 2020 amounted to R740 000 000. While the approvals to December 2020 amounted to R190 908 067, with 96 SMEs assisted and 4 689 jobs saved.

Way forward: To be institutionalised in DSBD and tracked by the SMME workstream in the ERRP.

3.2. Large-scale youth entrepreneurship programmes

3.2.1. Bizniz in a Box

The Bionis in a Box project focused on supporting the formalisation of existing businesses to fast-track setup and reduce investment costs for the business owner. A total of 224 shops/outlets was set up. Of this, 43 outlets closed down. 181 entrepreneurship and 185 assistant jobs were created. Provided six opportunities for interns or bookkeepers for a six-month period. The programme ended on 26 February 2021. A total of 726 youth was trained and 224 youth received mentorship.

Targets have been on a downward trend due to budget constraints and lack of funding.

3.3. Formalisation and support informal sector

3.3.1. BUSA/CCMA Web tool

Business Unity South Africa (BUSA) and the CCMA collaborated to launch a free-to-use Web Tool dedicated to help smaller businesses with labour relations processes and related regulatory hoops.

In particular, the web tool seeks to address:

i. Inaccessible information on labour law;

ii. High cost of securing labour advice;

iii. Complex labour law processes;

iv. Inaccurate compliance or non-compliance with labour laws due to a lack of knowledge or affordability; and

v. Lack of organisational policies and procedures dealing with industrial relations.

Way forward: The CCMA and BUSA continue to collaborate to enhance the tool.

3.4. Agreement on existing private sector support initiatives and new initiatives

Agreement on existing private sector support initiatives and new initiatives and particularly partnerships with government that could be replicated and scaled up for greater impact.

3.4.1. Kago Ya Bana (KYB) Enterprise Incubator

The KYB Enterprise Incubator works together with government and Early Childhood Development (ECD) ecosystem partners to provide the right package to both kickstart, stabilise, and grow viable ECD enterprises in low-income communities. Since 2018, 820 ECD enterprises have been launched.

The second wave of Covid infections and subsequent lockdowns froa m December 2020 – January 2021 forced the ECD Incubator and partner SmartStart to pause all new entrepreneur training activities for reasons of safety and compliance. Instead, the two organisations focused on supporting existing ECD entrepreneurs to reopen once safe to do so and legally allowed, and enabling existing ECD entrepreneurs' access to critical forms of relief funding such as the ECD Employment Stimulus Relief Fund, launched in January of this year. This period was also used to design and develop new activities and enterprise scaffolding targeted at increasing the financial resilience and long-term sustainability of maturing ECD enterprises. It is continuing operations with due regards to the challenges faced by the Covid-19 pandemic.

4. EDUCATION AND SKILLS INTERVENTIONS

A total of six programmes were agreed upon and included in the Framework Agreement. Five of these programmes are being led by Business, while Community is leading one.

4.1. Increased commitments and interventions to support dropouts and matrics

Increased commitments and interventions to support dropouts and matrics to have the competencies needed for employment and self-employment**.**

4.1.1. Demand led training

The DHET is in the process of revising the National Skills Strategy, which will be considered by the social partners at Nedlac.

4.1.2. Installation, repair and maintenance initiative

There were 495 jobs created through the IRM Project and 335 students were placed as artisan assistants in the plumbing and infrastructure maintenance industries. Skills programmes are registered with Quality Council for Trades & Occupations (QCTO), mostly as demonstration projects to unlock scalable resources that will help achieve programme targets. The programme's progress has however been adversely affected by the national lockdown and the closure of many companies during the period.

4.1.3. Joint curriculum development for TVET colleges for manufacturing skills

The Manufacturing Circle In consultations with the DHET in April 2019 confirmed that the Programme Qualification Mix provides a mechanism for TVET colleges to offer a range of occupational programmes that respond to industry demand. The discussion further recognised that Centres of Specialisation are only one of the solutions to enhance the responsiveness of TVET colleges to industry demand.

To achieve this outcome, the DHET had requested TVET colleges to map their interest to industry demand, including manufacturing. The mapping exercise would in turn enable Manufacturing Circle to identify possible partnerships between TVET colleges and manufacturing companies, SETA funding and flagship programmes such as the Skills Initiative for Africa, which aims to bolster skills development in South Africa.

4.2. Expansion of public and private sector youth employment

Expanding interventions by public and private sector on skills commitments for youth employment, including capacity building for young people.

4.2.1. Partnership through TVET colleges to address health imperatives

At the beginning of 2020, the Department of Health indicated their support for the 50 000 nurses project. It was therefore agreed that the first step would be to conduct a study to assess the country's nursing human resources needs (supply/demand analysis) across the private and public healthcare system. A competent third party conducted the study, which was concluded at the end of 2020. The yet to be published results affirm the critical shortage of nurses across several categories and the supply-demand gap is projected to widen going through to 2030, unless there is significant ramping up of the current numbers of nurses being trained (to approximately 20 000 per annum).

During quarter one of 2021, the National Department of Health (NDoH) and the private hospital sector have both undertaken to socialise the outcome of this study within the leadership of their respective constituencies. The private sector is hoping for the collaborative process of putting in place all the elements required to increase the training numbers in private nursing colleges will be agreed before the end of the second quarter of 2021.

The biggest challenge is that efforts to request the South African Nursing Council to increase the number of students that nursing education institutions can train have not yet yielded any positive outcomes.

Way Forward: To be taken forward by the Department of Health

4.3. Pathway Management

Solutions to accelerate 'Not in Employment Education or Training' (NEETs) onto pathways for earning income

The National Pathway Management Network is part of the Presidential Youth Employment Intervention (PYEI) to aggregate and link opportunities, jobs and work experiences to a network of work-seekers.

During 2020, the national pathway management network was identified by government as a central delivery mechanism for stimulus funds allocated to Covid-19 economic recovery efforts. The Department of Basic Education (DBE) used the pathway management platform to identify and fill over 300,000 school assistant roles in over 26,000 public schools across the country.

Using the national pathway management network, enabled by Harambee, 436,182 youth NEETs have been supported and 35,312 youth NEETs have been 'pathwayed' into various work opportunities. Harambee has partnered with many businesses and governments to provide pathways for young people.

5. INCLUSIVE GROWTH INTERVENTIONS

Seven programmes to address inclusive growth were agreed upon and included in the Framework Agreement.

Business is responsible for two programmes; Government is responsible for three projects and Labour and Community are respectively responsible for one project each.

5.1. Workplace mechanisms to improve workplace collaboration

Worker equity and representation on company boards

At the level of legislation, since the Jobs Summit parts of the Competition Act have been amended to include provisions to improve worker ownership in the economy. At the level of policy, the issue of worker ownership is increasingly being cemented into policies. For instance, it is affirmed as a key objective in the R-CTFL master plan, the Forestry master plan, Poultry master plan, Sugar master plan, and it is being included into other master plans currently under negotiation.

In respect of worker directors, Labour has tabled amendments to the Companies Act that speak to the necessity of workers having representation on boards. This matter is currently still under negotiation at Nedlac.

5.2. Reporting by business on executive pay ratios in annual reports

A research study on reporting by business on executive pay ratios has been commissioned. A draft report was submitted in December 2020 and a final report is due to be completed by June 2021.

5.3. Gender Pay Gap (GPG): Pilot project to develop methodology

Business published the first GPG report (2019) that was circulated to the Nedlac constituencies. A research partnership was initiated with the Southern Centre for Inequality Studies at Wits University and the South African Rewards Association. The findings from the research have been shared with participating companies and will be extended into the development of a GPG online tool and GPG index.

5.4. National Minimum Wage (NMW)

The NMW became effective on 1 January 2019. An NMW Commission was established. Nedlac Social Partners signed off a Compliance and Enforcement Strategy.

This commitment was achieved.

5.5. Addressing customs fraud and illegal imports

5.5.1. Trader Management (entity level)

Licensing and Registration

Registration, Licensing and Accreditation (RLA) reforms have been ongoing since 2020 with various phases already implemented. The aim of the RLA project was to make it easier for traders to transact with, but also for SARS to expand the use of data to improve the management and accreditation of traders. Thus far, improvements include an online application platform and electronic validations using third party data.

New Customs Act Programme (NCAP)

The eCase and ePenalty projects are being prepared for operational implementation. These are pivotal building blocks for the successful implementation of the Customs Control Act, Number 30 of 2014 and Customs Duty Act, Number 31 of 2014, as published in the Government Gazette in July 2014.

The eCase project will assist to identify mismatches relating to cargo quantities between customs clearance and cargo notices, as well as identifying un-cleared goods; whilst ePenalty will identify non-compliant cargo reporters to ensure the receipt of all prescribed cargo reports.

Processing/Declaration Management (transaction level)

i. Reference Pricing

Declarations for five priority industries (Clothing & Textiles, Footwear, Steel, Plastics and Tyres) are being compared against the reference price. The volume of shipments that are declared against the targeted tariff codes is averaging at just below 90%. All declarations below the reference prices are selected for further interrogation.

ii. Review Harmonised System application for disaggregation

Business highlighted some disparity in the tariff heading (TH) classification of certain products and agreed to start the process of disaggregation through consensus amongst key role-players. SARS Customs Key Industry Management (KIM) teams facilitated engagement processes.

The Footwear industry has successfully disaggregated three problematic TH's into more than 20 different TH's whilst the Furniture industry is in the process of disaggregating some TH's that are frequently abused.

iii. Capacity Building

SARS Customs has built on its collaboration with industry forums to enhance the capacity of officials to accurately identify and classify imported goods.

Several aspects around documentary inspections, physical inspections, front line targeting and the use of tools like drones and CCTV are being looked into.

iv. Audits

SARS has developed an audit case management system, which is currently in a pilot implementation phase, and in which all audits, and their outcomes will be recorded.

v. Compliance Management

Preferred Trader Status

SARS is in the process of migrating its Accreditation Programme from Preferred Trader to Authorised Economic Operator (AEO) Compliance Programme and has developed a full SAFE AEO Programme in order to align with international best practices.

Customs-to-Customs co-operation

SARS signed a recognition agreement (MRA) with China in December 2020 and awaits their signature. A joint action plan was signed with India in the same month. SARS has hosted MRA engagements with the United States of America, Botswana, Zimbabwe and Eswatini in the third quarter.

Enforcement/Illicit Trade Interventions

Tactical interventions

The Inter agency working group (IAWG) was established on 3 July, 2019 and by the end of December had achieved the following:

- Stopped 930 consignments with a declared customs value of R286,467,441 with an overall 78% success rate;
- Completed 103 post clearance audits mainly focusing on rebate abuse, under valuation and misclassification with an overall 58% success rate;
- Seized 63 consignments with a declared customs value of R54,044,712 mainly for gross false declarations and non-declaration of goods;
- A further 51 consignments was found to be non-compliant with labelling legislation declared at a total customs value of R13,464;
- Collected a total of R87,097,285 in enforcement revenue mainly linked to under declaration of value and quantity as well as misclassification of goods description resulting in an underpayment of customs duties; and
- Raised audit assessments to the value of R664,035,466 which has been handed over to the SARS Debt Management team for collection.

African Continental Free Trade Agreement (ACFTA)

ACFTA came into effect on 31 December 2020 and the implementation arrangements and capacity building is being put in place. By February 2021, no importers or exporters had yet registered under the agreement.

Way forward: This commitment will continue to be tracked by the Trade and Industry Chamber at Nedlac

5.6. Enhance socio-economic impact assessments

Cabinet approved the revised Socio-Economic Impact Assessment System (SEIAS) templates and the manual on the 20 August 2020. Additionally, Cabinet approved the National Policy Development Framework on 02 December 2020, which further embodies SEIAS in the policy making process.

This commitment has been achieved.

6. PUBLIC AND SOCIAL INTERVENTIONS

There were 12 programmes agreed upon and included in the Framework Agreement. These programmes are also reported on in the Job Losses work-plan. Business committed to collaborate with Government in improving three specific public employment projects.

6.1. Public Employment

6.1.1 Strengthening of Extended Public Works Programme (EPWP) and National Youth Service (NYS) programme

This initiative has been overtaken by the Presidential Youth Intervention and the employment stimulus package as part of the ERRP.

6.1.2 Youth Environmental Services (YES)

The Department of Environment, Forestry and Fisheries (DEFF) is currently reviewing the Youth Environment Service (YES) Programme model. Between 1 April 2020 and 31 December 2021, the Programme undertook 2892 work opportunities.

6.1.3 Collaboration on advocating for the implementation EPWP Recruitment Guidelines

Way forward: To be considered by the Development Chamber at Nedlac.

6.1.4 Strengthening of EPWP Vuk'uphile Contractor Learnership Programme

The EPWP Vuk'uphile Contractor Learnership Programme is a joint commitment between Government and the private sector to train 500 Vuk'uphile contractors and 500 supervisors over the next five years in labour-intensive projects. Training will be provided to 140 contractors and 75 supervisors.

Way forward: To be institutionalised in the DPWI.

6.2. Social Audits as part of M&E of EPWP

From late 2020, the EPWP Branch began piloting Social Audits to audit compliance to EPWP recruitment guidelines within the Ekurhuleni Metro, Nkangala District Municipality and Steve Tshwete Local Municipality. The main objective of the EPWP Social Audits is to promote transparency and hold EPWP implementing agents/public bodies accountable to the implementation guidelines of the EPWP.

Way forward: To be institutionalised in the DPWI.

6.3. Employment Tax Incentive (ETI)

This is ongoing with National Treasury continuously monitoring progress in accordance with legislation.

6.4. Training Layoff Scheme

As reported above, under TERS.

6.5. Anti-corruption

The Nedlac social partners approved an Anti-corruption Declaration that will reinforce current measures and develop new measures to address corruption. The Declaration demonstrates Social Partners' commitment to addressing corruption across both the private and public sectors.

Way forward: This is an ERRP commitment.

6.5.1 Business anti-corruption activities

Business participated in the finalisation of the National Anti-Corruption Strategy and committed to support its implementation. Partial funding has been secured for the work. The project outcomes will build capacity within Business to better understand and address corruption. A benchmarking exercise and in-depth research project named Transparency in Corporate Reporting (TRAC) was commissioned to understand private sector approaches to ethics and anti-corruption, and to develop a baseline by September 2020. This was published in December 2020 in collaboration with Corruption Watch.

Way forward: Business to develop training material and content and conduct a research study to understand how corruption and unethical behaviour manifests within organisations.

6.5.2 Enhanced transparency on public servants' financial disclosures and identification of lifestyle audit needs as part of such disclosures

Way Forward: This is also an ERRP commitment.

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