



2022/23



NATIONAL ECONOMIC
DEVELOPMENT AND
LABOUR COUNCIL

ANNUAL REPORT

NATIONAL ECONOMIC DEVELOPMENT
AND LABOUR COUNCIL

ANNUAL REPORT 2022/23



TABLE OF CONTENTS

PART A: GENERAL INFORMATION	4
1. GENERAL INFORMATION	6
2. LIST OF ABBREVIATIONS AND ACRONYMS	7
3. Foreword By The Minister of Employment and Labour	9
4. Message from the Business Overall Convenor	11
5. Message from the Community Overall Convenor	13
6. Message from the Government Overall Convenor	16
7. Message from the Organised Labour Overall Convenor	18
8. Executive Director Overview	20
9. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT	23
10. STRATEGIC OVERVIEW	24
11. LEGISLATIVE AND OTHER MANDATES	24
12. ORGANISATIONAL STRUCTURE	26
 PART B: PERFORMANCE INFORMATION	 30
1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES	32
2. OVERVIEW OF PERFORMANCE	32
2.1. Service Delivery Environment	32
2.2. Organisational Environment	34
2.3. Key Policy Developments and Legislative Changes	36
2.4. Progress towards Achievement of Institutional Impacts and Outcomes	37
3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION	38
3.1. Programme 1: Administration	38
3.2. Programme 2: Programmes	42
3.3. Programme 3: Capacity Building	65
3.4. Programme 4: Presidential Climate Commission	67
4. LINKING PERFORMANCE WITH BUDGETS	69
4.1. Strategy to Overcome Areas of Underperformance	69
4.2. Capital Investment	70

PART C: GOVERNANCE	72
1. PORTFOLIO COMMITTEE	74
2. EXECUTIVE AUTHORITY	74
3. THE ACCOUNTING AUTHORITY	74
4. AUDIT AND RISK COMMITTEE	76
5. HUMAN RESOURCES AND ETHICS COMMITTEE	76
6. PRESIDENTIAL CLIMATE COMMISSION	76
7. PRESIDENTIAL CLIMATE COMMISSION – FINANCE AND GOVERNANCE COMMITTEE	77
8. REMUNERATION OF BOARD MEMBERS	78
8.1 Manco and Exco	78
8.2 Audit Committee	78
8.3 Presidential Climate Commission	78
9. RISK MANAGEMENT	79
10. INTERNAL AUDIT AND AUDIT COMMITTEES	79
10.1 Internal Audit	79
10.2 Audit and Risk Committee	80
11. COMPLIANCE WITH LAWS AND REGULATIONS	81
12. FRAUD AND CORRUPTION	81
13. MINIMISING CONFLICT OF INTEREST	81
14. CODE OF CONDUCT	82
15. HEALTH SAFETY AND ENVIRONMENTAL ISSUES	82
16. SOCIAL RESPONSIBILITY	82
17. NEDLAC AUDIT AND RISK COMMITTEE REPORT: 2022-23 FINANCIAL YEAR	82
18. B-BBEE COMPLIANCE PERFORMANCE INFORMATION	86
 PART D: HUMAN RESOURCE MANAGEMENT	 88
1. INTRODUCTION	90
2. HUMAN RESOURCE OVERSIGHT STATISTICS	90
 PART E: FINANCIAL INFORMATION	 94
1. PFMA COMPLIANCE REPORT	96
2. Report of the Auditor-General	101
3. Annexure to the Auditor's report	107
4. Annual Financial Statements	111





PART A

GENERAL INFORMATION

1. GENERAL INFORMATION

REGISTERED NAME:

National Economic Development and Labour Council (Nedlac)

PHYSICAL ADDRESS:

14A Jellicoe Avenue, Rosebank, 2196

POSTAL ADDRESS:

PO Box 1775, Saxonwold, 2132

TELEPHONE NUMBER/S:

(011) 328 4200

EMAIL ADDRESS:

info@nedlac.org.za

WEBSITE ADDRESS:

www.nedlac.org.za

EXTERNAL AUDITORS:

Contact telephone number: 012 426 8000

BANKERS:

Bank Name: Standard Bank

2. LIST OF ABBREVIATIONS AND ACRONYMS

AA	Accounting Authority
AFS	Annual Financial Statements
AGSA	Auditor-General of South Africa
APP	Annual Performance Plan
ARC	Audit and Risk Committee
BUSA	Business Unity South Arica
CCMA	Commission for Conciliation, Mediation and Arbitration
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CLRRTT	Cost of Living Rapid Response Task Team
CoFI	Conduct of Financial Institutions
DBE	Department of Basic Education
DC	Development Chamber
DCDT	Department of Communications and Digital Technology
Dirco	Department of International Relations and Cooperation
DoH	Department of Health
DoT	Department of Transport
DPSA	Department of Public Service and Administration
DSD	Department of Social Development
dtic	Department of Trade, Industry and Competition
DWCP	Decent Work Country Programme
EPWP	Expanded Public Works Programme
ERRP	Economic Reconstruction and Recovery Plan
Esops	Employee Share Ownership Plans
EU	European Union
Exco	Executive Council
GRAP	Generally Recognised Accounting Practice
HREC	Human Resources and Ethics Committee
ILO	International Labour Organisation
IMF	International Monetary Fund
LMC	Labour Market Chamber

LRA	Labour Relations Act
Manco	Management Committee
MTBPS	Medium-Term Budget Policy Statement
NCGBVC	National Council on Gender-Based Violence and Femicide
Nedlac	National Economic Development and Labour Council
NIP	National Infrastructure Plan
NRRTT	Nedlac Rapid Response Task Team
NWRIA	National Water Resource Infrastructure Agency
OECD	Organisation for Economic Co-operation and Development
PAMA	Public Administration Management Amendment
PCC	Presidential Climate Commission
PFMA	Public Finance Management Act
PSA	Proudly South African
PSA	Public Service Amendment
SACU	South African Customs Union
SALGA	South African Local Government Association
SAPO	South African Post Office
SAPS	South African Police Service
SARS	South African Revenue Service
SMME	Small, Medium and Micro Enterprises
Teselico	Technical Sectoral Liaison Committee
TIC	Trade and Industry Chamber
UI	Unemployment Insurance
UIF	Unemployment Insurance Fund
WTO	World Trade Organization



Foreword By The Minister of Employment and Labour

Mr. TW Nxesi MP

The Nedlac 2022/23 report comes at a time when our unemployment rate is at an unacceptable level of 42.4% according to Quarterly Labour Force Survey (QLFS) first quarter 2023 report. But we are encouraged by the fact that the number of employed persons increased by 258 000 to 16.2 million in the first quarter of 2023 compared to the fourth quarter of 2022. Though the increase is small, it is a step in the right direction.

It must be acknowledged that this increase comes at a time when the world economies are struggling to recover from the economic downturn due to the Ukraine and Russian war, high oil and food prices buttressed by the high inflation rates and tightening of monetary policy by most central banks. This happened against the backdrop where world economies were trying to recover from the world's devastating Covid-19 pandemic, which contributed to this economic downturn. Without the rebound of the Chinese economy, things could have been worse.

We cannot ignore the fact that our economy is affected by international factors given the fact that we are part of the global community. In parenthesis, internal factors played a role too; factors like load shedding and high levels of unemployment bolstered by huge inequalities and poverty, continued to ravage our society. Our economy and society are beginning to feel the effects of the high interest rates, which have eroded the purchasing power of our people, thus contributing to the economic downturn. You will know these factors come with their own socio-economic ills, which further put a strain on available economic resources.

As Nedlac stakeholders, we know that when there are challenges, there are also opportunities to recreate and regenerate ourselves. I am fully persuaded, as Nedlac social partners, we have the capacity and ability to turn these challenges into opportunities that will stimulate the economy positively. However, it does not matter what we do, without the security of the energy supply we toil in vain.

It is heartening to note that Nedlac social partners are already playing a critical role in terms of

issues of energy, security and social compact to support Eskom. As part of this work, Nedlac social partners are engaging in reducing red tape and addressing obstacles to accelerate generation from renewable sources.

To deal with the impact of climate change, under the auspices of Nedlac, the Presidential Climate Change Commission is dealing with the reduction of greenhouse emissions as a way of improving climate resiliency. You cannot talk about climate change without reflecting on the green economy that presents many opportunities for creating jobs badly needed in our country. Therefore, this has the potential to stimulate employment, but also ensure a just transition that is equitable, cushioning the poor, and supporting the most vulnerable.

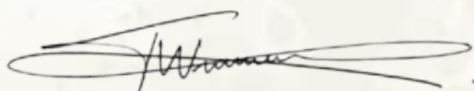
Among others, Nedlac delivered on the following:

- Conduct of Financial Institutions (CoFI) Bill, which seeks to provide a regulatory framework for the conduct of financial institutions;
- Public Procurement Bill, creating a single regulatory framework for public procurement and eliminating fragmentation in laws which deal with procurement in the public sector;
- National Nuclear Regulator Amendment Bill, to authorise the regulator to perform additional regulatory functions, provide for additional powers of inspectors and provide financially for costs associated with safe rehabilitation or decommissioning of nuclear facilities; and
- National Council on Gender-Based Violence and Femicide (NCCGBVF) Draft Bill which seeks to address the scourge of gender-based violence, by establishing a National Council on Gender-Based Violence and Femicide.

Nedlac's ability to reach consensus on complex issues remains the hope of our labour market institutions.

Allow me to applaud the Nedlac management for seeking continuous improvement for the organisation by revising the Nedlac Protocol for Tabling and Considering Issues, and implementing the terms of reference and sign-off forms, ensuring that Constituency representatives are duly delegated when engaging or signing off on reports.

Lastly, thank you to my government colleagues and officials for their highly valued participation and contribution to all Nedlac processes.



Mr. TW Nxesi MP

Department of Employment and Labour

Date: 22 August 2023



Message from the Business Overall Convenor

Kaizer Moyane

Isn't it incredible how quickly the words or phrase "load shedding" has been absorbed into our national lexicon? Whatever the positive spin on the lack of electricity when it is needed, there is no doubt that the energy crisis which continues to plague this country has had huge negative consequences for businesses and individuals alike. The South African Reserve Bank attributes a loss of 2% to the country's overall economic growth for 2023 directly to the phenomenon of load shedding. The number of jobs lost or employment opportunities not realised due to the inability of businesses to operate sustainably, is reflected in our now endemic high unemployment statistics. The much-lamented failures of service delivery at the level of local government, evidenced by the commonplace community protests, have severely hampered the operations of most businesses. Add the war between Russia and Ukraine and other geopolitical events, and we've got a runaway inflation which further bludgeoned an already struggling economy, triggering high fuel and food prices.

It is in this crisis-laden climate that Nedlac continued to play a critical role as a platform for social dialogue in the country. As is evident from the performance information in this Annual Report, the organisation has continued to deliver against its mandate and objectives, thanks largely to the dedication of its leadership and staff.

Pivoting from a successful Covid-19 Rapid Response Task Team (RRTT), the social partners collaborated in the Cost-of-Living RRTT to tackle the soaring prices of food and fuel, some of which have been caused by domestic issues like the erratic supply of electricity and water. The work is ongoing, with a focus on implementable measures to mitigate the impacts, especially on our food security.

In the 2022/23 financial year, Nedlac welcomed the Presidential Climate Commission (PCC) into its fold, albeit on a temporary basis. The move was managed seamlessly, with the PCC already showing results in its early stages of existence. Of importance, Nedlac managed to stay within its approved budget and to achieve yet another unqualified audit opinion, thanks to improved controls in its operations.

The performance of the organisation within some of its core focus areas, especially policy and legislation, is also commendable. Through dedicated task teams of the various chambers and the management committee, Nedlac managed to discuss and finalise the majority of proposed legislation presented by various government departments, and produced Nedlac reports within the budgeted time frames in line with its protocols. Examples include the CoFI Bill, the Public Procurement Bill and Electricity Regulation Act (ERA) Amendment Bill, among key legislation with significant economic impacts. There were other noteworthy energy and electricity policy engagements through the dedicated Energy Work Stream, resulting in key reforms to the country's energy regulatory arrangements, including the lifting of the cap on embedded power generation.

Regrettably, there were also areas where social dialogue did not work or, more accurately, was not given an opportunity to perform. The Department of Health's (DoH's) tabling in Parliament of the Control of Tobacco Products and Electronic Systems Delivery Bill, before it was discussed by the Nedlac Constituencies, was unfortunate. Bypassing Nedlac in a Bill process, where there are potential economic and labour market implications, is unlawful and undermines trust between government and its social partners. Indeed, it undermines the very objective of Nedlac's existence. I trust that this omission is not the beginning of an undesirable trend, and that Nedlac's legitimate space will be respected.

With respect to the latest round of labour law reforms, I note that the work is progressing under the auspices of the Labour Market Chamber, following the President's SONA commitment in 2021 to improve the regulatory regime, particularly for small businesses. It is hoped that government and its social partners will continue to prioritise this work, which is likely to have positive impacts on the economy and employment situation in the country. Indeed, labour law reforms, especially flexibility, are a necessity in the face of rising unemployment. The growing trends of non-traditional forms of work arrangements, including those supported by Artificial Intelligence (AI), need to be embraced rather than wished away, and a flexible, supportive labour regulatory regime is a good place to start. Nedlac is well positioned to spearhead research, including in collaboration with international partners, and to provide guidance and thought leadership to its Constituencies. Capacity for this objective needs to be built and resourced in the organisation. This is what will make Nedlac a relevant force in a dynamic labour market.

Finally, Nedlac would not be the shining example of social dialogue that it is without the dedication of the secretariat, who must be thanked for diligently preparing and arranging all meeting requirements and logistics, and support the Constituents to achieve progress. Thanks also go to the representatives of all the Constituencies, who continually prioritise the work of Nedlac.

Kaizer Moyane

Business Overall Convenor



Message from the Community Overall Convenor

Thulani Tshefuta

Nedlac continues to redefine and assert its role as the centre of social dialogue in South Africa. In pursuit of repositioning its relevance, it continues to take up on tasks and roles that far exceed its legislated founding mandate. There is no living organism that remains static.

In the 2022/23 financial year, Nedlac was seized with various issues of national importance where social partners combined their efforts to find solutions to the pressing national challenges. In this period, Nedlac convened dialogue sessions focusing on issues such as government budget planning, electricity generation, public employment schemes, and food distribution to vulnerable groups and communities.

The Development Chamber and other Joint Chamber Task Teams further dealt with issues of strategic interest to the people and communities, such as the White Paper on Social Development, National Council on Gender-Based Violence and Femicide (NCCGBVF) Draft Bill, Amendments to the Regulations Relating to Minimum Uniform Norms and Standards for Public School Infrastructure, Presidential Employment Stimulus Programme and the Presidential Youth Employment Intervention.

Furthermore, Nedlac Reports were concluded on ten (10) bills and policies, while five (5) engagements were still ongoing by the end of the reporting period. A new Rapid Response Task Team (RRTT) was established to focus on the increasing cost of living.

During the reporting period, Nedlac had a total of sixteen (16) planned targets in the Annual Performance Plan (APP) for the 2022/23 financial year, of which two (2) were not applicable. Therefore, the organisation achieved eleven (11) out of the fourteen (14) applicable targets, translating into 78.5% performance with an unqualified audit opinion. Compared to the previous financial year's 66% performance, this signals a 12.5% improvement, which is greatly commended.

In the same period, the Community Constituency has been continuing with its endeavours of capacity building and repositioning its base as the broad representative voice of civil society. We

were able to convene a workshop to consider the implementation modalities of the Presidential Social Sector Summit agreement.

The Community Constituency concluded the 2022/23 year by hosting its annual Civil Society Policy School that was held from 29 to 31 March 2023 under the theme, “Building and repositioning the civil society voice for advancing socio-economic transformation”. The event was attended by a broad range of national civil society formations across various sectors of organising. The Policy School is convened as a platform where we account to our constituency about the Nedlac work of the ending year, and consult and source mandate on the work of the new year. It also serves as a platform for strategic planning in respect of the work programme of the Community Constituency for the year ahead.

In the 2022 State of the Nation Address (SONA), President Ramaphosa challenged the Nedlac Social Partners to work on a new consensus and develop a social compact by asserting, “We have given ourselves 100 days to finalise a comprehensive social compact to grow our economy, create jobs and combat hunger”. It is important to acknowledge that collectively, we have not risen up to this challenge, despite the crucial mandate it entails in responding to the multiple and intersectional crises confronting our society. We believe that social partners can still commit to collective actions to achieve higher levels of investment and growth, increase employment, expand support for the unemployed, and tackle poverty.

In order to unleash our potential to attract investments, grow the economy, create employment, and fight poverty, we must double our efforts to address the cross-cutting binding constraints in energy, water, skills, and broadband data. If addressed decisively, these factors can serve as critical enablers.

In light of the contribution it makes in the livelihoods of the people, we welcome and appreciate the extension of the Social Relief of Distress (SRoD) Grant to 2024. We further call for the sustained provision of the SRoD Grant at an increased rate of R600 until the introduction and implementation of the Universal Basic Income Grant (UBIG).

The multiple socio-economic crises that have been affecting our economy and the livelihoods of the people have been compounding the already precarious circumstances through the ever-escalating cost of living. We must spare no effort in providing the much needed relief to the poorest of the poor, including support for community- initiated interventions.

The delays in the conclusion of the work of the Governance Task Team should concern all of us, as they hold back Nedlac from being the relevant, responsive, representative and fit-for-purpose institution it could become.

South Africa will be heading for its seventh democratic national and provincial elections in 2024, taking us straight into thirty (30) years of democracy. This will also mark twenty-eight (28) years of the Constitution of the Republic of South Africa. This should challenge all of us to ponder and reflect on the journey we have traversed towards “progressive realisation of socio-economic right” as provided for in the Bill of Rights of the Constitution of the RSA. We believe that this should remain the pulling effect of our endeavours to position social dialogue as a process of finding solutions to our pressing and long-standing challenges.

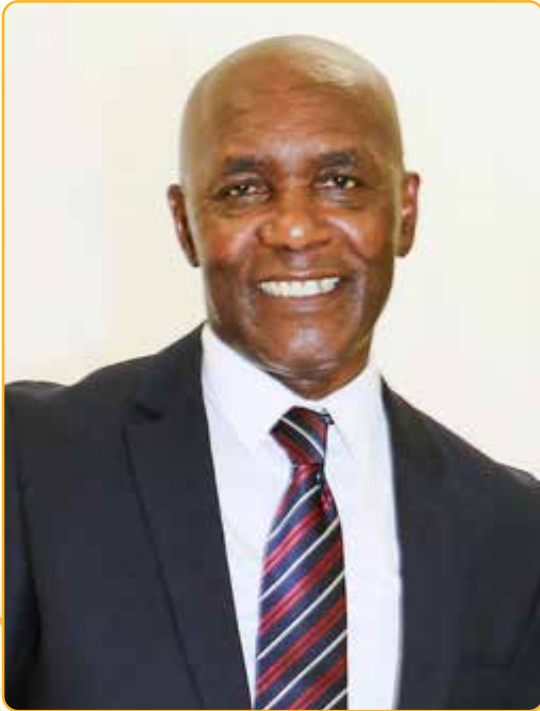
As we conclude this reporting period, we also wish to bid our farewell and well wishes to the former Overall Convenor of Organised Labour, Comrade Bheki Ntshalintshali, who concluded his service in April 2023. He served the workers and our country through Nedlac with the utmost dedication. He is certainly counted amongst those who hold institutional memory of Nedlac that we should tap into from time to time. Sadly, it is also during the same period that we lost Comrade Denis George in May 2023, the former General Secretary of FEDUSA. We once more wish to convey our most sincere condolences to his family and that his soul may find rest in eternal peace.

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

Thulani Tshefuta

Community Overall Convenor





Message from the Government Overall Convenor

Thembinkosi Mkalipi

The National Economic Development and Labour Council (Nedlac) Annual Report for 2022/23 comes at a time when South Africa is not spared or immune to what is happening in the world at large. A vast number of external and internal factors have exacerbated the negative current environment we are operating in. To name but a few: the slowing global growth, geopolitical tensions, acute power challenges, inefficiencies in state-owned enterprises, climate change, and increased global food and fuel prices have already adversely impacted inflation rates.

Consumers are under a lot of financial strain. According to the Deloitte South Africa Consumer Tracker, 41% of consumers feel that their financial position has deteriorated over the past year, and are concerned about their future. Despite the aforementioned, the South African Reserve Bank has relentlessly continued to raise interest rates to fight inflation. The continued electricity supply shortages have constrained South Africa's growth for some time now and the different sectors within our economy are greatly beginning to feel its impact.

Albeit so, South Africans remain resilient and are blessed to be supported by an institution of the calibre of Nedlac. Its ability to marshal the critical players in our labour market and direct them to find solutions remains the chief cornerstone of our social dialogue embedded within a consensus-seeking approach. Subsumed in the main intention of Nedlac is to see a vibrant labour market that translates into economic growth and employment supported by decent work and economic prosperity for all our societies.

Amidst these difficult economic conditions, Nedlac social partners have navigated a complicated milieu to achieve the following, among others:

- Discussions were concluded on the Public Procurement Bill and a report was produced. The Bill seeks to create a single regulatory framework for public procurement and eliminate fragmentation in laws which deal with procurement in the public sector.
- Discussions on the Electricity Regulation Act (ERA) Amendment Bill were completed and

the report was signed. The Bill seeks to establish a new national regulatory framework for the electricity supply industry which, inter alia, will support the unbundling of Eskom into a transmission system operator and a distribution and generation entity.

- Discussions were concluded on the Public Service Amendment (PSA) Bill and a report was produced. The Bill seeks to provide for the devolution of administrative powers from the executive authorities to heads of departments and to provide for a mechanism to deal with the recovery of overpayments, remuneration and benefits from public servants.
- Work was completed on the Public Administration Management Amendment (PAMA) Bill. Its intention is to address the transfer and secondment of employees and provide clarification regarding the prohibition of employees conducting business with an organ of state.

The confidence that Nedlac social partners have placed in the institution was vindicated when Nedlac was called upon to provide its services to the Presidential Climate Commission (PCC) until such time as the final institutional form of the PCC will be determined after the passage of the Climate Change Bill.

While Nedlac can claim bragging rights about its achievements, the challenges facing our nation are enormous. We are still a nation under construction and the inequalities, poverty and unemployment perpetuated by poor economic performance remain our blind spot.

Given our challenges, Nedlac cannot rest on its laurels. It is required to grapple with the accelerated transformation and continued reconfiguration of our labour markets, shape the demand for jobs and skills of tomorrow, and drive divergent economic trajectories. The Fourth Industrial Revolution, consumer expectations, and the urgent need for a green and energy transition include the reconfiguration of the workforce and stimulating demand for new occupations and skills.

We will be required to approach these challenges within the spirit of give and take. To do so, we must be able to answer the following questions: What are we ready to sacrifice and what are we able to bring to the table to stimulate the economy? It must be clear in our minds that the sum of a whole is made up of all its parts. To achieve this, social dialogue remains our marshalling tool and strategy to persuade each participating individual for the common good of our country. With our experience and commitment, I have no doubt that this can be achieved.

It will be folly of me not to acknowledge the wonderful work the Nedlac secretariat under the stewardship of its Director, Ms Seftel, has performed. It is their ability to understand complex issues and assist social partners to navigate difficult issues. Not only have they fared well in coordinating social partners, but also in strengthening the institutional capacity of Nedlac for relevancy and effectiveness.

Also, I wish to express my deepest gratitude to my colleagues in government who, by their commitment and participation, have ensured that the work performed by Nedlac is not deemed irrelevant.

Thembinkosi Mkalipi

Government Overall Convenor



Message from the Organised Labour Overall Convenor

Gerald Mkhomazi Twala

Labour's participation in Nedlac is guided by the challenges facing the working class. Whilst we are proud of the many victories we have won for workers through Nedlac, we cannot be complacent with a 42% unemployment rate when corruption remains endemic, load shedding and cable theft threaten thousands of jobs, and public services keep on deteriorating.

Labour is guided by the apt call of Karl Marx: "The philosophers have only interpreted the world in various ways. The point however is to change it." We are confident we have continued to push working class struggles and have made significant advances at Nedlac.

Whilst we are disappointed that we have not yet settled on an overall social compact, as called for by the President, we have built its foundations on many fronts.

Much time has been spent on ensuring workers receive relief from the Unemployment Insurance Fund (UIF) and the UIF is given the support it needs to become a modernised institution. The implementation of the Eskom Social Compact saw Eskom receiving the long sought after R254 billion debt relief, providing a massive boost as it ramps up maintenance to end load shedding. Proposals are being discussed on ways to protect workers from the rising cost of living, including reducing the price of key foods. These must be expedited and must feature in the 2024 Budget.

Engagements continue on enhancing the Social Relief of Distress (SRD) Grant providing relief to eight (8) million people and the foundation for a Basic Income Grant. We are deeply appalled by reckless cuts to the Presidential Employment Stimulus that has provided work for thousands. It must be expanded to accommodate at least 2 million participants to avoid creating a permanent class of unemployed.

It is critical that the Labour Law Reform engagements are premised upon protecting the rights of workers from abuse and not a return to the days when workers' lives were expendable. We are pleased that the Mine Health and Safety Bill leaves Nedlac strengthened to offer greater protection to mine workers. The Public Service and Administration Amendment Bills' engagements epitomised the

spirit of social dialogue where government and labour could find each other and protect the rights of workers. These engagements built greater synergy between the work in the Public Service Bargaining Council and Nedlac.

Government needs to ensure that Bills are tabled at Parliament once they leave Nedlac. It is unacceptable that the Occupational Health and Safety Amendment Bill has yet to be tabled at Parliament, seven (7) years after it left Nedlac.

Engagements on retaining South Africa's membership in the African Growth and Opportunity Act (AGOA) need to be expedited and the scope of qualifying exports expanded, as well as rolling out the African Continental Free Trade Area (ACFTA), as these are key to millions of jobs. We look forward to enhancing the Companies Act to reduce the apartheid wage gap and elevate worker ownership schemes.

As we seek to address our many challenges and rebuild a capacitated developmental state, it is critical for government to involve social partners in determining budgetary priorities and fiscal reform. Social partners proved an invaluable ally in the fight against corruption through the Public Procurement Bill engagements. More attention and action are needed on the crisis of billions in unclaimed pension benefits.

Positive engagements were held on the Victims Support Services and the National Council on Gender Based Violence and Femicide Council (NCCGBVFC) Bills. Whilst these are progressive Bills, they will only make a difference if the state is resourced, officials empowered and the political will to enforce the law exercised.

Labour remains resolute in support of the role Nedlac has and must continue to play as the statutory social dialogue organ. Nedlac has proven its worth from the National Minimum Wage benefiting six (6) million workers, R64 billion released from the UIF during COVID-19 assisting 5.7 million workers to feed their families, to rolling out Covid-19 vaccines to more than 60% of society. The Nedlac governance reforms must strengthen and enhance its work. We dare not weaken this invaluable institution.

Nedlac could achieve its many accomplishments because of the leadership of government and social partners. Engagements are rough at times, but in the spirit of making South Africa a better home for all.

The battles we have won could not have been achieved without the relentless efforts of the Nedlac staff ably led by its Director Lisa Seftel. We are grateful for your dedication.

Labour is indebted to our former and long serving Overall Convenor, Bheki Ntshalintshali. His institutional knowledge of Nedlac and working class struggles, ability to lift strategic matters and forge consensus are unparalleled. We take comfort knowing we can continue to seek counsel from Bra Tiger.

2024 may mark uncharted territory for Nedlac, government and social partners. It will require sobriety from all if we are to continue to contribute to overcoming our many challenges. Thank you.

Gerald Mkhomazi Twala
Labour Overall Convenor



Executive Director Overview

Lisa Seftel

As South Africa emerged from the Covid-19 pandemic, we were afflicted by high food and fuel prices – partly as a result of the conflict between Russia and Ukraine and the energy crisis. Nedlac's key activities sought to respond adequately to these events. The Nedlac Covid-19 Rapid Response Task Team (NRRTT) contributed to the processes and regulations to facilitate the normalisation of society as the Covid-19 initiated State of Disaster was lifted, a new RRTT was set up to respond to high food and fuel prices, and regular engagements were held by the Energy Security Work Stream on how social partners can respond to the socio-economic impact of the ever-increasing levels of load shedding.

From October 2022, the PCC became a programme under Nedlac's supervision with the consequential transference of staff and budget to Nedlac. The PCC will be housed at Nedlac until the implementation of the Climate Change Bill, when it will be set up as an independent public entity. The PCC's mandate is to provide independent and transparent advice on South Africa's climate change response, with the overarching aim of realising a long-term just and sustainable transition to a low-carbon, climate-resilient economy and society. Similar to Nedlac, it is a social partner body, and is thus well suited to become part of Nedlac.

As a result of the PCC joining Nedlac, the Minister requested Parliament to approve a revised Annual Performance Plan (APP) and adjusted budget which are both reported on in this Annual Report. The budget increased by 22% and our staff complement increased by twelve.

Highlights in the 2022/23 financial year included the following:

- The Covid-19 RRTT was dissolved and a new RRTT focusing on cost-of-living increases was set up. In addition, a legacy programme was established in partnership with the National Institute for Occupational Health and the Compensation Fund to promote Covid-19-related health and safety in the workplace.
- From the time that the PCC joined Nedlac, it focused on energy planning for a just transition,

as well as consulting on the Just Energy Transition Investment Plan. It convened focused meetings by reaching out to stakeholders in important sectors, such as the youth and religious leaders.

- Twenty-two (22) dialogue sessions were convened focusing on issues such as government budget planning, electricity generation, the Occupational Diseases in the Mines and Works Act, public employment schemes and food distribution to vulnerable groups and communities.

Nedlac reports were concluded on ten (10) bills and policies, while five (5) engagements were still ongoing by the end of the reporting period. The more significant bills included the Public Procurement Bill and the ERA Bill.

In the 2022/23 financial year, Nedlac consolidated its operating model of hybrid working with the majority of its meetings being held online. This meant that it was only on special occasions that physical meetings were conducted, including the Nedlac Annual Summit which was attended by almost 200 people.

Significant attention was paid to training and capacity building both of staff and social partners. A total of forty-nine (49) training events were held. In addition, an innovative partnership was arranged with the University of Pretoria to run a course jointly with staff and social partners focusing on leadership, strategy and negotiation skills. However, more can still be done to level the playing field between social partners and to increase the number of social partner representatives active in Nedlac structures.

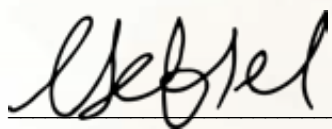
Ground-breaking work was done to review and amend Nedlac's founding documents. The Nedlac Act has been rewritten and the Nedlac Constitution amended to align these with current conditions. Unfortunately, by the end of the period under review, these documents had not yet been finalised by the Executive Council. However, a revised protocol to guide the engagement of policies and legislation at Nedlac, which represents our core business, was approved and has been implemented. Hopefully, this will reap dividends in respect of the quality of the engagement at Nedlac, as well as the value of the final reports to the Executive and Legislature.

In respect of Nedlac's financial position, we are pleased to have received unqualified audit finding. Furthermore, there was no irregular, fruitless or wasteful expenditure during the year under review. All prior year's irregular expenditure has also been condoned.

Our supply chain, internal controls and policy review and development have all improved over the year. Policies that were reviewed and amended included those linked to human resources, performance management and supply chain.

This year saw Nedlac bidding farewell to a number of longstanding representatives of the social partners. Bheki Ntshalinshali, the Overall Convenor of Labour since 2009 has been replaced by the Deputy Secretary-General of Cosatu, Gerald Twala. Comrade Bheki, braTiger or the GS as he was fondly known left an indelible mark on the workings of Nedlac, and his attention to detail and procedures will be sorely missed in Nedlac governance meetings. John Purchase, the Business Convenor in the Trade and Industry Chamber also retired after seven (7) years in this position at Nedlac. The Organised Business Representative on the Standing Committee, Mr Gerrie Bezuidenhout, responsible for demarcations also retired.

On behalf of Nedlac, I thank them for their contributions and wish them well in their future endeavours. I would also like to take this opportunity to thank the Overall Convenors of Business, Community, Labour and Government, and the Minister of Employment and Labour for their unstinting support. And finally, a big thank you to all the members of staff at Nedlac for making it all happen.

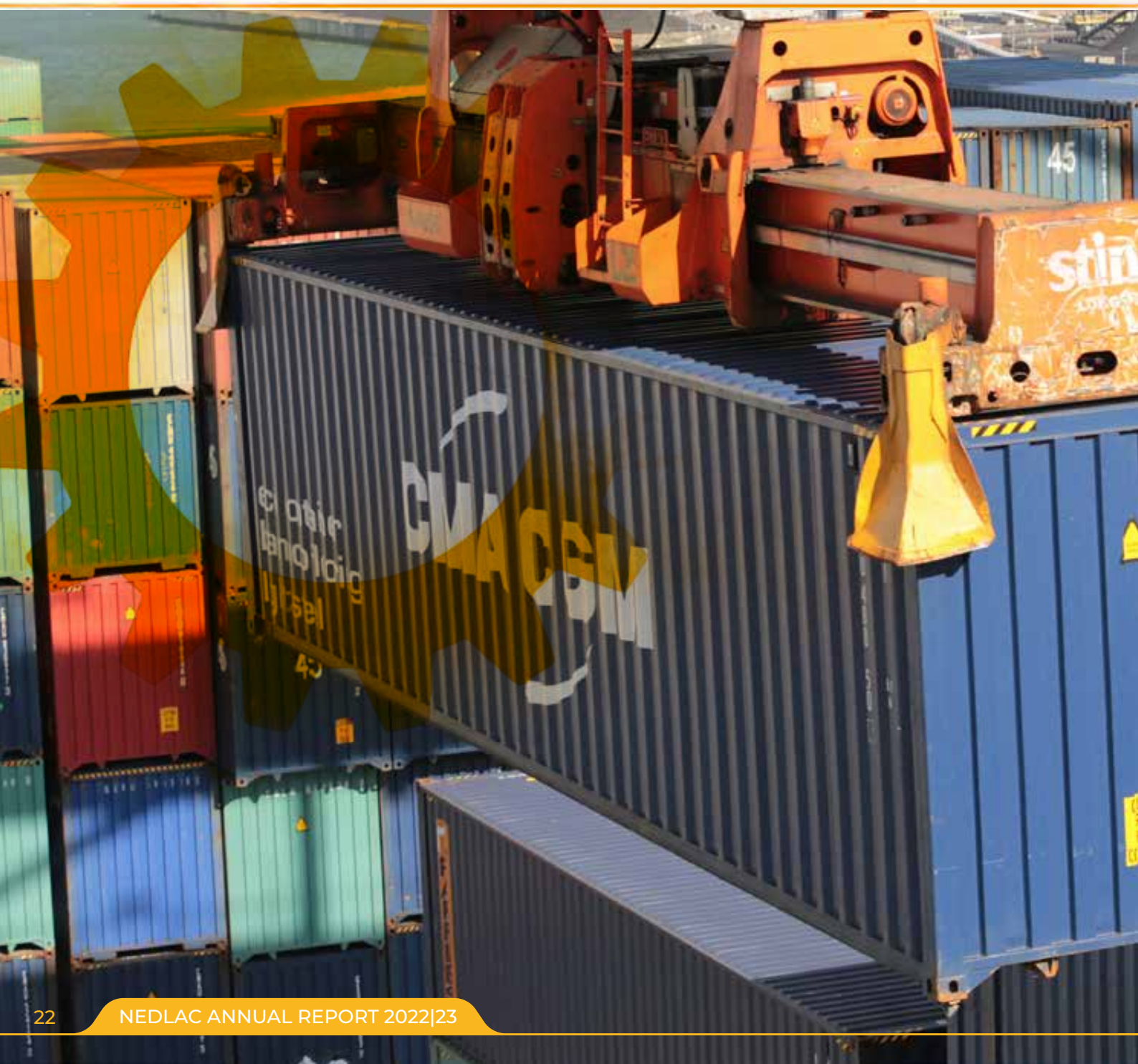


Lisa Seftel

Executive Director

National Economic Development and Labour Council

Date: 31 July 2023



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 (AFS) audited by the Auditor-General.

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

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

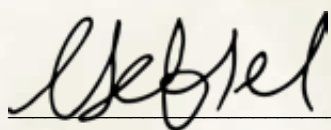
The AFS (Part E) have been prepared in accordance with the Generally Recognised Accounting Practice (GRAP) standards applicable to the public entity.

The Accounting Authority (AA) is responsible for the preparation of the AFS and for the judgements made in this information.

The AA is also responsible for establishing and implementing a system of internal control which has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the AFS.

The external auditors are engaged to express an independent opinion on the AFS.

In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2023.



Lisa Seftel

Executive Director

Date: 31 July 2023

10. STRATEGIC OVERVIEW

According to its Founding Declaration, Nedlac is “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.



6.1. Vision

To promote growth, equity and participation through social dialogue.



6.2. 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 business, community, labour and government in dealing with South Africa's socio-economic challenges.



6.3. 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 outlines the composition of Nedlac which comprises 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 Labour Relations Act (LRA) defines 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 (PFMA), No. 1 of 1999.



12. ORGANISATIONAL STRUCTURE

The Nedlac organisational structure is designed to support execution of the strategic plan towards the achievement of institutional goals. The structure, roles and appointed parties are illustrated below:

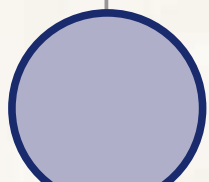




Executive Director:
Lisa Seftel



Senior Manager:
Corporate Services
Moipone Molete



Senior Manager:
Labour & Development
Vacant



Corporate Services
Administrator:
Cindy Zulu



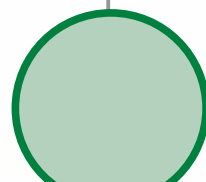
Manager: Human
Resources
Nthabiseng Koopedi



Manager: Information
Technology
Benedict Mokgothu



Manager: Facilities
Charlotte Kopano Van
Rooyen



Manager:
Communications
Vacant



Managers:

1. Busisiwe Milisi 2. Nolwazi Mthembu 3. Priscilla Mashabane 4. Tsholo Lelaka



Office Support:

1. Baby Skhosana 2. Prudence Zwane 3. Samuel Mulwela 4. Thuli Radebe



Administrators:

1. Bongani Mahlalela 2. Ruth Mofokeng

CONSTITUENCY OFFICERS



Administrator:
Community
Constituency
Rejoyce Mudzanani



Coordinator:
Labour Constituency
Nonhlanhla Ngubane

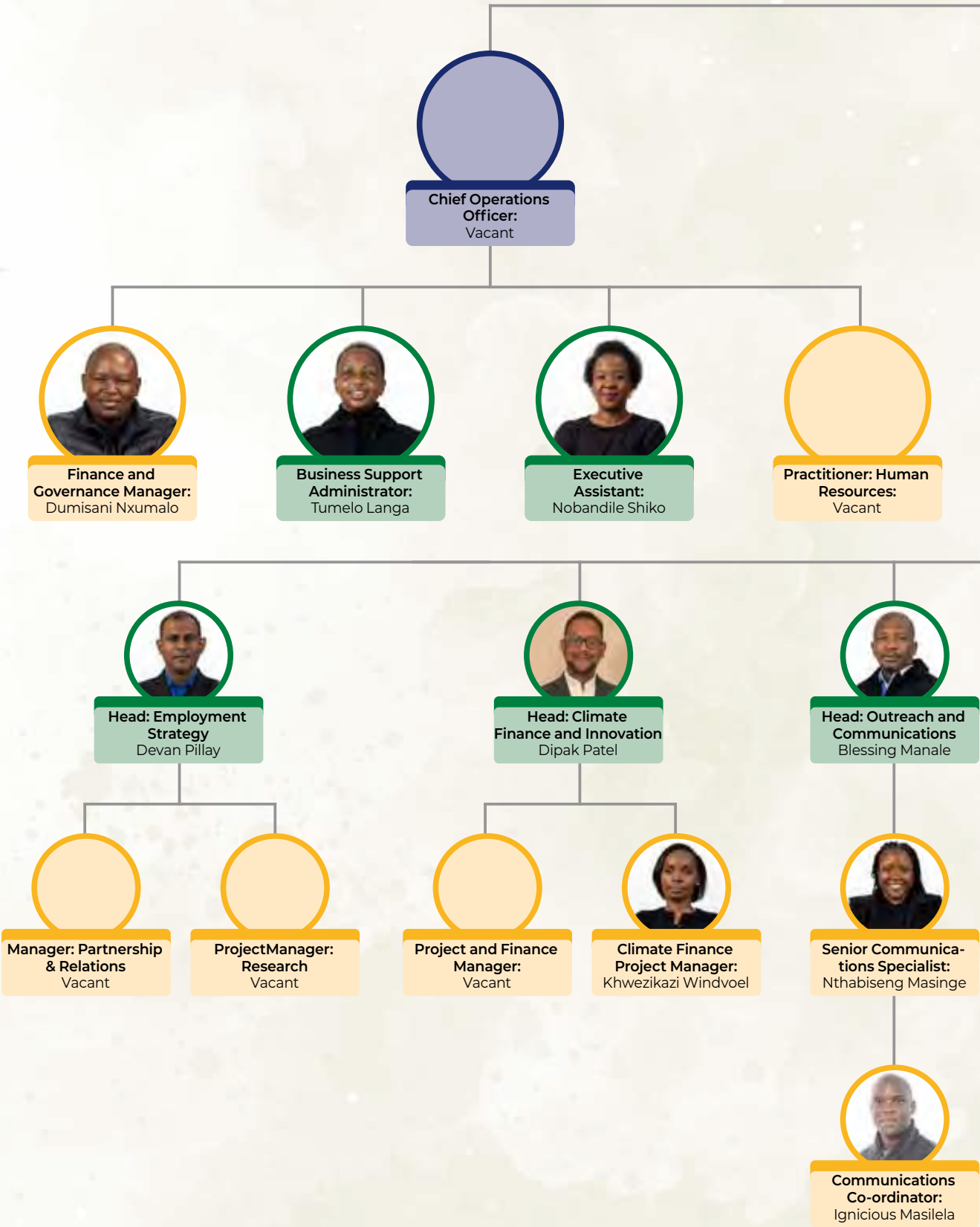


Coordinator:
Business Constituency
Lisa Peega



Coordinator:
Government
Constituency
Stephen Rathai

The PCC organisational structure is designed to support execution of the strategic plan towards the achievement of institutional goals. The structure, roles and appointed parties are illustrated below:





Executive Director:
Crispian Olver



Head: Climate Change Mitigation
Steve Nicholls



Head: Climate Change Adaptation
Dhesigen Naidoo



Secretary to the Commission
Nonhlanhla Jones



Manager: M&E
Katie Ross



Manager: Climate Change Mitigation
Simphiwe Ngwenya



Senior Modeller:
Khwezikazi Windvoel



Senior Modeller:
Jurgen Olivier
(February 2023)



Adaptation Research Manager: Michelle Histerman
(February 2023)



Manager: Adaptation Municipal Support:
Vacant



M&E Researcher:
Vacant



Mitigation Project Manager:
Vacant



Modeller:
Vacant



Modeller:
Vacant





PART B

PERFORMANCE INFORMATION

1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The Auditor-General of South Africa (AGSA)/auditor currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit opinion and conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on Other Legal and Regulatory Requirements section of the Auditor's Report.

Refer to the Auditor's Report on page 101 of this Annual Report, published as Part E: Financial Information.

2. OVERVIEW OF PERFORMANCE

2.1. Service Delivery Environment

The 2022/23 financial year was one of great stress for the government and social partners. While things looked up as the Covid-19 pandemic receded, the increase in fuel and food prices as well as the ongoing energy crisis resulted in increased hardship, unemployment and poverty for South Africans. In this section, the current socio-economic situation is summarised, as well as the response of Nedlac and the Presidential Climate Commission (PCC).

While household consumption increased after the Covid-19 pandemic, South African households remain under significant economic pressure as a result of high inflation and rising interest rates leading to them spending more on food and transport versus other commodities, and using credit to buy food. Stats SA reported that in 2021, 15% of households had inadequate access to food, while 6.1%, (equating to 1.12 million households) had severely inadequate access to food. As a result in Nedlac, as the work of the Covid-19 RRTT was phased out, the social partners agreed to set up a new task team, initially to focus on the high food and fuel prices but later renamed as the Cost of Living Increase Task Team.

The energy crisis has impacted on all areas of the economy and society. Long periods of load shedding have led to the inability of farmers to properly irrigate their fields, milk their cows or incubate their chickens. Small businesses in particular do not have sufficient electricity to operate their businesses or keep their food fresh. School children do not have sufficient light and power to study. In July 2023, the government announced a National Energy Action Plan which was reinforced in February 2023. Part of the plan has involved incentivising and supporting private generation of electricity, which has unleashed new economic activities. The Energy Security Work Stream at Nedlac has been seized with responding to the energy crisis, including monitoring the implementation of the social compact to support Eskom and contribute to the ERA Bill.

One unintended consequence of the energy crisis is that South Africa is closer to meeting its greenhouse gas emission targets, since less electricity implies less harmful emissions in respect

of climate change and air pollution. However, the dangers of flooding and drought remain ever present, particularly in the eastern parts of the country. The PCC has been very active in research, knowledge management, stakeholder engagement and advocacy, particularly in respect of energy planning for the just transition.

The above-mentioned factors continue to weigh negatively on business confidence which is also reflected in poor capital formation. Gross fixed investment and GDP growth have fallen from an average of 7.6% and 3.6% respectively between 1994 and 2008, to -0.9% and 1.2% between 2009 and 2022. The slowdown in investment has been most severe in public corporations and government, although the level of private investment has also not recovered post-pandemic. This also contributes to the lack of job opportunities, especially in the labour-absorbing sector of construction. Government has nevertheless continued to invest in short-term employment creating opportunities through the Expanded Public Works Programme (EPWP) and Presidential Employment Stimulus Programme.

South Africa has the highest unemployment rate in the world – between 32 and 35% during the period under review. An ILO study post-Covid-19 indicated that there is also significant under-employment in South Africa. 66.3% of workers surveyed could work more hours while 1.8% are overemployed. The Stats SA quarterly Labour Force Survey further indicated an increase in the number of part-time jobs. Also, of material importance is mental health. The World Health Organisation (WHO) estimates that 27% of South Africans suffer from depression, and that employee absenteeism as a result of depression costs the economy about R19 billion per annum.

An increasing number of jobs are at jeopardy, not only because of the anticipated shift from coal but because of the immediate impact of climate change such as flooding or drought in KwaZulu-Natal and the Eastern Cape. The labour market dispensation does not sufficiently address the needs for social protection to respond to this, a task which the PCC is looking at as part of the just transition.

The second half of the year was dominated by the public sector wage dispute which was eventually resolved towards the end of the reporting period. Some of the activities of workers during this dispute were both violent and grossly disrespectful of the rights of patients and other members of the public trying to access government services. This points to the fact that trust between employers and employees is very uneven across different sectors and that high levels of inequality in society intensify collective bargaining conflicts.

While the Department of Employment and Labour have promulgated amendments to the Compensation Fund and Employment Equity legislation, progress on labour law reforms to update legislation in the light of both practice and the changing nature of the labour market in Nedlac remains slow. This is while increasing numbers of atypical employment are growing and formal union membership declining.

Little progress has been made on improving social security during the period under review. While there is a widespread acknowledgement of the need for a basic income grant, how this will be funded and other modalities have still not been determined. There has been no further discussion in Nedlac since the social partners commented on the Green Paper on Comprehensive Social

Security and Retirement Reform, which was subsequently withdrawn.

Service delivery at a local government level continues to decline due to a number of factors ranging from the impact of climate change, ageing infrastructure, incompetent and corrupt leadership, and also an outdated fiscal model which relies on subsidies from electricity consumption for a significant portion of municipal revenue. This is particularly significant for small and micro businesses which are not able to function profitably in the absence of basic services such as water provision, refuse removal and power. The PCC has proposed a study to look at a new fiscal model for local government.

The overall socio-economic environment impacts the capacity of the state while a weak state is also less able to impact the economy and society. This has an impact on the effectiveness of Nedlac and social partnerships. Organised business, in particular, has raised questions about the effectiveness of social compacting in this context, where government is often not able to deliver on its commitments.

The Nedlac secretariat and social partners have tried to mitigate the above situation by focusing on areas where a difference can be made, and playing a much greater role in building understanding and increasing transparency. A Programming Committee was agreed upon by the Management Committee (Manco) to bring social partner leadership into managing the Nedlac work programme. It has agreed, amongst other things, to move away from attempting to monitor the progress of the Economic Reconstruction and Recovery Plan (ERRP) and pay more attention to work streams looking at energy, freight, public transport and small, medium and micro enterprises (SMMEs).

Lastly, in this context, developing an alternative future based on a low energy, green future becomes critical. The PCC has been leading research and robust engagements with a wide range of stakeholders in this regard.

2.2. Organisational Environment

From October 2023, halfway into the year under review, the PCC became a fourth programme under Nedlac. This addition required Nedlac to compile an amended APP and adjusted budget, increasing the overall budget by 65% and increasing the staff complement, initially by nine (9) and at the end of the period by twelve (12). The PCC continues to run its own programmes of research, policy, development and advocacy, as well as facilitating advice from its 42 commissioners, with Nedlac providing it in the main with a fiscal home and administrative support. There have nevertheless also been synergies in the work that Nedlac and the PCC do, with participation in each other's processes where relevant.

The second significant change in the organisational environment was the inclusion of the South African Federation of Trade Unions (SAFTU) as part of the Organised Labour Constituency. This was agreed to in January 2023 by the Exco. By the end of the period under review, the SAFTU representatives were being inducted.

Also noteworthy in the reporting period, was the significant steps taken to rewrite the Nedlac Act,

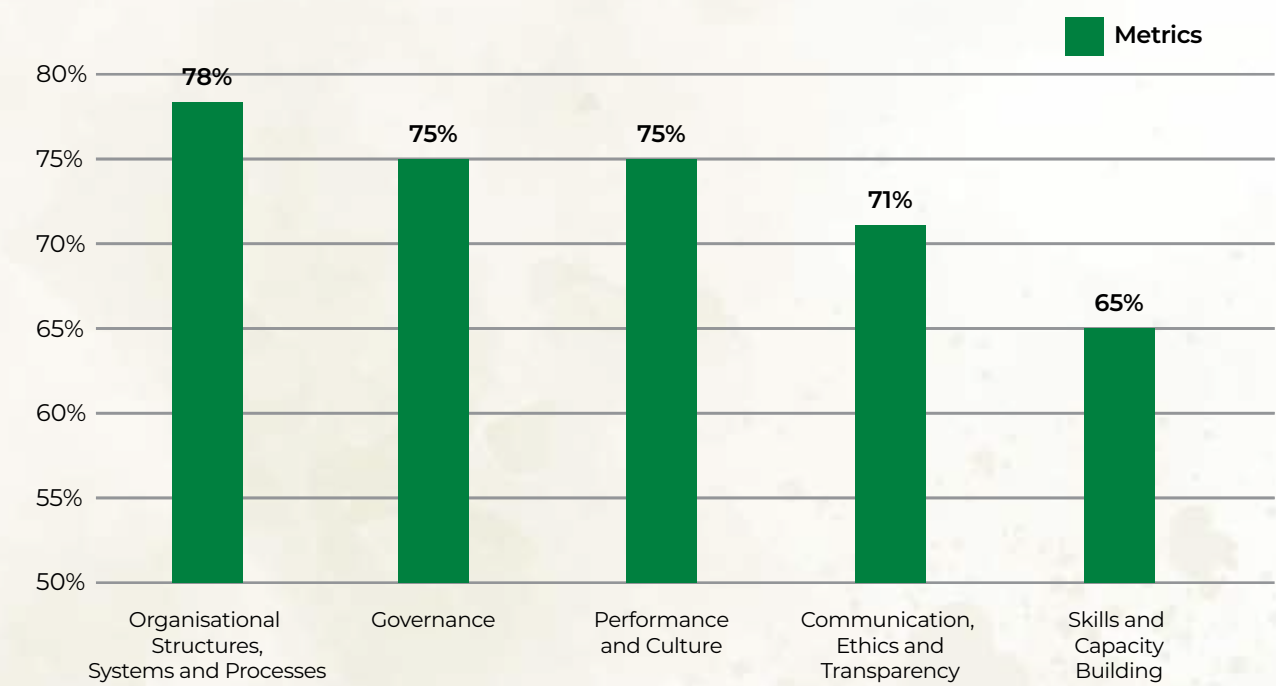
amend the Constitution and revise the Protocol for the Tabling of Policies and Legislation at Nedlac. The latter protocol was approved and implemented in the period under review. It provides for:

- The introduction of task teams as key structures for the consideration of policies and legislation;
- Simplifying and clarifying dispute resolution processes; and
- Setting out the expectation of government and social partners when bills go to Parliament.

The changes to the Nedlac Act and Constitution have yet to be approved by the Exco, but consensus was reached in the Governance Task Team to include the following changes:

- Update the functions of Nedlac;
- Update and clarify criteria for admission to Nedlac, and introduce clear procedures;
- Shift some of the matters regulated in the Nedlac Act to the Nedlac Constitution;
- Create more flexibility in respect of Nedlac sub-structures; and
- Align the documents with the current legislative and regulatory frameworks.

The Nedlac secretariat conducted its second Annual Stakeholder Survey in the fourth quarter. The table below sets out a summary of the results:



Social partners scored the secretariat 78% in respect of our organisational structures, systems and processes and 75% in terms of both our governance arrangements and performance and organisational culture. This reflects high levels of satisfaction in the way in which Nedlac conducts its business. Scores for capacity building were not as positive and the more detailed survey results revealed that individual representatives of social partners are not aware of, nor obtain opportunities to participate in capacity-building initiatives. This is regarded as ongoing work in Nedlac to level the playing field between social partners and to enrich engagements.

Internally amongst Nedlac staff, there was however considerably more capacity building and skills development than in the previous year. Almost 90% of staff received training and/or study support for tertiary education. All managers received individual and group coaching and forty (40) staff and social partners are enrolled in a leadership, strategy and negotiation skills course with the University of Pretoria. This is but one of the innovations that Nedlac has introduced to improve the effectiveness of its processes.

The staff complement at Nedlac is now over fifty (50), with the incorporation of the PCC, which requires Nedlac to develop and implement an Employment Equity Plan. However, our staff demographics are in line with the targets: fourteen (14) men (11 African, two Indian, one White) and thirty-seven (37) women (33 African, one (1) Coloured and three (3) Whites). Notwithstanding, more work needs to be done to attract Indians, Coloureds and Africans to senior positions.

Nedlac continues to operate as a hybrid organisation with the majority of meetings occurring online, but strategic workshops and gatherings happening physically. Unfortunately, the digitalisation strategy to further streamline online meetings to become more sophisticated has not yet been implemented. The Nedlac offices continue to be well maintained with the building having been repainted and the waterproofing attended to in the period under review.

More efforts were made to improve Nedlac's brand and information sharing amongst stakeholders. The corporate identity was revamped and a monthly newsletter introduced. A monthly bulletin on employment and economic trends continues to be distributed to social partners and published on our website.

Lastly, policies updated or amended in the period under review were:

- Asset Management;
- Donor Funding Policy;
- Human Resource Policy;
- ICT Policy;
- Mobile Device and Data Policy;
- Online and Hybrid Meetings Policy;
- Performance Management Policy;
- Petty Cash Policy;
- Revenue and Debtors Policy; and
- Supply Chain Management Policy.

2.3. Key Policy Developments and Legislative Changes

There were no significant legislative changes which impacted on Nedlac during the year under review. The revised Code of Good Practice on Protest Action to Promote or Defend Socio-Economic Interests of Workers, which was developed in Nedlac, was promulgated in August 2022.

2.4. Progress towards Achievement of Institutional Impacts and Outcomes

Due to the incorporation of the PCC in October 2022, the Strategic Plan of Nedlac had to be revised. The theory of change was amended to include the following:

- Impact: Nedlac: Social partners contribute meaningfully to achieve a just climate transition to an inclusive, equitable and climate-resilient economy and society.
- Outcome: PCC makes recommendations about just climate transition based on inclusive stakeholder engagement and informed by science.
- Performance indicators on:
 - Policy recommendations made to advance a just transition;
 - Scientific knowledge which informs the planning and implementation of a just transition; and
 - Increased public awareness to improve consensus on a just transition.

In respect of Nedlac's contribution to the 2019-24 Medium-Term Strategic Framework, the following can be reported in respect of priority one and priority two for the period under review:

Priority	Nedlac's Contribution 2022/23
Priority 1: Building a Capable, Ethical and Developmental State	Nedlac is part of the state and as such has strengthened its processes and capacity in the year under review. The introduction of the PCC contributes to ensuring robust policymaking in respect of climate mitigation and adaption and a just transition. Nedlac social partners contribute to the development of the MTBPS and national budget.
Priority 2: Economic Transformation and Job Creation	Nedlac and PCC engagements have focused on critical socio-economic issues including the energy crisis, future energy planning, food security, increasing cost of living, employment creation, labour market reform, and occupational health and safety.

3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

There are sixteen (16) targets for the 2022/23 financial year. A total of eleven (11) targets were achieved, representing 79% overall performance for this period. A summary is displayed in the table below.

Programme	Indicators	Achieved	Not Achieved	Overall Achievement (%)
Administration	8	6	2	75%
Core Operations	4	2	0	100%
Capacity Building	1	0	1	0
Presidential Climate Commission	3	3	0	100%
Summary	16	11	3	79%

Note: Only two of the indicators under Core Operations was achieved. In respect of the other two indicators, there were no deliverables in the period under review.

3.1. Programme 1: Administration

This programme aims to build an organisation with competent competencies, capabilities, and resources to deliver on the organisation's strategy successfully.

The table below outlines performance in respect of Programme 1:

Key Performance Area	Performance
Management of ICT	- The service desk performance in respect of resolving ICT incidents achieved above the revised target of 90% each quarter, while the availability of voice and data services was sitting at 90%. - A cyber security awareness campaign was held, with 69% of modules completed by users and 48% of users providing correct responses. - Basic and advanced Microsoft Office 365 training was offered to Nedlac's employees. - The Mobile and Data Policy was reviewed and approved by the Executive Council (Exco) in January 2023. - The ICT policy was reviewed and approved by Exco in February 2023. - By the end of the period, the digitalisation strategy was almost complete.
Management of Facilities	80% of the Facilities Management Plan was implemented. This included routine and planned periodic maintenance relating to equipment, such as the generator and HVA system. The Nedlac building was repainted and waterproofing issues were attended to. - Nedlac continues to be Covid-19 compliant and a hybrid work policy was developed and implemented. - Facilities Management and Occupational Health and Safety (OHS) policies were updated.

Key Performance Area	Performance
Procurement	• All procurements of over R500 000 were completed within the required time frames. • Supply Chain policies were updated and revised to be aligned to changes in Treasury regulations.
Governance of Nedlac	The Governance Task Team developed a revised Nedlac Bill, revised the Nedlac Constitution and the Protocol for Tabling Matters at Nedlac to ensure that Nedlac remains fit for purpose. The Protocol was approved by the Exco in February 2023, while the other documents are still under consideration by the governance structures.
Parliamentary Tracker	A Parliamentary Tracker was produced in the second and fourth quarters to identify progress made by Parliament in considering bills which were concluded at Nedlac from 2015/16 to the end of the 2022/23 financial year. The first Parliamentary Tracker indicated that of the 49 Nedlac reports on bills which were finalised from 2015-16 to the end of the 2022/23 financial year, 7% are awaiting assent by the President, 24% are still being considered by Parliament, 9% were rejected or withdrawn from Parliament, and 30% were not yet introduced to Parliament. The second Parliamentary Tracker provided an update on progress, as well as feedback on responses from relevant government departments on the status of bills which were rejected by the National Assembly or withdrawn by the departments during this period.
Communication and Marketing of Nedlac	• A monthly Nedlac Connect newsletter was initiated. • Nedlac's corporate identity was updated and approved by Exco in February 2023. A manual was developed to record our new corporate identity. • There were ongoing public relations and media coverage of high-profile Nedlac programmes, such as the Annual Summit. • The Nedlac website and social media platforms are continuously updated.

The table below sets out the achievement of Performance Indicators for Programme 1:

Programme 1: Administration									
Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	**Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviations	
1.1 Nedlac accounts for the use of its financial resources	Unqualified Auditor General Report obtained.	Unqualified audit opinion obtained by 31 March each year.	Unqualified audit opinion obtained	Unqualified audit opinion obtained by 31 March 2022	Unqualified audit opinion for 2021/22 financial year obtained by 31 March 2023	Unqualified audit opinion obtained by 31 March 2023	N/A	N/A	
1.2 Nedlac is efficient	Annual stakeholder satisfaction survey completed	Percentage of positive responses achieved on the satisfaction of social partners in relation to the effective functioning of Nedlac	N/A (new target)	78.40% positive responses achieved	75% by 31 March each year	73% positive responses received	Most indicators related to the work of the Nedlac secretariat were above the target of 75%. However, three indicators relating to capacity building were beyond the secretariat control and brought the average down	Secretariat to address issues outside of their immediate control through engagement with social partners	
1.3 Nedlac is efficient	Well-managed building	90% of facilities management plan implemented by the end of the financial year	N/A (new target)	100% of facility-related complaints resolved within agreed time frames	90% of Facilities management plan implemented	80% of Facilities Management Plan implemented	Out of 90% of the facilities management plan to be implemented, 80% of the plan was implemented. Procurement of a service provider for the repair and maintenance of the storm water drainage pump was non-responsive despite numerous procurements attempts and the appointment of a	To mitigate this going forward a panel of qualified specialist plumbing service providers will be procured. Furthermore, the procurement process for facilities management will be improved including starting the procurement process well in advance to allow enough time for sourcing of required goods and services.	

Programme 1: Administration								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	**Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviations
							service provider for visual inspection of DB boards and servicing of gate and garage motors was started but not finalised.	
1.4	Nedlac is efficient	Well- managed IT facilities	N/A (new target)	92% of reasonable IT complaints resolved within agreed timeframes	90% of IT-related complaints resolved within agreed timeframes	96.5% of IT-related complaints resolved within agreed timeframes	The actual achievement was higher than the target	Pro-active responses to IT incidents led to the target being exceeded
1.5	Nedlac is efficient	Procurement processes completed timeously	N/A (new target)	100% of contracts awarded to suppliers within two months from closing date of the adverts	100% of awards over R500 issued to suppliers within two months from the closing date of adverts	100% of awards over R500 issued to suppliers within two months from the closing date of adverts	N/A	N/A
1.6	Nedlac is efficient	Staff developed through training interventions	N/A (new target)	Target not able to be calculated	80% of the training budget spent by the end of the financial year	106% of the training budget spent by the end of the financial year	The achievement exceeded the target	Training and upskilling employees was a key focus in 2022/2023 financial year and it was imperative that the training plan was implemented and actioned. Since training in the previous financial year was not realised, more efforts were made in this financial year.

1 The target for the first 2 quarters was 100% and was not met. The target changed to 90% in the revised APP

Programme 1: Administration									
Outcome	Output	Output Indicator	Audited Actual Performance 2020/21	Audited Actual Performance 2021/22	Planned Annual Target 2022/23	**Actual Achievement 2022/23	Deviation from Planned Target to Actual Achievement 2022/23	Reasons for Deviations	
1.7 Governance is effective	Revised governance documents	80% of milestones of Governance Task Team implementation plan implemented	N/A (new target)	100% milestones of the Governance Task Team were achieved	80% of milestones for the 2022/23 year met	100% of milestones were met	The number of milestones exceeded the target	The drafting of the Nedlac Founding Documents for submission to the Governance Task Team was concluded earlier than anticipated.	
1.8 Monitoring and evaluation processes enable effective decision- making	Monitoring evaluation products	Number of monitoring products produced	N/A (new target)	One (1) x planned M & E product delivered on time	Two (2) x monitoring products produced	Two (2) x monitoring products produced	N/A	N/A	

3.2. Programme 2: Core operations

The purpose of this programme is to ensure that the leadership of business, community, labour and government cooperate to identify and implement ways to address relevant and important social and economic issues. This section reports on all the key outputs and activities of this programme, as well as performance in respect of the performance indicators. Reporting is divided into the work of the two units, Economics and Labour and Development, as well as the key functions being the development of Nedlac reports on policies and bills, arranging of dialogues and other activities.

3.2.1. Economics Unit

Economic matters including public finance and monetary policy, economic recovery, energy, trade, freight, public transport and industrial policy are addressed by the Economics Unit. The Unit is responsible for the work in the Trade and Industry and Public Finance and Monetary Chambers, as well as the ERRP structures, which at the end of the period were either incorporated into the Trade and Industry Chamber or, as was the case with the Energy Work Stream, became a stand-alone Manco Task Team.

3.2.1.1 Policy and Legislation

Five (5) processes were concluded and engagements were still ongoing on one policy matter by the end of the reporting period. The government (Department of Health) initially committed to table the Control of Tobacco Products and Electronic Systems Delivery Bill at the request of the social partners. However, this did not materialise and at the end of 2022, the Bill was tabled in Parliament without it being considered by Nedlac. The details are set out in the table below:

Policy or Bill	Originating Government Department	Nedlac Structure where Matter Considered	Summary of Document and Deliberations at Nedlac	Timelines for Considering the Matter
Conduct of Financial Institutions (CoFI) Bill	National Treasury	Public Finance and Monetary Chamber (PFMC)	The Bill seeks to provide a regulatory framework for the conduct of financial institutions. Social partners provided inputs to enhance the Bill. There were no areas of disagreement.	Tabled on 11 March 2022 Signed off by Manco on 22 July 2022
Public Procurement Bill	National Treasury	PFMC	The Bill seeks to create a single regulatory framework for public procurement and eliminate fragmentation in laws which deal with procurement in the public sector. Social partners provided key inputs in respect of procurement reform, anti-corruption measures and the extent to which certain matters should be in the Bill or sub-ordinate legislation. There were significant areas of disagreement.	Tabled on 06 May 2022 Signed-off by Overall Convenors on 26 October 2022

Policy or Bill	Originating Government Department	Nedlac Structure where Matter Considered	Summary of Document and Deliberations at Nedlac	Timelines for Considering the Matter
ERA Amendment Bill	Department of Mineral Resources and Energy	Energy Security Work Stream	The Bill seeks to establish a new national regulatory framework for the electricity supply industry, which inter alia would support the unbundling of Eskom into a transmission system operator, distribution and generation entity. Social partners provided inputs to enhance the Bill.	Tabled on 06 May 2022 Signed off by Manco on 21 October 2022
National Nuclear Regulator Amendment Bill	Department of Mineral Resources and Energy	Energy Security Work Stream	The purpose of this Bill is to authorise the regulator to perform additional regulatory functions, provide for additional powers of inspectors, and provide for financial provision for costs associated with safe rehabilitation or decommissioning of nuclear facilities. Social partners provided inputs on the Bill.	Tabled on 28 April 2022 Signed off by Manco on 26 August 2022
The Electricity Pricing Policy	DME	Energy Security Work Stream	The policy seeks to obtain a balance between several competing objectives, inter alia, affordable electricity tariffs for low-income consumers and cost-reflective electricity tariffs for all other consumers. Engagements were still ongoing by the end of the reporting period.	Tabled on 14 February 2023

3.2.1.2 Dialogue Sessions

Ten (10) dialogue sessions were concluded by the end of the reporting period in the Economic Unit. Details are set out in the table below:

Dialogue	Originating Government Department	Nedlac Structure where Matter Considered	Summary of Deliberations	Timelines for Preparing the Report
Public Procurement Bill	National Treasury	PFMC	Stakeholders well-versed with the issues of public procurement provided inputs to enhance social partners' engagements on the Bill.	Held on 10 June 2022 Report submitted on 30 June 2022

Dialogue	Originating Government Department	Nedlac Structure where Matter Considered	Summary of Deliberations	Timelines for Preparing the Report
Government Budget Planning	National Treasury	PFMC	Government and social partners provided inputs on their understanding of the current economic context and in respect of the forthcoming MTBPS.	Held on 17 August 2022 Report submitted on 05 September 2022
Framework for Unclaimed Benefits in South Africa	National Treasury	PFMC	Social partners provided inputs to the framework which proposes mechanisms for connecting unclaimed assets and benefits with their rightful owners and beneficiaries and minimising the risk of such assets from unreasonably accumulating in future.	Held on 23 November 2022 Report submitted on 13 December 2022
Preferential Procurement Regulations	National Treasury	PFMC	National Treasury unpacked the revised Preferential Procurement Regulations. Social partners further discussed these, their relationship with the Public Procurement Bill and time frames for implementation.	Held on 02 December 2022 Report submitted on 21 December 2022
South Africa's Country Investment Strategy	Presidency	PFMC and Trade and Industry Chamber (TIC)	Input was given on the strategy which seeks to promote South Africa as a preferred investment destination in Africa and to support new investment opportunities that will promote the country's transition to a low-carbon and climate-resilient economy.	Held on 15 February 2023 Report submitted on '7 March 2023
South Africa's National Interest Framework	Department of International Relations and Cooperation (Dirco)	TIC	DPS presented this framework for information purposes.	Held on 23 February 2023 Report submitted on 15 March 2023
Decadal Plan	Department of Science and Technology	TIC	The Department shared the plan which outlines the country's proposed approach to science, technology and innovation for the next ten (10) years to promote economic growth and the country's competitiveness.	Held on 28 June 2022 Report submitted on 8 July 2022

Dialogue	Originating Government Department	Nedlac Structure where Matter Considered	Summary of Deliberations	Timelines for Preparing the Report
Strategic Plan of the Trade and Industry Chamber	dtic	TIC	Social partners reported to the Minister of dtic, Ebrahim Patel, on the activities of the TIC and engaged with the Minister on trade and industry issues including industrial policy, economic recovery, localisation, challenges faced by network industries, lack of competitiveness, and trade negotiations.	Held on 06 October 2022 Report submitted on 26 October 2022
Unlocking Electricity Generation in South Africa	N/A	Energy Work Stream	The roundtable identified short-, medium-, and long-term solutions to accelerate the addition of generation capacity to the grid.	Held on 05 July 2022 Report submitted on 20 July 2022
Eskom Energy Crisis Plan	Eskom	Energy Work Stream	The Eskom Group CEO outlined the Eskom Energy Crisis Plan and proposed roles that social partners can play to assist Eskom.	Held on 31 October 2022 Report submitted on 17 November 2022
SMME Crisis Partnership Fund	Gauteng Government	SMME Work Stream	Information on the R300 million debt fund targeting Gauteng-based small businesses, especially in townships, was provided. The fund is a joint initiative between the Gauteng Provincial Government, Industrial Development Corporation (IDC) and Small and Medium Enterprises (SME) Fund.	Held on 03 November 2022 Report submitted on 23 November 2023

3.2.1.3 Other Activities of the Economics Unit

The table below reports on other activities of the Economics Unit.

Issue	Structure	Performance
International Trade	Technical Sectoral Liaison Committee (Teselico) of the TIC	This Committee: - Continuously reviewed and provided input to government on international trade agreements such as the South African Customs Union (SACU) 2002 Agreement; SACU-EFTA Implementation; Southern Africa Development Community (SADC) Trade Protocol; South Africa's Trade Relations with the European Union (EU); SA-UK Relations and SACU-Mercosur-PTA Implementation. - Set up a task team to engage on social clauses in international trade agreements. - Convened an urgent meeting with Minister Patel on 15 June 2022 for social partners to provide input on World Trade Organization (WTO) reforms, e-commerce, the TRIPS waiver in respect of Covid-19 vaccines and fishing subsidies. - Held three consultative engagements on textile and clothing rules of origin (RoO), identifying areas where South Africa might require flexibility in their application. - Participated in the periodic review of the WTO trade policies in respect of South Africa
Freight and Public Transport	Freight and Public Transport Work Stream (FPTW)	The work stream received inputs and feedback: - From Transnet and Business on port congestion and discussed ways of improving port performance - On measures to address cable theft from the NPA, Transnet and the Copper Development Association Africa (CDAA) - On how the Passenger Rail Agency of South Africa (PRASA) was addressing public transport infrastructure vandalism
National Rail Policy	National Rail Policy Sub-committee under the FPTW	The Sub-committee: - Received updates from the Department of Transport (DoT) on progress made to implement the White Paper on Rail; and - Engaged on third-party access to rail networks and on social partners' expectations of the Interim Rail Economic Regulator in this regard.

Issue	Structure	Performance
Energy Security and Social Compact to Support Eskom	Energy Security Work Stream (ESW)	The work stream: - Received regular reports from the National Energy Crisis Committee (NECOM), Eskom and Operation Vulindlela on government's responses to energy shortages including in respect of introducing net-metering, a wheeling framework and roll-out of rooftop solar PV. - Engaged on demand side management, improving load-shedding arrangements and improved communications. At the beginning of 2023, two task teams were established to consider these issues. - Engaged on reducing red tape and addressing obstacles to accelerate generation from renewable sources. - Received regular updates on the Just Energy Transition, including work of Eskom in repurposing sites in Mpumalanga.
SMMEs	SMME Work Stream and TIC	The SMME work stream received reports and engaged on: - Public Space Trading Guidelines for SMMEs, presented by the South African Local Government Association (SALGA). - The dtic's programme on the ease of doing business in South Africa. - Measures to reduce red tape for SMMEs, presented by the Department of Small Business Development (DSBD) and South African Revenue Service (SARS) - Progress made by government on the implementation of legislation to support cooperatives. - The Bounce Back Scheme to support SMME's. The work stream and the TIC also engaged on the National Integrated Small Enterprise Development (NISED) Masterplan.
Localisation	TIC	The TIC received: - Quarterly progress updates on work done by business and government in structures external to Nedlac; - Proudly South Africa (PSA); and - The Localisation Support Fund (LSF) on their localisation initiatives.
Employee Share Ownership Schemes/ Plans (Esops)	Forms of Employee Ownership Task Team under the TIC	A task team was established to explore improving the uptake, performance and impact of Esops.

Issue	Structure	Performance
Fourth Industrial Revolution (4IR)	TIC	The 4IR Strategic Implementation Plan (SIP) was presented by the Department of Communications and Digital Technologies. The Plan seeks to guide South Africa to seize investment opportunities that would respond effectively to the 4IR and to ensure all spheres of government work together in implementing the 4IR.
Matters for Information and Engagement in the TIC	TIC	- The South African Petroleum Industry Association (SAPIA) and the DMRE presented on the challenges facing the supply of petroleum. Social partners provided inputs towards addressing this challenge. - The National Treasury presented a turnaround strategy to revitalise industrial parks to improve job creation and economic growth, and the dtic presented an approach to the implementation of Spatial Industrial Development Zones to support economic growth. - Updates on the prevention of closure of the Ashton Canning Factory were provided.
Engaging with the International Monetary Fund (IMF) and Organisation for Economic Co-operation and Development (OECD)	PFMC	The IMF submitted a report in terms of Article IV for South Africa followed by a discussion focusing on the proposed reforms for inclusive growth, with specific emphasis on opportunities and challenges facing the country. The 2022 OECD Economic Survey of South Africa was presented, which included recommendations on the economic outlook for the country.
Economic and Employment Indicators & Trends in South Africa Monthly Reports	Economics Unit	Monthly reports provide an analysis of macro-economic trends (nationally and sectorally), utilising official statistics and other reliable sources, and are shared with social partners on the Nedlac website www.nedlac.org.za for public consumption.
The Economic Recovery and Reconstruction Application (ERRA) Portal	Economics Unit	The application was developed by the appointed service provider, working closely with the secretariat too. The objective of the portal is to track progress of the implementation of the ERRP commitments. The portal was tested and was ready to go live at the end of the reporting period.

3.2.2 Labour and Development Unit

The Labour and Development Unit is responsible for the work conducted at Nedlac pertaining to the labour market, social and broader development issues, as well as emerging issues including those related to Covid-19 and high food prices. The Unit is responsible for the work in the Labour Market and Development Chambers.

3.2.2.1 Legislation and Policy Matters

Six (6) processes were concluded and four (4) processes were ongoing at the end of the reporting period. The table below sets out the details.

Policy or Bill	Originating Government Department	Nedlac Structure where Matter Considered	Summary of Document and Deliberations at Nedlac	Timelines for Considering the Matter
Deeds Registries Amendment Bill	Department of Agriculture, Land Reform and Rural Development (DALRRD)	Development Chamber (DC)	The Bill seeks to incorporate provisions for the appointment of key role players including the Registrar of Deeds, Deputy Registrar of Deeds and Assistant Registrar of Deeds. It also seeks to regulate the qualification requirements of the identified role players. Social partners provided inputs to enhance the Bill.	Tabled on 03 February 2022 Signed off by Manco on 25 May 2023
White Paper on Social Development	Department of Social Development (DSD)	DC	The White Paper seeks to provide a framework for the development of an inclusive and responsive social development system. Proposals were made to enhance the White Paper and there is an expectation that it will come back to Nedlac after incorporation of proposals and public comments have been solicited.	Tabled on 11 February 2022 Signed off by Manco on 26 August 2022
South African Post Office (SAPO) SOC Ltd Amendment Bill	Department of Communications and Digital Technology (DCDT)	DC	The Bill seeks to provide for the revised duties and expanded mandate of SAPO. Social partners provided inputs to enhance the Bill.	Tabled on 01 September 2022 Signed off by Manco on 25 November 2022
Victims Support Services Bill	DSD	DC	The Bill seeks to provide a framework to guide, monitor and inform the provision of integrated and multi-disciplinary services aimed at addressing the needs of victims of violent crimes, and coordinate all activities and services offered by various government departments. Engagements were still underway at the end of the period.	Tabled on 14 November 2022

Policy or Bill	Originating Government Department	Nedlac Structure where Matter Considered	Summary of Document and Deliberations at Nedlac	Timelines for Considering the Matter
Amendments to the Regulations Relating to Minimum Uniform Norms and Standards for Public School Infrastructure	Department of Basic Education (DBE)	DC	The Regulations are periodically reviewed to ensure that the norms and standards remain current and consistent throughout all public schools. Engagements were still underway at the end of the reporting period.	Tabled on 24 November 2023
Admission Policy for Ordinary Public Schools	DBE	DC	The Policy provides a framework for developing admission policies for all schools. Engagements were still ongoing by the end of the reporting period.	Tabled on 28 March 2023
NCGBVF Draft Bill	Department of Women, Youth and People with Disabilities (DWYPD)	Joint DC and Labour Market Chamber (LMC)	The Bill seeks to address the scourge of gender-based violence by establishing a National Council on Gender-Based Violence and Femicide. Social partners provided inputs to enhance the Bill.	Tabled on 18 February 2022 Signed off by Overall Convenors on 2 August 2022
PSA Bill	Department of Public Service and Administration (DPSA)	LMC	The Bill seeks to provide for the devolution of administrative powers from executive authorities to heads of departments and to provide for a mechanism to deal with the recovery of overpayments of remuneration and benefits from public servants. Social partners provided inputs to enhance the Bill.	Tabled on 15 September 2022 Signed off by Manco on 17 February 2023
PAMA Bill	DPSA	LMC	The Bill seeks to address the transfer and secondment of employees and provides clarification regarding the prohibition against employees conducting business with an organ of state. Social partners provided inputs to enhance the Bill.	Tabled on 15 September 2022 – LMC Signed off by Manco on 17 February 2023

Policy or Bill	Originating Government Department	Nedlac Structure where Matter Considered	Summary of Document and Deliberations at Nedlac	Timelines for Considering the Matter
Mine, Health and Safety Amendment (MHSA) Bill	DMRE	LMC	The purpose of the Bill is to streamline administrative processes, strengthen enforcement provisions, reinforce offences and penalties, amend certain definitions, and provide for matters connected therein. Engagements were still underway at the end of the reporting period.	Tabled on 1 November 2022

3.2.2.2 Dialogue Sessions

The Labour and Development Unit convened dialogue sessions on various issues, as outlined in the table below.

Dialogue	Originating Government Department	Nedlac Structure where Matter Considered	Summary of Deliberations	Timelines for Preparing the Report
EPWP Policy	Department of Public Works and Infrastructure (DPWI)	DC	The Department presented the EPWP Policy to obtain preliminary views prior to publishing the policy for public comment.	Held on 08 July 2022 - DC Report submitted on 27 July 2022
Firearms Control Amendment Bill	South African Police Service (SAPS)	DC	The SAPS shared the provisions of the Bill.	Held on 17 August 2022 Report submitted on 31 August 2022
Presidential Employment Stimulus Programme and Presidential Youth Employment Intervention	The Presidency	DC	Government provided a progress report on these two programmes, and social partners made inputs to enhance the programmes. It was agreed that quarterly updates will be provided.	Held on 19 September 2022 - DC Report submitted on 8 August 2022
Phase 2 of the National Infrastructure Plan (NIP)	Infrastructure South Africa (Presidency)	DC	Infrastructure South Africa presented the NIP 2050 Phase Two (2) for input before it was approved by Cabinet. The plan seeks to address challenges in relation to the municipal electricity, water and waste infrastructure, transport, roads, and education.	Held on 22 November 2022 - DC Report submitted on 12 December 2022

Dialogue	Originating Government Department	Nedlac Structure where Matter Considered	Summary of Deliberations	Timelines for Preparing the Report
Amendments to Regulations relating to Minimum Uniform Norms and Standards for Public School Infrastructure	DBE	DC	Social partners gained insight into the regulations and made preliminary inputs.	Held on 24 November 2022 - DC Report submitted on 12 December 2022
Department of Water and Sanitation	Department of Water and Sanitation	DC	The Department of Water and Sanitation presented the NWRIA Bill which seeks to address socioeconomic issues relating to water security, and establishes a Water Resource Infrastructure Agency (NWRIA). Social partners made preliminary inputs and agreed on a process of engagement.	Held on 12 December 2022 - DC Report submitted on 02 January 2023
Statistics SA's Income and Expenditure Survey 2022/23	Statistics SA	DC	Statistics SA shared the value and process to be followed in collating data and identified the role of social partners in assisting them.	Held on 12 December 2022 Report submitted on 02 January 2023
Consumer Goods and Services Ombud (CGSO)	CGSO	DC	The purpose was to create awareness on the mandate of the CGSO and its services.	Held on 07 March 2023 Report submitted on 26 March 2023
Communal Land Tenure Bill and Land Redistribution Bill	DALRRD	DC	The Department provided progress made on key matters which are to be incorporated into the two Bills.	Held on 22 March 2022
Reform and Repeal of the Occupational Diseases in the Mines and Works Act (ODMWA) 78 of 1973	Department of Health (DoH)	LMC	The DoH shared information on the revision and updating of this legislation.	Held on 21 July 2022 - LMC Report submitted on 10 August 2022
Distribution of food to vulnerable groups and communities	N/A	CLRRTT	The session focused on the challenge of food distribution to vulnerable groups, possible solutions to improve food production and distribution, as well as the role of social partners in the distribution of food.	Held on 29 March 2023

3.2.2.3 Other Activities of the Labour and Development Unit

The table below sets out the other activities of Labour and Development Unit task teams, sub-committees and standing committees.

Issue	Structure	Performance
Labour Law Reform	Labour Law Reforms Task Team under the LMC	The work of the task team is structured in three phases, as follows: - Legislative amendments of the Basic Conditions of Employment Act (BCEA) and LRA; - Changes to Codes of Good Practice and Regulation; and - Research into amendments in respect of atypical forms of work, remote work, just transition and enforcement. In respect of Phase 1, the task team has engaged on proposals submitted by social partners including in respect of the Labour Court and Essential Services Committee. Phases Two (2) and Three (3) have been initiated with the appointment of service providers.
Demarcation	Demarcation Standing Committee of Manco	Thirty-three (33) demarcation awards from the Commission for Conciliation, Mediation and Arbitration (CCMA), in line with the LRA, were resolved within 21 working days from the date of receipt by Nedlac. The Standing Committee also considered one application for variation of a Registered Scope of a Bargaining Council from the Registrar of Labour Relations in line with the LRA.
Decent Work Country Programme (DWCP) of the ILO	DWCP Steering Committee under the LMC	Nedlac partnered with the ILO and the EU in researching platformisation of work in the logistics and healthcare sectors in South Africa. A Skills Development Technical Working Group (TWG) was established to review current activities of the ILO in South Africa and outline priorities and deliverables going forward.
Socioeconomic Disputes in terms of Section 77 of the LRA	Section 77 Standing Committee	The Standing Committee developed a revised Code of Good Practice on Protest Action which seeks to promote or defend the socio-economic interests of workers, (also referred to as Section 77 Code) in line with Section 77 of the Labour Relations Act 66 of 1995. The Final Code was adopted by Manco on 22 July 2022, and was published in the Government Gazette on 02 September 2022. The Committee received a Section 77(1)(b) notice from Cosatu in the Free State on the unreliable supply of water and electricity to various workplaces and households in the Maluti-A-Phofung Municipality in Qwaqwa on 02 July 2022. A forum comprising organised labour, the local municipality, business organisations and government departments was established to attempt to resolve the issues. One progress report has been received and the matter is ongoing.

Issue	Structure	Performance
Challenges in respect of Unemployment Insurance (UI) benefits	Unemployment Insurance Fund (UIF) Modernisation Task Team	After the winding down of the Covid-19 Sub-committee responsible for Covid-19, a task team of the LMC was established to address the effective administration of UI benefits to all who were entitled. The task team terms of reference include the following: • Addressing the backlog and closing out the Covid-19 Terms and Workers affected by Unrest Fund benefits including following the money where it did not reach the rightful beneficiaries; • Improving the efficiency of the CCMA Terms for companies in distress; • The modernisation of UI IT systems and addressing red tape challenges; and • Improving claims turnaround times especially in respect of maternity benefits.
EPWP	EPWP Sub-committee of the DC	The Sub-committee reviewed the report arising from the study tours which were convened in the Western Cape, Limpopo and North West during the 2021/22 financial year. The final research study report was approved by the DC on 25 May 2022.
High Demand Spectrum	DC	The DCDT presented the Policy on High Demand Spectrum to the DC on 21 September 2022. The policy seeks to promote the long-term public interest derived from the use of spectrum as a natural resource and to coordinate national spectrum management approaches to support the roll-out of communications networks for socio-economic and national development.
Covid-19	Covid-19 NRRTT	During the period under review, the Covid-19 pandemic shifted to becoming an endemic and the social partners agreed there was no longer a need for a Covid-19 RRTT, but that lessons should be documented and recommendations made. Four events were held to evaluate the social partner response and by the end of the reporting period a report was still being prepared. The OHS Sub-Committee initiated a legacy project to focus on education and training of Covid-19-related OHS requirements. A partnership between the National Institute for Occupational Health (NIOH), the Nedlac secretariat, social partners and the Compensation Fund, as a funder, was initiated. The programme began on 22 November 2022 and will run for a year involving webinars, videos and information flyers.

Issue	Structure	Performance
Increases to the Cost of Living	CLRRTT	The NRRTT held a special meeting to engage on the increases in fuel and food prices in the country on 13 July 2022. This led to the establishment of the CLRRTT which seeks to identify areas of collaboration to address and mitigate the impact of high food and fuel prices. The CLRRTT has engaged on the following issues: • Impact of energy on food security including a diesel rebate for food manufacturers; • Improving food distribution, food donations and reducing food wastage by government and NGOs and reducing red tape; • The prices of certain food stuffs such as poultry including whether this is a result of lack of competition and/or price gouging; • Review of the fuel price formulae; and • Proposals to minimise the cost of staple foods.

3.2.2.4 Progress on Key Performance Indicators: Programme 2

The following table indicates progress made towards Key Performance Indicators for Programme 2: Core operations, during the 2022/23 financial year.



Programme 2: Core Operations								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	**Actual Achievement 2022/2023	Deviation from Planned Target to Actual Achievement 2022/2023	Reasons for Deviations
2.1 Successful social dialogues to enhance engagement	Social dialogues convened and reported on	Percentage of dialogues reports submitted to social partners within 14 working days of convening of dialogue	N/A (new target)	100% of dialogues reports were submitted to social partners within 14 working days of convening dialogue (Representing nine reports submitted to social partners out of nine dialogue sessions convened)	100% of dialogue reports submitted to social partners within 14 working days of convening of dialogue	100%	N/A	N/A
2.2 Agreements on key socio-economic issues reached	Agreements concluded	Percentage of agreements successfully concluded within nine (9) months of an issue being tabled at Nedlac, except where stipulated exclusions apply	N/A (new target)	100% of agreements were successfully concluded. (Representing two out of two agreements concluded)	100% of agreements fully concluded within nine months of an issue being tabled at Nedlac, except where stipulated exclusions apply	No agreements were concluded, as there were no agreements tabled during the financial year	N/A	No agreement matters were tabled as a result no agreements were concluded in this period
2.3 Processes successfully enabled	Completed processes and Nedlac Reports	Percentage of reports on processes concluded within six months from the date of tabling at the relevant structure at Nedlac, except where stipulated exclusions apply	N/A (new target)	73% of reports on processes were concluded within six months from date of tabling, (Representing eight out of eleven reports on processes concluded)	100%	100% of processes were concluded within six months from the date of tabling at the relevant structure of Nedlac	N/A	N/A
2.4 Percentage of Section 77 final Reports produced within 5 working days from date of the resolution of Section 77 notices	Reports arising out of Section 77 notices prepared expeditiously	Percentage of Section 77 final reports produced within five working days from date of the resolution of Section 77 notices	100% of Section 77 final reports concluded within five working days from date of resolution of Section 77 notices	100% of Section 77 final reports were concluded within five working days from date of resolution of the Section 77 notice. (Representing two out of two reports concluded)	100%	No Section 77 final reports were concluded in this period, as no Section 77 resolutions were made	N/A	No Section 77 resolutions were finalised, as a result, no S77 Reports were concluded in this period

3.2.3. Members who Participated in the Structures under Programme Two

3.2.3.1 Trade and Industry Chamber

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

The following table lists the members of the TIC. The Chamber held five (5) meetings during the 2022/23 financial year.

Business	Labour	Government
Boshoff, Theo (Convenor)	Ashley, Benjamin	Adams, Faried (Convenor)
Langenhoven, Henk	Ehrenreich, Anthony (Convenor)	Gilbert, Adele
Lawrence, Michael	Kokela, Joe	Kruger, Niki
Maree, Juanita	Lekota, Moses	Mlangeni, Thembekile
Penfold, Deidre	Matsha, Ngoako	Mohlala, Bridget
Purchase, John (Convenor) (Retired 30 September 2022)	Moni, Lucky	Rhamulonga, Tendani
Qwabe, Kgauhelo	Mosehle, Mampho	
Sibanda, Tyson	Ndhlovu, Sipho	
Theron, Paul	Tengela, Tengo	
	Vlok, Etienne	

3.2.3.2 Technical Sector Liaison Committee

Teselico is a specialist sub-committee of the TIC which discusses matters of international trade among the constituencies.

The following table lists the members of the Teselico Sub-committee. The Sub-committee held four (4) meetings during the 2022/23 financial year.

Business	Labour	Government
Boshoff, Theo	Benjamin, Ashley	Adams, Faried
Braude, Wolfe	Elsley, Trenton	Furriel, Claudia
Du Preez, Maria	Eppel, Simon	Gilbert, Adele
Grant, Catherine	Lepaku, Mpheane	Kruger, Niki
Lamprecht, Norman	Moni, Lucky	Kula, Noma
Lawrence, Michael	Tengela, Tengo	Kumalo, Fortune
Qwabe, Kgauhelo		Leshaba, Moloko
Setati, Matlou		Mabasa, Nhlamulo

Business	Labour	Government
Theron, Paul		Madzivhe, Shonisani
Van Twisk, Marina		Maphagela, Tshinanne
Wood, Chris		Maphaha, Rendani
		Mashimbyi, Tintswalo
		Matlala, Patience
		Mazibuko, Sphamandla
		Mazibuko, Thobile
		Mlangeni, Thembekile
		Mohlala, Bridget
		Moitse, Palesa
		Mokolane, Gladwin
		Mpyana, Duduzile
		Msiza, Priscilla
		Nong, Phuti
		Nqaba, Xolani
		Pillay, Morgenie
		Van Reenen, Elizabeth

3.2.3.3 Public Finance and Monetary Policy Chamber

The PFMPC considers matters pertaining to financial, fiscal and monetary and exchange rate policies, the coordination of fiscal and monetary policy related to elements of macroeconomic policy, and the associated institutions of delivery.

The following table lists the members of the PFMPC. The Chamber held six (6) meetings during the 2022/23 financial year.

Business	Labour	Government
Bondi, Paul (Convenor)	Ajam, Riefdah	Lubisi, Nontobeko
Brits Mark	Baloyi, Nhlonipho	Maseko, Basil
Gable, Jeff	Lekota, Moses (Convenor)	Momoniati, Ismail
Mande, Kyle	Mahlangu, Jan	Thela, Alvinah (Convenor)
Sibanda, Tyson	Parks, Matthew	
Smith, Stephen	Sekgota, Phochana	
Van der Westhuizen, Yvonne	Tengo, Tengela	
Mande, Kyle	Mahlangu, Jan	

3.2.3.4 Freight and Public Transport Work Stream

The Freight and Public Transport Work Stream considers matters pertaining to freight and public transport impacting on economic reconstruction and recovery.

The following table lists the members of this work stream. The work stream held two (2) meetings during the 2022/23 financial year.

Business	Community	Labour	Government
Coreejas, Adrian	McDonald, Nunu	Busakwe, Sipho	Dicks, Rudi
Mabizela Bongani	Nkosi, Zodwa	Ehrenreich, Tony	Fosu, Lesibana
Maree, Juanita	Radebe, Tebello	Harris, Steve	Hajat, Charlotte
Deidré, Penfold	Rakoto, Samuel	Mulaisi, Lebogang	Kani, Yolisa
	Zwane, Tumelo	Parks, Matthew	Lekganyane, Thembi
		Rondganger, Micardo	Mabizela, Bongani
			Makaepea, Ngwako
			Malefane, Nelson
			Manamela, Lesiba
			Manyungwana, Clement
			Mc Patie, Lloyd
			Moleme, Kagiso
			Mothoagae, Bontle
			Ngakane, Ramagoganye
			Shaw, Andrew
			Somaru, Mala
			Zenani, Nana

3.2.3.5 Energy Security Work Stream

The purpose of the Energy Security Work Stream is to ensure energy security for economic recovery and growth through policy coherence, collaboration between social partners and increased accountability. It is responsible for overseeing the implementation of the Social Compact to support Eskom.

The following table lists the members of this work stream. The work stream held nine (9) meetings during the 2022/23 financial year.

Business	Community	Labour	Government
Dumakude, Sakhi	LizoNgam, Desmond	Du Plessis, Gideon	Dicks, Rudi
Hamman, Christoff	Mapongwana, Bulelwa	Croukamp, Marius	Maluleke, Tutu
Mphahlele, Nkopodi	Monyahi, Lawrence	Klopper, Chris	Mnisi, Respect
Sebola, Faith	Myeki, Vusi	Mahlangu, Jan	Mokgosi, Refilwe
Khambule, Happy	Ndlovu, Nhlanhla	Maile, Modupi	Mothoagae, Bontle
Mondli,Fanele	Radebe, Tebello	Mulaisi, Lebogang	Mpofu, Mthokozisi
Motsa, Bongani		Molete, Boitumelo	Mthimkhulu, Percy
Melamu, Mosidi		Ndhlovu, Sipho	Mthobeli, Kolisa
Langenhoven, Henk		Parks, Matthew	Ngidi, Nhlanhla
Venter, Pierre		Reyneke, Deon	Padayachee, Vally
		Rondganger, Micardo	Quvane, Jeffrey
			Rajlal, Ravesh
			Scheppers, Segomoco
			Tharage, Victor
			Tsebe, Andretta
			Witi, Jongikhaya

3.2.3.6 Small, Medium and Micro Enterprise Work Stream

The purpose of the SMME Work Stream is to ensure an enabling environment for SMMEs, start-ups and co-operatives in the formal and informal economy, particularly through supporting initiatives with the opportunity for collaboration with social partners.

The following table lists the members of this work stream. The work stream held two (2) meetings during the 2022/23 financial year.

Business	Labour	Community	Government
Dludlu, John	Ndhlovu, Sipho	Duma, Siphokazi	Davidson, Vukile
	Molete, Boitumelo	Horn, Pat	Johardien, Sharna
	Parks, Matthew	Litha, Lebohang	Mohlala, Bridget
			Naidoo, Amelia
			Phaahla, Phillip

3.2.3.7 Labour Market Chamber

The Labour Market Chamber seeks to consider all matters pertaining to the world of work and the associated institutions of delivery.

The following table lists the members of this Chamber. The Chamber held four (4) meetings during the 2022/23 financial year.

Business	Labour	Government
Cowley, Kevin	Conradie, Gizelle	Lefika, Masilo
De Villiers, Jahni	Ka Maphikela, Nhlapo Bhabhali	Mamashela, Ntsoaki
Dwayi, Innocent	Keyter, Martle	Mkalipi, Thembinkosi (Convenor)
Goldberg, Jonathan (Convenor)	Mbongwe, Mduduzi (Convenor)	Ramabulana, Unathi
Jantjies, Sanelisiwe	Mulaisi, Lebogang	Rathai, Stephen
Kuzwayo, Andile	Nett, Louisa	
Motlhamme, Motsamai	Parks, Matthew	
Ranchod, Aruna	Phiri, Thandeka	
Trentini, Lucio		

3.2.3.8 Development Chamber

The Development Chamber seeks to consider all matters pertaining to development both urban and rural implementation strategies, financing of development programmes and campaigns to mobilise the nation behind government-associated institutions of delivery.

The following table lists the members of this Chamber. The Chamber held five (5) meetings during the 2022/23 financial year.

Business	Labour	Community	Government
Goldberg, Jonathan	Duma, Siphokazi	Bale, Lawrence	Abrahams, Carmen Joy
Kuzwayo, Andile (Convenor)	Hugo, Jacques	Josopu, Thembinkosi	Ariyo, Ignatius
Leyden, Siobhan	Mahlangu, Jan	Kganyago, Laura (Convenor)	Mabuda, Phathutshedzo
Moabalobelo, Sino	Molete, Boitumelo	Matthews, Mponzo	Mthombeni, Adam (Convenor)
Muavha, Tsakane	Ndhlovu, Sipho	Qakaza, Lucas	Mugwera, Pearl
Qwabe, Kgauhelo	Parks, Matthew (Convenor)	Tsebe, Herman	Nkuna, Lindiwe
Sanelisiwe, Jantjies	Selematsela, Godfrey		
Sibanda, Tyson			

Business	Labour	Community	Government
Smith, Steven			
Xaba, Fani			

3.2.3.9 Covid 19 Nedlac Rapid Response Task Team

The NRRTT sought to coordinate a response between social partners and other coordinating teams within government in response to the outbreak of Covid-19. The Covid-19 NRRTT also engaged under the following sub-committees during the financial year:

- OHS Sub-committee and
- UI Sub-committee.

The table below lists the members who attended the task team meetings. Four (4) meetings were held before the task team was terminated due to the decline of the Covid-19 pandemic.

Business	Labour	Community	Government
Alexander, Mark	Adjam, Riefdah	Bale, Lawrence	Adams, Faried
Balfour, Thuthula	Benjamin, Ashley	Frye, Isobel	Basimane, Dinga
Coovadia, Cas	Ehrenreich, Tony	Gotyana, Jimmy	Bronkhorst, Marsha
De Villiers, Jahni	Faasen, Cornelia	Horn, Pat	Buthelezi, Makhosonke
Donaldson, Andrew	Hugo, Jacques	Kganyago, Laura	Curran, Michael
Fuzani, Max	Keyter, Martle	Letsike, Steve	Dunkerley, Dianne
Goldberg, Jonathan	Le Roux, Gabriel	Josopu, Thembinkosi	Hanival, Stephen
Harris, Roseanne	Mahlangu, Jan	Maketa, Pauline	Kistnasamy, Barry
Jantjies, Sanelisiwe	Modise, Brenda	Makhubela, Lulama	Makwiramiti, Anthony
Jones, Kevan	Molete, Boitumelo	Mfulo, Thandiwe	Makhafola, Belinda
Kingston, Martin	Mulaisi, Lebogang	Mfundisi, Mabalane	Maphahla, Phumdzo
Laubscher, Talita	Ndlovu, Sipho	Mqhayi-Mbambo, Nomonde	Maruping, Teboho
Leyden, Siobhan	Parks, Matthew	Ndlovu, Nhlanhla	Mkalipi, Thembinkosi
Matabane, Kganki	Thobejane, Edward	Ntsinde, Daluxolo	Mohale, Setepane
Moabalobelo, Sino		Radebe, Tebello	Monakali, Xola
Momodu, Neo		Schoeman, Greer	Netshipale, Peter
Motlhamme, Motsamai		Tshefuta, Thulani	Ragavaloo, Allan
Moyane, Kaizer			Sibeko, Brenda
Nicolaou, Stavros			Tibor, Szana
Singer, Natalie			Thulare, Aquina
Schultz, Timothy			Yawa, Mzie
Tyikwe, Zinhle			
Van Wyk, Justin			

3.2.3.10 Nedlac Cost of Living Increases Rapid Response Task Team

The Nedlac CLIRRTT seeks to build understanding, engage on and identify areas of collaboration to address and mitigate the impact of high food and fuel prices.

The table below lists the members who attended the task team meetings. Nine (9) meetings were held during the year under review.

Business	Labour	Community	Government
Avhipfani, Tshifularo	Ehrenreich, Tony	Galada, Khayaletu	Adams, Faried
Boshoff, Theo	Molete, Boitumelo	Horn, Pat	Axelson, Christopher
Carsten, Sonja	Parks, Matthew	Mfulo, Thandiwe (Alternative)	Baig, Aneesa
Kingston, Martin	Tengela, Tengo	Mkwanazi, Dimakatso	Bryer, Megan
Langenhoven, Henk		Moreotsenye, Diteko	Gilbert, Adele
Maake, Raphi		Ndzala, Zalisile	Joemat, Rowena
Mathobela, Masego		Zwane, Kagiso	Mokoena, Motshidiso
Momodu, Neo			Motlhabedi, Busi
Qwabe, Kgauhelo			Netshipale, Peter
Setati, Matlou			Ramolotja, Peter
Sibanda, Tyson			Tuckeldoe, Roger
Tyikwe, Zinhle			Van Reenen, Natalie

3.2.3.11 Unemployment Insurance Modernisation Task Team

The UI Modernisation Task Team seeks to build understanding and collaborate to seek solutions to various challenges facing the UIF.

The table below lists the members who attended the task team meetings. Three (3) meetings were convened during the year under review.

Business	Labour	Government
Goldberg, Jonathan	Ehrenreich, Tony	Hattingh, Trevor
Leyden, Siobhan	Keyter, Martle	Kgantse, Shimane
Singer, Natalie	Mahlangu, Jan	Makweya, Raymond
	Molete, Boitumelo	Maruping, Teboho
	Parks, Matthew	Mkhonto, Lucky
		Mnconywa, Mpumi
		Moitse, Merriam
		Naicker, Samantha

Business	Labour	Government
		Taukobong, Rachel Yawa, Mzie

3.3 Programme 3: Capacity Building

The aim of this programme is to enhance the ability of social partners to engage and negotiate on social and economic issues through the provision of tools of the trade, training and technical support.

The table below summarises the activities of this programme.

Constituency	Activities
Business	Business Unity South Africa (BUSA) commissioned an Electricity Price Path study which was finalised in the third quarter. The study has been presented to BUSA and the Energy Work Stream (EWS) and the results are available on the BUSA website.
Community	• Twenty-five (25) members attended the Fifth (5th) Global Conference on the Elimination of Child Labour in May 2022. • The Overall Convenor attended the Winter 2022 Economic Governance School hosted by the National School of Government between 26 June to 01 July 2022. • Eight (8) delegates are part of the University of Pretoria leadership training arranged through Nedlac. • The Community Constituency arranged the Social Sector Summit Thematic Roundtable on 27 July 2022, and an Implementation Workshop to focus on the Social Sector Framework Agreement and the Social Compact on 20 and 21 August 2022. • The Presidency and Community Constituency convened a bilateral meeting on 15 November 2022 to discuss youth employment interventions. • Community Constituency principals convened a Governance Task Team working session on 23 and 24 February 2023. • The Annual Policy School was held between 29 and 31 March 2023 under the theme “Building and repositioning the civil society voice for advancing socio-economic transformation”. It was attended by 100 delegates.
Labour	• Twenty-five (25) members attended the Fifth (5th) Global Conference on the Elimination of Child Labour in May 2022. • Eight (8) delegates are part of the University of Pretoria leadership training arranged through Nedlac. • The Annual Labour School was held between 01 and 04 February 2023 under the theme “Building Trade Union Activism for better wages and better working conditions”. It was attended by 100 delegates.

The table below reports on the performance indicators for this programme:

Programme 3: Capacity Building								
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	**Actual Achievement 2022/2023	Deviation from Planned Target to Actual Achievement 2022/2023	Reasons for Deviations
3.1 Constituency capacity building interventions implemented	70% of the capacity building budget spent by end of financial year	Percentage of capacity building interventions implemented	N/A (new target)	80% constituency training interventions planned and requested were completed	70% of the capacity building interventions completed	The capacity building indicator of 70% of interventions to be implemented was not met. However, more capacity building was delivered this year as compared to the previous year.	It was not possible to properly calculate the percentage	The capacity building provided was not in the plans and the plans were not clear as to what was expected

3.4 Programme 4: Presidential Climate Commission

This programme aims to build a compact between social partners around the just climate transition through an inclusive, transparent, action-oriented process informed by science. It reflects the work of the PCC which joined Nedlac in October 2022.

The PCC focused on four key priorities during the year under review:

- Developing a policy framework to guide a just and equitable transition in South Africa;
- Building consensus between social partners to support the just transition;
- Providing advice on improving South Africa's resilience in the context of a changing climate; and
- Accelerating financial flows towards South Africa's just transition, including supporting the development of the Just Energy Transition Investment Plan (JET-IP).

The PCC delivered this work by engaging stakeholders, deepening the evidence base, and ultimately making policy recommendations. Details are set out in the table below:

Outcome Area	Performance
Policy recommendations made to advance a just transition	• The PCC finalised policy recommendations on the Just Transition Framework for South Africa in the first quarter. The framework was received by the President in July 2022 and subsequently adopted by Cabinet in August 2022. The framework sets out a shared vision for the just transition, principles to guide the transition, as well as policies and governance arrangements to give effect to the transition². • The PCC further embarked on piloting Climate Resilient Development Pathways in KwaZulu-Natal (to improve resilience and adaptation) and the Eastern Cape (to improve water security in the Nelson Mandela Bay Metro). This resulted in a policy brief on the KZN floods which was subsequently adopted by the PCC at the 8th ordinary session of the PCC. • The PCC, alongside National Treasury, the World Bank and other partners, adopted a Just Urban Transition Policy recommendation for South Africa.
Scientific knowledge produced which informs the planning and implementation of a just transition	• Critical to the success of our engagement is the availability of sound information, public debate, and open dialogue. Over the past year, the PCC has published and increased its suite of technical reports notably on (1) Carbon Border Adjustments Mechanism and (2) Just Transition Funding Mechanism. • These were coupled with other multimedia communication products to empower stakeholders on the just transition.
Increased public awareness on a just transition to improve consensus on the Just Transition Framework	• In the fourth quarter, the PCC embarked on a second round of stakeholder consultations, further to those conducted when developing the Just Transition Framework, and revisited communities consulted in the first round and deepened the engagement around the implementation of the Just Transition Framework. • The PCC hosted a series of energy dialogues aimed at unpacking issues that are salient to electricity planning in the country. These included the role of renewables, oil and gas, balancing the energy system, the pace of coal phasedown, skills and jobs as part of a just energy transition, energy security, and finance and investment towards a cleaner energy mix. • Further engaged with the local media, including community radio to assist and empower them to cover just transition issues. • The PCC hosted several events to profile the just transition and the role of different social partners, including the Faith Leaders' Summit and the Youth Energy Summit held, which both set the overall framework for future cooperation with these two critical stakeholders. • Overall, the PCC conducted seven (7) community meetings in Durban South, Lephalale, Northern Cape, Valley Region, Gqeberha, Emalahleni and Secunda. The reach for in-person participation was at least 1,000 for in-person, and in excess of 2,000 through media streaming and live broadcasts.

² The table below sets out performance against the indicators.

Programme 4: Presidential Climate Commission									
Outcome	Output	Output Indicator	Audited Actual Performance 2020/2021	Audited Actual Performance 2021/2022	Planned Annual Target 2022/2023	** Actual Achievement 2022/2023	Deviation from Planned Target to Actual Achievement 2022/2023	Reasons for Deviations	
4.1 Policy recommendations made to advance a just transition	Policy recommendations	Number of documents incorporating policy recommendations adopted by the PCC	N/A (new target)	N/A (new target)	Two (2) documents incorporating policy recommendations adopted	Two (2) Policy recommendations completed and adopted by the Commission	N/A	N/A	
4.2 Scientific knowledge produced which informs the planning and implementation of a just transition	Scientific briefing documents	Number of scientific briefing documents	N/A (new target)	N/A (new target)	Two (2) documents	Two (2) of the scientific briefing documents completed, signed-off and published on PCC website	N/A	N/A	
4.3 Increased public awareness on a just transition to improve consensus on the Just Transition Framework	Public dialogues	Number of consolidated reports on identified series of public dialogues produced within 30 days of the last dialogue session	N/A (new target)	N/A (new target)	Two (2) reports	Two (2) of the public dialogues implemented and reports produced within 30 days of the last dialogue session	N/A	N/A	

4. LINKING PERFORMANCE WITH BUDGETS

The table below sets out the financial performance of Nedlac per programme. Programme One (1) includes all salaries and general expenditure and is therefore allocated the most funding. Overall, there is an underspend of R17.6 million which was due to the fact that Nedlac requested to retain the surplus funds of R25.6 million. The amount of time to spend the funds was limited, as the budget was approved at the end of October 2022. The underspend did not have an impact on the achievement of targets, apart from one indicator in Programme One (1) where the procurement of service providers was not finalised in time (which impacted the achievement of the target).

Programme	2021/2022			2022/2023		
	Budget	Actual Expenditure	(Over) Under Expenditure	Budget	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Programme 1	43,563	36,587	6,976	47,056	36,333	10,723
Programme 2	15,764	9,608	6,156	19,559	13,653	5,906
Programme 3	7,500	1,740	5,760	7,500	2,678	4,822
Programme 4	-	326	- 326	12,553	16,419	- 3,866
Special Projects	13,000	8,000	5,000	12,000	12,000	-
Total	79,827	56,261	23,566	98,668	81,083	17,585

4.1 Strategy to Overcome Areas of Underperformance

The areas of underperformance relate to maintenance and capacity building. In respect of maintenance, the plan was not able to be met due to procurement challenges. Going forward, a panel of qualified specialist plumbing service providers will be procured to mitigate the procurement delays for facilities maintenance. Furthermore, the procurement process for facilities management will be improved including starting the procurement process well in advance to allow enough time for sourcing of required goods and services.

In respect of capacity building, the Nedlac secretariat will be more proactive and supportive of the social partners to arrange for capacity-building initiatives.

4.2 Capital Investment

The following facilities upgrades were undertaken during the period under review:

- Replacement of geyser;
- Waterproofing and repainting of Nedlac House;
- Supply and installation of main entrance door;
- Additional security equipment; and
- A structural building condition assessment and SANS structural compliance.







PART C

GOVERNANCE

1. PORTFOLIO COMMITTEE

Nedlac reports to the Department of Employment and Labour Portfolio Committee as a public entity under the Department of Employment and Labour. During the year under review, Nedlac presented its APP, Annual Report and Quarterly Progress Reports to the Committee on the following dates:

- 01 June 2022;
- 17 November 2022;
- 15 February 2023; and
- 22 March 2023.

2. EXECUTIVE AUTHORITY

The Executive Authority of Nedlac is the Minister of Employment and Labour. In terms of statutory requirements, Quarterly Progress Reports are provided to the Minister.

3. THE ACCOUNTING AUTHORITY

According to the Nedlac Act, the AA of Nedlac is the Exco, which approves Nedlac's annual financial and non-financial performance and all Nedlac policies. Furthermore, the Exco is convened to discuss issues of national social and economic importance. In the period under review, no special meetings were called.

Manco is responsible for overseeing and co-ordinating the operational work of Nedlac. It comprises two standing committees: the Human Resources and Ethics Committee and the Audit and Risk Committee.

The following table lists the members of Exco. The Committee held six (6) meetings during the 2022/23 financial year.

Business	Labour	Community	Government
Ackerman, Gareth	Ajam, Riefdah	Alina Mfulu, Thandiwe	Adams, Faried
Baxter, Roger	Cele, Mabutho	Bale, Lawrence	Hanival, Stephen
Campbell, Chris	Ehrenreich, Anthony	Frye, Isobel	Mkalipi, Thembinkosi (Overall Convenor)
Constant, Michelle	Keyter, Martle	Josopu, Thembinkosi	Moloi, Boitumelo (Deputy Minister)
Coovadia, Cas	Lekota, Moses	Kganyago, Laura	Momoniati, Ismail
Dludlu, John	Losi, Zingiswa	Matlakala, Conti	Mseme, Laura
Gore, Adrian	Mahlangu, Jan	Matsela, Zacharia	Mthombeni, Adam
Jiya, Busisa	Mbongwe, Mduduzi	Moreotsenye, Diteko	Ndebele, Sipho
Kunene, Bongi	Molete, Boitumelo (Alternate)	Mpanza, Skhumbuzo	Nxesi, Thulas (Minister)

Business	Labour	Community	Government
Mabasa, Mike	Moloto, Narius	Naidoo, Kugesh	Patel, Ebrahim
Mathe, Khulekani	Mphila, Pat	Ndlovu, Nhlanhla	Rathai, Stephen
Mavuso, Busi	Mulaisi, Lebogang	Nkele, Ntingane	
Mohale, Bonang	Ntshalintshali, Bheki (Overall Convenor)	Ntobeko, Melvin Gotyana	
Moyane, Kaizer (Overall Convenor)	Parks, Matthew	Ntsinde Daluxolo, Hamilton	
Nicolaou, Stavros	Phetoe, Solly	Nzimande, Mbusi	
Penfold, Deidre	Sele matsela, Godfrey	Radebe, Tebello	
Purchase, John (termination 17 October 2022)	Thobejane, Edward	Tsebe, Herman Ntingane	
Setladi, Zelda	Twala, Gerald	Tshefuta, Thulani (Overall Convenor)	
Zoleka, Lisa		Zwane, Tumelo Gotyana, Melvin	

The following table lists the members of Manco. The Committee held seven (7) meetings during the 2022/23 financial year.

Business	Labour	Community	Government
Moyane, Kaizer (Overall Convenor)	Ntshalintshali, Bheki (Overall Convenor)	Tshefuta, Thulani (Overall Convenor)	Mkalipi, Thembinkosi (Overall Convenor)
Bondi, Paul	Ajam, Riefdah	Bale, Lawrence	Adams, Faried
Boshoff, Theo	Cele, Mabutho	Kganyago, Laura	Mohlala, Bridget
Goldberg, Jonathan	Ehrenreich, Anthony	Mpanza, Skhumbuzo	Mseme, Laura
Kuzwayo, Andile	Keyter, Martle	Ndlovu Nhlanhla (Alternate)	Mthombeni, Adam
Maloyi, Lunga	Lekota, Moses	Nzimande, Mbusi	Ndebele, Sipho
Mathe, Khulekani	Mahlangu, Jan	Radebe, Tebello	Rathai, Stephen
Purchase, John (termination 17 October 2022)	Mbongwe, Mduduzi	Thembinkosi Josopu	
Setladi, Zelda	Moloto, Narius		
	Mulaisi, Lebogang		
	Parks, Matthew		
	Phetoe, Solly		
	Sele matsela, Godfrey		
	Thobejane, Edward		
	Twala, Gerald		

4. AUDIT AND RISK COMMITTEE

The following table lists the members of the Audit and Risk Committee. The Committee held four (5) ordinary meetings and two (2) special meetings during the 2022/23 financial year.

Chairperson	Business	Labour	Community	Government
Pangwa, Velile	Setladi, Zelda	Hugo, Jacques	Naidoo, Kugesh	Mathabathe, Seswai

5. HUMAN RESOURCES AND ETHICS COMMITTEE

The following table lists the members of the Human Resources and Ethics Committee (HREC). The Committee held six (6) meetings during the 2022/23 financial year.

Business	Labour	Community	Government
Myburgh, Santie (resigned from HREC on 17 July 2022)	Mahlangu, Jan	Zwane, Tumi	Mamashela, Ntsoaki
Motsamai, Motlhamme (joined on 5 September 2022)			

6. PRESIDENTIAL CLIMATE COMMISSION

The members of the PCC are listed below. The Commission held four (4) of its ordinary quarterly meetings, and two (2) special meetings, as well as one (1) multi-stakeholder meeting for the period under review.

Adams, Shafick Dr
 Bate, Joanne
 Baduza, Mbali
 Chavalala, Mac
 Chikunga, Sindisiwe (Minister)
 Creecy, Barbara (Minister)
 Didiza, Thoko (Minister)
 Fourie, Melissa
 Fuzile, Lungisa
 Godongwane, Enoch (Minister)
 Hill-Lewis, Geordin (Alderman)
 Holomisa, Bantu
 Hugo, Jacques
 Khambule, Happy
 Khanyile, Zama
 Lekalakala, Makoma

Lesufi, Nikisi
Makwana, Mpho
Malusi, Mpumlwana Bishop
Mantashe, Gwede (Minister)
Mantlana, Brian Dr
Mbali, Maduza
Mbodie, Enos Mbulaheni
Mchunu, Senzo (Minister)
Melithafa, Ayakha
Molepo, Setlakalane
Moosa, Valli
Mulaisie, Lebogang
Mwale, Bongani
Naude, Louise
Nkadimeng, Thembi (Minister)
Nkambule, Tsakani
Olver, Crispian Dr
Patel, Ebrahim (Minister)
Peek, Bobby
Phukuntshi, Kenalemang (Councillor)
Rabie, Janse
Ramaphosa, Cyril (President)
Yawitch, Joanne

Mr Happy Khambule resigned as PCC Commissioner in November 2022

Mr Setlakalane Molepo resigned as PCC Commissioner in July 2022

Mr Dhesigen Naidoo resigned as PCC Commissioner in February 2022

Ms Mandy Rambaros resigned as PCC Commissioner in November 2022

Minister Sindisiwe Chikunga replaced Minister Fikile Mbalula on 15 March 2023

Minister Maropene Ramokgopa replaced Minister Mondli Gungubele on 15 March 2023

Minister Thembi Nkadimeng replaced Minister (Dr) Nkosazana Dlamini-Zuma on 15 March 2023

7. PRESIDENTIAL CLIMATE COMMISSION – FINANCE AND GOVERNANCE COMMITTEE

The members of the PCC Finance and Governance Committee are as follows:

Bate, Joanne (Chairperson)
Fakir, Saliem
Khanyile, Zama
Nkomfe, Mandla
Olver, Crispian Dr.
Seftel, Lisa
Serfontein, Gideon

8. REMUNERATION OF BOARD MEMBERS

8.1 Manco and Exco

Members of Manco and Exco are not remunerated for their meeting attendance. Members are allowed to claim for travel and related costs in terms of Nedlac's Travel, Accommodation and Catering Policy.

8.2 Audit Committee

Apart from the Audit and Risk Committee (ARC) Chairperson, members of the ARC are not remunerated for their meeting attendance. Members are allowed to claim for travel and related costs in terms of Nedlac's Travel, Accommodation and Catering Policy. The ARC Chairperson is remunerated for meeting attendance and preparation in line with the National Treasury approved rates.

8.3 Presidential Climate Commission

Commissioners of the PCC are remunerated for meeting attendance and preparation in line with the National Treasury approved rates. Mr Gideon Serfontein is an independent finance expert and a member of the Finance and Governance Committee and is the only member of the Committee eligible for remuneration.

The table below sets out the remuneration paid in respect of the PCC Commissioners and Finance & Governance Committee member eligible for remuneration:

Name	Remuneration
Baduza, Mbali	15 624
Chavalala, Mac	67 262
Fourie, Melissa	112 645
Harrington, Shamini	83 010
Hugo, Jacques	89 116
Khambule, Happy	44 355
Lekalakala, Makoma	127 766
Mbodi, Enos	158 095
Melithafa, Avakha	77 301
Mulaisi, Lebogang	79 703
Naude, Louise	115 654
Rabie, Janse	24 432

Name	Remuneration
Serfontein, Gideon	37 798
Tsakani Nkambule	65 583
Yawitch, Joanne	116 654
TOTAL	1 263 935

9. RISK MANAGEMENT

A Risk Register is prepared annually whereby the entity-wide strategic and operational risks are identified and assessed for consideration to be included in the Risk Register. The 2022/23 Risk Register also incorporates PCC risks. The risks and related mitigations are then monitored and assessed quarterly by management before they are reported to the ARC.

The risk management process improved over the year under review. Management has embedded risk management in management performance agreements and in Nedlac's day-to-day operations, which in turn will assist in improving the entity's overall performance.

10. INTERNAL AUDIT AND AUDIT COMMITTEES

10.1 Internal Audit

The scope of Internal Audit is to evaluate the adequacy of the system of internal controls, recommend improvements in controls, assess compliance with policies and procedures and sound business practices. Nedlac outsources the Internal Audit function, with an internal audit firm appointed on a three-year contract.

The responsibilities of the Internal Audit function are to:

- Review the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information;
- Review the systems established by management to ensure compliance with the policies, plans, procedures, laws and regulations that could have a significant impact on operations, and determine whether the organisation is complying;
- Review the means of safeguarding assets and verifying the existence of assets;
- Appraise the economy and efficiency with which resources are employed and identifying opportunities to improve operating performance;
- Review operations or programmes to ascertain whether results are consistent with established objectives and goals and whether the operations or programmes are being carried out as planned; and
- Review compliance of the entity to the ICT Governance Framework, including assessing the ICT general controls.

The following internal audits were completed during the 2022/23 financial year:

- Review of the AFS;
- Annual audit of performance information;
- Follow-up audits;
- Financial discipline review;
- Information Technology/General Controls review;
- Human Resources management review;
- Follow-up on previously issued external audit findings; and
- Supply Chain management review.

10.2 Audit and Risk Committee

The role of the ARC is to support Nedlac in fulfilling its governance and oversight responsibilities in relation to financial reporting, internal control structure, risk management systems, internal and external audit functions and ethical accountability. The key responsibilities of this Committee are to:

- Ensure Nedlac's financial statements and performance reporting are understandable and reliable;
- Ensure that Nedlac establishes a thorough risk management process and has effective internal controls;
- Review the organisation's policies; and
- Review all internal and external audit findings.

The table below discloses relevant information on the Audit Committee members.

Name	Qualifications	Internal or External	If Internal, Position in the Public Entity	Date Appointed	Date Resigned	No.of Meetings Attended
Velile Pangwa (Independent Chair)	• B.Com Honours in Accounting • Management Financial Accounting Diploma • B.Com in Accounting	External	N/A	1 January 2021	N/A	6
Jacques Hugo (Labour)	• Master of Business Administration • Certificate in Labour Law • Diploma in Labour Dispute Resolution Practice • Diploma in Business Management	External	N/A	1 January 2021	N/A	7

Name	Qualifications	Internal or External	If Internal, Position in the Public Entity	Date Appointed	Date Resigned	No. of Meetings Attended
Seswai Mathabathe (Government)	Bachelor of Accounting Science	External	N/A	1 January 2021	N/A	5
Kugesh Naidoo (Community)	- Bachelor of Accounting Science - Honours Degree: Bachelor of Accounting Science	External	N/A	1 January 2021	N/A	7
Zelda Setladi (Business)	- B.Com in Accounting - Management Accounting and Finance Diploma - Financial Accounting Diploma - Bookkeeping Diploma - Certificate in Executive Management Programme on Industrial Relations (IR) and HRM	External	N/A	1 January 2021	N/A	6

11. COMPLIANCE WITH LAWS AND REGULATIONS

Nedlac complies with all relevant laws and regulations, including but not limited to labour laws, Occupational Health and Safety and the PFMA.

12. FRAUD AND CORRUPTION

Nedlac has a Fraud Prevention Policy and Fraud Prevention Plan that set out how the institution will prevent, detect, investigate and address fraud and corruption. These documents identify the role players, their duties and responsibilities, and the action to be taken.

An independent fraud hotline is available for staff, social partners and members of the public. The provider was appointed during the 2021/22 financial year. Management continues to reinforce fraud awareness through staff awareness sessions.

13. MINIMISING CONFLICT OF INTEREST

All staff are required to sign annual Declarations of Interest. Disclosures of conflict of interest are requested in governance meetings and for procurement processes. The Code of Conduct (see below) also regulates conflict of interest.

14. CODE OF CONDUCT

The Nedlac Exco approved a Code of Ethics in the third quarter of 2021/22. The Code of Ethics defines Nedlac's values-based behaviours and regulates the conduct of the constituencies and the secretariat across all governance structures. The Code of Ethics is based on the Public Service Code of Conduct and the King Codes on Corporate Governance, and covers the performance of staff in the work environment, the protection of Nedlac's assets and how to address conflicts of interest. It makes provision for a process to be followed when there is a breach or an allegation of a breach.

The Code makes provision for the establishment of an Ethics Committee, which will be the Human Resources and Remuneration Committee without the Executive Director. The HREC can make recommendations on consequence management in respect of staff and representatives of social partners.

15. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

Nedlac continued to be Covid-19 compliant and observe health and safety protocols. A hybrid work policy was developed and implemented. A new OHS Committee was established and members were trained. Facilities Management and OHS policies were updated.

16. SOCIAL RESPONSIBILITY

Through the asset management process, items of property, plant and equipment with a zero-book value (which were no longer in use) were identified and disposed of in terms of the Asset Management Policy to the Gauteng Department of Education.

17. NEDLAC AUDIT AND RISK COMMITTEE REPORT: 2022-23 FINANCIAL YEAR

The Nedlac Audit and Risk Committee (ARC) is pleased to present its report for the financial year ended 31 March 2023.

Audit and Risk Committee responsibility

The Audit and Risk Committee (ARC) is a Standing Committee of the Executive Council and is therefore accountable to and assist 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 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 and Risk Committee Charter. The Charter set out the principles upon which the ARC will 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 the related accounting policies and practices.

Audit and Risk Committee members and attendance

The Audit and Risk Committee 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 2022/23 financial year, four (4) ordinary and three (3) special meetings were held as follows:

Ordinary meetings	Special meetings
16 May 2022	19 July 2022
17 August 2022	13 October 2022
16 November 2022	16 January 2023
9 February 2023	

The membership period and number of meetings of the ARC for the 2022/23 financial year is as follows:

No	Name of Member	Period of membership	Number of Meetings attended
1.	Velile Pangwa (Independent Chair)	January 2021 - March 2022	6
2.	Mr. Kugesh Naidoo (Community)	April 2020 - March 2022	7
3.	Mr Seswai Mathabathe (Government)	October 2020 - March 2022	5
4.	Mr Jacques Hugo (Labour)	January 2021 - March 2022	7
5.	Ms. Zelda Setladi (Business)	January 2021 - March 2022	6

Stakeholder Engagement/s

The Committee has in its engagement been able to engage with the following Nedlac stakeholders and structures:

- Management Committee (Manco)
- Nedlac Management
- Internal Audit
- Auditor-General of South Africa

The 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 requires management attention, although improvement has been made.

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

No.	Audit Project
1.	Review of the AFS
2.	Annual audit of performance information
3.	Follow up audit
4.	Financial Discipline Review
5.	Information Technology/General Controls review
6.	Human Resources management review
7.	Follow-up on previously issued external audit findings
8.	Supply Chain management review

We acknowledge that during the year under review, Management has made efforts to identify and address the control weakness that have been consistent over the past few financial years.

Although we note that continued efforts are required by Management, specifically in paying extra attention to the findings raised by the Auditor General, we do hope that internal audit will assist in ensuring that the necessary control weaknesses are monitored and tracked to hold both management and the Nedlac staff accountable.

The Audit Committee acknowledges and appreciates, once again, efforts underway by management and the governance structures of Manco and Exco, to address areas of concern raised by combined assurers.

Risk Management

Management ensured that a risk register was in place throughout the financial year which was presented to the Audit and Risk committee. To ensure oversight, the significant risks were monitored by the Audit and Risk Committee and EXCO regularly. Emerging risks were also identified and responded to during the period.

Management is encouraged to keep track of the identified risks as recorded in the Strategic Plan and Annual Performance Plans to ensure that all these areas are addressed in the 2023/24 financial year.

In-Year Management and Quarterly Report

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

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 of the Audit Committee being implemented.

Evaluation of Performance Information

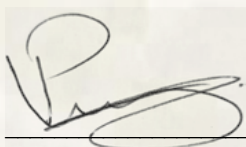
The Audit and Risk Committee further evaluated the performance information and recommended it for audit subject to recommended refinements of the Audit Committee being implemented.

Auditor General's Report

The Audit and Risk Committee notes with appreciation, the Unqualified Audit Opinion, which retains the same outcome from the previous year, with findings raised by the Auditor General. The Audit and Risk Committee further notes that the significant findings that were reported did not relate to a breakdown of controls during the financial year. The Audit and Risk Committee is also comforted by the Auditor General, the Internal Auditors and management's commitment to addressing the findings raised from the 2022/23 financial year's audit.

The Audit and Risk Committee therefore appreciations 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 Performance Information be accepted and read together with the report of the Auditor-General.

In conclusion, the Audit Committee Chairperson expresses its gratitude to all the members of the Audit and Risk Committee. We would also like to thank all the stakeholders who participated in the audit processes by both the Internal Audit and the Auditor General, the efforts and team effort has 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

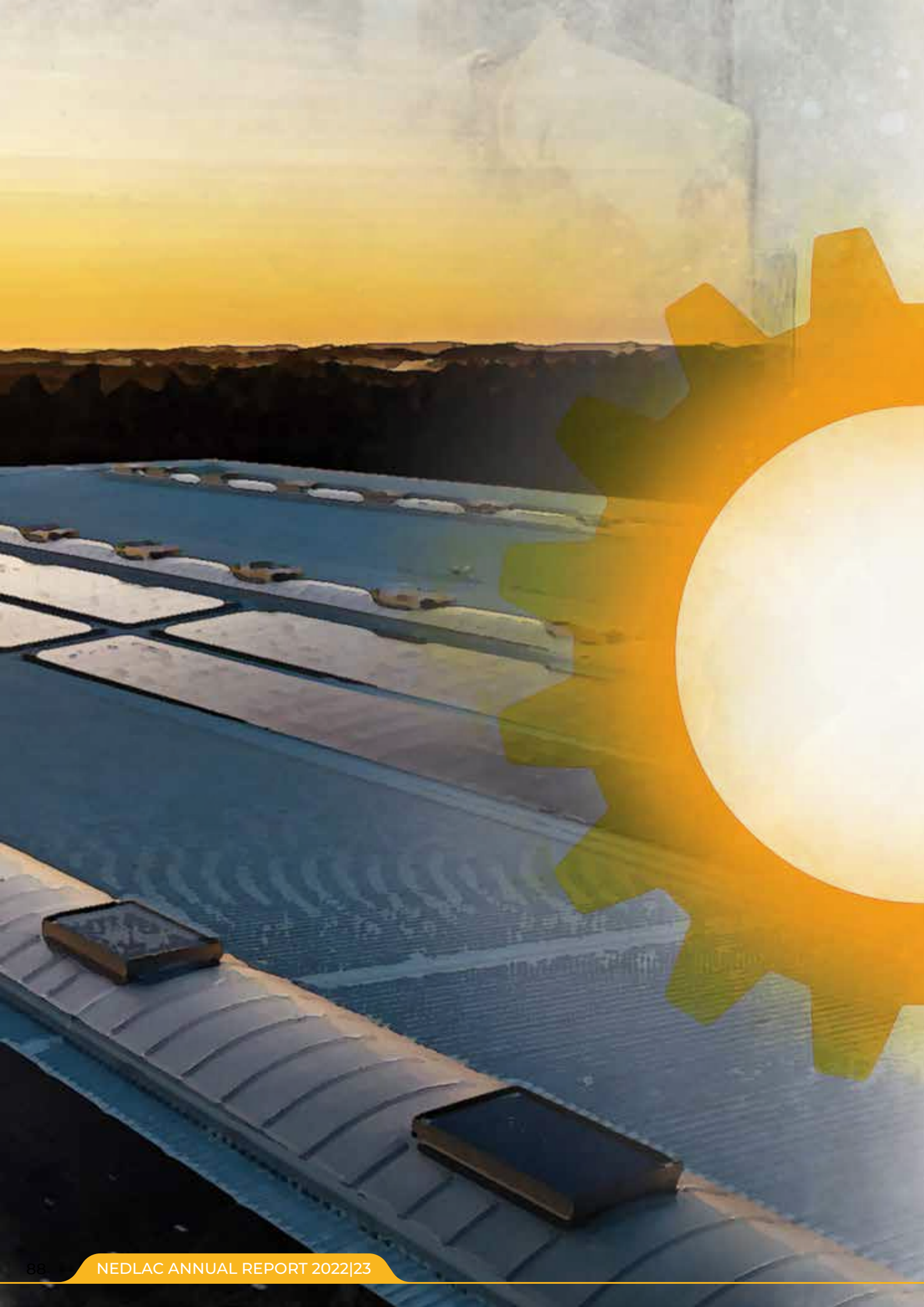
Date: 31 July 2023

18.B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The table below has been completed in accordance with the compliance to the B-BBEE requirements of the B-BBEE Act of 2013 and as determined by the dtic.

Has the Department / Public Entity applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	Response Yes / No	Discussion (Include a discussion on your response and indicate what measures have been taken to comply)
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law?	N/A	
Developing and implementing a preferential procurement policy?	Yes	Supply Chain Management Policy has been developed and approved and includes clauses in respect of preferential procurement.
Determining qualification criteria for the sale of state-owned enterprises?	N/A	
Developing criteria for entering into partnerships with the private sector?	Yes	Reference is made in the Supply Chain Management Policy to Treasury Regulation 16, which is required to be complied with.
Determining criteria for the awarding of incentives, grants and investment schemes in support of B-BBEE?	N/A	







PART D

HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

During the year under review, progress was made in the following areas in respect of human resources:

- Five (5) new appointments were made in Nedlac.
- Eleven (11) staff members from the PCC were incorporated.
- The Human Resources and Performance Management policies were reviewed and amended.
- Forty-nine (49) training events were arranged involving 89% of the staff.
- In respect of disciplinary matters:
- One grievance was lodged and is in progress;
- One CCMA case of unfair dismissal was dealt with. Case to continue in May 2023.
- An online leave management system was introduced.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

2.1 Personnel Cost by Programme

Programme	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: Administration	81,084	27,973	34%	36	777.03
Programme 3: Capacity Building	81,084	1,803	2%	3	601.00
Programme 4: PCC	81,084	5,822	7%	13	447.85

2.2 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	7,382	21%	5	1,476
Senior Management	3,048	9%	4	762
Professional Qualified	14,664	41%	16	917
Skilled	9,555	27%	23	415
Semi-skilled	949	3%	4	237
TOTAL	35,598	100%	52	-

* Due to the PCC staff joining during different parts of quarters three (3) and four (4) of the

financial year, the figures above are slightly distorted.

2.3 Performance Rewards (for 2021/22)

Programme	Performance Rewards (R'000)	Personnel Expenditure (R'000)	% of Performance Rewards to Total Personnel Cost (R'000)
Top Management	57	35,598	0.16%
Professional Qualified	68	35,598	0.19%
Skilled	75	35,598	0.21%
Semi-skilled	0	0	0.00%
Unskilled	57	35,598	0.16%
TOTAL	200	35 598	1%

2.4 Training Costs

Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost	No. of Employees Trained	Ave. Training Cost per Employee
35,598	1,572	4%	32	49

2.5 Employment and Vacancies

Programme/Activity/Objective	2021/2022 No. of Employees	2022/2023 Approved Posts	2022/2023 No. of Employees	2022/2023 Vacancies	% of Vacancies
Top Management	1	2	2	0	0%
Senior Management	5	8	6	3	5%
Professional Qualified	14	26	22	4	15%
Skilled	11	17	15	2	11.7%
Semi-skilled	4	4	4	0	0%
Unskilled	0	0	0	0	0%
TOTAL	35	57	49	9	15.7%

2.6 Employment Changes

Salary Band	Employment at Beginning of Period	Appoint-ments	Terminations	Employment at End of the Period
Top Management	1	1	0	2
Senior Management	3	4	1	6
Professional Qualified	14	7	0	21
Skilled	14	4	2	16
Semi-skilled	4	0	0	4
Unskilled	0	0	0	0
TOTAL	36	16	3	49

2.7 Reasons for Staff Leaving

Reason	Number	% of Total No. of Staff Leaving
Death	1	2%
Resignation	1	2%
Dismissal	0	0
Retirement	1	2%
Ill Health	0	0%
Expiry of Contract	0	0%
Other	0	0
TOTAL	3	6%

At the end of the period under review, Nedlac made one replacement and recruitment was underway for the other two vacancies.

2.8 Labour Relations: Misconduct and Disciplinary Action

Nature of Disciplinary Action	Number
Verbal Warning	0
Written Warning	0
Final Written warning	0
Dismissal	0

There were no new labour relations issues for the period under review. However, two (2) CCMA matters were continued from the previous period.

2.9 Equity Target and Employment Equity Status

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0		0		0		1	
Senior Management	1		0		2		0	
Professional Qualified	6		0		0		0	
Skilled	3		0		0		0	
Semi-skilled	1		0		0		0	
Unskilled	0		0		0		0	
TOTAL	11		0		2		1	

Levels	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0		0		0		1	
Senior Management	2		0		0		0	
Professional Qualified	12		0		0		1	
Skilled	13		0		0		0	
Semi-skilled	3		0		0		0	
Unskilled	0		0		0		0	
TOTAL	30		0		0		2	

Levels	STAFF WITH DISABILITIES			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional Qualified	0	0	0	0
Skilled	0	0	0	0
Semi-skilled	0	0	0	0
Unskilled	0	0	0	0
TOTAL	0	0	0	0





PART E

FINANCIAL INFORMATION

PFMA COMPLIANCE REPORT

1. INFORMATION ON IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

1.1 Reconciliation of Irregular Expenditure

Description	2022/2023 R'000	2021/2022 R'000
Opening balance	245	19 638
Add: Irregular expenditure confirmed	230	195
Less: Irregular expenditure condoned	224	19 588
Less: Irregular expenditure not condoned and removed		
Less: Irregular expenditure recoverable		
Less: Irregular expenditure not recovered and written off		
Closing balance	251	245

Nedlac requested condonation of irregular expenditure in the total amount of R244 537 for the 2020/21 and 2021/22 financial years. The irregular expenditure was incurred because the transaction did not comply with SCM prescripts on the administrative requirements for submission of the SBD 4 form amounting to R233 966 and expenditure for contract expansion without obtaining written prior approval amounting to R20 571. The amount of R223 966 was condoned; however, the amount of R20 571 was not condoned. Enquiries with National Treasury are still ongoing in this regard.

1.2 Details of Current and Previous Year's Irregular Expenditure (Under Assessment, Determination and Investigation)

Description	2022/2023 R'000	2021/2022 R'000
Irregular expenditure under assessment	0	0
Irregular expenditure under determination	0	0
Irregular expenditure under investigation	0	245
Total	0	245

1.3 Details of Current and Previous Year's Irregular Expenditure Condoned

Description	2022/2023 R'000	2021/2022 R'000
Irregular expenditure condoned	223	19 589
Total	223	19 589

1.4 Details of Current and Previous Year's Irregular Expenditure Removed (Not Condoned)

Description	2022/2023 R'000	2021/2022 R'000
Irregular expenditure NOT condoned and removed	0	0
Total	0	0

1.5 Details of Current and Previous Year's Irregular Expenditure Recovered

Description	2022/2023 R'000	2021/2022 R'000
Irregular expenditure recovered	0	0
Total	0	0

1.6 Details of Current and Previous Year's Irregular Expenditure Written Off (Irrecoverable)

Description	2022/2023 R'000	2021/2022 R'000
Irregular expenditure written off	0	0
Total	0	0

1.7 Reconciliation of Fruitless and Wasteful Expenditure

Description	2022/2023 R'000	2021/2022 R'000
Opening balance	1 465	1 433
Add: Fruitless and wasteful expenditure confirmed	0	32
Less: Fruitless and wasteful expenditure written off	0	0
Less: Fruitless and wasteful expenditure recoverable	12	0
Closing Balance	1 453	1 465

1.8 Details of Current and Previous Year's Fruitless and Wasteful Expenditure (Under Assessment, Determination, and Investigation)

Description	2022/2023 R'000	2021/2022 R'000
Fruitless and wasteful expenditure under assessment	0	0
Fruitless and wasteful expenditure under determination	0	0
Fruitless and wasteful expenditure under investigation	0	32
Total	0	32

1.9 Details of Current and Previous Year's Fruitless and Wasteful Expenditure Recovered

Description	2022/2023 R'000	2021/2022 R'000
Fruitless and wasteful expenditure recovered	12	0
Total	12	0

1.10 Details of Current and Previous Year's Fruitless and Wasteful Expenditure Not Recovered and Written Off

Description	2022/2023 R'000	2021/2022 R'000
Fruitless and wasteful expenditure written off	0	0
Total	0	0

1.11 Additional Disclosure relating to Material Losses in terms of PFMA Section 55(2)(b)(i) &(iii)

Material Losses through Criminal Conduct	2022/2023 R'000	2021/2022 R'000
Theft	0	0
Other material losses	0	0
Less: Recovered	0	0
Less: Not recovered and written off	0	0
Total	0	0

2. INFORMATION ON SUPPLY CHAIN MANAGEMENT

2.1 Procurement by “other means”

All procurement by “other means” is set out below, as required by National Treasury.

Project Description	Name of Supplier	Type of Procurement by Other Means	Contract Number	Value of Contract R'000
Executive Individual Voice Programme	The Voice Clinic	Sole Source	-	R24 953.85
Legacy Video (Videos and Photographs)	SABC	Sole Source	-	R17 250.00
Approval of SAGE Support Provider	LSP Inc	Single Source	-	R43 700.00
Approval of Caseware Annual License	Adapt IT	Sole Source	-	R86 855.48
Total				R172 759.33

2.2 Contract Variations and Expansions

All variations or expansions above the thresholds prescribed are required to be reported by the National Treasury and are set out below:

Project Description	Name of Supplier	Contract Modification Type (Expansion or Variation)	Contract Number	Original Contract Value	Value of Previous Contract Expansion/s or Variation/s (If Applicable)	Value of Current Contract Expansion or Variation
				R'000	R'000	R'000
Nedlac Coaching programme	Media Holding Investment (Pty) Ltd	Expansion	RFQ11375	R998 545.00	-	R349 140.00
Voice and Data	Vox Telecommunications (Pty) Ltd	Expansion	Nedlac-2021-22-02	R1 879 159,71	-	R308 417.53
Total						R657 557.53



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 108 to 150, which comprise the statement of financial position as at 31 March 2023, statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as 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 2023, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (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 responsibilities of the Auditor-General for the audit of the financial statements section of my 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 matters

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

Restatement of corresponding figures

7. As disclosed in note 23 and 29 to the financial statements, the corresponding figures for 31

March 2022 were restated as a result of errors in the financial statements of the public entity at, and for the year ended, 31 March 2023.

Presidential Climate Commission

8. As disclosed in note 31 to the financial statements, the Presidential Climate Commission joined the National Economic Development and Labour Council during the year. The budget and the Annual Performance Plan of the National Economic Development and Labour Council were revised to accommodate the Presidential Climate Commission.

Other matter

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

National Treasury Instruction Note No. 4 of 2022-23: PFMA Compliance and Reporting Framework

10. On 23 December 2022, National Treasury issued Instruction Note 4 of 2022-23, which came into effect on 3 January 2023, in terms of section 76(1)(b), (e) and (f), 2(e) and (4)(a) and (c) of the PFMA. The instruction note deals with the PFMA compliance and reporting framework and addresses, the disclosure of unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure. Irregular expenditure and fruitless and wasteful expenditure incurred in prior financial years and not yet addressed no longer need to be disclosed in the disclosure notes of the annual financial statements. Only the current year and prior year figures are disclosed in notes 32 and 28 to the financial statements of Nedlac. Movements in respect of irregular expenditure and fruitless and wasteful expenditure also no longer need to be disclosed in the notes to the annual financial statements. The disclosure of these movements (e.g. condoned, recoverable, removed, written off, under assessment, under determination and under investigation) are now included as part of the other information in the annual report of the department. I do not express an opinion on the disclosure of irregular expenditure and fruitless and wasteful expenditure in the annual report.

Responsibilities of the accounting authority for the financial statements

11. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

12. 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.

Responsibilities of the Auditor-General for the audit of the financial statements

13. 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.
14. 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

15. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected programmes presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
16. I selected the following programme presented in the annual performance report for the year ended 31 March 2023 for auditing. I selected programmes that measures the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

Programmes	Page numbers	Purpose
Core Operations	43 - 65	To ensure that the leadership of business, community, government and labour cooperate to identify and implement ways to address relevant and important social and economic issues
Presidential Climate Commission	67 - 68	This programme aims to build a compact between social partners around the just climate transition through an inclusive, transparent, action-oriented process informed by science

17. I evaluated the reported performance information for the selected programmes against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.
18. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
 - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
 - the indicators and targets reported on, in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
 - the reported performance information is presented in the annual performance report in the prescribed manner
 - there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.
19. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.
20. I did not identify any material findings on the reported performance information for the selected programmes.

Other matters

21. I draw attention to the matters below.

Achievement of planned targets

22. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and under achievements. This information should be considered in the context of the material findings on the reported performance information.

Material misstatements

23. I identified a material misstatement in the annual performance report submitted for auditing. This material misstatement was in the reported performance information of Core Operations. Management subsequently corrected the misstatement and I did not include any material findings in this report.

Report on compliance with legislation

24. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.
25. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
26. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
27. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements, performance and annual report

28. The financial statements submitted for auditing were not fully prepared in accordance with the prescribed financial reporting framework, as required by section 55(1)(b) of the PFMA. Material misstatements of disclosure items identified by the auditors in the submitted financial statements were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Other information in the annual report

29. The accounting authority is responsible for the other information included in the annual report. The other information referred to 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 on in this auditor's report.
30. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation, do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
31. My responsibility is to read this other information and, in doing so, consider whether it 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.

32. 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

33. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
34. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.
35. Adequate internal controls pertaining to the financial reporting process, were not implemented by management, to ensure that the financial statements are prepared in accordance with the requirements of the applicable financial reporting framework.
36. Adequate oversight controls pertaining to the performance reporting process, were not implemented by management to ensure accurate performance reporting.
37. Management did not apply adequate oversight responsibility over compliance with laws and regulations, resulting in repeat findings on annual financial statements, performance and annual report.

Auditor-General

Pretoria

31 July 2023

Auditor - General



Annexure to the Auditor's report

The annexure includes the following:

- the Auditor-General's responsibility for the audit
- the selected legislative requirements for compliance testing.

Auditor-General's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the public entity's compliance with selected requirements in key legislation.

Financial statements

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
- conclude on the appropriateness of the 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 public entity 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

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.

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.

Compliance with legislation – Selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999 (PFMA)	Section 51(1)(a)(iv); 51(1)(b)(ii); 51(1)(e)(iii) Section 53(4) Section 54(2)(c'); 54(2)(d) Section 55(1)(a); 55(1)(b); 55(1)(c)(i) Section 56(1); 56(2) Section 57(b);
Treasury Regulations for departments, trading entities, constitutional institutions and public entities (TR)	Treasury Regulation 8.2.1; 8.2.2 Treasury Regulation 16A 3.1; 16A 3.2; 16A 3.2(a); 16A 6.1; 16A 6.2(a) & (b); 16A 6.2(e); 16A 6.3(a); 16A 6.3(a)(i); 16A 6.3(b); 16A 6.3(c); 16A 6.3(d); 16A 6.3(e); 16A 6.4; 16A 6.5; 16A 6.6; TR 16A.7.1; 16A.7.3; 16A.7.6; 16A.7.7; 16A 8.2(1); 16A 8.2(2); 16A 8.3; 16A 8.3(d); 16A 8.4; 16A 9.1 16A 9; 16A 9.1(b)(ii); 16A 9.1(c); 16A 9.1(d); 16A 9.1(e); 16A 9.1(f); 16A 9.2; 16A 9.2(a)(ii); TR 16A 9.2(a)(iii) Treasury Regulation 30.1.1; 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1 Treasury Regulation 31.1.2(c) Treasury Regulation 31.2.1; Treasury Regulation 31.3.3 Treasury Regulation 33.1.1; 33.1.3
Public service regulation	Public service regulation 13(c); 18; 18 (1) and (2);
Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PRECCA)	Section 34(1)
CIDB regulations	CIDB regulation 17; 25(1); 25 (5) & 25(7A)
PPPFA	Section 1(i); 2.1(a); 2.1(b); 2.1(f)

Legislation	Sections or regulations
PPR 2017	Paragraph 4.1; 4.2 Paragraph 5.1; 5.3; 5.6; 5.7 Paragraph 6.1; 6.2; 6.3; 6.5; 6.6; 6.8 Paragraph 7.1; 7.2; 7.3; 7.5; 7.6; 7.8 Paragraph 8.2; 8.5 Paragraph 9.1; 9.2 Paragraph 10.1; 10.2 Paragraph 11.1; 11.2 Paragraph 12.1 and 12.2
PPR 2022	Paragraph 3.1 Paragraph 4.1; 4.2; 4.3; 4.4 Paragraph 5.1; 5.2; 5.3; 5.4
PFMA SCM Instruction no. 09 of 2022/2023	Paragraph 3.1; 3.3 (b); 3.3 (c); 3.3 (e); 3.6
National Treasury Instruction No.1 of 2015/16	Paragraph 3.1; 4.1; 4.2
NT SCM Instruction Note 03 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4; 4.4 (a); 4.4 (c) -(d); 4.6 Paragraph 5.4 Paragraph 7.2; 7.6
NT SCM Instruction 4A of 2016/17	Paragraph 6
NT SCM Instruction Note 03 of 2019/20	Par 5.5.1(vi); Paragraph 5.5.1(x);
NT SCM Instruction Note 11 of 2020/21	Paragraph 3.1; 3.4 (a) and (b); 3.9; 6.1; 6.2; 6.7
NT SCM Instruction Note 2 of 2021/22	Paragraph 3.2.1; 3.2.2; 3.2.4(a) and (b); 3.3.1; 3.2.2 Paragraph 4.1
PFMA SCM Instruction 04 of 2022/23	Paragraph 4(1); 4(2); 4(4)
Practice Note 5 of 2009/10	Paragraph 3.3
PFMA SCM Instruction 08 of 2022/23	Paragraph 3.2 Par. 4.3.2; 4.3.3
Competition Act	Section 4(1)(b)(ii)
NT Instruction Note 4 of 2015/16	Paragraph 3.4
Second amendment of NTI 05 of 2020/21	Paragraph 4.8; 4.9 ; 5.1 ; 5.3
Erratum NTI 5 of 202/21	Paragraph 1
Erratum NTI 5 of 202/21	Paragraph 2
Practice Note 7 of 2009/10	Paragraph 4.1.2
Practice Note 11 of 2008/9	Paragraph 3.1 Paragraph 3.1(b)
NT Instruction Note 1 of 2021/22	Paragraph 4.1
Public Service Act	Section 30(1)

National Economic Development and Labour Council

Annual Financial Statements for the year ended 31 March 2023

Index

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

	<i>Page</i>
Statement of Financial Position	111
Statement of Financial Performance	112
Statement of Changes in Net Assets	113
Cash Flow Statement	114
Statement of Comparison of Budget and Actual Amounts	115
Accounting Policies	116
Notes to the Annual Financial Statements	131

National Economic Development and Labour Council

Annual Financial Statements for the year ended 31 March 2023

Statement of Financial Position as at 31 March 2023

Figures in Rand	Note(s)	2023	2022 Restated*
Assets			
Current Assets			
Receivables from exchange transactions	4	1 309 029	251 103
Cash and cash equivalents	3	24 616 539	29 709 272
		25 925 568	29 960 375
Non-Current Assets			
Property, plant and equipment	5	16 373 640	16 652 484
Intangible assets	6	203 615	250 521
Total Assets		16 577 255	16 903 005
		42 502 823	46 863 380
Liabilities			
Current Liabilities			
Payables from exchange transactions	7	5 449 136	3 949 438
Provisions	8	274 414	200 000
		5 723 550	4 149 438
Total Liabilities		5 723 550	4 149 438
Net Assets		36 779 273	42 713 942
Accumulated surplus	9	36 779 273	42 713 939

National Economic Development and Labour Council

Annual Financial Statements for the year ended 31 March 2023

Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022 Restated*
Revenue			
Revenue from exchange transactions			
Other revenue		131 688	30 866
Interest received	10	2 745 669	1 385 075
Total revenue from exchange transactions		2 877 357	1 415 941
Revenue from non-exchange transactions			
Transfers from other government entities	11	68 879 000	59 093 000
Service in kind	12	3 047 444	-
Total revenue from non-exchange transactions		71 926 444	59 093 000
Total revenue	13	74 803 801	60 508 941
Expenditure			
Bad debt written off		(15 275)	-
Depreciation and amortisation	14	(1 172 771)	(1 451 524)
Impairments of receivables	15	-	(43 419)
Lease rentals on operating lease	16	(174 230)	(167 755)
Loss on disposal of assets		-	(19 892)
Miscellaneous Expenses	17	(31 266 743)	(17 664 786)
Employee related costs	18	(35 590 714)	(28 587 708)
Special project expenses	19	(12 000 000)	(8 000 000)
Total expenditure		(80 219 733)	(55 935 084)
(Deficit) surplus for the year		(5 415 932)	4 573 857

National Economic Development and Labour Council

Annual Financial Statements for the year ended 31 March 2023

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 April 2021	38 140 082	38 140 082
Changes in net assets		
Surplus for the year	4 573 857	4 573 857
Total changes	4 573 857	4 573 857
Restated* Balance at 01 April 2022	43 039 695	43 039 695
Changes in net assets		
Deficit resulting from the transfer of PCC	(844 492)	(844 492)
Net income (losses) recognised directly in net assets	(844 492)	(844 492)
Deficit for the year	(5 415 932)	(5 415 932)
Total recognised income and expenses for the year	(6 260 424)	(6 260 424)
Total changes	(6 260 424)	(6 260 424)
Balance at 31 March 2023	36 779 271	36 779 271

National Economic Development and Labour Council

Annual Financial Statements for the year ended 31 March 2023

Cash Flow Statement

Figures in Rand	Note(s)	2023	2022 Restated*
Cash flows from operating activities			
Receipts			
Grants		68 879 000	59 093 000
Interest income		2 745 669	1 385 075
Other revenue		131 688	-
Insurance proceeds		-	24 665
		71 756 357	60 502 740
Payments			
Employee costs		(35 091 245)	(28 586 708)
Suppliers		(40 934 637)	(28 308 616)
		(76 025 882)	(56 895 324)
Net cash flows from operating activities	21	(4269 525)	3 607 416
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(823 208)	(25 724)
Net increase/(decrease) in cash and cash equivalents		(5 092 733)	3 581 692
Cash and cash equivalents at the beginning of the year		29 709 272	26 127 580
Cash and cash equivalents at the end of the year	3	24 616 539	29 709 272

National Economic Development and Labour Council

Annual Financial Statements for the year ended 31 March 2023

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<i>Figures in Rand</i>						

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Other revenue	-	-	-	131 688	131 688	
Interest received	909 000	691 000	1 600 000	2 745 669	1 145 669	22.A1
Total revenue from exchange transactions	909 000	691 000	1 600 000	2 877 357	1 277 357	

Revenue from non-exchange transactions

Transfer revenue

Government grants & subsidies	58 884 000	9 985 000	68 869 000	68 879 000	10 000	
Donor Funding	-	2 568 000	2 568 000	-	(2 568 000)	22.A2
Revenue from service in kind	-	-	-	3 047 444	3 047 444	22.A3
Surplus fund retention	-	25 631 000	25 631 000	-	(25 631 000)	22.A4
Total revenue from non-exchange transactions	58 884 000	38 184 000	97 068 000	71 926 444	(25 141 556)	
Total revenue	59 793 000	38 875 000	98 668 000	74 803 801	(23 864 199)	

Expenditure

Employee related costs	(32 400 000)	(5 147 000)	(37 547 000)	(35 590 714)	1 956 286	22.A5
Depreciation and amortisation	-	-	-	(1 172 771)	(1 172 771)	22.A6
Lease rentals on operating lease	-	-	-	(174 230)	(174 230)	
Bad debts written off	-	-	-	(15 275)	(15 275)	
Miscellaneous Expenses	(27 393 000)	(21 728 000)	(49 121 000)	(31 266 743)	17 854 257	22.A7
Special Project	-	(12 000 000)	(12 000 000)	(12 000 000)	-	
Total expenditure	(59 793 000)	(38 875 000)	(98 668 000)	(80 219 733)	18 448 267	
Surplus / (Shortfall)	-	-	-	(5 415 932)	(5 415 932)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	(5 415 932)	(5 415 932)	

National Economic Development and Labour Council

Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

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.

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

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

Receivables from exchange transactions

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 entity reviews and tests the carrying value of non-cash assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, the remaining service potential of the asset is determined. The most appropriate approach selected to determine the remaining service potential is dependent on the availability of data and the nature of the impairment.

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 own claim or to waive the claim.

Depreciation and Amortisation

Property, plant and equipment and intangible assets are carried at cost less accumulated depreciation and amortisation and any impairment losses. Property, plant and equipment and

intangible assets are depreciated and amortised on the straight-line basis over their expected useful lives to their estimated residual value.

Other significant judgements, sources of estimation uncertainty and/or related information, have been disclosed in the related notes.

1.4 Property, plant and equipment

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, it's deemed cost is the carrying amount of the asset(s) given up.

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

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 are depreciated on the straight-line basis over their expected useful lives to their estimated residual value (with exception to Land).

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

Item	Depreciation method	Useful life period
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 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. Depreciation is calculated on a monthly basis.

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	Useful life period
Computer software, other	Straight-line	1 - 10 Years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised.

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.

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.

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

Cash and Cash Equivalent
Trade and Other Receivables

Category

Financial asset measured at amortised cost
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 are subject to an impairment review.

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 :

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.

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. A lease is classified as an operating lease if it does not transfer 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. Nedlac leases photocopier machines which are classified as operating leases, the risks and rewards incidental to the ownership does not transfer to the entity.

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 Classification of cash and non-cash generating assets

An entity determines the designation on initial recognition, based on the objective of using the asset (i.e. whether it is used to generate a commercial return for the entity). When it is not clear if the objective to use an asset is to generate commercial return, it is designated as non-cash-generating (to deliver services). A redesignation occurs only when there is clear evidence that such redesignation is appropriate.

An entity recognise impairment immediately in surplus / deficit unless the asset is carried at revalued amount, which is regarded as a revaluation increase/decrease. Adjust the depreciation / amortisation based on revised carrying amount.

1.9 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 as an expense in the statement of financial performance in the period in which the service is rendered and are not discounted.

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

The 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.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.10 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

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

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

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 .

Contingent assets and contingent liabilities are not recognised.

1.11 Commitments

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

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:

- 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.

1.12 Revenue from exchange transactions

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

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

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

Measurement

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

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 for financial instruments.

1.13 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 comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

Measurement

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

Transfers from other government entities

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.

Services in-kind

Except for financial guarantee contracts, the entity recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the entity's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the entity disclose the nature and type of services in-kind received during the reporting period.

1.14 Comparative figures

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

1.15 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.

1.16 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 instruction no. 2 of 2019/2020 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 17 May 2019):

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.

1.17 Budget information

Entity are 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 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 01 April 2022 to 31 March 2023.

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.

1.18 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 those family members who may be expected to influence, or be influenced by that person 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.

A related party transactions or balances outstanding are disclosed in the notes of the financial statements when transfer of resources, services, or obligations between the NEDLAC and a related party has occurred.

Key management comprises those persons responsible for planning, directing, and controlling the activities of the entity, including those charged with the governance of the entity and are regarded as related parties.

1.19 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.

1.20 Tax

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

1.21 Transfer of function between entities under common control Initial recognition and measurement

The difference between the carrying amounts of the assets acquired, the liabilities assumed shall be recognised in accumulated surplus or deficit on the date of transfer.

Subsequent measurements after the date of transfer

The revenue and expenditure incurred subsequent to the transfer was recognised in the statement of financial performance.

2. New Standards and Interpretations / Amendments and Improvements

2.1 Standards and interpretations not yet effective or relevant

The entity has not early adopted or applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on 1 April 2023 or later periods, but that are not relevant to its operations:

Standard / Interpretation:	Effective Date: Years beginning on or after	Expected Impact:
GRAP 25 (as revised): Employee Benefits	No effective date as yet	Unlikely there will be a material impact

Standard / Interpretation:	Effective Date: Years beginning on or after	Expected Impact:
iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction.	No effective date as yet	Unlikely there will be a material impact
Guideline on the Application of Materiality to Financial Statements.	No effective date as yet	Unlikely there will be a material impact
GRAP 104 (as revised): Financial Instruments	1 April 2025	Unlikely there will be a material impact
iGRAP 21: The effect of Past Decisions on Materiality	1 April 2023	Unlikely there will be a material impact
GRAP 2020: Improvements to the standards of GRAP - Developed 2020	1 April 2023	Unlikely there will be a material impact
GRAP 1 (amended): Presentation of Financial Statements	1 April 2023	Unlikely there will be a material impact

3. Cash and cash equivalents

Figures in Rand	2023	2022 Restated*
Cash and cash equivalents consist of:		
Bank balances	7 303 220	29 709 272
Short-term deposits with the Corporation for Public Deposits	17 313 319	-
	24 616 539	29 709 272

No cash and cash equivalent were pledged as security.

The surplus funds are deposited in line with Treasury regulations 31.3.3 in the Corporate for deposits of public service account.

4. Receivables from exchange transactions

Figures in Rand	2023	2022 Restated*
Trade receivables	806 980	97 790
Provision for bad debt impairment	-	(43 419)
Prepaid expenses	399 577	179 440
Other receivables	102 472	17 292
	1 309 029	251 103
Financial asset receivables included in receivables from exchange transactions above	1 309 029	251 103

Figures in Rand	2023	2022 Restated*
Total receivables from exchange transactions	1 309 029	251 103

Receivables Age Analysis

31 March 2023	180 days	120 Days	90 Days	60 Days	30 Days	Current	Balance
Trade receivables	R10 340	R13 825	-	-	-	R782 815	R806 980
Other receivables	R4 295	-	-	-	-	R98 177	R102 472

31 March 2022	180 days	120 Days	90 Days	60 Days	30 Days	Current	Balance
Trade receivables	R65 810	-	-	-	-	R31 980	R97 790
Other receivables	R4 295	-	-	-	-	R12 997	R17 292

Pledgers and security

No receivables were pledged as security.

Trade and other receivables past due but not impaired

Trade and other receivables which are more than 30 days outstanding are considered to be past due. At 31 March 2023: R28 660, (2022: R70 105) were past due but not impaired.

No impairment was made as trade receivables included amount owed by staff and amount receivable from SARS.

Payment arrangements have been made for all amounts owed by staff. Upon termination of employment the full amount can be recovered.

The SARS amount owing is in relation to an incorrect deduction made by SARS which will be netted off against future employee tax submissions..

Trade and other receivables impaired

As of 31 March 2023, trade and other receivables of R15 275 (2022: Rnil) were impaired and derecognised.

The amount of the expected credit loss provided for was Rnil as of 31 March 2023 (2022: R43 419), an amount of R28 144 was a reversal of provision that was recovered for the period ended 31 March 2023.

5. Property, plant and equipment

Figures in Rand	2023			2022		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Land	1 500 000	-	1 500 000	1 500 000	-	1 500 000
Buildings	21 707 233	(9 949 017)	11 758 216	21 707 233	(9 376 952)	12 330 281
Furniture and fixtures	3 561 915	(2 567 847)	994 068	3 613 228	(2 552 271)	1 060 957
Motor vehicles	587 831	(380 403)	207 428	587 831	(350 713)	237 118
Office equipment	1 596 137	(1 017 541)	578 596	1 552 025	(945 830)	606 195
IT equipment	2 636 208	(1 300 876)	1 335 332	1 838 421	(920 488)	917 933
Total	31 589 324	(15 215 684)	16 373 640	30 798 738	(14 146 254)	16 652 484

Reconciliation of property, plant and equipment - 2023

Figures in Rand	Opening balance	Additions	Disposals	Depreciation	Total
Land	1 500 000	-	-	-	1 500 000
Buildings	12 330 281	-	-	(572 065)	11 758 216
Furniture and fixtures	1 060 957	5 121	-	(72 010)	994 068
Motor vehicles	237 118	-	-	(29 690)	207 428
Office equipment	606 195	44 112	-	(71 711)	578 596
IT equipment	917 933	797 787	-	(380 388)	1 335 332
	16 652 484	847 020	-	(1 125 864)	16 373 640

Reconciliation of property, plant and equipment - 2022

Figures in Rand	Opening balance	Additions	Disposals	Depreciation	Total
Land	1 500 000	-	-	-	1 500 000
Buildings	13 136 808	-	-	(806 527)	12 330 281
Furniture and fixtures	1 217 031	-	-	(156 074)	1 060 957
Motor vehicles	276 273	-	-	(39 155)	237 118
Office equipment	662 798	25 724	-	(82 327)	606 195
IT equipment	1 169 224	65 967	(19 892)	(297 366)	917 933
	17 962 134	91 691	(19 892)	(1 381 449)	16 652 484

No Property, Plant and Equipment was pledged as security.

6. Intangible assets

Figures in Rand	2023			2022		
	Cost	Accumulat- ed depre- ciation and accumulat- ed impair- ment	Carrying value	Cost	Accumulat- ed depre- ciation and accumulat- ed impair- ment	Carrying value
Computer software, other	1 344 116	(1 140 501)	203 615	2 237 816	(1 987 295)	250 521

Reconciliation of intangible assets - 2023

Figures in Rand	Opening balance	Disposals	Amortisa- tion	Total
Computer software, other	250 521	-	(46 906)	203 615

Reconciliation of intangible assets - 2022

Figures in Rand	Opening balance	Disposals	Amortisa- tion	Total
Computer software, other	320 597	-	(70 076)	250 521

No Intangibles assets were pledged as security

7. Payables from exchange transactions

Figures in Rand	2023	2022 Restated*
Trade payables	3 397 842	1 406 444
Payroll accruals	-	229 503
Leave accrual	1 380 513	1 144 553
Accrued expenses	670 781	1 168 938
	5 449 136	3 949 438

8. Provisions

Reconciliation of provisions - 2023

Figures in Rand	Opening balance	Utilised during the year	Increased during the year	Total
Provision - Bonus	200 000	(200 000)	274 414	274 414

Reconciliation of provisions - 2022

Figures in Rand	Opening balance	Utilised during the year	Increased during the year	Total
Provision - Bonus	83 865	(200 000)	316 135	200 000

The provision relates to bonus payments expected to be made to Nedlac staff that qualify in terms of the performance management policy.

The timing and payment of this bonus is subject to approval by the Nedlac Management Committee.

9. Accumulated Surplus

Figures in Rand	2023	2022 Restated*
Accumulated surplus	36 779 273	42 388 188

10. Interest Received

Figures in Rand	2023	2022 Restated*
Interest revenue		
Interest received - cash balances	2 745 669	1 385 075

The amount included in interest received arising from exchange transactions amounted to R2 745 669.

11. Transfers from other government entities

Figures in Rand	2023	2022 Restated*
Operating Grants		
Transfers received from Department of Employment and Labour	68 879 000	59 093 000

12. Service in kind

Figures in Rand	2023	2022 Restated*
Service in kind	3 047 444	-

The service in kind revenue relates to expenditure disbursed on behalf of the Presidential Climate Commission (PCC) by the African Climate Foundation from the period 1 October 2022 to 31 March 2023 for PCC related projects and operational activities. The total of R3 047 444 has been recognised as revenue and expenditure respectively under the following expense line items:

Employee related costs	189 095
Professional Fees	721 602
Conferences and seminars	756 805
Telephone and Fax	172 138
Travel Local	134 827
IT Expenses	186 147
Hosting Administration fees	879 337
Printing and Stationery	7 493
Total	3 047 444

13. Revenue

Figures in Rand	2023	2022 Restated*
Other revenue	131 688	30 866
Interest received	2 745 669	1 385 075
Transfers from other government entities	68 879 000	59 093 000
Service in kind	3 047 444	-
	74 803 801	60 508 941

The amount included in revenue arising from exchanges of goods or services are as follows:

Other revenue	131 688	30 866
Interest received	2 745 669	1 385 075
	2 877 357	1 415 941

The amount included in revenue arising from non-exchange transactions is as follows:

Transfers from other government entities	68 879 000	59 093 000
Services in kind	3 047 444	-
	71 926 444	59 093 000

14. Depreciation and amortisation expenses

Figures in Rand	2023	2022 Restated*
Buildings	572 065	806 527
Furniture and fixtures	72 010	156 074
Motor vehicles	29 690	39 155
Office equipment	71 711	82 327
IT equipment	380 388	297 366
Intangible assets	46 907	70 075
	1 172 771	1 451 524

15. Impairment of assets

Figures in Rand	2023	2022 Restated*
Impairments		
Trade and other receivables	15 275	-

In the prior year a provision for bad debts amounting to R43 419 was raised. In the current year Nedlac recovered a full amount of R28 144 from one of its debtors. The remaining debts of R15 275 was derecognised.

16. Lease rentals on operating lease

Figures in Rand	2023	2022 Restated*
Equipment		
Contractual amounts	174 230	167 755

17. Miscellaneous

Figures in Rand	2023	2022 Restated*
Advertising	850 149	425 580
ARC remuneration	53 512	-
Auditors remuneration	2 649 018	1 182 052
Bank charges	17 386	23 553
Catering	151 405	49 115
Cleaning	37 242	9 706
Hosting administration fees	879 337	-
Conferences and seminars	2 120 661	525 212
Consulting and professional fees	10 113 192	7 385 866
Commissioners Remuneration	672 452	-
Electricity	634 869	603 046
IT expenses	509 254	550 321
Licence fees	350 421	246 481
Insurance	149 170	124 062
Levies	18 840	21 799
Postage and courier	10 762	8 037
Printing and stationery	315 741	59 696
Petty cash written off	-	1 493
Recruitment fees	44 160	29 394
Repairs and maintenance	927 503	511 169
Security expenses	353 737	195 598
Staff welfare	2 063	1 430
Stipend allowance	-	110 000
Study grants	218 655	399 746
Subscription fees	199 063	164 020
Telephone and fax	1 531 574	1 695 846
Training	1 435 375	807 209
Travel - local	5 699 905	2 534 355
Travel - overseas	1 321 297	-
	31 266 743	17 664 786

18. Employee related costs

Figures in Rand	2023	2022 Restated*
Basic	32 849 742	26 192 650
Bonus	309 873	321 919
UIF	86 128	68 117
WCA	79 960	113 380
SDL	298 146	221 850
Group life insurance	230 243	191 970
Leave pay provision charge	387 843	246 526
Medical aid	1 285 018	1 172 457
13th Cheques	63 761	58 839
	35 590 714	28 587 708

19. Special projects expenditure

Figures in Rand	2023	2022 Restated*
Special projects expenditure - CCMA	12 000 000	8 000 000

The special project relates to the CCMA/Nedlac collaboration project. An amount R12 million was expensed.

20. Auditors' remuneration

Figures in Rand	2023	2022 Restated*
External audit	2 361 498	930 059
Internal Audit	287 520	251 993
	2 649 018	1 182 052

21. Cash (used in) generated from operations

Figures in Rand	2023	2022 Restated*
(Deficit) surplus	(5 415 932)	4 573 857
Adjustments for:		
Depreciation and amortisation	1 172 771	1 451 524
Loss on disposal of assets	-	19 892
Reversal of provision for impairment loss	(15 275)	-
Debt impairment	15 275	-
Purchase of assets	-	(65 967)
Movements in provisions	74 414	116 135
Leave pay accrual charge	235 960	246 526
Service in kind revenue	(3 047 444)	-
Service in kind expenditure	3 047 444	-
Changes in working capital:		
Receivables from exchange transactions	(837 789)	85 146
Deficit on transfer of PCC	(868 304)	-
Prepayments	(220 137)	(179 440)
Payables from exchange transactions	1 589 492	(2 640 257)
	(4 269 525)	3 607 416

22. Budget differences

Material differences between budget and actual amounts

A1 Interest Received

Interest received was higher than budgeted due to the additional interest earned on cash reserves. The large retained surplus of R25.631 million significantly contributed towards the increased cash balance as well as the lower level of spending as compared to the revised budget.

A2 Donor Funding

No drawdown was required of the amount of donor funding that was budgeted for in relation to PCC projects.

A3 Revenue from Service in kind

The service in kind revenue relates to expenditure disbursed on behalf of the Presidential Climate Commission (PCC) by the African Climate Foundation for PCC related projects and operational

activities. These were not budgeted for.

A4 Surplus fund retention

The Nedlac applied for retention of its surplus funds from prior financial year, the application was granted by National Treasury and surplus funds of R25.631 million was retained and included in the revised budget.

A5 Employee related costs

There is a saving of R1.956 million due to vacant posts. Although some positions have been filled during the financial year, there are still key vacant posts.

A6 Depreciation and Amortisation

This is a non-cash item which was not taken into consideration when budgeting for the 2022/23 financial year.

A7 Miscellaneous expenses

There is a significant underspend on the good and services budget. This was exacerbated due the request to retain the surplus funds of R25.631 million from the prior year which was approved in October 2022 and the revised budget that was subsequently approved. The amount of time that was available to spend the increased budget was limited. Further not all planned consulting projects were initiated which also contributed to the underspending. There was also a material underspend on the capacity building budget for the year under review.

23. Commitments

* Restatement

From 1 April 2022 the commitments disclosure only included unrecognised capital contractual obligations and does not include unrecognised operational commitments as required from GRAP.

The correction was made retrospectively and the correction resulted in the exclusion of unrecognised operational commitments with a total value of R10 496 201 for the period ending 31 March 2022.

Figures in Rand	2023	2022 Restated*
Operating Lease		
Minimum lease payments due		
- within one year	44 080	176 347
- in second to fifth year inclusive	12 826	54 789
	56 906	231 136

Nedlac rented photocopier machines by entering lease agreements of 36 months. Total contract value amounts to R529 040. There is no escalation clause relating to these lease contracts.

24. Financial instruments disclosure

Figures in Rand	At amortised cost	Total
Categories of financial instruments		
2023		
Financial assets		
Receivables from exchange transactions	909 452	909 452
Cash and cash equivalents	24 616 539	24 616 539
	25 525 991	25 525 991
Financial liabilities		
Payables from exchange transactions	4 394 377	4 394 377
2022		
Financial assets		
Receivables from exchange transactions	71 663	71 663
Cash and cash equivalents	29 709 272	29 709 272
	29 780 935	29 780 935
Financial liabilities		
Payables from exchange transactions	2 804 890	2 804 890

25. 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 2023 the cash surplus was calculated as follows:

Components	Amount
Cash and cash equivalent	R24 616 539
Add: Receivables	R1 309 029
Less: Current Liabilities	R6 049 304
Surplus (Deficit) as of 31 March 2023	R19 876 264

Other Contingent liabilities

The former Nedlac employee, Ms Lithebe, has challenged her dismissal through the CCMA. 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 R632 386 would be owing if Ms Lithebe is reinstated.

The former executive director, Mr Vilakazi, has challenged his dismissal through the Labour Court. Labour Court declined his application, he subsequently applied for leave to appeal the decision. The application for leave to appeal was also dismissed by the Labour Court. He has not petitioned the Labour Appeal Court (LAC) directly, which indicates implicitly that he does not intend to challenge this matter further. However, and in so far as he petitions the LAC directly, Management's assessment after discussion with its lawyers is that Nedlac's merits to win the case are strong based on factual evidence. In any event, Mr Vilakazi would have to bring a condonation application together with the petition. Since the application for leave to appeal was dismissed in April 2022, Mr Vilakazi would have to account for a delay of almost one year. In the unlikely event that the LAC grants him access to that court, belatedly, and decides the appeal in his favour, an estimated amount of backpay of up to R5 940 000 would be owing if Mr Vilakazi is reinstated.

The former Chief Financial Officer, Mr Daza, challenged his dismissal in the CCMA. The Commissioner found that Mr Daza's dismissal was substantively fair, but procedurally unfair. The CCMA awarded Mr Daza five month's remuneration as compensation for the procedural unfairness of his dismissal. He has launched an application to review the award. NEDLAC has delivered opposing papers in the review. Mr Daza has not filed any replying papers in response, and has not taken any steps to set the matter down for hearing in 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 R3 551 100 would be owing if Mr Daza is reinstated. In either event, Mr Daza would be entitled to the five months' remuneration ordered by the CCMA.

26. Going concern

We draw attention to the fact that at 31 March 2023, the entity had an accumulated surplus of R36 779 273 and that the entity's total assets exceed its liabilities by R36 779 273.

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.

27. Related parties

Relationships

Parent Department	Department of Employment and Labour
Entities under common control	Commission for Conciliation, Mediation and Arbitration
	Compensation Fund
	Productivity South Africa
	Unemployment Insurance Fund
	Supported Employment Enterprises
Non-profit entity with the ED as a common director	Proudly South African
Members of key management	L Seftel
	N Sibisi
	F Shamsodeen
	M Molete
	C Olver
	T Khumalo
	D Nxumalo
	Nedlac Executive Council
	Presidential Climate
	Commission (PCC) Commissioners

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. 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.

Figures in Rand	2023	2022 Restated*
Related party transactions		
Transfers from other government entities		
Department of Employment and Labour	68 879 000	59 093 000
Special Project Expense		
Commission for Conciliation, Mediation and Arbitration	12 000 000	8 000 000
Remuneration of PCC Commissioners		
Enos Mbodi	97 194	-
Ayakha Melithafa	32 946	-
Makoma Lekalakala	63 385	-
Shamini Harrington	46 665	-
Jacques Hugo	52 771	-
Mac Chavalala	30 917	-

Figures in Rand	2023	2022 Restated*
Melissa Fourie	60 280	-
Tsakani Nkambule	37 248	-
Louise Naude	79 309	-
Lebogang Mulaisi	51 369	-
Joanne Yawitch	80 313	-
Janse Rabie	24 432	-
Mbali Baduza	15 624	-
	672 452	-
Compensation to members of Accounting Authority		
Puleng Herman Tsebe	-	1 200
Lawrence Bale	44 668	49 212
Conti Matlakala	2 424	3 600
Thulani Tshefuta	-	124 413
Tebello Radebe	-	16 500
Thembinkosi Josopu	5 559	26 008
Laura Kganyago	-	22 600
Mbusi Nzimande	3 244	20 887
Tumelo Zwane	11 930	10 800
Godfrey Matsela Selematsela	3 909	5 037
Lucas Qakaza	2 533	-
Daluxolo Ntsinde	-	10 500
Nhlanhla Ndlovu	-	18 000
Ntobeko Melvin Gotyana	-	3 017
Riefdah Ajam	-	788
Narius Moloto	-	594
	74 267	313 156

Remuneration of management

Management class: Executive management

2023

Name	Basic salary	Bonuses and performance related payments	Leave Payout	Acting Allowance	Employer and Employee contribution to Pension/medical Fund/e.t.c.	Total
L. Seftel - Executive Director	1 981 862	22 729	-	-	418 763	2 423 354
F. Shamsodeen - Chief Financial Officer	1 678 754	19 253	-	-	360 690	2 058 697
N. Sibisi - Executive Manager	1 307 330	14 993	-	-	289 530	1 611 853
M. Molete - Senior Manager Corporate Services	903 892	-	-	-	212 235	1 116 127
C. Olver - Executive Director PCC (From 01 November 2022)	895 833	-	-	-	-	895 833
T. Khumalo - Chief Operating Officer PCC (From 01 November 2022)	545 181	-	72 681	-	-	617 862
D. Nxumalo - Acting Chief Operating Officer PCC (From 15 February 2023)	89 432	-	-	99 479	-	188 911
	7 402 284	56 975	72 681	99 479	1 281 218	8 912 637

2022

Name	Basic salary	Bonuses and performance related payments	Employer and Employee contribution to Pension/medical Fund/e.t.c.	Total
L. Seftel - Executive Director	1 798 260	31 462	530 521	2 360 243
F. Shamsodeen - Chief Financial Officer	1 523 232	-	454 888	1 978 120
N. Sibisi - Executive Manager	1 186 217	-	370 639	1 556 856
M. Molete - Senior Manager Corporate Services (Appointed 07 February 2022)	118 809	-	36 825	155 634
	4 626 518	31 462	1 392 873	6 050 853

28. Fruitless and wasteful expenditure

Figures in Rand	2023	2022 Restated*
Fruitless and wasteful expenditure identified in the year	-	31 716

Fruitless and wasteful expenditure incurred the prior year amounted to R31 716. The expenditure relates to performance bonus payments (R22 371) that were paid to a few staff members that did not qualify for the bonus based on the Nedlac performance management policy and R9 345 in relation to interest incurred on late payments to a service provider. There are no reported Fruitless and Wasteful expenditure reported for current year (2023).

29. Prior-year adjustments

To comply with GRAP 3, adjustments to correct the prior period errors were effected to 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:

Figures in Rand	Note	As previously reported	Correction of error	Restated
Statement of financial position				
2022				
Computer Software, other	N1	2 663 738	(425 921)	2 237 817
Accumulated amortisation and accumulated impairment	N1	(2 233 776)	246 481	(1 987 295)
Prepaid expenses	N1	-	179 440	179 440
		429 962	-	429 962
Statement of financial performance				
2022				
Licence fees	N1	-	246 481	246 481
Amortisation of Softwares	N1	316 557	(246 481)	70 076
Surplus for the year		316 557	-	316 557

Figures in Rand	Note	As previously reported	Correction of error	Restated
Cash flow statement				
2022				
Cash flow from operating activities	N1	27 882 694	425 922	28 308 616
Payments to Suppliers				
Cash flow from investing activities	N1	425 922	(425 922)	-
Intangible assets				

The following prior period errors adjustments occurred

N1 - Softwares amounting R425 921 purchased in the prior year were incorrectly capitalised as intangible assets instead of being recognised as Prepaid expense and allocated to Licence fees on a monthly basis until the full amount is recognised as Licence fees.

30. Risk management

Financial risk management

The entity's activities expose it 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 risk 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, aim to develop a disciplined and constructive environment in which all employees understand their roles and obligations.

Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
As at 31 March 2023				
Operating Lease Liability	44 080	12 826		
Payables from exchange transactions	5 449 136			

As at 31 March 2022

Operating Lease Liability	176 347	54 789		
Payables from exchange transactions	3 949 438			

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. Receivable balances are monitored on an ongoing basis with the result that the exposure to bad debts is not significant. As of 31 March 2023, trade and other receivables of R15 275 (2022: R 43 419) were impaired and provided for. 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:

Figures in Rand	2023	2022
Financial instruments		
Cash and cash equivalent	24 616 539	29 709 272
Receivables from exchange transactions	909 452	71 663

Market risk

Nedlac's exposure to interest risk is managed by investing on a short term basis with 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 CPD account.

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

31. Presidential Climate Commission

The Memorandum of Agreement (MoA) between The Department of Forestry, Fisheries and The Environment (DFFE) and The Department of Employment and Labour (DEL) and The Department of Planning, Monitoring And Evaluation on transfer of the secretariat and its associated responsibilities towards The Presidential Climate Commission to the National Economic Development and Labour Council (NEDLAC) is effective from the last signature date on the MOA which was 22 August 2022 and remains in force until PCC is established as a creature of statute with its own legal character and financial management ability.

The Presidential Climate Commission (PCC) joined NEDLAC on 1 October 2022 as a programme (Programme 4) as the MoA between the above parties.

The function transferred relates to the PCC overseeing and facilitating a just and equitable transition towards a low emission and climate resilient economy. This was done to allow time until the PCC is established as a creature of statute with its own legal character and financial management capability.

This had an impact on the budget and related expenditure and thus the budget was revised to accommodate the program.

Initial measurements of the transfer of function

	Note reference	Carrying Amounts
Line item affected in the statement of financial position		
IT equipment	5	R5 394
Office equipment	5	R18 418
Accrued remuneration of PCC Commissioners	7	R-868 304
Deficit on the transfer of PCC	9	R-844 492

Revenue and expenditure incurred after the date of transfer of PCC

	Note reference	Carrying Amounts
Revenue		
Transfers from other governmental entities	11	R9 995 000
Services in kind	12	R3 047 444
Total Revenue		R13 042 444
	Note reference	Carrying Amounts
Expenditure		
Depreciation and amortisation	14	R2 215

Miscellaneous expenses	17	R10 055 154
Employee related costs	18	R5 822 103
Total expenditure		R15 879 472

32. Irregular expenditure

Figures in Rand	2023	2022 Restated*
Irregular Expenditure identified in the current year	230 243	194 732
Details of irregular expenditure - current year		
Appointment of service providers was not according to SCM regulations	230 243	
Group life cover		

Condonation

Nedlac applied for condonation of various prior year irregular expenditure amounting to R244 537. The approval for an amount of R223 966 was received on 5th of April 2023, however the remaining amount of R20 571 was not approved.

33. Events After reporting date

There was no events after reporting that were noted requiring disclosure.

34. Date of Authorisation

The annual financial statements were authorised by EXCO on 28 July 2023.



ADDRESS

14A JELlicOE AVENUE
ROSEBANK
2196

POSTAL ADDRESS

PO BOX 1775
SAXONWOLD
2132

CONTACT NUMBER

011 328 4200

E-MAIL

INFO@NEDLAC.ORG.ZA

WWW.NEDLAC.ORG.ZA