

PORTFOLIO COMMITTEE ON EMPLOYMENT AND LABOUR

The Portfolio Committee on Employment and Labour convened to receive a report progress on the implementation of remedial actions arising from the Auditor-General of South Africa's (AGSA) findings for the 2024/25 financial year. The meeting provided Members with an opportunity to assess the Department of Employment and Labour and its entities' readiness to address long-standing audit deficiencies, strengthen governance systems and improve financial accountability across the portfolio.

Minister raises alarm over rising unemployment and reaffirms commitment to governance reforms

Opening the engagement, Minister of Employment and Labour, Nomakhosazana Meth, contextualised the Committee meeting against the backdrop of South Africa's worsening unemployment crisis following the release of the latest Quarterly Labour Force Survey (QLFS) by Statistics South Africa.

The Minister reported that the official unemployment rate had increased by 1.3 percentage points to 32.7% in the first quarter of 2026, up from 31.4% recorded in the previous quarter. She noted that the country experienced significant job losses in community and social services, construction, transport and private households, while employment gains were recorded in manufacturing, mining and agriculture.



Minister of Employment and Labour: Nomakhosana Meth



The Minister further indicated that the number of employed persons declined by 345 000 during the quarter, reducing total employment to 16.8 million people, while the number of unemployed persons increased by 301 000.

Particular concern was raised regarding the country's youth unemployment crisis, with the youth unemployment rate climbing to 45.8%. The Minister stressed that individuals with lower educational attainment remain the most vulnerable in the labour market, adding that while tertiary qualifications offer some protection, the relevance and quality of skills remain critical.

Describing unemployment in South Africa as "systemic, structural and deep-seated," the Minister said government continues to intensify interventions aimed at combating joblessness. "We also know all the efforts that government is involved in to ensure that we are up to the task in the fight against unemployment. When the labour market is not absorptive, we come up with Public Employment Programmes (PEPs)," said the Minister. She further emphasised the need for improved coordination across public employment initiatives to ensure greater impact and measurable outcomes.

The Minister also reflected on South Africa's growing engagement on the future of work through regional and international labour platforms. She informed Members that the African Regional Labour Administration Centre (ARLAC), currently chaired by South Africa for a two-year term, recently convened a high-level bilateral dialogue on the future of work on 7 and 8 May 2026. Central to the discussions was the rapid growth of the platform economy and its implications for labour markets, worker protections and decent work standards.

Highlighting the transformation brought about by digital technologies and platform-based business models, the Minister referenced the emergence of global platform companies such as Amazon, Google, Airbnb and Uber, noting that these developments continue to reshape how goods and services are produced and exchanged globally.

She further advised the Committee that South Africa would participate in the upcoming 114th Session of the International Labour Conference in Geneva next month, where discussions would focus on decent work in the platform economy and advancing gender equality in the world of work.

The Minister stressed the importance of partnerships and collective action in addressing labour market challenges, remarking that while there is urgency to move faster in addressing unemployment, sustainable progress would require collaboration with regional structures such as SADC and other like-minded partners.

Turning to governance matters, Minister Meth said the Department and its entities appeared before the Portfolio Committee to account on progress made in implementing audit action plans and strengthening governance systems following findings raised by the Auditor-General South of Africa (AGSA). She acknowledged AGSA's concerns that audit action plans are often treated merely as compliance exercises rather than practical instruments to address weaknesses and improve institutional performance.



Now more than ever, we believe, "if you want to walk fast, walk alone, but if you want to walk far walk together." As much as we want to walk fast, but we certainly do not want to walk alone, because we want to walk far, therefore we choose to walk together through ARLAC, SADC and other like-minded partners. Minister Meth



The Minister noted that the Department of Employment and Labour, the UIF, Compensation Fund, and SEE had collectively developed remedial interventions to address audit findings and improve accountability mechanisms. She acknowledged that ICT-related findings remained among the Department's biggest challenges, stating that these weaknesses not only affected audit outcomes but also negatively impacted service delivery performance.

Among the progress highlighted by the Minister was the approval of the Department's macro organisational structure on 27 March 2026, which has since been submitted to the Department of Public Service and Administration (DPSA) for concurrence before implementation.

Addressing AGSA's material irregularities relating to payments for unused or underutilised software licences within the Department, UIF and Compensation Fund, the Minister said the Department had already undertaken a review of current and future SAP licence requirements. She stated that several licences have since been terminated or reduced following the analysis.

On the SAP Diphetogo Project, the Minister indicated that a review of the implementation plan had been conducted and the contract extended at no additional cost to ensure all deliverables are achieved. She added that project plans had been agreed upon with business units, with remaining processes focusing on final project charter approval and conclusion of implementation.

The Minister further outlined measures underway to address cybersecurity weaknesses identified by AGSA, including the appointment of the Council for Scientific and Industrial Research (CSIR) to implement cybersecurity controls and the planned procurement of a full network refresh. She noted that some of the identified vulnerabilities were linked to legacy systems which are expected to be phased out through the ongoing modernisation programme.

Additional interventions include efforts to improve network availability, expand employer participation on the ESSA system, retire legacy systems and strengthen programme change management processes.

Concluding her remarks, the Minister reaffirmed the Department's commitment to clean governance, ethical leadership and improved audit outcomes. Minister said the Department and its entities were implementing decisive corrective measures over the next 12 months, with the objective of achieving unqualified audit outcomes supported by stronger risk management systems and improved institutional performance.

Department and Entities outline progress on audit action plans and governance reforms

Following the Minister's opening remarks, the Department of Employment and Labour and its entities provided the Portfolio Committee with progress reports on the implementation of their respective audit action plans aimed at addressing findings raised by the Auditor-General South Africa (AGSA) during the 2024/25 financial year.

The Department reported that out of 58 audit findings identified during the reporting period, 38 had been resolved while 20 remained in progress as at 31 March 2026. Presentations focused largely on strengthening governance systems, improving internal controls and accelerating corrective measures in areas that continue to affect audit outcomes. Key areas receiving attention include supply chain management, consequence management, asset management, ICT governance and financial reporting processes. The Department further indicated that continuous engagements with AGSA, together with enhanced monitoring mechanisms, were being implemented to ensure that outstanding findings are resolved ahead of the next audit cycle.

The Unemployment Insurance Fund (UIF) informed Members that significant progress had been made in implementing corrective actions arising from AGSA findings. UIF reported that 61 out of 72 audit findings had been resolved, representing an 85% implementation rate, while the remaining findings were still being addressed. The Fund highlighted improvements in monthly reconciliations, strengthened internal control systems, improved oversight mechanisms and enhanced verification processes for performance information. However, UIF acknowledged that challenges remain in areas such as investment controls, supply chain compliance and performance information reliability, with management indicating that focused interventions were underway to address these risks.

The Compensation Fund presentation centred on the entity's ongoing efforts to recover from its audit disclaimer status and address long-standing systemic weaknesses

The Fund reported that 86 audit actions had been identified, with 62% fully implemented, 27% in progress and 11% overdue. Officials acknowledged that historical data limitations, legacy systems and broader structural challenges continue to affect the entity's ability to fully resolve audit findings. Despite these constraints, the Fund reported progress in strengthening investment valuations, commitments and contingencies management, actuarial processes and irregular expenditure controls. The Committee also heard that fruitless and wasteful expenditure had declined substantially, while broader governance and data reconstruction interventions remained underway to stabilise the control environment and improve audit outcomes.

Supported Employment Enterprises (SEE) also briefed the Committee on progress made in implementing its audit action plan. The entity outlined interventions aimed at addressing findings relating to inventory adjustments, operating expenditure, property, plant and equipment, receivables and cash flow statements. SEE indicated that efforts were underway to improve financial reporting processes, strengthen reconciliations, enhance fixed asset management and ensure greater compliance with GRAP standards.

Chairperson calls for stronger ICT reforms, accountability and sustainable governance

In concluding the meeting, the Chairperson acknowledged the progress made by the Department and its entities in responding to AGSA findings, while stressing that significant work still remained, particularly in relation to ICT governance, consequence management and the eradication of recurring audit findings.

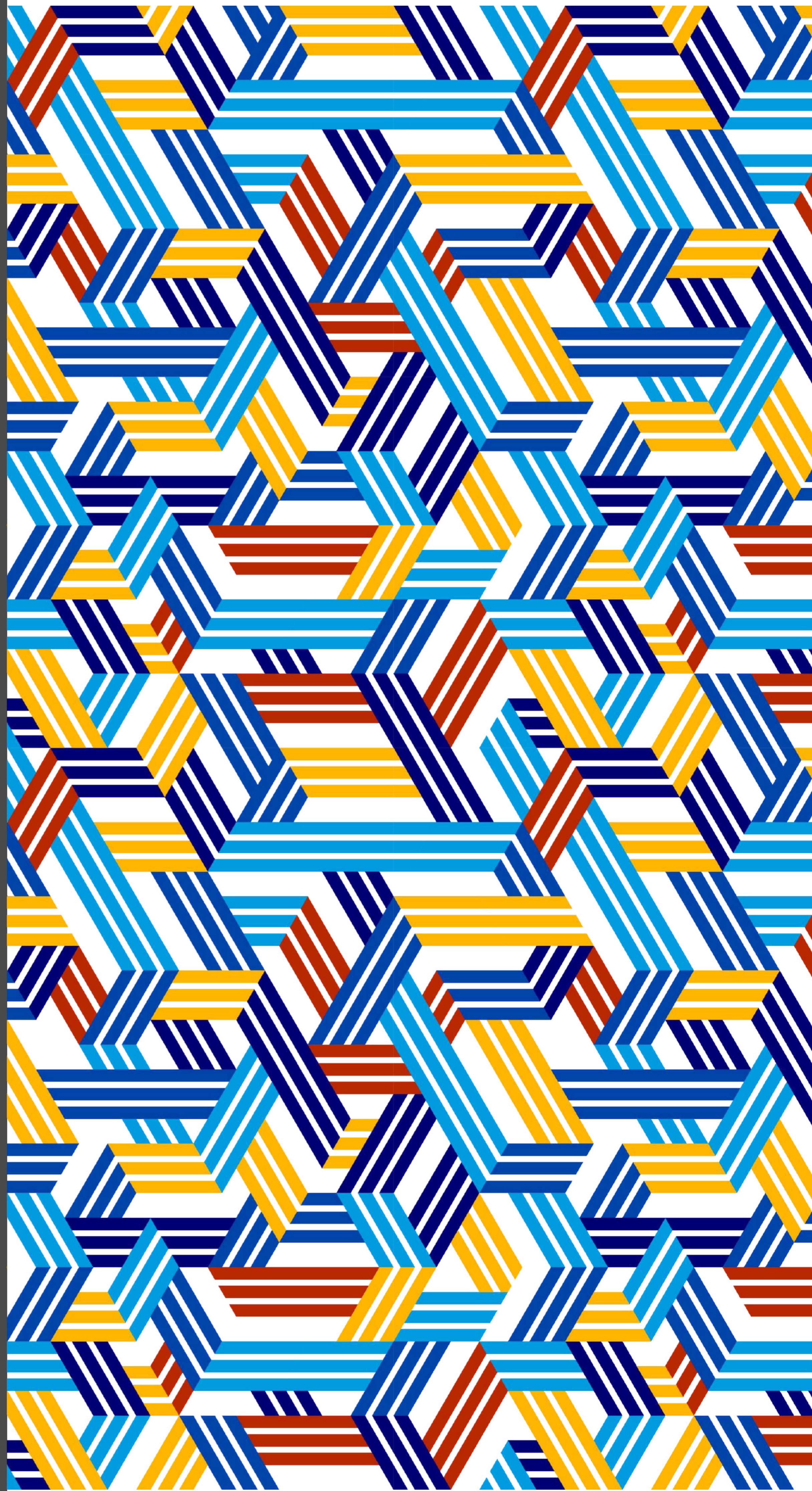
Particular emphasis was placed on strengthening institutional capacity across entities, especially within SEE and UIF, to ensure long-term sustainability beyond reliance on external service providers.

The Committee further welcomed UIF's collaboration with law enforcement agencies in addressing COVID-19 TERS-related fraud and recovering funds where possible. The Chairperson also underscored the importance of strengthening internal investment expertise within UIF and the Compensation Fund to ensure proper oversight of investments alongside engagements with the Public Investment Corporation (PIC).

Attention was also drawn to the Labour Activation Programme, with the Committee emphasising that the 200 000 opportunities targeted for unemployed graduates must be widely advertised and implemented with clearly defined milestones to ensure transparency and measurable impact in addressing unemployment.

While acknowledging progress made by the Compensation Fund in dealing with audit findings, disciplinary processes and material irregularities, the Chairperson stressed the need for the speedy implementation of all corrective measures, particularly those aimed at resolving historical disclaimers and modernising systems to prevent future recurrence.

The Committee indicated that future engagements would focus on ensuring that public funds are invested responsibly and sustainably to safeguard the long-term viability of the entities.



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