

Vote 17

Labour

	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	R1 313 977 000	R1 308 738 000	R 5 239 000	
Statutory appropriations	R5 000 000 000	R4 934 000 000	R66 000 000	
Responsible minister	Minister of Labour			
Administering department	Department of Labour			
Accounting officer	Director-General of Labour			

Aim

The aim of the Department of Labour is to play a significant role in reducing unemployment, poverty and inequality, through policies and programmes developed in consultation with role-players and aimed at: improved economic efficiency and productivity; skills development and employment creation; sound labour relations; eliminating inequality and discrimination in the workplace; and alleviating poverty in the workplace; as well as to play a significant role in enhancing employment and protecting and enhancing worker rights and benefits.

Changes to programme purposes and measurable objectives

There have been no changes to programme purposes and measurable objectives.

Adjusted Estimates of National Expenditure 2005

Table 17.1: Labour

Programme	2005/06						Adjusted appropriation
	Main appropriation	Additional appropriation				Total additional appropriation	
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
R thousand							
1.Administration	274 282	-	-	(35 602)	-	(35 602)	238 680
2.Service Delivery	539 275	-	-	31 390	-	31 390	570 665
3.Employment and Skills Development Services/ Human Resources Development	147 179	-	-	639	(5 239)	(4 600)	142 579
4.Labour Policy and Labour Market Programmes	330 814	-	-	16 999	-	16 999	347 813
5.Social Insurance	22 427	-	-	(13 426)	-	(13 426)	9 001
Subtotal	1 313 977	-	-	-	(5 239)	(5 239)	1 308 738
Direct charge on the National Revenue Fund	5 000 000	-	-	-	(66 000)	(66 000)	4 934 000
Sector Education and Training Authorities	4 000 000	-	-	-	(52 800)	(52 800)	3 947 200
National Skills Fund	1 000 000	-	-	-	(13 200)	(13 200)	986 800
Total	6 313 977	-	-	-	(71 239)	(71 239)	6 242 738

2005/06							
R thousand	Main appropriation	Additional appropriation				Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
Economic classification							
Current payments	891 039	–	–	66 541	(5 239)	61 302	952 341
Compensation of employees	512 400	–	–	(31 819)	(5 239)	(37 058)	475 342
Goods and services	378 639	–	–	98 360	–	98 360	476 999
Transfers and subsidies to:	5 350 368	–	–	(8 697)	(66 000)	(74 697)	5 275 671
Provinces and municipalities	1 476	–	–	(19)	–	(19)	1 457
Departmental agencies and accounts	5 336 214	–	–	(9 754)	(66 000)	(75 754)	5 260 460
Foreign governments and international organisations	12 152	–	–	(6 252)	–	(6 252)	5 900
Non-profit institutions	526	–	–	7 328	–	7 328	7 854
Payments for capital assets	72 570	–	–	(57 844)	–	(57 844)	14 726
Buildings and other fixed structures	67 459	–	–	(59 602)	–	(59 602)	7 857
Machinery and equipment	5 107	–	–	1 544	–	1 544	6 651
Software and other intangible assets	4	–	–	214	–	214	218
Total	6 313 977	–	–	–	(71 239)	(71 239)	6 242 738

Details of adjustments to Estimates of National Expenditure 2005

Virements

Table 17.2: Labour (Net effect of all virements)

From	R thousand	To	R thousand
Programme			
1 Administration	35 602	2 Service Delivery	R31 390
5 Social insurance	13 426	3 Employment Skills Development Services	R639
		4 Labour Policy and Labour Market Programmes	R16 999
Economic classification item			
Compensation of employees	31 819	Goods and services	98 360
Transfers to provinces and municipalities	19	Transfers to non-profit institutions	7 328
Transfers to departmental agencies and accounts	9 754		
Transfers to foreign governments and international organisations	6 252		
Payments for capital assets	57 844		

Details of savings

Programme 1: Administration

Savings of R35,602 million are directly attributable to the reallocation of provisions made for capital works projects. Only capital works projects for Laboria House will be defrayed from the administration budget in future.

Programme 5: Social Insurance

Savings of R6,999 million are due to revisions to the Unemployment Insurance Act of 2001, which relieves the Minister of Labour from the statutory obligation to contribute R7 million a year to the Unemployment Insurance Fund (UIF). This allocation has been reduced to a nominal R1 000 a year to accommodate any future requests from the UIF for funding through the department's vote.

Savings of R6,427 million are due to underutilised provisions for administrative costs relating to injuries sustained on duty by civil servants.

Utilisation of savings

Programme 2: Service Delivery

R2,89 million has been used to improve service delivery and to conduct more inspections and enforce the various labour Acts.

R28,5 million has been used for repairs and maintenance programme (RAMP) projects.

Programme 3: Employment and Skills Development Services/Human Resources Development

R639 000 has been used for RAMP projects.

Programme 4: Labour Policy and Labour Market Programmes

R10 million has been used for the increased requirements of the Commission for Conciliation Mediation and Arbitration (CCMA) for its case management system.

R6,999 million has been used for research, monitoring and evaluation, the child labour action programme, and the employment equity enforcement strategy.

Virements within a programme

Programme 1: Administration

The movement in programme 1 can be attributed to National Treasury's instruction to split the payments for capital assets between more than one main division of the vote. R35,602 million was thus shifted from buildings and other fixed structures to goods and services, and from there to other programmes.

Programme 2: Service Delivery

R25,7 million was shifted from payments for capital assets to goods and services for RAMP projects.

R10 million was shifted from compensation of employees to goods and services, because it had been incorrectly allocated for learnerships.

Programme 3: Employment and Skills Development Services/Human Resources Development

Due to a misallocation for the 49 positions under the National Skills Fund, R6,800 million has been shifted from compensation of employees to goods and services for a technical training section at Indlela and for upgrading its security systems and replacing the perimeter fencing, as well for software for trade test bookings for the assessment section.

Programme 4: Labour Policy and Labour Market Programmes

R12,2 million has been shifted from compensation of employees to goods and services due to revised establishment projections, and has been used for research, monitoring and evaluation, the child labour action programme, and the employment equity enforcement strategy.

R1 million has been shifted from compensation of employees to transfers and subsidies for the transfer payment to the South African Youth Council.

R6,328 million has been shifted to transfers to non-profit institutions to cover costs that had been incorrectly budgeted for under transfers to departmental agencies and accounts.

Other adjustments – (R5,239 million)

Savings

Programme 3: Employment and Skills Development Services/Human Resources Development has surrendered R5,239 million from compensation of employees due to recalculations of its establishment.

Gifts, donations and sponsorships

A donation of R1 million was made to the South African Youth Council for the South African Youth Policy Conference.

Amounts forming a direct charge on the National Revenue Fund – (R66 million)

Since August 2005, small businesses (payroll less than R500 000 a year) have been exempted from contributing to skills development levies. This has resulted in a reduction in revenue estimates and the statutory appropriation was adjusted accordingly by R66 million.

Expenditure 2004/05 and preliminary expenditure 2005/06**Table 17.3: Labour**

Programme	2004/05				2005/06		
	Expenditure outcome				Preliminary expenditure		
R thousand	Adjusted appropriation	Apr 2004 - Sep 2004	Apr 2004 - Mar 2005	Apr 04 - Mar 05 % of adjusted appropriation	Adjusted appropriation	Apr 2005 - Sep 2005	% change 04/05 - 05/06 Apr - Sep
1.Administration	268 037	117 602	247 930	92,5	238 680	136 492	16,1
2.Service Delivery	487 797	201 820	428 969	87,9	570 665	238 704	18,3
3.Employment and Skills Development Services/ Human Resources Development	135 972	56 553	112 491	82,7	142 579	56 746	0,3
4.Labour Policy and Labour Market Programmes	315 351	131 815	297 945	94,5	347 813	140 629	6,7
5.Social Insurance	21 540	9 450	8 013	37,2	9 001	1 182	(87,5)
Subtotal	1 228 697	517 240	1 095 348	89,1	1 308 738	573 753	10,9
Direct charge on the National Revenue Fund	4 300 000	2 408 192	4 725 396	109,9	4 934 000	2 381 403	(1,1)
Sector Education and Training Authorities	3 440 000	1 926 554	3 780 317	109,9	3 947 200	1 905 123	(1,1)
National Skills Fund	860 000	481 638	945 079	109,9	986 800	476 280	(1,1)
Total	5 528 697	2 925 432	5 820 744	105,3	6 242 738	2 955 156	1,0
Current payments	788 837	352 350	731 964	92,8	952 341	408 224	15,9
Compensation of employees	411 617	187 344	371 495	90,3	475 342	195 973	4,6
Goods and services	377 220	165 002	359 947	95,4	476 999	212 251	28,6
Financial transactions in assets and liabilities	-	4	522	-	-	-	-
Transfers and subsidies to:	4 637 636	2 558 958	5 049 835	108,9	5 275 671	2 529 873	(1,1)
Provinces and municipalities	1 301	559	1 095	84,2	1 457	578	3,4
Departmental agencies and accounts	4 618 357	2 554 034	5 035 186	109,0	5 260 460	2 524 848	(1,1)
Foreign governments and international organisations	11 023	-	5 737	52,0	5 900	-	-
Public corporations and private enterprises	-	1 673	-	-	-	552	(67,0)
Non-profit institutions	6 466	1 784	6 392	98,9	7 854	3 475	94,8
Households	489	908	1 425	291,4	-	420	(53,7)
Payments for capital assets	102 224	14 124	38 945	38,1	14 726	17 059	20,8
Buildings and other fixed structures	94 005	12 873	36 847	39,2	7 857	13 918	8,1
Machinery and equipment	7 719	1 061	2 020	26,2	6 651	2 780	162,0
Software and other intangible assets	500	190	78	15,6	218	361	90,0
Total	5 528 697	2 925 432	5 820 744	105,3	6 242 738	2 955 156	1,0

Selected expenditure trends for first half of 2005/06

Expenditure in the first six months of 2005/06 amounted to R3 billion, or 46,8 per cent of the adjusted appropriation of R6,3 billion for the year as whole.

The decline in *Programme 5: Social Insurance* mainly relates to the reduction in claims logged against the Unemployment Insurance Fund and Compensation Fund.

Summary of transfers and subsidies

Table 17.4: Summary of transfers and subsidies per programme

R thousand	2005/06						Adjusted appropriation
	Main appropriation	Additional appropriation				Total additional appropriation	
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
1.Administration	67	-	-	-	-	-	167
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	167	-	-	-	-	-	167
Regional Service Council levies	167	-	-	-	-	-	167
2.Service Delivery	1 517	-	-	29	-	29	1 546
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	991	-	-	29	-	29	1 020
Regional Service Council levies	991	-	-	29	-	29	1 020
Non-profit institutions							
Current	526	-	-	-	-	-	526
SA National Council for the Blind	214	-	-	-	-	-	214
Deaf Federation of South Africa	140	-	-	-	-	-	140
National Council for the Physically Disabled	172	-	-	-	-	-	172
3.Employment and Skills	64 365	-	-	-	-	-	64 365
Development Services/ Human Resources							
Development							
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	180	-	-	-	-	-	180
Regional Service Council levies	180	-	-	-	-	-	180
Departmental agencies and accounts							
Public entities							
Current	64 185	-	-	-	-	-	64 185
National Skills Fund	40 251	-	-	-	-	-	40 251
National Productivity Institute	23 934	-	-	-	-	-	23 934

R thousand	2005/06						Adjusted appropriation
	Main appropriation	Additional appropriation				Total additional appropriation	
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
4.Labour Policy and Labour Market Programmes	261 892	-	-	4 700	-	4 700	266 592
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	138	-	-	(48)	-	(48)	90
Regional Service Council levies	138	-	-	(48)	-	(48)	90
Departmental agencies and accounts							
Public entities							
Current	249 602	-	-	3 672	-	3 672	253 274
Commission for Conciliation, Mediation and Arbitration	187 945	-	-	10 000	-	10 000	197 945
Development Institute for Training, Support and Education for Labour	8 912	-	-	-	-	-	8 912
Subsidised Work-Centers for the Disabled	34 866	-	-	-	-	-	34 866
National Economic Development and Labour Council	11 551	-	-	-	-	-	11 551
Subsidised Workshops for the Blind	6 328	-	-	(6 328)	-	(6 328)	-
Foreign governments and international organisations							
Current	12 152	-	-	(6 252)	-	(6 252)	5 900
International Labour Organisation	9 500	-	-	(6 252)	-	(6 252)	3 248
African Regional Labour Advisory Council	2 652	-	-	-	-	-	2 652
Non-profit institutions							
Current	-	-	-	7 328	-	7 328	7 328
South African Youth Council	-	-	-	1 000	-	1 000	1 000
Subsidised Workshops for the Blind	-	-	-	6 328	-	6 328	6 328
5.Social Insurance	22 427	-	-	(13 426)	-	(13 426)	9 001
Departmental agencies and accounts							
Social security funds							
Current	22 427	-	-	(13 426)	-	(13 426)	9 001
Unemployment Insurance Fund	7 000	-	-	(6 999)	-	(6 999)	1
Compensation Fund	15 427	-	-	(6 427)	-	(6 427)	9 000
STATUTORY AMOUNTS	5 000 000	-	-	-	(66 000)	(66 000)	4 934 000
Departmental agencies and accounts							
Public entities							
Current	5 000 000	-	-	-	(66 000)	(66 000)	4 934 000
Sector Education and Training Authorities	4 000 000	-	-	-	(52 800)	(52 800)	3 947 200
National Skills Fund	1 000 000	-	-	-	(13 200)	(13 200)	986 800
Total	5 350 368	-	-	(8 697)	(66 000)	(74 697)	5 275 671