

Vote 17

Labour

2006/07				
R thousand	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	1 512 749	1 493 495	(19 254)	-
<i>of which:</i>				
Current payments	1 117 202	1 073 731	(43 471)	-
Transfers and subsidies	372 945	400 408	-	27 463
Payments for capital assets	22 602	19 356	(3 246)	-
Direct charge against the National Revenue Fund	5 500 000	5 500 000	-	-
Executive authority	Minister 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 improving employment and protecting and improving worker's rights and benefits.

Changes to programme purposes and measurable objectives

No changes were made to programme purposes or measurable objectives.

Adjusted Estimates of National Expenditure 2006

Table 17.1: Labour

2006/07							
Programme	Additional appropriation						Adjusted appropriation
R thousand	Main appropriation	Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments	Total additional appropriation	
1. Administration	336 239	24	-	-	-	24	336 263
2. Service Delivery	623 370	2 067	-	(28 443)	(1 557)	(27 933)	595 437
3. Employment and Skills Development Services/Human Resources Development	186 409	1 231	-	(13 100)	(21 019)	(32 888)	153 521
4. Labour Policy and Labour Market Programmes	357 230	-	-	41 543	-	41 543	398 773
5. Social Insurance	9 501	-	-	-	-	-	9 501
Subtotal	1 512 749	3 322	-	-	(22 576)	(19 254)	1 493 495
Direct charge against the National Revenue Fund	5 500 000	-	-	-	-	-	5 500 000
Sector Education and Training Authorities	4 400 000	-	-	-	-	-	4 400 000
National Skills Fund	1 100 000	-	-	-	-	-	1 100 000
Total	7 012 749	3 322	-	-	(22 576)	(19 254)	6 993 495

Table 17.1: Labour (continued)

2006/07							
R thousand	Main appropriation	Additional appropriation				Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
Economic classification							
Current payments	1 117 202	3 322	-	(38 217)	(8 576)	(43 471)	1 073 731
Compensation of employees	535 118	-	-	(37 654)	-	(37 654)	497 464
Goods and services	582 084	3 322	-	(563)	(8 576)	(5 817)	576 267
Transfers and subsidies	5 872 945	-	-	41 463	(14 000)	27 463	5 900 408
Provinces and municipalities	1 543	-	-	(889)	-	(889)	654
Departmental agencies and accounts	5 820 866	-	-	41 543	(14 000)	27 543	5 848 409
Foreign governments and international organisations	6 313	-	-	477	-	477	6 790
Non-profit institutions	44 223	-	-	-	-	-	44 223
Households	-	-	-	332	-	332	332
Payments for capital assets	22 602	-	-	(3 246)	-	(3 246)	19 356
Buildings and other fixed structures	6 954	-	-	-	-	-	6 954
Machinery and equipment	15 413	-	-	(3 123)	-	(3 123)	12 290
Software and other intangible assets	235	-	-	(123)	-	(123)	112
Total	7 012 749	3 322	-	-	(22 576)	(19 254)	6 993 495

Details of adjustments to Estimates of National Expenditure 2006

Roll-overs – R3,322 million

The following amounts have been rolled over to settle claims from the Department of Public Works for repair and maintenance projects:

Programme 1: Administration

R24 000 for head office.

Programme 2: Service Delivery

R2,067 million for provincial offices and labour centres.

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

R1,231 million for Indlela.

Virements

Table 17.2: Details on virements per programme and economic classification

Programme / Economic classification	R thousand		Motivation
	From	To	
1. Administration	(121)	121	
Transfers and subsidies	(9)	9	
Provinces and municipalities	(9)	-	Savings arose because RSC levies were phased out after June 2006.
Households	-	9	Funds shifted from transfers to provinces and municipalities (in this programme) will be made available for transfers to households.

Table 17.2: Details on virements per programme and economic classification (continued)

Programme / Economic classification	R thousand		Motivation
	From	To	
Payments for capital assets	(112)	112	
Machinery and equipment	(112)	-	A review of the procurement policy on office furniture resulted in savings.
Software and other intangible assets	-	112	Funds shifted from machinery and equipment (in this programme) will be used to buy software.
2. Service Delivery	(30 339)	1 896	
Current payments	(29 534)	1 419	
Compensation of employees	(29 534)	-	Savings are due to the underutilisation of funding for learnerships and vacant posts.
Goods and services	-	1 419	Funds shifted from compensation of employees and transfers to provinces and municipalities (in this programme) will be used to buy the necessary tools of trade for occupational health and safety inspections, to increase the number of blitz inspections, and to upgrade security at provincial offices.
Transfers and subsidies	(805)	323	
Provinces and municipalities	(805)	-	Savings arose because RSC levies were phased out after June 2006.
Households	-	323	Funds shifted from transfers to provinces and municipalities (in this programme) will be used for resignation and retirement packages.
Payments for capital assets	-	154	
Machinery and equipment	-	154	Funds shifted from transfers to provinces and municipalities (in this programme) will be used to buy machinery and equipment for occupational health and safety inspections.
3. Employment and Skills Development Services/ Human Resources Development	(13 100)	-	
Current payments	(10 053)	-	
Compensation of employees	(5 699)	-	Savings are due to vacant posts.
Goods and services	(4 354)	-	An overestimation of the 2% administration provision under the National Skills Fund levies resulted in these savings.
Payments for capital assets	(3 047)	-	
Machinery and equipment	(3 047)	-	Delays in completing repair and maintenance projects resulted in savings.
4. Labour Policy and Labour Market Programmes	(2 849)	44 392	
Current payments	(2 421)	2 372	
Compensation of employees	(2 421)	-	Savings are due to vacant posts.
Goods and services	-	2 372	Funds shifted from compensation of employees (in this programme) will be used for research monitoring and evaluation projects to be conducted by the HSRC to determine the impact of labour market interventions in the last decade.
Transfers and subsidies	(75)	42 020	
Provinces and municipalities	(75)	-	Savings arose because RSC levies were phased out after June 2006.
Departmental agencies and accounts	-	41 543	Funds shifted from compensation of employees (R28,443 million from programme 2 and R13,1 million from programme 3) will be transferred to the Commission for Conciliation Mediation and Arbitration for projects relating to current debates on the labour market regulatory framework, to improve the efficiency of the dispute resolution system, and to accommodate an increase in the CCMA's case load.
Foreign governments and international organisations	-	477	Funds shifted from compensation of employees, transfers to provinces and municipalities, machinery and equipment, and software and other intangible assets (in this programme) will be used to accommodate the fluctuating exchange rate.
Payments for capital assets	(353)	-	
Machinery and equipment	(118)	-	A review of the procurement policy on office furniture resulted in savings.
Software and other intangible assets	(235)	-	Savings arose because a service provider did not comply with procurement policies.
Total for vote	(46 409)	46 409	

Other adjustments – R22,576 million

Savings

The following amounts have been surrendered:

Programme 2: Service Delivery

R1,557 million due to a reduction in the internal filling of posts and staff retention

Programme 3: Employment Skills Development Services

R14 million because the National Qualifications Framework was not finalised on time and R7,019 million under goods and services due to the overestimation of the 2 per cent administration provision on the National Skills Fund levies.

Expenditure 2005/06 and preliminary expenditure 2006/07

Table 17.3: Labour

Programme	2005/06				2006/07		
	Expenditure outcome				Preliminary expenditure		
R thousand	Adjusted appropriation	Apr 2005 - Sep 2005	Apr 2005 - Mar 2006	Apr 05 - Mar 06 % of adjusted appropriation	Adjusted appropriation	Apr 2006 - Sep 2006	% change 05/06 - 06/07 Apr - Sep
1. Administration	312 247	174 011	293 707	94,1	336 263	155 414	(10,7)
2. Service Delivery	570 665	238 705	532 307	93,3	595 437	265 847	11,4
3. Employment and Skills Development Services/ Human Resources Development	142 579	56 746	117 428	82,4	153 521	58 593	3,3
4. Labour Policy and Labour Market Programmes	347 813	140 630	349 008	100,3	398 773	155 025	10,2
5. Social Insurance	9 001	1 182	4 931	54,8	9 501	2 620	121,7
Subtotal	1 382 305	611 274	1 297 381	93,9	1 493 495	637 499	4,3
Direct charge against the National Revenue Fund	4 934 000	2 381 405	4 883 330	99,0	5 500 000	2 543 681	6,8
Sector Education and Training Authorities	3 947 200	1 905 124	3 906 664	99,0	4 400 000	2 034 945	6,8
National Skills Fund	986 800	476 281	976 666	99,9	1 100 000	508 736	6,8
Total	6 316 305	2 992 679	6 180 711	97,9	6 993 495	3 181 180	6,3
Current payments	1 025 908	445 744	926 123	90,3	1 073 731	461 691	3,6
Compensation of employees	475 342	195 973	425 317	89,5	497 464	225 350	15,0
Goods and services	550 566	249 771	500 795	91,0	576 267	236 260	(5,4)
Financial transactions in assets and liabilities	-	-	11	-	-	81	(100,0)
Transfers and subsidies	5 275 671	2 529 875	5 241 972	99,4	5 900 408	2 710 543	7,1
Provinces and municipalities	1 457	577	1 278	87,7	654	334	(42,1)
Departmental agencies and accounts	5 260 460	2 524 850	5 226 172	99,3	5 848 409	2 688 595	6,5
Foreign governments and international organisations	5 900	-	5 783	98,0	6 790	-	(100,0)
Public corporations and private enterprises	-	552	-	-	-	-	(100,0)
Non-profit institutions	7 854	3 476	7 792	99,2	44 223	21 151	508,5
Households	-	420	947	-	332	463	10,2
Payments for capital assets	14 726	17 060	12 616	85,7	19 356	8 946	(47,6)
Buildings and other fixed structures	7 857	13 919	5 493	69,9	6 954	6 935	(50,2)
Machinery and equipment	6 651	2 781	7 123	107,1	12 290	1 899	(31,7)
Software and other intangible assets	218	360	-	-	112	112	(68,9)
Total	6 316 305	2 992 679	6 180 711	97,9	6 993 495	3 181 180	6,3

Selected expenditure trends for the first half of the 2006/07 financial year

Expenditure in the first six months of 2006/07 was R637,5 million, or 42,7 per cent of the adjusted appropriation of R1,5 billion for the year as a whole.

Increases in funding for the CCMA have impacted on the percentage comparisons for the programmes *Employment and Skills Development Services/ Human Resources Development* and *Labour Policy and Labour Market* programmes. Increases in the transfer to the CCMA will be effected in the second half of the 2006/07 financial year. An allocation to *Employment and Skills Development Services/ Human Resources Development* programme for the national qualifications framework was surrendered as it will no longer be required in the current financial year. Expenditure increases are anticipated under current payments as the department implements its integrated business strategy. Payments for affiliation fees to international organisations will also be effected in the second half of this financial year.

No significant under-expenditure is anticipated for 2006/07, and expenditure on all programmes is on track. The direct charge against the National Revenue Fund at the end of September 2006 was 46 per cent of the appropriation of R5,5 billion for the year as a whole. Total expenditure for the vote at the end of September 2006 was 45,5 per cent of the total adjusted appropriation of R7 billion for the year as a whole, which is in line with last year's 47,4 per cent.

Summary of changes to transfers and subsidies, and conditional grants

Table 17.4: Summary of changes to transfers and subsidies per programme

2006/07							
R thousand	Main appropriation	Additional appropriation				Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
1. Administration	177	-	-	-	-	-	177
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	177	-	-	(9)	-	(9)	168
Regional Service Council levies	177	-	-	(9)	-	(9)	168
Households							
Social benefits							
Current	-	-	-	9	-	9	9
Resignation packages	-	-	-	9	-	9	9
2. Service Delivery	1 634	-	-	(482)	-	(482)	1 152
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	1 078	-	-	(805)	-	(805)	273
Regional Service Council levies	1 078	-	-	(805)	-	(805)	273
Households							
Social benefits							
Current	-	-	-	323	-	323	323
Resignation packages	-	-	-	323	-	323	323

Table 17.4: Summary of changes to transfers and subsidies per programme (continued)

2006/07							
R thousand	Main appropriation	Additional appropriation				Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
3. Employment and Skills Development Services/ Human Resources Development	86 228	-	-	-	(14 000)	(14 000)	72 228
Departmental agencies and accounts							
Entities							
Current	86 035	-	-	-	(14 000)	(14 000)	72 035
National Qualifications Framework	18 000	-	-	-	(14 000)	(14 000)	4 000
4. Labour Policy and Labour Market Programmes	275 405	-	-	41 945	-	41 945	317 350
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	95	-	-	(75)	-	(75)	20
Regional Service Council levies	95	-	-	(75)	-	(75)	20
Departmental agencies and accounts							
Entities							
Current	225 330	-	-	41 543	-	41 543	266 873
Commission for Conciliation, Mediation and Arbitration	203 171	-	-	41 543	-	41 543	244 714
Foreign governments and international organisations							
Current	6 313	-	-	477	-	477	6 790
International Labour Organisation	5 885	-	-	415	-	415	6 300
African Regional Labour Advisory Council	428	-	-	62	-	62	490