

Vote 17

Labour

	2005/06 To be appropriated			2006/07	2007/08
MTEF allocations of which:	R1 313 977 000			R1 431 499 000	R1 507 925 000
	Current payments R891 039 000	Transfers R350 368 000	Capital payments R72 570 000		
Statutory amounts	R5 000 000 000			R5 600 000 000	R6 000 000 000
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.

Programme purpose and measurable objectives

Programme 1: Administration

Purpose: Conduct the overall management of the department and provide support and advisory services.

Programme 2: Service Delivery

Purpose: Protect the health and safety of workers, and implement and enforce Department of Labour policies.

Measurable objective: Ensure the effective and efficient implementation of legislation, standards, guidelines and policies in an integrated manner through the provision of inspection and enforcement services, employment and skills development services, and labour market information and statistical services.

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

Purpose: Achieve the strategic objectives and equity targets of the national skills development strategy and contribute to the achievement of the strategic objectives of the National Human Resources Development Strategy.

Measurable objective: Achieve the 2005/06 targets of the national skills development strategy through managing service level agreements and providing support services to all SETAs and managing the National Skills Fund efficiently and effectively.

Programme 4: Labour Policy and Labour Market Programmes

Purpose: Establish an equitable and sound labour relations environment and promote South Africa's interests in international labour matters through research, analysing and evaluating labour policy and providing data and statistics on the labour market, including providing support to the institutions that promote social dialogue.

Measurable objective: Develop labour legislation and policy to reduce conflict and inequalities and improve working conditions and equity in the labour market, including through fulfilling South Africa's obligations to international and regional organisations.

Programme 5: Social Insurance

Purpose: Provide for administrative and other support services to the Unemployment Insurance Fund (UIF) and the Compensation Fund, and manage government's contributions to the activities of these funds.

Measurable objective: Support and ensure sound administration of the UIF and the Compensation Fund, and manage government financial assistance to the funds in order to ensure efficiency and financial sustainability.

Strategic overview and key policy developments: 2001/02 – 2007/08

An enabling labour environment

Creating employment is the biggest challenge facing government and a key instrument for fighting poverty. The Department of Labour formulates labour market policies that provide an enabling environment for job-creation. And by setting and enforcing norms and standards, the department seeks to ensure that existing and new jobs do not jeopardise workers' health and safety.

The new national skills development strategy for 2005 to 2010 will play a key role in realising government's goal of halving the country's unemployment by 2014. Learnerships and internships targeted at unemployed youth are critical to addressing unemployment. Adult basic education and training policy, driven through the national skills development strategy, aims to enhance the basic skills of people beyond their school-going years and tackle long-term unemployment. The expanded skills public works programme targets the unskilled and unemployed to provide them with working experience, equip them with skills for further employment and is also a poverty alleviation measure. The department also supports SMMEs as part of its employment strategy.

The department seeks to encourage and improve labour productivity in South Africa by designing and managing a sound labour relations regime, managing the UIF in the interests of the unemployed, managing the Compensation Fund to ensure that workers are compensated for injuries and diseases, and promoting an effective skills development strategy.

Highlighting government's commitment to creating employment, the Growth and Development Summit was held in June 2003. The Department of Labour co-ordinated government's input, and the director-general of labour has convened a summit steering committee, which monitors the implementation of agreements arising out of the summit.

Enhancing skills development

The Skills Development Act (1998) and the Skill Development Levies Act (1999) seek to address the skills shortage by encouraging and supporting training across all sectors of the economy through the SETAs.

The national skills development strategy was reviewed by the minister and tabled for adoption by Cabinet in January 2005 to be implemented in April 2005. It seeks to prioritise certain areas of work and direct skills funding. Some key principles are to support economic growth for employment creation and poverty eradication, promote productive and equitable citizenship by aligning skills development with national strategies for growth and development, and accelerate broad-based BEE and employment equity. The equity targets require that 84 per cent of all beneficiaries of the national skills development strategy be black, 54 per cent female and 4 per cent disabled.

Employment equity

The department addressed employment equity through co-ordinating the Growth and Development Summit employment equity task team and developing the employment equity awards system. To improve the implementation of the Employment Equity Act (1998), the department intends to introduce an amendment to the employment equity regulations. The amendment aims to refine data collection, tighten the enforcement of the Employment Equity Act (1998) and improve the department's operations for employment equity. The director-general review system is being designed and will support more in-depth employment equity inspections. The department is also developing a human resources code of good practice, which identifies human resources areas that are relevant to employment equity. The department has actively advocated for employment equity, spearheading a national road show, which was effective in generating public interest and response.

Protection of vulnerable workers

The protection of workers has advanced, through investigations into minimum wages and working conditions in a number of sectors. Substantial progress was made for agricultural and domestic workers, with a number of initiatives focused on child labour. The department published and launched the sectoral determination for children in the performing arts in July 2004, which covers working hours, rest periods and night work. The sectoral determination for the taxi industry includes minimum wages, and will be published and launched in June 2005.

Strengthening social protection

Over the medium term, the department aims to strengthen social protection by improving the services provided by the UIF and the Compensation Fund. Occupational health and safety functions are currently fragmented, with varying responsibilities falling under the departments of labour, health, and minerals and energy. These three line departments have collaborated to develop a draft national policy in line with the Cabinet decision to integrate occupational health and safety, and compensation functions.

Legislative reforms have contributed to improving revenue flows and the accumulation of significant cash surpluses in the UIF. A joint working group of National Treasury and the UIF and their actuaries will examine these reserves and how best to manage them.

The key challenge for the fund now is to sustain these gains and improve service delivery. This involves recruiting and re-skilling staff, especially in the financial area, as well as institutional reform to support the new business environment. Key priorities for the UIF until 2007 are to finalise and improve the employer and employee database and improve support to database users.

Service delivery

The Department of Labour is committed to effectively implementing its policies.

Integrating the services offered by labour centres and business units has helped improve the quality of and access to these services and staff have been empowered by the multi-skilling approach.

The career information and guidance service pilot programme has been successfully implemented in all provinces. The programme promises the quality of service delivery to improve even further. At the end of the pilot, the programme will be rolled out in collaboration with the Umsobomvu Youth Fund and in the multipurpose community centres.

The PPP with Siemens has created a call centre of international standards, which will provide improved services to clients and result in efficiency gains in the department's administration.

Monitoring and controlling the impact of labour market policies

More research to monitor progress with the implementation of labour legislation and its impact on the labour market has been done. This research also analyses and evaluates labour policy and provides ongoing and updated data and statistics for the labour market.

Expenditure estimates

Table 17.1: Labour

Programme	Expenditure outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome					
R thousand	2001/02	2002/03	2003/04	2004/05		2005/06	2006/07	2007/08
1. Administration	167 935	226 563	246 907	268 037	268 037	274 282	292 487	310 112
2. Service Delivery	272 046	342 311	374 687	487 797	487 797	539 275	589 566	622 143
3. Employment and Skills Development Services/ Human Resources Development	88 019	115 901	106 003	135 972	135 972	147 179	174 728	182 565
4. Labour Policy and Labour Market Programmes	248 953	259 768	269 695	315 351	310 909	330 814	351 365	368 934
5. Social Insurance	619 891	338 483	15 010	21 540	14 540	22 427	23 353	24 171
Subtotal	1 396 844	1 283 026	1 012 302	1 228 697	1 217 255	1 313 977	1 431 499	1 507 925
Direct charge on								
National Revenue Fund	2 541 016	3 259 460	3 777 008	4 300 000	4 300 000	5 000 000	5 600 000	6 000 000
Sector Education and Training Authorities	2 034 129	2 611 797	3 021 606	3 440 000	3 440 000	4 000 000	4 480 000	4 800 000
National Skills Fund	506 887	647 663	755 402	860 000	860 000	1 000 000	1 120 000	1 200 000
Total	3 937 860	4 542 486	4 789 310	5 528 697	5 517 255	6 313 977	7 031 499	7 507 925
Change to 2004 Budget estimate				36 964	25 522	524 501	949 889	1 122 235

Economic classification

Current payments	473 862	547 405	656 185	788 837	784 395	891 039	966 608	1 021 038
Compensation of employees	259 611	306 468	342 675	411 617	399 975	512 400	555 503	584 528
Goods and services	214 204	240 291	313 328	377 220	384 420	378 639	411 105	436 510
of which:								
Maintenance and repairs	57 144	25 245	11 047	16 013	16 013	10 455	11 911	12 540
Travel and subsistence	43 450	65 731	68 367	83 778	83 778	82 783	84 996	89 246
Consultants and contractors	20 696	40 202	64 349	75 753	75 753	85 095	90 837	95 379
Communication	19 359	25 164	36 372	44 102	44 102	46 244	52 228	54 839
Inventory	15 739	18 474	19 541	15 076	15 076	16 548	17 345	19 213
Computer services	12 851	18 416	67 476	43 791	43 791	69 836	74 223	77 933
Venues and facilities	10 335	18 688	14 267	27 437	27 437	31 728	33 027	34 678
Financial transactions in assets and liabilities	47	646	182	—	—	—	—	—

R thousand	Expenditure outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	Audited	Audited	Preliminary					
	2001/02	2002/03	2003/04			2005/06	2006/07	2007/08
Transfers and subsidies to:	3 423 838	3 875 132	4 082 091	4 637 636	4 630 636	5 350 368	5 987 888	6 406 033
Provinces and municipalities	776	908	1 015	1 301	1 301	1 476	1 598	1 679
Departmental agencies and accounts	3 411 088	3 854 342	4 070 500	4 624 327	4 617 327	5 336 214	5 972 520	6 389 896
Foreign governments and international organisations	10 754	15 508	8 500	11 023	11 023	12 152	13 214	13 875
Non-profit institutions	272	253	456	496	496	526	556	583
Households	948	4 121	1 620	489	489	–	–	–
Payments for capital assets	40 160	119 949	51 034	102 224	102 224	72 570	77 003	80 854
Buildings and other fixed structures	22 583	103 004	44 603	94 005	94 005	67 459	69 599	73 079
Machinery and equipment	17 575	16 945	6 431	7 719	7 719	5 107	7 400	7 771
Software and other intangible assets	2	–	–	500	500	4	4	4
Total	3 937 860	4 542 486	4 789 310	5 528 697	5 517 255	6 313 977	7 031 499	7 507 925

Expenditure trends

The department's non-statutory expenditure decreased between 2001/02 and 2003/04 to R1 billion, due to the success of the UIF's turnaround strategy, which ended the need for continuing interim support. Since then, expenditure has risen, and is expected to continue to rise to R1,5 billion in 2007/08, at an annual rate of 7,1 per cent over the next three years.

The statutory allocations are expected to continue to increase steadily, rising from R2,5 billion in 2001/02 to R6,0 billion in 2007/08, an annual average increase of 15,4 per cent.

The 2005 Budget provides for baseline increases of R24,5 million for 2005/06, R49,9 million for 2006/07 and R57,2 million for 2007/08. These increases are mainly to improve the department's capacity. The increases also make provision for VAT adjustments for transfers to public entities.

Departmental receipts

The department collects limited amounts of revenue. Receipts from fines and forfeitures resulting from prosecutions in terms of labour legislation flow through the Department of Justice.

Table 17.2: Departmental receipts

R thousand	Receipts outcome			Adjusted appropriation	Medium-term receipts estimate		
	Audited	Audited	Preliminary				
	2001/02	2002/03	2003/04		2005/06	2006/07	2007/08
Sales of goods and services produced by department	1 525	2 199	2 264	2 250	2 260	2 270	2 384
Sales of scrap, waste and other used current goods	8	14	15	15	17	19	20
Fines, penalties and forfeits	62	112	107	100	95	90	95
Interest, dividends and rent on land	(55)	1 217	834	830	820	810	851
Financial transactions in assets and liabilities	4 131	1 045	1 296	1 290	1 280	1 270	1 334
Total	5 671	4 587	4 516	4 485	4 472	4 459	4 684

Programme 1: Administration

Administration conducts the overall management of the department and includes policy formulation by the minister, the director-general and other members of the department's management. Other activities include financial management, human resources management, support services and public relations services.

Expenditure estimates

Table 17.3: Administration

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome				
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Minister ¹	738	1 238	688	791	842	897	942
Management	4 302	9 416	11 425	8 558	9 153	9 706	10 190
Corporate Services	140 391	135 900	192 700	217 541	228 628	244 085	259 291
Capital Works	22 504	80 009	42 094	41 147	35 659	37 799	39 689
Total	167 935	226 563	246 907	268 037	274 282	292 487	310 112
Change to 2004 Budget estimate				16 151	5 000	7 000	10 351

¹ Payable as from 1 April 2004. Salary: R633 061. Car allowance: R158 265.

Economic classification

Current payments	137 777	129 447	201 379	224 136	236 262	252 175	267 784
Compensation of employees	31 856	37 477	39 128	52 774	54 357	57 628	60 509
Goods and services	105 874	91 324	162 069	171 362	181 905	194 547	207 275
of which:							
Travel and subsistence	7 114	10 375	11 453	15 917	17 038	18 063	18 966
Consultants and contractors	16 045	29 740	54 745	69 585	74 488	78 969	82 917
Communication	5 638	5 559	10 426	10 811	11 573	12 269	12 882
Computer services	12 848	18 406	67 476	40 751	42 788	44 927	47 173
Financial transactions in assets and liabilities	47	646	182	–	–	–	–
Transfers and subsidies to:	100	109	180	206	167	177	186
Provinces and municipalities	100	109	122	156	167	177	186
Households	–	–	58	50	–	–	–
Payments for capital assets	30 058	97 007	45 348	43 695	37 853	40 135	42 142
Buildings and other fixed structures	22 583	91 045	42 958	41 147	35 659	37 799	39 689
Machinery and equipment	7 475	5 962	2 390	2 048	2 194	2 336	2 453
Software and other intangible assets	–	–	–	500	–	–	–
Total	167 935	226 563	246 907	268 037	274 282	292 487	310 112

Expenditure trends

Expenditure increased rapidly between 2001/02 and 2004/05, rising from R167,9 million to R268,0 million, an annual average increase of 16,9 per cent. This growth is expected to continue, but at a slower rate, with expected expenditure of R310,1 million in 2007/08. The *Corporate Services* subprogramme saw significant increases in 2003/04 following the implementation of a PPP to address the department's IT requirements and which centralised most of the department's IT expenditure under *Administration*.

Programme 2: Service Delivery

Service Delivery is responsible for ensuring that the Department of Labour's legislation and policies are implemented in an integrated manner.

Core activities are structured around six subprogrammes:

- *Management Support Services* is responsible for the overall management and related support of the provincial offices, labour centres, and visiting points.
- *Beneficiary Services* provides services to unemployed people and people injured on duty, in accordance with the Unemployment Insurance Act (2001) and the Compensation for Occupational Injuries and Diseases Act (1993) by administering, processing and finalising applications for payment.
- *Employment Services* facilitates access to employment and income-generating opportunities for the under- and unemployed through implementing a range of policies and programmes.
- *Inspection and Enforcement Services* ensures that employers and employees comply with labour legislation.
- *Labour Market Information and Statistics* researches and monitors development in the labour market by analysing the impact of various Acts and the performance of job-creation programmes and assessing internal capacity.
- *Occupational Health and Safety* promotes health and safety in the workplace through regulating the use of plant and machinery and dangerous activities.

Expenditure estimates

Table 17.4: Service Delivery

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome				
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Management Support Services	81 680	103 642	109 224	169 690	182 948	200 573	212 901
Beneficiary Services	–	–	–	1	1	1	1
Employment Services	59 903	70 107	82 180	94 042	118 108	129 377	136 646
Inspection and Enforcement Services	105 311	134 479	157 123	183 839	204 353	222 507	233 632
Labour Market Information and Statistics	10 364	12 156	13 612	15 190	17 249	18 608	19 538
Occupational Health and Safety	14 788	21 927	12 548	25 035	16 616	18 500	19 425
Total	272 046	342 311	374 687	487 797	539 275	589 566	622 143
Change to 2004 Budget estimate				10 358	13 000	18 000	21 999

Economic classification

	262 471	318 038	367 559	431 177	504 275	552 393	583 112
Current payments							
Compensation of employees	183 647	213 834	250 744	286 607	356 684	388 848	409 540
Goods and services	78 824	104 204	116 815	144 570	147 591	163 545	173 572
of which:							
Maintenance and repairs	5 143	8 171	8 588	9 262	3 236	4 135	4 341
Travel and subsistence	30 579	44 666	50 228	58 567	55 832	56 057	58 860
Communication	13 284	18 965	25 028	31 927	33 200	38 382	40 301
Venues and facilities	4 717	11 140	8 516	17 562	20 000	20 541	21 568

	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome				
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Transfers and subsidies to:	1 702	4 806	2 514	1 720	1 517	1 634	1 715
Provinces and municipalities	540	640	727	852	991	1 078	1 132
Non-profit institutions	272	253	456	496	526	556	583
Households	890	3 913	1 331	372	–	–	–
Payments for capital assets	7 873	19 467	4 614	54 900	33 483	35 539	37 316
Buildings and other fixed structures	–	11 090	1 645	52 858	31 800	31 800	33 390
Machinery and equipment	7 871	8 377	2 969	2 042	1 679	3 735	3 922
Software and other intangible assets	2	–	–	–	4	4	4
Total	272 046	342 311	374 687	487 797	539 275	589 566	622 143

Details of transfers and subsidies:

Non-profit institutions							
Current	272	253	456	496	526	556	583
SA National Council for the Blind	69	152	219	202	214	226	237
Deaf Federation of South Africa	62	88	59	132	140	148	155
National Council for the Physically Disabled	141	13	178	162	172	182	191
Total non-profit institutions	272	253	456	496	526	556	583

Expenditure trends

Expenditure increased significantly in 2004/05, in part due to programme restructuring. *Occupational Health and Safety*, which was a programme on its own, is now a subprogramme of *Service Delivery*.

Expenditure is expected to continue to grow steadily, rising from R487,8 million in 2004/05 to R622,1 million in 2007/08, an annual average increase of 8,4 per cent. The increases in expenditure will lead to improved capacity and be used for more inspections and increased enforcement of the labour laws.

The spikes in expenditure in 2002/03 and 2004/05 on the *Occupational Health and Safety* subprogramme were due to the investigations of specific incidents, such as the roof collapse at the Kolonade Shopping Centre in Pretoria, the explosion at Sasol and the collapse of the Injaka Bridge at Graskop, Mpumalanga.

Service delivery objectives and indicators

Recent outputs

Workplace safety

Successful blitz inspections were carried out. The inspections are part of a co-ordinated national strategy where provincial offices conduct workplace inspections at the same time to enforce labour legislation. There was a 42 per cent increase in the number of inspections conducted and a 2 per cent increase in compliance levels. During the year ending March 2004, 187 187 inspections were conducted across the country: 56 156 employers were not compliant with the various

provisions, and the department issued 25 102 undertakings, 7 977 improvement notices, 10 479 contravention notices, 1 287 prohibition notices, and 2 008 compliance orders. Furthermore, 318 approvals and registrations for explosives were issued as well as 1 555 approvals and registrations for occupational health and hygiene, and 836 electricians were registered.

Promotion of skills development through social development initiatives

R126,7 million of the social development funding window of the National Skills Fund went towards supporting 894 social development projects to train about 136 400 people, 107 791 (79 per cent) of whom were placed in employment for at least three months, within two months of completing the training.

Selected medium-term output targets

Service Delivery

Measurable objective: Ensure the effective and efficient implementation of legislation, standards, guidelines and policies in an integrated manner through the provision of inspection and enforcement services, employment and skills development services, and labour market information and statistical services.

Subprogramme	Output	Measure/Indicator	Target
Management Support Services	Ensure effective administrative support services	Staff trained as per Department of Labour's skills plan	At least 2 600 people to be trained by March 2006
Beneficiary Services	Improved social safety net	Improved processing of both UIF and Compensation Fund claims	UIF claims processed and paid within 6 weeks of receiving complete documentation Completed Compensation for Occupational Injuries and Diseases Act (1993) claims processed and paid within 90 days
Employment Services	Support to unemployed and exiting learners through national skills development strategy and related programmes	Skills development supports provincial and sectoral growth, development and equity priorities Percentage of employed and unemployed trained and successfully placed Percentage of unemployed placed in learnerships	Provincial skills plans aligned to provincial economic growth and development strategies Achieve 70% placement rate on allocated training projects within 2 months of completion of training, with employment for a period of at least 3 months At least 10% of registered unemployed young people absorbed into s. 18.2 learnerships in provinces, and supported
Inspection and Enforcement Services	Ensure compliance with labour legislation Implementation and monitoring of targeted advocacy and enforcement strategy, which is sector and issue specific	Percentage improvement in compliance levels with Labour Legislation and sectoral determinations. Number of accidents, injuries and fatalities in targeted industries	5% increase in compliance levels 2% decrease from previous year
Labour Market Information and Statistics	Collect, collate, analyse and disseminate labour market information and statistics to various stakeholders	Relevant information produced at regular intervals	Quarterly trend analysis reports published Annual client satisfaction survey conducted Job placement verification study conducted and reports disseminated by November 2005
Occupational Health and Safety	Safe and healthy working environment Strengthened occupational health and safety institutional framework	Number of blitz inspections carried out Number of national roving team inspectors and shop stewards trained in the high risk sector National Occupational Health and Safety Authority in place	At least 1000 during 2005/6 10 inspectors and 40 shop stewards trained by June 2005 September 2005

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

This programme focuses on implementing the national skills development strategy and the national human resources development strategy.

There are six subprogrammes:

- *Skills Development Funding* ensures the flow of funds from the South African Revenue Service to the National Skills Fund and the SETAs, the collection and distribution of funds, and the disbursement of grants by SETAs and subsidies by the National Skills Fund.
- *SETA Co-ordination* ensures the effective and efficient implementation of the national skills development strategy at the sector level.
- *Indlela* aims to develop a learnership system, increase access to work-based qualifications, and conduct assessments at different levels and in different fields of learning.
- *Training of Staff* funds staff training programmes and ensures the availability of relevant skills for implementing the legislation.
- *Administrative Auxiliary Services* supports the development and management of the employment and skills development services/human resources development branch strategy and policy processes, and provides support services to the branch.
- *National Productivity Institute* aims to support government-led strategic initiatives that affect job-creation and retention, productivity and competitiveness.

Expenditure estimates

Table 17.5: Employment and Skills Development Services/Human Resources Development

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome				
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Skills Development Policy Advice and Planning	4 388	13 059	5 080	–	–	–	–
Skills Development Funding	27 113	39 948	43 400	51 552	51 803	54 932	57 679
SETA Co-ordination	5 106	5 029	9 460	13 816	22 173	24 232	25 444
Indlela	23 554	25 493	18 148	30 472	31 733	33 570	35 249
Training of Staff	150	1 320	614	1 565	1 676	1 777	1 866
Administrative Auxiliary Services	7 209	10 091	7 467	15 320	15 860	34 848	35 690
National Productivity Institute	20 499	20 961	21 834	23 247	23 934	25 369	26 637
Total	88 019	115 901	106 003	135 972	147 179	174 728	182 565
Change to 2004 Budget estimate				(5 004)	(3 843)	13 919	13 716

Economic classification

Current payments	45 457	60 271	46 939	71 486	82 204	87 850	92 243
Compensation of employees	29 438	37 769	33 092	41 627	60 361	64 506	67 732
Goods and services	16 019	22 502	13 847	29 859	21 843	23 344	24 511
of which:							
Maintenance and repairs	3 063	2 925	1 317	2 607	2 730	2 917	3 063
Travel and subsistence	3 259	6 595	3 156	5 879	6 158	6 580	6 909
Inventory	5 251	5 513	3 814	3 216	3 574	3 590	3 770
Venues and facilities	965	3 374	2 158	2 561	3 216	3 481	3 655

	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome				
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Transfers and subsidies to:	40 646	52 619	58 247	61 435	64 365	86 228	89 639
Provinces and municipalities	92	107	106	179	180	193	203
Departmental agencies and accounts	40 499	52 321	58 035	61 220	64 185	86 035	89 436
Households	55	191	106	36	–	–	–
Payments for capital assets	1 916	3 011	817	3 051	610	650	683
Buildings and other fixed structures	–	869	–	–	–	–	–
Machinery and equipment	1 916	2 142	817	3 051	610	650	683
Total	88 019	115 901	106 003	135 972	147 179	174 728	182 565

Details of transfers and subsidies:

Departmental agencies and accounts							
Current	40 499	52 321	58 035	61 220	64 185	86 035	89 436
National Skills Fund	20 000	31 360	36 201	37 973	40 251	42 666	44 799
National Productivity Institute	20 499	20 961	21 834	23 247	23 934	25 369	26 637
National Qualifications Framework	–	–	–	–	–	18 000	18 000
Total departmental agencies and accounts	40 499	52 321	58 035	61 220	64 185	86 035	89 436

Expenditure trends

Expenditure increased significantly in 2002/03, then fell back slightly in 2003/04, before increasing again in 2004/05 to R136 million. It is expected to increase further to reach R182.6 million in 2007/08, an annual average increase of 10,3 per cent. These increases will support the implementation of the national skills development strategy and increase the capacity of the *SETA Co-ordination* subprogramme.

Service delivery objectives and indicators**Recent outputs***National Skills Fund*

Funding available to the National Skills Fund are now largely committed. People will be trained in a variety of skills and programmes. A total of 66 481 beneficiaries have already completed or are receiving training. Achievements against actual expenditure are listed below.

- Since 2002 to the end of December 2004, 22 955 undergraduate bursaries, to the value of R166,1 million, were funded by the National Skills Fund. A total of 2 286 bursaries were awarded for post-graduate studies, during the same period, with a total value of R66,8 million.
- Since 2000 until the end of December 2004, 421 710 unemployed persons were trained on social development projects, comprising of 62 per cent young black people and 57 per cent female. The total amount spent on training amounted to R722 million.
- During 2004, 9 513 unemployed persons were trained to be accommodated on expanded public works programme projects, of this figure, 6 089 were black young people and at least 5002 were females.

- R2,1 million has been spent on eight innovation and research projects on skills development.

SETAs

In June 2004, the minister issued written instructions to six of the SETAs to improve their performances. All of them have improved considerably in a short time.

SETAs are major players in implementing the national skills development strategy 2001-2005 as they receive contributions from over 9,3 million workers and 80 per cent of the skills development levies collected, and, in some instances, an additional 10 per cent of the 1 per cent from the various government departments. At the end of 2003/04, SETAs had contributed the following towards the national skills development strategy:

- 3 067 192 workers were enrolled in structured SETA learning programmes and 165 418 had completed their studies, exceeding the target contained in the strategy.
- 304 organisations and business units have committed themselves to participating in the investors in people project, and 67 have gained recognition against the standard.
- Based on the information for the year ending March 2004, 4 461 large companies paid levies with 67 per cent submitting claims.
- Government departments have increased their expenditure on training from R620 million to R709 million in 2003/04.
- The number of SMMEs contributing to skills levies as at the end of March 2004 was 189 724, consisting of 7 882 medium and 181 842 small enterprises, with 63 per cent SMMEs claiming levies. Registered learnerships below level 6 increased from 478 to 702, and from level 6 to level 8, from 47 to 52. The total number of learnership agreements and apprenticeship contracts increased from 43 000 to 69 306 for unemployed people below the age of 35.
- At the end of November 2004, the total number of learners in learnerships stood at 85 753.
- Employers' compliance with regards to the Skills Development Levies Act (1999) was estimated at 70 per cent as at the end of March 2004 in comparison to 62 per cent in March 2003.

Selected medium-term output targets

Employment and Skills Development Services/Human Resources Development

Measurable objective: Achieve the 2005/06 targets of the national skills development strategy through managing service level agreements and providing support services to all SETAs and managing the National Skills Fund efficiently and effectively.

Subprogramme	Output	Measure/Indicator	Target
Skills Development Funding	Funding allocation to projects and programmes, and monitoring of projects	Proportion of available funds spent and committed Percentage of project achievements against project plan	At least 75% of available funds for 2005/06 spent or committed by March 2006 At least 75% of projects outcomes against project plans achieved by March 2006
SETA Co-ordination	Management of SETA performance	Performance indicators and service level agreements concluded and regularly managed with all SETAs	At least 15 SETAs achieve satisfactory assessments against indicators Underperformance identified, and remedial action agreed and implemented by the end of February each year

Subprogramme	Output	Measure/Indicator	Target
	SETAs supported to fulfil legislative and strategic obligations of the national skills development strategy	Number of youth in learnerships and percentage placed in jobs after completion	Minimum of 80 000 youth in learnerships by March 2005 50% placed within 6 months after completion and equity targets achieved (84% black, 54% women and 4% with disability)
	Support and assess SETA sector skills plans	Increase competency of SETA boards and functions	500 enterprises achieve a national standard of good practice in skills development, to be approved by the minister by March 2005
		SETA sector skills plans assessed	25 SETA sector skills plans assessed by end October 2005
Indlela	Assessment services maintained while transforming Indlela	Apprenticeship assessment services and certification maintained	Provide 100% of assessment and certification information related to all apprentices as well as the 28 recognition of prior learning candidates assessed at Indlela
Administrative Auxiliary Services	Employment and skills development services and human resources development programmes' strategy and policy processes managed	Workplans of the branch finalised and performance of the branch against the workplan conducted timeously	Workplans finalised by February 2005 with quarterly and annual assessments

Programme 4: Labour Policy and Labour Market Programmes

- *Labour Policy and Labour Market Programmes* is responsible for creating an equitable and sound labour relations environment, including international labour relations, through research, analysis and evaluation of labour policy and through providing statistics on the labour market.
- *Labour Relations* promotes the establishment of an equitable and peaceful labour relations environment, including support for the Commission for Conciliation, Mediation and Arbitration.
- *Labour Policy* encompasses research, analysis, evaluation and development of labour policy, providing statistical information on the labour market. The main aim is to support policy formulation and the drafting of legislation both in the department and in government in general.
- *International Labour Matters* represents governments at the International Labour Organisation and the African Regional Labour Council.
- *NEDLAC* promotes economic growth, participation in economic decision-making and social equity by seeking consensus and agreements on social and economic policy and all proposed labour legislation between community organisations, labour, business and government.
- *Sheltered Employment* is responsible for the administrative, production and financial control of the work centres for the disabled, subsidising operating losses and capital expenditure of work centres for the disabled, subsidising workshops for the blind in accordance with approved standards.

Expenditure estimates

Table 17.6: Labour Policy and Labour Market Programmes

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome				
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Labour Relations	166 825	181 354	190 090	219 125	234 774	247 311	259 677
Labour Policy	3 206	4 488	5 326	10 367	11 065	11 730	12 316
International Labour Matters	14 766	22 344	16 906	26 439	29 745	32 893	34 538
NEDLAC	16 396	7 366	7 823	9 146	11 551	12 712	13 348
Sheltered Employment	47 760	44 216	49 550	50 274	43 679	46 719	49 055
Total	248 953	259 768	269 695	315 351	330 814	351 365	368 934
Change to 2004 Budget estimate				15 459	10 344	10 970	11 519

Economic classification

Current payments	28 157	39 649	40 308	62 038	68 298	74 190	77 899
Compensation of employees	14 670	17 388	19 711	30 609	40 998	44 521	46 747
Goods and services	13 487	22 261	20 597	31 429	27 300	29 669	31 152
of which:							
Maintenance and repairs	2 785	1 943	454	1 573	1 737	1 942	2 072
Travel and subsistence	2 498	4 095	3 530	3 415	3 755	4 296	4 511
Consultants and contractors	1 022	7 857	8 236	4 383	4 660	5 316	5 582
Inventory	2 640	3 647	3 741	3 860	4 053	4 255	4 468
Venues and facilities	1 877	1 768	944	2 314	2 862	3 005	3 155
Transfers and subsidies to:	220 483	219 655	229 132	252 735	261 892	276 496	290 322
Provinces and municipalities	44	52	60	114	138	150	158
Departmental agencies and accounts	209 682	204 078	220 447	241 567	249 602	263 132	276 289
Foreign governments and international organisations	10 754	15 508	8 500	11 023	12 152	13 214	13 875
Households	3	17	125	31	—	—	—
Payments for capital assets	313	464	255	578	624	679	713
Machinery and equipment	313	464	255	578	624	679	713
Total	248 953	259 768	269 695	315 351	330 814	351 365	368 934

Details of transfers and subsidies:

Departmental agencies and accounts							
Current	209 682	204 078	220 447	241 567	249 602	263 132	276 289
Commission for Conciliation, Mediation and Arbitration	136 616	145 740	156 410	172 651	187 945	197 306	207 172
Development Institute for Training, Support and Education for Labour	10 070	8 130	7 932	8 408	8 912	9 447	9 919
Subsidised Work-Centers for the Disabled	42 333	36 876	42 653	45 392	34 866	36 960	38 808
National Economic Development and Labour Council	16 396	7 366	7 823	9 146	11 551	12 712	13 348
Subsidised Workshops for the Blind	4 267	5 966	5 629	5 970	6 328	6 707	7 042
Total departmental agencies and accounts	209 682	204 078	220 447	241 567	249 602	263 132	276 289
Foreign governments and international organizations							
Current	10 754	15 508	8 500	11 023	12 152	13 214	13 875
International Labour Organisation	10 000	14 358	7 500	8 500	9 500	10 500	11 025
African Regional Labour Advisory Council	754	1 150	1 000	2 523	2 652	2 714	2 850
Total foreign governments and international organisations	10 754	15 508	8 500	11 023	12 152	13 214	13 875

Expenditure trends

Expenditure increased steadily between 2001/02 and 2004/05, rising from R249,0 million to R315,4 million, an annual average increase of 8,2 per cent. This growth is expected to increase, with expenditure rising to R368,9 million in 2007/08, an annual average increase of 5,4 per cent.

Due to an amendment in the VAT Act (1991), additional allocations of R5,8 million in 2005/06, R6,1 million in 2006/07 and R6,4 million in 2007/08 are set out for the Commission for Conciliation, Mediation and Arbitration and R1,4 million in 2005/06, R1,6 million in 2006/07 and R1,6 million in 2007/08 for NEDLAC.

Service delivery objectives and Indicators

Recent outputs

An extensive investigation was undertaken to deal with farmers' applications for deviations from the sectoral determination covering basic conditions of employment and minimum wages.

The programme planned to translate the HIV and Aids technical assistance guidelines into various African languages.

All the money allocated to strengthening civil society was transferred to Ditsela and three other labour services organisations.

In October and November 2003, 11 labour organisations were deregistered following the 2002 Labour Relations Act amendments and 56 labour organisations have been identified as non-compliant.

The second edition of the Labour Market Review, a biannual publication on labour market issues and trends, with strategic analyses from respected scholars, was published in 2004/05. Other key publications include the annual industrial action report, and during 2003/04, three research papers were completed on worker co-operatives and employment creation, casualisation and the changing nature of work, and HIV and Aids and the labour market.

The first progress report on the Growth and Development Summit agreement between government and its social partners was submitted to the Cabinet lekgotla and NEDLAC at the first anniversary of the implementation of the summit agreement in July 2004.

Selected medium-term output targets

Labour Policy and Labour Market Programmes

Measurable objective: Develop labour legislation and policy to reduce conflict and inequalities and improve working conditions and equity in the labour market, including through fulfilling South Africa's obligations to international and regional organisations.

Subprogramme	Output	Measure/Indicator	Target
Labour Relations	Registration of trade unions, employers' organisations, bargaining councils and statutory councils	Percentage and number of labour organisations registered	70% of new applications processed 300 existing applications processed
	Employment equity awards	First awards ceremony	June 2005
	Amendments to the Employment Equity Act (1998) and regulations	Amendments proposals submitted to NEDLAC and promulgated	Submitted to NEDLAC by September 2005 Promulgated by May 2006
	Provide information on the status of employment equity	Publish 2004/05 employment equity and employment equity analysis reports	May 2005

Subprogramme	Output	Measure/Indicator	Target
	Determine minimum conditions of employment and wages for vulnerable workers in various sectors	Publish sectoral determinations within set timeframes	Forestry: March 2005 Taxis: May 2005 Sheltered employment: June 2005 Welfare: February 2006 Hospitality: May 2006 Farm workers wage review: December 2006 Domestic workers wage review: August 2006 August 2006
	Provide information on wage differentials	Review the 2 existing sectoral determinations	Report submitted to Employment Conditions Commission: December 2005
	Implement national programme of action on the elimination of child labour	Domestic workers provident fund established	Submit reports by March 2006
		Publish report on wage differentials within set timeframe	March 2006
		Reports on worst identified forms of child labour	March 2006
		Intersectoral child labour structures consisting of NGOs, CBOs, business, labour and government	
		Departmental child labour desk implemented and operational	8 new projects supported by April 2005
	Strengthen civil society	Support worthy new projects targeting vulnerable workers in rural and remote areas	
Labour Policy	Labour market information service	Up-to-date, accessible labour market information	New information captured into system within one month of being available
	Monitor the impact of labour market policies and programmes by identifying the Department of Labour's research and information needs	Quality research papers, briefing notes on labour market policy	10 priority research reports commissioned by the end of 2005/06 90% of all briefing notes delivered by the end of 2005/06
	Reports on progress with Growth and Development Summit (GDS) implementation within government	Number of GDS progress reports	4 GDS progress reports completed by the end of 2005/06
	Measure, aggregate and disaggregate the impact of policies on the labour market	Labour Market Review	Biannual in 2005/06
		Report on state of skills report	Annual in 2005/06
International Labour Matters	Influence and shape policies in the International Labour Organisation (ILO) to achieve a decent work agenda	Report compiled and submitted as required by the constitution of the ILO	Attend annual conference
NEDLAC	Transfer payment to Nedlac	Percentage of negotiations engaging business, labour, the community and government to reach consensus	80% of agreements concluded
		Monitor, evaluate and report on the progress of the agreements signed by the stakeholders at the Growth and Development Summit	Reports due in March 2005
Sheltered Employment	Restructuring of sheltered employment factories	Submission to minister on restructuring options, with recommendations	Restructuring agreed by April 2005
		Develop and implement turnaround strategy	Strategy agreed by March 2005 Implementation by March 2006

Programme 5: Social Insurance

Social Insurance contributes to the Unemployment Insurance Fund and provides for the compensation of civil servants in case of accidents or illnesses while on duty through the Compensation Fund.

Expenditure estimates

Table 17.7: Social Insurance

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome				
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Unemployment Insurance	612 000	327 000	7 000	7 000	7 000	7 000	7 000
Compensation Fund	7 891	11 483	8 010	14 540	15 427	16 353	17 171
Total	619 891	338 483	15 010	21 540	22 427	23 353	24 171
Change to 2004 Budget estimate				–	–	–	(350)
Economic classification							
Transfers and subsidies to:	619 891	338 483	15 010	21 540	22 427	23 353	24 171
Departmental agencies and accounts	619 891	338 483	15 010	21 540	22 427	23 353	24 171
Total	619 891	338 483	15 010	21 540	22 427	23 353	24 171
Details of transfers and subsidies:							
Departmental agencies and accounts							
Social security funds							
Current	619 891	338 483	15 010	21 540	22 427	23 353	24 171
Unemployment Insurance Fund	612 000	327 000	7 000	7 000	7 000	7 000	7 000
Compensation Fund	7 891	11 483	8 010	14 540	15 427	16 353	17 171
Total departmental agencies and accounts	619 891	338 483	15 010	21 540	22 427	23 353	24 171

Expenditure trends

The programme provides for transfers to the UIF and the Compensation Fund. In 2001/02 and 2002/03 large amounts were transferred to the UIF to make up for its deficit and fund a turnaround strategy. However, following the successful turnaround of the fund, the commissioner requested that these transfers be halted in 2003/04, as the fund had a healthy cash flow and was in a position to meet its operational expenditure requirements. This suspension was done on the understanding with National Treasury that the fund still has to build its actuarial reserves to move out of deficit. The annual transfer of R7 million to the UIF is for administrative costs.

The transfers to the Compensation Fund are for administrative costs relating to injuries incurred by civil servants whilst they are on duty.

Service delivery objectives and indicators

Recent outputs

UIF

The turnaround strategy for the UIF has yielded cash surpluses since March 2003, and it is now in a position to raise a projected surplus of R10,5 billion by 2007.

In 2002/03, 569 000 claims were approved. This decreased to 499 000 in 2003/04. The rand value of benefits paid in 2003/04 was R2,1 billion, a decrease from the R2,6 billion paid in the 15-month period ending March 2003. Unemployment claims made up 78,8 per cent of all claims, illness 4 per cent, maternity 15,8 per cent, and death 4,6 per cent. The expansion of coverage to include domestic and farm workers has been successful, with more than 491 162 domestic workers on the database.

Selected medium-term output targets

Social Insurance

Measurable objective: Support and ensure sound administration of the UIF and the Compensation Fund, and manage government financial assistance to the funds in order to ensure efficiency and financial sustainability.			
Subprogramme	Output	Measure/Indicator	Target
Unemployment Insurance Fund	Effective and sustainable UIF	Improved revenue collection and distribution of funds	Fund revenue flows improved by 10% compared to 2004/05
	Improved service delivery	Speedier processing of claims and entries into the database	80% of claims finalised within 4 weeks All entries into the database finalised within a week of being received from the employer
	Institutional reform through re-skilling	Processing times for benefit applications adhered to Percentage of staff re-skilled	Process all benefit claims within 6 weeks of receipt At least 80% of existing staff
Compensation Fund	Effective and sustainable Compensation Fund	Punctual payment of benefits	All medical expenses incurred during a year fully paid by end of financial year

Public entities reporting to the minister

Commission for Conciliation, Mediation and Arbitration

The Commission for Conciliation, Mediation and Arbitration (CCMA) was established in terms of the Labour Relations Act (1995), as amended. The CCMA's key priorities are to provide high quality dispute resolution and prevention services, improve service delivery, and build capacity in the bargaining councils and similar institutions.

In 2003/04, 127 715 disputes were referred to the CCMA, averaging 509 referrals a working day. This represents an 8,2 per cent increase in the number of referrals received in the previous year. 37 per cent of conciliations were done using the con/arb process, and of these 56 per cent were settled. The national multilingual call centre, dealing with requests for labour-related advice and CCMA case-related queries, dealt with 190 367 calls in 2003/04. This reflects an increase of 55 per cent. In addition, the dispute management department conducted various dispute prevention and public awareness activities in strategic facilitations. Eighty-two workshops for 1 910 external participants were conducted.

Projected outputs for 2005 include: improving basic CCMA dispute resolution services; setting up specialist services with distinctive competencies; developing an appropriate regulatory system; strengthening the organisation's research capabilities; and improving support services to the organisation.

Government transfers to the CCMA, amounting to R172,7 million for 2004/05, are expected to grow at an average of 6,3 per cent annually over the medium term. Total expenditure and revenue are projected to grow on average at 5,7 per cent and 6,1 per cent, respectively, over the period. Expenditure on goods and services is expected to grow at 4,7 per cent over the medium term, due to spending on case disbursements, rentals and general administration.

Table 17.8: Financial summary for the Commission for Conciliation, Mediation and Arbitration (CCMA)

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited				
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
INCOME STATEMENT SUMMARY							
Revenue							
Non-tax revenue	1 338	1 912	3 788	3 500	4 647	2 921	3 085
Interest	906	1 183	2 146	3 500	3 550	1 769	1 875
Other non-tax revenue	432	729	1 642	–	1 097	1 152	1 210
Transfers received	136 616	145 740	156 410	172 651	187 945	197 306	207 172
Sale of capital assets	53	59	7	–	–	–	–
Total revenue	138 007	147 711	160 205	176 151	192 592	200 227	210 257
Expenses							
Current expense	140 076	149 496	155 589	174 669	188 392	195 817	205 583
Compensation of employees	65 525	65 710	72 560	82 310	89 040	94 372	99 091
Goods and services	71 625	79 497	79 067	88 812	96 251	97 445	101 992
Depreciation	2 902	4 274	3 933	3 547	3 101	4 000	4 500
Interest	24	15	29	–	–	–	–
Transfers and subsidies	2 471	2 158	2 848	3 250	4 200	4 410	4 674
Total expenses	142 547	151 654	158 437	177 919	192 592	200 227	210 257
Surplus / (Deficit)	(4 540)	(3 943)	1 768	(1 768)	–	–	–

Data provided by the Commission for Conciliation Mediation and Arbitration

National Economic Development and Labour Council

The National Economic Development and Labour Council's (NEDLAC) aim is to build consensus through tripartite participation in decision-making on labour and socio-economic matters. NEDLAC consists of four separate chambers: labour market, trade and industry, public finance and monetary policy, and development. Representatives at these chambers are from organised business, organised labour, community and development organisations, and from government.

NEDLAC considers all proposed labour legislation and significant changes to social and economic policy before it is introduced to Parliament.

The organisation has concluded a number of significant agreements since its inception, like those to do with the Labour Relations Act (1995). The council is responsible for monitoring the progress and implementation of the Growth and Development Summit (GDS) agreement, which has constituted one of its key tasks in the past year. The task team on jobs impact and monitoring has made substantial progress in identifying the mechanisms to monitor trends in the jobs market and at least two provinces have held provincial growth and development summits.

NEDLAC constituencies have reaffirmed their commitment to social dialogue and to working together to address the economic and development challenges facing South Africa by focusing on the following:

- raising public awareness of NEDLAC
- developing capabilities to deliver quality and value added outcomes
- working towards giving effect to the commitments in the GDS agreement, and examining possible interventions beyond the commitments
- ensuring that NEDLAC remains relevant as the site of social dialogue in South Africa
- evaluating the extent to which NEDLAC agreements contribute to social and economic transformation in South Africa

- assessing the environment in which NEDLAC operates with a view to seeking new partnerships and synergies with other similar institutions
- creating an environment that makes NEDLAC the employer of choice, and providing training and retraining for existing and new staff.

NEDLAC is largely funded by government transfers, which amount to R9,1 million in 2004/05 and are expected to increase at an annual average rate of 13,4 per cent over the medium term. Total expenditure grew by 56,7 per cent from 2003/04 to 2004/05 as a result of NEDLAC's celebration of its 10th anniversary: a year-long celebration starting in February 2005, and including a scheduled media campaign. Other cost-drivers over the MTEF period include the planned renovation of the NEDLAC building and the acquisition of new computers, an increase in chamber meetings, and the recruitment of additional staff. Total expenditure is expected to grow at 8,5 per cent in that period.

Table 17.9: Financial summary for the National Economic Development and Labour Council (NEDLAC)

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited				
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
INCOME STATEMENT SUMMARY							
Revenue							
Non-tax revenue	465	621	489	320	440	387	427
Interest	465	449	225	20	110	24	28
Other non-tax revenue	–	172	264	300	330	363	399
Transfers received	16 396	7 366	7 673	9 146	11 551	12 712	13 348
Total revenue	16 861	7 987	8 162	9 466	11 991	13 099	13 775
Expenses							
Current expense	6 753	8 048	6 269	9 826	10 726	11 779	12 546
Compensation of employees	2 887	3 332	2 192	3 311	3 560	3 691	4 146
Goods and services	3 612	4 379	3 719	6 246	6 931	7 864	8 182
Depreciation	245	337	355	249	231	219	212
Interest	9	–	3	20	4	5	6
Total expenses	6 753	8 048	6 269	9 826	10 726	11 779	12 546
Surplus / (Deficit)	10 108	(61)	1 893	(360)	1 265	1 320	1 229

Data provided by the National Economic Development Council

Unemployment Insurance Fund

The Unemployment Insurance Fund (UIF) contributes to the alleviation of poverty in South Africa by providing effective short-term unemployment insurance to all workers who qualify for unemployment and related benefits. The fund provides an equitable and affordable benefit structure and an accessible service to all stakeholders, and contributes to discussions about the development of a comprehensive social security system in South Africa.

The fund is financed by a dedicated tax on the wage bill, where employers and employees each contribute 1 per cent of earnings. Revenue collection is done through the South African Revenue Service in terms of the Unemployment Insurance Contributions Act (2002), which is then transferred to the fund.

In 2002/03, a total of 569 000 claims were approved. This decreased to 499 000 claims for 2003/04. The estimated value of benefits paid in 2004/05 was R2,6 billion, representing a 19,4 per cent increase compared to the previous year, when R2,1 billion was paid. Unemployment benefit claims were 79 per cent of the total, maternity claims 12 per cent, illness 4 per cent, and death 5 per cent.

In 2001/02, R612 million was allocated to the fund to alleviate cash shortfalls and support a turnaround strategy. In light of the fund's subsequent cash flow turnaround, the commissioner requested that the approved additional allocations for 2003/04 and 2004/05 be suspended, as the fund would be able to meet its operational expenditure requirements. By the end of 2003/04, the fund had a total of R6,2 billion invested with the public investment commissioner, thus providing for future beneficiary claims on the fund. In 2003/04, after an actuarial audit, the fund was declared financially sustainable from a cash flow perspective.

The inclusion of domestic workers, seasonal workers, farm workers and the extension of coverage to workers in the organs of state, effective from May 2004, further boosted contributions. However, this widening of the base of beneficiaries and increased awareness by the unemployed of their UIF rights results in an estimated 21,3 per cent average increase over the medium term in transfer payments and subsidies by the UIF.

The net surplus of R2,5 billion recorded for 2002/03 increased to R3,6 billion for 2003/04 before allowing for actuarial reserves and other provisions - a 43 per cent increase in net surpluses - as a result of the new legislation and the inclusion of high earners in the unemployment insurance net.

The data presented in the following table provide only cash information extracted from the entity's cash flow statement, and exclude all accrual transactions, like provisions and depreciation. This makes the data compatible with national government's data, for the purposes of preparing the consolidated national, provincial and social security presentations of government accounts in the Budget Review.

Table 17.10: Summary of revenue and expenses for the Unemployment Insurance Fund

	Audited 2001/02	Audited 2002/03	Audited outcome 2003/04	Estimated outcome 2004/05	Medium-term estimate		
					2005/06	2006/07	2007/08
R thousand							
CONVERTED CASH FLOW STATEMENT							
Revenue							
Tax revenue	2 801 345	4 486 250	5 717 754	6 206 116	6 640 108	7 104 425	7 601 245
Non-tax revenue	43 515	91 966	407 183	550 751	797 763	1 045 520	1 293 155
Sale of capital assets	65	51	152	–	–	–	–
Transfers received	612 000	327 000	7 000	7 000	7 000	7 000	7 000
Total revenue	3 456 925	4 905 266	6 132 089	6 763 867	7 444 871	8 156 945	8 901 400
Expenses							
Current expenses	2 867 328	2 389 341	2 566 344	3 172 000	3 844 747	4 735 829	5 265 379
Compensation of employees	158 532	184 050	241 993	275 000	292 000	309 000	327 540
Goods and services	149 924	272 528	228 422	349 000	370 000	392 000	415 520
Transfer payments and subsidies	2 554 026	1 931 256	2 093 870	2 500 000	3 131 747	3 980 829	4 465 079
Other expenditure	4 846	1 508	2 059	48 000	51 000	54 000	57 240
Capital expenditure	1 002	27 082	5 654	2 276	2 625	2 975	3 175
Fixed assets	1 002	27 082	5 654	2 276	2 625	2 975	3 175
Total Expenses	2 868 330	2 416 423	2 571 998	3 174 276	3 847 372	4 738 804	5 268 554
Surplus / (Deficit)	588 595	2 488 843	3 560 091	3 589 591	3 597 499	3 418 141	3 632 846

Audited financial statements for 2000/01, 2001/02 and 2002/03 adjusted for 12 months.

Data provided by the Unemployment Insurance Fund

Sector Education and Training Authorities

In March 2000, the Minister of Labour established 25 sector education and training authorities (SETAs) in order to promote skills development in the various economic sectors as per section 9(i) of the Skills Development Act (1998). The SETAs have replaced the old industrial training boards as key promoters of training. Their main tasks are: to gain a thorough understanding of their sector

and then to develop appropriate sector skills plans and learnerships; to act as an education training qualification assurance for standards and qualifications in their sectors; to disburse funds from the national skills development levy; and to provide information about their sector to recruitment services providers.

The SETAs had a number of successes during 2004/05 in relation to their strategic goals, including an improvement in performance by the six underperforming SETAs, with only one SETA underperforming at the end of December 2004. Workers being trained to attain an NQF (national qualifications framework) level 1 qualification increased by 51 per cent from March 2004 to September 2004, with a total of 656 245 workers completing the process. At the end of January 2005, a total of 583 companies had committed to the Investor in People standards, with 83 having achieved the standard.

The strategic objective of stimulating and supporting skills development in small businesses indicates that 10 per cent of levy paying SMMEs are now claiming grants from their SETAs. At the end of March 2004, 17 511 employers claimed the grant, reflecting a 33 per cent increase over the previous year.

More importantly, in terms of the Growth and Development summit, business and government agreed to register at least 72 000 unemployed learners by May 2004. By October 2004, 85 753 learners were registered, 19 per cent above the target.

The SETAs are funded mainly through tax revenue (1 per cent of payroll in terms of the Skill Development Levies Act (1999)), which grows by 11,7 per cent over the medium term. As the SETAs are now well established, expenditure has picked up and increases by 22,6 per cent over the medium term.

Spending on transfers and subsidies increased by 24,6 per cent from 2003/04 to 2004/05, and averages a 25,6 per cent growth over the medium term due to provisions in the SETA grant regulations on deadlines and the non-submitting of claims, which will result in funds being used to fund discretionary sector strategic projects.

The SETAs have two years after the end of the financial year in which skills levies were accounted for, to effect mandatory grant payments to employers. This has contributed to the increase in cash and cash equivalents in 2004/05. The projected decrease over the medium term in cash and cash equivalents can be attributed to the change in the deadlines for the submission of applications for grants: from two years to six months in 2005/06 and to three months in subsequent years. Money not claimed is forfeited and transferred to the discretionary grant fund. This also explains the projected decrease in capital and reserves over the MTEF period, as SETAs start running deficits over the medium term as expenditure increases.

Table 17.11: Financial summary for the Consolidated Sector Education and Training Authorities

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited				
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
INCOME STATEMENT SUMMARY							
Revenue							
Tax revenue	2 034 129	2 611 797	3 021 606	3 440 000	4 000 000	4 480 000	4 800 000
Non-tax revenue	121 464	279 845	359 371	364 031	367 672	371 348	375 062
Interest	82 494	249 063	295 485	298 440	301 424	304 438	307 483
Other non-tax revenue	38 970	30 782	63 886	65 591	66 247	66 910	67 579
Transfers received	17 494	126 934	228 642	229 862	232 160	234 482	236 827
Total revenue	2 173 087	3 018 576	3 609 619	4 033 893	4 599 832	5 085 830	5 411 889

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited				
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Expenses							
Current expense	235 296	454 843	617 550	620 006	621 993	737 873	704 623
Compensation of employees	78 366	129 570	166 904	168 573	170 259	196 790	194 063
Goods and services	150 207	310 117	433 931	438 330	442 774	534 421	505 452
Depreciation	6 723	15 156	16 715	13 103	8 961	6 662	5 108
Transfers and subsidies	1 129 253	1 770 743	2 544 194	3 170 757	3 868 323	5 028 820	6 286 025
Total expenses	1 364 549	2 225 586	3 161 744	3 790 763	4 490 317	5 766 693	6 990 648
Surplus / (Deficit)	808 538	792 990	447 875	243 130	109 515	(680 863)	(1 578 759)
BALANCE SHEET SUMMARY							
Carrying value of assets	48 376	54 559	57 774	47 560	40 977	36 365	33 075
<i>of which: Acquisition of assets</i>	<i>24 069</i>	<i>25 084</i>	<i>21 884</i>	<i>2 889</i>	<i>2 378</i>	<i>2 049</i>	<i>1 818</i>
Inventory	–	96 806	147 573	219 148	95 525	76 342	46 705
Receivables and prepayments	602 203	631 729	766 716	313 647	316 377	319 238	322 430
Cash and cash equivalents	1 674 936	2 631 182	3 406 150	4 422 349	4 414 762	4 282 080	3 533 914
Total assets	2 325 515	3 414 276	4 378 213	5 002 704	4 867 641	4 714 024	3 936 124
Capital and reserves	1 310 107	2 094 607	2 675 788	3 319 348	3 917 819	3 615 244	2 293 546
Trade and other payables	1 012 255	1 309 677	1 689 371	1 668 997	934 026	1 081 405	1 623 466
Provisions	3 153	9 992	13 054	14 359	15 795	17 375	19 112
Total equity and liabilities	2 325 515	3 414 276	4 378 213	5 002 704	4 867 641	4 714 024	3 936 124

Data provided by SETAs and the National Department of Labour

Umsobomvu Youth Fund

The Umsobomvu Youth Fund's (UYF) three areas of focus are:

- contact, information and counselling: provides information and support on careers, employment, self-employment, health and well-being and citizenship
- skills development and transfer: provides a platform for acquiring life skills and technical skills, as well as work experience
- youth entrepreneurship: provides entrepreneurship education, business development and financial support to aspirant entrepreneurs, start-up and existing businesses.

Since its establishment, the UYF has approved and committed R500 million to 90 projects affecting more than 1 million young people and creating an estimated 25 000 jobs.

Through its content development and management programme, the UYF has established a comprehensive database on youth services (18 000 referrals), information guides, and tools that can be used to advise young people. Twelve walk-through youth advisory centres have been established and have been visited by more than 120 000 youth. A call centre, called Youth Connect™, is now in place and receiving between 100 and 500 calls a day. The portal, www.youthportal.org.za, is now live and achieving on average 3 000 hits a day. The South African Youth Card, SAY!™, has been launched, with service providers for the discount card and key partners on board.

In total, 22 skills projects have been supported and provided training to approximately 5 000 young people since 2002. The UYF has been mandated to establish the national youth service unit, in line with implementation of the national youth service programme.

A youth entrepreneurship education pilot programme has been established since 2002. A project implemented by Cida City Campus reached about 10 000 individuals, and the Tshwane University of Technology, Polokwane Campus, trained 100 youth in the theory of entrepreneurship.

The pilot of the Business Development Support Voucher Programme™, the first of its kind globally, was successfully concluded. 3 700 young entrepreneurs gained access to the programme and about 1 160 of these vouchers represent new businesses.

The UYF provided R105 million to 1 153 enterprises in 2004/05. The micro-finance programme is now being rolled out nationally, and some innovative PPPs have also started. The UYF was invited to be part of the youth-chapter of the International Co-operatives Alliance in partnership with the National Co-operatives Association of South Africa.

The fund will continue to intensify the integration and expansion of UYF programmes and the formation of partnerships to benefit more young people.

Total revenue grew by 15,6 per cent from 2003/04 to 2004/05 due to the increase in transfers received, and is expected to decline over the medium term at an average annual rate of 5,1 per cent. Total expenses are projected to decrease by 12,1 per cent from 2004/05 to 2005/06 due to the streamlining of activities. The decreasing surplus over the MTEF period is because the interest earned on the initial grant from government decreases year-on-year as more cash is disbursed to projects. Expenditure on goods and services decreases by 64,5 per cent from 2003/04 to 2004/05 as a result of a new accounting policy: costs of projects are no longer written to the income statement but are allocated and written off against reserves.

Table 17.12: Financial summary for the Umsobomvu Youth Fund

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited				
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
INCOME STATEMENT SUMMARY							
Revenue							
Non-tax revenue	92 006	91 477	95 865	73 502	56 480	48 069	50 953
Interest	92 001	91 475	93 335	69 834	51 463	43 051	45 634
Other non-tax revenue	5	2	2 530	3 668	5 017	5 018	5 319
Transfers received	6 193	47 440	130 184	187 741	151 928	162 710	172 473
Total revenue	98 199	138 916	226 048	261 243	208 407	210 780	223 426
Expenses							
Current expense	19 938	11 237	32 131	19 316	29 986	32 265	34 201
Compensation of employees	5 638	3 652	7 857	9 858	11 724	12 460	13 208
Goods and services	13 580	7 168	23 362	8 291	17 198	19 273	20 429
Depreciation	719	416	912	1 167	1 064	532	564
Transfers and subsidies	6 193	47 440	130 184	187 741	151 928	162 710	172 473
Total expenses	26 130	58 677	162 315	207 057	181 914	194 975	206 674
Surplus / (Deficit)	72 068	80 239	63 733	54 186	26 493	15 805	16 752

Data provided by the Umsobomvu Youth fund

National Productivity Institute

The National Productivity Institute (NPI) aims to enhance the productive capacity of South Africa through interventions which: encourage social dialogue and collaboration between social partners; promote job creation, job retention and poverty alleviation; and encourage high value-adding processes and best practices. Focal areas include workplace collaboration, productivity competencies, improvement solutions, and research and monitoring South Africa's productivity performance.

The NPI continues to cement relations with its partners (Department of Provincial and Local Government, Development Bank of Southern Africa and South African Local Government Association) through the Vuna awards, through which more than 280 municipalities were exposed to the importance of improving productivity in local government service delivery. Through the social plan, the NPI has been able to impact on 13 885 jobs. Some 1 561 workers have been trained on the productivity learnership rollout project, in partnership with Outlearning and the Services SETA.

The successful national schools debates programme on productivity was implemented this year as a way to introduce the youth to critical thinking about productivity and its impact on the economy. Approximately 4 842 learners and educators in eight provinces attended programme activities. A number of research reports have recently been completed including: the motor industry development programme (MIDP) report, which provides evidence that supports the proposed rollout of a MIDP-type programme to other industries; a report on productivity, performance and service delivery in the public sector; an analysis of the human development index, highlighting enablers of productivity; and national statistics on productivity for 2004.

The workplace challenge programme, which is mandated to develop constructive labour relations at the workplace, has expanded with the creation of six more clusters. A total of 57 companies in eight clusters are currently in their orientation or implementation phases, and 43 companies in six clusters are in the project-nurturing phase. Six consultants were trained and mentored.

The main sources of revenue are from government transfers via the National Skills Fund (NSF) and donor funding. This amounted to R59,6 million for 2004/05, growing to R122,1 million for 2007/08, an annual average growth rate of 27,2 per cent over the period. The 59,9 per cent increase from 2003/04 to 2004/05 is for the rollout of the project management social plan, the workplace challenge programme, the Vukukhanye Mashabane Trust, training productivity coaches, and the enterprise incubation programme. Other non-tax revenue includes operating income, profit on sale of assets and the correction of prior years' income.

Spending on goods and services increased by 69,8 per cent in 2004/05 due to increased spending on National Skills Fund project expenses (workplace challenge and social plan projects), and is projected to grow, at an annual average rate of 29,1 per cent over the medium term.

Table 17.13: Financial summary for the National Productivity Institute (NPI)

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited				
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
INCOME STATEMENT SUMMARY							
Revenue							
Non-tax revenue	11 528	15 493	14 614	17 942	16 087	18 235	20 082
Interest	1 635	3 615	1 635	–	–	–	–
Other non-tax revenue	9 894	11 878	12 979	17 942	16 087	18 235	20 082
Transfers received	35 916	41 521	37 275	59 588	81 933	97 642	122 083
Sale of capital assets	–	5	32	–	–	–	–
Total revenue	47 445	57 019	51 920	77 530	98 020	115 877	142 165

	Outcome			Estimated Outcome	Medium-term estimate		
	Audited	Audited	Audited				
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Expenses							
Current expense	44 537	54 485	53 241	77 530	98 020	115 877	142 165
Compensation of employees	18 185	20 984	22 993	27 043	31 898	32 089	34 014
Goods and services	25 937	32 896	29 511	50 108	65 732	83 383	107 729
Depreciation	404	586	725	378	390	405	423
Interest	11	19	11	–	–	–	–
Total expenses	44 537	54 485	53 241	77 530	98 020	115 877	142 165
Surplus / (Deficit)	2 908	2 534	(1 321)	–	–	–	–

Data provided by the National Productivity Institute

Compensation Fund

The Compensation Fund, established in accordance with the amended Compensation for Injuries and Diseases Act (1997), provides compensation for disablement resulting from occupational injuries, diseases or death. It is financed from levies on employers. The Department of Labour contributes to the fund for the medical costs of injuries and diseases sustained by government officials on duty.

For the financial year ending March 2004, 53 781 awards for compensation for injuries on duty were approved. This is an increase of 26 per cent compared to the previous year. Repudiated claims decreased from 3 307 in 2002/03 to 2 453 in 2003/04 because many cases of hearing loss (reported in bulk) and post-traumatic stress disorder have tapered off. Beneficiary claims (payments to injured employees on either a temporary or permanent disability basis) paid in 2003/04 totalled R493 million, pension claims (payments to pensioners who are permanently disabled because of their injury on duty) R277 million and medical treatment (payments to medical service providers for treatment of injured employees) R1,2 billion.

Plans for 2005/06 include: revising the fund's policies to be in line with the Constitution, developing new policies on occupational diseases and injuries in conjunction with social partners, proceeding with the management and restructuring programme, decentralising claims enquiries to provincial offices, settlement of claims on time, maintaining the financial viability of the fund, and communicating widely with all stakeholders and clients.

The solvency of the fund was maintained with a cash surplus before provisions of R1,4 billion in 2003/04. Expected cash surpluses in 2004/05 are estimated at R1,5 billion and thereafter decline. This decrease over the outer years is due to the expected steep increase in claims, especially from the medical profession.

In 2003/04, the fund, together with the Department of Labour, entered into a PPP agreement with Siemens Business Solutions, which is responsible for supplying all IT equipment.

The data presented in the table below provide only cash information extracted from the entity's cash flow statement, and exclude all accrual transactions, like provisions and depreciation. This makes the data compatible with national government's data, for the purposes of preparing the consolidated national, provincial and social security presentations of government accounts in the Budget Review.

Table 17.14: Summary of revenue and expenses for the Compensation Fund

	Audited	Audited	Preliminary outcome	Estimated outcome	Medium-term estimate		
					2005/06	2006/07	2007/08
R thousand	2001/02	2002/03	2003/04	2004/05			
CONVERTED CASH FLOW STATEMENT							
Revenue							
Tax revenue	1 723 209	1 951 902	2 557 522	2 696 316	2 858 095	3 029 580	3 029 580
Non-tax revenue	1 159 827	1 417 677	893 965	999 499	1 014 573	1 028 647	1 090 529
Sale of capital assets	147	–	–				
Transfers received	7 891	11 483	8 010	14 540	15 427	16 353	17 171
Total revenue	2 891 074	3 381 062	3 459 497	3 710 355	3 888 095	4 074 580	4 137 280
Expenses							
Current expenses	1 819 027	2 704 607	2 089 527	2 236 084	2 397 953	2 684 230	2 766 284
Compensation of employees	286 339	354 815	127 001	130 337	145 157	160 266	169 882
Goods and services	300 390	326 320	272 795	355 747	352 796	373 964	396 402
Transfer payments and subsidies	1 232 298	2 023 472	1 689 731	1 750 000	1 900 000	2 150 000	2 200 000
Capital expenditure	6 187	13 476	1 915	6 952	7 500	7 811	8 280
Fixed assets	6 187	13 476	1 915	6 952	7 500	7 811	8 280
Total Expenses	1 825 214	2 718 083	2 091 442	2 243 036	2 405 453	2 692 041	2 774 563
Surplus / (Deficit)	1 065 860	662 979	1 368 055	1 467 319	1 482 642	1 382 539	1 362 717

Audited financial statements for 2002/03 adjusted for 12 months.

Data provided by the Compensation Fund

National Skills Fund

The National Skills Fund, a statutory advisory body to the Minister of Labour on the national skills development strategy, was established in 1999, as legislated by the Skills Development Act (1998). The Minister of Labour, on advice received from the National Skills Authority (NSA), allocates subsidies from the NSF. The director-general of labour is the accounting officer of the fund.

The NSF is funded by 20 per cent of the skills development levies collected by the South African Revenue Service (SARS) (of which 2 per cent is paid to SARS as collection fees and 2 per cent is allocated for administrative costs).

The NSF has funded 66 481 beneficiaries who have completed or are receiving training. Other achievements include:

- From 2002 to the end of December 2004, the NSF awarded 22 955 undergraduate bursaries, to the value of R166,1 million, and 2 286 post-graduate bursaries, to the value of R66,8 million.
- From 2000 to the end of December 2004, 421 710 unemployed people were trained on social development projects, 62 per cent were young black people and 57 per cent were women. The total amount spent on training was R722 million.
- During 2004, 9 513 unemployed people were trained to be accommodated on expanded public works programme projects, of which 6 089 were young black people and at least 5 002 were women.
- Funding of the eight innovation and research projects amounted to R2,1 million.

Future plans include funding the national skills development strategy, which will be launched in March 2005, and ensuring the alignment of the newly identified social development funding windows with the objectives and targets of the strategy.

The skills development levies transferred to the NSF in 2004/05 are projected to be R860 million, and are expected to increase at an annual average rate of 11,7 per cent over the medium term. Spending on transfers and subsidies is expected to decline by about 24 per cent and 28,7 per cent respectively in 2006/07 and 2007/08, as surpluses accumulated over previous years are utilised by 2005/06.

Table 17.15: Financial summary for the National Skills Fund (NSF)

	Outcome			Estimated Outcome	Medium-term estimate		
	Audited	Audited	Audited				
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
INCOME STATEMENT SUMMARY							
Revenue							
Tax revenue	506 887	647 663	755 402	860 000	1 000 000	1 120 000	1 200 000
Non-tax revenue	56 586	119 821	134 654	81 624	67 178	43 520	31 312
Interest	56 586	119 821	125 345	81 109	67 178	43 520	31 312
Other non-tax revenue	–	–	9 309	515	–	–	–
Transfers received	25 871	35 360	40 656	41 160	40 251	42 666	44 799
Total revenue	589 344	802 844	930 712	982 784	1 107 429	1 206 186	1 276 111
Expenses							
Current expense	56 637	53 643	61 654	54 971	34 222	34 564	34 910
Goods and services	46 779	54 103	54 032	54 971	34 222	34 564	34 910
Unauthorised expenditure	9 858	(460)	7 622	–	–	–	–
Transfers and subsidies	205 913	476 475	645 542	961 870	1 561 593	1 172 221	885 650
Total expenses	262 550	530 118	707 196	1 016 840	1 595 815	1 206 785	920 560
Surplus / (Deficit)	326 794	272 726	223 516	(34 056)	(488 386)	(599)	355 551
BALANCE SHEET SUMMARY							
Receivables and prepayments	15 712	15 574	14 966	520	600	10	10
Cash and cash equivalents	787 058	1 063 596	1 286 285	1 263 584	754 374	609 929	709 600
Total assets	802 770	1 079 170	1 301 251	1 264 104	754 974	609 939	709 610
Capital and reserves	801 919	1 074 644	1 298 160	1 264 104	754 974	609 939	709 610
Trade and other payables	851	4 526	3 091	–	–	–	–
Total equity and liabilities	802 770	1 079 170	1 301 251	1 264 104	754 974	609 939	709 610

Data provided by the National Skills Fund & Department of Labour

Annexure

Vote 17: Labour

Table 17.A: Summary of expenditure trends and estimates per programme and economic classification

Table 17.B: Summary of personnel numbers and compensation of employees per programme

Table 17.C: Summary of expenditure on training per programme

Table 17.D: Summary of information and communications technology expenditure per programme

Table 17.E: Summary of official development assistance expenditure

Table 17.F: Summary of expenditure on infrastructure

Table 17.G: Summary of departmental public-private partnership projects

Table 17.A: Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Preliminary outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R thousand	2003/04			2004/05			
1. Administration	210 840	238 556	246 907	251 886	16 151	268 037	268 037
2. Service Delivery	411 248	396 677	374 687	477 439	10 358	487 797	487 797
3. Employment and Skills Development Services/ Human Resources Development	147 434	149 389	106 003	140 976	(5 004)	135 972	135 972
4. Labour Policy and Labour Market Programmes	251 928	249 877	269 695	299 892	15 459	315 351	310 909
5. Social Insurance	269 639	19 639	15 010	21 540	–	21 540	14 540
Subtotal	1 291 089	1 054 138	1 012 302	1 191 733	36 964	1 228 697	1 217 255
Direct charge on							
National Revenue Fund	3 600 000	3 600 000	3 777 008	4 300 000	–	4 300 000	4 300 000
Sector Education and Training Authorities	2 880 000	2 880 000	3 021 606	3 440 000	–	3 440 000	3 440 000
National Skills Fund	720 000	720 000	755 402	860 000	–	860 000	860 000
Total	4 891 089	4 654 138	4 789 310	5 491 733	36 964	5 528 697	5 517 255
Economic classification							
Current payments	678 038	677 602	656 185	798 701	(9 864)	788 837	784 395
Compensation of employees	383 140	386 360	342 675	454 888	(4 3 271)	411 617	399 975
Goods and services	294 851	291 195	313 328	343 813	33 407	377 220	384 420
Financial transactions in assets and liabilities	47	47	182	–	–	–	–
Transfers and subsidies	4 144 012	3 897 137	4 082 091	4 624 691	12 945	4 637 636	4 630 636
Municipalities	1 146	1 146	1 015	1 345	(44)	1 301	1 301
Departmental agencies and accounts	4 132 113	3 885 238	4 070 500	4 611 827	12 500	4 624 327	4 617 327
Foreign governments and international organisations	9 000	9 000	8 500	11 023	–	11 023	11 023
Non-profit institutions	456	456	456	496	–	496	496
Households	1 297	1 297	1 620	–	489	489	489
Payments for capital assets	69 039	79 399	51 034	68 341	33 883	102 224	102 224
Buildings and other fixed structures	65 105	75 465	44 603	63 641	30 364	94 005	94 005
Buildings	65 105	75 465	44 603	63 641	30 364	94 005	94 005
Machinery and equipment	3 931	3 931	6 431	4 697	3 022	7 719	7 719
Other machinery and equipment	3 931	3 931	6 431	4 697	3 022	7 719	7 719
Software and intangible assets	3	3	–	3	497	500	500
Total	4 891 089	4 654 138	4 789 310	5 491 733	36 964	5 528 697	5 517 255

Table 17.B: Summary of personnel numbers and compensation of employees per programme¹

Programme	2001/02	2002/03	2003/04	2004/05	2005/06
1. Administration	375	447	390	390	390
2. Service Delivery	2 738	2 877	2 937	2 937	2 937
3. Employment and Skills Development Services/ Human Resources Development	372	425	403	403	403
4. Labour Policy and Labour Market Programmes	115	123	153	153	153
Total	3 600	3 872	3 883	3 883	3 883
Total personnel cost (R thousand)	259 611	306 468	342 675	411 617	512 400
Unit cost (R thousand)	72	79	88	106	132

¹ Budgeted full-time equivalent**Table 17.C: Summary of expenditure on training per programme**

	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome				
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
1. Administration	1 215	1 272	1 386	1 873	1 469	1 557	1 635
2. Service Delivery	4 206	3 637	3 857	4 529	4 231	4 263	4 476
3. Employment and Skills Development Services/ Human Resources Development	1 500	1 525	614	1 565	1 676	1 777	1 866
4. Labour Policy and Labour Market Programmes	436	465	395	418	445	472	496
Total	7 357	6 899	6 252	8 385	7 821	8 069	8 473

Table 17.D: Summary of information and communications technology expenditure per programme

	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome				
R thousand	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
1. Administration	40 466	39 481	–	–	–	–	–
Technology	18 376	26 681	–	–	–	–	–
IT services	22 090	12 800	–	–	–	–	–
2. Service Delivery	5 125	8 633	–	–	–	–	–
Technology	5 125	8 633	–	–	–	–	–
3. Employment and Skills Development Services/ Human Resources Development	5 890	5 795	–	–	–	–	–
Technology	5 890	5 795	–	–	–	–	–
4. Labour Policy and Labour Market Programmes	938	793	–	–	–	–	–
Technology	938	793	–	–	–	–	–
Total	52 419	54 702	–	–	–	–	–

Table 17.E: Summary of official development assistance expenditure

Donor	Project	Cash/ kind	Outcome				Medium-term expenditure estimate		
			2001/02	2002/03	2003/04		2005/06	2006/07	2007/08
R thousand									
Foreign									
Denmark	Skills development		–	427	–	–	–	–	–
European Union	Skills development		–	35 127	–	–	–	–	–
Total			–	35 554	–	–	–	–	–

Table 17.F: Summary of expenditure on infrastructure

Projects	Description	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
		Audited	Audited	Preliminary outcome				
R thousand		2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08
Infrastructure programmes or large infrastructure projects								
23 Labour Centres	Upgrading, repair and maintenance	207	9 545	8 255	10 944	2 938	3 243	3 218
Office Accommodation	New Construction	–	21 793	4 456	43 184	31 170	30 900	6 100
Service Products	Repair and Maintenance	125	14 769	25 736	14 806	4 830	2 728	4 749
Maintenance on infrastructure								
Laboria House Head Office	Repair and Maintenance	–	–	238	1 455	355	284	46
Total		332	46 107	38 685	70 389	39 293	37 155	14 113

Table 17.G: Summary of departmental public-private partnership projects

R thousand	Total cost of project	Budget expenditure	Medium-term expenditure estimate		
		2004/05	2005/06	2006/07	2007/08
Projects signed in terms of Treasury Regulation 16	–	48 911	49 280	50 265	52 778
PPP unitary charge	–	48 911	49 280	50 265	52 778
Total	–	48 911	49 280	50 265	52 778

1. Only projects that have received Treasury Approval: 1