

# Vote 15

## Labour

### Budget summary

R million	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
<b>MTEF allocation</b>						
Administration	392.5	390.4	–	2.2	414.4	440.4
Service Delivery	777.1	744.3	0.8	32.0	815.8	864.4
Employment and Skills Development Services/ Human Resources Development	481.2	91.7	381.4	8.1	537.9	572.5
Labour Policy and Labour Market Programmes	466.5	77.9	388.5	0.1	494.8	523.3
Social Insurance	9.0	–	9.0	–	9.0	9.6
<b>Total</b>	<b>2 126.4</b>	<b>1 304.2</b>	<b>779.7</b>	<b>42.4</b>	<b>2 271.9</b>	<b>2 410.2</b>
<b>Direct charge against the National Revenue Fund</b>						
Skills development levy	7 750.0	–	7 750.0	–	8 424.2	9 148.7
<b>Total expenditure estimates</b>	<b>9 876.4</b>	<b>1 304.2</b>	<b>8 529.7</b>	<b>42.4</b>	<b>10 696.1</b>	<b>11 558.9</b>
Executive authority	Minister of Labour					
Accounting officer	Director-General of Labour					
Website address	www.labour.gov.za					

### Aim

*The aim of the Department of Labour is to reduce unemployment, poverty and inequality through policies and programmes developed in consultation with social partners, which are aimed at: improved economic efficiency and productivity; skills development and employment creation; sound labour relations; eliminating inequality and discrimination in the workplace; alleviating poverty in employment; enhancing occupational health and safety awareness and compliance in the workplace; as well as nurturing the culture of acceptance that worker rights are human rights.*

### Programme purposes

#### Programme 1: Administration

**Purpose:** Provide overall management, strategic support and advisory services to the department and ministry.

#### Programme 2: Service Delivery

**Purpose:** Ensure implementation of and compliance with Department of Labour policies and programmes through monitoring, evaluation and inspections.

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

**Purpose:** Contribute to employment creation and skills development by promoting and monitoring the achievement of the objectives of the national skills development strategy and the national human resource development strategy.

## **Programme 4: Labour Policy and Labour Market Programmes**

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

## **Programme 5: Social Insurance**

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

## **Strategic overview: 2005/06 – 2011/12**

The Department of Labour aims to support key government policies through activities that will: contribute to the growth and development of the economy; increase the ability of the economy to create employment; address the needs of vulnerable and poor people in the second economy; promote social security as a contribution to poverty alleviation; and address racial and gender inequality.

The department has prioritised the following areas over the MTEF period:

### **Decent work**

The Decent Work country programme will be developed and rolled out by April 2009 in collaboration with the International Labour Organisation and in consultation with social partners. The programme focuses on strengthening support for existing skills development and employment services programmes in specific areas and on formulating new initiatives to deal with labour market challenges, especially in relation to creating employment and alleviating poverty. The four pillars of the Decent Work agenda are: fundamental principles and rights at work and international labour standards; employment and income opportunities; social dialogue and tripartism (collaboration between government, trade unions and employers); and social protection and social security. These will be dealt with in the context of related government reform processes and the department's constitutional obligations.

### **Occupational health and safety**

The draft framework document which gives effect to the integration of occupational health and safety and compensation competencies across government was finalised in 2008. Both the draft National Occupational Health and Safety Bill and the policy were developed, and the act is expected to be legislated and implemented by March 2011. The main objective of the policy is to reduce the number of work related accidents and diseases by promoting a culture of prevention. The secondary objective is to ensure equitable medical, rehabilitation and compensation benefits for victims of work related accidents and diseases.

### **Skills development**

The 2008 Skills Development Amendment Bill will bring about a number of developments, including: formally establishing the Quality Council for Trades and Occupations (which will have the same status as the Council for Higher Education and the Umalusi Council for General and Further Education) under the Ministry of Labour; establishing Productivity SA; listing the National Skills Fund as a public entity; introducing additional functions to the Institute for the National Development of Learnerships, Employment Skills and Labour Assessments to moderate artisan assessments; expanding the provision of employment services to work seekers; and introducing a register of artisans. These developments will: improve the quality of training, including more effective workplace learning; improve and sustain productivity in both the private and public sectors, which will save jobs and contribute to economic growth; improve the operational efficiency of the National Skills Fund to train more unemployed people, in line with national skills development strategy targets; provide increased access to learners for trade assessment; and professionalise and promote the training of artisans in response to labour market demands.

The department has also proposed certain amendments to the Income Tax Act (1962), aimed at providing equitable allowances for long term learnerships and apprenticeships and enabling employers to receive the full allowance for time and competency based modular training programmes.

### Employment services system

The employment services system, developed in line with international best practice standards and International Labour Organisation conventions, includes an IT system to assist the department to provide a public employment service by registering work seekers and placement opportunities and providing job matching services for potential employers and work seekers. The system will help government to deal with unemployment, generate useful statistics, and support social security functions by integrating social insurance services. The system will also support: registration, career guidance and counselling services; recruitment and selection services; skills development services; information services; and special services, which include services provided to special interest groups like people with disabilities, retrenched employees and ex-offenders. It will position labour centres to improve matching supply and demand in the local labour market, and will align provincial skills development plans and interventions with provincial growth and development strategies.

## Selected performance and operations indicators

**Table 15.1 Labour**

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of new jobs registered on employment services database	Service Delivery	–	–	15 364	6 000	6 500	7 000	*
Percentage of registered work seekers placed in permanent employment	Service Delivery	–	–	36% (5 578)	60% (3 600)	65% (4 225)	70% (7 490)	*
Number of new BEE SMMEs and cooperatives that receive skills development support	Employment and Skills Development Services/Human Resources Development	–	1 293	188	1 200	1 400	*	*
Number of additional people participating in trade tests at Institute for the National Development of Learnerships, employment Skills and Labour Assessments	Employment and Skills Development Services/Human Resources Development	7 622	7 905	9 000	10 000	12 000	15 000	*
Percentage pass rate for trade tests	Employment and Skills Development Services/ Human Resources Development	44% (3 391)	40% (3 192)	35% (1 575)	40% –	45% –	50% –	*
Number of additional artisans registered for training by sector education and training authorities	Employment and Skills Development Services/ Human Resources Development	–	–	4 304	18 693	12 500	*	*
Percentage of top 100 Johannesburg stock exchange listed companies assessed for employment equity	Labour Policy and Labour Market Programmes	–	6% (6)	7% (7)	11% (11)	60% (60)	60% (60)	60% (60)
Percentage of occupational health and safety incidents investigated within 90 days	Service Delivery	– (3 800)	48% (2 756)	74% (4 106)	100% –	100% –	100% –	100% –
Percentage decrease in workplace related injuries, diseases and deaths	Service Delivery	38% (2 756)	23% (2 134)	38% (1 323)	2% (2 091)	2% (2 049)	2% (2 008)	2% (1 967)
Percentage compliance with labour legislation by inspected workplaces	Service Delivery	70% (132 042)	70% (136 845)	70% (156 924)	70% (126 000)	71% (127 800)	70% (131 400)	75% (135 000)

\* Subject to revised national skills development strategy

## Expenditure estimates

Table 15.2 Labour

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
R million	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
1. Administration	292.2	324.3	328.4	384.2	362.7	392.5	414.4	440.4
2. Service Delivery	532.3	594.6	656.8	702.3	642.2	777.1	815.8	864.4
3. Employment and Skills Development Services/ Human Resources Development	117.4	139.0	540.1	178.5	172.7	481.2	537.9	572.5
4. Labour Policy and Labour Market Programmes	349.0	388.6	417.5	472.1	466.5	466.5	494.8	523.3
5. Social Insurance	4.9	7.0	5.9	10.5	4.7	9.0	9.0	9.6
<b>Subtotal</b>	<b>1 295.9</b>	<b>1 453.5</b>	<b>1 948.6</b>	<b>1 747.6</b>	<b>1 648.7</b>	<b>2 126.4</b>	<b>2 271.9</b>	<b>2 410.2</b>
<b>Direct charge against the National Revenue Fund</b>	<b>4 883.3</b>	<b>5 328.4</b>	<b>6 284.3</b>	<b>7 529.6</b>	<b>7 529.6</b>	<b>7 750.0</b>	<b>8 424.2</b>	<b>9 148.7</b>
Sector education and training authorities	3 906.7	4 262.7	5 027.4	6 023.7	6 023.7	6 200.0	6 739.4	7 319.0
National Skills Fund	976.7	1 065.7	1 256.9	1 505.9	1 505.9	1 550.0	1 684.8	1 829.7
<b>Total</b>	<b>6 179.2</b>	<b>6 782.0</b>	<b>8 232.9</b>	<b>9 277.2</b>	<b>9 178.3</b>	<b>9 876.4</b>	<b>10 696.1</b>	<b>11 558.9</b>
Change to 2008 Budget estimate				14.7	(84.2)	(244.4)	(331.6)	(123.9)

### Economic classification

<b>Current payments</b>	<b>924.7</b>	<b>1 016.0</b>	<b>1 108.6</b>	<b>1 217.6</b>	<b>1 124.5</b>	<b>1 304.2</b>	<b>1 405.3</b>	<b>1 495.7</b>
Compensation of employees	425.3	477.1	543.8	628.9	535.8	734.6	805.8	857.1
Goods and services	499.3	538.1	562.4	588.7	588.7	569.6	599.5	638.6
of which:								
Administrative fees	0.4	0.7	1.3	8.9	8.9	1.5	1.2	1.3
Advertising	23.4	15.4	26.7	31.2	31.2	24.8	23.6	24.3
Assets less than R5 000	5.8	12.2	6.6	13.2	13.2	11.6	10.1	9.6
Audit costs: External	19.0	16.8	18.2	19.2	19.2	24.6	25.0	25.4
Bursaries (employees)	1.6	1.6	2.4	3.3	3.3	2.8	2.9	2.9
Catering: Departmental activities	0.8	3.3	4.9	5.4	5.4	5.5	5.4	5.8
Communication	45.4	46.5	49.3	44.5	44.5	39.3	40.9	41.7
Computer services	100.1	120.7	87.7	114.7	114.7	113.5	130.3	144.8
Consultants and professional services: Business and advisory services	0.8	0.9	0.4	1.6	1.6	5.1	6.3	6.2
Consultants and professional services: Infrastructure and planning	0.7	0.8	1.0	0.5	0.5	1.3	1.5	1.6
Consultants and professional services: Legal costs	1.1	2.1	1.2	2.5	2.5	2.5	2.5	2.3
Contractors	2.3	2.6	1.3	4.7	4.7	12.7	8.8	9.1
Agency and support / outsourced services	20.4	19.6	29.3	30.2	30.2	27.3	26.1	28.4
Entertainment	0.6	0.4	0.4	0.7	0.7	0.8	0.8	0.8
Inventory: Food and food supplies	1.3	1.7	1.4	1.9	1.9	2.0	2.0	2.2
Inventory: Fuel, oil and gas	0.4	0.5	1.2	1.1	1.1	1.1	1.2	1.3
Inventory: Materials and supplies	1.9	2.6	4.4	3.7	3.7	0.0	0.0	0.0
Inventory: Medical supplies	0.0	0.1	0.0	0.2	0.2	0.2	0.2	0.2
Inventory: Other consumables	1.6	2.2	2.3	3.6	3.6	4.5	4.6	6.1
Inventory: Stationery and printing	17.1	21.5	23.5	22.7	22.7	27.2	26.9	29.2
Lease payments	80.0	72.7	78.2	88.5	88.5	103.7	114.3	124.2
Owned and leasehold property expenditure	50.3	72.6	75.3	42.5	42.5	26.0	29.3	30.8
Transport provided: Departmental activities	0.2	0.4	0.4	0.0	0.0	5.1	6.3	5.0
Travel and subsistence	83.2	87.4	109.0	100.0	100.0	80.9	82.7	85.0
Training and development	5.0	10.2	12.5	11.3	11.3	12.2	12.0	12.7
Operating expenditure	7.2	3.8	5.3	7.0	7.0	11.0	12.4	13.9
Venues and facilities	28.7	18.9	18.0	25.5	25.5	22.4	22.0	23.5
Financial transactions in assets and liabilities	0.0	0.9	2.3	—	—	—	—	—

Table 15.2 Labour (continued)

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08			2009/10	2010/11	2011/12
R million				2008/09				
<b>Transfers and subsidies</b>	<b>5 242.0</b>	<b>5 738.8</b>	<b>7 112.7</b>	<b>8 021.3</b>	<b>8 015.5</b>	<b>8 529.7</b>	<b>9 273.8</b>	<b>10 047.3</b>
Provinces and municipalities	1.3	0.3	–	–	–	–	–	–
Departmental agencies and accounts	5 181.5	5 677.0	6 655.6	7 904.2	7 898.4	8 156.7	8 860.6	9 617.3
Public corporations and private enterprises	–	–	400.0	5.1	5.1	303.0	342.4	356.4
Foreign governments and international organisations	5.8	6.9	7.4	7.7	7.7	9.3	9.6	10.2
Households	0.9	1.9	3.3	0.9	0.9	0.2	0.2	0.2
<b>Payments for capital assets</b>	<b>12.6</b>	<b>27.1</b>	<b>11.7</b>	<b>38.3</b>	<b>38.3</b>	<b>42.4</b>	<b>16.9</b>	<b>15.9</b>
Buildings and other fixed structures	5.5	15.4	6.3	27.3	27.3	30.6	6.8	7.0
Machinery and equipment	7.1	11.8	5.4	11.0	11.0	11.8	10.2	9.0
<b>Total</b>	<b>6 179.2</b>	<b>6 782.0</b>	<b>8 232.9</b>	<b>9 277.2</b>	<b>9 178.3</b>	<b>9 876.4</b>	<b>10 696.1</b>	<b>11 558.9</b>

## Expenditure trends

Excluding direct charges against the National Revenue Fund, expenditure grew at an average annual rate of 10.5 per cent, from R1.3 billion in 2005/06 to R1.8 billion in 2008/09.

The significant growth of 288.5 per cent in the *Employment and Skills Development Services/Human Resources Development* programme in 2007/08 is mainly due to a once-off allocation of R400 million to the Umsobomvu Youth Fund to facilitate youth development and employment creation. Additional funds of R966.4 million (R300 million in 2009/10, R340 million in 2010/11 and R356.4 million in 2011/12) are provided for the same purpose over the MTEF period, growing this programme's budget at an average annual rate of 47.5 per cent, from R178.5 million in 2008/09 to R572.5 million in 2011/12.

Direct charges against the National Revenue Fund provide for the transfer of skills development levies to the sector education and training authorities and the National Skills Fund, which is expected to grow from R7.5 billion in 2008/09 to R9.1 billion in 2011/12, at an average annual rate of 6.7 per cent. Direct charges are included under transfers and subsidies, which comprise on average 79 per cent of total departmental allocations over the MTEF period.

Between 2005/06 and 2008/09, expenditure on the *Labour Policy and Labour Market Programmes* programme grew at an average annual rate of 10.6 per cent due to additional allocations to:

- the *Commission for Conciliation, Mediation and Arbitration* subprogramme for increased capacity at the commission
- the *Sheltered Employment Factories* subprogramme for a provident fund for wage workers and the salary alignment of staff at the sheltered employment factories.

Spending on compensation of employees grew at an average annual rate of 13.9 per cent between 2005/06 and 2008/09, with growth slowing at an average annual rate of 10.9 per cent over the MTEF period. Expenditure on goods and services is anticipated to grow at an average annual rate of 2.8 per cent, from R588.7 million in 2008/09 to R638.6 million in 2011/12, due to cost containment measures.

Over the MTEF period, expenditure on payments for capital assets is expected to decrease at an average annual rate of 25.4 per cent, from R38.3 million in 2008/09 to R15.9 million in 2011/12, because projects at the Institute for the National Development of Learnerships, Employment Skills and Labour Assessments have been suspended as a result of ongoing concerns about the dolomite ground structure in the area. The project will start again, pending an investigation by the Department of Public Works.

The 2009 Budget provides additional allocations over the MTEF period of R320.7 million (2009/10), R358.4 million (2010/11) and R375.4 million (2011/12), mainly for:

- the Umsobomvu Youth Fund (R300 million, R340 million and R356.4 million)
- personnel inflation adjustments (R18.9 million, R17 million and R17.5 million)
- capital inflation adjustments (R1.8 million, 1.4 million and R1.5 million.)

## Savings and reprioritisation

The department has identified efficiency savings and cost containment initiatives totalling R204 million over the MTEF period, across all programmes in the following items:

- R14.6 million in compensation of employees due to savings on funded vacancies
- R150.1 million in goods and services, including travel and subsistence, contractors, inventory, food and food supplies, computer services and consultants
- R27.2 million in departmental agencies and accounts, specifically the allocation to the Compensation Fund
- R12.1 million in machinery and equipment due to the suspension of projects at the Institute for the National Development of Learnerships, Employment Skills and Labour Assessments.

## Infrastructure spending

Infrastructure spending grew at an average annual rate of 70.6 per cent between 2005/06 and 2008/09, rising from R5.5 million to R27.3 million, due to the construction of labour centres and provincial offices at Bochum, Jane Furse, Taung, Temba, Bronkhorstspuit, Garankuwa, Rustenburg, Mount Ayliff, Mamelodi, Mdantsane, Durban and Lusikisiki. These projects were registered at the Department of Public Works and are in various stages of development.

Funding over the MTEF period for projects in the design and tender recommendation stages amounts to R2.6 million in 2009/10, R3.8 million in 2010/11 and R4 million in 2011/12. The new projects arise because lease contracts have expired and no accommodation that meets Department of Public Works requirements is available. Several renovation and maintenance programmes for provincial offices and labour centres were registered by the Department of Public Works, with funding for these amounting to R25.5 million in 2010/11 and R26.8 million in 2011/12.

## Departmental receipts

Revenue collected by the department is generated mainly from limited sales of goods and services, in particular from fees for trade tests, boarding, rentals and parking, levied by the Institute for the National Development of Learnerships, Employment Skills and Labour Assessments. Financial transactions in assets and liabilities comprise stale cheques, recoveries from the previous financial year, and breach of contract fees. Receipts from fines and forfeitures resulting from prosecutions in terms of labour legislation are channelled through the Department of Justice and Constitutional Development. The adjusted estimate for financial transactions in assets and liabilities grows significantly in 2008/09 due to the recovery of R15.3 million in 2007/08 for compensation of employees from the Compensation Fund.

**Table 15.3 Departmental receipts**

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Departmental receipts</b>	<b>4 811</b>	<b>6 083</b>	<b>8 448</b>	<b>27 128</b>	<b>29 774</b>	<b>12 926</b>	<b>16 113</b>	<b>22 419</b>
Sales of goods and services produced by department	3 120	3 450	3 968	4 922	4 922	7 250	9 150	9 699
Sales of scrap, waste, arms and other used current goods	25	–	87	66	66	80	100	106
Fines, penalties and forfeits	173	511	395	447	447	481	558	954
Interest, dividends and rent on land	–	482	1 283	2 770	3 416	2 061	2 701	4 240
Sales of capital assets	42	–	–	–	–	–	–	–
Financial transactions in assets and liabilities	1 451	1 640	2 715	18 923	20 923	3 054	3 604	7 420
<b>Total</b>	<b>4 811</b>	<b>6 083</b>	<b>8 448</b>	<b>27 128</b>	<b>29 774</b>	<b>12 926</b>	<b>16 113</b>	<b>22 419</b>



## Programme 1: Administration

### Expenditure estimates

**Table 15.4 Administration**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Minister <sup>1</sup>	1.0	0.9	1.1	1.6	1.7	1.8	1.9
Management	18.2	19.9	23.6	34.4	34.2	35.3	37.7
Corporate Services	149.3	172.1	147.7	175.6	180.0	186.1	195.8
Financial Management	50.3	51.3	71.6	75.3	66.7	68.7	73.1
Capital Works	–	2.7	–	–	–	–	–
Property Management	73.6	77.3	84.4	97.4	109.8	122.4	132.0
<b>Total</b>	<b>292.2</b>	<b>324.3</b>	<b>328.4</b>	<b>384.2</b>	<b>392.5</b>	<b>414.4</b>	<b>440.4</b>
Change to 2008 Budget estimate				(3.0)	(16.8)	(20.0)	(21.8)

*1. From 2008/09, the current payments relating to the total remuneration package of political office bearers are shown, before this, only salary and car allowance are included. Administrative and other subprogramme expenditure may in addition include payments for capital assets as well as transfers and subsidies.*

#### Economic classification

<b>Current payments</b>	<b>289.2</b>	<b>318.0</b>	<b>327.0</b>	<b>382.2</b>	<b>390.4</b>	<b>412.7</b>	<b>439.0</b>
Compensation of employees	48.5	55.2	64.4	79.9	89.4	95.1	99.1
Goods and services	240.7	262.0	260.2	302.3	300.9	317.6	340.0
<i>of which:</i>							
Administrative fees	0.4	0.7	0.8	8.8	0.9	1.0	1.0
Advertising	10.8	7.8	11.6	13.5	6.5	5.2	5.4
Assets less than R5 000	0.8	0.6	1.1	4.5	3.8	2.1	1.3
Audit costs: External	19.0	16.8	18.2	19.2	24.6	25.0	25.4
Bursaries (employees)	0.5	0.6	1.1	1.2	0.5	0.5	0.5
Catering: Departmental activities	0.4	0.8	0.6	0.9	0.4	0.4	0.4
Communication	8.5	6.8	8.1	7.0	7.0	5.9	5.1
Computer services	99.4	114.1	87.1	107.0	112.2	129.0	143.5
Consultants and professional services: Business and advisory services	0.7	0.8	0.2	1.3	1.0	1.0	0.8
Consultants and professional services: Legal costs	0.0	1.8	1.2	1.2	1.3	1.3	1.1
Contractors	0.6	0.3	0.4	2.2	2.5	1.3	1.2
Agency and support / outsourced services	9.3	6.3	11.9	5.8	3.1	2.3	2.9
Inventory: Stationery and printing	4.4	4.2	5.9	4.5	6.2	4.3	3.6
Lease payments	62.0	67.2	73.1	79.4	92.9	101.5	110.9
Owned and leasehold property expenditure	1.9	14.5	15.9	18.0	19.8	21.8	23.1
Travel and subsistence	13.2	13.5	15.8	15.6	10.9	9.6	8.8
Training and development	0.9	2.0	1.5	3.5	2.2	1.7	1.5
Operating expenditure	0.7	0.6	2.9	3.4	1.4	1.1	1.0
Venues and facilities	6.8	2.4	2.2	4.8	3.4	2.3	2.1
Financial transactions in assets and liabilities	0.0	0.9	2.3	–	–	–	–
<b>Transfers and subsidies</b>	<b>0.2</b>	<b>1.2</b>	<b>0.7</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Provinces and municipalities	0.1	0.0	–	–	–	–	–
Households	0.0	1.2	0.7	–	–	–	–
<b>Payments for capital assets</b>	<b>2.8</b>	<b>5.0</b>	<b>0.7</b>	<b>2.0</b>	<b>2.2</b>	<b>1.7</b>	<b>1.4</b>
Buildings and other fixed structures	–	2.7	–	–	–	–	–
Machinery and equipment	2.8	2.3	0.7	2.0	2.2	1.7	1.4
<b>Total</b>	<b>292.2</b>	<b>324.3</b>	<b>328.4</b>	<b>384.2</b>	<b>392.5</b>	<b>414.4</b>	<b>440.4</b>

## Expenditure trends

Expenditure in the *Administration* programme increased at an average annual rate of 9.5 per cent, from R292.2 million in 2005/06 to R384.2 million in 2008/09, and is expected to increase to R440.4 million in 2011/12, at an average annual rate of 4.7 per cent over the medium term. The fluctuating trend in spending in the *Corporate Services* subprogramme between 2005/06 and 2007/08 can be attributed to a decrease in expenditure on computer services in 2006/07.

Expenditure in the *Management* subprogramme increased by 45.6 per cent, from R23.6 million in 2007/08 to R34.4 million in 2008/09, as a result of the shift of the internal audit directorate from the *Corporate Services* subprogramme to this subprogramme. Spending by the *Management* subprogramme grew by 18.4 per cent in 2007/08 to R23.6 million due to renovations to the minister's office.

Over the MTEF period, the *Property Management* subprogramme, responsible for municipal services, accommodation and leases, grows strongly at an average annual rate of 10.7 per cent, rising from R97.4 million in 2008/09 to R132 million in 2011/12.

Spending on computer services decreased by 23.6 per cent in 2007/08 because projects that fall out of the scope of the Siemens IT public private partnership contract with the department have not been undertaken. Spending is set to rise at an average annual rate of 10.3 per cent over the medium term. Expenditure on machinery and equipment fluctuates over the seven-year period, depending on the number of posts filled each year.

Over the medium term, the department identified cost containment measures in this programme totalling R55.5 million in goods and services.

## Programme 2: Service Delivery

- *Management Support Services* provides for the overall management and related support of the head office, provincial offices, labour centres and visiting points. Funding is mainly used for salaries, and other personnel related costs.
- *Beneficiary Services* provides services to unemployed people and people injured on duty by administering, processing and finalising applications for payment. Funding is used to keep the budget line open for possible future requests from the Unemployment Insurance Fund.
- *Employment Services* facilitates access to employment and income generating opportunities for the unemployed and underemployed by funding and implementing a range of policies and programmes. Funding is mainly used for transfers to the Deaf Federation of South Africa for wage subsidies, the South African National Council for the Blind, and the National Council for the Physically Disabled.
- *Inspection and Enforcement Services* ensures that employers and employees comply with labour legislation through regular inspections. Funding is mainly used for paying labour inspectors, and related costs like travel and subsistence.
- *Labour Market Information and Statistics* researches and monitors developments in the labour market by analysing the impact of various acts, inspection and enforcement services and employment services in the labour market. Funding is mainly used for salaries, and other personnel related costs.
- *Occupational Health and Safety* promotes health and safety in the workplace by regulating dangerous activities and the use of plant and machinery. Funding is mainly used for salaries, and other personnel related costs.

## Objectives and measures

- By 2011/12, increase the percentage of work seekers placed in employment to 70 per cent of registered opportunities per year, using the employment services database.
- Reduce unemployment by training 90 000 unemployed people per year, of which 70 per cent should be placed in employment by 2011/12.
- Increase compliance by companies requesting foreign labour through the Department of Labour to 60 per cent of applications by 2011/12, using the employment equity and workplace skills plans.



- Ensure decent work by implementing and enforcing compliance with all labour legislation at 75 per cent of inspected workplaces by 2011/12.
- Reduce incidents in high risk industries by 18 per cent by 2011/12 by increasing awareness and compliance with the Occupational Health and Safety Act (1993).

### Service delivery and spending focus

A single integrated employment services system was rolled out to provincial offices and labour centres to improve access to these services. By the end of the first half of 2008/09, 10 930 placement opportunities were registered on the employment services system against the target of 6 000, compared to 15 364 placement opportunities registered at the end of 2007/08. In the same period, 8 205 work seekers were placed, against a target of 7 500, compared to 5 578 placed in 2007/08. 187 337 work seekers were registered on the employment services system, compared to 169 059 at the end of 2007/08, an increase of 18 281.

In partnership with the National Council for People with Disabilities, 4 141 registered work seekers were assessed and 4 115 referred to identified critical and scarce skills development programmes by the end of the first half of 2008/09, compared to 17 376 assessed in 2007/08. In 2007/08, the department subsidised the salaries of 11 placement officials, who placed 415 people with disabilities in employment opportunities.

In 2007/08, the following unscheduled inspections were carried out in high risk industries: 2 367 in the food and beverage industry, 1 937 in the construction industry, 2 566 in the agriculture sector, and 3 168 in the hospitality, taxi and security sectors. 319 inspectors and 468 shop stewards were trained to implement and enforce labour legislation in targeted high risk industries.

Spending over the MTEF period focuses on increasing inspections to improve employers' compliance with labour legislation, ensuring greater use of the employment service system to reduce unemployment, and developing the Decent Work agenda.

### Expenditure estimates

**Table 15.5 Service Delivery**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Management Support Services	180.4	213.7	247.7	231.1	246.8	217.2	228.4
<i>Eastern Cape</i>	19.4	21.6	28.7	22.2	28.8	29.0	30.9
<i>Free State</i>	11.2	12.0	18.6	15.2	15.7	15.8	16.8
<i>Gauteng South/North</i>	28.1	36.8	43.6	42.8	44.8	44.9	46.8
<i>KwaZulu-Natal</i>	16.5	22.3	27.3	23.2	27.9	27.8	28.4
<i>Limpopo</i>	10.6	14.2	14.4	15.5	16.4	16.2	17.2
<i>Mpumalanga</i>	10.4	12.3	15.8	15.6	17.4	17.4	18.6
<i>North West</i>	9.4	12.2	14.7	14.7	15.4	15.1	16.1
<i>Western Cape</i>	11.0	17.0	19.4	19.8	21.5	21.4	22.3
<i>Northern Cape</i>	6.0	9.8	11.7	11.4	12.4	12.1	12.9
<i>Head office</i>	57.8	55.5	53.6	50.8	46.6	17.3	18.3
Employment services	117.3	126.0	129.6	163.1	173.6	199.6	212.3
<i>Eastern Cape</i>	17.9	20.3	21.0	22.1	22.2	23.7	25.3
<i>Free State</i>	8.9	9.7	9.6	12.7	13.0	14.0	14.9
<i>Gauteng South/North</i>	22.2	23.8	22.5	30.9	32.3	34.5	36.8
<i>KwaZulu-Natal</i>	16.7	17.6	14.6	19.6	23.0	24.4	26.0
<i>Limpopo</i>	9.3	9.2	11.1	12.6	13.2	14.3	15.2
<i>Mpumalanga</i>	11.5	11.8	12.5	13.6	15.5	16.5	17.6
<i>North West</i>	8.1	9.0	10.3	11.7	12.8	13.7	14.6
<i>Western Cape</i>	10.3	11.0	14.0	14.8	16.6	17.5	18.7
<i>Northern Cape</i>	5.8	6.1	6.1	7.6	8.9	9.5	10.2
<i>Head office</i>	6.7	7.6	7.9	17.9	15.9	31.5	33.0

Table 15.5 Service Delivery (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Inspection and Enforcement Services	206.1	226.8	243.4	266.5	314.4	353.9	375.8
<i>Eastern Cape</i>	26.8	28.3	31.8	30.5	31.3	33.9	36.1
<i>Free State</i>	16.1	19.9	18.8	20.1	22.7	24.3	25.9
<i>Gauteng South/North</i>	43.8	51.3	56.2	63.1	67.7	73.2	78.0
<i>KwaZulu-Natal</i>	33.9	35.7	42.0	45.5	49.6	54.2	57.8
<i>Limpopo</i>	16.1	16.9	18.2	21.5	22.7	24.7	26.3
<i>Mpumalanga</i>	15.8	19.5	19.1	22.5	24.0	26.1	27.8
<i>North West</i>	16.5	17.2	17.5	18.6	20.3	22.4	23.9
<i>Western Cape</i>	23.1	26.4	30.2	30.2	31.5	34.4	36.4
<i>Northern Cape</i>	8.5	9.9	9.7	11.4	12.3	13.6	14.5
<i>Head Office</i>	5.5	1.7	0.0	2.6	32.3	47.2	49.2
Labour Market Information and Statistics	14.6	17.7	19.9	21.2	22.0	24.5	26.0
<i>Eastern Cape</i>	1.6	2.3	2.3	2.3	2.6	2.8	3.0
<i>Free State</i>	1.3	1.5	1.6	2.1	1.9	2.2	2.4
<i>Gauteng South/North</i>	2.9	3.6	3.7	4.6	4.7	5.3	5.6
<i>KwaZulu-Natal</i>	1.6	1.9	2.0	2.1	2.4	2.6	2.7
<i>Limpopo</i>	1.4	1.9	2.4	2.2	2.4	2.6	2.7
<i>Mpumalanga</i>	1.8	1.9	2.3	2.2	2.3	2.5	2.6
<i>North West</i>	1.3	1.7	2.4	2.0	2.0	2.3	2.4
<i>Western Cape</i>	1.6	1.7	2.1	2.2	2.3	2.5	2.7
<i>Northern Cape</i>	1.1	1.3	1.1	1.7	1.4	1.7	1.8
Occupational Health and Safety	13.8	10.3	16.1	20.5	20.4	20.6	21.9
<i>Head Office</i>	13.8	10.3	16.1	20.5	20.4	20.6	21.9
<b>Total</b>	<b>532.3</b>	<b>594.6</b>	<b>656.8</b>	<b>702.3</b>	<b>777.1</b>	<b>815.8</b>	<b>864.4</b>
Change to 2008 Budget estimate				12.0	9.6	8.2	8.4

**Economic classification**

<b>Current payments</b>	<b>522.3</b>	<b>579.5</b>	<b>645.9</b>	<b>671.5</b>	<b>744.3</b>	<b>807.8</b>	<b>856.2</b>
Compensation of employees	314.9	356.1	403.6	458.3	545.5	605.0	643.8
Goods and services	207.3	223.3	242.3	213.1	198.8	202.9	212.4
<i>of which:</i>							
<i>Administrative fees</i>	0.0	0.0	–	0.0	0.6	0.2	0.2
<i>Advertising</i>	0.9	0.9	2.8	4.6	4.3	4.4	4.5
<i>Assets less than R5 000</i>	4.0	10.7	4.5	6.5	6.5	5.8	6.0
<i>Bursaries (employees)</i>	1.0	0.9	1.3	1.9	2.1	2.1	2.2
<i>Catering: Departmental activities</i>	0.3	2.3	3.9	3.5	4.0	3.9	4.3
<i>Communication</i>	35.9	38.7	40.0	35.8	30.6	33.3	34.8
<i>Computer services</i>	0.5	0.1	0.4	0.4	0.8	0.7	0.8
<i>Consultants and professional services: Business and advisory services</i>	0.0	0.0	0.1	0.2	1.1	1.2	1.4
<i>Consultants and professional services: Infrastructure and planning</i>	0.7	0.8	1.0	0.5	1.3	1.5	1.6
<i>Contractors</i>	1.6	1.9	0.4	1.4	8.9	6.2	6.6
<i>Agency and support / outsourced services</i>	4.8	3.4	3.9	17.5	12.0	11.7	12.0
<i>Entertainment</i>	0.4	0.1	0.1	0.4	0.6	0.6	0.7
<i>Inventory: Fuel, oil and gas</i>	0.2	0.4	1.0	0.8	0.8	0.9	1.0
<i>Inventory: Other consumables</i>	1.0	1.5	1.6	2.0	3.4	3.4	3.8
<i>Inventory: Stationery and printing</i>	8.3	11.9	12.6	13.5	15.0	15.5	16.5
<i>Lease payments</i>	16.9	4.5	4.3	5.1	7.3	7.8	8.3
<i>Owned and leasehold property expenditure</i>	46.4	56.1	57.9	24.2	5.6	6.4	7.1
<i>Transport provided: Departmental activities</i>	0.2	0.4	0.4	0.0	5.1	6.3	5.0
<i>Travel and subsistence</i>	59.6	65.2	83.0	72.4	58.9	59.1	61.7
<i>Training and development</i>	2.9	6.7	8.5	5.9	8.1	8.4	9.2
<i>Operating expenditure</i>	3.3	2.8	2.0	2.1	8.1	9.8	10.4
<i>Venues and facilities</i>	18.4	13.8	12.3	14.4	13.6	13.3	14.2

Table 15.5 Service Delivery (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Transfers and subsidies</b>	<b>2.2</b>	<b>1.3</b>	<b>2.0</b>	<b>1.5</b>	<b>0.8</b>	<b>0.8</b>	<b>0.9</b>
Provinces and municipalities	0.9	0.2	–	–	–	–	–
Foreign governments and international organisations	–	–	0.1	–	–	–	–
Non-profit institutions	0.5	0.5	0.5	0.6	0.6	0.7	0.7
Households	0.8	0.6	1.3	0.9	0.2	0.2	0.2
<b>Payments for capital assets</b>	<b>7.8</b>	<b>13.8</b>	<b>8.9</b>	<b>29.3</b>	<b>32.0</b>	<b>7.2</b>	<b>7.3</b>
Buildings and other fixed structures	5.5	9.3	6.3	26.3	27.6	3.8	4.0
Machinery and equipment	2.3	4.5	2.6	3.0	4.4	3.4	3.3
<b>Total</b>	<b>532.3</b>	<b>594.6</b>	<b>656.8</b>	<b>702.3</b>	<b>777.1</b>	<b>815.8</b>	<b>864.4</b>

**Details of selected transfers and subsidies**

<b>Non-profit institutions</b>							
<b>Current</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.6</b>	<b>0.6</b>	<b>0.7</b>	<b>0.7</b>
Deaf Federation of South Africa	0.1	0.1	0.1	0.2	0.2	0.2	0.2
National Council for the Physically Disabled	0.2	0.2	0.2	0.2	0.2	0.2	0.2
SA National Council for the Blind	0.2	0.2	0.2	0.2	0.3	0.3	0.3

**Expenditure trends**

Expanded capacity in the *Employment Services* and *Inspection and Enforcement Services* subprogrammes contributed to increased expenditure from R532.3 million in 2005/06 to R656.8 million in 2007/08 to R864.4 million in 2011/12, average annual growth of 8.4 per cent over the seven-year period. In 2008/09, spending in the *Employment Services* subprogramme grew by 25.9 per cent due to additional allocations in the 2008 Budget for career and vocational counsellors and placement and client service officer posts. In 2008/09, the allocation to the *Occupation Health and Safety* subprogramme grows by 26.7 per cent due to spending on the business case for the integration of occupational health and safety competencies.

Between 2005/06 and 2007/08, expenditure on travel and subsistence grew from R59.6 million in 2005/06 to R83 million in 2007/08, at an average annual rate of 18 per cent, due to increased labour and occupational health and safety inspections. Over the medium term, spending on this item is expected to decrease due to cost containment initiatives.

Spending on buildings and other fixed structures in 2008/09 grew by 319.7 per cent from 2007/08 because funds for provincial offices and labour centres were reclassified from owned and leasehold property to buildings and other fixed structures.

Due to efficiency savings, this programme's goods and services baseline was reduced by R32.3 million over the MTEF period.

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

- *National Skills Fund Administration and Transfers* manages and transfers funds to projects identified as national priorities in the national skills development strategy, as well as other projects related to achieving the purposes of the Skills Development Act (1998), as determined by the Director-General of the Department of Labour.
- *SETA Coordination* resources, supports, monitors and reports on the implementation of the national skills development strategy at the sectoral level through establishing and managing the performance of service level agreements with sector education and training authorities. Funding is mainly used for salaries, and other personnel related costs.
- *INDLELA* manages and coordinates national artisan development, including monitoring the improvement of artisan trade assessment, moderation and specialised technical training at the Institute for the National

Development of Learnerships, Employment Skills and Labour Assessments. Funding is used to run the institute and upgrade equipment.

- *Training of Staff* funds staff training programmes, and ensures that the relevant skills are available for implementing legislation.
- *Programme Management Support* provides management support to the employment and skills development programme manager, and coordinates national skills development strategy reporting and monitoring. Funding is mainly used for salaries, and other personnel related costs.
- *NSA Secretariat* provides secretariat support to the National Skills Authority. Funding is mainly used for salaries, and other personnel related costs.
- *Quality Development and Promotion* coordinates the Quality Council for Trades and Occupations to develop, register and quality assure the implementation of qualifications and standards for occupationally based learning across all sectors of the economy. Funding is mainly used for salaries, and other personnel related costs.
- *Productivity SA* transfers funds to Productivity SA, which supports government led strategic initiatives that affect job creation, productivity and competitiveness.
- *Umsobomvu Youth Fund* transfers funds to Umsobomvu Youth Fund, which implements youth development support programmes and facilitates the creation of employment and self employment opportunities for young people.

## Objectives and measures

- Reduce unemployment by developing the skills of 90 000 unemployed work seekers and placing 70 per cent in employment by 2010.
- Enable growth, productivity and sustainability by supporting the National Skills Fund and sector education and training authorities so that 2 000 non-levy paying enterprises, non-government organisations and cooperatives receive skills development funding by 2010.
- Increase the pool of qualified persons with scarce skills by providing top up funding to sector education and training authorities, the National Student Financial Aid Scheme and the National Research Foundation in order to assist 26 000 unemployed learners to enter scarce and critical skills programmes in learnerships, apprenticeships, internships, bursaries and skills programmes by 2010.

## Service delivery and spending focus

The workplace skills plans and annual training report regulations for the public and private sectors were published in February 2007. Amendments to learnership regulations and sector education and training authority grants were published in June and September 2007.

Outputs achieved by the end of the first half of 2008/09 compared to 2007/08 include 1 215 new workers trained through the workplace skills development support programme grants (89 per cent black and 39 per cent women), compared to 2 368 new workers trained in 2007/08 (87 per cent black and 45 per cent women). In the adult basic education and training learning programmes, 18 715 learners were trained against a target of 40 000 by the end of September 2008, compared to 19 987 learners out of a targeted 20 100 in 2007/08.

A master scarce and critical skills list was developed in 2007/08, and by the end of the first half of 2008/09, 30 544 workers were trained in learnerships, apprenticeships and other scarce and critical skills programmes, against a target of 26 000, compared to 112 100 workers against the targeted 37 048 in 2007/08. The target was exceeded by 202.6 per cent, or 75 052 workers. By the end of the first half of 2008/09, 20 770 unemployed people had been trained in learnerships, apprenticeships and other scarce and critical skills programmes, against a target of 26 000, compared to 57 570 learners against the targeted 37 140 in 2007/08. The target was exceeded by 55 per cent, or 20 430 workers. By the end of September 2008, 2 351 learners were placed to gain local and international experience against a target of 2 000, compared to 6 074 learners placed in 2007/08.

Spending over the MTEF period focuses on: reducing unemployment through skills development programmes; increasing the pool of learners with scarce and critical skills; establishing the Quality Council for Trades and

Occupations as a public entity; and continuing to provide support services to the sector education and training authorities and the National Skills Fund.

## Expenditure estimates

**Table 15.6 Employment and Skills Development Services / Human Resources Development**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
NSF Administration and Transfers	44.6	44.0	46.3	49.2	50.3	53.1	55.5
Seta Co-ordination	13.4	15.3	16.7	23.6	18.4	19.1	21.1
INDLELA	25.7	40.2	39.2	52.8	55.4	60.8	70.6
Training of Staff	0.3	1.2	1.9	1.2	1.0	1.3	1.5
Programme Management Support	4.1	4.0	4.8	5.6	6.4	8.0	8.6
NSA Secretariat	5.4	2.3	3.8	3.6	3.4	5.5	5.8
Quality Development and Promotion	–	–	0.8	9.1	13.8	16.7	19.0
Productivity SA	23.9	32.0	26.6	28.1	29.5	31.2	34.1
Umsobomvu Youth Fund	–	–	400.0	5.1	303.0	342.4	356.4
<b>Total</b>	<b>117.4</b>	<b>139.0</b>	<b>540.1</b>	<b>178.5</b>	<b>481.2</b>	<b>537.9</b>	<b>572.5</b>
Change to 2008 Budget estimate				(25.2)	264.5	314.3	343.6

### Economic classification

<b>Current payments</b>	<b>52.3</b>	<b>56.0</b>	<b>65.5</b>	<b>91.4</b>	<b>91.7</b>	<b>104.6</b>	<b>114.9</b>
Compensation of employees	35.7	38.7	43.6	51.4	60.9	64.5	68.7
Goods and services	16.7	17.3	21.9	40.0	30.8	40.1	46.2
of which:							
Advertising	0.3	0.5	1.1	0.7	0.7	0.7	0.7
Assets less than R5 000	0.7	0.9	0.9	2.1	1.1	2.1	2.2
Catering: Departmental activities	0.1	0.1	0.4	0.9	0.9	0.9	0.9
Communication	0.7	0.6	0.8	1.2	1.2	1.2	1.3
Computer services	–	0.1	–	7.2	0.4	0.4	0.4
Consultants and professional services: Business and advisory services	–	0.0	0.0	–	2.9	4.1	4.0
Consultants and professional services: Legal costs	–	–	–	0.9	0.9	0.9	0.9
Contractors	0.2	0.3	0.4	0.9	0.9	0.9	0.9
Agency and support / outsourced services	1.1	0.3	0.9	1.3	1.3	1.3	2.3
Inventory: Food and food supplies	1.2	1.7	1.4	1.8	1.8	1.8	2.0
Inventory: Materials and supplies	1.8	2.5	4.2	3.6	–	–	–
Inventory: Other consumables	0.4	0.5	0.6	1.1	1.1	1.1	2.2
Inventory: Stationery and printing	2.4	1.8	1.5	2.5	3.4	4.5	6.5
Lease payments	0.5	0.5	0.4	3.6	3.0	4.6	4.6
Owned and leasehold property expenditure	1.0	1.6	1.1	0.7	0.7	1.2	0.7
Travel and subsistence	3.6	3.1	3.1	3.4	3.4	6.4	6.7
Training and development	0.8	1.2	1.9	1.2	1.2	1.2	1.3
Operating expenditure	0.3	0.1	0.2	1.2	1.2	1.2	2.2
Venues and facilities	1.4	1.3	2.4	5.0	4.0	5.0	5.8
<b>Transfers and subsidies</b>	<b>64.4</b>	<b>74.9</b>	<b>472.7</b>	<b>80.2</b>	<b>381.4</b>	<b>425.2</b>	<b>450.4</b>
Provinces and municipalities	0.1	0.0	–	–	–	–	–
Departmental agencies and accounts	64.2	74.7	71.4	75.1	78.4	82.9	94.0
Public corporations and private enterprises	–	–	400.0	5.1	303.0	342.4	356.4
Households	0.1	0.2	1.2	–	–	–	–
<b>Payments for capital assets</b>	<b>0.7</b>	<b>8.1</b>	<b>2.0</b>	<b>6.9</b>	<b>8.1</b>	<b>8.0</b>	<b>7.2</b>
Buildings and other fixed structures	–	3.3	–	1.0	3.0	3.0	3.0
Machinery and equipment	0.7	4.8	2.0	5.9	5.1	5.0	4.2
<b>Total</b>	<b>117.4</b>	<b>139.0</b>	<b>540.1</b>	<b>178.5</b>	<b>481.2</b>	<b>537.9</b>	<b>572.5</b>

**Table 15.6 Employment and Skills Development Services/ Human Resources Development (continued)**

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Details of selected transfers and subsidies</b>							
<b>Provinces and municipalities</b>							
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>64.2</b>	<b>74.7</b>	<b>71.4</b>	<b>75.1</b>	<b>78.4</b>	<b>82.9</b>	<b>94.0</b>
Productivity SA	23.9	32.0	26.6	28.1	29.5	31.2	34.1
National Skills Fund	40.3	42.7	44.8	46.9	49.0	51.7	59.9
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>–</b>	<b>–</b>	<b>400.0</b>	<b>5.1</b>	<b>303.0</b>	<b>342.4</b>	<b>356.4</b>
Umsobomvu Youth Fund	–	–	400.0	5.1	303.0	342.4	356.4

## Expenditure trends

Expenditure in the *Employment and Skills Development Services/Human Resources Development* programme increased at an average annual rate of 15 per cent, from R117.4 million in 2005/06 to R178.5 million in 2008/09, and is expected to increase to R572.5 million in 2011/12, an average annual rate of 47.5 per cent over the MTEF period, due to the additional allocation of R996.4 million to the Umsobomvu Youth Fund. Between 2007/08 and 2008/09, expenditure decreased by 67 per cent because allocations to the Umsobomvu Youth Fund decreased from R400 million in 2007/08 to R5 million in 2008/09.

R10.9 million of the allocation for the Quality Council for Trades and Occupations was surrendered in the 2008 adjusted estimates process, and the balance of the council budget (R8 million) has thus far been spent on project management, workshops to develop draft policies and information sessions. However, recruitment processes are in place for additional human resources to implement the council, and this will have a positive impact on expenditure in the *Quality Development and Promotion* subprogramme. Spending on capital assets is slow due to external processes that have suspended the implementation of planned developmental projects, mainly because of concerns about the dolomite ground structure in the area of the Institute for the National Development of Learnerships, Employment Skills and Labour Assessments, which will be investigated by the Department of Public Works.

The compensation of employees' budget for 2008/09 was revised from R66.2 million to R51.4 million due to the high vacancy rate, but spending is expected to increase over the MTEF period as posts are filled. Spending on stationery and printing increased from R1.5 million in 2007/08 to an adjusted R2.5 million in 2008/09 due to the provision of stationery at the skills conference in October 2008. Expenditure on travel and subsistence in 2008/09 is projected to grow by 9 per cent compared to 2007/08 as a result of an on-site survey on the impact of skills development on employment. In 2008/09, expenditure on machinery and equipment grows by 196 per cent compared to 2007/08 due to the upgrading of equipment at the Institute for the National Development of Learnerships, Employment Skills and Labour Assessments.

The department has identified cost containment measures in this programme totalling R69.1 million in goods and services and R11.5 million in transfers to departmental agencies and accounts over the MTEF period.



## Public entities

### National Skills Fund

#### Strategic overview: 2005/06 – 2011/12

The National Skills Fund was established in 1999 in terms of the Skills Development Act (1998). It is funded by 20 per cent of the skills development levies collected by the South African Revenue Service, of which a maximum of 2 per cent is allocated for administration.

In 2005, when the Minister of Labour launched the national skills development strategy for 2005 to 2010, the National Skills Fund reviewed its funding processes to ensure that the strategy's targets are met.

The fund's key objectives include promoting employability and sustainable livelihoods, contributing to the development of critical skills, workplace training, and increasing the number of new entrants into the workplace. Key priorities for 2009/10 include: addressing the governance and accountability framework of the fund; accelerating the delivery of critical skills in support of key growth strategies such as the Accelerated and Shared Growth Initiative for South Africa, provincial growth and development strategies, and the Joint Initiative on Priority Skills Acquisition; and improving the rate of disbursement across funded projects.

#### Selected performance and operations indicators

**Table 15.7 National Skills Fund**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of additional unemployed people assisted to enter learning programmes	46 676	41 011	57 570	20 770	18 000	*	*
Number of new learners who have completed learning programmes	4 256	12 251	38 008	23 625 <sup>1</sup>	9 000	*	*
Number of new undergraduate bursaries awarded	6 941	1 148	726	1 179	7 000	*	*
Number of new postgraduate bursaries awarded	621	1 042	1 120	1 500	1 700	*	*
Number of new adult basic education and training learners registered by the National Skills Fund	41 097	46 095	19 987	1 120	40 000	*	*
Number of new registered adult basic education and training learners who have completed programmes	–	12 748	0	18 715	20 000	*	*
Number of additional unemployed people trained	103 168	118 153	101 924	11 940	90 000	*	*
Number of additional trained unemployed people placed in employment	55 376	90 691	71 054	6 696	63 000	*	*

\* Subject to the revised national skills development strategy

1. Includes learners from 2007/08 who did not complete the programmes

#### Service delivery and spending focus

The National Skills Fund provides funding for training unemployed people under the social development skills programme interventions managed by the Department of Labour's provincial offices. The target number of people to be trained in 2008/09 is 90 000.

In 2007/08, 11 940 unemployed people were trained, with 25 per cent receiving accredited training and 6 696 placed in employment opportunities. 5 434 of the trained people were specifically trained for the expanded public works programme, 1 682 as part of the integrated sustainable rural development programme, and 447 for urban renewal programme projects. The number of people trained in 2008/09 has been low, because the procurement procedures for service providers are being aligned with National Treasury's supply chain management prescripts.

In 2007/08, 3 126 unemployed people were targeted for learning programmes, growing to 16 000 for 2008/09. The uptake for 2007/08 was in fact 57 570, with 20 770 taking up learnerships by the end of the first half of 2008/09. The much higher uptake was mainly due to the department's contributions to the Accelerated and Shared Growth Initiative for South Africa and the Joint Initiative on Priority Skills Acquisition. As a result, 38 008 unemployed people completed the learning programmes in 2007/08, and 23 625 by the end of the first half of 2008/09, including learners from 2007/08 who did not complete the programmes.

The National Skills Fund also makes funds available for undergraduate and postgraduate bursaries in critical skills shortage areas, administered by the National Student Financial Aid Scheme and the National Research

Foundation. The target number of bursaries awarded for 2008/09 is likely to be achieved: 1 179 undergraduate bursaries and 1 500 postgraduate bursaries.

Spending over the MTEF period continues to focus on projects that will develop the skills of unemployed people, in an effort to reduce unemployment.

## Expenditure estimates

**Table 15.8 National Skills Fund: Project information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
NSF: Social Development Projects	183.2	279.1	289.1	334.2	367.7	386.1	405.4
Industry support programme	17.7	32.8	35.0	70.3	77.3	81.1	85.2
ABET	–	37.8	64.0	128.4	141.3	148.3	155.7
Strategic Projects	80.3	48.3	152.0	66.3	113.9	113.9	119.6
Critical skills support	292.2	241.5	62.4	172.1	138.9	138.9	138.9
Other projects	70.9	77.3	107.7	139.8	237.4	239.3	500.0
<b>Total expense</b>	<b>644.4</b>	<b>716.9</b>	<b>710.2</b>	<b>911.1</b>	<b>1 076.4</b>	<b>1 107.5</b>	<b>1 404.7</b>

**Table 15.9 National Skills Fund: Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Statement of financial performance</b>							
<b>Revenue</b>							
Skills development levy	976.7	1 065.7	1 256.9	1 505.9	1 549.7	1 664.3	1 834.3
Non-tax revenue	102.8	177.8	260.8	312.9	317.9	327.4	343.8
Other non-tax revenue	102.8	177.8	260.8	312.9	317.9	327.4	343.8
Transfers received	40.3	42.7	44.8	46.9	49.3	52.3	55.4
<b>Total revenue</b>	<b>1 119.7</b>	<b>1 286.2</b>	<b>1 562.4</b>	<b>1 865.7</b>	<b>1 916.8</b>	<b>2 044.0</b>	<b>2 233.4</b>
<b>Expenses</b>							
Current expense	64.4	72.4	66.1	73.8	74.8	75.7	79.8
Compensation of employees	9.2	11.8	12.9	15.0	15.8	16.5	17.7
Goods and services	55.2	60.7	53.2	58.8	59.1	59.1	62.1
Transfers and subsidies	579.9	644.4	644.1	837.3	1 001.5	1 031.9	1 324.9
<b>Total expenses</b>	<b>644.4</b>	<b>716.9</b>	<b>710.2</b>	<b>911.1</b>	<b>1 076.4</b>	<b>1 107.5</b>	<b>1 404.7</b>
<b>Surplus / (Deficit)</b>	<b>475.3</b>	<b>569.3</b>	<b>852.2</b>	<b>954.6</b>	<b>840.5</b>	<b>936.5</b>	<b>828.7</b>

## Expenditure trends

For 2007/08, the National Skills Fund accumulated revenue of R1.6 billion, of which R1.3 billion was from skills development levies. The fund receives a transfer of R160.6 million over the medium term from the Department of Labour for training unemployed people. Slow spending in 2007/08 is because a hold was placed on contracting training provision while procurement procedures were aligned to National Treasury supply chain management prescripts.

Total revenue grew at an average annual rate of 17.4 per cent between 2005/06 and 2008/09 due to increased income from investments, with revenue growth over the medium term slowing to an average annual rate of 7.2 per cent. The bulk of the revenue from transfers received is from the skills development levy, which fluctuates year-on-year because the amount reflects what the South African Revenue Service has actually collected.

Spending on compensation of employees grew at an average annual rate of 17.6 per cent between 2005/06 and 2008/09, due to increased expenses related to the resignation of staff and the 10.5 per cent salary adjustment in 2008/09, slowing to an average annual rate of 5.7 per cent over the medium term. As a result of the anticipated listing of the National Skills Fund, spending on goods and services slows over the medium term because the goods and services budget shifts to the administration budget, which is funded from the 2 per cent of skills levies. Expenditure in transfers and subsidies is projected to grow at an average annual rate of 16.5 per cent over the medium term due to the increased implementation of national skills development strategy projects and programmes.

By the end of September 2008, the National Skills Fund had disbursed R460 million from a total of R597 million collected in 2008/09: R167 million for training unemployed people under the social development

skills programmes initiatives; R64.2 million for training unemployed adult basic education and training learners; R17.9 million for unemployed learners in learnerships; R68.1 million to the National Student Financial Aid Scheme (undergraduate bursaries) and the National Research Foundation (postgraduate bursaries) for bursaries in critical skills shortage areas; R15.9 million for training incentive grants for trained workers linked to the Department of Trade and Industry's small medium enterprise development programme and its business process outsourcing and off-shoring incentives programmes; R12.8 million for skills development support to approved community based cooperatives; R33.1 million for strategic projects (as indicated above); and R22.3 million to the South African Revenue Service in collection fees for the levies collected thus far in 2008/09.

## Sector education and training authorities

### Strategic overview: 2005/06 – 2011/12

There are currently 23 sector education and training authorities, mandated by section 9 of the Skills Development Act (1998) to provide skills development across the different economic sectors. The main objectives of a sector education and training authority are to: implement sector skills plans to develop appropriate skills; develop and register learning programmes; quality assure qualifications and standards of programmes in sectors; and disburse skills development levy funds. Sector education and training authorities meet the national skills development strategy targets through a legislated service level agreement with the Department of Labour. These annual agreements are determined by the national skills development strategy's five-year target, which is also calculated in annual terms over the five-year period.

The sector education and training authority sector skills plans have formed the basis for the first formally published, occupationally based national scarce skills list. The list has also been integrated into the Department of Home Affairs' processes for issuing scarce skills immigration work permits. Sector education and training authority sector skills plans are automatically uploaded through an integrated data collection process into the employment services system so that the annual national scarce skills list is efficiently updated.

The national skills development strategy for 2005 to 2010 sets targets for sector education and training authority programmes. The National Skills Authority will have revised the strategy for 2010 to 2015 by October 2009. The revised five-year target for the number of unemployed people assisted to enter learning programmes is 125 000. 50 per cent are targeted to complete the programmes successfully.

### Selected performance and operations indicators

**Table 15.10 Sector education and training authorities**

Indicator	Past			Present	Projections		2011/12
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	
Number of additional cooperatives that receive skills development support	–	1 293	1 442	579	1 000	1 000	*
Number of additional adult basic education and training learners registered by sector education and training authorities	56 262	46 095	40 583	10 732	100 000	100 000	*
Number of additional adult basic education and training learners who have completed programmes	35 187	12 748	20 415	2 862	40 000	40 000	*
Number of additional workers assisted to enter scarce and critical skills programmes through learnerships, apprenticeships, internships, bursaries and skills programmes	70 362	57 577	112 100	30 544	26 000	26 000	*
Percentage of workers enrolled in scarce and critical skills programmes who have completed learning programmes	42% (29 863)	37% (21 423)	64% (71 529)	79% (26 558)	50% (13 000)	50% (13 000)	*
Number of additional unemployed people trained as part of the social development programmes	103 168	118 153	48 268	11 940	90 000	90 000	*
Percentage of trained unemployed people placed in employment	53.7% (55 376)	76.8% (90 691)	62.6% (30 212)	16.3% (1 944)	70% (63 000)	70% (63 000)	*
Number of additional unemployed people assisted to enter scarce and critical skills programmes in learnerships, apprenticeships, internships, bursaries and skills programmes	46 676	41 011	57 570	20 770	26 000	26 000	*
Number of additional unemployed learners who have completed learning programmes	4 256 (-9%) <sup>1</sup>	12 251 (-30%) <sup>1</sup>	38 008 (66%)	23 652 (82%)	13 000 (50%)	13 000 (50%)	*
Number of additional youth supported through new venture creation programmes	981	3 287	2 559	1 181	2 000	2 000	*
Number of additional ventures sustainable 12 months after completion of the programme	–	755 (-23%) <sup>1</sup>	1 791 (70%)	7 (0.3%)	1 400 (-70%) <sup>1</sup>	1 400 (-70%) <sup>1</sup>	*

\* Subject to revised national skills development strategy

1. Negative percentages refer to percentages below target.

## Service delivery and spending focus

In 2007/08, 1 442 small broad based black economic empowerment (BEE) firms and BEE cooperatives were supported, exceeding the target by 185 per cent. This is a significant improvement on 2006/07, when only 50 per cent of the target was achieved. In 2007/08, 40 583 learners entered adult basic education and training programmes at all levels, against a target of 61 038 entrants, and 20 415 completed the programmes against a target of 36 234. The design of adult basic education and training programmes may have to be reviewed so that they align better with occupational training and are more relevant to people in the workplace.

In 2007/08, the target for helping workers enter learnerships and apprenticeships leading to basic entry, intermediate and high level scarce skills was 37 048, and 19 919 for successfully completing the programme. This target for entering the programme was exceeded by 303 per cent, and by 386 per cent for successfully completing it. The reason could be that no baseline was established when the original targets were set, and likely levels of achievement were underestimated. The current figures can be used as a baseline for the revised national skills development strategy (for 2010 to 2015).

Spending over the MTEF period continues to focus on developing new skills programmes and improving existing ones to improve productivity and reduce unemployment.

## Expenditure estimates

**Table 15.11 Sector Education Training Authorities: Project information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Skills Development & Research	1 610.7	1 494.2	1 480.0	2 006.6	2 189.6	2 178.3	2 265.7
Standards Generating Body	12.5	11.6	11.5	15.6	17.0	16.1	16.0
Learning Programmes	2 815.4	2 611.7	2 586.9	3 507.3	3 827.3	4 132.6	4 210.6
Education Training Quality Assurance	109.6	101.6	100.7	136.5	148.9	141.4	140.5
Other	257.1	238.5	236.2	320.3	349.5	331.7	329.7
<b>Total expense</b>	<b>4 805.2</b>	<b>4 457.5</b>	<b>4 415.3</b>	<b>5 986.2</b>	<b>6 532.4</b>	<b>6 800.1</b>	<b>6 962.5</b>

**Table 15.12 Sector Education Training Authorities: Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Statement of financial performance</b>							
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>339.9</b>	<b>316.3</b>	<b>491.7</b>	<b>451.1</b>	<b>400.9</b>	<b>387.6</b>	<b>409.1</b>
Sale of goods and services other than capital assets	0.2	8.1	6.2	0.4	0.4	0.4	0.4
of which:							
Sales by market establishments	-	7.8	6.1	0.2	0.2	0.2	0.2
Other sales	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Other non-tax revenue	339.8	308.2	485.5	450.7	400.5	387.2	408.7
<b>Skills development levies</b>	<b>4 333.7</b>	<b>4 471.4</b>	<b>5 157.3</b>	<b>5 867.7</b>	<b>6 264.0</b>	<b>6 797.6</b>	<b>7 380.4</b>
<b>Total revenue</b>	<b>4 673.6</b>	<b>4 787.7</b>	<b>5 649.0</b>	<b>6 318.8</b>	<b>6 664.9</b>	<b>7 185.2</b>	<b>7 789.5</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>835.0</b>	<b>864.4</b>	<b>679.1</b>	<b>774.1</b>	<b>840.9</b>	<b>848.7</b>	<b>921.6</b>
Compensation of employees	243.3	281.4	323.0	371.0	406.5	415.8	446.6
Goods and services	575.9	560.5	327.9	373.6	405.2	407.4	453.2
Depreciation	15.1	21.4	24.9	26.7	26.2	22.4	18.5
Interest, dividends and rent on land	0.7	1.1	3.2	2.7	2.9	3.1	3.2
<b>Transfers and subsidies</b>	<b>3 970.1</b>	<b>3 593.1</b>	<b>3 736.3</b>	<b>5 212.1</b>	<b>5 691.5</b>	<b>5 951.4</b>	<b>6 041.0</b>
<b>Total expenses</b>	<b>4 805.2</b>	<b>4 457.5</b>	<b>4 415.3</b>	<b>5 986.2</b>	<b>6 532.4</b>	<b>6 800.1</b>	<b>6 962.5</b>
<b>Surplus / (Deficit)</b>	<b>(131.6)</b>	<b>330.1</b>	<b>1 233.6</b>	<b>332.7</b>	<b>132.6</b>	<b>385.1</b>	<b>827.0</b>
<b>Acquisition of assets</b>	<b>28 951.0</b>	<b>33 126.0</b>	<b>20 342.0</b>	<b>68 226.4</b>	<b>29 887.7</b>	<b>27 122.3</b>	<b>25 408.9</b>

## Expenditure trends

Between 2005/06 and 2008/09, transfers received grew at an average annual rate of 10.6 per cent, from R4.3 billion to R5.8 billion, the bulk of which comprises skills development levies. Growth over the medium term is expected to average 7.9 per cent per year to reach R7.3 billion. Other non-tax revenue grew by 57.5 per cent in 2007/08 due mainly to interest earned from investments as a result of the sharp increase in interest rates in 2008. Transfers received between 2005/06 and 2008/09 fluctuate as the amount reflects what the South African Revenue Service has actually collected in relation to skills levies.

Spending on goods and services decreased at an average annual rate of 13.4 per cent between 2005/06 and 2008/09 due to less dependency by the sector education and training authorities on consultants. Transfers and subsidies grow by 39.5 per cent in 2008/09 due to concerted efforts by the sector education and training authorities to reduce the accumulated surplus by increasing the payment of mandatory and discretionary grants.

Acquisition of assets also grows by 235.4 per cent in 2008/09 due to increased projected spending on capital assets, in particular property and buildings, which more sector education and training authorities consider to be a better option than renting premises.

Spending over the MTEF period is set to decrease by 28.1 per cent.

## Programme 4: Labour Policy and Labour Market Programmes

- *Programme Management Unit* manages and controls the labour policy and labour market programmes branch. Funding is mainly used for salaries, and other personnel related costs.
- *Strengthen Civil Society* aims to strengthen the capacity of workers and employers to contribute to a stable and smoothly functioning labour market by providing resources, support and expertise to improve independence and self reliance. Funding is allocated to selected projects to increase the protection of vulnerable workers in rural and remote areas through transfers to the Development Institute for Training, Support and Education for Labour, the Workers' College KwaZulu-Natal, the South African Labour Bulletin, the Southern Cape Land Committee Trust, seven rural advice offices, the Congress of South African Trade Unions and the South African Confederation of Trade Unions.
- *Collective Bargaining* manages the implementation of the Labour Relations Act (1995) through policies and practices that promote sound labour relations and tripartism. Funds are mainly used to: register labour organisations and de-register those that are non compliant; publish and extend collective agreements; support and advance participation in collective bargaining structures; participate in the governance structures of the Commission for Conciliation, Mediation and Arbitration; and participate in relevant National Economic Development and Labour Council activities.
- *Employment Equity and Standards* promotes equity in the labour market through improving enforcement of the Employment Equity Act 1998), and protects vulnerable workers in the labour market by administering the Basic Conditions of Employment Act (1997). Funds are mainly used for reviewing Johannesburg stock exchange listed companies for employment equity substantive compliance, publishing employment equity compliance information, and marketing the employment equity online reporting facility. Funds are also used to extend sectoral determinations to increase the protection of vulnerable workers and promote the protection of children.
- *Commission for Conciliation, Mediation and Arbitration* transfers funds to the Commission for Conciliation, Mediation and Arbitration, which promotes social justice and fairness in the workplace through dispute management and dispute resolution services.
- *Research, Policy and Planning* researches and monitors working conditions and policies affecting the labour market in South Africa and elsewhere. Funds are mainly used for research, monitoring and evaluation activities, and publishing research findings.
- *Labour Market Information and Statistics* collects, collates, analyses and disseminates internal and external labour market statistics to inform all stakeholders about changes in the South African labour market that impact on legislation. Funding is mainly used for salaries, and other personnel costs.



- *International Labour Matters* represents the South African government at the International Labour Organisation, the African Union Labour and Social Affairs Commission, the Southern African Development Community employment and labour sector, and the African Regional Labour Administration Centre, and makes transfers to these bodies for membership fees.
- *National Economic Development and Labour Council* transfers funds to the National Economic Development and Labour Council, which promotes economic growth and social equity by participating in labour market and socioeconomic decision making and by seeking consensus and agreements on social, labour market and economic policy.
- *Sheltered Employment Factories* improves the administration, production and financial control of employment centres for the disabled. Transfers to subsidised work centres for the disabled fund the shortfall between sales revenue and operating costs, and the transfer to subsidised workshops for the blind is a partial subsidy.

## Objectives and measures

- Empower vulnerable workers in rural and remote areas through 15 projects, funded over the MTEF period, that will familiarise these workers with labour legislation and educate them on how to use it.
- Improve employment equity by extending the review of the top 100 Johannesburg stock exchange listed companies for substantive compliance with the legislation over the MTEF period.
- Improve the status of vulnerable workers by:
  - reviewing working conditions in 6 industrial and economic sectors (wholesale and retail, civil engineering, contract cleaning, private security, learnerships, and hospitality) by March 2010
  - establishing the feasibility of promulgating sectoral determinations in the welfare and unskilled labour sectors by March 2010
  - submitting a report to the minister on the norms and benchmarks for proportionate income differentials by March 2010.
- Evaluate the impact of labour market policy by setting a research and monitoring and evaluation agenda by May 2009.
- Continue to extend collective agreements and register new labour organisations within 90 days.

## Service delivery and spending focus

In 2007/08, the Department of Labour allocated funds to 8 civil society organisations involved in labour and the protection of vulnerable workers. By the end of the third quarter of 2008/09, 10 new civil society organisations had been funded against a target of 15 over a 3-year period.

In 2007/08, 7 companies, with 26 subsidiaries, selected from the top 100 Johannesburg stock exchange listed companies, were subjected to a review, as part of promoting equity in the labour market. In 2008/09, 60 companies were identified for the review, and at the end of the first half of the year, 32 companies had been reviewed.

In 2007/08, investigations aimed at the protection of vulnerable workers were conducted in the hospitality, taxi and welfare sectors. In 2008/09 thus far, the welfare, domestic, farming and forestry sectors have been investigated, which has resulted in regulated minimum conditions of employment in these sectors, including a 40-hour working week, an earnings threshold, and a ceiling on working time.

64 bargaining council collective agreements covering 884 40 workers were extended to non-parties in 2007/08, and by the end of the third quarter of 2008/09, 54 collective agreements had been extended. This ensured that minimum wage and social benefits were extended to vulnerable workers who would normally have been excluded.

In 2007/08, 17 research reports were completed and are currently being discussed by stakeholders. In 2008/09, the Annual Labour Market Bulletin and reports on the client satisfaction survey and job opportunities and unemployment in the South African labour market were produced.



Spending over the MTEF period will continue to focus on programmes that reduce conflict and improve working conditions and equity in the labour market through the development of labour legislation and policies informed by labour market research.

## Expenditure estimates

**Table 15.13 Labour Policy and Labour Market Programmes**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
R million	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Programme Management Unit	7.7	7.3	7.3	8.9	9.5	9.8	10.6
Strengthen Civil Society	8.9	9.4	9.9	13.4	13.8	14.4	15.1
Collective Bargaining	7.3	7.8	9.0	8.4	9.6	10.1	11.1
Employment Equity and Standards	29.2	23.9	23.4	27.7	27.2	27.8	29.4
Commission for Conciliation, Mediation and Arbitration	208.6	244.7	270.6	261.7	291.0	314.8	333.7
Research, Policy and Planning	3.5	10.3	15.0	8.5	14.7	14.9	15.6
Labour Market Information and Statistics	3.0	3.1	3.9	4.4	4.5	4.7	5.1
International Labour Matters	17.0	15.1	17.0	19.1	19.0	19.6	20.9
National Economic Development and Labour Council	11.6	12.7	13.3	14.4	15.1	15.9	16.9
Sheltered Employment Factories	52.4	54.2	47.9	105.5	62.2	62.9	65.2
<b>Total</b>	<b>349.0</b>	<b>388.6</b>	<b>417.5</b>	<b>472.1</b>	<b>466.5</b>	<b>494.8</b>	<b>523.3</b>
Change to 2008 Budget estimate				31.0	(4.7)	(11.6)	(13.3)
<b>Economic classification</b>							
<b>Current payments</b>	<b>60.8</b>	<b>62.6</b>	<b>70.3</b>	<b>72.5</b>	<b>77.9</b>	<b>80.2</b>	<b>85.6</b>
Compensation of employees	26.2	27.0	32.1	39.2	38.8	41.3	45.5
Goods and services	34.6	35.5	38.1	33.2	39.1	38.9	40.1
<i>of which:</i>							
Advertising	11.4	6.2	11.3	12.6	13.4	13.3	13.7
Communication	0.4	0.3	0.4	0.5	0.5	0.5	0.5
Computer services	0.2	6.4	0.1	0.1	0.1	0.1	0.1
Consultants and professional services: Legal costs	1.0	0.4	–	0.3	0.2	0.2	0.2
Agency and support / outsourced services	5.3	9.6	12.6	5.7	10.9	10.9	11.2
Inventory: Stationery and printing	2.1	3.7	3.6	2.3	2.6	2.6	2.7
Lease payments	0.6	0.5	0.3	0.4	0.4	0.4	0.5
Owned and leasehold property expenditure	1.0	0.5	0.5	(0.4)	–	–	–
Travel and subsistence	6.9	5.5	7.1	8.6	7.6	7.6	7.8
Training and development	0.4	0.3	0.6	0.7	0.7	0.7	0.7
Operating expenditure	3.0	0.3	0.3	0.4	0.3	0.3	0.3
Venues and facilities	2.1	1.4	1.0	1.3	1.4	1.4	1.4
<b>Transfers and subsidies</b>	<b>286.9</b>	<b>325.9</b>	<b>347.1</b>	<b>399.5</b>	<b>388.5</b>	<b>414.6</b>	<b>437.7</b>
Provinces and municipalities	0.1	0.0	–	–	–	–	–
Departmental agencies and accounts	229.0	266.9	293.9	289.0	319.3	344.5	365.0
Foreign governments and international organisations	5.8	6.9	7.3	7.7	9.3	9.6	10.2
Non-profit institutions	52.0	52.2	45.9	102.8	59.9	60.4	62.5
Households	0.0	–	0.1	–	–	–	–
<b>Payments for capital assets</b>	<b>1.2</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.0</b>
Machinery and equipment	1.2	0.1	0.1	0.1	0.1	0.1	0.0
<b>Total</b>	<b>349.0</b>	<b>388.6</b>	<b>417.5</b>	<b>472.1</b>	<b>466.5</b>	<b>494.8</b>	<b>523.3</b>

Table 15.13 Labour Policy and Labour Market Programmes (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Details of selected transfers and subsidies</b>							
<b>Provinces and municipalities</b>							
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>229.0</b>	<b>266.9</b>	<b>293.9</b>	<b>289.0</b>	<b>319.3</b>	<b>344.5</b>	<b>365.0</b>
Commission for Conciliation, Mediation and Arbitration	208.6	244.7	270.6	261.7	291.0	314.8	333.7
Development Institute for Training, Support and Education for Labour	8.9	9.4	9.9	13.4	13.8	14.4	15.1
National Economic Development and Labour Council	11.6	12.7	13.3	14.0	14.6	15.4	16.3
<b>Foreign governments and international organisations</b>							
<b>Current</b>	<b>5.8</b>	<b>6.9</b>	<b>7.3</b>	<b>7.7</b>	<b>9.3</b>	<b>9.6</b>	<b>10.2</b>
International Labour Organisation	5.4	6.4	6.8	7.2	8.7	9.0	9.6
African Regional Labour Administration Centre	0.4	0.5	0.4	0.5	0.6	0.6	0.6
<b>Non-profit institutions</b>							
<b>Current</b>	<b>52.0</b>	<b>52.2</b>	<b>45.9</b>	<b>102.8</b>	<b>59.9</b>	<b>60.4</b>	<b>62.5</b>
South African Youth Council	1.0	–	–	–	–	–	–
Subsidised workshops for the blind	6.3	6.7	7.0	7.4	7.7	8.2	8.7
Subsidised work centres for the disabled	44.7	45.5	38.8	95.4	52.1	52.2	53.8

## Expenditure trends

Expenditure increased from R349 million in 2005/06 to R472.1 million in 2008/09, at an average annual rate of 10.6 per cent, due to increased spending by the *Commission for Conciliation Mediation and Arbitration* and *Sheltered Employment Factories* subprogrammes. In 2008/09, spending by *Sheltered Employment Factories* subprogramme grows by 120.2 per cent, compared to 2007/08, due to an allocation of R5 million earmarked for a business case to restructure the existing sheltered employment factories and a virement of R37.6 million during the adjusted estimates process to cover operational expenditure due to the decline in revenue from sales at these factories. The Commission for Conciliation, Mediation and Arbitration baseline grew by 17.3 per cent in 2006/07 due to an increased transfer payment to cover rising caseloads and special projects, and in 2007/08 by 10.6 per cent as a result of a virement from the department for purchasing generators due to load shedding.

Expenditure on advertising was R11.4 million in 2005/06, which was much higher compared to 2006/07 due to marketing the employment equity on-line reporting facility and improving the employment equity system to incorporate the amended employment equity reporting forms.

Expenditure by the *Research, Policy and Planning* subprogramme fluctuates between 2006/07 and 2009/10 as it is dependent on the number of research projects each year.

Spending in the *Strengthen Civil Society* subprogramme grew at a rate of 34.8 per cent in 2008/09 due to a transfer of R3 million to labour federations for May Day celebrations.

Between 2005/06 and 2008/09, spending on goods and services decreased at an average annual rate of 1.4 per cent due to the virement of R9.6 million to the *Sheltered Employment Factories* subprogramme in 2008/09, with projected spending over the medium term growing at an average annual rate of 6.4 per cent. Expenditure on compensation of employees grew at an average annual rate of 14.4 per cent between 2005/06 and 2008/09 and slows to an average annual 5.1 per cent over the medium term. The strong growth of 22.1 per cent in 2008/09 is due to the 10.5 per cent public servants salary increase in 2008/09.

The department has identified cost containment measures of R19.1 million in goods and services and R9.4 million in transfers to departmental agencies over the medium term.

## Programme 5: Social Insurance

- *Unemployment Insurance Fund* transfer funds to the Unemployment Insurance Fund. This budget line is kept open for possible future funding requests from the Unemployment Insurance Fund.
- *Compensation Fund* transfers funds to the Compensation Fund, which pays claims by civil servants injured on duty.

### Expenditure estimates

**Table 15.14 Social Insurance**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Unemployment Insurance Fund	–	–	–	0.0	0.0	0.0	0.0
Compensation Fund	4.9	7.0	5.9	10.5	9.0	8.9	9.6
<b>Total</b>	<b>4.9</b>	<b>7.0</b>	<b>5.9</b>	<b>10.5</b>	<b>9.0</b>	<b>9.0</b>	<b>9.6</b>
Change to 2008 Budget estimate				–	(2.1)	(2.1)	(2.1)

  

Economic classification							
<b>Transfers and subsidies</b>	<b>4.9</b>	<b>7.0</b>	<b>5.9</b>	<b>10.5</b>	<b>9.0</b>	<b>9.0</b>	<b>9.6</b>
Departmental agencies and accounts	4.9	7.0	5.9	10.5	9.0	9.0	9.6
<b>Total</b>	<b>4.9</b>	<b>7.0</b>	<b>5.9</b>	<b>10.5</b>	<b>9.0</b>	<b>9.0</b>	<b>9.6</b>

  

Details of selected transfers and subsidies							
Departmental agencies and accounts							
Social security funds							
<b>Current</b>	<b>4.9</b>	<b>7.0</b>	<b>5.9</b>	<b>10.5</b>	<b>9.0</b>	<b>9.0</b>	<b>9.6</b>
Compensation Fund	4.9	7.0	5.9	10.5	9.0	8.9	9.6
Unemployment Insurance Fund	–	–	–	0.0	0.0	0.0	0.0

### Expenditure trends

The allocation to the Unemployment Insurance Fund was reduced to a nominal R1 000 a year from 2005/06 because the fund is solvent with a strong asset base. (The department is obliged to include this nominal provision for possible future funding requests from the Unemployment Insurance Fund.)

Transfer payments to the Compensation Fund decreased by 16.1 per cent in 2007/08 because there was less demand on the budget for claims by civil servants for injuries sustained on duty. Expenditure is expected to decline at an average annual rate of 2.9 per cent over the medium term.

The department has identified cost containment measures in the *Compensation Fund* subprogramme of R6.3 million in transfers and subsidies over the medium term.

### Public entities

#### Unemployment Insurance Fund

##### Strategic overview: 2005/06 – 2011/12

The Unemployment Insurance Fund contributes to the alleviation of poverty in South Africa by providing short term unemployment insurance to all workers who qualify for unemployment related benefits. The fund is financed by a dedicated tax on the wage bill.

Key priorities over the short to medium term include: participating in social security reform; developing and supporting schemes to alleviate poverty; enforcing compliance by employers on declarations and contributions; intensifying the accuracy of information on the database; recovering overpayments; improving controls to minimise overpayments; increasing returns on investments; improving unemployment insurance benefits; improving the financial position of the fund; and building and sustaining organisational capabilities.

In 2007/08, the fund paid R2.9 billion in claims to 526 872 beneficiaries, of which: R2 billion was paid to 397 000 claimants for unemployment benefits; R187 million was paid to 25 000 claimants for illness benefits; R461 million was paid to 89 000 claimants for maternity and adoption benefits; and R242 million was paid to 16 000 claimants for dependant benefits.

### Selected performance and operations indicators

**Table 15.15 Unemployment Insurance Fund**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Percentage increase in the number of employees on the database compared to the previous year	–	–	1.9 %	6 %	6 %	6 %	6 %
Percentage increase in revenue collection compared to the previous year	12.51 % (R6.9bn)	16.39 % (R8.1bn)	13.75 % (R9.1bn)	Linked to CPIX	Linked to CPIX	Linked to CPIX	Linked to CPIX
Turnaround time to process claims (weeks)	8	6	6	5	5	5	5
Number of new claims processed	589 742	572 846	527 890	–	–	–	–
Percentage of benefit claims finalised within allocated period	81 % (477 691)	81 % (464 005)	76.5 % (403 836)	90 %	95 %	95 %	95 %

### Service delivery and spending focus

The Unemployment Insurance Fund has obtained an unqualified audit opinion from the auditor-general for the third year in succession. Apart from the R2.9 million which was paid to 526 872 beneficiaries, the fund's total assets increased from R20.6 million in 2006/07 to R27.8 million in 2007/08, reflecting growth of 34.9 per cent. In 2006/07, the fund drafted amendments to the Unemployment Insurance Act (2001) to improve payments to beneficiaries and address certain restrictions, such as restricting beneficiaries from receiving unemployment insurance benefits if they are also receiving a state old age pension.

In 2007/08, the fund registered 89 593 new employers, raising the total number of employers to 1 166 467. It also registered 139 943 new employees, raising the total to 7 392 493. Improvements to the fund's business processes and its communication drive resulted in a benefit approval rate of 97.5 per cent. The Unemployment Insurance Fund remains committed to bringing services closer to its diversified client base in all provinces. Labour centres with processing functions increased from 32 in 2006/07 to 57 in 2007/08 (78 per cent), which has resulted in quicker turnaround times for processing and paying claims.

Spending over the MTEF period will continue to focus on: improving services to clients by increasing public awareness; decentralising the claims processing functions to labour centres; improving the prevention and recovery of benefits paid in error; and implementing projects that can alleviate the harmful effects of unemployment.

### Expenditure estimates

**Table 15.16 Unemployment Insurance Fund: Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
Unemployment contributions	6 861.2	7 985.4	9 082.8	9 728.8	10 409.8	11 138.5	11 918.2
Non-tax revenue	1 190.7	1 478.6	2 271.5	2 278.5	2 825.4	3 418.0	4 056.9
Sale of goods and services other than capital assets	1.9	1.5	1.8	1.8	1.9	1.9	1.9
of which:							
Sales by market establishments	1.9	1.5	1.8	1.8	1.9	1.9	1.9
Other non-tax revenue	1 188.8	1 477.1	2 269.7	2 276.6	2 823.6	3 416.1	4 055.0
<b>Total revenue</b>	<b>8 051.9</b>	<b>9 464.0</b>	<b>11 354.4</b>	<b>12 007.3</b>	<b>13 235.3</b>	<b>14 556.5</b>	<b>15 975.1</b>

**Table 15.16 Unemployment Insurance Fund: Financial information (continued)**

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Expenses</b>							
<b>Current expense</b>	<b>564.9</b>	<b>883.4</b>	<b>1 259.6</b>	<b>1 124.6</b>	<b>1 370.4</b>	<b>1 478.3</b>	<b>1 631.9</b>
Compensation of employees	258.3	287.8	335.1	481.5	678.0	749.2	827.8
Goods and services	304.3	594.9	919.5	634.3	687.2	723.4	797.7
Depreciation	2.2	0.6	4.6	8.8	5.2	5.7	6.3
Interest, dividends and rent on land	0.0	0.1	0.4	–	–	–	–
<b>Transfers and subsidies</b>	<b>2 888.3</b>	<b>2 572.9</b>	<b>3 227.8</b>	<b>3 586.7</b>	<b>4 151.9</b>	<b>4 705.3</b>	<b>5 374.8</b>
<b>Total expenses</b>	<b>3 453.1</b>	<b>3 456.2</b>	<b>4 487.4</b>	<b>4 711.3</b>	<b>5 522.3</b>	<b>6 183.6</b>	<b>7 006.7</b>
<b>Surplus / (Deficit)</b>	<b>4 598.8</b>	<b>6 007.7</b>	<b>6 867.0</b>	<b>7 296.0</b>	<b>7 713.0</b>	<b>8 372.9</b>	<b>8 968.4</b>
<b>Acquisition of assets</b>	<b>2.4</b>	<b>3.7</b>	<b>4.4</b>	<b>10.5</b>	<b>12.7</b>	<b>1.2</b>	<b>1.3</b>

### Expenditure trends

Unemployment Insurance Fund contributions, or transfers received, grew at an average annual rate of 12.3 per cent between 2005/06 and 2008/09 due to changes in the annual wage inflation salary ceiling increases on which contributions are calculated, and increased public awareness of the fund. A more conservative growth of 7 per cent in contributions revenue is expected over the MTEF period as the economy contracts. Other non-tax revenue grew at an average annual rate of 24.2 per cent between 2005/06 and 2008/09 due to increased income from investments, fines and penalties.

The fund's total expenditure for 2007/08 was R4.5 billion, of which R3.2 billion was paid out to contributors. Compensation of employees is estimated to increase by R196.5 million between 2008/09 and 2009/10 and provides for: appointing more regional staff and additional payroll auditors; restructuring the fund to align its structure with key business processes; and wage inflation. Spending on goods and services between 2005/06 and 2008/09 grew at an average annual rate of 27.7 per cent. This increase can be attributed to increases in the commission paid to the South African Revenue Service for Unemployment Insurance Fund contributions (based on 1.5 per cent of contributions), increases in the IT public private partnership unitary fee, and consultant fees. Growth over the medium term slows to an average annual rate of 7.9 per cent.

### Benefit expenditure by type

Number of beneficiaries	Audited outcome			Revised estimate	Medium-term estimate		
R million	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Unemployment benefits	2 191.9 (451 000)	1 991.4 (421 000)	2 030.9 (397 000)	2 341.4	2 678.1	3 063.7	3 505.3
Illness benefits	186.9 (26 000)	179.8 (30 000)	187.4 (25 000)	210.7	241.0	276.6	316.5
Maternity / adoption benefits	355.5 (81 000)	418.5 (96 000)	460.2 (89 000)	492.5	563.2	644.0	736.2
Dependent benefits	199.2 (31 000)	248.2 (25 000)	243.0 (16 000)	291.6	334.2	381.9	437.0
<b>Total benefit payments<sup>1</sup></b>	<b>2 933.4</b>	<b>2 837.9</b>	<b>2 921.5</b>	<b>3 336.2</b>	<b>3 816.6</b>	<b>4 366.2</b>	<b>4 994.9</b>
<b>Total number of beneficiaries</b>	<b>(589 000)</b>	<b>(572 000)</b>	<b>(527 000)</b>				

1. Excludes technical reserves

Total benefits expenditure is based on the actuarial year end report for March 2008, compiled by a private actuarial company. The estimated value of benefits payable for 2009/10 is R3.8 billion, an increase of approximately 14.4 per cent compared to the revised actuarial calculation of R3.3 billion for 2008/09. Benefit payments were estimated taking into account the annual rate of increase in the number of claims and the average claim amounts per benefit type over the last few years. The benefit types are profiled on current payment trends.

## Compensation Fund

### Strategic overview: 2005/06 – 2011/12

The Compensation Fund's main objective is to provide compensation for disability, illness and death resulting from occupational injuries and diseases.

Priority improvements for the fund include: paying benefits through electronic transfer; collections processes; turnaround times for claims settlement; access to Compensation for Occupational Injuries and Diseases Act (1993) services, and the fund's information system. A turnaround strategy for the fund was implemented in July 2007. This business re-engineering project is expected to improve and align the business processes with all regulations and the fund's strategic objectives. Cheque payments were discontinued and electronic payments instituted from September 2007. Spending on benefit payments decreased by 29 per cent, from R2.2 billion in 2006/07 to R1.6 billion in 2007/08, because of beneficiaries who submitted their bank details late. Further upgrades to the fund's financial system began in January 2008.

### Selected performance and operations indicators

**Table 15.17 Compensation Fund**

Indicators	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Total number of registered employers	295 651	323 368	387 000	369 476	424 897	509 876	540 469
Percentage change in revenue collected	14% (R4.3bn)	(2%) (R4.2bn)	(11.4%) (R4.2bn)	7% (R4.6bn)	6% (R4.9bn)	4% (R5.1bn)	6% (R5.4bn)
Number of new claims registered	238 030	213 246	209 830	224 000	224 000	224 000	224 000
Turnaround time from receipt of final claim documentation (days)	–	–	90	85	80	75	70

### Service delivery and spending focus

Major achievements for 2007/08 include paying 777 320 medical and 335 345 compensation claims, 41 per cent of the claims backlog and 59 per cent of current claims. In total, 1 112 665 claims were paid. All new claims were registered within 2 days, and liability on most newly registered claims was finalised within 5 working days, compared to the 10-day turnaround time in 2006/07. In 2007/08, medical expenses of R1.3 billion were paid within 21 days of receiving full documentation, with expenses decreasing by 7.1 per cent compared to 2006/07 (R1.4 billion). As a result, Compensation for Occupational Injuries and Diseases Act (1993) benefit payments increased. All new claims received are now registered within 24 hours. A new document management system has improved the quality of electronic files.

In 2007/08, the number of registered employers increased by 19.7 per cent compared to 2006/07, rising from 323 368 to 387 000 and exceeding the target by 14.7 per cent. The management of bad debts improved significantly, with bad debt write-offs decreasing from R200 million in 2006/07 to R66 million in 2007/08. As part of the integrated claims and revenue management system, a fully fledged call centre with a staff complement of 40 was established in 2007/08.

Spending over the MTEF period continues to focus on improving the capacity of the organisation by addressing human resource challenges, decentralising office functions to provinces, changing the IT infrastructure, and reviewing the policy on rehabilitation to ensure that injured workers return to work in good time.

### Expenditure estimates

**Table 15.18 Compensation Fund, including Reserve Fund: Project information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Claims	2 082.7	2 213.6	1 573.7	2 595.9	2 751.6	2 916.7	3 208.4
Administration	701.3	855.9	601.1	635.2	609.8	594.2	653.5
Capital	26.3	0.9	18.2	15.6	16.1	17.6	19.2
Other projects	934.0	612.1	3 830.2	–	–	–	–
<b>Total expense</b>	<b>3 744.2</b>	<b>3 682.5</b>	<b>6 023.2</b>	<b>3 246.7</b>	<b>3 377.5</b>	<b>3 528.5</b>	<b>3 881.1</b>



**Table 15.19 Compensation Fund, including Reserve Fund: Financial information**

R million	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
<b>Social contributions</b>	<b>2 740.8</b>	<b>3 077.3</b>	<b>3 556.3</b>	<b>3 769.6</b>	<b>3 995.8</b>	<b>4 235.6</b>	<b>4 489.7</b>
<b>Non-tax revenue</b>	<b>1 418.2</b>	<b>1 413.5</b>	<b>1 752.6</b>	<b>1 356.2</b>	<b>1 436.1</b>	<b>1 522.3</b>	<b>1 615.1</b>
Sale of goods and services other than capital assets of which:	9.3	–	–	–	–	–	–
Admin fees	9.3	–	–	–	–	–	–
Other non-tax revenue	1 408.9	1 413.5	1 752.6	1 356.2	1 436.1	1 522.3	1 615.1
<b>Total revenue</b>	<b>4 159.0</b>	<b>4 490.7</b>	<b>5 308.8</b>	<b>5 125.8</b>	<b>5 431.9</b>	<b>5 757.8</b>	<b>6 104.8</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>641.2</b>	<b>794.9</b>	<b>541.6</b>	<b>575.6</b>	<b>546.1</b>	<b>527.3</b>	<b>579.7</b>
Compensation of employees	114.0	122.1	148.6	201.6	213.7	226.5	249.1
Goods and services	524.1	671.4	392.5	372.3	330.7	298.9	328.7
Depreciation	3.2	1.4	0.4	1.7	1.8	1.9	1.9
<b>Transfers and subsidies</b>	<b>3 103.0</b>	<b>2 887.6</b>	<b>5 481.7</b>	<b>2 671.1</b>	<b>2 831.4</b>	<b>3 001.3</b>	<b>3 301.4</b>
<b>Total expenses</b>	<b>3 744.2</b>	<b>3 682.5</b>	<b>6 023.2</b>	<b>3 246.7</b>	<b>3 377.5</b>	<b>3 528.5</b>	<b>3 881.1</b>
<b>Surplus / (Deficit)</b>	<b>414.8</b>	<b>808.2</b>	<b>(714.4)</b>	<b>1 879.2</b>	<b>2 054.4</b>	<b>2 229.3</b>	<b>2 223.7</b>
<b>Acquisition of assets</b>	<b>26.3</b>	<b>0.9</b>	<b>18.2</b>	<b>–</b>	<b>16.1</b>	<b>17.6</b>	<b>19.2</b>

### Expenditure trends

Total revenue grew from R4.2 billion in 2005/06 to R12 billion in 2008/09 at an average annual rate of 7.2 per cent, and is expected to increase to R6.1 billion in 2011/12 at an average annual rate of 6 per cent over the MTEF period. Other non-tax revenue grew by 24 per cent in 2007/08 as a result of contracting a debt collection service to recover outstanding assessments. However, growth over the medium term is projected at an average annual rate of 6 per cent.

Spending on compensation of employees grew by 35.6 per cent in 2008/09 due to the increased employment of contract workers. Average annual growth is 7.3 per cent over the medium term. In 2006/07, spending on goods and services grew by 28.1 per cent as a result of the project on the decentralisation of services, which was piloted at the Port Elizabeth provincial office in Eastern Cape. Transfers and subsidies paid, comprising payments for claims, grew by 89.8 per cent in 2007/08 because calculations for pension benefits were corrected. Projected payments over the medium term grow at an average annual rate of 7.3 per cent.

## Additional tables

**Table 15.A Summary of expenditure trends and estimates per programme and economic classification**

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R million	2007/08		2007/08	2008/09			2008/09
1. Administration	360.7	365.7	328.4	387.2	(3.0)	384.2	362.7
2. Service Delivery	655.4	665.4	656.8	690.4	12.0	702.3	642.2
3. Employment and Skills Development Services/ Human Resources Development	585.0	575.0	540.1	203.7	(25.2)	178.5	172.7
4. Labour Policy and Labour Market Programmes	421.8	421.8	417.5	441.1	31.0	472.1	466.5
5. Social Insurance	10.0	10.0	5.9	10.5	–	10.5	4.7
<b>Subtotal</b>	<b>2 032.9</b>	<b>2 037.9</b>	<b>1 948.6</b>	<b>1 732.9</b>	<b>14.7</b>	<b>1 747.6</b>	<b>1 648.7</b>
<b>Direct charge against the National Revenue Fund</b>	<b>6 000.0</b>	<b>6 800.0</b>	<b>6 284.3</b>	<b>7 529.6</b>	<b>–</b>	<b>7 529.6</b>	<b>7 529.6</b>
Sector education and training authorities	4 800.0	5 440.0	5 027.4	6 023.7	–	6 023.7	6 023.7
National Skills Fund	1 200.0	1 360.0	1 256.9	1 505.9	–	1 505.9	1 505.9
<b>Total</b>	<b>8 032.9</b>	<b>8 837.9</b>	<b>8 232.9</b>	<b>9 262.5</b>	<b>14.7</b>	<b>9 277.2</b>	<b>9 178.3</b>

### Economic classification

<b>Current payments</b>	<b>1 159.8</b>	<b>1 181.5</b>	<b>1 108.6</b>	<b>1 237.8</b>	<b>(20.2)</b>	<b>1 217.6</b>	<b>1 124.5</b>
Compensation of employees	568.7	580.7	543.8	643.6	(14.8)	628.9	535.8
Goods and services	591.1	600.8	562.4	594.1	(5.5)	588.7	588.7
Financial transactions in assets and liabilities	–	–	2.3	–	–	–	–
<b>Transfers and subsidies</b>	<b>6 836.0</b>	<b>7 624.7</b>	<b>7 112.7</b>	<b>7 980.0</b>	<b>41.3</b>	<b>8 021.3</b>	<b>8 015.5</b>
Departmental agencies and accounts	6 382.7	7 169.7	6 655.6	7 901.2	3.0	7 904.2	7 898.4
Public corporations and private enterprises	400.0	400.0	400.0	5.1	–	5.1	5.1
Foreign governments and international organisations	6.8	7.6	7.4	7.7	(0.0)	7.7	7.7
Non-profit institutions	46.4	46.4	46.4	65.8	37.6	103.4	103.4
Households	0.1	0.9	3.3	0.2	0.7	0.9	0.9
<b>Payments for capital assets</b>	<b>37.1</b>	<b>31.7</b>	<b>11.7</b>	<b>44.7</b>	<b>(6.4)</b>	<b>38.3</b>	<b>38.3</b>
Buildings and other fixed structures	22.4	14.4	6.3	29.3	(2.0)	27.3	27.3
Machinery and equipment	14.4	17.3	5.4	15.4	(4.4)	11.0	11.0
Software and intangible assets	0.3	0.1	–	–	–	–	–
<b>Total</b>	<b>8 032.9</b>	<b>8 837.9</b>	<b>8 232.9</b>	<b>9 262.5</b>	<b>14.7</b>	<b>9 277.2</b>	<b>9 178.3</b>

**Table 15.B Summary of personnel numbers and compensation of employees**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Permanent and full time contract employees</b>							
Compensation (R million)	408.6	469.6	534.6	619.6	725.4	796.6	847.5
Unit cost (R million)	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Personnel numbers (head count)	4 233	3 644	4 665	3 618	3 948	4 028	4 028
Personnel numbers (head count)	–	–	158	–	–	–	–
<b>Interns</b>							
Compensation of interns (R million)	16.8	7.5	9.2	9.2	9.2	9.2	9.6
Unit cost (R million)	0.1	0.0	0.1	0.0	0.0	0.0	0.0
Number of interns	241	163	148	200	200	200	200
<b>Total for department</b>							
<b>Compensation (R million)</b>	<b>425.3</b>	<b>477.1</b>	<b>543.8</b>	<b>628.9</b>	<b>734.6</b>	<b>805.8</b>	<b>857.1</b>
<b>Unit cost (R million)</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>
<b>Personnel numbers (head count)</b>	<b>4 474</b>	<b>3 807</b>	<b>4 971</b>	<b>3 818</b>	<b>4 148</b>	<b>4 228</b>	<b>4 228</b>
<b>Learnerships</b>							
Payments for learnerships (R million)	4.2	5.3	5.3	5.3	5.3	–	–
Number of learnerships (head count)	220	214	2	250	250	–	–

**Table 15.C Summary of expenditure on training**

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation of employees (R million)	425.3	477.1	543.8	628.9	734.6	805.8	857.1
Training expenditure (R million)	6.3	10.2	8.5	8.9	9.3	10.3	10.9
Training as percentage of compensation	1.5%	2.1%	1.6%	1.4%	1.3%	1.3%	1.3%
Total number trained in department (head count)	4 235	3 260	3 260	2 081			
of which:							
Employees receiving bursaries (head count)	31	56	146	248			
Learnerships trained (head count)	220	214	250	–			
Internships trained (head count)	241	162	313	–			

**Table 15.D Summary of departmental public private partnership projects**

Project description: Siemens business services - IT agreement		Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
R million		2008/09	2009/10	2010/11	2011/12	
<b>Projects signed in terms of Treasury Regulation 16</b>		<b>40.8</b>	<b>69.9</b>	<b>79.4</b>	<b>92.7</b>	<b>107.7</b>
PPP unitary charge		40.8	69.9	79.4	92.7	107.7
<b>Total</b>		<b>40.8</b>	<b>69.9</b>	<b>79.4</b>	<b>92.7</b>	<b>107.7</b>

**Disclosure notes for projects signed in terms of Treasury Regulation 16**

Project name	Public private partnership agreement between the Department of Labour and Siemens Business Services for the provision of IT services
Brief description	The IT public private partnership agreement is regarded by the department as a way of achieving its objectives against the background of the requirements of the specialised knowledge and expertise needed to develop and manage a modern IT service
Date public private partnership agreement was signed	30 November 2002
Duration of public private partnership agreement	10 years
Escalation index for unitary fee	Annual increases by CPIX, as well as increases based on the number of computer users
Net present value of all payment obligations discounted at appropriate duration government bond yield	Net present value calculated at R117 987 322 using the government bond yield of 8.55%
Variations / amendments to public private partnership agreement	The public private partnership agreement makes provision for a change management process that deals with changes to the agreement and the unitary fee
Cost implications of variations/amendments	The change management notes that have an impact on the unitary fee are listed under item 2 of remarks by the chief information officer

**Table 15.E Summary of departmental public private partnership projects**

Project description: National fleet project		Project annual unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
R million		2008/09	2009/10	2010/11	2011/12	
<b>Projects signed in terms of Treasury Regulation 16</b>		<b>103.2</b>	<b>28.7</b>	<b>30.1</b>	<b>31.7</b>	<b>33.2</b>
PPP unitary charge <sup>1</sup>		103.2	28.7	30.1	31.7	33.2
<b>Total</b>		<b>103.2</b>	<b>28.7</b>	<b>30.1</b>	<b>31.7</b>	<b>33.2</b>

1. Phavis fleet services public private partnership. Disclosure notes for this project can be viewed in the public private partnership table in the Department of Transport's chapter.

**Disclosure notes for projects signed in terms of Treasury Regulation 16**

Project name	Public private partnership agreement between the Department of Transport and Phavis
Brief description	Public private partnership agreement between the Department of Transport and Phavis for car rental services for official national departments' use including the Department of Labour.

Table 15.F Summary of expenditure on infrastructure

R million	Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
					2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Small projects or programmes (costing less than R50 million per annum)											
Labour centre: Bochim: Construction	Office building	Construction of new office accommodation	Design stage	2.4	-	-	-	-	-	1.5	0.8
Labour centre: Jane Furse: Construction	Office building	Construction of new office accommodation	Pre-design planning	2.8	-	-	-	-	2.8	-	-
Labour centre: Taung: Construction	Office building	Construction of new office accommodation	Pre-design planning	3.4	-	-	-	-	3.4	-	-
Labour centre: Rustenburg: Construction	Office building	Construction of new office accommodation	Design stage	16.7	-	-	1.1	0.2	16.0	-	-
Labour centre: Mount Ayliff	Office building	Construction of new office accommodation	Design stage	17.5	-	-	-	-	-	-	-
Labour centre: Mamelodi	Office building	Construction of new office accommodation	Pre-design planning	0.0	-	-	-	-	5.4	-	-
Labour centre: Tembisa	Office building	Construction of new office accommodation	Pre-design planning	0.0	-	-	-	-	-	0.0	-
Labour centre: Lusikisiki	Office building	Construction of new office accommodation	Pre-design planning	0.0	-	-	-	-	-	0.0	-
Labour centre: Bronkhorstspuit	Office building	Construction of new office accommodation	Pre-design planning	6.0	-	-	-	-	-	1.2	1.6
Labour centre: Garankuwa	Office building	Construction of new office accommodation	Pre-design planning	6.0	-	-	-	-	-	1.1	1.6
Labour centre: Ngqamakwe	Office building	Construction of new office accommodation	Pre-design planning	1.6	-	-	-	-	-	-	-
Labour centre: Engcobo	Office building	Construction of new office accommodation	Pre-design planning	1.6	-	-	-	-	-	-	-
Repair and maintenance programme: Labour centre: Potchefstroom	Office building	Maintenance and repair projects at labour centres	Construction stage	2.1	-	0.2	0.2	0.3	-	-	-
Repair and maintenance programme: Labour centre: Ujington	Office building	Maintenance and repair projects at labour centres	Construction stage	11.9	2.0	3.5	0.5	3.0	0.1	-	-
Repair and maintenance programme: Labour centre: George	Office building	Maintenance and repair projects at labour centres	Construction stage	1.4	-	0.2	0.8	0.4	-	-	-
Repair and maintenance programme: Labour centre: East London	Office building	Maintenance and repair projects at labour centres	Construction stage	9.7	1.3	3.4	0.9	0.8	-	-	-
Repair and maintenance programme: Labour centre: Pietermaritzburg	Office building	Maintenance and repair projects at labour centres	Construction stage	6.7	0.6	2.1	0.2	0.5	-	-	-

Table 15.F Summary of expenditure on infrastructure (continued)

	Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
					2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R million											
Repair and maintenance programme: Labour centre: Pretoria post office and labour centre	Office building	Maintenance and repair projects at labour centres	Design stage	8.5	–	–	0.2	0.1	1.6	3.7	3.4
Repair and maintenance programme: Labour centre: Phalaborwa, Hoedspruit and Seshego	Office building	Maintenance and repair projects at labour centres	Construction stage	6.2	1.0	2.3	0.1	0.3	0.2	–	–
Repair and maintenance programme: Labour centre: Witbank, Lydenburg and Komatipoort	Office building	Maintenance and repair projects at labour centres	Construction stage	9.6	–	1.2	0.8	1.1	0.0	–	–
Repair and maintenance programme: Western Cape	Office building	Maintenance and repair projects at labour centres	Construction stage	24.9	3.0	8.9	5.9	2.9	0.5	–	–
<b>Small projects or programmes (costing less than R50 million per annum)</b>											
Repair and maintenance programme: Durban masonic grove emergency repairs	Office building	Maintenance and repair projects at labour centres	Construction stage	6.3	0.2	2.5	2.0	1.6	–	–	–
Repair and maintenance programme: Labour centre: Mdantsane	Office building	Maintenance and repair projects at labour centres	Design stage	4.2	–	–	–	–	–	–	–
Repair and maintenance programme: Gauteng South	Office building	Maintenance and repair projects at labour centres	Construction stage	38.7	2.8	10.1	0.3	5.0	1.2	0.9	–
Repair and maintenance programme: Durban masonic grove: Electrical and mechanical	Office building	Maintenance and repair projects at labour centres	First delivery stage	13.1	4.0	4.0	0.1	1.1	1.2	0.3	–

Table 15.F Summary of expenditure on infrastructure (continued)

	Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
					2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R million											
Repair and maintenance programme: Sheltered employment factories and other labour centres	Factories and office buildings	First follow on repair and maintenance contract to repair and maintain buildings / Maintenance and repair projects at labour centres	Construction/maintenance	154.6	22.2	30.7	25.6	28.8	7.0	6.2	5.0
Security upgrading	Perimeter fencing-wall and control room	Perimeter fencing replaced and premises secured with high tech surveillance system	Project registered, architects, engineers and quantity surveyors	7.0	—	—	—	—	7.0	—	—
<b>Total</b>				<b>363.0</b>	<b>37.2</b>	<b>69.3</b>	<b>38.8</b>	<b>46.1</b>	<b>46.4</b>	<b>14.9</b>	<b>12.4</b>