

Vote 17

Labour

Budget summary

R million	2010/11				2011/12	2012/13
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	650.0	641.1	0.2	8.7	690.6	716.0
Inspection and Enforcement Services	356.6	356.6	0.1	–	380.3	391.9
Public Employment Services	280.4	179.2	101.3	–	292.4	308.8
Labour Policy and Labour Market Programmes	496.9	83.1	413.7	0.1	503.2	525.7
Total expenditure estimates	1 783.9	1 259.9	515.2	8.8	1 866.6	1 942.5
Executive authority	Minister of Labour					
Accounting officer	Director-General of Labour					
Website address	www.labour.gov.za					

The Estimates of National Expenditure booklets for individual votes are available on www.treasury.gov.za. They provide more comprehensive coverage of vote specific information, particularly about goods and services, transfers, public entities and lower level institutional information.

Aim

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: Management, strategic and administrative support services to the ministry and the department.

Programme 2: Inspection and Enforcement Services

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

Programme 3: Public Employment Services

Purpose: Public employment services to assist companies and workers to adjust to changing labour market conditions and regulate private employment agencies

Programme 4: Labour Policy and Labour Market Programmes

Purpose: 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.

Strategic overview: 2006/07 – 2012/13

Since 2008, the Department of Labour has been adjusting its outlook to focus on employment services and inspection and enforcement services. With the assistance of the International Labour Organisation, the department has begun with a restructuring project to realign the department's structure with this vision. This process was also informed by the national macro reorganisation of the state announced by the president following the April 2009 elections. The president signed a proclamation transferring the *Skills Development* programme from the Department of Labour to the Department of Higher Education and Training with effect from 1 November 2009, which led to the reorganisation of the Department of Labour. In particular: programme 2, *Service Delivery*, which comprised the *Inspection and Enforcement Services*, *Employment Services* and *Management Support Services* subprogrammes, has been reorganised; the *Employment Services* subprogramme has moved to form programme 3, which has been renamed *Public Employment Services*; and the *Management Support Services* subprogramme (the administration unit in provincial offices and labour centres) has moved to programme 1, *Administration*, with only the inspection and enforcement services subprogramme remaining in programme 2, which has been renamed *Inspection and Enforcement Services*.

As the department operates actively at both the micro and macro levels of the labour market, its contribution to developing a sustainable economy will be through the regulation of the South African labour market by: developing appropriate legislation and regulations; protecting human rights in the labour sphere; providing employment services; ensuring the compliance, monitoring and enforcement of labour legislation; and promoting equity, social dialogue, and social and income protection.

Strategic priorities

Public employment services

The reorganisation of the department, which was completed in November 2009, has resulted in the creation of a new programme, *Public Employment Services*. This programme's main objective is to facilitate the entry and re-entry of jobseekers into the labour market by finding the most suitable employees to meet employer needs.

The programme is also responsible for overseeing the development of a public employment service policy and the relevant legislation that will make provision for the establishment of public employment services and the Employment Services Board. The policy will also provide for the integrated employment information system, with its database, to regulate private employment agencies, to advise on available skills in the labour market and on the employment of non-citizens and related matters. The Public Employment Service Bill will provide for amendments to the current Skills Development Act (1998) and the Unemployment Insurance Act (2001). The policy and bill will be fully developed and finalised by September 2010.

Decent Work country programme

The Decent Work country programme, in collaboration with the International Labour Organisation and in consultation with social partners, will only be finalised by April 2010 as the tripartite consultations between government, trade unions and employers at the National Economic Development and Labour Council are taking longer than anticipated. The main goal of the programme is to promote opportunities for people to obtain decent and productive work in conditions of freedom, equity, security and human dignity. 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.

Inspection and enforcement services

The purpose of the inspection and enforcement services is to promote good labour practices. The restructuring of the Department of Labour's inspection and enforcement services is aimed at addressing existing shortcomings in the structure both at the national and provincial level, to effectively meet the labour practice challenges facing the country. Professionalising the inspectorate, providing a customer centric service and improved compliance are the three critical pillars of the department's strategic approach, and will be achieved by implementing the proposed service delivery model and structural changes. The core principle of each pillar is: professionalising the inspectorate in the context of the inspection and enforcement services means inspectors who are educated and well trained, engaged in continuous inquiry to understand the profession better, committed to lifelong learning and development, and linked to a career path; customer centric service means integrated service delivery with service package developments dictated by customer needs; and improved compliance means focusing on the strategic weak links of the enforcement mechanisms and identifying the appropriate intervention plan and rationalising the enforcement policies to promote consistency, thus creating a conducive environment for improved compliance at the enterprise level.

Over the medium term, the department will also continue to strengthen its inspection and enforcement services to improve employers' and employees' compliance with all labour legislation by reviewing related labour policy and legislation, including the Labour Relations Act (1995), the Basic Conditions of Employment Act (1997) and the Employment Equity Act (1998), and Occupational Health and Safety Act (1993).

Savings and cost effective service delivery

The department has identified efficiency savings and cost containment initiatives across all programmes totalling R133.9 million over the MTEF period in the following items:

- R12.2 million in compensation of employees due to savings on funded vacancies
- R107.4 million in goods and services, including travel and subsistence, contractors, inventory, food and food supplies, computer services and consultants
- R14.2 million in machinery and equipment due to the suspension of projects.

Selected performance indicators

Table 17.1 Labour

Indicator	Programme	Past			Current	Projections		
		2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Number of new jobs registered on employment services database	Public Employment Services	–	15 364	7 553	6 500	7 000	*	*
Percentage of registered work seekers placed in permanent employment	Public Employment Services	–	36% (5 578)	65% (14 898)	65% (4 225)	70% (7 490)	*	*
Number of JSE Securities Exchange listed companies assessed for employment equity per year	Labour Policy and Labour Market Programmes	6	7	11	60	60	30	40
Number of reported occupational health and safety incidents investigated per year	Inspection and Enforcement Services	2 756	4 106	2 956	2 000	2 000	2 000	2 000

* Subject to revised national skills development strategy

Expenditure estimates

Table 17.2 Labour

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
R million								
1. Administration	534.8	572.5	567.9	670.1	659.4	650.0	690.6	716.0
2. Inspection and Enforcement Services	237.2	259.6	259.2	319.5	309.4	356.6	380.3	391.9
3. Public Employment Services	219.3	210.0	297.6	258.9	252.2	280.4	292.4	308.8
4. Labour Policy and Labour Market Programmes	352.1	389.4	382.5	460.8	453.4	496.9	503.2	525.7
Total	1 343.3	1 431.5	1 507.2	1 709.2	1 674.4	1 783.9	1 866.6	1 942.5
Change to 2009 Budget estimate				38.2	3.4	22.4	(1.4)	0.8
Economic classification								
Current payments	955.9	1 037.2	1 036.7	1 208.2	1 177.7	1 259.9	1 332.3	1 385.4
Compensation of employees	435.4	497.9	491.3	632.6	611.2	738.4	760.6	811.4
Goods and services	520.5	539.3	545.3	575.6	566.5	521.5	571.7	574.0
<i>of which:</i>								
Communication	45.8	48.6	44.2	43.0	42.0	37.7	42.1	40.3
Lease payments	72.2	77.8	87.4	163.9	164.3	189.9	206.8	222.0
Property payments	29.9	33.9	20.8	40.6	41.4	36.7	38.1	38.8
Travel and subsistence	84.0	105.4	107.2	80.3	79.1	76.7	82.9	80.6
Transfers and subsidies	367.4	382.2	457.2	463.1	462.3	515.2	502.6	527.1
Provinces and municipalities	0.3	–	–	–	–	–	–	–
Departmental agencies and accounts	296.5	316.5	323.2	377.4	377.4	429.8	413.9	433.9
Foreign governments and international organisations	6.9	7.4	10.4	9.3	8.6	9.6	10.2	10.7
Non-profit institutions	62.1	56.3	119.2	74.3	74.1	75.5	78.3	82.2
Households	1.7	2.0	4.5	2.1	2.1	0.2	0.2	0.3
Payments for capital assets	19.1	9.8	9.0	37.9	34.4	8.8	31.7	30.0
Buildings and other fixed structures	12.2	6.3	2.7	29.4	26.0	3.8	4.0	0.0
Machinery and equipment	7.0	3.6	6.3	8.5	8.4	5.0	27.7	30.0
Payments for financial assets	0.9	2.3	4.3	–	–	–	–	–
Total	1 343.3	1 431.5	1 507.2	1 709.2	1 674.4	1 783.9	1 866.6	1 942.5

Expenditure trends

Expenditure grew from R1.3 billion in 2006/07 to R1.7 billion in 2009/10, at an average annual rate of 8.4 per cent. This was mainly due to spending on compensation of employees, which grew at an average annual rate of 13.3 per cent, from R435.4 million to R632.6 million, as a result of increased salary adjustments in 2007/08 and 2009/10. From 2007/08 to 2010/11, additional funds were allocated for the decentralisation of functions to provincial offices for appointing career counsellors and for upgrading labour inspectors' salaries.

Expenditure is expected to grow to R1.9 billion over the MTEF period, at a much slower average annual rate of 4.4 per cent, due to the transfer of the skills function to the Department of Higher Education and Training. Spending on payments for capital assets is expected to grow from R8.8 million in 2010/11 to R31.7 million in 2011/12, due to the planned purchase of 20 new mobile labour centres to replace the old fleet.

The 2010 Budget provides additional allocations over the MTEF period of R57 million, R46.6 million and R49.2 million, mainly for:

- the Commission for Conciliation, Mediation and Arbitration (R34 million, R19.7 million and R20 million) for increased caseload and personnel inflation adjustments
- personnel inflation adjustments in the department (R23 million, R26.8 million and R29.1 million).

Infrastructure spending

Spending on infrastructure decreased at an average annual rate of 52.7 per cent, from R12.2 million in 2006/07 to R2.7 million in 2008/09, as construction projects were in the site identification process and funds were only

spent on consultants. Expenditure increased in 2009/10 as the construction of labour centres in the following locations were registered with the Department of Public Works: Bochum, Jane Furse, Lebowakgomo, Taung, Temba, Bronkhorstspuit, Garankuwa, Rustenburg, Mount Ayliff, Mamelodi, Khayelitsha, Worcester, Somerset West, Beaufort West, Vredenburg and Lusikisiki. These sites are at various stages of development, with the Rustenburg and Mount Ayliff projects in the tender phase and the Taung project expected to be ready for tender in 2010/11.

Several renovation and maintenance projects for sheltered employment factories were registered by the Department of Public Works, with funding for these amounting to R17.3 million in 2010/11 and R27.3 million in 2011/12. The tender process has begun for two of these projects (Kimberley and Silverton factories) and bids will be awarded in early 2010.

Departmental receipts

Revenue collected by the department is generated mainly from administrative fees and commission from insurance companies for deducting premiums from staff salaries and parking fees. Revenue is also received from financial transactions in assets and liabilities, comprising of fees from stale cheques, recoveries from the previous financial year, and breach of contract fees. Transactions in financial assets and liabilities grew significantly in 2008/09, due to the recovery of R15.3 million for compensation of employees from the Compensation Fund. Receipts from fines and forfeitures resulting from prosecutions in terms of labour legislation are channelled through the Department of Justice and Constitutional Development. Departmental receipts totalling R12.9 million are expected for 2009/10 and are projected to increase to R24.3 million in 2012/13.

Table 17.3 Departmental receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2006/07	2007/08	2008/09	2009/10		2010/11	2011/12	2012/13
Departmental receipts	6 083	8 448	28 863	12 926	12 926	16 113	22 419	24 320
Sales of goods and services produced by department	3 450	3 968	4 608	7 330	7 330	9 150	9 699	10 220
Sales of scrap, waste, arms and other used current goods	–	87	46	–	–	100	106	200
Fines, penalties and forfeits	511	395	436	481	481	558	954	1 100
Interest, dividends and rent on land	482	1 283	3 905	2 061	2 061	2 701	4 240	5 000
Transactions in financial assets and liabilities	1 640	2 715	19 868	3 054	3 054	3 604	7 420	7 800
Total	6 083	8 448	28 863	12 926	12 926	16 113	22 419	24 320

Programme 1: Administration

Expenditure estimates

Table 17.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Minister ¹	0.9	1.1	1.6	1.7	1.8	1.9	2.0
Management	366.4	374.2	345.3	441.0	412.1	433.7	445.7
Corporate Services	36.1	41.2	47.4	46.4	44.4	48.0	49.3
Office of the Chief Financial Officer	51.3	71.6	79.2	71.1	69.3	75.1	77.5
Capital Works	2.7	–	–	–	–	–	–
Office Accommodation	77.3	84.4	94.4	109.8	122.4	132.0	141.4
Total	534.8	572.5	567.9	670.1	650.0	690.6	716.0
Change to 2009 Budget estimate				34.4	9.2	0.7	0.3

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.

Table 17.4 Administration (continued)

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Economic classification							
Current payments	514.6	560.2	553.1	631.7	641.1	658.8	685.9
Compensation of employees	138.4	168.9	151.5	227.5	258.2	254.8	268.5
Goods and services	376.1	391.2	401.6	404.2	382.9	404.0	417.4
of which:							
Communication	17.8	25.7	23.9	21.5	17.6	19.1	19.9
Lease payments	69.5	75.7	86.0	162.6	187.1	203.7	219.1
Property payments	25.1	27.0	19.2	32.3	30.5	31.4	32.8
Travel and subsistence	33.6	50.9	42.5	35.4	31.8	28.8	28.6
Transfers and subsidies	1.4	1.0	2.2	0.9	0.2	0.2	0.2
Provinces and municipalities	0.1	–	–	–	–	–	–
Households	1.3	1.0	2.2	0.9	0.2	0.2	0.2
Payments for capital assets	17.9	9.0	8.4	37.5	8.7	31.6	30.0
Buildings and other fixed structures	12.0	6.3	2.7	29.4	3.8	4.0	0.0
Machinery and equipment	5.9	2.7	5.7	8.1	5.0	27.6	30.0
Payments for financial assets	0.9	2.3	4.3	–	–	–	–
Total	534.8	572.5	567.9	670.1	650.0	690.6	716.0

Expenditure trends

Expenditure increased at an average annual rate of 7.8 per cent, from R534.8 million in 2006/07 to R670.1 million in 2009/10, and is projected to grow to R716 million over the medium term, at an average annual rate of 2.2 per cent. Much of this increase is attributed to municipal services, accommodation and leases, which accounts for the increase in expenditure in the *Office Accommodation* subprogramme from R109.8 million in 2009/10 to R141.4 million in 2012/13, at an average annual rate of 8.8 per cent.

Spending in the *Management* subprogramme grew by 27.7 per cent, from R345.3 million in 2008/09 to R441.0 million in 2009/10, as a result of the restructuring of the department. The security services, legal services and the office of the chief information officer directorates were transferred from the *Corporate Services* subprogramme to this subprogramme. The *Management Support Services* subprogramme was transferred from the *Inspection and Enforcement Services* programme to the *Management*, *Corporate Services* and *Office of the Chief Financial Officer* subprogrammes, contributing to the substantial growth in spending between 2006/07 and 2009/10 on compensation of employees and goods and services, at an average annual rate of 18 per cent.

Spending on buildings and other fixed structures is estimated to grow by 977.9 per cent in 2009/10, from R2.7 million in 2008/09 to R29.4 million in 2009/10, due to the shift of the infrastructure projects for labour centres from the *Service Delivery* programme to the *Administration* programme.

Programme 2: Inspection and Enforcement Services

- *Management and Support Services: Inspection and Enforcement Services* manages the delegated administrative and financial responsibilities of the office of the deputy director-general: inspection and enforcement services, and provides corporate support to line function subprogrammes within the programme. 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.
- *Registration: Inspection and Enforcement Services* registers incidents relating to labour relations and occupational health and safety matters, as reported by members of the public, and communicates these to the relevant structures within the *Compliance, Monitoring and Enforcement* subprogramme for investigation. Funding is used for salaries and other personnel related costs.

- *Compliance, Monitoring and Enforcement* ensures that employers and employees comply with labour legislation through regular inspections and following up on reported incidents. Funding is used for compensation of labour inspectors and other personnel related costs.
- *Training of staff: Inspection and Enforcement Services* defrays all expenditure relating to staff training within this programme in order to easily identify this expenditure for reporting purposes.

Objectives and measures

- Ensure Decent Work principles are adhered to by enforcing 80 per cent compliance with labour legislation by employers and employees by 2011, through regular inspections.
- Achieve a 2 per cent reduction in the socioeconomic cost of workplace injuries and diseases incidents by 2010/11 through regular audits and inspections to ensure the health and safety of workers.
- Improve compliance with all labour legislation related to the protection of vulnerable workers in targeted sectors, including in small, medium and micro enterprises (SMMEs), by 80 per cent by 2010/11 through targeted campaigns and regular inspections.
- Ensure transformation of the labour market by achieving 80 per cent compliance with the Employment Equity Act (1998) by 2010/11 through awareness raising and regular inspections and audits.
- Reduce silicosis by completing the baseline study on the prevalence of silicosis in the non-mining sector by April 2010.
- Reduce exposure to silica by 20 per cent by 2014 by:
 - establishing provincial silicosis working groups to conduct awareness raising road shows on the dangers of silica dust
 - assisting companies to develop programmes for the control of exposure to silica dust
 - conducting regular inspections
 - complete baseline study on prevalence of silicosis in non-mining sectors.
- Reduce noise related injuries by reducing exposure to noise at the workplace by 20 per cent by 2014 through the use of a baseline study, inspections and awareness campaigns.
- Reduce workplace injuries by at least 2 per cent by:
 - identifying 20 major high risk sector companies for full compliance auditing in 2010/11
 - improving compliance in the high risk sectors by 80 per cent by 2014 by conducting inspections.

Service delivery focus

In 2008/09, 79 per cent (4 505) of occupational health and safety incidents reported were investigated within 90 days and 56 per cent were finalised. By mid-2009/10, 42 per cent (3 161) of occupational health and safety incidents (including 1 854 from the previous year) had been investigated within 90 days. 5 326 incidents of work related injuries, diseases and death were reported in 2008/09, 4.4 per cent less than in 2007/08. In the first 6 months of 2009/10, 2 136 incidents had been reported, 2 per cent less than the targeted 2 183.

In 2008/09, 153 697 workplaces across all the economic sectors were inspected for compliance with labour legislation. 125 323 (82 per cent) were compliant within 90 days of inspection, against a target of 134 280, compared to 200 665 inspected and 156 924 or 78 per cent complying within 90 days in 2007/08.

Challenges that contributed to not meeting targets included: high staff turnover; a market shortage of qualified occupational health and safety personnel; delays in placing new staff given the time required for training; and the lack of vehicles for inspectors in some provinces. Over the medium term, the department intends filling vacant posts, enhancing the capacity of current inspectors, and redirecting the necessary resources to enable inspectors to carry out their functions.

Expenditure estimates

Table 17.5 Inspection and Enforcement Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Management and Support Services:	5.3	6.0	9.5	11.7	10.0	10.8	10.6
Inspection and Enforcement Services							
Head Office	5.3	6.0	9.5	11.7	10.0	10.8	10.6
Occupational Health and Safety	6.0	9.7	12.6	21.4	13.3	13.4	14.8
Head Office	6.0	9.7	12.6	21.4	13.3	13.4	14.8
Registration: Inspection and Enforcement Services	58.2	63.0	61.1	73.6	74.1	79.2	81.7
Eastern Cape	7.8	8.9	8.0	8.9	9.0	9.7	10.1
Free State	5.1	4.9	4.2	6.8	6.1	6.5	6.7
Gauteng	13.4	14.6	14.6	17.4	17.0	18.3	18.6
Kwazulu-Natal	8.7	10.3	9.8	12.2	12.2	13.2	13.3
Limpopo	3.7	4.0	3.9	5.4	5.2	5.5	5.7
Mpumalanga	5.1	4.9	5.4	6.0	6.4	6.7	7.0
Northern Cape	2.1	2.0	2.2	2.5	2.7	2.9	3.0
North West	4.1	4.2	4.2	4.6	5.1	5.3	5.6
Western Cape	8.2	9.3	8.8	9.8	10.5	11.1	11.7
Compliance, Monitoring and Enforcement	165.1	177.9	173.3	209.3	254.7	272.4	280.0
Eastern Cape	20.2	22.8	20.6	23.0	26.3	28.3	29.3
Free State	14.5	13.9	12.0	19.2	19.6	20.8	21.6
Gauteng	37.6	40.9	40.9	48.8	54.5	58.8	59.9
Kwazulu-Natal	26.2	31.0	29.5	36.7	42.4	45.8	45.9
Limpopo	13.1	14.1	13.8	19.0	20.8	22.1	22.9
Mpumalanga	14.4	14.0	15.3	17.0	20.4	21.7	22.5
Northern Cape	7.8	7.3	8.3	9.3	11.3	12.1	12.5
North West	13.1	13.3	13.3	14.4	18.0	19.1	19.7
Western Cape	18.1	20.6	19.6	21.8	26.5	28.0	29.2
Head Office	–	–	–	–	15.0	15.8	16.6
Training of Staff: Inspection and Enforcement Services	2.5	3.0	2.6	3.6	4.4	4.5	4.8
Eastern Cape	0.3	0.1	0.0	0.6	0.5	0.3	0.5
Free State	0.3	0.0	0.0	0.2	0.0	0.0	0.0
Gauteng	0.2	0.7	0.2	0.5	0.7	0.7	0.7
Kwazulu-Natal	0.8	0.7	0.2	1.6	1.8	2.0	2.0
Limpopo	0.1	0.2	0.2	0.3	0.3	0.3	0.3
Mpumalanga	0.0	0.2	0.0	0.1	0.4	0.4	0.4
Northern Cape	0.0	0.4	0.1	0.0	0.1	0.1	0.1
North West	–	–	0.1	0.1	0.2	0.2	0.2
Western Cape	0.1	0.2	0.1	0.0	0.2	0.3	0.3
Head Office	0.7	0.6	1.6	0.2	0.3	0.3	0.3
Total	237.2	259.6	259.2	319.5	356.6	380.3	391.9
Change to 2009 Budget estimate				(15.3)	5.1	0.4	0.2

Economic classification

Current payments	236.3	258.5	257.9	319.2	356.6	380.3	391.9
Compensation of employees	165.0	190.3	183.6	233.3	285.7	303.8	315.1
Goods and services	71.3	68.2	74.4	85.8	70.8	76.5	76.8
of which:							
Communication	19.8	14.9	12.1	14.2	13.7	15.0	14.9
Lease payments	1.1	0.9	0.3	0.7	1.8	2.0	2.2
Property payments	2.3	2.6	0.7	4.6	3.6	3.7	3.8
Travel and subsistence	29.0	29.8	37.2	26.1	22.8	25.7	24.9

Table 17.5 Inspection and Enforcement Services (continued)

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Economic classification (continued)							
Transfers and subsidies	0.4	0.7	1.1	0.2	0.1	0.1	0.1
Provinces and municipalities	0.1	–	–	–	–	–	–
Households	0.3	0.7	1.1	0.2	0.1	0.1	0.1
Payments for capital assets	0.5	0.4	0.1	0.1	–	–	–
Buildings and other fixed structures	0.1	–	–	–	–	–	–
Machinery and equipment	0.4	0.4	0.1	0.1	–	–	–
Total	237.2	259.6	259.2	319.5	356.6	380.3	391.9

Expenditure trends

Expenditure increased from R237.2 million in 2006/07 to R319.5 million in 2009/10, at an average annual rate of 10.4 per cent. This is as a result of an increase in compensation of employees due to salary adjustments in 2009/10, the upgrading of labour inspector posts, and the re-evaluation of the salary contribution between the department, the Unemployment Insurance Fund and the Compensation Fund. In 2009/10, spending in the *Occupational Health and Safety* subprogramme grew by a significant 69.2 per cent due to funding for the development of a business case on the integration of occupational health and safety competencies in government, and the purchase of protective clothing, uniforms and toolkits for inspectors.

Over the medium term, expenditure is expected to increase from R319.5 million in 2009/10 to R391.9 million in 2012/13, at an average annual rate of 7.1 per cent. Spending on compensation of employees grows by 22.4 per cent in 2010/11, due to the allocation of R15 million to increase the number of occupational health and safety inspectors. This is expected to reduce expenditure on consultants over the MTEF period.

Spending over the MTEF period focuses on the professionalisation of the inspectorate and increasing inspections to improve employer compliance with labour legislation.

Programme 3: Public Employment Services

- *Management and Support Services: Public Employment Services* manages delegated administrative and financial responsibilities, coordinates all planning, monitoring and evaluation functions, and provides corporate support to line function subprogrammes. Funding is mainly used for salaries and other personnel related costs.
- *Employer Services* facilitates registering vacancies, generates and disseminates scarce skills information, issues immigrant corporate and work permits, records migrating skilled South Africans, oversees placements, responds to companies in distress, provides a social plan and regulates private employment agencies. Funding is mainly used for salaries and other personnel related costs.
- *Registration and Placement Services: Public Employment Services* registers work seekers, retrenched workers, work vacancies, training and income generating opportunities on the employment services system, and facilitates access to employment and income generating opportunities for the unemployed and underemployed. Funding is mainly used for salaries, personnel related costs and delivering frontline client services.
- *Designated Groups Special Services* facilitates the transfer of subsidies to national councils to promote the employment of persons with various disabilities and facilitates collaboration with sheltered employment factories and other relevant bodies to promote employing people with disabilities.
- *Sheltered Employment Factories and Subsidies to Designated Workshops* facilitates transfers to subsidised workshops for the blind and subsidised work centres for the disabled, and aims to improve the administration, production and financial control of sheltered employment factories and workshops.
- *Productivity South Africa* transfers funds to Productivity South Africa to promote improvements in workplace productivity and for social plan interventions where necessary.

- *Unemployment Insurance Fund* provides for the possible future funding of the Unemployment Insurance Fund.
- *Compensation Fund* provides for costs incurred through claims from civil servants for injuries sustained on duty or occupational related illnesses and provides for the funding of possible requests from the Compensation Fund.
- *Training of Staff: Public Employment Services* defrays expenditure relating to the training of staff within this programme, to comply with the 1 per cent payroll Skills Development Levies Act (1999) obligation.

Objectives and measures

- Facilitate the entry and re-entry of jobseekers into the labour market through proactive measures to address unemployment and poverty by finalising the public employment services policy and the Employment Services Bill by September 2010.
- Reduce unemployment by placing unemployed people in decent work through:
 - filling at least 60 per cent of opportunities on the public employment services database within 30 days of registration of job opportunities on the system by 2011/12
 - referring at least 70 per cent of unemployed people registered on the public employment services database to career counselling, training or work placement opportunities or sheltered employment factories, Unemployment Insurance Fund and the Compensation Fund within 30 days by 2011/12.
- Assist in reducing unemployment by providing employment services interventions to distressed companies within 5 days of receiving notification.
- Facilitate the employment of 500 people with disabilities and/or veterans by ensuring that at least 30 per cent of government department orders are purchased from service products (sheltered employment factories) by the end of March 2011.
- Facilitate the achievement of employment equity targets for disability by businesses by establishing a pilot to train and place at least 50 learners per sheltered employment factory in the mainstream economy by the end of March 2011.

Service delivery focus

A single integrated employment services system was rolled out to provincial offices and labour centres in 2007/08 to improve access to these services. In 2008/09, 26 332 placement opportunities were registered on the system against a target of 6 000, compared to 15 364 placement opportunities registered at the end of 2007/08. In the same period, 18 404 work seekers were placed, against a target of 7 500, compared to 5 578 placed in 2007/08. 421 686 work seekers were registered on the system, compared to 169 059 at the end of 2007/08, an increase of 252 627. By the end of the first half of 2009/10, 13 852 placement opportunities were registered, 315 418 work seekers were registered, and 2 733 work seekers were placed in opportunities.

In partnership with the National Council for Persons with Physical Disabilities in South Africa, the department subsidised the salaries of 11 placement officials, who placed 763 persons with disabilities in employment compared to 415 people placed in 2007/08.

8 531 registered work seekers were assessed and 7 343 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. By the end of the first half of 2009/10, 2 733 work seekers were assessed against a target of 1 525 and 838 were referred to identified critical and scarce skills development programmes.

Expenditure estimates

Table 17.6 Public Employment Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Management and Support Services:	7.1	7.1	6.9	19.0	30.3	33.4	34.7
Public Employment Services							
Head Office	7.1	7.1	6.9	19.0	30.3	33.4	34.7
Employer Services	100.0	102.7	116.2	113.8	122.2	122.4	131.0
Eastern Cape	17.2	17.7	19.0	19.1	23.5	18.1	19.5
Free State	8.2	8.1	9.2	10.0	9.4	10.0	11.1
Gauteng North	6.9	5.4	7.7	8.2	8.6	9.0	10.0
Gauteng South	13.3	13.5	15.7	14.4	15.5	16.4	17.0
KwaZulu-Natal	14.7	12.3	14.5	14.1	16.1	17.1	18.0
Limpopo	7.8	9.4	8.9	9.0	10.4	11.1	12.1
Mpumalanga	9.9	10.5	11.9	12.1	11.2	11.9	12.1
North Cape	5.2	5.2	6.5	7.0	7.6	7.6	8.4
North West	7.6	8.8	10.3	9.4	9.1	9.7	10.6
Western Cape	9.3	11.8	12.5	10.5	10.8	11.5	12.1
Registration and Placement Services:	17.6	18.1	20.5	23.5	23.4	26.2	27.2
Public Employment Services							
Eastern Cape	3.0	3.1	3.4	3.3	3.3	3.6	3.8
Free State	1.4	1.4	1.7	1.9	1.9	2.2	2.3
Gauteng North	1.5	1.3	1.4	1.6	1.8	2.0	2.1
Gauteng South	2.1	2.0	2.3	3.1	3.1	3.4	3.5
KwaZulu-Natal	2.6	2.2	2.6	3.6	3.2	3.6	3.8
Limpopo	1.4	1.7	1.6	1.9	2.1	2.4	2.5
Mpumalanga	1.7	1.9	2.1	2.3	2.2	2.5	2.6
North Cape	0.9	0.9	1.2	1.3	1.6	1.7	1.8
North West	1.3	1.6	1.9	1.9	2.0	2.2	2.2
Western Cape	1.6	2.1	2.3	2.5	2.3	2.5	2.6
Designated Groups Special Services	0.5	0.7	0.5	0.6	0.7	0.7	0.8
Head Office	0.5	0.7	0.5	0.6	0.7	0.7	0.8
Sheltered Employment Factories and Subsidies to Designated Workshops	54.2	47.9	105.6	62.2	62.6	64.7	68.0
Head Office	54.2	47.9	105.6	62.2	62.6	64.7	68.0
Productivity South Africa	32.0	26.6	41.1	29.5	31.2	34.1	35.8
Unemployment Insurance Fund	–	–	–	0.0	0.0	0.0	0.0
Compensation Fund	7.0	5.9	6.4	9.0	8.9	9.6	10.1
Training of Staff: Public Employment Services	0.8	1.0	0.4	1.2	1.3	1.3	1.3
Head Office	0.0	0.2	0.1	0.1	0.1	0.1	0.1
Eastern Cape	0.1	0.2	0.0	0.1	0.1	0.1	0.1
Free State	0.0	0.0	0.1	0.0	0.0	0.0	0.0
Gauteng North	–	0.0	0.0	0.1	0.1	0.1	0.1
Gauteng South	0.1	0.3	–	0.2	0.2	0.2	0.2
KwaZulu-Natal	0.3	0.1	0.0	0.3	0.1	0.2	0.2
Limpopo	0.1	0.0	0.0	0.1	0.1	0.1	0.1
Mpumalanga	0.2	0.2	0.0	0.1	0.2	0.2	0.1
North Cape	–	0.0	0.0	0.0	0.0	0.0	0.0
North West	–	–	0.1	0.1	0.1	0.1	0.1
Western Cape	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Total	219.3	210.0	297.6	258.9	280.4	292.4	308.8
Change to 2009 Budget estimate				(15.4)	1.1	(2.9)	0.1

Table 17.6 Public Employment Services (continued)

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Economic classification							
Current payments	127.0	130.6	146.2	159.6	179.2	185.5	196.5
Compensation of employees	94.2	94.6	111.7	119.2	141.7	141.9	164.8
Goods and services	32.8	35.9	34.5	40.5	37.5	43.6	31.7
of which:							
Communication	6.9	6.5	6.8	5.7	5.2	6.5	3.9
Lease payments	0.9	0.8	0.2	0.2	0.6	0.8	0.4
Property payments	1.9	3.9	0.6	3.3	2.5	2.7	2.0
Travel and subsistence	14.0	15.3	16.0	9.6	12.8	13.9	12.4
Transfers and subsidies	91.8	79.2	151.3	99.2	101.3	106.9	112.3
Provinces and municipalities	0.1	–	–	–	–	–	–
Departmental agencies and accounts	39.1	32.5	47.5	38.5	40.1	43.7	45.8
Foreign governments and international organisations	–	0.1	–	–	–	–	–
Non-profit institutions	52.7	46.4	103.3	60.5	61.1	63.2	66.4
Households	0.0	0.1	0.5	0.2	0.0	0.0	0.0
Payments for capital assets	0.4	0.3	0.1	0.1	–	–	–
Machinery and equipment	0.4	0.3	0.1	0.1	–	–	–
Total	219.3	210.0	297.6	258.9	280.4	292.4	308.8

Expenditure trends

Expenditure increased at an average annual rate of 5.7 per cent, from R219.3 million in 2006/07 to R258.9 million in 2009/10, mainly due to higher transfer payments in the *Productivity South Africa* and the *Sheltered Employment Factories and Subsidies to Designated Workshops* subprogrammes to compensate for administrative losses. In addition, expenditure on compensation of employees increased as a result of the drive to fill all vacancies and appoint career counsellors, and the impact of resolutions 3 and 5 of 2009 of the Public Service Coordinating Bargaining Council. These increases were marginally offset by lower transfer payments to the *Sheltered Employment Factories and Subsidies to Designated Workshops* subprogramme, Productivity South Africa and the Compensation Fund.

Over the medium term, expenditure is expected to increase from R258.9 million in 2009/10 to R308.8 million in 2012/13, at an average annual rate of 6.1 per cent. The increased spending on compensation of employees in 2010/11 by 18.9 per cent is due to the appointment of additional career counsellors.

Spending over the MTEF period focuses on ensuring the greater use of the employment service system to reduce unemployment, and the development of the Decent Work agenda. The 2010/11 budget allocation will be used to sustain existing employment services functions and for developing and piloting some of the functions proposed in the new Public Employment Services Bill.

Public entities

Unemployment Insurance Fund

Strategic overview: 2006/07 – 2012/13

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 as legislated in the Unemployment Insurance Act (2001) as amended. The fund is financed by a dedicated tax on the wage bill as legislated in the Unemployment Insurance Contributions Act (2002).

The Unemployment Insurance Fund's strategic and policy framework is based on the Minister of Labour's programme of action and policy directives from the Department of Labour.

Over the medium term, the fund will focus on implementing the new service delivery model that involves both the decentralisation and integration of services. A service delivery improvement plan has been developed that embraces this new model, as well as good governance principles and a commitment to Batho Pele.

Key priorities for the short to medium term include: participating in the social security reform project; developing and supporting schemes to alleviate poverty; enforcing compliance by employers on declarations and contributions; improving the accuracy of information on the database; recovering overpayments; enhancing controls to minimise and/or prevent overpayments; increasing returns on investments; improving unemployment insurance benefits; improving the financial position of the fund; and building and sustaining organisational capabilities. The Unemployment Insurance Fund remains committed to bringing services closer to its diversified client base in all provinces by increasing the number of sites at which the decentralised processing of claims can take place from 14 to 57.

Selected performance indicators

17.7 Unemployment Insurance Fund

Indicator	Past			Current	Projections		
	2006/07	2007/08	2008/09	2009/0	2010/11	2011/12	2012/13
Percentage of benefit claims finalised within the allocated period	81% (464 005)	76.5% (403 836)	76% (476 705)	70%	80%	85%	90%
Turnaround time to process claims (weeks)	6	6	5	5	5	5	5
Number of new claims processed*	572 846	527 890	610 736	–	–	–	–
Percentage increase in revenue collection compared to the previous year	16.39% (R8.1bn)	13.75% (R9.1bn)	12.66% (R10.3bn)	Linked to CPIX	Linked to CPIX	Linked to CPIX	Linked to CPIX

* No projections as all claims received that meet the requirements are processed

Service delivery focus

The Unemployment Insurance Fund paid R3.9 billion in claims to 610 736 beneficiaries in 2008/09, of which: R2.8 billion was paid to 474 793 claimants for unemployment benefits; R211 million to 25 648 claimants for illness benefits; R537 million to 94 336 claimants for maternity and adoption benefits; and R263 million to 15 959 claimants for dependant benefits. By September 2009/10, the fund had paid out R2.9 billion and approved 417 773 claims. Given the economic downturn, the Unemployment Insurance Fund expects claims for unemployment benefits to increase substantially in 2010/11.

By the end of September 2009, the fund had registered 72 893 new employers on its database, raising the total to 1 239 360. 238 206 employees were added, raising the total number of employee contributors to 7 678 760. Improvements in the fund's business processes and communications resulted in an approval rate of 97 per cent of all benefit claims.

Expenditure estimates

Table 17.8 Unemployment Insurance Fund: Activity information

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Unemployment Benefits	1 991.4	2 030.9	2 834.2	3 943.0	4 280.6	4 879.9	5 563.1
Illness Benefits	179.8	187.4	211.6	356.2	386.7	440.8	502.5
Maternity Benefits	418.5	460.2	537.1	828.2	899.1	1 025.0	1 168.5
Adoption Benefits	0.7	0.7	0.5	1.4	1.5	1.7	2.0
Dependants Benefits	247.5	242.3	263.9	490.1	532.1	606.6	691.5
Other activities	618.4	1 566.0	817.5	2 868.1	1 922.0	2 018.7	2 153.6
Total expense	3 456.2	4 487.4	4 664.8	8 487.1	8 022.0	8 972.7	10 081.1

Table 17.9 Unemployment Insurance Fund: Financial information

Statement of financial performance R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	1 478.6	2 271.5	3 660.1	2 971.3	3 560.9	4 193.1	4 867.3
Sale of goods and services other than capital assets <i>of which:</i>	1.5	1.8	2.0	1.9	1.9	1.9	1.9
<i>Sales by market establishments</i>	1.5	1.8	2.0	1.9	1.9	1.9	1.9
<i>Other non-tax revenue</i>	1 477.1	2 269.7	3 658.1	2 969.5	3 559.1	4 191.2	4 865.4
Unemployment contributions	7 985.4	9 082.8	10 223.9	10 409.8	9 767.6	10 256.0	10 768.8
Total revenue	9 464.0	11 354.4	13 884.1	13 381.2	13 328.5	14 449.1	15 636.1
Expenses							
Current expense	883.4	1 259.6	757.5	1 309.0	1 516.7	1 572.0	1 645.3
Compensation of employees	287.8	335.1	349.0	598.0	717.2	760.2	802.8
Goods and services	594.9	919.5	405.1	705.8	794.4	806.4	836.9
Depreciation	0.6	4.6	3.4	5.2	5.1	5.4	5.6
Interest, dividends and rent on land	0.1	0.4	0.0	–	–	–	–
Transfers and subsidies	2 572.9	3 227.8	3 907.2	7 178.1	6 505.3	7 400.6	8 435.8
Total expenses	3 456.2	4 487.4	4 664.8	8 487.1	8 022.0	8 972.7	10 081.1
Surplus / (Deficit)	6 007.7	6 867.0	9 219.3	4 894.1	5 306.5	5 476.5	5 554.9

Expenditure trends

Total revenue grows at an average annual rate of 8.7 per cent over the 7-year period, with unemployment insurance contributions or transfers received comprising an average of 75.6 per cent of total revenue over this period. Non-tax revenue, which is driven by interest received from investments, comprises an average of 24.4 per cent of total revenue over the 7-year period.

Expenditure grew from R3.5 billion in 2006/07 to R8.5 billion in 2009/10 at an average annual rate of 34.9 per cent, and is estimated to reach R10.1 billion in 2012/13. This is as a result of an increase in expenditure on compensation of employees, which grew by 71.3 per cent in 2009/10 due to the appointment of additional regional staff and payroll auditors, and general salary adjustments. Expenditure on compensation of employees is expected to grow at an average annual rate of 10.3 per cent over the MTEF period due to the decentralisation of staff for Unemployment Insurance Fund functions in the provinces, and the organisational restructuring of the fund. Spending on goods and services grows at an average annual rate of 5.9 per cent over the 7-year period with significant increases in expenditure in 2007/08 and 2009/10, by 54.6 per cent and 74.2 per cent respectively, due to the decentralisation of services and costs related to appointing additional staff.

Transfers and subsidies paid or unemployment insurance claims paid, increased by 83.7 per cent in 2009/10 due to adverse global economic conditions, which increased unemployment in South Africa. This trend is expected to continue over the medium term.

The accumulated surplus is projected to reach R41.3 billion in 2012/13. The fund has reserved R19.6 billion for outstanding and future claims as recommended by the fund's actuaries.

Compensation Fund

Strategic overview: 2006/07 – 2012/13

The Compensation Fund administers the Compensation for Occupational Injuries and Diseases Act (1993) as amended. In terms of the act, the fund's main objective is to provide compensation for disability, illness and death resulting from occupational injuries and diseases.

The fund generates its revenue from levies paid by employers, which consists mainly of annual assessments paid by registered employers on the basis of a percentage or fixed rate of the annual earnings of their employees.

The Compensation for Occupational Injuries and Diseases Act (1993), however, makes provision for a minimum assessment to ensure that the assessment is not less than the administration costs incurred.

New business processes have been developed and a proof of concept is under way for the implementation of an integrated claims management system that will improve turnaround time and efficiencies in service delivery. Testing has been completed and a pilot is in progress. The new system will facilitate the electronic submission of claims, the final decentralisation of the remaining functions, and the business process automation and organisational structure redesign. To enhance the quality of and access to services, the fund plans to decentralise its functions to four provinces by March 2010, a process that began with a pilot in Limpopo in July 2009.

Selected performance indicators

17.10 Compensation Fund

Indicator	Past			Current	Projections		
	2006/07	2007/08	2008/09	2009/0	2010/11	2011/12	2012/13
Number of new claims registered	213 246	209 830	209 830	203 711	346 309	346 379	588 844
Percentage of registered claims finalised	90% (721)	70% (957)	70% (777)	70% (1 243)	70% (2 113)	70% (3 593)	70% (6 108)
Percentage of medical claims finalised within a 3-month period	90% (886 511)	70% (777 320)	70% (815 045)	60% (896 550)	70% (986 204)	70% (1 084 825)	70% (1 193 307)
Percentage growth in assessment revenue	14% (R295 651)	2% (R323 368)	2% (R380 244)	7% (R399 256)	3% (R419 219)	4% (R440 180)	5% (R462 189)
Percentage increase in the number of registered employers	9% (295 651)	9% (323 368)	4% (336 303)	5% (353 118)	5% (370 773)	5% (389 312)	5% (408 778)
Percentage of debtors revenue collected per year	78% (R59 298)	1% (R264 210)	0% (R105 277)	0% (R105 277)	1% (R106 329)	1% (R107 393)	1% (R108 467)

Service delivery focus

In 2008/09, the Compensation Fund paid 327 647 claims. All new claims were registered within 2 days and liability on most newly registered claims was finalised within 5 days. 70 per cent of medical claims, totalling R1.5 billion, were paid within 3 months of receiving full documentation, compared to R1.2 billion in 2007/08. By the end of the second quarter of 2009/10, 94.7 per cent of current claims were processed and paid within 80 days of receiving complete documentation. R4.5 billion in revenue was collected, a 16 per cent increase from 2007/08. The number of registered employers increased by 4 per cent compared to 2007/08, rising from 323 368 to 336 303. In the first 6 months of 2009/10, the fund registered 10 154 new employers on the database. The backlog on claims registered from 2000 to 2004 was finalised in the first quarter of 2008/09. Of the 180 392 claims brought forward from previous years, 46 000 were paid. The remaining 134 392 were closed without payment as there were no benefits payable. The turnaround time on medical payments averaged 38 days for 172 656 claims. This translates into a 62 per cent improvement in the turnaround time for medical payments compared to 2007/08. Processes, capacity and systems are being improved to increase this turnaround time further. Claims amounted to R2.9 billion, compared to R1.3 billion in 2007/08, an increase of 56 per cent.

Expenditure estimates

Table 17.11 Compensation Fund: Programme information

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Administration/Operations	859.6	602.2	439.4	1 421.5	849.0	970.4	1 190.7
Medical Claims	1 414.6	1 287.2	1 540.3	1 428.3	1 646.5	1 897.5	2 291.2
Compensation Claims	655.0	652.0	165.3	616.2	669.5	718.5	848.0
Claims Provisions	609.3	1 863.0	2 073.8	2 077.5	2 019.6	2 125.0	2 342.8
Other programmes	144.0	1 618.8	1 223.9	858.0	1 099.7	1 105.9	1 107.8
Total expense	3 682.5	6 023.2	5 442.7	6 401.5	6 284.3	6 817.4	7 780.5

Table 17.12 Compensation Fund: Financial information

Statement of financial performance R million	Audited outcome			Revised estimate	Medium-term estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Revenue							
Non-tax revenue	1 413.5	1 752.5	2 578.4	1 854.8	2 427.9	2 779.7	3 172.4
Sale of goods and services other than capital assets <i>of which:</i>	14.8	2.2	21.2	13.0	21.4	23.5	25.9
Admin fees	14.8	2.2	21.2	13.0	21.4	23.5	25.9
Other non-tax revenue	1 398.7	1 750.3	2 557.2	1 841.8	2 406.5	2 756.2	3 146.5
Social contributions	3 077.3	3 556.3	4 035.4	2 824.8	3 590.2	3 733.8	4 181.8
Total revenue	4 490.7	5 308.8	6 613.8	4 679.6	6 018.0	6 513.5	7 354.2
Expenses							
Current expense	859.6	602.2	439.4	1 514.7	1 071.9	1 227.3	1 879.0
Compensation of employees	122.1	148.6	131.1	324.0	380.3	437.2	498.5
Goods and services	736.1	453.1	303.7	1 187.5	680.4	774.2	1 358.8
Depreciation	1.4	0.4	4.6	3.3	10.8	15.5	21.2
Interest, dividends and rent on land	–	–	0.0	–	0.4	0.5	0.6
Transfers and subsidies	2 822.9	5 421.0	5 003.3	4 886.8	5 212.4	5 590.0	5 901.4
Total expenses	3 682.5	6 023.2	5 442.7	6 401.5	6 284.3	6 817.4	7 780.5
Surplus / (Deficit)	808.2	(714.4)	1 171.1	(1 721.9)	(266.2)	(303.9)	(426.2)

Expenditure trends

Employer assessment fees, or transfers received, is the main contributor to revenue, and make up an average of 61.5 per cent of total income over the 7-year period. Income from investments constitutes an average of 38.2 per cent of total income over the same period. Total revenue grows at an average annual rate of 8.6 per cent over the 7-year period, due to increased income from investments and employer assessment fees.

The main cost drivers of spending are transfers paid, or benefit claims paid, and goods and services. Total spending increased at an average annual rate of 20.2 per cent, from R3.7 billion 2006/07 to R6.4 billion in 2009/10, and is projected to grow at a slower average annual rate of 6.7 per cent over the MTEF period. Spending in compensation of employees increases from R324 million in 2009/10 to R498.5 million in 2012/13, at an average annual rate of 15.4 per cent, due to the implementation of a new senior management structure. The 291 per cent growth in spending on goods and services from 2008/09 to 2009/10 was due to the appointment of 6 consulting companies to help the fund improve its accounting, internal audit, risk management and organisational development practices. R13.2 billion was paid in claims for work related injuries, diseases and deaths from 2006/07 to 2008/09. This grew from R2.8 billion in 2006/07 to R4.9 billion in 2008/09.

The projected deficit of R1.7 billion in 2009/10 is due to the payment of merit rebates, while the deficits over the medium term are due to claims paid being higher than contributions received. However, the fund has adequate cash and reserves to fund these projected deficits.

Programme 4: Labour Policy and Labour Market Programmes

- *Management and Support Services: Labour Policy and Labour Market Programmes* manages delegated administrative and financial responsibilities, coordinates all planning, monitoring and evaluation functions, and provides corporate support to line function subprogrammes. 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 the independence and self-reliance of workers and employers 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, selected 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. 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 to 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. 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 about changes in the South African labour market that impact legislation. Funding is mainly used for salaries, and other personnel related costs.
- *International Labour Matters* facilitates compliance with international obligations, multi- and bilateral relations 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, participation in economic decision making and social equity.

Objectives and measures

- Improve the status of vulnerable workers by:
 - reviewing the working conditions of 3 industrial and economic sectors (civil engineering, hospitality, and contract cleaning), learnerships and the ministerial determination on conditions of employment for employees in expanded public works programmes by March 2011
 - establishing the feasibility of promulgating sectoral determinations in the unskilled labour and welfare sectors by March 2011
 - developing a report on the norms and benchmarks for proportionate income differentials by March 2011.
- Address developments in the labour market, including labour broking and legislative compliance and enforcement, by publishing amendment bills to the Labour Relations Act (1995), the Basic Conditions of Employment Act (1997) and the Employment Equity Act (1998) by March 2011
- Strengthen employment equity implementation and enforcement mechanisms by conducting a director-general review at 60 JSE Securities Exchange listed companies by March 2011.
- Create decent work and sustainable livelihoods by developing and implementing a research, monitoring and evaluation agenda, which includes providing labour market information and statistical analysis and facilitating compliance with international obligations and multilateral and bilateral relations, by March 2011.
- Manage the implementation of the Labour Relations Act (1995) by extending collective agreements and registering or de-registering labour organisations within 90 days.

Service delivery focus

In relation to promoting equity in the labour market, in 2008/09, 74 companies from the top 100 JSE Securities Exchange list, including the multinationals operating in similar sectors, were subjected to a director-general review. Between April and September 2009, 18 companies out of the 70 evaluated had complied with the department's recommendations. Feedback was given to the other 52 companies, including on shortcomings in information provided, especially on employment equity plans.

In 2008/09, 54 bargaining council collective agreements were extended to non-parties, covering 722 757 workers. 23 were main collective agreements covering wages and basic conditions of employment, and 31 were for administration and social benefit funds. By the end of the second quarter of 2009/10, 15 collective agreements had been extended covering 938 738 employees. The department approved 6 out of 110 applications to register labour organisations and deregistered 25 employers' organisations and 47 trade unions. There were thus 215 registered trade unions and 180 registered employers' organisations at the end of 2008/09.

The following sectoral determinations were reviewed in 2009/10: private security, contract cleaning, civil engineering, and domestic workers. Investigations into vulnerable sectors either concluded or currently under discussion at the Employment Conditions Commission, include: wholesale and retail sector, welfare sector, ministerial determination on conditions of employment for employees on expanded public works programmes, and the code of good practice for workers in expanded public works programmes.

The first research, monitoring and evaluation recommendations are currently being implemented, such as the reviews of legislation. The second research, monitoring and evaluation agenda was finalised in 2009/10 and includes research on: the national skills development strategy; high risk occupational health and safety sectors; client satisfaction with the Unemployment Insurance Fund; the impact of Employment Services of South Africa; and non-compliance with the Unemployment Insurance Act (2001). The 4 annual labour market reports for 2009/10 have been developed.

Expenditure estimates

Table 17.13 Labour Policy and Labour Market Programmes

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
R million							
Management and Support Services: LP & LMP	7.3	7.3	8.1	9.6	9.0	11.4	11.8
Strengthen Civil Society	9.4	9.9	15.9	13.8	14.4	15.1	15.8
Collective Bargaining	7.8	9.0	9.3	11.1	9.9	11.7	12.2
Employment Equity and Standards	23.9	23.4	23.6	25.1	19.1	25.3	26.0
Commission for Conciliation, Mediation and Arbitration	244.7	270.6	261.7	324.4	373.8	353.4	370.1
Research, Policy and Planning	10.3	15.0	4.8	17.2	12.8	18.2	18.6
Labour Market Information and Statistics	20.8	23.8	22.4	26.4	24.5	31.0	32.1
International Labour Matters	15.1	17.0	22.4	18.1	17.1	19.6	20.5
National Economic Development and Labour Council	12.7	13.3	14.3	15.0	16.4	17.4	18.6
Total	352.1	389.4	382.5	460.8	496.9	503.2	525.7
Change to 2009 Budget estimate				34.4	7.0	0.5	0.2
Economic classification							
Current payments	78.0	88.0	79.5	97.7	83.1	107.7	111.1
Compensation of employees	37.7	44.1	44.6	52.6	52.8	60.2	63.0
Goods and services	40.4	44.0	34.9	45.1	30.4	47.5	48.1
<i>of which:</i>							
Communication	1.4	1.4	1.5	1.5	1.2	1.6	1.6
Lease payments	0.6	0.4	0.9	0.5	0.3	0.4	0.4
Property payments	0.7	0.4	0.2	0.5	0.2	0.2	0.2
Travel and subsistence	7.4	9.4	11.5	9.3	9.3	14.5	14.7

Table 17.13 Labour Policy and Labour Market Programmes (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Transfers and subsidies	273.8	301.3	302.7	362.9	413.7	395.5	414.6
Provinces and municipalities	0.0	–	–	–	–	–	–
Departmental agencies and accounts	257.4	284.0	275.7	339.0	389.7	370.2	388.1
Foreign governments and international organisations	6.9	7.3	10.4	9.3	9.6	10.2	10.7
Non-profit institutions	9.4	9.9	15.9	13.8	14.4	15.1	15.8
Households	–	0.1	0.7	0.8	–	–	–
Payments for capital assets	0.3	0.1	0.4	0.2	0.1	0.0	0.0
Machinery and equipment	0.3	0.1	0.4	0.2	0.1	0.0	0.0
Total	352.1	389.4	382.5	460.8	496.9	503.2	525.7

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	257.4	284.0	275.7	339.0	389.7	370.2	388.1
Commission for Conciliation, Mediation and Arbitration	244.7	270.6	261.7	324.4	373.8	353.4	370.1
National Economic Development and Labour Council	12.7	13.3	14.0	14.6	15.9	16.8	18.0
Foreign governments and international organisations							
Current	6.9	7.3	10.4	9.3	9.6	10.2	10.7
International Labour Organisation	6.4	6.8	9.8	8.7	9.0	9.6	10.1
African Regional Labour Administration Centre	0.5	0.4	0.6	0.6	0.6	0.6	0.7
Non-profit institutions							
Current	9.4	9.9	15.9	13.8	14.4	15.1	15.8
Strengthen Civil Society	9.4	9.9	15.9	13.8	14.4	15.1	15.8

Expenditure trends

Expenditure increased from R352.1 million in 2006/07 to R460.8 million in 2009/10, at an average annual rate of 9.4 per cent, mainly due to additional transfers to the Commission for Conciliation Mediation and Arbitration. The additional transfers were made to purchase generators in 2007/08, due to load shedding; and from 2008/09 to fund additional spending as the number of cases handled by the commission grew due to the economic downturn. Expenditure is expected to increase to R525.7 million over the MTEF period, at an average annual rate of 4.5 per cent.

Expenditure in the *Research, Policy and Planning* subprogramme fluctuated between 2006/07 and 2009/10, as it is dependent on the number of research projects each year and because each research, monitoring and evaluation agenda project lifecycle runs over more than one financial year. Spending by the *Strengthen Civil Society* subprogramme grew by 60.3 per cent in 2008/09 due to the transfer of R3 million to the 3 largest labour federations for May Day celebrations. The substantial growth of expenditure on compensation of employees of 16.9 per cent in 2007/08 and 17.9 per cent in 2009/10 was due to the salary adjustments of public servants.

Spending over the MTEF period continues 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.

Additional tables

Table 17.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	2008/09		2008/09	2009/10			2009/10
1. Administration	608.4	611.0	567.9	635.6	34.4	670.1	659.4
2. Inspection and Enforcement Services	286.5	286.5	259.2	334.8	(15.3)	319.5	309.4
3. Public Employment Services	235.3	307.7	297.6	274.3	(15.4)	258.9	252.2
4. Labour Policy and Labour Market Programmes	394.8	387.8	382.5	426.3	34.4	460.8	453.4
Total	1 524.9	1 593.0	1 507.2	1 671.0	38.2	1 709.2	1 674.4
Economic classification							
Current payments	1 122.2	1 121.9	1 036.7	1 208.9	(0.8)	1 208.2	1 177.7
Compensation of employees	573.5	573.5	491.3	669.9	(37.3)	632.6	611.2
Goods and services	548.6	548.4	545.3	539.0	36.5	575.6	566.5
Transfers and subsidies	370.3	439.7	457.2	427.8	35.4	463.1	462.3
Departmental agencies and accounts	296.5	327.7	323.2	344.0	33.5	377.4	377.4
Foreign governments and international organisations	7.7	7.7	10.4	9.3	–	9.3	8.6
Non-profit institutions	65.8	103.4	119.2	74.3	–	74.3	74.1
Households	0.2	0.9	4.5	0.2	1.9	2.1	2.1
Payments for capital assets	32.5	31.4	9.0	34.3	3.6	37.9	34.4
Buildings and other fixed structures	26.3	26.3	2.7	27.6	1.8	29.4	26.0
Machinery and equipment	6.2	5.1	6.3	6.7	1.8	8.5	8.4
Payments for financial assets	–	–	4.3	–	–	–	–
Total	1 524.9	1 593.0	1 507.2	1 671.0	38.2	1 709.2	1 674.4

Table 17.B Summary of personnel numbers and compensation of employees

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Permanent and full time contract employees							
Compensation (R million)	427.9	488.7	482.1	632.6	738.4	760.6	811.4
Unit cost (R million)	0.1	0.1	0.2	0.2	0.2	0.2	0.2
<i>Administration</i>	0.1	0.1	0.1	0.2	0.2	0.2	0.2
<i>Inspection and Enforcement Services</i>	0.1	0.1	0.2	0.2	0.2	0.2	0.2
<i>Public Employment Services</i>	0.2	0.2	0.3	0.3	0.3	0.3	0.3
<i>Labour Policy and Labour Market Programmes</i>	0.2	0.2	0.3	0.3	0.2	0.3	0.3
Personnel numbers (head count)	3 323	3 455	2 765	2 839	3 471	3 471	3 471
Personnel numbers (head count)	–	158	–	–	–	–	–
Total for department							
Compensation (R million)	435.4	497.9	491.3	632.6	738.4	760.6	811.4
Unit cost (R million)	0.1	0.1	0.2	0.2	0.2	0.2	0.2
Personnel numbers (head count)	3 486	3 761	2 965	2 839	3 471	3 471	3 471

Table 17.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Compensation of employees (R million)	435.4	497.9	491.3	632.6	738.4	760.6	811.4
Training expenditure (R million)	8.9	6.5	8.9	8.3	8.9	9.3	9.8
Training as percentage of compensation	2.0%	1.3%	1.8%	1.3%	1.2%	1.2%	1.2%
Total number trained in department (head count)	3 195	3 167	2 005	4 423			
<i>of which:</i>							
<i>Employees receiving bursaries (head count)</i>	53	144	238	196			
<i>Learnerships trained (head count)</i>	214	250	–	–			
<i>Internships trained (head count)</i>	162	313	–	68			

Table 17.D Summary of departmental public private partnership (PPP) projects

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

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 PPP agreement is regarded by the department as a way of achieving it's objectives against the background of the requirements of the specialised knowledge and expertise needed to develop and manage a modern IT service
Date PPP agreement was signed	2002/11/30
Duration of PPP 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 utilising the government bond yield of 8.55%
Variations / amendments to PPP agreement	The PPP Agreement makes provision for a Change Management Process that deals with changes to the Agreement and 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 CIO.

Table 17.E Summary of departmental public private partnership (PPP) projects

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

1. Phavis fleet services public private partnership. Disclosure notes for this project can be viewed in the public private partnership table of 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 provision of car rental services for official use to National user departments including the Department of Labour.

Table 17.F Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
R million										
Departmental infrastructure										
Mount Ayiliff labour centre	Construction of new building	Design	13.1	9.2	-	-	-	1.9	2.0	0.0
Rustenburg labour centre	Construction of new building	Design	20.9	-	1.1	-	16.0	1.9	2.0	-
Durban labour centre	Electrical and mechanical repairs	Various	2.7	-	-	2.7	-	-	-	-
Jane Furse labour centre	Construction of new office accommodation	Design	2.8	-	-	-	2.8	-	-	-
Taung labour centre	Construction of new office accommodation	Design	3.4	-	-	-	3.4	-	-	-
Mamelodi labour centre	Construction of new office accommodation	Design	5.4	-	-	-	5.4	-	-	-
Other labour centres	Construction	Various	2.9	2.9	5.2	-	1.8	-	-	-
Maintenance										
First follow on repair and maintenance programme at Laboria house head office in Pretoria	Repair and maintenance	Construction	15.5	-	-	0.6	5.4	5.1	5.1	-
Sheltered employment factories repair and maintenance programme	First and second follow on repair and maintenance	Various	116.7	27.8	20.4	17.2	17.2	12.1	22.1	-
Repair and maintenance programme at the Potchelstroom labour Centre	Repair and maintenance	Construction	1.6	0.2	1.1	0.3	-	-	-	-
Repair and maintenance programme at the Upington labour centre	Repair and maintenance	Construction	8.8	3.5	2.3	3.0	0.1	-	-	-
Repair and maintenance programme at the George labour centre	Repair and maintenance	Construction	1.4	0.2	0.8	0.4	-	-	-	-
Repair and maintenance programme at the East London labour centre	Repair and maintenance	Construction	7.5	3.4	3.3	0.8	-	-	-	-
Repair and maintenance programme at the Pietermaritzburg labour centre	Repair and maintenance	Construction	4.9	2.1	2.2	0.5	-	-	-	-
Repair and maintenance programme at the Pretoria post office and labour centre	Repair and maintenance	Construction	9.0	-	0.2	0.1	1.6	3.7	3.4	-
Repair and maintenance programmes at the Phalaborwa, Hoedspruit and Seshego labour centres	Repair and maintenance	Construction	5.2	2.3	2.4	0.3	0.2	-	-	-

Table 17.F Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2006/07	2007/08	2008/09		2010/11	2011/12	2012/13
R million										
Repair and maintenance programmes at the Witbank, Lydenburg and Komatipoort labour centres	Repair and maintenance	Construction	9.6	1.2	7.3	1.1	0.0	-	-	-
Repair and maintenance programme at Western Cape labour centres	Repair and maintenance	Construction	21.3	8.9	8.9	2.9	0.5	-	-	-
Emergency repair and maintenance programme at Durban Masonic Grove	Repair and maintenance	Construction	6.1	2.5	2.0	1.6	-	-	-	-
Repair and maintenance programme in Gauteng south	Repair and maintenance	Construction	20.5	10.1	3.2	5.0	1.2	0.9	-	-
Electrical and mechanical repair and maintenance programme at Durban Masonic Grove	Repair and maintenance	Construction	10.5	4.0	4.0	1.1	1.2	0.3	-	-
Total			290.2	78.5	64.4	37.6	56.8	25.9	34.6	0.0