

# **Estimates of Public Expenditure**

**2009**

**Labour**

**National Treasury  
Republic of South Africa**



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To obtain copies please contact:

Communications Directorate  
National Treasury  
Private Bag X115  
Pretoria  
0001  
South Africa  
Tel: +27 12 315 5518  
Fax: +27 12 315 5126

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# Vote 15

## Labour

### Budget summary

R thousand	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	392 500	390 350	–	2 150	414 370	440 395
Service Delivery	777 121	744 267	813	32 041	815 824	864 442
Employment and Skills Development Services / Human Resources Development	481 227	91 692	381 447	8 088	537 905	572 490
Labour Policy and Labour Market Programmes	466 547	77 928	388 484	135	494 835	523 302
Social Insurance	8 977	–	8 977	–	8 950	9 606
<b>Total</b>	<b>2 126 372</b>	<b>1 304 237</b>	<b>779 721</b>	<b>42 414</b>	<b>2 271 884</b>	<b>2 410 235</b>
<b>Direct charge against the National Revenue Fund</b>						
Skills development levy	7 749 980	–	7 749 980	–	8 424 228	9 148 712
<b>Total expenditure estimates</b>	<b>9 876 352</b>	<b>1 304 237</b>	<b>8 529 701</b>	<b>42 414</b>	<b>10 696 112</b>	<b>11 558 947</b>
Executive authority	Minister of Labour					
Accounting officer	Director-General of Labour					
Website address	<a href="http://www.labour.gov.za">www.labour.gov.za</a>					

### 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		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R thousand								
1. Administration	292 235	324 270	328 384	384 207	357 651	392 500	414 370	440 395
2. Service Delivery	532 307	594 627	656 753	702 331	642 228	777 121	815 824	864 442
3. Employment and Skills Development Services / Human Resources Development	117 428	139 019	540 119	178 465	172 701	481 227	537 905	572 490
4. Labour Policy and Labour Market Programmes	349 008	388 596	417 467	472 102	466 478	466 547	494 835	523 302
5. Social Insurance	4 931	7 028	5 898	10 501	4 676	8 977	8 950	9 606
<b>Subtotal</b>	<b>1 295 909</b>	<b>1 453 540</b>	<b>1 948 621</b>	<b>1 747 606</b>	<b>1 643 734</b>	<b>2 126 372</b>	<b>2 271 884</b>	<b>2 410 235</b>
<b>Direct charge against the National Revenue Fund</b>	<b>4 883 330</b>	<b>5 328 427</b>	<b>6 284 306</b>	<b>7 529 600</b>	<b>7 529 600</b>	<b>7 749 980</b>	<b>8 424 228</b>	<b>9 148 712</b>
Sector education and training authorities	3 906 664	4 262 741	5 027 445	6 023 680	6 023 680	6 199 984	6 739 382	7 318 967
National Skills Fund	976 666	1 065 686	1 256 861	1 505 920	1 505 920	1 549 996	1 684 846	1 829 745
<b>Total</b>	<b>6 179 239</b>	<b>6 781 967</b>	<b>8 232 927</b>	<b>9 277 206</b>	<b>9 173 334</b>	<b>9 876 352</b>	<b>10 696 112</b>	<b>11 558 947</b>
Change to 2008 Budget estimate				14 695	(89 177)	(244 367)	(331 605)	(123 908)

## Economic classification

Current payments	924 651	1 016 025	1 108 582	1 217 564	1 119 517	1 304 237	1 405 329	1 495 720
Compensation of employees	425 317	477 064	543 826	628 875	535 828	734 638	805 834	857 088
Goods and services	499 323	538 087	562 442	588 689	583 689	569 599	599 495	638 632
of which:								
Administrative fees	417	724	1 265	8 874	8 874	1 480	1 245	1 281
Advertising	23 364	15 369	26 735	31 233	31 233	24 821	23 580	24 328
Assets less than R5 000	5 817	12 207	6 577	13 230	9 730	11 557	10 083	9 623
Audit costs: External	19 019	16 767	18 245	19 179	19 179	24 625	25 020	25 382
Bursaries: Employees	1 648	1 590	2 391	3 338	3 338	2 830	2 875	2 919
Catering: Departmental activities	845	3 335	4 934	5 440	5 440	5 474	5 390	5 800
Communication	45 388	46 475	49 317	44 522	44 522	39 321	40 920	41 694
Computer services	100 136	120 674	87 700	114 665	114 665	113 512	130 292	144 847
Consultants and professional services: Business and advisory services	756	879	373	1 605	1 605	5 130	6 342	6 246
Consultants and professional services: Infrastructure and planning	654	789	1 017	463	463	1 284	1 478	1 578
Consultants and professional services: Legal costs	1 116	2 149	1 243	2 499	2 499	2 515	2 460	2 341
Contractors	2 308	2 563	1 312	4 728	4 728	12 686	8 848	9 111
Agency and support / outsourced services	20 380	19 646	29 272	30 180	30 180	27 340	26 130	28 411
Entertainment	580	376	367	704	704	787	799	840
Inventory: Food and food supplies	1 309	1 739	1 417	1 896	1 896	2 002	2 019	2 200
Inventory: Fuel, oil and gas	363	502	1 226	1 111	1 111	1 083	1 174	1 265
Inventory: Learner and teacher support material	–	–	–	–	–	67	93	114
Inventory: Materials and supplies	1 902	2 576	4 445	3 665	3 665	44	48	43
Inventory: Medical supplies	17	69	11	151	151	154	157	195
Inventory: Other consumables	1 605	2 155	2 267	3 604	3 604	4 520	4 597	6 084
Inventory: Stationery and printing	17 086	21 518	23 549	22 729	22 729	27 159	26 850	29 219
Lease payments	79 967	72 665	78 182	88 513	88 513	103 668	114 344	124 217
Owned and leasehold property expenditure	50 342	72 645	75 317	42 493	42 493	26 036	29 296	30 812
Transport provided: Departmental activities	157	433	423	24	24	5 100	6 286	4 961
Travel and subsistence	83 227	87 378	109 011	100 022	100 022	80 869	82 724	85 015
Training and development	4 970	10 168	12 514	11 332	11 332	12 156	12 046	12 691
Operating expenditure	7 233	3 806	5 322	7 015	7 015	11 023	12 403	13 901
Venues and facilities	28 717	18 890	18 010	25 474	23 974	22 356	21 996	23 514
Financial transactions in assets and liabilities	11	874	2 314	–	–	–	–	–

Table 15.2 Labour (continued)

R thousand	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
<b>Economic classification</b>								
<b>Transfers and subsidies</b>	<b>5 241 972</b>	<b>5 738 793</b>	<b>7 112 665</b>	<b>8 021 321</b>	<b>8 015 496</b>	<b>8 529 701</b>	<b>9 273 846</b>	<b>10 047 289</b>
Provinces and municipalities	1 278	284	–	–	–	–	–	–
Departmental agencies and accounts	5 181 486	5 677 022	6 655 553	7 904 230	7 898 405	8 156 694	8 860 570	9 617 277
Public corporations and private enterprises	–	–	400 000	5 080	5 080	303 020	342 355	356 400
Foreign governments and international organisations	5 783	6 882	7 416	7 689	7 689	9 295	9 633	10 211
Households	947	1 947	3 335	934	934	170	165	175
<b>Payments for capital assets</b>	<b>12 616</b>	<b>27 149</b>	<b>11 680</b>	<b>38 321</b>	<b>38 321</b>	<b>42 414</b>	<b>16 937</b>	<b>15 938</b>
Buildings and other fixed structures	5 493	15 362	6 260	27 276	27 276	30 600	6 756	6 981
Machinery and equipment	7 123	11 787	5 420	11 045	11 045	11 814	10 181	8 957
<b>Total</b>	<b>6 179 239</b>	<b>6 781 967</b>	<b>8 232 927</b>	<b>9 277 206</b>	<b>9 173 334</b>	<b>9 876 352</b>	<b>10 696 112</b>	<b>11 558 947</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 thousand							
Minister <sup>1</sup>	958	925	1 108	1 612	1 709	1 811	1 913
Management	18 166	19 923	23 591	34 359	34 239	35 326	37 654
<i>Office of the Director-General</i>	4 175	5 245	4 633	11 554	11 508	11 872	12 654
<i>Ministry and Parliamentary Services</i>	8 935	10 441	12 887	12 707	12 673	13 078	13 940
<i>Internal Audit</i>	5 056	4 237	6 071	10 098	10 058	10 376	11 060
Corporate Services	149 258	172 087	147 681	175 553	180 006	186 116	195 799
<i>of which:</i>							
<i>Deputy-Director General</i>	1 221	1 300	1 396	2 042	2 094	2 165	2 277
<i>Information Technology</i>	100 005	122 303	93 283	114 575	117 481	121 469	127 789
<i>Human Resources Management</i>	23 886	20 584	20 165	23 190	23 778	24 585	25 864
Financial Management	50 285	51 275	71 587	75 309	66 741	68 710	73 065
<i>of which:</i>							
<i>Financial Liaison and Public Entities</i>	2 213	3 012	4 040	6 670	5 911	6 086	6 471
<i>Office Administration and Supply Chain Management</i>	12 809	15 797	21 777	27 507	24 377	25 097	26 687
Capital Works	–	2 721	–	–	–	–	–
Property Management	73 568	77 339	84 417	97 374	109 805	122 407	131 964
Operating Leases	60 261	67 154	72 021	79 389	90 022	100 646	108 897
Owned and Leasehold Property Expenditure	13 307	10 185	12 396	17 985	19 783	21 761	23 067
<b>Total</b>	<b>292 235</b>	<b>324 270</b>	<b>328 384</b>	<b>384 207</b>	<b>392 500</b>	<b>414 370</b>	<b>440 395</b>
Change to 2008 Budget estimate				(3 000)	(16 828)	(20 019)	(21 846)

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

	289 204	318 010	326 954	382 223	390 350	412 673	439 032
<b>Current payments</b>							
Compensation of employees	48 495	55 186	64 441	79 879	89 411	95 088	99 056
Goods and services	240 698	261 950	260 199	302 344	300 939	317 585	339 976
<i>of which:</i>							
<i>Administrative fees</i>	410	721	766	8 835	911	1 018	1 046
<i>Advertising</i>	10 775	7 767	11 609	13 463	6 513	5 237	5 418
<i>Assets less than R5 000</i>	849	644	1 095	4 469	3 824	2 051	1 311
<i>Audit costs: External</i>	19 019	16 767	18 245	19 179	24 625	25 020	25 382
<i>Bursaries: Employees</i>	509	626	1 132	1 247	539	520	511
<i>Catering: Departmental activities</i>	366	792	622	878	438	423	412
<i>Communication</i>	8 464	6 827	8 136	7 031	6 984	5 908	5 135
<i>Computer services</i>	99 428	114 095	87 137	106 970	112 208	129 048	143 536
<i>Consultants and professional services: Business and advisory services</i>	702	792	247	1 344	1 033	957	844
<i>Consultants and professional services: Legal costs</i>	47	1 775	1 235	1 220	1 287	1 250	1 133
<i>Contractors</i>	552	291	422	2 172	2 491	1 330	1 183
<i>Agency and support / outsourced services</i>	9 266	6 313	11 889	5 772	3 137	2 304	2 908
<i>Entertainment</i>	143	236	163	241	85	72	65
<i>Inventory: Food and food supplies</i>	75	–	2	45	25	27	28
<i>Inventory: Fuel, oil and gas</i>	78	69	68	76	78	66	58
<i>Inventory: Materials and supplies</i>	8	–	19	20	22	20	18
<i>Inventory: Other consumables</i>	116	75	51	267	98	87	76
<i>Inventory: Stationery and printing</i>	4 377	4 151	5 896	4 468	6 158	4 292	3 586
<i>Lease payments</i>	61 980	67 154	73 145	79 389	92 922	101 455	110 897
<i>Owned and leasehold property expenditure</i>	1 928	14 485	15 853	17 985	19 783	21 761	23 067

Table 15.4 Administration (continued)

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R thousand							
<b>Economic classification</b>							
<b>Current payments</b>	<b>289 204</b>	<b>318 010</b>	<b>326 954</b>	<b>382 223</b>	<b>390 350</b>	<b>412 673</b>	<b>439 032</b>
<i>Travel and subsistence</i>	13 228	13 486	15 830	15 582	10 880	9 619	8 838
<i>Training and development</i>	936	1 954	1 547	3 535	2 160	1 701	1 476
<i>Operating expenditure</i>	669	569	2 851	3 375	1 375	1 120	980
<i>Venues and facilities</i>	6 773	2 361	2 239	4 781	3 363	2 299	2 068
Financial transactions in assets and liabilities	11	874	2 314	-	-	-	-
<b>Transfers and subsidies</b>	<b>195</b>	<b>1 211</b>	<b>708</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Provinces and municipalities	149	39	-	-	-	-	-
Households	46	1 172	708	-	-	-	-
<b>Payments for capital assets</b>	<b>2 836</b>	<b>5 049</b>	<b>722</b>	<b>1 984</b>	<b>2 150</b>	<b>1 697</b>	<b>1 363</b>
Buildings and other fixed structures	-	2 721	-	-	-	-	-
Machinery and equipment	2 836	2 328	722	1 984	2 150	1 697	1 363
<b>Total</b>	<b>292 235</b>	<b>324 270</b>	<b>328 384</b>	<b>384 207</b>	<b>392 500</b>	<b>414 370</b>	<b>440 395</b>
<b>Details of transfers and subsidies</b>							
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
<b>Current</b>	<b>149</b>	<b>39</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Regional Services Council levies	149	39	-	-	-	-	-
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>46</b>	<b>1 172</b>	<b>708</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Resignation packages	46	1 172	-	-	-	-	-
Households	-	-	708	-	-	-	-

## 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 thousand							
Management Support Services	180 431	213 748	247 727	231 081	246 756	217 179	228 393
<i>Eastern Cape</i>	19 420	21 644	28 703	22 165	28 770	29 014	30 878
<i>Free State</i>	11 240	11 962	18 565	15 182	15 725	15 778	16 788
<i>Gauteng South / North</i>	28 062	36 769	43 593	42 773	44 762	44 888	46 830
<i>KwaZulu-Natal</i>	16 512	22 343	27 318	23 172	27 903	27 826	28 379
<i>Limpopo</i>	10 604	14 193	14 446	15 534	16 396	16 206	17 243
<i>Mpumalanga</i>	10 407	12 290	15 786	15 555	17 370	17 442	18 564
<i>North West</i>	9 405	12 232	14 674	14 710	15 415	15 139	16 109
<i>Western Cape</i>	10 974	16 978	19 363	19 844	21 457	21 445	22 348
<i>Northern Cape</i>	6 006	9 818	11 718	11 390	12 353	12 126	12 906
<i>Head Office</i>	57 801	55 519	53 561	50 756	46 605	17 315	18 348
Beneficiary Services	–	–	–	1	1	1	1
Employment Services	117 327	126 004	129 565	163 060	173 588	199 622	212 278
<i>Eastern Cape</i>	17 876	20 282	21 048	22 125	22 178	23 704	25 273
<i>Free State</i>	8 852	9 678	9 558	12 730	13 049	13 981	14 903
<i>Gauteng South / North</i>	22 246	23 802	22 536	30 900	32 324	34 496	36 776
<i>KwaZulu-Natal</i>	16 709	17 557	14 566	19 560	22 998	24 407	26 013
<i>Limpopo</i>	9 259	9 233	11 056	12 620	13 196	14 301	15 247
<i>Mpumalanga</i>	11 451	11 805	12 485	13 594	15 513	16 490	17 577
<i>North West</i>	8 080	8 959	10 322	11 726	12 826	13 695	14 599
<i>Western Cape</i>	10 315	10 951	13 993	14 750	16 630	17 537	18 695
<i>Northern Cape</i>	5 822	6 148	6 076	7 623	8 945	9 528	10 158
<i>Head Office</i>	6 717	7 589	7 925	17 946	15 929	31 483	33 037
Inspection and Enforcement Services	206 108	226 833	243 443	266 510	314 357	353 927	375 798
<i>Eastern Cape</i>	26 813	28 253	31 796	30 536	31 331	33 883	36 102
<i>Free State</i>	16 113	19 923	18 758	20 124	22 669	24 346	25 947
<i>Gauteng South / North</i>	43 807	51 276	56 173	63 116	67 659	73 176	77 965
<i>KwaZulu-Natal</i>	33 925	35 714	41 993	45 506	49 598	54 235	57 770
<i>Limpopo</i>	16 088	16 940	18 209	21 468	22 716	24 688	26 307
<i>Mpumalanga</i>	15 816	19 548	19 105	22 490	24 002	26 063	27 778
<i>North West</i>	16 482	17 233	17 500	18 608	20 348	22 362	23 864
<i>Western Cape</i>	23 109	26 380	30 154	30 181	31 454	34 440	36 433
<i>Northern Cape</i>	8 480	9 905	9 712	11 378	12 310	13 561	14 451
<i>Head Office</i>	5 475	1 661	43	2 589	32 270	47 173	49 181
Labour Market Information and Statistics	14 648	17 714	19 870	21 221	21 999	24 477	26 048
<i>Eastern Cape</i>	1 628	2 292	2 331	2 306	2 643	2 849	3 033
<i>Free State</i>	1 265	1 465	1 553	2 055	1 870	2 230	2 373
<i>Gauteng South / North</i>	2 878	3 589	3 735	4 555	4 657	5 292	5 633
<i>KwaZulu-Natal</i>	1 641	1 940	2 048	2 099	2 368	2 566	2 730
<i>Limpopo</i>	1 404	1 855	2 369	2 211	2 380	2 577	2 742
<i>Mpumalanga</i>	1 814	1 909	2 262	2 210	2 264	2 480	2 639
<i>North West</i>	1 332	1 715	2 394	1 955	2 042	2 295	2 441
<i>Western Cape</i>	1 560	1 662	2 085	2 160	2 332	2 526	2 688
<i>Northern Cape</i>	1 126	1 287	1 093	1 670	1 443	1 662	1 769
Occupational Health and Safety	13 793	10 328	16 148	20 458	20 420	20 618	21 924
<i>Head Office</i>	13 793	10 328	16 148	20 458	20 420	20 618	21 924
<b>Total</b>	<b>532 307</b>	<b>594 627</b>	<b>656 753</b>	<b>702 331</b>	<b>777 121</b>	<b>815 824</b>	<b>864 442</b>
Change to 2008 Budget estimate				11 970	9 633	8 231	8 393

Table 15.5 Service Delivery (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>522 276</b>	<b>579 485</b>	<b>645 909</b>	<b>671 480</b>	<b>744 267</b>	<b>807 823</b>	<b>856 230</b>
Compensation of employees	314 940	356 149	403 649	458 338	545 478	604 954	643 822
Goods and services	207 336	223 336	242 260	213 142	198 789	202 869	212 408
<i>of which:</i>							
Administrative fees	7	1	–	37	552	210	217
Advertising	906	913	2 800	4 561	4 251	4 353	4 486
Assets less than R5 000	4 038	10 657	4 454	6 521	6 483	5 783	5 995
Bursaries: Employees	1 039	942	1 254	1 861	2 061	2 125	2 178
Catering: Departmental activities	272	2 337	3 851	3 537	3 956	3 888	4 304
Communication	35 921	38 707	39 993	35 830	30 614	33 292	34 765
Computer services	510	65	422	353	768	708	772
Consultants and professional services: Business and advisory services	48	3	122	236	1 128	1 247	1 350
Consultants and professional services: Infrastructure and planning	654	789	1 017	463	1 284	1 478	1 578
Consultants and professional services: Legal costs	47	21	8	46	90	73	65
Contractors	1 585	1 880	422	1 390	8 885	6 210	6 608
Agency and support / outsourced services	4 758	3 437	3 862	17 470	12 005	11 681	12 016
Entertainment	426	98	142	352	592	618	664
Inventory: Food and food supplies	1	–	4	21	147	162	172
Inventory: Fuel, oil and gas	160	365	1 006	847	805	908	994
Inventory: Learner and teacher support material	–	–	–	–	67	93	114
Inventory: Materials and supplies	79	32	268	21	20	26	23
Inventory: Medical supplies	14	65	11	41	44	47	75
Inventory: Other consumables	1 038	1 543	1 630	1 985	3 355	3 443	3 762
Inventory: Stationery and printing	8 262	11 854	12 584	13 472	14 985	15 482	16 475
Lease payments	16 886	4 537	4 287	5 122	7 286	7 812	8 299
Owned and leasehold property expenditure	46 393	56 052	57 913	24 248	5 603	6 381	7 095
Transport provided: Departmental activities	157	433	423	24	5 100	6 286	4 961
Travel and subsistence	59 558	65 235	82 964	72 415	58 924	59 078	61 658
Training and development	2 870	6 743	8 500	5 876	8 077	8 430	9 179
Operating expenditure	3 264	2 829	2 013	2 059	8 118	9 755	10 383
Venues and facilities	18 443	13 798	12 310	14 354	13 589	13 300	14 220
<b>Transfers and subsidies</b>	<b>2 221</b>	<b>1 295</b>	<b>1 970</b>	<b>1 546</b>	<b>813</b>	<b>846</b>	<b>897</b>
Provinces and municipalities	938	197	–	–	–	–	–
Foreign governments and international organisations	–	–	139	–	–	–	–
Non-profit institutions	464	491	511	612	643	681	722
Households	819	607	1 320	934	170	165	175
<b>Payments for capital assets</b>	<b>7 810</b>	<b>13 847</b>	<b>8 874</b>	<b>29 305</b>	<b>32 041</b>	<b>7 155</b>	<b>7 315</b>
Buildings and other fixed structures	5 493	9 323	6 260	26 276	27 600	3 756	3 981
Machinery and equipment	2 317	4 524	2 614	3 029	4 441	3 399	3 334
<b>Total</b>	<b>532 307</b>	<b>594 627</b>	<b>656 753</b>	<b>702 331</b>	<b>777 121</b>	<b>815 824</b>	<b>864 442</b>

**Details of transfers and subsidies**

<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
<b>Current</b>	<b>938</b>	<b>197</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Regional Services Council levies	938	197	–	–	–	–	–
<b>Foreign governments and international organisations</b>							
<b>Current</b>	<b>–</b>	<b>–</b>	<b>139</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
World Association of Public Employment Services	–	–	139	–	–	–	–

**Table 15.5 Service Delivery (continued)**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R thousand							
<b>Non-profit institutions</b>							
<b>Current</b>	<b>464</b>	<b>491</b>	<b>511</b>	<b>612</b>	<b>643</b>	<b>681</b>	<b>722</b>
Deaf Federation of South Africa	83	84	97	163	173	183	201
National Council for the Physically Disabled	169	181	182	200	210	223	233
South African National Council for the Blind	212	226	232	249	260	275	288
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>819</b>	<b>607</b>	<b>1 320</b>	<b>934</b>	<b>170</b>	<b>165</b>	<b>175</b>
Resignation packages	819	607	1 320	934	170	165	175

## 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	Medium-term expenditure estimate			
	2005/06	2006/07	2007/08	appropriation	2008/09	2009/10	2010/11	2011/12
R thousand								
NSF Administration and Transfers	44 623	44 048	46 262	49 246	50 285	53 060	55 496	
Skills Support Programmes	677	337	311	308	222	290	300	
Strategic Projects	441	491	377	285	298	299	299	
National Skills Funds Transfer	40 251	42 666	44 803	46 949	49 296	52 254	54 772	
National Skills Fund Administration and Systems	3 254	554	771	1 704	469	217	125	
Seta Coordination	13 408	15 308	16 725	23 647	18 376	19 080	21 053	
Seta Performance	6 149	7 060	6 769	7 063	7 394	7 741	7 741	
Seta Support	4 922	5 785	7 418	7 054	7 685	7 732	8 632	
Seta Coordination	2 337	2 463	2 538	9 530	3 297	3 607	4 680	
INDLELA	25 697	40 173	39 150	52 785	55 438	60 822	70 589	
of which:								
Assessment	10 975	17 128	16 930	17 286	17 183	23 060	29 985	
Administration	14 722	23 045	19 547	28 118	28 001	28 201	30 889	
Training of Staff	288	1 217	1 891	1 200	1 000	1 310	1 465	
Programme Management Support	4 124	3 955	4 823	5 638	6 406	7 997	8 597	
NSA Secretariat	5 354	2 290	3 833	3 611	3 432	5 476	5 791	
Quality Development and Promotion	–	–	798	9 120	13 794	16 650	19 040	
Productivity South Africa	23 934	32 028	26 637	28 138	29 476	31 155	34 059	
Umsobomvu Youth Fund	–	–	400 000	5 080	303 020	342 355	356 400	
<b>Total</b>	<b>117 428</b>	<b>139 019</b>	<b>540 119</b>	<b>178 465</b>	<b>481 227</b>	<b>537 905</b>	<b>572 490</b>	
Change to 2008 Budget estimate				(25 235)	264 538	314 283	343 605	

## Economic classification

	52 334	55 980	65 466	91 398	91 692	104 632	114 901
<b>Current payments</b>							
Compensation of employees	35 670	38 706	43 612	51 421	60 927	64 502	68 712
Goods and services	16 664	17 274	21 854	39 977	30 765	40 130	46 189
of which:							
Administrative fees	–	1	499	–	–	–	–
Advertising	267	450	1 052	659	659	659	700
Assets less than R5 000	735	857	893	2 145	1 145	2 145	2 210
Bursaries: Employees	88	22	5	230	230	230	230
Catering: Departmental activities	113	117	374	906	906	906	906
Communication	651	629	761	1 192	1 192	1 192	1 250
Computer services	–	84	–	7 232	415	415	415
Consultants and professional services: Business and advisory services	–	1	4	–	2 919	4 088	4 000
Consultants and professional services: Legal costs	–	–	–	949	949	949	949
Contractors	154	326	446	891	891	891	891
Agency and support / outsourced services	1 086	277	893	1 277	1 277	1 277	2 300
Entertainment	3	11	28	50	50	50	50
Inventory: Food and food supplies	1 233	1 739	1 411	1 830	1 830	1 830	2 000
Inventory: Fuel, oil and gas	125	68	152	188	188	188	200
Inventory: Materials and supplies	1 814	2 544	4 153	3 622	–	–	–
Inventory: Medical supplies	3	–	–	110	110	110	120
Inventory: Other consumables	448	537	584	1 063	1 063	1 063	2 242
Inventory: Stationery and printing	2 379	1 779	1 481	2 495	3 422	4 495	6 500
Lease payments	471	514	403	3 638	3 019	4 638	4 570
Owned and leasehold property expenditure	1 006	1 593	1 071	650	650	1 154	650
Travel and subsistence	3 577	3 129	3 145	3 432	3 432	6 432	6 700
Training and development	801	1 156	1 884	1 200	1 200	1 200	1 300
Operating expenditure	267	99	196	1 225	1 225	1 225	2 225
Venues and facilities	1 443	1 341	2 419	4 993	3 993	4 993	5 781

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

R thousand	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>64 367</b>	<b>74 891</b>	<b>472 661</b>	<b>80 167</b>	<b>381 447</b>	<b>425 241</b>	<b>450 360</b>
Provinces and municipalities	113	29	-	-	-	-	-
Departmental agencies and accounts	64 185	74 694	71 436	75 087	78 427	82 886	93 960
Public corporations and private enterprises	-	-	400 000	5 080	303 020	342 355	356 400
Households	69	168	1 225	-	-	-	-
<b>Payments for capital assets</b>	<b>727</b>	<b>8 148</b>	<b>1 992</b>	<b>6 900</b>	<b>8 088</b>	<b>8 032</b>	<b>7 229</b>
Buildings and other fixed structures	-	3 318	-	1 000	3 000	3 000	3 000
Machinery and equipment	727	4 830	1 992	5 900	5 088	5 032	4 229
<b>Total</b>	<b>117 428</b>	<b>139 019</b>	<b>540 119</b>	<b>178 465</b>	<b>481 227</b>	<b>537 905</b>	<b>572 490</b>

**Details of transfers and subsidies**

<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
<b>Current</b>	<b>113</b>	<b>29</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Regional Services Council levies	113	29	-	-	-	-	-
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>64 185</b>	<b>74 694</b>	<b>71 436</b>	<b>75 087</b>	<b>78 427</b>	<b>82 886</b>	<b>93 960</b>
Productivity South Africa	23 934	32 028	26 637	28 138	29 476	31 155	34 059
National Skills Fund	40 251	42 666	44 799	46 949	48 951	51 731	59 901
<b>Public corporations and private enterprises</b>							
<b>Public corporations</b>							
<b>Other transfers</b>							
<b>Current</b>	<b>-</b>	<b>-</b>	<b>400 000</b>	<b>5 080</b>	<b>303 020</b>	<b>342 355</b>	<b>356 400</b>
Umsobomvu Youth Fund	-	-	400 000	5 080	303 020	342 355	356 400
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>69</b>	<b>168</b>	<b>1 225</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Resignation packages	69	168	1 225	-	-	-	-

**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		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 thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
NSF: Development Projects	183 247	279 119	289 071	334 244	367 668	386 051	405 354
Industry support programme	17 724	32 837	35 019	70 252	77 277	81 141	85 198
ABET	–	37 811	64 045	128 424	141 266	148 329	155 746
Strategic Projects	80 267	48 265	151 974	66 262	113 861	113 861	119 554
Critical skills support	292 181	241 512	62 369	172 124	138 856	138 856	138 856
Other projects	70 944	77 319	107 733	139 809	237 425	239 292	500 016
<b>Total expense</b>	<b>644 363</b>	<b>716 863</b>	<b>710 211</b>	<b>911 115</b>	<b>1 076 353</b>	<b>1 107 530</b>	<b>1 404 724</b>

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

R thousand	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>Skills development levy</b>	<b>976 666</b>	<b>1 065 686</b>	<b>1 256 861</b>	<b>1 505 920</b>	<b>1 549 651</b>	<b>1 664 323</b>	<b>1 834 258</b>
<b>Non-tax revenue</b>	<b>102 793</b>	<b>177 798</b>	<b>260 753</b>	<b>312 861</b>	<b>317 894</b>	<b>327 431</b>	<b>343 802</b>
<i>Other non-tax revenue</i>	102 793	177 798	260 753	312 861	317 894	327 431	343 802
<b>Transfers received</b>	<b>40 251</b>	<b>42 666</b>	<b>44 799</b>	<b>46 949</b>	<b>49 296</b>	<b>52 254</b>	<b>55 388</b>
<b>Total revenue</b>	<b>1 119 710</b>	<b>1 286 150</b>	<b>1 562 413</b>	<b>1 865 730</b>	<b>1 916 841</b>	<b>2 044 008</b>	<b>2 233 448</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>64 448</b>	<b>72 448</b>	<b>66 103</b>	<b>73 791</b>	<b>74 834</b>	<b>75 651</b>	<b>79 803</b>
Compensation of employees	9 232	11 782	12 902	15 000	15 750	16 537	17 734
Goods and services	55 216	60 666	53 201	58 791	59 084	59 114	62 069
<b>Transfers and subsidies</b>	<b>579 915</b>	<b>644 415</b>	<b>644 108</b>	<b>837 324</b>	<b>1 001 519</b>	<b>1 031 879</b>	<b>1 324 921</b>
<b>Total expenses</b>	<b>644 363</b>	<b>716 863</b>	<b>710 211</b>	<b>911 115</b>	<b>1 076 353</b>	<b>1 107 530</b>	<b>1 404 724</b>
<b>Surplus / (Deficit)</b>	<b>475 347</b>	<b>569 287</b>	<b>852 202</b>	<b>954 615</b>	<b>840 488</b>	<b>936 478</b>	<b>828 724</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 18.6 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 6.2 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			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
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 and training authorities: Project information

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Skills Development and Research	1 610 694	1 494 170	1 480 015	2 006 566	2 189 647	2 178 266	2 265 678
Standards Generating Body	12 493	11 590	11 480	15 564	16 984	16 120	16 022
Learning Programmes	2 815 351	2 611 677	2 586 935	3 507 299	3 827 310	4 132 625	4 210 624
Education Training Quality Assurance	109 558	101 632	100 669	136 485	148 938	141 362	140 506
Other	257 077	238 479	236 220	320 262	349 482	331 705	329 696
<b>Total expense</b>	<b>4 805 173</b>	<b>4 457 548</b>	<b>4 415 319</b>	<b>5 986 176</b>	<b>6 532 362</b>	<b>6 800 078</b>	<b>6 962 525</b>

**Table 15.12 Sector education and training authorities: Financial information**

R thousand	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>Non-tax revenue</b>	<b>339 913</b>	<b>316 269</b>	<b>491 687</b>	<b>451 107</b>	<b>400 899</b>	<b>387 553</b>	<b>409 080</b>
Sale of goods and services other than capital assets	152	8 068	6 212	358	368	378	389
<i>of which:</i>							
<i>Sales by market establishments</i>	–	7 848	6 055	158	168	178	189
<i>Other sales</i>	152	220	157	200	200	200	200
<i>Other non-tax revenue</i>	339 761	308 201	485 475	450 749	400 531	387 175	408 691
<b>Skills development levies</b>	<b>4 333 686</b>	<b>4 471 390</b>	<b>5 157 272</b>	<b>5 867 735</b>	<b>6 264 013</b>	<b>6 797 621</b>	<b>7 380 409</b>
<b>Total revenue</b>	<b>4 673 599</b>	<b>4 787 659</b>	<b>5 648 959</b>	<b>6 318 842</b>	<b>6 664 912</b>	<b>7 185 174</b>	<b>7 789 489</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>835 046</b>	<b>864 405</b>	<b>679 053</b>	<b>774 120</b>	<b>840 886</b>	<b>848 661</b>	<b>921 571</b>
Compensation of employees	243 313	281 418	323 038	371 044	406 547	415 767	446 640
Goods and services	575 902	560 493	327 882	373 617	405 229	407 409	453 171
Depreciation	15 098	21 362	24 897	26 717	26 222	22 427	18 520
Interest, dividends and rent on land	733	1 132	3 236	2 742	2 889	3 058	3 240
<b>Transfers and subsidies</b>	<b>3 970 127</b>	<b>3 593 143</b>	<b>3 736 266</b>	<b>5 212 055</b>	<b>5 691 475</b>	<b>5 951 417</b>	<b>6 040 954</b>
<b>Total expenses</b>	<b>4 805 173</b>	<b>4 457 548</b>	<b>4 415 319</b>	<b>5 986 176</b>	<b>6 532 361</b>	<b>6 800 078</b>	<b>6 962 525</b>
<b>Surplus / (Deficit)</b>	<b>(131 574)</b>	<b>330 111</b>	<b>1 233 640</b>	<b>332 666</b>	<b>132 551</b>	<b>385 096</b>	<b>826 963</b>
<b>Acquisition of assets</b>	<b>28 951</b>	<b>33 126</b>	<b>20 342</b>	<b>68 226</b>	<b>29 888</b>	<b>27 122</b>	<b>25 409</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 R5.9 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 R7.4 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.

### Umsobomvu Youth Fund

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

Umsobomvu Youth Fund was established in 2001 and mandated to facilitate and promote skills development transfer and the creation of jobs among young South Africans between the age of 18 and 35. The fund was funded through proceeds from the Demutualisation Levy Act (1998) and received seed money of R855 million in 2001. Umsobomvu Youth Fund fulfils its mandate through strategic investments that facilitate opportunities for young people to acquire skills, access job opportunities or pursue meaningful self-employment opportunities through various initiatives.

The fund improves access to job opportunities by: providing career development information and counselling; assisting young people compile CVs, prepare for interviews and with career planning; and by linking young people to job opportunities through a range of delivery channels, including youth advisory centres (including

mobile centres), the South African Youth Card and Umsobomvu Youth Magazine, Youthconnect (an Umsobomvu Youth Fund operated call centre), and the fund's internet portal. Given the challenges faced by South African youth, providing the fund's products and services to young people and making them accessible to young people remains a key imperative for the fund.

The fund supports entrepreneurial activity and self-employment by providing entrepreneurship information and training, business development consultancy and advisory services. It facilitates access to market opportunities, employment opportunities and financing for enterprises (both new and expanded).

Targeted skills development programmes focus on graduate development and provide young people with access to training in the scarce skills required by the priority sectors identified in the Accelerated and Shared Growth Initiative for South Africa. The fund also provides project management support for various skills development projects.

The fund engages young people in community service and voluntarism aimed at community development by supporting the implementation of national youth service and volunteer programmes, thereby also inculcating patriotism in young people. The fund assists government departments to deliver on their national youth service imperatives.

The National Youth Development Agency Act (2008) formalises the merger of Umsobomvu Youth Fund with the National Youth Commission to form the National Youth Development Agency, and gives effect to implementing transitional arrangements.

## Selected performance and operations indicators

**Table 15.13 Umsobomvu Youth Fund**

Indicators	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Total number of young people accessing information through youth advisory centres (full service, points and kiosks)	289 000	566 000	486 000	800 000	880 000	968 000	1 065 000
Number of learners attending basic, intermediate and advanced school entrepreneurship education modules each year	24 187	29 886	44 272	56 200	61 820	68 002	74 802
Total number of young people acquiring skills through national youth service projects	13 087	15 139	66 130	74 500	81 950	90 145	99 160
Category 1: Youth employment	13 087	10 009	25 308	38 500	42 350	46 585	51 244
Category 2: Tertiary students	-	-	10 450	6 000	6 600	7 260	7 986
Category 3: Voluntary model	-	5 130	30 372	30 000	33 000	36 300	39 930
Number of unemployed graduates enrolled in training programmes to improve their skills to access employment opportunities each year	-	1 250	800	6 300	6 930	7 623	8 385
Number of loans issued each year	6 734	21 779	19 682	22 183	24 401	26 841	29 244
Total number of jobs sustained and created through entrepreneurship programme interventions	14 674	19 309	41 002	45 300	48 780	52 608	56 818
Number of jobs sustained	8 804	11 585	24 601	15 580	21 648	23 813	26 194
Number of jobs created	5 870	7 724	16 401	10 386	14 432	15 875	17 462

## Service delivery and spending focus

Since 2002, 121 youth advisory centres have been established, including 5 mobile centres. Over 1 862 805 young people have accessed Umsobomvu Youth Fund services through the advisory centres since their inception. The fund's internet portal has recorded 19 million hits since it launched in 2004. In 2007/08, the South African Youth Card programme registered 82 771 new cardholders, which increased its membership to 194 148 cardholders.

To support entrepreneurial activity and self-employment, 10 534 business consultancy service vouchers were issued in 2007/08, resulting in the creation of 4 443 new businesses and 11 958 jobs. 40 077 vouchers have been issued since inception in 2002 and 44 225 jobs have been created. Businesses supported through this intervention accessed R135 million in loans in 2007/08 and R350 million in total.

Tenders facilitated amounted to R20 million in 2007/08 and R160 million in total. Since the inception of the business opportunity support service in mid-2005, around 172 entrepreneurs have been linked to business

opportunities valued at R509 million. The job and opportunity seekers database, aimed at linking unemployed graduates to jobs, has registered over 8 000 CVs and sourced 4 594 employment opportunities.

The fund's small medium enterprise programme has approved loans in excess of R123 million. Its microfinance programme has issued over 558 944 loans valued at over R29 million. These two programmes have resulted in the creation or sustainability of over 69 281 jobs.

Since the inception of the fund's entrepreneurship education programme in 2004, 130 493 learners have accessed the programme. In 2007/08, the programme trained 44 272 in-school youth from 291 schools across the country.

Targeted skills development programmes have benefited 19 980 unemployed graduates since inception in February 2006. These graduate development training interventions and school-to-work/projects are implemented through further education and training colleges and non-governmental organisations.

The national youth service programme provided training to 25 308 unemployed young people and enabled 40 822 young people to volunteer their services across the country in 2007/08, and 153 988 since 2002.

The spending focus over the MTEF period includes scaling up the business consultancy services vouchers programme and loans to microenterprises, and rolling out 40 additional advisory centres and points.

## Expenditure estimates

**Table 15.14 Umsobomvu Youth Fund: Financial information**

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>55 657</b>	<b>63 000</b>	<b>58 538</b>	<b>60 745</b>	<b>59 072</b>	<b>72 281</b>	<b>87 310</b>
Sale of goods and services other than capital assets	1 964	5 089	3 559	3 000	4 000	4 000	4 000
<i>of which:</i>							
Administrative fees	1 964	5 089	3 559	3 000	4 000	4 000	4 000
Other non-tax revenue	53 693	57 911	54 979	57 745	55 072	68 281	83 310
<b>Transfers received</b>	<b>158 092</b>	<b>211 161</b>	<b>287 269</b>	<b>669 437</b>	<b>334 650</b>	<b>368 115</b>	<b>390 202</b>
<b>Total revenue</b>	<b>213 749</b>	<b>274 161</b>	<b>345 807</b>	<b>730 182</b>	<b>393 722</b>	<b>440 396</b>	<b>477 512</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>206 571</b>	<b>279 536</b>	<b>362 248</b>	<b>763 109</b>	<b>398 781</b>	<b>440 274</b>	<b>464 076</b>
Compensation of employees	12 002	16 750	18 938	26 964	28 582	30 297	32 115
Goods and services	190 872	257 567	336 372	723 131	347 580	376 766	395 861
Depreciation	3 697	5 219	6 938	13 014	22 620	33 212	36 100
<b>Total expenses</b>	<b>206 571</b>	<b>279 536</b>	<b>362 248</b>	<b>763 109</b>	<b>398 781</b>	<b>440 274</b>	<b>464 076</b>
<b>Surplus / (Deficit)</b>	<b>7 178</b>	<b>(5 375)</b>	<b>(16 441)</b>	<b>(32 927)</b>	<b>(5 059)</b>	<b>122</b>	<b>13 436</b>
<b>Acquisition of assets</b>	<b>9 053</b>	<b>7 918</b>	<b>20 561</b>	<b>22 825</b>	<b>32 434</b>	<b>35 164</b>	<b>18 142</b>

## Expenditure trends

Transfers received grew at an average annual rate of 61.8 per cent, from R158.1 million in 2005/06 to R669.4 million in 2008/09. This was due to a once-off allocation from the Department of Labour of R400 million in 2007/08 deferred to 2008/09 to facilitate youth development and employment creation. Transfers received are expected to increase at an average annual rate of 8 per cent from 2009/10 to 2011/12 due to additional allocations of R300 million in 2009/10, R340 million in 2010/11 and R326.4 million in 2011/12 for the same purpose. Higher income from loans and investments accounts for the average annual growth of 13 per cent in other non-tax revenue over the MTEF period.

Compensation of employees increased from R12 million in 2005/06 to R27 million in 2008/09 at an average annual rate of 31 per cent due to increased capacity to provide services at the additional access points in all provinces in response to the increased demand for Umsobomvu Youth Fund services. Projected spending on compensation of employees stabilises over the MTEF period at an average annual rate of 6 per cent.

Expenditure on goods and services is projected to grow at an average annual rate of 12.9 per cent over the seven-year period due to increases in project disbursements as the fund expands its services. Spending on goods and services increases by 115 per cent in 2008/09 due to increased spending on youth development and employment creation projects as well as once-off costs for establishing youth advisory services. Depreciation increases strongly at an average annual rate of 46.2 per cent over the seven-year period due to the implementation of various management systems and increased spending on property, plant and equipment as the fund expands its products and services.

The deficits in 2006/07 and 2007/08 and the projected R32.9 million deficit in 2008/09 resulted from higher expenditure to meet the increased demand for Umsobomvu Youth Fund products and services. The fund has adequate cash and accumulated reserves to fund these deficits.

## Productivity SA

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

Productivity SA is mandated by government, labour and business to improve the productive capacity of the economy and thus contribute to South Africa's socioeconomic development and competitiveness. It makes interventions that encourage social dialogue and collaboration between partners.

Key priorities for the medium term include promoting productivity knowledge and awareness, skills development, accelerating productivity enhancement, productivity interventions in the non-formal economy, industry sector collaborations and strategies, and turnaround solutions for companies.

### Selected performance and operations indicators

**Table 15.15 Productivity SA**

Indicator	Past			Current 2008/09	Projections		
	2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
Number of education, training and development service providers trained as productivity trainers each year	–	60	676	480	500	600	700
Number of emerging entrepreneurs trained in productivity improvement and competencies each year	388	598	1 811	1 800	2 500	3 500	4 000
Number of skills development facilitators trained in productivity each year	39	2	121	120	200	250	300
Number of managers and workers trained each year to enhance productivity competencies and mindsets in private and public enterprises	718	182	495	530	600	650	700
Number of future forums established each year at companies with turnaround solutions	91	108	100	120	120	120	120

### Service delivery and spending focus

In 2007/08, 676 education, training and development service providers were trained on productivity concepts, against a targeted 460. 121 skills development facilitators were trained, against a target of 24. 459 workers were trained, against a target of 400. 38 managers (from the South African Nursing Council) were trained as productivity practitioners, against a target of 40. 2 876 learners were exposed to productivity concepts during the schools debate competition, against a target of 4 420. 479 foundation phase teachers were trained in productivity principles, values and applications. As a result of a partnership with the Small Enterprise Development Agency, 1 811 small and microenterprises were trained on productive capacity building programmes.

In the first half of 2008, 144 teachers were trained on school debates, against a target of 480. 478 small and microenterprises were trained in productivity concepts, against a target of 1 800. 79 skills development facilitators were trained by the Services Sector Education Training Authority, against a target of 120. 69 workers were trained in productivity concepts, against a target of 480. 105 managers in state owned enterprises are scheduled to be trained in 2008/09.

In the first half of 2008, 113 companies applied for assistance with turnaround solutions and 61 future forums were formed. Future forums will comprise both management and labour, and they will agree to share

information and deal with matters of mutual interest through a formally signed agreement, thereby securing the buy-in and support of key stakeholders in a company. It is anticipated that this programme will exceed its 2008/09 targets.

## Expenditure estimates

**Table 15.16 Productivity SA: Financial information**

R thousand	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>Non-tax revenue</b>	<b>4 450</b>	<b>10 191</b>	<b>10 014</b>	<b>16 375</b>	<b>13 773</b>	<b>9 148</b>	<b>9 670</b>
Sale of goods and services other than capital assets	3 828	9 796	9 653	16 232	13 653	9 038	9 580
<i>of which:</i>							
<i>Sales by market establishments</i>	3 828	9 796	9 653	16 232	13 653	9 038	9 580
<i>Other non-tax revenue</i>	622	395	361	143	120	110	90
<b>Transfers received</b>	<b>41 091</b>	<b>57 236</b>	<b>57 157</b>	<b>61 967</b>	<b>65 335</b>	<b>69 166</b>	<b>74 351</b>
<b>Total revenue</b>	<b>45 541</b>	<b>67 427</b>	<b>67 171</b>	<b>78 342</b>	<b>79 108</b>	<b>78 314</b>	<b>84 021</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>55 868</b>	<b>72 837</b>	<b>73 012</b>	<b>75 117</b>	<b>74 634</b>	<b>77 869</b>	<b>83 576</b>
Compensation of employees	24 190	27 032	29 164	29 604	31 672	33 889	36 261
Goods and services	31 068	44 996	42 942	45 020	42 442	43 439	46 786
Depreciation	610	800	904	493	520	541	529
Interest, dividends and rent on land	–	9	2	–	–	–	–
<b>Transfers and subsidies</b>	<b>276</b>	<b>450</b>	<b>250</b>	<b>250</b>	<b>316</b>	<b>335</b>	<b>355</b>
<b>Total expenses</b>	<b>56 144</b>	<b>73 287</b>	<b>73 262</b>	<b>75 367</b>	<b>74 950</b>	<b>78 204</b>	<b>83 931</b>
<b>Surplus / (Deficit)</b>	<b>(10 603)</b>	<b>(5 860)</b>	<b>(6 091)</b>	<b>2 975</b>	<b>4 158</b>	<b>110</b>	<b>90</b>
<b>Acquisition of assets</b>	<b>946</b>	<b>1 234</b>	<b>355</b>	<b>665</b>	<b>704</b>	<b>747</b>	<b>747</b>

## Expenditure trends

Total revenue increased from R45.5 million in 2005/06 to R78.3 million in 2008/09 at an average annual rate of 19.8 per cent, due to higher transfers received from the Department of Labour and income from a two-year contract with the Small Enterprise Development Agency. Non-tax revenue grew at a rate of 63.5 per cent in 2008/09 compared to 2007/08, as a result of increased involvement in the SMME funded project, which equips SMME owners with competencies to measure, analyse and improve productivity in their business.

Spending on compensation of employees grew at an average annual rate of 7 per cent between 2005/06 and 2008/09, mainly due to the increased staff complement as well as salary increases. It remains constant at 7 per cent over the MTEF period. Between 2005/06 and 2008/09, expenditure on goods and services grew at an average annual rate of 13.2 per cent mainly due to increased spending on projects in the social plan and workplace challenge programmes. This accounts for the 44.8 per cent growth in goods and services in 2006/07. Spending on goods and services over the MTEF period slows down at an average annual rate of 1.3 per cent.

The deficits from 2005/06 to 2007/08 are a result of increased project expenditure. Productivity SA did not have sufficient cash and reserves to cover these deficits.

## 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 15.17 Labour Policy and Labour Market Programmes**

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R thousand							
Programme Management Unit	7 668	7 251	7 306	8 927	9 455	9 812	10 556
Strengthen Civil Society	8 912	9 447	9 919	13 373	13 795	14 379	15 063
Collective Bargaining	7 315	7 817	9 005	8 412	9 608	10 145	11 102
Employment Equity and Standards	29 166	23 939	23 370	27 682	27 202	27 760	29 357
<i>Employment Equity</i>	11 357	18 637	13 588	16 886	16 470	16 720	17 584
<i>Employment Standards</i>	17 809	5 302	9 782	10 796	10 732	11 040	11 773
Commission for Conciliation, Mediation and Arbitration	208 577	244 714	270 646	261 710	290 961	314 775	333 662
Research, Policy and Planning	3 452	10 311	15 021	8 547	14 725	14 874	15 564
Labour Market Information and Statistics	2 979	3 068	3 929	4 431	4 500	4 714	5 117
International Labour Matters	17 036	15 142	17 010	19 090	19 042	19 607	20 856
<i>of which:</i>							
<i>International Labour Organisation</i>	5 360	6 409	6 836	7 150	8 718	9 026	9 562
<i>African Regional Labour Advisory Council</i>	422	473	441	539	577	607	649
National Economic Development and Labour Council	11 551	12 712	13 348	14 403	15 060	15 887	16 860
Sheltered Employment Factories	52 352	54 195	47 913	105 527	62 199	62 882	65 165
<i>Sheltered Employment Factories</i>	1 338	2 028	2 063	2 751	2 320	2 440	2 661
<i>Subsidised Workshops for the Blind</i>	6 328	6 707	7 042	7 365	7 733	8 196	8 688
<i>Subsidised Work Centres for the Disabled</i>	44 686	45 460	38 808	95 411	52 146	52 246	53 816
<b>Total</b>	<b>349 008</b>	<b>388 596</b>	<b>417 467</b>	<b>472 102</b>	<b>466 547</b>	<b>494 835</b>	<b>523 302</b>
Change to 2008 Budget estimate				30 960	(4 715)	(11 570)	(13 328)

Table 15.17 Labour Policy and Labour Market Programmes (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Economic classification</b>							
<b>Current payments</b>	<b>60 837</b>	<b>62 550</b>	<b>70 253</b>	<b>72 463</b>	<b>77 928</b>	<b>80 201</b>	<b>85 557</b>
Compensation of employees	26 212	27 023	32 124	39 237	38 822	41 290	45 498
Goods and services	34 625	35 527	38 129	33 226	39 106	38 911	40 059
<i>of which:</i>							
<i>Administrative fees</i>	–	1	–	2	17	17	18
<i>Advertising</i>	11 416	6 239	11 274	12 550	13 398	13 331	13 724
<i>Assets less than R5 000</i>	195	49	135	95	105	104	107
<i>Bursaries: Employees</i>	12	–	–	–	–	–	–
<i>Catering: Departmental activities</i>	94	89	87	119	174	173	178
<i>Communication</i>	352	312	427	469	531	528	544
<i>Computer services</i>	198	6 430	141	110	121	121	124
<i>Consultants and professional services: Business and advisory services</i>	6	83	–	25	50	50	52
<i>Consultants and professional services: Legal costs</i>	1 022	353	–	284	189	188	194
<i>Contractors</i>	17	66	22	275	419	417	429
<i>Agency and support / outsourced services</i>	5 270	9 619	12 628	5 661	10 921	10 868	11 187
<i>Entertainment</i>	8	31	34	61	60	59	61
<i>Inventory: Fuel, oil and gas</i>	–	–	–	–	12	12	13
<i>Inventory: Materials and supplies</i>	1	–	5	2	2	2	2
<i>Inventory: Medical supplies</i>	–	4	–	–	–	–	–
<i>Inventory: Other consumables</i>	3	–	2	289	4	4	4
<i>Inventory: Stationery and printing</i>	2 068	3 734	3 588	2 294	2 594	2 581	2 658
<i>Lease payments</i>	630	460	347	364	441	439	451
<i>Owned and leasehold property expenditure</i>	1 015	515	480	(390)	–	–	–
<i>Travel and subsistence</i>	6 864	5 528	7 072	8 593	7 633	7 595	7 819
<i>Training and development</i>	363	315	583	721	719	715	736
<i>Operating expenditure</i>	3 033	309	262	356	305	303	313
<i>Venues and facilities</i>	2 058	1 390	1 042	1 346	1 411	1 404	1 445
<b>Transfers and subsidies</b>	<b>286 928</b>	<b>325 941</b>	<b>347 122</b>	<b>399 507</b>	<b>388 484</b>	<b>414 581</b>	<b>437 714</b>
Provinces and municipalities	78	19	–	–	–	–	–
Departmental agencies and accounts	229 040	266 873	293 913	289 042	319 310	344 506	364 999
Foreign governments and international organisations	5 783	6 882	7 277	7 689	9 295	9 633	10 211
Non-profit institutions	52 014	52 167	45 850	102 776	59 879	60 442	62 504
Households	13	–	82	–	–	–	–
<b>Payments for capital assets</b>	<b>1 243</b>	<b>105</b>	<b>92</b>	<b>132</b>	<b>135</b>	<b>53</b>	<b>31</b>
Machinery and equipment	1 243	105	92	132	135	53	31
<b>Total</b>	<b>349 008</b>	<b>388 596</b>	<b>417 467</b>	<b>472 102</b>	<b>466 547</b>	<b>494 835</b>	<b>523 302</b>

**Details of selected transfers and subsidies**

<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Municipal bank accounts</b>							
<b>Current</b>	<b>78</b>	<b>19</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Regional Services Council levies	78	19	–	–	–	–	–
<b>Departmental agencies and accounts</b>							
<b>Departmental agencies (non-business entities)</b>							
<b>Current</b>	<b>220 128</b>	<b>257 426</b>	<b>283 994</b>	<b>275 669</b>	<b>305 515</b>	<b>330 127</b>	<b>349 936</b>
Commission for Conciliation, Mediation and Arbitration	208 577	244 714	270 646	261 710	290 961	314 775	333 662
National Economic Development and Labour Council	11 551	12 712	13 348	13 959	14 554	15 352	16 274
<b>Foreign governments and international organisations</b>							
<b>Current</b>	<b>5 783</b>	<b>6 882</b>	<b>7 277</b>	<b>7 689</b>	<b>9 295</b>	<b>9 633</b>	<b>10 211</b>
International Labour Organisation	5 360	6 409	6 837	7 150	8 718	9 026	9 562
African Regional Labour Administration Centre	423	473	440	539	577	607	649

**Table 15.17 Labour Policy and Labour Market Programmes (continued)**

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Non-profit institutions</b>							
<b>Current</b>	<b>52 014</b>	<b>52 167</b>	<b>45 850</b>	<b>102 776</b>	<b>59 879</b>	<b>60 442</b>	<b>62 504</b>
South African Youth Council	1 000	–	–	–	–	–	–
Subsidised workshops for the blind	6 328	6 707	7 042	7 365	7 733	8 196	8 688
Subsidised work centres for the disabled	44 686	45 460	38 808	95 411	52 146	52 246	53 816
<b>Households</b>							
<b>Social benefits</b>							
<b>Current</b>	<b>13</b>	<b>–</b>	<b>82</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Resignation packages	13	–	82	–	–	–	–

## 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.

## Public entities

### Commission for Conciliation Mediation and Arbitration

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

The Commission for Conciliation, Mediation and Arbitration was established in terms of the Labour Relations Act (1995) as amended. It is mandated to promote social justice and fairness in the workplace by delivering ethical, qualitative, innovative and cost effective dispute management and resolution services, institution building services, education training and development, and efficient administration.

In 2007/08, the commission developed a new strategic plan called the Tsoso strategy, which provides its strategic direction from April 2007 to March 2010. The strategy's scorecard comprises three strategic goals: promoting social justice by delivering services while ensuring compliance with legislation; delivering speedy, user friendly, quality services; and maintaining operational effectiveness while ensuring cost effective services.

Meeting these goals is managed through a set of strategic focus areas that inform the commission's operating plan for the next three years. These areas are: repositioning the commission in the labour market, where social justice and restoring dignity are a focus of the commission's processes; delivering high performance and high impact services, with a balance between quality and quantity; repositioning the organisation to meet its future strategic needs; and enhancing and entrenching internal processes and systems to ensure the effective deployment of resources.

## Selected performance and operations indicators

**Table 15.18 Commission for Conciliation, Mediation and Arbitration**

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of jurisdiction referrals each year	85 387	85 130	90 982	85 847	108 167	113 576	119 254
Percentage of pre-conciliations heard (of jurisdiction referrals)	15% (12 963)	16% (13 471)	14% (12 256)	14% (11 603)	10% (10 817)	10% (11 358)	10% (11 925)
Percentage of pre-conciliations settled (of jurisdiction cases)	5% (4 586)	7% (6 364)	7% (5 988)	7% (5 661)	7% (7 572)	7% (7 950)	7% (8 348)
Percentage of con-arbs heard (of jurisdiction referrals)	40% (34 533)	38% (32 106)	45% (40 703)	43% (36 572)	50% (54 084)	50% (56 788)	50% (59 627)
Percentage of con-arbs finalised (of jurisdiction referrals)	31% (26 573)	31% (26 170)	37% (33 982)	35% (30 033)	50% (54 084)	50% (56 788)	50% (59 627)
Settlement rate (based on finalised cases)	60% (36 522)	63% (42 916)	67% (48 983)	68% (45 834)	70% (48 126)	70% (50 531)	70% (53 058)
Number of arbitrations heard each year	47 899	46 593	38 469	32 243	33 855	35 548	37 325
Percentage of arbitrations finalised (of heard cases)	86% (41 064)	89% (41 561)	91% (34 995)	90% (29 009)	90% (30 470)	90% (31 993)	90% (33 592)
Number of late awards (after the statutory 14-day period) each year	2 555	1 463	737	199	–	–	–
Number of events heard each year	167 438	156 266	150 582	132 399	166 823	175 164	183 922
Number of postponements each year (percentage of total number of events)	12 675 (8%)	12 167 (8%)	10 564 (7%)	8 410 (7%)	11 678 (7%)	12 261 (7%)	12 875 (7%)
Average turnaround time in days for conciliations	45	30	28	27	30	30	30
Average turnaround time in days for arbitrations	79	48	42	41	60	60	60
Total number of cases carried over each year	16 913	13 904	11 095	15 101	15 856	16 648	17 481

## Service delivery and spending focus

In 2007/08, 7 per cent more cases were heard using the con-arb process and 14 per cent more processes were settled compared to 2006/07. There has been a marked improvement in meeting the commission's statutory obligations: 97 per cent of arbitration awards were submitted within the defined 14-day period and all conciliations were heard within the 30-day period. In summary, 86 per cent of the set operational efficiencies were improved, met or exceeded. The Commission for Conciliation, Mediation and Arbitration intervened in numerous key national interest disputes, including with the South African Post Office, the pulp and paper industry and the pharmaceutical industry.

Funding over the MTEF period will focus on: reaching settlements in order to save jobs in the context of the economic downturn; dispute management and dispute resolution; educating vulnerable workers on their basic rights; training commissioners, with a focus on the quality of awards and the conducting of processes; and the retention and attraction of key skills.

## Expenditure estimates

**Table 15.19 Commission for Conciliation, Mediation and Arbitration: Financial information**

R thousand							
Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>4 565</b>	<b>8 531</b>	<b>10 944</b>	<b>8 723</b>	<b>9 500</b>	<b>10 700</b>	<b>11 800</b>
Sale of goods and services other than capital assets	2 014	3 187	627	–	–	–	–
of which:							
Other sales	2 014	3 187	627	–	–	–	–
Other non-tax revenue	2 551	5 344	10 317	8 723	9 500	10 700	11 800
<b>Transfers received</b>	<b>208 577</b>	<b>231 664</b>	<b>259 636</b>	<b>266 215</b>	<b>296 213</b>	<b>318 277</b>	<b>337 164</b>
<b>Total revenue</b>	<b>213 142</b>	<b>240 195</b>	<b>270 580</b>	<b>274 938</b>	<b>305 713</b>	<b>328 977</b>	<b>348 964</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>212 276</b>	<b>239 786</b>	<b>268 842</b>	<b>277 938</b>	<b>305 713</b>	<b>328 977</b>	<b>348 964</b>
Compensation of employees	88 237	100 160	118 653	126 870	142 094	152 041	161 163
Goods and services	120 067	135 647	143 365	146 563	158 367	173 434	184 299
Depreciation	3 972	3 979	6 824	4 505	5 252	3 502	3 502
<b>Total expenses</b>	<b>212 276</b>	<b>239 786</b>	<b>268 842</b>	<b>277 938</b>	<b>305 713</b>	<b>328 977</b>	<b>348 964</b>
<b>Surplus / (Deficit)</b>	<b>866</b>	<b>409</b>	<b>1 738</b>	<b>(3 000)</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Acquisition of assets</b>	<b>8 395</b>	<b>8 904</b>	<b>5 733</b>	<b>8 350</b>	<b>10 000</b>	<b>–</b>	<b>–</b>

## Expenditure trends

Total revenue is projected to grow from R213.1 million in 2005/06 to R349 million in 2011/12, at an average annual rate of 8.6 per cent, driven mainly by transfers from the Department of Labour. The increase in total revenue by 12.7 per cent in 2006/07 and 2007/08 was due to an increased transfer payment for the increase in caseloads and special projects, and a subsequent virement from the department to buy generators due to load shedding.

Expenditure on compensation of employees grew from R88.2 million in 2005/06 to R126.9 million in 2008/09, at an average annual rate of 12.9 per cent, due to the implementation of a new remuneration policy and an increase in staff numbers from 400 to 452. Spending on goods and services increases at an average annual rate of 7.4 per cent over the seven-year period, with 13 per cent growth in spending in 2006/07 as a result of increased spending on the case management system, due to increases in commissioners' fees and a bigger caseload, and interpreter fees. The fluctuation in depreciation figures is due to a change in accounting estimates for non-current assets.

The commission has projected a deficit of R3 million for 2008/09 but has adequate cash and reserves to fund it. The deficit is due to a number of capital projects, such as opening a new office in the Ekurhuleni area, purchasing digital recording equipment, implementing the document management system, and improving the case management system.

**National Economic Development and Labour Council****Strategic overview: 2005/06 – 2011/12**

The National Economic Development and Labour Council was established in terms of the National Economic Development and Labour Council Act (1994). The act requires organised labour, organised business, community based organisations and government, as a collective, to: promote the goals of economic growth; participate in economic decision making and social equity; seek to reach consensus and conclude agreements on matters pertaining to social and economic policy; consider all proposed labour legislation relating to labour market policy and all significant changes to social and economic policy before these are introduced in Parliament; and encourage and promote the formulation of coordinated policy on social and economic matters.

Key objectives and priorities over the medium term include:

- leveraging existing policies and engaging with government where appropriate in order to address South Africa's socioeconomic deficit
- concluding the Decent Work country programme for South Africa

- promoting comprehensive social security and broad social reforms
- addressing the challenge of globalisation, growth and development
- strengthening social dialogue
- contributing towards shaping key aspects of a developmental state
- contributing towards job creation and reinforcing the expanded public works programme through programmes related to the 2009 FIFA Confederations Cup and the 2010 FIFA World Cup.

### Service delivery and spending focus

In 2007/08, the council concluded the national industrial policy framework and strategy and the industrial policy action plan, which aim to position South Africa in trade negotiations with other countries. It hosted two trade policy sessions on positions on multilateral and bilateral trade negotiations. A report on opportunities and threats for South African investment in the rest of Africa was issued. The report on non-agricultural market access sectoral initiatives was concluded. Engagements on the South African offer on services to the World Trade Organisation began. Sector partnership strategies and the chemical and metal sectors agreement were concluded. The review of customised sector programmes was concluded. The trade monitoring report, which makes recommendations to curtail and prevent illegal imports, was concluded. A trade policy session on formulating South Africa's mandate and positions on the World Trade Organisation's mini-ministerial meeting on the Doha round was hosted.

Other issues that the council has engaged with and concluded include the hosting of a ministerial roundtable discussion on public transport, the Consumer Protection Bill, which provides a legislative framework to protect consumers, and the development of a framework agreement with the FIFA local organising committee.

The commission launched a study on the impact of electricity tariffs on the poor and finalised its position on the recommendations of the social plan review. It hosted a summit on energy challenges and load shedding, which culminated in a national accord on how to deal with the energy crisis in South Africa

Funding over the MTEF period will focus on: South Africa's response to the global economic crisis; the Decent Work country programme (employment and job creation and retention strategies); comprehensive social security; land and agrarian reforms; finding instruments to fight poverty; accelerating meeting basic needs (including meeting the Millennium Development Goals); reviewing the growth and development summit and a possible second summit; and cooperatives law reforms.

### Expenditure estimates

**Table 15.20 National Economic, Development and Labour Council: Financial information**

R thousand Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>502</b>	<b>418</b>	<b>680</b>	<b>491</b>	<b>684</b>	<b>732</b>	<b>850</b>
Sale of goods and services other than capital assets	330	363	408	440	484	532	600
<i>of which:</i>							
<i>Sales by market establishments</i>	330	363	408	440	484	532	600
<i>Other non-tax revenue</i>	172	55	272	51	200	200	250
<b>Transfers received</b>	<b>11 551</b>	<b>12 712</b>	<b>13 348</b>	<b>13 959</b>	<b>14 657</b>	<b>15 507</b>	<b>16 438</b>
<b>Total revenue</b>	<b>12 053</b>	<b>13 130</b>	<b>14 028</b>	<b>14 450</b>	<b>15 341</b>	<b>16 239</b>	<b>17 288</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>11 547</b>	<b>12 595</b>	<b>15 974</b>	<b>15 904</b>	<b>14 742</b>	<b>15 653</b>	<b>17 178</b>
Compensation of employees	3 293	3 932	4 318	4 730	4 892	5 080	5 080
Goods and services	8 129	8 245	11 705	10 914	9 630	10 310	11 795
Depreciation	122	418	(49)	260	220	263	303
Interest, dividends and rent on land	3	–	–	–	–	–	–
<b>Transfers and subsidies</b>	<b>68</b>	<b>67</b>	<b>–</b>	<b>90</b>	<b>100</b>	<b>110</b>	<b>110</b>
<b>Total expenses</b>	<b>11 615</b>	<b>12 662</b>	<b>15 974</b>	<b>15 994</b>	<b>14 842</b>	<b>15 763</b>	<b>17 288</b>
<b>Surplus / (Deficit)</b>	<b>438</b>	<b>468</b>	<b>(1 946)</b>	<b>(1 544)</b>	<b>499</b>	<b>476</b>	<b>–</b>
<b>Acquisition of assets</b>	<b>666</b>	<b>395</b>	<b>243</b>	<b>230</b>	<b>305</b>	<b>420</b>	<b>375</b>

## Expenditure trends

Total revenue is expected to grow at an average annual rate of 6.2 per cent over the seven-year period, from R12.1 million in 2005/06 to R17.3 million in 2011/12. Other non-tax revenue grows strongly over the MTEF period at an average annual rate of 69.9 per cent, due to an increase in interest earned.

Between 2005/06 and 2008/09, spending on compensation of employees increased at an average annual rate of 12.8 per cent due to the increased staff complement as well as inflationary increases. This growth is expected to slow to 2.4 per cent over the MTEF period. Spending on goods and services increased from R8.1 million in 2005/06 to R10.9 million in 2008/09 at an average annual rate of 10.3 per cent. Projected growth over the MTEF period steadies at an average annual rate of 2.6 per cent. The 42 per cent increase in spending between 2006/07 and 2007/08 is because the commission embarked on more projects, which had a direct impact on goods and services spending.

The deficit of R1.9 million in 2007/08 and the projected deficit of R1.5 million in 2008/09 can be attributed to the energy crisis, 40 pieces of legislation in negotiation in the trade and industry chamber, and the hosting of the Decent Work country programme conference. The commission has adequate cash and accumulated reserves to fund these deficits.

## 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 15.21 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 thousand							
Unemployment Insurance Fund	–	–	–	1	1	1	1
Compensation Fund	4 931	7 028	5 898	10 500	8 976	8 949	9 605
<b>Total</b>	<b>4 931</b>	<b>7 028</b>	<b>5 898</b>	<b>10 501</b>	<b>8 977</b>	<b>8 950</b>	<b>9 606</b>
Change to 2008 Budget estimate				–	(2 063)	(2 090)	(2 096)
<b>Economic classification</b>							
<b>Transfers and subsidies</b>	<b>4 931</b>	<b>7 028</b>	<b>5 898</b>	<b>10 501</b>	<b>8 977</b>	<b>8 950</b>	<b>9 606</b>
Departmental agencies and accounts	4 931	7 028	5 898	10 501	8 977	8 950	9 606
<b>Total</b>	<b>4 931</b>	<b>7 028</b>	<b>5 898</b>	<b>10 501</b>	<b>8 977</b>	<b>8 950</b>	<b>9 606</b>
<b>Details of transfers and subsidies</b>							
<b>Departmental agencies and accounts</b>							
<b>Social security funds</b>							
<b>Current</b>	<b>4 931</b>	<b>7 028</b>	<b>5 898</b>	<b>10 501</b>	<b>8 977</b>	<b>8 950</b>	<b>9 606</b>
Compensation Fund	4 931	7 028	5 898	10 500	8 976	8 949	9 605
Unemployment Insurance Fund	–	–	–	1	1	1	1

## 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 15.22 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 15.23 Unemployment Insurance Fund: Financial information**

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08		2008/09	2009/10	2010/11
<b>Statement of financial performance</b>							
<b>Revenue</b>							
<b>Non-tax revenue</b>	<b>1 190 730</b>	<b>1 478 615</b>	<b>2 271 524</b>	<b>2 278 468</b>	<b>2 825 445</b>	<b>3 417 956</b>	<b>4 056 863</b>
Sale of goods and services other than capital assets	1 936	1 512	1 848	1 847	1 865	1 884	1 903
<i>of which:</i>							
<i>Sales by market establishments</i>	1 936	1 512	1 848	1 847	1 865	1 884	1 903
<i>Other non-tax revenue</i>	1 188 794	1 477 103	2 269 676	2 276 621	2 823 580	3 416 072	4 054 960
<b>Unemployment contributions</b>	<b>6 861 174</b>	<b>7 985 365</b>	<b>9 082 846</b>	<b>9 728 817</b>	<b>10 409 835</b>	<b>11 138 523</b>	<b>11 918 220</b>
<b>Total revenue</b>	<b>8 051 904</b>	<b>9 463 980</b>	<b>11 354 370</b>	<b>12 007 285</b>	<b>13 235 280</b>	<b>14 556 479</b>	<b>15 975 083</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>564 850</b>	<b>883 391</b>	<b>1 259 606</b>	<b>1 124 563</b>	<b>1 370 389</b>	<b>1 478 299</b>	<b>1 631 884</b>
Compensation of employees	258 302	287 845	335 110	481 471	677 965	749 151	827 812
Goods and services	304 318	594 857	919 496	634 308	687 238	723 418	797 741
Depreciation	2 229	558	4 568	8 784	5 186	5 730	6 331
Interest, dividends and rent on land	1	131	432	–	–	–	–
<b>Transfers and subsidies</b>	<b>2 888 252</b>	<b>2 572 852</b>	<b>3 227 804</b>	<b>3 586 722</b>	<b>4 151 914</b>	<b>4 705 310</b>	<b>5 374 773</b>
<b>Total expenses</b>	<b>3 453 102</b>	<b>3 456 243</b>	<b>4 487 410</b>	<b>4 711 285</b>	<b>5 522 303</b>	<b>6 183 609</b>	<b>7 006 657</b>
<b>Surplus / (Deficit)</b>	<b>4 598 802</b>	<b>6 007 737</b>	<b>6 866 960</b>	<b>7 296 000</b>	<b>7 712 977</b>	<b>8 372 870</b>	<b>8 968 426</b>
<b>Acquisition of assets</b>	<b>2 434</b>	<b>3 655</b>	<b>4 396</b>	<b>10 533</b>	<b>12 720</b>	<b>1 214</b>	<b>1 342</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*

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08		2008/09	2009/10	2010/11
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 15.2 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 15.24 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 15.25 Compensation Fund, including Reserve Fund: Project information**

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Claims	2 082 710	2 213 586	1 573 738	2 595 886	2 751 640	2 916 738	3 208 411
Administration	701 281	855 941	601 115	635 172	609 795	594 202	653 509
Capital	26 252	919	18 162	15 614	16 052	17 585	19 155
Other projects	933 981	612 054	3 830 230	–	–	–	–
<b>Total expense</b>	<b>3 744 224</b>	<b>3 682 500</b>	<b>6 023 245</b>	<b>3 246 672</b>	<b>3 377 487</b>	<b>3 528 524</b>	<b>3 881 075</b>

**Table 15.26 Compensation Fund, including Reserve Fund: Financial information**

R thousand	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>1 418 199</b>	<b>1 413 459</b>	<b>1 752 567</b>	<b>1 356 203</b>	<b>1 436 109</b>	<b>1 522 275</b>	<b>1 615 083</b>
Sale of goods and services other than capital assets <i>of which:</i>	9 292	–	–	–	–	–	–
<i>Admin fees</i>	9 292	–	–	–	–	–	–
<i>Other non-tax revenue</i>	1 408 907	1 413 459	1 752 567	1 356 203	1 436 109	1 522 275	1 615 083
<b>Social contributions</b>	<b>2 740 841</b>	<b>3 077 284</b>	<b>3 556 263</b>	<b>3 769 639</b>	<b>3 995 817</b>	<b>4 235 566</b>	<b>4 489 700</b>
<b>Total revenue</b>	<b>4 159 040</b>	<b>4 490 743</b>	<b>5 308 830</b>	<b>5 125 842</b>	<b>5 431 926</b>	<b>5 757 842</b>	<b>6 104 784</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>641 248</b>	<b>794 878</b>	<b>541 581</b>	<b>575 560</b>	<b>546 107</b>	<b>527 261</b>	<b>579 686</b>
Compensation of employees	113 996	122 123	148 643	201 577	213 673	226 494	249 144
Goods and services	524 094	671 371	392 491	372 303	330 653	298 880	328 655
Depreciation	3 158	1 384	447	1 680	1 781	1 887	1 887
<b>Transfers and subsidies</b>	<b>3 102 976</b>	<b>2 887 622</b>	<b>5 481 664</b>	<b>2 671 112</b>	<b>2 831 381</b>	<b>3 001 263</b>	<b>3 301 389</b>
<b>Total expenses</b>	<b>3 744 224</b>	<b>3 682 500</b>	<b>6 023 245</b>	<b>3 246 672</b>	<b>3 377 487</b>	<b>3 528 524</b>	<b>3 881 075</b>
<b>Surplus / (Deficit)</b>	<b>414 816</b>	<b>808 243</b>	<b>(714 415)</b>	<b>1 879 169</b>	<b>2 054 438</b>	<b>2 229 317</b>	<b>2 223 708</b>
<b>Acquisition of assets</b>	<b>26 252</b>	<b>919</b>	<b>18 162</b>	<b>–</b>	<b>16 052</b>	<b>17 585</b>	<b>19 155</b>

## Expenditure trends

Total revenue grew from R4.2 billion in 2005/06 to R5.1 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 thousand	2007/08		2007/08	2008/09			2008/09
1. Administration	360 653	365 653	328 384	387 207	(3 000)	384 207	357 651
2. Service Delivery	655 409	665 409	656 753	690 361	11 970	702 331	642 228
3. Employment and Skills Development Services / Human Resources Development	585 039	575 039	540 119	203 700	(25 235)	178 465	172 701
4. Labour Policy and Labour Market Programmes	421 763	421 763	417 467	441 142	30 960	472 102	466 478
5. Social Insurance	10 001	10 001	5 898	10 501	–	10 501	4 676
<b>Subtotal</b>	<b>2 032 865</b>	<b>2 037 865</b>	<b>1 948 621</b>	<b>1 732 911</b>	<b>14 695</b>	<b>1 747 606</b>	<b>1 643 734</b>
<b>Direct charge against the National Revenue Fund</b>	<b>6 000 000</b>	<b>6 800 000</b>	<b>6 284 306</b>	<b>7 529 600</b>	<b>–</b>	<b>7 529 600</b>	<b>7 529 600</b>
Sector education and training authorities	4 800 000	5 440 000	5 027 445	6 023 680	–	6 023 680	6 023 680
National Skills Fund	1 200 000	1 360 000	1 256 861	1 505 920	–	1 505 920	1 505 920
<b>Total</b>	<b>8 032 865</b>	<b>8 837 865</b>	<b>8 232 927</b>	<b>9 262 511</b>	<b>14 695</b>	<b>9 277 206</b>	<b>9 173 334</b>

### Economic classification

<b>Current payments</b>	<b>1 159 812</b>	<b>1 181 465</b>	<b>1 108 582</b>	<b>1 237 766</b>	<b>(20 202)</b>	<b>1 217 564</b>	<b>1 119 517</b>
Compensation of employees	568 716	580 694	543 826	643 627	(14 752)	628 875	535 828
Goods and services	591 096	600 771	562 442	594 139	(5 450)	588 689	583 689
Financial transactions in assets and liabilities	–	–	2 314	–	–	–	–
<b>Transfers and subsidies</b>	<b>6 835 993</b>	<b>7 624 660</b>	<b>7 112 665</b>	<b>7 980 031</b>	<b>41 290</b>	<b>8 021 321</b>	<b>8 015 496</b>
Departmental agencies and accounts	6 382 705	7 169 705	6 655 553	7 901 230	3 000	7 904 230	7 898 405
Public corporations and private enterprises	400 000	400 000	400 000	5 080	–	5 080	5 080
Foreign governments and international organisations	6 755	7 620	7 416	7 736	(47)	7 689	7 689
Non-profit institutions	46 433	46 433	46 361	65 795	37 593	103 388	103 388
Households	100	902	3 335	190	744	934	934
<b>Payments for capital assets</b>	<b>37 060</b>	<b>31 740</b>	<b>11 680</b>	<b>44 714</b>	<b>(6 393)</b>	<b>38 321</b>	<b>38 321</b>
Buildings and other fixed structures	22 389	14 389	6 260	29 276	(2 000)	27 276	27 276
Machinery and equipment	14 412	17 268	5 420	15 438	(4 393)	11 045	11 045
Software and intangible assets	259	83	–	–	–	–	–
<b>Total</b>	<b>8 032 865</b>	<b>8 837 865</b>	<b>8 232 927</b>	<b>9 262 511</b>	<b>14 695</b>	<b>9 277 206</b>	<b>9 173 334</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 thousand)	408 555	469 580	534 586	619 635	725 398	796 594	847 488
Unit cost (R thousand)	97	129	115	171	184	198	210
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 thousand)	16 762	7 484	9 240	9 240	9 240	9 240	9 600
Unit cost (R thousand)	70	46	62	46	46	46	48
Number of interns	241	163	148	200	200	200	200
<b>Total for department</b>							
<b>Compensation (R thousand)</b>	<b>425 317</b>	<b>477 064</b>	<b>543 826</b>	<b>628 875</b>	<b>734 638</b>	<b>805 834</b>	<b>857 088</b>
<b>Unit cost (R thousand)</b>	<b>95</b>	<b>125</b>	<b>109</b>	<b>165</b>	<b>177</b>	<b>191</b>	<b>203</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 thousand)	4 242	5 284	5 284	5 284	5 284	–	–
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 thousand)	425 317	477 064	543 826	628 875	734 638	805 834	857 088
Training expenditure (R thousand)	6 273	10 171	8 473	8 895	9 339	10 272	10 858
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			
<i>of which:</i>							
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			
			2008/09	2009/10	2010/11	2011/12
R thousand						
<b>Projects signed in terms of Treasury Regulation 16</b>	<b>40 833</b>	<b>69 868</b>	<b>79 408</b>	<b>92 744</b>	<b>107 682</b>	
PPP unitary charge	40 833	69 868	79 408	92 744	107 682	
<b>Total</b>	<b>40 833</b>	<b>69 868</b>	<b>79 408</b>	<b>92 744</b>	<b>107 682</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 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 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			
			2008/09	2009/10	2010/11	2011/12
R thousand						
<b>Projects signed in terms of Treasury Regulation 16</b>	<b>103 246</b>	<b>28 713</b>	<b>30 149</b>	<b>31 656</b>	<b>33 239</b>	
PPP unitary charge <sup>1</sup>	103 246	28 713	30 149	31 656	33 239	
<b>Total</b>	<b>103 246</b>	<b>28 713</b>	<b>30 149</b>	<b>31 656</b>	<b>33 239</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 Expenditure by labour centre per province

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R thousand							
Eastern Cape	65 737	72 471	83 878	77 132	84 922	89 450	95 286
<i>Provincial office: East London</i>	24 699	26 321	28 263	24 633	26 698	26 699	29 036
<i>Aliwal North</i>	1 254	1 428	1 740	1 769	2 062	2 264	2 450
<i>Butterworth</i>	1 712	1 703	2 002	1 801	2 258	2 401	2 597
<i>Cradock</i>	1 285	1 479	2 065	1 987	2 062	2 264	2 450
<i>East London</i>	5 623	6 599	8 091	7 469	8 248	8 673	8 919
<i>Fort Beaufort</i>	1 099	1 424	1 716	1 703	2 160	2 362	2 548
<i>Graaff-Reinet</i>	1 293	1 580	1 955	1 849	2 062	2 264	2 450
<i>Grahamstown</i>	1 714	2 011	2 302	2 242	2 553	2 989	3 234
<i>King Williamstown</i>	2 926	3 075	3 663	3 596	4 320	4 851	5 096
<i>Lusikisiki</i>	1 169	1 721	2 155	1 980	2 160	2 362	2 548
<i>Maclear</i>	1 694	1 744	2 170	1 980	2 062	2 264	2 450
<i>Mdantsane</i>	1 411	1 777	2 033	1 940	2 062	2 264	2 450
<i>Mount Ayliff</i>	1 923	1 613	1 882	1 793	2 062	2 264	2 450
<i>Port Elizabeth</i>	8 724	9 552	11 737	10 479	10 702	11 025	11 369
<i>Queenstown</i>	2 627	3 152	3 323	3 313	3 633	3 871	4 116
<i>Uitenhage</i>	3 181	3 425	4 598	4 405	4 958	5 439	5 684
<i>Mthatha</i>	3 403	3 867	4 183	4 193	4 860	5 194	5 439
Free State	37 470	43 028	48 434	50 091	53 313	56 335	60 011
<i>Provincial office: Bloemfontein</i>	16 434	18 188	19 373	19 167	20 681	21 647	23 053
<i>Bethlehem</i>	1 649	1 797	1 970	2 248	2 380	2 534	2 698
<i>Bloemfontein</i>	4 851	5 602	7 476	3 851	4 051	4 234	4 512
<i>Ficksburg</i>	857	1 238	1 449	2 264	2 407	2 572	2 740
<i>Harrismith</i>	1 299	1 476	1 591	1 989	2 100	2 246	2 394
<i>Petrusburg</i>	886	1 256	1 418	1 835	1 928	2 051	2 185
<i>Kroonstad</i>	1 685	1 767	2 294	2 827	2 997	3 188	3 395
<i>Phuthaditjhaba</i>	1 387	1 624	2 141	2 582	2 691	2 864	3 052
<i>Sasolburg</i>	2 074	2 355	2 365	2 911	3 085	3 291	3 507
<i>Botshabelo</i>	1 329	1 857	1 772	2 230	2 355	2 514	2 678
<i>Welkom</i>	3 940	4 570	5 028	6 161	6 546	6 985	7 442
<i>Zastron</i>	1 079	1 298	1 557	2 026	2 092	2 209	2 355
Gauteng North	35 618	43 623	48 565	50 460	53 250	56 213	59 877
<i>Provincial office: Pretoria</i>	13 860	19 680	21 698	22 130	23 792	25 113	26 752
<i>Atteridgeville</i>	830	1 122	1 191	1 256	1 305	1 379	1 469
<i>Bronkhorstspuit</i>	1 274	1 522	1 397	1 473	1 532	1 617	1 722
<i>Garankuwa</i>	1 359	1 536	1 800	1 898	1 974	2 084	2 219
<i>Krugersdorp</i>	2 672	2 794	3 366	3 549	3 690	3 896	4 150
<i>Mamelodi</i>	1 389	1 939	2 034	2 145	2 230	2 354	2 507
<i>Pretoria</i>	8 512	8 582	9 973	10 516	10 935	11 544	12 296
<i>Randfontein</i>	2 029	2 474	2 677	2 823	2 935	3 099	3 301
<i>Soshanguve</i>	1 685	1 815	1 938	2 043	2 125	2 244	2 390
<i>Temba</i>	2 008	2 159	2 491	2 627	2 732	2 883	3 071

Table 15.F Expenditure by labour centre per province (continued)

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R thousand							
Gauteng South	61 375	71 813	77 472	90 884	96 152	101 639	107 327
Provincial office: Johannesburg	18 046	26 463	23 086	25 748	28 655	30 285	31 983
Alberton	1 826	1 884	2 171	2 600	2 694	2 848	3 007
Benoni	2 381	2 797	3 148	3 770	3 907	4 130	4 361
Boksburg	1 820	1 887	2 162	2 589	2 683	2 837	2 995
Brakpan	1 553	1 371	1 501	1 798	1 863	1 969	2 080
Carletonville	1 403	1 341	1 622	1 943	2 013	2 128	2 247
Germiston	5 690	6 009	6 453	7 729	8 009	8 466	8 940
Johannesburg	10 818	11 166	15 057	18 033	18 687	19 754	20 859
Kempton Park	2 385	2 500	2 950	3 533	3 662	3 871	4 087
New Canada	1 382	437	1	–	–	–	–
Nigel	1 011	1 281	1 400	1 677	1 738	1 837	1 939
Randburg	845	1 298	1 481	1 774	1 838	1 943	2 052
Rooedeport	1 927	2 147	2 451	2 935	3 042	3 216	3 396
Sandton	2 464	2 620	3 291	3 942	4 085	4 318	4 560
Sebokeng	1 130	1 079	1 367	1 637	1 696	1 794	1 893
Soweto	400	1 552	2 640	3 162	3 276	3 463	3 658
Springs	2 499	1 856	1 986	2 379	2 465	2 606	2 752
Vanderbijlpark	1 614	1 740	1 979	2 370	2 456	2 597	2 742
Vereeniging	2 181	2 385	2 726	3 265	3 383	3 577	3 776
KwaZulu-Natal	68 787	77 554	85 925	90 337	102 867	109 034	114 892
Provincial office: Durban	21 611	24 246	19 609	21 960	30 220	30 779	31 296
Dundee	1 426	1 561	1 796	1 986	1 732	2 004	2 338
Durban	11 557	15 300	19 848	20 677	10 241	10 582	10 916
Estcourt	1 669	1 709	2 160	2 258	2 366	2 729	3 062
Kokstad	1 291	1 084	1 584	1 728	2 802	3 163	3 496
Ladysmith	1 659	1 927	2 322	2 449	2 858	3 218	3 552
Newcastle	1 618	1 661	1 783	1 996	3 351	3 710	4 044
Pietermaritzburg	6 617	7 266	9 065	9 765	12 471	12 806	13 139
Pinetown	2 855	2 775	3 613	3 581	4 533	4 889	5 223
Port Shepstone	2 826	3 566	3 558	3 826	3 201	3 561	3 895
Prospecton	2 332	2 565	4 195	4 173	5 891	6 244	6 578
Richards Bay	3 274	3 782	4 077	3 651	5 496	5 850	6 184
Richmond	1 721	1 670	1 918	2 045	2 181	2 544	2 878
Stanger	1 517	1 729	2 054	2 193	3 864	4 222	4 556
Ulundi	3 351	3 008	4 373	3 970	5 728	6 081	6 415
Verulam	1 988	1 839	2 009	2 125	2 622	2 983	3 317
Vryheid	1 475	1 866	1 961	1 954	3 310	3 669	4 003
Limpopo	37 355	42 221	46 080	51 833	54 688	57 772	61 539
Provincial office: Polokwane	13 787	16 367	14 690	16 013	15 481	16 718	22 325
Lephalale	1 762	1 673	1 994	2 275	2 172	2 275	2 389
Giyani	1 628	1 519	1 818	2 075	2 299	2 410	2 529
Jane Furse	755	1 511	2 332	2 661	2 738	2 869	3 012
Lebowakgomo	1 508	1 523	2 232	2 547	2 474	2 592	2 721
Makhado	1 464	1 603	1 813	2 069	2 641	2 767	2 906
Modimolle	1 530	1 683	2 250	2 568	2 418	2 533	2 661
Mokopane	1 797	2 057	2 386	2 723	2 322	2 432	2 554
Phalaborwa	1 761	1 791	2 313	2 639	2 657	2 785	2 924
Polokwane	4 377	4 987	6 294	7 182	6 749	6 978	7 327
Seshego	1 486	1 332	1 686	1 924	2 105	5 937	2 317
Thoyoyandou	3 452	3 781	3 777	4 310	8 308	4 972	5 220
Tzaneen	2 048	2 394	2 495	2 847	2 324	2 504	2 654

Table 15.F Expenditure by labour centre per province (continued)

Subprogramme	Audited outcome			Adjusted	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	appropriation 2008/09	2009/10	2010/11	2011/12
R thousand							
Mpumalanga	39 488	45 552	49 638	53 849	59 149	62 475	66 558
<i>Provincial office: Witbank</i>	18 665	22 728	22 842	21 316	27 852	31 168	34 783
<i>Barberton</i>	835	915	1 178	1 458	1 434	1 437	1 446
<i>Bethal</i>	1 011	1 098	1 225	1 521	1 494	1 498	1 507
<i>Carolina</i>	913	889	1 054	1 360	1 336	1 339	1 348
<i>Eerstehoek</i>	588	775	715	1 154	1 134	1 135	1 146
<i>Ermelo</i>	1 145	1 273	1 609	1 661	1 633	1 630	1 639
<i>Groblersdal</i>	971	974	1 243	1 483	1 457	1 464	1 473
<i>Kamhushwa</i>	904	1 118	1 269	1 644	1 742	1 744	1 753
<i>Kwamhlanga</i>	997	910	1 270	1 775	1 035	1 038	1 047
<i>Lydenburg</i>	1 021	1 091	1 174	1 603	1 575	1 576	1 585
<i>Middelburg</i>	1 753	1 852	2 053	2 617	2 574	2 574	2 586
<i>Nelspruit</i>	2 447	2 844	3 237	3 670	3 607	3 602	3 614
<i>Piet Retief</i>	1 645	1 582	1 868	2 342	2 303	2 304	2 319
<i>Sabie</i>	979	971	1 163	1 500	1 476	1 476	1 780
<i>Secunda</i>	1 100	1 944	1 991	2 523	2 478	2 477	2 492
<i>Standerton</i>	1 429	1 268	1 375	1 473	1 351	1 354	1 368
<i>Witbank</i>	3 085	3 320	4 372	4 749	4 668	4 659	4 672
North West	35 299	40 139	44 890	46 999	50 631	53 491	57 013
<i>Provincial office: Mmabatho</i>	16 095	20 029	20 932	21 043	23 607	24 901	26 685
<i>Brits</i>	2 465	2 731	3 261	2 949	3 072	3 250	3 447
<i>Christiana</i>	1 131	1 206	1 448	1 777	1 850	1 957	2 077
<i>Klerksdorp</i>	3 584	3 498	3 834	3 768	3 923	4 151	4 403
<i>Lichtenburg</i>	1 489	1 679	2 224	2 292	2 387	2 524	2 677
<i>Mafikeng</i>	2 589	2 599	2 928	3 554	3 699	3 914	4 152
<i>Mogwase</i>	1 157	1 239	1 499	1 792	1 865	1 973	2 093
<i>Potchefstroom</i>	1 455	1 514	1 767	2 083	2 169	2 295	2 434
<i>Rustenburg</i>	2 588	2 822	3 573	3 609	3 757	3 975	4 216
<i>Taung</i>	1 365	1 367	1 605	2 041	2 125	2 248	2 385
<i>Vryburg</i>	1 381	1 455	1 819	2 091	2 177	2 303	2 444
Northern Cape	21 434	27 158	28 599	32 061	35 051	36 877	39 284
<i>Provincial office: Kimberley</i>	10 255	15 274	14 582	15 979	16 891	18 804	20 034
<i>Calvinia</i>	750	1 052	1 345	1 543	1 648	1 734	1 847
<i>De Aar</i>	1 281	1 407	1 453	1 667	1 781	1 873	1 996
<i>Kimberley</i>	3 785	3 875	4 557	5 228	5 585	5 876	6 258
<i>Kuruman</i>	1 321	1 357	1 701	1 952	3 066	2 193	2 336
<i>Postmasburg</i>	1 013	1 172	1 407	1 614	1 724	1 815	1 932
<i>Springbok</i>	1 129	1 269	1 736	1 992	2 128	2 238	2 384
<i>Upington</i>	1 900	1 752	1 818	2 086	2 228	2 344	2 497
Western Cape	45 958	55 971	65 595	66 935	71 873	75 948	80 164
<i>Provincial office: Cape Town</i>	16 625	23 540	20 692	22 025	26 065	30 047	31 488
<i>Cape Town</i>	8 976	9 890	12 935	12 832	13 090	13 117	13 909
<i>Beaufort West</i>	1 092	1 163	1 975	1 930	1 967	1 972	2 091
<i>Bellville</i>	5 355	5 473	7 141	7 279	7 425	7 440	7 890
<i>George</i>	3 182	3 708	4 887	4 770	4 865	4 876	5 170
<i>Knysna</i>	1 082	947	1 527	1 571	1 603	1 605	1 702
<i>Mossel Bay</i>	1 060	1 391	1 730	1 820	1 857	1 859	1 973
<i>Oudtshoorn</i>	1 020	1 244	1 789	1 718	1 753	1 756	1 862
<i>Paarl</i>	1 657	1 781	2 394	2 424	2 472	2 477	2 627
<i>Somerset West</i>	1 548	1 864	2 669	2 621	2 674	2 679	2 840
<i>Vredenburg</i>	1 481	1 672	2 669	2 697	2 750	2 757	2 924
<i>Worcester</i>	1 666	1 986	3 073	3 075	3 136	3 142	3 333
<i>Mitchell's Plain</i>	1 214	1 312	2 114	2 173	2 216	2 221	2 355
<b>Total</b>	<b>448 521</b>	<b>519 530</b>	<b>579 076</b>	<b>610 581</b>	<b>661 896</b>	<b>699 234</b>	<b>741 951</b>

**Table 15.G Summary of expenditure on infrastructure**

R thousand	Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2008/09	Medium-term expenditure estimate		
					2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
	<b>Large projects or programmes (costing between R50 million and R300 million per year within the MTEF period)</b>										
	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	154 593	22 164	30 720	25 587	28 808	6 952	6 222	5 031
	<b>Small projects or programmes (costing less than R50 million per annum)</b>										
	Labour centre: Bochum: Construction	Construction of new office accommodation	Design stage	2 419	-	-	-	-	-	1 501	802
	Labour centre: Jane Furse: Construction	Construction of new office accommodation	Pre-design planning	2 827	-	-	-	-	2 828	-	-
	Labour centre: Taung: Construction	Construction of new office accommodation	Pre-design planning	3 404	-	-	-	-	3 404	-	-
	Labour centre: Rustenburg: Construction	Construction of new office accommodation	Design stage	17 199	-	-	1 055	165	15 979	-	-
	Labour centre: Mamelodi	Construction of new office accommodation	Pre-design planning	5 388	-	-	-	-	5 388	-	-
	Labour centre: Tembisa	Construction of new office accommodation	Pre-design planning	1	-	-	-	-	-	1	-
	Labour centre: Lusikisiki	Construction of new office accommodation	Pre-design planning	1	-	-	-	-	-	1	-
	Labour centre: Bronkhorstspuit	Construction of new office accommodation	Pre-design planning	5 959	-	-	-	-	-	1 151	1 579
	Labour centre: Garankuwa	Construction of new office accommodation	Pre-design planning	6 007	-	-	-	-	-	1 102	1 600
	Repair and maintenance programme: Labour centre: Potchefstroom	Maintenance and repair projects at labour centres	Construction stage	807	-	244	233	330	-	-	-
	Repair and maintenance programme: Labour centre: Ujington	Maintenance and repair projects at labour centres	Construction stage	11 942	2 035	3 500	543	2 972	57	-	-
	Repair and maintenance programme: Labour centre: George	Maintenance and repair projects at labour centres	Construction stage	1 426	-	210	793	423	-	-	-
	Repair and maintenance programme: Labour centre: East London	Maintenance and repair projects at labour centres	Construction stage	9 652	1 289	3 441	889	754	-	-	-
	Repair and maintenance programme: Labour centre: Pietermaritzburg	Maintenance and repair projects at labour centres	Construction stage	6 656	621	2 108	226	533	-	-	-

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

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
	<b>Small projects or programmes (costing less than R50 million per annum)</b>									
	Office building	Maintenance and repair projects at labour centres	Design stage	8 460	–	–	211	1 641	3 702	3 408
	Repair and maintenance programme: Labour centre: Pretoria post office and labour centre									
	Office building	Maintenance and repair projects at labour centres	Construction stage	6 238	1 019	2 300	100	204	–	–
	Repair and maintenance programme: Labour centre: Phalaborwa, Hoedspruit and Seshego									
	Office building	Maintenance and repair projects at labour centres	Construction stage	3 159	–	1 236	807	1 097	19	–
	Repair and maintenance programme: Labour centre: Witbank, Lydenburg and Komalipoort									
	Office building	Maintenance and repair projects at labour centres	Construction stage	24 860	2 996	8 942	5 942	2 899	541	–
	Repair and maintenance programme: Western Cape									
	Office building	Maintenance and repair projects at labour centres	Construction stage	6 288	204	2 450	2 002	1 632	–	–
	Repair and maintenance programme: Durban masonic grove emergency repairs									
	Office building	Maintenance and repair projects at labour centres	Construction stage	38 685	2 848	10 111	297	5 026	1 200	920
	Repair and maintenance programme: Gauteng South									
	Office building	Maintenance and repair projects at labour centres	First delivery stage	13 079	3 997	3 997	123	1 087	1 200	255
	Repair and maintenance programme: Durban masonic grove: Electrical and mechanical									
	Perimeter fencing-wall and control room	Perimeter fencing replaced and premises secured with high tech surveillance system	Project registered, architects, engineers and quantity surveyors	7 000	–	–	–	7 000	–	–
	Security upgrading									
	<b>Total</b>			<b>336 050</b>	<b>37 173</b>	<b>69 259</b>	<b>38 808</b>	<b>46 135</b>	<b>46 413</b>	<b>12 420</b>