

Vote 15

Labour

Adjusted budget summary

R thousand	2009/10			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	2 126 372	2 090 284	(36 088)	–
<i>of which:</i>				
Current payments	1 304 237	1 304 979	–	742
Transfers and subsidies	779 721	739 331	(40 390)	–
Payments for capital assets	42 414	45 974	–	3 560
Direct charge against the National Revenue Fund	7 749 980	7 749 980	–	–
Executive authority	Minister of Labour			
Accounting officer	Director-General of Labour			
Website address	www.labour.gov.za			

Aim

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

Reorganisation of department

In terms of the revised government structure announced by the President, the skills development functions will move from the Department of Labour to the Department of Higher Education and Training. The proclamation comes into effect on 1 November 2009, but the staff and the budgets will only shift on 1 April 2010. Interim arrangements will be managed through a service level agreement between the two departments.

Mid-year performance status

Indicator	Programme	Annual performance		
		Projected for 2009/10 as published in the 2009 ENE	Achieved in the first six months of 2009/10 (April to September) ¹	Change of estimate for 2009/10
As published in the 2009 ENE	Programme linked to indicator			
Number of new jobs registered on employment services database	Service Delivery	6 500	13 725	– ²
Percentage of registered work seekers placed in permanent employment	Service Delivery	65% (4 225)	41% (5 600)	–
Number of new BEE SMMEs and cooperatives that receive skills development support	Employment and Skills Development Services/Human Resources Development	1 400	1 298	–
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	12 000	4 203	–
Percentage pass rate for trade tests	Employment and Skills Development Services/Human Resources Development	45%	42%	–
Number of additional artisans registered for training by sector education and training authorities	Employment and Skills Development Services/Human Resources Development	12 500	4 499	–

Indicator	Programme	Annual performance		
		Projected for 2009/10 as published in the 2009 ENE	Achieved in the first six months of 2009/10 (April to September)	Change of estimate for 2009/10
As published in the 2009 ENE	Programme linked to indicator			
Percentage of top 100 Johannesburg stock exchange listed companies assessed for employment equity	Labour Policy and Labour Market Programmes	60% (60)	25% (25)	–
Percentage of occupational health and safety incidents investigated within 90 days	Service Delivery	100%	74%	–
Percentage decrease in workplace related injuries, diseases and deaths	Service Delivery	2% (2 049)	2% (2 136)	–
Percentage compliance with labour legislation by inspected workplaces	Service Delivery	71% (127 800)	81% (59 433)	–

1. Second quarter data – unaudited numbers

2. The revised estimate for the number of new jobs registered on the employment services database in 2009/10 has not yet been established.

The estimated percentage compliance with labour legislation by inspected workplaces in 2009/10 has increased due to increased advocacy campaigns on labour legislation requirements.

Adjusted Estimates of National Expenditure 2009

Programme		2009/10						
		Additional appropriation						Adjusted appropriation
R thousand	Main appropriation	Roll-over	Unforeseeable/unavoidable	Virement	Function shift	Other adjustments	Total additional appropriation	
1.Administration	392 500	3 965	2 190	(10 000)	–	–	(3 845)	388 655
2.Service Delivery	777 121	14 238	13 364	(20 000)	–	–	7 602	784 723
3.Employment and Skills Development Services / Human Resources Development	481 227	–	1 493	–	(75 770)	–	(74 277)	406 950
4.Labour Policy and Labour Market Programmes	466 547	–	4 432	30 000	–	–	34 432	500 979
5.Social Insurance	8 977	–	–	–	–	–	–	8 977
Subtotal	2 126 372	18 203	21 479	–	(75 770)	–	(36 088)	2 090 284
Direct charge against the National Revenue Fund	7 749 980	–	–	–	–	–	–	7 749 980
Sector education and training authorities	6 199 984	–	–	–	–	–	–	6 199 984
National Skills Fund	1 549 996	–	–	–	–	–	–	1 549 996
Total	9 876 352	18 203	21 479	–	(75 770)	–	(36 088)	9 840 264
Economic classification								
Current payments	1 304 237	16 440	17 998	(33 696)	–	–	742	1 304 979
Compensation of employees	734 638	–	17 998	(53 788)	–	–	(35 790)	698 848
Goods and services	569 599	16 440	–	20 092	–	–	36 532	606 131
Transfers and subsidies	8 529 701	–	3 481	31 899	(75 770)	–	(40 390)	8 489 311
Departmental agencies and accounts	8 156 694	–	3 481	30 000	–	–	33 481	8 190 175
Public corporations and private enterprises	303 020	–	–	–	(75 770)	–	(75 770)	227 250
Foreign governments and international organisations	9 295	–	–	–	–	–	–	9 295
Non-profit institutions	60 522	–	–	–	–	–	–	60 522
Households	170	–	–	1 899	–	–	1 899	2 069
Payments for capital assets	42 414	1 763	–	1 797	–	–	3 560	45 974
Buildings and other fixed structures	30 600	1 763	–	–	–	–	1 763	32 363
Machinery and equipment	11 814	–	–	1 797	–	–	1 797	13 611
Total	9 876 352	18 203	21 479	–	(75 770)	–	(36 088)	9 840 264

Details of adjustments to Estimates of National Expenditure 2009

Roll-overs – R18.203 million

Programme 1: Administration

R3.965 million has been rolled over for repairs and maintenance at the head office building.

Programme 2: Service Delivery

R14.238 million has been rolled over as follows: R1.763 million for buildings and other fixed structures; R6.475 million for developing a business case to integrate occupational health and safety competencies across government; and R6 million for printing pamphlets for the Employment Services System for South Africa.

Unforeseeable and unavoidable expenditure – R21.479 million

An additional R21.479 million is allocated for the higher salary increases than the main budget provided for:

Programme 1: Administration

R2.19 million

Programme 2: Service Delivery

R13.364 million

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

R1.493 million

Programme 4: Labour Policy and Labour Market Programmes

R951 000 for the department

R3.481 for the Commission for Conciliation, Mediation and Arbitration

Virements

Programmes					
1. Administration					
2. Service Delivery					
3. Employment and Skills Development Services / Human Resources Development					
4. Labour Policy and Labour Market Programmes					
5. Social Insurance					
FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
Programme 1		(11 175)	Programme 1		569
Compensation of employees	Reduction due to vacant posts	(10 569)	Households (current)	For increased take-up of severance packages For ex-gratia payment for wrongful termination of service	39 530
			Programme 4		10 000
			Departmental agencies and accounts (current)	For increased CCMA caseload as a result of the economic recession and conflicts arising from seasonal wage negotiations	10 000
			Programme 1		606
Machinery and equipment	Reduction in office furniture due to vacant posts	(606)	Machinery and equipment	Mobile filing cabinets for archive filing	606

FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
Programme 2		(44 228)	Programme 2		24 228
Compensation of employees	Reduction due to changes in percentage split for shared services and increased vacancies	(44 228)	Goods and services	For telephone and security systems at provincial offices	834
				For training career counselors	11 813
				For uniforms and protective clothing for labour inspectors, and for ministerial public awareness campaigns on labour legislation	9 254
			Households (current)	For increased take-up of severance packages	560
			Machinery and equipment	For furniture and equipment	1 767
			Programme 4		20 000
			Departmental agencies and accounts (current)	For increased CCMA caseload as a result of the economic recession and conflicts arising from seasonal wage negotiations	20 000
Programme 4		(3 775)	Programme 4		3 775
Goods and services	Reductions in catering and use of venues	(175)	Households (current)	For increased take-up of severance packages	123
	Reduction due to reviewed communication strategies	(1 504)	Machinery and equipment	For retirement packages	22
	Reduction in office furniture due to vacant posts	(100)	Goods and services	For office furniture	30
	Reductions in conferences	(1 638)	Goods and services	For legal services to amend labour legislation and to deal with temporary employment services (labour brokers)	1 504
			Goods and services	For printing official notices on bargaining council collective agreements and labour organisations	100
			Goods and services	For printing official notices on bargaining council collective agreements and labour organisations	400
			Goods and services	For labour relations studies	971
			Households (current)	For increased take-up of severance packages	267
	Reduction in posts	(358)	Households	For increased take-up of severance packages	358
Total		(59 178)			59 178

Function shifts – R75.77 million

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

R75.77 million is shifted to the Presidency following the shift of the Umsobomvu Youth Fund to merge with the National Youth Commission to form the National Youth Development Agency.

Expenditure 2008/09 and preliminary expenditure 2009/10

Programme	2008/09					2009/10		
	Expenditure outcome					Preliminary expenditure		
R thousand	Adjusted appropriation	Apr 08 - Sep 08	% of adjusted appropriation	Apr 08 - Mar 09	% of adjusted appropriation	Adjusted appropriation	Apr 09 - Sep 09	% of adjusted appropriation
1. Administration	384 207	186 414	48.5	372 906	97.1	388 655	173 605	44.7
2. Service Delivery	702 331	301 901	43.0	621 350	88.5	784 723	313 088	39.9
3. Employment and Skills Development Services / Human Resources Development	178 465	80 591	45.2	172 489	96.7	406 950	231 337	56.8
4. Labour Policy and Labour Market Programmes	472 102	215 428	45.6	469 730	99.5	500 979	362 477	72.4
5. Social Insurance	10 501	1 804	17.2	6 366	60.6	8 977	4 683	52.2
Subtotal	1 747 606	786 138	45.0	1 642 841	94.0	2 090 284	1 085 190	51.9

R thousand	2008/09 Expenditure outcome					2009/10 Preliminary expenditure		
	Adjusted appropriation	Apr 08 - Sep 08	Apr 08 - Sep 08 % of adjusted appropriation	Apr 08 - Mar 09	Apr 08 - Mar 09 % of adjusted appropriation	Adjusted appropriation	Apr 09 - Sep 09	Apr 09 - Sep 09 % of adjusted appropriation
Direct charge against the National Revenue Fund	7 529 600	3 455 566	45.9	7 234 135	96.1	7 749 980	3 770 494	48.7
Sector education and training authorities	6 023 680	2 764 453	45.9	5 787 308	96.1	6 199 984	3 016 396	48.7
National Skills Fund	1 505 920	691 113	45.9	1 446 827	96.1	1 549 996	754 098	48.7
Total	9 277 206	4 241 704	45.7	8 876 976	95.7	9 840 264	4 855 684	49.3
Economic classification								
Current payments	1 217 564	551 256	45.3	1 121 320	92.1	1 304 979	545 635	41.8
Compensation of employees	628 875	266 861	42.4	541 427	86.1	698 848	290 163	41.5
Goods and services	588 689	283 902	48.2	575 641	97.8	606 131	255 402	42.1
Transactions in financial assets and liabilities	–	493	–	4 252	–	–	70	–
Transfers and subsidies	8 021 321	3 687 216	46.0	7 743 533	96.5	8 489 311	4 307 137	50.7
Departmental agencies and accounts	7 904 230	3 647 538	46.1	7 620 160	96.4	8 190 175	4 126 304	50.4
Public corporations and private enterprises	5 080	660	13.0	5 080	100.0	227 250	152 061	66.9
Foreign governments and international organisations	7 689	–	–	10 377	135.0	9 295	–	–
Non-profit institutions	103 388	37 007	35.8	103 277	99.9	60 522	27 054	44.7
Households	934	2 011	215.3	4 639	496.7	2 069	1 718	83.0
Payments for capital assets	38 321	3 232	8.4	12 123	31.6	45 974	2 912	6.3
Buildings and other fixed structures	27 276	1 319	4.8	3 367	12.3	32 363	631	1.9
Machinery and equipment	11 045	1 387	12.6	8 756	79.3	13 611	2 281	16.8
Software and other intangible Assets	–	526	–	–	–	–	–	–
Total	9 277 206	4 241 704	45.7	8 876 976	95.7	9 840 264	4 855 684	49.3

Main expenditure trends for the first half of 2009/10

Total expenditure for 2008/09 was 95.7 per cent of the 2008/09 adjusted appropriation. Expenditure in the first six months of 2009/10 was R4.856 billion, or 49.3 per cent of the adjusted appropriation of R9.840 billion for the year as a whole. In comparison, mid-year expenditure in 2008/09 was R4.242 billion, or 45.7 per cent of the 2008/09 adjusted appropriation. Expenditure in the first six months of 2009/10 increased by R614.0 million or 14.5 per cent, compared to expenditure in the first six months of 2008/09.

The main expenditure increases compared to 2008/09 are due to increased payments to the Umsobomvu Youth Fund and the Commission for Conciliation, Mediation and Arbitration due to changes to both their drawdown agreements, and to changes to the statutory amounts raised by the South African Revenue Service for the skills levy paid to the Sector Education and Training Authorities and the National Skills Fund due to higher collections than projected.

Departmental receipts

R thousand	2008/09 Audited outcome					2009/10 Actual receipts			
	Adjusted estimate	Apr 08 - Sep 08	Apr 08 - Sep 08 % of adjusted estimate	Apr 08 - Mar 09	Apr 08 - Mar 09 % of adjusted estimate	Budget estimate	Adjusted estimate	Apr 09 - Sep 09	Apr 09 - Sep 09 % of adjusted estimate
Departmental receipts	27 128	7 588	28.0	28 863	106.4	12 926	12 926	6 276	48.6
Sales of goods and services produced by department	4 988	2 437	48.9	4 654	93.3	7 250	7 330	2 775	37.9
Sales of scraps, waste, arms and other used current goods						80			
Fines, penalties and forfeits	447	221	49.4	436	97.5	481	481	271	56.3
Interest, dividends and rent on land	2 770	2 262	81.7	3 905	141.0	2 061	2 061	400	19.4
Financial transactions in assets and liabilities	18 923	2 668	14.1	19 868	105.0	3 054	3 054	2 830	92.7
Total	27 128	7 588	28.0	28 863	106.4	12 926	12 926	6 276	48.6

Main departmental revenue trends for the first half of 2009/10

Departmental revenue collection in the first six months of 2009/10 was R6.3 million, or 48.6 per cent of the adjusted revenue estimate of R12.9 million for the year as a whole. In comparison, mid-year revenue collection in 2008/09 was R7.6 million, or 28.0 per cent of the 2008/09 adjusted estimate. Departmental revenue collection in the first six months of 2009/10 decreased by R1.3 million or 17.3 per cent, compared to revenue collected in the first six months of 2008/09.

The main revenue decrease compared to 2008/09 is due to a once-off adjustment by the bank on interest earned.

Changes to transfers and subsidies, and conditional grants

Summary of changes to transfers and subsidies

R thousand	2009/10							Adjusted appropriation
	Main appropriation	Roll-over	Unforeseeable/unavoidable	Virement	Function shift	Other adjustments	Total additional appropriation	
1. Administration								
Households								
Social benefits								
Current	–	–	–	569	–	–	569	569
Resignation packages	–	–	–	39	–	–	39	39
Households	–	–	–	530	–	–	530	530
2. Service Delivery								
Households								
Social benefits								
Current	170	–	–	560	–	–	560	730
Resignation packages	170	–	–	560	–	–	560	730
3. Employment and Skills Development								
Services/ Human Resources								
Development								
Public corporations and private enterprises								
Public corporations								
Other transfers								
Current	303 020	–	–	–	(75 770)	–	(75 770)	227 250
Umsobomvu Youth Fund	303 020	–	–	–	(75 770)	–	(75 770)	227 250
4. Labour Policy and Labour Market Programmes								
Departmental agencies and accounts								
Departmental agencies (non-business entities)								
Current	290 961	–	3 481	30 000	–	–	33 481	324 442
Commission for Conciliation, Mediation and Arbitration	290 961	–	3 481	30 000	–	–	33 481	324 442
Households								
Social benefits								
Current	–	–	–	770	–	–	770	770
Resignation packages	–	–	–	770	–	–	770	770