

29: LABOUR

AIM

The aim of the Department of Labour is to play a significant role in reducing unemployment, poverty and inequality through policies and programmes developed in consultation with role-players, 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 the workplace as well as protection and enhancement of worker rights and benefits.

EXPENDITURE ESTIMATES

Table 29.1 Expenditure by programme

R million	Expenditure outcomes			Preliminary outcome 1998/99	Medium term expenditure estimates		
	1995/96	1996/97	1997/98		1999/00	2000/01	2001/02
Administration ¹	97,1	109,4	109,3	136,3	132,1	139,0	157,1
Occupational health and safety of persons	17,3	24,3	22,8	29,5	30,0	30,3	33,9
Social insurance	18,9	16,5	14,9	19,6	21,7	22,4	25,4
Human resources development	230,7	270,7	259,0	327,5 ²	339,6	359,7	391,0
Labour relations	65,9	172,0	181,2	197,2	220,5	224,9	205,8
Labour policy	0,4	1,1	2,2	22,5	25,1	26,0	29,3
Auxiliary and associated services	73,3	55,0	43,1	32,0	34,7	36,6	39,2
Sub-total	503,6	649,0	632,5	764,6	803,7	838,9	881,7
Capital works ³	—	—	—	15,0	21,3	28,2	29,2
Total	503,6	649,0	632,5	779,6	825,0	867,1	910,9

¹ Authorised losses added: 1995/96 R0,1 million.

² Spending by programme has been reclassified where possible to correspond to the current programme structure.

³ Appropriated on the Vote: Public Works.

The activities of the Department of Labour are organised into 7 programmes.

- ◆ *Administration* deals with policy formulation by the Minister, Director-General and other members of management and provides centralised administrative, financial management and legal support to the Department.
- ◆ *Occupational health and safety* promotes the health and safety of persons at work through legislation and monitoring.
- ◆ *Social insurance* makes contributions to the Unemployment Insurance Fund and provides for the compensation of civil servants injured while on duty.
- ◆ *Human resources development* focuses on promoting and regulating the Skills Development Strategy.
- ◆ *Labour relations* deals with establishing the framework for and supporting equitable and peaceful labour relations.
- ◆ *Labour policy* involves research on and development of labour policy.
- ◆ *Auxiliary and associated services* includes the funding of work centres for the disabled and the blind and a contribution to the National Economic Development and Labour Council (Nedlac).

The erstwhile programme *Career counselling and placement* was amalgamated into *Human resources development* at the beginning of 1998/99, explaining the increase in allocation to this programme over the MTEF period.

Table 29.2 Economic classification of expenditure

R million	Expenditure outcomes			Preliminary outcome 1998/99	Medium term expenditure estimates		
	1995/96	1996/97	1997/98		1999/00	2000/01	2001/02
Current							
Personnel expenditure ¹	175,7	186,4	232,3	293,9	242,8	296,7	313,5
Other current expenditure	80,8	101,7	109,5	140,7	153,3	177,5	190,6
Transfer payments	236,9	320,9	280,6	308,7	389,7	343,3	356,7
Capital							
Transfer payments	1,4	0,0	0,7	34,3	37,0	47,2	47,6
Acquisition of capital assets	8,8	40,0	9,4	2,0	2,2	2,4	2,5
Total	503,6	649,0	632,5	779,6	825,0	867,1	910,9

¹ Departmental personnel expenditure includes employer's contributions to pension funds at a rate of 17 per cent of basic salary in 1998/99 and 15 per cent of basic salary in subsequent years.

OUTPUTS AND SERVICE DELIVERY TRENDS

Legislative change

The apartheid years left South Africa with extreme income inequalities and poverty. An important source of this legacy was discriminatory labour market policies. A key function of the Department of Labour is to assist in removing this legacy by implementing new labour market policies. To this end the Department has moved rapidly to implement new policies. The last four years saw the passing and implementation of the new Labour Relations Act of Act no. 66 of 1995, the Basic Conditions of Employment Act of Act no. 75 of 1997, the Skills Development Act of Act no. 97 of 1998, and the Employment Equity Act of Act no. 55 of 1998. These have transformed labour relations and the labour market in South Africa.

Services provided

In addition to the legislative output, the Department also provides and/or finances a range of services. The Chief Directorate for Occupational Health and Safety administers the Occupational Health and Safety Act of 1993. This includes issuing licences to the explosives industry, and registering electricians. Inspections are conducted by a team of inspectors from 10 provincial offices and 3 labour centres, in order to investigate and enforce safety regulations.

The Department also provides employment services. From 1994 until September 1998, the Department responded to 258 913 career enquiries; sponsored 105 "Right Start" television programmes; published and distributed six "My Career" newsletters; participated in ten "Career 2000" exhibitions and 122 smaller exhibitions. Other outputs over the last four years include:

- ◆ Placement of 205 073 people registered as unemployed.
- ◆ Career counselling to 47 330 individuals.
- ◆ Placement of 2 740 disabled persons.
- ◆ Bursaries to 414 students.

Unemployment Insurance Fund

The Director General of Labour is the accounting officer and trustee of the Unemployment Insurance Fund, which is managed under delegated powers by the Unemployment Insurance Commissioner. In the first eight months of 1998 an average of R270 million per month was paid out to beneficiaries. About 85 per cent of benefits go to the unemployed, with the rest going towards benefits for maternity, illness and dependants.

Commission for Conciliation, Mediation and Arbitration

The Commission for Conciliation, Mediation and Arbitration (CCMA) is an independent statutory body created by the Labour Relations Act of no. 66 of 1995 and funded mainly by the Department of Labour. Its aim is to prevent labour disputes, and to settle disputes that do arise by conciliation and, where necessary, by arbitration. During 1998 the CCMA conciliated in 34 432 cases of which 69 per cent were settled. The bulk of these cases deal with unfair dismissal and unfair labour practices.

POLICY DEVELOPMENTS

Labour Market Reform

After 1994 the Department of Labour embarked on a legislative programme to restructure the labour market and place collective bargaining on a sound footing. The process was informed by the *Report of the Presidential Commission to Investigate Labour Market Policy*, published in June 1996. In reforming the labour market a fine balance had to be maintained between measures to protect workers and promote equity, on the one hand, and the need to promote efficiency and labour market flexibility, on the other.

Labour Relations Act

The Labour Relations Act of 1995 sets the framework for collective action. The Act provides for the registration of trade unions and employers' organisations and the establishment of bargaining councils. It also provides mechanisms for dispute resolution and regulates the right to strike and lock out. The Act also established the Commission for Conciliation, Arbitration and Mediation (CCMA) to assist in conflict resolution, reformed the Labour Court and made provision for the introduction of Workplace Forums to enhance consultation and joint decision making in the workplace.

Basic Conditions of Employment Act

The Basic Conditions of Employment Act of 1997, sets minimum rights for all workers and raises this in some respects. It also improves the enforcement mechanism to ensure compliance with the Act. The Act increased the overtime premium from "time and a third" to "time and a half" and reduced the maximum weekly working hours to 45. Stronger provisions with regard to child labour and employment security for women on maternity leave, and family responsibility leave, were introduced. The Act replaced the Wage Board with the Employment Conditions Commission, which advises the Minister of Labour on the determination of conditions of employment in sectors where collective bargaining is not in place.

Employment Equity Act

Parliament approved the Employment Equity Bill in 1998. The Act prohibits all forms of unfair discrimination and promotes a more representative workforce. In this regard, designated employers must submit employment equity plans and show progress towards targets in making the workforce more representative. The Act also establishes a Commission for Employment Equity.

A Code of Good Practice on dealing with sexual harassment at the workplace was published in the Government Gazette as a Code in terms of the LRA.

Skills Development Act

The objective of the Skills Development Act of assented to by the President in October 1998, is to increase investment in education and training in the labour market and improve the skills level of the South African workforce. It makes provision for the establishment of Sector Education and Training Authorities (SETAs) to co-ordinate and provide skills training in sectors. The SETAs will be guided by a National Skills Authority which will advise the Minister on a national skills development policy. Training in terms of the Act will be aligned with the National Qualifications Framework and take place through 'learnerships' which replace and extend the mechanism of apprenticeships. The Act also

provides for and regulates employment services, to inform workers about training and employment opportunities.

Unemployment Insurance Beneficiaries

Between November 1997 and October 1998, 559 741 individuals received benefits from the UIF. Of these, 38 per cent were women, 87 per cent obtained ordinary unemployment benefits and 9 per cent obtained maternity benefits. Only 3 per cent obtained illness benefits. The amount awarded was R1 874 million of which 36 per cent was paid to women. Just over 40 per cent of UIF beneficiaries are aged 21 to 34 years and nearly 40 per cent 35 to 49 years. Over a third have not completed Grade 8. Over a quarter of all beneficiaries are from Gauteng, just under a quarter from KwaZulu-Natal and 15 per cent from the Western Cape. Each of the provinces accounts for less than 10 per cent of beneficiaries.

Skills development levy

The Skills Development Strategy will be partially funded through a payroll levy on all employers. A separate money bill to establish the levy, the Skills Development Levies Bill, will be submitted to Parliament during 1999. The levy will come into effect on 1 April 2000 and will initially be introduced at a rate of 0,5 per cent of payroll, to be increased to 1,0 per cent on 1 April 2001. Twenty per cent of the revenue from the levy will be allocated to the National Skills Fund, with the rest flowing to Sectoral Education and Training Authorities. The levies revenue for 2000/01 is projected to be about R1 billion.

Unemployment Insurance Fund

The Unemployment Insurance Fund provides short-term assistance to unemployed people who have been contributing to the Fund. It also provides maternity, illness and dependants' benefits to contributors. Since 1997 the State has contributed R7 million annually to the Fund. As a result of a number of factors, such as increasing levels of unemployment and non-compliance by employers, the monthly benefit payments have come to exceed contributions in recent years. This led to a depletion of reserves and threatened the solvency of the Fund.

In reaction to the worsening situation, the Minister of Labour released the Report on Restructuring the Unemployment Insurance Fund in December 1998. Significant short-term measures, such as more rigour in screening claimants and greater effort in collecting arrear contributions, have brought some stability, but more significant reforms are required to ensure the long-run viability of the Fund. The Minister of Labour has instructed the Unemployment Insurance Commissioner to institute a process of restructuring and to draft new legislation, to be negotiated with the social partners and taken to Parliament in 1999.

Child labour

In addition to stipulations in the Basic Conditions of Employment Act of the Department of Labour has signed a Memorandum of Understanding with the International Labour Organisation (ILO) in respect of the eradication of child labour. A South African Programme of Action has been developed in consultation with the stakeholders.

Occupational safety

New regulations developed since 1994 include the Hazardous Chemical Substances Regulations and the Major Hazard Installation Regulation. Regulations being developed are the Explosives Regulations, the Constructions Regulations, the Hazardous Biological Agents Regulations and the Electrical Installations Regulations. The Occupational Health and Safety Act is under review to make it consistent with the Constitution and the Mine Health and Safety Act.

Presidential Job Summit	After months of interaction between the Nedlac constituencies, a Presidential Job Summit was held on 30 October 1998. The Department of Labour co-ordinated government inputs to the Summit. All the parties to the Summit committed themselves to fighting unemployment and a range of agreements were struck on programmes and projects to implement this commitment.
Job Summit Strategies	Four broad sets of programmes were agreed on at the Job Summit. These are sectoral job creation strategies, labour market and human resource development, special employment programmes and integrated provincial projects.
Sectoral strategies	A central component of sectoral policies is the establishment of a partnership to market South Africa actively as a tourist destination and to promote small and medium enterprises in the tourism industry. Other initiatives deal with the business environment and include tariff reform, access to finance, the strengthening of other support services and the strengthening of Customs and Excise. The Department of Housing will also launch a National Presidential Lead Project to pilot affordable mass housing delivery, aimed at delivering between 50 000 and 100 000 housing units for low-income families.
Labour market and human resource development	A Social Plan framework was agreed to at the Job Summit. The Social Plan aims to avoid job losses where possible but seeks to manage retrenchments and soften their impact when they are unavoidable. The Department of Labour will establish a Social Plan Technical Support Facility. The youth and the disabled will also receive attention.
Special employment programmes and integrated provincial projects	Existing special employment programmes, such as Working for Water and the Community Based Public Works Programme, will be expanded and new initiatives implemented. Integrated provincial projects will focus on areas of high social need and high economic potential. Three areas have so far been selected: Greater St Lucia in KwaZulu-Natal, Wild Coast-Emonti and the Greater Algoa Bay Region.
Financing employment creation	The social partners jointly pledged substantial resources to employment creation. Organised labour will request employees to donate "one day's output", while business has committed itself to a contribution of R1 billion. Government will be contributing through the new Umsobomvu Fund and the Training Levy. Several initiatives will be funded on Departmental MTEF budgets.

DISCUSSION OF PROGRAMMES

Programme 1: Administration

	Budget estimate	Adjusted appropriation	Preliminary outcome	Medium term expenditure estimates		
R million		1998/99		1999/00	2000/01	2001/02
1998 Budget	125,3	137,0	136,3	130,5	131,7	–
1999 Budget	–	–	–	132,1	139,0	157,1

The bulk of *Administration* expenditure is on personnel, who provide an administrative service to the Department. It also includes the salary of the Minister. Some of the activities include: provision of centralised administrative, legal and office support services, managing departmental personnel and financial administration, determining working methods and procedures, exercising control through head office and regional offices and providing a public relations service to the Department through publicity, liaison services and media programmes.

Programme 2: Occupational health and safety of persons

Rmillion	Budget estimate	Adjusted appropriation 1998/99	Preliminary outcome	Medium term expenditure estimates		
				1999/00	2000/01	2001/02
1998 Budget	29,2	29,7	29,5	30,1	30,3	–
1999 Budget	–	–	–	30,0	30,3	33,9

More than two-thirds of the expenditure on this programme funds inspections and investigations at places of work. Regulation of the explosive industry and electricians' trade is also part of this programme. Table 29.3 outlines the activities of the provincial offices.

Table 29.3 Activities of provincial offices

Office	Complaints and enquiries		Inspections		Prosecutions	
	1996	1997	1996	1997	1996	1997
Head office	1 396	1 472				
Eastern Cape	11 411	15 210	3 949	4 225		
Free State	30 904	32 853	1 429	1 529	188	201
Gauteng North	41 146	44 331	9 738	10 420	817	874
Gauteng South	124 396	133 104	10 183	10 896	1 785	1 910
KwaZulu-Natal	81 606	87 318	12 246	13 103	948	1 014
Mpumalanga	43 103	46 121	1 661	1 777	110	118
North West	46 229	49 465	1 748	1 870	41	44
Northern Cape	14 566	15 575	243	260	4	4
Northern Province	69 063	73 897	1 873	2 004	57	61
Western Cape	111 237	110 024	9 060	9 604	66	71
Total	575 044	609 370	52 130	55 688	4 016	4 297

Programme 3: Social insurance

Rmillion	Budget estimate	Adjusted appropriation 1998/99	Preliminary outcome	Medium term expenditure estimates		
				1999/00	2000/01	2001/02
1998 Budget	19,7	19,7	19,6	19,7	19,7	–
1999 Budget	–	–	–	21,7	22,4	25,5

This programme includes the R7 million annual contribution to the Unemployment Insurance Fund and provides Accident Insurance for civil servants.

Programme 4: Human resources development

R million	Budget estimate	Adjusted appropriation 1998/99	Preliminary outcome	Medium term expenditure estimates		
				1999/00	2000/01	2001/02
1998 Budget	325,2	329,2	327,5	575,2	849,8	–
1999 Budget	–	–	–	339,6	359,7	391,0

Human resources development is the largest programme. Nearly half of its expenditure is transferred to the Fund for the Training of Unemployed People. The National Skills Authority, the National Skills Fund and the Skills Development Planning Unit are also funded under this programme. It also includes employment services and career guidance.

Programme 5: Labour relations

R million	Budget estimate	Adjusted appropriation 1998/99	Preliminary outcome	Medium term expenditure estimates		
				1999/00	2000/01	2001/02
1998 Budget	191,5	198,2	197,2	194,3	194,9	–
1999 Budget	–	–	–	220,5	224,9	205,8

The major expenditures on the *Labour relations* programme are the annual transfer to the CCMA, which will be R128 million in 1999/2000, and provision for inspections and advisory services related to the Labour Relations Act and the Basic Conditions of Employment Act. Responsibility for the registration of trade unions, employers' organisations and bargaining councils is also located in this programme. Data up to September 1998 shows that:

- ◆ There were 455 registered trade unions, more that double the 213 unions registered in 1994.
- ◆ The number of registered employers' organisations increased to 238 from 191 in 1994.
- ◆ The number of registered bargaining councils declined to 76 from 86 in 1994.

Programme 6: Labour policy

R million	Budget estimate	Adjusted appropriation 1998/99	Preliminary outcome	Medium term expenditure estimates		
				1999/00	2000/01	2001/02
1998 Budget	22,3	22,6	22,5	22,5	22,6	–
1999 Budget	–	–	–	25,1	26,0	29,3

Labour policy involves research and development, library services, labour market statistics, publications and the promotion of productivity. The increase from R0,4 million in 1995/96 to R23 million in 1998/99 is because the transfer to the National Productivity Institute was included in this vote from 1998/99. In 1999/00 this transfer will be just over R20 million.

Programme 7: Auxiliary and associated services

R million	Budget estimate	Adjusted appropriation 1998/99	Preliminary outcome	Medium term expenditure estimates		
				1999/00	2000/01	2001/02
1998 Budget	32,2	32,2	32,0	32,4	32,4	–
1999 Budget	–	–	–	34,7	36,6	39,2

Auxiliary and associated services renders services associated with the Department's aims. It includes funding for work centres for the disabled and workshops for the blind, provision of government motor transport and a contribution to the National Economic Development and Labour Council (Nedlac).