

Vote 17

Labour

R thousand	2006/07 To be appropriated	2007/08	2008/09
MTEF allocations	1 512 749	1 596 865	1 677 385
<i>of which:</i>			
Current payments	1 117 202	1 162 692	1 199 091
Transfers and subsidies	372 945	392 283	429 157
Payments for capital assets	22 602	41 890	49 137
Statutory amounts	5 500 000	6 000 000	6 500 000
Executive authority	Minister of Labour		
Accounting officer	Director-General of 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 and aimed at: improved economic efficiency and productivity; skills development and employment creation; sound labour relations; eliminating inequality and discrimination in the workplace; and alleviating poverty in the workplace; as well as to play a significant role in improving employment and protecting and improving workers' rights and benefits.

Programme purposes

Programme 1: Administration

Conduct the overall management of the department and provide support and advisory services.

Programme 2: Service Delivery

Protect the health and safety of workers, and implement and enforce Department of Labour policies.

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

Achieve the strategic objectives and equity targets of the national skills development strategy and contribute to the achievement of the strategic objectives of the national human resources development strategy.

Programme 4: Labour Policy and Labour Market Programmes

Establish an equitable and sound labour relations environment and promote South Africa's interests in international labour matters through research, analysing and evaluating labour policy and providing data and statistics on the labour market, including providing support to institutions that promote social dialogue.

Programme 5: Social Insurance

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

Strategic overview and key policy developments: 2002/03-2008/09

The Department of Labour has developed a 10-point strategic plan to address key government priorities in the second decade of democracy. The focus will be on: encouraging growth and development in the first economy and increasing the ability to create employment, addressing the needs of vulnerable and poor people in the second economy, promoting social security in an effort to contribute to poverty alleviation, and addressing racial and gender inequality.

Improving employment creation

The Department of Labour formulates labour market legislation and policies that contribute to creating employment in a way that protects workers' rights. Legislation and policies are aimed at developing good labour market practices, promoting healthy and safe working environments, eliminating discrimination and increasing compliance with labour legislation. By complying with international labour standards, improving working conditions and promoting productivity, South Africa can participate and compete in the global arena.

The Skills Development Act (1998) and the Skills Development Levies Act (1999) were developed to promote employment in South Africa by addressing the skills shortage through the national skills development strategy, launched in 2000. The strategy for 2005-2010 seeks to support economic growth for employment creation and poverty eradication, promote productive and equitable citizenship by aligning skills development with national strategies for growth and development, and accelerating broad-based black economic empowerment (BEE). The strategy is critical in realising government's goal of halving South Africa's unemployment by 2014 by providing the skills the economy requires. Promoting employment equity will assist in transforming South Africa into a non-racial and non-sexist society. Better alignment between the further education and training sector, business and the Sector Education and Training Authorities (SETAs) has resulted in a more demand-driven strategy.

The national skills development strategy's learnership apprenticeships and internship programmes target unemployed youth, since 75 per cent of the unemployed are between 15 and 34 years' old. A special project with the Department of Education aims to meet the challenges of having 800 000 learners in adult basic education and training (ABET) by March 2010. ABET enhances the basic skills of people beyond their school-going years and tackles long-term unemployment. The national skills development strategy is closely aligned with the expanded public works programme, which targets people with low skills levels and the unemployed by providing them with work experience and equipping them with skills.

Remote access e-technology and multi-skilling training of staff in the labour centres and business units are aimed at improving the quality of and access to the department's suite of integrated labour services. The career information and guidance system was developed and successfully piloted in labour centres in all provinces. The system provides employment services to job seekers and learners seeking to access learnerships. Further development will allow for the registration of private employment agencies, enabling a job matching process, and the development of a database on all graduates will further promote job matching. Employment service practitioners will extend this information into the second economy to facilitate access to economic opportunities. This system will be rolled out in collaboration with the Umsobomvu Youth Fund and implemented in all labour centres and multipurpose community centres.

Alleviating poverty by addressing the needs of vulnerable people

The Department of Labour addresses the needs of vulnerable people by setting and enforcing norms and standards that ensure that all existing and new jobs are equitable and do not jeopardise workers' rights. The protection of workers has advanced over the last three years through the setting of minimum wages and working conditions for the following sectors: domestic workers, the taxi industry, security, wholesale and retail, and contract cleaning. Substantial progress was made with data collection in the hospitality sector, and the investigation included a review of four sectoral determinations. The welfare sector investigation has been prioritised for completion in 2006.

In 2005, Cabinet ratified the child labour action programme. Over the medium term, the department will focus on implementing the programme and raising awareness of it. Progress has been made in aligning child labour institutional structures with the policy framework developed by the Office on the Rights of the Child in The Presidency. The worst forms of child labour have been targeted, resulting in projects on the commercial and sexual exploitation of children, child trafficking and on children used by adults to commit illegal activities.

The department has prioritised social protection by investigating ways to improve the services provided by the Unemployment Insurance Fund (UIF) and the Compensation Fund. Currently, occupational health and safety responsibilities fall under the departments of labour, health, and minerals and energy. These three line departments have developed a draft national policy and bill in line with Cabinet's decision to integrate the occupational health and safety and compensation functions.

Legislative reforms have contributed to improved revenue flows for the UIF, resulting in the accumulation of large cash surpluses. The Department of Labour is researching various policy options for addressing the increasing reserves while maintaining the fund's long-term financial sustainability. The UIF investigated its business processes to promote more efficient service delivery, resulting in the initiation of a ring-fenced public entity. This involves recruiting and re-skilling staff, especially in the financial area, as well as institutional reform to support the new business environment. Key priorities for the UIF are to finalise and improve the employer and employee databases and improve support to database users by 2007.

Promoting employment equity

To improve the implementation of the Employment Equity Act (1998), the department is developing amendments to the regulations, to be published at the end of March 2006. The amendments aim to refine data collection, tighten the enforcement of the act and improve the scope of the department's employment equity monitoring and related operations. To improve substantive compliance, the director-general's review system has been developed and is due for implementation in 2006/07. By August 2007, the department aims to publish a code of good practice on the integration of employment equity into human resource policies and practices, as well as amendments to the code of good practice on the handling of sexual harassment cases in the workplace. Efforts to align the Broad-Based Black Economic Empowerment Act (2003) with the Employment Equity Act (1998) continue through discussions with the Department of Trade and Industry.

Expenditure estimates

Table 17.1 Labour

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2002/03	2003/04	2004/05	2005/06		2006/07	2007/08	2008/09
R thousand								
1. Administration	280 111	306 454	316 112	312 247	307 137	336 239	359 653	379 480
2. Service Delivery	342 311	374 687	428 969	570 665	555 447	623 370	647 409	666 577
3. Employment and Skills Development Services/ Human Resources Development	115 901	106 003	112 491	142 579	138 061	186 409	201 649	206 479
4. Labour Policy and Labour Market Programmes	259 768	269 694	297 945	347 813	340 256	357 230	378 153	414 348
5. Social Insurance	338 483	15 010	8 013	9 001	9 001	9 501	10 001	10 501
Subtotal	1 336 574	1 071 848	1 163 530	1 382 305	1 349 902	1 512 749	1 596 865	1 677 385
Direct charge on National Revenue Fund	3 259 460	3 777 008	4 725 396	4 934 000	4 934 000	5 500 000	6 000 000	6 500 000
Sector Education and Training Authorities	2 611 797	3 021 606	3 780 317	3 947 200	3 947 200	4 400 000	4 800 000	5 200 000
National Skills Fund	647 663	755 402	945 079	986 800	986 800	1 100 000	1 200 000	1 300 000
Total	4 596 034	4 848 856	5 888 926	6 316 305	6 283 902	7 012 749	7 596 865	8 177 385
Change to 2005 Budget estimate				2 328	(30 075)	(18 750)	88 940	325 571

Economic classification

Current payments	600 953	716 352	800 146	1 025 908	993 413	1 117 202	1 162 692	1 199 091
Compensation of employees	306 468	337 965	371 495	475 342	447 269	535 118	562 059	590 752
Goods and services	293 839	378 260	428 129	550 566	546 144	582 084	600 633	608 339
<i>of which:</i>								
Communication	25 164	48 310	54 503	46 118	46 118	52 228	54 839	58 267
Computer Services	18 416	30 420	34 515	69 444	69 444	44 927	47 173	49 437
Consultants, contractors and special services	40 202	18 846	21 262	106 756	106 756	90 837	90 388	95 891
Inventory	18 474	36 484	40 994	16 202	14 198	17 345	19 213	23 703
Maintenance repair and running cost	25 245	4 419	4 985	65 164	65 164	73 749	52 097	57 408
Operating leases	42 415	47 802	55 853	60 260	60 260	65 660	72 021	77 586
Travel and subsistence	65 731	84 606	95 064	83 975	84 638	84 996	89 246	98 581
Municipal Services	11 133	11 744	12 329	13 307	13 307	15 590	16 919	17 985
Financial transactions in assets and liabilities	646	127	522	-	-	-	-	-
Transfers and subsidies	3 875 132	4 082 193	5 049 835	5 275 671	5 275 763	5 872 945	6 392 283	6 929 157
Provinces and municipalities	908	1 489	1 095	1 457	1 457	1 543	-	-
Departmental agencies and accounts	3 811 500	4 022 218	4 989 795	5 225 594	5 225 594	5 820 866	6 339 095	6 873 366
Foreign governments and international organisations	15 508	7 804	5 737	5 900	5 928	6 313	6 755	7 228
Non-profit institutions	43 095	48 738	51 783	42 720	42 720	44 223	46 433	48 563
Households	4 121	1 944	1 425	-	64	-	-	-
Payments for capital assets	119 949	50 311	38 945	14 726	14 726	22 602	41 890	49 137
Buildings and other fixed structures	103 004	42 959	36 847	7 857	7 857	6 954	25 023	31 090
Machinery and equipment	16 945	7 352	2 020	6 651	6 651	15 413	16 608	17 762
Software and other intangible assets	-	-	78	218	218	235	259	285
Total	4 596 034	4 848 856	5 888 926	6 316 305	6 283 902	7 012 749	7 596 865	8 177 385

Expenditure trends

The department's expenditure decreased between 2002/03 and 2003/04, due to the success of the UIF's turnaround strategy, which resulted in the fund deferring R250 million in 2003/04 and a further R150 million in 2004/05 to the National Revenue Fund, of the R1,3 billion parliamentary allocation transferred to the fund in 2001. Expenditure between 2004/05 and 2005/06 increased by 18,8 per cent due to increased capacity for inspection and enforcement services. Expenditure over

the medium-term expenditure framework (MTEF) period is expected to rise by an average annual rate of 6,7 per cent.

Statutory spending, which refers to the skills development levies transferred to the National Skills Fund and the SETAs, grew at an average of 14,8 per cent between 2002/03 and 2005/06, compared to an increase of 9,6 over the medium term.

Departmental receipts

The department collects modest amounts of revenue. Receipts from fines and forfeitures from prosecutions in terms of labour legislation flow through the Department of Justice.

Table 17.2 Departmental receipts

R thousand	Audited outcome			Adjusted appropriation	Medium-term receipts estimate		
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Departmental receipts	4 587	4 749	4 465	4 472	4 459	4 684	4 898
Sales of goods and services produced by department	2 199	2 281	2 741	2 260	2 270	2 384	2 493
Sales of scrap, waste and other used current goods	14	–	–	17	19	20	21
Fines, penalties and forfeits	112	96	99	95	90	95	99
Interest, dividends and rent on land	1 217	–	239	820	810	851	890
Sales of capital assets	–	–	232	–	–	–	–
Financial transactions in assets and liabilities	1 045	2 372	1 154	1 280	1 270	1 334	1 395
Total	4 587	4 749	4 465	4 472	4 459	4 684	4 898

Programme 1: Administration

The *Administration* programme conducts the overall management of the department and provides centralised support services.

Expenditure estimates

Table 17.3 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Minister 1	726	688	747	837	887	934	981
Management	9 928	11 425	11 799	9 158	9 706	10 190	10 679
Corporate Services	135 900	192 701	199 932	228 685	244 396	259 589	272 249
Capital Works	80 009	42 094	35 452	–	–	–	–
Property Management	53 548	59 546	68 182	73 567	81 250	88 940	95 571
Total	280 111	306 454	316 112	312 247	336 239	359 653	379 480
Change to 2005 Budget estimate				37 965	43 752	49 541	55 164

¹ Payable as from 1 April 2005. Salary: R 669 462. Car allowance: R 167 365.

Table 17.3 Administration (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Economic classification							
Current payments	182 995	260 905	281 684	308 886	333 726	357 200	376 909
Compensation of employees	37 477	40 046	40 807	54 357	57 628	60 509	63 413
Goods and services	144 872	220 732	240 355	254 529	276 098	296 691	313 496
<i>of which:</i>							
<i>Communication</i>	5 559	22 364	7 368	11 573	12 269	12 882	13 500
<i>Computer Services</i>	18 406	30 420	86 396	42 788	44 927	47 173	49 437
<i>Consultants, contractors and special services</i>	29 740	16 286	7 695	73 488	78 969	82 917	86 897
<i>Inventory</i>	2 440	19 230	23 154	5 500	6 000	6 300	6 602
<i>Maintenance repair and running cost</i>	12 206	1 766	1 297	2 809	2 917	3 354	4 020
<i>Operating leases</i>	42 415	47 802	55 853	60 260	65 660	72 021	77 586
<i>Travel and subsistence</i>	10 375	27 461	11 768	17 038	18 063	18 966	19 876
<i>Municipal Services</i>	11 133	11 744	12 329	13 307	15 590	16 919	17 985
Financial transactions in assets and liabilities	646	127	522	–	–	–	–
Transfers and subsidies	109	201	148	167	177	–	–
Provinces and municipalities	109	173	128	167	177	–	–
Households	–	28	20	–	–	–	–
Payments for capital assets	97 007	45 348	34 280	3 194	2 336	2 453	2 571
Buildings and other fixed structures	91 045	42 959	33 766	–	–	–	–
Machinery and equipment	5 962	2 389	436	3 194	2 336	2 453	2 571
Software and other intangible assets	–	–	78	–	–	–	–
Total	280 111	306 454	316 112	312 247	336 239	359 653	379 480

Expenditure trends

Spending by this programme increased from R280,1 million in 2002/03 to R312,2 million in 2005/06, at an average annual rate of 3,7 per cent. Spending over the 2006 MTEF is expected to increase on average by 6,7 per cent a year, reaching R379,5 million in 2008/09. Spending by the *Management* subprogramme decreased by 22,4 per cent in 2005/06, compared to 2004/05, due to decreased spending on goods and services.

From 1 April 2006, costs for leases and accommodation charges will be devolved from the Department of Public Works to individual departments. The Department of Labour received the following amounts: R81,3 million in 2006/07, R88,9 million in 2007/08 and R95,6 million in 2008/09. Expenditure has been adjusted for 2002/03 to 2005/06.

Programme 2: Service Delivery

The *Service Delivery* programme is the primary programme that ensures that the Department of Labour's legislation and policies are implemented in an integrated way.

There are six subprogrammes:

- *Management Support Services* is responsible for managing and supporting provincial offices, labour centres and visiting points.
- *Beneficiary Services* provides services to unemployed people and people injured on duty, in accordance with the Unemployment Insurance Act (2001) and the Compensation for Occupational Injuries and Diseases Act (1993) by administering, processing and finalising applications for payment.

- *Employment Services* facilitates access to employment and income-generating opportunities for the under- and unemployed by implementing a range of policies and programmes.
- *Inspection and Enforcement Services* makes sure that employers and employees comply with labour legislation.
- *Labour Market Information and Statistics* researches and monitors development in the labour market by analysing the impact of various acts and job-creation programmes and by assessing internal capacity.
- *Occupational Health and Safety* promotes health and safety in the workplace through regulating dangerous activities and the use of plant and machinery.

Expenditure estimates

Table 17.4 Service Delivery

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
R thousand							
Management Support Services	103 642	109 225	114 323	195 495	234 377	238 167	228 765
Beneficiary Services	–	–	–	1	1	1	1
Employment Services	70 107	82 181	111 209	120 461	129 377	136 646	145 586
Inspection and Enforcement Services	134 479	157 121	176 336	221 285	222 507	233 632	250 814
Labour Market Information and Statistics	12 156	13 612	13 799	16 807	18 608	19 538	21 015
Occupational Health and Safety	21 927	12 548	13 302	16 616	18 500	19 425	20 396
Total	342 311	374 687	428 969	570 665	623 370	647 409	666 577
Change to 2005 Budget estimate				31 390	33 804	25 266	15 938

Economic classification

	318 038	367 539	422 094	561 186	614 231	623 511	635 567
Current payments							
Compensation of employees	213 834	245 018	274 492	346 738	388 848	409 540	430 017
Goods and services	104 204	122 521	147 602	214 448	225 383	213 971	205 550
<i>of which:</i>							
<i>Communication</i>	18 965	25 028	46 302	33 200	38 382	40 301	42 316
<i>Consultants, contractors and special services</i>	1 485	562	6 151	4 085	4 561	4 798	5 038
<i>Inventory</i>	6 874	10 080	11 142	3 421	3 500	4 675	4 909
<i>Maintenance repair and running cost</i>	8 171	588	3 091	57 479	65 973	43 608	45 788
<i>Travel and subsistence</i>	44 666	50 228	75 406	55 832	56 057	58 860	61 803
Transfers and subsidies	4 806	3 374	2 566	1 546	1 634	583	612
Provinces and municipalities	640	1 087	798	1 020	1 078	–	–
Non-profit institutions	253	456	422	526	556	583	612
Households	3 913	1 831	1 346	–	–	–	–
Payments for capital assets	19 467	3 774	4 309	7 933	7 505	23 315	30 398
Buildings and other fixed structures	11 090	–	3 081	6 057	3 766	19 389	26 276
Machinery and equipment	8 377	3 774	1 228	1 872	3 739	3 926	4 122
Software and other intangible assets	–	–	–	4	–	–	–
Total	342 311	374 687	428 969	570 665	623 370	647 409	666 577

Details of major transfers and subsidies

Non-profit institutions							
Current	253	456	422	526	556	583	612
SA National Council for the Blind	152	219	192	214	226	237	249
Deaf Federation of South Africa	88	59	69	140	148	155	163
National Council for the Physically Disabled	13	178	161	172	182	191	200

Expenditure trends

Expenditure increased significantly from 2004/05 to 2005/06, from R429 million to R570,7 million, mainly because of the *Management Support Services* subprogramme. This programme showed growth of 71 per cent due to the filling of posts and the concomitant costs associated with these posts. Expenditure increased further as the department purchased mobile units and experienced an increase in accidents requiring investigation. Spending from 2002/03 to 2005/06 grew at an average annual rate of 18,6 per cent.

Growth over the MTEF is expected to slow down to an average of 5,3 per cent due to the reallocation of funds for capital works projects being spread across all the department's programmes for their use of office space.

Spending by the *Occupational Health and Safety* subprogramme decreased by 42,8 per cent from 2002/03 to 2003/04, because the inspectorate function was transferred to the *Inspection and Enforcement Services* subprogramme, for providing integrated inspection services. However, from 2004/05 to 2005/06, this subprogramme shows a significant increase in spending, of 24,9 per cent, for specific investigations into certain occupational health and safety incidents (like the incidents at Sasol).

Service delivery objectives and indicators

Recent outputs

Successful blitz inspections and advocacy campaigns were conducted, targeting high-risk industries, namely the agriculture, construction, manufacturing and the wholesale and retail trade sectors. The inspections are part of a co-ordinated national strategy and programme of action, in which provincial offices conduct workplace inspections and audits, simultaneously ensuring compliance with labour legislation, and include inspections of workplaces employing domestic workers and farm workers.

R197 million was allocated from the National Skills Fund towards training approximately 53 990 unemployed people, of which 59 per cent were youth, 57 per cent were women and 3,1 per cent were people with disabilities. Therefore this target was broadly achieved.

90 per cent of the unemployment insurance claims were finalised within six weeks, while 46 per cent of the Compensation for Occupational Injuries and Diseases Act (1993) claims were paid within 90 days.

A 36 per cent increase in employer compliance with labour legislation was achieved, with 178 443 employers complying in 2004/05 compared to 131 031 employers in the previous year.

Selected medium-term output targets

Service Delivery

Measurable objective: Ensure the effective, efficient and integrated implementation of legislation, standards, guidelines and policies through the provision of inspection and enforcement services, employment services, and labour market information and statistical services.

Subprogramme	Output	Measure/Indicator	Target
Management Support Services	Adequately capacitated administrative support services	Percentage staff capacity maintained Frequency of service delivery mobile units visiting rural and outlying communities	95% staff capacity maintained Visits at least once per week

Subprogramme	Output	Measure/Indicator	Target
Beneficiary Services	Efficient social safety net	Percentage of claims processed by both UIF and Compensation Fund	90% of UIF claims processed and paid within 6 weeks of receiving complete documentation 75% of Compensation Fund claims processed and paid within 90 days of receiving complete documentation
Employment Services	Skills development initiatives that support provincial growth and development strategies and equity priorities Improved access to employment services	Percentage of identified skills development initiatives (including nodal and expanded public works programme interventions) supported Career information and guidance system developed and implemented Percentage of unemployed and underemployed on allocated training projects successfully placed	At least 70% of initiatives supported March 2006 70% placement rate, within 2 months of completion of training, with employment for at least 3 months
Inspection and Enforcement Services	Compliance with labour legislation and sectoral determinations	Percentage of employment equity designated employers inspected and procedurally compliant Percentage of labour-related complaints investigated, reported and settled	At least 70% inspected, and procedurally compliant within 90 days of inspection 100%
Labour Market Information and Statistics	Labour market information and statistics for stakeholders	Frequency of reports, surveys and studies	Quarterly trend analysis reports that include performance reviews
Occupational Health and Safety	Safe and healthy working environment	Number of workplaces in high risk industries inspected and audited per year National occupational health and safety authority in place	At least 500 March 2007

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

This programme focuses on implementing the national skills development strategy and contributes to implementing the national human resources development strategy.

There are six subprogrammes:

- *Skills Development Funding* manages the National Skills Fund, and funds projects identified in the national skills development strategy as national priorities or other projects related to achieving the purposes of the Skills Development Act (1998) as determined by the director-general.
- *SETA Co-ordination* makes sure that the national skills development strategy is implemented effectively and efficiently at the sector level and is responsible for performance management and support to the 23 SETAs.
- *Indlela* increases access to work-based qualifications, assesses apprenticeships at different levels and in different fields of learning, and conducts education and training which contributes to meeting the national skills development strategy scarce skills and training targets.
- *Training of Staff* funds staff training programmes and makes sure that the skills for implementing legislation are available.
- *Administrative Auxiliary Services* is responsible for a branch performance management system to make sure that national skills development strategy targets are met across implementing agencies (namely, the SETAs, the National Skills Fund, the Umsobomvu Youth Fund and the National Productivity Institute) and that reports are consolidated and distributed quarterly to the National Skills Authority, the department and the interdepartmental human resources development committee.

- *National Productivity Institute* supports government-led strategic initiatives that affect job creation and retention, productivity and competitiveness.

Expenditure estimates

Table 17.5 Employment and Skills Development Services/ Human Resources Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
R thousand							
Skills Development Policy Advice and Planning	13 059	5 079	198	–	–	–	–
Skills Development Funding	39 948	43 400	41 964	49 864	53 517	55 892	62 050
Seta Co-ordination	5 029	9 460	11 480	17 173	24 232	25 444	26 716
Indlela	25 493	18 148	23 901	34 072	46 666	56 120	53 619
Training of Staff	1 320	614	262	1 676	1 777	1 866	1 956
Administrative Auxiliary Services	10 091	7 468	11 439	15 860	34 848	35 690	35 501
National Productivity Institute	20 961	21 834	23 247	23 934	25 369	26 637	26 637
Total	115 901	106 003	112 491	142 579	186 409	201 649	206 479
Change to 2005 Budget estimate				(4 600)	11 681	19 084	15 552
Economic classification							
Current payments	60 271	46 850	50 848	75 350	88 208	96 929	97 472
Compensation of employees	37 769	33 150	31 315	45 454	57 091	58 945	62 668
Goods and services	22 502	13 700	19 533	29 896	31 117	37 984	34 804
<i>of which:</i>							
Communication	187	535	602	1 345	1 482	1 556	2 303
Computer Services	–	–	3 184	1 652	–	–	–
Consultants, contractors and special services	1 120	43	3 091	4 862	2 052	2 155	3 189
Inventory	5 513	3 422	3 914	3 574	3 590	3 770	5 579
Maintenance repair and running cost	2 925	1 735	441	3 369	3 007	3 157	4 673
Travel and subsistence	6 595	3 387	3 202	6 158	6 783	7 122	10 541
Transfers and subsidies	52 619	58 233	61 361	64 365	86 228	89 436	93 729
Provinces and municipalities	107	130	95	180	193	–	–
Departmental agencies and accounts	52 321	58 035	61 220	64 185	86 035	89 436	93 729
Households	191	68	46	–	–	–	–
Payments for capital assets	3 011	920	282	2 864	11 973	15 284	15 278
Buildings and other fixed structures	869	–	–	1 800	3 188	5 634	4 814
Machinery and equipment	2 142	920	282	1 064	8 785	9 650	10 464
Total	115 901	106 003	112 491	142 579	186 409	201 649	206 479
Details of major transfers and subsidies							
Departmental agencies and accounts							
Public entities							
Current	52 321	58 035	61 220	64 185	86 035	89 436	93 729
National Skills Fund	31 360	36 201	37 973	40 251	42 666	44 799	46 949
National Productivity Institute	20 961	21 834	23 247	23 934	25 369	26 637	27 908
National Qualifications Framework	–	–	–	–	18 000	18 000	18 872

Expenditure trends

Expenditure declined slightly in 2003/04, due to the restructuring of this programme: the *Employment Services* subprogramme was transferred to the *Service Delivery* programme. Spending from 2004/05 to 2005/06 increased by R30,1 million, at a rate of 26,7 per cent. This can be attributed to the *Skills Development Funding* and the *SETA Co-ordination* subprogrammes, as

more staff were hired to manage and monitor performance and service delivery by the National Skills Fund and the SETAs in relation to the skills strategy. This also resulted in increased goods and services costs associated with these appointments.

Spending by the *SETA-Co-ordination* subprogramme decreased by 21 per cent from 2003/04 to 2004/05, because a large number of staff were hired by SETAs in 2003/04, resulting in increased vacancies and decreased spending on personnel and goods and services. Furthermore, expenditure increased by 49 per cent in 2004/05 to 2005/06 due to: the vacancies being filled, the phasing out of European Union (EU) appointed officials and the appointment of permanent staff to the department, and goods and services costs related to the new appointments. An average annual growth rate of 13,1 per cent over the MTEF period will support the implementation of the national skills development strategy.

Spending on the *Training of Staff* subprogramme increased significantly from R262 000 in 2004/05 to R1,7 million in 2005/06. This subprogramme was previously funded from EU donor funds. When the EU programme closed in December 2004, all training interventions had to be funded through the fiscus.

Expenditure on the Administrative Auxiliary Services subprogramme increased by 119,7 per cent in 2005/06 to 2006/07, due to R18 million being allocated to restructure the national qualifications framework (NQF). This funding was appropriated to the department in the 2005 Budget, in the outer years, to develop the policy and establish the Trade, Occupational and Professional Quality Assurance Council (TOP Council). Progress in revising the NQF has been slow as the policy process remains unresolved. Expenditure for the *Skills Development Policy Advice and Planning* subprogramme declines to zero in 2005/06 as this subprogramme was transferred to the *Labour Policy and Labour Market Programmes* programme. During the transition, both departmental and EU expenditure decreased significantly. This subprogramme was phased out as it was integrated into the *Labour Policy and Labour Market Programmes* programme's budget and policy research agenda.

Service delivery objectives and indicators

Recent outputs

National Skills Fund

The National Skills Fund is largely committed to achieving the annual targets of the national skills development strategy. Achievements against actual expenditure include:

- For the period ending November 2005, the NSF committed a total of R181 million to a total of 7 330 unemployed learners on various learnerships.
- For the 2005 academic year, an amount of R26,2 million was allocated to the National Research Foundation (NRF) for awarding bursaries to post-graduate students in areas of scarce skills, for Honours through to post-doctoral studies. A total of 984 bursaries was awarded, 77 per cent of which went to black students, 53 per cent to women and 7,4 per cent to people with disabilities.
- R49 million was allocated to the National Students Financial Aid Scheme for awarding bursaries to under-graduate students in areas of scarce skills. At the end of September 2005, 529 bursaries were awarded, all to students with disabilities, of which 89 per cent were black and 44 per cent were women.
- For the period ending September 2005 a total of 37 035 unemployed people were trained on social development initiative projects: 62 per cent were young black people, 57 per cent were women and 2,64 per cent were people with disabilities. The total amount spent on training amounted to R77,6 million.

SETAs

All SETAs have shown vast improvement in 2004/05 and have played a significant role in implementing the national skills development strategy, as follows:

- 6 306 557 workers were enrolled in structured SETA learning programmes and 6 123 937 had completed their studies, exceeding the target in the strategy.
- 650 organisations and business units committed themselves to participating in the Investors in People (IiP) project and 100 of these, cumulatively from 2001 to 2005, achieved recognition against the standard. This is an increase of 346 companies that have committed to IiP compared to the 304 committed companies in the previous year.
- For the year ended March 2005, 4 364 large companies paid levies with 73 per cent receiving grants. This represents 97 per cent of large firms participating in skills development, which exceeds the target in the strategy.
- Government departments have increased their expenditure on training from R724,4 million in 2003/04 to R794,9 million in 2004/05.
- The number of SMMEs paying skills levies as at the end of March 2005 was 139 866, of which 8 793 were medium and 131 073 were small enterprises.
- The total number of learnership agreements and apprenticeship contracts increased from 69 306 to 109 647 for unemployed people below the age of 35.

Selected medium-term output targets

Employment and Skills Development Services/Human Resource Development

Measurable objective: Achieve the success indicators of the national skills development strategy targets through managing service level agreements and providing support services to all SETAs and the effective management of the strategy.

Subprogramme	Output	Measure/Indicator	Target
Skills Development Funding	Projects and programmes in line with national skills development strategy priorities funded	Proportion of available funds spent or committed Amount of ABET funding spent on targeted number of unemployed learners Amount of funds to train targeted number of career guidance counsellors and enrol unemployed learners in critical skills areas	At least 80% of available funds spent or committed by March 2006 R121 million spent on 20 000 unemployed learners R270 million to train 500 counsellors and enrol 7 500 unemployed learners
SETA Co-ordination	Management of SETA performance in terms of national skills development strategy targets and indicators	Performance indicators and service level agreements (SLA) concluded and regularly managed with all SETAs Number of employed and unemployed learners enter and complete training programmes linked to scarce skills Number of youth trained and mentored to form new ventures (through new venture creation learnership)	23 SETAs sign SLAs with at least 15 Setas achieving satisfactory assessments against indicators 50 000 learners enter and 25 000 learners complete training programmes linked to scarce skills 2 000 learners trained and mentored

Subprogramme	Output	Measure/Indicator	Target
Indlela	Improved assessment services	Timely assessment of apprentice applications	All applicants assessed within 2 months of receiving application
Administration Auxiliary Services	Management of employment and skills development services and human resources development programmes' strategy and policy processes	Workplans of branch finalised and performance of the branch against the workplan conducted timeously	February 2005 Quarterly and annual assessments

Programme 4: Labour Policy and Labour Market Programmes

This programme is responsible for establishing an equitable and sound labour relations environment and promoting South Africa's interests in international labour matters.

There are five subprogrammes:

- *Labour Relations* promotes an equitable and peaceful labour relations environment, including support to the Commission for Conciliation, Mediation and Arbitration (CCMA).
- *Labour Policy* mainly aims to support policy formulation and the drafting of legislation in the department and in government in general, through researching, analysing and developing labour policy and providing labour market information and statistics.
- *International Labour Matters* represents government at the International Labour Organisation and the African Regional Labour Council.
- *NEDLAC* promotes economic growth, participation in economic decision-making and social equity by seeking consensus and agreements on social and economic policy and all proposed labour legislation between community organisations, labour, business and government.
- *Sheltered Employment* is responsible for the administrative, production and financial control of the employment centres for the disabled, subsidising operating losses and capital expenditure of work centres for the disabled, and subsidising workshops for the blind in accordance with approved standards.

Expenditure estimates

Table 17.6 Labour Policy and Labour Market Programmes

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
R thousand							
Labour Relations	181 354	190 090	216 819	248 267	258 680	274 850	303 974
Labour Policy	4 488	5 325	7 407	27 523	21 399	22 200	25 545
International Labour Matters	22 344	16 906	12 175	17 046	18 453	19 472	20 193
National Economic Development and Labour Council	7 366	7 823	9 146	11 551	12 712	13 348	13 989
Sheltered Employment	44 216	49 550	52 398	43 426	45 986	48 283	50 647
Total	259 768	269 694	297 945	347 813	357 230	378 153	414 348
Change to 2005 Budget estimate				16 999	5 865	9 219	28 516

Table 17.6 Labour Policy and Labour Market Programmes (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Economic classification							
Current payments	39 649	41 058	45 520	80 486	81 037	85 052	89 143
Compensation of employees	17 388	19 751	24 881	28 793	31 551	33 065	34 654
Goods and services	22 261	21 307	20 639	51 693	49 486	51 987	54 489
<i>of which:</i>							
<i>Communication</i>	453	383	231	–	95	100	148
<i>Computer Services</i>	–	–	509	1 353	–	–	–
<i>Consultants, contractors and special services</i>	7 857	1 955	4 325	24 321	5 255	518	767
<i>Inventory</i>	3 647	3 752	2 784	3 707	4 255	4 468	6 613
<i>Maintenance repair and running cost</i>	1 943	330	156	1 507	1 852	1 978	2 927
<i>Travel and subsistence</i>	4 095	3 530	4 688	4 947	4 093	4 298	6 361
Transfers and subsidies	219 655	228 367	252 351	266 592	275 405	292 263	324 315
Provinces and municipalities	52	99	74	90	95	–	–
Departmental agencies and accounts	161 236	172 165	195 166	218 408	225 330	239 658	269 136
Foreign governments and international organisations	15 508	7 804	5 737	5 900	6 313	6 755	7 228
Non-profit institutions	42 842	48 282	51 361	42 194	43 667	45 850	47 951
Households	17	17	13	–	–	–	–
Payments for capital assets	464	269	74	735	788	838	890
Machinery and equipment	464	269	74	521	553	579	605
Software and other intangible assets	–	–	–	214	235	259	285
Total	259 768	269 694	297 945	347 813	357 230	378 153	414 348

Details of major transfers and subsidies

Departmental agencies and accounts							
Public entities							
Current	161 236	172 165	195 166	218 408	225 330	239 658	269 136
Commission for Conciliation, Mediation and Arbitration	145 740	156 410	174 612	197 945	203 171	216 391	244 804
Development Institute for Training, Support and Education for Labour	8 130	7 932	11 408	8 912	9 447	9 919	10 373
National Economic Development and Labour Council	7 366	7 823	9 146	11 551	12 712	13 348	13 959
Foreign governments and international organisations							
Current	15 508	7 804	5 737	5 900	6 313	6 755	7 228
International Labour Organisation	14 358	6 804	5 365	3 248	5 885	6 297	6 749
African Regional Labour Advisory Council	1 150	1 000	372	2 652	428	458	479
Non-profit institutions							
Current	42 842	48 282	51 361	42 194	43 667	45 850	47 951
Subsidised Workshops for the Blind	5 966	5 629	5 970	6 328	6 707	7 042	7 365
South African Youth Council	–	–	–	1 000	–	–	–
Subsidised Work-Centers for the Disabled	36 876	42 653	45 391	34 866	36 960	38 808	40 586

Expenditure trends

Expenditure increased steadily from 2002/03 until 2004/05. A significant increase followed in 2005/06, bringing the level to R347,8 million. This is mainly because of the increase in the *Labour Policy* subprogramme's expenditure, which increased from R7,4 million in 2004/05 to R27,5 million in 2005/06 as a result of the various labour market policy research projects commissioned by the department as well as the integration of the *Skills Development Policy Advice*

and Planning subprogramme into the *Employment and Skills Development Services/Human Resource Development* programme.

In 2005/06, spending on goods and services increased significantly by 150,1 per cent or R31,1 million for the following projects: the research, monitoring and evaluation agenda, the employment equity enforcement strategy, the child labour action programme, the protection of vulnerable workers, and compliance with the employment equity act director general's review system.

Service delivery objectives and Indicators

Recent outputs

Substantial progress has been made with reviewing the farm worker sectoral determination, and the sheltered employment and forestry investigations have been completed. Wages for domestic workers have been reviewed and increases were published for implementation in December 2005.

A child labour action programme implementation committee - consisting of stakeholders representing government, organised business and labour as well as NGOs - was established and is functioning well. The department is currently costing the programme, and this will be finalised by March 2006.

The third edition of the Labour Market Review, a bi-annual publication on labour market issues and trends, with strategic analyses from respected scholars, was published in 2004/05. Other key publications include the Annual Industrial Action Report during 2004/05. A research report was completed and presented to a research seminar on the cost-benefit analysis of training in South Africa and an annual state of skills report was published in 2005. A five-year research, monitoring and evaluation agenda has been approved with implementation due to start in 2005/06.

At the growth and development summit (GDS) in July 2003, the Department of Labour was tasked with monitoring the progress of government's agreements at the summit. The third progress report on the summit's agreements between government and its social partners was submitted and presented to the presidential joint working group meeting in July 2005.

Selected medium-term output targets

Labour Policy and Labour Market Programmes

Measurable objective: Develop labour legislation and policy to reduce conflict and inequalities and improve working conditions and equity in the labour market, including through fulfilling South Africa's obligations to international and regional organisations.

Subprogramme	Output	Measure/Indicator	Target
Labour Relations	Minimum conditions of employment and wages for vulnerable workers in various sectors	Publish sectoral determinations within set timeframes	Welfare - December 2006 Hospitality - March 2007
	National programme of action on the elimination of child labour	Review the existing sectoral determinations within the set timelines	Private security - June 2006 Contract cleaning - November 2006 Civil engineering - January 2007 August 2006 to March 2007
Implement communication campaign on CLAP reaching internal stakeholders/ government departments		August 2006	
Departmental child labour desk implemented and operational		September 2006	
Training of staff on CLAP		December 2006	
	Develop performance indicators to monitor the implementation of the CLAP		

Subprogramme	Output	Measure/Indicator	Target
Labour Policy	Labour market information system Labour market research, monitoring and evaluation agenda	Up-to-date and accessible labour market information statistics captured timeously Number of reports published Agenda implemented	Capture new information within 1 month of being made available 5 reports published by the end of 2006 March 2006
International Labour Matters	Participation in International Labour Organisation governing body meetings and international labour conferences	Percentage participation as a titular member in all meetings and conferences	100% participation
National Economic Development and Labour Council	Transfer payment to Nedlac	Percentage of negotiations engaging business, labour, the community and government to reach consensus Monitor, evaluate and report on the progress of the agreements signed by stakeholders at the Growth and Development Summit	80% of agreements concluded Reports due in March 2006
Sheltered Employment	Restructured sheltered employment centres	Turnaround strategy agreed	By March 2006

Programme 5: Social Insurance

The *Social Insurance* programme contributes to the Unemployment Insurance Fund, and funds the Compensation Fund, which compensates civil servants for accidents or illnesses while on duty.

Expenditure estimates

Table 17.7 Social Insurance

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
R thousand							
Unemployment Insurance	327 000	7 000	–	1	1	1	1
Compensation Fund	11 483	8 010	8 013	9 000	9 500	10 000	10 500
Total	338 483	15 010	8 013	9 001	9 501	10 001	10 501
Change to 2005 Budget estimate				(13 426)	(13 852)	(14 170)	(14 777)

Economic classification

Transfers and subsidies	338 483	15 010	8 013	9 001	9 501	10 001	10 501
Departmental agencies and accounts	338 483	15 010	8 013	9 001	9 501	10 001	10 501
Total	338 483	15 010	8 013	9 001	9 501	10 001	10 501

Details of major transfers and subsidies

Departmental agencies and accounts							
Social security funds							
Current	338 483	15 010	8 013	9 001	9 501	10 001	10 501
Unemployment Insurance Fund	327 000	7 000	–	1	1	1	1
Compensation Fund	11 483	8 010	8 013	9 000	9 500	10 000	10 500
Total	338 483	15 010	8 013	9 001	9 501	10 001	10 501

Expenditure trends

Legislative changes relieve the department of contributing R7 million per year to the UIF. The allocation has been reduced to a nominal R1 000 per year starting from 2005/06 because the department is obliged to include, in its budgetary submission, any future requests from the UIF for funding from the fiscus. The average annual growth rate is 5,3 per cent during the MTEF.

A reduction of the provisions for administrative costs relating to injuries sustained on duty by civil servants was made because this allocation was substantially underutilised in the past. Baseline allocations to the fund were based on these revised requirements

Service delivery objectives and indicators

Recent outputs

For the year ended March 2005, the Compensation Fund paid R604 million in compensation to beneficiaries compared with R493 million in 2003/04. Medical payments amounted to R1 billion, slightly lower than the R1,2 billion in 2003/04; R314 million was paid in the form of pensions to beneficiaries compared to R277 million in the previous year. Total claims expenditure amounted to R1,95 billion in 2004/05, marginally lower than the R1,97 billion for the year ended March 2004. Beneficiary claims (payments to injured employees on either a temporary or permanent disability basis) paid in 2003/04 totalled R493 million, pension claims (payments to pensioners who are permanently disabled because of their injury on duty) R277 million and medical treatment (payments to medical service providers for treatment of injured employees) R1,2 billion.

The number of compensation awards decreased by 20,7 per cent, but this is on par with the number of awards made in 2001/2002 and 2002/03. The number of occupational diseases claims finalised increased by nearly 233,8 per cent due to: increased capacity in the section, the impact of the finalisation of the occupational diseases policy, and the increased awareness and compliance by stateholders.

The total value of UIF benefits paid in 2004/05 declined by 28,8 per cent, possibly the result of fewer claims being made as individuals exhaust their 238 days benefit credits over a four-year period.

Selected medium-term outputs targets

Social Insurance

Measurable objectives: Support and ensure sound administration of the Compensation Fund and manage government financial assistance to the funds, for efficiency and financial sustainability.

Subprogramme	Output	Measure/Indicator	Target
Unemployment Insurance Fund	Improved service delivery	Percentage of claims finalised on time Punctual processing of benefit applications	80% of claims finalised within 4 weeks All benefit claims processed within 6 weeks
Compensation Fund	Effective and sustainable Compensation Fund	Punctual payments of benefits	All benefits fully paid by end of financial year

Public entities reporting to the minister

National Skills Fund

The National Skills Fund (NSF) was established in 1999 in terms of the Skills Development Act (1998). The Skills Development Levies Act (1999) allows for the NSF to be funded through a 20 per cent top-slice of the skills development levies collected by the South African Revenue Service (SARS), with a maximum of 2 per cent for administration. The Minister of Labour approves the NSF's spending in line with the national skills development strategy and on the advice of the National Skills Authority (NSA).

The national skills development strategy sets the NSF's medium-term service delivery indicators and targets. Funds and resources are channelled into nationally prioritised projects through nine dedicated funding windows, each focusing on a unique group of beneficiaries. The biggest funding

window is the social development initiatives window, which focuses on the unemployed and under-employed. The Letsema project, which targeted 5 000 unemployed youth is a good example of the typical beneficiary group.

Through the social development initiatives window, the NSF has committed R1,8 billion to the SETAs for strategic community level projects and for unemployed learners via the national learnership campaign. R541 million remains to be transferred to the various SETAs in 2005/06. The NSF has also contributed funds to the training component of the expanded public works programme. For the period ending November 2005, the NSF committed R181 million to 7 330 unemployed learners on various learnerships.

In 2004/05, the NSF accumulated revenue of R1,1 billion, 87 per cent being derived from the skills development levy. Expenditure was R1,2 billion resulting in a net deficit of R97 million. The NSF has invested R1,2 billion of its cash surpluses. Of the skills development levies collected in 2004/05, R945,1 million was transferred to the NSF and the transfer for 2006/07 is projected to increase to R1,1 billion. The skills levy is projected to grow at an average annual rate of 10,8 per cent over the medium term compared to an average growth of 15,4 per cent between 2002/03 to 2005/06.

The cash and cash equivalents in 2004/05 amounted to R1,2 billion, are projected to decrease by R258 million in 2005/06 and continue to decline over the medium term as committed spending accelerates and the spending pressures to fund the expanded public works programmes increase. The significant increase of 63,2 per cent in spending on transfers and subsidies, from R498 million in 2003/04 to R813 million in 2004/05, can be attributed to increased spending in the various funding windows in terms of the skills development strategy targets.

Table 17.8 Financial summary for the National Skills Fund (NSF)

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited		2006/07	2007/08	2008/09
R Thousand	2002/03	2003/04	2004/05	2005/06			
INCOME STATEMENT SUMMARY							
Revenue							
Tax revenue	647 663	755 402	945 079	986 800	1 120 000	1 230 000	1 360 000
Non-tax revenue	119 821	134 654	97 845	74 000	63 000	44 000	35 000
Transfers received	35 360	40 656	42 351	42 408	42 666	44 799	46 949
Total revenue	802 844	930 712	1 085 275	1 103 208	1 225 666	1 318 799	1 441 949
Expenses							
Current expense	86 213	209 031	369 528	418 570	437 805	458 611	477 613
Goods and services	86 213	209 031	369 528	418 570	437 805	458 611	477 613
Transfers and subsidies	443 906	498 165	812 982	941 840	996 007	1 080 224	1 197 785
Total expenses	530 118	707 196	1 182 510	1 360 409	1 433 812	1 538 835	1 675 398
Surplus / (Deficit)	272 726	223 516	(97 235)	(257 201)	(208 146)	(220 036)	(233 449)
BALANCE SHEET SUMMARY							
Receivables and prepayments	15 574	14 966	2 491	–	–	–	–
Cash and cash equivalents	1 063 596	1 286 285	1 201 525	943 724	735 578	515 542	282 093
Total assets	1 079 170	1 301 251	1 204 016	943 724	735 578	515 542	282 093
Capital and reserves	1 074 644	1 298 160	1 200 925	943 724	735 578	515 542	282 093
Trade and other payables	4 526	3 091	3 091	–	–	–	–
Total equity and liabilities	1 079 170	1 301 251	1 204 016	943 724	735 578	515 542	282 093

Data provided by the Department of Labour

Unemployment Insurance Fund

The Unemployment Insurance Fund (UIF) provides short-term unemployment insurance as legislated in the Amended Unemployment Insurance Act (2003). It strives to contribute to the

alleviation of poverty in South Africa by providing effective short-term unemployment insurance to all workers who qualify for unemployment and related benefits. The fund is financed by a dedicated tax on the wage bill, where employers and employees each contribute 1 per cent of earnings. The majority of revenue is collected through SARS in terms of the Unemployment Insurance Contributions Act (2002), and is then transferred to the fund.

In light of the fund's positive cash flow, the fund was able to meet its operational expenditure requirements, and the UIF commissioner requested that the approved additional allocations for 2004/05 be suspended. The fund realised a surplus of R3,8 billion Contributions collected increased by 5 per cent from R5,7 billion in 2003/04 to R6 billion in 2004/05. The third actuarial valuation in March 2005 determined that the UIF has a strong cash flow position for the next 10 years, requiring that it set up reserves of R8,7 billion. At the end of March 2005, the fund had accumulated R10,2 billion in reserves, with R9,8 million being channelled to the Public Investment Corporation.

As a direct result of the new legislation and the inclusion of high income earners in the unemployment insurance net, the net surplus, before allowing for actuarial reserves and other provisions, increased from R3,3 billion in 2003/04 to R3,8 billion in 2004/05. The net surplus is projected to grow at an average annual rate of 5,8 per cent over the medium term.

An independent review of the corporate form of the fund as a public entity was completed in March 2005, with the report due early in 2006. As a result of the review, and to improve efficiencies, the UIF will begin to transform the fund into a ring-fenced departmental agency. The fund has made substantial improvements in terms of financial viability and service delivery. New information management systems will improve the quality and turnaround times of claims processing, provide speedier responses to client enquiries, and fully integrate the fund's financial system. Another priority for the medium term is the recruitment and re-skilling of appropriate resources to manage the new business environment.

The data in the following table provides only cash information extracted from the entity's cash flow statement and excludes all accrual transactions like provisions and depreciation. This makes the data compatible with other government data. Details on beneficiaries and other data are contained in the fund's annual report. In 2004/05, approved claims increased by nearly 13 per cent compared to the previous year, but the total value of benefits paid declined by nearly 29 per cent.

Table 17.9 Summary of revenue and expenses for the Unemployment Insurance Fund (UIF)

	Audited	Audited	Audited	Estimated Outcome	Medium-term estimate			
					2002/03	2003/04	2004/05	2005/06
R Thousand								
Revenue								
Tax revenue	4 344 700	5 734 937	6 026 905	6 765 656	7 238 762	7 744 985	8 286 644	
Non-tax revenue	107 783	153 139	746 854	817 272	1 097 506	1 395 221	1 708 996	
Transfers received	94 000	7 000		1	1	1	1	
Total revenue	4 546 483	5 895 076	6 773 759	7 582 929	8 336 269	9 140 207	9 995 641	

Table 17.9 Summary of revenue and expenses for the Unemployment Insurance Fund (UIF) (continued)

	Audited			Estimated Outcome	Medium-term estimate		
	2002/03	2003/04	2004/05		2005/06	2006/07	2007/08
R Thousand							
Expenses							
Current expenses	2 442 650	2 571 022	2 940 075	3 570 054	4 057 014	4 610 612	5 238 973
<i>Compensation of employees</i>	230 062	241 993	219 907	292 000	309 000	327 540	347 192
<i>Goods and services</i>	141 728	190 360	228 991	269 000	310 000	354 520	401 000
<i>Transfer payments and subsidies</i>	2 070 860	2 093 870	2 484 470	2 958 054	3 384 014	3 871 312	4 428 781
<i>Other expenditure</i>		44 799	6 707	51 000	54 000	57 240	62 000
Capital expenditure	27 030	5 502	846	2 625	2 975	3 175	5 500
<i>Transfer payments</i>	–	–	–	–	–	–	–
<i>Fixed assets</i>	27 030	5 502	846	2 625	2 975	3 175	5 500
Total Expenses	2 469 680	2 576 524	2 940 921	3 572 679	4 059 989	4 613 787	5 244 473
Surplus / (Deficit)	2 076 803	3 318 552	3 832 838	4 010 250	4 276 280	4 526 420	4 751 168

Audited financial statements for 2000/01, 2001/02 and 2002/03 adjusted for 12 months.

Data provided by the Unemployment Insurance Fund

National Productivity Institute

The National Productivity Institute (NPI) is mandated by government, labour and business to improve productivity and thus contribute to South Africa's socioeconomic development and competitiveness. It aims to improve the productive capacity of the economy through interventions that encourage social dialogue and collaboration between partners.

In the public sector, the NPI makes interventions in local government, public enterprises and education and training. Support to local government targets various municipalities where the NPI has established a co-ordinating structure for public private partnerships. Several departments, notably education, labour, and trade and industry have working agreements with the NPI. The NPI has also worked with Spoornet, Eskom, Transwerk and the SABC to improve levels of operational efficiency and cost effectiveness. In the private sector, the NPI collaborates with numerous partners on a variety of projects including initiatives in the lumber, forestry, furniture and clothing sectors, to mention a few. Over the next three years, the NPI will focus on service delivery. About 66 per cent of revenue comes from government transfers via the NSF; additional funds come from donors as well as from project management fees in terms of the social plan and work place challenge programmes.

Transfers received amounted to R41,7 million in 2004/05 compared to R37,3 million in 2003/04, and are expected to increase by 25,5 per cent over the medium term, due to substantial increases in funding of the social plan and work place challenge programmes.

As part of its drive to improve service delivery, a major review of the activities of the NPI has been commissioned to give the organisation a clear picture of what it is delivering, and, to what extent. This review will be shared with the newly appointed Social Plan Productivity and Advisory Council. A review will also be undertaken with its social partners to ensure that NPI's aims and objectives meet their needs.

Table 17.10 Financial summary for the National Productivity Institute (NPI)

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited		2006/07	2007/08	2008/09
R Thousand	2002/03	2003/04	2004/05	2005/06			
INCOME STATEMENT SUMMARY							
Revenue							
Non-tax revenue	15 493	14 545	9 854	17 697	18 760	19 884	21 078
Transfers received	41 521	37 275	41 690	36 934	67 501	60 582	63 074
Total revenue	57 014	51 820	51 544	54 631	86 261	80 466	84 152
Expenses							
Current expense	54 321	53 044	52 580	63 993	86 172	80 368	84 052
Compensation of employees	20 984	23 074	22 607	29 330	31 383	33 580	35 930
Goods and services	32 733	29 233	29 516	34 177	54 274	46 243	47 544
Depreciation	585	726	409	435	461	488	517
Interest, dividends and rent on land	19	11	48	51	54	57	61
Transfers and subsidies	157	97	80	85	90	96	101
Total expenses	54 478	53 141	52 660	64 078	86 262	80 464	84 153
Surplus / (Deficit)	2 536	(1 321)	(1 116)	(9 447)	(1)	2	(1)
BALANCE SHEET SUMMARY							
Carrying value of assets	1 110	737	865	875	864	848	822
Inventory	112	71	80	82	83	84	84
Receivables and prepayments	7 744	3 039	4 814	4 682	4 650	4 650	4 650
Cash and cash equivalents	18 541	18 820	16 103	4 431	5 646	5 970	6 214
Total assets	27 507	22 667	21 862	10 070	11 243	11 552	11 770
Capital and reserves	19 962	16 575	15 461	6 015	6 016	6 015	6 015
Borrowings	238	3 374	2 205	–	–	–	–
Trade and other payables	6 272	1 519	2 819	2 581	3 650	3 850	3 950
Provisions	1 035	1 199	1 377	1 474	1 577	1 687	1 805
Total equity and liabilities	27 507	22 667	21 862	10 070	11 243	11 552	11 770

Data provided by the National Productivity Institute

Compensation Fund

The Compensation Fund, established in accordance with the amended Compensation for Injuries and Diseases Act (1997), provides compensation for disablement resulting from occupational injuries, diseases or death. It is financed from levies paid by employers. The Department of Labour contributes to the fund for the medical costs of injuries and diseases sustained by government officials on duty.

The revenue of the Compensation Fund consists mainly of annual assessments paid by the registered employers on a basis of a percentage or fixed rate of the annual earnings of their employees. The act, however, makes provision for a minimum assessment to ensure that the assessment is not less than the administration costs. The Compensation Fund is also protected by provisions which permit the imposition of penalties on employers who fail to pay assessments, or render wage returns, at a rate of 10 per cent of the assessment.

For the financial year ending March 2005, awards for compensation for injuries on duty decreased by 20,7 per cent compared to the previous year. Repudiated claims increased. Many old cases where no further information could be obtained had to be adjudicated and finalised in terms of the backlog strategy. In 2006/07, the fund will continue to revise its policies in line with the Constitution and develop new policies in conjunction with social partners to ensure uniformity in

the handling of compensation for occupational diseases. The fund will also continue to improve management, information systems, service delivery and maintain the financial viability of the fund.

Expenditure in respect of transfers and subsidies reflects a nominal growth of 38,6 per cent from 2004/05 to 2005/06 due to the reduction in the claims backlog in 2004/05. Spending on goods and services increases by 94 per cent from 2004/05 to 2005/06 due to renovations to Compensation House, upgrading the telephone system and a communications project. Surpluses in 2003/04 were at R1,4 billion, declining to R688,4 million in 2004/05 and are expected to increase thereafter to R1,3 billion in 2008/09. The decrease by 60,2 per cent from 2005/06 to 2006/07 is due to an expected increase in claims, especially from the medical profession.

The data presented in the table below provide only cash information extracted from the entity's cash flow statement, and exclude all accrual transactions, like provisions and depreciation. This makes the data compatible with national government's data.

Table 17.11 Summary of revenue and expenses for the Compensation Fund

	Audited			Estimated Outcome	Medium-term estimate		
	2002/03	2003/04	2004/05		2005/06	2006/07	2007/08
R Thousand							
Revenue							
Tax revenue	2 011 742	2 344 176	2 418 536	2 567 545	2 747 273	2 912 110	3 086 836
Non-tax revenue	1 367 398	1 342 501	485 154	1 159 000	1 300 000	1 370 000	1 436 200
Total revenue	3 379 140	3 686 677	2 903 690	3 726 545	4 047 273	4 282 110	4 523 036
Expenses							
Current expenses	2 702 678	2 318 622	2 209 944	3 010 210	2 904 147	3 057 196	3 226 193
<i>Compensation of employees</i>	93 400	97 486	95 772	155 000	175 000	185 500	196 630
<i>Goods and services</i>	127 673	270 436	181 736	352 796	373 964	396 402	420 186
<i>Transfer payments and subsidies</i>	2 428 303	1 924 717	1 805 237	2 502 414	2 355 183	2 475 294	2 609 377
<i>Other expenditure</i>	53 302	25 983	127 199	–	–	–	–
Capital expenditure	13 476	1 871	5 331	7 500	7 811	8 280	8 776
<i>Transfer payments</i>	–	–	–	–	–	–	–
<i>Fixed assets</i>	13 476	1 871	5 331	7 500	7 811	8 280	8 776
Total Expenses	2 716 154	2 320 493	2 215 275	3 017 710	2 911 958	3 065 475	3 234 969
Surplus / (Deficit)	662 986	1 366 184	688 415	708 835	1 135 315	1 216 635	1 288 067

Audited financial statements for 2002/03 adjusted for 12 months.

Data provided by the Compensation Fund

Sector Education and Training Authorities

In March 2000, the Minister of Labour established 25 Sector Education and Training Authorities (SETAs) in terms of the Skills Development Act (1998) to promote skills development across various sectors of the economy. The main function of a SETA is to: develop appropriate sector skills; develop and register learnership programmes; quality assurance of qualifications and standards of programmes in their sectors; disburse national skills development levy funds; and provide information about the sector to recruitment service providers.

In March 2005, the Minister of Labour launched the updated national skills development strategy, NSDS: 2005-2010. A review process resulted in the minister re-establishing 23 SETAs while 2 new merged SETAs came into being. The first is the Agricultural SETA (AgriSETA) comprising the Primary Agriculture Education and Training Authority (previously known as PAETA) and the Sector Education and Training Authority for Secondary Agriculture (previously known as SETASA). The second is the Safety and Security SETA (SASSETA) which formerly comprised of the Diplomacy, Intelligence, Defence and Trade Training Authority (DIDTETA) and Police,

Private Security, Legal and Correctional Services Sector Education and Training Authority (POSLEC).

SETAs receive contributions from an estimated 193 000 employers and 80 per cent of the skills development levies collected. In some instances an additional amount is contributed by various government departments. Consolidated SETA revenue amounted to R4,5 billion for 2004/05, while expenditure totalled R4,3 billion. For 2005/06, SETAs are projected to run a deficit of R137 million for the first time, with an expected deficit of R360,8 million in 2008/09. The SETAs hold employer mandatory grants in trust for approximately 18 months. This has contributed to the increase in cash and cash equivalents in 2004/05, amounting to R4,1 billion. The launch of NSDS: 2005-2010 will accelerate the disbursement of grants as submissions and payment timeframes are clearly defined in the funding regulations. The targets and service delivery indicators are highlighted in the NSDS: 2005-2010. Moreover, these are converted into tangible, measurable targets and objectives in the service level agreements signed between the SETAs and the Department of Labour before the start of the next financial year.

Skills development levy transfers to the Setas increased from R2,7 billion in 2002/03 to R3,1 billion in 2004/05. The average annual growth in skills levies transferred to the SETAs from 2002/03 to 2005/06 is 13,2 per cent, which is expected to slow over the medium term to 11,3 per cent as a result of the exemption to small businesses with a payroll of less than R500 000 from complying with the Skills Development Levies Act (1999).

Table 17.12 Financial summary for the Consolidated Sector Education and Training Authorities

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited		2006/07	2007/08	2008/09
R Thousand	2002/03	2003/04	2004/05	2005/06			
INCOME STATEMENT SUMMARY							
Revenue							
Non-tax revenue	260 479	333 485	298 926	232 285	235 148	218 533	217 950
Transfers received	2 843 950	3 259 588	4 171 482	4 283 060	4 659 967	5 089 232	5 611 613
Skills development transfers	2 720 501	3 052 063	3 560 828	3 947 200	4 480 309	4 920 271	5 440 344
Other transfers	123 449	207 525	610 654	335 860	179 659	168 961	171 269
Total revenue	3 104 429	3 593 073	4 470 408	4 515 345	4 895 115	5 307 765	5 829 563
Expenses							
Current expense	473 428	633 964	1 244 659	984 432	1 033 045	1 067 302	1 168 282
Compensation of employees	120 283	160 692	191 480	218 798	291 119	317 829	349 015
Goods and services	340 630	459 222	1 035 915	747 249	723 915	731 473	800 308
Depreciation	12 453	14 014	17 183	18 062	16 813	16 743	17 638
Interest, dividends and rent on land	61	36	81	323	1 198	1 258	1 321
Transfers and subsidies	1 621 188	2 236 658	3 023 350	3 667 681	4 049 285	4 510 382	5 022 064
Employer grant	1 543 782	1 950 276	2 701 642	3 172 631	3 425 421	3 786 518	4 248 200
Discretionary grant	77 406	286 382	321 708	495 050	623 864	723 864	773 864
Total expenses	2 094 616	2 870 622	4 268 009	4 652 113	5 082 330	5 577 684	6 190 346
Surplus / (Deficit)	1 009 814	722 451	202 399	(136 768)	(187 215)	(269 919)	(360 784)

Table 17.12 Financial summary for the Consolidated Sector Education and Training Authorities (continued)

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited		2006/07	2007/08	2008/09
R Thousand	2002/03	2003/04	2004/05	2005/06			
BALANCE SHEET SUMMARY							
Carrying value of assets	47 767	50 227	46 655	60 454	44 007	47 298	43 164
Long term investments	4 502	4 915	5 112	–	–	–	–
Inventory	88	36	25	14	25	25	25
Receivables and prepayments	633 002	794 740	690 988	669 436	715 248	733 618	762 684
Cash and cash equivalents	2 959 633	3 652 275	4 138 425	3 777 946	3 476 926	3 139 017	2 677 044
Total assets	3 644 993	4 502 192	4 881 204	4 507 850	4 236 206	3 919 958	3 482 917
Capital and reserves	2 494 063	3 499 628	3 679 818	3 856 835	3 458 653	3 117 839	2 676 096
Borrowings	74	43	–	–	–	–	–
Post retirement benefits	2 083	2 630	1 906	1 906	1 906	1 906	1 906
Trade and other payables	1 019 928	857 743	995 521	610 626	756 157	780 534	785 092
Provisions	128 845	142 148	203 959	38 483	19 490	19 680	19 824
Total equity and liabilities	3 644 993	4 502 192	4 881 204	4 507 850	4 236 206	3 919 958	3 482 917

Data provided by the Department of Labour

22 Operational Sector Education and Training Authorities as at 30 September 2005

National Economic Development and Labour Council

The aim of the National Economic Development and Labour Council's (Nedlac) is to build consensus through tripartite participation in decision-making on labour and socioeconomic matters. Nedlac consists of four separate chambers: labour market, trade and industry, public finance and monetary policy, and development. Representatives at these chambers are from organised business, organised labour, community and development organisations, and from government. Nedlac considers all proposed labour legislation and significant changes to social and economic policy before it is introduced to Parliament.

In 2005, Nedlac celebrated its tenth anniversary, with the growth and development summit (GDS), held in June 2003, considered a major highlight in its history. The council is responsible for monitoring the progress and implementation of the GDS agreement, which constituted one of its key tasks. Achievements to date include: the Umzansi account (the outcome of the 2002 Nedlac financial sector summit) where there are currently 1,3 million account holders of which 56 per cent are female; and the Consumer Credit Bill, currently before Parliament, one of whose aims is to regulate the micro-credit sector.

Nedlac is largely funded by government transfers, which amounted to R9,1 million in 2004/05 and is expected to increase at an annual average rate of 6,5 per cent over the medium term. Total expenditure grew by 39,7 per cent from 2003/04 to 2004/05 as a result of Nedlac's tenth birthday celebrations. Other cost-drivers over the MTEF period include the planned renovation of the Nedlac building and the acquisition of new computers, an increase in chamber meetings, and the recruitment of additional staff. For 2005/06, Nedlac projects a breakeven situation, which is expected to continue over the medium term.

Nedlac constituencies have reaffirmed their commitment to social dialogue and to working together to address the challenges facing South Africa by focusing on: raising public awareness of Nedlac; developing capabilities to deliver quality outcomes; giving effect to the commitments in the GDS agreement and evaluating the extent to which Nedlac agreements contribute to social and economic transformation in South Africa. Areas that need further attention relate to reviewing the recruitment and remuneration policies to ensure a well-resourced, high-level secretariat, as well as reviewing the role it plays to become more proactive in leading processes.

Table 17.13 Financial summary for the National Economic, Development and Labour Council (NEDLAC)

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited				
R Thousand	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
INCOME STATEMENT SUMMARY							
Revenue							
Non-tax revenue	621	489	336	430	403	434	484
Transfers received	7 366	7 673	9 146	11 551	12 712	13 348	13 959
Total revenue	7 987	8 162	9 482	11 981	13 115	13 782	14 443
Expenses							
Current expense	8 004	6 219	8 701	11 802	12 712	13 704	14 355
Compensation of employees	3 332	2 192	3 061	3 620	3 631	3 769	4 000
Goods and services	4 334	3 669	5 236	7 762	8 623	9 440	9 789
Depreciation	337	355	385	420	458	495	567
Interest, dividends and rent on land	–	3	19	–	–	–	–
Transfers and subsidies	44	49	59	179	403	78	88
Total expenses	8 048	6 268	8 759	11 981	13 115	13 782	14 443
Surplus / (Deficit)	(61)	1 893	723	–	–	–	–
BALANCE SHEET SUMMARY							
Carrying value of assets	1 857	1 717	1 766	2 081	2 310	2 372	2 480
Receivables and prepayments	534	724	3 113	1 950	1 710	1 440	1 300
Cash and cash equivalents	2 792	3 335	2 801	1 000	1 200	1 100	1 070
Total assets	5 184	5 776	7 681	5 031	5 220	4 912	4 850
Capital and reserves	4 566	5 335	7 182	4 549	4 769	4 597	4 629
Trade and other payables	618	441	439	420	391	250	158
Provisions	–	–	59	62	60	65	63
Total equity and liabilities	5 184	5 776	7 681	5 031	5 220	4 912	4 850

Data provided by the National Economic Development and Labour Council

Commission for Conciliation, Mediation and Arbitration

The Commission for Conciliation, Mediation and Arbitration (CCMA) was established in terms of the Labour Relations Act (1995), as amended. The CCMA's key priorities are to provide high quality dispute resolution and prevention services, improve service delivery, and build capacity in the bargaining councils and similar institutions.

As at November 2005, a total number of 10 814 cases were referred, of which 2 893 were referred in Gauteng and 1 621 in the Western Cape, representing the highest number of cases referred to in these provinces. The highest referring issues in dispute relate to: unfair dismissal disputes (79 per cent); unfair labour practices (7 per cent); and matters of mutual interest (4 per cent). The best settlement rate was achieved in the Free State, with a settlement rate of 77 per cent, followed by Northern Cape, at 75 per cent. The CCMA has enjoyed a national settlement rate of 70 per cent since its inception. The national multilingual call-centre dealing with requests for labour-related advice and CCMA case-related queries, dealt with 198 226 calls in 2004/05. This reflects an increase of 4 per cent.

Government transfers to the CCMA amounted to R174,6 million in 2004/05, increasing to R197,9 million for 2005/06. This represents an increase of 13,4 per cent due to the CCMA's case management system. Transfers over the medium term are expected to grow at an average annual rate of 7,4 per cent. Total expenditure and revenue is projected to rise, on average, at 7,6 per cent and 7,8 per cent, respectively, over the medium term. The CCMA projects deficits in 2006/07 and 2007/08.

Projected outputs for 2006 include: improving basic CCMA dispute resolution services, setting up specialist services with distinctive competencies, developing an appropriate regulatory system for dispute resolution, strengthening the organisation's research capabilities, and improving support services to the organisation.

Table 17.14 Financial summary for the Commission for Conciliation, Mediation and Arbitration (CCMA)

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited		2006/07	2007/08	2008/09
R Thousand	2002/03	2003/04	2004/05	2005/06			
INCOME STATEMENT SUMMARY							
Revenue							
Non-tax revenue	1 971	3 795	4 162	4 467	5 548	7 144	8 938
Sale of goods and services other than capital assets	588	1 536	2 043	2 121	2 219	2 858	3 575
<i>Of which:</i>							
Sales by market establishments	588	1 536	2 043	2 121	2 219	2 858	3 575
Other non-tax revenue	1 383	2 259	2 119	2 346	3 329	4 286	5 363
Transfers received	145 740	156 410	174 612	197 945	203 171	216 391	244 804
Total revenue	147 711	160 205	178 774	202 412	208 719	223 535	253 742
Expenses							
Current expense	149 343	154 943	177 177	199 550	216 042	230 692	245 513
Compensation of employees	65 710	72 560	79 348	83 837	95 908	102 205	108 924
Goods and services	79 344	78 421	94 167	113 002	116 330	123 969	132 117
Depreciation	4 274	3 933	3 649	2 698	3 789	4 502	4 455
Interest, dividends and rent on land	15	29	13	13	15	16	17
Transfers and subsidies	2 312	3 493	3 317	2 769	5 653	6 023	6 420
Total expenses	151 655	158 436	180 494	202 319	221 695	236 715	251 933
Surplus / (Deficit)	(3 944)	1 769	(1 720)	93	(12 976)	(13 180)	1 809
BALANCE SHEET SUMMARY							
Carrying value of assets	9 031	5 972	5 775	5 523	7 116	8 349	10 006
Inventory	245	380	476	866	810	1 578	2 034
Receivables and prepayments	3 056	3 431	3 854	3 623	4 361	5 928	6 582
Cash and cash equivalents	7 020	21 091	25 612	27 956	13 871	5 860	9 961
Total assets	19 352	30 874	35 717	37 968	26 158	21 715	28 583
Capital and reserves	9 636	11 405	9 685	10 116	(1 496)	(10 006)	(5 977)
Borrowings	1	46	-	-	-	-	-
Trade and other payables	5 931	10 547	15 779	18 124	15 783	13 024	12 367
Provisions	3 784	8 876	10 253	9 728	11 871	18 697	22 193
Total equity and liabilities	19 352	30 874	35 717	37 968	26 158	21 715	28 583

Data provided by the Commission for Conciliation, Mediation and Arbitration

Umsobomvu Youth Fund

The Umsobomvu Youth Fund (UYF) was established in January 2001, to create a platform for job creation, skills development and entrepreneurial programmes that target the unemployed youth in South Africa. Creating jobs and developing skills among young South Africans are the main aims of the Umsobomvu Youth Fund. The UYF has three main programmes:

- *Contact, Information and Counselling (CIC)*- aimed at providing young people with information and counselling support in relation to careers, employment, self-employment, health and well-being, and citizenship.

- *Skills Development and Transfer (SD&T)* - aimed at providing young people with a platform to acquire life and technical skills as well as work experience.
- *Youth Entrepreneurship* - provides entrepreneurship education, business development and financial support to aspirant entrepreneurs, start-up and existing businesses.

Over the past 36 months, R490 million rand has been committed to 73 projects. The CIC division's achievements and targets include: an internet portal, launched in 2004, and estimated to have over 3 million 'hits' with a target of 1,5 million hits for the year ending 31 March 2006; the unemployed graduates database, *JOBSÔ* (a jobs and opportunities seekers' database), was launched by the president in December 2005, and to date has 70 000 names registered, nearly 5,000 young people have had job referrals, 250 successful permanent placements have been made and at the launch, 20 corporate employers pledged to take 4 000 candidates from the database.

The skills development and training division consists of the school-to-work programme and the national youth service programme. The number of participants in the two programmes aggregated to 17 022 participants at 31 March 2005 in over 55 projects. It is estimated that this division will reach about 13 000 participants in 2005/06.

In the business development support division, a total of 7 284 young people consisting of 4 880 males and 2 404 females were provided with business development support since the service began. An amount of R76,5 million has been raised for young entrepreneurs to start or expand their entities. UYF successfully organised the second annual national conference in youth entrepreneurship in Mpumalanga as part of the Youth Month activities in June 2005.

Business opportunity support systems (BOSS) is a new programme launched in December 2005 aimed at helping groups of youth entrepreneurs access identified business opportunities through technical assistance and funding, which will focus on providing employment opportunities. The programme aims to help a minimum of 200 young entrepreneurs to secure R50 million worth of business opportunities. The Entrepreneurship 2010 campaign is a collaborative effort between UYF, the SA Youth Chamber of Commerce, the National African Chamber of Commerce (Nafcoc) Youth Chamber and the Youth Chamber of Mining in an effort to raise the prominence of entrepreneurship by 2010. Over the next three years, the fund will continue to support initiatives, through strategic partnerships that promote employment for the youth.

The surplus over the MTEF period decreases due to the initial grant from government decreasing year-on-year as more cash is disbursed to projects. From a surplus of R29,5 million in 2005/06, the UYF projects a deficit of R5,2 million in 2008/09. Over the medium term, total revenue declines at an annual average rate of 15 per cent while total expenses increase at an annual rate of 6 per cent. No new transfers to the UYF are foreseen in the next few years.

Table 17.15 Financial summary for the Umsobomvu Youth Fund (UYF)

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited		2006/07	2007/08	2008/09
R Thousand	2002/03	2003/04	2004/05	2005/06			
INCOME STATEMENT SUMMARY							
Revenue							
Non-tax revenue	91 475	94 751	72 144	58 999	57 418	36 413	34 306
Sale of goods and services other than capital assets	–	1 416	664	8 084	19 199	5 419	6 232
<i>Other non-tax revenue</i>	<i>91 475</i>	<i>93 335</i>	<i>71 480</i>	<i>50 915</i>	<i>38 219</i>	<i>30 994</i>	<i>28 074</i>
<i>Other</i>	–	–	2 932	1 335	3 747	7 062	7 768
Transfers received	–	–	–	–	–	–	–
Total revenue	91 475	94 751	72 144	58 999	57 418	36 413	34 306
Expenses							
Current expense	11 185	32 057	30 622	29 259	32 447	34 697	39 176
Compensation of employees	3 224	7 194	9 479	11 876	12 696	13 586	16 338
Goods and services	7 452	23 952	20 094	15 338	17 563	18 769	20 332
Depreciation	509	911	1 049	2 045	2 188	2 342	2 507
Transfers and subsidies	47	73	112	226	264	283	304
Total expenses	11 232	32 130	30 734	29 485	32 711	34 980	39 480
Surplus / (Deficit)	80 243	62 621	41 410	29 514	24 707	1 433	(5 174)
BALANCE SHEET SUMMARY							
Carrying value of assets	3 495	4 880	9 022	11 462	7 982	3 974	2 944
Long term investments	20 000	26 768	44 958	62 707	90 273	56 978	41 978
Loans	–	10 234	8 999	54 923	88 691	70 629	60 035
Receivables and prepayments	3 076	7 238	11 981	–	–	–	–
Cash and cash equivalents	1 040 038	961 753	839 403	496 813	264 096	175 323	153 714
Total assets	1 066 609	1 010 873	914 363	625 905	451 042	306 904	258 671
Capital and reserves	1 061 597	994 034	892 795	618 484	443 621	299 483	251 250
Trade and other payables	2 843	12 918	15 022	3 500	3 500	3 500	3 500
Provisions	2 169	3 921	6 546	3 921	3 921	3 921	3 921
Total equity and liabilities	1 066 609	1 010 873	914 363	625 905	451 042	306 904	258 671

Data provided by the Umsobomvu Youth Fund

Annexure

Vote 17: Labour

Table 17.A: Summary of expenditure trends and estimates per programme and economic classification

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

Table 17.C: Summary of expenditure on training

Table 17.D: Summary of official development assistance expenditure

Table 17.E: Summary of departmental public-private partnership projects

Table 17.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R thousand	2004/05		2004/05	2005/06			2005/06
1. Administration	251 886	336 219	316 112	274 282	37 965	312 247	307 137
2. Service Delivery	477 439	487 797	428 969	539 275	31 390	570 665	555 447
3. Employment and Skills Development Services/ Human Resources Development	140 976	135 972	112 491	147 179	(4 600)	142 579	138 061
4. Labour Policy and Labour Market Programmes	299 892	315 351	297 945	330 814	16 999	347 813	340 256
5. Social Insurance	21 540	21 540	8 013	22 427	(13 426)	9 001	9 001
Subtotal	1 191 733	1 296 879	1 163 530	1 313 977	68 328	1 382 305	1 349 902
Direct charge on National Revenue Fund	4 300 000	4 300 000	4 725 396	5 000 000	(66 000)	4 934 000	4 934 000
Sector Education and Training Authorities	3 440 000	3 440 000	3 780 317	4 000 000	(52 800)	3 947 200	3 947 200
National Skills Fund	860 000	860 000	945 079	1 000 000	(13 200)	986 800	986 800
Total	5 491 733	5 596 879	5 888 926	6 313 977	2 328	6 316 305	6 283 902

Economic classification

Current payments	798 701	857 019	800 146	891 039	134 869	1 025 908	993 413
Compensation of employees	454 888	411 617	371 495	512 400	(37 058)	475 342	447 269
Goods and services	343 813	445 402	428 129	378 639	171 927	550 566	546 144
Financial transactions in assets and liabilities	–	–	522	–	–	–	–
Transfers and subsidies	4 624 691	4 637 636	5 049 835	5 350 368	(74 697)	5 275 671	5 275 763
Provinces and municipalities	1 345	1 301	1 095	1 476	(19)	1 457	1 457
Departmental agencies and accounts	4 611 827	4 624 327	4 989 795	5 295 020	(69 426)	5 225 594	5 225 594
Foreign governments and international organisations	11 023	11 023	5 737	12 152	(6 252)	5 900	5 928
Non-profit institutions	496	496	51 783	41 720	1 000	42 720	42 720
Households	–	489	1 425	–	–	–	64
Payments for capital assets	68 341	102 224	38 945	72 570	(57 844)	14 726	14 726
Buildings and other fixed structures	63 641	94 005	36 847	67 459	(59 602)	7 857	7 857
Machinery and equipment	4 697	7 719	2 020	5 107	1 544	6 651	6 651
Software and intangible assets	3	500	78	4	214	218	218
Total	5 491 733	5 596 879	5 888 926	6 313 977	2 328	6 316 305	6 283 902

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

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
A. Permanent and full-time contract employees							
Compensation (R thousand)	306 468	337 965	371 495	475 342	535 118	562 059	590 751
Unit cost (R thousand)	79	87	120	112	126	133	139
Compensation as % of total	100.0%	100.0%	98.6%	96.6%	95.9%	96.1%	96.3%
Personnel numbers (head count)	3 872	3 883	3 097	4 235	4 235	4 235	4 235
C. Interns							
Compensation of interns (R thousand)	–	–	5 409	16 762	22 883	22 883	22 883
Unit cost (R thousand)			37	70	70	70	70
Number of interns	–	–	146	241	329	329	329
Total for department							
Compensation (R thousand)	306 468	337 965	376 904	492 104	558 001	584 942	613 634
Unit cost (R thousand)	79	87	116	110	122	128	134
Personnel numbers (head count)	3 872	3 883	3 243	4 476	4 564	4 564	4 564
D. Learnerships							
Payments for learnerships (R thousand) (G&S)	–	–	4 377	4 242	5 284	5 284	5 284
Number of learnerships (head count)	–	–	227	220	274	274	274

Table 17.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
Training and staff development							
Expenditure per programme (R thousand)	6 899	6 252	37 322	7 821	8 069	8 473	8 895
Number of employees trained (head count)	3 872	3 883	3 097	4 235	4 235	4 235	4 235
Bursaries (employees)							
Expenditure per programme (R thousand)	103	90	148	116	90	86	85
Number of employees (head count)	29	22	29	31	30	29	29
Total	7 002	6 342	37 470	7 937	8 159	8 559	8 980
Number of employees	3 901	3 905	3 126	4 266	4 265	4 264	4 264

Table 17.D Summary of official development assistance expenditure

Donor	Project	Cash/ kind	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
			2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
R thousand									
Foreign									
Denmark	Skills development		427	–	–	–	–	–	–
European Union	Skills development		35 127	–	–	–	–	–	–
Total			35 554	–	–	–	–	–	–

Table 17.E Summary of departmental public-private partnership projects

R thousand	Total cost of project	Budget expenditure	Medium-term expenditure estimate		
		2005/06	2006/07	2007/08	2008/09
Projects signed in terms of Treasury Regulation 16	–	48 911	60 248	66 273	72 900
PPP unitary charge	–	48 911	60 248	66 273	72 900
Total	–	48 911	60 248	66 273	72 900

1. Only projects that have received Treasury Approval: 1