

Vote 16

Labour

R thousand	2007/08 To be appropriated	2008/09	2009/10
MTEF allocations			
Administration	360 653	380 480	403 452
Service Delivery	655 409	675 577	712 961
Employment and Skills Development Services/ Human Resources Development	585 039	202 444	210 610
Labour Policy and Labour Market Programmes	421 763	429 383	452 049
Social Insurance	10 001	10 501	11 040
Total	2 032 865	1 698 385	1 790 112
Direct charges against the National Revenue Fund	6 000 000	6 500 000	6 825 000
Total expenditure estimates	8 032 865	8 198 385	8 615 112
Economic classification			
Current payments	1 159 812	1 210 506	1 281 567
Transfers and subsidies	6 835 993	6 944 247	7 292 665
Payments for capital assets	37 060	43 632	40 880
Total expenditure estimates	8 032 865	8 198 385	8 615 112
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 a set of policies and programmes developed in consultation with social partners, which are aimed at: improved economic efficiency and productivity; skills development and employment creation; sound labour relations; eliminating inequality and discrimination in the workplace; alleviating poverty in employment; enhancing occupational health and safety awareness and compliance in the workplace; as well as nurturing the culture of acceptance that worker rights are human rights.

Programme purposes

Programme 1: Administration

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

Programme 2: Service Delivery

Implement and monitor Department of Labour policies and programmes.

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

Contribute to employment creation and skills development by promoting and monitoring the achievement of the objectives of the national skills development strategy and the national human resource development strategy.

Programme 4: Labour Policy and Labour Market Programmes

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 statistical data on the labour market, including providing support to the 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: 2003/04 – 2009/10

The Department of Labour has developed a programme of action 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 of the economy 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.

Key policy developments and legislative changes

Decentralising functions and delegating authority

Having provided the policy and legislative environment for the protection of the rights of workers and which guarantees fairness for all players in the labour market, the department will focus on speeding up the implementation of policy and improving the delivery of services to clients. The integrated business strategy reflects the strategic decision to decentralise functions and authority to staff at the department's service delivery points. This will help the department to deliver on its mandate, allocating and using all its resources optimally for better and smarter ways of delivering services to all its clients. Through this strategy, the department will be repositioned to focus on its core business and improve the integrated value chain.

Labour market legislation and policies

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. South Africa's acceptance and participation in the global arena is facilitated through compliance with international labour standards, improving working conditions and promoting productivity.

Skills development

The Skills Development Act (1998) and the Skills Development Levies Act (1999) were developed to promote employment by addressing the skills shortage through the 2001 national skills development strategy. The second phase of the strategy (2005-2010) seeks to support economic growth for employment creation and poverty eradication and 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 national skills development strategy is critical to realising government's goal of halving unemployment by 2014. 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 strategy is also aligned to and supports the Accelerated and Shared Growth Initiative for South Africa (ASGISA) and has been integrated into the work of the Joint Initiative on Priority Skills Acquisition (JIPSA).

Restructuring the Compensation Fund - phase 2

A turnaround strategy was developed in 2006/07 to strengthen social protection and improve the Compensation Fund's efficiency. Implementing the strategy will entail reviewing current operations and systems and decentralising claims processing functions to provincial offices and labour centres, as well as improving the rate and quality of employer assessments and revenue collection. It will also involve fast-tracking the setting up of provincial medical advisory panels in all provinces.

Integration of occupational health and safety competencies across government

The process of integrating occupational health and safety (OHS) competencies will be fast-tracked in the coming years to make sure that enabling policy and legislation is promulgated. A single OHS authority will be set up to oversee implementation, and inspectors from the Department of Minerals and Energy and the Department of Health will be transferred to the Department of Labour.

Outcomes*Skills development*

Together with the Department of Education, the Department of Labour will review the national qualifications framework (NQF) to assess the availability and relevance of qualifications that support occupationally directed learning. The department aims to collaborate more closely with provincial governments in implementing their provincial growth and development strategies, as these relate to skills development and employment creation. Strategic projects will be implemented over a three-year period in line with ASGISA priorities:

- skills in the engineering and construction sectors, focusing on artisan development for infrastructure projects
- skills for competitive and shared tourism and sport sector development, in particular for a sustainable tourism and sport industry leading up to and beyond the 2010 FIFA World Cup
- skills for work readiness programmes and job creation in business process outsourcing, in collaboration with direct foreign investment incentive programmes from the Department of Trade and Industry
- skills for emerging farmers and chemical workers to develop the fledgling bio-fuels industry.

The department will also be expanding its adult basic education and training (ABET) programmes in all relevant sectors with a focus on literacy.

Support for skills development through the ILO decent work country programme

In consultation with the International Labour Organisation (ILO) a broad framework for the ILO decent work country programme is being formulated. This includes strengthening support for existing skills development and employment services programmes in specific areas, and formulating new initiatives to deal with labour market challenges, especially in relation to employment creation and poverty alleviation.

Employment creation

The national skills development strategy's learning programmes (skills programmes, learnerships, apprenticeships and internships) target unemployed youth, as 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 ABET by March 2010. ABET aims to improve 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 the unemployed and people with low skills levels by providing them with work experience and improving their skills.

Setting up an employment services system is a priority for providing jobs and keeping workers in sustainable employment. The Department of Labour is responsible for developing and implementing an integrated employment services system, which aims to proactively identify, respond to and influence supply and demand in the labour market through various policies and programmes and to facilitate fair transactions between suppliers and providers of labour. International best practice standards and ILO conventions on employment services have been applied in developing the system.

The employment services system includes an IT system to assist the department to provide a public employment service by facilitating the registration of work-seekers and placement opportunities and providing job matching services for potential employers and work seekers, and will be implemented across Department of Labour offices by April 2007. The system will help government to deal with unemployment, generate useful statistics, and support social security functions by integrating social insurance services. It will also support: the provision of registration, career guidance and counselling services; recruitment and selection services; skills

development services; information services; and special services, which include services provided to special interest groups like people with disabilities, retrenched employees and ex-offenders. It will position labour centres to improve matching supply and demand in the local labour market and align provincial skills development plans and interventions with provincial growth and development strategies.

The Umsobomvu Youth Fund (UYF) implements targeted youth development programmes and mainstreams youth development to improve the possibilities for young people to have sustainable livelihoods. The department will revisit the role and mandate of the UYF in 2007, with the aim of sustaining these ventures by aligning UYF programmes more closely with the department's strategic objectives as well as developing a cohesive and integrated youth empowerment model.

Sound labour relations

The Department of Labour has developed a research agenda that aims to monitor and evaluate the impact of its labour market interventions in the last decade. Critical research projects have been identified for the next 20 months, and a research partner appointed to support the process.

After the two ministerial roundtable discussions in May and June 2006, all social partners (government, labour, business and community) agreed that there would be no major changes to current labour market policy. A process, involving all social partners, to determine the impact of labour laws on job creation and small business development is currently under way, aiming at a common understanding of the issues which are delaying growth and at pinpointing the difficulties in implementing and enforcing labour laws.

Expenditure estimates

Table 16.1 Labour

Programme	Audited outcome			Adjusted	Revised	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	appropriation	estimate	2007/08	2008/09	2009/10
R thousand				2006/07				
1. Administration	306 454	316 112	292 235	336 263	326 364	360 653	380 480	403 452
2. Service Delivery	374 687	428 969	532 307	595 437	563 053	655 409	675 577	712 961
3. Employment and Skills Development Services/ Human Resources Development	106 003	112 491	117 428	153 521	149 471	585 039	202 444	210 610
4. Labour Policy and Labour Market Programmes	269 694	297 945	349 008	398 773	389 655	421 763	429 383	452 049
5. Social Insurance	15 010	8 013	4 931	9 501	4 701	10 001	10 501	11 040
Subtotal	1 071 848	1 163 530	1 295 909	1 493 495	1 433 244	2 032 865	1 698 385	1 790 112
Direct charge against the National Revenue Fund	3 777 008	4 725 396	4 883 330	5 500 000	5 500 000	6 000 000	6 500 000	6 825 000
Sector education and training authorities	3 021 606	3 780 317	3 906 664	4 400 000	4 400 000	4 800 000	5 200 000	5 460 000
National Skills Fund	755 402	945 079	976 666	1 100 000	1 100 000	1 200 000	1 300 000	1 365 000
Total	4 848 856	5 888 926	6 179 239	6 993 495	6 933 244	8 032 865	8 198 385	8 615 112
Change to 2006 Budget estimate				(19 254)	(79 505)	436 000	21 000	

Economic classification

	716 352	800 146	924 651	1 073 731	1 017 013	1 159 812	1 210 506	1 281 567
Current payments								
Compensation of employees	337 965	371 495	425 317	497 464	469 629	568 716	608 196	647 365
Goods and services	378 260	428 129	499 323	576 267	547 384	591 096	602 310	634 202
<i>of which:</i>								
Communication	48 310	54 503	44 045	52 338	51 932	59 546	62 850	66 770
Computer services	30 420	90 089	98 767	52 084	52 270	109 026	111 456	115 161
Consultants, contractors and special services	18 846	21 262	22 049	97 495	87 023	47 170	54 431	57 086
Inventory	36 484	40 994	20 711	15 278	16 705	21 237	22 905	24 001
Maintenance, repairs and running costs	4 419	4 985	38 828	75 847	64 983	33 304	12 847	17 040
Operating leases	47 802	55 853	60 891	65 660	65 660	72 021	77 585	87 316
Travel and subsistence	84 606	95 064	81 282	85 843	83 493	96 159	106 348	116 614
Municipal services	11 744	12 329	13 307	15 590	15 590	16 919	17 985	19 783
Financial transactions in assets and liabilities	127	522	11	-	-	-	-	-

Table 16.1 Labour (continued)

R thousand	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07		2007/08	2008/09	2009/10
Transfers and subsidies	4 082 193	5 049 835	5 241 972	5 900 408	5 891 274	6 835 993	6 944 247	7 292 665
Provinces and municipalities	1 489	1 095	1 278	654	547	–	–	–
Departmental agencies and accounts	4 022 218	4 989 795	5 181 486	5 848 409	5 839 609	6 382 705	6 888 401	7 233 884
Public corporations and private enterprises	–	–	–	–	–	400 000	–	–
Foreign governments and international organisations	7 804	5 737	5 783	6 790	6 563	6 755	7 228	7 737
Non-profit institutions	48 738	51 783	52 478	44 223	44 223	46 433	48 563	50 990
Households	1 944	1 425	947	332	332	100	55	54
Payments for capital assets	50 311	38 945	12 616	19 356	24 957	37 060	43 632	40 880
Buildings and other fixed structures	42 959	36 847	5 493	6 954	14 687	22 389	27 776	29 600
Machinery and equipment	7 352	2 020	7 123	12 290	10 158	14 412	15 571	10 981
Software and other intangible assets	–	78	–	112	112	259	285	299
Total	4 848 856	5 888 926	6 179 239	6 993 495	6 933 244	8 032 865	8 198 385	8 615 112

Expenditure trends

The department's expenditure increased at a rate of 8,6 per cent, 11,4 per cent and 15,2 per cent for 2004/05, 2005/06 and 2006/07, due to the increased capacity for inspection and enforcement services and for learnerships. Projected expenditure for 2007/08 increases by 36,1 per cent, mainly due to the once-off transfer of R400 million to the Umsobomvu Youth Fund for recapitalisation. As a result, expenditure in 2008/09 is set to decrease by 16,5 per cent. Overall, expenditure over the MTEF period is expected to increase at an average annual rate of 6,2 per cent.

Statutory spending relates to skills development levies raised by the South African Revenue Services (SARS), which are transferred to the National Skills Fund and the SETAs. These funds grew at an average annual rate of 13,3 per cent between 2003/04 and 2006/07, compared to 7,5 per cent over the medium term.

Infrastructure spending

Infrastructure spending is mainly focused on renovation and maintenance projects at provincial offices and labour centres, and includes user-friendly access for people with disabilities. The construction of four labour centres: two in Limpopo (Jane Furse and Bochum), one in Eastern Cape (Mt. Ayliff) and one in North West (Rustenburg) is planned for the medium term.

Departmental receipts

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

Table 16.2 Departmental receipts

R thousand	Audited outcome			Adjusted appropriation	Medium-term receipts estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Departmental receipts	4 749	4 465	4 811	4 459	4 684	4 898	5 145
Sales of goods and services produced by department	2 281	2 741	3 120	2 270	2 384	2 493	2 618
Sales of scrap, waste and other used current goods	–	–	25	19	20	21	22
Fines, penalties and forfeits	96	99	173	90	95	99	105
Interest, dividends and rent on land	–	239	–	810	851	890	935
Sales of capital assets	–	232	42	–	–	–	–
Financial transactions in assets and liabilities	2 372	1 154	1 451	1 270	1 334	1 395	1 465
Total	4 749	4 465	4 811	4 459	4 684	4 898	5 145

Programme 1: Administration

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

Expenditure estimates

Table 16.3 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
R thousand							
Minister ¹	688	747	958	885	938	985	1 034
Management	11 425	11 799	13 110	11 785	10 190	10 679	11 390
Corporate Services	126 700	130 543	154 325	171 814	183 124	191 871	201 985
Financial Management	66 001	69 389	50 274	70 529	77 461	81 375	81 944
Capital Works	42 094	35 452	–	–	–	–	–
Property Management	59 546	68 182	73 568	81 250	88 940	95 570	107 099
Total	306 454	316 112	292 235	336 263	360 653	380 480	403 452
Change to 2006 Budget estimate				24	1 000	1 000	

1. Payable as from 1 April 2006. Salary: R707 956. Car allowance: R176 988.

Economic classification

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Current payments	260 905	281 684	289 204	333 750	358 200	377 909	400 755
Compensation of employees	40 046	40 807	48 495	57 628	61 509	64 413	71 584
Goods and services	220 732	240 355	240 698	276 122	296 691	313 496	329 171
<i>of which:</i>							
Communication	22 364	7 368	7 217	12 269	12 882	13 500	14 175
Computer services	30 420	86 396	98 059	44 927	107 173	109 437	112 996
Consultants, contractors and special services	16 286	7 695	8 476	78 969	22 917	26 897	28 154
Inventory	19 230	23 154	3 969	6 000	6 300	6 602	6 932
Maintenance, repairs and running costs	1 766	1 297	1 404	2 941	3 354	4 020	5 262
Operating leases	47 802	55 853	60 261	65 660	72 021	77 585	87 316
Travel and subsistence	27 461	11 768	11 279	18 063	18 966	19 876	21 307
Municipal services	11 744	12 329	13 307	15 590	16 919	17 985	19 783
Financial transactions in assets and liabilities	127	522	11	–	–	–	–
Transfers and subsidies	201	148	195	177	–	–	–
Provinces and municipalities	173	128	149	168	–	–	–
Households	28	20	46	9	–	–	–
Payments for capital assets	45 348	34 280	2 836	2 336	2 453	2 571	2 697
Buildings and other fixed structures	42 959	33 766	–	–	–	–	–
Machinery and equipment	2 389	436	2 836	2 224	2 453	2 571	2 697
Software and other intangible assets	–	78	–	112	–	–	–
Total	306 454	316 112	292 235	336 263	360 653	380 480	403 452

Expenditure trends

Expenditure increased from R306,5 million to R336,3 million from 2003/04 to 2006/07, at an average annual rate of 3,1 per cent. Spending over the MTEF period is expected to increase at an average annual rate of 6,3 per cent, reaching R403,5 million in 2009/10. Expenditure in the *Financial Management* subprogramme decreased at a rate of 27,5 per cent in 2005/06, because expenditure for the SITA datalines was moved to the *Corporate Services* budget. It then increased by 40,3 per cent in 2006/07 due to the establishment of an asset management unit.

From April 2006, costs for leases and accommodation charges were devolved from the Department of Public Works to individual departments. The department's allocations are R81,3 million in 2006/07, R88,9 million in 2007/08, R95,6 million in 2008/09 and R107,1 million in 2009/10, reflecting growth of 9,6 per cent.

Programme 2: Service Delivery

Service Delivery is responsible for making sure that the Department of Labour's policies and programmes are implemented and monitored in an integrated manner.

There are six subprogrammes:

- *Management Support Services* is responsible for the overall management and related support of the 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-employed and unemployed by implementing a range of policies and programmes.
- *Inspection and Enforcement Services* ensures that employers and employees comply with labour legislation.
- *Labour Market Information and Statistics* researches and monitors developments in the labour market by analysing the impact of various acts and the performance of job creation programmes, and assessing internal capacity.
- *Occupational Health and Safety* promotes health and safety in the workplace by regulating dangerous activities and the use of plant and machinery.

Expenditure estimates

Table 16.4 Service Delivery

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
R thousand							
Management Support Services	109 225	114 323	180 431	197 366	244 667	239 010	253 439
<i>of which:</i>							
Head office	3 671	6 974	57 801	40 289	53 846	42 692	46 409
Eastern Cape	19 362	17 055	19 420	22 850	27 959	28 591	30 099
Free State	8 905	8 467	11 240	10 589	14 288	14 446	15 208
Gauteng	22 494	24 079	28 062	35 983	41 458	44 743	47 241
KwaZulu-Natal	12 233	14 210	16 512	24 838	29 716	29 836	31 554
Limpopo	11 849	11 519	10 604	15 256	14 859	15 043	15 836
Mpumalanga	8 330	8 980	10 407	12 031	16 317	16 567	17 440
North West	9 044	7 518	9 405	11 573	15 386	15 682	16 508
Western Cape	7 701	10 801	10 974	16 500	22 693	23 084	24 300
Northern Cape	5 636	4 720	6 006	7 457	8 145	8 326	8 844
Beneficiary Services	–	–	–	1	1	1	1
Employment Services	82 181	111 209	117 327	133 201	138 146	145 538	153 246
<i>of which:</i>							
Head office	5 583	18 886	6 717	7 776	8 256	8 687	9 146
Eastern Cape	13 224	15 839	17 876	20 722	18 602	19 819	20 871
Free State	5 259	7 390	8 852	9 665	11 180	11 912	12 544
Gauteng	16 187	18 891	22 246	26 562	27 624	27 883	29 426
KwaZulu-Natal	11 302	13 227	16 709	17 308	18 733	20 068	21 135
Limpopo	6 384	7 212	9 259	9 235	10 741	11 444	12 051
Mpumalanga	7 470	8 410	11 451	13 813	12 538	13 358	14 067
North West	5 661	6 866	8 080	9 031	8 925	9 509	10 014
Western Cape	7 309	9 472	10 315	12 387	13 827	14 731	15 513
Northern Cape	3 802	5 016	5 822	6 702	7 720	8 127	8 479

Table 16.4 Service Delivery (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Inspection and Enforcement Services	157 121	176 336	206 108	227 721	233 632	249 628	262 667
<i>of which:</i>							
Head office	–	1 412	5 475	4 000	–	–	–
Eastern Cape	19 745	22 388	26 813	25 607	25 711	27 602	29 068
Free State	15 470	14 223	16 113	19 191	18 828	20 212	21 285
Gauteng	31 920	37 109	43 807	49 844	55 745	58 659	61 560
KwaZulu-Natal	30 290	31 777	33 925	37 220	42 230	45 336	47 741
Limpopo	11 882	14 292	16 088	17 171	19 280	20 698	21 797
Mpumalanga	11 700	12 173	15 816	19 308	18 620	19 990	21 051
North West	13 622	14 156	16 482	17 799	16 428	17 636	18 572
Western Cape	16 219	20 790	23 109	26 059	27 032	29 020	30 561
Northern Cape	6 273	8 016	8 480	11 522	9 758	10 475	11 032
Labour Market Information and Statistics	13 612	13 799	14 648	18 648	19 538	21 004	22 130
<i>of which:</i>							
Eastern Cape	1 527	1 716	1 628	1 953	1 998	2 149	2 263
Free State	1 366	1 252	1 265	1 901	1 998	2 149	2 263
Gauteng	2 660	2 560	2 878	4 012	3 996	4 287	4 526
KwaZulu-Natal	1 179	1 825	1 641	1 903	1 998	2 149	2 263
Limpopo	1 256	1 233	1 404	1 693	1 998	2 149	2 263
Mpumalanga	1 554	1 337	1 814	1 903	1 998	2 149	2 263
North West	1 396	1 441	1 332	1 899	1 998	2 149	2 263
Western Cape	1 616	1 509	1 560	1 903	1 998	2 149	2 263
Northern Cape	1 058	926	1 126	1 481	1 556	1 674	1 763
Occupational Health and Safety	12 548	13 302	13 793	18 500	19 425	20 396	21 478
Total	374 687	428 969	532 307	595 437	655 409	675 577	712 961
Change to 2006 Budget estimate				(27 933)	8 000	9 000	
Economic classification							
Current payments	367 539	422 094	522 276	586 626	631 326	644 512	680 224
Compensation of employees	245 018	274 492	314 940	359 314	412 131	436 216	461 741
Goods and services	122 521	147 602	207 336	227 312	219 195	208 296	218 483
<i>of which:</i>							
Communication	25 028	46 302	35 921	38 382	45 357	47 920	51 091
Consultants, contractors and special services	562	6 151	5 450	4 561	7 653	9 121	9 127
Inventory	10 080	11 142	9 552	3 500	8 043	8 714	8 964
Maintenance, repairs and running costs	588	3 091	36 075	68 040	28 576	7 351	10 107
Travel and subsistence	50 228	75 406	59 558	56 057	57 593	65 059	71 246
Transfers and subsidies	3 374	2 566	2 221	1 152	683	667	696
Provinces and municipalities	1 087	798	938	273	–	–	–
Non-profit institutions	456	422	464	556	583	612	642
Households	1 831	1 346	819	323	100	55	54
Payments for capital assets	3 774	4 309	7 810	7 659	23 400	30 398	32 041
Buildings and other fixed structures	–	3 081	5 493	3 766	19 389	26 276	27 600
Machinery and equipment	3 774	1 228	2 317	3 893	4 011	4 122	4 441
Total	374 687	428 969	532 307	595 437	655 409	675 577	712 961

Table 16.4 Service Delivery (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Details of major transfers and subsidies:							
Non-profit institutions							
Current	456	422	464	556	583	612	642
SA National Council for the Blind	219	192	212	226	237	249	259
Deaf Federation of South Africa	59	69	83	148	155	163	173
National Council for the Physically Disabled	178	161	169	182	191	200	210

Expenditure trends

Spending in this programme has risen steadily from R374,7 million in 2003/04 to an estimated R595,4 million in 2006/07, mainly because of the purchase of mobile units to improve service delivery. Average annual growth over this period was 16,7 per cent, slowing over the medium term to 6,2 per cent.

Spending on goods and services increased significantly by 40,5 per cent in 2005/06, because of repair and maintenance programmes (RAMPS) at provincial offices and labour centres.

Additional allocations of R28 million (R8 million in 2007/08, R9 million in 2008/09 and R11 million in 2009/10) over the MTEF are for the decentralisation of functions to provincial offices, specifically for the creation of 10 chief director and 10 communications officer posts.

Service delivery objectives and indicators

Recent outputs

Successful blitz inspections and advocacy campaigns were conducted, targeting high risk sectors like agriculture, construction, manufacturing, and wholesale and retail trade. About 3 800 workplaces were inspected and 100 shop stewards were trained together with 147 inspectors to collaborate in enforcing occupational health and safety legislation, resulting in a noticeable decrease in the number of accidents, injuries and fatalities reported in these targeted industries: by 3,8 per cent in 2005/06 and by 18,9 per cent from April to September 2006.

In 2005/06, 188 631 workplaces, including in informal sectors of the economy like domestic work and farm work, were inspected for compliance with other labour legislation as part of a co-ordinated national strategy and programme of action.

R175 million was allocated from the National Skills Fund's social development funding window for training 103 168 unemployed people, 54 per cent of whom were placed.

96 per cent of unemployment insurance claims were finalised and paid within six weeks, compared to 85 per cent in the previous year.

Approximately 62 per cent of Compensation for Occupational Injuries and Diseases Act (1993) claims were finalised and paid within 90 days. About 42 610 claims were lodged through the labour centres, due to the reorganisation of work processes and the decentralisation of claim enquiries and registrations to the centres.

Selected medium-term output targets

Service Delivery

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

Subprogramme	Output	Measure/Indicator	Target
Management Support Services	Decentralisation of functions and delegation of authority to provincial offices and labour centres	Phase 2 integrated business strategy rolled out	April 2007
Employment Services	A single, improved and integrated employment services system is rolled out to ensure improved access to employment services	Phase 1 implemented Phase 2 developed and implemented Number of unemployed people trained and placed Percentage of trainees who receive accredited training Placement rate for accredited trainees	By April 2007 By March 2008 90 000 unemployed people trained 26% of trainees accredited 70% of accredited trainees placed
Inspection and Enforcement Services	Employment equity implementation and enforcement mechanisms Monitoring of compliance with labour legislation	Director-general review system implemented, targeting critical sectors for substantive compliance Turnaround time for employment equity designated employers to be inspected for procedural compliance following a complaint Compliance award system implemented Inspection and enforcement strategy implemented	By March 2008 Within 90 days By March 2008 By April 2008
Labour Market Information and Statistics	Labour market information and statistics: collected, collated, analysed and disseminated to various stakeholders	Frequency of trend analysis, including performance review reports Job placement verification, including impact assessment study	Quarterly reports By March 2008
Occupational Health and Safety	Integration of occupational health and safety and compensation competencies across government	Institutional framework for integration of occupational health and safety competencies finalised Legislation promulgated and act implemented	By March 2008 By March 2008

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

This programme focuses on implementing and monitoring employment creation and skills development via the national skills development strategy (NSDS) and the national human resource development strategy.

There are nine subprogrammes:

- *National Skills Fund Admin and Transfers* funds projects identified in the NSDS as national priorities and other projects related to the achievements of the purposes of the Skills Development Act (1998), as determined by the Director-General of the Department of Labour.
- *SETA Co-ordination* co-ordinates the implementation of the NSDS at sectoral level through performance management and support for best practice development within SETAs.
- *Indlela* is a national apprentice assessment centre that also addresses much needed specialised technical training skills and the training of craftsmen for small industries, using the master craftsman model.
- *Training of Staff* funds staff training programmes and ensures that the relevant skills are available for implementing legislation.
- *Programme Management Support* provides management support to the employment and skills development services programme manager and co-ordinates NSDS reporting and monitoring.
- *NSA Secretariat* provides secretariat support to the National Skills Authority (NSA).
- *Quality Development and Promotion* co-ordinates the development of a plan to implement quality promotion and the development of skills for trades and occupations, through quality assurance of education training and development at workplaces.
- *Productivity SA* supports government-led strategic initiatives that affect job creation, productivity and competitiveness.

- *Umsobomvu Youth Fund (UYF)* implements youth development programmes and mainstream youth development, for young people to have sustainable livelihoods.

Expenditure estimates

Table 16.5 Employment and Skills Development Services/ Human Resources Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
R thousand							
Skills Development Policy Advice and Planning	5 079	198	–	–	–	–	–
NSF Admin and Transfers	44 400	43 014	44 623	46 822	46 437	48 739	51 018
Seta Co-ordination	10 460	12 530	13 408	21 671	17 402	18 998	20 092
Indlela	18 148	23 901	25 697	44 897	62 081	68 844	68 862
Training of Staff	614	262	288	1 777	1 866	1 956	2 053
Programme Management Support	2 978	4 232	4 124	3 369	6 337	10 808	12 830
NSA Secretariat	2 490	5 107	5 354	5 616	6 279	6 319	6 636
Quality Development and Promotion	–	–	–	4 000	18 000	18 872	19 816
Productivity SA	21 834	23 247	23 934	25 369	26 637	27 908	29 303
Umsobomvu Youth Fund	–	–	–	–	400 000	–	–
Total	106 003	112 491	117 428	153 521	585 039	202 444	210 610
Change to 2006 Budget estimate				(32 888)	383 390	(4 035)	
Economic classification							
Current payments	46 850	50 848	52 334	72 367	85 234	98 942	106 988
Compensation of employees	33 150	31 315	35 670	51 392	62 011	72 913	77 653
Goods and services	13 700	19 533	16 664	20 975	23 223	26 029	29 335
<i>of which:</i>							
<i>Communication</i>	535	602	555	1 202	800	900	950
<i>Consultants, contractors and special services</i>	43	3 091	2 840	889	2 000	2 500	2 745
<i>Inventory</i>	3 422	3 914	5 119	3 080	4 007	4 500	4 800
<i>Maintenance, repairs and running costs</i>	1 735	441	801	4 193	800	850	1 000
<i>Travel and subsistence</i>	3 387	3 202	3 581	6 457	5 000	5 500	7 001
Transfers and subsidies	58 233	61 361	64 367	72 228	489 436	93 729	98 415
Provinces and municipalities	130	95	113	193	–	–	–
Departmental agencies and accounts	58 035	61 220	64 185	72 035	89 436	93 729	98 415
Public corporations and private enterprises	–	–	–	–	400 000	–	–
Households	68	46	69	–	–	–	–
Payments for capital assets	920	282	727	8 926	10 369	9 773	5 207
Buildings and other fixed structures	–	–	–	3 188	3 000	1 500	2 000
Machinery and equipment	920	282	727	5 738	7 369	8 273	3 207
Total	106 003	112 491	117 428	153 521	585 039	202 444	210 610
Details of major transfers and subsidies:							
Departmental agencies and accounts							
Current	58 035	61 220	64 185	72 035	89 436	93 729	98 415
National Skills Fund	36 201	37 973	40 251	42 666	44 799	46 949	49 296
National Productivity Institute	21 834	23 247	23 934	25 369	26 637	27 908	29 303
National qualifications framework	–	–	–	4 000	18 000	18 872	19 816
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	–	–	–	–	400 000	–	–
Umsobomvu Youth Fund	–	–	–	–	400 000	–	–

Expenditure trends

Between 2005/06 and 2006/07, spending increased at a rate of 30,7 per cent, because capital works expenditure was moved from programme 1 (*Administration*) to this programme and an additional allocation of R4 million for the NQF. The overall budget increases by 281 per cent in 2007/08, due to an additional allocation of R400 million for a once-off transfer to the UYF. Expenditure is projected to rise over the MTEF period at an annual average rate of 11,1 per cent.

Spending on goods and services showed a nominal decrease of 14,7 per cent in 2005/06 and then increases by 26 per cent and 10,7 per cent in 2006/07 and 2007/08 respectively. The fluctuations are due to increased expenditure on travel and subsistence for training employment services practitioners in Cuba to develop the critical skills database. The significant increase in spending on capital assets in 2005/06 and 2006/07 is mainly attributed to renovations at Indlela.

Service delivery objectives and indicators

Recent outputs

From April 2005 to September 2006, the National Skills Fund critical skills support funding window spent R146 million on 13 200 unemployed learners on various programmes related to scarce and critical skills. The NSF has further committed R316 million to benefit 10 900 more unemployed learners. The NSF received 83 new applications for training incentive grants from small and medium enterprises (SMEs) in the first half of 2006/07. To date, 263 SMEs applied for the training incentive grants through the NSF's workplace skills development support programme, of which 114 applications were approved, 17 were closed-off or the incentive period had expired, 16 were not approved, 33 were withdrawn, 83 were awaiting the Department of Trade and Industry's decision on its development programme for SMEs, and 17 are in process.

For the 2006 academic year, R8,3 million was allocated for undergraduate bursaries for 250 students with disabilities through the National Student Financial Aid Scheme. R103 million has been committed to roll out a national literacy initiative to benefit 20 000 learners.

From April 2005 to March 2007, 180 000 unemployed people have to be trained through social development initiatives: from April 2005 to September 2006, 160 164 (89 per cent) have been trained, of whom 62 per cent were black, 57 per cent were women and 2,6 per cent were people with disabilities. The total amount spent on training was R314 million.

Detailed outputs for the SETAs can be found under the "Public entities and other agencies" section.

Selected medium-term output targets

Employment and Skills Development Services/Human Resources Development

Measurable objective: To implement the national skills development strategy 2005-2010.

Subprogramme	Output	Measure/Indicator	Target
NSF Admin and Transfers	Implementation of national skills development strategy 2005-2010 year 3 targets aligned to ASGISA: Achieve first year NSF strategic projects targets in support of provincial growth and development strategies/ASGISA	Number of learners registered in programmes across all provinces by March 2008 Number of non-levy paying co-ops receiving skills development support by March 2008 Number of unemployed learners trained via targeted funded skills development programmes, including ABET, by March 2008	6 000 learners 400 co-ops 90 000 unemployed learners trained, 26% receive accredited training, 70% placed 60 000 ABET unemployed learners trained

Subprogramme	Output	Measure/Indicator	Target
SETA Co-ordination	Implementation of national skills development strategy 2005-2010 year 3 targets aligned to ASGISA Achievement of targeted SETA funded skills development programmes monitored	Scarce and critical skills list and database updated Number of to non-levy paying organisations receiving skills development support by March 2008 Number of ABET employed learners trained by March 2008 Number of workers assisted to enter scarce and critical programmes in learnerships, apprenticeships, internships, bursaries and skills programmes Number of unemployed people assisted to enter scarce and critical programmes in learnerships, apprenticeships, internships, bursaries and skills programmes (NSDS success indicator 4.1) Number of learners in areas of critical skills placed for experience locally and internationally Number of youth trained for new venture creation	September 2007 At least 600 SMMEs, NGOs, co-ops and small BEE enterprises 40 000 ABET employed learners 26 000 workers 26 000 unemployed people 2 000 learners 2 000 youth March 2008
Indlela	Quality assurance of training provided related to the NSDS 2005-2010 Implementation of national skills development strategy 2005-2010 year 3 targets aligned to ASGISA	Framework for Quality Council for Trades and Occupations implemented Strategy approved to refocus Indlela to cater for apprenticeship moderation, learner assessment and specialised training	March 2008

Programme 4: Labour Policy and Labour Market Programmes

Labour Policy and Labour Market Programmes is responsible for establishing an equitable and sound labour relations environment and promoting South Africa's interests in international labour matters.

Apart from the *Programme Management Unit*, there are nine subprogrammes:

- *Strengthen Civil Society Fund* provides support to civil society organisations involved in the world of work, to strengthen the capacity of workers and employers to contribute to a stable and well functioning labour market by providing resources, support and expertise in a manner that will strengthen their independence and self reliance.
- *Collective Bargaining* manages the implementation of the Labour Relations Act (1995) through policies and practices that promote sound labour relations.
- *Commission for Conciliation, Mediation and Arbitration* makes transfers to the commission, which manages disputes in the labour market through conciliation, mediation and arbitration.
- *Employment Equity and Standards* promotes equity in the labour market by eliminating unfair discrimination based on race, gender and disability, and assists designated employers to implement affirmative action measures. It develops policies to enforce the Basic Conditions of Employment Act (1997), sets minimum wages and conditions of employment for vulnerable workers, including children, approves applications for variations on the act, and hosts the secretariat to the Employment Conditions Commission.
- *Research, Policy and Planning* manages commissioned research, and monitors and evaluates conditions and policies affecting the labour market in South Africa and elsewhere. It also identifies relevant labour market interventions and policy options.
- *Labour Market Information and Statistics* collects, collates and analyses labour market statistics, and informs all stakeholders about various labour legislation and labour market information.
- *International Labour Matters* represents the South African government at the International Labour Organisation (ILO), African Union Labour and Social Affairs Commission, the SADC Employment and Labour Sector and the African Regional Labour Administration Centre (ARLAC).
- *National Economic Development and Labour Council (NEDLAC)* makes transfers to the council, which promotes economic growth, participation in economic decision-making and social equity by seeking consensus and agreements on social and economic policy and all proposed legislation between community organisations, labour, business and government.

- *Sheltered Employment Factories* is responsible for the administration, production and financial control of 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 16.6 Labour Policy and Market Programmes

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
R thousand							
Programme Management Unit	4 428	7 358	7 668	8 016	10 351	10 766	11 279
Strengthen Civil Society Fund	7 932	11 408	8 912	9 447	9 919	10 373	10 892
Collective Bargaining	9 077	7 465	7 315	8 003	7 693	7 924	8 233
Employment Equity and Standards	13 283	18 612	29 166	37 747	36 529	38 283	40 176
Commission for Conciliation, Mediation and Arbitration	156 410	174 612	208 577	244 714	260 001	259 839	273 880
Research, Policy and Planning	2 439	1 572	3 452	14 550	12 405	13 433	14 349
Labour Market Information and Statistics	1 846	3 199	2 979	3 818	3 762	3 966	4 171
International Labour Matters	16 906	12 175	17 036	13 960	19 472	20 193	21 211
National Economic Development and Labour Council	7 823	9 146	11 551	12 712	13 348	13 959	14 657
Sheltered Employment Factories	49 550	52 398	52 352	45 806	48 283	50 647	53 201
Total	269 694	297 945	349 008	398 773	421 763	429 383	452 049
Change to 2006 Budget estimate				41 543	43 610	15 035	
Economic classification							
Current payments	41 058	45 520	60 837	80 988	85 052	89 143	93 600
Compensation of employees	19 751	24 881	26 212	29 130	33 065	34 654	36 387
Goods and services	21 307	20 639	34 625	51 858	51 987	54 489	57 213
<i>of which:</i>							
Communication	383	231	352	485	507	530	554
Computer services	–	509	198	7 157	1 853	2 019	2 165
Consultants, contractors and special services	1 955	4 325	5 283	13 076	14 600	15 913	17 060
Inventory	3 752	2 784	2 071	2 698	2 887	3 089	3 305
Maintenance, repairs and running costs	330	156	548	673	574	626	671
Travel and subsistence	3 530	4 688	6 864	5 266	14 600	15 913	17 060
Transfers and subsidies	228 367	252 351	286 928	317 350	335 873	339 350	357 514
Provinces and municipalities	99	74	78	20	–	–	–
Departmental agencies and accounts	172 165	195 166	229 040	266 873	283 268	284 171	299 429
Foreign governments and international organisations	7 804	5 737	5 783	6 790	6 755	7 228	7 737
Non-profit institutions	48 282	51 361	52 014	43 667	45 850	47 951	50 348
Households	17	13	13	–	–	–	–
Payments for capital assets	269	74	1 243	435	838	890	935
Machinery and equipment	269	74	1 243	435	579	605	636
Software and other intangible assets	–	–	–	–	259	285	299
Total	269 694	297 945	349 008	398 773	421 763	429 383	452 049

Table 16.6 Labour Policy and Market Programmes (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Details of major transfers and subsidies:							
Departmental agencies and accounts							
Current	172 165	195 166	229 040	266 873	283 268	284 171	299 429
Commission for Conciliation, Mediation and Arbitration	156 410	174 612	208 577	244 714	260 001	259 839	273 880
Development Institute for Training, Support and Education for Labour	7 932	11 408	8 912	9 447	9 919	10 373	10 892
National Economic Development and Labour Council	7 823	9 146	11 551	12 712	13 348	13 959	14 657
Foreign governments and international organisations							
Current	7 804	5 737	5 783	6 790	6 755	7 228	7 737
International Labour Organisation	6 804	5 365	5 360	6 300	6 297	6 749	7 234
African Regional Labour Advisory Council	1 000	372	423	490	458	479	503
Non-profit institutions							
Current	48 282	51 361	52 014	43 667	45 850	47 951	50 348
Subsidised workshops for the blind	5 629	5 970	6 328	6 707	7 042	7 365	7 733
South African Youth Council	–	–	1 000	–	–	–	–
Subsidised work centres for the disabled	42 653	45 391	44 686	36 960	38 808	40 586	42 615

Expenditure trends

Expenditure increased from R269,7 million in 2003/04 to R398,8 million in 2006/07, average annual growth of 13,9 per cent. This is mainly because of the *Employment Equity and Standards* subprogramme's expenditure, which increased from R18,6 million in 2004/05 to R29,2 million in 2005/06 as a result of awareness raising campaigns for the child labour, forestry, hospitality, wholesale and retail sectoral determinations.

In 2005/06, spending on goods and services increased significantly by 67,8 per cent, or R13,9 million, as a result of spending on the following projects: the research, monitoring and evaluation agenda; the employment equity enforcement strategy; the child labour programme of action; the protection of vulnerable workers; and the director-general's review system of compliance with the Employment Equity Act (1998).

In 2005/06, spending on transfers and subsidies to the CCMA increased by 19,5 per cent or R34 million. An additional allocation of R48 million over the MTEF has been added to the baseline of the CCMA. Expenditure growth over the medium term will slow to an average annual rate of 4,3 per cent.

Spending in the *Research, Policy and Planning* subprogramme decreased by 35,5 per cent in 2004/05 and then increased in 2005/06 and 2006/07, due to a virement application to increase a transfer to Ditsela (Development Institute for Training, Support and Education for Labour) in 2004/05 and to provide for more research projects in the two outer years.

Service delivery objectives and indicators

Recent outputs

The new minimum wages for farm workers and for forestry and wholesale and retail workers were tabled for implementation in 2006. The minimum wages for the private security and contract cleaning sectors were reviewed in the third quarter of 2006. The investigation into the hospitality sector was completed in October 2006 and the Employment Conditions Commission (ECC) is presently considering this report. The ECC considered the report on minimum wages and conditions of employment in the civil engineering sector, resulting in the publishing of the new increases for the sector early in 2007.

The fourth edition of the Labour Market Review, a biannual publication on labour market issues and trends, with strategic analyses from respected scholars, was published in 2005/06. Other key publications include the annual industrial action report, the client satisfaction survey, and the annual labour market bulletin. A five year

research, monitoring and evaluation agenda has been approved. The department has identified critical research projects with the Human Sciences Research Council as research partner.

Employment equity implementation and enforcement mechanisms were strengthened through the implementation of the director-general review and the development of the director-general review guidelines. Furthermore, designated employers in the employment equity system since 2000 were identified. Awareness campaigns on employment equity reporting were run through nine provincial workshops.

The sixth Commission for Employment Equity (CEE) annual report was finalised and published, and the seventh report finalised. The CEE revised and published the amended employment equity regulations and participated in the employment equity road shows.

The wages for the private security sectoral determination were published as part of the process of looking after residual and emerging vulnerable workers. A sectoral determination is a document which sets out the minimum wages and working conditions for a specific sector as approved by the Minister of Labour. The terms of reference were extended to include conditions of employment after strike action. Furthermore, the sectoral determinations for the hospitality industry and welfare sector were published.

Civil society was strengthened through the transfer of R3,4 million to Ditsela, Workers College Natala, the CCMA, the Southern Cape Land Committee, the Swellendam Advice Office and the Workers World Media Project, for training shop stewards, union officials and vulnerable workers on the rights and responsibilities of workers. Included in this expenditure are 15 visits to projects for monitoring and appraisal.

Collective bargaining was promoted by extending 32 published collective agreements. Four councils were visited to address the declining representivity of councils. Applications for registration of four trade unions and two employers' organisations were approved, and rejected for 32 trade unions and 16 employers' organisations. The registrations of 21 trade unions and 11 employers' organisations were cancelled as a result of non-compliance or inauthentic registrations. The registrar dealt with eight appeals against his decisions.

Support was given to dispute resolution through the biannual transfer of funds to the CCMA under the drawdown agreement between the department and the CCMA. The new essential services committee was appointed in July 2006. The committee's role is to decide which sector of the economy or which part of production of any establishment is essential, and thus where strikes will not be allowed. All disputes in such establishments are decided by arbitration.

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, through labour market research, monitoring and evaluation, as well as fulfilling South Africa's obligations to international and regional organisations.

Subprogramme	Output	Measure/Indicator	Target
Strengthen Civil Society	Projects targeting vulnerable workers in rural and remote areas supported by allocating funds	Turnaround time for appraising projects and allocating funds	Within 30 days of receipt of application
Collective Bargaining	Collective agreements extended to non-parties and labour organisations registered	Turnaround time for publishing and registering collective agreements	Published within 60 days Registered within 90 days

Subprogramme	Output	Measure/Indicator	Target
Employment Equity and Standards	Employment equity implemented and enforcement mechanisms strengthened	Director general review system targeting critical sectors for substantive compliance implemented	By March 2008
	Employment equity awareness campaigns and publications	Number and type of publications in 2007/08	7 th and 8 th Commission for Employment Equity reports published Employment equity analysis report on website 2007 employment equity public register published
	Sectoral determinations investigated and published for residual and emerging vulnerable workers	Finalise investigations into hospitality and welfare sectors Review wage differentials, earnings threshold and taxi sectors Start investigation into unskilled labour and farm workers	September 2007 March 2008 March 2008
	Child labour programme of action implemented	Child labour programme of action submitted to Cabinet for endorsement	Submitted to Cabinet in September 2007
Research, Policy and Planning	Impact of department's strategic plan on stated goals and objectives researched and reported on	Research, monitoring and evaluation agenda implemented	By March 2008
	New research areas identified and approved projects commissioned	Commissioned research reports completed	By March 2008
	Growth and Development Summit agreement implemented	Frequency of reports on the implementation of the Growth and Development Summit agreement	June, September, December 2007 and March 2008
Labour Market Information and Statistics	Changing labour market trends analysed and reported and implications for the department's interventions explored	Frequency of labour market reports	June, September, December 2007 and March 2008
International Labour Matters	Input into policies in the International Labour Organization (ILO) and contributions to the decent work country programme	Participate in the ILO governing body, the International Labour Conference, and the decent work country programme	Attend conferences in June and November 2007
Sheltered Employment	Restructuring of sheltered employment factories	Operation of factories within budget Factories established as legal entities and operating within budget	By March 2008

Programme 5: Social Insurance

Social Insurance provides for the compensation of civil servants in cases of accidents or illnesses sustained while on duty through the Compensation Fund. It contributes to the Unemployment Insurance Fund when necessary.

Expenditure estimates

Table 16.7 Social Insurance

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
R thousand							
Unemployment Insurance Fund	7 000	–	–	1	1	1	1
Compensation Fund	8 010	8 013	4 931	9 500	10 000	10 500	11 039
Total	15 010	8 013	4 931	9 501	10 001	10 501	11 040
Change to 2006 Budget estimate				–	–	(0)	
Economic classification							
Transfers and subsidies	15 010	8 013	4 931	9 501	10 001	10 501	11 040
Departmental agencies and accounts	15 010	8 013	4 931	9 501	10 001	10 501	11 040
Total	15 010	8 013	4 931	9 501	10 001	10 501	11 040
Details of major transfers and subsidies:							
Departmental agencies and accounts							
Social security funds							
Current	15 010	8 013	4 931	9 501	10 001	10 501	11 040
Unemployment Insurance Fund	7 000	–	–	1	1	1	1
Compensation Fund	8 010	8 013	4 931	9 500	10 000	10 500	11 039

Expenditure trends

The department is mandated to facilitate any funding requests from the UIF through its budget process. To date, the department has not requested funding on behalf of the UIF for the medium term.

In the Compensation Fund, provisions for administrative costs relating to injuries sustained on duty by civil servants have been reduced, because this allocation has been substantially underused in recent financial years. Baseline allocations to the Compensation Fund are therefore based on revised requirements. Average annual growth between 2003/04 and 2006/07 decreased at a rate of 14,1 per cent, while the average annual growth over the MTEF period is 5,1 per cent.

Public entities and other agencies

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) sanctions the funding of the NSF through a 20 per cent top slice of the skills development levies collected by the South African Revenue Services (SARS), of which a maximum of 2 per cent is allocated for administration. The Director-General of Labour approves the NSF's spending in line with the national skills development strategy (NSDS).

In April 2005, the Minister of Labour launched the NSDS 2005-2010 resulting in the NSF reviewing its funding windows and processes to ensure that NSDS targets are met. The NSDS needed to be aligned to ASGISA, since it was developed before the introduction of ASGISA. The NSF's objectives for the next five years include critical skills, workplace training, employability, sustainable livelihoods and new entrants in the employment sector.

Key priorities for 2007/08 include reviewing the governance structure and accountability of the NSF, accelerating the rate of disbursement, and special projects to support ASGISA and JIPSA. The legal status of the fund is currently being addressed and proposed legal amendments will be presented to Parliament in due course. System options in compliance with the directives of National Treasury are currently being reviewed, including the development and purchase of system software for accrual accounting.

The fund's social development funding window spent R183,2 million on training programmes in 2005/06, of which R3,34 million was for training unemployed people in expanded public works programme projects. 25 810 unemployed people attended skills development courses linked to these EPWP projects.

In 2005/06, the NSF had accumulated revenue of R1,1 billion of which 87,2 per cent was derived from skills development levies. Total revenue grows at an average annual rate of 5,8 per cent over the medium term. Expenditure grows significantly in 2006/07, due to increased rollout of new funding window projects, and then tapers off slightly, with spending in the two outer years of the MTEF growing at an average annual rate of 3 per cent. Expenditure decreased from R1,2 billion in 2004/05 to R644 million in 2005/06, which can be attributed to delays in getting approval for the new funding windows aligned to the NSDS 2005-2010.

Table 16.8 Financial summary for the National Skills Fund

	Outcome			Estimated outcome	Medium-term estimate		
	Audited 2003/04	Audited 2004/05	Audited 2005/06		2006/07	2007/08	2008/09
R thousand							
Revenue							
Skills development levies	755 402	945 079	976 666	1 100 000	1 200 000	1 300 000	1 365 000
Other revenue	134 654	97 845	102 793	85 611	75 000	60 000	40 000
<i>Of which:</i>							
Interest	125 345	97 845	92 138	85 611	75 000	60 000	40 000
Transfers received	36 201	37 973	40 251	42 666	44 799	46 949	49 296
Total revenue	926 257	1 080 897	1 119 710	1 228 277	1 319 799	1 406 949	1 454 296

Table 16.8 Financial summary for the National Skills Fund (continued)

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited		2007/08	2008/09	2009/10
R thousand	2003/04	2004/05	2005/06	2006/07			
Expenses							
Current expense	61 654	75 614	64 448	106 808	111 672	116 256	120 450
Compensation of employees	–	7 362	9 232	8 500	8 927	9 374	9 796
Goods and services	61 654	68 252	55 216	98 308	102 745	106 882	110 654
Transfers and subsidies	645 542	1 114 270	579 915	1 000 000	1 650 000	1 700 000	1 750 000
Total expenses	707 196	1 189 884	644 363	1 106 808	1 761 672	1 816 256	1 870 450
Surplus / (Deficit)	219 061	(108 987)	475 347	121 469	(441 873)	(409 307)	(416 154)

Source: National Skills Fund

Unemployment Insurance Fund

The Unemployment Insurance Fund contributes to alleviating poverty in South Africa by providing short-term unemployment insurance to all workers who qualify for unemployment related benefits as legislated in the amended Unemployment Insurance Act (2003). The fund is financed by a dedicated tax on the wage bill, to which 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 transferred to the fund.

The UIF underwent an independent review of its corporate form in March 2005 and has embarked on creating a ring-fenced departmental agency. In April 2006, as part of the ring-fencing process, the Director-General of Labour delegated some powers to the UIF commissioner. The fund is on course to complete the ring-fencing of UIF operations by the end of 2006/07.

Key priorities for 2007/08 include: the database cleansing project, which aims to improve compliance by employers; implementation of the Virtuality project, which aims to reduce the paper-based registry function by 30 per cent; and projects relating to improving the fund's operational efficiency.

Major service delivery improvements in 2005/06 include the successful pilot and full implementation of a new fully integrated benefit administration system called Siyaya, which successfully processed over 589 000 claims, up 5 per cent from 2004/05. By the end of 2005/06, 100 per cent of benefit claimants were paid via electronic transfer (rather than cheques), resulting in savings to the fund of over R20 million in that year. A further key benefit of this initiative is reduced queues at service points.

The fund has implemented an electronic declaration and payment system for contributions by non-SARS employers which can be accessed via the web, called u-filing. A major anticipated benefit of this improved accessibility is that it will encourage employer compliance, with a substantial reduction in administrative costs for the fund in the medium term.

The UIF has been operating with substantial operating surpluses since 2004/05, which can be attributed to the change in legislation and the inclusion of high income earners in the unemployment insurance contributions net. In 2005/06, contributions and benefit payments increased by 13 per cent and 18,5 per cent respectively, compared to 2004/05. Over the medium term, it is anticipated that contribution income will grow at a rate of 11,2 per cent and benefit expenditure by 14,8 per cent. An increase in revenue is anticipated in the outer years, based on assumptions in the independent actuarial report, which includes an increase in compliance as a result of u-filing and the expected increases in contributions based on current trends. At March 2006, the fund had accumulated R14,7 billion in reserves, an increase of 44 per cent compared to R10,2 billion in 2004/05.

The transforming of the fund into an agency significantly increases spending on compensation of employees in 2006/07, due to an increase in the number of processing and service delivery sites and the shift of shared personnel costs from the department to the fund. Expenditure on goods and services grows by 37,8 per cent in 2006/07, due to the operational costs of implementing the u-filing project; increased fees to SARS based on contributions raised, as well as increased communication campaigns. Expenditure under transfers and subsidies increased at 17,3 per cent from 2003/04 to 2006/07.

Table 16.9 Financial summary for the Unemployment Insurance Fund

R thousand	Outcome			Estimated outcome	Medium-term estimate		
	Audited 2003/04	Audited 2004/05	Audited 2005/06		2006/07	2007/08	2008/09
Revenue							
Non-tax revenue	507 370	769 959	1 197 083	1 091 811	1 426 494	1 698 635	1 998 886
Interest	448 255	644 051	896 288	1 023 944	1 348 637	1 615 375	1 909 806
Fines, penalties and forfeits	57 999	92 022	60 596	66 655	76 491	81 841	87 566
Other non-tax revenue	1 116	33 886	240 199	1 212	1 366	1 419	1 514
Unemployment contributions	5 581 966	6 059 992	6 861 174	7 238 762	8 660 945	9 266 721	9 914 902
Transfers received	7 000	-	-	-	-	-	-
Total revenue	6 096 336	6 829 951	8 058 257	8 330 573	10 087 439	10 965 356	11 913 788
Expenses							
Current expense	3 881 212	2 310 428	1 255 864	2 144 055	2 279 298	2 794 918	2 982 996
Compensation of employees	242 141	220 436	258 302	276 009	402 983	449 452	476 422
Goods and services	268 963	321 350	316 484	436 267	466 021	486 976	515 959
Depreciation	10 487	9 935	3 375	21 710	5 520	5 851	6 200
Interest, dividends and rent on land	2 059	6 707	1	-	-	-	-
Transfers and subsidies	2 093 870	2 476 772	2 934 768	3 384 014	3 913 192	4 476 691	5 121 335
Total expenses	5 975 082	4 787 200	4 190 632	5 528 069	6 192 490	7 271 609	8 104 331
Surplus / (Deficit)	121 254	2 042 751	3 867 625	2 802 504	3 894 949	3 693 747	3 809 457

The data in this table is compiled according to accrual accounting principles and is not directly comparable to the cash data published in the Budget Review

Source: 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 socio-economic development and competitiveness. It aims to improve the productive capacity of the economy through interventions that encourage social dialogue and collaboration between partners.

The NPI's key strategic priorities for 2007/08 are: to develop and increase the number of sustainable small and micro-enterprises through productivity improvements; and to increase co-operation with the public sector to ensure improved performance through productivity interventions and increases in the productivity levels and competitiveness of private sector enterprises.

The NPI has worked with over 500 companies on improving productivity. One such organisation was Highcroft Sawmills (KwaZulu-Natal) whose profitability grew from a 29 per cent gross margin to 39 per cent due to improved production performance, creating 40 learnerships as well as additional jobs. The NPI also signed Memorandums of Understanding with the Tourism and Hospitality SETA (THETA) and the Local Government SETA resulting in the inclusion of a productivity component in THETA internships and in the community development worker internship programmes. Learners also stand to benefit, as productivity has now been incorporated into the national school curriculum. The NPI registered a national diploma and certificate in productivity with the South African Qualifications Authority, in addition to the incorporation of the productivity concepts and applications in 15 other qualifications. 6 400 people are employed in companies that are benefiting from the social plan programme, impacting on 10 640 jobs.

Transfers received amounted to R31,4 million in 2005/06, compared to R30,2 million in 2004/05, and are expected to increase by 4,9 per cent over the medium term, due to substantial increases in funding for the social plan and work place challenge programmes. The substantial increase in transfers received for 2006/07 is due to work on the social plan programme and the NPI's involvement with Small Enterprise Development Agency (SEDA) projects. Spending on goods and services increases by 68,1 per cent in 2006/07 and at an average annual rate of 20,2 per cent over the medium term, due to the expansion of the social plan project and the workplace challenge programme. The projected movement from a net deficit to breaking even is as a result of the projected increase in revenue generated from the social plan, workplace challenge and SEDA programmes.

Table 16.10 Financial summary for the National Productivity Institute

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited		2007/08	2008/09	2009/10
R thousand	2003/04	2004/05	2005/06	2006/07			
Revenue							
Non-tax revenue	16 969	20 341	14 187	49 297	71 614	79 250	85 273
<i>Sales revenue</i>	12 878	7 490	3 828	32 135	35 872	39 181	40 880
<i>Other non-tax revenue</i>	4 091	12 851	10 359	17 162	35 742	40 069	44 393
Transfers received	34 819	30 247	31 354	33 234	34 895	36 568	38 390
Total revenue	51 788	50 588	45 541	82 531	106 509	115 818	123 663
Expenses							
Current expense	53 012	51 623	56 036	82 531	106 509	115 818	123 663
Compensation of employees	23 074	22 607	24 190	29 372	30 019	32 119	34 366
Goods and services	29 201	28 559	31 236	52 506	75 854	83 063	88 661
Depreciation	726	409	610	636	636	636	636
Interest, dividends and rent on land	11	48	–	17	–	–	–
Transfers and subsidies	97	80	104	–	–	–	–
Total expenses	53 109	51 703	56 140	82 531	106 509	115 818	123 663
Surplus / (Deficit)	(1 321)	(1 115)	(10 599)	–	–	–	–

Source: National Productivity Institute

Compensation Fund

The Compensation Fund administers the Compensation for Occupational Injuries and Diseases Act (COIDA) (1993) as amended by COIDA (1997). The main objective of the act is to provide compensation for disablement, illness and death resulting from occupational injuries or diseases.

The compensation system provides medical care and cash benefits to replace the lost wages of workers who are injured on the job, develop occupational diseases or pass away (both funeral grants and survivor benefits for families of victims of employment related fatalities), as well as funding for the rehabilitation of disabled workers and for the prevention of workplace accidents and diseases.

Some of the fund's key priorities include reforming management and restructuring the fund, which will require: establishing an integrated claims and revenue management system; refocusing the fund for better service delivery; developing and implementing an advocacy, communication and marketing strategy; improving turnaround time for claims settlement; automating systems; improving collections; and improving access to services.

The restructuring of the fund will result in an integrated claims and revenue management system. Functions and services will be decentralised to provincial offices and labour centres to improve efficiency and accessibility. The call centre handles approximately 6 500 calls a week, with an analysis showing fewer dropped calls. The fund has reduced the claims backlog from January 2000 to December 2004: 1 216 224 claims were registered, of which 999 416 were adjudicated. Of these, 649 620 were deemed not payable as the employee was off duty for less than four days, 126 415 were finalised and compensated, 223 381 are still to be finalised, 15 254 were repudiated, and 201 554 are pending adjudication as additional information has been requested.

The fund received on average 20 000 claims a month, and has developed the capacity to handle almost 60 per cent of these within 90 days of receiving complete documentation. The accelerated settlement rate is also a result of beneficiaries using labour centres to lodge claims, with 42 609 claims lodged at 129 labour centres.

There has been an increase in the number of employers registered with the fund in compliance with COIDA, improving revenue generation, which increased to R4,3 billion in 2005/06 from R3,7 billion in the previous year, an increase of 13,4 per cent. In 2005/06, the Compensation Fund paid R3,6 billion in benefits compared to R3,1 billion in the previous year. Benefit payments were higher in 2005/06 due to backlog claims that were cleared, resulting in a 35,6 per cent decrease in projected benefits payments in 2006/07. Spending on goods and services grew by 80,6 per cent in 2006/07 due to building renovations and the refurbishment of Compensation House.

Table 16.11 Financial summary for the Compensation Fund, including Reserve Fund

R thousand	Outcome			Estimated outcome 2006/07	Medium-term estimate		
	Audited 2003/04	Audited 2004/05	Audited 2005/06		2007/08	2008/09	2009/10
Revenue							
Tax revenue	2 274 067	2 376 852	2 740 841	2 912 000	3 086 720	3 271 923	3 468 238
Non-tax revenue	1 342 057	1 376 923	1 514 817	1 264 911	1 340 807	1 421 257	1 506 533
Fines, penalties and forfeits	272 641	190 349	189 849	140 308	148 727	157 651	167 110
Interest	1 046 318	1 165 650	1 196 806	1 095 093	1 160 799	1 230 448	1 304 275
Other non-tax revenue	23 098	20 924	128 162	29 510	31 281	33 158	35 148
Total revenue	3 616 124	3 753 775	4 255 658	4 176 911	4 427 527	4 693 180	4 974 771
Expenses							
Current expense	222 703	227 997	248 213	357 231	328 182	347 871	368 746
Compensation of employees	94 713	91 459	109 523	108 940	113 992	120 830	128 081
Goods and services	120 365	130 329	135 532	244 805	210 494	223 124	236 513
Depreciation	7 625	6 209	3 158	3 486	3 696	3 917	4 152
Transfers and subsidies	2 429 981	3 083 188	3 592 630	2 313 045	2 315 827	2 454 776	2 602 062
Total expenses	2 652 684	3 311 185	3 840 843	2 670 276	2 644 009	2 802 647	2 970 808
Surplus / (Deficit)	963 440	442 590	414 815	1 506 635	1 783 518	1 890 533	2 003 963

The data in this table is compiled according to accrual accounting principles and is not directly comparable to the cash data published in the Budget Review

Source: Compensation Fund

Sector education and training authorities

At the launch of the NSDS 2005-2010 in March 2005, the Minister of Labour announced a new sector education and training authority (SETA) landscape in terms of the Skills Development Act (1998). The new landscape comprises 23 SETAs, whose role is to provide skills development across various economic sectors. The main functions of a SETA are: to produce sector skills plans to develop appropriate skills; to develop and register learning programmes; to provide quality assurance of qualifications and standards of programmes in their sectors; and to disburse skills development levy funds.

Between April 2005 and September 2006:

- 61 980 unemployed people were registered on qualifying learning programmes, 50 per cent of the target of 125 000 for 2010
- 86 724 workers were registered on qualifying learning programmes, 69 per cent of the target of 125 000 for 2010
- 1 730 young people were registered on new venture creation programmes, 17 per cent of the target of 10 000 for 2010
- 44 349 SMMEs were being supported by skills development
- 168 small broad based BEE companies and corporations were assisted in skills development initiatives, about 44 per cent of the 2010 targets set by the SETAs.

Key priorities for the SETAs for 2007/08 are: to meet or exceed all NSDS targets agreed to by each SETA in terms of the 2007/08 service level agreement with the Department of Labour; to achieve a clean external audit report; to improve on performance assessment results of the previous year; and to align and interface SETA management information systems with the department's core system, namely the Public Employment Services of South Africa (PESSA).

In 2005/06, R2,3 billion was allocated to mandatory grants, of which R2,2 billion was claimed by primarily large and medium companies, giving a 92 per cent participation rate by firms in skills development planning and reporting. In 2005/06, government departments spent R1 billion on training, representing 2,2 per cent of government's total personnel remuneration, exceeding the annual target of 1 per cent.

Total revenue grows at an average annual rate of 10,4 per cent from 2003/04 to 2006/07, with a slower growth over the MTEF period, because of a reduction in levy paying employers due to the increase in the payroll threshold from R250 000 to R500 000 a year. Transfers and subsidies received grows at an annual average rate of 9,3 per cent from 2003/04 to 2009/10, and transfers and subsidies paid grows at an average annual rate of 14 per cent. The SETAs reflect net deficits from 2005/06 to 2009/10, due to increased project and discretionary expenditure from discretionary funds as a direct response to achieving the goals set in the NSDS 2005-2010.

Table 16.12 Consolidated financial summary for the Sector Education and Training Authorities

	Outcome			Estimated outcome	Medium-term estimate		
	Audited 2003/04	Audited 2004/05	Audited 2005/06		2007/08	2008/09	2009/10
R thousand							
Revenue							
Non-tax revenue	334 124	300 961	324 112	378 329	371 486	248 290	267 761
<i>Interest</i>	265 031	198 644	180 904	139 822	117 911	107 377	106 145
<i>Other non-tax revenue</i>	69 093	102 317	143 208	238 507	253 576	140 914	161 615
Transfers received	3 259 420	4 150 570	4 310 380	4 400 000	4 800 000	5 200 000	5 460 000
Total revenue	3 593 544	4 451 531	4 634 492	4 778 329	5 171 486	5 448 290	5 727 761
Expenses							
Current expense	674 078	1 176 209	1 139 847	1 196 966	1 435 771	1 431 969	1 473 860
Compensation of employees	164 256	203 545	236 724	289 843	312 635	330 654	349 547
Goods and services	493 177	953 936	886 333	888 737	1 106 392	1 083 896	1 106 266
Depreciation	16 367	18 403	16 351	18 184	16 539	17 207	17 824
Interest, dividends and rent on land	278	325	440	202	204	212	223
Transfers and subsidies	2 184 932	3 093 982	3 636 587	3 863 100	4 294 983	4 533 139	4 759 447
Total expenses	2 859 010	4 270 191	4 776 434	5 060 066	5 730 754	5 965 108	6 233 307
Surplus / (Deficit)	734 534	181 340	(141 942)	(281 737)	(559 268)	(516 818)	(505 546)

Source: Department of Labour

National Economic Development and Labour Council

The National Economic Development and Labour Council (NEDLAC) is how government, labour, business and community organisations seek to co-operate, through problem-solving and negotiation, on economic, labour and development issues and related national challenges. NEDLAC's aim is to build consensus through tripartite participation in decision making on labour and socio-economic matters.

NEDLAC consists of four separate chambers: labour market, trade and industry, public finance and monetary policy, and development. Representatives at these chambers comprise of organised business, organised labour, government and community and development organisations. The council is responsible for monitoring the progress and implementation of the Growth and Development Summit (GDS) agreement, which has constituted one of its key tasks in the past year.

NEDLAC constituencies have reaffirmed their commitment to social dialogue and to working together to address the economic and development challenges facing South Africa. Key priority areas for 2007 include a labour market policy review, implementation of the Superior Courts Bill and the Code of Good Practice: Who is an Employee?; and reforming legislation on retirement funds and social health insurance, among others.

NEDLAC is largely funded by government transfers, which amounted to R11,6 million in 2005/06 and are expected to increase at an annual average rate of 4,9 per cent over the medium term. Total annual expenditure from 2003/04 to 2006/07 grew on average by 28,4 per cent a year, with NEDLAC's celebration of its 10th anniversary (a year long celebration starting in February 2005) being the main cost driver, including a scheduled media campaign. 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. Total revenue and expenditure is projected to grow at an annual average rate of 5 per cent over the MTEF period.

Table 16.13 Financial summary for the National Economic Development and Labour Council

R thousand	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited		2007/08	2008/09	2009/10
	2003/04	2004/05	2005/06	2006/07			
Revenue							
Non-tax revenue	339	336	502	413	450	491	535
Transfers received	7 823	9 146	11 551	12 712	13 348	13 959	14 657
Total revenue	8 162	9 482	12 053	13 125	13 798	14 450	15 192
Expenses							
Current expense	6 220	8 759	11 612	13 045	13 708	14 350	15 082
Compensation of employees	2 192	2 561	2 823	4 034	4 300	4 730	5 061
Goods and services	3 669	5 794	8 666	8 551	8 908	9 070	9 451
Depreciation	356	385	120	460	500	550	570
Interest, dividends and rent on land	3	19	3	–	–	–	–
Transfers and subsidies	49	–	–	80	90	100	110
Total expenses	6 269	8 759	11 612	13 125	13 798	14 450	15 192
Surplus / (Deficit)	1 893	723	441	–	–	–	–

Source: 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. From November 1996 to November 2006, more than 1 million cases have been processed by the CCMA, including 80 511 cases in 2005/06. The most common referring issues relate to: unfair dismissal disputes (80 per cent); unfair labour practices (7 per cent); and matters of mutual interest (4 per cent). The CCMA has enjoyed a national settlement rate of 70 per cent since its inception. The national multilingual call centre deals with approximately 13 000 calls a month.

Projected outputs for 2007 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.

Government transfers to the CCMA amounted to R208,6 million in 2005/06, increasing to R244,7 million in 2006/07, an increase of 17,3 per cent, given the increase in the CCMA's caseload and special projects. In the 2007 Budget, there is an additional allocation of R48 million over the medium term. Spending on goods and services increased by 27 per cent in 2005/06, due to special projects, including improving case management; updating training materials for commissioners; and relocating the CCMA head office. Total expenditure and revenue is projected to grow at an annual average rate of 4,4 per cent and 3,9 per cent respectively over the medium term. Spending on transfers and subsidies in 2008/09 decreases, due to a new funding formula for the bargaining councils with stricter qualifying criteria.

Table 16.14 Financial summary for the Commission for Conciliation, Mediation and Arbitration

R thousand	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited		2007/08	2008/09	2009/10
	2003/04	2004/05	2005/06	2006/07			
Revenue							
Non-tax revenue	3 795	4 152	4 544	5 000	5 250	5 513	5 761
Sales revenue	1 536	2 043	2 014	2 200	2 310	2 426	2 535
Other non-tax revenue	2 259	2 109	2 530	2 800	2 940	3 087	3 226
Transfers received	156 410	174 612	208 577	244 714	260 001	259 839	273 880
Total revenue	160 205	178 764	213 121	249 714	265 251	265 352	279 641

Table 16.14 Financial summary for the Commission for Conciliation, Mediation and Arbitration (continued)

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited				
R thousand	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Expenses							
Current expense	154 943	178 321	209 350	240 367	259 687	260 563	275 144
Compensation of employees	72 560	79 348	85 478	91 034	109 029	114 481	119 632
Goods and services	78 421	94 198	119 739	142 816	146 640	141 863	151 104
Depreciation	3 933	4 758	4 112	6 500	4 000	4 200	4 389
Interest, dividends and rent on land	29	17	21	17	18	19	19
Transfers and subsidies	3 493	3 317	3 822	5 733	5 564	4 789	4 497
Total expenses	158 436	181 638	213 172	246 100	265 251	265 352	279 641
Surplus / (Deficit)	1 769	(2 874)	(51)	3 614	-	-	-

Source: Commission for Conciliation, Mediation & Arbitration

Umsobomvu Youth Fund

The Umsobomvu Youth Fund (UYF) was established as a section 21 company and was funded through the Demutualisation Levy Act (1998). The UYF received R855 million, 2,5 per cent of the proceeds of the demutualisation of Sanlam and Old Mutual in January 2001. The fund underwent an International Standards for Organisations (ISO) 9000:2001 audit in August 2006, and was awarded ISO certification, an important milestone in the fund's institutional evolution in that it guarantees that the UYF's formally documented quality/business management system (QMS) concurs with world standard policies and procedures and review mechanisms. All the organisation's activities are thus carried out systematically, in accordance with the UYF ISO certified QMS.

There continues to be a great demand for UYF programmes by young people, exerting pressure on the UYF to expedite the expansion of its geographic spread. 110 youth advisory centres (YACs) have been established, including the first UYF operated YAC, which opened in Pretoria in March 2006. 83 of these YACs have been established in response to the president's call in the State of the Nation address to establish 100 YACs by the end of 2005. Since its inception, 636 094 young people have accessed the UYF's products and services through the YAC programme. The UYF aims to establish 124 YACs by March 2007.

The UYF portal has received nearly 6 million hits since its inception. The call centre continues to link young people to skills development, entrepreneurship and employment opportunities, having received 206 179 calls since its inception and 31 442 calls in the first half of 2006/07. Over 13 087 young people have served in the National Youth Service (NYS) programmes over the past three years. 650 young people completed the graduate development and job preparation training during April to September 2006, with the UYF aiming for a target of 1 000 young people by March 2007. Entrepreneurship programmes were implemented by 200 teachers for 3 900 learners in 40 schools over the reporting period.

In support of youth entrepreneurship, 4856 vouchers were issued to the value of R34 million between April and September 2006, with a revised annual target of 7 000 vouchers by March 2007. The vouchers resulted in the creation or sustainability of 968 enterprises and 4 114 jobs. These enterprises have accessed loans worth R37,7 million and won tenders worth R29,3 million. The youth entrepreneurship programme is now operational in all provinces.

A number of business opportunities have been negotiated under the business opportunity support service (BOSS) programme, through which young entrepreneurs have been linked with various companies, mostly as part of their enterprise development support programmes within the context of broad based BEE. In the graduate database programme, aimed at linking unemployed graduates to jobs, 3 947 placement requests have been received from employers from April to September 2006, 3 033 CVs dispatched and 277 young people on the database have been placed, bringing the total to 800 young people placed from April to September 2006.

Some of the key targets for 2007/08 for increasing youth employment are: 35 000 young people serving in National Youth Service projects; 12 000 business development vouchers issued to potential and existing entrepreneurs; 1 000 youth owned SMMEs assisted through volunteer mentorship support; R170 million in small, medium and micro loans provided to 11 600 SMMEs; R120 million worth of business opportunities sourced for 650 young entrepreneurs through the BOSS programme; and 3 000 employment opportunities sourced for unemployed youth through the job opportunities seeker/unemployed graduates database. In addition, 100 new schools will be supported by the UYF to deliver basic, intermediate and advanced entrepreneurship education to 10 000 learners.

The UYF was allocated a once-off transfer of R400 million for recapitalisation, reflected in the significant growth in total revenue in 2007/08. Total expenditure grows significantly from 2005/06 to 2007/08, due to staff increases and increased transfers and subsidies as a result of projects scaling up. The scaling up of projects is also evidenced by the deficits projected over the medium term. In 2007, the mandate and funding requirements of the UYF will be jointly reviewed by the Department of Labour, National Treasury and the UYF.

Table 16.15 Financial summary for the Umsobomvu Youth Fund

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited		2007/08	2008/09	2009/10
R thousand	2003/04	2004/05	2005/06	2006/07			
Revenue							
Interest on Investments and loans	93 335	71 406	55 884	44 135	41 474	45 621	50 184
Other non-tax revenue	1 416	9 116	3 229	3 404	3 000	3 000	3 000
Transfers received	–	–	–	–	400 000	–	–
Total revenue	94 751	80 522	59 113	47 539	444 474	48 621	53 184
Expenses							
Current expense	32 057	34 384	44 637	54 235	84 023	75 325	67 792
Compensation of employees	7 194	9 479	12 197	23 024	31 937	28 743	25 869
Goods and services	23 952	24 488	29 577	30 110	49 853	44 572	40 114
Depreciation	911	417	2 863	1 101	2 233	2 010	1 809
Transfers and subsidies	74	112	106	104	1 359	1 223	1 101
Total expenses	32 131	34 496	44 743	54 339	85 382	76 548	68 893
Surplus / (Deficit)	62 620	46 026	14 370	(6 800)	359 092	(27 926)	(15 709)

Source: Umsobomvu Youth Fund

Additional tables

Table 16.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	2005/06		2005/06	2006/07			2006/07
1. Administration	347 850	312 248	292 235	336 239	24	336 263	326 364
2. Service Delivery	539 275	570 665	532 307	623 370	(27 933)	595 437	563 053
3. Employment and Skills Development Services/ Human Resources Development	147 179	141 133	117 428	186 409	(32 888)	153 521	149 471
4. Labour Policy and Labour Market Programmes	330 814	349 259	349 008	357 230	41 543	398 773	389 655
5. Social Insurance	22 427	9 001	4 931	9 501	–	9 501	4 701
Subtotal	1 387 545	1 382 306	1 295 909	1 512 749	(19 254)	1 493 495	1 433 244
Direct charge against the National Revenue Fund	5 000 000	4 883 330	4 883 330	5 500 000	–	5 500 000	5 500 000
Sector education and training authorities	4 000 000	3 906 664	3 906 664	4 400 000	–	4 400 000	4 400 000
National Skills Fund	1 000 000	976 666	976 666	1 100 000	–	1 100 000	1 100 000
Total	6 387 545	6 265 636	6 179 239	7 012 749	(19 254)	6 993 495	6 933 244
Economic classification							
Current payments	964 607	1 003 967	924 651	1 117 202	(43 471)	1 073 731	1 017 013
Compensation of employees	512 400	471 841	425 317	535 118	(37 654)	497 464	469 629
Goods and services	452 207	532 115	499 323	582 084	(5 817)	576 267	547 384
Financial transactions in assets and liabilities	–	11	11	–	–	–	–
Transfers and subsidies	5 350 368	5 246 374	5 241 972	5 872 945	27 463	5 900 408	5 891 274
Provinces and municipalities	1 476	1 431	1 278	1 543	(889)	654	547
Departmental agencies and accounts	5 336 214	5 230 242	5 181 486	5 820 866	27 543	5 848 409	5 839 609
Foreign governments and international organisations	12 152	5 900	5 783	6 313	477	6 790	6 563
Non-profit institutions	526	7 854	52 478	44 223	–	44 223	44 223
Households	–	947	947	–	332	332	332
Payments for capital assets	72 570	15 295	12 616	22 602	(3 246)	19 356	24 957
Buildings and other fixed structures	67 459	7 473	5 493	6 954	–	6 954	14 687
Machinery and equipment	5 107	7 818	7 123	15 413	(3 123)	12 290	10 158
Software and intangible assets	4	4	–	235	(123)	112	112
Total	6 387 545	6 265 636	6 179 239	7 012 749	(19 254)	6 993 495	6 933 244

Table 16.B Summary of personnel numbers and compensation of employees

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2003/04	2004/05	2005/06		2006/07	2007/08	2008/09
A. Permanent and full-time contract employees							
Compensation (R thousand)	337 965	366 086	408 555	489 980	559 476	598 956	638 125
Unit cost (R thousand)	87	118	97	134	155	166	175
Personnel numbers (head count)	3 883	3 097	4 233	3 644	3 618	3 618	3 648
C. Interns							
Compensation of interns	–	5 409	16 762	7 484	9 240	9 240	9 240
Unit cost (R thousand)	–	37	70	46	46	46	46
Number of interns	–	146	241	162	200	200	200

Table 16.B Summary of personnel numbers and compensation of employees (continued)

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Total for department							
Compensation (R thousand)	337 965	371 495	425 317	497 464	568 716	608 196	647 365
Unit cost (R thousand)	87	115	95	131	149	159	168
Personnel numbers (head count)	3 883	3 243	4 474	3 806	3 818	3 818	3 848
D. Learnerships							
Payments for learnerships (R thousand) (G&S)	–	4 377	4 242	5 284	5 284	5 284	5 284
Number of learnerships (head count)	–	227	220	214	250	250	250

Table 16.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Training and staff development							
Expenditure (R thousand)	6 252	6 051	4 713	5 327	8 473	8 895	9 339
Number of employees trained (head count)	3 883	3 097	4 235	3 260	3 260	3 260	3 260
Bursaries (employees)							
Expenditure per programme (R thousand)	90	2 328	1 560	534	563	594	627
Number of employees (head count)	22	29	31	56	57	57	57
Total	6 342	8 379	6 273	5 861	9 036	9 489	9 966
Number of employees	3 905	3 126	4 266	3 316	3 317	3 317	3 317

Table 16.D Summary of expenditure on infrastructure

Description	Service delivery outputs			Adjusted appropriation	Medium-term expenditure estimate		
	Audited outcome						
R thousand	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Groups of small projects or programmes							
Various labour centres - New and upgrading	–	–	–	11 346	20 367	9 271	2 010
Maintenance on infrastructure (capital)							
Repairs and maintenance	38 323	29 157	37 173	66 998	66 382	41 841	31 214
Total	38 323	29 157	37 173	78 344	86 749	51 112	33 224

Table 16.E Summary of departmental public-private partnership projects

R thousand	Project unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
		2006/07	2007/08	2008/09	2009/10
Projects signed in terms of Treasury Regulation 16	40 833	52 000	62 176	69 869	76 507
PPP unitary charge	40 833	52 000	62 176	69 869	76 507
Total	40 833	52 000	62 176	69 869	76 507

Disclosure notes for projects signed in terms of Treasury Regulation 16

Project name	PPP agreement between the Department of Labour and Siemens Business Services for the provision of IT services
Brief description	The IT PPP agreement is regarded by the Department of Labour as the way to achieve its objectives given the budgetary constraints and the requirements for specialised knowledge and expertise needed to develop and manage modern IT services.
Date PPP agreement was signed	27 November 2002
Duration of PPP agreement	10 years
Escalation index for unitary fee	Annual increases by CPIX as well as increases based on the number of computer users
Variations/amendments to PPP agreement	The PPP agreement makes provision for a change management process that deals with changes to the agreement and the unitary fee. If required, material variations will be dealt with in terms of the relevant Treasury regulations.
Cost implications of variations/amendments	The change management notes that have an impact on the unitary fee are listed under item 2 of Remarks by the Office of the CIO.

Table 16.F Summary of departmental public-private partnership projects

R thousand	Project unitary fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
		2006/07	2007/08	2008/09	2009/10
Projects signed in terms of Treasury Regulation 16	151 105	6 228	19 619	20 600	21 630
PPP unitary charge ¹	151 105	6 228	19 619	20 600	21 630
Total	151 105	6 228	19 619	20 600	21 630

1. Details on disclosure notes can be viewed in the PPP table of the department of transport.

