

Vote 15

Labour

Budget summary

R thousand	2008/09				2009/10	2010/11
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	387 207	385 223	–	1 984	409 328	434 389
Service Delivery	690 361	659 114	849	30 398	767 488	807 593
Employment and Skills Development Services/ Human Resources Development	203 700	111 333	80 167	12 200	216 689	223 622
Labour Policy and Labour Market Programmes	441 142	82 096	358 914	132	471 262	506 405
Social Insurance	10 501	–	10 501	–	11 040	11 040
Total	1 732 911	1 237 766	450 431	44 714	1 875 807	1 983 049
Direct charges against the National Revenue Fund	7 529 600	–	7 529 600	–	8 244 912	9 044 668
Total expenditure estimates	9 262 511	1 237 766	7 980 031	44 714	10 120 719	11 027 717
Executive authority	Minister of Labour					
Accounting officer	Director-General of Labour					
Website address	www.labour.gov.za					

Aim

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

Programme purposes, objectives and measures

Programme 1: Administration

Purpose: Provide for the overall management of the department and for strategic support and advisory services.

Programme 2: Service Delivery

Purpose: Ensure implementation of and compliance with Department of Labour policies and programmes through monitoring, evaluation and inspections.

Objectives and measures:

- Increase the percentage of registered work seekers placed in registered employment opportunities through employment counselling to job seekers and liaising with providers of employment opportunities.
- Assess and refer work seekers to identified critical and scarce skills development programmes by 2010/11.
- Facilitate the planned implementation of training of unemployed people and placement in employment through co-operation with government departments and municipalities.
- Reduce workplace related injuries, illnesses and deaths through increased workplace inspections.
- Improve compliance with labour legislation by ensuring that inspected workplaces increasingly comply.

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

Purpose: Contribute to employment creation and skills development by promoting and monitoring the achievement of the objectives of the national skills development strategy (NSDS) and the national human resource development strategy.

Objectives and measures:

- Develop the skills of work-seekers by training 90 000 unemployed persons and placing 70 per cent in employment.
- Provide skills development support through National Skills Fund (NSF) and Sector Education and Training Authority (SETA) funding to SMMEs, NGOs and co-operatives.
- Provide top-up funding to SETAs, the National Student Financial Aid Scheme (NSFAS) and the National Research Foundation to assist 26 000 unemployed learners to enter scarce and critical skills programmes in learnerships, apprenticeships, internships, bursaries and skills programmes.
- Provide funding through partnerships with Umsobomvu Youth Fund and the Small Enterprise Development Agency (SEDA) to support 3 000 youth in new venture creation projects and ensure that 70 per cent of new ventures are sustainable after completion of the programme through training and mentorship.

Programme 4: Labour Policy and Labour Market Programmes

Purpose: 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.

Objectives and measures:

- Fund 15 projects that target vulnerable workers in rural and remote areas over the next 3 years to access their rights in terms of labour legislation.
- Improve employment equity by inspecting additional Johannesburg Stock Exchange listed companies each year for substantive compliance with legislation.
- Improve the status of vulnerable workers by reviewing working conditions in the domestic worker, forestry, taxi, contract cleaning, farm worker, and private security sectors by March 2009.
- Improve labour market policy by commissioning at least four critical research projects by March 2009.

Programme 5: Social Insurance

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

Strategic overview and key policy developments: 2004/05 – 2010/11

The Department of Labour aims to support key government policies for the second decade of democracy by activities that will: contribute to the growth and development in the economy; increase the ability of the economy to create employment; address the needs of vulnerable and poor people in the second economy; promote social security to contribute to poverty alleviation; and address racial and gender inequality.

Key policy developments

The department has prioritised the following areas over the MTEF period:

The department is tasked with developing and implementing the employment services system to improve employment services for job seekers and employers. The system will register work seekers and job opportunities and provide: job matching services, career guidance and counselling services, information services, skills development referrals, and special services for designated groups. Phase 1 is being implemented at all labour centres. This involves the rollout of the registration of job seekers, employers and placement

opportunities, the matching of job seekers with job opportunities, and the training of trainers and users of the system. A career guidance and counselling system will be developed and implemented by 2010/11. Public comments on the draft employment services regulations (which compel public and private employers to register vacancies) were published in August 2007 and are being incorporated into the draft bill for promulgation in 2009/10.

New regulations for learnerships and SETA grants were published in 2006/07. A joint policy statement on the review of the national qualifications framework was tabled in August 2007 and released for implementation at the national skills conference in October 2007. The new bill facilitates the formal establishment under the Ministry of Labour of the Quality Council for Trades and Occupations (QCTO) to co-exist on an equal footing with the Council for Higher Education and the Council for General and Further Education (known as Umalusi).

During 2008/09, the Skills Development Act (1998) will be amended to provide for: the functioning of the National Skills Authority in relation to the National Skills Fund; amendments of SETA functions relating to quality assurance; establishment of the QCTO; legislating artisan development; and listing the NSF as a public entity.

The Decent Work Country Programme (DWCP) will be developed by April 2009 in collaboration with the International Labour Organisation (ILO) and in consultation with social partners, focusing mainly on employment creation. The four pillars of the Decent Work agenda (fundamental principles and rights at work and international labour standards; employment and income opportunities; social dialogue and tripartism; and social protection and social security) will be dealt with in the context of related government reform processes and the department's constitutional obligations.

Recent achievements

Service delivery

From April to September 2007, 53 848 job seekers were registered on the employment services system. 5 387 job seekers were matched against registered job opportunities of which 68 per cent were placed. The target was exceeded by 13 per cent. 3 359 youth were assessed and placed in National Youth Service programmes in the infrastructure sector compared to a target of 5 000. Through collaboration with the Umsobomvu Youth Fund, 20 461 youth were trained against a target of 30 000 and 13 845 were placed in employment.

From April to September 2007, 96 509 workplaces were inspected against a target of 150 000, of which 75 per cent (72 164) complied with labour legislation requirements within 90 days.

Skills development

48 268 unemployed people were trained in social development skills programmes between April and September 2007, meeting the annual target, of which 30 212 (63 per cent) were placed in employment. R887 million was allocated to the provinces for strategic skills development interventions to benefit 26 000 learners over three years. During the six-month period to the end of September 2007, 38 956 workers and 19 182 unemployed learners were trained in learnerships, apprenticeships and other scarce and critical skills programmes.

Labour market policy

67 per cent of the 108 322 labour related complaints reported were investigated and the cases concluded within 90 days. Private security sector minimum wages and contract cleaning and civil engineering sectoral determinations were reviewed and published. The hospitality sectoral determination was promulgated in May 2007 and published.

In 2006/07, awareness raising activities for the child labour programme of action were conducted in all provinces. Pilot programmes were implemented to address the worst forms of child labour, including the

commercial sexual exploitation of children, child trafficking, scavenging, children used by adults to commit crimes, and a planning tool for the delivery of water that aims to bring water points closer to users.

Research has been concluded on the reduction of working hours, bargaining councils, the Commission for Conciliation, Mediation and Arbitration (CCMA) and the labour market by the Human Sciences Research Council (HSRC), together with the development policy research unit of the University of Cape Town and the sociology of work programme of the University of Witwatersrand.

Selected performance indicators

Indicators	Annual performance						
	Past			Current	Projected		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Number of jobs registered on employment services database	-	-	-	3 574	6 000	6 500	7 000
Percentage of registered work seekers placed in permanent employment	-	-	-	55% (2 417)	60% (3 600)	65% (4 225)	70% (7 490)
Number of small BEE SMMEs and co-operatives that receive skills development support	-	-	1 293	188	1 200	1 400	Subject to revised NSDS 2010 - 2015
Number of people participating in trade tests at INDLELA	-	7 622	7 905	9 000	10 000	12 000	15 000
Percentage pass rate for trade tests	-	44% (3 391)	40% (3 192)	35% (1 575)	40%	45%	50%
Number of artisans registered for training by SETAs	-	-	-	4 304	18 693	12 500	Subject to revised NSDS 2010 - 2015
Number of JSE listed companies assessed for employment equity	-	-	6	7	11	16	25
Number of occupational health and safety incidents investigated	279	3 800	2 756	2 000	2 000	2 000	2 000
Percentage decrease in workplace related injuries, diseases and deaths	-	3.8% (2 756)	23% (2 134)	2% (2 091)	2% (2 049)	2% (2 008)	2% (1 967)
Percentage compliance with labour legislation by inspected workplaces	70% (124 910)	70% (132 042)	70% (136 845)	70% (126 000)	71% (127 800)	73% (131 400)	75% (135 000)

Expenditure estimates

Table 15.1 Labour

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2004/05	2005/06	2006/07	2007/08		2008/09	2009/10	2010/11
R thousand								
1. Administration	316 112	292 235	324 270	365 653	365 554	387 207	409 328	434 389
2. Service Delivery	428 969	532 307	594 627	665 409	657 305	690 361	767 488	807 593
3. Employment and Skills Development Services/ Human Resources Development	112 491	117 428	139 019	575 039	565 527	203 700	216 689	223 622
4. Labour Policy and Labour Market Programmes	297 945	349 008	388 596	421 763	420 411	441 142	471 262	506 405
5. Social Insurance	8 013	4 931	7 028	10 001	10 001	10 501	11 040	11 040
Subtotal	1 163 530	1 295 909	1 453 540	2 037 865	2 018 798	1 732 911	1 875 807	1 983 049
Direct charge against the National Revenue Fund	4 725 396	4 883 330	5 328 427	6 800 000	6 800 000	7 529 600	8 244 912	9 044 668
Sector education and training authorities	3 780 317	3 906 664	4 262 741	5 440 000	5 440 000	6 023 680	6 595 930	7 235 734
National Skills Fund	945 079	976 666	1 065 686	1 360 000	1 360 000	1 505 920	1 648 982	1 808 934
Total	5 888 926	6 179 239	6 781 967	8 837 865	8 818 798	9 262 511	10 120 719	11 027 717
Change to 2007 Budget estimate				805 000	785 933	1 064 126	1 505 607	1 934 821

Table 15.1 Labour (continued)

R thousand	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2004/05	2005/06	2006/07	2007/08		2008/09	2009/10	2010/11
Economic classification								
Current payments	800 146	924 651	1 016 025	1 181 464	1 170 775	1 237 766	1 351 532	1 451 879
Compensation of employees	371 495	425 317	477 064	580 694	578 194	643 627	722 311	792 935
Goods and services	428 129	499 323	538 087	600 770	592 581	594 139	629 221	658 944
<i>of which:</i>								
<i>Communication</i>	54 503	44 045	46 475	59 421	59 421	31 329	35 523	42 318
<i>Computer services</i>	90 089	98 767	120 674	107 338	107 338	109 210	127 700	131 698
<i>Consultants, contractors and special services</i>	21 262	22 049	21 420	47 694	45 366	33 115	34 384	36 148
<i>Inventory</i>	40 994	20 711	28 558	22 796	22 231	33 973	36 218	37 518
<i>Maintenance, repairs and running costs</i>	4 985	38 828	48 117	41 360	41 463	14 882	10 276	7 266
<i>Operating leases</i>	55 853	60 891	67 614	72 021	71 329	79 903	90 587	101 245
<i>Travel and subsistence</i>	95 064	81 282	87 378	87 821	88 126	97 584	104 046	109 067
<i>Municipal services</i>	12 329	13 307	10 185	16 919	16 919	28 904	30 840	32 928
<i>Venues and facilities</i>	7 438	27 829	22 225	17 263	17 263	24 064	25 389	24 403
<i>Advertising</i>	15 962	21 737	15 368	12 213	12 213	17 679	16 156	17 820
<i>Training and staff development</i>	2 916	4 714	10 172	9 515	9 515	10 529	11 047	10 344
Financial transactions in assets and liabilities	522	11	874	–	–	–	–	–
Transfers and subsidies	5 049 835	5 241 972	5 738 793	7 624 660	7 625 250	7 980 031	8 722 661	9 554 423
Provinces and municipalities	1 095	1 278	284	–	–	–	–	–
Departmental agencies and accounts	4 989 795	5 181 486	5 677 022	7 169 705	7 169 705	7 901 230	8 653 493	9 484 418
Public corporations and private enterprises	–	–	–	400 000	400 000	5 080	5 156	5 813
Foreign governments and international organisations	5 737	5 783	6 882	7 620	7 457	7 736	8 507	9 017
Non-profit institutions	51 783	52 478	52 658	46 433	46 329	65 795	55 335	55 010
Households	1 425	947	1 947	902	1 759	190	170	165
Payments for capital assets	38 945	12 616	27 149	31 741	22 773	44 714	46 526	21 415
Buildings and other fixed structures	36 847	5 493	15 362	14 389	6 389	29 276	30 600	6 756
Machinery and equipment	2 020	7 123	11 787	17 269	16 241	15 438	15 926	14 659
Software and other intangible assets	78	–	–	83	143	–	–	–
Total	5 888 926	6 179 239	6 781 967	8 837 865	8 818 798	9 262 511	10 120 719	11 027 717

Expenditure trends

Excluding direct charges against the National Revenue Fund, expenditure grew at an average annual rate of 20.5 per cent, from R1.2 billion in 2004/05 to R2 billion in 2007/08. The significant growth in 2007/08 of 40.2 per cent is mainly due to a once-off allocation of R400 million to the Umsobomvu Youth Fund, evident in the *Employment and Skills Development Services/Human Resources Development* programme. Over the same period, compensation of employees increased from R371.5 million to R580.7 million, at an average annual rate of 16.1 per cent. This increase caters for capacity building as the number of posts increase from 7 176 in 2004/05 to 8 501 in 2007/08, mainly in the areas of clerks, assistant directors and deputy directors.

Direct charges against the National Revenue Fund include skills development levies to the sectoral education and training authorities (SETAs) and the National Skills Fund, growing at an average annual rate of 10 per cent over the MTEF period. The charges are included under transfers and subsidies, which comprise on average 86.3 per cent of total departmental allocations. In the 2008 Budget, transfers and subsidies receive additional allocations of R1 billion in 2008/09, R1.4 billion in 2009/10 and R1.8 billion in 2010/11. Of this, R4.3 billion was allocated to skills development levies; R75 million to capacitate the inspectorate and the employment services system, and R48.6 million to the Commission for Conciliation, Mediation and Arbitration (CCMA).

Other additional allocations in the 2008 Budget include: R5 million for the business case to restructure the sheltered employment factories; R21 million for the decentralisation of functions to provinces; R53 million for increased capacity for the employment services system; R50.3 million for compensation of employees for implementing the 2007 resolution of the Public Service Co-ordinating Bargaining Council; R8.2 million for accommodation charges; and R45.6 million for personnel and non-personnel inflation adjustments.

Efficiency savings of R14 million in 2008/09, R21.1 million in 2009/10 and R26.8 million in 2010/11 have been identified in the *Administration, Service Delivery, Employment and Skills Development Services/Human Resources Development*, and *Labour Policy and Labour Market Programmes* programmes. They will be made under goods and services from travel and subsistence, and consultants and catering.

For spending on infrastructure, the initial repair and maintenance programme (RAMP) contracts ran from 2002/03 to 2005/06 and follow-on RAMP contracts were initiated in 2005/06. No spending on RAMP projects at the Institution for the National Development of Learnerships, Employment-skills and Labour Assessments (INDLELA) was incurred for both 2006/07 and 2007/08, due to budgetary constraints. Only maintenance, repairs and running costs received the necessary funding. The 2007/08 appropriation for RAMP is R800 000 and over the MTEF period it is projected to increase to R850 000 (2008/09), R1 million (2009/10) and R33.3 million (2010/11). The sharp increase in 2010/11 caters for maintenance work on sheltered employment factories and labour centres and follow-on RAMP contracts at Laboria House, INDLELA and the Concillium building.

Departmental receipts

The department collects limited revenue. Revenue is mainly generated from sales of goods and services, which is dominated by revenue generated by INDLELA from fees for trade tests, boarding, and rentals. Deductions for parking also form part of this classification. Transactions in assets and liabilities comprise of stale cheques, previous financial year recoveries and breach of contract fees. Receipts from fines and forfeitures resulting from prosecutions in terms of labour legislation flow through the Department of Justice and Constitutional Development.

Table 15.2 Departmental receipts

R thousand	Audited outcome			Estimate 2007/08	Medium-term receipts estimate		
	2004/05	2005/06	2006/07		2008/09	2009/10	2010/11
Departmental receipts	4 465	4 811	6 083	4 684	8 332	9 393	10 698
Sales of goods and services produced by department	2 741	3 120	3 450	2 384	4 171	4 629	5 139
Sales of scrap, waste and other used current goods	–	25	–	20	80	90	98
Fines, penalties and forfeits	99	173	511	95	408	481	558
Interest, dividends and rent on land	239	–	482	851	1 085	1 139	1 299
Sales of capital assets	232	42	–	–	–	–	–
Financial transactions in assets and liabilities	1 154	1 451	1 640	1 334	2 588	3 054	3 604
Total	4 465	4 811	6 083	4 684	8 332	9 393	10 698

Programme 1: Administration

Purpose: Provide for the overall management of the department and for strategic support and advisory services.

Expenditure estimates

Table 15.3 Administration

Subprogramme	Audited outcome			Adjusted	Medium-term expenditure estimate		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
R thousand							
Minister ¹	747	958	925	951	1 019	1 072	1 127
Management	11 799	13 110	19 923	28 380	34 952	35 465	36 914
Corporate Services	130 543	154 325	172 087	180 650	175 553	185 326	192 774
Financial Management	69 389	50 274	51 275	66 732	78 309	77 660	81 167
Capital Works	35 452	–	2 721	–	–	–	–
Property Management	68 182	73 568	77 339	88 940	97 374	109 805	122 407
Total	316 112	292 235	324 270	365 653	387 207	409 328	434 389
Change to 2007 Budget estimate				5 000	6 727	5 876	5 656

1. Payable as from 1 April 2007. Salary: R761 053. Car allowance: R190 262.

Economic classification

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Current payments	281 684	289 204	318 010	358 200	385 223	407 178	432 532
Compensation of employees	40 807	48 495	55 186	61 509	79 879	87 000	92 992
Goods and services	240 355	240 698	261 950	296 691	305 344	320 178	339 540
<i>of which:</i>							
Communication	7 368	7 217	6 827	12 882	7 031	7 627	7 918
Computer services	86 396	98 059	114 095	107 173	106 970	125 563	130 335
Consultants, contractors and special services	7 695	8 476	7 154	22 917	5 772	5 933	6 157
Inventory	23 154	3 969	4 294	6 300	4 168	4 231	4 396
Maintenance, repairs and running costs	1 297	1 404	3 154	3 354	4 632	455	242
Operating leases	55 853	60 261	67 154	72 021	79 389	90 022	100 646
Travel and subsistence	11 768	11 279	13 486	18 966	15 582	15 417	16 051
Municipal services	12 329	13 307	10 185	16 919	17 985	19 783	21 761
Venues and facilities	3 961	6 097	5 696	–	4 781	4 942	3 112
Advertising	11 237	9 187	7 766	–	13 917	11 239	12 659
Training and staff development	1 417	798	1 954	–	3 535	3 669	2 711
Financial transactions in assets and liabilities	522	11	874	–	–	–	–
Transfers and subsidies	148	195	1 211	–	–	–	–
Provinces and municipalities	128	149	39	–	–	–	–
Households	20	46	1 172	–	–	–	–
Payments for capital assets	34 280	2 836	5 049	7 453	1 984	2 150	1 857
Buildings and other fixed structures	33 766	–	2 721	–	–	–	–
Machinery and equipment	436	2 836	2 328	7 453	1 984	2 150	1 857
Software and other intangible assets	78	–	–	–	–	–	–
Total	316 112	292 235	324 270	365 653	387 207	409 328	434 389

Expenditure trends

Expenditure increased at an average annual rate of 5 per cent, from R316 million in 2004/05 to R366 million in 2007/08. The highest increase was in the *Management* subprogramme, which grew at a rate of 34 per cent between 2004/05 and 2007/08, due to additional allocations from 2007/08 to facilitate the decentralisation of management functions to provincial offices and labour centres. Growth slows down to an average annual rate of 9.2 per cent over the MTEF period.

The increase over the MTEF period is at an average annual rate of 5.9 per cent, reaching R434.4 million in 2010/11. Over the MTEF period the highest growth is in the *Property Management* subprogramme, which grows at an average annual rate of 11.2 per cent, from R88.9 million in 2007/08 to R122.4 million in 2010/11 for accommodation, municipal services and leases.

Programme 2: Service Delivery

Purpose: Ensure implementation of and compliance with Department of Labour policies and programmes through monitoring, evaluation and inspections.

- *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, by administering, processing and finalising applications for payment.
- *Employment Services* facilitates access to employment and income generating opportunities for the under- and unemployed by implementing a range of policies and programmes.
- *Inspection and Enforcement Services* ensures 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.
- *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 15.4 Service Delivery

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
R thousand							
Management Support Services	114 323	180 431	213 748	238 719	225 443	243 215	214 435
Head Office	6 974	57 801	55 519	49 270	38 977	44 693	21 452
Eastern Cape	17 055	19 420	21 644	27 063	24 686	25 586	26 745
Free State	8 467	11 240	11 962	15 342	13 998	15 255	15 524
Gauteng	24 079	28 062	36 769	40 681	43 888	47 373	42 130
KwaZulu-Natal	14 210	16 512	22 343	28 288	29 925	31 635	32 542
Limpopo	11 519	10 604	14 193	15 212	15 098	15 886	15 025
Mpumalanga	8 980	10 407	12 290	15 723	16 622	17 491	15 676
North West	7 518	9 405	12 232	14 534	14 728	15 550	13 622
Western Cape	10 801	10 974	16 978	19 778	17 654	18 864	19 400
Northern Cape	4 720	6 006	9 818	12 828	9 867	10 882	12 319
Beneficiary Services	–	–	–	1	1	1	1
Employment Services	111 209	117 327	126 004	131 795	156 855	165 492	191 334
Head Office	18 886	6 717	7 589	9 396	8 846	10 702	10 831
Eastern Cape	15 839	17 876	20 282	19 829	19 911	21 624	23 951
Free State	7 390	8 852	9 678	9 080	11 567	13 343	15 576
Gauteng	18 891	22 246	23 802	24 024	34 621	32 470	41 606
KwaZulu-Natal	13 227	16 709	17 557	15 245	20 169	20 896	22 354
Limpopo	7 212	9 259	9 233	11 378	12 106	13 357	15 081
Mpumalanga	8 410	11 451	11 805	12 138	14 419	15 791	18 386
North West	6 866	8 080	8 959	11 025	12 162	12 312	15 603
Western Cape	9 472	10 315	10 951	13 145	14 295	15 740	17 527
Northern Cape	5 016	5 822	6 148	6 535	8 759	9 257	10 419
Inspection and Enforcement Services	176 336	206 108	226 833	254 483	266 007	314 029	354 968
Head Office	1 412	5 475	1 661	–	–	–	–
Eastern Cape	22 388	26 813	28 253	32 781	32 254	37 523	41 902
Free State	14 223	16 113	19 923	20 928	21 817	26 160	28 885

Table 15.4 Service Delivery (continued)

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
R thousand							
<i>Gauteng</i>	37 109	43 807	51 276	60 445	58 992	69 105	78 238
<i>KwaZulu-Natal</i>	31 777	33 925	35 714	39 128	46 584	55 378	62 757
<i>Limpopo</i>	14 292	16 088	16 940	18 904	20 806	24 340	28 768
<i>Mpumalanga</i>	12 173	15 816	19 548	19 720	20 104	23 654	28 502
<i>North West</i>	14 156	16 482	17 233	18 721	17 742	20 972	24 204
<i>Western Cape</i>	20 790	23 109	26 380	32 785	37 174	42 037	46 285
<i>Northern Cape</i>	8 016	8 480	9 905	11 071	10 534	14 860	15 427
Labour Market Information and Statistics	13 799	14 648	17 714	21 386	21 597	23 216	25 062
<i>Eastern Cape</i>	1 716	1 628	2 292	2 498	2 659	2 873	3 005
<i>Free State</i>	1 252	1 265	1 465	1 998	2 159	2 571	2 704
<i>Gauteng</i>	2 560	2 878	3 589	3 996	4 306	4 543	4 809
<i>KwaZulu-Natal</i>	1 825	1 641	1 940	2 116	2 158	2 272	2 635
<i>Limpopo</i>	1 233	1 404	1 855	2 398	2 159	2 272	2 499
<i>Mpumalanga</i>	1 337	1 814	1 909	2 359	2 158	2 272	2 794
<i>North West</i>	1 441	1 332	1 715	2 498	2 159	2 272	2 498
<i>Western Cape</i>	1 509	1 560	1 662	2 144	2 158	2 371	2 537
<i>Northern Cape</i>	926	1 126	1 287	1 379	1 681	1 770	1 581
Occupational Health and Safety	13 302	13 793	10 328	19 025	20 458	21 535	21 793
Head Office	13 302	13 793	10 328	19 025	20 458	21 535	21 793
Total	428 969	532 307	594 627	665 409	690 361	767 488	807 593
Change to 2007 Budget estimate				10 000	14 784	54 527	85 120

Economic classification

Current payments	422 094	522 276	579 485	650 527	659 114	734 585	799 541
Compensation of employees	274 492	314 940	356 149	427 772	458 338	525 382	586 046
Goods and services	147 602	207 336	223 336	222 755	200 776	209 203	213 495
of which:							
Communication	46 302	35 921	38 707	45 357	22 851	26 337	32 836
Computer services	–	510	65	–	2 008	1 881	1 092
Consultants, contractors and special services	6 151	5 450	4 328	7 653	8 359	8 952	9 471
Inventory	11 142	9 552	13 860	8 043	16 423	17 637	18 167
Maintenance, repairs and running costs	3 091	36 075	42 727	36 576	7 691	8 449	5 572
Travel and subsistence	75 406	59 558	65 235	57 593	65 239	70 025	76 426
Venues and facilities	–	18 443	13 798	15 755	14 898	15 523	15 842
Advertising	–	906	913	2 159	1 225	1 276	1 302
Training and staff development	–	2 870	6 743	7 006	5 080	5 293	5 401
Transfers and subsidies	2 566	2 221	1 295	1 625	849	862	897
Provinces and municipalities	798	938	197	–	–	–	–
Foreign governments and international organisations	–	–	–	140	47	49	51
Non-profit institutions	422	464	491	583	612	643	681
Households	1 346	819	607	902	190	170	165
Payments for capital assets	4 309	7 810	13 847	13 257	30 398	32 041	7 155
Buildings and other fixed structures	3 081	5 493	9 323	11 389	26 276	27 600	3 756
Machinery and equipment	1 228	2 317	4 524	1 868	4 122	4 441	3 399
Total	428 969	532 307	594 627	665 409	690 361	767 488	807 593

Details of major transfers and subsidies

Non-profit institutions							
Current	422	464	491	583	612	643	681
Deaf Federation of South Africa	69	83	84	155	163	173	183
National Council for the Physically Disabled	161	169	181	191	200	210	223
SA National Council for the Blind	192	212	226	237	249	260	275

Expenditure trends

Expenditure increased from R429 million in 2004/05 to R665.4 million in 2007/08, at an average annual rate of 15.8 per cent. The highest average annual increase of 27.8 per cent over this period is seen in the *Management Support Services* subprogramme and is due to the decentralisation of functions to provincial offices and labour centres from 2007/08. Although the budget increases to R807.6 million in 2010/11, the growth over the MTEF period slows down to an average annual rate of 6.7 per cent.

Spending increased from R147.6 million in 2004/05 to R207.3 million in 2005/06 (24.1 per cent), mainly in goods and services due to the reclassification of RAMPS expenditure from the *Administration* programme. The increase in payments for capital assets: machinery and equipment was for the purchase of mobile units to improve service delivery in rural areas, and in buildings and other fixed structures for revamping labour centres to accommodate corporate imaging. Payments for capital assets: buildings and other fixed structures decrease from R30 million in 2008/09 to R7 million in 2010/11 due to projects being finalised and no new projects being registered.

Additional allocations in the 2008 Budget of R8 million, R15 million and R30 million over the MTEF period will provide for career/vocational counsellors, placements and client service officer posts. Provision has also been made for the upgrading of inspectors' salaries in the second and third year of the MTEF period in an attempt to stem the outflow of trained inspectors. Additional allocations in the 2008 Budget of R30 million in 2009/10 and R45 million in 2010/11 boost the growth of the *Inspection and Enforcement* subprogramme to an average annual rate of 11.7 per cent over the MTEF period.

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

Purpose: Contribute to employment creation and skills development by promoting and monitoring the achievement of the objectives of the national skills development strategy (NSDS) and the national human resource development strategy.

The *Skills Development Policy Advice and Planning* was incorporated into the *Programme Management Support* subprogramme.

- *National Skills Fund Administration and Transfers* funds and manages projects identified in the NSDS as national priorities and other projects related to achieving the purposes of the Skills Development Act (1998), as determined by the director-general of the Department of Labour.
- *SETA Co-ordination* resources, monitors and reports on the implementation of the NSDS at sectoral level through establishing and managing the performance of service level agreements with SETAs.
- *INDLELA* manages and co-ordinates national artisan development, including monitoring the improvement of artisan trade assessment and moderation and specialised technical training.
- *Training of Staff* funds staff training programmes and ensures the relevant skills are available for implementing legislation.
- *Programme Management Support* provides management support to the employment and skills development 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 work of the Quality Council for Trades and Occupations to develop, register and quality assure the implementation of qualifications and standards for occupationally based learning across all sectors of the economy.
- *Productivity SA* supports government led strategic initiatives that affect job creation, productivity and competitiveness.
- *Umsobomvu Youth Fund (UYF)* implements youth development support programmes for young people to have sustainable livelihoods.

Expenditure estimates

Table 15.5 Employment and Skills Development Services/ Human Resources Development

Subprogramme	Audited outcome			Adjusted	Medium-term expenditure estimate		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
R thousand							
Skills Development Policy Advice and Planning	198	–	–	–	–	–	–
NSF Administration and Transfers	43 014	44 623	44 887	46 437	49 246	50 630	53 583
Seta Co-ordination	12 530	13 408	13 765	25 402	16 830	18 076	19 153
INDLELA	23 901	25 697	40 173	53 381	74 085	80 895	80 521
Training of Staff	262	288	1 216	1 866	1 200	1 300	1 400
Programme Management Support	4 232	4 124	4 677	5 837	6 138	6 700	7 256
NSA Secretariat	5 107	5 354	2 273	5 479	4 111	4 432	4 576
Quality Development and Promotion	–	–	–	10 000	18 872	19 816	19 850
Productivity SA	23 247	23 934	32 028	26 637	28 138	29 684	31 470
Umsobomvu Youth Fund	–	–	–	400 000	5 080	5 156	5 813
Total	112 491	117 428	139 019	575 039	203 700	216 689	223 622
Change to 2007 Budget estimate				(10 000)	1 256	6 079	6 644

Economic classification

Current payments	50 848	52 334	55 980	93 234	111 333	120 353	121 735
Compensation of employees	31 315	35 670	38 706	53 641	66 173	67 851	69 215
Goods and services	19 533	16 664	17 274	39 593	45 160	52 502	52 520
<i>of which:</i>							
Communication	602	555	629	800	1 008	1 076	1 052
Computer services	3 184	–	84	–	–	–	–
Consultants, contractors and special services	3 091	2 840	282	2 000	3 955	2 966	2 995
Inventory	3 914	5 119	6 667	4 007	8 541	9 026	9 309
Maintenance, repairs and running costs	441	801	1 717	800	1 985	740	783
Travel and subsistence	3 202	3 581	3 129	5 000	9 325	10 422	7 851
Venues and facilities	1 627	1 231	1 341	–	4 000	4 500	5 000
Advertising	51	228	450	–	1 500	2 500	2 650
Training and staff development	1 324	683	1 156	1 866	1 200	1 300	1 400
Transfers and subsidies	61 361	64 367	74 891	471 436	80 167	84 136	89 537
Provinces and municipalities	95	113	29	–	–	–	–
Departmental agencies and accounts	61 220	64 185	74 694	71 436	75 087	78 980	83 724
Public corporations and private enterprises	–	–	–	400 000	5 080	5 156	5 813
Households	46	69	168	–	–	–	–
Payments for capital assets	282	727	8 148	10 369	12 200	12 200	12 350
Buildings and other fixed structures	–	–	3 318	3 000	3 000	3 000	3 000
Machinery and equipment	282	727	4 830	7 369	9 200	9 200	9 350
Total	112 491	117 428	139 019	575 039	203 700	216 689	223 622

Details of major transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	61 220	64 185	74 694	71 436	75 087	78 980	83 724
Productivity SA	23 247	23 934	32 028	26 637	28 138	29 684	31 470
National Skills Fund	37 973	40 251	42 666	44 799	46 949	49 296	52 254
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	–	–	–	400 000	5 080	5 156	5 813
Umsobomvu Youth Fund	–	–	–	400 000	5 080	5 156	5 813

Expenditure trends

Between 2004/05 and 2007/08, spending increased at an average annual rate of 72.3 per cent from R112.5 million to R575 million. This was mainly due to the reallocation of capital works expenditure in 2005/06 from the *Administration* programme, and a once-off allocation of R400 million in 2007/08 to the Umsobomvu Youth Fund (UYF).

Growth over the MTEF period is a negative 27 per cent, but this percentage amounts to 8.5 per cent if the 2007/08 allocation to the UYF is excluded from the analysis. Most of the increase can be attributed to the restructuring of the Institution for the National Development of Learnerships, Employment-skills and Labour Assessments (INDLELA), which explains why the *INDLELA* subprogramme grows by an average annual rate of 14.7 per cent to R80.5 million in 2010/11. Increasing from R282 000 in 2004/05 to R10.4 million in 2007/08, payments for capital assets for the restructuring of INDLELA continue to grow at 6 per cent over the MTEF period.

During the 2007 Adjustment of Estimates the budget for this programme was reduced by R10 million as funds were surrendered to the National Revenue Fund. Also, R18 million that had been allocated to the national qualifications framework as transfers and subsidies was reclassified to current payments, as funds were required for research processes aimed at developing the framework for the Quality Council for Trades and Occupations.

Programme 4: Labour Policy and Labour Market Programmes

Purpose: 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 Management Unit.*
- *Strengthen Civil Society* improves working conditions of vulnerable workers by contributing to a stable and well functioning labour market.
- *Collective Bargaining* manages the implementation of the Labour Relations Act (1995) through policies and practices that promote sound labour relations.
- *Employment Equity and Standards* improves equity and protects vulnerable workers in the labour market.
- *Commission for Conciliation, Mediation and Arbitration* manages disputes in the labour market through conciliation, mediation and arbitration.
- *Research, Policy and Planning* researches and monitors working conditions and policies affecting the labour market in South African and elsewhere.
- *Labour Market Information and Statistics* collects, collates and analyses labour market statistics, and informs all stakeholders about labour market trends that impact on legislation.
- *International Labour Matters* represents the South African government at the International Labour Organisation (ILO), the African Union Labour and Social Affairs Commission, the Southern African Development Community (SADC) Employment and Labour Sector and the African Regional Labour Administration Centre (ARLAC).
- *National Economic Development and Labour Council (NEDLAC)* promotes economic growth and participates in economic decision making and social equity by seeking consensus and agreements on social and economic policy at NEDLAC.
- *Sheltered Employment Factories* improves the administration, production and financial control of employment centres for the disabled.

Expenditure estimates

Table 15.6 Labour Policy and Labour Market Programmes

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
R thousand							
Programme Management Unit	7 358	7 668	7 251	9 408	9 467	9 933	10 717
Strengthen Civil Society	11 408	8 912	9 447	9 919	10 373	10 892	11 524
Collective Bargaining	7 465	7 315	7 817	9 079	8 227	8 816	9 344
Employment Equity and Standards	18 612	29 166	23 939	25 915	29 216	32 455	37 419
Commission for Conciliation, Mediation and Arbitration	174 612	208 577	244 714	265 001	261 710	293 012	317 955
Research, Policy and Planning	1 572	3 452	10 311	17 517	17 714	19 386	20 548
Labour Market Information and Statistics	3 199	2 979	3 068	4 780	4 435	4 764	5 050
International Labour Matters	12 175	17 036	15 142	18 425	17 650	19 216	20 368
National Economic Development and Labour Council	9 146	11 551	12 712	13 348	14 416	15 147	16 026
Sheltered Employment Factories	52 398	52 352	54 195	48 371	67 934	57 641	57 454
Total	297 945	349 008	388 596	421 763	441 142	471 262	506 405
Change to 2007 Budget estimate				-	11 759	19 213	27 233
Economic classification							
Current payments	45 520	60 837	62 550	79 503	82 096	89 416	98 071
Compensation of employees	24 881	26 212	27 023	37 772	39 237	42 078	44 682
Goods and services	20 639	34 625	35 527	41 731	42 859	47 338	53 389
<i>of which:</i>							
Communication	231	352	312	382	439	483	512
Computer services	509	198	6 430	165	232	256	271
Consultants, contractors and special services	4 325	5 283	9 656	15 124	15 029	16 533	17 525
Inventory	2 784	2 071	3 737	4 446	4 841	5 324	5 646
Maintenance, repairs and running costs	156	548	519	630	574	632	669
Operating leases	-	630	460	-	514	565	599
Travel and subsistence	4 688	6 864	5 528	6 262	7 438	8 182	8 739
Municipal Services	-	-	-	-	10 919	11 057	11 167
Venues and facilities	1 850	2 058	1 390	1 508	385	424	449
Advertising	4 674	11 416	6 239	10 054	1 037	1 141	1 209
Training and staff development	175	363	319	643	714	785	832
Transfers and subsidies	252 351	286 928	325 941	341 598	358 914	381 711	408 281
Provinces and municipalities	74	78	19	-	-	-	-
Departmental agencies and accounts	195 166	229 040	266 873	288 268	286 042	318 561	344 986
Foreign governments and international organisations	5 737	5 783	6 882	7 480	7 689	8 458	8 966
Non-profit institutions	51 361	52 014	52 167	45 850	65 183	54 692	54 329
Households	13	13	-	-	-	-	-
Payments for capital assets	74	1 243	105	662	132	135	53
Machinery and equipment	74	1 243	105	579	132	135	53
Software and other intangible assets	-	-	-	83	-	-	-
Total	297 945	349 008	388 596	421 763	441 142	471 262	506 405
Details of major transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	195 166	229 040	266 873	288 268	286 042	318 561	344 986
Commission for Conciliation, Mediation and Arbitration	174 612	208 577	244 714	265 001	261 710	293 012	317 955
National Economic Development and Labour Council	9 146	11 551	12 712	13 348	13 959	14 657	15 507
Foreign governments and international organisations							
Current	5 737	5 783	6 882	7 480	7 689	8 458	8 966
International Labour Organisation	5 365	5 360	6 409	7 000	7 150	7 865	8 337
African Regional Labour Administration Centre	372	423	473	480	539	593	629
Non-profit institutions							
Current	51 361	52 014	52 167	45 850	65 183	54 692	54 329
South African Youth Council	-	1 000	-	-	-	-	-
Subsidised workshops for the blind	5 970	6 328	6 707	7 042	7 365	7 733	8 196
Subsidised work centres for the disabled	45 391	44 686	45 460	38 808	57 818	46 959	46 133

Expenditure trends

Expenditure increased from R297.9 million in 2004/05 to R421.8 million in 2007/08, at an average annual rate of 12.3 per cent. This was mainly driven by the *Employment Equity and Standards* subprogramme, which grew by 56.7 per cent between 2004/05 and 2005/06 due to employment equity reporting and awareness campaigns, and awareness raising campaigns for the child labour programme of action.

Expenditure in the *Commission for Conciliation Mediation and Arbitration* subprogramme increased at an average annual rate of 14.9 per cent, from R174.6 million in 2004/05 to R265 million in 2007/08, due to the increased CCMA caseload. In the 2008 Budget, additional allocations of R48.6 million over the MTEF period have been added to the CCMA baseline for the recruitment of high performing part-time commissioners and the provision of a dispute prevention management and institution building service.

Expenditure in the *Research, Policy and Planning* subprogramme increases at an average annual rate of 123.4 per cent, from R1.6 million in 2004/05 to R17.5 million in 2007/08 due to the research, monitoring and evaluation agenda, which seeks to evaluate the impact of the department's labour market interventions in the last decade. Spending in the *Sheltered Employment Factories* subprogramme increases by 40.4 per cent from 2007/08 to 2008/09, due to an allocation of R5 million earmarked for a feasibility study, developing a business case for its restructuring and R2.2 million for compensation of employees.

Programme 5: Social Insurance

Purpose: 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.

Expenditure estimates

Table 15.7 Social Insurance

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
R thousand							
Unemployment Insurance Fund	–	–	–	1	1	1	1
Compensation Fund	8 013	4 931	7 028	10 000	10 500	11 039	11 039
Total	8 013	4 931	7 028	10 001	10 501	11 040	11 040
Economic classification							
Transfers and subsidies	8 013	4 931	7 028	10 001	10 501	11 040	11 040
Departmental agencies and accounts	8 013	4 931	7 028	10 001	10 501	11 040	11 040
Total	8 013	4 931	7 028	10 001	10 501	11 040	11 040
Details of major transfers and subsidies							
Departmental agencies and accounts							
Social security funds							
Current	8 013	4 931	7 028	10 001	10 501	11 040	11 040
Compensation Fund	8 013	4 931	7 028	10 000	10 500	11 039	11 039

Expenditure trends

The allocation to the Unemployment Insurance Fund (UIF) was reduced to a nominal R1 000 a year, starting from 2005/06, due to the fund being solvent with a strong asset base. (The department is obliged to include provision for future requests for funding from the UIF from the fiscus in its budgetary submission.)

Transfer payments to the Compensation Fund decreased in 2005/06, by 38.5 per cent in 2005/06 due to the under-utilisation of previous budgetary allocations for claims by civil servants for injuries sustained on duty.

The budget growth slows down to an average annual rate of 3.3 per cent over the medium term due to a forecasted decrease in claims by civil servants for injuries sustained on duty.

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 NSF is funded through 20 per cent of the skills development levies collected by the South African Revenue Services (SARS) as legislated in the Skills Development Levies Act (1999), of which a maximum of 2 per cent is allocated for administration.

In April 2005, the Minister of Labour launched the national skills development strategy (NSDS) 2005-2010 resulting in the NSF reviewing its funding windows and processes to ensure that the NSDS targets are met.

Key priorities for 2008/09 include accelerating the rate of disbursement related to the NSDS annual targets, and support to the Accelerated and Shared Growth Initiative for South Africa (ASGISA) and Joint Initiative on Priority Skills Acquisition (JIPSA) skills development targets. The legal status of the NSF is currently being addressed and proposed amendments have been incorporated into the Skills Development Amendment Bill (2008) to be tabled in Parliament.

By the end of September 2007, the NSF had disbursed R114 million from a total of R390 million to six provinces. Due to a slow start, only three provinces have reported achievements against provincial growth and development strategy (PGDS) strategic projects. 48 268 unemployed people have undergone training valued at R127 million related to social development initiative projects including the expanded public works programme (EPWP). Of those trained, 26 per cent were in accredited training programmes, and 30 212 have been placed in employment. In the adult basic education and training programme, 16 463 unemployed learners were trained from a target of 20 000 while 5 590 unemployed learners were provided with bursaries to enter areas of scarce and critical skills learning, such as accounting and engineering.

Selected performance indicators

Indicators	Annual performance						
	Past			Current	Projected		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11 ¹
Number of unemployed persons assisted to enter learning programmes	–	46 676	41 011	3 126	16 000	18 000	Subject to the targets of the NSDS 2010
Number completed learning programmes	–	4 256	12 251	1 513	8 000	9 000	Subject to the targets of the NSDS 2010
Number of undergraduate bursaries awarded	6 195	6 941	1 148	1 270	4 500	7 000	Subject to the targets of the NSDS 2010
Number of postgraduate bursaries awarded	693	621	1 042	1 194	1 500	1 700	Subject to the targets of the NSDS 2010
Number of ABET learners registered by the NSF	–	41 097	46 095	18 744	40 000	40 000	Subject to the targets of the NSDS 2010
Number of registered ABET learners completed programme	–	–	12 748	9 372	20 000	20 000	Subject to the targets of the NSDS 2010
Number of unemployed persons trained	–	103 168	118 153	90 000	90 000	90 000	Subject to the targets of the NSDS 2010
Number of trained unemployed persons placed in employment	–	55 376	90 691	63 000	63 000	63 000	Subject to the targets of the NSDS 2010

1. The revised NSDS strategy will be developed in 2010

Expenditure estimates

Table 15.8 National Skills Fund

R thousand	Audited outcome			Estimated outcome	Medium-term estimate		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Revenue							
Skills development levy	945 079	976 666	1 065 686	1 360 000	1 505 920	1 648 982	1 808 934
Non-tax revenue	98 491	102 793	177 798	204 300	206 705	216 213	225 942
Other non-tax revenue	98 491	102 793	177 798	204 300	206 705	216 213	225 942
Transfers received	41 705	40 251	42 666	44 799	46 949	49 296	52 254
Total revenue	1 085 275	1 119 710	1 286 150	1 609 099	1 759 574	1 914 491	2 087 130
Expenses							
Current expense	75 614	64 448	72 448	70 846	73 791	74 834	75 651
Compensation of employees	7 362	9 232	11 782	12 371	15 000	15 750	16 537
Goods and services	68 252	55 216	60 666	58 475	58 791	59 084	59 114
Transfers and subsidies	1 114 270	579 915	644 415	810 243	1 067 339	1 298 827	1 399 080
Total expenses	1 189 884	644 363	716 863	881 089	1 141 130	1 373 661	1 474 731
Surplus / (Deficit)	(104 609)	475 347	569 287	728 010	618 444	540 830	612 399

Expenditure trends

The NSF reflects a 25 per cent growth in total revenue in 2007/08, due to increases in skills development levies raised and interest on investments. Spending on NSDS projects decreased by 48 per cent in 2005/06 due to the culmination of the NSDS (I) 2001-2005. Total expenditure is projected to grow by 23 per cent to R881 million from 2006/07 to 2007/08 due to support for artisan development and learnerships, and strategic projects linked to the provincial growth and development strategies. For 2007/08, the NSF has capital reserves of approximately R2.8 billion, of which R744.6 million is contractually committed to existing projects. Strong growth in 2008/09 and 2009/10 in transfers and subsidies paid, of 32 per cent and 22 per cent respectively, is due to the increased rollout of strategic projects based on the provincial growth and development strategy.

The key spending area of the NSF in 2006/07 was on the social development funding window (R258.3 million) and the critical skills funding window (R241.5 million).

Unemployment Insurance Fund

The Unemployment Insurance Fund (UIF) contributes to the alleviation of poverty in South Africa by providing short-term unemployment insurance to all workers who qualify for unemployment related benefits as legislated in the Unemployment Insurance Act (2001) as amended. The fund is financed by a dedicated tax on the wage bill as legislated in the Unemployment Insurance Contributions Act (2002).

Key priorities for 2008/09 include improving the UIF's service delivery; increasing stakeholder awareness and support of the fund, and recruiting and retaining competent staff. The fund will also review the improvement of benefits as well as amendments to its legislation.

A key strategic objective of the UIF is to extend coverage to vulnerable workers. In the domestic worker sector 17 000 new employers (total as at 31 March 2007, 540 547) and 128 000 new domestic employees (total as at 31 March 2007, 629 321) were registered on the fund's database. The fund has also embarked on a campaign to register taxi operators together with all related employees within the taxi sector. In 2006/07, the fund paid R2.8 billion in claims to 572 000 beneficiaries, of which:

- R2 billion was paid for unemployment benefits to 421 000 claimants
- R180 million was paid for illness benefits to 30 000 claimants
- R419 million was paid for maternity and adoption benefits to 96 000 claimants
- R248 million was paid for dependant benefits to 25 000 claimants.

Selected performance indicators

Indicators	Annual performance						
	Past			Current	Projected		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Percentage improvement in compliance by employers compared to previous year	–	–	–	6	6	7	8
Percentage increase in revenue collection compared to previous year	7.70% R6.1bn	12.51% R6.9bn	16.39% R8.1bn	CPIX	CPIX	CPIX	CPIX
Number of weeks to process claims	6	8	6	6	5	4	4
Percentage of benefit claims finalised within allocated period	90%	81%	81%	90%	90%	95%	95%

Expenditure estimates

Table 15.9 Unemployment Insurance Fund

R thousand	Audited outcome			Estimated outcome	Medium-term estimate		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Revenue							
Unemployment contributions	6 059 992	6 861 174	7 985 365	8 660 945	9 266 721	9 914 902	10 559 859
Non-tax revenue	769 959	959 422	1 478 615	1 426 494	1 698 635	1 998 886	3 103 379
Sale of goods and services other than capital assets <i>of which:</i>	2 916	1 936	1 512	1 366	1 419	1 514	1 647
<i>Sales by market establishments</i>	2 916	1 936	1 512	1 366	1 419	1 514	1 647
Other non-tax revenue	767 043	957 486	1 477 103	1 425 128	1 697 216	1 997 372	3 101 732
Total revenue	6 829 951	7 820 596	9 463 980	10 087 439	10 965 356	11 913 788	13 663 238
Expenses							
Current expense	558 427	288 369	883 391	874 529	942 282	998 581	1 311 339
Compensation of employees	220 436	258 302	287 845	402 985	449 454	476 421	587 091
Goods and services	321 349	27 837	596 041	466 024	486 977	515 957	710 298
Depreciation	9 935	2 229	(626)	5 520	5 851	6 203	13 950
Interest, dividends and rent on land	6 707	1	131	–	–	–	–
Transfers and subsidies	4 228 772	2 933 425	2 576 058	5 317 966	6 329 330	7 105 750	6 715 725
Total expenses	4 787 199	3 221 794	3 459 449	6 192 495	7 271 612	8 104 331	8 027 064
Surplus / (Deficit)	2 042 752	4 598 802	6 004 531	3 894 944	3 693 744	3 809 457	5 636 174
Acquisition of assets	846	2 433	3 655	70 624	68 246	43 273	3 345
Expenses							
Current expense	558 427	288 369	883 391	874 529	942 282	998 581	1 311 339
Compensation of employees	220 436	258 302	287 845	402 985	449 454	476 421	587 091
Goods and services	321 349	27 837	596 041	466 024	486 977	515 957	710 298
Depreciation	9 935	2 229	(626)	5 520	5 851	6 203	13 950
Interest, dividends and rent on land	6 707	1	131	–	–	–	–
Transfers and subsidies	4 228 772	2 933 425	2 576 058	5 317 966	6 329 330	7 105 750	6 715 725
Total expenses	4 787 199	3 221 794	3 459 449	6 192 495	7 271 612	8 104 331	8 027 064
Surplus / (Deficit)	2 042 752	4 598 802	6 004 531	3 894 944	3 693 744	3 809 457	5 636 174
Acquisition of assets	846	2 433	3 655	70 624	68 246	43 273	3 345

Expenditure trends

The increases to the maximum earnings threshold in 2005 and 2006 and the percentage growth in wage inflation has resulted in a 12.6 per cent growth in unemployment contributions collected from 2004/05 to 2007/08, with slower growth of 7 per cent over the MTEF period. In 2007/08, spending on compensation of employees grows at 40 per cent based on the agencification and ring fencing of UIF staff members. The

agencification process has, however, been cancelled, resulting in a lower growth rate for compensation of employees over the MTEF period. Transfers and subsidies paid decreased by 31 per cent and 12 per cent in 2005/06 and 2006/07 respectively, as a result of a growing economy resulting in a slight decrease in unemployment rates. However, actuarial evaluations estimate significant growth in unemployment benefits paid in 2007/08 due to the inclusion of transfers to technical reserves. As at 31 March 2007, the fund's investments totalled R20 billion and cash and cash equivalents R503 million, providing the fund with total assets valued in excess of R20.6 billion. The fund has set aside reserves for outstanding and future claims totalling R10.7 billion as recommended by the fund's actuaries, thus ensuring an adequate safety net for the unemployed.

Productivity SA

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

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

During 2006/07, 160 foundation phase teachers were trained in productivity principles, compared to a target of 185, a teacher's training manual was developed jointly with the Department of Education, and 4 700 learners against a target of 3 500, and 405 teachers from a target of 168 were exposed to productivity concepts in eight provinces. As a result of a partnership with the Small Enterprise Development Agency (SEDA), 598 small and micro-enterprises were trained in seven provinces compared to a target of 2 400, and 60 education training and development (ETD) service providers were trained as productivity trainers. In partnership with Ethekwini municipality, 80 women entrepreneurs were trained on the productive capacity building programme (PCBP).

Selected performance indicators

Indicators	Annual performance						
	Past			Current	Projected		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Number of education and training service providers trained as distributors of productivity (coaches included)	75	624	383	460	Project ends 07/08		
Number of ETD service providers and productivity trainers accredited	–	–	60	No actuals	30	170	430
Number of emerging entrepreneurs trained in productivity improvement and competencies	78	388	598	2 500	1 800	3 000	4 200
Number of skills development facilitators trained in productivity	–	39	2	24	150	200	250
Number of managers and workers trained to enhance productivity competencies and mindsets in private and public enterprises	1 369	718	182	440	120	240	120
Number of future forums established at companies with turnaround solutions	50	91	108	100	100	110	110

Expenditure estimates

Table 15.10 Productivity South Africa

R thousand	Audited outcome			Estimated outcome	Medium-term estimate		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Revenue							
Non-tax revenue	8 898	4 450	10 229	21 113	10 229	9 615	9 038
Sale of goods and services other than capital assets	7 490	3 828	9 834	21 113	10 229	9 615	9 038
<i>of which:</i>							
<i>Sales by market establishments</i>	7 490	3 828	9 834	21 113	10 229	9 615	9 038
Other non-tax revenue	1 408	622	395	–	–	–	–
Transfers received	41 690	41 091	57 236	34 895	36 798	38 771	44 828
Total revenue	50 588	45 541	67 465	56 008	47 027	48 386	53 866
Expenses							
Current expense	51 623	55 864	72 854	78 270	79 929	85 757	92 001
Compensation of employees	23 650	24 190	27 032	29 443	31 504	33 710	36 069
Goods and services	27 564	31 064	45 013	47 967	47 932	51 527	55 391
Depreciation	409	610	800	860	493	520	541
Interest, dividends and rent on land	–	–	9	–	–	–	–
Transfers and subsidies	80	276	471	–	–	–	–
Total expenses	51 703	56 140	73 325	78 270	79 929	85 757	92 001
Surplus / (Deficit)	(1 115)	(10 599)	(5 860)	(22 262)	(32 902)	(37 371)	(38 135)
Acquisition of assets	591	942	1 234	828	665	704	747

Expenditure trends

Productivity SA received an additional allocation of R1.1 million over the three years, for compensation of employees. In 2006/07 and 2007/08, non-tax revenue grows significantly due to the significant growth in sales by the market establishment of 157 per cent and 115 per cent respectively, as a result of the expansion of the scope of work for the social plan; workplace challenge programme and SEDA intervention projects. Project expansion has also resulted in a 45 per cent increase in spending on goods and services in 2006/07.

Compensation Fund

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

Priority improvements for the fund include: payment of benefits through electronic transfer (rather than cheques); improving collections; improving turnaround time for claims settlement, and the development of the fund's information system. A turnaround strategy for the fund was implemented in July 2007. This business re-engineering project is expected to improve and align the business processes in accordance with all related regulations and the fund's strategic objectives. Upgrading of the Compensation Fund's financial system began in January 2008. Expenditure on benefit payments increases from R1.7 billion in 2004/05 to R2.3 billion in 2007/08 due to the processing of 73 per cent of backlog claims from 2000 to 2004. Cheque payments were discontinued and an electronic payment method was implemented from September 2007.

Major achievements for 2006/07 include finalising 84 per cent of the balance of backlog claims and the processing of 58 per cent of current claims. In total, 868 076 claims were paid. A successful pilot project was conducted to decentralise claims registration and adjudication to labour centres. As a result COIDA benefit payments were increased; all new claims received are now registered within 24 hours of receipt; and a new document management system was piloted and implemented, improving the quality of electronic files.

Selected performance indicators

Indicators	Annual performance						
	2004/5	2005/6	2006/7	Current	2008/9	2009/10	2010/11
Number of registered employers	285 668	295 651	323 368	335 887	369 76	424 897	509 876
Percentage change in revenue collected (R billion)	(3.7)	14% (4.3)	(2%) (4.2)	2% (4.3)	7% (4.6)	6% (4.9)	4% (5.1)
Number of claims registered	222 923	238 030	213 246	224 000	224 000	224 000	224 000
Turnaround time in days from receipt of final claim documentation	–	–	–	90	85	80	75

Expenditure estimates

Table 15.11 Compensation Fund, including Reserve Fund

R thousand	Audited outcome			Estimated outcome	Medium-term estimate		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Revenue							
Social Contributions	2 376 851	2 740 841	3 077 284	3 030 474	3 240 809	3 435 257	3 641 372
Non-tax revenue	1 376 923	1 283 671	1 413 459	1 287 146	1 353 962	1 433 736	1 519 761
Sale of goods and services other than capital assets	–	9 292	14 772	–	–	–	–
of which:							
Admin fees	–	9 292	14 772	–	–	–	–
Other non-tax revenue	1 376 923	1 274 379	1 398 687	1 287 146	1 353 962	1 433 736	1 519 761
Total revenue	3 753 774	4 024 512	4 490 743	4 317 620	4 594 772	4 868 993	5 161 133
Expenses							
Current expense	350 140	506 720	794 869	433 249	501 120	502 825	527 261
Compensation of employees	95 772	113 996	122 123	166 656	201 577	213 673	226 494
Goods and services	248 159	389 566	671 362	265 079	297 863	287 372	298 880
Depreciation	6 209	3 158	1 384	1 514	1 680	1 781	1 887
Transfers and subsidies	2 961 043	3 102 976	2 887 622	2 338 775	2 671 113	2 831 381	3 001 263
Total expenses	3 311 183	3 609 696	3 682 491	2 772 024	3 172 233	3 334 206	3 528 524
Surplus / (Deficit)	442 591	414 816	808 252	1 545 596	1 422 538	1 534 788	1 632 609
Acquisition of assets	5 507	26 252	919	–	–	–	–

Expenditure trends

Total revenue of the Compensation Fund grows by inflation over the MTEF period with total expenditure growing marginally higher at 8.4 per cent. Significant growth of 36.5 per cent in spending on compensation of employees in 2007/08 can be attributed to increased employment of contract workers. Spending on goods and services grew at a rate of 72 per cent in 2006/07. The projected total spending on transfers and subsidies grows at an average annual rate of 8.7 per cent over the MTEF period, from R2.7 billion in 2008/09 to R3 billion in 2010/11, due to a projected increase in EFT payments and a more effective claims process. As at 31 March 2007, the fund's investments totalled R15 billion and the cash and cash equivalents amounted to R288.5 million. Accumulated funds amounted to R6.1 billion against provisions of R3.9 billion.

Sector education and training authorities

At the launch of the national skills development strategy (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 of 23 SETAs mandated to provide skills development across various economic sectors. The main functions of a SETA are to implement sector skills plans to develop appropriate skills; to develop and register learning programmes; to provide quality assurance of qualifications and standards of programmes in sectors; and to disburse skills development levy funds.

The SETA sector skills plans have formed the basis for the first ever formally published occupationally based national scarce skills list that has also been integrated into the Department of Home Affairs' processes for

scarce skills immigration work permits. SETA sector skills plans have been automatically uploaded through an integrated data collection process into the employment services system to allow for a more efficient and accurate development of the annual national scarce skills list.

All 2010 targets set for SETA programmes will be met or exceeded:

- 106 869 unemployed people have already been registered on learning programmes, compared to the target of 125 000
- 87 869 workers were registered on qualifying learning programmes, compared to the target of 125 000
- 4 805 young people were registered on new venture creation programmes, compared to the target of 10 000.

Selected performance indicators

Indicators	Annual performance						
	Past			Current	Projected		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11*
Number of co-operatives that receive skills development support	-	-	1 293	188	1 000	1 000	Subject to the targets of the NSDS 2010-2015
Number of ABET learners registered by SETAs	-	56 262	46 095	4 495	100 000	100 000	Subject to the targets of the NSDS 2010
Number of ABET learners who have completed programmes	-	35 187	12 748	3 788	40 000	40 000	Subject to the targets of the NSDS 2010
Number of workers assisted to enter scarce and critical programmes through learnerships, apprenticeships, internships, bursaries and skills programmes	-	70 362	57 577	38 956	26 000	26 000	Subject to the targets of the NSDS 2010
Number of workers enrolled in scarce and critical skills programmes who have completed programmes	-	29 863	21 423	36 583	13 000	13 000	Subject to the targets of the NSDS 2010
Percentage of workers who have completed learning programmes	-	42	37	94	50	50	Subject to the targets of the NSDS 2010
Number of unemployed people trained as part of the social development programmes	-	103 168	118 153	48 268	90 000	90 000	Subject to the targets of the NSDS 2010
Number of trained unemployed people placed in employment	-	55 376 (53.7%)	90 691 (76.8%)	30 212 (62.6%)	63 000 (70%)	63 000 (70%)	Subject to the targets of the NSDS 2010
Number of unemployed people assisted to enter scarce and critical programmes in learnerships, apprenticeships, internships, bursaries and skills programmes	-	46 676	41 011	19 182	26 000	26 000	Subject to the targets of the NSDS 2010
Number of unemployed learners who have completed learning programmes	-	4 256 (9%)	12 251 (30%)	7 735 (40%)	13 000 (50%)	13 000 (50%)	Subject to the targets of the NSDS 2010
Number of youth supported through new venture creation programmes	-	981	3 287	537	2 000	2 000	Subject to the targets of the NSDS 2010
Number of the new ventures sustainable 12 months after completion of the programme	-	-	755 (23%)	283 (53%)	1 400 (70%)	1 400 (70%)	Subject to the targets of the NSDS 2010

* The revised NSDS strategy will be developed in 2010

Expenditure estimates

Table 15.12 SETAs Consolidated

R Thousand	Outcome				Medium-term estimate		
	Audited	Audited	Audited	Estimated outcome			
	2004/05	2005/06	2006/07		2007/08	2008/09	2009/10
Revenue							
Non-tax revenue	310 252	344 572	319 462	400 783	472 058	484 854	453 517
Sale of goods and services other than capital assets	3 846	8 214	5 577	7 621	5 895	5 971	6 045
<i>Of which:</i>							
<i>Admin fees</i>	1 042	2 854	912	2 660	2 630	2 527	2 412
<i>Sales by market establishments</i>	772	1 175	975	232	434	455	477
<i>Other sales</i>	2 032	4 185	3 690	4 729	2 831	2 989	3 156
<i>Interest on investments</i>	306 406	336 358	313 885	393 162	466 163	478 883	447 472
Skills Development Levies	4 485 263	4 238 139	4 421 036	5 637 941	6 194 301	6 775 192	7 417 606
Total revenue	4 795 515	4 582 711	4 740 498	6 038 724	6 666 359	7 260 047	7 871 123

Table 15.12 SETAs Consolidated (continued)

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited		2007/08	2008/09	2009/10
R thousand	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Expenses							
Current expense	1 138 483	860 325	977 609	874 228	946 091	1 030 427	1 119 682
Compensation of employees	209 358	247 520	281 123	362 501	382 955	413 375	449 758
Goods and services	911 403	597 388	673 675	491 914	545 576	601 261	655 345
Depreciation	17 249	14 584	21 457	17 281	16 874	15 077	13 832
Interest, dividends and rent on land	473	833	1 354	2 532	686	714	746
Transfers and subsidies	3 357 481	3 995 793	3 603 470	5 271 369	5 683 306	6 136 798	6 523 434
Total expenses	4 495 964	4 856 118	4 581 079	6 145 597	6 629 397	7 167 225	7 643 116
Surplus / (Deficit)	299 551	(273 407)	159 419	(106 873)	36 962	92 821	228 007
Acquisition of assets	15 524	24 591	28 462	4 460	7 685	3 378	1 644

Expenditure trends

During 2007/08, SETAs received R5.4 billion of a total skills levy income of R6.8 billion for that year, of which R2 billion (37 per cent) was allocated to mandatory grants, and 13 per cent was transferred to the discretionary fund reserves. By March 2007, total discretionary reserves held by SETAs was R3.7 billion with R2.4 billion contractually committed to skills development projects and R1.3 billion in liquid reserves. Skills levy income increased by 28 per cent in 2007/08 due to growth in employment and salaries, and continues to grow at an average annual rate of 10 per cent over the medium term. Interest on investments grows by 25 per cent and 19 per cent in 2007/08 and 2008/09 respectively, due to increases in VAT recovered, skills levy refunds, trade test fees and insurance claims. Expenditure on transfers and subsidies grows at an average annual rate of 7.4 per cent over the MTEF period, which is lower than the spending from 2004/05 to 2007/08 at 16 per cent. There is a prioritised rollout of skills development initiatives linked to ASGISA, JIPSA and the NSDS II over the MTEF.

National Economic, Development and Labour Council

The National Economic, Development and Labour Council (NEDLAC) was established in terms of the NEDLAC Act (1994). It requires organised labour, organised business, community based organisations and government, as a collective, to strive to promote the goals of economic growth, participate in economic decision-making and social equity, seek to reach consensus and conclude agreements on matters pertaining to social and economic policy, consider all proposed labour legislation relating to labour market policy before it is introduced in Parliament, consider all significant changes to social and economic policy before it is implemented or introduced in Parliament, and encourage and promote the formulation of co-ordinated policy on social and economic matters.

Key objectives and priorities over the medium term cover five key spheres: labour market policy, trade investments and industrial development, fiscal and monetary policy, developmental policy issues, and the implementation of the Growth and Development Summit agreements. At the centre of NEDLAC's business for the years ahead are a comprehensive review of the Growth and Development Summit agreements and the evaluation of progress towards achieving its objectives, which include addressing the challenge of halving unemployment by 2014 and providing decent work for all.

During 2006/07, NEDLAC concluded the consumer protection and consumer credit policies, which aim to provide a legislative framework to protect consumers. The restructured electricity distribution (RED) framework was finalised, aimed at accelerating the delivery of electricity to all consumers and ensuring more equitable tariffs. The code of good practice that sets guidelines for determining whether persons are employees was gazetted in 2006. Work continued on various policies relating to trade negotiations, including sector-specific research on India and China. The policy framework on social security and retirement fund reform

(which intends to extend affordable retirement provisions to those who previously could not afford it) was tabled by the Minister of Finance on 23 February 2007.

Expenditure estimates

Table 15.13 National Economic, Development and Labour Council

R thousand	Audited outcome			Estimated outcome	Medium-term estimate		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Revenue							
Non-tax revenue	336	502	418	450	491	535	583
Sale of goods and services other than capital assets	300	330	363	400	440	484	532
<i>of which:</i>							
<i>Sales by market establishments</i>	300	330	363	400	440	484	532
Other non-tax revenue	36	172	55	50	51	51	51
Transfers received	9 146	11 551	12 712	13 348	13 959	14 657	15 507
Total revenue	9 482	12 053	13 130	13 798	14 450	15 192	16 090
Expenses							
Current expense	8 701	11 547	12 579	13 718	14 360	15 092	15 980
Compensation of employees	2 561	3 293	3 932	4 300	4 730	4 892	5 080
Goods and services	5 736	8 129	8 229	8 918	9 080	9 630	10 310
Depreciation	385	122	418	500	550	570	590
Interest, dividends and rent on land	19	3	–	–	–	–	–
Transfers and subsidies	59	68	67	80	90	100	110
Total expenses	8 760	11 615	12 646	13 798	14 450	15 192	16 090
Surplus / (Deficit)	722	438	484	–	–	–	–
Acquisition of assets	435	666	394	95	80	85	120

Expenditure trends

Funding to NEDLAC from government amounted to R12.7 million in 2006/07 and is expected to grow at an average annual rate of 6.5 per cent over the MTEF period. Due to interest received on cash balances, other non-tax revenue reflected strong growth in 2005/06, growing from R36 000 in 2004/05 to R172 000 in 2005/06. Other non-tax revenue reflects insignificant growth over the MTEF period, due to increased utilisation of cash for numerous projects resulting in low interest being received. Expenditure over the medium term slows to an average annual growth rate of 5 per cent compared to 16.4 per cent between 2004/05 and 2007/08, as a result of the 10th anniversary celebrations. NEDLAC is solvent with total assets of R9.1 million.

Commission for Conciliation, Mediation and Arbitration

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

Selected performance indicators

Indicators	Annual performance						
	Past			Current	Projected		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11*
Number of pre-conciliations registered	86 283	86 420	84 194	53 500	–	–	–
Percentage of pre-conciliations conducted	6% (5 177)	15% (12 963)	16% (13 471)	15% (8 025)	10%	10%	10%
Percentage of pre-conciliations settled	3% (2 526)	5% (4 586)	7% (6 364)	8% (4 022)	7%	7%	7%
Number of con-arbs registered	84 456	86 333	84 489	53 619	–	–	–
Percentage of con-arbs conducted	45% (38 005)	40% (34 533)	38% (32 106)	43% (23 056)	50%	50%	50%
Percentage of con-arbs finalised	69% (26 223)	77% (26 590)	82% (26 323)	82% (18 903)	80%	80%	80%
Number of arbitrations registered	41 064	47 749	46 698	23 074	–	–	–
Percentage of arbitrations finalised	83% (34 083)	86% (41 064)	89% (41 561)	86% (19 844)	80%	80%	80%
Average turnaround time in days for conciliations	33	45	30	28	30	30	30
Average turnaround time in days for arbitrations	88	79	48	43	40	40	40

Expenditure estimates

Table 15.14 Commission for Conciliation, Mediation and Arbitration

R thousand	Audited outcome			Estimated outcome	Medium-term estimate		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Revenue							
Non-tax revenue	4 152	4 512	8 468	16 690	17 307	17 954	17 477
Sale of goods and services other than capital assets	2 043	2 014	3 187	6 847	7 258	7 693	7 000
of which:							
Other sales	2 043	2 014	3 187	6 847	7 258	7 693	7 000
Other non-tax revenue	2 109	2 498	5 281	9 843	10 049	10 261	10 477
Transfers received	174 612	206 766	231 664	265 001	261 710	293 012	317 955
Total revenue	178 764	211 278	240 132	281 691	279 017	310 966	335 432
Expenses							
Current expense	181 638	210 412	240 485	273 904	288 470	305 078	320 468
Compensation of employees	81 825	88 237	100 160	108 587	116 973	124 140	131 919
Goods and services	95 055	118 203	135 314	159 604	163 316	172 047	181 283
Depreciation	4 758	3 972	5 011	5 713	8 181	8 891	7 266
Total expenses	181 638	210 412	240 485	273 904	288 470	305 078	320 468
Surplus / (Deficit)	(2 874)	866	(353)	7 787	(9 453)	5 888	14 964
Acquisition of assets	3 475	8 395	8 907	8 500	6 710	3 300	3 600

Expenditure trends

Between 2004/05 and 2007/08, transfers from the Department of Labour to the CCMA grew at an average annual rate of 14.9 per cent, due to the increased case loads. Additional allocations of R1.9 million in 2008/09, R19.1 million in 2009/10, and R27.6 million in 2010/11 are provided for recruiting high performing part time commissioners and the provision of a dispute prevention/ management and institution building service. Expenditure over the medium term grows at 5.4 per cent, which is slightly slower than total revenue, which grows at 6 per cent over the same period. Significant growth in other non-tax revenue in 2006/07 and 2007/08 of 111 per cent and 86 per cent respectively, is due to increased cost recovery for services rendered outside of dispute resolution, such as training on dispute management. The projected deficit of R9.5 million in 2008/09 is due to the increased caseload and will be accommodated within the CCMA's capital and reserves. The CCMA

has taken a policy position to have cash on hand at all times to meet two months' worth of obligations, which translates to R45 million.

Umsobomvu Youth Fund

Umsobomvu Youth Fund (UYF) was established in 2001 and mandated to facilitate and promote the creation of jobs and skills development and transfer among young South Africans between the age of 18 and 35. The UYF was funded through proceeds from the Demutualisation Levy Act (1998). The UYF fulfils its mandate by making strategic investments that facilitate opportunities for young people to acquire skills, to access job opportunities or pursue meaningful self-employment opportunities through various initiatives. The fund received seed money of R855 million in 2001 and a further allocation of R400 million in 2007/08. The UYF was part of a review of development financing institutions and will be undergoing a mandate alignment based on the findings.

The organisation's priorities are informed by the Accelerated and Shared Growth Initiative for South Africa (ASGISA), the national skills development strategy (NSDS) and the anticipated national youth policy. The UYF has contributed to achieving these national policy objectives by:

- ***Improving access to employment opportunities*** through the provision of career development information and counselling, job preparation and development, and linking young people to employment opportunities facilitated through a range of delivery channels that include youth advisory centres (including mobile centres), the South African youth card and magazine, Youthconnect (a UYF operated call centre), and the internet portal.

Since its inception, over 1.1 million young people have accessed UYF services through the YAC programme. 121 youth advisory centres (YACs) established to date, including two UYF- full service operated YACs (in Tshwane and Nelspruit). Five YAC mobile services communities where UYF has no current presence.

UYF's youth portal has recorded over 10 million hits since inception. The UYF call centre (Youthconnect) recorded 27 000 calls in 2007/08, bringing the total number of calls since inception to 233 948. The South African youth card increased its membership by 58 425 during 2007/08, bringing the total number of members to 131 937 since the start of the programme.

- ***Expanding support for entrepreneurial activity and self-employment*** through the delivery of entrepreneurship information and training, business development consultancy and advisory services, access to market opportunities/employment and enterprise finance.

5 480 business development vouchers were issued in 2007/08 to the value of R36 million, resulting in the creation of 2 256 new businesses and 5 795 jobs. 119 voucher clients accessed loans to the value of R57.1 million and 23 clients accessed tenders worth over R15 million. Since the inception of the voucher programme, over 29 000 vouchers have been issued to youth and women, who have in turn accessed loans exceeding R200 million and tenders worth over R100 million.

Since the inception of the business opportunity support services (BOSS) programme, over 1 500 entrepreneurs have been linked to business opportunities worth over R250 million. The job opportunity seeker (JOBS) programme, aimed at linking unemployed graduates to jobs, has registered over 8 000 CVs, sourced 2 949 employment opportunities and dispatched 2 819 CVs to employers in 2007/08, and 531 young people registered on the JOBS database have also accessed skills training and job preparedness workshops.

The SME programme has exceeded its target for 2007/08, approving loans in excess of R98 million. The micro-finance programme has issued over 8 000 loans valued at over R19 million, resulting in the creation and or sustainability of over 7 000 jobs.

- ***Facilitating targeted skills development programmes*** focusing on graduate development and providing young people with access to training in scarce skills required by the priority sectors identified in ASGISA.

Since 2006/07, 1 450 unemployed graduates have benefited from the graduate development training interventions and 3 930 young people are being trained through the school-to-work training programme. These projects are implemented through FET colleges and NGOs. With regards to the entrepreneur development training interventions, 180 teachers and 14 771 learners (in-school) were trained.

- **Engaging young people in community service and voluntarism** is aimed at community development through support for the implementation of national youth service and volunteer programmes.

The national youth service unit has engaged with 19 government departments that have committed to projects that will benefit over 15,000 young people. To date, 11 484 youth have been registered on national youth service (NYS) projects. The NYS volunteer programme has reached over 20 000 volunteers, most of whom were participants in the Global Youth Service Day campaign.

Selected performance indicators

Indicators	Annual performance						
	Past			Current	Projected		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11'
Number of youth advisory centres (full service, points and kiosks)	47	118	121	165	175	180	200
Number of young people acquiring skills through the NYS projects (category 1)	14 238	13 087	10 009	20 000	38 500	42 350	47 585
Number of unemployed graduates enrolled in training programmes to improve their skills to access employment opportunities	–	–	1 250	3 000	6 300	7 600	9 000
Value of business opportunities sourced	–	–	R183 660	R230 000	R500 000	R800 000	R1m
Number of jobs created or sustained through SMEs	1 455	1 189	1 687	5 000	10 000	12 500	15 000
Number of jobs created or sustained through micro-loans	2 968	8 145	6 416	10 000	14 286	23 810	47 619

Expenditure estimates

Table 15.15 Umsobomvu Youth Fund

R thousand	Audited outcome			Estimated outcome	Medium-term estimate		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Revenue							
Non-tax revenue	222 059	215 986	264 255	452 851	372 314	434 861	467 554
Sale of goods and services other than capital assets	1 099	1 834	5 090	4 593	4 000	4 000	4 000
<i>of which:</i>							
Admin fees	1 099	1 834	5 090	4 593	4 000	4 000	4 000
Other non-tax revenue	220 960	214 152	259 165	448 258	368 314	430 861	463 554
Transfers received	–	–	–	400 000	5 080	5 156	5 813
Total revenue	222 059	215 986	264 255	852 851	377 394	440 017	473 367
Expenses							
Current expense	176 032	208 913	269 530	473 460	376 971	437 322	470 385
Compensation of employees	9 459	13 858	18 134	19 432	25 678	32 118	39 537
Goods and services	164 135	191 984	249 130	446 117	341 573	395 484	421 128
Depreciation	2 438	3 071	2 266	7 911	9 720	9 720	9 720
Total expenses	176 032	208 913	269 530	473 460	376 971	437 322	470 385
Surplus / (Deficit)	46 027	7 073	(5 275)	379 391	423	2 695	2 982
Acquisition of assets	7 553	13 315	7 857	32 142	15 849	–	–

Expenditure trends

Total revenue grew by 56.6 per cent between 2004/05 and 2007/08, due to a once-off transfer from the Department of Labour of R400 million for project funding. The administration fee grew by 177 per cent in 2006/07, from R1.1 million in 2004/05 to R5.1 million in 2006/07, as a result of contributions by youth to access vouchers through the UYF's voucher programme. The negative 17.8 per cent growth in total revenue over the medium term results from decreasing investment income as the UYF forecasts utilising these funds for

projects. Spending on compensation of employees grows strongly over the seven year period, due to increased capacity at access points in all provinces in an effort to make loans and other products and services more accessible to the youth. Additional funding totalling R16.1 million over the MTEF period has been allocated towards compensation of employees. The 79 per cent growth in goods and services in 2007/08 relates to the once-off costs incurred in establishing youth advisory centres.

Additional tables

Table 15.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R thousand	2006/07		2006/07	2007/08			2007/08
1. Administration	336 239	336 263	324 270	360 653	5 000	365 653	365 554
2. Service Delivery	623 370	595 437	594 627	655 409	10 000	665 409	657 305
3. Employment and Skills Development Services/ Human Resources Development	186 409	153 521	139 019	585 039	(10 000)	575 039	565 527
4. Labour Policy and Labour Market Programmes	357 230	398 773	388 596	421 763	–	421 763	420 411
5. Social Insurance	9 501	9 501	7 028	10 001	–	10 001	10 001
Subtotal	1 512 749	1 493 495	1 453 540	2 032 865	5 000	2 037 865	2 018 798
Direct charge against the National Revenue Fund	5 500 000	5 500 000	5 328 427	6 000 000	800 000	6 800 000	6 800 000
Sector education and training authorities	4 400 000	4 400 000	4 262 741	4 800 000	640 000	5 440 000	5 440 000
National Skills Fund	1 100 000	1 100 000	1 065 686	1 200 000	160 000	1 360 000	1 360 000
Total	7 012 749	6 993 495	6 781 967	8 032 865	805 000	8 837 865	8 818 798

Economic classification

Current payments	1 117 202	1 073 731	1 016 025	1 159 812	21 652	1 181 464	1 170 775
Compensation of employees	535 118	497 464	477 064	568 716	11 978	580 694	578 194
Goods and services	582 084	576 267	538 087	591 096	9 674	600 770	592 581
Financial transactions in assets and liabilities	–	–	874	–	–	–	–
Transfers and subsidies	5 872 945	5 900 408	5 738 793	6 835 993	788 667	7 624 660	7 625 250
Provinces and municipalities	1 543	654	284	–	–	–	–
Departmental agencies and accounts	5 820 866	5 848 409	5 677 022	6 382 705	787 000	7 169 705	7 169 705
Public corporations and private enterprises	–	–	–	400 000	–	400 000	400 000
Foreign governments and international organisations	6 313	6 790	6 882	6 755	865	7 620	7 457
Non-profit institutions	44 223	44 223	52 658	46 433	–	46 433	46 329
Households	–	332	1 947	100	802	902	1 759
Payments for capital assets	22 602	19 356	27 149	37 060	(5 319)	31 741	22 773
Buildings and other fixed structures	6 954	6 954	15 362	22 389	(8 000)	14 389	6 389
Machinery and equipment	15 413	12 290	11 787	14 412	2 857	17 269	16 241
Software and intangible assets	235	112	–	259	(176)	83	143
Total	7 012 749	6 993 495	6 781 967	8 032 865	805 000	8 837 865	8 818 798

Table 15.B Summary of personnel numbers and compensation of employees

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2004/05	2005/06	2006/07		2007/08	2008/09	2009/10
A. Permanent and full-time contract employees							
Compensation (R thousand)	366 086	408 555	469 580	571 454	634 387	713 071	783 695
Unit cost (R thousand)	118	97	129	122	175	197	216
Personnel numbers (head count)	3 097	4 233	3 644	4 665	3 618	3 628	3 628
Personnel numbers (head count)	–	–	–	158	–	–	–
C. Interns							
Compensation of interns	5 409	16 762	7 484	9 240	9 240	9 240	9 240
Unit cost (R thousand)	37	70	46	62	46	46	46
Number of interns	146	241	163	148	200	200	200
Total for department							
Compensation (R thousand)	371 495	425 317	477 064	580 694	643 627	722 311	792 935
Unit cost (R thousand)	115	95	125	117	169	189	207
Personnel numbers (head count)	3 243	4 474	3 807	4 971	3 818	3 828	3 828
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	2	250	250	–

Table 15.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
Compensation of employees (R thousand)	371 495	425 317	477 064	580 694	643 627	722 311	792 935
Training expenditure (R thousand)	8 379	6 273	10 171	8 473	8 895	9 339	10 272
Training as percentage of compensation	2%	1%	2%	1%	1%	1%	1%
Total number trained in department (head count)	3 097	4 235	3 260	3 260			
<i>of which:</i>							
Employees receiving bursaries (head count)	29	31	56	146			
Learnerships trained (head count)	227	220	214	250			
Internships trained (head count)	146	241	162	313			

Table 15.D Summary of expenditure on infrastructure

Description	Service delivery outputs			Adjusted appropriation	Medium-term expenditure estimate		
	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
R thousand							
Groups of small projects or programmes (cost less than R50 million)							
Various centres - new construction	-	-	323	509	16 764	11 885	-
Capital works Durban	-	-	9 690	6 632	-	-	-
Maintenance on infrastructure							
Repair and maintenance	29 157	37 173	59 246	53 155	41 225	31 476	305
Total	29 157	37 173	69 259	60 296	57 989	43 361	305

Table 15.E Summary of departmental public-private partnership projects

Project description: Siemens business services - IT agreement	Project unitary Fee at time of contract	Budgeted expenditure	Medium-term expenditure estimate		
		2007/08	2008/09	2009/10	2010/11
R thousand					
Projects signed in terms of Treasury Regulation 16	40 833	68 176	69 868	76 507	83 623
PPP unitary charge	40 833	68 176	69 868	76 507	83 623
Total	40 833	68 176	69 868	76 507	83 623

Disclosure notes for projects signed in terms of Treasury Regulation 16

Project name	Public private partnership agreement between the Department of Labour and Siemens Business Services for the provision of IT services
Brief description	The IT PPP agreement is regarded by the department as a way of achieving its objectives against the background of the requirements of the specialised knowledge and expertise needed to develop and manage a modern IT service.
Date PPP agreement was signed	30 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
Net Present Value of all payment obligations discounted at appropriate duration government bond yield	Net present value calculated at R117 987 322 utilising the government bond yield of 8.55%
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 15.F Summary of departmental public-private partnership projects

Project description: National fleet project	Project unitary Fee at time of contract	Budgeted	Medium-term expenditure estimate			
		expenditure	2007/08	2008/09	2009/10	2010/11
R thousand						
Projects signed in terms of Treasury Regulation 16	103 246	19 619	20 600	21 630	22 712	
PPP unitary charge ¹	103 246	19 619	20 600	21 630	22 712	
Total	103 246	19 619	20 600	21 630	22 712	

1. Phavis fleet services PPP. Disclosure notes for this project can be viewed in the PPP annexure table of the Department of Transport.