

# Vote 16

## Labour

2007/08				
R thousand	Main appropriation	Adjusted appropriation	Decrease	Increase
<b>Amount to be appropriated</b>	<b>2 032 865</b>	<b>2 037 865</b>	–	5 000
<i>of which:</i>				
Current payments	1 159 812	1 181 464	–	21 652
Transfers and subsidies	835 993	824 660	(11 333)	–
Payments for capital assets	37 060	31 741	(5 319)	–
<b>Direct charge against the National Revenue Fund</b>	<b>6 000 000</b>	<b>6 800 000</b>	–	<b>800 000</b>
Executive authority	Minister of Labour			
Accounting officer	Director-General for Labour			

## Aim

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

## Adjusted estimates of National Expenditure 2007

Table 16.1: Adjusted estimates

Programme		2007/08					
		Additional appropriation				Total additional appropriation	Adjusted appropriation
R thousand	Main appropriation	Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
1. Administration	360 653	5 000	–	–	–	5 000	365 653
2. Service Delivery	655 409	–	–	10 000	–	10 000	665 409
3. Employment and Skills Development Services/ Human Resources Development	585 039	–	–	(10 000)	–	(10 000)	575 039
4. Labour Policy and Labour Market Programmes	421 763	–	–	–	–	–	421 763
5. Social Insurance	10 001	–	–	–	–	–	10 001
<b>Subtotal</b>	<b>2 032 865</b>	<b>5 000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>5 000</b>	<b>2 037 865</b>
<b>Direct charge against the National Revenue Fund</b>	<b>6 000 000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>800 000</b>	<b>800 000</b>	<b>6 800 000</b>
Sector education and training authorities	4 800 000	–	–	–	640 000	640 000	5 440 000
National Skills Fund	1 200 000				160 000	160 000	1 360 000
<b>Total</b>	<b>8 032 865</b>	<b>5 000</b>	<b>–</b>	<b>–</b>	<b>800 000</b>	<b>805 000</b>	<b>8 837 865</b>

**Table 16.1: Adjusted estimates (continued)**

Programme	2007/08						Adjusted appropriation
	Main appropriation	Additional appropriation				Total additional appropriation	
R thousand		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
<b>Economic classification</b>							
<b>Current payments</b>	<b>1 159 812</b>	<b>5 000</b>	<b>–</b>	<b>16 652</b>	<b>–</b>	<b>21 652</b>	<b>1 181 464</b>
Compensation of employees	568 716	–	–	11 978	–	11 978	580 694
Goods and services	591 096	5 000	–	4 674	–	9 674	600 770
<b>Transfers and subsidies</b>	<b>6 835 993</b>	<b>–</b>	<b>–</b>	<b>(11 333)</b>	<b>800 000</b>	<b>788 667</b>	<b>7 624 660</b>
Departmental agencies and accounts	6 382 705	–	–	(13 000)	800 000	787 000	7 169 705
Public corporations and private enterprises	400 000	–	–	–	–	–	400 000
Foreign governments and international organisations	6 755	–	–	865	–	865	7 620
Non-profit institutions	46 433	–	–	–	–	–	46 433
Households	100	–	–	802	–	802	902
<b>Payments for capital assets</b>	<b>37 060</b>	<b>–</b>	<b>–</b>	<b>(5 319)</b>	<b>–</b>	<b>(5 319)</b>	<b>31 741</b>
Buildings and other fixed structures	22 389	–	–	(8 000)	–	(8 000)	14 389
Machinery and equipment	14 412	–	–	2 857	–	2 857	17 269
Software and other intangible assets	259	–	–	(176)	–	(176)	83
<b>Total</b>	<b>8 032 865</b>	<b>5 000</b>	<b>–</b>	<b>–</b>	<b>800 000</b>	<b>805 000</b>	<b>8 837 865</b>

## Roll-overs – R5 million

Programme 1: Administration

R5 million has been rolled over for promotional items and a generic advertising campaign.

## Virements

**Table 16.2: Details on virements per programme and economic classification**

Programme / Economic classification	R thousand		Motivation
	From	To	
<b>1. Administration</b>	<b>(5 000)</b>	<b>5 000</b>	
<b>Current payments</b>	<b>(5 000)</b>	<b>–</b>	
Goods and services	(5 000)	–	Savings on audit fees have been shifted to machinery and equipment.
<b>Payments for capital assets</b>	<b>–</b>	<b>5 000</b>	
Machinery and equipment	–	5 000	Funds shifted from goods and services will be used for renovations to the ministerial office in Cape Town.
<b>2. Service Delivery</b>	<b>(10 143)</b>	<b>20 143</b>	
<b>Current payments</b>	<b>–</b>	<b>19 201</b>	
Compensation of employees	–	15 641	Funds shifted from buildings and other fixed structures (R4.4 million) and machinery and equipment (R1.201 million) in this programme and compensation of employees in programme 3 (R10 million) will be used to appoint contract workers for finalising phase 2 of the department's project to decentralize its functions.
Goods and services	–	3 560	Incorrectly classified funds have been shifted from buildings and other fixed structures for repairs and maintenance at provincial offices.
<b>Transfers and Subsidies</b>	<b>–</b>	<b>942</b>	
Foreign governments and international organisations	–	140	Funds shifted from machinery and equipment will be used for membership fees to the World Association of Public Employment Services.
Households	–	802	Funds shifted from machinery and equipment in this programme will be used for commitments related to termination of service.
<b>Payments for capital assets</b>	<b>(10 143)</b>	<b>–</b>	
Buildings and other fixed structures	(8 000)	–	Delays with capital works resulted in savings which will be utilised to fund needed repairs and maintenance and compensation of employees.
Machinery and equipment	(2 143)	–	Savings due to a decision to repair existing furniture instead of replacing it have been shifted to compensation of employees (R1.201 million) and foreign governments and international organizations (R140 000) and households (R802 000).

**Table 16.2: Details on virements per programme and economic classification (continued)**

Programme / Economic classification	R thousand		Motivation
	From	To	
<b>3. Employment and Skills Development Services/ Human Resources Development</b>	<b>(26 370)</b>	<b>16 370</b>	
<b>Current payments</b>	<b>(8 370)</b>	<b>16 370</b>	
Compensation of employees	(8 370)	–	Savings (R10 million) due to unfilled vacancies shifted to compensation of employees in programme 2. Incorrectly classified funds (R1.63 million) shifted from departmental agencies and accounts will be used for personnel to develop the Quality Council for Trades and Occupations (QCTO).
Goods and services	–	16 370	Incorrectly classified funds shifted from departmental agencies and accounts will be used for developing the QCTO (R8.37 million) and for implementing the most critical components of the Employment Services System for South Africa phase 2 (R8 million).
<b>Transfers and Subsidies</b>	<b>(18 000)</b>	<b>–</b>	
Departmental agencies and accounts	(18 000)	–	The funds were not incorrectly classified but the approach to the project changed which required a change in the way the funds are allocated. Due to a change in the management of the QCTO project, the funds were reclassified to compensation of employees (R1.63 million) and goods and services (R16.37 million).
<b>4. Labour Policy and Labour Market Programmes</b>	<b>(10 432)</b>	<b>10 432</b>	
<b>Current payments</b>	<b>(10 256)</b>	<b>4 707</b>	
Compensation of employees	–	4 707	Funds shifted from goods and services will be used for appointing contract workers at sheltered employment factories.
Goods and services	(10 256)	–	Savings due to the cancellation of the Employment Equity Awards have been shifted to compensation of employees (R4.707 million), departmental agencies and accounts (R5 million) and foreign governments and international organizations (R549 000).
<b>Transfers and Subsidies</b>	<b>–</b>	<b>5 725</b>	
Departmental agencies and accounts	–	5 000	Funds shifted from goods and services will be used by the CCMA to enable internet access by labour centres to phase 2 of the case management system.
Foreign governments and international organisations	–	725	Funds shifted from goods and services (R549 000) and software and other intangible assets (R176 000) will be used to off-set the effect of the exchange rate on affiliation fees for the International Labour Organisation and the African Regional Labour Administration Centre.
<b>Payments for capital assets</b>	<b>(176)</b>	<b>–</b>	
Software and other intangible assets	(176)	–	Savings have been shifted to foreign governments and international organizations.
<b>Total for Vote</b>	<b>(51 945)</b>	<b>51 945</b>	

## Amounts forming a direct charge against the National Revenue Fund – R800 million

### Other adjustments

There has been an upward adjustment in the revenue estimates from skills development levies and the statutory appropriation was accordingly adjusted by R800 million.

## Expenditure 2006/07 and preliminary expenditure 2007/08

**Table 16.3: Expenditure trends**

Programme	2006/07				2007/08		
	Expenditure outcome				Preliminary expenditure		
	Adjusted appropriation	Apr 2006 - Sep 2006	Apr 2006 - Mar 2007	Apr 06 - Mar 07 % of adjusted appropriation	Adjusted appropriation	Apr 2007 - Sep 2007	% change 06/07 - 07/08 Apr - Sep
R thousand							
1. Administration	336 263	155 413	324 270	96.4	365 653	141 798	(8.8)
2. Service Delivery	595 437	265 846	594 627	99.9	665 409	322 038	21.1
3. Employment and Skills Development Services/ Human Resources Development	153 521	58 593	139 019	90.6	575 039	217 449	271.1
4. Labour Policy and Labour Market Programmes	398 773	155 025	388 596	97.4	421 763	190 947	23.2
5. Social Insurance	9 501	2 620	7 028	74.0	10 001	3 925	49.8
<b>Subtotal</b>	<b>1 493 495</b>	<b>637 497</b>	<b>1 453 540</b>	<b>97.3</b>	<b>2 037 865</b>	<b>876 157</b>	<b>37.4</b>

**Table 16.3: Expenditure trends (continued)**

Programme	2006/07				2007/08		
	Expenditure outcome				Preliminary expenditure		
R thousand	Adjusted appropriation	Apr 2006 - Sep 2006	Apr 2006 - Mar 2007	Apr 06 - Mar 07 % of adjusted appropriation	Adjusted appropriation	Apr 2007 - Sep 2007	% change 06/07 - 07/08 Apr - Sep
<b>Direct charge against the</b>							
<b>National Revenue Fund</b>	<b>5 328 427</b>	<b>2 543 681</b>	<b>5 328 427</b>	<b>100.0</b>	<b>6 800 000</b>	<b>2 696 306</b>	<b>6.0</b>
Sector education and training authorities	4 262 741	2 034 945	4 262 741	100.0	5 440 000	2 086 804	2.5
National Skills Fund	1 065 686	508 736	1 065 686	100.0	1 360 000	609 502	19.8
<b>Total</b>	<b>6 821 922</b>	<b>3 181 178</b>	<b>6 781 967</b>	<b>99.4</b>	<b>8 837 865</b>	<b>3 572 463</b>	<b>12.3</b>
<b>Current payments</b>	<b>1 047 699</b>	<b>461 773</b>	<b>1 016 025</b>	<b>97.0</b>	<b>1 181 464</b>	<b>520 721</b>	<b>12.8</b>
Compensation of employees	486 511	225 349	477 064	98.1	580 694	288 986	28.2
Goods and services	560 314	236 344	538 087	96.0	600 770	230 766	(2.4)
Financial transactions in assets and liabilities	874	80	874	100.0	–	969	1 111.3
<b>Transfers and subsidies</b>	<b>5 745 552</b>	<b>2 710 461</b>	<b>5 738 793</b>	<b>99.9</b>	<b>7 624 660</b>	<b>3 048 556</b>	<b>12.5</b>
Provinces and municipalities	606	335	284	46.9	–	26	(92.2)
Departmental agencies and accounts	5 683 375	2 688 511	5 677 022	99.9	7 169 705	2 876 991	7.0
Public corporations and private enterprises	–	–	–	–	400 000	150 000	(100.0)
Foreign governments and international organisations	6 900	–	6 882	99.7	7 620	–	(100.0)
Non-profit institutions	52 723	21 153	52 658	99.9	46 433	19 317	(8.7)
Households	1 948	462	1 947	99.9	902	2 222	381.0
<b>Payments for capital assets</b>	<b>28 671</b>	<b>8 944</b>	<b>27 149</b>	<b>94.7</b>	<b>31 741</b>	<b>3 186</b>	<b>(64.4)</b>
Buildings and other fixed structures	15 363	6 934	15 362	100.0	14 389	627	(91.0)
Machinery and equipment	13 196	1 898	11 787	89.3	17 269	2 424	27.7
Software and other intangible assets	112	112	–	–	83	135	20.5
<b>Total</b>	<b>6 821 922</b>	<b>3 181 178</b>	<b>6 781 967</b>	<b>99.4</b>	<b>8 837 865</b>	<b>3 572 463</b>	<b>12.3</b>

### Selected expenditure trends for the first half of 2007/08

Expenditure in the first six months of 2007/08 was R3.572 billion, or 40 per cent of the adjusted appropriation of R8.838 billion for the year as a whole. Expenditure in the first six months of 2007/08 increased by 6 per cent compared to the first six months of 2006/07.

The main increases compared to 2006/07 are related to the implementation of phase 2 of the decentralisation of functions process; the change from quarterly to bi-annual transfers to the Council for Conciliation, Mediation and Arbitration; and an 11.6 per cent increase in injuries claims by civil servants.

Expenditure in 2006/07 was 99.4 per cent of the adjusted appropriation for that year.

## Changes to transfers and subsidies

Table 16.4: Summary of changes to transfers and subsidies per programme

2007/08							
R thousand	Main appropriation	Additional appropriation				Adjusted appropriation	
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		Total additional appropriation
2. Service Delivery	683	–	–	942	–	942	1 625
Foreign governments and international organisations							
Current	–	–	–	140	–	140	140
World Association of Public Employment Services (WAPES)	–	–	–	140	–	140	140
Households							
Social benefits							
Current	100	–	–	802	–	802	902
Resignation packages	100	–	–	802	–	802	902
3. Employment and Skills Development	489 436	–	–	(18 000)	–	(18 000)	471 436
Services/ Human Resources Development							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	89 436	–	–	(18 000)	–	(18 000)	71 436
National qualifications framework	18 000	–	–	(18 000)	–	(18 000)	–
4. Labour Policy and Labour Market Programmes	335 873	–	–	5 725	–	5 725	341 598
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	283 268	–	–	5 000	–	5 000	288 268
Commission for Conciliation, Mediation and Arbitration	260 001	–	–	5 000	–	5 000	265 001
Foreign governments and international organisations							
Current	6 755	–	–	725	–	725	7 480
International Labour Organisation	6 297	–	–	703	–	703	7 000
African Regional Labour Advisory Council	458	–	–	22	–	22	480
Direct charges against the National Revenue Fund	6 000 000	–	–	–	800 000	800 000	6 800 000
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	6 000 000	–	–	–	800 000	800 000	6 800 000
Sector Education and Training Authorities	4 800 000	–	–	–	640 000	640 000	5 440 000
National Skills Fund	1 200 000	–	–	–	160 000	160 000	1 360 000

