

Vote 15

Labour

Adjusted budget summary

R thousand	2008/09			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	1 732 911	1 747 606	-	14 695
<i>of which:</i>				
Current payments	1 237 766	1 217 564	(20 202)	-
Transfers and subsidies	450 431	491 721	-	41 290
Payments for capital assets	44 714	38 321	(6 393)	-
Direct charge against the National Revenue Fund	7 529 600	7 529 600	-	-
Executive authority	Minister of Labour			
Accounting officer	Director-General of Labour			

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.

Mid-year performance status

Indicators	Annual performance	
	Projected for 2008/09 as published in the 2008 ENE	Achieved in the first six months of 2008/09 (April to September)
As published in the 2008 ENE		
Number of jobs registered on employment services database	6 000	10 930
Percentage of registered work seekers placed in permanent employment	60% (3 600)	75% (4 500)
Number of small BEE SMMEs and co-operatives that receive skills development support	1 200	766
Number of people participating in trade tests at INDLELA	10 000	4 405
Percentage pass rate for trade tests	40%	39%
Number of artisans registered for training by SETAs	18 693	2 190
Number of JSE listed companies assessed for employment equity	11	11
Number of occupational health and safety incidents investigated	2 000	2 464
Percentage decrease in workplace related injuries, diseases and death	2% (2 049)	(39%) (2 053)
Percentage compliance with labour legislation by inspected workplaces	71% (127 800)	38.6% (69 538)

The number of jobs registered on the employment services database and the percentage of registered work seekers placed in permanent employment has exceeded the projected figures, mainly due to the opening of a second power station in Lephalale in Limpopo and the good relationship that has been fostered with employers in the Western Cape.

The number of people participating in trade tests at INDLELA and the number of artisans registered for training by SETAs will pick up in the second half of the year as the recruitment and selection processes progress.

Reports of occupational health and safety incidents have increased and as a result there have been more investigations than projected.

The overall percentage of workplace related injuries, diseases and deaths has increased beyond the target, with most cases being reported in Gauteng and KwaZulu-Natal.

Adjusted Estimates of National Expenditure 2008

Table 15.1: Adjusted estimates

Programme	2008/09						Adjusted appropriation
	Main appropriation	Additional appropriation				Total additional appropriation	
R thousand		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
1. Administration	387 207	-	-	-	(3 000)	(3 000)	384 207
2. Service Delivery	690 361	11 970	-	-	-	11 970	702 331
3. Employment and Skills Development Services / Human Resources Development	203 700	13 517	-	(27 960)	(10 792)	(25 235)	178 465
4. Labour Policy and Labour Market Programmes	441 142	-	-	27 960	3 000	30 960	472 102
5. Social Insurance	10 501	-	-	-	-	-	10 501
Subtotal	1 732 911	25 487	-	-	(10 792)	14 695	1 747 606
Direct charge against the National Revenue Fund	7 529 600	-	-	-	-	-	7 529 600
Sector education and training authorities	6 023 680	-	-	-	-	-	6 023 680
National Skills Fund	1 505 920	-	-	-	-	-	1 505 920
Departmental Total	9 262 511	25 487	-	-	(10 792)	14 695	9 277 206
Economic classification							
Current payments	1 237 766	18 787	-	(32 293)	(6 696)	(20 202)	1 217 564
Compensation of employees	643 627	-	-	(10 960)	(3 792)	(14 752)	628 875
Goods and services	594 139	18 787	-	(21 333)	(2 904)	(5 450)	588 689
Transfers and subsidies	7 980 031	-	-	38 290	3 000	41 290	8 021 321
Departmental agencies and accounts	7 901 230	-	-	-	3 000	3 000	7 904 230
Public corporations and private enterprises	5 080	-	-	-	-	-	5 080
Foreign governments and international organisations	7 736	-	-	(47)	-	(47)	7 689
Non-profit institutions	65 795	-	-	37 593	-	37 593	103 388
Households	190	-	-	744	-	744	934
Payments for capital assets	44 714	6 700	-	(5 997)	(7 096)	(6 393)	38 321
Buildings and other fixed structures	29 276	6 700	-	(2 000)	(6 700)	(2 000)	27 276
Machinery and equipment	15 438	-	-	(3 997)	(396)	(4 393)	11 045
Total	9 262 511	25 487	-	-	(10 792)	14 695	9 277 206

Details of adjustments to Estimates of National Expenditure 2008

Roll-over of funds – R25.487 million

Programme 2: Services Delivery

R11.97 million has been rolled over for repair and maintenance programme in the Gauteng South sheltered employment factory in Village Main.

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

R6.817 million has been rolled over for Employment Services for South Africa (ESSA) processes.

R6.7 million has been rolled over for upgrading security at the Institute of the National Development of Learnerships, Employment Skills and Labour Assessments (INDLELA).

Virements

Table 15.2: Virements

Programme / Economic classification	R thousand		Details and motivation
	From	To	
2. Service Delivery	(744)	744	
Transfers and Subsidies	(47)	744	
Foreign governments and international organisations	(47)	-	Affiliation to World Association of Public Employment Services has been terminated: To households in this programme
Households	-	744	R47 000 from foreign governments and international organisations in this programme R697 000 from machinery and equipment in this programme For resignation, retirement and severance package benefits
Payments for capital assets	(697)	-	
Machinery and equipment	(697)	-	Equipment budgeted at more than R5 000 was less than R5 000: The difference was shifted to households in this programme
3. Employment and Skills Development Services/ Human Resource Development	(27 960)	-	
Current payments	(22 660)	-	
Compensation of employees	(10 960)	-	It was envisaged that staff would be appointed to the Department of Labour to facilitate the Quality Council for Trades and Occupations development process, but a strategic decision was taken not to: To non-profit institutions in programme 4
Goods and services	(11 700)	-	Less expenditure on goods and services related to unfilled posts: To non-profit institutions in programme 4
Payments for capital assets	(5 300)	-	
Buildings and other fixed structures	(2 000)	-	INDLELA security project discontinued due to concerns about dolomite in the sub-soil: To non-profit institutions in programme 4
Machinery and equipment	(3 300)	-	Equipment for the INDLELA security project no longer required: To non-profit institutions in programme 4
4. Labour Policy and Labour Market Programmes	(9 633)	37 593	
Current payments	(9 633)	-	
Goods and services	(9 633)	-	Revision to the communications strategy for the DG review system: R1 million to non-profit institutions in this programme Major projects on the research; monitoring and evaluation agenda were finalised early and only minor projects will be undertaken this year: R8.6 million to non-profit institutions in this programme
Transfers and Subsidies	-	37 593	
Non-profit institutions	-	37 593	R10.96 million from compensation of employees in programme 3 R11.7 million from goods and services in programme 3 R2 million from buildings and other fixed structures in programme 3 R3.3 million from machinery and equipment in programme 3 For liquidity shortfalls in the sheltered employment factories (SEF) due to reduced sales revenue following the removal of the factories' preferential procurement status (R14 million), and for repairs and maintenance (R13.9 million) R9.633 million from goods and services in this programme for establishing a provident fund for wage workers and salary alignment of staff at the SEFs (R6.4 million), and for repairs and maintenance (R3.2 million)
Total for Vote	(38 337)	38 337	

Other adjustments – R10.792 million

Declared savings

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

Savings of R6.7 million have been declared due to the suspension of the security upgrading at INDLELA because the grounds are situated in a dolomite area.

Savings of R4.092 million have been declared due to vacant posts.

Funds shifted within a vote**Programme 1: Administration**

R3 million has been reclassified from goods and services in programme 1 to departmental agencies and accounts in programme 4 to facilitate the efficient payment of invoices, especially from small businesses, for May Day celebrations by labour federations.

Programme 2: Service Delivery

R349 000 has been reclassified from machinery and equipment to goods and services because equipment budgeted at more than R5 000 was less than R5 000.

Expenditure 2007/08 and preliminary expenditure 2008/09**Table 15.3: Expenditure trends**

Programme	2007/08					2008/09			
	Expenditure outcome					Preliminary expenditure			
R thousand	Adjusted appropriation	Apr 2007 - Sep 2007	Apr 07 – Sep 07 % of adjusted appropriation	Apr 2007- Mar 2008	Apr 07 – Mar 08 % of adjusted appropriation	Adjusted appropriation	Apr 2008 - Sep 2008	Apr 08 – Sep 08 % of adjusted appropriation	
1. Administration	365 653	141 798	38.8	328 384	89.8	384 207	186 414	48.5	
2. Service Delivery	665 409	322 038	48.4	656 753	98.7	702 331	301 901	43.0	
3. Employment and Skills Development Services/ Human Resources Development	575 039	217 449	37.8	540 119	93.9	178 465	80 591	45.2	
4. Labour Policy and Labour Market Programmes	421 763	190 947	45.3	417 467	99.0	472 102	215 428	45.6	
5. Social Insurance	10 001	3 925	39.2	5 898	59.0	10 501	1 804	17.2	
Subtotal	2 037 865	876 157	43.0	1 948 621	95.6	1 747 606	786 138	45.0	
Direct charge against the National Revenue Fund	6 800 000	2 696 306	39.7	6 284 306	92.4	7 529 600	3 455 566	45.9	
Sector education and training authorities	5 440 000	2 086 804	38.4	5 027 445	92.4	6 023 680	2 764 453	45.9	
National Skills Fund	1 360 000	609 502	44.8	1 256 861	92.4	1 505 920	691 113	45.9	
Total	8 837 865	3 572 463	40.4	8 232 927	93.2	9 277 206	4 241 704	45.7	
Economic classification									
Current payments	1 181 464	520 721	44.1	1 108 582	93.8	1 217 564	551 256	45.3	
Compensation of employees	580 694	288 986	49.8	543 826	93.7	628 875	266 861	42.4	
Goods and services	600 770	230 766	38.4	562 442	93.6	588 689	283 902	48.2	
Financial transactions in assets and liabilities	-	969	-	2 314	-	-	493	-	
Transfers and subsidies	7 624 660	3 048 556	40.0	7 112 665	93.3	8 021 321	3 687 216	46.0	
Provinces and municipalities	-	26	-	-	-	-	-	-	
Departmental agencies and accounts	7 169 705	2 876 991	40.1	6 655 553	92.8	7 904 230	3 647 538	46.1	
Public corporations and private enterprises	400 000	150 000	37.5	400 000	100.0	5 080	660	13.0	
Foreign governments and international organisations	7 620	-	-	7 416	97.3	7 689	-	-	
Non-profit institutions	46 433	19 317	41.6	46 361	99.8	103 388	37 007	35.8	
Households	902	2 222	246.3	3 335	369.7	934	2 011	215.3	

Table 15.3: Expenditure trends (continued)

R thousand	2007/08					2008/09		
	Expenditure outcome					Preliminary expenditure		
	Adjusted appropriation	Apr 2007 - Sep 2007	Apr 07 – Sep 07 % of adjusted appropriation	Apr 2007- Mar 2008	Apr 07 – Mar 08 % of adjusted appropriation	Adjusted appropriation	Apr 2008 - Sep 2008	Apr 08 – Sep 08 % of adjusted appropriation
Economic classification								
Payments for capital assets	31 741	3 186	10.0	11 680	36.8	38 321	3 232	8.4
Buildings and other fixed structures	14 389	627	4.4	6 260	43.5	27 276	1 319	4.8
Machinery and equipment	17 269	2 424	14.0	5 420	31.4	11 045	1 387	12.6
Software and other intangible assets	83	135	162.7	-	-	-	526	-
Total	8 837 865	3 572 463	40.4	8 232 927	93.2	9 277 206	4 241 704	45.7

Selected expenditure trends for the first half of 2008/09

Expenditure in the first six months of 2008/09 was R4.242 billion, or 45.7 per cent of the adjusted appropriation of R9.277 billion for the year as a whole. Expenditure in the first six months of 2008/09 increased by R669.2 million or 18.7 per cent compared to spending in the first six months of 2007/08 which amounted to R3.572 billion, or 40.4 per cent of the 2007/08 adjusted appropriation.

The main increases compared to the 2007/08 are related to transfers made to the sheltered employment factories and also to transfers of statutory amounts to the SETAs and to the National Skills Fund.

Expenditure for 2007/08 was 93.2 per cent of the adjusted appropriation for that year.

Departmental receipts

Table 15.4: Receipts

R thousand	2008/09			
	Budget estimate	Adjusted estimate	Actual receipts Apr 08 - Sep 08	% of Adjusted estimate
Departmental receipts				
Sales of goods and services other than capital assets	4 251	4 988	2 437	48.9
Fines, penalties and forfeits	408	447	221	49.4
Interest, dividends and rent on land	1 085	2 770	2 262	81.7
Financial transactions in assets and liabilities	2 588	18 923	2 668	14.1
Total	8 332	27 128	7 588	28.0

Actual departmental revenue collections for the first six months of 2008/09 were R7.6 million or 28 per cent of the adjusted estimate of R27.1 million.

Changes to transfers and subsidies, and conditional grants

Table 15.5: Summary of changes to transfers and subsidies per programme

2008/09							
R thousands	Main appropriation	Additional Appropriation				Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements	Other adjustments		
2. Service Delivery	849	-	-	697	-	697	1 546
Foreign governments and international organisations							
Current	47	-	-	(47)	-	(47)	-
World Association of Public Employment Services (WAPES)	47	-	-	(47)	-	(47)	-
Households							
Social benefits							
Current	190	-	-	744	-	744	934
Resignation packages	190	-	-	744	-	744	934
4. Labour Policy and Labour Market Programmes	358 914	-	-	37 593	3 000	40 593	399 507
Departmental agencies and accounts							
Departmental agencies and accounts (non-business entities)							
Current	286 042	-	-	-	3 000	3 000	289 042
Development Institute for Training, Support and Education for Labour	10 373	-	-	-	3 000	3 000	13 373
Non-profit institutions							
Current	65 183	-	-	37 593	-	37 593	102 776
Subsidised work centres for the disabled	57 818	-	-	37 593	-	37 593	95 411