Department of Labour

Preliminary Annual Report

1 April 2006 - 31 March 2007
Preliminary Annual Report – Department of Labour

Preliminary

Annual Report

1 April 2006 - 31 March 2007

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It is my privilege and honour to submit to you the

**Preliminary Annual Report of the Department of Labour**

for the period 1 April 2006 to 31 March 2007.
Department of Labour

Organisational Structure

M M S Mdladlane, MP
Minister of Labour

Statutory Bodies
Advisory Council for Occupational Health and Safety
Commission for Conciliation, Mediation and Arbitration (CCMA)
Commission for Employment Equity (CxEE)
Compensation Board
Employment Conditions Commission (ECC)
National Economic Development and Labour Council (NEDLAC)
National Productivity Institute (NPI)
National Skills Authority (NSA)
Umsobomvu Youth Fund (UYF)
Unemployment Insurance Board

Dr V M Mkosana
Director-General

L Kettledas
Deputy Director-General
Labour Policy and Labour Market Programmes

S Morotoba
Acting Deputy Director-General
Employment and Skills Development Services and Human Resources Development

M Xaba
Deputy Director-General
Corporate Services

S Mkhonto
Deputy Director-General
Service Delivery

Preliminary Annual Report – Department of Labour
Ministerial Programme of Action through the Department of Labour

Project 1: Integrated Business Strategy (IBS)
Linked to the strategic objective: Strengthen the institutional capacity of the Department.

Aim
To empower the Department’s service delivery points by decentralising functions and relevant authority.

What is in it for our clients?
The Department’s service delivery points such as provincial offices and labour centres will perform optimally and effectively, providing better services to our clients.

Project 2: BUA (Communicate)
Linked to the strategic objective: Strengthen the institutional capacity of the Department.

Aim
To implement the Department’s Communication Strategy and proactively profile and raise awareness of both the internal and external publics about key priorities, initiatives, services and achievements of the Department.

What is in it for our clients?
Our clients will have access to information about the Department’s programmes and activities, allowing them an opportunity to access services, benefits and opportunities afforded through the Department.

Project 3: Integrated Planning, Budgeting and Reporting (IPBR)
Linked to the strategic objective: Strengthen the institutional capacity of the Department.

Aim
To provide a management tool that will assist the Department to integrate the strategic planning and budgeting processes in line with National Treasury requirements.

What is in it for our clients?
We will improve how we account for both our performance and expenditure in an integrated way.

Project 4: Project Research Monitoring and Evaluation (RME)
Linked to the strategic objective: Monitor the impact of legislation.

Aim
To implement the research agenda of the Department through the critical research projects identified. This will entail reviews on:

- Impact of the labour legislative environment on job creation, small business development and economic growth
- Impact of sectoral determinations on working conditions and poverty
- Employment and the informal economy in South Africa
- Impact of skills development
- Progress on the implementation and impact of the Employment Equity Act since its inception
- Train five Masters Degree Research interns over two years and five Human Science Research Council (HSRC) interns.

What is in it for our clients?
The project will provide grassroots feedback and a better understanding of how our legislation has impacted on the labour market and on individual employers, small and medium business enterprises, workers and work-seekers.

Project 5: Director-General Review System
Linked to the strategic objective: Promote equity in the workplace.

Aim
- To implement the Pilot phase of the DG Review System in order to give feedback to large employers who have reported
- Assess compliance of six large employers and make recommendations to the relevant authority
- To implement the Pilot phase of the DG Review System in order to give feedback to large employers who have reported
- Assess compliance of six large employers and make recommendations to the relevant authority

What is in it for our clients?
Working with employers to assist them to comply with employment equity legislation (sections 42 to 45 of the Employment Equity Act). The long-term benefit will be more and more employers being able to comply with the requirements of employment equity legislation, thereby accelerating the attainment of equity.

Project 6: UIF Agencification
Linked to strategic objective: Strengthen social protection.

Aim
To ring-fence the operations of the Unemployment Insurance Fund (UIF) so that it operates at arms length.

What is in it for our clients?
UIF services will be rendered closer to where our clients are i.e. labour centres, with a better enforcement and inspection service being encouraged.

Project 7: Project Integrate (Occupational Health and Safety Compensation Competencies)
Linked to strategic objective: Strengthen social protection.

Aim
To integrate occupational health and safety as well as competencies across the government under a single authority.

What is in it for our clients?
One entry point in government on health, safety and compensation workplace means less complicated processes and a better service.

Project 8: Inspection and Enforcement
Linked to strategic objective: Protect workers.

Aim
To review and implement the Inspection and Enforcement Strategy.

What is in it for our clients?
A better enforcement and inspection service for the benefit of both employers and workers. This will encourage better compliance with labour legislation for the benefit of both employers and workers.

Project 9: Employment Services System
Linked to strategic objective: Contribute to employment creation.

Aim
To develop an Employment Services System that will proactively influence the supply and demand in the labour market through a job seeker to a vacancy or employment opportunity and to make appropriate learning opportunities.

What is in it for our clients?
A free Employment Service in South Africa that is accessible to all.

Project 10: Restructuring the Company
Linked to strategic objective: Strengthen the Department.

Aim
To develop a turn-around strategy that will be more efficient.

What is in it for our clients?
Faster service delivery in line with the necessary legislation and efficiency.
The implementation and impact of the Employment Equity Act since its inception will be reviewed in the project. This will entail reviews on progress on the implementation and impact of the Employment Equity Act since its inception and its public impact. The project will provide grassroot feedback and a better understanding of how our clients can benefit from it.

**Aim**

- Progress on the implementation and impact of the Employment Equity Act since its inception
- Impact of sectoral determinations on working conditions and poverty

**What is in it for our clients?**

Potential entrants into the labour market will be equipped with information guiding them on what skills are in demand. Over time training will become more relevant to what is demanded by industry, thus having an effect on employment creation and economic growth. Employers will be supported to acquire people possessing critical and scarce skills.

**What is in it for our clients?**

Employers will be supported to acquire people possessing critical and scarce skills. This will ensure that they are better prepared for the demands of the market.

**Project 11: Critical/Scarce Skills Database – Accelerated and Shared Growth Initiative for South Africa (ASGI-SA)**

Linked to strategic objective: Enhance skills development.

**Aim**

To establish a system for the identification and management of scarce skills information that will be communicated to all relevant stakeholders timely.

**What is in it for our clients?**

Potential entrants into the labour market will be equipped with information guiding them on what skills are in demand. Over time training will become more relevant to what is demanded by industry, thus having an effect on employment creation and economic growth. Employers will be supported to acquire people possessing critical and scarce skills.

**Project 12: National Skills Development Strategy (NSDS) 2006/07**

Linked to strategic objective: Enhance skills development.

**Aim**

To achieve the targets of the NSDS success indicators for 2006/07 – Targets implementation aligned to ASGI-SA.

**What is in it for our clients?**

Targeted skills development programmes achieved and thus improve access to skills development.

- 25 000 workers trained in programmes including learnerships and apprenticeships
- 40 000 Adult Basic Education and Training (ABET) Learners
- 90 000 unemployed trained, 25% of which receive accredited training
- 2 000 learners in critical skills are placed for experience locally
- 2 000 youth trained for new venture creation (NVC)
- 25 000 unemployed assisted to enter programmes including learnerships and apprenticeships
- Strategy developed for placing learners in critical skills in international organisations.

**Project 13: Strategic projects for Provincial Growth and Development Strategies (PGDS)/ASGISA**

Linked to strategic objective: Enhance skills development.

**Aim**

To support skills development initiatives from provincial governments in line with their Provincial Growth and Development Strategies (PGDS)’s and ASGI-SA.

**What is in it for our clients?**

Training of unemployed people, thereby increasing their prospects for employment. A government driven model for skills development.

**Project 14: Project Alignment (Public Entities)**

Linked to strategic objective: Strengthen the capacity of labour market institutions

**Aim**

To improve service delivery by aligning the Department’s Public Entities work with the Department’s strategic objectives.

**What is in it for our clients?**

Better integration, coordination, monitoring and evaluation between the Department and its Public Entities, and thus have aggregate impact of the Ministry of Labour.
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</table>
The Department of Labour will strive for a labour market which is conducive to economic growth, investment and employment creation and which is characterised by rising skills, equity, sound labour relations, respect for employment standards and worker rights.
The Department will 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
- Nurturing the culture of acceptance that worker rights are human rights.
**Values**

**Client-Centred Services**
- We act on the understanding that our clients are the sole reason for our existence
- We actively seek an understanding of our clients’ needs and deliver our services accordingly

**Efficiency and Effectiveness**
- We will be action-oriented and efficient in our work
- We ensure that we are effective through achieving goals which we set ourselves

**Representivity**
- We will have a staff complement which is representative of the demographics of the population

**Diversity**
- We encourage and respect diversity
- Democratic practices
- We subscribe to the principles of democracy and put these into practice in our work

**Transparency**
- We ensure that we are transparent in our dealings within the Department and with our external stakeholders

**Accountability**
- We accept our responsibilities and will be held accountable for our performance

**Sound Labour Relations**
- We practice sound labour relations within the Department

**Ongoing Learning and Development**
- We will create an environment which encourages learning and development
- We take personal responsibility for our own development.
The Department of Labour is pleased to present its Preliminary Annual Report for the 2006 to 2007 financial year. This report is shaped by the Ministerial Programme of Action for the period 2004 to 2009. Key among the issues shaping our focus as the Department, as highlighted in the Ministerial Programme of Action, is the need to ensure that our country’s economy grows, jobs are created, and ultimately - poverty is eradicated. It is in this context that our vision remains relevant.

In pursuance of these noble goals, we have however set ourselves the objective of increasingly containing the bureaucracy that comes with the functioning of government, and put in place an innovative project management approach to enhance service delivery. In line with this, for the 2006/07 financial year the Department of Labour identified 14 projects for implementation as part of the workplan to realise the prioritised departmental objectives.

The benefits that have been derived from this approach proved to be more sharpened planning, strengthened monitoring and evaluation, as well as an improved ability to measure departmental performance in relation to the Integrated Workplan. This is fundamental to the results-oriented organisation that the Department seeks to entrench.

In the financial year 2006/07, the 14 priority projects have mostly been aligned with the Estimates of National Expenditure (ENE) indicators. Where this has not been possible, such indicators have been reported on but not as projects. Project leaders are selected according to their abilities, and not necessarily according to their ranks. In the fullness of time, this we believe will help the Department identify talent and unlock the potential of its staff beyond bureaucratic ranks.

Lastly, but most importantly, the support given by the Minister of Labour - without whose leadership some of these achievements would not have been possible – is hereby acknowledged. Equally, our thanks go to the Members of Parliament in the Portfolio Committee on Labour, Select Committee and Standing Committee on Public Accounts (SCOPA) for the oversight which helps us improve on a continuous basis.

Dr Vanguard Mkosana
Director-General of Labour
Programme 1: Administration

The Administration Programme conducts the overall management of the Department and provides centralised support services.

The Programme: Administration had to deliver on the following strategic objectives of the Department of Labour:

- Strengthening the institutional capacity of the Department
- Strengthening the capacity of labour market institutions.

Within the Programme: Administration, the following priority projects were identified to realise the strategic objectives of the Department:

- Project Bua (Communication)
- Integrated Planning Budgeting and Reporting Project
- Project Alignment.

Strategic Objective: Strengthening the Institutional Capacity of the Department of Labour

**Project Name: Project Bua (Communication)**

**Aim of the project**

Project BUA is aimed to proactively profile and raise awareness of both the internal and external publics about key priorities, initiatives, services and achievements of the Department.

**Specific objectives of this project:**

- To develop and implement the 2006/07 Communication Strategy of the Department
- To ensure that the deliverables of the Ministerial Programme of Action are profiled and sustain the visibility of the Department in the media and in the broad public domain
- To establish partnerships with different media institutions
- To establish a training and development programme for the Provincial Communication Officers.

**Achievements:**

The Department’s Communication Strategy for 2006/07 was developed and implemented. Strategic partnerships were entered into to enhance audience targeting and visibility.

In the period under review, the Ministerial Programme of Action was profiled in the print and electronic media at the national and regional levels.

Training programmes for Provincial Communicators were undertaken with the Institute for Advancement of Journalism. All Provincial Communicators completed courses in Basic Reporting and Feature writing.

The Department launched an electronic newsletter named DoL Newsflashes to improve internal communication. Members of the public visited the departmental website 1 033 217 times on different
Strategic Objective: Strengthening the Capacity of Labour Market Institutions

Project Name: Integrated Planning, Budgeting and Reporting Project (IPBR)

Aim of the project

To develop an integrated planning, budgeting and reporting system for the Department.

Specific objectives for this project:

- Develop a revised monthly and quarterly reporting system for performance and budget management during 2006/07
- Develop a strategic planning and budgeting system for the 2007/2008 plans and Medium Term Expenditure Framework (MTEF) budget preparations
- Provide a management tool that assists directorates to prepare performance targets and calculate activity based budgets for the next three years
- Revise the programme when the National Treasury requirements and dates for preparation of the 2007 MTEF become available.

Achievements

A management tool for the Department to prepare performance targets and calculate activity based budgets has been developed. Training in the use of the tool has commenced and in addition to this, 431 staff members were trained in the financial administration of the Department.
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Other Activities in the Administration Programme

Achievements

- The Employee Health and Wellness Programme conducted an HIV and AIDS Prevalence Study in the Department during April 2006. A total of 1 190 staff members participated in the study of the Department.

- The outcome of the study revealed that 88% of staff who participated in the study was HIV negative and only 12% tested HIV and AIDS positive.

- Several recommendations were made to intensify support and care for HIV positive staff. This resulted in the establishment of Wellness Centres in the offices of the Department country wide.

- An Employment Equity Plan for the period 1 June 2006 until 31 May 2009 was developed and has been implemented. Progress on implementation was monitored on a monthly and quarterly basis by the Local Employment Equity Consultative Forums (LEECFs) and the National Employment Equity Consultative Forum (NEECF) respectively.

- A Workplace Skills Plan for 2006/07 was developed and submitted to the Public Service Education and Training Authority. A total of 191 interns and 71 learners were appointed in the Department to prepare them for the labour market.

- As part of the departmental retention strategy, a total of 146 bursaries were awarded to staff to optimise their skills in their respective line functions. A total of 200 staff members were trained in project management and 80 were trained in customer care.

The Public Private Partnership (PPP) arrangement entered into between the Department and Siemens.

### Project Name: Project Alignment

**Aim of the project**

To contribute to improved service delivery by aligning Public Entities business with the Department of Labour’s strategic objectives.

**Specific objectives of this project:**

- Development of standardised mechanisms for monitoring and evaluation of Public Entities.
- Elimination of duplicate activities in the Department and Public Entities.
- Foster better integration and coordination of activities between the Department and Public Entities and within the Public Entities.

**Achievements**

Standardised Monitoring and Evaluation mechanism has been developed. The Monitoring and Evaluation has been refined with the Auditor-General’s input for implementation to monitor the performance of the Public Entities.
has assisted the Department in delivering critical communication systems to enhance service delivery in the following areas:

- An online equity system which simplified reporting was implemented for the UIF
- The Siyaya Claims Management System was refined, and as a result there was an improvement in claims processing and payments of benefits from 13% to 18% from the previous year. Benefit payments to the tune of R 1, 8 billion were paid by means of electronic bank transfers.
The Service Delivery Programme is the primary programme that ensures that the Department of Labour’s legislation and policies are monitored and implemented in an integrated way.

The Programme: Service Delivery had to deliver on the following strategic objectives of the Department of Labour:

- Contribute to employment creation
- Enhancing skills development
- Promote equity in the work place
- Protecting vulnerable workers
- Strengthening social protection
- Strengthening the institutional capacity of the Department.

Within the Programme: Service Delivery, the following priority projects were identified to realise the strategic objectives of the Department:

- Establishment of an Employment Services System
- Inspection and Enforcement Strategy
- Project Integrate
- Compensation Fund Restructuring

**Strategic Objective: Contribute to Employment Creation**

**Project Name: Establishment of an Employment Services System**

**Aim of the project**
To develop and implement an integrated employment services system that will allow for the delivery of a free public employment service for South Africa that is accessible to all. This system will proactively identify, respond and influence the supply and demand in the labour market through the process of matching a job-seeker to a vacancy or employment opportunity and to match a learner with an appropriate learning opportunity.

**Specific objectives of this project:**

*To develop an integrated system that includes:*

- A profile of the skills of South African citizens
- An accurate record of scarce and critical skills in South Africa
- An effective career guidance service to South African citizens that includes information on scarce and critical skills
Strategic Objective: Protecting Vulnerable Workers

Project Name: Inspection and Enforcement Services Strategy

Aim of the project

To review and implement the Inspection and Enforcement Strategy.

Specific objectives of this project:

- Inspection and enforcement strategy is reviewed
- Inspection and enforcement strategy is implemented.

Achievements

- The Department’s Inspection and Enforcement Strategy has been successfully reviewed with the aim of incorporating the latest developments in international and local best practices. Out of 156 483 workplaces inspected, 119 988 (77%) were compliant
- 137 831 labour-related complaints were received by the service delivery points (labour centres) and 99 421 (72%) were investigated and finalised
1 647 workplaces were inspected in the Agriculture, Iron and Steel, Food and Beverages, and Construction industries, and 358 fatal incidents were reported as at March 2006. From April 2006 to March 2007, 290 fatal incidents were reported which represent a 19% reduction

1 230 prohibition notices were issued to workplaces with eminent health and safety risks for the protection of workers

10 949 notices were issued to workplaces where there were contraventions of health and safety requirements as stipulated in the Act and Regulations

Employment equity implementation and enforcement mechanisms were strengthened and 78% of inspected workplaces were found to be procedurally compliant.

Strategic Objective : Strengthening Social Protection

Project Name: Project Integrate

Aim of the project
To integrate occupational health and safety competencies and compensation competencies across government as a single authority.

Specific objectives of this project:

- Development of an occupational health and safety policy
- Have a National Occupational Health and Safety Act in place
- Develop a single Compensation Act
- Develop a comprehensive business case
- Have a National Occupational Health and Safety Authority in place
Achievements

The draft Occupational Health and Safety Policy and Bill in consultation with the Occupational Health and Safety Advisory Council comprising of social partners, has been finalised. The Policy and Bill is ready for presentation to Cabinet and NEDLAC in the 2007/08 financial year. A business case is being developed as a National Treasury requirement. It is envisaged that a single integrated Occupational Health and Safety Authority will eliminate duplication of effort, improve coordination and will go a long way in reducing cost of the Occupational Health and Safety enforcement. Based on our assessment of the process we adjusted timelines for this project in order to allow for it’s realisation in 2007/08.

Strategic Objective: Strengthening Social Protection

Project Name: Compensation Fund Restructuring

Aim of the project

To improve the capacity of the Compensation Fund to provide quality and accessible social security services and to add value to its clients.

Specific objectives of this project:

- Establish an effective Integrated claims and revenue management system
- Refocus the Compensation Fund for improved and efficient service delivery
- Develop and effectively implement an advocacy, communication and marketing strategy for services and programmes delivered by the Fund.

Achievements

Decentralisation of claims registration has been successfully piloted in the Eastern Cape Province. Registration and adjudication of claims and feedback to clients is effected within five days. All backlog-claims prior to December 2004 have been processed and finalised. A strong marketing and advocacy strategy has been implemented to empower clients and stakeholders to access services and information. This drive has seen an increase in registration of employers by 6.2% and the reduction of turnaround time for claims processing from an average of three years to 90 days.

A total of 470 666 compensation claims were registered, of which 328 317 (69%) were adjudicated and liability accepted and R2.6 billion (compensation and medical) was paid out in the financial year 2006/07.

Despite the above achievements, the Fund is still experiencing a challenge of operating with disparate systems which are manually driven. To address this, the refocusing strategy is being implemented in the financial year 2007/08.
Strategic Objective: Strengthen Institutional Capacity of the Department

Project Name: Integrated Business Strategy (IBS)

Aim of the project
To decentralise functions and relevant authority to take decisions in order for service delivery points to perform optimally and effectively.

Specific objectives of this project:
Implement Phase 1 of IBS
- Decentralisation of functions and authority to provincial offices and labour centres
- Change management strategy on IBS finalised and adopted
- Finalisation of business process mapping to determine relevant departmental structural changes
- Framework document on staff re-deployments finalised and adopted.

Achievements
The Integrated Business Strategy document is complete and will guide the decentralisation process to capacitate the Department’s service delivery points. Arising from the strategy two core services of the Department have been identified as Employment Services and Inspection and Enforcement Services.

The decentralisation of functions and authority has started with Unemployment Insurance Fund functions being fully decentralised.

Enquiry functions of the Compensation Fund have been decentralised to labour centres. A pilot project to decentralise all functions of the Compensation Fund was successful in the Eastern Cape Province. A change management strategy is in place. However business process mapping and a staff redeployment framework are still underway.

Other Activities in the Service Delivery Programme

Achievements:
All reported nodal and EPWP projects were supported.

A total of R 570 923 468 was allocated for the Social Development Funding Window (SDFW) of the National Skills Fund (NSF) to train 90 000 people. A total of 89 224 people were trained/or are still in training and 60 630 of those trained were placed in employment opportunities by 31 December 2006.
Table 1. Funds allocated and people trained and placed during 2006/07 (1 April 2006 - 31 December 2006)

<table>
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<tr>
<th>Programme/subprogramme</th>
<th>Funds allocated (R)</th>
<th>Numbers trained/in training</th>
<th>Numbers placed</th>
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<td>11 483</td>
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<td>EPWP (Hard Skills)</td>
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<td>Michells Plain-URN7</td>
<td>1 555 217</td>
<td>405</td>
<td>0</td>
</tr>
<tr>
<td>Total URP</td>
<td>11 444 425</td>
<td>2 620</td>
<td>920</td>
</tr>
<tr>
<td>Grand Total</td>
<td>410 205 223</td>
<td>89 224</td>
<td>60 630</td>
</tr>
</tbody>
</table>

*Contracts have been signed and training has not started as at the date of reporting.

A total of 350 visits to rural and outlying communities were conducted utilising the mobile labour centres. Three compensation services road shows were conducted in the Free State, Western Cape and KwaZulu-Natal and R26.1 million was paid to medical providers.
Programme 3: Employment and Skills Development Services/Human Resources Development

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

The programme delivered on the following strategic objectives of the department:

- Enhance skills development.

Within the Programme: Employment and Skills Development Services, the following priority projects were selected to realise the strategic objectives of the Department:

- Strategic Projects for PGDS and ASGI-SA
- Critical and Scarce Skills Database for ASGI-SA.

Strategic Objective: Enhance Skills Development

**Project Name: National Skills Development Service 2006 -2007**

**Aim of the project**

Achieve the targets of the National Skills Development Strategy (NSDS) success indicators for 2006/07. Targets implementation aligned to ASGI-SA.

**Specific objectives of the project:**

The achievement of this objective will result in the achievement of the following targets as detailed in KRA 2 of the Department’s Integrated Work-plan:

- At least 460 SMME’s, NGOs, co-operatives and small BBBEE receive skills development support by March 2007
- Targeted skills development programmes are achieved, ensuring that:
  - 25 000 workers are trained in programmes including learnerships and apprenticeships
  - 40 000 ABET learners are trained
  - 90 000 unemployed people are trained, 25% of which receive accredited training
  - 2 000 learners in critical skills are placed for experience locally
  - 2 000 youth are trained for new venture creation (NVC)
  - 25 000 unemployed people are assisted to enter programmes including learnerships and apprenticeships.
- Strategy developed for placing learners in critical skills in international organisations by September 2006.
Achievements

As at 31st December 2006:

- 21 492: Levy Paying SMME (19 410), Non Levy Paying Enterprises (956), [NGO (441), Co-Ops (201), CBO (209), small BBBEE supported (275)]
- 25 883 workers entered learning programmes
- 11 583 entered ABET levels
- 89 224 unemployed people were trained in skills programmes
- 3 043 were assisted to gain work experience
- 1 729 youth entered new venture creation programmes
- 23 149 unemployed learners entered learning programmes
- Strategy for placing learners internationally was developed and an agreement was concluded with the International Labour Organisation (ILO), to place five learners.

Targets on ABET training has not been achieved due to various factors that include slow uptake by employers and procurement processes. ABET is critical to facilitate entry into skills development opportunities that are emerging and to empower adults to contribute in economic growth, enhancing productivity addressing skills shortages and equitable citizenship.

Project Name: Strategic Projects for PGDS / ASGI-SA

Aim of the project

To support skills development initiatives from provincial governments in line with their Provincial Growth and Development Strategies (PGDS’s) and ASGI-SA.

Specific objectives of this project in 2006/07

- Training of unemployed people, thereby increasing their prospects for employment
- Developing a government-driven model for skills development
- Demonstrate the Department’s commitment and contribution to government priorities
- Contribute to economic growth.

Achievements

The Minister of Labour launched Strategic Projects for all the nine provinces. R886 million has been committed from the National Skills Fund to train learners over a three-year period, i.e. 2007 to 2009. The initiative is set to directly benefit mostly women and people with disabilities from rural communities. Training will focus in the following sectors: Agriculture, Tourism, Infrastructure, Construction, Transport, Business Process Outsourcing and Off Shoring.
Other activities in the ESDS Programme

Achievements

Table 2: provides preliminary progress towards targets set for the period 1 April 2006 to 31 March 2007 against the NSDS 2005-2010 targets. The report is generated from Quarterly Monitoring Reports submitted by SETAs, the Department of Labour’s Provincial Offices responsible for the various NSF projects and other organisations and institutions funded under the NSF.

<table>
<thead>
<tr>
<th>Success Indicator</th>
<th>Annual target</th>
<th>Progress as at 31 December 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Prioritising and communicating critical skills for sustainable growth, development and equity</td>
<td>The South Africa’s scarce/critical skills list aligned to ASGI-SA and JIPSA projects was finalised in October 2006. The Scarce skills list has been incorporated into the SA State of Skills 2006/07 publication by the Department and the list is on the departmental website.</td>
</tr>
<tr>
<td>1.1.</td>
<td>Skills development supports national and sectoral growth, development and equity priorities.</td>
<td>6 548 SDFs/sector specialists received training.</td>
</tr>
<tr>
<td>1.2.</td>
<td>8 817 Skills Development Facilitators (SDF) and/or sector specialists to be trained.</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Promoting and accelerating quality training for all in the workplace</td>
<td>21 808 small levy paying firms supported through skills development.</td>
</tr>
<tr>
<td>2.1.</td>
<td>3 101 large firms and 4 279 medium firms supported through skills development.</td>
<td>Large: 3 653 Medium: 4 372</td>
</tr>
<tr>
<td>2.2.</td>
<td>4 279 medium firms supported through skills development.</td>
<td></td>
</tr>
<tr>
<td>2.3.</td>
<td>21 808 small levy paying firms supported through skills development.</td>
<td>19 410 small levy paying enterprises supported.</td>
</tr>
<tr>
<td>2.4.</td>
<td>80% of government departments spend at least 1% of personnel budget on training.</td>
<td>Information will be sourced from departments’ annual reports and made available in the final report.</td>
</tr>
<tr>
<td>2.5.</td>
<td>A national standard of good practice in skills development submitted to the Minister for approval.</td>
<td>Indicator not measured due to research on the South African standard for people development that is still underway.</td>
</tr>
</tbody>
</table>
2.5. A total of 113 small BEE firms and BEE cooperatives supported with skills development. 275 small BEE firms and co-operatives supported.

2.6. Annually increasing number of people who benefit from incentives training for employment/re-employment in new investments and expansion initiatives.
- New workers benefited - 755
- Training grants paid R9.1 million
- Total applications received - 83

2.7. SETAs committed a target of 56 262 workers trained across all ABET levels. 11 583 trained on all ABET levels.

2.8. 31 402 workers assisted to enter and 16 674 successfully complete programmes, including learnerships, and apprenticeships. 25 883 learners have entered learning programmes
- Completion rates will be provided in the final annual report
- Learnerships (11 347)
- Bursaries in scarce and critical skills (544)
- Sec 13 apprentices (2 002)
- Sec 28 apprentices (99)
- Internships (367)
- Skills Programmes (11 524)

3. Promoting employability and sustainable livelihoods

3.1. 90 000 unemployed people trained. 89 224 unemployed people trained.
- 63 000 (70%) placed in employment, self-employment or social development programmes, including EPWP.
- 25% of training quality assured.
- 60 630 placed.

3.2. 2 510 non-levy paying enterprises supported through skills development. 1 807 non levy paying enterprises (956) and NGOs (441), Co-ops (201), CBO (209), have been supported.

3.3. 20 000 unemployed people have participated in ABET Level programmes of which 70% have achieved ABET Level 4.
- Contracts were concluded for 20 000 unemployed learners to enter all ABET levels programmes during January 2007.

4. Assisting designated groups, including new entrants to participate in accredited work-integrated learning and work-based programmes to acquire critical skills to enter the labour market and self-employment

4.1. 30 258 unemployed people assisted to enter and at least 15 129 (50%) successfully complete programmes, including learnerships, and apprenticeships. 23 149 have entered learning programmes. Completion rates will be provided in the final report.
- Learnerships (16 936)
- Bursaries in scarce and critical skills (1 940)
- Sec 13 apprentices (318)
- Sec 28 apprentices (249)
- Internships (673)

4.2. 9 454 learners in critical skills programmes covered by sector agreements from FET and HET institutions assisted to gain work experience, and at least 6 618 (70%) find placement.
- 3 043 learners were assisted to gain work experience.
- Placement figures will be provided in the final report.

4.3. 2 020 young people trained and mentored to form sustainable new ventures, and at least 15% of new ventures still in operation 12 months after completion of programme. 1 729 learners entered new venture creation programmes.

5. Improving the quality and relevance of provision

5.1. 296 Institutes of Sectoral and Occupational Excellence (ISODE) recognised and supported by the SETAs. 90 Institutes have been recognised and supported.

5.2. 53 provider institutions accredited to manage the delivery of the new venture creation qualification. 36 provider institutions have been accredited.

5.3. Measurable improvement in the quality of the services delivered by skills development institutions. Impact of skills development will be measured through research commissioned in partnership agreement with HSRC.

5.4. NSA constituency based assessment of improvement in stakeholder capacity development. Not measured. Capacity development framework has been developed and approved.

Table 2: Achievements against the NSDS 2005-2010 year 2 targets
Skills Levies collected and transferred to SETAs and NSF

Table 3 illustrates the total levies collected by SARS and transferred to SETAs and the NSF within 30 days of each second month. The amounts represent 1% of the employer’s payroll. Table 3.2 illustrates the total amount collected and transferred to SETAs and the NSF by end of December 2006.

<table>
<thead>
<tr>
<th>Levy year</th>
<th>Year collected</th>
<th>Total amount collected</th>
<th>Amount transferred to SETAs during the levy year</th>
<th>Amount transferred to NSF during the levy year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006/07</td>
<td>April 2006 – Dec 2006</td>
<td>3 905 892 339</td>
<td>3 124 713 877</td>
<td>781 178 462</td>
</tr>
<tr>
<td>Grand total</td>
<td></td>
<td>3 905 892 339</td>
<td>3 124 713 877</td>
<td>781 178 462</td>
</tr>
</tbody>
</table>

NSF income was R2.4 billion of which R1.4 billion was committed and R640 million spent which represents 85% committed and spent funds. All 23 SETAs’ Service Level Agreements were concluded by July 2006.

Apprenticeship assessment

**INDLELA managed to achieve the following:**

- Conducted 5 183 assessments
- Secured the registration of the Master Artisan Learnership to be offered at the institution and registered on the National Qualification Framework
- Performed apprenticeship trade test audits/moderation at 60 decentralised assessment institutions in all nine provinces
- Conducted various training pilot programmes as part of future repositioning in the electrical, building, construction and motor trades
- Conducted emploment skills training at INDLELA during April to September 2006. The training focused on generic skills development practices and introduction to practical technical training to capacitate the ESPs to effectively monitor training.

**ABET (for unemployed people)**

- Seven tenders with the total budget of R103 million to train 20 000 ABET learners as from January 2007 were approved
- Planning has commenced to launch a second phase of the National ABET programme which will further benefit 40 000 learners to cover the NSF targets for the 2006/07 and 2007/08 financial years.

**Critical Skills Support**

- The NSF committed a total amount of R316 million to a total of 10 900 unemployed learners on various learnerships, apprenticeships and internships.

**Bursaries**

- For the 2006 academic year an amount of R46 970 711 has been allocated to the National Research Foundation (NRF) for the awarding of bursaries to post-graduate students in areas of scarce skills covering Honours to Post-doctoral studies
- The NRF awarded 1 042 bursaries of whom 107 were for people with disabilities
- An amount of R8.3 million was allocated by the National Student Financial Aid Scheme (NSFAS) for...
under-graduate bursaries to 250 students with disabilities.

**Industry Support Programme**

**(1) Workplace Skills Development Support Programme (WSDSP)**

- From 1 April to 31 December 2006 a total 755 new workers benefited from the WSDSP-training grants. From this figure, 88, 6% were Black and 29, 5% were women and none were people with disabilities (see Table 3.3).

- During the first three quarters of 2006/07 the NSF received 83 new applications for training incentive grants from SMEs. A total amount of R9, 1 million has been paid out to those SME’s who conducted training.

- As at 31 December 2006 more than 5 480 of the new workers benefited from the WSDSP-training grants.

**(2) Social Plan Technical Support Facility (SPTSF)**

The allocation of R17, 3 million was utilised to achieve the following:

- 68 future forums were established as a contribution to preventing job losses
- 36 turn-around strategies were established to prevent job losses in terms of the Social Plan
- Success stories were published
- Social plan awareness workshops were conducted and five articles were published in the Productivity SA magazine as part of the marketing campaign
- Social plan services were provided to 947 retrenchees and 640 of these were placed in training opportunities.

**Discretionary and Innovation Projects**

R500 000 was allocated to the Mamone Project to train 372 people who were successfully placed at the end of the project.

*A critical and scarce skills database will be developed and aligned to ASGI-SA.*
Programme 4: Labour Policy and Labour Market Programmes

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

The Labour Policy and Labour Market Programmes delivered on the following strategic objectives of the Department:

- Monitor the impact of legislation
- Promote equity in the workplace
- Strengthen social protection.

Within the Programme: Labour Policy and Labour Market Programmes, the following priority projects were selected to realise the strategic objectives of the Department:

- Research, Monitoring and Evaluation
- Director-General Review System
- Unemployment Insurance Fund Refocusing.

Strategic Objective: Monitor the Impact of Legislation

Project Name: Research, Monitoring and Evaluation (RME)

Aim of the project

Implement the research agenda of the Department of Labour through the critical research projects identified for 2006/07.

Specific objectives of this project:

- Review the impact of the labour legislative environment on job creation, small business development and economic growth
- Impact of sectoral determinations on working conditions and poverty
- Employment and the informal economy in South Africa
- Enhancing skills development
- Track progress on the implementation and impact of the Employment Equity Act since its inception
- Train five Masters Degree Research Interns over two years and five Human Science Research Council (HSRC) interns.

Achievements

A research partnership with the HSRC was finalised. The following research projects have been completed: State of Skills 2006 and the Review of the impact of the labour legislative environment on job creation.

Five Department of Labour/Wits Masters’ Degree Research Interns commenced studies over two years.
and will reinforce the Department’s endeavour to increase a pool of labour market researchers from previously disadvantaged backgrounds. Five HSRC interns were also appointed.

**Strategic Objective: Promote Equity in the Workplace**

**Project Name: Director-General Review System**

**Aim of the project**

To implement the DG Review System in order to fully assess compliance of designated employers in accordance with the requirements of sections 42 to 45 of the Employment Equity Act (EEA).

**Specific objectives of this project:**

- To implement the Pilot phase of the DG Review System in order to give individual feedback to large employers who reported by September 2005
- To fully assess compliance of six large employers and make recommendations to the employers by September 2006

**Achievements**

The DG Review System has been successfully piloted by identifying a sample of six large South African employers with unacceptable representation. The Department gave feedback and recommendations to the sample of employers to ensure compliance.

This System has been designed to assess substantive compliance by employers.

The programme has upgraded the Employment Equity System (EE System) to reflect the new employment equity reporting forms as regulated in the Government Gazette released in August 2006. The enhanced system also caters for both the internal and on-line capturing of reports.

Flowing from the enhancements made on the EE System, for the very first time since the first reporting in the year 2000, the programme has managed to internally produce the 2006 EE Analysis Report. In addition, the programme has developed and released the 2006 Public Register, which lists the designated employers who reported accurately in October 2006.

Most employers still submitted substandard reports. Therefore, the programme plans to embark on a vigorous awareness raising campaign through road shows to educate employers on how to fill out the reporting forms accurately; and also to advocate on other employment equity matters as a whole.

**Strategic Objective: Strengthening Social Protection**

**Project Name: The Unemployment Insurance Fund Refocusing**

**Aim of the project**

The project aims at ring-fencing the operations of the Unemployment Insurance Fund, within the Department under the direct control of the Minister and the Director-General of Labour.

**Specific objectives of this project:**

- Finalisation of UIF Head Office appointments
- Finalisation and implementation of provincial structures
Finalisation of organisational development in the provinces

Finalisation of negotiations for staff below 60%

Finalisation of Compensation Fund responsibilities

Provision of IT support in provinces

Finalisation of financial model

Decentralisation of operational roles to provinces

Finalisation of standard operating guidelines.

Achievements

Operational roles of the UIF have been successfully decentralised to all Labour Centres country wide. This is in line with the Department’s strategic shift to capacitate its service delivery points for better service and faster payouts to its clients.

Over 1 100 frontline staff have been trained on customer care during the year. This will enhance the quality of service to our clients.

Decentralised access to services of the Fund by increasing the number of sites processing benefit applications from 10 to 33 sites nationally has reduced the time it takes to process an application. There has also been an increased stakeholder base through a nationwide public awareness campaign in collaboration with the SABC.

An average of 88% of the applications for unemployment insurance benefits were settled within six weeks compared to an 85% settlement rate in the previous year. (see Table 4)

The UIF is a ring-fenced public entity of the Department.
Other activities in the Programme

Achievements

- The turnaround strategy for Sheltered Employment Factories has been approved and is currently being implemented. This strategy will increasingly make the Sheltered Employment Factories more self-sufficient and less dependent on government.

- The Job Opportunity Index Annual Report which is a weekly analysis of job advertisements appearing in the Sunday Times was completed. It is designed to provide new insights into skills shortages in South Africa as well as to better understand the supply and demand forces contributing to these shortages. Bi-annual and quarterly employment trends analysis reports were prepared. Newly produced reports include the Industrial Action Report, Labour Market Review, State of Skills and Client Satisfaction.

- A Memorandum of Understanding for training associate experts has been entered into with the ILO. South Africa remains a titular member of the ILO Governing Body. The Minister of Labour was appointed as Chairperson of the ILO Governing Body for a period ending June 2007.

- NEDLAC continues to play a meaningful role in enhancing social dialogue and remains a model for the philosophy of reaching decisions through consensus.

- Two Growth and Development Summit (GDS) progress reports were compiled, one for the Portfolio Committee on Labour and another for the Presidential Working Group.

Collective bargaining

- During the year, 38 collective agreements of bargaining councils were extended to non-parties covering 779 838 workers. These were collective agreements on wage increases and basic conditions of employment as well as agreements on council levies, sick benefits, pension, and provident fund benefits.

- The registration of 44 labour organisations (trade unions and employers’ organisations) were cancelled in terms of section 106 of the Labour Relations Act, for reasons ranging from not submitting audited financial statements, a union not being a genuine trade union and amalgamations. During the said period, eight new applications were approved and 90 were rejected. The total number of registered trade unions is 335; employers' organisations total 226 and there are 58 bargaining councils.
The representivity of the councils has become the most contentious aspect of bargaining councils. Of the 28 bargaining councils visited in 2006 only 14 could be regarded as representative.

**Strengthening Civil Society Fund (SCSF)**

- During 2006/07, R9 447 000 was allocated to the SCSF, for the training of organised and unorganised vulnerable workers across the country. The Development Institute for training, Support and Education for Labour (Ditsela) was allocated an amount of R7 234 043, which was used to train unionists nationally.

- Furthermore, an amount of R1 310 350 was allocated to the Workers College, Natal, for modular training of shop stewards. The remaining amount was shared amongst the small organisations offering training on labour rights. These include the following organisations:
  - Lotavha Legal Advice Office and Relemogile Rural Development Project both from Limpopo;
  - Keimoes Advice Development Office from the Northern Cape; Women on Farms Project, Workers World Media Production, Witzenberg Advice Office, Swellendam Advice Office and Southern Cape Land Committee all from the Western Cape; and the Sterkstroom Community Advice Office from the Eastern Cape.

- Three sectoral determinations were reviewed during the reporting period i.e. Private Security, Contract Cleaning and Civil Engineering. Workers within these sectors will receive guaranteed increases over the next two to three years. It was attempted to reduce the number of areas for which wages were prescribed and by so doing narrowing the wage gap of the lowest income group of workers within the sectors concerned.

- The sectoral determination in the hospitality sector was completed and is due for publishing in May 2007. The sectoral determination for the private security industry has been published. The sectoral determination for welfare has not been published. The research sample to inform the welfare sector has been expanded and time frames extended to 2007/08.

- The Department has embarked on a process to cancel sectoral determinations that were not reviewed since 1994 having due regard that the vulnerable workers within the sectors concerned are not jeopardised by such action. A total of 17 sectoral determinations are affected by this exercise that will be completed by the end of the financial year.

- The Child Labour Programme of Action (CLPA) awareness strategy has been developed and endorsed. The child labour programme of action has also been costed and all staff trained on the programme. The child labour programme of action was presented to Cabinet. The child labour desk has not been operationalised.