

SECTION 1

GENERAL INFORMATION

1. Introduction by Dr VM Mkosana, Director-General of Labour

This Annual Report sets out the details of what was done by the Department during the 2005/06 financial year. The 2005/06 financial year covered in this annual report saw important milestones in labour market policy development but acknowledges that there are still major challenges facing us in our attempt to reduce unemployment, poverty and inequality in our labour market. The reduction of poverty, unemployment and inequalities in the labour market will in the short to long-term assist us to achieve improved economic efficiency and productivity.

This financial year saw the reawakening of the labour market flexibility/rigidity debate and we have addressed these debates with a sharp understanding that there is no need for deregulation and that the fundamentals of our legislative framework are sound. We indeed acknowledge that the weaknesses and challenges are more operational than policy oriented. We need to strengthen the implementation, enforcement and monitoring mechanisms of our legislation.

The Ministerial Programme of Action, 2004-2009 complemented by the Department's Strategic Plan, 2006-2009 came into full swing during this financial year and we have seen remarkable progress in the implementation. Of note, we saw the implementation of the second phase of the National Skills Development Strategy (NSDS), 2005-2010 to consolidate on the achievements of the first phase. The second phase also seeks to improve on areas of weaknesses of the first phase including the identification of scarce and critical skills in the labour market. The work in the NSDS 2005-2010 will greatly complement the other Government interventions such as the Accelerated and Shared Growth Initiative for South Africa (ASGI-SA).

We have continued to strengthen and consolidate the turnaround strategy of the Unemployment Insurance Fund (UIF) and we are reaping the fruits. The UIF is now a stable organisation with a very sound surplus. Simultaneously, we have started a process that the Compensation Fund (CF) moves from its present state to one characterised by effective and efficient management, and stability.

Whilst we have made commendable impact in a number of areas of our interventions, there are still challenges that we need to address. We need to strengthen the implementation, enforcement and monitoring mechanisms of our legislation. These areas will receive special and prioritised attention in the next financial year.

Our achievements have been made possible by the undivided commitment and sacrifices of our staff members guided by the capable leadership of the Honourable Minister Membathisi Mdladlana, MP. Through his leadership, we have managed to focus our energies in pursuance of the objectives contained in the Ministerial Programme of Action.

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Lastly, we thank the Portfolio and Select Committees on Labour for their unwavering support and guidance. Their oversight role has also ensured that we focus our attention on the strategic objectives of the Department and Government.

A handwritten signature in black ink, appearing to read 'Vanguard Mkosana', written over a faint, light-colored watermark or background.

Dr Vanguard Mkosana
Director-General of Labour

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2. Ministry of Labour

2.1 Institutions reporting to the Executive Authority

- Advisory Council for Occupational Health and Safety (ACOHS)
- Commission for Conciliation, Mediation and Arbitration (CCMA)
- Commission for Employment Equity (CEE)
- Compensation Board
- Employment Conditions Commission (ECC)
- National Economic Development and Labour Council (NEDLAC)
- National Productivity Institute (NPI)
- National Skills Authority (NSA)
- Sectoral Education and Training Authorities (SETAs)
- Unemployment Insurance Fund (UIF)
- Umsobomvu Youth Fund (UYF).

2.2 Bills submitted to the legislature during the financial year

None were submitted

2.3 Ministerial visits abroad

Place	Date	Purpose
People's Republic of China	20 - 26 May 2005	Bilateral discussions by the two Ministers of Labour on the implementation of the signed memorandum of understanding
Geneva	31 May - 16 June 2005	International Labour Conference
Cuba	13 - 16 September 2005	Bilateral discussions for the development of a programme with a view to implement the signed memorandum of understanding
Zimbabwe	13 - 17 October 2005	Bilateral discussions on the implementation of the signed memorandum of understanding
Addis Ababa	26 - 29 September 2005	Bureau meeting of the African Union Labour and Social Affairs Commission
Geneva	3 - 18 November 2005	ILO Governing Body meeting
Algeria	8 - 12 November 2005	Bilateral discussions by the two Ministers of Labour on a Memorandum of understanding
Geneva	February 2006	International Labour Conference on Maritime Issues
Zimbabwe	6-10 February 2006	ARLAC Governing Council
Geneva	16 - 31 March 2006	ILO Governing Body meeting

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3. Mission Statement

The Department of Labour 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.

4. Legislative Mandate

The Department of Labour relates to the following ten Statutory Bodies:

4.1 Advisory Council for Occupational Health and Safety

The Council was established in terms of section 2 of the Occupational Health and Safety Act, 1993 (OHSA).

The functions of the Council include the following:

- advising the Minister on policy matters arising out of or in connection with the application of the provisions of the Act
- advising the Minister on any matter relating to occupational health and safety
- performing the functions assigned to it by the Act or referred to it by the Minister
- conducting investigations and doing research with a view to the performance of its functions
- making rules relating to the calling of Council meetings, the determination of a quorum for the procedures at such meetings and generally relating to all matters which may be necessary for the effective performance of its functions
- advising the Department on the formulation and publication of standards, specifications or other forms of guidance for the purpose of assisting employers, workers and users to maintain appropriate standards of occupational health and safety

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- advising the Department on the promotion of education and training in occupational health and safety
- advising the Department on the collection and dissemination of information on occupational health and safety
- concluding agreements for the performance of a particular act or particular work or for the rendering of a particular service.

4.2 Commission for Conciliation Mediation and Arbitration

This Commission was established in terms of section 112 of the Labour Relations Act, 1995 (LRA).

The Commission's functions are to:

- attempt to resolve disputes through conciliation and arbitration
- assist in the establishment of workplace forums
- compile and publish information and statistics about its activities
- advise a party to a dispute about the procedure to follow in terms of this Act
- assist a party to a dispute to obtain legal advice, assistance or representation
- offer to resolve a dispute that has not been referred to the Commission through conciliation
- conduct, oversee or scrutinise any election or ballot of a registered trade union or registered employers' organisation if asked to do so
- publish guidelines in relation to any matter dealt with in this Act
- conduct and publish research into matters relevant to its functions
- provide, upon request, workers, employers, registered trade unions, registered employers' organisations or councils with advice or training relating to the primary objectives of the LRA
- perform any other duties imposed, and exercise any other powers conferred on it in terms of the LRA and perform any other function entrusted to it by any other law.

4.3 Commission for Employment Equity

This Commission was established in terms of section 28 of the Employment Equity Act, 1998 (EEA).

The Commission's functions are to advise the Minister on:

- codes of good practice issued by the Minister in terms of section 54 of the Act

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- regulations made by the Minister in terms of section 55
- policy and any other matter regarding this Act
- awarding achievements of employers in furthering the purposes of the Act
- any matter relating to the application of this Act, including appropriate and well-researched norms and benchmarks for the setting of numerical goals in various sectors
- the performance of any other prescribed function.

4.4 Compensation Board

This Board was established in terms of section 10 of the Compensation for Occupational Injuries and Diseases Act, 1993 (COIDA).

Its functions include advising the Minister on:

- matters of policy arising out of or in connection with the application of the COIDA
- the nature and extent of the benefits payable to workers or dependents of workers, including the adjustment of existing pensions
- the appointment of assessors
- the amendment of the COIDA.

The Board also advises the Director-General regarding the performance of particular aspects of its functions.

4.5 Employment Conditions Commission

This Commission was established in terms of section 59 (1) of the Basic Conditions of Employment Act, 1997 (BCEA).

The functions of the Commission are to advise the Minister on:

- sectoral determinations in terms of Chapter 8
- any matter regarding basic conditions of employment
- any matter arising out of the application of the Act
- the effect of the policies of Government on employment
- trends in collective bargaining and whether any of those trends undermines the purposes of the Act

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- any matter concerning the employment of children, including the review of section 43 (including the Minister of Welfare and Population Development, now called the Minister for Social Development)
- any matter concerning basic conditions of employment in the public service (including the Minister of Public Service and Administration).

4.6 National Economic Development and Labour Council

This Council was established under section 2 of the National Economic Development and Labour Council Act, 1994 (NEDLAC Act).

The functions of the Council are to:

- strive to promote the goals of economic growth, participation 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.

4.7 National Productivity Institute

This is a section 21 Company (Incorporated Association without Gain), established under the Companies Act, 1973.

The functions are to:

- promote, develop capacity and facilitate partnerships in national productivity drives
- disseminate information on the nation's productivity performance and productivity improvement experiences
- initiate relevant productivity improvement approaches and techniques
- influence the creation of a conducive socio-economic, legislative and policy environment for ongoing productivity improvement and for South Africans to adopt a culture of sustainable productive practices, in order to enjoy a high quality of life.

4.8 National Skills Authority

The National Skills Authority (NSA) was established in terms of section 4 of the Skills Development Act, 1998.

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The functions of the NSA are to:

- advise the Minister on a national skills development policy, a national skills development strategy, guidelines on the implementation of the national skills development strategy, the allocation of subsidies from the National Skills Fund, and any regulations to be made
- liaise with Sector Education and Training Authorities (SETAs) on the national skills development policy and the national skills development strategy
- report to the Minister in the prescribed manner on the progress made in the implementation of the national skills development strategy
- conduct investigations on any matter arising out of the application of this Act
- exercise any other powers and perform any other duties conferred or imposed on the NSA by this Act.

4.9 Umsobomvu Youth Fund

In 1998, the Minister of Finance announced Government's decision to set aside R855 million to create the Umsobomvu Youth Fund, a section 21 company.

The purpose of the Fund is to facilitate skills development and job creation for the youth. Skills Development Programmes are divided into Community Youth Services (CYS) and School to Work (StW). CYS is aimed at providing the youth with skills whilst they provide services to their community.

StW is aimed at assisting young people to high-level careers that are scarce and currently not occupied by Blacks.

Umsobomvu has established 12 Youth Advisory Centres. The Centres offer information and counselling support regarding career development, employment and entrepreneurship. The Business Development Support Voucher Programme (BDSVP) that the Fund launched in November 2002 was rolled out in March 2003. The Entrepreneurship Finance Programme consists of three products, namely Micro Finance (loans between R1 000 and R50 000); SME Finance (loans between R100 000 and R5 million) provided through the Progress Fund (a partnership with FNB and Momentum) and the Franchise Fund (a partnership with business partners) and cooperatives.

4.10 Unemployment Insurance Board

The Unemployment Insurance Board was established in terms of section 47 of the Unemployment Insurance Act, 2001.

Its functions include the following:

- to advise the Minister on
 - unemployment insurance policy
 - policies arising out of the application of this Act

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- policies for minimising unemployment
- the creation of schemes to alleviate the effects of unemployment insurance
- to make recommendations to the Minister on changes to legislation in so far as it impacts on policy on unemployment or policy on unemployment insurance
- to perform any other function which may be requested by the Minister for purposes of giving effect to this Act.