

SECTION 2

PROGRAMME PERFORMANCE

Voted funds

Appropriation	Main appropriation	Adjusted appropriation	Actual amount spent	Under expenditure
	R'000	R'000	R'000	R'000
Programme 1	274 282	238 680	218 667	20 013
Programme 2	539 275	570 665	532 307	38 358
Programme 3	147 179	141 133	117 428	23 705
Programme 4	330 814	349 259	349 008	251
Programme 5	22 427	9 001	4 931	4 070
Total	1 313 977	1 308 738	1 222 341	86 397
Responsible Minister	Minister of Labour: MMS Mdladlana, MP			
Administering Department	Department of Labour			
Accounting Officer	Director-General of Labour: Dr VM Mkosana			

Revenue

	2002/03 Actual	2003/04 Actual	2004/05 Actual	2005/06 Target	2005/06 Actual	% deviation from target
	R'000	R'000	R'000	R'000	R'000	%
Tax revenue (Specify)	-	-	-	-	-	-
Non-tax revenue (Specify)	995	2 377	3 079	3 192	3 318	(10.21)
Sales of capital assets (Capital Revenue) (specify)	-	-	232	-	42	-
Financial transactions (Recovery of loans and advances)	-	2 372	1 154	1 280	1 451	48.67
Total Departmental receipts	995	4 749	4 465	4 472	4 811	7.58

Expenditure

Programmes	Voted for 2005/06	Roll-overs and adjustments	Virement	Total voted	Actual Expenditure	Variance
	R'000	R'000	R'000	R'000	R'000	R'000
Programme 1	238 680	-	-	238 680	218 667	20 013
Programme 2	570 665	-	-	570 665	532 307	38 358
Programme 3	142 579	-	(1 446)	141 133	117 428	23 705
Programme 4	347 813	-	1 446	349 259	349 008	251
Programme 5	9 001	-	-	9 001	4 931	4 070
Total	1 308 738	-	-	1 308 738	1 222 341	86 397

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Transfer Payments

Name of Institution	Amount transferred R'000	Estimate expenditure R'000
Compensation Fund	4 931	4 931
Unemployment Insurance Fund	-	-
Commission for Conciliation Mediation and Arbitration	208 576	208 576
National Productivity Institute	23 934	23 934
National Skills Fund	40 251	40 251
Strengthening Civil Society Fund / Development Institute for Training, Support and Education for Labour (DITSELA)	8 912	8 912
National Economic Development and Labour Council (NEDLAC)	11 551	11 551
Subsidised work centres for people with disabilities	44 687	44 687
Statutory		
Sector Education and Training Authorities	3 906 664	3 906 664
National Skills Fund	976 666	976 666
International Labour Organisation	5 360	5 360
Arlac	423	423
SA National Council for the Blind	212	212
Deaf Federation of South Africa	83	83
National Council for the Physical Disabled	169	169
Subsidised workshops for the blind	6 328	6 328
South African Youth Council	1 000	1 000
Resignation Packages to Households	947	947
Regional service levies to municipalities	1 278	1 278
Total	5 241 972	5 241 972

Aim of the Vote

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

Programme purpose and measurable objectives

Programme 1:	Administration
Purpose:	Conduct the overall management of the Department and provide support and advisory services.
Programme 2:	Service Delivery
Purpose:	Protect the health and safety of workers, and implement and enforce Department of Labour policies.

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Measurable objective: Ensure the effective and efficient implementation of legislation, standards, guidelines and policies in an integrated manner through the provision of inspection and enforcement services, employment and skills development services, and labour market information and statistical services.

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

Purpose: Achieve the strategic objectives and equity targets of the national skills development strategy and contribute to the achievement of the strategic objectives of the National Human Resources Development Strategy.

Measurable objective: Achieve the 2005/06 targets of the National Skills Development Strategy through managing service level agreements and providing support services to all SETAs and managing the National Skills Fund efficiently and effectively.

Programme 4: Labour Policy and Labour Market Programmes

Purpose: Establish an equitable and sound labour relations environment and promote South Africa's interests in international labour matters through research, analysing and evaluating labour policy and providing data and statistics on the labour market, including providing support to the institutions that promote social dialogue.

Measurable objective: Develop labour legislation and policy to reduce conflict and inequalities and improve working conditions and equity in the labour market, including fulfilling South Africa's obligations to international and regional organisations.

Programme 5: Social Insurance

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

Measurable objective: Support and ensure sound administration of the UIF and the Compensation Fund, and manage government financial assistance to the Funds in order to ensure efficiency and financial sustainability.

Strategic overview and key policy developments: 2002/03 – 2008/09

An enabling labour market environment

Creating employment is the biggest challenge facing government and a key instrument for fighting poverty. The Department of Labour formulates labour market policies that provide an enabling environment for job-creation. By setting and enforcing norms and standards, the Department seeks to ensure that existing and new jobs do not jeopardise workers' health and safety.

The National Skills Development Strategy for 2005 to 2010 will play a key role in realising Government's goal of halving the country's unemployment by 2014. Learnerships, apprenticeships and internships targeted at unemployed youth are critical to addressing

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unemployment. Adult basic education and training policy, driven through the National Skills Development Strategy, aims to enhance the basic skills of people beyond their school-going years and tackle long-term unemployment. The expanded public works programme targets the unemployed to provide them with working experience, equip them with skills for further employment and it is also a poverty alleviation measure.

The Department seeks to encourage and improve labour productivity in South Africa by designing and managing a sound labour relations regime, managing the UIF in the interests of the unemployed, managing the Compensation Fund to ensure that workers are compensated for occupational injuries and diseases, and promoting an effective skills development strategy.

In line with the Government's commitment to creating employment, the Growth and Development Summit was held in June 2003. Complementary to the GDS, the Accelerated and Shared Growth Initiative - SA (ASGISA) and Joint Initiative for Priority Skills Acquisition (JIPSA) have been initiated in 2005 to put the economy on a high growth trajectory while poverty reduction is enhanced partly through employment creation. The Department has a key role to play in the skills development area.

Enhancing skills development

The Skills Development Act (1998) and the Skills Development Levies Act (1999) seek to address the skills shortage by encouraging and supporting training across all sectors of the economy through the SETAs.



The National Skills Development Strategy, aims to enhance the skills of people beyond their school-going years.

The National Skills Development Strategy (NSDS) was reviewed and launched by the Minister in 2005. It seeks to prioritise certain areas of work and direct skills funding. Key principles are to: support economic growth for employment creation and poverty eradication; promote productive and equitable citizenship by aligning skills development

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with national strategies for growth and development, and accelerate broad-based BEE and employment equity. The equity targets require that 85% of all beneficiaries of the National Skills Development Strategy be Black, 54% female and 4% people with disabilities.

Employment equity

To improve the implementation of the Employment Equity Act (1998), the Department introduced amendments to the Employment Equity Regulations. The amendments aim to refine data collection, tighten the enforcement of the Employment Equity Act (1998) and improve the Department's operations for employment equity. The Director-General review system has been designed to promote substantive compliance with the law. The Department has also developed a human resources code of good practice, which integrates employment equity into human resources policies and practices. The Department has trained inspectors to embark on vigorous inspections to give expert advice and to enforce the law.

Protection of vulnerable workers

The protection of workers has advanced, through investigations into minimum wages and working conditions in a number of sectors. Among these Taxi and Forestry determinations were published.

Strengthening social protection

Over the medium term, the Department aims to strengthen social protection by improving the services provided by the UIF and the Compensation Fund. Key areas in this regard are integration of occupational health and safety as well as compensation competencies across government and the implementation of the turnaround strategy for the UIF. A policy document on integration is in place and it is envisaged that immediately after approval this policy will be open for discussion among social partners within NEDLAC.

Service delivery

The Department of Labour is committed to effectively implementing its policies. Integrating the services offered by labour centres and business units



The Department introduced amendments to the Employment Equity Regulations.

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has helped improve the quality of and access to these services and staff have been empowered through multi-skilling. Decentralisation of functions from Head Office to labour centres has been identified for immediate implementation to enhance service delivery.

Monitoring and controlling the impact of labour market policies

The Department has identified strategic partnerships to enhance its capacity to research and monitor the impact of labour market policies. This research also analyses and evaluates labour policy and provides ongoing and updated data and statistics for the labour market.

Expenditure trends

The Department's non-statutory expenditure decreased between 2001/02 and 2003/04 to R1 billion, due to the success of the UIF's turnaround strategy, which ended the need for continuing interim support. Since then, expenditure has risen, and is expected to continue to rise to R1,5 billion in 2007/08, at an annual rate of 7,1% over the next three years.

The statutory allocations are expected to continue to increase steadily, rising from R2,5 billion in 2001/02 to R6,0 billion in 2007/08, an annual average increase of 15,4%.

The 2005 budget provides for baseline increases of R24,5 million for 2005/06, R49,9 million for 2006/07 and R57,2 million for 2007/08. These increases are mainly to improve the Department's capacity. The increases also make provision for VAT adjustments for transfers to public entities.

Departmental receipts

The Department collects limited amounts of revenue. Receipts from fines and forfeitures resulting from prosecutions in terms of labour legislation flow through the Department of Justice and Constitutional Development.

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PROGRAMME 1: ADMINISTRATION

Administration conducts the overall management of the Department and includes policy formulation by the Minister, the Director-General and of the Department's management team. Other activities include financial management, human resources management, support services and communication services.

Communication

Introduction

The Department's Communication entails marketing and advertising, media liaison, production and stake holder relations. Communication is responsible for profiling the Department and the Minister in public through various communication mediums and campaigns.



The Department takes its services to the people in remote and rural areas.

Through Communication the website attracted 1 945 450 visits in the financial year 2005/06. The Department received extensive coverage in the print and electronic media, communicating our services and the Ministerial Programme of Action.

Financial Management

Introduction

Financial Management of the Department entails the budget management, financial reporting, financial liaison and support of the public entities, supply chain management and

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PROGRAMME 1: ADMINISTRATION

office administration.

The Department put in place systems to ensure compliance with the PFMA, PPPFA, Treasury Regulations and guidelines and addressed all issues raised by the Office of the Auditor-General. The Department drafted the BBBEE policy for ensuring procurement processes were aligned to broader government strategic goals.

The Department investigated a reporting and planning tool for alignment with the Strategic Plan and the Ministerial Programme of Action.

To expand the footprint of rendering our services, we opened three additional labour centres in Mount Allyliff, Jane Furse and Kuruman and launched 20 fully equipped and branded mobile units.

Human Resources Management

Introduction

The Department's Human Resources Management facilitates the development of staff, ensures effective and efficient utilisation of the human capital and renders legal services to the Department. Three functional areas are covered in the programme, namely, management advisory services, human resources management and legal services.

Enabling policies that provided guidelines on how the Department should implement the laws and regulations on human resource practices were developed, adopted and implemented. The Youth Disability, and Gender Unit was established to implement adopted programmes on youth, women and people with disabilities.



Wellness Champions of the Department of Labour.

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PROGRAMME 1: ADMINISTRATION

The process of decentralisation of functions and delegating of authority was initiated with the assistance of the National Productivity Institute (NPI).

The Code of Ethics for Wellness Champions was developed and the National launch of the Departmental Peer Education Programme (Wellness Champions) was held.

Information Communications Technology (ICT)

Introduction

The Department of Labour has identified ICT as a means to improve service delivery. It is envisaged that the application of technologies will have a major impact on the way the Department conducts its business.

In line with technology evolution and convergence of technologies which maximises the ICT benefits, the Department sought to acquire a call centre and related services.

Information Technology Achievements

1. The completion of a feasibility study on the convergence of information and communication technology within the Department. The feasibility study provides clarity on, inter alia, the affordability, risks and value for money associated with convergence.
2. The development of Siyaya, a claims management system that endeavours to ensure alignment between the business processes and IT systems in support of the Registration, Declaration, Claims Management and Case Management processes at the UIF. Siyaya has been implemented and has been fully operational since April 2005.

Internal Audit

Introduction

The purpose of the Department's Internal Audit is to provide audit services by evaluating the adequacy and effectiveness of all control measures implemented by management against the risks faced by various programmes.

Internal Audit Achievements

1. Internal Audit Services were rendered to the Department of Labour, Sheltered Employment Factories, Unemployment Insurance Fund, Compensation Fund, and the National Skills Fund. The rolling three-year strategic audit plans and the annual audit plans were compiled and the audits were performed in accordance with the annual audit plans.
2. 39 Final Audit Reports were issued. The Department adopted the Revised Good Governance Strategy, Fraud Prevention Plan and the Risk Management Framework. Established internal Audit Steering Committees at the UIF, CF and the Department.

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PROGRAMME 1: ADMINISTRATION

Security

Introduction

The purpose of the Security Directorate is to provide strategic leadership in the protection of Government assets, people (staff members) and information since information forms part of the intellectual property of the State.

Security Achievements

- An upgraded badge production and imaging system for all staff members has been installed
- Access control proximity readers were installed to offices where more than three officials are sharing an office
- The installation of a Cardkey P900 Electronic Security Management system utilising the existing HID readers and access cards
- An asset tracking system was installed, providing protection against unauthorised removal of laptops.

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PROGRAMME 2: SERVICE DELIVERY

Service Delivery is responsible for ensuring that the Department of Labour's legislation and policies are implemented in an integrated manner.

Core activities are structured around six sub-programmes:

- *Management Support Services* is responsible for the overall management and related support of the provincial offices, labour centres and visiting points
- *Beneficiary Services* provides services to unemployed people and people injured on duty, in accordance with the Unemployment Insurance Act (2001) and the Compensation for Occupational Injuries and Diseases Act (1993) by administering, processing and finalising applications for benefits
- *Employment Services* facilitates access to employment and income-generating opportunities for the under-and unemployed through implementing a range of policies and programmes
- *Inspection and Enforcement Services* ensures that employers and employees comply with labour legislation
- *Labour Market Information and Statistics* researches and monitors development in the labour market by analysing the impact of various Acts and the performance of job-creation programmes and assessing internal capacity
- *Occupational Health and Safety* promotes health and safety in the workplace through regulating the use of plant and machinery and dangerous activities.



Inspection and Enforcement Services ensures that employers and employees comply with labour legislation.

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PROGRAMME 2: SERVICE DELIVERY

Measurable Objective: Ensure the effective and efficient implementation of legislation, standards, guidelines and policies in an integrated manner through the provision of inspection and enforcement services, employment and skills development services, and labour market information and statistical services.

Subprogramme	Output	Measure/Indicator	Target	Actual
Management Support Services	Ensure effective administrative support services	Staff trained as per Department of Labour's skills plan	At least 2 600 people to be trained by March 2006	6 145 staff members were trained by March 2006
Beneficiary Services	Improved social safety net	Improved processing of both UIF and Compensation Fund claims	Unemployment Insurance claims processed and paid within 6 weeks of receiving complete documentation Completed Compensation for Occupational Injuries and Diseases Act (1993) claims processed and paid within 90 days	96% claims finalised and paid within six weeks compared to 85% in the previous year Out of a total of 246 000 claims reported in 2005, 218 575 (89%) have been completed, although not within 90 days as planned
Employment Services	Support to unemployed and exiting learners through National Skills Development Strategy and other related programmes	Skills development supports provincial and sectoral growth, development and equity priorities Percentage of employed and unemployed trained and successfully placed Percentage of unemployed placed in learnerships	Provincial Skills Plans aligned to Provincial Economic Growth and Development Strategies (PGDS) Achieve 70% placement rate on allocated training projects within 2 months of completion of training, with employment for a period of at least 3 months. At least 10% of registered unemployed young people absorbed into s. 18 (2) learnerships in provinces, and supported	Provincial Skills Plans aligned to PGDS in all provinces 54% were placed. 103 168 people were trained and 55 376 were placed. NSDS 2005-10 37 227 unemployed learners have entered and 11 678 have completed by end of March 2006

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PROGRAMME 2: SERVICE DELIVERY

Subprogramme	Output	Measure/Indicator	Target	Actual
Inspection and Enforcement Services	Ensure compliance with labour legislation	Percentage improvement in compliance levels with labour legislation and sectoral determinations.	5% increase in compliance levels	More workplaces inspected, including the informal sector. This resulted in the overall decrease of 4% in compliance levels.
	Implementation and monitoring of targeted Advocacy and Enforcement Strategy, which is sector and issue specific	Number of accidents, injuries and fatalities in targeted industries	2 % decrease from previous year	3.8% decrease in fatal accidents reported
Labour Market Information and Statistics	Collect, collate, analyse and disseminate labour market information and statistics to various stakeholders.	Relevant information produced at regular intervals	Quarterly trend analysis reports published. Annual Client Satisfaction Survey conducted Job placement verification study conducted and reports disseminated by November 2005	Quarterly Labour Market Bulletin (1) and (2) completed and disseminated on the Intranet. 2004/05 National Annual Report approved for publication and National feedback fliers finalised and disseminated Done in July 2006.
Occupational Health and Safety	Safe and Healthy working environment	Number of blitz inspections carried out	At least 1 000 inspections during 2005/06	3 800 workplaces were inspected
	Strengthen occupational health and safety institutional framework	Number of national roving team inspectors and shop stewards trained in the high risk sectors National Occupational Health and Safety Authority in place	10 inspectors and 40 shop stewards trained by June 2005 September 2005	147 inspectors and 100 shop stewards were trained during 2005/06 The process is at the stage of finalising the business model for presentation to Cabinet.