

Expenditure trends

Between 2005/06 and 2008/09, transfers received grew at an average annual rate of 10.6 per cent, from R4.3 billion to R5.8 billion, the bulk of which comprises skills development levies. Growth over the medium term is expected to average 7.9 per cent per year to reach R7.3 billion. Other non-tax revenue grew by 57.5 per cent in 2007/08 due mainly to interest earned from investments as a result of the sharp increase in interest rates in 2008. Transfers received between 2005/06 and 2008/09 fluctuate as the amount reflects what the South African Revenue Service has actually collected in relation to skills levies.

Spending on goods and services decreased at an average annual rate of 13.4 per cent between 2005/06 and 2008/09 due to less dependency by the sector education and training authorities on consultants. Transfers and subsidies grow by 39.5 per cent in 2008/09 due to concerted efforts by the sector education and training authorities to reduce the accumulated surplus by increasing the payment of mandatory and discretionary grants.

Acquisition of assets also grows by 235.4 per cent in 2008/09 due to increased projected spending on capital assets, in particular property and buildings, which more sector education and training authorities consider to be a better option than renting premises.

Spending over the MTEF period is set to decrease by 28.1 per cent.

Programme 4: Labour Policy and Labour Market Programmes

- *Programme Management Unit* manages and controls the labour policy and labour market programmes branch. Funding is mainly used for salaries, and other personnel related costs.
- *Strengthen Civil Society* aims to strengthen the capacity of workers and employers to contribute to a stable and smoothly functioning labour market by providing resources, support and expertise to improve independence and self reliance. Funding is allocated to selected projects to increase the protection of vulnerable workers in rural and remote areas through transfers to the Development Institute for Training, Support and Education for Labour, the Workers' College KwaZulu-Natal, the South African Labour Bulletin, the Southern Cape Land Committee Trust, seven rural advice offices, the Congress of South African Trade Unions and the South African Confederation of Trade Unions.
- *Collective Bargaining* manages the implementation of the Labour Relations Act (1995) through policies and practices that promote sound labour relations and tripartism. Funds are mainly used to: register labour organisations and de-register those that are non compliant; publish and extend collective agreements; support and advance participation in collective bargaining structures; participate in the governance structures of the Commission for Conciliation, Mediation and Arbitration; and participate in relevant National Economic Development and Labour Council activities.
- *Employment Equity and Standards* promotes equity in the labour market through improving enforcement of the Employment Equity Act 1998), and protects vulnerable workers in the labour market by administering the Basic Conditions of Employment Act (1997). Funds are mainly used for reviewing Johannesburg stock exchange listed companies for employment equity substantive compliance, publishing employment equity compliance information, and marketing the employment equity online reporting facility. Funds are also used to extend sectoral determinations to increase the protection of vulnerable workers and promote the protection of children.
- *Commission for Conciliation, Mediation and Arbitration* transfers funds to the Commission for Conciliation, Mediation and Arbitration, which promotes social justice and fairness in the workplace through dispute management and dispute resolution services.
- *Research, Policy and Planning* researches and monitors working conditions and policies affecting the labour market in South Africa and elsewhere. Funds are mainly used for research, monitoring and evaluation activities, and publishing research findings.
- *Labour Market Information and Statistics* collects, collates, analyses and disseminates internal and external labour market statistics to inform all stakeholders about changes in the South African labour market that impact on legislation. Funding is mainly used for salaries, and other personnel costs.

- *International Labour Matters* represents the South African government at the International Labour Organisation, the African Union Labour and Social Affairs Commission, the Southern African Development Community employment and labour sector, and the African Regional Labour Administration Centre, and makes transfers to these bodies for membership fees.
- *National Economic Development and Labour Council* transfers funds to the National Economic Development and Labour Council, which promotes economic growth and social equity by participating in labour market and socioeconomic decision making and by seeking consensus and agreements on social, labour market and economic policy.
- *Sheltered Employment Factories* improves the administration, production and financial control of employment centres for the disabled. Transfers to subsidised work centres for the disabled fund the shortfall between sales revenue and operating costs, and the transfer to subsidised workshops for the blind is a partial subsidy.

Objectives and measures

- Empower vulnerable workers in rural and remote areas through 15 projects, funded over the MTEF period, that will familiarise these workers with labour legislation and educate them on how to use it.
- Improve employment equity by extending the review of the top 100 Johannesburg stock exchange listed companies for substantive compliance with the legislation over the MTEF period.
- Improve the status of vulnerable workers by:
 - reviewing working conditions in 6 industrial and economic sectors (wholesale and retail, civil engineering, contract cleaning, private security, learnerships, and hospitality) by March 2010
 - establishing the feasibility of promulgating sectoral determinations in the welfare and unskilled labour sectors by March 2010
 - submitting a report to the minister on the norms and benchmarks for proportionate income differentials by March 2010.
- Evaluate the impact of labour market policy by setting a research and monitoring and evaluation agenda by May 2009.
- Continue to extend collective agreements and register new labour organisations within 90 days.

Service delivery and spending focus

In 2007/08, the Department of Labour allocated funds to 8 civil society organisations involved in labour and the protection of vulnerable workers. By the end of the third quarter of 2008/09, 10 new civil society organisations had been funded against a target of 15 over a 3-year period.

In 2007/08, 7 companies, with 26 subsidiaries, selected from the top 100 Johannesburg stock exchange listed companies, were subjected to a review, as part of promoting equity in the labour market. In 2008/09, 60 companies were identified for the review, and at the end of the first half of the year, 32 companies had been reviewed.

In 2007/08, investigations aimed at the protection of vulnerable workers were conducted in the hospitality, taxi and welfare sectors. In 2008/09 thus far, the welfare, domestic, farming and forestry sectors have been investigated, which has resulted in regulated minimum conditions of employment in these sectors, including a 40-hour working week, an earnings threshold, and a ceiling on working time.

64 bargaining council collective agreements covering 884 40 workers were extended to non-parties in 2007/08, and by the end of the third quarter of 2008/09, 54 collective agreements had been extended. This ensured that minimum wage and social benefits were extended to vulnerable workers who would normally have been excluded.

In 2007/08, 17 research reports were completed and are currently being discussed by stakeholders. In 2008/09, the Annual Labour Market Bulletin and reports on the client satisfaction survey and job opportunities and unemployment in the South African labour market were produced.

Spending over the MTEF period will continue to focus on programmes that reduce conflict and improve working conditions and equity in the labour market through the development of labour legislation and policies informed by labour market research.

Expenditure estimates

Table 15.13 Labour Policy and Labour Market Programmes

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Programme Management Unit	7.7	7.3	7.3	8.9	9.5	9.8	10.6
Strengthen Civil Society	8.9	9.4	9.9	13.4	13.8	14.4	15.1
Collective Bargaining	7.3	7.8	9.0	8.4	9.6	10.1	11.1
Employment Equity and Standards	29.2	23.9	23.4	27.7	27.2	27.8	29.4
Commission for Conciliation, Mediation and Arbitration	208.6	244.7	270.6	261.7	291.0	314.8	333.7
Research, Policy and Planning	3.5	10.3	15.0	8.5	14.7	14.9	15.6
Labour Market Information and Statistics	3.0	3.1	3.9	4.4	4.5	4.7	5.1
International Labour Matters	17.0	15.1	17.0	19.1	19.0	19.6	20.9
National Economic Development and Labour Council	11.6	12.7	13.3	14.4	15.1	15.9	16.9
Sheltered Employment Factories	52.4	54.2	47.9	105.5	62.2	62.9	65.2
Total	349.0	388.6	417.5	472.1	466.5	494.8	523.3
Change to 2008 Budget estimate				31.0	(4.7)	(11.6)	(13.3)

Economic classification

Current payments	60.8	62.6	70.3	72.5	77.9	80.2	85.6
Compensation of employees	26.2	27.0	32.1	39.2	38.8	41.3	45.5
Goods and services	34.6	35.5	38.1	33.2	39.1	38.9	40.1
<i>of which:</i>							
Advertising	11.4	6.2	11.3	12.6	13.4	13.3	13.7
Communication	0.4	0.3	0.4	0.5	0.5	0.5	0.5
Computer services	0.2	6.4	0.1	0.1	0.1	0.1	0.1
Consultants and professional services: Legal costs	1.0	0.4	–	0.3	0.2	0.2	0.2
Agency and support / outsourced services	5.3	9.6	12.6	5.7	10.9	10.9	11.2
Inventory: Stationery and printing	2.1	3.7	3.6	2.3	2.6	2.6	2.7
Lease payments	0.6	0.5	0.3	0.4	0.4	0.4	0.5
Owned and leasehold property expenditure	1.0	0.5	0.5	(0.4)	–	–	–
Travel and subsistence	6.9	5.5	7.1	8.6	7.6	7.6	7.8
Training and development	0.4	0.3	0.6	0.7	0.7	0.7	0.7
Operating expenditure	3.0	0.3	0.3	0.4	0.3	0.3	0.3
Venues and facilities	2.1	1.4	1.0	1.3	1.4	1.4	1.4
Transfers and subsidies	286.9	325.9	347.1	399.5	388.5	414.6	437.7
Provinces and municipalities	0.1	0.0	–	–	–	–	–
Departmental agencies and accounts	229.0	266.9	293.9	289.0	319.3	344.5	365.0
Foreign governments and international organisations	5.8	6.9	7.3	7.7	9.3	9.6	10.2
Non-profit institutions	52.0	52.2	45.9	102.8	59.9	60.4	62.5
Households	0.0	–	0.1	–	–	–	–
Payments for capital assets	1.2	0.1	0.1	0.1	0.1	0.1	0.0
Machinery and equipment	1.2	0.1	0.1	0.1	0.1	0.1	0.0
Total	349.0	388.6	417.5	472.1	466.5	494.8	523.3