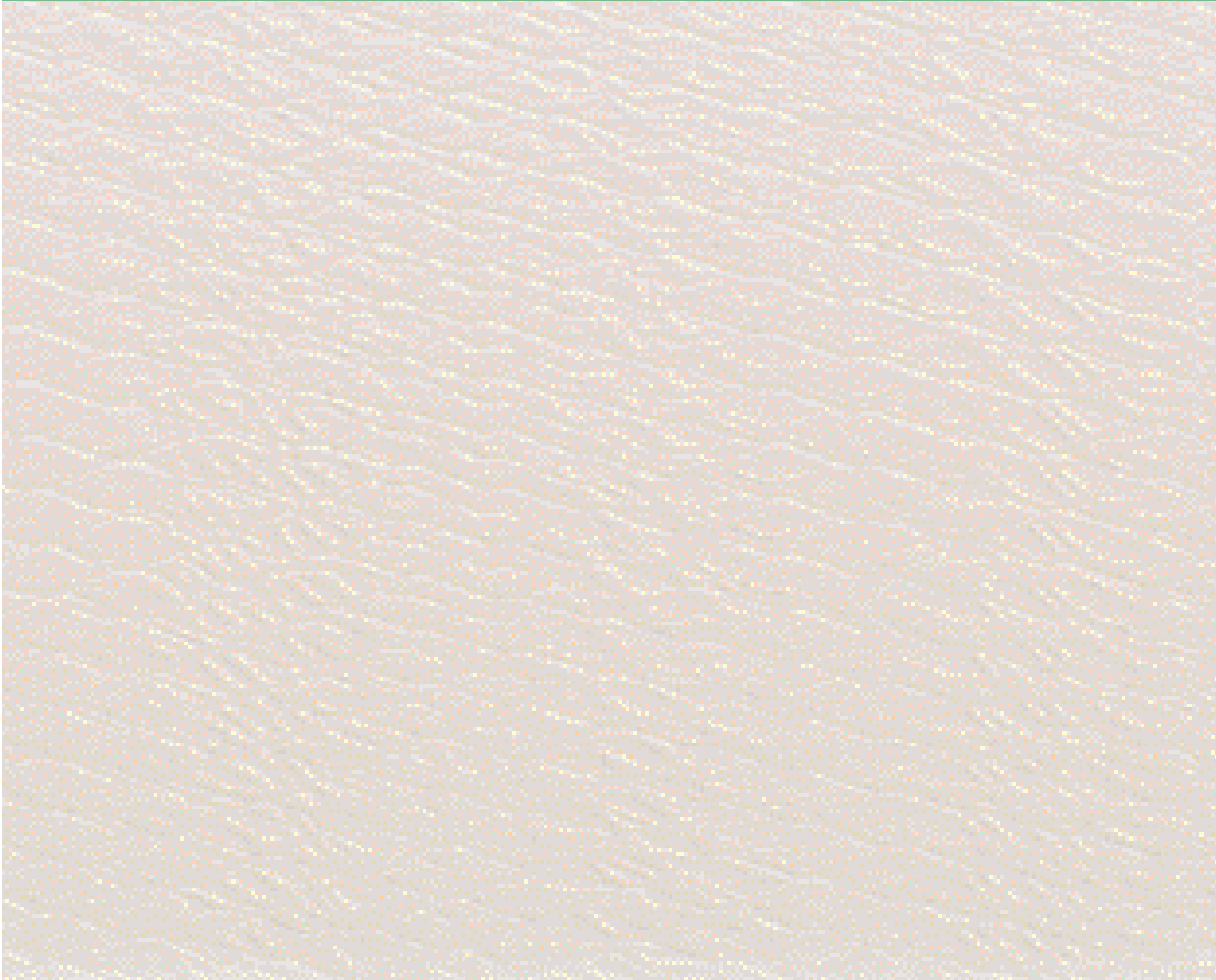




Department of Labour

Annual Report of the  
**Department of Labour**  
1 April 2003 to 31 March 2004







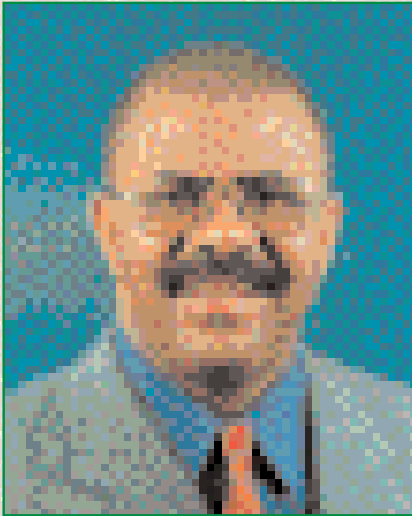
Department of Labour

# Annual Report of the Department of Labour

1 April 2003 to 31 March 2004

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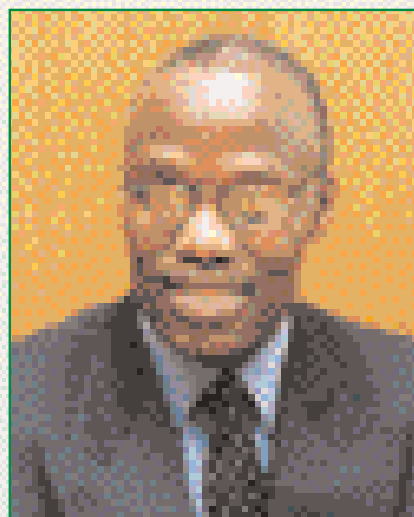


*Minister MMS Mdladlana, MP  
Minister of Labour*

Minister of Labour

Department of Labour  
Laboria House  
Pretoria  
23 August 2004

It is my pleasure and privilege to submit to you the Annual Report of the Department of Labour for the period 1 April 2003 to 31 March 2004, in terms of the Public Finance Management Act, 1999.

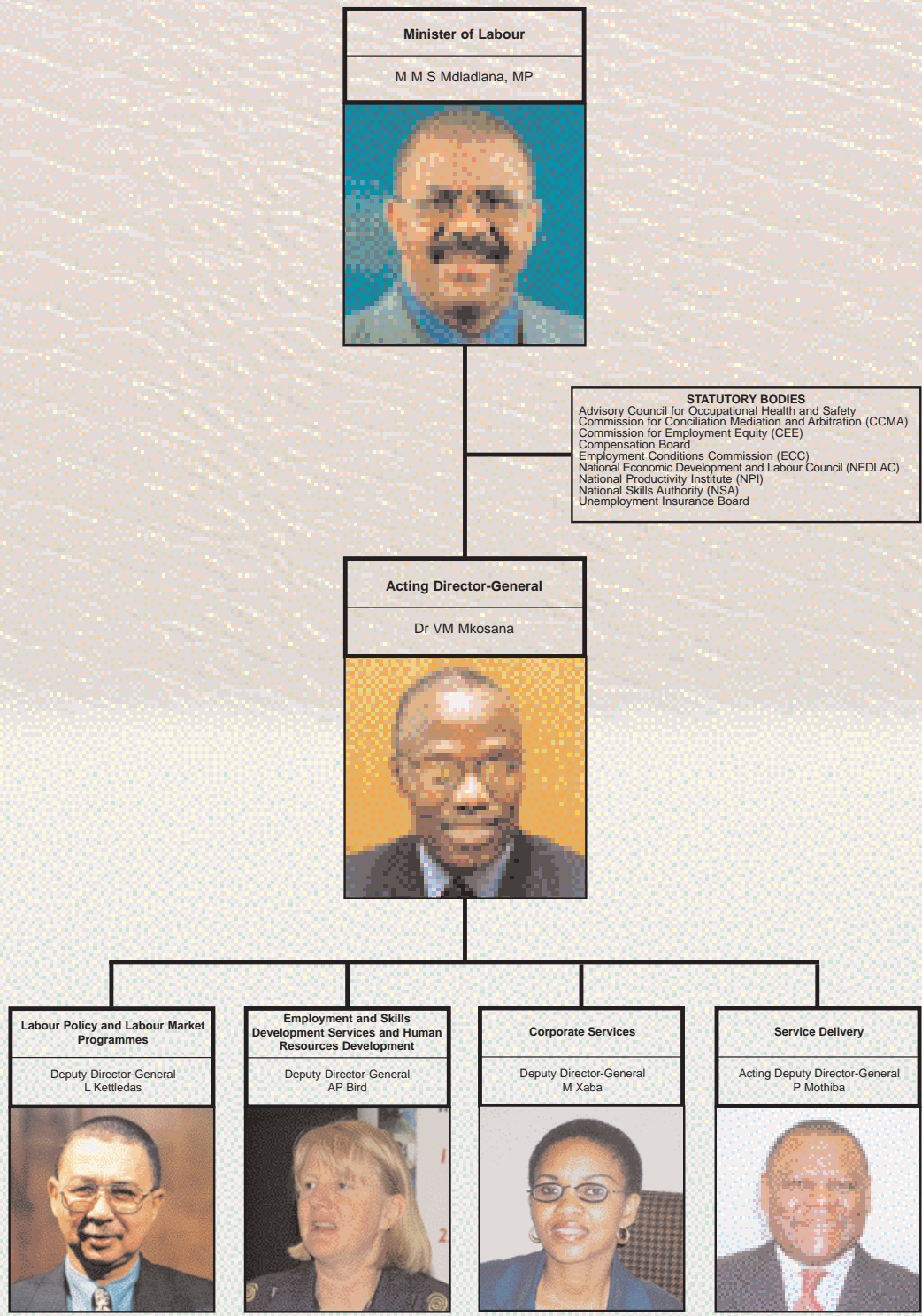


*Dr Vanguard Mkosana*

Dr Vanguard Mkosana  
Acting Director-General of Labour  
Pretoria

# Department of Labour

## Organisational Structure



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## General Information

### 1. Introduction by Dr Vanguard Mkosana, Acting Director-General of Labour

The Department of Labour's strategic direction in the period under review remained steadfastly directed by the Minister's Fifteen-Point Programme of Action and the Department's 2000 – 2004 strategic plan. As such, it is no coincidence that the motif running through this annual report reflects our unfaltering commitment to Government's strategic thrust.

To contribute towards "pushing the frontiers of poverty", the Department set the following objectives for itself:

- Monitoring the impact of labour market policies and programmes in order to balance flexibility and security
- Advancing employment and skills development
- Promoting employment equity
- Protecting vulnerable workers
- Promoting sound labour relations and workplace stability
- Providing a social and safety net
- Promoting occupational health and safety.

The Department continued to provide labour information statistics for the regulation of an effective labour market environment, and this included industrial action reports, beneficiary bulletins as well as the analysis of the labour force surveys.

Whilst a mere handful SETAs were featured in the media for inappropriate reasons, it remains an undisputable fact that the majority of them continue to play a pivotal role in ensuring the South African skills base is expanded, with the Skills Development Levies Act remaining a reliable, sustainable source of funding for this major national intervention.

Sectoral determinations (including amendments) have been promulgated (e.g. contract cleaning (amendments); private security (amendments) and earning thresholds; and the eradication of child labour received a priority focus.

To ensure compliance with the employment equity objectives, we published the employment equity register and the Department undertook inspections that included checking compliance with employment equity. The launch of the Technical Assistance Guidelines on "HIV/AIDS" and on "Employment of People with Disabilities" firmly placed employment equity concerns on the national agenda.

In promoting effective labour relations in the country, great efforts went into ensuring compliance by trade unions and employer organisations in terms of registrations requirements, assessment of their financial statements, publication of agreements, ensuring effective and efficient dispute resolution systems and promoting dispute prevention.

Ensuring that provision is made for the compensation for disablement in the event of occupational injuries, diseases or death of workers sustained and/or contracted in the course of their employment, remained one of the Department's concerns. Consequently, the Compensation Fund developed four office instructions on occupational diseases (mesothelioma, occupational lung cancer, Byssonis, occupational asthma and TB in health care workers), improved its claims system to ensure that claims are efficiently and rapidly settled and increased awareness of its services through a national awareness campaign. The net result of these efforts was an increased efficiency

and an increase in claims payments.

Given the centrality of the communication function, not only in informing the public and relevant stakeholders about the Department's policies and programmes but also in mobilising and rallying for support for the effective implementation of such programmes and policies, the Chief Directorate of Communication played a vital role in inter alia creating awareness of policy interventions ranging from the labour law amendments, occupational health and safety, skills development, the various sectoral determinations the department pioneered as well as the restructuring of the Unemployment Insurance Fund.

The Minister's national iimbizo – a communication programme in its own right – were very successful. These iimbizo provided the Ministry with an opportunity to interact with communities and get a feedback about the impact of our policies, effectiveness (or lack thereof) of our service delivery.

On the international labour front, South Africa continued to play a leading role as evident from its election as a titular member of the ILO Governing body for 2002-2005, the extension of South Africa's coordinatorship of the African Group, the signing of the ratification of Convention 144 on Tripartite Consultations and Convention 155 regarding Occupational Health and Safety by Parliament and the successful hosting of the ILO Director-General, leading to the President being invited to address the 91st International Labour Conference in June 2003. With regards to the African continent, the Department continued to participate in the SADC and AU committees and the Minister hosted his counterparts from Zimbabwe, Mozambique, and good working relationships with Lesotho.

The Department briefed the National Assembly, (through the Portfolio Committee on Labour) as well as the NCOP (through the Select Committee on Labour and Public Enterprises) on various matters, notably the Department's strategic plan, budget vote as well as its annual report; progress on SETAs; OHS, UIF, NPI; NEDLAC, CCMA, child labour, etc.

To ensure internal efficiency as well as a service based on "Batho Pele" principles, the Department concluded the IT PPP agreement with Siemens Business Services and upgraded its IT system, provided inspectors with tools of trade to boost enforcement to labour laws.

As a custodian of the human resources development strategy in the country, the Department had to lead by example; therefore the Department developed a career management and retention strategy and implemented a skills plan through which staff members could build their skills levels utilising an electronic-based, distance study.

My commentary will not be complete without touching on the financial management of the Department. Three elements stand out in this regard: firstly that the Department's financial statements have not been qualified; secondly that our Department was one of the two national departments who succeeded in closing their set of accounts within four working days of year-end and finally that the Department of Labour was one of the two Departments who submitted their annual reports on time as required by the PFMA.

These achievements would not have been possible without the visionary and inspirational leadership and the unwavering support we received from our Minister, the honourable MMS Mdladlana.

Multitudes of other people – who are too many to list individually - have provided support throughout this period. We would however, like in particular to express our gratitude to the Portfolio Committee on Labour and the Select Committee on Labour and Public Enterprises; organised labour and organised business within NEDLAC as well as the NEDLAC secretariat; and lastly - but not less important - the staff of the Department, for keeping the fires burning even in the most difficult of times.

Many a battle are still to be fought and many challenges to be overcome; challenges ranging from

the fortification of our communication efforts to ensure that all the beneficiaries know about their rights, the enforcement of our the policies, continuing the fight against fraud and the restructuring of the Compensation Fund.

Lastly our gratitude goes to Adv Rams Ramashia under whose leadership as Director-General of the Department of Labour, the achievements registered during the period under review would not have been possible.

It is our belief that, with the calibre of leadership and support base at our disposal, the challenges that lie ahead of the Department will be conquered. We look forward with confidence.

**Dr Vanguard Mkosana**  
**Acting Director-General of Labour**

## 2. Ministry of Labour

### 2.1 Institutions reporting to the Executive Authority

- Advisory Council for Occupational Health and Safety
- 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)
- Unemployment Insurance Board

### 2.2 Bills submitted to the legislature during the financial year

None were submitted

### 2.3 Ministerial visits abroad

Place	Date	Purpose
Zimbabwe	11 - 12 April 2003	Presidential Task Team
Mauritius	10 - 15 April 2003	AU Labour and Social Affairs Commission
Mozambique	10 - 15 May 2003	Workshop (MoU)
Geneva	3 - 19 June 2003	International Labour Conference
Chile	28 July - 1 August 2003	Ministerial visit
Cuba	28 July - 1 August 2003	Ministerial visit
Geneva	6 - 21 November 2003	288th Session of the Governing Body

## 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.

#### **4. Legislative Mandate**

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

- 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)
- Unemployment Insurance Board.

##### **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
- 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 5 of the Act
- 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 advise the Director-General regarding the performance of a particular aspect 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 undermine the purposes of the Act
- 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.

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 Unemployment Insurance Board

The Unemployment Insurance Board is 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
  - 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.



## Programme Performance

### 2.1 Voted funds

Amount to be appropriated	R 1 054 138 000
Statutory appropriations	R 3 777 008 000
Responsible Minister	Minister of Labour
Administering Department	Department of Labour
Accounting Officer	Director-General of Labour

### 2.2 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, 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 the workplace, as well as employment, and protection and enhancement of worker rights and benefits.

### 2.3 Programmes purpose and measurable objectives

- *Administration* conducts the overall management of the Department and the rendering of support and advisory services
- *Occupational health and safety of persons* promote the health and safety of persons at work in the use of plant and machinery. To promulgate legislation which is internationally aligned and sensitive to change in the labour market in order to reduce occupational injuries and diseases
- *Social insurance* provides for the administrative and other support services to the Unemployment Insurance Fund and the Compensation Fund. The Department contributes to the Unemployment Insurance Fund and provides for the compensation of civil servants in case of accidents or illnesses while on duty. To provide for the payment of unemployment benefits in terms of the Unemployment Insurance Act, while the Compensation Fund provides compensation for injuries and diseases incurred as a result of employment
- *Employment and skills development services* focus on the implementation of the Skills Development Strategy and contributes to the implementation of the national Human Resource Development Strategy. The programme also provides for contributions to sheltered employment factories and to various national institutions for people with disabilities. To equip South Africa with the skills to succeed in the global market and to offer opportunities to individuals and communities for selfadvancement to enable them to play a productive role in society
- *Labour relations* promote the establishment of an equitable and peaceful labour relations environment. This programme contributes funds to the Commission for Conciliation, Mediation and Arbitration
- *Labour policy* includes research, analysis, evaluation and development of labour policy and the provision of statistical information on the labour market. It funds contributions to the National Productivity Institute. To analyse labour market statistics and labour market conditions, by conducting and managing relevant labour market research and maintaining labour market statistical databases and the departmental library
- *Service delivery* includes administration and the enforcement of the labour laws and the provision of an employment services by the provincial offices and labour centres of the Department. To improve and deliver benefits, income support, labour market information and

training and workplace inspections to facilitate the provision of income security, employment and job safety

- *Auxiliary and associated services* promote the enhancement of international relations, and contribute to the National Economic Development and Labour Council (NEDLAC). To fulfil South Africa's obligation to international organisations and regional bodies and utilise international expertise, resources and experiences in ensuring the successful implementation of South Africa's labour market programme.

## 2.4 Strategic overview and key policy developments

Employment creation is the biggest challenge facing Government and a key instrument for fighting poverty. The Department's contribution to meeting this challenge is formulating effective labour market policies and providing an enabling environment for job creation. The Department also seeks to ensure that existing and new jobs do not place workers' health and safety in jeopardy by setting and enforcing norms and standards. By designing and managing a sound labour relations regime, by managing the UIF in the interests of people who lose their jobs, by managing the Compensation Fund to ensure that workers are compensated for injuries on duty and by ensuring that an effective skills development strategy is in place, the Department seeks to create an environment conducive to increase productivity of South African labour.

One of the principle causes of our economic deficiencies is the low level of skills in an environment that is increasingly experiencing a major change in the workplace. The skills shortage which exists in our country is reflected in the fact that only 20% (3 million) of our economically active population is skilled or highly skilled, while about 80% (12 million) is semi-skilled or low skilled. The low skill base is one of the reasons for the low levels of investment in our country and the challenge is to raise investment to the same levels as in other developing economies. General schooling and the good efforts of individual companies or industries are insufficient to turn this situation around and it requires national intervention to strengthen the link between workplace education and training and economic growth and employment opportunities.

To address these problems, the Skills Development and Skills Development Levies Acts were passed by Parliament. The Skills Development Act seeks to establish a high quality workplace education and training system that is cost-effective and accountable, meets training needs and which complements employment and economic growth. The Act makes specific provision for a research and strategic planning unit to gather and disseminate information on labour market skills trends and promote planning for and prioritisation of skills development, employment services which promote people's active participation in the labour market, learnerships and other training programmes which will result in registered qualifications and the development and implementation of the skills development strategy through Sector Education and Training Authorities (SETAs) working with the National Skills Authority (NSA) and the Minister and Department of Labour, and for these agencies to manage the financing of skills development through a levy grant system.

The protection of workers has advanced through investigations into a number of sectors and the determination of minimum remuneration and working conditions. Substantial progress was made in respect of agricultural and domestic workers, and a number of initiatives focused on child labour. The determination of minimum wages in respect of domestic workers became a reality on 1 November 2002 and the issuing of similar determinations in respect of agricultural workers was promulgated in December 2002 and came into effect on 1 March 2003. With regard to reviewing policies and legislation, in 2002 Parliament approved the Labour Relations Amendment Act and the Basic Conditions of Employment Amendment Act, which improve the efficiency of the labour market. Key imperatives behind the amendments are: creating employment; improving labour market efficiency; promoting and developing small business; improving the protection of vulnerable workers; and addressing investors' negative perceptions. Amendments to the Labour Relations Act (66 of 1995) are aimed at allowing the bargaining councils to serve employer and worker parties more effectively, and address the work of the CCMA.

The implementation of measures to reduce accidents and improve the health and safety of workers

is being accelerated. Various Blitz Inspections at various employers have taken and will take place to ensure labour law compliance and to reduce incidents caused by non-compliance in the workplace. The Department has, through the integration of its inspection services, ensured that more resources are deployed to enforce health and safety standards.

Legislation was passed by Parliament to improve the operation of the UIF and the collection of its revenue. Key objectives include increased coverage, containing costs and enhancing compliance. The new legislation addresses previous shortcomings such as the limited nature of UIF coverage and its lack of financial sustainability, weak enforcement and compliance measures, the rigid benefit structure and the discrimination against certain categories of employees and the lack of a comprehensive database of contributors

The Department of Labour concluded a Public Private Partnership deal on 1 December 2002. The contract will provide the Department with improved strategic support in aligning its information technology architecture with its business processes and culminate in rendering vastly improved services to its client base as well as huge gains in efficiency in the administration of the Department. The contract will also provide the Department with a service provider who will design, build, operate and maintain world-class IT/IS systems.

The key challenges which the Department is committed to achieving are the implementation of the skills development legislation to meet the skills needs of economic growth, contributing to job creation and improving the productivity and competitiveness of big and small enterprises, economic sectors and the nation as a whole, the removal of unfair discrimination and the promotion of workplace equality to increase the participation of Black people, women and people with disabilities in the economic life of our country, the protection of the most vulnerable sectors of our workforce through determinations for domestic and farm workers and other sectors, the promotion of cooperative labour relations and labour stability, the continuous review and monitoring of the impact of labour market policies and programmes, the effective implementation of new policy and legislative initiatives, the restructuring of the Unemployment Insurance Fund and the Compensation Fund, the integration of occupational health and safety competencies across government and consolidating the transformation of the Department to deliver accessible, efficient and integrated services.

In line with the above, the Department therefore strives to promote economic efficiency and productivity, to improve the level of relevant skills in the labour market, to promote collective bargaining and stable labour relations, to promote equity in employment and eliminate workplace discrimination, to ensure reasonable wage levels and prevent the exploitation of labour in line with the level of development in the country, to ensure health and benefits for occupational illness and to provide a safety net for the unemployed.

### Expenditure estimates

Programme	Expenditure outcome					Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome	Adjusted appropriation	Revised estimate			
	R thousand	1999/00	2000/01	2001/02		2002/03	2003/04	2004/05
1. Administration	111 330	95 606	167 925	242 492	242 552	210 840	226 713	242 392
2. Occupational Health and Safety	3 047	13 355	14 788	24 174	24 174	26 481	28 961	30 876
3. Social Insurance	20 514	17 453	619 891	337 601	337 601	269 639	171 542	22 429
4. Employment and Skills Development Services	343 538	205 932	119 734	158 873	158 873	175 055	186 517	198 457
5. Labour Relations	156 677	149 376	166 825	176 731	176 731	185 544	196 786	208 679
6. Labour Policy	23 399	27 784	23 705	26 474	26 474	27 821	29 640	31 452
7. Service Delivery	190 600	207 424	252 804	310 793	310 793	373 787	427 901	458 563
8. Auxiliary and Associated Services	16 443	14 797	31 172	18 975	18 975	21 922	23 561	25 422
<b>Total</b>	<b>865 548</b>	<b>731 727</b>	<b>1 396 844</b>	<b>1 296 113</b>	<b>1 296 173</b>	<b>1 291 089</b>	<b>1 291 621</b>	<b>1 218 270</b>
Change to 2002 Budget Estimate					79 289	509 021	603 720	

### Economic classification

<b>Current</b>	<b>817 181</b>	<b>695 346</b>	<b>1 346 952</b>	<b>1 148 910</b>	<b>1 148 970</b>	<b>1 188 889</b>	<b>1 174 196</b>	<b>1 093 819</b>
Personnel	212 669	224 402	258 664	319 979	320 039	371 928	394 500	418 530
Transfer payments	448 719	300 135	862 453	583 894	583 894	519 932	435 707	302 429
Other current	155 793	170 809	225 845	245 037	245 037	297 029	343 989	372 860
<b>Capital</b>	<b>48 367</b>	<b>36 381</b>	<b>49 892</b>	<b>147 203</b>	<b>147 203</b>	<b>102 200</b>	<b>117 425</b>	<b>124 451</b>
Transfer payments	-	-	-	-	-	-	-	-
Acquisition of capital assets	48 367	36 381	49 892	147 203	147 203	102 200	117 425	124 451
<b>Total</b>	<b>865 548</b>	<b>731 727</b>	<b>1 396 844</b>	<b>1 296 113</b>	<b>1 296 173</b>	<b>1 291 089</b>	<b>1 291 621</b>	<b>1 218 270</b>



### Standard items of expenditure

Programme	Expenditure outcome					Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome	Adjusted appropriation	Revised estimate			
R thousand	1999/00	2000/01	2001/02		2002/03	2003/04	2004/05	2005/06
Personnel	212 669	224 402	258 654	319 979	320 039	371 928	394 500	418 530
Administrative	51 978	62 173	88 980	115 245	115 245	149 541	186 491	205 976
Inventories	17 379	11 893	16 891	24 986	24 986	27 714	29 502	31 202
Equipment	46 103	38 838	27 159	38 101	38 101	42 013	44 765	47 424
Land and buildings	4 740	2 962	22 738	114 903	114 903	66 700	79 528	84 300
Professional and special services	66 743	79 032	111 842	87 563	87 563	99 795	105 757	112 100
Transfer payments	448 719	300 135	862 453	583 894	583 894	519 932	435 707	303 429
Miscellaneous	17 217	12 292	8 127	11 442	11 442	13 466	15 371	16 309
<b>Total</b>	<b>865 548</b>	<b>731 727</b>	<b>1 396 844</b>	<b>1 296 113</b>	<b>1 296 173</b>	<b>1 291 089</b>	<b>1 291 621</b>	<b>1 218 270</b>

### Expenditure trends

The 2003 Budget increases the medium-term estimates by R5.02 million in 2003/04, decreases with R532 thousand in 2004/05 and decreases with R73.3 million in 2005/06. These additional allocations support the Department's move to decentralise support, enforcement and advisory services to the provincial level to improve service delivery. The decrease in the 2004/05 and 2005/06 financial year is due to the decrease in the contribution to the Unemployment Insurance Fund. The statutory transfers to the Sectoral Education and Training Authorities and the National Skills Fund dominate spending on the Vote, averaging 75,0 per cent over the medium term.

### Departmental receipts

The Department estimates receipts of non-tax revenue of R5.2 million for 2003/04, R5.1 million for 2004/05, and R4.7 million for 2005/06. The revised estimate for non-tax revenue for 2002/03 amounted to R5.3 million. It is estimated that total departmental receipts will decrease from R8.8 million in 2002/03 to R7.5 million in 2003/04, because the Department anticipates granting fewer loans and advances in future years. The utilisation of Electronic Payments prevents the issuing of cheques that could be lost or that would never be cashed and as a result are written back to revenue.

## Departmental receipts

Programme	Revenue outcome				Medium-term revenue estimate		
	Audited	Audited	Preliminary outcome	Adjusted appropriation			
R thousand	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06
Tax revenue	-	-	-	-	-	-	-
Non-tax revenue	5 632	5 088	5 506	5 353	5 253	5 153	4 710
Property income	2 815	2 319	528	3 004	2 894	2 784	2 500
Sales of goods and services	2 598	2 525	2 106	2 131	2 141	2 151	2 000
Fines, penalties and forfeits	209	236	117	205	205	205	200
Voluntary transfers	-	-	-	-	-	-	-
Miscellaneous	10	8	1 244	13	13	13	10
Transactions in non-financial assets (capital revenue)	-	-	-	-	-	-	-
Financial transactions (recovery of loans and advances)	11 264	10 266	1 676	3 500	2 300	1 100	1 000
<b>Total departmental receipts</b>	<b>16 896</b>	<b>15 354</b>	<b>5 671</b>	<b>8 853</b>	<b>7 553</b>	<b>6 253</b>	<b>5 710</b>

## 2.5 Summary of programmes

The activities of the Department of Labour are organised in the following eight programmes:

- Programme 1: Administration
- Programme 2: Occupational Health and Safety of Persons
- Programme 3: Social Insurance
- Programme 4: Employment and Skills Development Services
- Programme 5: Labour Relations
- Programme 6: Labour Market Policy
- Programme 7: Service Delivery
- Programme 8: Auxiliary and Associated Services.

# Administration

## Introduction

The Programme Administration includes the Chief Directorates of Communication, Financial Management and Human Resources Management, as well as the following broad functional areas:

- Ministerial and Parliamentary Services
- Information Technology
- Internal Audit.

## Ministerial and Parliamentary Services

### Introduction

Ministerial and Parliamentary Services consists of two Directorates, namely the Office of the Minister and the Office of the Director-General, both of which provide administrative support services to the Minister and the Director-General respectively and act as a liaison between the Ministry, the Department and Parliament.

### Legislation

These Directorates do not administer any legislation but coordinate the processes and facilitate the passage of legislation through Parliament.

### Ministry

The Directorate in the Ministry is responsible for ensuring the smooth functioning and efficient management of the Office of the Minister. The staff of the Ministry provides an efficient and effective administrative and support service to the Minister and liaison with the Department, members of Parliament, Cabinet Secretariat, the public and international organisations.

The staff of the Ministry manage the enquiries from the public through an electronic system.

The responsibilities of the directorate include parliamentary services and to assist the Minister in meeting his parliamentary obligations, such as answering parliamentary questions.

## Office of the Director-General

Since February 2002, the Office of the Director-General has become a Directorate, headed by an Executive Manager reporting directly to the Director-General.

Important functions of the Office include assisting the Director-General with the overall management of the Department through liaison with the four branches, (that is, Labour Policy and Labour Market Programmes, Service Delivery, Corporate Services and Employment Skills and Development Services and Human Resource Development), facilitating the Director-General's role as overall Convenor of NEDLAC. The directorate also handles the Director-General's administrative issues relating to FOSAD clusters as well as the Director-General's Advisory Committee (DAC), which he chairs. The directorate is also a point of contact between the Department and Parliament.

### Legislation

The Directorate does not administer any legislation but coordinates the process and facilitates the passage of legislation through Parliament.

## Financial Management

### Introduction

The Office of the Chief Financial Officer has two Directorates within the Chief Directorate of Financial Management, namely Financial Management as well as Financial Liaison of Public Entities. The latter component is in the process of being established and will focus on compliance by Public Entities in respect of the PFMA. The Directorate of Administration (Supply Chain Management and Office Administration) was also incorporated into the Chief Directorate in order to align these structures with the requirements of the National Treasury.

### Directorate of Financial Management

#### Introduction

The Directorate of Financial Management strives to ensure sound financial administration and establishing accountability for public funds allocated to the Department by Parliament.

Outputs of the Directorate revolve around compilation of the budget, expenditure monitoring and control, salary administration, compliance with the Public Finance Management Act (PFMA) and training and development of managers and staff directly involved in financial management.

Financial management is based on a system of monitoring actual expenditure against the funds allocated in terms of the main division of the Vote. This is done with the aid of a computerised transversal accounting system, called the Basic Accounting System (BAS). The PERSAL computerised transversal salary system is used for the remuneration of staff members.

The actual expenditure in respect of the Department of Labour for the 2003/04 financial year amounted to R1 012 302 000.00 which represents a saving of R41 836.00 or 4.13% of the Vote. Of the saving, R 29 500 000.00 is in respect of Capital Works projects and R6 600 000.00 is in respect of the 10 Year Celebration contribution, for which application for roll-over has been made to National Treasury.

Had the expenditure in respect of the Capital Works and the 10 Year Celebration taken place during the financial year, the saving would have been reduced to R2 609 000.00 or 0,2% of the Vote.

#### Legislation

This Directorate functions in accordance with the Public Finance Management Act (PFMA), 1999, Treasury Regulations and the Auditor-General Act, No. 12 of 1995.

#### Achievements

The following achievements can be reported:

- the Medium Term Expenditure Framework (MTEF) budget submission was completed and submitted to the National Treasury within the target date
- the Adjustment Estimate was completed and submitted to the National Treasury within the target date
- the 2003 Estimate of National Expenditure was completed and submitted to the National Treasury within the target date
- this Department is currently operating with no more than one open month on BAS at any given time



- this Department was the first national department to succeed in closing its accounts for the 2003/04 financial year within three working days of year-end
- the Annual Financial Statements of the Department, the Sheltered Employment Factories and the National Skills Fund, required in terms of section 40 of the PFMA, were completed and submitted to the Auditor-General and the National Treasury timeously
- the Monthly Reports on Actual and Projected Revenue and Expenditure, as stipulated in Section 40 of the PFMA, are submitted in the prescribed format, timeously to the National Treasury
- the Department continually strives to provide training to all staff relating to the prescripts of the PFMA.

### Challenges

The Directorate will deal with the following challenges:

- Alignment of the budget to the Strategic Plan of the Department
- Identifying and addressing training requirements of financial functionaries within the branches
- The successful implementation of the new chart of accounts to enable proper and accurate monthly financial reporting in accordance with the new Government Financial System (GFS).

## Directorate of Financial Liaison – Public Entities

### Introduction

This Directorate is responsible for liaising with public entities, as defined in the PFMA, in the form of assisting, supporting and reviewing issues relating to corporate compliance, investments, disbursement and performance analysis, concerning the quality of financial management. The emphasis entails proper financial management systems, appropriation control and the accountability arrangements for the management of budgets and general oversight responsibilities over 31 entities reporting to the Minister of Labour.

### Legislation

This Directorate functions in accordance with the Public Finance Management Act, no. 1 of 1999 specifically Chapter 6, and with due regard to the provisions of the Skills Development Act No. 97 of 1998, the Skills Development Levies Act, No. 9 of 1999 and the Auditor-General Act, No. 12 of 1995.

### Achievements

The following achievements can be reported:

- the Annual Financial Statements of the National Skills Fund, Commission for Conciliation, Mediation and Arbitration (CCMA), National Productivity Institute (NPI) and National Economic Development and Labour Council (NEDLAC), required in terms of the PFMA, were completed and submitted timeously to the Auditor-General and the National Treasury. This included the annual budgets and corporate plans relating to the SETAs, being submitted to the National Treasury
- A Public Entity survey was compiled and submitted timeously, as required by the National Treasury, in conjunction with the Department of Public Service and Administration
- A Mini Estimate of National Expenditure (ENE) input relating to all Public Entities was compiled

for the first time, giving effect to National Treasury requirements

- Specimen Annual Financial Statements of SETAs were revised, in order to ensure uniform reporting, for ease of consolidation, and also to address the previous concerns, raised by the office of the Auditor-General
- The following guidelines were issued to enhance conformance with the stipulations of Chapter 6 of the PFMA:
  - Materiality framework
  - Procurement Policy
  - Treatment of accumulated surplus funds
  - Investment procedures
  - Control measures to ensure effective collection of revenue by SETAs.

### Challenges

The Directorate will deal with the following challenges:

- Conformance with quarterly and annual reporting requirements by all Public Entities as prescribed by Chapter 6 of the PFMA
- Devise standardised formats of reporting by all Public Entities
- Reduction in Qualifications of Annual Financial Statements of Public Entities
- Attending Board and Audit Committee meetings, to establish working relationships with all public entities, with the aim of enhancing conformance with government requirements, and also to identify needs and performance gaps at an early stage
- The implementation of financial management quality controls, in the form of assisting, supporting and reviewing the issues relating to corporate compliance, investments, disbursement and performance analysis
- Creating and maintaining a data basis, with a view to assist public entities with financial management and accountability issues and reporting requirements to the National Treasury
- Timeous submission of all financial information, in terms of the PFMA.

### Directorate of Administration

#### Provisioning

##### Introduction

The recently passed Regulations in terms of the PFMA gave effect to the Framework for Supply Chain Management (SCM) issued by National Treasury on 5 December 2003. The Subdirectorate SCM comprises of two divisions, namely,

- Acquisition and Demand Management (Tenders, Orders and Payments)
- Disposal and Asset Management (Transit, Warehouse and Logis).

The overall responsibility of the SCM is the management of purchases and procurement through the tender system and control of moveable assets (furniture and equipment) of the Department.

## Legislation

This component does not administer any legislation but is bound to comply with Governments' procurement policies, such as a framework for Supply Chain Management, PPPFA, PFMA and the Broad Based Black Economic Empowerment Act.

## Achievements

The following achievements are noted:

- road shows were conducted to empower all provincial offices on tender procedures and tender inspections and to increase efficiency in the tendering process
- a training workshop was conducted involving provincial offices regarding the Preferential Procurement Policy Framework Act (PPPFA), PFMA and SCM Framework
- BAS/ LOGIS integration was successfully completed.

## Challenges

The following are the challenges for the 2004/05 financial year:

- with the implementation of the PFMA, asset management is one of the focal areas of the financial management improvement programme. A Bar-coding system will be used as a means to compile the Departments' asset register and compilation of the Asset Management Policy
- the development of a procurement policy in line with the Preferential Procurement Framework Act (PPFA), Black Economic Empowerment (BEE) and Supply Chain Management (SCM)
- the provision of training to create awareness of the PPFA, BEE and SCM
- implementation and launch of SCM both at provincial offices and at Head Office
- re-structuring of the SCM components at Head Office and provincial offices.

## Office Administration

### Introduction

This Subdirectorate has three Divisions, namely, Transport, Office Support Services and Accommodation and Maintenance.

### Legislation

This component functions in accordance with the Public Finance Management Act (PFMA), 1999.

## Archives and Records Management Services

### Achievements

- In addition to the eight disposal authorities received last year, two additional disposal authorities have been approved by the National Archives of South Africa i.e.:
  - Indlela
  - Provincial offices
- Policy recommendations have been formulated with the help of the provincial offices regarding

the disposal of the "D" records for the provincial offices filing system

- A draft policy for the management of archives has been formulated and is currently being discussed by the Financial Forum
- A registry procedure manual has been drafted and inputs have been received from the provincial offices. It is currently being consolidated for approval
- Approval was granted to train 50 Registry Clerks, through an accredited service provider
- The revised organisational structure has been approved and the vacancies are in the process of being filled
- The Department's Records Manager has been designated.

### Challenges

- Restructuring and capacitating the division so as to enforce compliance with the requirements of the National Archives and Records Management Act, No. 43 of 1996
- Development of file plans for all the Programmes/Directorates and provincial offices since the current ones are outdated
- Development of policies and procedure manuals for the Division
- Development of disposal authorities for the current file plans
- Termination of the current filing systems and opening of new files according to the new plans
- Visiting provincial offices to evaluate and assist with archiving and record management
- Provision of suitable storage facilities for record keeping.

### Accommodation and Maintenance

#### Achievements

The following achievements are noted:

- All repair and maintenance programmes, which were established with the Department of Public Works for the repair and maintenance of 41 buildings are in the execution phase and the first contract will lapse during January 2005, when the 36-months maintenance period would have been completed
- 37 labour centres have already been upgraded and four buildings are in the process of being upgraded
- The corporate image was implemented at 15 buildings and has been completed
- Corporate image projects for various other buildings are in the planning stage and will go out on tender in the near future.

#### Challenges

The following are challenges for the 2004/05 financial year:

- finalising the implementation of the new labour centre model in order to improve the corporate

image of the Department

- the renovation of a number of labour centres in order to improve working conditions and service delivery to clients
- the renewal of the repair and maintenance project in conjunction with the Department of Public Works and the planning of projects to be initiated once current projects are finalised.

## Transport

### Achievements

- The passive tracking system has been fitted to 80% of the long-term rented vehicles. This has already yielded results as the number of stolen vehicles is down to the bare minimum with a recovery rate of 85%
- The Subsidised Motor Transport Policy has been circulated to all staff members and the policy has been in effect since June 2003
- The Department has succeeded in ordering vehicles in bulk in order to eliminate time constraints associated with the procurement procedure. To date, 423 vehicles for inspectors have been delivered
- The new Air Travel Service Provider, Seeker Travel with Flair, commenced on 1 November 2004. Dedicated consultants are available for the Ministry as well as provincial offices
- The Department has entered into a contract with South African Airways in order to achieve "travel rands". The Department will receive credits in the form of "travel rands" which then could be used for official air travel. The amount of "travel rands" owing to the Department stands at R 501 000.00
- All Provincial Transport Officers have been trained on the "fuel allowance" system
- Fuel allowances are now being paid within two weeks and this is a positive result as opposed to a time delay of four months in the past
- The Air Travel Guideline/Policy has been issued to all staff on 1 November 2003.

### Challenges

Improved control over subsidised vehicles

Reducing the number of under-utilised subsidised vehicles.

## Communication

### Introduction

In December 2003 the Chief Directorate of Communication was awarded the highest communication award by its peers, the media and the public – the Communicator of the Year Award. This acknowledged the Programme's sterling performance in terms of media and publicity, production of information and promotional materials as well as its stakeholder interaction interventions, details of which are reflected in this report.

### Legislation

The Chief Directorate of Communication does not administer any legislation. It is however,



responsible for creating awareness of and popularising all labour laws administered by the Department as well as ensuring that the beneficiaries of and parties affected by the labour laws can access such laws.

### **Staff**

The Chief Directorate of Communication has a staff compliment of 27, of which 22 are filled and five are currently vacant.

### **Main tasks**

The activities of the Chief Directorate of Communication in 2003/04, which underpinned the above mentioned award, centred on the following marketing communication interventions:

### **Media Production**

The following constitute the core areas the Media Production Subdirectorates is responsible for:

- The development, production and distribution of reports, posters, pamphlets, banners, and exhibitions to inform the Department's clients of its services
- The development and production of photographic and videographic material to keep stakeholders and clients informed of the latest developments
- The management and maintenance of the Department's website and Intranet, including public inquiries coming via the website.

### **Media and advertising**

This Subdirectorates is responsible for the management of the communication environment through effective media relations, coordination and liaison, marketing and advertising, media research, surveillance and analysis as well as special projects.

Through media liaison and advertising, the Chief Directorate enhanced and deepened the relationship and understanding between the Department and the media through facilitating interaction between the Minister and senior management and the media and the provision of off-the-record and informal media briefing opportunities to enhance the media's understanding of labour market issues, challenges and dynamics.

Not only did the Chief Directorate take advantage of editorial media opportunities, advising the media on topical, relevant issues, providing media materials, resulting in positive and consistent coverage, but it also provided the media with information on an ongoing basis including over 223 media releases, feature articles and letters-to-the-editor.

### **Stakeholder Relations**

Tasked with fostering mutual understanding between the Department and its various key stakeholders (both internal and external), the Stakeholder Relations Subdirectorates is responsible for the following:

- Provincial and SETA liaison and communication
- Community campaigns coordination and liaison
- Internal communication

- Events management and campaigns coordination
- Stakeholder research and analysis.

## Achievements

### **Some of the main achievements of the Subdirectorate of Media Production are the following:**

- Not only did the Department produce its Annual Report as required by the PFMA, but also a Preliminary Annual Report prior to the Minister's Budget Vote. Furthermore, the Department was one of the first to table its Annual Report as required by the PFMA. The Annual Reports of the Compensation Fund and the Unemployment Insurance Fund were also produced and tabled on time in terms of the PFMA
- To ensure that beneficiaries can access the benefits accruing from the Department's policies, services and programmes and similarly, that parties affected by such policies are aware of their obligations, 16 pamphlets, booklets or flyers, six posters and nine banners were produced
- Produced nine reports on the departmental programmes, such as for the annual National Skills Development Strategy Conference, Technical Assistance Guidelines and the Labour Market Review
- The production of the internal newsletter, Staff Communiqué, on a monthly basis
- To enhance the corporate image of the Department, materials were produced complying with norms and standards relating to Government's corporate image, and amongst others, corporate materials such as business cards, letterheads, etc. were produced
- A total of 5 039 website enquiries relating to the registration of domestic workers for the UIF for the period March – May 2003 were answered and the public were assisted with complying with this important milestone in our country
- As many as 7 006 general enquiries were received through the website for April 2003 to March 2004 and the public's enquiries were successfully addressed
- The users of the Department's website found it to be a rich source of information. In this period alone, a total of 223 media statements, 22 media invitations and 31 speeches were placed on the website
- At a stage our website received about 4 200 visitors a day. The total number of visitors up until 21 April 2004 stands at 1 363 399, making the Department of Labour's Website one of the most visited sites in government
- The Website is at present in a process of being restructured to be more user friendly and effective. The process should be finalised by August 2004
- Nine videos for the National Skills Development Conference as well as for all the Ministerial iimbizo and other events were produced.

### **The Subdirectorate of Media and Advertising successfully spearheaded editorial media campaigns focussing on the following:**

- Inspection and enforcement services (such as employment equity, Construction Industry and Wholesale and Retail Sector blitz inspections)
- Farm Workers Sectoral Determination, minimum wage increase

- Wholesale and Retail Sectoral Determination, minimum wage increase
- Learnership campaigns and the popularisation of SETA's
- Skills Development and Unemployment Insurance Amendment Acts
- Launch of the Technical Assistance Guidelines for the Employment of People with Disabilities
- Domestic Worker Sectoral Determination, minimum wage increase
- International activities, including the President and Minister's attendance at the ILO conference in Geneva, and the Minister's attendance of the ILO Regional Conference in Ethiopia
- National Skills Development Conference
- Growth and Development Summit



*The Department of Labour played a major role in organising the successful Growth and Development Summit.*

- Implementation of the Sectoral Determination for the Agricultural Sector
- Incorporation of Domestic Workers into the Unemployment Insurance Fund
- Minister's Ilmbizo programme
- Provided comprehensive media support on an issue and event basis. Examples of this include



support for the Minister and senior management at parliamentary media briefings and conferences.

The Minister and the Department were successfully established as the primary agenda-setter for the media on issues relating to labour relations, basic conditions of employment, employment equity, occupational health and safety, compensation for injuries and diseases, most aspects of skills development as well as unemployment insurance.

The implementation of media surveillance, analysis and research programmes also enhanced the Department's approaches in dealing with the media.

The Chief Directorate successfully managed the implementation of advertising campaigns to the tune of approximately R14 200 000. These campaigns included the following:

- Farm Workers Sectoral Determination, minimum wage increase
- Wholesale and Retail Sectoral Determination, minimum wage increase
- Compensation Fund
- Technical Assistance Guidelines for the Employment of People with Disabilities
- Employment equity reports deadline
- National Skills Development Conference
- Incorporation of Domestic Workers into the Unemployment Insurance Fund
- Ad hoc interventions focusing on skills development, basic conditions of employment and the overall image of the Department.

**In terms of campaigns coordination, the Subdirectorate of Stakeholder Relations successfully coordinated the following:**

- Registration of employers (Parliamentarians) and their domestic workers with the Unemployment Insurance Fund
- The Minister's Ilmbizo in North-West, KwaZulu-Natal, Eastern Cape, Limpopo, Free State and Western Cape
- Visits of both international (e.g. International Corps, Lesotho delegates, etc) and local delegations (the Portfolio Committee on Labour to the Eastern Cape)
- Provided protocol support at various events involving the Minister (e.g. the Annual Skills Development Conference, the launch of the Bank SETA, ISETT, BIFSA Congress, May Day celebration, etc)
- The launch of Technical Assistance Guidelines on the Employment of People with Disabilities held at Gallagher Estate
- Presidential fundraising golf day challenge held in February 2004 for the "Thabo Mbeki Cross Roads Fund"
- Organised a train ride from Pretoria to Johannesburg to give the Minister an opportunity to talk to the commuters, and public in general regarding the UIF
- Organised the Annual ILO World Safety and Health at the Workplace Day held in Carltonville.

The Minister addressed the Commemoration with stakeholders from the ILO, trade unions, etc

- Coordinated and managed departmental exhibitions at various centres (NEDLAC Annual Summit, Budget Vote, May Day Rally, Noschcon Conference, Pretoria Show, SABC Careers exhibition, National Youth Day exhibition, the BMF, Umsobomvu Fund events, Public Service Day, ANC Woman's League Congress, as well as during the Women's Day Celebration)
- Organise launch of NPI icon for the Productivity Week held at BMW in Rosslyn in Pretoria
- Organised four Communication Forums with provinces and SETAs, aimed at developing and maintaining marketing communication standards
- To ensure that stakeholders have a better understanding of the vision, strategic objectives, programmes and services of the Department, the Subdirectorates facilitated various opportunities for interaction. These included presentations at conferences (Unisa-COMSA, SACCAWU, Bifsa, NUM, ANC Women's League, Cosatu), SEIFSA's 60th Anniversary as well as Fedusa's Women's Day Celebration
- Coordination, compilation and placement of the weekly diary via Exchange and Intranet
- Management of staff comments and suggestions system
- End of the year function at the Pretoria Zoo where the Minister had an opportunity to address staff of Head Office
- Compiled the Department's programme of events on a monthly basis and forward it to GCIS
- Displayed publicity material internally in the lifts and on notice-boards
- Exhibitions at Head Office during major events.

### Challenges

Whilst the Chief Directorate of Communication recorded a very successful year, it does have its own challenges, principal of which is the capacity within the Chief Directorate.

## Human Resources Management

### Introduction

The Chief Directorate of Human Resources Management's mission is to facilitate the development of staff, ensure effective and efficient utilisation of the human capital and to render legal services to the Department. Three functional areas are covered in the Programme, namely, management advisory services, human resources management and legal services.

The purpose is to provide management with advisory services on strategic management, restructuring, performance management, organisational development and skills development, whilst ensuring efficient human resources services to promote representativity in line with the Employment Equity Act, sound labour relations and timeous processing of staff benefits.

Human Resources Management further provides legal advisory services to management in order to protect and further the interests of the Department in line with its strategies. It is the principal organ within the Department which advises on broad legal matters including procedures and implications of Court Orders and it is responsible for the collection of debts and recommendations on the writing off of losses.

The overall objectives of the Chief Directorate are the following:

- Ensuring successful recruitment and placement of staff in line with the Department's Employment Equity Plan, the Recruitment and Selection Policy and the Career Management and Retention Policy
- Facilitating the development and implementation of the performance management policy, which includes performance agreements on all occupational levels
- Establishing adequate information systems on staff inventory and succession planning
- Ensuring timeous processing and payment of claims for service benefits
- Promoting the smooth functioning of the Department's Bargaining Council
- Ensuring prompt and effective handling of grievances and disciplinary issues
- Promoting an integrated skills development system and facilitating the development of the new strategic plan for 2004 – 2009
- Facilitating the successful restructuring of the Department in line with the Strategic Plan
- Ensuring an adequate organisational structure and establishment
- Conducting job evaluation of posts
- Participating actively in the drafting, amending, and editing of all legislation administered by the Department
- Ensuring the correct interpretation of all the statutes, contracts and the law in general.

### Legislation

The Chief Directorate executes its functions in terms of the following legislation/directives:

- Administrative Justice Act
- Amended Public Service Act, 1994
- Basic Conditions of Employment Act, 1997
- Employment Equity Act, 1998
- Government Service Pension Act, 1973
- Labour Relations Act, 1995
- Promotion of Access to Information Act, 2000
- Public Service Coordinating Bargaining Council Resolutions
- Public Service Regulations, 2001
- Skills Development Act, 1998
- Skills Development Levies Act, 1999
- Temporary Employees Pension Fund Act, 1979.

## Staff

The Chief Directorate has a complement of 99 staff members.

## Achievements

The following constitute achievements for 2003/04:

- Alignment of Human Resources Management policies with the relevant legislative framework:
  - A Transfer Policy was developed/revised and implemented
- The following Human Resources Management policies were developed/revised and approved by the Department's Executive Committee but must still be discussed and accepted at the Department's Bargaining Council:
  - Occupational Health and Safety
  - Employee Assistance Programme and HIV/Aids
  - Performance Management System for staff at level SR12 and below
  - Learning and Development Financial Assistance
- Prompt handling of misconduct cases, appeals, grievances and conciliation and arbitration cases:
  - 127 cases of misconduct were dealt with in 2003/04
  - 13 cases were withdrawn
  - 8 sanctions of written warnings
  - 29 sanctions of final written warnings
  - 15 sanctions of dismissal
  - 16 other cases for e.g. sanctions short of dismissal, resignations and cases referred back to the provincial offices to implement progressive discipline
  - 46 current cases
  - 36 appeals held:
    - 32 cases dismissed
    - 3 cases upheld
    - 1 case re-heard
  - 144 grievances dealt with:
    - 132 cases finalised
    - 5 cases referred to the Public Service Commission
    - 7 current cases
  - 31 conciliation and arbitrations cases dealt with:
    - 12 cases ruled in favour of the Department
    - 3 cases settled
    - 1 case dismissed
- PMA Consultants were appointed for EAP/HIV/AIDS services and a Performance Management Assessment was developed for peer educators and counselors:
  - an audit on root causes for work related stress, depression and absenteeism was conducted and from the results of the audit a policy addressing Violence and Stress at Work will be developed
  - workshops for staff at all levels on violence and stress at work have been conducted

- a training manual was developed on HIV/AIDS and Stress for HIV/AIDS peer educators
- The monitoring of the Employment Equity Plan:
  - a new EE Plan was developed for the period 1 June 2003 until 31 May 2006
  - progress with the implementation of the local and national Employment Equity Plan is monitored on a quarterly basis during meetings of the National Employment Equity Consultative Forum (NEECF)
  - a progress report was submitted to the Registrar of Employment Equity
  - demand driven training, fair procedures during interviews and the granting of tenders to BEE companies are monitored by the Local Employment Equity Consultative Forums
  - progress on achieving of numerical goals per race, gender and disability that were set in line with the demographics of the RSA is monitored on a monthly basis and are displayed on strategic points throughout the Department to keep staff informed
  - relationships with organisations for people with disabilities were established in order to assist in the recruitment of such people
  - an equal distribution of incentives monitored by the National Performance Management Review Board
  - all buildings occupied by the Department were assessed to ascertain compliance with the Code of Good Practice on the Employment of People with Disabilities and the Occupational Health and Safety Act. Some buildings have already been renovated to make them compliant and to improve working conditions
  - continuous HIV/AIDS awareness campaigns were conducted and peer coordinators were trained to assist with basic counseling
- Workplace Skills Plan for 2003/04 was developed and implemented:
  - a service provider for online education (E-degree) was appointed to provide recognition of prior learning (RPL) exercise to staff members so that they can study towards accredited certificates, diplomas and degrees
  - 10 Interns were appointed within the Chief Directorate of Human Resources Management
  - 4 Learnerships were approved in the following areas: Employment and Skills Development Services, Inspection and Enforcement Services, Customer Management and Contact Centre
  - 10 pupil inspectors were funded and employed for workplace access
- 255 job profiles were developed and verified
- 32 posts were evaluated and ratified
- 6 establishment investigations were undertaken and finalised
- maintaining the performance management system:
  - performance incentives were paid out to qualifying staff members as per the following breakdown:
 

Category A Merit Awards	420
Category B Merit Awards	1 846
Category C Merit awards	2 137
2nd Notch Increments	1 104
3rd Notch Increments	207
- 1% pay progression captured	3 263
- Staff development:
  - 47 middle management managers attended the CPMD (Certificate Programme in Management Development) Course at Wits Business School
  - 20 participants are currently on the Presidential Strategic Leadership Development



#### Programme (PSLDP)

- the following bursaries have been awarded through the Department's funds and LMSDP (Labour Market Skills Development Programme) grants:

36 undergraduate bursaries were allocated throughout the Department

18 Honours bursaries throughout the Department were awarded

1 Masters bursary was allocated in the Department

- A draft Strategic Plan for 2004 – 2009 was developed:
  - Work Plans for year one of the Strategic Plan were developed
- The absorption of staff in line with the Public Service Restructuring and Transformation initiative:
  - the Department started with 51 excess staff members after restructuring
  - 16 excess staff opted for severance packages
  - 18 excess staff have been successfully re-deployed and trained in their new environment
  - 11 excess staff opted for early retirement
  - 5 excess staff have not been re-deployed yet
  - 1 excess staff member was dismissed from the Public Service.

A Social Plan was developed to assist such excess staff and training/counseling was provided to affected former staff members.

## Legal Services

### Legal Services Tasks

2003/04

	Received	Finalised	Pending
Contracts	40	37	3
Legal opinions	63	59	4
Investigations	20	15	5
Losses written off	18	18	0
Motion applications	69	59	10
Legislation	37	34	3
Litigation	9	8	1
Debt collection	17	0	17

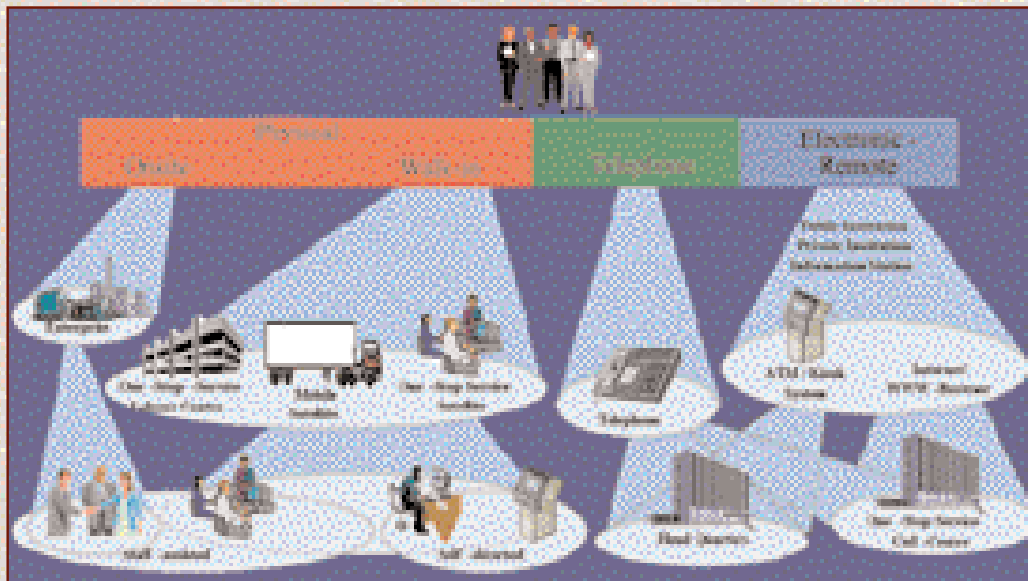
- Finalised an Information Manual in terms of the Promotion of Access to Information Act and submitted it to the South African Human Rights Commission in terms of the Act. The Manual has been translated into Isizulu and Xitsonga.
- Edited and made substantive comments on the Memorandum of Agreement between Statistics South Africa, Departments of Labour and Trade and Industry and South African Revenue Service concerning the Integrated Business Register
- Made overview presentations on the Promotion of Access to Information Act and the Promotion of Administrative Justice Act at the Human Resources Workshop. In addition to the above, training was also presented to the Provincial Offices Gauteng North and Eastern Cape.

## Information Technology

### Introduction

The Department is committed to using information technology to improve service delivery. This intent is fully reflected in the Department's policies and strategies which reflects the recognition of the contributions that technology can make to the Department's internal operations as well as to its services to business, labour and the public. It is envisaged that the application of technology will have a major impact on the way the Department conducts its business.

The following diagramme illustrates the service delivery channels the Department envisages to establish through the application of information and telecommunication technology:



Through digital information flow processes, it will become possible to achieve:

- Digital linking of information systems with operational systems
- Self-service digital transactions between the Department and its clients
- The shifting of human involvement in routine, low value tasks to high value personal consultancy on important issues
- Turning staff into knowledge workers and providing them with digital tools to manage information
- The provision of access to appropriate and real-time knowledge and information, with a few simple commands, citizens and organisations.

The Department has chosen to meet these challenges by entering into a partnership with the private sector.

### Public Private Partnership

The Department entered into a Public Private Partnership (PPP) agreement, worth more than R1.2 Billion over a 10-year period, with Siemens Business Services (SBS) on 1 December 2002. The PPP will support an integrated approach to service delivery, enhance the utilisation of information as a strategic resource, integrate the Department's IT systems more effectively and

ensure that the relevant information is digitalised.

The common goal of the partnership is to satisfy the IT needs and requirements of the Department. Through the partnership, SBS will assume full responsibility and the risk associated with the design, building, operation and maintenance of the Department's IT systems. SBS will also provide strategic direction on new information technologies in relation to labour market trends and systems worldwide.

The procurement process of the PPP was strictly managed in terms of the legislation regulating procurement with direct involvement of the PPP Unit of the National Treasury. In line with government's approach to Black Economic Empowerment, SBS sold, prior to entering into the PPP contract with the Department, 30% of its shares to a consortium led by Sifikile Investment Holdings (Pty) Limited.

The contractual framework of the PPP provides for the establishment of governance structures necessary for allocating risks appropriately, establishing clearly defined quality of service and value for money mechanisms. The PPP agreement also allows for change management procedures which caters for the incorporation of a changing business environment. The emphasis is on partnership and these governance structures, which are now fully operational, forms the foundation for open debate and a trusting relationship.

The most convincing argument for the PPP is that it offers the potential to secure better value for money than an in-house service delivery model. This will mainly be achieved through risk transfer, quality assurance and access to world-class IT experience and skills. The PPP contract with SBS is based on a "fixed scope for a fixed price" arrangement which ensures the affordability of the agreement. Another important characteristic of the PPP arrangement with SBS is the transfer of risk to the private partner. A risk profile has been designed to allocate risk to the party that is best capable to manage such a risk. In broad terms SBS will assume risk for the design of the IT solution while the Department will assume the risk for any change in business requirements and for business outcomes.

### Legislation

The Information and Communication Technology Chief Directorate does not administer any legislation. However, it needs to comply with the SITA Act as well as the Electronic Communications and Transactions Act.

### Staff

The Chief Information Officer and the Senior Executive Secretary are assisted by two consultants assigned by SITA. Siemens Business Services provides the management and technical staff, through the PPP, necessary for rendering the full spectrum of IT services.

### Main tasks

The main tasks of the component are to:

- Provide IT services in support of executives, managers and functional staff in achieving their strategic and operational objectives
- Manage the Public Private Partnership Agreement between the Department and Siemens Business Services.

### Achievements

The following achievements are noted:

- Establishment of effective governance structures to manage and capitalise on the benefits of the PPP arrangement. The PPP Agreement sets out the key roles and responsibilities of the



Department of Labour and Siemens Business Services necessary to manage the agreement between the two parties. The contract provides for four committees, each with specific terms of reference, and user groups, catering for users with common needs. The Executive Committee, the highest decision making body, brings together the top echelons of both parties, facilitating the process in terms of which senior management is in a position to articulate the goals and the objectives of the partnership and to communicate how the partnership will benefit the respective organisations. The other committees are the Steering Committee, the Service Management Committee and the Change Management Committee

- Implementation of Lesedi, a case management tool that will enable provincial offices, labour centres and Head Office users to register workers/employers, capture enquiries, complaints and/or incidents received and inspections pertaining to the Department's governing legislation
- Development of Siyaya, a system that endeavours to ensure alignment between business and IT systems that support the registration, declaration, claims management and case management processes at the Unemployment Insurance Fund (UIF)
- Development of the Children in the Performing Arts (CIPA) system to enable and track the registration of employers who wish to employ children in the performing arts and the details of the children who are being employed in the performing arts
- Establishment of an IT Call Centre as a single point of contact for all users to log IT related calls, problems, queries and requests
- Establishment of a data centre at the UIF Head Office in Pretoria that will be the nerve centre of all IT related services
- Development of an on-line registration capability for the registration of domestic workers in terms of the Unemployment Insurance Act
- Significant progress in transforming the Department's IT and telecommunication systems in alignment with its business processes.

### Challenges

The following are the challenges for the 2004/05 financial year:

- To continue developing IT solutions in such a way that it will ensure that the clients of the Department are able to access the services of the Department at any time, from any location and through multiple service delivery channels. To achieve this goal, use will be made of the full range of technologies available at any given point of time i.e. cellular phones, information kiosks, direct Internet access, etc. Multiple service delivery channels will enable the reach of the Department's services to be extended and to provide numerous choices for the varying segments of the population through which the Department can be interacted with
- To recruit staff for fulfilling strategic leadership and contract management roles necessary to manage the PPP Agreement and to ensure alignment between the Department's IT systems and business processes
- To investigate the feasibility of a public private partnership that is focused on the procurement of services that will provide certain communication technologies as well as support the convergence of all of the Department's communications and information technologies
- To continue developing SAfika, a series of projects that will improve the IT support of the Compensation Fund's business processes as well as to facilitate the participation of provincial offices and labour centres in these processes

- Ensuring that every End-User has a computer to effectively perform their work.

## **Internal Audit**

### **Introduction**

The purpose of the Directorate of Internal Audit is twofold, namely:

- To provide audit services by evaluating the adequacy and effectiveness of all control measures implemented by management towards ensuring that the risks faced by various programmes comply with the Department's mandate as mitigated
- To provide consulting services in consultation with relevant management of the Department, to ensure that operations are improved.

This ensures that the Directorate add value and improve the Department's operations. It helps the Department to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Head Office, the National Skills Fund, Compensation Fund and Unemployment Insurance Fund make use of the services of this single audit component.

### **Legislation**

This Directorate functions in terms of the Public Finance Management Act, 1999.

### **Staff**

The Directorate has an establishment of 33, of which 13 posts are filled as at 31 March 2004.

### **Main tasks**

The Directorate is responsible for the following main tasks:

- Facilitate risk assessment workshops for the Department, Unemployment Insurance Fund, Compensation Fund and the National Skills Fund
- Compilation of rolling three-year strategic audit plans and annual audit plans for the Department, Unemployment Insurance Fund, Compensation Fund and the National Skills Fund
- Performing and reporting on the findings of the audits performed in accordance with the annual audit plans
- Providing consulting services such as guidance on the contents of policies and procedures, standard operating procedures, risk management practices, and good governance.

### **Achievements**

The following achievements are noted:

- The Directorate finalised co-sourcing agreements to deliver Internal Audit Services to the Department of Labour, Unemployment Insurance Fund, Compensation Fund, and the National Skills Fund. The co-sourced service providers assisted with the facilitation of risk assessment workshops, finalised the rolling three-year strategic audit plans and the annual audit plans. Audits were performed in accordance with the annual audit plans
- The Audit Committee of the Department of Labour, the Unemployment Insurance Fund and the

Compensation Fund held regular meetings, assisted by the Directorate of Internal Audit, in providing secretarial services to the audit committees of the Department and the Compensation Fund

- Internal Audit Steering Committees were established at the Unemployment Insurance Fund and the Compensation Fund, and regular meetings are held to ensure management actions pertaining to recommendations are implemented
- The establishment of an Audit Steering Committee for the Department and the National Skills Fund is in process
- Audit software was obtained by means of the co-source agreement reached with the consortium providing Internal Audit Services to the Department
- The amendment of the Department's existing Good Governance Strategy in line with the King II report.

### Challenges

The following are the challenges for the 2004/05 financial year:

- Recruitment, capacity building, and training of staff
- Efficient and effective use of internal audit software
- Rolling out of the Good Governance Strategy of the Department.

## Programme 2

### Occupational Health and Safety of Persons

The programme provides for the health and safety of people at work, the use of plant and machinery, and the protection of people from dangerous activities at places of work. Programme functions are organised into the following subprogrammes:

- **Auditing and Technical Support to Provinces:** is aimed at supporting the enforcement function in the provincial offices
- **Administrative functions:** undertake the registration of machinery, people, institutions and premises; inspections and prescribed examinations; the finalisation of applications and applications for exemption; and summonses, prosecutions and appeals. The subprogramme also provides administrative services to the relevant commissions, committees and boards
- **Research:** is aimed at effective protection of the health and safety of workers, with an emphasis on specific problem areas within the discipline
- **Training of staff:** provides departmental training including specific training for inspectors
- **Administrative auxiliary services:** provide support and related services to the programme and the establishment of the Occupational Health and Safety Authority.

The Programme's focus for 2003/04 was on enhancing OHS awareness, promoting stakeholder participation, implementing a preventative strategy and updating regulations.

The legislative framework consists of the Occupational Health and Safety Act, 1993, and 20 sets of regulations. Ensuring compliance with legislation is the responsibility of the Department's inspectorates in the 10 provincial offices.



*The programme provides for the health and safety of people at work, the use of plant and machinery, and the protection of people from dangerous activities at places of work.*

**Subprogramme: Auditing and technical support to stakeholders**

Outputs	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Safe and healthy working environment. Workers protected from work-related injuries, accidents and diseases.	Increase the number of provincial offices and industry audits to ensure OHS compliance.	100% of provincial office and industry audits undertaken.	33



*An example of stacking equipment in a dangerous way and thereby threatening the health and safety of workers.*

**Subprogramme: Administrative functions**

Outputs	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Provision of stationery. Printing of legislation.	Timeous provision of blank prohibition notice forms and government gazette notices.	Adequate supply of documents to the 10 provincial offices as required.	Two sets of regulations were supplied to the provincial offices.
Remuneration of the administrative staff.	Maintain capacity to provide provinces with the relevant documents.	Focus on provincial offices and stakeholders.	<ul style="list-style-type: none"> <li>● A meeting was held including the Compensation Fund, Department of Health, Department of Minerals and Energy and a representative from the University of Cape Town</li> <li>● A draft programme/strategy to eliminate Silicosis was developed</li> <li>● Five Silicosis meetings with stakeholders were held</li> <li>● Silicosis workshops were held in the following provinces: <ul style="list-style-type: none"> <li>– Gauteng,</li> <li>– KwaZulu-Natal</li> <li>– Eastern Cape.</li> </ul> </li> </ul>
Advertising and awareness campaigns.	Ensuring adequate supply of documents. Ensuring adequate budget for staff remunerations.	As planned. Agricultural and construction industries.	<ul style="list-style-type: none"> <li>● Implement the Pilot Project in Agriculture in the Northern Cape</li> <li>● A Meeting was held with Project area stakeholders (NC) to discuss project and implementation</li> <li>● Stakeholders have agreed to implement Health and Safety Committees as required by the Act</li> <li>● An awareness campaign on Construction Regulations was conducted in the 10 provincial offices</li> <li>● Printed material (fliers and a checklist) developed and distributed)</li> <li>● Blitzes in all 10 provincial offices were held.</li> </ul>
		Finalise the Installations Regulations by the end of the financial year.	The Electrical Installations Regulations was referred back to the drafters to review.



**Subprogramme: Training of staff**

Outputs	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Training of inspectors on new and amended legislation.	Sustain employment levels and enhance equity.	Training to be provided to the 10 provincial offices as scheduled.	Training and appointment of health and safety representatives is underway.
Training of unions on OHS issues. To meet the investor in people requirements and as per Skills Development Act. To meet the Employment Equity Act requirements.	Ensuring that the latest campaigns for OHS awareness impact on unions. Multi skill new entries to the labour market.	Train all health and safety representatives as required and provided by the unions.	Training on Noise Induced Hearing Loss Regulations was completed. Training on sound level meter was completed.
		All internal OHS staff members to participate in personal improvement courses.	10% training completed.
		Learner Inspector Scheme to have 50% male and 50% female.	10% female learner inspectors. 50% male learner inspectors. 40% vacant posts. Negotiations are continuing too merge this project with the Learnerships with HRM.
		To increase female managers by 1% in the Chief Directorate of Occupational Health and Safety.	12.50% female managers 87.50% male managers. The Chief Directorate is moving towards the process of empowering women in management positions.

**Subprogramme: Administrative auxiliary services**

Outputs	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Management of OHS Chief Directorate.	Timeous delivery of performance assessments as scheduled.	As scheduled	All delivered and the deserving staff members were remunerated for their performance.
	Contribution to the Annual Reports of Department as scheduled.	All the time. As scheduled.	Contributions to the Annual Reports were made timeously. Annual Report inputs provided as required.
	To satisfy PFMA requirements.		90% compliance to the PFMA.
	Completed the 1st Draft of the NOHS Bill and the NOHS Policy and present to NEDLAC.	31 March 2004	1st Draft completed but not submitted to NEDLAC as yet.

# Social Insurance

**Social Insurance** provides for administrative and other support to the Unemployment Insurance Fund (UIF) and the Compensation Fund, and administers the two Funds on an agency basis. The UIF provides unemployment insurance to workers in the formal sector, while the Compensation Fund provides for the medical expenses of government officials who sustain injuries and diseases while on duty.

Programme policy development

The Social Insurance programme comprises of the following two subprogrammes:

- Unemployment Insurance Fund
- Accident insurance.

The subprogramme **Unemployment Insurance Fund** provides for the payment of unemployment benefits in terms of the Unemployment Insurance Act, 2001.

The subprogramme **Accident insurance** provides compensation through the Compensation Fund for injuries and diseases incurred in the course of employment in terms of the Compensation for Occupational Injuries and Diseases Act of 1993, as amended. The subprogramme also provides for the medical expenses of officials employed by Government who sustain injuries and diseases while on duty.

Contributions to the Funds are solely for limited administrative costs, as the Funds are financed from earmarked payroll taxes on employers and employees. The programme also provides certain administrative functions to the Funds. These expenses are claimed back and expenditure is shown net of these reimbursements.

The Unemployment Insurance Fund as well as the Compensation Fund publish their own Annual Reports in terms of the Public Finance Management Act.

### Transfer payments

Name of institution	Amount transferred R million
Unemployment Insurance Fund	R 7

## Programme 4

### Employment and Skills Development Services

**Employment and Skills Development Services and Human Resources Development** promotes and regulates the National Skills Development Strategy in terms of the Skills Development Act (97 of 1998) and the Skills Development Levies Act (9 of 1999).

- **SETA Coordination** ensures the effective and efficient implementation of the Skills Development Strategy at sectoral level
- **Employment Services** ensures the implementation of the National Skills Development Strategy, active labour market strategies and the placement of workseekers through the Department of Labour's provincial offices and labour centres
- **National Skills Funding** manages the National Skills Fund efficiently and effectively
- **Skills Development Policy Advice and Planning** ensures that appropriate policies, strategies and plans for skills development are developed, informed, monitored and evaluated and that these policies are shaped by stakeholder involvement through the National Skills Authority and other external stakeholders
- **Training of Staff** funds staff training programmes and ensures availability of relevant skills for implementing the legislation
- **Administrative Auxiliary Services** provides support services to the programme.

#### Transfer payments

Name of institution	Amount transferred R million
Workshops for the Blind	R 5,629
Workshops for people with disabilities	R 42,653
National Skills Fund	R 36,201
DEAFSA	R 77
National Council for Physically Disabled SA	R 178
SA National Council for the Blind	R 201
<b>Total</b>	<b>R 84 939</b>

**Subprogramme: SETA Coordination**

Outputs	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
25 SETAs function efficiently and effectively.	25 Memorandum of Understandings (MoUs) signed and delivered. SETA implementation reports submitted. SETAs achieve agreed targets. Quarterly and Annually.	National Skills Development Strategy targets for 2003 /04 achieved.	17 SETAs met or exceeded targets, 6 were average performers and 2 were below average. Assessments on equity targets and financial position of each SETA is still outstanding. 2 SETAs were sent adverse letters of under-performance and 6 SETAs were sent letters urging them to improve on their average performance levels.
Skills Development Levies collected and transferred to SETAs and National Skills Fund.	Rising employer compliance with Skills Development Levies Act. Levies transfers conducted within legal limits. Monthly.	National Skills Development Strategy targets for 2003/04 achieved.	MoU with SARS is still outstanding, however collection levels have improved to 72%. Transfers of data and funds have improved and the period of transfer to SETAs has been reduced from the legal standard of 51 days to 30 days.
Levy Grants support National Skills Development Strategy implementation.	80% of Skills Development Levies disbursed or committed. Annually.	National Skills Development Strategy targets for 2003/04 achieved.	24 SETA annual reports containing audited financial statements were tabled in August 2003 and the only report that was tabled after the deadline, was THETA's report. The reports for the 2003/04 are only due in August 2004.
Assessment Services delivered.	Positive assessment by SETAs and provinces. 10% increase in learners assessed. Annually.	INDLELA objectives achieved.	7 031 trade tests were arranged, of these 1 218 were absent, withdrew or cancelled. 5 432 were tested and 3 101 passed.
Learnerships supported.	% Increase in candidates assessed on the learnerships. Improvement in the implementation of learnerships.	SETAs supported to achieve learnership targets.	A total of 69 306 learners were in learnerships across 25 SETAs by end of March 2004.

**Subprogramme: Employment Services**

Outputs	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Promote skills development for employability and sustainable livelihoods through social development initiatives in all 10 provincial offices.	<p>Integrated implementation of active labour market programmes and placement through provinces and labour centres.</p> <p>70 % of Provincial Employment and Skills Development staff achieve agreed competencies to respond to local level labour market challenges.</p>	National Skills Development Strategy targets for 2003/04 achieved.	<p>74.4% of the NSF funds allocated to the provinces were spent on 2003/04 levy year contracts. In addition various projects have been initiated in collaboration with provincial government partners and local municipalities.</p> <p>The average placement rate across all the provinces for 2003/04 was 70.4%.</p> <p>A revision of services was completed during the financial year, new procedures and tools were developed and all targeted staff trained and internally assessed on implementation. The internal training programme was used as the basis of implementing a learnership for 2004/05.</p>



*SETA Coordination ensures the effective and efficient implementation of the Skills Development Strategy at sectoral level.*



**Subprogramme: National Skills Funding**

Outputs	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
National Skills Fund funds adequately used to achieve agreed national, provincial and sectoral priorities.	<p>At least 90% of available funds spent or committed for relevant financial year.</p> <p>At least 75% of project outcomes achieved for relevant financial year.</p> <p>Annually.</p>	National Skills Development Strategy targets for 2003/04 achieved.	<p>The total Revenue of the NSF for 2003/04 was R930,712,000. The total expenditure amounted to R699,574,000 and the total audited commitments came to R1,421,284,000, i.e. more than 100% expenditure and commitments.</p> <p>The above mentioned commitments will be funded from the Net Surplus as at the year end and from the Accumulated Funds, which amount to R1,298,160,000 as indicated in the NSF audited financial statements.</p> <p>The aggregated project outcomes achieved came to 75,1% (measured against above mentioned total revenue against total actual expenditure).</p>



*A total of 69 306 learners were in learnerships across 25 SETAs by end of March 2004.*

**Subprogramme: Skills Development Policy Advice and Planning**

Outputs	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Annual implementation and quarterly synthesis reports delivered.	National Skills Authority and Director-General approve reports.	National Skills Development Strategy achievement monitored and impact measured.	Four NSDS Synthesis Reports Produced. NSDS Implementation Annual Report produced and published for the NSDS Conference. State of Skills Report produced and published for NSDS Conference.
Studies to evaluate National Skills Development Strategy impact completed.	Research and evaluation plan implemented.		National Skills Survey completed. Learnership evaluation study phase 1 completed. Return on Training Investment (ROTI) and Cost Benefit Analysis Phase 1 completed. Phase 2 commenced and in progress. NSDS Research agenda 2004/05 agreed upon.
Skills development information system (SDIS) version 1 established and launched.	User survey completed.		SDIS Version 1 established. To be launched in 2004/05.
Quality advice and recommendations to ensure achievement of National Skills Development Strategy delivered.	Positive Ministerial and stakeholder assessment of National Skills Authority. SETAs guided on objectives of National Skills Development Strategy and Minister advised on legislation, regulations and national priorities. 5 National Skills Authority meetings held and aims met.	Minister and stakeholders monitor and evaluate the implementation of the National Skills Development Strategy and steer implementation where required.	Four Skills Development Manager's fora successfully held. Annual National NSDS Conference successfully held. Two NSDS fora held. National and Provincial consultations held on the NSDS 2005 – 2009 review. Public comments on the NSDS 2005 – 2009 consolidated.
Employment for people with disabilities subsidised.	Employment levels sustained and equity enhanced. Products delivered to customer satisfaction. Increase in contracts. Service products factories remain within budget.	National Skills Development Strategy equity target for people with disabilities supported.	Restructuring Strategy approved.

## Programme 5

# Labour Relations

*Labour Relations* aims to establish an equitable and peaceful labour relations environment through developing and enhancing legislation and supporting the labour relations environment. The programme has seven subprogrammes:

- **Collective Bargaining** administers the Labour Relations Act and is responsible for the registration of trade unions, employer's organisations, bargaining councils and statutory councils, and ensures the proper administration of the funds established by the bargaining councils. It also administers bargaining council agreements and advises the Minister on the extension of agreements to groups, which were not part of the negotiations
- **Employment Standards** administers the Basic Conditions of Employment Act. It investigates for the Department and provides support for investigations undertaken by the Employment Conditions Commission, which advises the Minister on sectoral determinations. It also has a responsibility for the implementation of child labour policies and prevention
- **Prevention and settlement of labour disputes.** Management and technical advice is provided to the CCMA as well as financial support
- **Employment Equity** administers the Employment Equity Act, directs national inspection guidelines, disseminates codes of good practice and regulations to eliminate discrimination and promote employment equity in the workplace, and monitors and analyses employment equity plans
- **Strengthening Civil Society** funds capacity building for the role-players in the labour market
- **Training of staff** funds training programmes relevant to programme activities
- **Administrative Auxiliary Services** provides support to the programme.

### Transfer payments

Institution	Amount transferred R million
Strengthening of Civil Society Fund	R 7,932
Commission for Conciliation, Mediation and Arbitration	R 156,410
<b>Total</b>	<b>R 164,342</b>



### Strategic plan: Collective Bargaining

Outputs	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Protection of vulnerable workers.	Establishment of new bargaining councils.	2	One.
	Resolve Ministerial enquiries and complaints.	All	Received in Programme 3 942 Finalised 1 619 In progress 1 322 Referred 1 001
Promote sound labour relations and workplace stability.	Manage appeals and other challenges.	All	Received 14 challenges: <ul style="list-style-type: none"> <li>• 2 against Minister extending agreements to non-parties</li> <li>• 12 against Registrar's decisions to deregister organisations. Of this number, 7 have been finalised in favour of the Department.</li> </ul>



*The labour legislation of government enables employers and workers to negotiate effectively.*

**Subprogramme of Employment Standards, BCEA Administration**

Outputs	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Minimum conditions of employment and wages set for vulnerable workers in sectoral determinations for different sectors.	Sectoral determinations published within the set timeframes for the following sectors: Children in the Performing Arts; Security; Forestry; Taxi; Sheltered Employment; Glass and Glassware and Fishing.	Children in Performing Arts- April. Security – April. Forestry – October. Taxi – November. Sheltered Employment – July. Glass and Glassware – May. Fishing – November.	Children in Performing Arts- still in progress. Security – 23 June 2003. Taxi – still in progress. Sheltered Employment – still in progress. Glass and Glassware – withdrawn. Fishing– withdrawn.
	Learnerships allowance levels assessed.	Ongoing.	Still in progress.
Development of a reporting format on the reduction of working hours to 40-hours per week.	Appropriate and user-friendly reporting format developed.	May 2003.	Still in progress.
Appropriate balance between flexibility and security created as entrenched in the BCEA.	Variations done within 30 days of receipt.	Applications assessed within 30 days of receipt.	Applications received: 1 801 Applications finalised: 297
	Permit system for children in performing arts developed.	April 2003.	Still in progress.
National Programme of Action on the Eradication of Child Labour.	Developed a policy document on a national programme of action for the eradication of child labour.	September 2003.	Still in progress.



### Strategic plan: Employment Standards, BCEA Administration

Outputs	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Minimum conditions of employment and wages set for vulnerable workers in sectoral determinations for different sectors.	Sectoral determinations published within the set timeframes for the following sector: Civil Engineering.	March 2004.	Published on 18 February 2004 in Government Gazette no. 26049.
	Assessed the status of all the old sectoral determinations.		Achieved. End October 2003.
Appropriate balance between flexibility and security created as entrenched in the BCEA.	Variations done within 30 days of receipt.	Rekindled the vision for the Agricultural Sector.	Still in progress.
		Done research on the assessment of variations in respect of minimum wages for the Agricultural Sector.	Achieved. March 2004.
		Ministerial task team on Agriculture established and managed.	Still in progress.
	Remuneration schedule published.	May 2003.	Achieved. Published on 23 May 2003 in Government Gazette no. 24889.
National Programme of Action on the eradication of Child Labour developed.	Participate in Child Labour activities arranged by other stakeholders: <ul style="list-style-type: none"> <li>● Children's Parliament</li> <li>● International events.</li> </ul>	All quarters.	Children's Parliament: <ul style="list-style-type: none"> <li>● November 2003</li> <li>● Zambia: May 2003</li> <li>● Ethiopia: November 2003.</li> </ul>

### Subprogramme of Prevention and Settlement of Disputes

Outputs	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Effective and efficient system of dispute resolution.	Timeously transfer of funds to CCMA.	Monthly before 25 <sup>th</sup> of each month.	Transfers done on quarterly basis. A total of R155 514 000 was transferred for the whole year.
	Provide technical and institutional support.	Participate in the Governing Body of the CCMA.	Participated in all three Governing Body meetings.
		Assist in Human Resources Management, Finance and other committees of the CCMA.	Participated in interviews for Commissioners in KwaZulu-Natal, Eastern Cape, Limpopo and Gauteng and all subcommittee meetings.



*Representatives of workers state their case during a visit to their premises by the Minister of Labour, accompanied by inspectors of the Department of Labour.*

**Strategic plan: Prevention and settlement of disputes**

Outputs	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Effective and efficient system of dispute resolution.	Speedy resolution of disputes.	70% of settlement rate.	Referrals to CCMA: 115 894 Average per day: 553 Settlement rate: 60%
	Monitor implementation of the LRA amendments by the CCMA.	Impact of LRA amendments established through the effectiveness of dispute resolution machinery.	CCCMA involved in <ul style="list-style-type: none"> <li>87 cases of section 189A (large retrenchments)</li> <li>67 cases of section 188A (pre-dismissal arbitration)</li> <li>19 554 cases of Con/Arb (conciliation and arbitration).</li> </ul>
	Appointment of new Essential Services Committee.	June 2003.	July 2003. Minister appointed new Essential Services Committee to be in office from 1 August 2003 to 31 July 2006.
Amendments to LRA.	Bargaining Councils submit LRA Form 3.20B.	All registered Bargaining Councils.	<ul style="list-style-type: none"> <li>7 270 applications for exemption were received of which 62% were from SMMEs'</li> <li>5595 were granted of which 62, 1% was for SMMEs.</li> </ul>
Reduce conflict through attempting to resolve protest actions referred to NEDLAC in terms of Section 77 of LRA.	Attending meetings of NEDLAC committees to consider protest action notices.	Resolve disputes through negotiations without resorting to protest action.	Departmental representatives involved in three section 77 applications to prevent industrial action: <ul style="list-style-type: none"> <li>SACTWU versus Clothing, Textile and Leather Industry and Financial Sector on job losses. An agreement to buy local was concluded</li> <li>CEPPWAWU versus Plastic Bag, Clothing, Textile and Leather Industry. An agreement was concluded</li> <li>Transport Unions regarding ports concessions. The matter was referred back to the parties.</li> </ul>
Reports on disputes and collective bargaining.	Regular reporting on developments.	Accurate record of disputes.	A report was compiled for the disputes and collective bargaining activities that occurred.

### Subprogramme of Employment Equity

Outputs	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Employment equity compliance implemented, monitored and enforced.	Develop EEA implementation, monitoring and enforcement strategies through procedural compliance, inspections, substantive employment equity audits, blitzes and target inspections.	March 2004.	March 2004.
	Implement strategies through the Employment Equity registry for compliance with the reporting cycle of EE reports.	March 2004.	March 2004.



*Technical Assistance Guidelines on Key Aspects of HIV/AIDS and Employment was launched as well as on the Employment of People with Disabilities.*

### Strategic plan: Employment Equity

Outputs	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Employment Equity Registry database established and consolidated.	Database of designated employers in terms of section 21 of the Act fully operational.	1 October 2003.	October 2003.
	Applications for copies of EE reports submitted on EEA 11 forms processed.	Ongoing.	549 applications received and processed by 31 March 2004.
EE Public register of designated employers published.	A Public Register listing employers who reported during the October 2001 reporting period published.	August 2002.	24 April 2003.
Analysis of EE reports published.	Data collected from the October 2001 reporting cycle reports analysed and findings published in the annual Commission for Employment Equity Report for 2001 – 2002.	August 2002.	24 April 2003.
Effective implementation of EEA through development of enforcement procedures and training of inspectors.	Directorate personnel to assist labour inspectors to conduct workplace inspections.	Provinces to conduct blits inspections in the sectors identified by Head Office.	Blitses and routine inspections carried out on an ongoing basis.
	Inspectors in the province to be trained on the enforcement of the legislation.	200 inspectors by November 2003.	107 inspectors trained by November 2003 on HIV/AIDS and Employment of People with Disabilities Technical Assistance Guidelines.
Promotion of EEA through advocacy and awareness programmes.	Workshops conducted for government departments, parastatals and private sector companies.	Employers experiencing problems with implementation.	Workshops conducted in all provinces. Workshops conducted for 70 employers in the private sector. Workshops conducted for Disabled People South Africa, South African Vice Chancellors' Association and Department of Defence.
Development of Code of Good Practice.	Technical Assistance Guidelines on key aspects of HIV/AIDS and Employment developed.	April 2003.	26 May 2003.
	Technical Assistance Guidelines on the Employment of People with Disabilities developed.	May 2003.	3 November 2003.

### Subprogramme of Strengthening Civil Society Fund

Outputs	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Robust Workers Unions participating in the labour market.	Financial support is given to projects for development of strong role players in the labour market.	DITSELA and other non-profit organisations.	<ul style="list-style-type: none"> <li>● DITSELA</li> <li>● Workers College Natal</li> <li>● NALEDI</li> <li>● South African Labour Bulletin</li> <li>● Hopetown Advice and Development Center</li> <li>● NALEDI- Policy Bulletin</li> <li>● Sexual Harassment Education Project</li> <li>● Lotavha Legal Advice Office</li> <li>● Messina Legal Advice Office</li> <li>● Network Against Child Labour</li> <li>● Riviersonderend Advice and Development Centre.</li> </ul>



### Strategic Plan: Strengthening Civil Society Fund

Outputs	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Ensure that all transfer payments follow the requirements of the PFMA and related policies.	All approved projects sign financial agreements.	Approved projects.	All have financial agreements.
Serve as secretariat to the SCSF Advisory Committee.	Quarterly meetings of the Advisory Board convened.	4 meetings.	3 meetings held.
Process transfers to DITSELA and all other organisations in time to avoid delay in implementation of the programmes.	Kept diary of all pending payments and manage it effectively.	R7 932 000.	R7 932 000 was paid as follows: <ul style="list-style-type: none"> <li>● DITSELA R5 001 911,96</li> <li>● WCN R1 892 852,00</li> <li>● NALEDI R350 000,00</li> <li>● SALB R268 190,00</li> <li>● HADO R107 260,04</li> <li>● NALEDI-PB R92 000,00</li> <li>● SHEP R83 961,00</li> <li>● LLAO R45 650,00</li> <li>● MLAO R33 400,00</li> <li>● NACL R28 775,00</li> <li>● RADCEN R28 000,00</li> </ul>

# Labour Policy

During the 2003/04 financial year the Department, informed by the broader context of restructuring the Head Office and provincial offices of the Department, took a decision to consolidate international relations, research, monitoring, and the evaluation capacity within the Department. At the core of the decision to consolidate research, monitoring, and evaluation capacity was the reasoning that the then prevailing situation of various branches and programmes establishing their own separate capacities in these areas was unsustainable and duplicative of the mandate previously agreed to reside under one programme and branch.

The importance of research, monitoring, and evaluation capacity within the Department has been recognised since the inception of the democratic government in 1994. The programme was established as part of the Department's first five-year plan, which spanned the period - 1994 to 1998. The initial mandate of the programme was to form the technical basis for the formulation of labour market policies in the post- apartheid/1994 era, which would be "more attuned to a dynamic economy being integrated into a global economy" (Standing et al, 1996, Preface). When it was first established, the core business of the Labour Market Policy (LMP) Programme included the:

- Development of a research programme for all the mandate areas of the Department
- Development of a labour market information system
- Publication of periodic and adhoc labour market policy and statistical reports.

The recent consolidation of the LMP within the Department gives it an opportunity to re-connect with these mandate areas, as they continue to be relevant today.

The programme has begun to align and reposition itself to link with key shifts taking place in government today, as it is also tasked with facilitating the harmonization of labour market policies with overall government policies. These shifts acknowledge that the policy context for South Africa's transformation agenda has been set, and a new set of challenges now faces the country. South Africa has therefore matured from the process of *policy formulation* and has been grappling with the process of *policy implementation*. The next period will however have to grapple much more with the notion of *policy impact*.



*The initial mandate of the programme was to form the technical basis for the formulation of labour market policies in the post-apartheid/1994 era, which would be "more attuned to a dynamic economy being integrated into a global economy".*

The Labour Market Policy Programme consists of three Directorates, namely, Research, Policy and Planning (RPP), Labour Market Information Systems (LMIS), and International Relations (IR), with the Skills Development Policy Unit (SDPU) absorbed into both the RPP and LMIS. The RPP Directorate is responsible for the:

- Analysis of labour market information and labour market conditions
- Identification of relevant labour market interventions
- Formulation of labour market policies
- Research, monitoring, and evaluation of policies that affect the labour market, including those emanating from the Department and elsewhere.

The LMIS Directorate is responsible for the:

- Creation and maintenance of capacity to monitor, analyse and disseminate labour market information and statistics pertaining to trends in the labour market and the impact of labour market policies



*One of the major changes addressed in the labour market is the protection of vulnerable workers.*

- Creation and maintenance of linkages with other producers and users of labour market information and statistics with the aim of avoiding duplication and of promoting clear use of concepts
- Development of the departmental library as an expanded resource centre on labour issues
- Assistance to other departmental directorates with statistical procedures to develop and monitor departmental activities.

The IR Directorate is responsible for:

- Developing strategies that will consolidate South Africa's presence in the international fora

- Monitoring developments in the Southern African region
- Facilitating participation of the Department in bilateral and multilateral organisations in the region
- Discharging South Africa's obligations to international organisations of which the country is a member
- Developing strategies to encourage conformity with international labour standards in the region.

The programme activities are funded under the following subprogrammes:

- *Research policy and planning* manages commissioned research, monitors and evaluates labour market conditions in the country through the analysis of secondary data from external generators. This exercise assists in supporting policy development within the Department in general. This support enables the Department to determine labour market intervention needs through the course of time
- *The library services* subprogramme provides information repository and an access point in supporting the day-to-day regulatory, monitoring and analytical work of the Department. To accomplish this, the library is moving toward the virtual environment, delivering information to staff at their desktops
- *Labour Market Information and Statistics* produces, analyses and disseminates statistics on the South African labour market. The Directorate's labour market indicators are used extensively. The indicators are not only a key source of data used by the South African administration and parliament in monitoring the state of the labour market and implementing the Department's legislation, but they are also used by industry and labour in economic planning and collective bargaining activities as well as by both public and private institutions in a variety of other planning and analytic activities
- *The publications* subprogramme is responsible for the dissemination of research reports, seminar papers and policy documents
- *Administrative auxiliary services* provide support services to the programme and ensures the smooth running of the programme
- *The training of staff* subprogramme provides capacity building to the programme and ensures the availability of relevant skills for the programme.

#### Programme policy developments

Labour Market Information Statistics and Planning Units have been formally established in the 10 provincial offices of the Department and they are fully functional. Their formation assists a great deal in the collection and analysis of data in their respective provinces and this was done with the sole aim of decentralising the collection, analysis and dissemination of labour market statistics. The process of computerizing library stock has just started and we hope once completed the library will operate much more efficiently than before.

#### Transfer payments

Name of institution	Amount transferred R million
National Productivity Institute	R 21,834

## Research, Policy and Planning

Outputs	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Analysis of impact of policies on the labour market and policy advise.	Number and quality of research papers and briefings/advise.	By the end of the financial year 2003/4 nine policy research papers and projects would have been produced.	Nine research papers were completed on <i>Worker Co-operatives and employment creation</i> , which included case studies of Western Cape, Eastern Cape, Gauteng, Mpumalanga and KwaZulu-Natal. A synthesis report on these papers will be finalised in 2004.
		90% of all the briefing of high quality would be delivered on time by the end of 2003/04.	A major research project was also undertaken on ' <i>casualization and the changing nature of work</i> ', which involves researchers from the National Institute for Economic Policy (NIEP), the Development Policy Research Unit (DPRU), and the Universities of Cape Town and Witwatersrand. Other research commissioned includes; <i>Women and Work, HIV/AIDS and the labour market</i> , and <i>BEE and labour market policy</i> .

## Library services

Outputs	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Maintain library collection.	New publications on labour market topics.	By the end of the financial year 2003/04 120 journals, periodicals, books and research reports on labour related issues will be acquired.	Maintenance of a resource centre capable of responding rapidly to queries and research needs pertaining to the labour market, acquired 102 books and 77 periodicals and newspapers during 2003/04.

## Labour Market Information and Statistics

Outputs	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Analysis of labour statistics.	Data on strikes, register of unemployment, work seekers, wage settlement and skills.	Number of databases would be maintained by the end of 2003/04 financial year.	Data on strikes, register of unemployment, work seekers, wage settlement and skills maintained and report prepared.
Modernised data storage and dissemination.	To integrate database.	By the end of the financial year 2003/04, 90% of data dissemination will be modernised to serve a larger customer base with greater speed, accuracy, and more tailored customer serve.	Integrated Business Register (IBR), a joint project with three other government departments under way; development of an integrated departmental system for managing internal administrative data has been developed by Siemens Business Services with inputs from LMIS, known as the Lesedi system.

## Publication section

Outputs	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Quarterly and annual publications produced.	Reports on strikes to monitor labour relations issues.	By the end of the financial year 2003/4, four reports on strikes will be produced.	Four quarterly reports on strikes and annual strikes report prepared.
	Reports on jobseekers and Unemployment Insurance Fund statistics to monitor short-term unemployment trends.	By the end of the financial year 2003/04, four reports on jobseekers and Unemployment Insurance Fund will be produced.	Four quarterly reports on jobseekers and Unemployment Insurance Fund produced.
	Reports on labour market indicators to monitor the performance of the labour market.	By the end of the financial year 2003/04, four quarterly reports on the Bulletin of Economic Indicators to monitor the performance of the economy will be produced.	Brief labour market analyses provided based on Labour Force Surveys by Statistics South Africa (SSA).
	Statistical reports on labour related issues.	By the end of the financial year 2004/05, at least five reports on labour related issues will be produced.	Brief labour market analyses provided based on Labour Force Surveys by SSA.



## Programme 7

### Service Delivery

The *Service Delivery* programme aims to enforce the various labour laws and provide a one-stop service through business units established in the provincial offices of the Department. The programme comprises of the following subprogrammes:

- **Management support services** are responsible for 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 and the Compensation for Occupational Injuries and Diseases Act, by administering, processing and finalising applications of payment
- **Employment and skills development services** facilitate access to employment and income-generating opportunities for the under- and unemployed through the implementation of their respective policies and programmes
- **Inspection and enforcement services** ensure that employers and workers comply with the relevant labour laws, particularly the Basic Conditions of Employment Act, Occupational Health and Safety Act and the Employment Equity Act
- **Labour market information and statistics** research and monitor developments in the labour market, through analysing of legislative impact, job creation performance, internal capacity and partnership formation.



*The Service Delivery programme aims to enforce the various labour laws and provide a one-stop service through business units established in the provincial offices of the Department.*

**Subprogramme: Beneficiary Services**

Outputs	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Increase awareness in respect of the Unemployment Insurance Act (UIA), Compensation for Occupational Injuries and Diseases Act (COIDA), claims procedures and fraud among stakeholders and beneficiaries.	Newspaper articles, radio talk shows, regular meetings and information sessions will be held to inform the stakeholders.	One session per quarter.	Approximately 10 Information sessions were held (One per provincial office).
Process of client claims for Unemployment Insurance Fund timeously.	All claims that are fully completed must be captured on the system within six weeks of receipt of claim at provincial office.	100% of claims received at provincial office must be captured on the system.	100 % of UI claims received are captured within 6 weeks.
	Approved claims must be finalised by 2 <sup>nd</sup> signing date.	95% of approved claims must be paid by 2 <sup>nd</sup> signing date.	100% of complete COIDA applications are forwarded by labour centres to the CF within 2 weeks of receipt. 100 % of UI approved claims are paid within 2nd signing date.
	Finalise all enquiries within five working days.	80% of enquiries must be finalised within five working days.	100 % of enquiries are responded to within five working days (UIF) and within 30 working days for the Compensation Fund.

### Subprogramme: Employment and Skills Development Services

Outputs	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Market the National Skills Development Strategy by advocating the Skills Development Act and Skills Levies Act.	Newspaper articles, radio talk shows, regular meetings and information sessions will be held to inform the stakeholders.	Two sessions per province per annum.	A minimum of 3 information and briefing sessions were held per province.
Improve the skills of unemployed and under-employed South Africans through skills training and learnership programmes.	Alleviation of poverty and creation of sustainable job opportunities.	80% of individuals trained for a project is generating an income.	<ul style="list-style-type: none"> <li>● 161 poverty alleviation projects specifically targeting training of 5 870 rural communities were identified, and funded to the total of R44 548 026</li> <li>● Provincial Skills Development Plan and Implementation Plan developed and approved</li> <li>● R126,672,953 of the SDFW were spent to train about 144 056 people (143 499/99.6% Black, 84 154/58% women, and 80 361/56% young people) supporting 894 Social Development Projects</li> <li>● 107 791 (79%) people trained were placed</li> <li>● Placement verification study completed- 75% placement for 2002/3, all equity targets met.</li> </ul>
	Build capacity of training providers.	80% of trained providers deliver a quality service.	
Minimise the effects of retrenchments through effective implementation of the Social Plan.	Companies involved in large scale retrenchments have been assisted to reduce the impact of unemployment on those retrenched.	100% of companies reporting mass retrenchments have been assisted.	Achieved, in collaboration with the National Productivity Institute.
	Retrenched workers have been assisted to better cope with unemployment due to retrenchment, and to start generating alternatives to unemployment, and to access.	100% of retrenchees showing and interest in Department of Labour assistance have been assisted and supported.	Achieved.

**Subprogramme: Inspection and Enforcement Services**

Outputs	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Embark on advocacy programmes that will ensure that all relevant stakeholders and clients are informed and understand the labour legislation: Basic Conditions of Employment Act, Employment Equity Act, Occupational Health and Safety Act, Labour Relations Act, Compensation for Occupational Injuries and Diseases Act, Unemployment Insurance Act, Skills Development Act.	Newspaper articles, radio talk shows, campaigns, regular meetings and information sessions will be held to inform the stakeholders.	Various numbers of sessions/campaigns per province.	Approximately five sessions/campaigns are held per province. An OHS accord signed with stakeholders in each province and meetings held quarterly.
	Increased awareness will reduce the number of complaints and enquiries from workers and it will increase the number of employers who are complying with the legislation.	Reduce complaints and enquiries with 20% and increase employer compliance with 40%.	Achieved.
	Conduct re-active and pro-active inspections for non-compliance in accordance with the National and Provincial plans with greater emphasis in high-risk industries and vulnerable sectors.	As per the Inspection and Enforcement Service Strategy and National Inspection Plan – depending on the size of the Province.	<ul style="list-style-type: none"> <li>● 187 187 inspections conducted (compared to 87 815 for the whole year in 2002/03). Resulting in an average of 131 031 (70%) of employers inspected complying (visibility of inspectors increased)</li> <li>● 102 660 complaints lodged investigated, and 75 773 (74%) settled within 60 days of receipt</li> <li>● 46 853 enforcement documents were issued to non-complying employers: Undertakings: 25 102 Improvement Notices: 7 977 Contravention Notices: 10 479 Prohibition Notices: 1 287 Compliance Orders: 2 008</li> <li>● Targeted advocacy and Blitz inspections conducted in the following sectors: Agriculture-360 inspections, Domestic- 1 073 inspections, Construction- 747 inspections, Wholesale and Retail- 2 712 inspections, and Employment Equity- 2 028 inspections</li> </ul>

**Subprogramme: Labour Market Information Statistics and Planning**

Outputs	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Collection, collation, analysis and dissemination of labour market information and statistics for various stakeholders.	The following statistical information will be gathered and disseminated: Reliable unemployment data at provincial level. Identify and highlight sectors with high incidence rates for enforcement.	Produce statistical information for relevant stakeholders.	Various research projects undertaken covering the ff: <ul style="list-style-type: none"> <li>● Verification of placement and impact of skills development initiatives.</li> <li>● Provincial skills audit</li> <li>● Labour Relations trends and OHS incidence occurrence.</li> <li>● Viability of establishment of new labour centers and part-time offices</li> <li>● LMIS&amp;P Tracer studies in KZN, which was adopted by the PSDF as stepping stone in their deliberations and decision-making processes.</li> </ul>
Provides a statistical information to the other Business Units and programmes.	Impact of Sectoral determinations on vulnerable sectors with specific reference to monitoring the impact through surveys and research studies on domestic and farm workers.		<ul style="list-style-type: none"> <li>● Client Satisfaction Surveys conducted in provinces with positive responses by clients on services rendered by the department</li> <li>● Standardised Client Satisfaction Survey questionnaire developed.</li> </ul>
	Impact of the inclusion of domestic and farm workers in the Unemployment Insurance Act.		

## Programme 8

### Auxiliary and Associated Services

The programme aims to provide auxiliary services and services associated with the Department's aims. The current subprogrammes include:

- *NEDLAC*: The NEDLAC subprogramme provides for contributions to NEDLAC, a body that promotes economic growth, participation in economic decision-making and social equity by seeking consensus and agreements on social and economic policy. NEDLAC publish its own Annual Report in terms of the Public Finance Management Act.
- *International labour matters*: The International labour matters subprogramme is at the coalface of the Department's interaction with the world, especially international organisations/institutions relevant to labour relations, ratifies, monitors and reports on international labour conventions; and maintains and supports essential labour attachés. Such an interface presents the Department of Labour with the opportunity to unambiguously state what kind of the world of labour we aspire for. Moving from a premise from which our domestic policy is based, we aspire for a world where there will be a better life for all.

South Africa has close geographic and historical ties with countries on the African continent. Our future and success is thus inextricably linked to that of the continent. The need for cooperation, not only with Africa but also with multilateral entities has been made more important by challenges of globalisation.

Whilst fields of cooperation are vast, people to people cooperation occurs largely on a bilateral basis and is important in forging closer ties. It is within this understanding that the potential for cooperation and strengthening of friendship with countries in Africa, Latin America as well Asia has been identified and this is done at both bilateral and multilateral level. We endeavour to also work together with other countries both developing and developed for the democratisation of governance of the international institutions for them to reflect the new realities of our time.

At the technical cooperation level, some key interventions are done in the mobilisation of Overseas Development Assistance (ODA). To this end, we will continue to lobby for improved technical assistance from governments and other multilateral agencies.

#### Transfer payments

Institution	Amount transferred R million
NEDLAC	R 7,823



### Subprogramme: International Labour Matters

Outputs	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
Success of President Mbeki's address to the 91st session of the ILC.	To participate in meetings, talks facilitating the signing of ordinances by the Minister in all international organisation and regional bodies.	Continued process.	Successfully coordinated President Mbeki's visit and address to the 91st session of the ILC.
Depositing to the ILO ratification of Conventions 144 and 155.	The directorate makes a concerted effort in to be represented in all the international events where South Africa is expected to take its seat.		Conventions 144 and 155 deposited with Parliament.
Signing of MOU with Mozambique.	In a year there are six standard trips the directorate has to undertake when fulfilling its objectives: In February the SADC ELS meeting; In March and November, the ILO Governing Body meetings; In April the OAU LSC meeting; in June there is an International Labour Conference. There are Binational Commissions, Joint Commissions held annually as well as bilateral visits to other countries as well.		Coordinated a Workshop in Mozambique from 10-15 May 2003 as part of the MoU.
Ministerial visit to Zimbabwe (Jan 2003).			
Signing of MOU with Zimbabwe. Actioning of MOU's signed in 2002.			Coordinated Ministers visit to Zimbabwe from 11-12 April as part of Presidential task team.
Possible bilateral visits:  Cuba Chile Burkina Faso Gabon Tunisia Senegal.			Coordinated Ministerial visits to Chile and Cuba from 28 July – 1 August 2003  South Africa attended and influenced policy positions in all ILO sessions for 2003, that is:  <ul style="list-style-type: none"> <li>● International Labour Conference held from 3-19 June 2003.</li> <li>● 288<sup>th</sup> session of the Governing Body held from 6-21 November 2003.</li> </ul> Attended and influenced policy positions of the AU Labour and Social Affairs Commission held in Mauritius from 10-15 April 2003.

Outputs	Output performance measures/service delivery indicators	Actual performance against target	
		Target	Actual
			<p><b>Successfully hosted the following delegations:</b></p> <p>Minister Tou, Minister of Employment and Youth from Burkina Faso from 8-10 October  Deputy Minister Wang, Vice Minister of Labour and Social Security from China in October 2003</p> <p><b>Officials delegations from:</b></p> <p>Cuba 11-18 October 2003  Lesotho 27-29 January 2004  Malawi 30 June–04 July 2004  Mozambique 1-5 September 2004.</p>

## Report of the Audit Committee

We are pleased to present our report for the financial year ended 31 March 2004.

### Audit Committee members and attendance:

The Audit Committee consists of the members listed hereunder and meets three times per annum as per its approved terms of reference. During the current year three meetings were held.

Name of member	Meetings attended
JMB Maswanganyi (Chairperson)	3
IN Mkhize	3
CE Saville	2
GJ Sandrock	3
R Ramashia	3
CH van der Merwe	3
SS Mkhonto	2
SW Magojo	3

### Audit Committee Responsibilities

The Audit Committee reports that it has complied with its responsibilities arising from section 38 (1)(a) of the PFMA and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

### The effectiveness of internal control

Except for the control issues relating to Imperial Fleet Services, Subsidised Vehicle Scheme, and Information Technology Assets, the systems of internal control are effective, as the various reports of the Internal Auditors, the Audit Report on the Annual Financial Statements, the matters of emphasis and management letter of the Auditor-General, have not reported any other significant or material non compliance with prescribed policies and procedures. However recommendations on improvements to financial and operational controls were noted, and action planned to correct these specified control weaknesses.

### The quality of in year management and monthly/ quarterly reports submitted in terms of the Act and the Division of Revenue Act

The Committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer and the Department during the year under review.

### Evaluation of Financial Statements

The Audit Committee has

- Reviewed and discussed with the Chief Financial Officer and the Accounting Officer the audited annual financial statements to be included in the annual report
- Reviewed the Auditor-General's management letter and management response
- Reviewed changes in accounting policies and practices
- Reviewed significant adjustments resulting from the audit.

The Audit Committee concurs and accepts the conclusions of the Auditor-General on the annual financial statements and is of the opinion that the audited financial statements be accepted and

read together with the report of the Auditor-General.

**JMB Maswanganyi**  
**Chairperson of the Audit Committee**

**26 July 2004**

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**Department of Labour  
Vote 17**

**Management Report  
for the year ended 31 March 2004**

Report by the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa.

**1. General review of the state of financial affairs**

***Employment creation***

Employment creation is the biggest challenge facing Government and a key instrument for fighting poverty. The Department's contribution to meeting this challenge is formulating effective labour market policies and providing an enabling environment for job creation. The Department, by setting and enforcing norms and standards, also seeks to ensure that existing and new jobs do not place workers' health and safety in jeopardy. By designing and managing a sound labour relations regime, by managing the Unemployment Insurance Fund in the interests of people who lose their jobs, by managing the Compensation Fund to ensure that workers are compensated for injuries on duty and by ensuring that an effective skills development strategy is in place, the Department seeks to create an environment conducive to increase the productivity of the South African labour market.

The Department also played a coordinating role within Government to facilitate the Growth and Development Summit held on 7 June 2003, and will be centrally involved to monitor the implementation of Government commitments made at the Summit.

Against this background the Department has identified the following 10 priorities to be addressed in 2004/05:

1. Enhance Skills Development
2. Achieve equity in the labour market
3. Increase the protection of vulnerable workers
4. Strengthen labour market institutions
5. Strengthen multi-lateral and bilateral relations
6. Strengthen social protection through the Unemployment Insurance Fund, the Compensation Fund and Occupational Health and Safety
7. Promote sound labour relations
8. Monitor and control the impact of the labour market policies
9. Strengthen the institutional capacity of the Department of Labour
10. Contribute to employment creation.

***Enhance Skills Development***

The high unemployment rate in South Africa can, in part, be attributed to the skills mismatch in the economy, stemming from the low education base of the majority, inherited from the country's apartheid past and recent rapid shifts away from traditional low-skill commodity processing sectors towards the services sector of the economy – parts of which are extremely skill intensive. The Skills Development Act, No. 97 of 1998 and the Skills Development Levies Act, No. 9 of 1999 seek to contribute to addressing these problems – essentially by providing a set of institutions (the Sector Education and Training Authorities – SETAs) and incentives (resourced from a 1% payroll levy) to encourage and support training across a broad front.

The Skills Development Act also prescribes that the Minister should adopt, on the advice of his social partners represented in the National Skills Authority, a National Skills Development Strategy (NSDS). The NSDS essentially seeks to prioritise certain areas of work above others, in order to focus the efforts of the 25 SETAs and direct the funds of the skills levy. The Minister of Labour

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launched the first NSDS in 2001 and its 12 strategic objectives and three equity targets are for March 2005. Achieving the Equity Targets is also proving to be a challenge. It is anticipated that a new NSDS will be launched in October 2004 and will commence implementation in April 2005, for the period 2005-2009.

In 2003/04 the Skills Development Act was amended to strengthen the Minister's ability to effect appropriate intervention in relation to those SETAs that are under-performing, as well as to effect necessary changes to improve implementation of the legislation. The year 2004/05 will focus on the implementation of these changes as well as on the achievement of the 2001 – 2005 NSDS, as well as on the preparation of the 2005 – 2009 NSDS.

***Achieve equity in the labour market***

During the years 2004 to 2007 the Department will develop and embark on measures aimed at enhancing equity and render support to the Commission of Employment Equity.

***Increase the protection of vulnerable workers***

The protection of workers has been advanced through investigations into a number of sectors and the determination of minimum remuneration and working conditions. Substantial progress was made in respect of agricultural and domestic workers, and a number of initiatives focused on child labour. The determination of minimum wages in respect of domestic workers became a reality on 1 November 2002 and the issuing of a similar determination in respect of agricultural workers was promulgated in December 2002 and came into effect on 1 March 2003. The Department is in the process of consultation with relevant stakeholders to bring in a similar determination for the taxi industry during 2004. The Department has also published the names of 29 employer's organisations and 140 trade unions on 30 May 2003 in the Government Gazette, for failing to comply with the submission of financial statements and audit reports. These organisations' registrations were cancelled with effect from 12 May 2003.

***Strengthen labour market institutions***

There are a number of stakeholder-based institutions associated with the Department, including the National Economic, Development and Labour Council (NEDLAC), National Skills Authority (NSA), Commission for Employment Equity (CEE), Employment Conditions Commission (ECC), and the Commission for Conciliation Mediation and Arbitration (CCMA). The Department of Labour plans to support the strengthening of these institutions.

***Strengthen multi-lateral and bilateral relations***

During 2002 South Africa was elected as a titular member of the International Labour Organisation (ILO) governing body for the period 2002 to 2005 and participate in a tripartite manner in International Labour Conferences on an annual basis.

***Strengthen social protection through unemployment insurance, compensation funding and occupational health and safety***

***Unemployment Insurance***

Legislation was passed by Parliament to improve the operation of the Unemployment Insurance Fund and the collection of its revenue. Key objectives include increased coverage, containing costs and enhancing compliance. The new legislation addresses previous shortcomings such as the

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limited nature of Unemployment Insurance Fund coverage and its lack of financial sustainability, weak enforcement and compliance measures, the rigid benefit structure and discrimination against certain categories of workers and the lack of a comprehensive database of contributors.

The Unemployment Insurance Act No 63 of 2001 was implemented with effect from 1 April 2002. Initial indications are that the Act is starting to have the desired effect of improving the operation of the Unemployment Insurance Fund and the collection of its revenue. The redefinition of earnings and the implementation of improved controls over benefits have resulted in the Fund accumulating surplus funds to the tune of R5.8 billion, currently held with the Public Investment Commissioner (PIC).

The target of including domestic workers with effect from 1 April 2003 was also successfully achieved with more than 579 000 domestic employers registered with the Fund. The key objective of the Fund from 2004 to 2007 is to maintain an employer and employee database, by actively marketing it and providing support to the users. Whilst great strides have been made in setting up the database a lot more work has to be done in fine tuning and protecting the integrity of the data.

*Service Delivery*

Having developed policies, now the Department's focus is on implementation of the policies. Labour centres and business units in the provinces render integrated services. Consequently, the bulk of the operational work has shifted to provinces along with the resources. For improved and systematic service delivery, development of implementation strategies for the business units is unfolding. In this regard the Inspection and enforcement strategy and the Employment and Skills Development Services strategy, which are already in existence, are instructive towards the development of implementation strategies for Labour Market Information Systems and Programmes and Beneficiary Services Business Units.

The implementation of measures to reduce accidents and improve the health and safety of workers is being accelerated. Various Blitz Inspections at various workplaces have taken place and will continue to take place to ensure labour law compliance and to reduce incidents caused by non-compliance in the workplace. The Department has, through the integration of its inspection services, ensured that more resources are deployed to enforce health and safety standards in line with the inspection and enforcement strategy of the Department.

*Occupational Health and Safety*

Occupational health and safety functions are currently fragmented, with varying responsibilities lying with the Departments of Labour, Health and Minerals and Energy. The three line Departments have collaborated to develop a draft national overarching policy in line with the Cabinet decision to integrate occupational health and safety and compensation functions. The policy will be tabled at NEDLAC during this financial year.

*Promote sound labour relations*

With regard to reviewing labour relations policies and legislation, in 2002 Parliament approved the Labour Relations Amendment Act (Act No 66 of 1995). The amendments are aimed at allowing the bargaining councils to serve employer and worker parties more effectively, and address the efficient functioning of the CCMA. These are currently being implemented. Increased focus on the effective operation of and support to the bargaining councils will be a focus for the next period.

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*Monitor and control the impact of the labour market policies*

The Labour Market Policy Programme of the Department will conduct research to monitor progress in the implementation of labour legislation and also to monitor the impact of the Department's legislation in the labour market.

*Strengthen institutional capacity of the Department*

The Department concluded a Public Private Partnership deal on 1 December 2002. The contract provides the Department with improved strategic support in aligning its information technology architecture with its business processes and culminates in rendering vastly improved services to its client base as well as huge gains in efficiency in the administration of the Department. The contract provides the Department with a service provider who designs, builds, operates and maintains world-class IT/IS systems.

*Contribute to employment creation*

The Department actively strives to ensure that its labour market policies and strategies compliment overall growth and development.

**Spending trends**

Under-spending is mainly due to Capital Projects not finalised during the previous financial year. An application has been submitted for the roll-over of these funds to the 2004/05 financial year.

**2. Services rendered by the Department**

- *Occupational health and safety of people* promote the health and safety of people at work, through legislation
- *Social insurance* contributes to the Unemployment Insurance Fund and provides for the compensation of civil servants in case of accidents or illnesses contracted while on duty.
- *Employment and skills development services* focus on the promotion and regulation of the skills development strategy. The programme provides for contributions to sheltered employment factories and to various national institutions for people with disabilities
- *Labour relations* promote the establishment of an equitable and peaceful labour relations environment
- *Labour policy* includes research, analysis, evaluation and development of labour policy and the provision of statistical information on the labour market. It funds contributions to the National Productivity Institute
- *Service delivery* includes the enforcement of the labour laws and the provision of a one-stop service through the establishment of business units in the provincial offices of the Department.

**3. Capacity constraints**

Vacancies in the Department placed a strain on its capacity to effectively deliver its services.

**4. Utilisation of donor funds**

In total the Department utilised R16 581 million donor funding from the Netherlands, Denmark and the European Union during the 2003/04 financial year for the development of skills in South Africa.



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## 5. Trading entities/public entities

The following public entities listed in Schedule 3 of the Public Finance Management Act, No. 1 of 1999 report to the Minister of Labour:

- Commission for Conciliation, Mediation and Arbitration (CCMA)
- Compensation Fund (CF)
- National Economic Development and Labour Council (NEDLAC)
- National Productivity Institute (NPI)
- Sectoral Education and Training Authorities (SETAs)
- Unemployment Insurance Fund (UIF)
- Umsobomvu Youth Fund (UYF)

### ***Commission for Conciliation, Mediation and Arbitration (CCMA)***

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 objects of the Labour Relations Act
- perform any other duties imposed, and exercise any other powers conferred on it by or in terms of the Labour Relations Act and perform any other function entrusted to it by any other law.

### ***Compensation Fund***

The Compensation Fund was established in terms of the Compensation for Occupational Injuries and Diseases Act, 1993 (COIDA)

The functions of the Fund are to provide compensation resulting from:

- occupational injuries
  - diseases
  - death of workers
- in the course of their employment.

### ***National Economic Development and Labour Council (NEDLAC)***

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:

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- 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
- encourage and promote the formulation of coordinated policy on social and economic matters.

Furthermore, and to achieve the above, the Council:

- may make investigations as it may consider necessary and shall continually survey and analyse social and economic affairs
- shall keep abreast of international developments in social and economic policy
- shall continually evaluate the effectiveness of legislation and policy affecting social and economic policy
- may conduct research into social and economic policy
- shall work in close cooperation with government departments, statutory bodies, programmes and other forums and non-governmental agencies engaged in the formulation and the implementation of social and economic policy.

***National Productivity Institute (NPI)***

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

The functions of the NPI 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.

***Sectoral Education and Training Authorities (SETAs)***

A total of 25 Sectoral Education and Training Authorities (SETAs) were established in terms of the Skills Development Act, 1998.

The SETAs are as follows:

- Bank Sector Education and Training Authority
- Chemical Industries Education and Training Authority
- Clothing, Textiles, Footwear and Leather Sector Education and Training Authority
- Construction Education and Training Authority
- Diplomacy, Intelligence, Defence and Trade and Industry Sector Education and Training Authority
- Education, Training and Development Practices Sector Education and Training Authority
- Energy Sector Education and Training Authority



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- Financial and Accounting Services Training Authority
- Food and Beverages Manufacturing Industry Sector Education and Training Authority
- Forest Industries Sector Education and Training Authority
- Health and Welfare Sector Education and Training Authority
- Information Systems, Electronics and Telecommunications Technologies Training Authority
- Insurance Sector Education and Training Authority
- Local Government, Water and Related Services Sector Education and Training Authority
- Manufacturing, Engineering and Related Services Sector Education and Training Authority
- Media, Advertising, Publishing, Printing and Packaging Training Authority
- Mining Sector Education and Training Authority
- Police, Private Security, Legal and Correctional Services Training Authority
- Primary Agricultural Education and Training Authority
- Public Sector Education and Training Authority
- Secondary Agricultural Sector Education and Training Authority
- Services Sector Education and Training Authority
- Tourism and Hospitality Education and Training Authority
- Transport Education and Training Authority
- Wholesale and Retail Sector Education and Training Authority

The functions of the SETAs are to:

- develop sector skills plans within the framework of the national skills development strategy
- implement sector skills plans through establishing learnerships
- approve workplace skills plans
- allocate grants in the prescribed manner to employers, workers, and education and training providers
- monitor education and training in the sector
- promote learnerships by identifying workplaces for practical work experience and registering learnerships.

Section 3 and 4 of the Skills Development Levies Act (Act no. 9 of 1999), determines which employers are required to contribute levies. Based on the Skills Development Levy database of the South African Revenue Service, there are employers who are required to contribute levies in terms of section 6 (2) of the Act, who might fail to pay such levies and therefore the income of the National Skills Fund and the SETAs for the reporting year, may be understated by an unknown amount.

***Unemployment Insurance Fund (UIF)***

The Unemployment Insurance Fund was established in terms of the Unemployment Insurance Act, 1966.

The functions of the Fund are to provide short-term income replacement in case of:

- unemployment
- short-term sickness
- maternity
- adoption of a child
- death.

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***Umsobomvu Youth Fund (UYF)***

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 Service (CYS) and School to Work (StW). CYS is aimed at providing the youth with skills whilst they provide service to their community. StW is aimed at assisting young people to enter high level careers that are scarce and currently not occupied by Blacks. Umsobomvu has implemented 12 Youth Advisory Centres. The Centres offer information and counseling 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 consist 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.

The Fund disbursed a total of R58 677 million in the 2003/04 financial year.

**Other entities**

*Sheltered employment*

Sheltered employment subsidises Workshops for the Blind and 13 work centres for people with disabilities.

**7. Other organisations to whom transfer payments have been made**

Transfer payments have also been made to the following organisations under the control of the Department:

- SA National Council for the Blind
- Deaf Federation of South Africa (DEAFSA)
- National Council for the Physically Disabled
- Strengthening civil society: Ditsela.

**8. Public/private partnerships (PPP)**

See disclosure note 30 to financial statements for details in this regard.

**9. Corporate governance arrangements**

**Risk management**

Internal Audit has done a comprehensive risk assessment. The risk assessment was approved by the Departmental Executive Committee (DEXCOM) and the Audit Committee. In terms of the Treasury Regulations a rolling three-year strategic audit plan was compiled. The annual audit plan concentrates on high-risk areas.

**Fraud prevention policies**

Internal Audit compiled a Good Governance Policy, which includes fraud prevention. The fraud

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prevention plan and maladministration prevention strategy has been compiled and was approved and adopted by DEXCOM and the Audit Committee.

The Department appointed an external service provider to assist with the implementation of the fraud prevention plan and to compile assessment criteria of the effectiveness of the Good Governance Policy. The project was finalised during the 2003/04 financial year.

**Effectiveness of Internal Audit and Audit Committee**

The co-sourcing of Internal Audit services with external service providers was finalised. The Audit Committee convenes on a quarterly basis and operate according to the Audit Committee Charter of the Department.

**Other governance structures**

Other governance structures such as management processes to minimise conflict of interest, and the implementation of a code of conduct are included in the Good Governance Policy.

**Safety, health and environment issues facing the organisation**

Occupational health and safety functions are fragmented, with varying responsibilities lying with the Departments of Labour, Health, and Minerals and Energy. Cabinet has approved the integration and consolidation of the occupational health and safety and compensation functions, requiring the development of a national overarching occupational health and safety and compensation policy. The three line Departments have collaborated to develop a concept document. The policy will be finalised and put to NEDLAC for stakeholders' debate.

The *Occupational Health and Safety of Persons* programme administers, regulates and monitors occupational health and safety, by developing and promulgating regulations, standards and guidelines to enhance workplace safety, issuing licences, registering electricians and training learner inspectors. By March 2002, 858 licences for the manufacturing of explosives were issued, 12 guidelines and standards were promulgated, and 928 electricians were registered. The service delivery component of this programme, namely the workplace and blitz inspections, are located in the *Service Delivery* programme.

**10. Discontinued activities/activities to be discontinued**

None.

**11. New/proposed activities**

None.

**12. Progress with financial management improvement**

- An Audit Committee was established and operates in terms of TR3.1.4 to 3.1.10
- An Internal Audit Unit was established in terms of TR3.2.3 and operates in terms of TR3.2.6 to 3.2.8
- A risk assessment was performed in the Department in terms of TR3.2.1
- A Fraud Prevention Plan is being implemented in terms of TR3.2.2. The Department appointed an external service provider to assist with the implementation and to compile assessment criteria

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of the evaluation of the effectiveness of the Good Governance Policy

- The Department is still in the process of compiling internal prescripts and guidelines
- The following policies are compiled and implemented:
  - Travel and Subsistence policy
  - Draft Debt Policy
  - Cellular phone policy.
- Training is provided to personnel on the above policies.
- An effective training programme in accordance with the Framework for Future Training in Government Financial Management to train personnel (finance and non-finance) on the requirements of the PFMA and the Treasury Regulations was developed
- All Public Entities submitted their quarterly reports to National Treasury via the Department
- All Public Entities submitted their strategic plans to the Department (for approval by the Minister) six months before the start of the financial year
- The Department obtained the necessary written assurances from entities as required by section 38(1)(j) of the PFMA
- The Department and the public entities under the control of the Minister submitted annual reports for the 2002/03 financial year to National Treasury
- Annual reports, financial statements and audit reports were tabled (i.r.o. the Department and the public entities) in the legislature for the 2002/03 financial year in terms of section 65(1) of the PFMA.

### **13. Performance information**

- A strategic plan has been approved by the Executive Authority and has been tabled in the Legislature in terms of Treasury Regulation 5.2.1
- Quarterly reporting on performance against the strategic plan is done in terms of Treasury Regulation 5.3.1 and the Public Service Regulations (Chapter 1 Part III.B). It is also updated and revised on a regular basis in terms of Treasury Regulation 5.1.1
- A comprehensive asset register was established for the Department in terms of section 38(1)(d) of the PFMA
- The actual revenue and expenditure projections and variances have been submitted in the prescribed format and timeframes in terms of section 40(4)(b) and (c) of the PFMA
- The Department submitted the annual financial statements timeously for audit purposes in terms of section 40(1) of the PFMA
- The Department submitted the annual report, including the audited financial statements and the audit report, timeously to the Executive Authority
- Annual reports, financial statements and audit reports were timeously tabled in the legislature for the 2002/03 financial year in terms of section 65(1) of the PFMA.

#### **Approval**

The annual financial statements have been approved by the Accounting Officer.

**Dr. VM Mkosana  
Acting Director-General of Labour**

**28 May 2004**



## Part A

### Report of the Auditor-General to Parliament on the Financial Statements of the Department of Labour (Vote 17) for the year ended 31 March 2004



#### 1. Audit Assignment

The financial statements as set out on pages 89 to 136, for the year ended 31 March 2004 have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the Accounting Officer. My responsibility is to express an opinion on these financial statements, based on the audit.

#### 2. Nature and Scope

The audit was conducted in accordance with Statements of South African Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to my attention and are applicable to financial matters.

I believe that the audit provides a reasonable basis for my opinion.

#### 3. Audit Opinion

In my opinion, the financial statements fairly present, in all material respects, the financial position of the Department of Labour at 31 March 2004 and the results of its operations and cash flows for the year then ended in accordance with prescribed accounting practice.

#### 4. Emphasis of Matter

Without qualifying the audit opinion expressed above, attention is drawn to the following matters:

##### 4.1. Transport

- (a) Utilisation of subsidised motor vehicle transport

The Department allocated subsidised motor vehicles contrary to the Department of Transport policy. This resulted in:

- the under-utilisation of subsidised motor vehicles. The under-utilisation of subsidised vehicles for 2003/04 was 80% (84% in 2002/03). Only 106 vehicles which constitutes 20% of the total subsidised vehicle fleet are utilised according to the policy
- a drastic increase in related expenditure, which includes fuel allowance, maintenance allowance and capital remuneration.

Financial year	Expenditure R	Number of cars issued/date	Increase
2001/02	563 013	-	-
2002/03	3 881 108	465 (4/11/2003)	589.34%
2003/04	14 556 743	528 (29/3/2004)	275.06%

(b) Imperial fleet services versus subsidised motor vehicle scheme

The Imperial Fleet Services (Imperial) scheme was implemented to decrease costs in respect of subsidised motor transport. However, expenditure incurred on subsidised motor transport and Imperial Fleet Services increased. From an analysis of the following tables, it is apparent that the Imperial scheme is not cost effective for the Department.

The following table reflects the increase in expenditure over a period of three years (Head Office and regional offices).

Imperial Fleet Services:

Financial year	Imperial Expenditure R	Increase
2001/02	39 306 261	-
2002/03	56 601 778	44%
2003/04	58 270 381	2.94%

Subsidised motor transport:

Financial year	Expenditure R	Increase
2001/02	563 013	-
2002/03	3 881 108	589.34%
2003/04	14 556 743	275.06%

The total expenditure on transport for the 2003/04 financial year amounted to R72 827 124 (R58 270 381 plus R14 556 743).

(c) Imperial Fleet Services

In response to my previous audit report, the Department indicated that effective control measures would be implemented during the 2003/04 financial year to rectify the shortcomings. However, an audit at provincial offices revealed the following serious shortcomings:

- Monthly expenditure fluctuations were not followed up
- Damages to fleet cars were not reported
- Penalties for late cancellations and deliveries and collections after business hours were incurred.



#### 4.2 Asset management - Information Technology (IT) equipment

The Department identified IT as a key enabler in achieving business success and improving service delivery and signed a Public Private Partnership (PPP) Agreement on 27 November 2002, to provide IT services to the Department of Labour (DoL), Unemployment Insurance Fund (UIF) and Compensation Fund (CF).

Although the beneficial use of the existing assets on the implementation date of the agreement has been transferred to the private partner, the ownership of the assets remains with the DoL, UIF and CF.

The Accounting Officer is responsible for the management of the Department, including the safeguarding and maintenance of the assets, according to section 38(1)(d) of the Public Finance Management Act, 1999 (Act No. 1 of 1999).

An audit of the IT assets revealed the following significant weaknesses in the control environment:

- A physical verification of IT assets at Head Office, provinces and labour centres revealed that assets selected from the LOGIS asset register could not be verified at the specified locations because the movement of assets was not documented in the asset register
- It could not be determined which IT assets belonged to the Department of Labour (DoL), or the Unemployment Insurance Fund (UIF).

#### 4.3 Institute for the National Development of Learnerships, Employment Skills and Labour Assessments (Indlela) - Under-utilisation of training centre

The assessment function, which was previously offered only by Indlela, has been decentralised to the provinces and private firms. The emergence of the Sector Education and Training Authorities (SETAs) made it possible for the industry to offer training and conduct assessments and this has resulted in Indlela competing with the industry for candidates. This has resulted in the number of candidates declining from 16 000 to 5 932 over a number of years which, in turn, has resulted in equipment and personnel being under-utilised.

- Assessments fees had not been adjusted since 1995 and the difference between this and the market rate was approximately 500%.
- Rental paid by the tenants and candidates are not market related.

Despite the under-utilisation, R5 400 057 has been spent on improvements to the infrastructure during the 2003-04 financial year.

### 5. Appreciation

The assistance rendered by the staff of the Department of Labour during the audit is sincerely appreciated.

**S A FAKIE**  
**Auditor-General**

**Pretoria**  
**13 July 2004**

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The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material respects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), the Treasury Regulations for departments and constitutional institutions issued in terms of the Act and the Division of Revenue Act, Act 7 of 2003.

**1. Basis of preparation**

The financial statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. The reporting entity is in transition from reporting on a cash basis of accounting to reporting on an accrual basis of accounting. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid. Under the accrual basis of accounting transactions and other events are recognised when incurred and not when cash is received or paid.

**2. Revenue**

Voted funds are the amounts appropriated to a department in accordance with the final budget known as the Adjusted Estimates of National Expenditure. Unexpended voted funds are surrendered to the National Revenue Fund.

Interest and dividends received are recognised upon receipt of the funds, and no accrual is made for interest or dividends receivable from the last receipt date to the end of the reporting period. They are recognised as revenue in the financial statements of the Department and then transferred to the National Revenue Fund.

**3. Donor aid**

Donor aid is recognised in the income statement in accordance with the cash basis of accounting.

**4. Current expenditure**

Current expenditure is recognised in the income statement when the payment is made.

**5. Unauthorised, irregular and fruitless and wasteful expenditure**

Unauthorised expenditure means:

- the overspending of a vote or a main division within a vote, or
- expenditure that was not made in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Unauthorised expenditure is treated as a current asset in the balance sheet until such expenditure is recovered from a third party or funded from future voted funds.

Irregular expenditure means expenditure, other than unauthorised expenditure, incurred in contravention of or not in accordance with a requirement of any applicable legislation, including:

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- the Public Finance Management Act
- the State Tender Board Act, or any regulations made in terms of this Act, or
- any provincial legislation providing for procurement procedures in that provincial government.

Irregular expenditure is treated as expenditure in the income statement.

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure must be recovered from a responsible official (a debtor account should be raised), or the vote if responsibility cannot be determined. It is treated as a current asset in the balance sheet until such expenditure is recovered from the responsible official or funded from future voted funds.

## **6. Debts written off**

Debts are written off when identified as irrecoverable in accordance of the Delegation of Authority as approved by the Director-General. Debts written-off are limited to the amount of surplus funds available to the Department. No provision is made for irrecoverable amounts.

## **7. Capital expenditure**

Expenditure for physical items on hand on 31 March 2004, to be consumed in the following financial year, is written off in full when they are paid and are accounted for as expenditure in the income statement.

## **8. Investments**

Non-current investments are shown at cost and adjustments are made only where in the opinion of the accounting officer, the investment is impaired. Where an investment has been impaired, it is recognised as an expense in the period in which the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

## **9. Investments in controlled entities**

Investments in controlled entities are those entities where the reporting entity has the ability to exercise any of the following powers to govern the financial and operating policies of the entity in order to obtain benefits from its activities:

- To appoint or remove all, or the majority of, the members of that entity's board of directors or equivalent governing body
- To appoint or remove the entity's chief executive officer
- To cast all, or the majority of, the votes at meetings of that board of directors or equivalent governing body; or
- To control all, or the majority of, the voting rights at a general meeting of that entity.

Investments in controlled entities are shown at cost.

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## 10. Receivables

Receivables are not normally recognised under the cash basis of accounting. However, receivables included in the balance sheet arise from cash payments that are recoverable from another party. Receivables for services delivered are not recognised in the balance sheet as a current asset or as income in the income statement, as the financial statements are prepared on a cash basis of accounting, but are disclosed separately as part of the disclosure notes to enhance the usefulness of the financial statements.

## 11. Payables

Payables are not normally recognised under the cash basis of accounting. However, payables included in the balance sheet arise from cash receipts that are due to the Provincial/National Revenue Fund or another party.

## 12. Provisions

A provision is a liability of uncertain timing or amount. Provisions are not normally recognised under the cash basis of accounting, but are disclosed separately as part of the disclosure notes to enhance the usefulness of the financial statements.

## 13. Lease commitments

Lease commitments for the period remaining from the reporting date until the end of the lease contract are disclosed as part of the disclosure notes to the financial statements. These commitments are not recognised in the balance sheet as a liability or as expenditure in the income statement as the financial statements are prepared on the cash basis of accounting.

## 14. Accruals

This amount represents goods/services that have been delivered, but no invoice has been received from the supplier at the reporting date, OR an invoice has been received but remains unpaid at the reporting date. These amounts are not recognised in the balance sheet as a liability or as expenditure in the income statement as the financial statements are prepared on a cash basis of accounting, but are however disclosed as part of the disclosure notes.

## 15. Employee benefits

### *Short-term employee benefits*

The cost of short-term employee benefits is expensed in the income statement in the reporting period when the payment is made. Short-term employee benefits, that give rise to a present legal or constructive obligation, are deferred until they can be reliably measured and then expensed. Details of these benefits and the potential liabilities are disclosed as a disclosure note to the financial statements and are not recognised in the income statement.

### *Termination benefits*

Termination benefits are recognised and expensed only when the payment is made.

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Statement of Accounting Policies and Related Matters  
for the year ended 31 March 2004

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*Retirement benefits*

The Department provides retirement benefits for its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are expensed when money is paid to the fund. No provision is made for retirement benefits in the financial statements of the Department. Any potential liabilities are disclosed in the financial statements of the National Revenue Fund and not in the financial statements of the employer Department.

*Medical benefits*

The Department provides medical benefits for its employees through defined benefit plans. These benefits are funded by employer and/or employee contributions. Employer contributions to the fund are expensed when money is paid to the fund. No provision is made for medical benefits in the financial statements of the Department.

Post retirement medical benefits for retired members are expensed when the payment is made to the fund.

**16. Capitalisation reserve**

The capitalisation reserve represents an amount equal to the value of the investments and/or loans capitalised for the first time in the previous financial year. On disposal, repayment or recovery, such amounts are transferable to the Revenue Fund.

**17. Recoverable revenue**

Recoverable revenue represents payments made and recognised in the income statement as an expense in previous years due to non-performance in accordance with an agreement, which have now become recoverable from a debtor. Repayments are transferred to the Revenue Fund as and when the repayment is received.

**18. Comparative figures**

Where necessary, comparative figures have been restated to conform to the changes in the presentation in the current year. The comparative figures shown in these financial statements are limited to the figures shown in the previous year's audited financial statements and such other comparative figures that the Department may reasonably have available for reporting.



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**Appropriation Statement  
for the year ended 31 March 2004**

Programme								
	2003/04						2002/03	
	Adjusted appropriation R'000	Virement R'000	Revised allocation R'000	Actual expenditure R'000	Savings/ Underspend (excess) R'000	Expenditure as % of revised allocation	Revised allocation R'000	Actual expenditure R'000
<b>Programme 1: Administration</b>	<b>238 556</b>	<b>18 886</b>	<b>257 442</b>	<b>246 781</b>	<b>10 661</b>	<b>95.9%</b>	<b>236 628</b>	<b>225 934</b>
Current	183 091	18 886	201 977	201 433	544	99.7%	131 039	140 154
Capital	55 465	-	55 465	45 348	10 117	81.8%	105 589	85 780
<b>Programme 2: Occupational Health and Safety of Persons</b>	<b>13 071</b>	<b>(369)</b>	<b>12 702</b>	<b>12 548</b>	<b>154</b>	<b>98.8%</b>	<b>22 244</b>	<b>21 927</b>
Current	12 798	(999)	11 799	11 645	154	98.7%	21 292	21 605
Capital	273	630	903	903	-	100%	952	322
<b>Programme 3: Social Insurance</b>	<b>19 639</b>	<b>(609)</b>	<b>19 030</b>	<b>15 010</b>	<b>4 020</b>	<b>78.9%</b>	<b>338 484</b>	<b>338 483</b>
Current	19 639	(609)	19 030	15 010	4 020	78.9%	338 484	338 483
Capital	-	-	-	-	-	-	-	-
<b>Programme 4: Employment and Skills Development Services</b>	<b>149 389</b>	<b>(9 998)</b>	<b>139 391</b>	<b>139 302</b>	<b>89</b>	<b>99.9%</b>	<b>146 164</b>	<b>143 564</b>
Current	146 317	(7 985)	138 332	138 299	33	100%	143 566	141 393
Capital	3 072	(2 013)	1 059	1 003	56	94.7%	2 598	2 171
<b>Programme 5: Labour Relations</b>	<b>190 545</b>	<b>(433)</b>	<b>190 112</b>	<b>190 090</b>	<b>22</b>	<b>100%</b>	<b>181 365</b>	<b>181 354</b>
Current	190 540	(557)	189 983	189 962	21	100%	180 976	181 032
Capital	5	124	129	128	1	99.2%	389	322
<b>Programme 6: Labour Policy</b>	<b>28 665</b>	<b>(1 480)</b>	<b>27 185</b>	<b>27 159</b>	<b>26</b>	<b>99.9%</b>	<b>25 505</b>	<b>25 449</b>
Current	28 665	(1 600)	27 065	27 039	26	99.9%	25 436	25 429
Capital	-	120	120	120	-	100%	69	20
<b>Programme 7: Service Delivery</b>	<b>383 606</b>	<b>(3 671)</b>	<b>379 935</b>	<b>356 556</b>	<b>23 379</b>	<b>93.8%</b>	<b>316 070</b>	<b>315 978</b>
Current	361 861	(3 425)	358 436	353 767	4 669	98.7%	294 409	297 284
Capital	21 745	(246)	21 499	2 789	18 710	13.0%	21 661	18 694
<b>Programme 8: Auxiliary and Associated Services</b>	<b>30 667</b>	<b>(2 453)</b>	<b>28 214</b>	<b>24 729</b>	<b>3 485</b>	<b>87.6%</b>	<b>29 713</b>	<b>29 710</b>
Current	30 617	(2 453)	28 164	24 708	3 456	87.7%	29 577	29 588
Capital	50	-	50	21	29	42.0%	136	122
<b>Special Functions</b>	<b>-</b>	<b>127</b>	<b>127</b>	<b>127</b>	<b>-</b>	<b>100%</b>	<b>-</b>	<b>627</b>
Current	-	127	127	127	-	100%	-	627
Capital	-	-	-	-	-	100%	-	-
<b>Total</b>	<b>1 054 138</b>	<b>-</b>	<b>1 054 138</b>	<b>1 012 302</b>	<b>41 836</b>	<b>96.0%</b>	<b>1 296 173</b>	<b>1 283 026</b>



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**Appropriation Statement  
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Reconciliation with Income Statement							
<b>Add:</b>	Local and foreign aid assistance (including RDP funds)	-	-			63 558	35 554
<b>Add:</b>	Other receipts	4 749	-			995	-
<b>Add:</b>	Unauthorised, fruitless and wasteful expenditure	-	-			9 049	9 049
<b>Actual amounts per Income Statement</b>		<b>1 058 887</b>	<b>1 012 302</b>			<b>1 369 775</b>	<b>1 327 629</b>

Direct charge against the National Revenue Fund	2003/04						2002/03	
	Adjusted appropriation R'000	Virement R'000	Final allocation R'000	Actual expenditure R'000	Savings/ Underspend (excess) R'000	Expenditure as % of revised allocation	Revised allocation R'000	Actual expenditure R'000
<b>Sector Education and Training Authorities (SETAs)</b>	3 021 606	-	3 021 606	3 021 606	-	100%	2 611 797	2 611 797
<b>National Skills Fund</b>	755 402	-	755 402	755 402	-	100%	647 663	647 663
<b>Total</b>	<b>3 777 008</b>	<b>-</b>	<b>3 777 008</b>	<b>3 777 008</b>	<b>-</b>	<b>100%</b>	<b>3 259 460</b>	<b>3 259 460</b>

Economic classification	2003/04						2002/03	
	Adjusted appropriation R'000	Virement R'000	Final allocation R'000	Actual expenditure R'000	Savings/ Underspend (excess) R'000	Expenditure as % of revised allocation	Revised allocation R'000	Actual expenditure R'000
<b>Current</b>	<b>973 528</b>	<b>1 385</b>	<b>974 913</b>	<b>961 990</b>	<b>12 923</b>	<b>98.7%</b>	<b>1 164 779</b>	<b>1 175 595</b>
Personnel	373 448	(31 639)	341 809	337 965	3 844	98.9%	310 862	307 702
Transfer payments	273 057	12 934	285 991	285 938	53	100%	583 894	583 652
Other	327 023	20 090	347 113	338 087	9 026	97.4%	270 023	284 241
<b>Capital</b>	<b>80 610</b>	<b>(1 385)</b>	<b>79 225</b>	<b>50 312</b>	<b>28 913</b>	<b>63.5%</b>	<b>131 394</b>	<b>107 431</b>
Transfer payments	-	-	-	-	-	-	-	-
Acquisition of capital assets	80 610	(1 385)	79 225	50 312	28 913	63.5%	131 394	107 431
<b>Total<sup>1</sup></b>	<b>1 054 138</b>	<b>-</b>	<b>1 054 138</b>	<b>1 012 302</b>	<b>41 836</b>	<b>96.0%</b>	<b>1 296 173</b>	<b>1 283 026</b>

<sup>1</sup> Total excludes the total for direct charges against the National Revenue Fund.

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**Appropriation Statement  
for the year ended 31 March 2004**

Standard item classification	2003/04						2002/03	
	Adjusted appropriation R'000	Virement R'000	Final allocation R'000	Actual expenditure R'000	Savings/ Underspend (excess) R'000	Expenditure as % of revised allocation	Revised allocation R'000	Actual expenditure R'000
Personnel	373 448	(31 639)	341 809	337 965	3 844	98.9%	310 862	307 702
Administrative	149 337	(17 500)	131 837	128 951	2 886	97.8%	114 150	119 356
Inventories	24 057	(4 447)	19 610	19 566	44	99.8%	20 431	21 149
Equipment	7 645	5 116	12 761	12 729	32	99.7%	22 292	22 582
Land and buildings	75 900	(435)	75 465	44 604	30 861	59.1%	114 877	103 035
Professional and special services	137 228	37 227	174 455	174 359	96	99.9%	118 144	113 401
Transfer payments	273 057	12 934	285 991	285 938	53	100%	583 894	583 652
Miscellaneous	13 466	(1 383)	12 083	8 063	4 020	66.7%	11 523	11 522
Special functions	-	127	127	127	-	100%	-	627
<b>Total<sup>1</sup></b>	<b>1 054 138</b>	<b>-</b>	<b>1 054 138</b>	<b>1 012 302</b>	<b>41 836</b>	<b>96.0%</b>	<b>1 296 173</b>	<b>1 283 026</b>

<sup>1</sup> Total excludes the total for direct charges against the National Revenue Fund.

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Appropriation Statement  
for the year ended 31 March 2004

Detail per Programme 1: Administration

Programme per subprogramme	2003/04						2002/03	
	Adjusted appropriation R'000	Virement R'000	Final allocation R'000	Actual expenditure R'000	Savings/ Underspend (excess) R'000	Expenditure as % of revised allocation	Revised allocation R'000	Actual expenditure R'000
<b>1.1 Minister</b>	746	(57)	689	688	1	99.9%	1 239	1 238
Current	746	(57)	689	688	1	99.9%	727	726
Capital	-	-	-	-	-	0.0%	512	512
<b>1.2 Management</b>	7 861	3 569	11 430	11 425	5	100%	9 419	9 416
Current	7 692	3 569	11 261	11 256	5	100%	9 419	8 962
Capital	169	-	169	169	-	100%	-	454
<b>1.3 Corporate Services</b>	187 852	15 374	203 226	192 574	10 652	94.8%	135 600	135 271
Current	174 653	15 374	190 027	189 489	538	99.7%	120 893	130 276
Capital	13 199	-	13 199	3 085	10 114	23.4%	14 707	4 995
<b>1.4 Capital Works</b>	42 097	-	42 097	42 094	3	100%	90 370	80 009
Current	-	-	-	-	-	0.0%	-	190
Capital	42 097	-	42 097	42 094	3	100%	90 370	79 819
<b>1.5 Special functions</b>	-	127	127	127	-	100%	-	-
Current	-	127	127	127	-	100%	-	-
Capital	-	-	-	-	-	-	-	-
<b>Total</b>	<b>238 556</b>	<b>19 013</b>	<b>257 569</b>	<b>246 908</b>	<b>10 661</b>	<b>95.9%</b>	<b>236 628</b>	<b>225 934</b>

Economic classification	2003/04						2002/03	
	Adjusted appropriation R'000	Virement R'000	Final allocation R'000	Actual expenditure R'000	Savings/ Underspend (excess) R'000	Expenditure as % of revised allocation	Revised allocation R'000	Actual expenditure R'000
<b>Current</b>	<b>183 091</b>	<b>19 013</b>	<b>202 104</b>	<b>201 560</b>	<b>544</b>	<b>99.7%</b>	<b>131 039</b>	<b>140 154</b>
Personnel	51 996	(8 950)	43 046	40 046	3 000	93.0%	37 628	37 299
Transfer payments	-	-	-	-	-	-	-	-
Other	131 095	27 963	159 058	161 514	(2 456)	101.5%	93 411	102 855
<b>Capital</b>	<b>55 465</b>	<b>-</b>	<b>55 465</b>	<b>45 348</b>	<b>10 117</b>	<b>81.8%</b>	<b>105 589</b>	<b>85 780</b>
Transfer payments	-	-	-	-	-	-	-	-
Acquisition of capital assets	55 465	-	55 465	45 348	10 117	81.8%	105 589	85 780
<b>Total</b>	<b>238 556</b>	<b>19 013</b>	<b>257 569</b>	<b>246 908</b>	<b>10 661</b>	<b>95.9%</b>	<b>236 628</b>	<b>225 934</b>

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**Appropriation Statement  
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**Detail per Programme 1: Administration**

Standard item classification	2003/04						2002/03	
	Adjusted appropriation R'000	Virement R'000	Final allocation R'000	Actual expenditure R'000	Savings/ Underspend (excess) R'000	Expenditure as % of revised allocation	Revised allocation R'000	Actual expenditure R'000
Personnel	51 996	(8 950)	43 046	40 046	3 000	93.0%	37 628	37 299
Administrative	29 603	(5 817)	23 786	23 710	76	99.7%	13 990	17 722
Inventories	2 500	378	2 878	2 876	2	99.9%	1 423	1 421
Equipment	902	2 793	3 695	3 693	2	99.9%	7 100	7 099
Land and buildings	55 465	(5 000)	50 465	42 958	7 507	85.1%	101 405	91 045
Professional and special services	97 261	36 294	133 555	133 483	72	99.9%	75 064	71 330
Transfer payments	-	-	-	-	-	-	-	-
Miscellaneous	829	(812)	17	15	2	88.2%	18	18
Special functions	-	127	127	127	-	100%	-	-
<b>Total</b>	<b>238 556</b>	<b>19 013</b>	<b>257 569</b>	<b>246 908</b>	<b>10 661</b>	<b>95.9%</b>	<b>236 628</b>	<b>225 934</b>

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Appropriation Statement  
for the year ended 31 March 2004

Detail per Programme 2: Occupational Health and Safety of Persons

Programme per subprogramme	2003/04						2002/03	
	Adjusted appropriation R'000	Virement R'000	Final allocation R'000	Actual expenditure R'000	Savings/ Underspend (excess) R'000	Expenditure as % of revised allocation	Revised allocation R'000	Actual expenditure R'000
<b>2.1 Auditing and technical support to Provinces</b>	8 705	(1 103)	7 602	7 481	121	98.4%	16 106	15 813
Current	8 705	(1 844)	6 861	6 740	121	98.2%	16 106	15 805
Capital	-	741	741	741	-	100%	-	8
<b>2.2 Administrative functions</b>	582	188	770	765	5	99.4%	875	871
Current	582	164	746	741	5	99.3%	875	745
Capital	-	24	24	24	-	100%	-	126
<b>2.3 Training of staff</b>	1 085	(430)	655	653	2	99.7%	963	962
Current	1 085	(430)	655	653	2	99.7%	963	962
Capital	-	-	-	-	-	-	-	-
<b>2.4 Administrative auxiliary services</b>	2 699	976	3 675	3 649	26	99.3%	4 300	4 281
Current	2 426	1 111	3 537	3 511	26	99.3%	3 348	4 093
Capital	273	(135)	138	138	-	100%	952	188
<b>Total</b>	<b>13 071</b>	<b>(369)</b>	<b>12 702</b>	<b>12 548</b>	<b>154</b>	<b>98.8%</b>	<b>22 244</b>	<b>21 927</b>

Economic classification	2003/04						2002/03	
	Adjusted appropriation R'000	Virement R'000	Final allocation R'000	Actual expenditure R'000	Savings/ Underspend (excess) R'000	Expenditure as % of revised allocation	Revised allocation R'000	Actual expenditure R'000
<b>Current</b>	<b>12 798</b>	<b>(999)</b>	<b>11 799</b>	<b>11 645</b>	<b>154</b>	<b>98.7%</b>	<b>21 292</b>	<b>21 605</b>
Personnel	7 000	(2 445)	4 555	4 444	111	97.6%	9 737	9 421
Transfer payments	-	-	-	-	-	-	-	-
Other	5 798	1 446	7 244	7 201	43	99.4%	11 555	12 184
<b>Capital</b>	<b>273</b>	<b>630</b>	<b>903</b>	<b>903</b>	<b>-</b>	<b>100%</b>	<b>952</b>	<b>322</b>
Transfer payments	-	-	-	-	-	-	-	-
Acquisition of capital assets	273	630	903	903	-	100%	952	322
<b>Total</b>	<b>13 071</b>	<b>(369)</b>	<b>12 702</b>	<b>12 548</b>	<b>154</b>	<b>98.8%</b>	<b>22 244</b>	<b>21 927</b>

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Appropriation Statement  
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Detail per Programme 2: Occupational Health and Safety of Persons

Standard item classification	2003/04						2002/03	
	Adjusted appropriation R'000	Virement R'000	Final allocation R'000	Actual expenditure R'000	Savings/ Underspend (excess) R'000	Expenditure as % of revised allocation	Revised allocation R'000	Actual expenditure R'000
Personnel	7 000	(2 445)	4 555	4 444	111	97.6%	9 737	9 421
Administrative	1 944	(574)	1 370	1 335	35	97.4%	3 323	3 323
Inventories	762	(334)	428	425	3	99.3%	1 319	1 319
Equipment	344	576	920	917	3	99.7%	352	352
Land and buildings	-	-	-	-	-	-	600	600
Professional and special services	3 021	2 408	5 429	5 427	2	100%	6 913	6 912
Transfer payments	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Special functions	-	-	-	-	-	-	-	-
<b>Total</b>	<b>13 071</b>	<b>(369)</b>	<b>12 702</b>	<b>12 548</b>	<b>154</b>	<b>98.8%</b>	<b>22 244</b>	<b>21 927</b>



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Detail per Programme 3: Social Insurance

Programme per subprogramme	2003/04						2002/03	
	Adjusted appropriation R'000	Virement R'000	Final allocation R'000	Actual expenditure R'000	Savings/ Underspend (excess) R'000	Expenditure as % of revised allocation	Revised allocation R'000	Actual expenditure R'000
<b>3.1 Unemployment Insurance Fund</b>	<b>7 001</b>	-	7 001	7 000	1	100%	327 000	327 000
Current	7 001	-	7 001	7 000	1	100%	327 000	327 000
Capital	-	-	-	-	-	-	-	-
<b>3.2 Compensation Fund</b>	<b>12 638</b>	(609)	12 029	8 010	4 019	66.6%	11 484	11 483
Current	12 638	(609)	12 029	8 010	4 019	66.6%	11 484	11 483
Capital	-	-	-	-	-	-	-	-
<b>Total</b>	<b>19 639</b>	<b>(609)</b>	<b>19 030</b>	<b>15 010</b>	<b>4 020</b>	<b>78.9%</b>	<b>338 484</b>	<b>338 483</b>

Economic classification	2003/04						2002/03	
	Adjusted appropriation R'000	Virement R'000	Final allocation R'000	Actual expenditure R'000	Savings/ Underspend (excess) R'000	Expenditure as % of revised allocation	Revised allocation R'000	Actual expenditure R'000
<b>Current</b>	<b>19 639</b>	<b>(609)</b>	<b>19 030</b>	<b>15 010</b>	<b>4 020</b>	<b>78.9%</b>	<b>338 484</b>	<b>338 483</b>
Personnel	2	-	2	-	2	0.0%	-	-
Transfer payments	7 000	-	7 000	7 000	-	100%	327 000	327 000
Other	12 637	(609)	12 028	8 010	4 018	66.6%	11 484	11 483
<b>Capital</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Transfer payments	-	-	-	-	-	-	-	-
Acquisition of capital assets	-	-	-	-	-	-	-	-
<b>Total</b>	<b>19 639</b>	<b>(609)</b>	<b>19 030</b>	<b>15 010</b>	<b>4 020</b>	<b>78.9%</b>	<b>338 484</b>	<b>338 483</b>

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Appropriation Statement  
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Detail per Programme 3: Social Insurance

Standard item classification	2003/04						2002/03	
	Adjusted appropriation R'000	Virement R'000	Final allocation R'000	Actual expenditure R'000	Savings/ Underspend (excess) R'000	Expenditure as % of revised allocation	Revised allocation R'000	Actual expenditure R'000
Personnel	2	-	2	-	2	-	-	-
Administrative	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-
Land and buildings	-	-	-	-	-	-	-	-
Professional and special services	-	-	-	-	-	-	-	-
Transfer payments	7 000	-	7 000	7 000	-	100%	327 000	327 000
Miscellaneous	12 637	(609)	12 028	8 010	4 018	66.6%	11 484	11 484
Special functions	-	-	-	-	-	-	-	-
<b>Total</b>	<b>19 639</b>	<b>(609)</b>	<b>19 030</b>	<b>15 010</b>	<b>4 020</b>	<b>78.9%</b>	<b>338 484</b>	<b>338 483</b>

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Detail per Programme 4: Employment and Skills Development Services

Programme per subprogramme	2003/04						2002/03	
	Adjusted appropriation R'000	Virement R'000	Final allocation R'000	Actual expenditure R'000	Savings/ Underspend (excess) R'000	Expenditure as % of revised allocation	Revised allocation R'000	Actual expenditure R'000
<b>4.1 Skills development policy advice and planning</b>								
Current	8 064	(2 982)	5 082	5 079	3	99.9%	14 246	13 059
Capital	8 064	(2 982)	5 082	5 079	3	99.9%	14 044	12 875
	-	-	-	-	-	-	202	184
<b>4.2 Skills development funding</b>								
Current	47 179	(3 773)	43 406	43 400	6	100%	39 551	39 490
Capital	47 179	(3 932)	43 247	43 241	6	100%	39 444	39 422
	-	159	159	159	-	100%	107	68
<b>4.3 Seta coordination</b>								
Current	11 700	(2 235)	9 465	9 460	5	99.9%	9 924	9 177
Capital	11 700	(2 235)	9 465	9 460	5	99.9%	9 569	8 881
	-	-	-	-	-	-	355	296
<b>4.4 Employment services</b>								
Current	8 230	2 592	5 638	5 583	55	99.0%	4 804	4 407
Capital	6 711	1 210	5 501	5 501	-	100%	4 700	4 303
	1 519	1 382	137	82	55	59.9%	104	104
<b>4.5 Sheltered employment</b>								
Current	37 463	12 096	49 559	49 550	9	100%	44 719	44 216
Capital	37 463	12 096	49 559	49 550	9	100%	44 709	44 206
	-	-	-	-	-	-	10	10
<b>4.6 INDLELA</b>								
Current	26 181	(8 028)	18 153	18 148	5	100%	25 640	25 952
Capital	24 957	(7 399)	17 558	17 554	4	100%	24 256	24 859
	1 224	(629)	595	594	1	99.8%	1 384	1 093
<b>4.7 Training of staff</b>								
Current	1 423	(807)	616	614	2	99.7%	1 320	1 320
Capital	1 423	(807)	616	614	2	99.7%	1 320	1 320
	-	-	-	-	-	-	-	-
<b>4.8 Administrative auxiliary services</b>								
Current	9 149	(1 677)	7 472	7 468	4	99.9%	5 960	5 943
Capital	8 820	(1 516)	7 304	7 300	4	99.9%	5 524	5 527
	329	(161)	168	168	-	100%	436	416
<b>Total</b>	<b>149 389</b>	<b>(9 998)</b>	<b>139 391</b>	<b>139 302</b>	<b>89</b>	<b>99.9%</b>	<b>146 164</b>	<b>143 564</b>

Economic classification	2003/04						2002/03	
	Adjusted appropriation R'000	Virement R'000	Final allocation R'000	Actual expenditure R'000	Savings/ Underspend (excess) R'000	Expenditure as % of revised allocation	Revised allocation R'000	Actual expenditure R'000
<b>Current</b>	<b>146 317</b>	<b>(7 985)</b>	<b>138 332</b>	<b>138 299</b>	<b>33</b>	<b>100%</b>	<b>143 566</b>	<b>141 393</b>
Personnel	45 350	(7 994)	37 356	37 351	5	100%	42 932	40 577
Transfer payments	72 954	12 038	84 992	84 939	53	99.9%	74 697	74 455
Other	28 013	(12 029)	15 984	16 009	(25)	100.2%	25 937	26 361
<b>Capital</b>	<b>3 072</b>	<b>2 013</b>	<b>1 059</b>	<b>1 003</b>	<b>56</b>	<b>94.7%</b>	<b>2 598</b>	<b>2 171</b>
Transfer payments	-	-	-	-	-	-	-	-
Acquisition of capital assets	3 072	(2 013)	1 059	1 003	56	94.7%	2 598	2 171
<b>Total</b>	<b>149 389</b>	<b>(9 998)</b>	<b>139 391</b>	<b>139 302</b>	<b>89</b>	<b>99.9%</b>	<b>146 164</b>	<b>143 564</b>

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**Detail per Programme 4: Employment and Skills Development Services**

Standard item classification	2003/04						2002/03	
	Adjusted appropriation R'000	Virement R'000	Final allocation R'000	Actual expenditure R'000	Savings/ Underspend (excess) R'000	Expenditure as % of revised allocation	Revised allocation R'000	Actual expenditure R'000
Personnel	45 350	(7 994)	37 356	37 351	5	100%	42 932	40 577
Administrative	8 998	(3 609)	5 389	5 383	6	99.9%	8 705	8 705
Inventories	8 379	(4 360)	4 019	4 008	11	99.7%	8 056	8 054
Equipment	3 846	(2 469)	1 377	1 369	8	99.4%	2 598	2 598
Land and buildings	435	(435)	-	-	-	-	895	895
Professional and special services	9 427	(3 207)	6 220	6 214	6	99.9%	8 281	8 280
Transfer payments	72 954	12 038	84 992	84 939	53	99.9%	74 697	74 455
Miscellaneous	-	38	38	38	-	100%	-	-
Special functions	-	-	-	-	-	-	-	-
<b>Total</b>	<b>149 389</b>	<b>(9 998)</b>	<b>139 391</b>	<b>139 302</b>	<b>89</b>	<b>99.9%</b>	<b>146 164</b>	<b>143 564</b>

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Appropriation Statement  
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Detail per Programme 5: Labour Relations

Programme per subprogramme	2003/04						2002/03	
	Adjusted appropriation R'000	Virement R'000	Final allocation R'000	Actual expenditure R'000	Savings/ Underspend (excess) R'000	Expenditure as % of revised allocation	Revised allocation R'000	Actual expenditure R'000
<b>5.1 Collective bargaining</b>	7 562	1 509	9 071	9 067	4	100%	9 385	9 384
Current	7 562	1 509	9 071	9 067	4	100%	9 292	9 272
Capital	-	-	-	-	-	-	93	112
<b>5.2 Employment standards</b>	7 540	643	8 183	8 178	5	99.9%	7 153	7 151
Current	7 536	643	8 179	8 175	4	100%	7 121	7 119
Capital	4	-	4	3	1	75.0%	32	32
<b>5.3 Prevention and settlement of disputes</b>	155 514	896	156 410	156 410	-	100%	145 740	145 740
Current	155 514	896	156 410	156 410	-	100%	145 740	145 740
Capital	-	-	-	-	-	-	-	-
<b>5.4 Employment equity</b>	8 325	(3 238)	5 087	5 082	5	99.9%	6 528	6 526
Current	8 325	(3 311)	5 014	5 009	5	99.9%	6 446	6 464
Capital	-	73	73	73	-	100%	82	62
<b>5.5 Strengthening of civil society</b>	7 932	-	7 932	7 932	-	100%	8 130	8 130
Current	7 932	-	7 932	7 932	-	100%	8 130	8 130
Capital	-	-	-	-	-	-	-	-
<b>5.6 Training of staff</b>	489	(193)	296	293	3	99.0%	414	413
Current	489	(193)	296	293	3	99.0%	414	413
Capital	-	-	-	-	-	-	-	-
<b>5.7 Administrative auxiliary services</b>	3 183	(50)	3 133	3 128	5	99.8%	4 015	4 010
Current	3 182	(101)	3 081	3 076	5	99.8%	3 833	3 894
Capital	1	51	52	52	-	100%	182	116
<b>Total</b>	<b>190 545</b>	<b>(433)</b>	<b>190 112</b>	<b>190 090</b>	<b>22</b>	<b>100%</b>	<b>181 365</b>	<b>181 354</b>

Economic classification	2003/04						2002/03	
	Adjusted appropriation R'000	Virement R'000	Final allocation R'000	Actual expenditure R'000	Savings/ Underspend (excess) R'000	Expenditure as % of revised allocation	Revised allocation R'000	Actual expenditure R'000
<b>Current</b>	<b>190 540</b>	<b>(557)</b>	<b>189 983</b>	<b>189 962</b>	<b>21</b>	<b>100%</b>	<b>180 976</b>	<b>181 032</b>
Personnel	15 100	(2 682)	12 418	12 414	4	100%	11 153	11 144
Transfer payments	163 446	896	164 342	164 342	-	100%	153 870	153 870
Other	11 994	1 229	13 223	13 206	17	99.2%	15 953	16 018
<b>Capital</b>	<b>5</b>	<b>124</b>	<b>129</b>	<b>128</b>	<b>1</b>	<b>99.2%</b>	<b>389</b>	<b>322</b>
Transfer payments	-	-	-	-	-	-	-	-
Acquisition of capital assets	5	124	129	128	1	99.2%	389	322
<b>Total</b>	<b>190 545</b>	<b>(433)</b>	<b>190 112</b>	<b>190 090</b>	<b>22</b>	<b>100%</b>	<b>181 365</b>	<b>181 354</b>

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**Detail per Programme 5: Labour Relations**

Standard item classification	2003/04						2002/03	
	Adjusted appropriation R'000	Virement R'000	Final allocation R'000	Actual expenditure R'000	Savings/ Underspend (excess) R'000	Expenditure as % of revised allocation	Revised allocation R'000	Actual expenditure R'000
Personnel	15 100	(2 682)	12 418	12 414	4	100%	11 153	11 144
Administrative	2 144	1 777	3 921	3 917	4	99.9%	1 346	1 996
Inventories	3 253	180	3 433	3 429	4	99.9%	3 338	3 337
Equipment	25	185	210	205	5	97.6%	389	389
Land and buildings	-	-	-	-	-	-	-	-
Professional and special services	6 577	(789)	5 788	5 783	5	99.9%	11 269	10 618
Transfer payments	163 446	896	164 342	164 342	-	100%	153 870	153 870
Miscellaneous	-	-	-	-	-	-	-	-
Special functions	-	-	-	-	-	-	-	-
<b>Total</b>	<b>190 545</b>	<b>(433)</b>	<b>190 112</b>	<b>190 090</b>	<b>22</b>	<b>100%</b>	<b>181 365</b>	<b>181 354</b>



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**Detail per Programme 6: Labour Policy**

Programme per subprogramme	2003/04						2002/03	
	Adjusted appropriation R'000	Virement R'000	Final allocation R'000	Actual expenditure R'000	Savings/ Underspend (excess) R'000	Expenditure as % of revised allocation	Revised allocation R'000	Actual expenditure R'000
<b>6.1 Research, policy and planning</b>	2 277	156	2 433	2 429	4	99.8%	1 597	1 574
Current	2 277	156	2 433	2 429	4	99.8%	1 588	1 569
Capital	-	-	-	-	-	-	9	5
<b>6.2 Library services</b>	580	170	750	744	6	99.2%	479	459
Current	580	50	630	625	6	99.0%	470	459
Capital	-	120	120	120	-	100%	9	-
<b>6.3 Labour market statistics</b>	2 280	(1 173)	1 107	1 098	9	99.2%	1 672	1 668
Current	2 280	(1 173)	1 107	1 098	9	99.2%	1 665	1 661
Capital	-	-	-	-	-	-	7	7
<b>6.4 Publications</b>	96	(83)	13	12	1	92.3%	41	41
Current	96	(83)	13	12	1	92.3%	41	41
Capital	-	-	-	-	-	-	-	-
<b>6.5 Promotion of productivity</b>	21 834	-	21 834	21 834	-	100%	20 961	20 961
Current	21 834	-	21 834	21 834	-	100%	20 961	20 961
Capital	-	-	-	-	-	0.0%	-	-
<b>6.6 Training of staff</b>	80	-	80	78	2	97.5%	60	60
Current	80	-	80	78	2	97.5%	60	60
Capital	-	-	-	-	-	-	-	-
<b>6.7 Administrative auxiliary services</b>	1 518	(550)	968	964	4	99.6%	695	686
Current	1 518	(550)	968	964	4	99.6%	651	678
Capital	-	-	-	-	-	-	44	8
<b>Total</b>	<b>28 665</b>	<b>(1 480)</b>	<b>27 185</b>	<b>27 159</b>	<b>26</b>	<b>99.9%</b>	<b>25 505</b>	<b>25 449</b>

Economic classification	2003/04						2002/03	
	Adjusted appropriation R'000	Virement R'000	Final allocation R'000	Actual expenditure R'000	Savings/ Underspend (excess) R'000	Expenditure as % of revised allocation	Revised allocation R'000	Actual expenditure R'000
<b>Current</b>	<b>28 665</b>	<b>(1 600)</b>	<b>27 065</b>	<b>27 039</b>	<b>26</b>	<b>99.9%</b>	<b>25 436</b>	<b>25 429</b>
Personnel	480	(1 864)	2 936	2 929	7	99.8%	2 921	2 865
Transfer payments	21 834	-	21 834	21 834	-	100.0%	20 961	20 961
Other	2 031	264	2 295	2 276	19	99.2%	1 554	1 603
<b>Capital</b>	<b>-</b>	<b>120</b>	<b>120</b>	<b>120</b>	<b>-</b>	<b>100%</b>	<b>69</b>	<b>20</b>
Transfer payments	-	-	-	-	-	-	-	-
Acquisition of capital assets	-	120	120	120	-	100%	69	20
<b>Total</b>	<b>28 665</b>	<b>(1 480)</b>	<b>27 185</b>	<b>27 159</b>	<b>26</b>	<b>99.9%</b>	<b>25 505</b>	<b>25 449</b>

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Detail per Programme 6: Labour Policy

Standard item classification	2003/04						2002/03	
	Adjusted appropriation R'000	639Virement 258R'000	Final allocation R'000	Actual expenditure R'000	Savings/ Underspend (excess) R'000	Expenditure as % of revised allocation	Revised allocation R'000	Actual expenditure R'000
Personnel	4 800	(1 864)	2 936	2 929	7	99.8%	2 921	2 865
Administrative	549	90	639	636	3	99.5%	786	786
Inventories	320	(62)	258	254	4	98.4%	227	228
Equipment	13	149	162	155	7	95.7%	44	44
Land and buildings	-	-	-	-	-	-	-	-
Professional and special services	1 149	207	1 356	1 351	5	99.6%	566	565
Transfer payments	21 834	-	21 834	21 834	-	100%	20 961	20 961
Miscellaneous	-	-	-	-	-	-	-	-
Special functions	-	-	-	-	-	-	-	-
<b>Total</b>	<b>28 665</b>	<b>(1 480)</b>	<b>27 185</b>	<b>27 159</b>	<b>26</b>	<b>99.9%</b>	<b>25 505</b>	<b>25 449</b>

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**Appropriation Statement  
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**Detail per Programme 7: Service Delivery**

Programme per subprogramme	2003/04						2002/03	
	Adjusted appropriation R'000	Virement R'000	Final allocation R'000	Actual expenditure R'000	Savings/ Underspend (excess) R'000	Expenditure as % of revised allocation	Revised allocation R'000	Actual expenditure R'000
<b>7.1 Management support services</b>	138 051	(5 466)	132 585	109 225	23 360	82.4%	104 012	103 643
Current	117 442	(5 466)	111 976	108 096	3 880	96.5%	87 154	88 048
Capital	20 609	-	20 609	1 129	19 480	5.5%	16 858	15 595
<b>7.2 Beneficiary services</b>	1	-	1	-	1	0%	-	-
Current	1	-	1	(782)	783	100%	-	(463)
Capital	-	-	-	782	(782)	-100%	-	463
<b>7.3 Employment services</b>	77 904	(1 301)	76 603	76 598	5	100%	67 792	65 700
Current	77 444	(1 112)	76 332	76 332	-	100%	66 480	65 265
Capital	460	(189)	271	266	5	98.2%	1 312	435
<b>7.4 Inspection and enforcement services</b>	153 701	3 427	157 128	157 121	7	100%	132 141	134 479
Current	153 122	3 584	156 706	156 706	-	100%	129 339	132 694
Capital	579	(157)	422	415	7	100%	2 802	1 785
<b>7.5 Labour market information and statistics</b>	13 949	(331)	13 618	13 612	6	100%	12 125	12 156
Current	13 852	(431)	13 421	13 415	6	100%	11 436	11 740
Capital	97	100	197	197	-	100%	689	416
<b>Total</b>	<b>383 606</b>	<b>(3 671)</b>	<b>379 935</b>	<b>356 556</b>	<b>23 379</b>	<b>93.8%</b>	<b>316 070</b>	<b>315 978</b>

Economic classification	2003/04						2002/03	
	Adjusted appropriation R'000	Virement R'000	Final allocation R'000	Actual expenditure R'000	Savings/ Underspend (excess) R'000	Expenditure as % of revised allocation	Revised allocation R'000	Actual expenditure R'000
<b>Current</b>	<b>361 861</b>	<b>(3 425)</b>	<b>358 436</b>	<b>353 767</b>	<b>4 669</b>	<b>98.7%</b>	<b>294 409</b>	<b>297 284</b>
Personnel	245 200	(7 704)	237 496	237 490	6	100%	203 403	203 310
Transfer payments	-	-	-	-	-	-	-	-
Other	166 661	4 279	120 940	116 277	4 663	96.1%	91 006	93 974
<b>Capital</b>	<b>21 745</b>	<b>(246)</b>	<b>21 499</b>	<b>2 789</b>	<b>18 710</b>	<b>13.0%</b>	<b>21 661</b>	<b>18 694</b>
Transfer payments	-	-	-	-	-	-	-	-
Acquisition of capital assets	21 745	(246)	21 499	2 789	18 710	13.0%	21 661	18 694
<b>Total</b>	<b>383 606</b>	<b>(3 671)</b>	<b>379 935</b>	<b>356 556</b>	<b>23 379</b>	<b>93.8%</b>	<b>316 070</b>	<b>315 978</b>

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**Detail per Programme 7: Service Delivery**

Standard item classification	2003/04						2002/03	
	Adjusted appropriation R'000	Virement R'000	Final allocation R'000	Actual expenditure R'000	Savings/ Underspend (excess) R'000	Expenditure as % of revised allocation	Revised allocation R'000	Actual expenditure R'000
Personnel	245 200	(7 704)	237 496	237 490	6	100%	203 403	203 310
Administrative	88 109	(5 066)	83 043	83 038	5	100%	67 421	68 246
Inventories	8 776	(249)	8 527	8 522	5	99.9%	5 987	6 709
Equipment	2 315	4 032	6 347	6 343	4	99.9%	11 661	11 952
Land and buildings	20 000	5 000	25 000	1 646	23 354	6.6%	11 977	10 495
Professional and special services	19 206	316	19 522	19 517	5	100%	15 601	15 246
Transfer payments	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	20	20
Special functions	-	-	-	-	-	-	-	-
<b>Total</b>	<b>383 606</b>	<b>(3 671)</b>	<b>379 935</b>	<b>356 556</b>	<b>23 379</b>	<b>93.8%</b>	<b>316 070</b>	<b>315 978</b>

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Detail per Programme 8: Auxiliary and Associated Services

Programme per subprogramme	2003/04						2002/03	
	Adjusted appropriation R'000	Virement R'000	Final allocation R'000	Actual expenditure R'000	Savings/ Underspend (excess) R'000	Expenditure as % of revised allocation	Revised allocation R'000	Actual expenditure R'000
<b>8.1 National Economic Development and Labour Council (NEDLAC)</b>	7 823	-	7 823	7 823	-	100%	7 366	7 366
Current	7 823	-	7 823	7 823	-	100%	7 366	7 366
Capital	-	-	-	-	-	-	-	-
<b>8.2 International labour matters</b>	22 844	(2 453)	20 391	16 906	3 485	82.9%	22 347	22 344
Current	22 794	(2 453)	20 341	16 885	3 456	83.0%	22 211	22 222
Capital	50	-	50	21	29	42.0%	136	122
<b>8.3 Special function: authorised losses</b>	-	-	-	-	-	-	-	627
Current	-	-	-	-	-	-	-	627
Capital	-	-	-	-	-	-	-	-
<b>Total</b>	<b>30 667</b>	<b>(2 453)</b>	<b>28 214</b>	<b>24 729</b>	<b>3 485</b>	<b>87.6%</b>	<b>29 713</b>	<b>30 337</b>

Economic classification	2003/04						2002/03	
	Adjusted appropriation R'000	Virement R'000	Final allocation R'000	Actual expenditure R'000	Savings/ Underspend (excess) R'000	Expenditure as % of revised allocation	Revised allocation R'000	Actual expenditure R'000
<b>Current</b>	<b>30 617</b>	<b>(2 453)</b>	<b>28 164</b>	<b>24 708</b>	<b>3 456</b>	<b>87.7%</b>	<b>29 577</b>	<b>30 215</b>
Personnel	4 000	-	4 000	3 291	709	82.3%	3 088	3 086
Transfer payments	7 823	-	7 823	7 823	-	100%	7 366	7 366
Other	18 794	(2 453)	16 341	13 594	2 747	83.2%	19 123	19 763
<b>Capital</b>	<b>50</b>	<b>-</b>	<b>50</b>	<b>21</b>	<b>29</b>	<b>42.0</b>	<b>136</b>	<b>122</b>
Transfer payments	-	-	-	-	-	-	-	-
Acquisition of capital assets	50	-	50	21	29	42.0%	136	122
<b>Total</b>	<b>30 667</b>	<b>(2 453)</b>	<b>28 214</b>	<b>24 729</b>	<b>3 485</b>	<b>87.6%</b>	<b>29 713</b>	<b>30 337</b>

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**Detail per Programme 8: Auxiliary and Associated Services**

Standard item classification	2003/04						2002/03	
	Adjusted appropriation R'000	Virement R'000	Final allocation R'000	Actual expenditure R'000	Savings/ Underspend (excess) R'000	Expenditure as % of revised allocation	Revised allocation R'000	Actual expenditure R'000
Personnel	4 000	-	4 000	3 291	709	82.3%	3 088	3 086
Administrative	17 990	(4 301)	13 689	10 932	2 757	79.9%	18 579	18 578
Inventories	67	-	67	52	15	77.6%	81	81
Equipment	200	(150)	50	47	3	94.0%	148	148
Land and buildings	-	-	-	-	-	-	-	-
Professional and special services	587	1 998	2 585	2 584	1	100%	450	450
Transfer payments	7 823	-	7 823	7 823	-	100%	7 366	7 366
Miscellaneous	-	-	-	-	-	-	1	1
Special functions	-	-	-	-	-	-	-	627
<b>Total</b>	<b>30 667</b>	<b>(2 453)</b>	<b>28 214</b>	<b>24 729</b>	<b>3 485</b>	<b>87.6%</b>	<b>29 713</b>	<b>30 337</b>



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Notes to the Appropriation Statement  
for the year ended 31 March 2004

**1. Detail of current and capital transfers as per Appropriation Act (after Virement):**

Detail of these transactions can be viewed in note 10 (Transfer payments) and Annexure 1 to the annual financial statements.

**2. Detail of special functions (theft and losses)**

Detail of these transactions per programme can be viewed in note 12 (Details of special functions (theft and losses)) to the annual financial statements.

**3. Explanations of material variances from Amounts Voted (after Virement):**

**3.1 Per programme:**

**Programme 1: Administration**

An underspending of R10, 661 million or 4,1% is reflected in respect of this programme. This can be attributed to Capital Works projects, which could not be finalised during the current financial year as well as vacancies, not filled.

**Programme 3: Social Insurance**

An underspending of R4, 020 million or 21,1% is reflected in respect of this programme. The underspending is mainly due to a lesser amount claimed by the Compensation Fund in respect of administrative expenditure for injuries sustained on duty by Civil Servants.

**Programme 7: Service Delivery**

An underspending of R23, 379 million or 6,2% is reflected in respect of this programme. The underspending is mainly due to Capital Works projects, which could not be finalised during the current financial year.

**Programme 8: Auxiliary and Associated Services**

A saving of R3, 485 million or 12,4% is reflected in respect of this programme. This underspending is mainly due to a better than anticipated exchange rate which impacts on the payment of affiliation fees to the International Labour Organisation (ILO).

**3.2 Per standard item:**

Administrative Expenditure: R2, 886 million or 2,2%

The saving reflected under this Standard Item can be attributed to a better than anticipated exchange rate which impacts on the payment of affiliation fees to the International Labour Organisation (ILO).

Land and Buildings: R30, 861 million or 40,9%

The underspending on this Standard Item can be attributed to Capital Works projects, which could not be finalised during the current financial year.

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**Notes to the Appropriation Statement  
for the year ended 31 March 2004**

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Miscellaneous Expenditure: R4, 020 million or 33,3%

The underspending on this Standard Item can be attributed to a lesser amount claimed by the Compensation Fund in respect of administrative expenditure for injuries sustained on duty by Civil Servants.

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**Income Statement (Statement of Financial Performance)  
for the year ended 31 March 2004**

	Note	2003/04 R'000	2002/03 R'000
<b>Revenue</b>			
Voted funds		<b>4 831 146</b>	4 564 682
Annual appropriation	1	<b>1 054 138</b>	1 296 173
Statutory appropriation	2	<b>3 777 008</b>	3 259 460
Statutory		<b>3 600 000</b>	2 950 000
Approved increase		<b>177 008</b>	309 460
Appropriation for unauthorised expenditure	13	-	9 049
Revenue/Local and foreign aid assistance		<b>4 749</b>	64 553
Other revenue to be surrendered to the revenue fund	3	<b>4 749</b>	995
Local and foreign aid assistance (incl. RDP funds)	4	-	63 558
<b>Total Revenue</b>		<b>4 835 895</b>	4 629 235
<b>Expenditure</b>			
<b>Current</b>			
Personnel	5	<b>337 965</b>	307 702
Administrative		<b>128 951</b>	119 356
Inventories	6	<b>19 566</b>	21 149
Machinery and equipment	7	<b>5 377</b>	4 970
Land and buildings	8	<b>1 645</b>	13 216
Professional and special services	9	<b>174 359</b>	113 401
Transfer payments	10	<b>285 938</b>	583 652
Miscellaneous	11	<b>8 063</b>	11 522
Special functions: authorised losses	12	<b>127</b>	627
Local and foreign aid assistance (incl. RDP funds)		-	35 554
Transfer of statutory levies	2	<b>3 777 008</b>	3 259 460
Unauthorised expenditure approved	13	-	9 049
<b>Total Current Expenditure</b>		<b>4 738 999</b>	4 479 658

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**Income Statement (Statement of Financial Performance)  
for the year ended 31 March 2004**

	Note	2003/04 R'000	2002/03 R'000
<b>Capital</b>			
Machinery and Equipment	7	7 352	17 612
Land and buildings	8	42 959	89 819
<b>Total Capital Expenditure</b>		<b>50 311</b>	107 431
<b>Total Expenditure</b>		<b>4 789 310</b>	4 587 089
<b>Net surplus for the year</b>		<b>46 585</b>	42 146
<b>Reconciliation of Net Surplus for the year</b>			
Voted Funds to be surrendered to the Revenue Fund	17	41 836	13 147
Other Revenue to be surrendered to the Revenue Fund	18	285	995
Local and foreign aid assistance (incl. RDP and Donor Funds)	4	11 423	28 004
<b>Net surplus for the year</b>		<b>53 544</b>	42 146

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**Balance Sheet (Statement of Financial Position)  
for the year ended 31 March 2004**

	Note	2003/04 R'000	2002/03 R'000
<b>Assets</b>			
<b>Current assets</b>		<b>131 850</b>	182 537
Unauthorised and fruitless and wasteful expenditure	13	1 260	1 923
Cash and cash equivalents	14	74 975	94 755
Receivables	15	20 887	22 613
Amounts owing by controlled entities	16	34 728	33 817
Local and foreign aid assistance (including RDP funds) receivable from donors		-	29 429
<b>Total assets</b>		<b>131 850</b>	182 537
<b>Liabilities</b>			
<b>Current liabilities</b>		<b>115 751</b>	151 221
Voted funds to be surrendered to the Revenue Fund	17	41 836	13 147
Other revenue funds to be surrendered to the Revenue Fund	18	285	995
Payables	19	64 590	128 126
Amounts owing to controlled entities	20	9 040	8 326
Local and foreign aid assistance (including RDP funds) repayable to donors	4	-	627
<b>Total liabilities</b>		<b>115 751</b>	151 221
<b>Net assets/liabilities</b>		<b>16 099</b>	31 316
<b>Represented by</b>		<b>16 099</b>	31 316
Recoverable revenue		4 676	3 939
Local and foreign aid assistance (including RDP funds)	4	11 423	27 377
<b>Total</b>		<b>16 099</b>	31 316

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**Statement of Changes in Net Assets  
for the year ended 31 March 2004**

	Note	2003/04 R'000	2002/03 R'000
<b>Recoverable revenue</b>			
Opening balance		3 939	(1 285)
Debts raised		737	5 224
Closing balance		<u>4 676</u>	<u>3 939</u>
<b>Local and foreign aid assistance (including RDP funds) rolled over</b>			
Opening balance	4	27 377	3 558
Transfers from RDP Fund	4	-	60 000
Transfers	4	-	( 627)
Transfer to/from other reserves	4	(15 954)	(35 554)
Closing balance		<u>11 423</u>	<u>27 377</u>
<b>Total</b>		<u>16 099</u>	<u>31 316</u>



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**Cash Flow Statement  
for the year ended 31 March 2004**

	Note	2003/04 R'000	2002/03 R'000
<b>Cash flows from operating activities</b>			
Net cash flow generated by operating activities	21	96 896	149 577
Cash (utilised) / generated to (increase)/decrease working capital	22	(31 179)	56 062
Voted funds and Revenue funds surrendered	23	(18 605)	(64 914)
Unauthorised expenditure approved	13	-	9 049
Local and foreign aid assistance (including RDP funds)	4	(16 581)	(3 558)
<b>Net cash flow available from operating activities</b>		<b>30 531</b>	146 216
<b>Cash flows from investing activities</b>			
Capital expenditure	7,8	(50 311)	(107 431)
<b>Net cash flows from operating and investing activities</b>		<b>(19 780)</b>	38 785
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(19 780)</b>	38 785
<b>Cash and cash equivalents at beginning of period</b>	14	<b>94 755</b>	55 970
<b>Cash and cash equivalents at end of period</b>	14	<b>74 975</b>	94 755

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**Notes to the Annual Financial Statements  
for the year ended 31 March 2004**

**1 Annual appropriation**

<b>Programmes</b>	<b>Total appropriation 2003/04 R'000</b>	<b>Actual funds received R'000</b>	<b>Variance over/(under) R'000</b>	<b>Total appropriation 2002/03 R'000</b>
Administration	257 442	257 442	-	236 628
Occupational Health and Safety of Persons	12 702	12 702	-	22 244
Social Insurance	19 030	19 030	-	338 484
Employment and Skills Development Services	139 391	139 391	-	146 164
Labour Relations	190 112	190 112	-	181 365
Labour Policy	27 185	27 185	-	25 505
Service Delivery	379 935	379 935	-	316 070
Auxiliary and Associated Services	28 214	28 214	-	29 713
Special Function: Theft and Losses	127	127	-	-
<b>Total</b>	<b>1 054 138</b>	<b>1 054 138</b>	<b>-</b>	<b>1 296 173</b>

See Appropriation statement for explanation of material variances. An amount of R36,964 million will be rolled over.

**2 Statutory appropriation**

	<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
Sector Education and Training Authorities	3 021 606	2 611 797
National Skills Fund	755 402	647 663
<b>Total</b>	<b>3 777 008</b>	<b>3 259 460</b>

**3 Other revenue to be surrendered to the Revenue Fund**

<b>Description</b>	<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
Cheques written back/stale cheques	20	-
Proceeds from sale of equipment	-	1
Dividends received	63	-
Capital redemption on government loans	221	-
Interest received on government loans	9	-
Interest received (other)	901	42
Other	692	952
Trade test money (Indlela)	1 053	-
Sales of goods and services	1 214	-
Fines, penalties and forfeits	96	-
Accounts receivable	402	-
Accounts payable	78	-
<b>Total other revenue collected</b>	<b>4 749</b>	<b>995</b>

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Notes to the Annual Financial Statements  
for the year ended 31 March 2004

4 Local and foreign aid assistance (including RDP funds)

4.1 Assistance received in cash

Name of donor and purpose	Opening balance	Revenue	Expenditure		Closing balance
	R'000	R'000	Current R'000	Capital R'000	R'000
<b>Foreign</b>					
Netherlands	992	-	78	-	914
Denmark	627	-	627	-	-
European Union	26 385	-	15 876	-	10 509
	<u>28 004</u>	<u>-</u>	<u>16 581</u>	<u>-</u>	<u>11 423</u>
Balance remaining	11 423				

5 Personnel

	2003/04 R'000	2002/03 R'000
<b>5.1 Current expenditure</b>		
Basic salary costs	434 925	394 923
Pension contributions	64 957	59 175
Medical aid contributions	39 546	36 951
Recovered from UIF and CF	(316 920)	(283 339)
Other salary related costs	115 457	99 992
<b>Total personnel costs</b>	<u>337 965</u>	<u>307 702</u>
Average number of employees	*2 935	*3 032
* Note: Excludes UIF and CF		

6 Inventories

6.1 Current expenditure

Inventories purchased during the year

	2003/04 R'000	2002/03 R'000
European Union Vat inventories	52	140
Recovered expenditure UIF and CF	(1 514)	(1 455)
Store items	21 028	22 464
<b>Total cost of inventories</b>	<u>19 566</u>	<u>21 149</u>

7 Machinery and equipment

	2003/04 R'000	2002/03 R'000
Current (rentals, maintenance and sundry)	5 377	4 970
Capital	7.1 7 352	17 612
<b>Total capital and current expenditure</b>	<u>12 729</u>	<u>22 582</u>

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**Notes to the Annual Financial Statements  
for the year ended 31 March 2004**

<b>7.1 Capital machinery and equipment analysed as follows:</b>	<b>2003/04</b>	<b>2002/03</b>
	<b>R'000</b>	<b>R'000</b>
Computer equipment	845	10 482
Furniture and office equipment	4 197	5 378
Other machinery and equipment	2 310	1 752
	<u>7 352</u>	<u>17 612</u>
<b>8 Land and buildings</b>		
<b>Current expenditure</b>		
Leasehold improvements	1 645	13 185
Recovered expenditure UIF and CF	(42)	(9)
Rental	42	40
Total current expenditure	1 645	13 216
Capital expenditure	8.1 42 959	89 819
Total current and capital expenditure	<u>44 604</u>	<u>103 035</u>
<b>8.1 Capital land and building expenditure analysed as follows:</b>		
Capital works	<u>42 959</u>	<u>89 819</u>
	<u>42 959</u>	<u>89 819</u>
<b>9 Professional and special services</b>	<b>2003/04</b>	<b>2002/03</b>
	<b>R'000</b>	<b>R'000</b>
<b>9.1 Current expenditure</b>		
Auditors' remuneration	11 078	8 595
Regularity	9 245	*
Performance	1 004	*
Other audits	829	*
PPP Agreement	78 724	13 611
Consultants and advisory services	56 064	52 374
Commissions and committees	891	463
Computer services	25 246	18 406
Other	2 356	19 952
<b>Total professional and special services</b>	<u>174 359</u>	<u>113 401</u>
*Note: Previous year amounts not available		
<b>10 Transfer payments</b>		
Transfers to public entities and institutions	Annexure 1A 163 410	472 740
Other transfers	Annexure 1B 122 528	110 912
<b>Total transfer payments</b>	<u>285 938</u>	<u>583 652</u>
<b>11 Miscellaneous</b>		
Current expenditure		
Remissions, refunds and payments made as an act of grace	11.1 39	-
Gifts, donations and sponsorships made	11.2 5	1
Compensation: Work related injuries of officials	8 010	11 483
Other	9	38
<b>Total miscellaneous expenditure</b>	<u>8 063</u>	<u>11 522</u>

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**Notes to the Annual Financial Statements  
for the year ended 31 March 2004**

11.1 Remissions, refunds and payments made as an act of grace	2003/04 R'000	2002/03 R'000
Refund of stolen goods	38	-
Claims against the State	1	-
	<u>39</u>	<u>-</u>
<b>11.2 Gifts, donations and sponsorships paid in cash by the Department (items expensed during the current year)</b>		
<b>Nature of gifts, donations and sponsorships</b>		
Current		
Gift	-	1
Sponsor High School Choir	5	-
	<u>5</u>	<u>1</u>
<b>12. Special functions: Authorised losses</b>		
Other material losses written off in the income statement	12.1 120	623
Debts written off	12.2 7	4
	<u>127</u>	<u>627</u>
<b>12.1 Other material losses written off in income statement</b>		
<b>Nature of losses</b>		
Cheques	119	371
Outstanding money for franking machine	1	-
Stolen petty cash	-	8
Interest on Diners Club	-	142
Damages/Losses to GG-Vehicles	-	102
	<u>120</u>	<u>623</u>
<b>12.2 Debts written off</b>		
<b>Nature of debts written off</b>		
Overall and tools	7	4
	<u>7</u>	<u>4</u>
<b>12.3 Details of special functions (theft and losses)</b>		
<b>Per programme</b>		
Programme 1: Standard item: Administrative	<u>127</u>	<u>627</u>
<b>13. Reconciliation of unauthorised expenditure balance</b>		
Opening balance	1 923	10 972
Approved by Parliament	-	(9 049)
Approved and paid in previous year	(663)	-
Closing balance	<u>1 260</u>	<u>1 923</u>
<b>14 Cash and cash equivalents</b>		
Paymaster-General Account	74 693	94 755
Cash on hand	282	-
	<u>74 975</u>	<u>94 755</u>

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**Notes to the Annual Financial Statements  
for the year ended 31 March 2004**

		2003/04 R'000	2002/03 R'000
<b>15</b>	<b>Receivables - current</b>		
	Amounts owing by other departments	Annexure 5 2 158	8 174
	Staff debtors	13 077	11 556
	Other debtors	15.2 593	737
	Advances	15.3 5 059	2 146
		<u>20 887</u>	<u>22 613</u>
<b>15.1</b>	<b>Age analysis – receivables current</b>		
	Less than one year	7 403	9 500
	One to two years	12 569	6 500
	More than two years	915	6 613
		<u>20 887</u>	<u>22 613</u>
<b>15.2</b>	<b>Other debtors</b>		
	Deposit control	-	17
	Disallowance miscellaneous	1	-
	Disallowance damage GG-vehicles	403	287
	Dishonoured cheques	17	192
	Arrear wages debt	172	241
		<u>593</u>	<u>737</u>
<b>15.3</b>	<b>Advances</b>		
	<b>Nature of advances</b>		
	Travel and subsistence	549	664
	Other	4 007	841
	Postal fees	503	381
	Petty cash	-	260
		<u>5 059</u>	<u>2 146</u>
<b>16</b>	<b>Amounts owing by controlled entities</b>	Annexure 2A	
	Unemployment Insurance Fund	24 641	22 665
	Compensation Fund	10 087	11 152
		<u>34 728</u>	<u>33 817</u>
<b>17</b>	<b>Voted funds to be surrendered to the Revenue Fund</b>		
	Opening balance	13 147	66 199
	Transfer from income statement	41 836	13 147
	Paid during the year	(13 147)	(66 199)
	Closing balance	<u>41 836</u>	<u>13 147</u>
<b>18</b>	<b>Other revenue funds to be surrendered to the Revenue Fund</b>		
	Opening balance	995	(1 285)
	Transfer from income statement for revenue to be surrendered	4 749	4 587
	Paid during the year	(5 459)	(2 307)
	Closing balance	<u>285</u>	<u>995</u>

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**Notes to the Annual Financial Statements  
for the year ended 31 March 2004**

		2003/04 R'000	2002/03 R'000
<b>19</b>	<b>Payables - current</b>		
	<b>Description</b>		
	Amounts owing to other departments	Annexure 6 38 330	-
	Advances received	19.1 3 585	3 673
	Other payables	19.2 22 675	124 453
		<u>64 590</u>	<u>128 126</u>
<b>19.1</b>	<b>Advances received</b>		
	Compensation Fund	3 585	3 673
		<u>3 585</u>	<u>3 673</u>
<b>19.2</b>	<b>Other payables</b>		
	Insurance: Subsidised transport	-	940
	Outstanding payments	17 774	43 406
	Salaries	1 526	2 037
	Payments in suspense	-	75 143
	Receivable interest	3 204	2 664
	Arrear wages management control	171	242
	Arrear wages control	-	21
		<u>22 675</u>	<u>124 453</u>
<b>20</b>	<b>Amounts owing to controlled entities</b>	Annexure 2A	
	Unemployment Insurance Fund	6 286	5 698
	Compensation Fund	2 754	2 628
		<u>9 040</u>	<u>8 326</u>
<b>21</b>	<b>Net cash flow generated by operating activities</b>		
	Net surplus as per Income Statement	46 585	42 146
	Adjusted for items separately disclosed	50 311	107 431
	Capital expenditure	<u>50 311</u>	<u>107 431</u>
	Net cash flow generated by operating activities	<u>96 896</u>	<u>149 577</u>



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Notes to the Annual Financial Statements  
for the year ended 31 March 2004

	2003/04	2002/03
	R'000	R'000
<b>22 Cash generated / (utilised) to (increase)/decrease working capital</b>		
(Increase) / decrease in receivables – current	5 302	4 807
(Increase) / decrease in prepayments and advances	(3 825)	7 717
(Increase) / decrease in amounts owing by entities	29 429	(5 365)
Increase / (decrease) in payables - current	<u>(62 085)</u>	<u>48 903</u>
	<u>(31 179)</u>	<u>56 062</u>
<b>23 Voted funds and revenue funds surrendered</b>		
Voted funds surrendered	(13 147)	(66 199)
Revenue funds surrendered	<u>(5 458)</u>	<u>1 285</u>
	<u>(18 605)</u>	<u>(64 914)</u>

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**Disclosure Notes to the Annual Financial Statements  
for the year ended 31 March 2004**

These amounts are not recognised in the financial statements and are disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by act 29 of 1999), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act and the Division of Revenue Act, Act 7 of 2003.

<b>24</b>	<b>Contingent liabilities</b>			<b>2003/04</b>	<b>2002/03</b>
	<b>Liable to</b>	<b>Nature</b>		<b>R'000</b>	<b>R'000</b>
	Motor vehicle guarantees	Employees	Annexure 3	206	50
	Housing loan guarantees	Employees	Annexure 3	15 001	14 386
	Claims			15 064	-
				<u>30 271</u>	<u>14 436</u>

**Note: Motor vehicle guarantees excludes UIF and CF  
Housing loan guarantees includes UIF and CF**

<b>25</b>	<b>Commitments</b>				
	<b>Current expenditure</b>				
	<b>Approved and contracted/ordered</b>				
	Consulting services			19 842	-
	Imperial Fleet Services			49 640	-
	PPP agreement		Note 30	122 450	-
				<u>191 932</u>	<u>-</u>
	<b>Capital expenditure</b>				
	<b>Approved but not yet contracted</b>				
	Capital work				10 360
	Total commitments			<u>191 932</u>	<u>10 360</u>

<b>26</b>	<b>Accruals</b>				
	<b>Listed by standard Item</b>				
	Professional services			45	-
	Capital equipment			95	-
				<u>140</u>	<u>-</u>
	<b>Listed by programme level</b>				
	Administration			140	-
				140	-

<b>27</b>	<b>Employee benefits</b>				
	Leave entitlement			76 556	38 271
	Thirteenth cheque			19 396	18 322
				<u>95 952</u>	<u>56 593</u>

**Note: Employee benefits includes UIF and CF**

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**Disclosure Notes to the Annual Financial Statements  
for the year ended 31 March 2004**

<b>28 Leases</b>			<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
<b>28.1 Operating leases</b>	<b>Property</b>	<b>Equipment</b>	<b>Total</b>	<b>Total</b>
Office suppliers				
Not later than 1 year	-	6 152	6 152	-
Later than 1 year and not later than 3 years	-		-	5 067
Later than 3 years	-	-	-	
Total present value of lease liabilities	<u>-</u>	<u>6 152</u>	<u>6 152</u>	<u>5 067</u>
<b>29 Key management personnel</b>				
<b>29.1 Remuneration</b>	<b>Number of individuals</b>		<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
Minister	1		789	726
Director-General	1		717	717
Deputy Director-General	4		2 194	1 992
Senior Executive Managers	9		3 956	-
Other members of key management	34		<u>13 067</u>	<u>15 775</u>
			<u>20 723</u>	<u>19 210</u>

Note: Remuneration includes UIF and CF

**29.2 Other remuneration and compensation provided to key management and close members of the family of key management personnel**

The total amount of all other remuneration and compensation provided to key management during the reporting period showing separately the aggregate amounts provided to:

		<b>Detail of remuneration and compensation</b>	
Minister		-	-
Director-General	Incentive bonus	31	-
Deputy Director-General	Incentive bonus	-	21
Senior Executive Managers		-	-
Other members of key management	Incentive bonus	-	307
	Merit awards	147	119
		<u>178</u>	<u>447</u>

Note: Remuneration includes UIF and CF

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Disclosure Notes to the Annual Financial Statements  
for the year ended 31 March 2004

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**30. Public Private Partnership**

In accordance with international trends, and growing recognition of the benefits to the Government of the Republic of South Africa of the concept of service and infrastructure procurement through Public Private Partnership.

In response to identified needs in respect of the information technology (IT) infrastructure and service requirements within the Department of Labour, the Compensation Fund and the Unemployment Insurance Fund ("the Funds").

Following an extensive feasibility study and a transparent and competitive procurement process undertaken in accordance with the Treasury Regulations issued pursuant to the Public Finance Management Act, 1999.

The Department of Labour therefore, through a thorough selection process and extensive negotiations, aimed at optimising value for money and service efficiency to the State, and providing an appropriate degree of financial comfort and commercial incentive to the private partner, the Department appointed an IT partner to provide the information technology related infrastructure, services and management support to the Department and the Funds, on the terms and conditions set forth in the PPP Contract.

**Significant terms of the arrangement that may affect the amount, timing and certainty of future cash flows.**

The pricing of the service, to be rendered in terms of the contract, and the payment obligations of the parties, states that from the effective date the Department of Labour will pay the private partner in respect of the services a fee, per annum, for the contract period. The fee will remain fixed for the period of the contract, and is not subject to revision except as provided for in the contract.

The nature and extent of:-

**a. Rights to use specified assets**

The beneficial use of the legacy assets has been transferred to the private partner in accordance to the contract.

**b. Obligations to provide or rights to expect provision of services**

The provision of the services by the private partner and the receipt of the services by the Department are in accordance with the provisions of the contract.

**c. Obligations to acquire or build items of property, plant and equipment**

Not applicable.

**d. Obligations to deliver or rights to receive specified assets at the end of the concession period**

The parties' obligation with regard to the transfer of assets on the date of termination or expiry of the contract are set out in the contract.

**e. Renewal and termination options**

The Department's options regarding the renewal or termination of the contract are set out in the contract.

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**Disclosure Notes to the Annual Financial Statements  
for the year ended 31 March 2004**

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**f. Other rights and obligations**

Other rights and obligations of the parties are set out in a fair amount of detail in the terms and conditions of the contract.

**g. Commitment**

The annual fee payable for the provision of the services as set out in the contract for the first financial year shall be R122 450 000.00 subject to yearly adjustment by the application of the CPIX Adjustment Formula. Although the contract was signed between the Department of Labour and the contractor; the Department of Labour, the Unemployment Insurance Fund and the Compensation Fund agreed in writing to share the expenditure equally.

**h. Re-investment Fund**

In accordance to the agreement, the contractor opened a separate bank account for purposes of administering and safekeeping of money for purposes in accordance with the contract. The balance of this bank account as at 31 March 2004 amounted to R 1 465 374.90.

**Changes in the arrangement occurring during the period**

Changes in the agreement are dealt with in terms of the contract.

**31. Skills Development Levies**

Unappropriated Skills Development Levies at National Revenue Fund consisting of:

- Employer contributions which could not be allocated to a specific SETA, or resulting from
- SARS contributions received without, or with incorrect, reference numbers, which could be Skills Development Levies, Value Added Tax, or Pay as You Earn.

As at 31 March 2004 the account had an accumulated balance of R71 million. This money is currently in the National Revenue Fund and has not been accounted for in the financial statements of the Department of Labour or the National Skills Fund. Once the nature of these monies are established to be Skills Development Levies, the funds will be transferred as follows, in accordance with current statutory regulations:

- 20% to the National Skills Fund
- 80% to the SETAs.

The Department of Labour is currently engaged in a process with the South African Revenue Service to establish the nature of the monies in this account.

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Annexures to the Annual Financial Statements  
for the year ended 31 March 2004

**Annexure 1A**  
**Statement of Transfers to Public Entities and Institutions by National Departments as at 31 March 2004**

Public entity/ Institution	Grant allocation				Expenditure				
	Appropriation Act	Adjustment estimate	Roll overs	Total available	Actual transfer (1)	Amount not transferred	% of available transferred	Capital	Current
	R'000	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Unemployment Insurance Fund (UIF)	257 000	(250 000)	-	7 000	7 000	-	100	-	7 000
Commission for Conciliation, Mediation and Arbitration (CCMA)	152 539	3 871	-	156 410	156 410	-	100	-	156 410
National Productivity Institute (NPI)	21 834	-	-	21 834	21 834	-	100	-	21 834
National Economic, Development and Labour Council (NEDLAC)	7 673	150	-	7 823	7 823	-	100	-	7 823
	<b>439 046</b>	<b>(245 979)</b>	<b>-</b>	<b>193 067</b>	<b>193 067</b>	<b>-</b>	<b>100</b>	<b>-</b>	<b>193 067</b>

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**Annexures to the Annual Financial Statements  
for the year ended 31 March 2004**

**Annexure 1B  
Statement of Other Transfers by National Departments as at 31 March  
2004**

Entity/Institution	Transfer allocation				Expenditure				
	Appropriation Act	Adjustment estimate	Roll overs	Total available	Actual transfer (1)	Amount not transferred	% of available transferred	Capital	Current
	R'000	R'000	R'000	R'000	R'000	R'000		R'000	R'000
National Skills Fund	36 201	-	-	36 201	36 201	-	100	-	36 201
SA National Council for the Blind	190	11	-	201	201	-	100	-	201
Deaf Federation of South Africa	127	-	-	127	77	-	61	-	77
National Council for the Physically Disabled in SA	151	27	-	178	178	-	100	-	178
Subsidised workshops for the blind	5 632	-	-	5 632	5 629	-	100	-	5 629
Subsidised workcentres for the disabled	30 653	12 000	-	42 653	42 653	-	100	-	42 653
Strengthening civil society	7 932	-	-	7 932	7 932	-	100	-	7 932
	<b>80 886</b>	<b>12 038</b>	<b>-</b>	<b>92 924</b>	<b>92 871</b>	<b>-</b>	<b>100</b>	<b>-</b>	<b>92 871</b>



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Annexures to the Annual Financial Statements  
for the year ended 31 March 2004

**Annexure 2A**  
**Statement of Other Controlled /Public Entities as at 31 March 2004**

Name of entity	Nature of entities	Relevant Act	Entity's PFMA schedule type	Amounts owing to		Amounts owing by		Audit report status 2002/03
				R'000	R'000	R'000	R'000	
				2003/04	2002/03	2003/04	2002/03	U/Q/A/D
Unemployment Insurance Fund (UIF)	Unemployment insurance	UIF Act	Schedule 3	6 286	5 698	24 641	22 665	Q
Compensation Fund (CF)	Accident insurance	COIDA no 130 of 1993	Schedule 3	2 754	2 628	10 087	11 152	U
				<b>9 040</b>	<b>8 326</b>	<b>34 728</b>	<b>33 817</b>	

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Annexures to the Annual Financial Statements  
for the year ended 31 March 2004

**Annexure 3**  
**Statement of Financial Guarantees issued as at 31 March 2004**  
**Domestic**

Guaranteed institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 01/04/2003	Guarantees issued during the year	Guarantees released during the year	Adjustments during the year	Closing balance 31/03/2004	Realised losses i.r.o. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
Standard Bank	Housing loan guarantees	1 726	1 726	206	(213)	177	1 896	-
ABSA	Housing loan guarantees	4 668	4 668	600	(676)	186	4 778	-
FNB - former Saambou	Housing loan guarantees	1 442	1 442	15	(269)	(14)	1 174	-
Nedbank Limited	Housing loan guarantees	907	907	369	(140)	178	1 314	-
Firststrand Bank	Housing loan guarantees	1 633	1 633	301	(162)	179	1 951	-
Permanent Bank	Housing loan guarantees	1 659	1 659	-	-	(1659)	-	-
Old Mutual (Nedb/Perm)	Housing loan guarantees	-	-	69	(65)	1774	1 778	-
BOE Bank (NBS Division)	Housing loan guarantees	1 288	1 288	-	-	(1 288)	-	-
Old Mutual Fin. LTD	Housing loan guarantees	232	232	-	(38)	9	203	-
BOE Bank Limited	Housing loan guarantees	-	-	-	-	140	140	-
Peoples Bank FBC FID	Housing loan guarantees	472	472	-	(15)	5	462	-
Nedbank (Cape of GH)	Housing loan guarantees	-	-	-	(9)	37	28	-
Cape Good Hope Bank	Housing loan guarantees	37	37	-	-	(37)	-	-
African Bank	Housing loan guarantees	157	157	-	(18)	(16)	123	-
Free State Dev. Corp.	Housing loan guarantees	35	35	20	-	-	55	-
VBS Mutual Bank	Housing loan guarantees	92	92	-	-	(1)	91	-
Unibank	Housing loan guarantees	13	13	-	-	(13)	-	-
Nedbank (Inc BOE)	Housing loan guarantees	-	-	-	-	61	61	-
Peoples Bank (NBS)	Housing loan guarantees	-	-	12	(208)	1 036	840	-
Albaraka Bank	Housing loan guarantees	11	11	-	-	-	11	-
Future Bank	Housing loan guarantees	14	14	-	-	(14)	-	-
Ithala LTD	Housing loan guarantees	-	-	41	-	-	41	-
Mpumalanga	Housing loan guarantees	-	-	21	-	-	21	-
SA Home Loans PTY LTD	Housing loan guarantees	-	-	34	-	-	34	-
Stannic	Motor vehicle guarantees	50	50	206	(50)	-	206	-
		14 436	14 436	1 894	(1 863)	740	15 207	-

Note: No guarantee interest outstanding as at 31/03/2004

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Annexures to the Annual Financial Statements  
for the year ended 31 March 2004

**Annexure 4**  
**Physical Asset Movement Schedule (Not including inventories)**

Physical assets acquired during financial year 2003/04	Opening balance	Additions	Disposals	Transfers in	Transfers out	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Land and buildings	89 819	42 959	-	-	-	132 778
Capital	89 819	42 959	-	-	-	132 778
Machinery and equipment	17 612	7 352	-	-	-	24 964
Computer equipment	10 482	845	-	-	-	11 327
Furniture and office equipment	5 378	4 197	-	-	-	9 575
Other machinery and equipment	1 240	1 777	-	-	-	3 017
Transport assets	512	533	-	-	-	1 045
	<b>107 431</b>	<b>50 311</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>157 742</b>
Physical assets acquired during financial year 2002/03	Opening balance	Additions	Disposals	Transfers in	Transfers out	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Land and buildings	-	89 819	-	-	-	89 819
Capital	-	89 819	-	-	-	89 819
Machinery and equipment	-	17 612	-	-	-	17 612
Computer equipment	-	10 482	-	-	-	10 482
Furniture and office equipment	-	5 378	-	-	-	5 378
Other machinery and equipment	-	1 240	-	-	-	1 240
Transport assets	-	512	-	-	-	512
	<b>-</b>	<b>107 431</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>107 431</b>

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**Annexures to the Annual Financial Statements  
for the year ended 31 March 2004**

**Annexure 5  
Inter-departmental Receivables – Current**

Department	Confirmed balance outstanding		Unconfirmed balance outstanding	
	31/03/2004	31/03/2003	31/03/2004	31/03/2003
	R'000	R'000	R'000	R'000
<b>Bargaining Councils</b>				
B/C Building Industry	4	-	-	-
B/C Clothing Industry	6	-	-	-
B/C Cotton Textile	3	-	-	-
B/C For teh Electrical Industry	5	-	-	-
B/C for the Furniture Manufacturing Industry	1	-	-	-
B/C Laundry, Cleaning and Dyeing Industry	1	-	-	-
B/C Restaurant Catering Trade	10	-	-	-
B/C Road Freight Industry	1	-	-	-
<b>Subtotal</b>	<b>31</b>	-	-	-
<b>Departments</b>		-	-	-
Compensation Fund	1 223	-	-	-
National Treasury	20	-	-	-
Department of Agriculture	34	-	-	-
Department of Communications	23	-	-	-
Department of Correctional Services	5	-	-	-
Department of Education	31	-	-	-
Department of Finance	1	-	-	-
Department of Foreign Affairs	413	-	-	-
Department of Health	34	-	-	-
Department of Home Affairs	20	-	-	-
Department of Justice	34	-	-	-
Department of Social Services (Dev)	8	-	-	-
Department of Trade and Industry	37	-	-	-
Department of Traditional and Local Government Affairs	13	-	-	-
Department of Water Affairs and Forestry	18	-	-	-
Firewall CC (Sita Account)	3	-	-	-
Government Pension Fund	1	-	-	-
Government Printers	50	-	-	-
KwaZulu-Natal Provincial Government	33	-	-	-
Limpopo Provincial Government	11	-	-	-
Nothern Cape Provincial Administration	1	-	-	-
Office of the Premier	9	-	-	-
Presidency: Repulic of SA	24	-	-	-
Provincial Office Eastern Cape	4	-	-	-
South African Police Service	35	-	-	-
Thaba-Nchu Technical College	7	-	-	-
Unemployment Insurance Fund	35	-	-	-
<b>Subtotal</b>	<b>2 127</b>	-	-	-
<b>Total</b>	<b>2 158</b>	-	-	-

\* Note: Previous year amounts not available

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Annexures to the Annual Financial Statements  
for the year ended 31 March 2004

**Annexure 6**  
**Inter-departmental Payables – current**

Department	Confirmed balance outstanding		Unconfirmed balance outstanding	
	31/03/2004	31/03/2003	31/03/2004	31/03/2003
	R'000	R'000	R'000	R'000
South African Revenue Service	38 330	-	-	-
<b>Total</b>	<b>38 330</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Part B

### Report of the Auditor-General to Parliament on the Financial Statements of the Sheltered Employment Factories for the year ended 31 March 2004



## 1. Audit Assignment

The financial statements as set out on pages 138 to 144, for the year ended 31 March 2004, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations, are the responsibility of the Accounting Officer. My responsibility is to express an opinion on this financial statement, based on the audit.

## 2. Nature and Scope

### 2.1 Audit of financial statements

The audit was conducted in accordance with Statements of South African Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements
- assessing the accounting principles used and significant estimates made by management
- evaluating the overall financial statement presentation.

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations, which came to my attention and are applicable to financial matters.

I believe that the audit provides a reasonable basis for my opinion.

## 3. Audit Opinion

### 3.1 Audit of financial statements

In my opinion, the financial statements fairly present, in all material respects, the financial position of the Sheltered Employment Factories at 31 March 2004 and the results of its operations and cash flows for the year then ended in accordance with prescribed accounting practice.

## 4. Emphasis of Matter

Without qualifying the audit opinion expressed above, attention is drawn to the following matters.

### 4.1 Legislation of Sheltered Employment Factories

As previously reported the Sheltered Employment Factories operated without enabling legislation, but by virtue of a Cabinet Memorandum of 1956.

This issue has been dealt with in my report over the past few years. On 19 February 2004 the Director-General approved the appointment of a transaction adviser to take forward the restructuring of Sheltered Employment Factories. The tender is in the process of being allocated.

Progress made with the transaction will be reviewed and reported in my next report.

## **5. Appreciation**

The assistance rendered by the staff of the Department and the institution during the audit is sincerely appreciated.

**S. A. FAKIE**  
**Auditor-General**

**Pretoria**  
**14 July 2004**



## Financial Statements of the Sheltered Employment Factories

### Income Statement for the year ended 31 March 2004

	Notes	2003/04 R'000	2002/03 R'000
Revenue	1.1	45 218	65 110
Less : Cost of sales		32 144	43 167
Gross profit		<u>13 074</u>	<u>21 943</u>
Plus : Other income		124	10
Less : Other operating costs		46 141	42 307
Less : Administration expenses		14 759	11 060
Operating shortfall before transfer to capital reserve	5	<u>(47 702)</u>	<u>(31 414)</u>
Transfer to capital reserve	1.4	(464)	65
Operating shortfall before Government grants		<u>(48 166)</u>	<u>(31 349)</u>
Government grants	1.5	42 653	36 876
Net (shortfall) surplus for the year		<u>(5 513)</u>	<u>5 527</u>

## Financial Statements of the Sheltered Employment Factories

### Balance Sheet (Statement of Financial Position) as at 31 March 2004

	Notes	2003/04 R'000	2002/03 R'000
<b>Assets</b>			
Non-current assets			
Property, plant and equipment	2	16 610	16 146
Current assets			
Inventory	3	39 190	47 709
Accounts receivables		20 901	27 629
Cash and cash equivalents		17 347	17 901
		943	2 179
		<u>55 800</u>	<u>63 855</u>
<b>Equity and liabilities</b>			
Equity			
Accumulated funds		54 213	59 261
Capital reserve	5	37 604	43 115
		16 610	16 146
Current liabilities			
Accounts payables		1 587	4 594
		<u>55 800</u>	<u>63 855</u>

## Financial Statements of the Sheltered Employment Factories

### Statement of Change in Equity for the year ended 31 March 2004

	R'000 Accumulated funds	R'000 Capital reserve	R'000 Total
Balance beginning of the year	37 590	16 210	53 800
Transfer to capital reserve	-	( 65)	( 65)
Net surplus for the year	5 527	-	5 527
Balance beginning of the year	43 117	16 146	59 261
Transfer to capital reserve	-	464	464
Net shortfall for the year	(5 513)	-	(5 513)
	37 604	16 610	54 213

**Financial Statements of the Sheltered Employment Factories**

**Cash Flow Statement  
for the year ended 31 March 2004**

	2003/04 R000	2002/03 R000
<b>Cash flow from operating activities</b>	<b>(772)</b>	1 509
Cash receipts from customers	45 772	69 014
Cash paid to suppliers and employees	(89 205)	(104 391)
Cash shortfall from operations	(43 433)	(35 377)
Government grants	42 653	36 876
Interest received	8	10
<b>Cash flow from investing activities</b>	<b>(464)</b>	65
Purchase of fixed assets	(862)	(212)
- Additions	398	277
- Disposals		
Net (decrease)/increase in cash and cash equivalents	(1 236)	1 574
Cash and cash equivalents at beginning of year	2 179	605
Cash and cash equivalents at end of year	943	2 179

## Financial Statements of the Sheltered Employment Factories

### Notes to the Financial Statements for the year ended 31 March 2004

#### 1. Accounting policies

The financial statements are prepared on the historical cost basis and incorporate the following principal accounting policies which are consistent with those applied in the previous year except where otherwise indicated.

These statements comply with the principle of generally accepted accounting practice except that property, plant and equipment are reflected at historical cost price and is not subjected to depreciation.

##### 1.1 Revenue recognition

Sales are recognised as and when goods are invoiced.

##### 1.2 Property, plant and equipment

Property, plant and equipment are stated at historical cost. Being State assets, no provision for depreciation is made to write off the cost on a systematic basis over their expected useful lives.

##### 1.3 Inventory

Inventory is valued at the lower of cost and net realisable value. Cost is determined according to material cost.

##### 1.4 Capital Reserve

Amounts of actual capital expenditure incurred are charged to the income statement as a transfer to the capital reserve. Adjustments are also made to the income statement in respect of proceeds on assets sold as a transfer from the capital reserve.

##### 1.5 Government grants

Government grants are recognised as and when received.

#### 2. Property, plant and equipment

##### *Office furniture and equipment*

Cost price at beginning of the year  
Additions  
Disposals

2003/04  
R000

2002/03  
R000

2 659	2 666
2 666	2 658
140	169
(147)	(161)

##### *Plant and machinery*

Cost price at beginning of the year  
Additions  
Disposals

13 950	13 480
13 480	13 552
722	43
(252)	(116)

16 610

16 146

## Financial Statements of the Sheltered Employment Factories

### Notes to the Financial Statements for the year ended 31 March 2004

	2003/04 R'000	2002/03 R'000
<b>3. Inventory</b>		
Raw materials	11 653	10 427
Work in progress	1 768	10 749
Manufactured goods	7 480	6 453
	<u>20 901</u>	<u>27 629</u>
<b>4 Capital reserve</b>		
Balance at the beginning of the year	16 146	16 210
Fixed assets additions	862	212
Disposals	(399)	(277)
	<u>16 610</u>	<u>16 146</u>

## Financial Statements of the Sheltered Employment Factories

### Detailed Income Statement for the year ended 31 March 2004

	2003/04 R'000	2002/03 R'000
Revenue	45 218	65 110
Less : Cost of sales	<u>32 144</u>	<u>43 167</u>
Gross profit	13 074	21 943
Interest received	8	10
Discount received	116	-
Total income	<u>13 198</u>	<u>21 953</u>
Expenses	60 900	53 367
Personnel	42 404	38 685
Administrative	14 759	11 060
Inventories	2 851	2 581
Professional and special services	886	1 041
Net shortfall for the year	<u>(47 702)</u>	<u>(31 414)</u>



## Part C

### Report of the Auditor-General to Parliament on the Financial Statements of the National Skills Fund for the year ended 31 March 2004



#### 1. Audit Assignment

The financial statements, as set out on pages 147 to 169 for the year ended 31 March 2003 have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the Accounting Officer. My responsibility is to express an opinion on these financial statements, based on the audit.

#### 2. Nature and Scope

The audit was conducted in accordance with Statements of South African Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements
- assessing the accounting principles used and significant estimates made by management
- evaluating the overall financial statement presentation.

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations, which came to my attention and are applicable to financial matters.

I believe that the audit provides a reasonable basis for my opinion.

#### 3. Audit Opinion

In my opinion, the financial statements fairly present, in all material respects, the financial position of the National Skills Fund at 31 March 2004 and the results of its operations and cash flows for the year then ended, in accordance with prescribed accounting practice.

#### 4. Emphasis on Matter

Without qualifying the audit opinion expressed above, attention is drawn to the following matters:

##### 4.1 Unappropriated funds

As disclosed in note 16 to the financial statements, the revenue of the NSF is incomplete due to the non-allocation of the SETA Zero monies by the Department of Labour. As at 31 March 2004, the amount accumulated in SETA Zero was R70 642 759. As at year-end, the allocation of the balance of this account to the NSF and the SETA's could not be verified.

##### 4.2 Funds not utilised – Manpower Development Authority of Boputhatswana [MANDAB]: R39 649 910

The amount of R39 649 910 is included in Investments. This amount was transferred to the National Skills Fund from the North West Province on 1 November 1999 and was earmarked for training.

The Department established a MANDAB steering committee on 16 October 2002 to approve projects and to determine criteria for the disbursement of funds. It was the intention of the steering committee to allocate the total funds to training projects within 18 months. To date, only an amount of R1 569 034 has been approved for training projects.

## **5. Appreciation**

The assistance rendered by the staff of the Department of Labour during the audit is sincerely appreciated.

**N Manik**  
*for* **AUDITOR-GENERAL**  
**PRETORIA**

**14 July 2004**

## National Skills Fund

### Management Report for the year ended 31 March 2004

Report by the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa.

#### 1. General review of the state of affairs

The primary objective of the National Skills Fund (NSF) is stipulated in the Skills Development Act, namely that the money in the NSF may be used only for the projects identified in the National Skills Development Strategy (NSDS) as national priorities or for such other projects related to the achievement of the purposes of the Act as the Director-General of the Department of Labour determines. Given the commitment of government to act in a more concerted fashion, the flexibility given to the Director-General in the latter part of the afore mentioned clause of the Act, allows the Department to take into account other government policy/priority imperatives in the allocation of these funds. These might include the HRD Strategy; Growth, Employment and Investment Strategies and Social Development priorities.

At the first National Skills Conference in February 2001, the Minister announced the new Funding Windows for the NSF, which saw an alignment between the objectives of the National Skills Development Strategy (NSDS) and the Funding Windows. During the 2003/04 financial year, the Department implemented these same Funding Windows. However, when the 2002 – 2003 NSDS Implementation Report revealed that progress towards achievement of the learnership target in the NSDS was slow, a new Learnership Funding Window was added. The agreement on learnerships for unemployed learners at the Growth and Development Summit was also introduced for this purpose – an agreement that further gave impetus for the Learnership Funding Window.

#### National Skills Fund's Funding Windows 2001 – 2004

##### (1) Social Development Funding Window

In the case of the Social Development Funding Window, the Department of Labour's provincial offices are the disbursing agents. They have an established delivery model based on evaluating project-linked training applications against set criteria. The set criteria include considerations around whether the proposed project, for which the training is intended, is part of the Provincial Skills Plan, Integrated Rural Development Strategy, Urban Renewal Strategy, Local Economic Development Strategy and whether the beneficiaries will be placed in such projects once training is complete.

##### (2) Strategic Projects Funding Window

SETAs are at present the disbursing agents in the case of the Strategic Projects Funding Window. Allocations from the NSF to SETAs has been based on strategic SECTOR choices where training is in support of sectoral growth strategies which reference the following funding areas:

- Development and Piloting of Skills Programmes and Learnerships
- ETD Practitioner Development
- Small Business Development
- Strategic Occupations
- Education Skills (including Adult Basic Education and Training).

In formulating proposals for funding from this Funding Window, SETAs were expected to reference one or other of government's priority growth strategies for the achievement of national goals. At the time when the framework for the Strategic Projects was developed, these were the:

- Economic Cluster's Integrated Action Plan for Economic and Employment Growth (subsequently the Integrated Manufacturing Strategy)

## National Skills Fund

### Management Report for the year ended 31 March 2004

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- Social Cluster's Strategy for Social Development
- Human Resources Development Strategy
- National Skills Development Strategy.

#### **(3) Bursaries Funding Window**

One of the priority areas identified in Government's Human Resource Development (HRD) Strategy is addressing scarce skills. This Funding Window of the NSF aims to contribute towards the achievement of the targets set in the HRD Strategy through the allocation of bursaries (undergraduate and post-graduate) in identified areas of scarce skills. The Department has entered into agreements with the National Student Financial Aid Scheme (NSFAS) and the National Research Foundation (NRF) to administer the funding of undergraduate and post-graduate bursaries respectively.

#### **(4) Innovation and Research Funding Window**

The objective of this Funding Window of the NSF is to fund projects that will:

- Generate new or improved knowledge about skills development through research
- Enhance innovation in relation to:
  - Implementation of the National Skills Development Strategy, Skills Development Act and Skills Development Levies Act
  - The generation and distribution of career/labour market information to learners, providers and other users
  - Skills development policy and implementation strategies.

#### **(5) Skills Support Programme Funding Window**

The Skills Support Programme Funding Window is linked to the Department of Trade and Industry's Small-and Medium Enterprise Development Programme (SMEDP) and Strategic Industrial Programme (SIP), which are designed to encourage new investments and major expansions.

The SSP has three funding elements:

- Training grant
- Development grant
- Capital grant.

#### **(6) Capacity Building of Stakeholders Funding Window**

The Department is dependent on the various stakeholders in the area of skills development, for the successful implementation of the National Skills Development Strategy. The beneficiaries include:

- SETA Boards
- SETA staff
- Trade Union Federations
- Organised Business
- Education and Training Providers
- Designated community groups:
  - Disabled People South Africa (DPSA)
  - South African National Civic Organisation (SANCO)
  - South African Youth Council (SAYCO)
  - Women's National Coalition (WNC).

## National Skills Fund

### Management Report for the year ended 31 March 2004

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#### **(7) Promotion of the NSDS Funding Window**

The objective of this Funding Window of the NSF is to fund projects that deal with inter alia the communication; marketing and advocacy of the objectives of the NSDS, printing of NSDS related promotional material/publications, marketing of projects funded by the NSF and the hosting of the annual skills conference.

#### **(8) Learnerships Funding Window**

The objective of this Funding Window of the NSF is to fund the implementation of learnerships for unemployed learners, thereby contributing towards achieving the targets of the Growth and Development Summit of June 2003. Learnerships are established by the Skills Development Act and are programmes that combine institutionalised and workplace learning leading to nationally recognised qualifications.

It should be noted that once the Minister of Labour launches a new NSDS in October 2004, for implementation from 2005 – 2009, it is likely that the NSF windows will be reviewed to align to the new NSDS.

### Legislation

The National Skills Fund (NSF) was established in 1999 in terms of the Skills Development Act, 1998. The revenue sources for the Fund are:

- 20% of the skills development levies as contemplated in the Skills Development Levies Act
- the skills development levies collected and transferred to the Fund, in terms of the Skills Development Levies Act, in respect of those employers or sectors for which there are no SETAs
- money appropriated by Parliament for the Fund
- interest earned on investments
- donations to the Fund
- money received from any other source.

The Minister of Labour decides on the allocation of subsidies from the NSF after receiving advice from the National Skills Authority (NSA) as set out in the Act. The NSA is a statutory advisory body to the Minister of Labour on the National Skills Development Strategy. The NSA is constituted from a cross section of stakeholders from government, organised business, organised labour, education and training providers and community constituency representatives.

The Director-General of Labour is the Accounting Officer of the Fund in terms of the Exchequer Act, 1975 (Act No.66 of 1975) and must:

- control the Fund
- keep a proper record of all financial transactions, assets and liabilities of the Fund
- as soon as possible after the end of each financial year, ending on the prescribed date, prepare accounts of the income and expenditure of the Fund for the year and a balance sheet of its assets and liabilities as at the end of that year.

The Director-General is thus ultimately responsible and accountable to the Minister and Parliament for money spent from the NSF. Within the framework of the Director-General's delegation of authority, the day to day operations of the NSF are managed by the Senior Executive Manager of the National Skills Fund.

The Skills Development Amendment Act, 2003 (Act 31 of 2003), as published on 14 November



## National Skills Fund

### Management Report for the year ended 31 March 2004

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2003, has made the following amendments applicable to the NSF:

- The addition of the following subsection to section 28 of the principal Act -

*“(2) A maximum of 2% of the money allocated to the Fund in terms of section 8(3)(a) of the Skills Development Levies Act may be used to administer the Fund.”*

- The addition of the following subsection to section 29 of the principal Act -

*“(4) The accounts and balance sheet contemplated in subsection (1)(c) must be submitted by the Director-General to the National Skills Authority for information as soon as possible after they have been prepared.”*

- The addition of section 30B to section 30 of the principal Act-

*“30B (1) In order to achieve the purposes of this Act, the Minister may by notice in the Gazette, establish a national standard of good practice in skills development  
(2) The Minister may take any steps to achieve the national standard contemplated in subsection (1) and may establish an agency or contract with an existing agency  
(3) The Director-General may allocate funds from the National Skills Fund to fund any activity undertaken in terms of this section.”*

## 2. Financial management improvement

### 2.1 NSF accounts on Basic Accounting System (BAS)

Separate accounts for the NSF have been created on the Basic Accounting System (BAS) and will be introduced with effect from 1 April 2004.

### 2.2 Corporate governance

#### Risk management

The activities of the NSF are covered within the comprehensive risk assessment done by the Directorate of Internal Audit of the Department of Labour.

#### Fraud prevention

The activities of the NSF are covered within the Good Governance Policy, which includes fraud prevention, compiled by the Directorate of Internal Audit of the Department of Labour.

#### Internal Audit and Audit Committee

The internal audit function for the NSF has been outsourced under the management of the Directorate of Internal Audit of the Department of Labour.

The established audit committee of the Department of Labour also address the activities related to the National Skills Fund.

## National Skills Fund

### Management Report for the year ended 31 March 2004

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#### 2.3 Other PFMA requirements

The NSF forms part of the Programme of Employment and Skills Development Services of the Department of Labour and as such report through the structures and processes of the Department of Labour in so far as the compliance with the PFMA, namely:

- **NSF Strategic Plan** – is derived from the Strategic Plan of the Department of Labour, which has been approved by the Executive Authority and tabled in the Legislature in terms of Treasury Regulation 5.2.1
- **Quarterly reporting** – forms part of the quarterly reporting process on performance against the strategic plan of the Department of Labour. Furthermore the NSF submits quarterly reports on its cash-flow to National Treasury in the prescribe format and timeframes
- **Actual revenue and expenditure projections** – the relevant information that forms part of the MTEF and ENE processes are submitted to the Chief Financial Officer of the Department of Labour in the prescribed format and timeframes
- **Annual financial statements** – these statements are compiled by the Chief Financial Officer of the Department of Labour and have been submitted timeously for audit purposes
- **Annual Report** – information with regard to the NSF are covered within the Annual Report of the Department of Labour
- **Annual Report, financial statements and audit reports** – these reports form part of the Annual Report of the Department of Labour, which were timeously tabled in the Legislature for the 2002/03 financial year.

The NSF has not been listed as a public entity because there is a need for a thorough investigation of the appropriate institutional arrangement for the NSF, including an assessment of a viable business case regarding the public entity option. In addition Government, through a Joint National Treasury and Department of Public Service and Administration (DPSA) Committee, is currently coordinating a governance review of all Schedule 3A and 3B public entities with a view to inter alia examining specific matters relating to the criteria to be used in classifying public entities, appropriateness of its corporate form and its accountability arrangements. National Treasury has been notified as required by section 47(2) of the PFMA.

### 3. Performance information

#### 3.1 Spending trends

The total operating expenditure for the year is R699 574 000 compared to R530 578 000 in the 2002/03-financial year. The net surplus is R223 516 000 for the year compared to R272 726 000 for the 2002/03-financial year.

In the financial year the NSF incurred under-expenditures against the NSF budget allocations. This is mainly due to the fact that the disbursing agents to whom the projects have been contractually outsourced have not made the budgeted draw-downs, as well as the learnership funding (unemployed learners), which have been approved but will only start with disbursements during the 2003/04-financial year.

#### Social Development Funding Window

The Directorate of Employment Services of the Service Delivery Branch of the Department of Labour's coordinates the implementation of these projects with the 10 Department of Labour Provincial Offices and the 125 Labour Centres.



## National Skills Fund

### Management Report for the year ended 31 March 2004

The NSF budgeted R 272 million for Social Development Initiatives for the 2003/04-financial year. The actual amount spent on the training programmes conducted under the Social Development Funding window during the reporting period amounted to R 201 037 000.

The total number of unemployed people who benefit from the social development projects are indicated below.

● Age group:	Below 35 –	73 720
	Above 35 –	58 061
● Population group:	Blacks –	131 214
	Whites –	567
● Gender:	Male –	56 088
	Female –	75 693
	People with disabilities –	1 679.

#### Strategic projects

In May 2002, the Minister of Labour launched the strategic projects. The year under review has seen accelerated progress in the contribution of strategic projects to the broad goals of the National Skills Development Strategy. To date an amount of R406,5 million has been disbursed from a total commitment of R1, 25 billion over three and a half years. Achievements of the strategic projects during the 2003/04 financial year include:

- 1 957 SMME and Micro-lenders supported in growing their enterprises through established support systems and enhanced skills programmes
- 321 providers benefited from improved assessor and/or provider upgrading programmes
- 3 577 learnerships were or are currently in progress
- In the learning areas of Mathematics and Accounting a total 11 914 students, 1 746 educators, 253 university students and 620 school managers benefited from a range of skills and learning programmes
- 1 820 shop stewards and 220 master trainers have completed training on HIV/AIDS awareness programmes. These are expected to impact on 25 000 beneficiaries in the workplace
- 1 269 learners successfully completed ABET training programmes.

#### Bursaries (scarce skills)

For the 2003 academic year R21 137 000 was allocated through the National Research Foundation (NRF), funding 871 post-graduate bursaries in areas of scarce skills, covering from Honours to Post-Doctoral studies. For the undergraduate bursaries, the National Student Financial Aid Scheme (NSFAS) disbursed an amount of R102 398 266 to cover 15 064 bursaries in the first three quarters of the 2003 academic year.

The scarce skills categories are broadly the following: accounting, actuarial science, auditing, bio-informatics, bio-technology, chemistry, computer science, demography, earth science, engineering, financial management, information systems, management studies, mathematical sciences, microbiology, physics, tourism and transportation studies.

The NSF has also taken a further step to consolidate its bursary scheme in that bursaries for people with disabilities will as from the 2004 academic year also be managed through the NSFAS and NRF. A total amount of R18, 272,600 have been made available to the two institutions for the awarding of bursaries to people with disabilities for the 2004 academic year.

## National Skills Fund

### Management Report for the year ended 31 March 2004

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#### Innovation and research

The Director-General of Labour approved nine projects during the reporting period. The total amount committed for these projects amounts to R 11,7 million for 2003/04 and the remaining amount of R 9,69 million for 2004/05. The actual payments made for these projects during the reporting period were R 2 056 036.

#### Skills Support Programme

The training grant incentives are mainly approved for a period of up to three years. The amounts committed with regard to the approved applications are as follows:

- 2003/04 – R 21,7 million
- 2004/05 – R 32,3 million
- 2005/06 – R14,5 million.

The actual amount claimed by the approved enterprises during the 2003/04-financial year amounted to R 15 847 984.

Based on the SSP-claims received from the enterprises during 2003/04, 2 316 new workers received training. Of the new workers 2 200 were Blacks (95%) and 1 697 were females (73%).

#### Capacity building of stakeholders

The capacity building programme was focused on the representative stakeholder groupings on all the 25 SETA Boards.

A number of capacity building sessions were held during 2003, which were mainly attended by representatives from COSATU and the South African Youth Commission (SAYC).

The total expenditure incurred on the capacity building processes conducted amounted to R 600 941.

#### Promotion of NSDS objectives

The promotion of the NSDS was planned, coordinated and implemented by the Chief Directorate of Communication of the Department.

The total costs amounted to R 11 312 661.

The **consultation process with the NSA stakeholders** with regard to the targets and objectives for the 2005 to 2009 National Skills Development Strategy commenced during this reporting period.

The total amount expended on the consultation process during the reporting period is R 2 460 651.

#### Learnership Funding (unemployed learners)

The NSF budgeted an amount of R300 million for learnership funding of unemployed learners. The approved applications were however only finalised during the latter part of March 2004 and therefore the NSF incurred no expenditure under this funding window during 2003/04. An amount of R700 million is being budgeted for the 2004/05-financial year for this purpose. Included in this budget is an amount of R90 million set aside to fund 12 provincial Employment and Skills

## National Skills Fund

### Management Report for the year ended 31 March 2004

Development Lead Employer (ESDLE) pilot projects.

Applications for the funding of unemployed learners, which will be administered by the undermentioned SETAs, have been approved during March 2004, namely:

Seta	Unemployed learners	Amount allocated
Bank SETA	800	20 000 000
Clothing, Textiles, Footwear and Leather SETA (CTFL)	1 200	30 000 000
Insurance SETA (INSETA)	1 500	37 500 000
Information Systems, Electronics and Telecommunication Technologies SETA (ISETT)	850	21 250 000
Manufacturing, Engineering and Related Services SETA(MERSETA)	3 831	77 465 440
Primary Agriculture SETA (PAETA)	1 667	42 482 812
Public Service SETA (PSETA)	4 197	106 777 551
Transport SETA (TETA)	2 253	58 871 000
Wholesale & Retail SETA (W&RSETA)	2 000	50 514 000
<b>Total</b>	<b>18 298</b>	<b>444 860 803</b>

#### Department of Education Literacy Programme

The NSF also contributed **R20 million** towards the Literacy Programme of the Department of Education.

#### SARS collection costs

The Skills Development Levies Act determine that the cost of collection incurred by the South African Revenue Service (SARS) for the collection of the skills development levies, interest and penalties must be refunded from the National Skills Fund to SARS. The amount claimable by SARS may however not exceed 2% of the total amount of skills development levies so collected. In 2003/04 the amount paid to SARS amounted to R53,9 million.

#### 3.2 Capacity constraints

During the reporting period the NSF had a total staff complement of 29 at the Head Office in Pretoria. Vacancies could not be filled due to the moratorium of filling of posts and the process of getting new organisational structures approved for the various branches of the Department of Labour.

The Director-General of Labour has approved the new organisational structure for the ESDS and HRD Branch on 5 April 2004, which includes the NSF. The vacancies will now be filled as a matter of urgency.

#### 3.3 Challenges for 2004/05

- Identification of new Funding Windows to support the objectives and targets of the NSDS

## National Skills Fund

### Management Report for the year ended 31 March 2004

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2005 – 2009

- Streamline/review policies, procedures and criteria for NSF funding
- Reducing the variance between funds committed and funds spent
- Review/strengthen management capacity of the NSF to ensure the effective and efficient functioning of the NSF
- Development of NSF Management Information System (MIS) to enhance business processes and information flow processes.

4. **Discontinued activities**

None.

5. **Events after the reporting date**

None.

**Approval**

The annual financial statements have been approved by the Accounting Officer.

**Dr. VM Mkosana**  
**Acting Director-General of Labour**

**28 May 2004**

## National Skills Fund

### Income Statement (Statement of Financial Performance) for the year ended 31 March 2004

	Notes	2003/04 R'000	2002/03 R'000
<b>Revenue</b>			
Skills development levy income	1	755 402	647 663
State contribution	2	36 201	31 360
Investment income	3	125 345	119 821
Other income	4	4 455	4 000
Reversal of provision	6	9 309	-
<b>Total revenue</b>		<b>930 712</b>	<b>802 844</b>
<b>Expenses</b>			
Operating expenses	5	699 574	530 578
Provision for bad debts		-	( 550)
Loss on disposal of investment		-	90
Debts written off	7	7 622	-
<b>Total expenses</b>		<b>707 196</b>	<b>530 118</b>
<b>Net surplus for the year</b>		<b>223 516</b>	<b>272 726</b>

**National Skills Fund**

**Balance Sheet (Statement of Financial Position)  
at 31 March 2004**

	Notes	2003/04 R'000	2002/03 R'000
<b>Funds and liabilities</b>			
<b>Funds and reserves</b>			
Accumulated funds	8	<u>1 298 160</u>	1 074 644
		<u>1 298 160</u>	<u>1 074 644</u>
<b>Current liabilities</b>			
Accounts payable	9	3 091	4 526
Bank overdraft		-	23 199
		<u>3 091</u>	<u>27 725</u>
<b>Total net funds and liabilities</b>		<u>1 301 251</u>	<u>1 102 369</u>
<b>Assets</b>			
<b>Non-current assets</b>			
Long-term loans	10	<u>13 825</u>	13 436
		<u>13 825</u>	<u>13 436</u>
<b>Current assets</b>			
Accounts receivable	11	1 141	123
Unallocated payments		-	933
Bank and cash	14	6 315	-
Interest receivable		-	1 082
Investments	12	<u>1 279 970</u>	1 086 795
		<u>1 287 426</u>	<u>1 088 933</u>
<b>Total assets</b>		<u>1 301 251</u>	<u>1 102 369</u>

**National Skills Fund**

**Cash Flow Statement  
for the year ended 31 March 2004**

	Notes	2003/04 R'000	2002/03 R'000
<b>Cash flows from operating activities</b>			
Cash received		604 132	644 293
Cash paid		<u>699 574</u>	530 577
Cash utilised in operations	13	<u>(95 442)</u>	<u>(113 716)</u>
Interest received		<u>125 345</u>	119 821
<b>Net cash inflow from operating activities</b>		<u>29 903</u>	6 105
<b>Cash flows from investing activities</b>			
Increase in long-term loans		<u>(389)</u>	<u>(1 480)</u>
<b>Net cash outflow from investing activities</b>		<u>(389)</u>	<u>(1 480)</u>
<b>Net increase in cash and cash equivalents</b>		<u>29 514</u>	4 625
<b>Cash and cash equivalents at beginning of year</b>	14	<u>(23 199)</u>	<u>(27 824)</u>
<b>Cash and cash equivalents at end of year</b>	14	<u>6 315</u>	<u>( 23 199)</u>



**National Skills Fund**

**Statement of Changes in Equity  
for the year ended 31 March 2004**

	<b>Notes</b>	<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
Balance at 1 April 2003	7	1 074 644	801 918
Net income for the year	7	223 516	272 726
<b>Balance at 31 March 2004</b>		<u>1 298 160</u>	<u>1 074 644</u>

## National Skills Fund

### Accounting Policies to the Annual Financial Statements for the year ended 31 March 2004

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The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material respects, unless otherwise indicated. However, where appropriated and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999).

#### 1. Basis of preparation

The financial statements have been prepared on a modified cash basis of accounting except where stated otherwise.

#### 2. Revenue

##### 2.1 Levy income

In terms of section 3(1) and 3(4) of the Skills Development Levies Act, 1999 (Act no. 9 of 1999), registered member employers pay a skills development levy of 1% of the total payroll cost to the South African Revenue Service (SARS), who collects the levies on behalf of the Department of Labour.

20% of skills development levies are paid over to the National Skills Fund (NSF) and 80% to the SETAs. The NSF could not verify that the SARS has collected all potential skills levy income.

Revenue recognition of levy income represents amounts received from the Department. Skills development levy revenue are acknowledged on the cash basis.

##### 2.2 Department of Labour income

Revenue recognition of State contributions represents transfer payments received from the Department of Labour. State contributions is acknowledged on receipt.

##### 2.3 Interest income

Interest is recognised on a time proportion basis as it accrues, unless collectability is in doubt.

#### 3. Expenses recognition

##### 3.1 Payments for the training of unemployed people

The training of unemployed people is undertaken by selected training contractors on the basis of a predetermined course fee per day. Upon completion of training, certified claims are submitted by training contractors upon which payment is made.

##### 3.2 Funds allocated to the SETAs for special projects

The NSF allocated funds in respect of Special Projects to the SETAs on an imprest basis (the funds advanced is topped up once the SETAs incurs eligible expenses, i.e. eligible special project expenses incurred are then reimbursed). If eligible expenses are not incurred, the amount advanced to the SETAs has to be refunded to the NSF.

## National Skills Fund

### Accounting Policies to the Annual Financial Statements for the year ended 31 March 2004

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#### 3.3 Collection costs paid to SARS

In terms of section 10 (2) of the Skills Development Levies Act, 1999 (Act no. 9 of 1999), the Director-General must, on a monthly basis as may be agreed between by the SARS and the Director-General, defray the costs of collection by SARS from the levies paid into the National Skills Fund. The total amount of collection costs, may not exceed 2% of the total amount of the levies collected by SARS.

#### 3.4 Debts written off

Debts are written off when identified as irrecoverable. No provision is made for irrecoverable amounts in accordance with the accounting policy adopted by the Department of Labour.

#### 4. Taxation

No provision has been made for taxation, as the NSF is exempt from income tax in terms of section 10 of the Income Tax Act.

#### 5. Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, investments, accounts receivables, advances, accounts payable and long-term loans. Where relevant, the particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

#### 6. Long term loans

The loans are secured by mortgage bonds over immovable assets of the borrowers, and are repayable at fixed interest rates over 20 years. The interest rates vary between 6% and 20%.

#### 7. Accounts receivable

Accounts receivable are carried at anticipated realisable value. Bad debts are written off during the year in which they are identified.

#### 8. Investments

In terms of section 29 (2) of the Skills Development Act, 1998 (Act no. 97 of 1998) any money in the Fund not required for immediate use is invested with the Public Investment Commissioner.

Non-current investments, excluding marketable securities, are shown at cost and adjustments are made only where in the opinion of the accounting officer, the investment is impaired. Where an investment has been impaired, it is recognised as an expense in the period in which the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement. On disposal of the investment classified as a current asset, amounts are transferred to the net surplus/(deficit) for the year.

## National Skills Fund

### Accounting Policies to the Annual Financial Statements for the year ended 31 March 2004

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#### **9. Property, plant and equipment**

##### **9.1 Property, plant and equipment utilised by the NSF**

The Director-General of the Department of Labour is the Accounting Officer of the Fund in terms of the PFMA and must control the Fund.

No provision has been made for property, plant and equipment, as all property, plant and equipment utilised by the NSF are owned, controlled and disposed of by the Department of Labour.

##### **9.2 Property, plant and equipment acquired by the SETAs for NSF special projects**

Property, plant and equipment acquired by the SETAs for NSF special projects are capitalised in the financial statements of the SETAs, as the SETAs controls such assets for the duration of the project. Such assets could however, only be disposed of in terms of an agreement and specific written instructions by the NSF.

#### **10. Cash flows**

For the purposes of the cash flow statement, cash included cash on hand, deposits held on call with banks, and bank overdrafts.

#### **11. Provisions**

The Director-General of the Department of Labour is the Accounting Officer of the Fund in terms of the PFMA and must control the Fund.

Provisions are recognised when the NSF has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

#### **12. Employer entitlements**

No provision for employer entitlements are recognised in the annual financial statements of the NSF, as all staff members are on the establishment of the Department of Labour.

#### **13. Comparative figures**

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

## National Skills Fund

### Notes to the Annual Financial Statements for the year ended 31 March 2004

	2003/04 R'000	2002/03 R'000
<b>1. Skills development levy income</b>		
In terms of the Skills Development Act and the Skills Development Levies Act, the following applied during the period under review:		
Percentage of payroll payable as Skills Development Levy	1%	1%
National Skills Fund (20%)	755 402	647 663
Withheld by the Department of Labour and paid to the SETAs (80%)	3 021 606	2 611 797
Total gross levies contributed by employers	<u>3 777 008</u>	<u>3 259 460</u>
<b>2. State contribution</b>		
Transfer payments received from the Department of Labour	36 201	31 360
<b>3. Investment income</b>		
Dividends	126 172	117 540
Interest	(827)	2 281
Interest received	1 155	2 281
Correction of interest	(204)	-
Reversal of interest	(1 778)	-
	<u>125 345</u>	<u>119 821</u>
<b>4. Other income</b>		
Revenue received from the Department of Defence	1 607	4 000
Revenue received from SERVICES SETA	2 000	-
Revenue received from Anglo Gold	848	-
	<u>4 455</u>	<u>4 000</u>
<b>5. Operating expenses</b>		
Claims for training and other services provided	645 542	476 475
Collection costs paid to SARS	53 908	54 027
Management fees paid to PIC	124	76
	<u>699 574</u>	<u>530 578</u>

## National Skills Fund

### Notes to the Annual Financial Statements for the year ended 31 March 2004

	2003/04 R'000	2002/03 R'000
<b>6. Reversal of provision</b>		
Loans	<b>(8 816)</b>	8 816
Opening balance	-	9 858
Additional provisions	-	(1 042)
Unused amounts reversed	<b>(8 816)</b>	-
Advances	<b>(493)</b>	493
Opening balance	-	-
Additional provisions	-	493
Unused amounts reversed	<b>(493)</b>	-
	<b>(9 309)</b>	9 309
<b>7. Debts written off</b>		
Natal Training Centre		
Loans	<b>2 946</b>	-
Advances	<b>367</b>	-
Boskop Training Centre		
Loans	<b>4 084</b>	-
Advances	<b>125</b>	-
Dishonoured cheques	<b>55</b>	-
Other		
Advances	<b>45</b>	-
	<b>7 622</b>	-
<b>8. Accumulated funds</b>		
Opening balance	<b>1 074 644</b>	801 918
Net surplus for the year	<b>223 516</b>	272 726
	<b>1 298 160</b>	1 074 644
<b>9. Accounts payable</b>		
<b>Creditors</b>		
Opening balance	<b>2 552</b>	851
Additional creditors	-	1 701
Corrections	<b>(2 552)</b>	-
	-	2 552
<b>Advances</b>		
Opening balance	<b>1 974</b>	(54)
Advances granted	<b>1 610</b>	(13)
Repayments received	-	1 548
Provision for bad debts	-	493
Reversal of provision	<b>(493)</b>	-
Debts written off	-	-
	<b>3 091</b>	1 974
	<b>3 091</b>	4 526

## National Skills Fund

### Notes to the Annual Financial Statements for the year ended 31 March 2004

	2003/04 R'000	2002/03 R'000
<b>10. Long-term loans</b>		
Opening balance	13 436	12 739
Loans granted	-	400
Interest received	1 155	2 281
Repayments received	( 170)	( 2 092)
Unallocated payments	-	( 933)
Provision for bad debts	-	1 041
Reversal of provision	8 816	-
Debts written off	( 7 030)	-
Corrections	( 604)	-
Current portion of loan	( 400)	-
Interest	( 204)	-
Reversal of interest	( 1 778)	-
	<u>13 825</u>	<u>13 436</u>
Note:		
Subsequent to year-end, approval has been obtained to write off interest accumulated on these loans, which amounted to R3,449,467.00 as on 31 March 2004. Recoverability of the capital portion of these loans remains doubtful at this stage, as management of the NSF is negotiating with Training Centres regarding repayment possibilities and options.		
<b>11. Accounts receivable</b>		
Opening balance	123	123
Advances	1 610	-
Debts written off	(592)	-
	<u>1 141</u>	<u>123</u>
<b>12. Investments</b>		
Portfolio 2284	42 443	23 498
Portfolio 2285	33 390	28 704
Portfolio 2286	957	870
Portfolio 2287	39 650	36 111
Portfolio 2288	1 163 530	997 612
	<u>1 279 970</u>	<u>1 086 795</u>



## National Skills Fund

### Notes to the Annual Financial Statements for the year ended 31 March 2004

	2003/04 R'000	2002/03 R'000
<b>13. Net cash flow generated by operating activities</b>		
<b>Operating profit before working capital changes and interest</b>		
Net surplus for the year	223 516	272 726
Interest received	<u>(125 345)</u>	<u>(119 821)</u>
	98 171	152 905
<b>Cash utilised to increase working capital</b>		
Decrease in receivables	997	1 618
(Decrease)/increase in payables	<u>(1 435)</u>	<u>3 675</u>
Increase in other current assets	<u>(193 175)</u>	<u>(271 914)</u>
	<u>(193 613)</u>	<u>(266 621)</u>
	<u>(95 442)</u>	<u>(113 716)</u>
<b>14. Cash and cash equivalents</b>		
Bank and cash	6 315	(23 199)
	<u>6 315</u>	<u>(23 199)</u>
<b>Disclosure notes</b>		
<p>These notes to the annual financial statements are not recognised in the financial statements and are disclosed to enhance the usefulness of the financial statements.</p>		
<b>15. Commitments</b>		
Contracted commitments	Annexure A	
Strategic projects by SETAs	845 512	1 059 795
Skills support programme projects	48 110	13 094
Innovation and research	9 690	-
Funding of learnerships	444 861	-
Social development initiatives	73 111	83 796
<b>Total future expenditure</b>	<u>1 421 284</u>	<u>1 156 685</u>

## National Skills Fund

### Notes to the Annual Financial Statements for the year ended 31 March 2004

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#### 16. Contingent Asset

The unappropriated Skills Development Levies at the National Revenue Fund consisted of:

- Employer contributions which could not be allocated to a specific SETA, or
- resulting from SARS contributions received without, or with incorrect reference numbers, which could be Skills Development Levies, Value Added Tax, or Pay As You Earn.

As at 31 March 2004 the account had an accumulated balance of R71 million. This money is currently in the National Revenue Fund and has not been accounted for in the financial statements of the Department of Labour or the National Skills Fund. Once the nature of these monies are established to be Skills Development Levies, the funds will be transferred as follows, in accordance with current statutory regulations:

- 20% to the National Skills Fund
- 80% to the SETAs.

The Department of Labour is currently engaged in a process with the South African Revenue Service to establish the nature of the monies in this account.

**National Skills Fund**

**Annexures to the Annual Financial Statements  
for the year ended 31 March 2004**

<b>Projects</b>	<b>Contractual commitment R'000</b>	<b>Less amount transferred prior years R'000</b>	<b>Less amount transferred 2003 - 2004 R'000</b>	<b>Commitment to be transferred R'000</b>
FASSET				
Strategic Project	35 484	17 057	10 811	7 616
BANKSETA				
Strategic Project	78 470	8 186	24 531	45 753
Learnership Programme	20 000	-	-	20 000
CHIETA				
Strategic Project	38 458	4 351	10 793	23 314
CTFL				
Strategic Project	18 100	8 071	-	10 029
Learnership Programme	30 000	-	-	30 000
CETA				
Strategic Project	58 775	2 951	14 356	41 468
DIDTETA				
Strategic Project	39 142	143	-	38 999
ETDPSETA				
Strategic Project	108 910	1 265	13 824	93 821
FOODBEV				
Strategic Project	33 526	1 613	10 075	21 838
FIETA				
Strategic Project	103 321	-	27 636	75 685
ISETT				
Strategic Project	103 840	16 645	21 991	65 204
Learnership Programme	21 250	-	-	21 250
INSETA				
Learnership Programme	37 500	-	-	37 500
MAPP				
Strategic Project	117 781	9 432	48 689	59 660
MERSETA				
Strategic Project	1 255	-	-	1 255
Learnership Programme	77 465	-	-	77 465
MQA				
Strategic Project	74 551	7 068	12 352	55 131
PAETA				
Strategic Project	33 267	2 194	9 011	22 062
Learnership Programme	42 483	-	-	42 483
PSETA				
Learnership Programme	106 778	-	-	106 778
SETASA				
Strategic Project	35 536	11 184	11 964	12 388
SERVICES				
Strategic Project	120 889	15 542	25 090	80 257
THETA				
Strategic Project	109 715	9 596	23 376	76 743
<b>Subtotal</b>	<b>1 446 496</b>	<b>115 298</b>	<b>264 499</b>	<b>1 066 699</b>

**National Skills Fund**

**Annexures to the Annual Financial Statements  
for the year ended 31 March 2004**

<b>Projects</b>	<b>Contractual commitment R'000</b>	<b>Less amount transferred prior years R'000</b>	<b>Less amount transferred 2003 - 2004 R'000</b>	<b>Commitment to be transferred R'000</b>
TETA				
Strategic Project	72 592	4 804	7 072	60 716
Learnership Programme	58 871	-	-	58 871
W&RSETA				
Strategic Project	68 412	1 091	13 748	53 573
Learnership Programme	50 514	-	-	50 514
Other				
Skills support programme projects	66 802	15 848	2 844	48 110
Innovation and research	11 746	-	2 056	9 690
Social development initiatives	274 148	-	201 037	73 111
<b>Total</b>	<b>2 049 581</b>	<b>137 041</b>	<b>491 256</b>	<b>1 421 284</b>

# Human Resources Management

## Oversight Report

### Service Delivery

Please refer to Programme 7 on page 63 where a report on service delivery is provided.

#### 1. Expenditure

Department of Labour's budget in terms of clearly defined programmes. The following tables summarise final audited expenditure by programme (**Table 1.1**) and by salary bands (**Table 1.2**). In particular, it provides an indication of the amount spent on personnel costs in terms of each of the programmes or salary bands within the Department.

**Table 1.1 – Personnel costs by programme  
2003/04**

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services (R'000)	Personnel cost as a % of total expenditure	Average personnel cost per employee (R'000)
Administration	246 781	40 046	877	133 483	16.23	134
Occupational Health and safety of Persons	12 548	4 444	653	5 427	35.42	123
Social Insurance	-	-	-	-	-	-
Employment and Skills Development Services	139 302	37 351	614	6 214	26.81	124
Labour Relations	19 090	12 414	294	5 783	65.03	183
Labour Market Policy	27 159	2 929	80	1 351	10.78	154
Service Delivery	356 556	237 490	1 751	19 517	66.61	56
Auxiliary and Associated Services	24 729	3 291	-	2 584	13.31	253
Special Functions	127	-	-	-	-	-
<b>Total</b>	<b>826 292</b>	<b>337 965</b>	<b>4 269</b>	<b>174 359</b>	<b>40.90</b>	<b>1 027</b>

**Table 1.2 – Personnel costs by salary bands  
2003/04**

Salary bands	Personnel expenditure (R'000)	% of total personnel cost	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	11 744	3.47	27
Skilled (Level 3-5)	88 307	26.13	37
High skilled production (Level 6-8)	168 536	49.87	69
High skilled supervision (Levels 9-12)	57 247	16.94	112
Senior management (Levels 13-16)	12 131	3.59	229
<b>Total</b>	<b>337 965</b>	<b>100.00</b>	<b>474</b>

The following tables provide a summary per programme (**Table 1.3**) and salary bands (**Table 1.4**), of expenditure incurred as a result of salaries, overtime, home owners allowance and medical assistance. In each case, the table provides an indication of the percentage of the personnel budget

that was used for these items.

**Table 1.3 – Salaries, overtime, home owners allowance and medical assistance by programme 2003/04**

Programme	Salaries		Overtime		Home owners allowance (HOA)		Medical assistance	
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical assistance as a % of personnel cost
Administration	26 892	67.15	503	1.26	694	1.73	2 017	5.04
Occupational Health and safety of Persons	3 033	68.25	-	-	53	1.19	162	3.65
Social Insurance	-	-	-	-	-	-	-	-
Employment and Skills Development Services	25 397	68.00	595	1.59	1 047	2.80	1 706	4.57
Labour Relations	8 384	67.54	1	0.01	201	1.62	536	4.32
Labour Market Policy	1 892	64.60	-	-	56	1.91	135	4.61
Service Delivery	164 352	69.20	466	0.20	4 613	1.94	14 561	6.13
Auxiliary and Associated Services	1 888	57.37	-	-	37	1.12	112	3.40
<b>Total</b>	<b>231 838</b>	<b>68.60</b>	<b>1 565</b>	<b>0.46</b>	<b>6 701</b>	<b>1.98</b>	<b>19 229</b>	<b>5.69</b>

**Table 1.4 – Salaries, overtime, home owners allowance and medical assistance by salary bands 2003/04**

Salary bands	Salaries		Overtime		Home owners allowance (HOA)		Medical assistance	
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical assistance as a % of personnel cost
Lower skilled (Levels 1-2)	8 045	2.38	60	0.02	233	0.06	667	0.19
Skilled (Levels 3-5)	60 579	17.92	460	0.14	1 751	0.52	5 025	1.49
Highly skilled production (Levels 6-8)	115 618	34.21	780	0.22	3 342	0.99	9 590	2.84
Highly skilled supervision (Levels 9-12)	39 273	11.62	265	0.08	1 135	0.34	3 257	0.96
Senior management (Levels 13-16)	8 323	2.47	-	-	240	0.07	690	0.21
<b>Total</b>	<b>231 838</b>	<b>68.60</b>	<b>1 565</b>	<b>0.46</b>	<b>6 701</b>	<b>1.98</b>	<b>19 229</b>	<b>5.69</b>

## 2. Employment and vacancies

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment. This information is presented in terms of three key variables:- programme (**Table 2.1**), salary band (**Table 2.2**) and critical occupations (**Table 2.3**). **Table 2.3** provides establishment and vacancy information for the key critical occupations of the Department.

The vacancy rate reflects the percentage of posts that are not filled.

**Table 2.1 – Employment and vacancies by programme  
31 March 2004**

Programme	Number of posts	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
Administration	414	298	28	5
Auxiliary and Associated Services	22	13	40.9	-
Employment and Skills Development Services	401	301	24.9	-
Labour Market Policy	44	19	56.8	-
Labour Relations	81	68	16	-
Occupational Health and Safety of Persons	54	36	33.3	4
Service Delivery	5 382	4 221	21.6	6
Social Insurance	1 097	899	18	5
<b>Total</b>	<b>7 495</b>	<b>5 855</b>	<b>21.9</b>	<b>20</b>

**Table 2.2 – Employment and vacancies by salary bands  
31 March 2004**

Programme	Number of posts	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2)	512	434	15.2	2
Skilled (Levels 3-5)	3 222	2 410	25.2	8
Highly skilled production (Levels 6-8)	2 998	2 449	18.3	-
Highly skilled supervision (Levels 9-12)	691	509	26.3	3
Senior management (Levels 13-16)	72	53	26.4	7
<b>Total</b>	<b>7 495</b>	<b>5 855</b>	<b>21.9</b>	<b>20</b>



**Table 2.3 – Employment and vacancies by critical occupation  
31 March 2004**

Critical occupations	Number of posts	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
Administrative related	2 242	1 652	26.3	3
Artisans	41	36	12.2	-
Cleaners	160	149	6.9	2
Client Service Officers	1 362	1 101	19.1	-
Communication related	28	21	25	-
Employment Service Practitioners	194	125	35.6	-
Financial related	339	267	21.2	-
Food services aid	20	15	25	-
Head of Department	1	1	-	-
Housekeepers, laundry and related	7	7	-	-
Human Resources related	465	373	19.8	-
Information technology	80	2	97.5	-
Inspectors	1 437	1 052	26.8	5
Legal related	11	9	18.2	-
Librarian and related	1	1	-	-
Drivers	3	3	-	-
Logistical support and related	684	559	18.2	3
Medical practitioners	3	3	-	-
Messengers	105	78	25.7	-
National Technical Examiners	49	41	16.3	-
Production Advisors	2	1	50	-
Minister	1	1	-	-
Security related	151	115	23.8	-
Secretarial related	170	141	17.1	-
Senior management	61	43	29.5	7
Trade labourers	72	59	18	-
<b>Total</b>	<b>7 689</b>	<b>5 855</b>	<b>21.9</b>	<b>20</b>

The information in each case reflects the situation as at 31 March 2004.

### 3. Job evaluation

The Public Service Regulations, 1999 introduced job evaluation as a way of ensuring that work of equal value is remunerated equally. Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled. This was complemented by a decision by the Minister for the Public Service and Administration that all SMS jobs must be evaluated before 31 December 2002.

The following table (**Table 3.1**) summarises the number of jobs that were evaluated during 2003/04. The table also provides statistics on the number of posts that were upgraded or downgraded.

**Table 3.1 – Job evaluation  
2003/04**

Salary band	Number of posts	Number of jobs evaluated	% of posts evaluated by salary bands	Posts upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower skilled (Levels 1-2)	512	1	0.2%	1	-	-	-
Skilled (Levels 3-5)	3 222	-	0%	-	-	-	-
Highly skilled production (Levels 6-8)	2 998	3	0.1%	-	-	-	-
Highly skilled supervision (Levels 9-12)	691	13	1.9%	2	-	-	-
Senior management Service band A	52	7	13.5%	-	-	-	-
Senior management Service band B	15	7	46.7%	1	-	-	-
Senior management Service band C	4	1	25.0%	-	-	-	-
Senior management Service band D	1	-	-	-	-	-	-
<b>Total</b>	<b>7 495</b>	<b>32</b>	<b>0.4%</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>

The following table provides a summary of the number of employees whose salary positions were upgraded due to their posts being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could also be vacant.

**Table 3.2 – Profile of employees whose salary positions were upgraded due to their posts being upgraded 2003/04**

Beneficiaries	African	Asian	Coloured	White	Total
Female	4	-	1	1	6
Male	2	-	1	3	6
<b>Total</b>	<b>6</b>	<b>-</b>	<b>2</b>	<b>4</b>	<b>12</b>
Employees with a disability					None

The following table summarises the number of cases where remuneration levels exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

**Table 3.3 – Employees whose salary level exceed the grade determined by job evaluation, 1 April 2003 to 31 March 2004 (in terms of PSR 1.V.C.3)**

[If there were no cases where the remuneration bands exceeded the grade determined by job evaluation, use the following table as **Table 3.3**]

<b>Total number of employees whose salaries exceeded the grades determined by job evaluation in 2003/ 04</b>	None
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**Table 3.4** summarises the beneficiaries of the above in terms of race, gender, and disability.

**Table 3.4 – Profile of employees whose salary level exceed the grade determined by job evaluation (in terms of PSR 1.V.C.3) 2003/04**

Beneficiaries	African	Asian	Coloured	White	Total
Female	-	-	-	-	-
Male	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Employees with a disability					-

#### 4. Employment changes

This section provides information on changes in employment over the financial year. The turnover rates provide an indication of trends in the employment profile of the Department. The following tables provide a summary of turnover rates by salary band (**Table 4.1**) and by critical occupations (**Table 4.2**).

**Table 4.1 – Annual turnover rates by salary band 2003/04**

Salary band	Number of employees per band as on 1 April 2003	Appointments and transfers in the Department	Terminations and transfers out of the Department	Turnover rate
Lower skilled (Levels 1-2)	467	16	36	7.7
Skilled (Levels 3-5)	2 480	44	81	3.3
Highly skilled production (Levels 6-8)	2 608	6	120	4.6
Highly skilled supervision (Levels 9-12)	495	11	47	9.5
Senior management Service band A	34	2	4	11.8
Senior management Service band B	13	-	-	-
Senior management Service band C	4	1	1	25
Senior management Service band D	1	-	-	-
<b>Total</b>	<b>6 102</b>	<b>80</b>	<b>289</b>	<b>4.7</b>

**Table 4.2 – Annual turnover rates by critical occupation  
2003/04**

Occupation	Number of employees per occupation as on 1 April 2003	Appointments and transfers in the Department	Terminations and transfers out of the Department	Turnover rate
Administrative related	1 790	26	173	9.7
Artisans	37	1	3	8.1
Cleaners	159	-	13	8.1
Client Service Officers	1 104	-	1	0.1
Communication related	22	6	3	13.6
Employment Service Practitioners	187	-	7	7.1
Financial related	298	3	14	5.2
Food services aid	14	1	-	-
Head of Department	1	-	-	-
Housekeepers, laundry and related	7	-	-	-
Human Resources related	421	15	29	6.9
Information technology	3	-	1	33.3
Inspectors	1 088	-	1	0.1
Legal related	10	-	1	10
Librarian and related	3	-	-	-
Drivers	7	-	-	-
Logistical support and related	445	7	20	4.5
Medical practitioners	3	-	-	-
Messengers	82	2	4	4.88
National Technical Examiners	44	-	4	9.1
Production advisors	1	-	-	-
Minister	1	-	-	-
Security related	125	-	4	3.2
Secretarial related	145	6	5	3.4
Senior management	42	5	3	7.1
Trade labourers	63	-	3	4.8
<b>Total</b>	<b>6 102</b>	<b>72</b>	<b>289</b>	<b>4.7</b>

**Table 4.3** identifies the major reasons why staff left the Department.

**Table 4.3 – Reasons why staff are leaving the Department**

Termination type	Number	% of total
Death	37	12.8
Resignation	144	49.8
Expiry of contract	17	5.9
Dismissal – operational changes	-	-
Dismissal – misconduct	15	5.2
Dismissal – inefficiency	-	-
Discharged due to ill-health	22	7.6
Retirement	31	10.7
Transfers to other Public Service Departments	23	8.0
<b>Total</b>	<b>289</b>	<b>100</b>
Total number of employees who left as a % of the total employment		4.93

**Table 4.4 – Promotions by critical occupation**

Occupation	Number of employees per occupation as on 1 April 2003	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progression to another notch within salary range level	Notch progressions as a % of employees by occupation
Administrative related	1 790	211	11.8	403	24.4
Artisans	37	-	-	9	25.0
Cleaners	159	-	-	31	20.8
Client Service Officers	1 104	4	0.4	6	0.5
Communication related	22	3	13.6	1	4.8
Employment Service Practitioners	187	6	3.2	4	3.2
Financial related	298	16	5.4	37	13.9
Food services aid	14	-	-	-	-
Head of Department	1	-	-	-	-
Housekeepers, laundry and related	7	-	-	-	-
Human Resources related	421	14	3.3	19	5.1
Information technology	3	-	-	-	-
Inspectors	1 088	37	3.4	1	0.1
Legal related	10	1	10.0	-	-
Librarian and related	3	-	-	-	-
Drivers	7	-	-	-	-
Logistical support and related	445	3	0.7	41	7.3
Medical practitioners	3	-	-	-	-
Messengers	82	-	-	12	15.4
National Technical Examiners	44	1	2.3	5	12.2
Production advisors	1	-	-	-	-
Minister	1	-	-	-	-
Security related	125	1	0.8	17	14.8
Secretarial related	145	4	2.7	14	9.9
Senior management	42	4	9.5	6	14.0
Trade labourers	63	-	-	15	25.4
<b>Total</b>	<b>6 102</b>	<b>305</b>	<b>2.7</b>	<b>621</b>	<b>10.6</b>



**Table 4.5 – Promotions by salary band**

Salary band	Employees 1 April 2003	Promotions to another salary level	Salary band promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progressions as a % of employees by salary band
Lower skilled (Levels 1-2)	467	-	-	81	17.3
Skilled (Levels 3-5)	2 480	34	1.41	288	11.6
Highly skilled production (Levels 6-8)	2 608	62	2.53	232	8.9
Highly skilled supervision (Levels 9-12)	495	66	12.96	14	2.8
Senior management (Levels 13-16)	52	4	7.54	6	11.5
<b>Total</b>	<b>6 102</b>	<b>166</b>	<b>2.83</b>	<b>621</b>	<b>10.1</b>

## 5. Employment equity

The tables in this section are based on the formats prescribed by the Employment Equity Act, No 55 of 1998.

**Table 5.1 – Total number of employees (including employees with disabilities) in each of the occupational categories as on 31 March 2004**

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	23	3	2	6	8	-	-	5	<b>47</b>
Professionals	86	8	6	29	134	10	8	39	<b>320</b>
Technicians and associate professionals	533	70	45	127	362	52	13	244	<b>1 446</b>
Clerks	923	162	30	83	1 320	292	74	611	<b>3 495</b>
Service and sales workers	63	12	-	20	26	5	-	2	<b>128</b>
Skilled agriculture and fishery workers	-	-	-	-	-	-	-	-	<b>-</b>
Craft and related trades workers	15	1	-	27	-	-	-	1	<b>44</b>
Plant and machine operators and assemblers	7	-	-	-	1	-	-	-	<b>8</b>
Elementary occupations	198	10	1	7	116	16	1	13	<b>361</b>
<b>Total permanent</b>	<b>1 848</b>	<b>266</b>	<b>84</b>	<b>299</b>	<b>1 967</b>	<b>375</b>	<b>95</b>	<b>915</b>	<b>5 849</b>
Non-permanent employees	5	-	-	-	-	-	-	1	<b>6</b>
<b>Total</b>	<b>1 853</b>	<b>266</b>	<b>84</b>	<b>299</b>	<b>1 967</b>	<b>375</b>	<b>95</b>	<b>916</b>	<b>5 855</b>
Employees with disabilities	47	9	5	20	29	5	3	24	<b>142</b>

**Table 5.2 – Total number of employees (including employees with disabilities) in each of the occupational bands as on 31 March 2004**

Occupational bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	2	1	-	-	1	-	-	1	5
Senior management	23	3	2	6	8	-	-	4	46
Professionally qualified and experienced specialists and mid-management	76	12	7	60	44	3	1	19	222
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	768	108	62	188	675	143	56	743	2 743
Semi-skilled and discretionary decision making	752	130	12	34	1 097	199	38	141	2 403
Unskilled and defined decision making	227	12	1	11	142	30	-	7	430
<b>Total permanent</b>	<b>1 848</b>	<b>266</b>	<b>84</b>	<b>299</b>	<b>1 967</b>	<b>375</b>	<b>95</b>	<b>915</b>	<b>5 849</b>
Non-permanent employees	5	-	-	-	-	-	-	1	6
<b>Total</b>	<b>1 853</b>	<b>266</b>	<b>84</b>	<b>299</b>	<b>1 967</b>	<b>375</b>	<b>95</b>	<b>916</b>	<b>5 855</b>

**Table 5.3 – Recruitment  
2003/04**

Occupational bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	-	-	-	-	-	-	-	-	-
Senior management	3	-	-	-	1	-	-	-	4
Professionally qualified and experienced specialists and mid-management	-	-	-	1	1	-	-	-	2
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	1	-	-	-	4	1	-	-	6
Semi-skilled and discretionary decision making	19	1	-	-	21	3	-	-	44
Unskilled and defined decision making	7	-	-	-	8	1	-	-	16
<b>Total</b>	<b>30</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>35</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>72</b>
Employees with disabilities	-	-	-	-	2	-	-	-	2

**Table 5.4 – Promotions  
2003/04**

Occupational bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	-	-	-	-	-	-	-	-	-
Senior management	3	-	-	1	-	-	-	1	5
Professionally qualified and experienced specialists and mid-management	12	1	-	5	14	1	1	1	35
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	34	6	2	1	38	6	-	5	92
Semi-skilled and discretionary decision making	19	1	-	-	10	3	1	-	34
Unskilled and defined decision making	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>68</b>	<b>8</b>	<b>2</b>	<b>7</b>	<b>62</b>	<b>10</b>	<b>2</b>	<b>7</b>	<b>166</b>
Employees with disabilities	1	-	-	1	-	-	-	-	2

**Table 5.5 – Terminations  
2003/04**

Occupational bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	-	-	-	-	-	-	-	-	-
Senior management	3	-	1	1	-	-	-	-	5
Professionally qualified and experienced specialists and mid-management	14	7	1	7	11	2	1	4	47
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	23	3	1	17	26	6	-	44	120
Semi-skilled and discretionary decision making	20	5	1	2	34	8	2	9	81
Unskilled and defined decision making	15	1	-	1	18	1	-	-	36
<b>Total</b>	<b>75</b>	<b>16</b>	<b>4</b>	<b>28</b>	<b>89</b>	<b>17</b>	<b>3</b>	<b>57</b>	<b>289</b>
Employees with disabilities	-	-	-	-	-	-	-	1	1

## 6. Performance rewards

To encourage good performance, the Department has granted the following performance rewards during 2003/04. The information is presented in terms of race, gender, and disability (**Table 6.1**), salary bands (**Table 6.2**) and critical occupations (**Table 6.3**).

**Table 6.1 – Performance rewards by race, gender, and disability 2003/04**

	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees in group	% of total within group	Cost (R'000)	Average cost per employee
African					
Male	1 539	1 828	84.20	3 228 245	2 097
Female	1 733	1 949	88.90	3 349 945	1 933
Asian					
Male	77	84	91.67	288 057	3 741
Female	87	95	91.58	252 744	2 905
Coloured					
Male	242	261	92.72	502 893	2 078
Female	330	371	88.95	621 321	1 883
White					
Male	240	299	80.26	806 316	3 360
Female	845	915	92.34	2 327 514	2 754
Employees with a disability	74* Included in total	142* Included in total			
<b>Total</b>	<b>5 093</b>	<b>5 802</b>	<b>87.78</b>	<b>11 377 085</b>	<b>2 234</b>

**Table 6.2 – Performance rewards by salary bands for personnel below senior management service 2003/04**

Salary bands	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost (R'000)	Average cost per employee
Lower skilled (Levels 1-2)	367	434	85.56	353 559	963
Skilled (Levels 3-5)	2 082	2 410	86.40	3 125 637	1 501
Highly skilled production (Levels 6-8)	2 191	2 449	89.46	5 981 977	2 730
Highly skilled supervision (Levels 9-12)	453	509	89.0	1 915 915	4 229
<b>Total</b>	<b>5 093</b>	<b>5 802</b>	<b>87.78</b>	<b>11 377 085</b>	<b>2 234</b>

**Table 6.3 – Performance rewards by critical occupations  
2003/04**

	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total cost (R'000)	Average cost per employee
<b>Total</b>					

**Table 6.4 – Performance related rewards (cash bonus), by salary band, for senior management service**

Salary bands	Beneficiary profile			Cost		
	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
Band A						
Band B						
Band C						
Band D						
<b>Total</b>						

## 7. Foreign workers

The tables below summarise the employment of foreign nationals in the Department in terms of salary bands and by major occupation. The tables also summarise changes in the total number of foreign workers in each salary band and by each major occupation.

**Table 7.1 – Foreign workers by salary band  
2003/04**

Salary band	1 April 2003		31 March 2004		Change	
	Number	% of total	Number	% of total	Number	% change
Lower skilled (Levels 1-2)	-	-	2	50	2	-
Skilled (Levels 3-5)	-	-	-	-	-	-
Highly skilled production (Levels 6-8)	3	75	2	50	-1	-
Highly skilled supervision (Levels 9-12)	1	25	-	-	-1	-
Senior management (Levels 13-16)	-	-	-	-	-	-
<b>Total</b>	4	100	4	100	-	-



## 8. Leave utilisation for the period 1 January 2003 to 31 December 2003

The Public Service Commission identified the need for careful monitoring of sick leave within the Public Service. The following tables provide an indication of the use of sick leave (**Table 8.1**) and disability leave (**Table 8.2**). In both cases, the estimated cost of the leave is also provided.

**Table 8.1 – Sick leave**  
1 January 2003 to 31 December 2003

Salary band	Total days	% days with medical certification	Number of employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated cost (R'000)
Lower skilled (Levels 1-2)	2 032	80.9	305	6.6	7	257
Skilled (Levels 3-5)	15 128	70.5	1 987	42.9	8	2 487
Highly skilled production (Levels 6-8)	13 989	73.3	1 920	41.5	7	4 392
Highly skilled supervision (Levels 9-12)	2 479	75.5	396	8.6	6	1 366
Senior management (Levels 13-16)	92	79.3	18	0.4	5	142
<b>Total</b>	<b>33 720</b>	<b>72.7</b>	<b>4 626</b>	<b>100</b>	<b>7</b>	<b>8 644</b>

**Table 8.2 – Disability leave (temporary and permanent)**  
1 January 2003 to 31 December 2003

Salary band	Total days	% days with medical certification	Number of employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated cost (R'000)
Lower skilled (Levels 1-2)	801	100	23	6.3	35	103
Skilled (Levels 3-5)	1 774	99.5	117	31.8	15	308
Highly skilled production (Levels 6-8)	4 427	99.4	203	55.1	22	1 303
Highly skilled supervision (Levels 9-12)	824	100	23	6.3	36	476
Senior management (Levels 13-16)	22	100	2	0.5	11	36
<b>Total</b>	<b>7 848</b>	<b>99.5</b>	<b>368</b>	<b>100</b>	<b>21</b>	<b>2 226</b>

**Table 8.3** summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000, requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

**Table 8.3 – Annual leave  
1 January 2003 to 31 December 2003**

Salary band	Total days taken	Average per employee
Lower skilled (Levels 1-2)	10 567	23
Skilled (Levels 3-5)	52 825	22
Highly skilled production (Levels 6-8)	61 766	24
Highly skilled supervision (Levels 9-12)	12 628	22
Senior management (Levels 13-16)	975	20
<b>Total</b>	<b>138 761</b>	<b>23</b>

**Table 8.4 – Capped leave  
1 January 2003 to 31 December 2003**

Salary band	Total days of capped leave	Average number of days taken per employee	Average capped leave per employee as at 31 December 2003
Lower skilled (Levels 1-2)	357	-	38
Skilled (Levels 3-5)	1 037	1	19
Highly skilled production (Levels 6-8)	2 342	3	48
Highly skilled supervision (Levels 9-12)	362	-	64
Senior management (Levels 13-16)	29	-	55
<b>Total</b>	<b>4 127</b>	<b>4</b>	<b>40</b>

The following table summarises payments made to employees as a result of leave that was not taken.

**Table 8.5 – Leave payouts  
2003/04**

Reason	Total amount (R'000)	Number of employees	Average payment per employee
Leave payout for 2002/03 due to non-utilisation of leave for the previous cycle	-	-	-
Capped leave payout on termination of service for 2002/03	1 392	46	30 261
Current leave payout on termination of service for 2003/03	156	128	1 219
<b>Total</b>	<b>1 548</b>	<b>174</b>	<b>8 896</b>

## 9. HIV/AIDS and health promotion programmes

Table 9.1 – Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at risk of contracting HIV and related diseases (if any)	Key steps taken to reduce the risk
None	None

**Table 9.2 – Details of health promotion and HIV/AIDS programmes**

Question	Yes	No	Details, if yes
1. Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	√		Mr G Tsengiwe, Senior Executive Manager of Human Resources Management.
2. Does the Department have a dedicated unit or has it designated specific staff members to promote the health and well being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	√		<ul style="list-style-type: none"> <li>● The Department has the Employment Assistance Programme (EAP) consisting of two Practitioners as well as the PMA Consultants also assisting</li> <li>● They are supporting the National Employment Equity Consultative Forum that has 68 peer educators nationally</li> <li>● The overall bi-annual budget is R1 660 000.00.</li> </ul>
3. Has the Department introduced an employee assistance or health promotion programme for your employees? If so, indicate the key elements/services of this programme.	√		<ul style="list-style-type: none"> <li>● Counselling, advice and support</li> <li>● Workshops on wellness issues</li> <li>● Referrals</li> <li>● Developed workplace programmes on HIV/AIDS</li> </ul>
4. Has the Department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	√		Part of the Employment Equity Plan of the Department. Senior Executive Manager of Human Resources Management is the Chairperson of the National Employment Equity Consultative Forum (NEECF). The Local Employment Equity Consultative Forums in the various Provincial Offices have representatives on the NEECF.
5. Has the Department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	√		HIV/AIDS policy was reviewed to incorporate prescripts from the Technical Assistance Guidelines on managing HIV/AIDS in the workplace.
6. Has the Department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	√		HIV/AIDS policy provided guiding principles that protect employees from discrimination associated with HIV/AIDS.
7. Does the Department encourage its employees to undergo voluntary counseling and testing? If so, list the results that you have you achieved.	√		Introduced an offsite voluntary counseling and testing programme that has been positively accepted by employees.
8. Has the Department developed measures/indicators to monitor and evaluate the impact of its health promotion programme? If so, list these measures/indicators.	√		<ul style="list-style-type: none"> <li>● PMA Consultants are currently finalising a report on the impact analysis study undertaken in April/May 2004</li> <li>● There are, however, monthly and quarterly reports feeding into the impact analysis</li> <li>● Report annually to Inter-Departmental Committee on HIV/AIDS.</li> </ul>

## 10. Labour relations

The following collective agreements were entered into with trade unions within the Department.

**Table 10.1 – Collective agreements  
2003/04**

Subject matter	Date
Transfer policy	August 2003

The following table summarises the outcome of disciplinary hearings conducted within the Department for 2003/04.

**Table 10.2 – Misconduct and disciplinary hearings finalised  
2003/04**

Outcomes of disciplinary hearings	Number	% of total
Verbal warning	-	-
Written warning	8	9.88
Final written warning and/or counselling or suspension without pay	29	35.80
Other	16	19.75
Demotion	-	-
Dismissal	15	18.52
Not guilty	-	-
Case withdrawn	13	16.05
<b>Total</b>	<b>81</b>	<b>100</b>

**Table 10.3 – Types of misconduct addressed at disciplinary hearings**

Type of misconduct	Number	% of total
Absenteeism	6	7.41
Late coming	2	2.47
Misuse of Imperial Fleet Services vehicles	14	17.28
Improper conduct	9	11.11
Alcohol abuse	2	2.47
Negligence	3	3.70
Insubordination	3	3.70
Fuel card fraud	1	1.24
Fraud	8	9.90
Sexual harassment	3	3.70
Misrepresentation	3	3.70
Bribery	5	6.17
Theft	7	8.64
Racial discrimination	1	1.23
Abscondment	9	11.11
E-mail abuse	5	6.17
<b>Total</b>	<b>81</b>	<b>100</b>

**Table 10.4 – Grievances lodged  
2003/04**

	Number	% of total
Number of grievances resolved	132	91.67
Number of grievances with PSCBC	12	8.33
<b>Total number of grievances lodged</b>	<b>144</b>	<b>100</b>

**Table 10.5 – Disputes lodged with Councils  
2003/04**

	Number	% of total
Number of disputes upheld	15	48.39
Number of disputes dismissed	1	3.22
Other	15	48.39
<b>Total number of disputes lodged</b>	<b>31</b>	<b>100</b>

**Table 10.6 – Strike actions  
2003/04**

Total number of working days lost	None
Total cost (R'000) of working days lost	None
Amount (R'000) recovered as a result of no work no pay	None

**Table 10.7 – Precautionary suspensions  
2003/04**

Number of people suspended	3
Number of people whose suspension exceeded 30 days	3
Average number of days suspended	178

## 11. Skills development

This section highlights the efforts of the Department with regard to skills development.

**Table 11.1 – Training needs identified  
2003/04**

Occupational categories	Gender	Number of employees as at 1 April 2003	Training needs identified at start of reporting period			
			Learnerships	Skills Programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	13	-	311	-	<b>311</b>
	Male	34	-	207	-	<b>207</b>
Professionals	Female	191	-	215	-	<b>215</b>
	Male	129	-	214	-	<b>214</b>
Technicians and associate professionals	Female	671	-	1 116	-	<b>1 116</b>
	Male	775	-	1 104	-	<b>1 104</b>
Clerks	Female	2 297	-	2 177	-	<b>2 177</b>
	Male	1 198	-	3 182	-	<b>3 182</b>
Service and sales workers	Female	33	-	262	-	<b>262</b>
	Male	95	-	75	-	<b>75</b>
Craft and related trades workers	Female	1	-	-	-	-
	Male	43	-	-	-	-
Plant and machine operators and assemblers	Female	1	-	-	-	-
	Male	7	-	-	-	-
Elementary occupations	Female	145	-	47	-	<b>47</b>
	Male	216	-	33	-	<b>33</b>
Subtotal	Female	3 353	-	4 128	-	<b>4 128</b>
	Male	2 502	-	4 815	-	<b>4 815</b>
<b>Total</b>		<b>5 855</b>	<b>-</b>	<b>8 943</b>	<b>-</b>	<b>8 943</b>



**Table 11.2 – Training provided  
2003/04**

Occupational categories	Gender	Number of employees as at 1 April 2003	Training provided within the reporting period			Total
			Learnerships	Skills Programmes and other short courses	Other forms of training	
Legislators, senior officials and managers	Female	13	-	9	-	<b>9</b>
	Male	34	-	16	-	<b>16</b>
Professionals	Female	191	-	1 286	-	<b>1 286</b>
	Male	129	-	940	-	<b>940</b>
Technicians and associate professionals	Female	671	-	1 798	-	<b>1 798</b>
	Male	775	-	1 261	-	<b>1 261</b>
Clerks	Female	2 297	-	970	-	<b>970</b>
	Male	1 198	-	1 180	-	<b>1 180</b>
Service and sales workers	Female	33	-	-	-	<b>-</b>
	Male	95	-	-	-	<b>-</b>
Craft and related trades workers	Female	1	-	-	-	<b>-</b>
	Male	43	-	-	-	<b>-</b>
Plant and machine operators and assemblers	Female	1	-	-	-	<b>-</b>
	Male	7	-	-	-	<b>-</b>
Elementary occupations	Female	145	-	-	-	<b>-</b>
	Male	216	-	-	-	<b>-</b>
Subtotal	Female	3 353	-	4 063	-	<b>4 063</b>
	Male	2 502	-	3 397	-	<b>3 397</b>
<b>Total</b>		<b>5 855</b>	<b>-</b>	<b>7 460</b>	<b>-</b>	<b>7 460</b>

## 12. Injury on duty

The following table provides basic information on injury on duty.

**Table 12.1 – Injury on duty  
2003/04**

Nature of injury on duty	Number	% of total
Required basic medical attention only	51	86
Temporary total disablement	8	14
Permanent disablement	-	-
Fatal	-	-
<b>Total</b>	<b>59</b>	<b>100</b>

### 13. Utilisation of consultants

**Table 13. 1: Report on consultant appointments using appropriated funds**

Project title	Total number of consultants that worked on the project	Duration: work days	Contract value in Rand
Temporary Consultants	2	20	9 000
Consultant Services Communication: Writing and editing of May Day Pamphlet	2	16	32 400
Communication Consulting Services	1	Not specified.	3 266
Consultant Communication Services	1	Not specified.	30 203
Utilising Project Cycle Management for Data Capturing and Report Generating of answer sheet	Unknown. Company utilised.	Not specified.	22 965
Communication scanner set up and training	Unknown. Company utilised.	Not specified.	1 368
Consultant fees	1	Not specified.	25 600
Consultant Services: Co-ordination of tenders	1	Not specified.	14 400
Implementation of Good Governance Strategy – Internal Audit	Unknown. Company utilised.	Not specified.	950 451
Consultant Services: HRM	PMA Consultants	Not specified.	659 377
Consultant Services: (HR) Employment Services Investigating and Testifying at Arbitration Hearing	1	1	2 548
Update and Annotate Legislation in Library	1	Not specified.	798
Utilizing Information Trust Corporation for tracing (ITC)	Unknown. Company utilised.	Not specified.	7 859
Information Technology	PPP: Siemens	Not specified.	52 536 671
Investigation into collapse at Union Buildings	CSIR	Not specified.	66 975
Consultant Services- Electrical and Mechanical Engineering	Unknown. Company utilised.	Not specified.	184 557
Occupational Health and Safety and Compensation Policy	Unknown. Company utilised.	Not specified.	223 168
Consultant Services: Labour Relations	Unknown. Company utilised.	Not specified.	13 110
Consultant Services: LRA Regulations	2	Not specified.	67 359
Consultant Services: Labour Relations (Employment Standards)	Unknown. Company utilised.	Not specified.	781 989
Consultant Services: Labour Relations (Employment Standards) - Utilising advanced software technologies for capturing reports	Unknown. Company utilised.	Not specified.	14 500
Consultant Services: Labour Market Policy	Unknown. Company utilised.	Not specified.	160 049
Consultant Services: Labour Policy and Planning, Support for Workshop	1	1	5 000
Consultant Services: Labour Policy and Planning	Unknown. Company utilised.	Not specified.	149 880
Consultant Services: Labour Market Policy: Manage Research Project	1	Not specified.	80 000
Consultant Services: Conflict Resolution	Unknown. Company utilised.	Not specified.	17 500
Consultant Services: Labour Market Information Systems Conference R/O Witbank	Unknown. Company utilised.	Not specified.	3 000
<b>Total number of projects</b>	<b>Total individual consultants</b>	<b>Total duration: work days</b>	<b>Total contract value in Rand</b>
30	14	38	56 063 993

**Table 13.2: Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs)**

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that worked on the project
Difficult to determine – included in above mentioned			

**Table 13.3: Report on consultant appointments using donor funds**

Project title	Total number of consultants that worked on the project	Duration: work days	Donor and contract value in Rand
Attendance: Labour Market Skills Development Project 5	1	12	25 405.47
Total number of projects	Total individual consultants	Total duration: work days	Total contract value in Rand
1	1	12	25 405.47

**Table 13.4: Analysis of consultant appointments using donor funds, in terms of Historically Disadvantaged Individuals (HDIs)**

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that worked on the project
Difficult to determine – included in above mentioned			





