



DEPARTMENT  
OF LABOUR

# ANNUAL REPORT

1 APRIL 2002 - 31 MARCH 2003





Department of Labour

# ANNUAL REPORT

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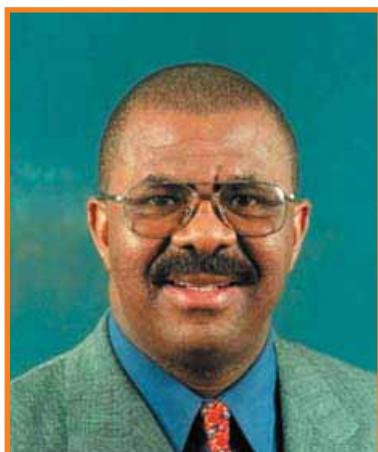
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Department of Labour  
Laboria House  
Pretoria  
19 August 2003

Minister MMS Mdladlana, MP

Minister of Labour

It is my pleasure and privilege to submit to you the Annual Report of the Department of Labour for the period 1 April 2002 to 31 March 2003, in terms of the Public Finance Management Act, 1999.

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Advocate Rams Ramashia  
Director-General

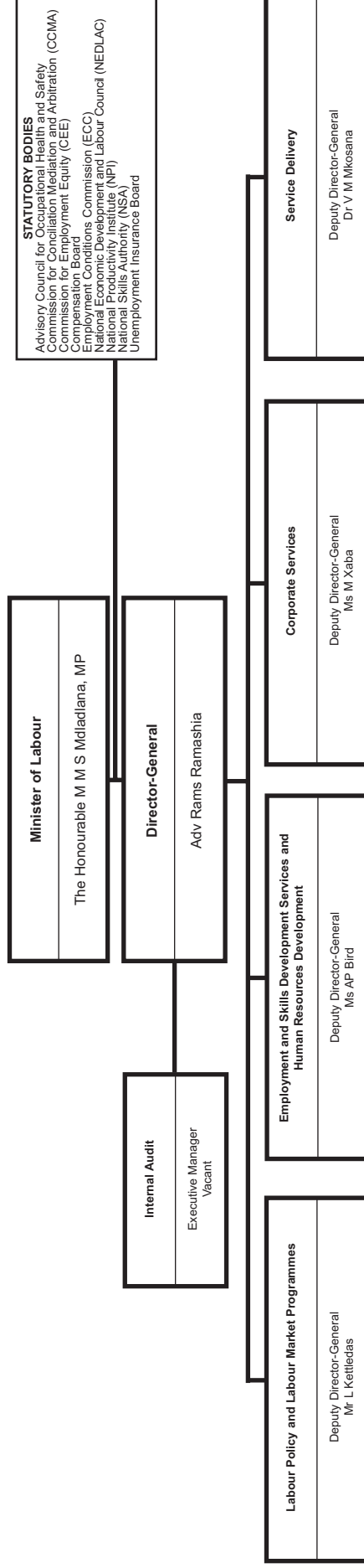


Advocate Rams Ramashia



# Department of Labour

## Organisational Structure





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# PART 1

## GENERAL INFORMATION

### 1. Introduction by Adv Rams Ramashia, Director-General of Labour

Achievements of the year under review do reflect in no uncertain terms that the Department is indeed rising to the challenge to address the inimical legacy that was inherited as a result of ill-conceived apartheid policies that continue to pervade too many aspects of the lives of South Africans.

Policies that the Department of Labour implemented during the year under review should be seen within the context of the broader objective of government aimed at promoting economic growth, increasing the rate of investment, reduction of unemployment and eradication of poverty. This we did by pursuing both active and passive labour market policies whose aggregate impact contributed significantly towards the above stated superordinate goal of government. Indeed our country could not achieve its full potential and prosperity in the context of chronic structural unemployment, workplace discrimination, inadequate social security systems, adversarial labour relations and an over supply of an unskilled workforce.

It is for this reason that the Department sought to consolidate its efforts in implementing policies adopted during the first five years of the democratic Government while remaining responsive to new policy challenges.

The implementation of the amended Labour Relations Act (LRA), Basic Conditions of Employment Act (BCEA) and the radically transformed Unemployment Insurance legislation during the year under review posed formidable challenges for the Department in that we have had to set up new systems and infrastructure, and train and equip the staff with the necessary skills and competencies to implement new laws while at the same time assisting employers and workers to understand their new reciprocal rights and obligations. Despite the daunting challenge commensurate with this task, our obligations were successfully discharged.

This does not in any way suggest that no teething problems were experienced. What we do confirm though is that we shall not be deterred from carrying out our mandate to implement appropriate policies simply because we are confronted by implementation challenges. For we remain convinced that our policy instruments are appropriate for the effective and efficient implementation of the stated goal of government. Key amongst challenges experienced was to find an appropriate balance between increasing the number of staff to implement policy and providing the necessary tools of trade to existing staff to increase their capacity to implement government policies. In this regard, we have deemed it prudent to opt for a hybrid solution with a bias towards the latter rather than the former. Early indications prove that our approach was a correct one.

Empirical evidence incorporated in this report reflects that there has been an increase in the number of workplace inspections carried out, training provided and placement of work seekers. It is also clear from this report and reports of independent commentators that the number of person-days lost to strike action was at its lowest in many years. This observation undoubtedly confirmed the conviction we had always held about the efficacy of our labour policies. The decline in the number of claims for compensation for occupational injuries and diseases despite our "sizakala" campaign aimed at raising the awareness of workers' regarding their right to claim compensation for injuries and diseases contracted at work, is a proxy indicator of the decline in workplace accidents. This is also corroborated by the empirical data compiled by the Occupational Health and Safety Programme of the Department. This positive development can be attributable to the intervention by the Minister of Labour, the Honourable Membathisi Mphumzi Shepherd Mdladlana who in the previous financial year, invited Organised Labour and Organised Business to sign a pledge committing them to work together to promote workplace safety.

The Department's contribution towards creating employment opportunities was more pronounced during the year under review better than at any stage in its short lifespan. The learnership programme aimed at providing training and work experience for particularly low skilled workers and new entrants in the labour market has performed beyond our expectation in that no less than 23 513 learners have been admitted to learnership schemes during the year. Notwithstanding challenges that often confront institutions governed by social partners, the majority of Sector Education and Training Authorities (SETAs) have met the performance



standards articulated in their memoranda of understanding. However, the truth will have abandoned us if we do not admit that a few non-performing SETAs have successfully tarnished the image of those that have risen to the challenge to address the training needs of their respective sectors. Our challenge for the 2003/04 financial year is to ensure that every SETA delivers on its mandate. Pursuant to this objective, we have restructured the Department in such a way as to provide dedicated capacity in the Department to assist SETAs to achieve their objectives.

In our quest to increase the social wage and respond to the President's call to reduce the number of people who depend on social grants, increasing those who depend on participation in the normal economy for their livelihoods, we have promulgated sectoral determinations for the domestic and agricultural sectors, respectively. This instrument provides a minimum wage and conditions of service for the respective sectors. This approach is consistent with government's commitment to reduce poverty in employment. The challenge we face is to ensure compliance with the said sectoral determinations. Another challenge related to this was to develop an appropriate infrastructure to cope with a new legislative mandate that requires extension of coverage to domestic workers by the Unemployment Insurance Fund.

The Minister of Labour has also directed me in terms of section 52 (1) of the BCEA to investigate the taxi, forestry, welfare and sheltered employment sectors with an intention to promulgate sectoral determinations for those sectors. It is anticipated that the investigations of most of those sectors will be completed in the next financial year.

During the year under review, the Department was for the first time elected as a Titular Member of the International Labour Organisation (ILO) Governing Body. This provides us with an opportunity to influence decisions of the institution in a manner that will benefit our country, our continent and would indeed affect global employment policies and trends.

As the report reflects, the Department has once again, during the year under review, invested in its most precious resources – its people, by providing bursaries and exposing its officials to training aimed at improving their effectiveness in their current jobs and creating opportunities for promotional prospects. The Department remains committed to its employment equity plan and has demonstrated the same by appointing into senior positions, persons from designated groups. The main challenge in this regard is to increase the employment of people with disabilities. This challenge is being addressed through liaising with relevant organisations.

Our financial statements reflect a clear commitment on the part of management and staff, to prudent fiscal management in that our underexpenditure in real terms was 0,1% of the allocated budget. In this regard I would like to acknowledge the role played by the Audit Committee in assisting us to identify and address the financial risk profile of the institution. It is also worth noting that the long awaited information technology programme has been launched during the year under review following confirmation of a Public Private Partnership contract, which will see us linking up our information technology infrastructure throughout our provinces and labour centres. This can only serve to improve service delivery to our clients.

Despite all achievements made in the year 2002/03 we remain concerned about the poor implementation of employment equity legislation. Special measures will be taken in the next financial year to ensure that every company that is required to submit an employment equity report does so, and so shall we also increase our capacity to pronounce on the integrity and credibility of the plans submitted.

An investigation into a speedier claims-processing model for applications for compensation by the Compensation Fund will be concluded in the next financial year with a recommendation on how to structure the Fund appropriately in order to reduce the waiting period for compensation for occupational injuries and diseases.

Another initiative that could not be finalised during the financial year is the development of a comprehensive Occupational Health and Safety Policy we have been working on with the Department of Minerals and Energy and the Department of Health. This will also be concluded in the next financial year.

I would like to pay tribute to the statutory bodies administered under the auspices of the Department for their tremendous contribution to the work of the Department.

Achievement of the above objectives would not have been possible had it not been for the competent political leadership and support of Minister Mdladlana and the commitment of staff and management of the Department, all of whom have made sacrifices the Department cannot adequately compensate them for. The Labour Portfolio Committee's unwavering support for and contribution to the work of the Department cannot be



over-emphasised. We remain indebted to them not only for the way they competently play their oversight role but also for guidance and advice they generously give us from time to time. We therefore approach the next financial year with a renewed commitment to continue to serve our country and its people with renewed dedication and determination.



*The Auditor-General, Mr Shauket Fakie presented the Auditor-General Reports on 30 July 2003 to Director-General, Adv Rams Ramashia, at a special occasion aimed at recognising the Department's plausible performance in its financial management and its consistent record in submitting financial reports prior to stipulated deadlines. The Auditor-General confirmed at the said occasion that our Department's statements were the first set that he signed off.*



## 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
Ghana	15-18 April 2002	Ministerial visit
Geneva	17-20 June 2002	International Labour Conference
Geneva	21 June 2002	ILO Governing Body Meeting
Geneva	18-22 November 2002	ILO Governing Body Meeting
Zimbabwe	8-10 January 2003	Ministerial visit
Mozambique	17 January 2003	Signing of Memorandum of Understanding
Mozambique	6-9 March 2003	Ministerial visit
Geneva	17-28 March 2003	ILO Governing Body Meeting

## 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 B
- 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.





# PART 2

# PROGRAMME

# PERFORMANCE

## 2.1 Voted funds

To be appropriated by Vote	R 1 296 173 000
Statutory appropriations	R 3 259 460 000
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 and 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 workers rights and benefits.

## 2.3 Key objectives, programmes and achievements

Skills development and job creation are central tenets of Government's socio-economic strategy. The policies and programmes of the Department of Labour play a significant role in labour market regulations, practice and skills development. Activities of the Labour Vote are organised into eight programmes:

- *Administration* comprises 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, through legislation.
- *Social Insurance* contributes to the Unemployment Insurance Fund and provides for the compensation of public servants in case of accidents or illnesses contracted while on duty (Compensation Fund).
- *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 Market 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 business units in the provincial offices of the Department.
- *Auxiliary and associated services* promote the enhancement of international relations and contribute to the



National Economic Development and Labour Council (NEDLAC).

## 2.4 Strategic overview and key policy developments

In the Ministry of Labour's Fifteen Point Programme of Action for 1999 to 2004, released in June 1999, the Ministry of Labour outlined the substantial progress made in stabilising labour relations and setting an appropriate labour market programme. This programme focuses on effective implementation of the new legislation. It includes a commitment to review the impact of labour legislation on worker welfare and economic efficiency, and to consider appropriate modifications to improve the functioning of the labour market. In February 2000, the Minister announced that legislative amendments would be tabled in Parliament to the Basic Conditions of Employment Act of 1997 and the Labour Relations Act of 1995.

The programme of action identifies employment creation as the biggest challenge facing Government. The Department coordinates Government's role in the follow-up to the Presidential Jobs Summit. Summit agreements include four sets of strategies - sectoral job creation strategies, labour market and human resources development, special employment programmes, and integrated provincial projects. The Jobs Summit reached agreement on a social plan, launched by the Minister of Labour in July 1999. The plan encompasses three phases of interventions:

- Avoiding job losses through, among other things, "future forums" or ongoing discussions between workers and employers about the future of their industry, to identify threats to jobs in good time. Workers and employers in industries can call on help from the social plan technical support facility to identify problems and solutions in sectors
- Where retrenchments are unavoidable, provincial offices of the Department of Labour can be approached for services to mitigate the impact of retrenchment on workers
- Steps can be taken to regenerate the local economy where retrenched workers reside.

## 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.



# PROGRAMME 1

## ADMINISTRATION

### *Introduction*

The Programme Administration includes the Chief Directorates of Communication, Financial Management and Human Resources Management, as well as six broad functional areas, supporting the internal capacity of the Department, namely:

- Ministerial and Parliamentary Services
- Legal Services
- Information Technology
- Logistics
- Office Administration and Security
- Internal Audit.

In delivering these corporate services to its client base the Programme is steered by its corporate plan, government principles and legislation.

The corporate plan, spanning 2000-2004 defines the Programme's strategic approach and key performance objectives. The plan rests on the four pillars of culture, techniques, services and products of the Programme.

The framework of principles espoused by government that guide the Programme are the following:

- principles of Batho Pele with the aim of improving the efficiency and effectiveness of service delivery
- accountability and transparency in management processes
- digital information flow processes aligned with business objectives.

### *Legislation*

The execution of the functions of the Programme falls within the parameters of the following legislation:

- Public Service Act, 1994
- SITA Act, 1998
- State Tender Board Act, 1968
- Archives Act, 1962
- Arms and Ammunition Act, 1969
- Civil Defence Act, 1977
- Constitution of the RSA, 1996
- Control of Access to Public Premises and Vehicles Act, 1985
- Civil Procedure Act, 1977



- Criminal Procedure Act, 1977
- Fire Brigade Services Act, 1977
- National Key Points Act, 1980
- Protection of Information Act, 1982
- Trespass Act, 1959
- Minimum Information Security Standards
- Part T of Fire Protection, SABS 0400 of 1990.

### **Staff**

During 2002 the Chief Directorate employed 196 staff members and the provincial offices employed 62 staff members to perform functions related to the role and responsibilities of the Chief Directorate of Administration. Through its corporate plan the Chief Directorate of Administration adopted a Human Resources Plan encompassing training and development and employment equity (affirmative action, elimination of unfair discrimination, managing and valuing diversity and equalizing opportunities).

## **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.

### **Achievements**

The Directorate facilitates responses to parliamentary questions for oral and written reply by the Minister and provides information to the Presidency and other departments to assist them with inputs for their parliamentary questions. The office arranges briefings and presentations to the Portfolio Committee on Labour (National Assembly) and the Select Committee on Labour and Public Enterprises (National Council of Provinces). During 2002/03 briefings were provided to the committees on the following issues:

- Department of Labour's Strategic Plan



- Department of Labour's Budget Vote
- Department of Labour's Annual Report
- Progress Report on the SETAS
- Occupational Health and Safety
- Unemployment Insurance Fund
- National Productivity Institute Annual Report
- NEDLAC
- CCMA
- Child Labour.

The following documents were submitted to Parliament for tabling:

- Department of Labour's Annual Report 2001/02
- National Productivity Institute Annual Report
- CCMA Annual Report
- UIF Annual Report
- Annual Reports of 25 Sector Education and Training Authorities (SETAS)
- Compensation Fund Annual Report
- NEDLAC Annual Report.

## *Office of the Director-General*

### *Introduction*

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.

### *Achievements*

The Directorate through the Parliamentary Officer facilitates briefings by the Department to the relevant Portfolio Committee.



In 2002/03, the Department made 10 appearances and it is considered an achievement that all of these briefings were successful. Amongst other briefings Parliament has been briefed on the following:

- Department's Strategic Plan
- Department's Budget Vote
- Department's Annual Report
- National Productivity Institute (NPI) Annual Report
- Nedlac Annual Report
- CCMA Annual Report
- SETAS
- OHS
- UIF
- Child Labour.

The Department has developed together with the Department of Education the HRD Strategy. The Department has formulated and developed a draft Employment Strategy Framework. The said framework was used as a basis for engagement with social partners in preparation for the Growth and Development Summit - the outcome of which will be reported on in the next financial year.

## ***Legal Services***

### ***Introduction***

The main objective of the Directorate of Legal Services is to render legal services to the Department of Labour.

The Directorate provides a legal advisory service to management and stakeholders in order to protect and further the interest of the Department in line with its strategies. The Directorate is the principal organ within the Department on broad legal matters including procedures and implications of Court Orders.

The Directorate is also responsible for legal advice on debt management and collection, within the Department.

### ***Legislation***

The Directorate does not administer any legislation, however, it participates actively in the drafting, amending, and editing of all legislation administered by the Department and is responsible for the interpretation of all the statutes, contracts and the law in general.

### ***Achievements***

The Directorate 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 will be translated into two languages other than English as required by the Act.

The Directorate participated in the creation of an Integrated Business Register for the Departments of Labour and Trade and Industry, Statistics South Africa and South African Revenue Services.

The Directorate also participated in the working Committee with the South African Police Service and the Department of Minerals and Energy on how to resolve conflict in jurisdictional matters regarding health and safety issues in the Explosives Bill and the Occupational Health and Safety Act.



The Directorate participated in discussions on the establishment of an Electrical Board in terms of the Electrical Installation Regulations.

## *Logistics*

### *Introduction*

This Subdirectorate has two Divisions, namely, Tender Administration and Payments Control and is responsible for the overall management of purchases and procurement through the tender system, and control of moveable assets of the Department.

### *Legislation*

The component does not administer any legislation but is bound to compliance with government's procurement policies and State Tender Board delegations in discharging its functions.

### *Achievements*

The following achievements are noted:

- road shows to empower all provincial offices on tender procedures and tender inspections and to increase efficiency in the tendering process
- the implementation of an on-line database of suppliers of goods and services to Chief Users in support of State Tender Board directives regarding the support of small and emerging businesses (SMMEs)
- a training and teambuilding workshop involving provincial offices regarding the Preferential Procurement Policy Framework Act (PPPFA)
- accreditation granted to the Department by National Treasury in terms of delegated powers to approve tenders to the maximum of R5 million.

## *Office Administration*

### *Introduction*

This Subdirectorate has three Divisions, namely, Transport, Office Support Services, and Accommodation and Maintenance. Security is now a fully fledged Directorate.

### *Legislation*

The Subdirectorate does not administer legislation.

## *Transport*

### *Achievements*

The following achievements are noted:

- the WEB-DB system has been rolled out to those offices that have requested the system. The management reporting system has been enhanced by this tool and there has been a downward trend of weekend fuel fill-ups
- an On Board Computer (OBC) has been fitted to 50% of the Department's long term rental vehicles. There has been a marked decrease in abuse of vehicles. The OBC reports were used successfully in disciplinary hearings for officials who have grossly abused vehicles



- the Transport Division has, in conjunction with National Transport, relaxed the stringent criteria of kilometre restrictions pertaining to subsidised transport for inspectors. The new utilisation criteria allows every qualifying inspector to procure a subsidised vehicle as long as 70% of the usage of the vehicle is for official purposes
- the Transport Section has implemented a new Trip Authorisation Form whereby all trips undertaken require prior approval from the supervisor concerned. This has eliminated audit queries and has resulted in better management of the transport system nationally
- workshops have been conducted in all provinces, excluding Mpumalanga, regarding all modes of transport. The attendees were mainly inspectors, supervisors and Business Unit Managers. A better understanding of transport issues has resulted from these workshops
- both Imperial Fleet Services (IFS) and subsidised transport policies have been completed and are ready to be submitted for approval
- the re-negotiation of the IFS contract has been completed. New pricing structures are in place and all pricing aspects that do not pertain to the Department, have been omitted
- to date 548 applications were received for subsidised vehicles for inspectors
- 108 subsidised vehicles have already been delivered
- 125 subsidised vehicles have been approved and are on order.

## Security

The Subdirectorate of Security Services has been upgraded to Directorate level. The appointment of the new Executive Manager of Security Services is pending.

## Achievements

The following achievements are noted:

- the security vetting of staff members has been intensified and is now almost complete. Head Office awaits vetting reports from the National Intelligence Agency (NIA) and the South African Police Service (SAPS)
- the security restructuring investigation has been completed and security has been elevated to Directorate level
- forensic audits of the existing security measures have been carried out and the new security policy for the Department is in the process of being drafted.

## Office Support Services

### Achievements

#### Registry and Messenger Services

- Registry processed and posted 66 743 items for the period 1 April 2002 to 28 February 2003:

- ordinary mail	43 146
- registered mail	10 648
- parcels	2 798
- priority mail	10 151
- the cost of the items processed by the Registry Section amounted to R175 384
- five messengers and one food service aid were enrolled for Adult Basic Education and Training (ABET) classes.





## Archives

- the officials whose names were submitted for training as Record Managers received training
- nine provincial offices, two major labour centres, INDLELA, the Unemployment Insurance Fund and the Compensation Fund were visited with the purpose of evaluating records management
- eight disposal authorities were received from the National Archives of South Africa
- the Records Management task team programme to initiate the implementation of the objectives of the corporate plan of the Chief Directorate of Administration 2000–2004 was approved and is in the process of being implemented.

## Telecommunication Services

- the proposed structure for the management of telecommunication services was approved and the Section has been staffed
- the new cellular telephone policy was implemented.

## Accommodation and Maintenance

### Achievements

The following achievements are noted:

- Laboria House upgrade has been completed
- a repair and maintenance programme has been established with the Department of Public Works and about 30 labour centres' renovations have started
- a number of new lease agreements have been successfully negotiated and signed in almost all provinces
- the new labour centre model is being piloted at Brakpan and Germiston Labour Centres.

## Internal Audit

### Introduction

The primary purpose of this Directorate is to evaluate the adequacy and effectiveness of control measures implemented by management towards ensuring that the risks faced by the Department are mitigated. Head Office, the National Skills Fund, Compensation Fund and the Unemployment Insurance Fund make use of the services of this single audit component.

This directorate also serves as the secretariat of the audit committee of the Department, established in terms of the Public Finance Management Act (PFMA).

### Legislation

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

### Achievements

The following achievements are noted:

- the co-sourcing of the internal audit services with regard to the Unemployment Insurance Fund (UIF) and the Compensation Fund (CF) has been finalised. The co-sourced service providers finalised the rolling three-year strategic audit plans and the annual audit plans. Audits were performed in accordance with the annual audit plans



- the co-sourcing of the internal audit services with regard to the National Skills Fund (NSF) has been finalised. The rolling three-year strategic audit plan and the annual audit plan have been finalised and the co-sourced service provider commenced with audits.
- the co-sourcing of internal audit services to the Department is in progress
- the Audit Committee of the Department, 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 UIF and CF, and regular meetings are held to ensure management strategies pertaining to recommendations are implemented.

## FINANCIAL MANAGEMENT

### *Introduction*

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

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

The Directorate was upgraded to a Chief Directorate with the Directorate of Finance and Salaries, Directorate of Administration and the Directorate of Financial Liaison of Public Entities. The latter Directorate is in the process of establishment and will focus on compliance by Public Entities in respect of the PFMA.

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 Vote in respect of the Department for the 2002/03 financial year was R1 296 173 000. Actual expenditure for the year is reflected as R1 283 026 000 which represents a saving of R13 147 000 or 1,01% of the Vote. Of this saving, R10 360 000 is in respect of Capital Works projects and R1 169 000 is in respect of E-Degree learning, for which application for roll-over has been made to National Treasury.

Had the expenditure in respect of Capital Works and E- Degree learning taken place during the financial year, the saving would have been reduced to R1 305 000 or 0,1% of the Vote.

### *Legislation*

The Chief Directorate functions in terms of the Public Finance Management Act (PFMA), 1999.

### *Staff*

The Chief Directorate has a staff complement of 139.

### *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 for the next MTEF period
- the Adjustment Estimate was completed and submitted to the National Treasury within the target date



- the 2003 Estimates of National Expenditure was completed and submitted to the National Treasury within the target date
- the Department is currently operating with no more than one open month on BAS at any given time
- the Department was the first of two national departments that succeeded in closing their set of accounts for the 2001/02 financial year within four 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 Department was one of only two departments to timeously submit their annual report within five months of the close of the 2001/02 financial year, in terms of the requirements of section 40 of the PFMA, to the National Treasury
- the Monthly Reports on Actual and Projected Revenue and Expenditure, as required in terms of Section 40 of the PFMA, are submitted, in the prescribed format, timeously to the National Treasury
- the annual budget and corporate plans of public entities, required in terms of section 53 of the PFMA, were timeously submitted to the National Treasury
- the annual Financial Statements of the Commission for Conciliation, Mediation and Arbitration (CCMA), National Productivity Institute (NPI) and the National Economic Development and Labour Council (NEDLAC), required in terms of section 55 of the PFMA, were timeously submitted to the National Treasury
- the Department continually strives to provide training to staff relating to the prescripts of the PFMA.

## B: COMMUNICATION

### *Introduction*

As part of the transformation process of the Communication Unit of the Department, that was started in March 2002, the Communication Directorate was upgraded into a Chief Directorate in line with a Cabinet decision that Heads of Communication in government departments should be at Senior Executive Manager level.

The Department has embraced communication as a strategic management function – a function that is not confined to playing a support role to effective programmes implementation but extend to playing a strategic function of influencing the direction, depth and scope of programmes' implementation. New ideas and plans were formulated to address the following:

- addressing pertinent issues on a daily basis through interaction with the various clients/stakeholders during inspections, information sessions, awareness campaigns etc. The Chief Directorate issues news releases on a regular basis in order to keep the whole country informed of what the Department is doing
- strengthening the Department's role in building relations with our various stakeholders, including organised labour, organised business and the community constituencies.
- establishing a website steering committee to ensure an integrated and interactive vibrant website that will inform all our clients having internet access of the services, forms and online registrations of the Department
- developing an appropriate organisational structure in order to transform and deliver the envisaged services.

To reposition communication functions to fulfill its strategic mandate, the Departmental Executive Committee (Dexcom) in January 2001 endorsed primary strategic communication objectives:

- to promote a positive image and identity of the Department



- to create a conducive environment for the implementation of the Ministry of Labour's Fifteen Point Programme of Action and the Department's Five Year Strategic Plan, Phetogo Ke Matla.

## Legislation

The Chief Directorate of Communication does not administer any legislation but is responsible for popularising all legislation of the Department.

## Achievements

During the 2002/03 financial year the Chief Directorate made major strides in successfully implementing integrated marketing communication campaigns; coordinating numerous stakeholder events to foster mutual understanding between the Department and the various stakeholders, as well as managing the communication environment.

The most prominent campaigns which the Chief Directorate embarked on to ensure the successful implementation of legislation, included the following:

- new labour law amendments
- occupational health and safety campaign, including blitz inspections of companies in the various provinces
- promotion of the National Skills Development Strategy
- raising awareness of the public in relation to the Domestic Worker Sectoral Determination
- promoting awareness of the public in relation to the Sectoral Determination for the Agricultural Sector
- making workers aware of their rights to compensation for injuries at the workplace via the Sizakala campaign
- Unemployment Insurance Fund's (UIF) campaign on the declarations of employers and the registration of domestic workers and their employers with the UIF
- Ministerial *imbizo* campaign.

The three Subdirectorates (Media and Advertising, Media Production and Stakeholder Relations) played a strategic role in the development and implementation of integrated marketing communication strategies for the above mentioned campaigns.

The following reflects some of the key achievements of the three subdirectorates:

### Media and Advertising

The Subdirectorate is responsible for the management of the communication environment through media relations, coordination and liaison, advertising, media research, surveillance and analysis as well as special projects. This Subdirectorate among other things:

- enhanced and deepened relationships and understanding between the Department and the media through media workshops with senior management for better understanding of the dynamics in the newsroom of media houses; had business outings with the media to foster personal relationships and mutual respect and provided off-the-record media briefing opportunities to enable the media to have a deeper and better understanding of labour market issues, challenges and dynamics
- took advantage of un-paid media opportunities, pro-actively spearheading the coverage of labour issues through advising the media on topical, relevant labour issues, providing media materials, leading not only to positive media coverage but also media coverage that was consistent week in and week out
- provided comprehensive media communication support on an issue and event basis. Examples of this would include support for the Minister and senior management at Parliamentary media briefings, the NEDLAC Annual Summit and the National Youth Conference



*Pamphlets on the registration of domestic workers with the Unemployment Insurance Fund, was distributed during a train ride from the Pretoria Station to the Johannesburg Station.*



- successfully established the Department as the primary agenda-setter for the media on issues relating to labour relations, occupational health and safety and aspects of skills development through improving the Department's media research surveillance and analysis, enabling the Department to take a pro-active approach to dealing with the media
- provided the media with a reliable and regular flow of information. Over 150 media releases were issued in the financial year, to inform the clients of the Department and the public about the work of the Department
- managed the implementation of successful multi-media advertising campaigns, including television and radio campaigns on the implementation of the Domestic Worker Sectoral Determination and skills development for the sector, print campaigns on OHS matters, and print campaigns popularising the Minister's *imbizo* programme.

### Media Production

The Media Production Unit is responsible for the implementation of integrated marketing communication campaigns to raise awareness of and popularise the Ministry of Labour's Fifteen Point Programme of Action and the Department's Strategic Plan. The Subdirectorates published policies, programmes and activities of the Ministry and Department, such as the following:

- Preliminary Annual Report of the Department
- Annual Report of the Department in terms of the Public Finance Management Act (PFMA)
- Annual Report of the Unemployment Insurance Fund
- Annual Report of the Compensation Fund
- Staff Communiqué - newsletter for staff members
- posters on UIF registration of domestic workers, labour law amendments, disability code, farm workers, etc.
- pamphlets/booklets on contract cleaning, disability code, labour law amendments, private security sector, UIF for domestic workers, Domestic Workers (Sectoral Determination), Agricultural Workers (Sectoral Determination)
- business cards
- exhibition material
- letterheads, complimentary slips, etc.
- banners
- information sheets/certificates
- organised the Department's exhibition and participated at the World Summit on Sustainable Development.

### Website and distribution of publications

The management and administration of the website to inform beneficiaries of their rights and obligations and to publicise the policies, programmes and activities of the Ministry and Department included:

- placement of media statements, speeches, policy documents and legislation on the website
- exploring and responding to public enquiries through the website
- marketing of the domain [www.labour.gov.za](http://www.labour.gov.za)
- liaison with the Information Technology Subdirectorates



- establishing of a Website Steering Committee
- published products were distributed among other things, to the provincial offices and labour centres of the Department to be provided to clients of the Department, that will empower them with information on the latest developments in the labour market.

### Stakeholder Relations

The Subdirectorate was working in cooperation with provincial communication officers and other provincial officials to successfully coordinate the following provincial activities:

- organised four quarterly workshops with Provincial Communication Officers
- exposed some of the staff in the Chief Directorate of Communication to training and development opportunities
- facilitated provincial participation in the Human Rights Commission's public hearings on the Agricultural Sector
- facilitated the Director-General's visit to the Provincial Office of KwaZulu-Natal to address staff on 5 March 2002
- facilitated the visits of the Deputy Director-General of Service Delivery to provincial offices from April to November 2002
- coordinated the Minister's *imbizo* in nine provinces from April - November 2002. The purpose of the *imbizo* was to promote the active involvement and participation of the public in the implementation of the Department's programmes
- facilitated the Labour Market Information and Statistics Conference in the North West Province at Mmabatho
- facilitated the provincial Skills Development Conference
- facilitated the Launch of the Sectoral Determination for the Agricultural Sector in the Northern Cape.

Various activities were organised to inform internal staff of new developments as well as to inform colleagues in government departments of labour issues, such as:

- coordinated the compilation and placement of the weekly diary
- introduced a suggestion box at the Laboria House entrance
- organised a video production to showcase the Western Cape *Imbizo* and the Laboria House Inauguration
- compiled the programme of events on a monthly basis and forwarded it to the Government Communication and Information System (GCIS)
- displayed publicity material internally
- facilitated an exhibition at the Laboria House entrance
- wrote articles for the Staff Communiqué
- facilitated internal awareness of the Sizakala outside broadcast campaign.

Assisted with the following campaigns:

- visit by Mr Zhang Zuoji, Minister of Labour and Social Security of China to South Africa, 16 - 22 August 2002



- official study visit by Mr. J Donkor, Deputy Minister of Manpower Development and Employment of Ghana, 13 to 22 May 2002
- launch of Disability Code of Good Practice nationally and organised briefing sessions in provinces
- Labour Law Amendments launch, which was implemented nationally and provincially
- registration of employers of domestic workers in Parliament for the Unemployment Insurance Fund, 25 - 26 February 2003
- Presidential Golf Challenge held on 15 February 2003 where R400 000 was raised for the "Thabo Mbeki Cross Roads Fund"
- visit by Portfolio Committee on Labour to the offices of the Unemployment Insurance Fund and the Compensation Fund.

The stakeholder relations programme also included the following:

- accompanied the Minister to the National Youth Conference, UASA Congress and the KUMBA Conference
- arranged that the Deputy Director-General of Labour Policy and Labour Market Programmes, speak at the awards ceremony organised by the National Productivity Institute to recognise South African companies who have achieved high productivity and contributed to job creation
- arranged that the Director-General deliver a keynote address at the Black Management Forum's annual conference held on 11 October 2002
- coordinated the Unemployment Insurance Fund Commissioner's stakeholder briefing sessions in the provinces
- ensured participation of Programme Managers at the:
  - Numsa Shop Steward Conference (OHS)
  - Fedusa Congress (EE)
  - Bifsa Congress (ESDS)
  - Siemens Learnership Launch (ESDS)
  - NUM committee meeting (OHS)
  - COSATU (UIF)
  - Fedusa Women's Day Celebration (EE)
- assisted stakeholders at the exhibition at the Nedlac Annual Summit 2002 at the Sandton Convention Centre
- participated at the Union Buildings at the National Women's Day event. Pamphlets on labour policies were distributed to members of the public
- assisted in organising the Africa Public Service Day
- developed protocols, guidelines and standards relating to the Minister's *Imbizo*.



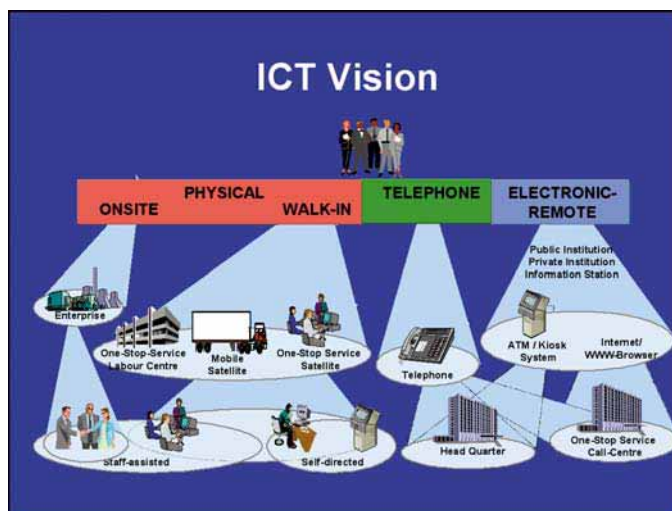


## Information and Communication Technology (ICT)

### Introduction

The Government of South Africa, as reflected in its "e-Government" vision, is committed to using technologies 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 e-Government vision, embraced by the Department will have a major impact on the way the Department conducts its business.

The following graph illustrates the government-to-citizen interaction which forms an integral part of the Department's ICT vision.



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 information tools to communicate with clients and manage relationships
- providing access, to clients and staff, to appropriate, real-time knowledge and information with a few simple commands.

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

- better placed to "review, select and deploy" technologies
- more suited to managing the risks associated with long-term technology services deployment
- able to realise the financial and technology efficiencies that the challenge demands
- most equipped to deliver the output requirements through these capabilities.

### 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 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 solution design risk 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 legislation. However, it needs to comply with the SITA Act as well as the Electronic Communications and Transactions Act.

### Achievements

The following achievements are noted:

- entering into a PPP agreement with Siemens Business Services (SBS) after negotiations that lasted for almost a year
- establishing the office of the Chief Information Officer (CIO)
- implementing the PPP governance structures
- implementing an online UIF Domestic Workers registration process
- upgrading of Wide Area Network (WAN) links
- daily monitoring of Local Area Networks (LAN's) and WAN
- installation and upgrading of network infrastructure at provincial offices
- implementation and verification of daily backups and off-site storage
- Business Agreement and Service Level Agreements negotiated with SITA.

### Challenges

The following are the challenges for the 2003/04 financial year:



- maintain an effective governance structure to manage and capitalise on the benefits of the PPP arrangement
- commence with a process to transform the Department's IT and telecommunication systems in alignment with its business needs and objectives
- explore the feasibility of the convergence of the Department's voice telephony services with its information technology services.

## **Human Resources Management**

The Chief Directorate of Human Resources Management's mission is to facilitate the development of staff and ensure effective and efficient utilisation of the human capital. Two functional areas are covered in the programme, namely, human resources management and management advisory services, whose purpose is to provide management with advisory services on strategic management, restructuring, performance management, organisational development and skills development, and at the same time ensure efficient human resources services that promote representativity in line with the Employment Equity Act, sound labour relations and timeous processing of staff benefits.

### **Legislation**

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

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

### **Achievements**

The following constitute achievements for 2002/03:

- alignment of Human Resources Management (HRM) policies with the relevant legislative framework. The following policies were developed/revised and implemented:
  - Revised Recruitment and Selection Policy
  - Leave Policy
  - Career Management and Retention Policy
- prompt handling of misconduct cases, on average finalised within six weeks after receipt of request to charge staff members
  - 127 cases of misconduct were dealt with in 2002/03
  - 2 cases were withdrawn
  - 22 sanctions of written warnings
  - 35 sanctions of final written warnings
  - 36 sanctions of dismissal
- the PMA consultants were appointed for EAP/HIV/AIDS services and a Performance Management



Assessment was developed for peer educators and counsellors

- the monitoring of the Employment Equity Plan
  - 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)
  - progress on achieving the numerical goals per race, gender and disability that were set in line with the demographics of the country 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
  - the Recruitment and Selection Policy was revised so that all posts of salary level SR12 and lower are initially advertised internally in order to ensure career management and retention of skilled staff
  - all buildings occupied by the Department were assessed to make them compliant with the Code of Good Practice on Key Aspects on 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
  - a progress report was submitted to the Registrar of Employment Equity and a presentation in this regard was done at the Commission for Employment Equity
  - during the road shows on the Unemployment Insurance Act and the Code of Good Practice on Key aspects on Employment of People with Disabilities, sign language interpreters were used
  - continuous HIV/AIDS awareness campaigns were conducted and peer coordinators were trained to assist with basic counseling
  - the Skills Plan was developed as well as a Human Resources Development (HRD) strategy
  - a service provider for E-degree for online education was appointed to provide recognition of prior learning (RPL) exercises to staff members so that they can study towards accredited certificates, diplomas and degrees
  - the Internship Policy and Contract were amended, and as a result 10 Interns were interviewed and appointed in the Chief Directorate: Human Resources Management
  - two learnerships for Employment and Skills Practitioners and Trade Workers were proposed to the South African Qualifications Authority
  - 20 Learner Inspectors were funded and employed for workplace access
- 357 job profiles were developed and verified
- maintaining of the performance management system
  - 4 390 performance incentives were paid out to qualifying staff members
- Management development
  - 47 middle management level managers attended the CPMD (Certificate Programme in Management Development) programme at Wits Business School. A graduation ceremony was held on 31 January 2003 at Wits Business School
  - 20 participants are currently on the Presidential Leadership Development Programme (PSLDP) consisting of eight modules of which two modules have been completed. A total of 20 extra participants will be nominated to attend in 2003/04
  - the following bursaries have been awarded through departmental funds and LMSDP grants:
    - \*21 undergraduate bursaries were allocated throughout the Department
    - \*18 honours bursaries throughout the Department were awarded
    - \*14 masters bursaries were allocated throughout the Department
- the Strategic Plan for 2000/03 was developed
  - Work Plans for year three of the Strategic Plan were developed and monitored
- the absorption of staff in line with the Public Service Restructuring and Transformation initiative:
  - the Department started with 49 excess staff members after restructuring
  - 16 opted for severance packages
  - 12 have been successfully re-deployed
  - 11 opted for early retirement
  - 10 were not yet re-deployed at the time of the compilation of the report.



## PROGRAMME 2

# OCCUPATIONAL HEALTH AND SAFETY OF PERSONS

**Occupational Health and Safety of Persons** promotes health and safety at work, in the use of plant and machinery. This is done through research, legislative interventions and international exchange. Programme functions are organised into six subprogrammes:

- Auditing and Technical Support to Provinces supports the Department's enforcement function.
- Administrative Functions administers all approval and registration functions for diving, electrical installation and other occupational health and safety regulations, as well as certificates of competency.
- Research provides data for the effective protection of the health and safety of workers.
- Training and information exchange with other African countries.
- Training of Staff makes provision for departmental training requirements.
- Administrative Auxiliary Services provides management support to the programme.



*Health and safety incidents are avoided with the proper use of protective clothing.*



Subprogramme	Outputs	Outputs performance measures/service delivery indicators	Target	Actual
Inspection and investigation at places of work.	Inspection services and auditing.	Audits completed:		
		● AIAs for VUP	Demand driven. 6	1 8
		● AIAs health and hygiene	Demand driven.	3
		● AIAs for Electrical work	47	47
		● AIA for major hazard installations	Demand driven.	2
● Lifting machine training centers	Demand driven.	3		
		● Diving schools		
	Licensing of explosive factories and control of explosives manufactured.	Number of licenses issued.	Demand driven.	1 064
		Consultation with explosive stakeholders.	Demand driven.	126
	Technical investigations of incidents.	Incidents and fatalities.	Demand driven.	12
	Approval for fist aid and audiometric.	Number of first aid training organisations and audiometrists inspected for approval.	Demand driven.	26
			Demand driven.	40



	Regulations, guidelines and standards.	<p>Assist with the development of new health and safety standards and amend legislation:</p> <ul style="list-style-type: none"> <li>● Noise induced Hearing Loss Regulations was promulgated</li> <li>● Construction Regulations was published for comments</li> <li>● Explosives regulations was promulgated</li> <li>● General Administrative Regulations was approved for promulgation</li> <li>● Amendments to the Hazardous Chemical Substances Regulations and the General Safety Regulations were approved for promulgation</li> <li>● Number of Guidelines published.</li> </ul>	<p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>2</p> <p>8</p>	<p>1</p> <p>1</p> <p>1</p> <p>1</p> <p>2</p> <p>8</p>
	Learner inspectors training scheme.	Number of students successfully trained.	30	2
Administration functions.	Administration of registering electricians.	<ul style="list-style-type: none"> <li>● Single phase tester</li> <li>● Installation electricians</li> <li>● Master electricians.</li> </ul>	<p>Demand driven.</p> <p>Demand driven.</p> <p>Demand driven.</p>	<p>171</p> <p>571</p> <p>161</p>
	Administration of approvals for diving work.	<ul style="list-style-type: none"> <li>● Number registered during the year</li> </ul>	Demand driven	795



Administration of approvals for lifting machine-training centers.	Number registered during the year.	Demand driven.	21
Administration of approving inspection authorities for vessels under pressure.	Number registered during the year.	Demand driven.	2
Administration of registering Government Competency Certificate applicants.	Number of applicants registered during the year.	Demand driven.	Mechanical: 56 Electrical: 56
Administration of approved inspection authorities for occupational health and hygiene.	Number registered during the year.	Demand driven.	3
Administration of approved asbestos contractors.	Number of contractors registered.	Demand driven.	61
Administration of registering first aids training organisations.	Number of organisations registered.	Demand driven.	26
Administration of registering audiometrists.	Number of audiometrists registered.	Demand driven.	40
Administration of registering explosives factories.	Number of new registrations: ● New workplaces ● Closed licenses withdrawn ● Licenses issued.	Demand driven.	● 8 ● 0 ● 1 064
Administration of ACOHS.	Four meetings per annum.	4	4
Administration of the Diving Council.	Four meetings per annum.	4	4





*Educating the public about issues pertaining to occupational health and safety is accomplished at exhibitions, with physical evidence of objects that caused injuries on duty.*



Research.	Identify research problem areas and needs.	Number of research reports.		
		Eradication of silicosis in SA.	1	1
		Prioritise the causes of work related incidents.	1	0
		Occupational health and safety on farms	2 pilot projects	0
Services rendered to other countries.	Occupational health and safety guidelines/codes.	Interaction with SADC to ensure safe implementation of the SADC chemical code.	Complete SADC questionnaire.	1
Administrative auxiliary services.	National Occupational Health and Safety Policy.	Establish a council to develop a national occupational health and safety policy.	Ongoing	Ongoing
		Manage legislative process.	Ongoing	Ongoing
		Manage guideline development.	Ongoing	Ongoing
		Convene occupational health and safety stakeholder meetings.	10 meetings per Directorate.	10
	OHS training.	Manage OHS focused training for inspectors.	Take training to all provincial offices.	Training at 10 provincial offices.
	OHS awareness campaigns.	Awareness campaigns.	3 planned.	2 held.
	Cooperative and co-governance agreements.	Environmental management plan implemented.	Gazetted. Implemented.	Gazetted. Ongoing.
Number of agreements implemented.		5 developed.	1 implemented.	



## PROGRAMME 3 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
Unemployment Insurance Fund	R 327 000 000



*The inclusion of domestic workers under the Unemployment Insurance Fund is one of the milestones of the Department of Labour.*



## PROGRAMME 4

# EMPLOYMENT AND SKILLS DEVELOPMENT SERVICES

**Employment and Skills Development Services** 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) through the following subprogrammes:

- National Skills Authority ensures the effective functioning of the SETAs and the National Skills Authority (NSA) and promotes the national skills development strategy through various media.
- Skills Development Funding ensures the flow of funds from SARS to the National Skills Fund and the SETAs, their collection and distribution of funds, and the disbursement of grants by SETAs and subsidies by the National Skills Fund.
- The Skills Development Planning Unit supports the alignment of skills development policy, strategy and plans with economic and employment growth and social development. It also monitors performance against sector and provincial plans, and evaluates the impact of the national skills development strategy.
- INDLELA aims to develop a learnership system, increase access to work based qualifications, and render assessments at different levels and in many fields of learning.
- Employment Services ensures the implementation of the the Labour Market Skills Development Programme and the placement of workseekers through provincial offices and labour centres.
- The Programme Management Unit provides effective project management resources and services for the programme as a whole.
- Sheltered Employment subsidises workshops for the blind and work centres for people with disabilities.
- 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
National Skills Fund	R 31 360 000
SA National Council for the Blind	R 166 000
Deaf Federation of South Africa	R 87 000
Subsidised workshops for the blind	R 5 966 000
Subsidised workcentres for people with disabilities	R 36 876 000



Subprogramme	Output	Output measure/indicator	Target	Actual progress
Skills development funding.	Disbursement of funds by the National Skills Fund in line with the National Skills Development Strategy (NSDS).	Approve NSF Strategic projects and ensure that implementation has commenced.	Approve NSF Strategic projects and ensure that implementation has commenced.	<p>During 2002/03, 19 NSF Strategic Projects were approved against an allocation of R 370.4 million. Expenditure on the projects during 2002/03 amounted to R 108,6million.</p> <p>During 2002/03, 9 404 beneficiaries completed training courses. A further 1 561 beneficiaries commenced with training courses in January-February 2003. This was all training conducted as part of the NSF Strategic Projects.</p>
Skills Development Planning Unit.	Launch and monitor the national skills development strategy.	Alignment of skills development policy, strategy and plans, with economic and employment growth and social development.	<p>Review and finalise the Sector Skills Plans.</p> <p>Evaluate implementation of skills strategies (national, sector, provincial and workplace levels).</p> <p>Establish and maintain the Skills Development Information System.</p> <p>Launch the Investors in People project.</p>	<p>Nine Sector Skills Plans updates received, evaluated and reported on.</p> <p>Two large evaluation studies commissioned and initiated. One pilot study on provincial impact assessment completed.</p> <p>Publication summarising skills needs from Sector Skills Plans produced.</p> <p>Skills Development Information System developed further, but not publicly available during 2002/03.</p>



Subprogramme	Output	Output measure/indicator	Target	Actual progress
				Investors in People project fully operational and eight pilot organisations achieved the Investors in People Standard during 2002/03.
INDLELA	Increased access to work based qualifications.	<p>Systems for regulating learnerships and skills programmes established.</p> <p>Institution transformed to provide entrepreneurial skills for the youth, unemployed, workers of small and medium size businesses and to maintain as well as improve trade, RPL and learnership assessment.</p>	<p>Systems, procedures and guidelines for the development, registration and quality assurance of skills programmes finalised.</p> <p>Provision of support, advice and information.</p> <p>Ongoing staff development to meet the demands of the new direction of INDLELA.</p> <p>June 2004: Develop RPL policy and implement pilot.</p> <p>Dec 2003: Investigate learnership assessment requirements and make proposals.</p> <p>Dec 2003: Establish and pilot the Master Artisan Learnership programme.</p>	<p>Assessors in Physical Planning and Construction Sector are registered with the Construction Education and Training Authority (CETA) and primary accreditation of INDLELA as an assessment and training Centre has been concluded with CETA.</p> <p>RPL pilot with Tembisa community in the building section initiated.</p> <p>Discussions with SETAs about learnership assessment commenced.</p> <p>Preparations for the Master pilot project begun.</p>



*Skills training in the hospitality industry will enable these learners to be employed at the end of the training period.*





<p>SETA coordination.</p>	<p>Institutional capacity of 25 SETAs enhanced to implement skills development at sectoral and national level.</p>	<p>A 5% quarterly increase in the number of employers paying levy as required by the Skills Development Act.</p> <p>Baseline and improvement targets for grant payment levels set per SETA.</p> <p>SETAs outputs achieved as per Memorandum of Understanding (MOU).</p>	<p>Skills Development Levies are collected by SARS as part of normal Tax collection. Their target on tax collection is 80%.</p> <p>70% of all levy grants disbursed to employers by SETAs.</p> <p>SETAs achieve objectives and indicators of the National Skills Development Strategy.</p>	<p>A total amount of R3 395 607 745 was collected through the skills levy. R2 716 486 196 was transferred to SETAs and R679 121 549 to the National Skills Fund (NSF).</p> <p>Large employer participation in the levy/grant scheme increased by 1% during 2002/03 to 68%.</p> <p>Medium size employer participation in levy/grant scheme decreased from 38% at the beginning of the year to 29% by the end of March 2003.</p> <p>Small employer participation remained roughly the same at 6.7%.</p> <p>Mandatory grants to the value of R1 181 308 873 were disbursed to employers. An amount of R32 374 124 was also disbursed as discretionary grants.</p> <p>A total of 272 609 workers completed NQF Level 1 by the end of March 2003 and over 1.3million workers had embarked on structured learning programmes. Of these, 79% were black, 20% were females and 0% were people with disabilities.</p>
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		<p>0% of SETAs audits qualified by Auditor-General.</p> <p>100% SETAs complete and submit Business Plans by end October 2002 for assessment and revised Business Plans by end of February 2003.</p>	<p>25 SETAs Annual reports are submitted on time and no report is qualified.</p> <p>25 SETAs conclude Memoranda of Understanding with the Department of Labour by end of February 2003.</p>	<p>A total of 478 learnership programmes were registered by end of March 2003 and there were 41 800 learnership agreements registered.</p> <p>19 SETAs submitted their reports by end of August. The Auditor-General qualified six SETA Annual reports.</p> <p>24 SETAs managed to submit their Plans on time and only 10 SETA Memoranda of Understanding were concluded while 15 other SETAs had to adjust their targets before their Memoranda of Understanding can be concluded.</p>
Employment Services.	Promote skills development for employability and sustainable livelihoods through social development initiatives in all 10 provincial offices.	Integrated implementation of the Labour Market Skills Development Programme and placement through provincial offices and labour centres.	March 2003: 100% of the National Skills Fund apportioned for social development spent on viable development projects.	<p>93.3%* of NSF apportioned funds were allocated to social development projects including poverty alleviation projects.</p> <p>76.2% of the allocated funds have been spent.</p> <p>During 2002/03, 84 256 people participated in training through the provincial offices.</p> <p>Of the 84 256 people trained under NSF projects in 2002/03, 60% were under the age of 36, 98.6% were black, 59.4% were female and 3.1% were people with disabilities. This exceeds the equity targets set in the NSDS, except in the area of people with disabilities.</p>



			<p>March 2003: Regulation of private employment agencies.</p> <p>March 2003: Review cross-border labour migration.</p> <p>March 2004: Social Plan services in 10 offices.</p> <p>March 2005: National Skills Fund measured by project type and duration, including details of placement rates (at least 70%).</p>	<p>New regulations approved by NSA (March 2003), regulations to be published for comments before end June 2003.</p> <p>Department consolidated inter-departmental comments on immigration regulations.</p> <p>Delayed promulgation of regulations by Department of Home Affairs has prevented us in finalising new procedures.</p> <p>Draft report from Cheadle Thompson and Haysom completed and presented on 2 September 2002 to government and stakeholders. Government recommendations to be tabled at NEDLAC in June 2003.</p> <p>Studies have been initiated to develop a monitoring and evaluation system for the Social Development window of the NSF. The monitoring of placement will commence during the next year on the basis of these studies.</p>
Sheltered Employment.	Appropriate and sustainable factories operating.	Restructuring of sheltered employment factories.	November 2002: Conclude investigation and develop a turnaround strategy.	Investigation concluded but recommendations for turnaround strategy required further investigation and consultation with other government departments.



*SETAs received specific funding to enable them to perform the tasks as indicated in the Skills Development Strategy.*



## PROGRAMME 5 LABOUR RELATIONS

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

- Collective Bargaining administers the Labour Relations Act and is responsible for the registration of trade unions, employer organisations, bargaining and statutory councils, and ensures the proper administration of the funds established by 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 (75 of 1997), provides for investigations undertaken by the Employment Conditions Commission, and advises the Minister on sectoral determinations.
- Prevention and Settlement of Disputes provides financial support to the CCMA.
- Employment Equity administers the Employment Equity Act, 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 fund provide assistance for capacity-building for 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*

Name of institution	Amount transferred
Commission for Conciliation, Mediation and Arbitration	R 145 740 000



Subprogramme	Output	Output measure/indicator	Target	Actual progress
Collective Bargaining	The Labour Relations Act (LRA) achieves an appropriate balance between security and flexibility.	Amendments to LRA.	<p>As per strategic plan developed in conjunction with Communication during 1st quarter /2002.</p> <p>Outsourcing/ Tender 2nd quarter /2002.</p> <p>Programme/ Provincial launches 3rd quarter /2002.</p>	<p>The amendments were successfully launched on 29 July 2002 at the Volkswagen Conference Centre in Midrand, with both Organised Business and Organised Labour hailing the coming into effect of the said amendments.</p> <ul style="list-style-type: none"> <li>● an elaborate presentation was prepared and presented to stakeholders outlining the implications of the new amendments as well as the Department's programme of action on implementation. A series of presentations were also done at all 10 Provincial Offices for both internal and external stakeholders</li> <li>● the amendments were promulgated on 1 August 2002 and the Department's implementation programme was immediately unfolded.</li> </ul> <p>The Department did a presentation at the CCMA Annual Commissioner Convention on 23 November 2002 on progress made regarding the implementation of the provisions regarding compliance with legal requirements as well as progress towards de-registration of non-genuine organisations.</p>



Subprogramme	Output	Output measure/indicator	Target	Actual progress
				<p>The following guidelines are included in the LRA Regulations:</p> <ul style="list-style-type: none"> <li>● requirements for bargaining councils to provide information to the Registrar on SMME's within their scope (section 54): A new LRA Form 3.20B was included</li> <li>● guidelines issued in terms of section 95(8) of the LRA to be applied by the Registrar in determining whether applicants applying for registration are genuine or if existing organisations are still genuine.</li> </ul> <p>Regulations for the conduct of facilitation in terms of section 189A regarding dismissals for operational requirements by employers with more than 50 workers.</p>
			Tender finalised 1st quarter/2002 - ready on promulgation.	<p>"Know your LRA" booklet updated.</p> <p>Radio and Video scripts developed by Kagiso.</p>



Subprogramme	Output	Output measure/indicator	Target	Actual progress
		Monitor effect of LRA and amendments.	Ongoing.	Two trade union parties to MIBCO did not sign and/or vote in favour of the extension of the 2002 collective agreement. Legal opinion obtained in December 2002 on how to apportion the representativeness of the parties to the agreement. Re-drafting LRA Form 3.5 will have to be considered in light of the advice.



The number of person-days lost to strike action, was at its lowest in many years.





Subprogramme	Output	Output measure/indicator	Target	Actual progress
	Efficient registration of labour organisations.	Ongoing registration of labour organisations.	Ongoing. organisation registered within 90 days.	Number of applications for registration received:  <b>Trade Unions</b> Carried over 64 Approved 26 Rejected 42 In progress 68 Withdrawn 6  <b>Amalgamations</b> New 5 Cases carried over 2 Approved 4 Rejected 0 In progress 3 Cancelled 0  <b>Cancellations:</b> New cases 75 Cases carried over 15 Approved 16 Cancelled 4 In progress 70  <b>Total registered trade unions 504</b>  <b>Employers' Organisations</b> <b>New applications 27</b> Cases carried over 30 Approved 5 Rejected 20 In progress 29 Withdrawn 3  <b>Cancellations</b> New cases 26 Cases carried over 9 Approved 2 Rejected 0 Cancelled 3 In progress 30  <b>Amalgamations:</b> 1 Approved 1  <b>Total registered employers' organisations: 268</b>



Subprogramme	Output	Output measure/indicator	Target	Actual progress
		<p>Guidelines issued in terms of section 95(8) of the LRA to be applied by the Registrar.</p>	<p>Draft schedule on bona fide organisation to contractor 1st quarter/2002.</p> <p>Schedule discussed at NEDLAC and to Minister 2nd quarter/2002.</p> <p>Programme of action commenced 2nd quarter/2002.</p> <p>Action taken on non-genuine organisations 3rd quarter/2002 and 4th quarter/2003.</p>	<p>Programme of action determined to drastically improve compliance.</p> <p>Checklists developed for new and existing applications to facilitate the verification process in terms of the guidelines.</p> <p>Letters during August 2002 to all registered organisations to comply with registration requirements (469 organisations).</p> <p>Non-genuine organisations identified and submissions drafted for the Registrar's signature</p> <p>Media statement by Minister on 28 January 2003.</p> <p>Notices by Registrar of intention to cancel the registration of employers' organisations and trade unions published on 31 January 2003.</p> <ul style="list-style-type: none"> <li>● Non-compliance with section 100(b) - 158 trade unions and 41 employers' organisations.</li> <li>● Ceased to function as genuine organisations - 18 trade unions and 11 employers' organisations.</li> </ul>



Subprogramme	Output	Output measure/indicator	Target	Actual progress
			Ongoing.	<p>The Registrar was challenged in the Labour Court by two organisations: the National Employers' Forum (NEF) and Small Enterprises Employers of South Africa (SEESA). At the centre of the two applications is the interpretation of the provisions relating to the publication of the notice when an organisation has ceased to be genuine. NEF - The interdict to prevent the publication of its name was rejected by the Court. Important jurisprudence was established. The Court found that a pre-hearing to publish a notice on non-genuineness is not necessary. An attenuated form of audi alteram partem must be applied in respect of section 106(2B) of the LRA, failing which the LRA would be unworkable. Judgement in SEESA's case reserved.</p>
		Verification of representivity of bargaining councils.	1st round finalised and program compiled for 2nd round 1st quarter/2002.	Certificates of three councils were not issued as all the parties have not fully complied with the Act two refused eight approved.



Subprogramme	Output	Output measure/indicator	Target	Actual progress
	Support for establishment of new bargaining councils, amalgamation and extension of scope of existing bargaining councils.	Identify sectors for new bargaining councils and draw up a plan to promote.	Ongoing as per request by parties involved within 90 days.	<p>Assistance has been provided by the Registrar and the Teams to parties that wish to establish new bargaining / statutory councils in the following sectors:</p> <ul style="list-style-type: none"> <li>● Wood and Paper - in the process of registration</li> <li>● Security Industry - a programme of action to re-engage the parties is being developed with a view to register the bargaining council by March 2004</li> <li>● Motor Ferry - written notification received from NEDLAC that the definition of the Industry was accepted - registered on 28.05.03</li> <li>● Home Textiles (Statutory Council) -cancelled</li> <li>● Maritime Transport Industry</li> <li>● Meat Trade, Gauteng - variation of scope finalised on 22.01.03</li> </ul> <p>Amanzi Statutory Council (Water Boards) - approved 21.02.03.</p>



Subprogramme	Output	Output measure/indicator	Target	Actual progress
				<p>The National Clothing Industry Bargaining Council was assisted with the processes regarding the transition from six Regional Councils to a National Council. The National Council was registered on 23 May 2002.</p> <p>Further assistance to the National Clothing Council to extend its scope of application to include the whole of the RSA – approved by NEDLAC on 04.02.2003 and approved by the Registrar on 26.02.2003.</p> <p>Application for amalgamation between National Clothing, Hosiery and Millinery (Northern Areas) Councils in progress - notice published in Government Gazette for comments.</p>
				<p>Bargaining Council for the Sugar Manufacturing and Refining Industry - variation of scope. Received letter from NEDLAC agreeing to the variation of the Council's scope - approved.</p>



Subprogramme	Output	Output measure/indicator	Target	Actual progress
				<p>The Bargaining Council for the Furniture Industry (KZN) - extension of scope to the whole of the Province of KwaZulu-Natal was approved on 13 December 2002.</p> <p>The application by the National Bargaining Council for the Textile Manufacturing Industry to reduce its scope to exclude certain operations has been put on hold at the request of the council.</p>
		<p>Assistance with the drafting of the constitutions of new councils as well as the scope of the sector.</p>	<p>Ongoing.</p>	<p>The National Bargaining Council for the Clothing Industry assisted on a continuous basis.</p> <p>Continued involvement and assistance to the Metal Industry Bargaining Council (MEIBCO) to extend its scope to the former TBVC States and Self-governing Territories.</p>



Subprogramme	Output	Output measure/indicator	Target	Actual progress
	Extension of collective agreements to non-parties.	<p>Establish statutory compliance.</p> <p>Publish agreements timeously.</p> <p>Assist councils to simplify and modernise agreements.</p> <p>Advise councils to improve relations with small businesses within their scope.</p>	<p>Within 60 days of request.</p> <p>Councils identified 1st quarter/2002.</p> <p>Inform councils and develop reporting format 1st quarter/2002.</p>	<p>The Minister of Labour published 89 notices with regard to 49 collective agreements concluded in 28 Bargaining Councils.</p> <p>The consolidation of 4 extended agreements of the Motor Industry Bargaining Council (MIBCO) was published on 31 May 2002 and one from the Metal Industry Bargaining Council (MEIBCO) is in progress.</p> <p>A first agreement for the Fishing Industry was extended to non-parties.</p>
			Ongoing.	<p>The National Clothing Industry Bargaining Council was assisted with the processes regarding the publication of agreements under the auspices of the National Council. These 11 agreements were published during February 2003.</p> <p>In line with the amended scope of the Furniture Council, KZN, a new agreement for the rural areas was published on 25 October 2002.</p> <p>A new Collective Bargaining Levy Agreement was published for the Metal Industry on 17 April 2003.</p>



Subprogramme	Output	Output measure/indicator	Target	Actual progress
	<p>Ensure an effective and efficient dispute resolution system and promote dispute prevention.</p>	<p>Monitor and oversee the functioning and performance of the CCMA, especially in respect of finances.</p> <p>Funds transferred monthly to the CCMA.</p> <p>Dispute Resolution performed.</p>	<p>Monthly ongoing.</p>	<p>Monitor and oversee the functioning and performance of the CCMA especially in respect of finances and fulfilling its commitments in terms of the business plan.</p> <p>The CCMA settlement rate of cases heard is 71%. Between April 2002 and March 2003, the daily average number of referrals was 470. For the financial year 2002 to 2003, 41 896 cases were arbitrated and 68 014 cases were conciliated.</p>
		<p>Enhance overall efficiency of CCMA through participation in Governing Body and related structures.</p>	<p>Ongoing.</p> <p>Once every third year.</p>	<p>The term of office of the Governing Body expired on 30 June 2002 - the process of appointing the fourth Governing Body of the CCMA was initiated at the beginning of the year and the new members were appointed by the Minister:</p> <ul style="list-style-type: none"> <li>● Chairperson - Mr. Vincent Zwelibanzi Mntambo, Director of Katiba Consulting</li> </ul> <p><b>Organised Business</b></p> <ul style="list-style-type: none"> <li>● Mr. Brian Angus - Director of Steel and Engineering Industries Federation of South Africa (SEIFSA)</li> <li>● Mr. Borence Moabi - Director of Cleaning Services (Pty) Ltd</li> </ul>





Subprogramme	Output	Output measure/indicator	Target	Actual progress
				<ul style="list-style-type: none"> <li>● Ms. Tanya Cohen - Employee Relations Manager of Woolworths (Pty) Ltd</li> </ul> <p>Organised Labour</p> <ul style="list-style-type: none"> <li>● Mr Ebrahim Patel - General Secretary, Southern African Clothing and Textile Workers Union</li> <li>● Mr Manene Samela - General Secretary, South African Chemical Workers' Union</li> <li>● Mr Chez Milani - General Secretary, Federation of Unions of South Africa (FEDUSA)</li> </ul> <p>Government</p> <ul style="list-style-type: none"> <li>● Ms Nerine Kahn - Senior Executive Manager of Labour Relations, Department of Labour</li> <li>● Mr Thembinkosi Mkalipi - Executive Manager of Collective Bargaining, Department of Labour</li> <li>● Mr Mcedisi Magwentshu, Specialist in Labour Relations in the Department of Public Service and Administration.</li> </ul> <p>The term of office of the Essential Services Committee was extended from two to three years. The current members to vacate office on 31 July 2003.</p>



Subprogramme	Output	Output measure/indicator	Target	Actual progress
		CCMA guidelines, amendments, regulations, accreditations, etc. gazetted.		<p>The Governing Body approved of the following and it was published as part of the LRA regulations:</p> <ul style="list-style-type: none"> <li>● New tariff of fees</li> <li>● New rules for the conduct of proceedings before the CCMA.</li> </ul> <p>Since the implementation of the amendments in August 2002, the following cases were recorded:</p> <ul style="list-style-type: none"> <li>● There were five pre-dismissal arbitrations in terms of section 188A</li> <li>● There were eight applications for facilitation by the CCMA in large scale retrenchments in terms of section 189A</li> <li>● Referrals where the con-arb provisions of section 191(5A) were utilised: <ul style="list-style-type: none"> <li>- nine referrals for probation cases</li> <li>- 2 244 for other cases.</li> </ul> </li> </ul> <p>- 605 applications were made to the Director to certify enforcement of awards as an order of the Labour Court in accordance with section 143.</p> <p>A progress report in the form of a submission to the Minister was made in December 2002 including a draft press statement.</p>



Subprogramme	Output	Output measure/indicator	Target	Actual progress
				Existing and new LRA Forms of the CCMA published afresh under the Regulations.
	Reduce conflict through attempting to resolve protest actions referred to NEDLAC in terms of Section 77 of LRA.	Participation in section 77 Committee.	Ongoing.	Representatives have been involved in the following section 77 applications to prevent industrial action:  - CEPPWAWU - SACTWU - SACCAWU regarding the new Plastic Bag regulations - COSATU (privatisation)
	Promote the contribution that basic conditions, equity and good labour relations can make to productivity.	Participation in discussions on productivity accord and sectoral summits.	Ongoing.	
	Ongoing tracking of labour market events such as strikes and collective bargaining agreements.	Monitoring of strikes. Improved information system.		



Subprogramme	Output	Output measure/indicator	Target	Actual progress
Employment Standards.	Setting of minimum conditions of employment for vulnerable workers.	Sectoral Determination for Agricultural Sector.	June 2002.	<p>A Sectoral Determination published on 2 December 2002 in Government Gazette no 241144, setting minimum wages and conditions of employment for the Sector.</p> <p>A comprehensive communication, training and education strategy was developed for the implementation of the Sectoral Determination.</p>
		Sectoral Determination for Domestic Workers.	May 2002.	<p>A Sectoral Determination published on 15 August 2002 in Government Gazette no 23732 setting minimum wages and conditions of employment for the Sector.</p> <p>A comprehensive communication, training and education strategy was developed for the implementation of the Sectoral Determination.</p>
		Sectoral Determination for Wholesale and Retail Sector.	April 2002.	<p>A Sectoral Determination was published on 19 December 2002 in Government Gazette no 24207 reviewing minimum wages and conditions of employment for the Sector.</p>



Subprogramme	Output	Output measure/indicator	Target	Actual progress
		Sectoral Determination for Taxi Industry.	June 2002.	<p>A draft report was circulated to the Employment Conditions Commission (ECC) and they advised that additional research be conducted on present wage levels, and the impact of minimum wages, poverty alleviation and job creation. DPRU and CASE have been approached and the research commenced in March 2003.</p> <p>New target date set for completion in 2003/04.</p>
		Sectoral Determination for Forestry Sector.	March 2003.	<p>A provider has been appointed to conduct research into the Sector. Work on the questionnaire and survey has commenced. The research part of the project should be finalised within the first quarter of the new financial year.</p> <p>New target date December 2003.</p>
		Sectoral Determination for the Welfare Sector.	December 2002.	The investigation will commence later in 2003.
		Sectoral Determination for the Security Sector.	April 2003.	<p>This investigation was not part of the 2002/03 work plan.</p> <p>An investigation into the revision of the minimum wages has been finalised and a report submitted to the ECC in February 2003. The Sectoral Determination will be published in June 2003.</p>



Subprogramme	Output	Output measure/indicator	Target	Actual progress
	Reduction of working time.	Develop a reporting format.	July 2003.	The development of a reporting format will commence in March 2003.
		Sectoral Determination for Clothing Industry.	August 2002.	Amendments to the wage schedule were published on 25 August 2002 in Government Gazette no 23792.
		Amendment of Sectoral Determination of the Private Security Sector to include provisions for a provident fund.	June 2002.	Sectoral Determination 6, Private Security Sector, was amended to appoint NBC as the new provider for the provident fund. The amendment was published on 25 October 2002 in Government Gazette no 23983.
		Sectoral Determination for Contract Cleaning Sector.	May 2002	Amendments to the wage schedule were published on 25 August 2002 in Government Gazette no 23792.
		Sectoral Determination for Hospitality Industry.	March 2003.	Tenders were submitted to outsource research into demarcation, minimum wages and conditions of employment. However the costs quoted for the work exceeded the allocated budget for the project. The terms of reference are presently being revisited to cut costs and will then be submitted for re-tendering later during the year. New target date to be determined for completion in 2004.



Subprogramme	Output	Output measure/indicator	Target	Actual progress
		Sectoral Determination for the Fishing Sector.	December 2002.	A bargaining council was established for the Sector, however it is not all-inclusive. Deliberations are underway to consider the possibility of extending the scope to non-parties in which case it would not be necessary to publish a Sectoral Determination.
		Ministerial Determination for Children in the Performing Arts.	March 2003.	The Employment Conditions Commission has considered the Director-General's report and a submission to the Minister is underway to promulgate the determination.
	Ensuring that conditions of employment are appropriate to conditions facing certain sectors and enterprises.	Variation policy evaluated.	All variations considered within 30 days after receipt.	<p>Variations issued timeously.</p> <p>Applications received = 721            Granted = 181            Refused = 3            Awaiting further information = 524            Withdrawn: 6            Not necessary: 7</p> <p>Facilitated agreements on shift systems for the following companies:</p> <ul style="list-style-type: none"> <li>● SAA</li> <li>● ACSA</li> <li>● COMAIR</li> <li>● Nationwide.</li> </ul> <p>Assisted Hydra Arch on how to manage consultation processes within the organisation.</p>



*Child Labour remains one of the Department's key challenges as the practice needs to be eradicated.*





Subprogramme	Output	Output measure/indicator	Target	Actual progress
				<p>Facilitated agreements between five academic institutions and the Desmond Tutu Fund to pay students working as tutors who were receiving study grants.</p> <p>Facilitated an agreement on transport arrangements between Monte Casino and the Unions involved.</p>
	Wage Differentials.	Setting benchmarks and norms as per Employment Equity legislation.	April 2003.	The ECC has considered the report and made recommendations to the Employment Equity Directorate. The EE 4 and EE 5 forms have to be revisited before the ECC would be able to develop benchmarks and norms. Legal opinions have been obtained and a submission prepared for forwarding to the Minister.
	Regulations.		Ad hoc amendment.	<p>Regulations on BCEA 6 form, inspector's cards and BCEA amendments published.</p> <p>The regulations on the remuneration schedule has been finalised and the ECC consulted. A submission to the Minister is underway for the publication thereof.</p>



Subprogramme	Output	Output measure/indicator	Target	Actual progress
	Earnings threshold regularly reviewed.	Review every second year.	March 2003	The new earnings threshold was published on 21 February 2003 in Government Gazette no 24862.
	Eradication of child labour including targeting of worst forms.	Release of results of (SAYP).	December 2002.	<p>Developed training material on child labour and conducted training sessions in all the provinces.</p> <p>Made a presentation on child labour to the Parliamentary Portfolio Committee.</p> <p>Refined the Memorandum of Understanding and forwarded it to the ILD for scrutiny and approval.</p> <p>Published the reports on the SAYP.</p> <p>Commenced Provincial and Sectoral workshops on the development of a National Programme of Action to eradicate child labour. Nine provincial stakeholder workshops and three sector-focused workshops on HIV/AIDS, domestic workers and children involved in illegal activities were conducted.</p>



Subprogramme	Output	Output measure/indicator	Target	Actual progress
	Enforcement of basic conditions of employment.	Enforcement policy monitored and revised. SAPS, magistrates, prosecutors and other departmental officials able to render assistance in respect of child labour matters.	December 2002.	Enforcement policy implemented for child labour contraventions arising out of the results of SAYP survey and in line with BCEA.
	Ensure appropriate balance between flexibility and security.	Amendments to BCEA.	March 2002.	Amendments to BCEA was published on 24 June 2002 in Government Gazette 23539.
	Employment Conditions Commission (ECC).	Rendering effective support to the ECC.	Monthly targets.	The ECC met monthly and consists of the following members: Chairperson: Prof Evance Kalula Business representative: Boetie Letsoela Labour representative: Bheki Ntshalintshali Other members: Debbie Budlender and Zavereh Rustomjee.



Subprogramme	Output	Output measure/indicator	Target	Actual progress
Employment Equity.	Employment Equity Registry established and consolidated.	Database of designated employers in respect of section 21 of the Employment Equity Act is fully operational.	1 October 2002 reports to be submitted.	All October 2002 employment equity reports have been electronically captured.
		Employment Equity Reports submitted to the Department of Labour are public documents - applications for copies through EEA11 have been processed.	On demand.	607 applications were received.
	EE Public Register of designated employers published.	The Public Register was published in Government Gazette No. 24714 dated 24 April 2003, containing 2 602 designated employers who reported during the October 2001 reporting period.	To be published in August 2002.	Published on 24 April 2003 in Government Gazette No 24714.
	Analysis of Employment Equity Reports published.	Data collected from the October 2001 reporting cycle reports was analysed and findings published in the Annual Report of the Commission for Employment Equity for 2001-2002.	To be published in August 2002.	Release on 24 April 2003.
	Effective implementation of the Employment Equity Act (EEA) through development of enforcement procedures and training of inspectors.	1 783 designated employers were identified for not reporting during the 2001 reporting cycle and a list was submitted to provinces for inspections.	Ongoing inspections.	Blitz and routine inspections carried out on an ongoing basis.



Subprogramme	Output	Output measure/indicator	Target	Actual progress
		<p>Directorate personnel assist labour inspectors to conduct workplace inspections.</p>	<p>Provinces to conduct blitz inspections in the sectors identified by Head Office. Support five provinces during blitz inspections.</p> <p>Top 100 public companies targeted for inspection with regards to compliance with section 22.</p>	<p>Eight provinces were supported by Head office during inspections.</p> <p>The Banking and Finance Sectors were specifically targeted, but provinces included employers in other sectors as well.</p> <p>53 companies inspected and a guideline format developed to facilitate inspections.</p>
		<p>365 inspectors in the provinces were trained on the enforcement of the legislation and one trainer per province was trained to conduct such training on a continuous basis.</p>	<p>360 inspectors trained.</p>	<p>365 inspectors trained and nine provincial trainers trained.</p>
		<p>The Employment Equity Registry identified employers who had not completed the reporting forms correctly and queries were noted in the Public Register Gazette No. 24714 dated 24 April 2003, if the employer failed to respond to the query letter of the Department.</p>	<p>To be published in Public Register:</p>	<p>Published on 24 April 2003.</p>



Subprogramme	Output	Output measure/indicator	Target	Actual progress
	Development of codes of good practice.	The Code of Good Practice on the Employment of People with Disabilities to be published.	To be published in April 2002.	Released at a public launch on 19 August 2002, and published in Government Gazette No. 23718.
		Technical Assistance Guidelines on Key Aspects of HIV/AIDS and employment have been developed and will be released in the next financial year.	To be published by 1 December 2002.	Published on 26 May 2003.
		Technical Assistance Guidelines on the Employment of People with Disabilities are being developed and will be released in the 2003/04 financial year.	To be published by 3 December 2002.	Will be published by September 2003.
	Employment equity research projects.	<p>The following research projects were commissioned and completed:</p> <ul style="list-style-type: none"> <li>● An Investigation into Employment Equity Practices at Selected Companies in South Africa</li> <li>● An Investigation into the Extent of Employment Equity Compliance in the Private Sector in South Africa.</li> </ul>	Project results to be published by January 2003.	These research reports are to be officially released in the 2003/04 financial year.



## PROGRAMME 6 LABOUR POLICY

**Labour Policy** undertakes and manages commissioned research and collects, analyses and disseminates labour market statistics and information, to evaluate, monitor and inform policy and legislation in the Department of Labour and in Government in general. Activities are organised through seven subprogrammes:

- Research, Policy and Planning manages and commission research, and monitors and evaluates labour market conditions in South Africa through analysis of secondary data.
- Library services provides an information repository to support monitoring and analysis.
- Labour Market Statistics produces, analyses and disseminates statistics on the labour market.
- Publications is responsible for printing and disseminating of reports, papers and policy documents.
- Promotion of productivity provides funding to the National Productivity Institute (NPI).
- Training of staff provides capacity building to the programme.
- Administrative Auxiliary Services provides support services to the programme.

### *Transfer payments*

Name of institution	Amount transferred
Strengthening civil society	R 8 130 000
National Productivity Institute	R 20 961 000



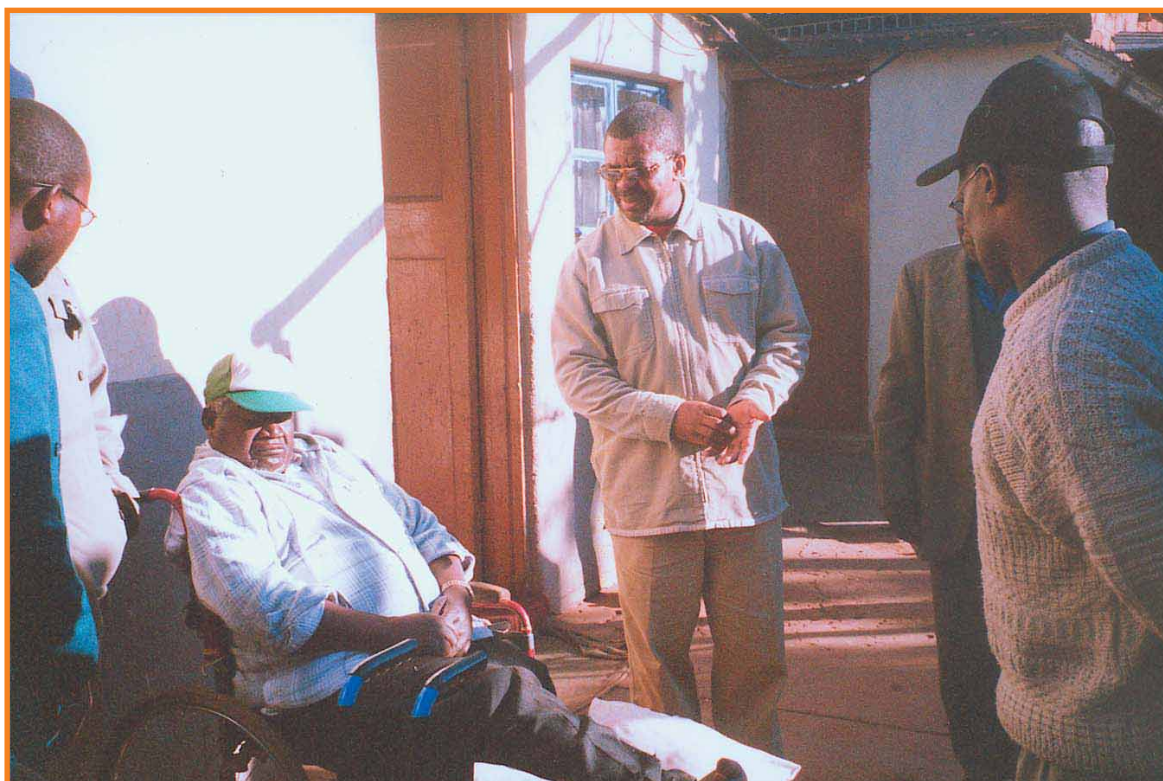
Subprogramme	Output	Output measure/indicator	Target	Actual
Research, Policy and Planning.	Analysis of impact of policies on the labour market.	Number and quality of policy research papers and projects.	9 research papers or projects by the end of 2002/03.	5 research papers or projects were completed by the end of 2002/03.
Labour Market Statistics.	Statistical databases on labour.	Data on strikes, retrenchments, workseekers and wage settlements.	4 databases maintained by the end of 2002/03.	2 databases on strikes and workseekers were maintained by the end of 2002/03.
	Modernised data dissemination.	Integrated database.	90% of data dissemination modernised by the end of 2002/03.	90% of data dissemination was modernised by the end of 2002/03.
Publications.	Quarterly and annual publications.	Reports produced timeously.	Quarterly report on strikes, job seekers and UIF trends, and the "Bulletin of Economic Indicators". First report on retrenchments. 5 statistical reports on labour issues.	One quarterly report and one annual report on strikes were produced. Two quarterly reports on UIF beneficiaries and jobseekers were produced. Two research briefing reports on the Labour Force Surveys were produced.  All in all, 6 statistical reports on labour issues were produced.



## PROGRAMME 7 SERVICE DELIVERY

**Service Delivery** aims to implement and enforce the various labour laws, and to provide a one-stop service through business units in the Department's provincial offices. Programme activities ensure that labour laws are strictly implemented and enforced for the benefit of the employed, as well as the under-employed and unemployed. There are five subprogrammes:

- Management Support Services provides for managing the provincial offices and labour centres.
- Beneficiary Services provides services to unemployed people and people injured on duty, in accordance with the relevant legislation, by administering, processing and finalising applications for payment.
- Employment Services facilitates access to employment and income generating opportunities for the under-employed and unemployed.
- Inspection and Enforcement Services ensures that employers and workers comply with the relevant labour laws, particularly the Basic Conditions of Employment Act, the Occupational Health and Safety Act and the Employment Equity Act.
- Labour Market Information and Statistics monitors developments in the labour market through analysing the impact of legislation and the performance of job creation programmes.



*A new wheelchair was presented to this individual during the Minister's Imbizo in the Limpopo Province.*



Subprogramme	Output	Output measure/indicator	Target	Actual progress
Beneficiary Services.	Effective administration of Compensation for Occupational Injuries and Diseases Act and Unemployment Insurance Fund (UIF) applications.	Accurate and speedy processing of compensation applications.	Compensation applications to Compensation Fund in five working days.	There is a marked increase in the number of Compensation for Occupational Injuries and Diseases Act (COIDA), applications lodged through the labour centres, in that, approximately 8 925 COIDA applications were received, captured and processed by provincial offices and forwarded to the Compensation Fund within five days of receipt.
			Five days to finalise enquiries by phone or letter.	Approximately 60% of enquiries on applications processed through the provincial offices are responded to within five days of receipt. COIDA enquiry screens have been made accessible to labour centre staff, and this will improve the response rate on enquiries made. Advocacy and public awareness campaigns have been embarked upon to advise beneficiaries to apply through the Department's labour centres to improve on processing of claims and correspondence to and from the Compensation Fund.



		Turnaround time for UIF applications.	Applications finalised for payment within six weeks of receipt.	<p>524 929 UIF applications were received, captured and processed by provincial offices compared to 544 000 in the previous reporting period. 405 434 completed claims were approved and paid compared to 500 379 in the previous reporting period .</p> <p>Approximately 85% of all completed UIF applications received were settled within six weeks of receipt. 28 089 appeals were lodged against claims officers. This process to some extent had an impact on the turnaround time thus, the settlement rate.</p> <p>674 960 UIF enquiries were received by provincial offices, 95% of which were responded to and resolved within 72 hours of receipt. These types of enquiries assist our operations in determining the nature of problems experienced by beneficiaries and thus develop intervention programmes and/or mechanisms as well as our advocacy programmes.</p>
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		<p>Fraud prevented and money recovered.</p>	<p>Provincial fraud prevention plan instituted.</p>	<p>A Risk Management Unit was established by provincial offices. Of the 524 929 UIF applications received, 100% was verified for authenticity before any payment could be made. Fraudulent claims and employers in arrears identified are referred to the unit and/or inspectorate and enforcement services for investigation and recovery of the outstanding money (debt).</p>
			<p>Follow up all fraudulent payments from UIF.</p>	<p>19 858 over-payment cases to the value of R30 561 376 were identified and registered as fraudulent claims for recovery from beneficiaries. These fraudulent claimants were pursued and R21 682 793 (71%) was reported to have been recovered during this financial year. Attempts are also made through our advocacy and awareness campaigns to workers, employers as well as members of the public to help us fight this criminal conduct. 841 advocacy and information sessions were conducted reaching approximately 76 878 people, 70 radio talk shows were held and 27 press releases issued. The new UIF administrative system [EMS] as well as effective implementation of the Fraud Prevention Strategy will help to eliminate this problem.</p>



<p>Employment and Skills Development Services.</p>	<p>Provide strategic direction and recommendations on skills development training projects.</p>	<p>Trained unemployed people become self-employed, employers, or successful workers.</p>	<p>70% of trained unemployed people to have gained income generating opportunities.</p>	<p>There was an improvement in the allocation and spending capacity of provincial offices on the Social Development Funding Window (SDFW) of the NSF. R170 217 393 was allocated through the SDFW as compared to R195 277 721 in 2001/02, when R152 103 570 (89%) of this allocation was spent, as compared to R121 072 189 (62%) in 2001/02. This was partly achieved as a result of strategic partnerships established in the provincial offices as well as identifying and linking skills development projects to provincial and local economic development initiatives, through the Provincial Skills Development Plans and Skills Development Implementation Plans. Approximately R39 150 000 (23%) of the funds allocated went to emerging training providers. 37 491 unemployed persons were trained and 26 316 (70%) were placed in income generating opportunities as compared to 40 432 trained in 2001/02. The placement rate in 2001/02 was 36%. Of those trained, approximately 9 859 were in business skills at a total cost of R17 457 449. Approximately R77 270 978 (45%) of the total SDFW allocation was allocated towards poverty alleviation projects, benefiting approximately 23 670 people. Most of the targeted beneficiaries are women and youth in rural communities.</p>
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				<p>There is progress in achieving NSDS targets in that, of the reported 37 491 people trained, 36 229 (97%) were Black, however 19 712 (53%) as compared to 55% in 2001/02 were women and 1 439 (4%) as compared to 5.4% were people with disabilities.</p>
			<p>Approve 90% of proposals for skills projects for the unemployed by six weeks of receipt.</p>	<p>The Provincial Skills Development Forum is established and functional in each province and is responsible for the implementation of the Provincial Skills Plans for sustainable development projects and monitoring impact of our training interventions. Most of the projects approved come from other government departments as well as local government, which reflect the level of integrated development and planning achieved.</p>
			<p>Quarterly visits to training providers.</p>	<p>Almost 95% of the people identified for training complete training hence the 89% expenditure rate and 70% placement rate. Payments are made to Education and Training Providers on successful completion of training and they are being monitored on a continuous basis by our Employment Services Practitioners.</p>



*People are offered the opportunity to not only listen to the Minister at "imbizo", but also to ask questions and seek advice from the Department.*



			Two information workshops per year per province to service providers and social partners.	Provincial Skills Development workshops were held by all the provincial offices and attracted key stakeholders. About 528 information sessions were held reaching approximately 38 268 people. A strong working relationship has been developed with provincial government departments in the economic cluster. These Departments participate in the Provincial Skills Development Forum (PSDF), and they were fully briefed on the NSDS.
Training and placement of the unemployed.	Skills training provided.	Job training and bursaries for people with disabilities.		1 439 people constituting 4% of people trained underwent training on the NSF special allocation.
	Assessment of private employment agencies.	Continued evaluation of all registered private employment agencies on the database.		Regulations for the continued evaluation of registered private employment agencies have been agreed to by the National Skills Authority, and systems are put in place for implementation in the next financial year.
	Support to would-be migrants with scarce skills.	Recommendations on work permits to the Department of Home Affairs in 10 working days.		





<p>Inspection and Enforcement Services.</p>	<p>Provide advocacy, information, advice and run campaigns.</p>	<p>Employers and workers informed about their rights and obligations.</p>	<p>60% of both employers and workers informed of their rights in terms of all labour legislation.</p>	<p>An Inspection and Enforcement Services Strategy was developed to give effect to the IES Business Unit objectives, principles, and values as well as services and activities of both inspectors and client services officers. The IES Strategy outlines the following objectives:</p> <ul style="list-style-type: none"> <li>● to promote good labour practices</li> <li>● to provide information and advice on labour laws</li> <li>● to ensure compliance with our labour laws.</li> </ul> <p>The IES Strategy was effectively communicated internally to both our inspectorate services and client services operations, as well as externally to social partners. The Department of Labour's inspection services are integrated and inspectors are trained to conduct inspections at work places in respect of our labour laws (BCEA, OHS, EEA, UIA, COIDA and LRA). This process assisted in ensuring that one inspector instead of three as was practiced in the past, visit a workplace, with a saving on resources and on the employer's time. Inspection and enforcement services are carried out by a staff complement of 922 inspectors.</p>
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				<p>Approximately 8 554 information, advocacy and training sessions, covering all labour laws were conducted, reaching approximately 331 089 people . The training sessions were targeted at labour representatives to capacitate them for monitoring the implementation of labour legislation. A Blitz Inspection Strategy was implemented resulting in more employers covered and high visibility of inspection services due to vigorous media coverage during blitzes across all provincial directorates and participation of senior management in the Department, including the Minister of Labour. Members of the public are also afforded an opportunity to interact with the Department and raise issues on labour market matters during the Minister's limbizo Programme in the 10 provincial directorates.</p>
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	Proactive and reactive inspections.	Inspections undertaken.	10 inspections per inspector per week.	<p>A total of 87 815 inspections were carried out through the country compared to 51 751 in 2001/02. An analysis of high-risk sectors and geographic areas was conducted and the Blitz Inspection Strategy developed to target these areas. 156 targeted blitz inspections were conducted reaching 24 010 employers in sectors that employ vulnerable workers as well as at workplaces with high OHS incident rates. Of all the workplaces visited, 6 776 employers were found not to comply with various provisions of the laws as follows:</p> <ul style="list-style-type: none"> <li>● 3 396 contravention notices were issued</li> <li>● 556 prohibition notices were issued</li> <li>● 914 prosecutions were recommended</li> <li>● 1 900 compliance orders were issued.</li> </ul>
			Inspections completed within 30 days of request.	An integrated inspection checklist (covering all legislation) was developed and is used by all inspectors during an inspection. The IES Strategy provides guidelines for inspectors in respect of enforcement procedures and inspections are planned incorporating follow-up inspections. Of all the workplaces inspected, 7% were issued with contravention notices, prohibition notices and compliance orders, while only 1% of the cases resulted in inspectors recommending prosecution.



	Enforce relevant labour laws.	Follow up on non-complying employers.	Compliance orders and undertakings enforced within 21 days.	<p>The inspection and enforcement strategy is successfully implemented in that 70 % of inspections conducted are successfully carried out within prescripts. There has been a significant improvement in follow-up inspections to enforce compliance orders and undertakings issued. This has also been confirmed by improved levels of compliance after blitz inspections were conducted. 60% of all complaints reported, are resolved by registration services officers within 21 days of receipt.</p>
	Manage inspections at provincial level.	Reporting of and follow-up on incidents or accidents.	80% of incidents are finalised within 30 days.	<p>At least 80 % of OHS incident investigations are initiated within one day of reporting and a preliminary report developed within 30 days.</p> <p>The following measures were put in place to speed-up finalisation:</p> <ul style="list-style-type: none"> <li>● a backlog reduction strategy was developed and implemented</li> <li>● roving Inspection teams were created in each province and across provinces</li> <li>● capacity building on incident investigations and continuous evaluation was done</li> <li>● capacitate labour representatives and shopstewards to monitor implementation of labour legislation</li> <li>● OHS Accord was signed with labour and business at both national and provincial level.</li> </ul>



Labour Market Information, Statistics and Planning Services.	Provide data.	Quantitative reports provided.	Monthly reports.	Provincial directorates have been capacitated to collect and collate labour market data and statistics, and generate quarterly reports.
	Research projects.	Labour law impact studies.	Produce at least 1 research report annually.	15 research papers were produced, and 6 provincial directorates conducted client satisfaction surveys.
		Updated employer database.	Quarterly updates.	An employer database is developed in each province using the Unemployment Insurance database. It is envisaged to drastically improve the implementation of the newly developed Integrated Registration and Inspection System, as employers will be captured on the system when an inspection/ investigation is conducted and/or a complaint is lodged against them as well as when they have any other contact with the Department.
	Information for strategic planning.	Availability of data and analysis to provincial stakeholders.	Annual supply of updated labour market data.	



## Challenges

- increase the turnaround time for UIF applications to achieve 100% payment of complete applications within six weeks
- manage the high volumes of domestic workers' employers registration, payment of claims when due and inspections to ensure compliance with provisions of the law
- enhance the capacity of our inspectorate services to deliver the targeted quantity and quality inspections as well as quality OHS incident investigations as well as implementing substantive compliance with the Employment Equity Act
- prevention of UIF fraud and recover monies fraudulently claimed speedily
- enhance the capacity of implementing agencies and social partners, including labour representatives and shopstewards to effectively monitor implementation of labour market policies
- reduce workplace accidents and injuries
- improve accessibility of services, including the Compensation Fund at a local level, and explore the use of MPCCs and e.government/gateway
- strengthen capacity for collection, analysis and use of labour market data and statistics for planning and provision to provincial stakeholders
- achieve targets for section 18(2) learnerships, for both in the Department and in the labour market
- integrate skills development with provincial and local growth and development initiatives to promote employment creation as well as the implementation of the Growth and Development Summit Agreements
- implement strategies for the eradication of worst forms of child labour and indecent work.



*The payment of a minimum wage for farm workers was celebrated at the De Bron farm in the Northern Cape.*



## PROGRAMME 8 AUXILIARY AND ASSOCIATED SERVICES

**Auxiliary and Associated Services** provides for certain activities and funding that does not clearly fall under any of the other functional areas. The National Economic Development and Labour Council 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. International Labour Matters interacts with international labour relations organisations; ratifies, monitors and reports on international labour conventions; and maintains and support a labour attaché.

### *Transfer payments*

Name of institution	Amount transferred
National Economic, Development and Labour Council	R 7 366 000



*The establishment of good relationships with our neighbouring countries is a continued activity of the Ministry and Department of Labour.*



Subprogramme	Outputs	Output measure/indicator	Target	Actual progress
ILO. Africa Desk. Technical Cooperation.	Coordinate and access bilateral and technical cooperation engagements carefully and efficiently, in pursuit of Government's reconstruction and development objectives.	Technical cooperation improved:  Harmonisation and integration of policies.	Strengthen institutional capacity.	A memorandum of understanding with Zimbabwe is now ready for signature during the next meeting between the two countries.
				A workshop to identify areas of cooperation with Mozambique was held from 12-14 May in Maputo.
				A successful visit to South Africa by a delegation from the People's Republic of China, led by Minister Zhang Zuoji in August 2002, which ultimately led to the signing of a Memorandum of Understanding.
				Provincial visits by officials from the Subdirectorates of Technical Cooperation and officials from programmes. The visits were aimed at informing officials at a provincial level about the role of international relations within the Department and also to evaluate donor-funded projects that are being implemented.





	<p>Ensure coordination, harmonisation and integration of policies and strategies through active participation in the Southern African Development Community (SADC), African Union (AU), International Labour Organisation (ILO), (ARLAC) and other regional and multilateral structures.</p>	<p>Harmonisation and integration of policies.</p> <p>Active participation in multilaterals.</p>	<p>Reform and strengthen institutions.</p>	<p>Coordinated participation in the Governing Body Session during November 2002 and March 2003 and the 90th session of the International Labour Conference. At the Governing Body meeting held in March 2003, the Minister of Finance Mr. Trevor Manuel, gave a keynote address on the role of the State in the context of globalisation. He is the first Minister of Finance of South Africa to address the Governing Body.</p> <p>A briefing session to address the Foreign Diplomatic Corps convened on 3 March 2003. The purpose of this briefing session was to update Foreign Missions based in South Africa about labour market policies and legislative reform.</p> <p>South Africa is a titular member of the ILO Governing Body for the period 2002-2005.</p> <p>Participated successfully in the SADC Employment and Labour Sector meeting, which was held during March 2003 in Arusha, Tanzania. South Africa was requested to coordinate the employment and productivity subcommittee responsible for dealing with all outstanding issues.</p>
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				<p>Coordinated ARLAC workshops on: Conciliation, Mediation and Arbitration Training Seminar for Labour Industrial Relations Practitioners, Poverty alleviation and Wealth creation through Employment and Promotion of Decent work in the Labour Market and Strengthening the capacity of Social Partners in combating HIV/AIDS in the workplace through social dialogue.</p>
				<p>Launched the World Day for Safety and health on 19 May 2003. This event was commemorated for the first time in South Africa and will be an annual event. The purpose of this launch was to draw wide attention to issues of occupational health and safety.</p>
				<p>Assentment to Conventions 144 on Tripartite Consultations and Convention 155 regarding Occupational Health and Safety by Parliament and submission to Minister of Foreign Affairs to facilitate the depositing of these instruments.</p>
	<p>Coordinate the Department's participation in NEPAD through a coordinated programme or action.</p>	<p>Successful NEPAD project funded.</p>	<p>Include NEPAD activities in the departmental programmes.</p>	<p>The Department coordinated a workshop for senior managers on NEPAD.</p>



# PART 3

## REPORT OF THE AUDIT COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2003.

### 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	Number of meetings attended
JMB Maswanganyi (Chairperson)	3
IN Mkhize	3
CE Saville	3
GD Sandrock	2
Adv Rams Ramashia	3
CH van der Merwe	2
SS Mkhonto	2
SW Magojo	2

### 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 an 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.

### Effectiveness of internal control

Except for the control issues relating to Inventories and Imperial Fleet Services, the systems of internal control is 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.

A handwritten signature in black ink, appearing to be 'C. M. M. M.', written over a horizontal line.

Chairperson of the Audit Committee  
Date: 13 August 2003



# PART 4

# ANNUAL FINANCIAL STATEMENTS

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DEPARTMENT OF LABOUR  
VOTE 28

MANAGEMENT REPORT  
for the year ended 31 March 2003

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

One of Government's biggest challenges is creating employment. Promoting job creation augments economic growth, sustainable development and livelihoods, while alleviating poverty and income inequality. The Department continuously evaluates and formulates effective labour market policies to provide an enabling environment for job creation. In response to Cabinet's request for a comprehensive strategy with job creation and unemployment targets for 2004 to 2014, the Department of Labour is currently developing an integrated employment strategy.

This process is still in the initial phase, and many departments, including Trade and Industry, Public Works, the Presidency, Provincial and Local Government, and the National Treasury, are developing and refining the various components of the strategy. The Department of Labour is driving the skills development component, while the Department of Public Works and the Department of Provincial and Local Government are developing a rigorous public works programme. Finally, the Department of Trade and Industry will focus on the entrepreneurial and small, medium and micro enterprises (SMME) strategies. Various elements of the strategy were presented at the Growth and Development Summit in June 2003. The Summit was a process in which Government, Organised Labour and Organised Business engaged to find mechanisms to improve economic growth, unemployment, poverty and financial market volatility in South Africa. The Department of Labour is the lead Department.

### Skills development

The high unemployment rate in South Africa can be attributed, in part, to the skills mismatch in the economy, stemming from the large pool of low or unskilled labour. The skills constraint acts as a constraint on higher levels of investment. In addition to schooling and individual company efforts, a national strategy is required to strengthen the link between workplace education and training, and economic growth and employment opportunities. The Skills Development Act (97 of 1998) and the Skills Development Levies Act (9 of 1999) address these problems, and implementation has proceeded rapidly.

The Skills Development Act seeks to establish a high quality workplace education and training system that is cost effective, accountable, meets the economy's training requirements and complements employment and economic growth. In the medium term, the Department is in the process of extending the learnership programme and finalising an internship programme for Government. The Department has set several targets that the Skills Development Strategy should have attained by March 2005. For example:

- 70% of all workers should have at least a Level One qualification on the National Qualification Framework.
- 75% of large enterprises and 40% of medium enterprises should contribute to and undertake training through the relevant Sector Education and Training Authorities (SETAs).
- 20% of new and existing registered small firms should be supported in skills development initiatives.
- Learnerships should be available in every sector of the economy.

Learnerships - putting working individuals through structured training - are probably the key mechanism in the National Skills Development Strategy, but they build on other components, in place over the last number of years, such as the SETAs and sectoral skills plans. By March 2005 it is expected that 80 000 young people should have started a learnership, in addition to other workers. The March 2002 target of 3 000 learners in a learnership programme was exceeded, with 15 000 learners in these programmes.

The Department is reviewing the Skills Development Act and should be gazetting the amendments in the medium term. The amendments to the Act endeavour to increase the Minister of Labour's power in controlling and



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monitoring the SETAs in order to comply with the Public Finance Management Act, No 1 of 1999 (PFMA) and the Skills Development Strategy.

### Workers' rights

The protection of workers has advanced through investigations into various sectors, where minimum wages and working conditions are being prescribed. The determination of minimum wages for domestic workers became a reality in November 2002. The minimum wage for agricultural workers was promulgated in December 2002 and came into effect on 1 March 2003. However, the Department still faces a major challenge in trying to enforce these new regulations.

In relation to reviewing policies and legislation, in 2002 Parliament approved the Labour Relations Amendment Act, No 12 of 2002 and the Basic Conditions of Employment Amendment Act, No 11 of 2002, which will improve the efficiency of the labour market. Amendments to the Labour Relations Act, No 66 of 1995 are aimed at allowing the bargaining councils to serve employer and employee parties more effectively, and address the workings of the CCMA. These amendments came into effect on 1 August 2002 and are intended to ensure that all workers are well represented in the market.

The enforcement of health and safety regulations has been stepped up, in particular through increasing inspections. The integration of inspection services ensures that more resources can be deployed to enforce health and safety standards. Furthermore, Cabinet has approved the integration and consolidation of occupational health and safety and compensation competencies, since these functions are fragmented between the Departments of Health, Labour and Minerals and Energy. The design of an integrated system is proceeding, driven by these three Departments.

### Unemployment insurance

The Unemployment Insurance Act, No 63 of 2001, which came into effect on 1 April 2002, is aimed at improving the operation of the Unemployment Insurance Fund (UIF) and the collection of its revenue. Key objectives include increased coverage, containing costs and enhancing compliance. A target has been set to include domestic workers in the UIF by 1 April 2003. Steps taken by the UIF to include domestic workers include the introduction of kiosks at shopping malls, online registration, and the use of regional labour centres. The Department continues to oversee developments in the Unemployment Insurance Fund in an effort to render the Fund financially sustainable in addition to ensuring that the unemployment income safety net does not discriminate against workers and has wider coverage. Revenue collections have improved since the South African Revenue Service has been collecting UIF contributions paid by employers, thus allowing the Fund to register a surplus of R1,4 billion in 2002/03. It was the first time in many years that such a surplus was realised and is directly related to the UIF's turnaround strategy.

### Information technology

The Department of Labour concluded a public-private partnership agreement on 1 December 2002 for improved strategic support in aligning its IT architecture with its business processes. This will vastly improve services to its client base as well as enhance administrative efficiency in the Department. Systems need to be designed and implemented. Full implementation should be complete by 2012.

### Spending trends

- Reason for under-spending.

Under-spending of R 13 147 000 which is 1,01% of the vote, is mainly due to Capital Projects not finalised during the previous financial year. An application has been submitted for the roll over of these commitments to the 2003/04 financial year.

- Activities under the control of the Department are financed from two sources, a normal departmental appropriation and a statutory appropriation, which forms a direct charge on the National Revenue Fund in terms of the Skills Development Levies Act, No 9 of 1999.





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The Skills Development Levy is collected by the South African Revenue Services and is received as revenue in the National Revenue Fund. A statutory allocation is made to the Department of Labour, which in turn allocates 20% of collected levies to the National Skills Fund and the remaining 80% to the specific Sector Education and Training Authorities (SETAs).

- R583,7 million (45,52%) of the total departmental expenditure comprised of transfer payments made to public entities and other organisations.

### **2. Services rendered by the Department**

- **Occupational health and safety of persons** promote the health and safety of persons 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 business units in the provincial offices of the Department.

### **3. Capacity constraints**

The Department encountered a vacancy rate of about 15%, placing some strain on its capacity to effectively deliver its services.

### **4. Utilisation of donor funds**

The Department received R60 million donor funding during the 2002/03 financial year from the European Union for the development of skills in South Africa.

### **5. Trading entities/public entities**

The following public entities listed in Schedule 3(A) 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)
- Sector Education and Training Authorities (SETAs)
- Unemployment Insurance Fund (UIF).



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### 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 scrutinize any election or ballot of a registered trade union or registered employers' organisation if asked to do so
- 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 bargaining councils with advice or training relating to the primary objects of the LRA
- perform any other duties imposed, and exercise any other powers conferred on it by or in terms of the LRA 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:

- 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



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- 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.

### **Sector Education and Training Authorities (SETAs)**

25 Sector 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
- Financial and Accounting Services Training Authority
- Food and Beverages Manufacturing Industry Sector Education and Training Authority
- Forest Industries Sector Education and Training Authority



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- 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 Services, 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. (Reference to Note 11 and Annexure A).

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

The Unemployment Insurance Fund was established in terms of the Unemployment Insurance Act, 2001.

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

- unemployment
- short-term sickness



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- maternity
- death
- adoption of a child.

### 6. *Other entities*

#### **Sheltered employment**

Sheltered employment subsidises workshops for the blind and 13 workcentres for people with disabilities.

### 7. *Other organisations to which 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
- Employment services: Social plan technical support facility
- Strengthening civil society: Ditsela.

#### **Reasons for transfer payments made**

See section of the Notes to the Annual Financial Statements

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

See disclosure note 32 for details in this regard.

The Department has negotiated a public/private partnership project with Siemens Business Services aimed at improving the effectiveness and efficiency of its information and communication services. An electronic "one-stop" service will make provision for integrated systems, a call centre, remote access terminals and a central database, facilitating electronic transactions between the Department and its clients.

### 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 prevention plan and maladministration prevention strategy has been compiled and was circulated to Senior Executive Managers and Executive Managers for their comments. It was approved and adopted by DEXCOM and the Audit Committee.

The Department will appoint an external service provider to assist with the implementation of the fraud prevention plan and to compile assessment criteria of the evaluation of the effectiveness of the Good Governance Policy.



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### Effectiveness of Internal Audit and Audit Committee

The co-sourcing of Internal Audit services in respect of the Unemployment Insurance Fund, Compensation Fund and the National Skills Fund with external service providers was finalised.

The Audit Committee convene 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

The programme Occupational Health and Safety of Persons promotes health and safety in the workplace through regulating the use of plant and machinery and dangerous activities.

- Auditing and Technical Support to provincial offices is aimed at supporting the enforcement function which is now vested in the Service Delivery programme under the subprogramme Inspection and Enforcement Services.
- Administrative Functions undertakes all relevant registration, inspections and prescribed examinations; finalises applications; issues certificates of compliance; and institutes legal proceedings against non-compliant employers.
- Research provides information for the effective protection of the health and safety of workers.

Increases in expenditure in respect of occupational health and safety for the period under review can be attributed to increased training necessitated by the Department's adoption of the integrated inspection strategy.

Occupational health and safety functions are fragmented, with varying responsibilities residing 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 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. Roll-over funds**

The Department has submitted a request for roll-over of funds to the National Treasury to the amount of



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R11 529 million.

Of the roll-over requested, R10,360 million is in respect of Capital Works projects which could not be finalised during the 2002/03 financial year.

The remainder of the roll-over request is made up of R984 000 in respect of commitments entered into for the training of staff in the E-degree project and R185 000 for the coordination of the Presidential Strategic Learnership Development Programme (PSLDP).

### **13. Progress with financial management improvement**

A Chief Financial Officer (CFO) was appointed in terms of Treasury Regulation (TR) 2.1.1.

Delegation of Authority was approved and implemented in terms of Treasury Regulations and the Public Finance Management Act (PFMA) section 44.

An Audit Committee was established and operate 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 still in the process of being implemented in terms of TR3.2.2. The Department is in the process to appoint an external service provider to assist with the implementation and to compile an assessment criteria 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 Director-General issued an instruction by means of a financial circular that the previous Treasury Instructions must be complied with in cases where policies and procedures need to be finalised or revised.

The following policies were compiled/implemented:

- Travel and Subsistence policy
- Draft Debt Policy and Debt write-off policy
- Cellular phone policy.

Training is provided to staff on the above policies.

An effective training programme, in accordance with the Framework for Future Training in Government Financial Management to train staff (finance and non-finance) on the requirements of the PFMA and the Treasury Regulations, was developed:

- To ensure suitable oversight over public entities under the control of the Executive Authority in terms of section 63(2) of the PFMA; letters were distributed to all Public Entities indicating all the requirements according to the PFMA including amongst others, reporting matters, financial statements, budgeting and the appointment of Auditors.
- All Public Entities listed in schedule 3A of the PFMA 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.



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- The Department and the public entities under the control of the Minister submitted annual reports for the 2001/02 financial year to National Treasury.
- Annual reports, financial statements and audit reports were tabled (i.n.o. the Department and the public entities) in the legislature for the 2001/02 financial year in terms of section 65(1) of the PFMA.

### 14. 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.
- The Strategic plan is consistent with the medium term expenditure estimates and the content of it is in accordance with the requirements of Treasury Regulation (5.2.2) 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 2001/02 financial year in terms of section 65(1) of the PFMA.

#### Approval

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

Adv. Rams Ramashia  
Director-General of Labour

29 May 2003





## PART A

### REPORT OF THE AUDITOR-GENERAL TO MEMBERS OF PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE DEPARTMENT OF LABOUR (VOTE 28) FOR THE YEAR ENDED 31 MARCH 2003



#### 1. AUDIT ASSIGNMENT

The financial statements as set out on pages 108 to 143, 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

##### 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, 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

##### 3.1 Inventories - Store items A- and E-class

The Department disclosed stores (E-Class) on hand at year end amounting to R12 920 million. Due to the lack of year-end stock takes at three Provincial Offices namely Eastern Cape, Limpopo and Northern Cape and incorrect prices on the LOGIS system at the Institute for National Development Learnership Education Labour Assessment, I am unable to express an opinion on the amount of R9 702 330.

Furthermore an amount of R2 852 176 pertaining to (A-Class) non-expendable stores at the Northern Cape Provincial Office could not be confirmed at year-end and therefore I am unable to express an opinion on this amount.

##### 3.2 Audit of financial statements

In my opinion, except for the impact of the matter referred to in paragraph 3.1 the financial statements fairly present, in all material respects, the financial position of the Department of Labour at 31 March 2003 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 Matters not affecting the financial statements

##### 4.1.1 Implementation of the findings of the Browde/White Commission instituted in terms of section 236(6) of the interim Constitution of the Republic of South Africa, 1993 (Act No. 200 of 1993)

The process of recovering outstanding amounts had been delayed due to the fact that the Department was informed by the South African Public Servants and Allied Workers Union on 25 August 1999 that the Umtata High Court had ruled in a case that the Judge White Commission had no jurisdiction to hear and pronounce on cases after 31 December 1995.

The Department indicated on 21 June 2002 that it was awaiting a directive on the way forward from National Treasury and the Department of Public Service and Administration.

At the time of writing this report the Department is still awaiting the ruling with regard to the pending Appeal Court case challenging the findings of the Umtata High Court on the jurisdiction of the Judge White Commission.

##### 4.1.2 Supernumerary staff on the Department's establishment

With the rationalisation of the former public services of the Republic of South Africa (RSA), Transkei, Bophuthatswana, Venda, Ciskei (TBVC States) and Self-governing Territories during 1994, staff in the Department's of Manpower of those public services were brought into a uniform occupational dispensation in terms of the former Public Service Commission Circular 10/8/8/4 dated 9 September 1994.

A new staff and organisational establishment was created for the new national Department of Labour during the rationalisation and implemented on 1 February 1996.

Resulting from the rationalisation, the provinces inherited more than double the number of staff than was provided for on the new staff establishment of the Department. In an attempt to accommodate those who could not be suitably absorbed, their transferability was considered in order to facilitate their absorption into vacancies elsewhere within the new Department throughout the country. Not all of those staff were transferable due to various personal circumstances and they became superfluous and had to be carried in addition to the staff establishment.

The Department of Public Service and Administration implemented a special initiative whereby all serving officials were afforded the opportunity to request that their services be terminated on a voluntary basis with effect from 1 May 1996, subject to certain conditions. Some of the supernumerary staff did apply for the voluntary severance package and their services were terminated. Since this initiative was on a voluntary basis, the Department could not enforce its application to the remaining supernumerary staff.

Initially the Department had 80 supernumerary staff, which since 1996 have been reduced to 36 as at 31 March 2003. At the time of writing this report this figure had been reduced to nine. The Department has confirmed that no functions are being allocated to the supernumerary staff.

This office is of the opinion that the total amount paid since 1996 to date on salaries and resignations, which amounted to R31 431 331, could be regarded as unavoidable fruitless expenditure. The Department disagrees with this opinion and therefore the matter was referred to the National Treasury on 23 April 2003 for a ruling.

At the time of writing this report the Department was still awaiting for response from National Treasury.

##### 4.1.3 Value for money

###### (a) Imperial Fleet Services (IFS)

The Department took a decision to outsource its short term rental and permanently allocated vehicle fleet management to Imperial Fleet Services (IFS). During the 2002/03 financial year the Department spent R57 631 029 on IFS compared to R39 306 261 spent during the 2001/02 financial year, an increase of 68%.

A value for money audit which was focused on the management of the outsourced vehicle hiring service



between the Department and IFS was done and the following shortcomings were brought to the attention of the Department in a letter dated 9 June 2003:

- Inadequate scheduling of trips and a lack of co-ordination by the various components within the Department.
- Inadequate control exercised over the use of chauffeur driven services, with the result that this service was being utilised even for very short distances, whereby other more economical means of transport could have been procured by the Department.
- The delivery and collection of hired vehicles outside defined service areas was not always efficiently managed to ensure that the related costs were kept to a minimum.
- The delivery and collection of vehicles hired after hours was not always efficiently managed to ensure that such cases were kept to the minimum and that such deliveries were only permitted in abnormal circumstances.
- Inadequate control and monitoring over the use of hired vehicles to ensure that only authorised officials were issued with such vehicles.
- The cancellation of bookings was not managed in a timeous manner that would ensure that the costs involved were either eliminated or kept to a minimum.

The Department responded on 30 June 2003 and indicated that effective control measures will be implemented during the 2003/04 financial year. The implementation of corrective measures will be monitored by this Office during a follow-up audit.

#### 5. APPRECIATION

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

*Shaikat Fakie*

S A FAKIE  
Auditor-General

Pretoria  
16/7/2003



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STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS  
for the year ended 31 March 2003

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 5 of 2002.

**1. Basis of preparation**

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

- 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.



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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 must be recovered from a responsible official (a debtor account should be raised), or the vote if responsibility cannot be determined.

### **6. Debts written off**

Debts are written off when identified as irrecoverable. No provision is made for irrecoverable amounts.

### **7. Capital expenditure**

Expenditure for physical items on hand on 31 March 2003 to be consumed in the following financial year is written off in full when they are received and are accounted for as expenditure in the income statement. Physical assets acquired are expensed i.e. written off in the income statement when the payment is made.

### **8. Investments**

Marketable securities are carried at market value. Market value is calculated by reference to stock exchange quoted selling prices at the close of business on the balance sheet date.

Non-current investments excluding marketable securities are shown at cost and adjustments are made only where, in the opinion of the directors, 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.

Increases in the carrying amount of marketable securities classified as non-current assets are credited to revaluation and other reserves in shareholders' equity. Decreases that offset previous increases of the same marketable security are charged to the income statement. Increases/decreases in the carrying amount of marketable securities classified as current assets are credited/charged to the income statement.

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 a marketable security classified as a non-current asset, amounts in revaluation and other reserves relating to that marketable security, are transferred to retained earnings.

### **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.
- 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.

### **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.



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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 in the 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 either the 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 in the notes to enhance the usefulness of the financial statements.

### 13. Lease commitments

Lease commitments for the period remaining from the accounting date until the end of the lease contract are disclosed as a note 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 year end, OR an invoice has been received but remains unpaid at year end. 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.

### 15. Employee benefits

#### *Short-term employee benefits*

The cost of short-term employee benefits is expensed in the income statement in the reporting period that 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 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.

#### *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/Provincial 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.



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Post retirement medical benefits for retired civil servants 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, or deposits paid on behalf of employees of a foreign mission, 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, which have now become recoverable from a debtor due to non-performance in accordance with an agreement. Repayments are transferred to the Revenue Fund as and when the repayment is received.

### **18. Comparative figures**

Where necessary, comparative figures have been adjusted to conform to changes in 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.



**DEPARTMENT OF LABOUR  
VOTE 28  
APPROPRIATION STATEMENT  
for the year ended 31 March 2003**

Programme								
	2002/03						2001/02	
	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>1. Administration</b>								
Current	126 781	4 258	131 039	140 154	(9 115)	(6.96)%	138 121	131 818
Capital	115 771	(10 182)	105 589	85 780	19 809	18.76%	71 424	36 107
<b>2. Occupational health and safety of persons</b>								
Current	23 326	(2 034)	21 292	21 605	(313)	(1.47)%	16 558	14 658
Capital	848	104	952	322	630	66.18%	145	130
<b>3. Social insurance</b>								
Current	337 601	883	338 484	338 483	1	-	620 111	619 891
Capital	-	-	-	-	-	-	-	-
<b>4. Employment and skills development services</b>								
Current	151 886	(8 320)	143 566	141 393	2 173	1.51%	126 651	117 135
Capital	6 987	(4 389)	2 598	2 171	427	16.44%	5 539	2 599
<b>5. Labour relations</b>								
Current	176 183	4 793	180 976	181 032	(56)	(0.03)%	168 543	166 542
Capital	548	(159)	389	322	67	17.22%	328	283
<b>6. Labour policy</b>								
Current	26 234	(798)	25 436	25 429	7	0.03%	24 885	23 643
Capital	240	(171)	69	20	49	71.01%	165	62
<b>7. Service delivery</b>								
Current	288 033	6 376	294 409	297 284	(2 875)	(0.98)%	248 649	243 866
Capital	22 760	(1 099)	21 661	18 694	2 967	13.70%	10 621	8 938
<b>8. Auxiliary and associated services</b>								
Current	18 926	10 641	29 577	29 588	(11)	(0.04)%	31 184	31 062
Capital	49	87	136	122	14	10.29%	109	100
<b>9. Special functions</b>								
Current	-	-	-	627	(627)	(100)%	10	10
Capital	-	-	-	-	-	-	-	-
<b>Total</b>	1 296 173	-	1 296 173	1 283 026	13 147	1.01%	1 463 043	1 396 844





DEPARTMENT OF LABOUR  
VOTE 28

APPROPRIATION STATEMENT  
for the year ended 31 March 2003

Direct charge against the National Revenue Fund	2002/03						2001/02	
	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
1. Provinces equitable share								
Sector Education and Training Authorities	2 611 797	-	2 611 797	2 611 797	-	-	2 034 129	2 034 129
National Skills Fund	647 663	-	647 663	647 663	-	-	506 887	506 887
<b>Total</b>	<b>3 259 460</b>	<b>-</b>	<b>3 259 460</b>	<b>3 259 460</b>	<b>-</b>	<b>-</b>	<b>2 541 016</b>	<b>2 541 016</b>

Economic classification	2002/03						2001/02	
	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
Current								
Personnel	320 039	(9 177)	310 862	307 702	3 160	1.02%	270 785	258 656
Transfer payments	583 894	-	583 894	583 652	242	0.04%	869 795	862 452
Other	245 037	24 986	270 023	284 241	(14 218)	(5.27)%	234 132	227 517
Capital								
Transfer payments	-	-	-	-	-	-	-	-
Acquisition of capital assets	147 203	(15 809)	131 394	107 431	23 963	18.24%	88 331	48 219
<b>Total</b>	<b>1 296 173</b>	<b>-</b>	<b>1 296 173</b>	<b>1 283 026</b>	<b>13 147</b>	<b>1.01%</b>	<b>1 463 043</b>	<b>1 396 844</b>

Standard item classification	2002/03						2001/02	
	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
Personnel	320 039	(9 177)	310 862	307 702	3 160	1.02%	270 785	258 656
Administrative	115 245	(1 095)	114 150	119 356	(5 206)	(4.56)%	90 126	88 979
Inventories	24 336	(3 905)	20 431	21 149	(718)	(3.51)%	18 211	16 891
Machinery and equipment	38 101	(15 809)	22 292	22 582	(290)	(1.30)%	30 288	27 160
Land and buildings	114 903	(26)	114 877	103 035	11 842	10.31%	63 132	22 738
Professional and special services	88 213	29 931	118 144	113 401	4 743	4.01%	112 358	111 843
Transfer payments	583 894	-	583 894	583 652	242	0.04%	869 795	862 452
Miscellaneous	11 442	81	11 523	11 522	1	0.01%	8 338	8 115
Special functions	-	-	-	627	(627)	(100)%	10	10
<b>Total</b>	<b>1 296 173</b>	<b>-</b>	<b>1 296 173</b>	<b>1 283 026</b>	<b>13 147</b>	<b>1.01%</b>	<b>1 463 043</b>	<b>1 396 844</b>



DEPARTMENT OF LABOUR  
VOTE 28

DETAIL PER PROGRAMME 1: ADMINISTRATION  
for the year ended 31 March 2003

Direct charge against the National Revenue Fund	2002/03						2001/02	
	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>1.1 Minister</b>								
Current	654	73	727	726	1	-	767	738
Capital	-	512	512	512	-	-	-	-
<b>1.2 Corporate Services</b>								
Current	113 381	7 512	120 893	130 276	(9 383)	(7.76)%	128 489	127 989
Capital	25 401	(10 694)	14 707	4 995	9 712	66.04%	40 000	12 392
<b>1.3 Management</b>								
Current	12 746	(3 327)	9 419	8 962	457	4.85%	8 865	3 091
Capital	-	-	-	454	(454)	(100)%	2 211	1 211
<b>1.4 Capital Works</b>								
Current	-	-	-	190	(190)	(100)%	-	-
Capital	90 370	-	90 370	79 819	10 551	11.68%	29 213	22 504
<b>Total</b>	<b>242 552</b>	<b>(5 924)</b>	<b>236 628</b>	<b>225 934</b>	<b>10 694</b>	<b>4.52%</b>	<b>209 545</b>	<b>167 925</b>

Economic classification	2002/03						2001/02	
	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>Current</b>								
Personnel	44 389	(6 761)	37 628	37 299	329	0.87%	33 097	31 733
Transfer payments	-	-	-	-	-	-	-	-
Other	82 392	11 019	93 411	102 855	(9 444)	(10.11)%	105 024	100 085
<b>Capital</b>								
Transfer payments	-	-	-	-	-	-	-	-
Acquisition of capital assets	115 771	(10 182)	105 589	85 780	19 809	18.76%	71 424	36 107
<b>Total</b>	<b>242 552</b>	<b>(5 924)</b>	<b>236 628</b>	<b>225 934</b>	<b>10 694</b>	<b>4.52%</b>	<b>209 545</b>	<b>167 925</b>

Standard item classification	2002/03						2001/02	
	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
Personnel	44 389	(6 761)	37 628	37 299	329	0.87%	33 097	31 733
Administrative	32 047	(18 057)	13 990	17 722	(3 732)	(26.68)%	15 113	15 109
Inventories	2 683	(1 260)	1 423	1 421	2	0.14%	1 660	1 656
Equipment	17 282	(10 182)	7 100	7 099	1	0.14%	13 381	13 377
Land and buildings	101 405	-	101 405	91 045	10 360	10.22%	62 973	22 731
Professional and special services	43 946	31 118	75 064	71 330	3 734	4.97%	83 305	83 305
Transfer payments	-	-	-	-	-	-	-	-
Miscellaneous	800	(782)	18	18	-	-	16	14
Special functions	-	-	-	-	-	-	-	-
<b>Total</b>	<b>242 552</b>	<b>(5 924)</b>	<b>236 628</b>	<b>225 934</b>	<b>10 694</b>	<b>4.52%</b>	<b>209 545</b>	<b>167 925</b>



DEPARTMENT OF LABOUR  
VOTE 28

DETAIL PER PROGRAMME 2: OCCUPATIONAL HEALTH AND SAFETY OF PERSONS  
for the year ended 31 March 2003

Programme per subprogramme	2002/03						2001/02	
	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>2.1 Auditing and Technical Support</b>								
Current	16 817	(711)	16 106	15 805	301	1.87%	7 543	7 211
Capital	-	-	-	8	(8)	(100)%	-	-
<b>2.2 Administrative Functions</b>								
Current	811	64	875	745	130	14.86%	4 291	4 257
Capital	-	-	-	126	(126)	(100)%	-	-
<b>2.3 Administrative Auxiliary Services</b>								
Current	4 222	(874)	3 348	4 093	(745)	(22.25)%	2 924	2 176
Capital	848	104	952	188	764	80.25%	145	130
<b>2.4 Training of staff</b>								
Current	1 476	(513)	963	962	1	0.10%	1 800	1 014
Capital	-	-	-	-	-	-	-	-
<b>Total</b>	<b>24 174</b>	<b>(1 930)</b>	<b>22 244</b>	<b>21 927</b>	<b>317</b>	<b>1.43%</b>	<b>16 703</b>	<b>14 788</b>

Economic classification	2002/03						2001/02	
	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>Current:</b>								
Personnel	9 187	550	9 737	9 421	316	3.25%	6 102	4 218
Transfer payments	-	-	-	-	-	-	-	-
Other	14 139	(2 584)	11 555	12 184	(629)	(5.44)%	10 456	10 440
<b>Capital</b>								
Transfer payments	-	-	-	-	-	-	-	-
Acquisition of capital assets	848	104	952	322	630	66.18%	145	130
<b>Total</b>	<b>24 174</b>	<b>(1 930)</b>	<b>22 244</b>	<b>21 927</b>	<b>317</b>	<b>1.43%</b>	<b>16 703</b>	<b>14 788</b>

Standard item classification	2002/03						2001/02	
	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
Personnel	9 187	550	9 737	9 421	316	3.25%	6 102	4 218
Administrative	2 711	612	3 323	3 323	-	-	3 319	3 310
Inventories	1 274	45	1 319	1 319	-	-	2 229	2 225
Equipment	248	104	352	352	-	-	145	128
Land and buildings	600	-	600	600	-	-	2	2
Professional and special services	10 154	(3 241)	6 913	6 912	1	0.01%	4 903	4 902
Transfer payments	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	3	3
Special functions	-	-	-	-	-	-	-	-
<b>Total</b>	<b>24 174</b>	<b>(1 930)</b>	<b>22 244</b>	<b>21 927</b>	<b>317</b>	<b>1.43%</b>	<b>16 703</b>	<b>14 788</b>



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VOTE 28

DETAIL PER PROGRAMME 3: SOCIAL INSURANCE  
for the year ended 31 March 2003

Programme per subprogramme	2002/03						2001/02	
	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>3.1 Unemployment Insurance Fund</b>								
Current	327 001	(1)	327 000	327 000	-	-	612 001	612 000
Capital	-	-	-	-	-	-	-	-
<b>3.2 Compensation Fund</b>								
Current	10 600	884	11 484	11 483	1	0.01%	8 110	7 891
Capital	-	-	-	-	-	-	-	-
<b>Total</b>	<b>337 601</b>	<b>883</b>	<b>338 484</b>	<b>338 483</b>	<b>1</b>	<b>-</b>	<b>620 111</b>	<b>619 891</b>
Economic classification	2002/03						2001/02	
	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>Current</b>								
Personnel	2	(2)	-	-	-	-	2	-
Transfer payments	327 000	-	327 000	327 000	-	-	612 000	612 000
Other	10 599	885	11 484	11 483	1	0.01%	8 109	7 891
<b>Capital</b>								
Transfer payments	-	-	-	-	-	-	-	-
Acquisition of capital assets	-	-	-	-	-	-	-	-
<b>Total</b>	<b>337 601</b>	<b>883</b>	<b>338 484</b>	<b>338 483</b>	<b>1</b>	<b>-</b>	<b>620 111</b>	<b>619 891</b>
Standard item classification	2002/03						2001/02	
	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
Personnel	2	(2)	-	-	-	-	2	-
Administrative	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-
Land and buildings	-	-	-	-	-	-	-	-
Professional and special services	-	-	-	-	-	-	-	-
Transfer payments	327 000	-	327 000	327 000	-	-	612 000	612 000
Miscellaneous	10 599	885	11 483	11 483	1	0.01%	8 109	7 891
Special functions	-	-	-	-	-	-	-	-
<b>Total</b>	<b>337 601</b>	<b>883</b>	<b>338 484</b>	<b>338 483</b>	<b>1</b>	<b>-</b>	<b>620 111</b>	<b>619 891</b>



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VOTE 28

DETAIL PER PROGRAMME 4: EMPLOYMENT AND SKILLS DEVELOPMENT SERVICES  
for the year ended 31 March 2003

Direct charge against the National Revenue Fund	2002/03						2001/02	
	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>4.1 National Skills Fund</b>								
Current	18 070	(4 026)	14 044	12 875	1 169	8.32%	6 674	6 383
Capital	1 528	(1 326)	202	184	18	8.91%	-	-
<b>4.2 INDELELA</b>								
Current	23 806	450	24 256	24 859	(603)	(2.49)%	20 069	21 154
Capital	3 854	(2 470)	1 384	1 093	291	21.03%	3 539	2 400
<b>4.3 Sheltered Employment</b>								
Current	44 701	8	44 709	44 206	503	1.13%	48 252	47 760
Capital	24	(14)	10	10	-	-	-	-
<b>4.4 Skills Development Funding</b>								
Current	39 214	230	39 444	39 422	22	0.06%	27 184	27 113
Capital	402	(295)	107	68	39	36.45%	-	-
<b>4.5 Programme Management Unit</b>								
Current	4 808	(832)	3 976	3 999	(23)	(0.58)%	4 471	2 849
Capital	279	(104)	175	149	26	14.86%	-	-
<b>4.6 Employment Services</b>								
Current	6 710	(2 010)	4 700	4 303	397	8.45%	10 255	3 985
Capital	396	(292)	104	104	-	-	1 000	100
<b>4.7 Skills Development Planning Unit</b>								
Current	7 118	(1 525)	5 593	4 882	711	12.71%	5 243	4 438
Capital	390	(210)	180	147	33	18.33%	500	-
<b>4.8 Training of staff</b>								
Current	1 725	(405)	1 320	1 320	-	-	1 600	150
Capital	-	-	-	-	-	-	-	-
<b>4.9 Administrative Auxiliary Services</b>								
Current	5 734	(210)	5 524	5 527	(3)	(0.05)%	2 903	3 303
Capital	114	322	436	416	20	4.59%	500	99
<b>Total</b>	<b>158 873</b>	<b>(12 709)</b>	<b>146 164</b>	<b>143 564</b>	<b>2 600</b>	<b>1.78%</b>	<b>132 190</b>	<b>119 734</b>

Economic classification	2002/03						2001/02	
	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>Current</b>								
Personnel	43 439	(507)	42 932	40 577	2 355	5.49%	33 040	32 339
Transfer payments	74 697	-	74 697	74 455	242	0.32%	74 213	66 871
Other	33 750	(7 813)	25 937	26 361	(424)	(1.63)%	19 398	17 925
<b>Capital</b>								
Transfer payments	-	-	-	-	-	-	-	-
Acquisition of capital assets	6 987	(4 389)	2 598	2 171	427	(16.44)%	5 539	2 599
<b>Total</b>	<b>158 873</b>	<b>(12 709)</b>	<b>146 164</b>	<b>143 564</b>	<b>2 600</b>	<b>1.78%</b>	<b>132 190</b>	<b>119 734</b>



DEPARTMENT OF LABOUR  
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DETAIL PER PROGRAMME 4: EMPLOYMENT AND SKILLS DEVELOPMENT SERVICES  
for the year ended 31 March 2003

Standard item classification	2002/03						2001/02	
	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
Personnel	43 439	(507)	42 932	40 577	2 355	5.49%	33 040	32 339
Administrative	12 987	(4 282)	8 705	8 705	-	-	6 840	5 795
Inventories	10 870	(2 814)	8 056	8 054	2	0.02%	6 225	6 221
Equipment	6 987	(4 389)	2 598	2 598	-	-	5 539	2 599
Land and buildings	895	-	895	895	-	-	126	-
Professional and special services	8 998	(717)	8 281	8 280	1	0.01%	6 207	5 909
Transfer payments	74 697	-	74 697	74 455	242	0.32%	74 213	66 871
Miscellaneous	-	-	-	-	-	-	-	-
Special functions	-	-	-	-	-	-	-	-
<b>Total</b>	<b>158 873</b>	<b>(12 709)</b>	<b>146 164</b>	<b>143 564</b>	<b>2 600</b>	<b>1.78%</b>	<b>132 190</b>	<b>119 734</b>



DEPARTMENT OF LABOUR  
VOTE 28

DETAIL PER PROGRAMME 5: LABOUR RELATIONS  
for the year ended 31 March 2003

Direct charge against the National Revenue Fund	2002/03						2001/02	
	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>5.1 Collective Bargaining</b>								
Current	6 201	3 091	9 292	9 272	20	0.22%	6 374	6 391
Capital	80	13	93	112	(19)	(20.43)%	100	77
<b>5.2 Employment Standards</b>								
Current	5 400	1 721	7 121	7 119	2	0.03%	5 145	4 306
Capital	40	(8)	32	32	-	-	-	-
<b>5.3 Prevention and Settlement of Disputes</b>								
Current	145 740	-	145 740	145 740	-	-	138 026	138 021
Capital	-	-	-	-	-	-	-	-
<b>5.4 Employment Equity</b>								
Current	7 970	(1 524)	6 446	6 464	(18)	(0.28)%	5 487	4 433
Capital	148	(66)	82	62	20	24.39%	100	78
<b>5.5 Strengthening of Civil Society</b>								
Current	8 130	-	8 130	8 130	-	-	10 070	10 070
Capital	-	-	-	-	-	-	-	-
<b>5.6 Training of staff</b>								
Current	310	104	414	413	1	0.24%	310	191
Capital	-	-	-	-	-	-	-	-
<b>5.7 Administrative Auxiliary Services</b>								
Current	2 432	1 401	3 833	3 894	(61)	(1.59)%	3 131	3 130
Capital	280	(98)	182	116	66	36.26%	128	128
<b>Total</b>	<b>176 731</b>	<b>4 634</b>	<b>181 365</b>	<b>181 354</b>	<b>11</b>	<b>0.01%</b>	<b>168 871</b>	<b>166 825</b>

Economic classification	2002/03						2001/02	
	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>Current</b>								
Personnel	11 436	(283)	11 153	11 144	9	0.08%	11 030	10 471
Transfer payments	153 870	-	153 870	153 870	-	-	146 686	146 686
Other	10 877	5 076	15 953	16 018	(65)	(0.41)%	10 827	9 385
<b>Capital</b>								
Transfer payments	-	-	-	-	-	-	-	-
Acquisition of capital assets	548	(159)	389	322	67	17.22%	328	283
<b>Total</b>	<b>176 731</b>	<b>4 634</b>	<b>181 365</b>	<b>181 354</b>	<b>11</b>	<b>0.01%</b>	<b>168 871</b>	<b>166 825</b>



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DETAIL PER PROGRAMME 5: LABOUR RELATIONS  
for the year ended 31 March 2003

Standard item classification	2002/03						2001/02	
	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
Personnel	11 436	(283)	11 153	11 144	9	0.08%	11 030	10 471
Administrative	1 645	(299)	1 346	1 996	(650)	(48.29)%	2 090	2 053
Inventories	2 220	1 118	3 338	3 337	1	0.03%	3 617	2 386
Equipment	548	(159)	389	389	-	-	328	283
Land and buildings	-	-	-	-	-	-	-	-
Professional and special services	7 012	4 257	11 269	10 618	651	5.78%	5 120	4 946
Transfer payments	153 870	-	153 870	153 870	-	-	146 686	146 686
Miscellaneous	-	-	-	-	-	-	-	-
Special functions	-	-	-	-	-	-	-	-
<b>Total</b>	<b>176 731</b>	<b>4 634</b>	<b>181 365</b>	<b>181 354</b>	<b>11</b>	<b>0.01%</b>	<b>168 871</b>	<b>166 825</b>





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DETAIL PER PROGRAMME 6: LABOUR POLICY  
for the year ended 31 March 2003

Direct charge against the National Revenue Fund	2002/03						2001/02	
	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>6.1 Research, Policy and Planning</b>								
Current	1 925	(337)	1 588	1 569	19	1.20%	1 385	1 027
Capital	41	(32)	9	5	4	44.44%	50	-
<b>6.2 Library Services</b>								
Current	471	(1)	470	459	11	2.34%	586	477
Capital	47	(38)	9	-	9	100%	-	-
<b>6.3 Labour Market Statistics</b>								
Current	1 562	103	1 665	1 661	4	0.24%	1 582	1 298
Capital	44	(37)	7	7	-	-	50	-
<b>6.4 Publications</b>								
Current	115	(74)	41	41	-	-	115	31
Capital	-	-	-	-	-	-	-	-
<b>6.5 Promotion of Productivity</b>								
Current	20 961	-	20 961	20 961	-	-	20 499	20 499
Capital	-	-	-	-	-	-	-	-
<b>6.6 Training of staff</b>								
Current	85	(25)	60	60	-	-	106	64
Capital	-	-	-	-	-	-	-	-
<b>6.7 Administrative Auxiliary Services</b>								
Current	1 115	(464)	651	678	(27)	(4.15)%	612	247
Capital	108	(64)	44	8	36	81.82%	65	62
<b>Total</b>	<b>26 474</b>	<b>(969)</b>	<b>25 505</b>	<b>25 449</b>	<b>56</b>	<b>0.22%</b>	<b>25 050</b>	<b>23 705</b>

Economic classification	2002/03						2001/02	
	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>Current</b>								
Personnel	3 078	(157)	2 921	2 865	56	1.92%	3 251	2 140
Transfer payments	20 961	-	20 961	20 961	-	-	20 499	20 499
Other	2 195	(641)	1 554	1 603	(49)	(3.15)%	1 135	1 004
<b>Capital</b>								
Transfer payments	-	-	-	-	-	-	-	-
Acquisition of capital assets	240	(171)	69	20	49	71.01%	165	62
<b>Total</b>	<b>26 474</b>	<b>(969)</b>	<b>25 505</b>	<b>25 449</b>	<b>56</b>	<b>0.22%</b>	<b>25 050</b>	<b>23 705</b>



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VOTE 28

DETAIL PER PROGRAMME 6: LABOUR POLICY  
for the year ended 31 March 2003

Standard item classification	2002/03						2001/02	
	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
Personnel	3 078	(157)	2 921	2 865	56	1.92%	3 251	2 140
Administrative	582	204	786	786	-	-	350	307
Inventories	341	(114)	227	228	(1)	(0.44)%	253	207
Equipment	215	(171)	44	44	-	-	165	62
Land and buildings	25	(25)	-	-	-	-	25	-
Professional and special services	1 229	(663)	566	565	1	0.18%	507	490
Transfer payments	20 961	-	20 961	20 961	-	-	20 499	20 499
Miscellaneous	43	(43)	-	-	-	-	-	-
Special functions	-	-	-	-	-	-	-	-
<b>Total</b>	<b>26 474</b>	<b>(969)</b>	<b>25 050</b>	<b>25 449</b>	<b>56</b>	<b>0.22%</b>	<b>25 050</b>	<b>23 705</b>



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DETAIL PER PROGRAMME 7: SERVICE DELIVERY  
for the year ended 31 March 2003

Direct charge against the National Revenue Fund	2002/03						2001/02	
	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>7.1 Management Support Services</b>								
Current	81 488	5 666	87 154	88 048	(894)	(1.03)%	80 442	78 047
Capital	16 858	-	16 858	15 595	1 263	7.49%	3 400	3 633
<b>7.2 Beneficiary Services</b>								
Current	1	(1)	-	(463)	463	100%	1	(1 172)
Capital	-	-	-	463	(463)	(100)%	-	1 172
<b>7.3 Inspection and Enforcement Services</b>								
Current	125 577	3 762	129 339	132 694	(3 355)	(2.59)%	103 756	103 168
Capital	2 406	396	2 802	1 785	1 017	36.30%	3 345	2 143
<b>7.4 Employment Services</b>								
Current	68 852	(2 372)	66 480	65 265	1 215	1.83%	54 090	54 900
Capital	1 496	(184)	1 312	435	877	66.84%	3 438	549
<b>7.5 Labour Market Information, Statistics and Planning</b>								
Current	12 115	(679)	11 436	11 740	(304)	(2.66)%	10 360	8 923
Capital	2 000	(1 311)	689	416	273	39.62%	438	1 441
<b>Total</b>	<b>310 793</b>	<b>5 277</b>	<b>316 070</b>	<b>315 978</b>	<b>92</b>	<b>0.03%</b>	<b>259 270</b>	<b>252 804</b>

Economic classification	2002/03						2001/02	
	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>Current</b>								
Personnel	204 428	(1 025)	203 403	203 310	93	0.05%	182 133	175 713
Transfer payments	-	-	-	-	-	-	-	-
Other	83 605	7 401	91 006	93 974	(2 968)	(3.26)%	66 516	68 153
<b>Capital</b>								
Transfer payments	-	-	-	-	-	-	-	-
Acquisition of capital assets	22 760	(1 099)	21 661	18 694	2 967	13.70%	10 621	8 938
<b>Total</b>	<b>310 793</b>	<b>5 277</b>	<b>316 070</b>	<b>315 978</b>	<b>92</b>	<b>0.03%</b>	<b>259 270</b>	<b>252 804</b>



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DETAIL PER PROGRAMME 7: SERVICE DELIVERY  
for the year ended 31 March 2003

Standard item classification	2002/03						2001/02	
	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
Personnel	204 428	(1 025)	203 403	203 310	93	0.05%	182 133	175 713
Administrative	58 272	9 149	67 421	68 246	(825)	(1.22)%	50 024	50 013
Inventories	6 881	(894)	5 987	6 709	(722)	(12.06)%	4 160	4 149
Equipment	12 760	(1 099)	11 661	11 952	(291)	(2.50)%	10 621	10 611
Land and buildings	11 987	(1)	11 977	10 495	1 482	12.37%	6	5
Professional and special services	16 474	(873)	15 601	15 246	355	2.28%	12 116	12 106
Transfer payments	-	-	-	-	-	-	-	-
Miscellaneous	-	20	20	20	-	-	210	207
Special functions	-	-	-	-	-	-	-	-
<b>Total</b>	<b>310 793</b>	<b>5 277</b>	<b>316 070</b>	<b>315 987</b>	<b>92</b>	<b>0.03%</b>	<b>259 270</b>	<b>252 804</b>



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DETAIL PER PROGRAMME 8: AUXILIARY AND ASSOCIATED SERVICES  
for the year ended 31 March 2003

Direct charge against the National Revenue Fund	2002/03						2001/02	
	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>8.1 National Economic Development and Labour Council</b>								
Current	7 366	-	7 366	7 366	-	-	16 396	16 396
Capital	-	-	-	-	-	-	-	-
<b>3.2 International Labour Matters</b>								
Current	11 560	10 651	22 211	22 222	11	0.05%	14 778	14 656
Capital	49	87	136	122	(14)	(10.29)%	109	100
<b>Total</b>	<b>18 975</b>	<b>10 738</b>	<b>29 713</b>	<b>29 710</b>	<b>3</b>	<b>0.01%</b>	<b>31 293</b>	<b>31 162</b>

Economic classification	2002/03						2001/02	
	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>Current</b>								
Personnel	4 080	(992)	3 088	3 086	2	0.06%	2 130	2 042
Transfer payments	7 366	-	7 366	7 366	-	-	16 397	16 396
Other	7 480	11 643	19 123	19 136	(13)	(0.01)%	12 657	12 624
<b>Capital</b>								
Transfer payments	-	-	-	-	-	-	-	-
Acquisition of capital assets	49	87	136	122	14	10.29%	109	100
<b>Total</b>	<b>18 975</b>	<b>10 738</b>	<b>29 713</b>	<b>29 710</b>	<b>3</b>	<b>0.01%</b>	<b>31 293</b>	<b>31 162</b>

Standard item classification	2002/03						2001/02	
	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
Personnel	4 080	(992)	3 088	3 086	2	0.06%	2 130	2 042
Administrative	7 001	11 578	18 579	18 578	1	0.01%	12 390	12 392
Inventories	67	14	81	81	-	-	67	47
Equipment	61	87	148	148	-	-	109	100
Land and buildings	-	-	-	-	-	-	-	-
Professional and special services	400	50	450	450	-	-	200	185
Transfer payments	7 366	-	7 366	7 366	-	-	16 397	16 396
Miscellaneous	-	1	1	1	-	-	-	-
Special functions	-	-	-	-	-	-	-	-
<b>Total</b>	<b>18 975</b>	<b>10 738</b>	<b>29 713</b>	<b>29 710</b>	<b>3</b>	<b>0.01%</b>	<b>31 293</b>	<b>31 162</b>



DEPARTMENT OF LABOUR  
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NOTES TO THE APPROPRIATION STATEMENT  
for the year ended 31 March 2003

**1. Detail of 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 specifically and exclusively appropriated amounts voted (after Virement):**

Detail of these transactions can be viewed in note 1 (Charge to National Revenue Fund) to the annual financial statements.

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

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

**4. Explanations of material variances from Amount Voted (after Virement):**

**4.1 Per programme:**

Programme 1: Administration

Under-spending is mainly due to Capital Projects not finalised during the financial year. An application has been submitted for the roll over of these commitments to the 2003/04 financial year.

**4.2 Per standard item:**

Land and buildings

Under-spending is mainly due to Capital Projects not finalised during the financial year. An application has been submitted for the roll over of these commitments to the 2003/04 financial year.

**5. Reconciliation of appropriation statement to income statement:**

	2002/03	2001/02
	R'000	R'000
Total expenditure per appropriation Statement	1 283 026	1 396 844
Less: Investments acquired and capitalised during the current financial year - expensed for appropriation purposes		
Add: Statutory appropriation	3 259 460	2 541 016
Add: Local and foreign aid assistance (including RDP funds)	35 554	29 409
Add: Unauthorised expenditure approved	9 049	-
Actual expenditure per Income Statement	<u>4 587 089</u>	<u>3 967 298</u>



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VOTE 28

INCOME STATEMENT (STATEMENT OF FINANCIAL PERFORMANCE)  
for the year ended 31 March 2003

	Note	2002/03 R'000	2001/02 R'000
<b>REVENUE</b>			
Voted funds			
Charge to National Revenue Fund	1	1 296 173	1 463 043
Statutory appropriation	2	3 259 460	2 541 016
Appropriation for unauthorised expenditure		9 049	-
Non voted funds			
Other revenue to be surrendered to the Revenue Fund	3	995	(1 285)
Local and foreign aid assistance (incl. RDP funds)	4	63 558	32 996
<b>TOTAL REVENUE</b>		<b>4 629 235</b>	<b>4 035 770</b>
<b>EXPENDITURE</b>			
<b>Current</b>			
Personnel	5	307 702	258 656
Administrative		119 356	88 979
Inventories	6	21 149	16 891
Machinery and Equipment	7	4 970	8 386
Land and buildings	8	13 216	22 738
Professional and special services	9	113 401	111 843
Transfer payments	10	583 652	862 452
Miscellaneous	11	11 522	8 115
Special functions: authorised losses	12	627	10
Statutory expenditure	2	3 259 460	2 541 016
Local and foreign aid assistance (incl. RDP funds)	4	35 554	29 438
Unauthorised expenditure approved	13	9 049	-
<b>Total Current expenditure</b>		<b>4 479 658</b>	<b>3 948 524</b>
<b>Capital</b>			
Machinery and Equipment	7	17 612	18 774
Land and buildings	8	89 819	-
<b>Total Capital expenditure</b>		<b>107 431</b>	<b>18 774</b>
<b>TOTAL EXPENDITURE</b>		<b>4 587 089</b>	<b>3 967 298</b>
<b>NET SURPLUS/(DEFICIT)</b>		<b>42 146</b>	<b>68 472</b>
Add back unauthorised and fruitless and wasteful expenditure disallowed	13	-	-
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	14	<b>42 146</b>	<b>68 472</b>



DEPARTMENT OF LABOUR  
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BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)  
at 31 March 2003

ASSETS	Note	2002/03 R'000	2001/02 R'000
<b>Current assets</b>		146 707	157 559
Unauthorised and fruitless and wasteful expenditure	13	1 923	10 972
Cash and cash equivalents	15	109 645	99 517
Recoverable revenue		-	1 285
Receivables	16	17	2 946
Prepayments and advances		35 122	42 839
<b>Non-current assets</b>		50 720	47 233
Receivables	17	20 450	22 328
Prepayments and advances		841	841
Amount owing by NSF		29 429	24 064
<b>TOTAL ASSETS</b>		<u>197 427</u>	<u>204 792</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		160 502	190 105
Voted funds to be surrendered	18	13 147	66 199
Revenue funds to be surrendered	19	995	-
Outstanding payments	20	14 889	43 546
Payables	21	129 851	78 314
Local and foreign aid assistance (including RDP funds) repayable to donors	4	1 620	2 046
<b>Non-current liabilities</b>		36 925	14 687
Payables	22	10 541	13 175
Local and foreign aid assistance (including RDP funds) repayable to donors	4	26 384	1 512
<b>TOTAL LIABILITIES</b>		<u>197 427</u>	<u>204 792</u>
<b>EQUITY</b>			
Capitalisation reserve		13 147	66 199
Recoverable revenue		995	(1 285)
Local and foreign aid assistance (including RDP funds) rolled over	4	28 004	3 558
<b>TOTAL EQUITY</b>		<u>42 146</u>	<u>68 472</u>





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STATEMENT OF CHANGES IN NET ASSETS/EQUITY  
for the year ended 31 March 2003

	Note	2002/03 R'000	2001/02 R'000
<b>Capitalisation reserve</b>			
Opening balance		66 199	40 962
Transfer to Revenue Fund		(66 199)	(40 962)
Transfer from Revenue Fund		1 296 173	1 463 043
Expenditure		(1 283 026)	(1 396 844)
Closing balance	18	13 147	66 199
<b>Recoverable revenue</b>			
Opening balance		(1 285)	803
Revenue received		4 587	4 868
Transfer to Revenue Fund		(2 307)	(6 956)
Closing balance	19	995	(1 285)
<b>Local and foreign aid assistance (including RDP funds) rolled over</b>			
Opening balance	4	3 558	7 065
Transfers from RDP Fund	4	60 000	25 931
Expenditure	4	(35 554)	(29 438)
Closing balance		28 004	3 558
<b>TOTAL EQUITY</b>		42 146	68 472



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CASH FLOW STATEMENT  
for the year ended 31 March 2003

	Note	2002/03 R'000	2001/02 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net cash flow generated by operating activities	24	149 577	87 246
Cash generated (utilised) to (increase)/decrease working capital	25	56 062	258 210
Voted funds and Revenue funds surrendered	26	(64 914)	(41 765)
Unauthorised expenditure approved	13	9 049	-
Local and foreign aid assistance (including RDP funds)	4	(3 558)	(7 065)
<b>Net cash flow available from operating activities</b>		<b>146 216</b>	<b>296 626</b>
<b>CASH FLOWS FROM INVESTIGATING ACTIVITIES</b>			
Capital expenditure	7&8	(107 431)	(18 774)
<b>Net cash flows from operating and investing activities</b>		<b>(107 431)</b>	<b>(18 774)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>38 785</b>	<b>277 852</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>55 970</b>	<b>(221 882)</b>
<b>Cash and cash equivalents at end of period</b>		<b>94 755</b>	<b>55 970</b>



**DEPARTMENT OF LABOUR  
VOTE 28**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2003**

**1. Charge to National Revenue Fund**

1.1 Included in the above are funds specifically and exclusively appropriated for National Departments (Voted funds):

Programmes	Total appropriation R'000	Actual R'000	Variance over/(under) R'000	Total appropriation 2001/02 R'000
Administration	236 628	225 934	(10 694)	209 545
Occupational health and safety of persons	22 244	21 927	(317)	16 703
Social insurance	338 484	338 483	(1)	620 111
Employment and skills development services	146 164	143 564	(2 600)	132 190
Labour relations	181 365	181 354	(11)	168 871
Labour policy	25 505	25 449	(56)	25 050
Service delivery	316 070	315 978	(92)	259 270
Auxiliary and associated services	29 713	29 710	(3)	31 293
Special functions: theft and losses	-	627	627	10
<b>TOTAL</b>	<b>1 296 173</b>	<b>1 283 026</b>	<b>(13 147)</b>	<b>1 463 043</b>

1.2 The under-spending is mainly due to Capital Projects not finalised during the financial year. The Department has submitted a request for roll-over of funding to the National Treasury to the amount of R11 529 million.

Of the roll-over requested, R10,360 million is in respect of Capital Works projects which could not be finalised during the 2002/03 financial year.

The remainder of the roll-over request is made up of R984 000 in respect of commitments entered into for the training of staff in the E-degree project and R185 000 for the coordination of the Presidential Strategic Learnership Development Programme (PSLDP).

**2. Statutory appropriation**

	Note	2002/03 R'000	2001/02 R'000
SETAs	Annexure 3	2 611 797	2 034 129
National Skills Fund		647 663	506 887
Total		<b>3 259 460</b>	<b>2 541 016</b>

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

Description	Receipt 2002/03	Surrendered to National Treasury	Variance over/(under)
Proceeds from sale of scrap metal	1	1	-
Proceeds from sale of waste paper	13	12	(1)
Dividends received (cash discount)	24	24	-
Interest received	1 217	1 175	(42)
Cheques written back/stale cheques	(34)	(34)	-
Other	3 366	2 414	(952)
	<b>4 587</b>	<b>3 592</b>	<b>(995)</b>



DEPARTMENT OF LABOUR  
VOTE 28

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
for the year ended 31 March 2003

4. Local and foreign aid assistance (including RDP)

4.1 Assistance received in cash

Name of donor and purpose		Opening balance R'000	Revenue R'000	Expenditure		Closing balance R'000
Foreign				Current R'000	Capital R'000	
Netherlands	Skills Development	992	-	-	-	992
Denmark	Skills Development	1 054	-	427	-	627
European Union	Skills Development	1 512	60 000	35 127	-	26 385
		<b>3 558</b>	<b>60 000</b>	<b>35 554</b>	-	<b>28 004</b>
				<b>2002/03</b>	<b>2001/02</b>	
<b>Analysis of balance</b>				<b>R'000</b>	<b>R'000</b>	
Amounts owing by donors				-	-	
Amounts owing to donors				-	-	
Assistance rolled over				28 004	3 558	
				<b>28 004</b>	<b>3 558</b>	

5. Personnel

5.1 Current expenditure

Appropriation to Executive and Legislature

Basic salary costs	394 923	337 776
Pension contributions	59 175	50 543
Medical aid contributions	36 951	30 953
Recoverable expenditure UIF and CF	(283 339)	(243 548)
Other salary related costs	99 992	82 932
<b>Total Personnel Costs</b>	<b>307 702</b>	<b>258 656</b>
Average number of employees	3 032*	2 910*

\* Note: Average number of employees is excluding UIF and CF

6. Inventories

6.1 Current expenditure

Inventories purchased during the year

European Union VAT inventories	140	365
Recoverable expenditure UIF and CF	(1 455)	(1 074)
Store items	22 464	17 596
Computer software	-	4
<b>Total cost of inventories</b>	<b>21 149</b>	<b>16 891</b>

Inventories on hand at year end

Store Items (E-class)	<b>12 920*</b>
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\* Note: The value of inventory on hand disclosed is for all stores.

7. Machinery and equipment

	Note		
Current (Rentals, maintenance and sundry net of cash discounts)		4 970	8 386
Capital	7.1	17 612	18 774
<b>Total capital and current expenditure</b>		<b>22 582</b>	<b>27 160</b>



**DEPARTMENT OF LABOUR  
VOTE 28**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
for the year ended 31 March 2003**

<b>7.1 Capital machinery and equipment analysed as follows:</b>	<b>2002/03</b>	<b>2001/02</b>
	<b>R'000</b>	<b>R'000</b>
Computer equipment	10 482	13 496
Furniture and office equipment	5 378	3 525
Other machinery and equipment	1 752	1 753
	<u>17 612</u>	<u>18 774</u>

**8. Land and buildings**

	<b>Note</b>		
Current expenditure (net of cash discounts)			
Leasehold improvements		13 185	22 582
Rental		40	156
Recoverable expenditure UIF and CF		(9)	-
Total current expenditure		<u>13 216</u>	<u>22 738</u>
Capital expenditure	8.1	89 819	-
Total current and capital expenditure		<u>103 035</u>	<u>22 738</u>

**8.1 Capital land and building expenditure analysed as follows:**

Capital work in progress	<u>89 819</u>	<u>-</u>
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**9. Professional and special services**

**9.1 Current expenditure**

Auditor's remuneration	8 595	5 964
Consultants and advisory services	65 985*	16 529
Commissions and committees	463	535
Computer services	18 406	12 848
Other	19 952	75 967
Total Professional and special services	<u>113 401</u>	<u>111 843</u>

\* Note: the Public Private Partnership project was fully implemented on 6 December 2002. The amount expended on the Public Private Partnership project during the financial year is R 13 611 093.84.

**10. Transfer payments**

	<b>Note</b>		
Total transfer payments made	Annexure 1	<u>583 652</u>	<u>862 452</u>

**11. Miscellaneous**

**11.1 Current expenditure**

	<b>Note</b>		
Remissions, refunds and payments made as an act of grace	11.1.1	-	56
Gifts, donations and sponsorships made	11.1.2	1	1
Other		11 521	8 058
Total miscellaneous expenditure		<u>11 522</u>	<u>8 115</u>



**DEPARTMENT OF LABOUR  
VOTE 28**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
for the year ended 31 March 2003**

	Note	2002/03 R'000	2001/02 R'000
<b>11.1.1 Remissions, refunds and payments made as an act of grace</b>			
<b>Nature of remissions, refunds and payments</b>			
Funds made as an act of grace		-	56
<b>11.1.2 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>			
Gifts		1	1
<b>12. Special functions: Authorised losses</b>			
Other material losses written off	12.1	623	10
Debts written off	12.2	4	-
		<u>627</u>	<u>10</u>
<b>12.1 Other material losses written off in income statement in current period</b>			
<b>Nature of losses</b>			
Stolen Petty Cash		8	8
Interest on Diners Club		142	-
Cheques		371	-
Damages/Losses to GG-Vehicles		102	-
Stolen S&T Advance		-	2
		<u>623</u>	<u>10</u>
<b>12.2 Debts written off</b>			
<b>Nature of debts written off</b>			
Overalls and Tools		4	-
<b>13. Reconciliation of unauthorised expenditure</b>			
Opening balance		10 972	10 972
Unauthorised expenditure current year		-	-
Approved by Parliament		(9 049)	-
Closing balance		<u>1 923</u>	<u>10 972</u>
<b>14. Analysis of surplus</b>			
Voted funds to be surrendered to the Revenue Fund		13 147	66 199
Non voted funds		28 999	2 273
Other revenue to be surrendered to the Revenue Fund		995	(1 285)
Local and foreign aid assistance (incl. RDP funds) rolled over		28 004	3 558
Total		<u>42 146</u>	<u>68 472</u>
<b>15. Cash and cash equivalents</b>			
Paymaster-General Account		<u>109 645</u>	<u>99 517</u>



DEPARTMENT OF LABOUR  
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
for the year ended 31 March 2003

		2002/03 R'000	2001/02 R'000
<b>16. Receivables - current</b>			
	<b>Note</b>		
Amounts owing by other departments		33 817	41 709
Other debtors	16.2	17	1 414
Advances	16.3	1 305	2 662
		35 139	45 785
<b>16.1 Age analysis - receivables current</b>			
Less than one year		(10 553)	(256 345)
One to two years		(256 345)	302 037
More than two years		302 037	93
		35 139	45 785
<b>16.2 Other debtors</b>			
Deposit control account		17	-
Accounts to be cleared		-	1 414
		17	1 414
<b>16.3 Advances</b>			
<b>Nature of advances</b>			
Personnel		664	617
Government Bodies		-	1 430
Petty Cash		260	223
Postal Fees		381	392
		1 305	2 662
<b>17. Receivables - non-current</b>			
<b>Description</b>		11 556	11 029
Staff debtors		8 894	11 299
Other debtors		841	841
Advances		21 291	23 169
<b>18. Voted funds to be surrendered</b>			
Opening balance		66 199	40 962
Transfer from income statement		13 147	66 199
Paid during the year		(66 199)	(40 962)
Closing balance		13 147	66 199
<b>19. Revenue funds to be surrendered</b>			
Opening balance		(1 285)	803
Transfer from income statement for revenue to be surrendered		4 587	5 671
Paid during the year		(2 307)	(7 759)
Closing balance		995	(1 285)



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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
for the year ended 31 March 2003

		2002/03	2001/02
		R'000	R'000
<b>20. Outstanding payments</b>			
Paymaster-General Account		14 889	43 546
<b>21. Payables - current</b>			
<b>Description</b>	<b>Note</b>		
Amounts owing to other departments	21.1	8 326	12 108
Advances received	21.2	-	17 130
Other payables		121 525	49 076
		<u>129 851</u>	<u>78 314</u>
<b>21.1 Advances received</b>			
Unemployment Insurance Fund		-	17 130
<b>21.2 Other payables</b>			
Insurance of subsidised transport		939	-
Payments in suspense		118 549	48 376
Salaries		2 037	700
		<u>121 525</u>	<u>49 076</u>
<b>22. Payables - non-current</b>			
<b>Description</b>	<b>Note</b>		
Advances received	22.1	3 674	3 630
Other payables	22.2	6 867	9 545
		<u>10 541</u>	<u>13 175</u>
<b>22.1 Advances received</b>			
Compensation Fund		3 674	3 630
		<u>3 674</u>	<u>3 630</u>
<b>22.2 Other payables</b>			
Receivable interest		2 664	2 308
Receivable income		3 939	3 718
Anrear Wages		264	3 519
		<u>6 867</u>	<u>9 545</u>
<b>23. Amounts owing by controlled entities</b>			
Total amounts owing by NSF		29 429	24 064





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NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
for the year ended 31 March 2003

	2002/03	2001/02
	R'000	R'000
<b>24. Net cash flow generated by operating activities</b>		
Net surplus as per Income Statement	42 146	68 472
Adjusted for items separately disclosed		
- Capital expenditure	107 431	18 774
Net cash flow generated by operating activities	<u>149 577</u>	<u>87 246</u>
<b>25. Cash generated (utilised) to (increase)/decrease working capital</b>		
(Increase)/decrease in receivables	4 807	(1 583)
(Increase)/decrease in prepayments and advances	7 717	259 277
(Increase)/decrease in amounts owing by entities	(5 365)	(24 064)
Increase/(decrease) in payables	48 903	24 580
	<u>56 062</u>	<u>258 210</u>
<b>26. Voted funds and Revenue funds surrendered</b>		
Voted funds surrendered	66 199	40 962
Revenue funds surrendered	(1 285)	803
	<u>64 914</u>	<u>41 765</u>



DEPARTMENT OF LABOUR  
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DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2003

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 5 of 2002.

**27. Contingent liabilities**

Liable to	Nature	Note	2002/03 R'000	2001/02 R'000
Motor vehicle guarantees	Employees	Annexure 3	50*	677*
Housing loan guarantees	Employees	Annexure 3	14 387*	13 605*
			<u>14 437</u>	<u>14 282</u>

\*Note: Motor vehicle guarantees is excluding UIF and CF  
Housing loan guarantees is including UIF and CF

**28. Commitments**

**Current expenditure**

Approved and contracted/ordered - 4 383

**Capital expenditure**

Approved and contracted/ordered 11 529 40 747

Total Commitments 11 529 45 130

**29. Employee benefits**

Leave entitlement 38 271\* 49 526\*

Thirteenth cheque 18 322\* 15 886\*

56 593\* 65 412\*

\* Note: Employee benefits is excluding UIF and CF

**30. Leases**

**30.1 Operating leases**

	Property R'000	Equipment R'000	2002/03 R'000	2001/02 R'000
Not later than 1 year	-	-	-	-
Later than 1 year and not later than 3 years	-	4 988	4 988	2 214
Later than 3 years	-	-	-	-
	-	4 988	4 988	2 214
Future finance charges	-	79*	79*	1 545
Total present value of lease liabilities	-	5 067	5 067	669

\* Note: All existing contracts for photocopy machines have expired on 5 May 2003. Due to the fact that the Department is waiting for the new tender to be approved, future finance charges subsequent to 5 May 2003 cannot be provided.



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DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2003

**31. Key management personnel**

<b>31.1 Remuneration</b>	<b>Number of individuals</b>	<b>2002/03</b>
		<b>R'000</b>
Minister	1	725*
Director-General	1	717*
Deputy Director-General	4	1 992*
Other members of key management	43	15 776*
<b>Total</b>		<b>19 210*</b>

\* Note: Key management personnel is excluding UIF and CF

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

	<b>Detail of remuneration and compensation</b>	<b>2002/03</b>
		<b>R'000</b>
Minister		-
Director-General	Incentive Bonuses	-
Deputy Director-General	Incentive Bonuses	21
Other members of key management	Incentive Bonuses	307
	Merit Awards	119
<b>Total</b>		<b>447</b>

**32. Public/Private Partnerships**

**A description of the agreement**

- 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 Partnerships
- 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
- 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 optimizing 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, are set out in Annexure 10 of the Contract. Clause 4.1 of Annexure 10 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 paragraph 6 and paragraph 13 of Annexure 10.

**The nature and extent of: -**

1. Rights to use specified assets.

The beneficial use of the legacy assets has been transferred to the private partner in accordance with Annexure 15: Legacy Assets.

2. Obligations to provide or rights to expect provisions 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 Annexure 3: Services and Annexure 10: Finance and Commercial.

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

Not applicable.

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

The Parties' obligations with regard to the transfer of assets on the date of termination or expiry of the Contract are set out in Annexure 12: Exit and Service Transfer and Annexure 10: Finance and Commercial.

5. Renewal and termination options.

The Department's options regarding the renewal or termination of the Contract are set out in Clause 19 of the Terms and Conditions of the Contract.

6. 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 and Annexures of the Contract.

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

Changes in the agreement are dealt with in terms of Annexure 8: Change Management, and the Terms and Conditions of the Contract.



DEPARTMENT OF LABOUR  
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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2003

ANNEXURE 1  
STATEMENT OF NATIONAL DEPARTMENT GRANT TRANSFERS AS AT 31 MARCH 2003

NAME OF GRANT	GRANT ALLOCATION				CURRENT EXPENDITURE	
	Division of Revenue Act	Adjustments estimate	Roll-over	Total available (1)	Actual	Underspent
	R'000	R'000	R'000	R'000	R'000	R'000
Unemployment Insurance Fund	327 000	-	-	327 000	327 000	-
National Skills Fund	31 360	-	-	31 360	31 360	-
SA National Council for the Blind	201	-	-	201	166	(35)
Deaf Federation of South Africa	134	-	-	134	87	(47)
National Council for the Physically Disabled in SA	160	-	-	160	-	(160)
Subsidised workshops for the blind	5 966	-	-	5 966	5 966	-
Subsidised workcentres for people with disabilities	30 876	6 000	-	36 876	36 876	-
Commission for Conciliation, Mediation and Arbitration	145 740	-	-	145 740	145 740	-
Strengthening civil society	8 130	-	-	8 130	8 130	-
National Productivity Institute	20 961	-	-	20 961	20 961	-
National Economic, Development and Labour Council	7 366	-	-	7 366	7 366	-
<b>Total</b>	<b>577 894</b>	<b>6 000</b>	<b>-</b>	<b>583 894</b>	<b>583 652</b>	<b>(242)</b>



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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
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ANNEXURE 2  
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2003

Guaranteed institution	Guarantee in respect of	Opening balance 01/04/2002	Guarantees issued/ (Cancelled) during the year	Closing balance 31/03/2003	Realised losses i.r.o. claims paid out
		R'000	R'000	R'000	R'000
ABSA	Housing loan guarantees	4 354	314	4 668	-
First National Bank (Saambou Bank)	Housing loan guarantees	1 684	(242)	1 442	-
Nedbank Limited	Housing loan guarantees	554	353	907	-
Standard Bank	Housing loan guarantees	1 592	134	1 726	-
First National Bank	Housing loan guarantees	1 468	165	1 633	-
Permanent Bank	Housing loan guarantees	1 517	142	1 659	-
BOE Bank	Housing loan guarantees	1 291	(3)	1 288	-
Old Mutual Bank	Housing loan guarantees	226	6	232	-
Peoples Bank FBC FID	Housing loan guarantees	488	(16)	472	-
Cape Good Hope Bank	Housing loan guarantees	37	-	37	-
African Bank LTD.	Housing loan guarantees	157	-	157	-
Free State Dev. Corp.	Housing loan guarantees	14	21	35	-
VBS Mutual Bank	Housing loan guarantees	75	17	92	-
Unibank	Housing loan guarantees	25	(12)	13	-
MEEG Bank Limited	Housing loan guarantees	27	(27)	-	-
Albaraka Bank	Housing loan guarantees	-	11	11	-
Future Bank Corp. LTD	Housing loan guarantees	-	14	14	-
Cash Bank	Housing loan guarantees	96	(96)	-	-
<b>Sub Total</b>		<b>13 605</b>	<b>781</b>	<b>14 386</b>	<b>-</b>
Stannic	Motor vehicles guarantees	677	(627)	50	-
<b>Total</b>		<b>14 282</b>	<b>154</b>	<b>14 436</b>	<b>-</b>



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DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2003

ANNEXURE 3

STATUTORY EXPENDITURE

TRANSFERS MADE TO SECTOR EDUCATION AND TRAINING AUTHORITIES

	2002/03 R'000	2001/02 R'000
Bank Sector Education and Training Authority	146 864	150 273
Chemical Industries Education and Training Authority	112 753	89 271
Clothing, Textiles, Footwear and Leather Sector Education and Training Authority	55 922	38 597
Construction Education and Training Authority	101 673	67 599
Diplomacy, Intelligence, Defence and Trade and Industry Sector Education and Training Authority	238	34
Education, Training and Development Practices Sector Education and Training Authority	91 443	68 689
Energy Sector Education and Training Authority	48 912	38 757
Financial and Accounting Services Training Authority	90 557	59 097
Food and Beverages Manufacturing Industry Sector Education and Training Authority	77 020	60 456
Forest Industries Sector Education and Training Authority	40 418	31 413
Health and Welfare Sector Education and Training Authority	78 983	60 579
Information Systems, Electronics and Telecommunications Technologies Training Authority	161 663	129 857
Insurance Sector Education and Training Authority	79 783	74 661
Local Government, Water and Related Services Sector Education and Training Authority	109 635	87 967
Manufacturing, Engineering and Related Services Sector Education and Training Authority	334 771	244 975
Media, Advertising, Publishing, Printing and Packaging Training Authority	81 677	61 008
Mining Qualification Sector Education and Training Authority	229 668	199 690
Police, Private Security, Legal and Correctional Services Training Authority	43 141	29 000
Primary Agricultural Education and Training Authority	30 189	21 112
Public Service Sectoral Education and Training Authority	2 078	1 551
Secondary Agricultural Sector Education and Training Authority	49 193	44 242
Services Sector Education and Training Authority	238 563	134 297
Tourism and Hospitality Education and Training Authority	66 347	46 702
Transport Education and Training Authority	140 070	139 889
Wholesale and Retail Sector Education and Training Authority	200 236	154 413
<b>TOTAL</b>	<b>2 611 797</b>	<b>2 034 129</b>



## PART B

### REPORT OF THE AUDITOR-GENERAL TO MEMBERS OF PARLIAMENT ON THE FINANCIAL STATEMENTS OF SERVICE PRODUCTS FACTORIES FOR THE YEAR ENDED 31 MARCH 2003



#### 1. AUDIT ASSIGNMENT

The financial statements as set out on pages 146 to 152, 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

##### 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, 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

##### 3.1 Audit of financial statements

In my opinion, the financial statements fairly present, in all material respects, the financial position of the Service Products Factories at 31 March 2003 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 Matters not affecting the financial statements

###### 4.1.1 Legislation of Service Products Factories

In paragraph 4.1.1 on page 104 of the previous report (RP: 116/2002), it was mentioned that proposals of the task team on the restructuring of the Service Products Factories was forwarded to the Minister for his consideration.

The Department indicated on 26 June 2003 that the proposals were, however, found to be lacking in certain respects and required further investigations and clarification. Revised recommendations will be made once the Department receives, inter alia, inputs from the National Treasury on the most appropriate vehicle for the restructuring of the factories. At the time of writing this report, this matter was still not finalised.





## 4.2 Matters affecting the financial statements

### 4.2.1. Capital Reserve

The capital reserve of R16 146 million represents the purchase price of capital assets. This reserve is reduced only when assets are obsolete and have been written off against the original purchase price and are not depreciated.

Because of the aforementioned the value of the capital reserves as reflected may not be fairly stated.

## 5. APPRECIATION

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

*Shaunet Fakie*

S A FAKIE  
Auditor-General  
Pretoria

16/7/2003

**BALANCE SHEET**  
as at 31 March 2003

	2003	Notes	2002
	R'000		R'000
<b>Assets</b>			
Non-current assets			
Property, plant and equipment	16 146	2	16 210
Current assets	47 709		46 728
Inventory	27 629	3	24 318
Accounts receivables	17 901	4	21 805
Cash and cash equivalents	2 179		605
	<u>63 855</u>		<u>62 938</u>
<b>Equity and liabilities</b>			
Equity	59 261		53 800
Accumulated funds	43 115		37 590
Capital reserve	16 146	5	16 210
Current liabilities			
Accounts payables	4 594		9 138
	<u>63 855</u>		<u>62 938</u>

**INCOME STATEMENT**  
for the year ended 31 March 2003

	2003	Notes	2002
	R'000		R'000
Revenue	65 110	1.1	56 619
Less: Cost of sales	43 167		38 476
Gross revenue	<u>21 943</u>		<u>18 143</u>
Plus: Other income	10		9
Less: Other operating costs	44 909		36 378
Less: Administration expenses	8 458		13 851
Operating shortfall before transfer to capital reserve	<u>(31 414)</u>		<u>(32 077)</u>
Transfer to capital reserve	65	1.4	255
Operating shortfall before Government grants	<u>(31 349)</u>		<u>(31 822)</u>
Government grants	36 876	1.5	42 333
Net surplus for the year	<u><u>5 527</u></u>		<u><u>10 511</u></u>



DETAILED INCOME STATEMENT  
for the year ended 31 March 2003

	2003 R'000	2002 R'000
Turnover	65 110	56 619
Less: Cost of sales	43 167	38 476
Raw materials at beginning of year	10 166	9 557
Add: Purchases	46 478	41 143
	56 644	50 700
Less: Raw materials at end of year	(10 427)	(10 166)
	46 217	40 534
Add: Manufactured goods at the beginning of year	14 153	12 095
	60 369	52 629
Less: Manufactured goods at end of year	(17 202)	(14 153)
Gross profit	21 943	18 143
Interest received	10	9
Total income	21 953	18 152
Total expenses	53 367	50 229
Operating expenses	44 909	36 378
Consumables	1 950	2 481
Electricity and water	1 242	1 222
Insurance	-	14
Maintenance and repairs	1 041	930
Protective clothing	51	95
Railage and transport	7 293	3 995
Refuse and sanitation	470	399
Regional service council levies	217	195
Rent - factories	219	184
Security	379	351
Travelling expenses	51	80
Unemployment insurance	304	308
Wages	31 608	25 513
Compensation Fund	84	611
Administration expenses	8 458	13 851
Advertising	7	4
Audit fees	269	240
Bank charges	138	133
Postage, telephone and fax	909	747
Printing and stationery	580	517
Salaries and contributions	6 500	12 162
Unemployment insurance	55	48
Net shortfall for the year	(31 414)	(32 077)

STATEMENT OF CHANGE IN EQUITY  
for the year ended 31 March 2003

	R'000	R'000	R'000
	Accumulated funds	Capital reserve	Total
Balance beginning of the year	27 079	16 465	43 544
Transfer to capital reserve	-	(255)	(255)
Net shortfall for the year	10 511	-	10 511
	<hr/>	<hr/>	<hr/>
Balance beginning of year	37 590	16 210	53 800
Transfer to capital reserve	-	(65)	(65)
Net surplus for the year	5 527	-	5 527
	<hr/>	<hr/>	<hr/>
	<u>43 115</u>	<u>16 146</u>	<u>59 261</u>



**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 2003

**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 the following methods appertaining to each class :

Raw materials - at material cost.

Work in progress - at material cost.

Finished products - at selling price.

**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.



NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 March 2003 (continued)

	2003 R'000	2002 R'000
<b>2. Property, plant and equipment</b>		
<i>Office furniture and equipment</i>	2 666	2 658
Cost price at beginning of year	2 658	2 396
Additions	169	73
Disposals	(161)	(116)
Prior year adjustment	-	305
<i>Plant and machinery</i>	13 480	13 552
Cost price at beginning of the year	13 552	14 070
Additions	43	21
Disposals	(116)	(264)
Prior year adjustment	-	(275)
	<u>16 146</u>	<u>16 210</u>
<b>3. Inventory</b>		
Raw materials	10 427	10 166
Work in progress	10 749	8 997
Manufactured goods	6 453	5 155
	<u>27 629</u>	<u>24 318</u>
<b>4. Accounts receivable</b>	17 901	21 805
Current	6 471	9 824
30 Days age analysis	1 529	3 563
60 Days age analysis	1 593	1 028
90 Days age analysis	8 308	7 390
<b>5. Capital reserve</b>		
Balance at the beginning of the year	16 210	16 466
Fixed assets additions	212	94
Prior year adjustment and disposals	(277)	(350)
	<u>16 146</u>	<u>16 210</u>

**CASH FLOW STATEMENT**  
for the year ended 31 March 2003

	2003	Notes	2002
	R'000		R'000
<b>Cash flow from operating activities</b>	<b>1 509</b>		<b>142</b>
Cash receipts from customers	69 014		51 874
Cash paid to suppliers and employees	(104 391)		(94 074)
Cash shortfall from operations	(35 377)		(42 200)
Government grants	36 876		42 333
Interest received	10		9
<b>Cash flow from investing activities</b>	<b>65</b>		<b>255</b>
Purchase of fixed assets			
- Additions	(212)		(94)
- Prior year correction	277		349
Net increase/(decrease) in cash and cash equivalents	1 574		397
Cash and cash equivalents at beginning of year	605		208
Cash and cash equivalents at end of year	2 179		605





## PART C

### REPORT OF THE AUDITOR-GENERAL TO MEMBERS OF PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE NATIONAL SKILLS FUND FOR THE YEAR ENDED 31 MARCH 2003



#### 1. AUDIT ASSIGNMENT

The financial statements as set out on pages 155 to 162, 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, 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 National Skills Fund at 31 March 2003 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 Funds not utilised - Manpower Development Authority of Bophuthatswana (MANDAB): R36 110 820

Included in deposits and amounts immediately claimable of R1 086 795 000 is an amount of R25 185 124 plus interest (R36 110 820) which was earmarked for training in the North West Province. This amount was transferred to the National Skills Fund on 1 November 1999, but up to date, was not utilised.

The Department experienced difficulties in obtaining stakeholders to serve on the Steering Committee to approve projects and to determine criteria for the disbursements of the funds. The MANDAB Steering Committee was approved by the Director-General of Labour on 16 October 2002. It is the intention of the Steering Committee to allocate the total funds to training projects within 18 months.

The progress made by the Department with these unspent funds will be monitored by this Office during a follow-up audit.

##### 4.2 Manpower Development Fund: Training Centers under liquidation



The National Skills Fund took over loans from the Manpower Development Fund during the 2000/2001 financial year amounting to R20 565 486. According to the agreement signed between the Department and the Training Centres the parties agreed that the loan amount should be repayable over periods varying from 5 to 20 years, plus interest, with monthly payments commencing immediately.

Provision amounting to R 9 308 000 for bad debts was made. This was due to the uncertainty of the recoverability of the loan amounts of R23 184 822.

Taking the above mentioned into account as well as the risk regarding the going concern of all the Training Centres, the Department could incur considerable losses. Furthermore the Department's lack of control over the recovery of the debts and the lack of involvement in the liquidation process is of grave concern to this Office.

This Office will, during a follow-up audit, monitor the progress made by the Department regarding the recovery of the outstanding loans.

#### **4.3 Bank overdraft - R23 198 401**

The balance in the bank account is a calculated figure. Because of the integration of this balance in the Paymaster-General Account of the Department of Labour, this Office performed additional procedures to confirm the amount. The Department is in the process of creating separate accounts for the different activities to ensure that operating-, investing- and financing activities are sound.

#### **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

29/7/2003

**BALANCE SHEET**  
as at 31 March 2003

	Notes	2002-2003 R'000	2001-2002 R'000
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Long-term loans	1	13 436	11 956
<b>Current Assets</b>			
Accounts receivable		123	1 741
Unallocated payments		933	933
Deposits and amounts claimable	2	1 086 795	814 881
Interest Receivable		1 082	1 082
<b>TOTAL ASSETS</b>		<b>1 102 369</b>	<b>830 593</b>
<b>FUNDS AND LIABILITIES</b>			
<b>Funds</b>			
Accumulated funds	3	1 074 644	801 918
<b>Current Liabilities</b>			
Creditors		4 526	851
Bank	4	23 199	27 824
<b>TOTAL FUNDS AND LIABILITIES</b>		<b>1 102 369</b>	<b>830 593</b>



**INCOME STATEMENT**  
for the year ended 31 March 2003

	Notes	2002-2003 R'000	2001-2002 R'000
<b>REVENUE</b>		802 844	589 343
State contributions		31 360	20 000
Skills Levies received		647 663	506 887
Miscellaneous revenue		4 000	5 870
Interest received		119 821	56 586
Investments		117 540	54 359
Loans		2 281	2 227
<b>EXPENDITURE</b>		530 118	262 550
Claims for training and other services provided	8	476 475	205 913
Provision for bad debts	5	(550)	9 858
Loss on disposal of investments		90	-
Collection fees paid to SARS		54 027	46 743
Management fees		76	36
<b>Net income for the year</b>		<u>272 726</u>	<u>326 793</u>

**CASH FLOW STATEMENT**  
for the year ended 31 March 2003

	Notes	2002-2003 R'000	2001-2002 R'000
<b>Cash flows from operating activities</b>		278 019	375 506
Cash received		688 775	571 612
Cash paid to training providers and services		530 577	252 692
Cash generated from operations	6	158 198	318 920
Interest received		119 821	56 586
<b>Cash flows from investing activities</b>			
Decrease/(Increase) in long-term loans		(1 480)	8 609
<b>Increase in cash and cash equivalents</b>		276 539	384 115
<b>Cash and cash equivalents at the beginning of the year</b>		787 990	403 875
<b>Cash and cash equivalents at the end of the year</b>	7 + 2	1 064 529	787 990

STATEMENT OF CHANGES IN EQUITY  
for the year ended 31 March 2003

	Notes	2002-2003 R'000	2001-2002 R'000
Balance at 1 April 2002		801 918	475 125
Net income for the year		272 726	326 793
Balance at 31 March 2003		<u>1 074 644</u>	<u>801 918</u>



## ACCOUNTING POLICIES FOR THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2003

The annual financial statements are prepared on the historical cost basis and incorporate the following principal accounting policies, which have been consistently applied in all material respects, unless otherwise stated.

### 1. Presentation of financial statements

The financial statements are presented in South African Rands. The annual financial statements cover the 12 month period ended 31 March 2003.

### 2. Revenue

#### 2.1 *Income acknowledgement*

Income is acknowledged on the accrual basis.

#### 2.2 *State contributions*

State contributions are accounted for upon receipt.

#### 2.3 *Skills development levies*

Skills development levies are accounted for on the cash basis.

### 3. Payment for the training of unemployed persons

The training of unemployed persons 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.

### 4. Amended opening balances

Opening balances in respect of long-term loans and Bank has been amended to align with the Basic Accounting System (BAS).



NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2003

1. Long-term loans	2002-03	2001-02
Loans transferred from the Manpower Development Fund	R'000	R'000
Opening balance	12 739*	20 566
Interest accumulated for the financial year	2 281	2 227
Loans granted during the financial year	400	-
Repayments received	(2 092)	(46)
Unallocated amount	(933)	(933)
Provision for bad debts	1 041	(9 858)
	<u>13 436</u>	<u>11 956</u>

\* See note 4 of the Accounting Policies for the Annual Financial Statements. The loans are secured by mortgage bonds over moveable and immovable assets of the borrowers, and are repayable at fixed interest rates over 20 years. The interest rates vary between 6% and 20%.

2. Deposits and amounts immediately available

Funds invested at the Public Investment Commissioner (PIC)		
Opening balance	814 881	408 116
Revenue received and invested	687 422	569 183
Interest received on investments	117 540	54 370
Miscellaneous revenue not invested	-	7 000
Loss on disposal of investments	(90)	(11)
Management fees paid to PIC	(76)	(34)
Withdrawals from PIC account	(532 882)	(223 743)
Closing balance	<u>1 086 795</u>	<u>814 881 *</u>

\* As a result of an oversight, miscellaneous revenue received for the amount of R7 million during the 2000/01 financial year has not been recognised and has been included in the deposits and amounts available and the accumulated surpluses of the 2001/02 financial year.

3. Accumulated funds

Opening balance	801 918	468 125
Net income for the year	272 726	333 793
Closing balance	<u>1 074 644</u>	<u>801 918 *</u>

\* See note 2.

The total contractual commitments of the National Skills Fund as at 31 March 2003 amounts to R 253 307 659.00.

4. Bank

Surplus/(Deficit) rolled over from previous year	(36 772)	(4 241)
Withdrawals from PIC Account	532 882	231 024
Outstanding Advances recovered before paying the claim	1 548	-
Claims for training and other services provided	(476 475)	(205 913)
Collection fees paid to SARS	(54 027)	(46 743)
Provision for bad debt (previous year)	9 858	-
Advances granted during the financial year	(13)	(80)
Repayments received on Advance account, but not invested in the PIC account	-	(1 716)
Repayment received on Loan account, but not invested in the PIC Account	(77)	(155)
Disallowance Account	(18)	-
Dishonoured Cheques	(105)	-
Closing balance	<u>(23 199)</u>	<u>(27 824)</u>

\* See note 4 of the Accounting Policies for the Annual Financial Statements.





NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2003 (continued)

	2002-03	2201-02
<b>5. Provision for bad debt</b>		
Loans transferred from the Manpower Development Fund	R'000	R'000
Western Cape Training Centre	1	8
Natal Training Centre	(1 319)	6 233
Boskop Training Centre	276	3 617
Advances for the Training of Unemployed Persons		
Natal Training Centre	(367)	-
Boskop Training Centre	859	-
	<u>(550)</u>	<u>9 858</u>
<b>6. Reconciliation of Net Income to Cash Generated for Operations</b>		
Operating profit before working capital changes and interest		
Net income for the year	272 726	326 793
Interest received	(119 821)	(56 586)
	<u>152 905</u>	<u>270 207</u>
Cash generated (utilised) to (increase)/decrease working capital		
Decrease/(Increase) in debtors	1 618	41 713
(Decrease)/Increase in creditors	3 675	-
	<u>5 293</u>	<u>41 713</u>
Net cash flow generated by operating activities	<u>158 198</u>	<u>311 920 *</u>
* See note 2.		
<b>7. Cash and cash equivalents</b>		
Deposits and amounts immediately available	1 086 795	814 881
Unallocated payments	933	933
Bank	(23 199)	(27 824)
	<u>1 064 529</u>	<u>787 990</u>



NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2003

**B. Funds allocated to Sector Education and Training Authorities for Strategic Projects**

	2002 - 2003 R'000	2001 - 2002 R'000
Bank Sector Education and Training Authority	3 736	4 450
Chemical Industries Education and Training Authority	4 351	-
Clothing, Textiles, Footwear and Leather Sector Education and Training Authority	8 071	-
Construction Education and Training Authority	2 951	-
Diplomacy, Intelligence, Defence and Trade and Industry Sector Education and Training Authority	-	143
Education, Training and Development Practices Sector Education and Training Authority	1 265	-
Financial and Accounting Services Sector Education Training Authority	17 057	-
Food and Beverages Manufacturing Industry Sector Education and Training Authority	-	1 613
Information Systems, Electronics and Telecommunications Technologies Training Authority	16 645	-
Media, Advertising, Publishing, Printing and Packaging Training Authority	8 774	658
Mining Qualification Sector Education and Training Authority	7 068	-
Primary Agricultural Education and Training Authority	1 466	728
Secondary Agricultural Sector Education and Training Authority	9 541	1 643
Services Sector Education and Training Authority	15 542	-
Tourism and Hospitality Education and Training Authority	6 203	3 393
Transport Education and Training Authority	4 804	-
Wholesale and Retail Sector Education and Training Authority	1 091	-
	<u>108 565 *</u>	<u>12 628</u>

\* This amount is included in the claims for training and other services provided, reflected in the Income Statement of the Fund.

**Outstanding contractual commitments**

The National Skills Fund is contractually committed, up to the end of 2004/05 for the amount of R 1 059 794 654.00.



# PART 5

# HUMAN RESOURCES

# MANAGEMENT

## Oversight Report

### Service Delivery

Please refer to Programme 7 on pages 73 to 86 where a full report on service delivery is provided.

#### 1. Expenditure

Departments 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 - Expenditure by programme  
2002/03**

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services (R'000)	Personnel cost as a percent of total expenditure	Average personnel cost per employee (R'000)
Administration	225 934	37 299	509	71 330	16.51	138
Auxiliary and Associated Services	29 710	3 086	-	450	10.39	166
Employment and Skills Development Services	143 564	40 577	1 320	8 280	28.26	104
Labour Market Policy	25 449	2 865	60	565	11.26	169
Labour Relations	181 354	11 144	413	10 618	6.15	153
Occupational Health and Safety of Persons	21 927	9 421	962	6 912	42.97	161
Service Delivery	315 978	203 310	1 923	15 246	64.34	92
SDL: Objective	3 259 460	-	-	-	-	-
Social Insurance	338 483	-	-	-	-	-
Special functions	627	-	-	-	-	-
<b>Total</b>	<b>4 542 486</b>	<b>307 702</b>	<b>5 187</b>	<b>113 401</b>	<b>6.77</b>	<b>101</b>



**Table 1.2 - Personnel costs by salary bands  
2002/03**

Salary bands	Personnel expenditure (R'000)	% of total personnel cost	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	11 415	3.71	24
Skilled (Levels 3-5)	76 490	24.86	31
Highly skilled production (Levels 6-8)	157 678	51.24	61
Highly skilled supervision (Levels 9-12)	49 879	16.21	101
Senior management (Levels 13-16)	12 031	3.91	231
Other	208	-	-
<b>Total</b>	<b>307 702</b>	<b>100</b>	<b>50</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  
2002/03**

Programme	Salaries		Overtime		Home owners allowance		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	26 634	71.41	514	1.38	808	2.17	2 282	6.12
Auxiliary and Associated Services	1 458	47.25	-	-	31	1.01	96	3.11
Employment and Skills Development Services	24 931	61.44	487	1.20	1 068	2.63	1 943	4.79
Labour Market Policy	1 947	67.96	-	-	68	2.37	164	5.72
Labour Relations	8 617	77.32	-	-	197	1.77	571	5.12
Occupational Health and Safety of Persons	3 392	36.01	1	-	78	0.83	216	2.29
Service Delivery	143 429	70.55	220	0.10	4 172	2.05	14 377	7.07
Social Insurance	184 515	65.12	3 198	1.13	6 677	2.36	17 302	6.11
<b>Total</b>	<b>394 923</b>	<b>66.82</b>	<b>4 420</b>	<b>0.75</b>	<b>13 099</b>	<b>2.22</b>	<b>36 951</b>	<b>6.25</b>



**Table 1.4 - Salaries, overtime, home owner's allowance and medical assistance by salary bands 2002/03**

Salary bands	Salaries		Overtime		Home owners allowance		Medical assistance	
	Amount (R'000)	Salaries as a % of total personnel cost	Amount (R'000)	Overtime as a % of total personnel cost	Amount (R'000)	HOA as a % of total personnel cost	Amount (R'000)	Medical assistance as a % of total personnel cost
Lower skilled (Levels 1-2)	14 808	2.51	341	0.06	630	0.11	1 628	0.28
Skilled (Levels 3-5)	97 969	16.58	1 860	0.31	2 590	0.44	12 471	2.11
Highly skilled production (Levels 6-8)	202 905	34.33	1 775	0.30	7 786	1.32	17 844	3.02
Highly skilled supervision (Levels 9-12)	66 686	11.28	445	0.08	1 884	0.32	4 395	0.74
Senior management (Levels 13-16)	12 555	2.12	-	-	209	0.04	613	0.10
<b>Total</b>	<b>394 923</b>	<b>66.82</b>	<b>4 420</b>	<b>0.75</b>	<b>13 099</b>	<b>2.22</b>	<b>36 951</b>	<b>6.25</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**). Departments have identified critical occupations that need to be monitored.

**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 2003**

Programme	Number of posts	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
Administration	463	288	38	15
Auxiliary and Associated Services	22	16	27.3	-
Employment and Skills Development Services	465	341	26.8	1
Labour Market Policy	20	15	25	-
Labour Relations	82	68	17.1	-
Occupational Health and Safety of Persons	50	36	28	4
Service Delivery	2 723	2 253	17.3	1
Social Insurance	3 592	3 085	14.2	1
<b>Total</b>	<b>7 417</b>	<b>6 102</b>	<b>17.7</b>	<b>22</b>



**Table 2.2 - Employment and vacancies by salary bands  
31 March 2003**

Salary band	Number of posts	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2)	543	467	14	9
Skilled (Levels 3-5)	3 072	2 480	19.3	4
Highly skilled production (Levels 6-8)	3 085	2 608	15.5	1
Highly skilled supervision (Levels 9-12)	653	495	24.2	6
Senior management (Levels 13-16)	64	52	18.8	2
<b>Total</b>	<b>7 417</b>	<b>6 102</b>	<b>17.7</b>	<b>22</b>



**Table 2.3 Employment and vacancies by critical occupation  
31 March 2003**

Critical occupations	Number of posts	Number of posts filled	Vacancy rate	Number of posts filled additional to the establishment
Administrative related	2 360	1 790	561	6
Artisans	41	37	4	4
Cleaners	172	159	13	6
Client Service Officers	1 257	1 104	153	0
Communication related	36	22	14	0
Employment Service Practitioners	206	187	19	0
Financial related	338	298	40	0
Food Services Aid	19	14	5	4
Head of Department	1	1	-	0
Housekeepers, laundry and related	7	7	-	1
Human Resources related	456	421	35	0
Information Technology	80	3	73	0
Legal related	11	10	1	0
Librarian and related	3	3	-	0
Drivers	7	7	-	0
Logistical Support and related	483	445	38	0
Medical Practitioners	3	3	-	0
Messengers	102	82	20	0
National Technical Examiners	49	44	5	0
Production Advisors	2	1	1	0
Minister	1	1	-	0
Security related	151	125	26	0
Safety Health and Quality Inspectors	1 334	1 088	246	0
Secretarial related	172	145	27	0
Senior Management	53	42	11	1
Trade Labourers	73	63	10	0
<b>Total</b>	<b>7 417</b>	<b>6 102</b>	<b>17.7</b>	<b>22</b>



The information in each case reflects the situation as at 31 March 2003. For an indication of changes in staffing patterns over the year under review, please refer to section 5 of this report.

### 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 the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

**Table 3.1 - Job evaluation**  
1 April 2002 to 31 March 2003

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)	543	6	1.10	6	1.10	-	-
Skilled (Levels 3-5)	3 072	4	0.13	1	0.03	-	-
Highly skilled production (Levels 6-8)	3 085	8	0.26	3	0.10	-	-
Highly skilled supervision (Levels 9-12)	653	30	4.59	7	1.07	-	-
Senior Management Service Band A	46	16	34.78	-	-	1	2.17
Senior Management Service Band B	13	3	23.08	-	-	-	-
Senior Management Service Band C	4	2	50.00	-	-	-	-
Senior Management Service Band D	1	-	-	-	-	-	-
<b>Total</b>	<b>7 417</b>	<b>69</b>	<b>0.93</b>	<b>17</b>	<b>0.23</b>	<b>1</b>	<b>0.01</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 1 April 2002 to 31 March 2003**

Beneficiaries	African	Asian	Coloured	White	Total
Female	5	-	1	2	8
Male	5	-	1	3	9
Total	10	-	2	5	17
Employees with a disability					-

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 exceeded the grade determined by job evaluation 1 April 2002 to 31 March 2003 (in terms of PSR 1.V.C.3)**

Total number of employees whose salaries exceeded the grades determined by job evaluation in 2002/03	None
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#### 4. Employment changes

This section provides information on changes in employment over the financial year. 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 1 April 2002 to 31 March 2003**

Salary band	Number of employees per band as on 1 April 2002	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Lower skilled (Levels 1-2)	467	44	39	8.35
Skilled (Levels 3-5)	2 480	389	90	3.62
Highly skilled production (Levels 6-8)	2 608	87	140	5.37
Highly skilled supervision (Levels 9-12)	495	15	38	7.68
Senior Management Service Band A	34	2	10	29.41
Senior Management Service Band B	13	3	1	7.70
Senior Management Service Band C	4	1	-	-
Senior Management Service Band D	1	-	-	-
<b>Total</b>	<b>6 102</b>	<b>541</b>	<b>318</b>	<b>5.21</b>



**Table 4.2 - Annual turnover rates by critical occupation  
1 April 2002 to 31 March 2003**

Occupation	Number of employees per occupation as on 1 April 2002	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate
Administrative related	1 790	373	147	8.21
Artisans	37	1	2	5.40
Cleaners	159	8	21	13.20
Client Service Officers	1 104	10	3	0.27
Communication related	22	1	3	13.67
Employment Service Practitioners	187	15	6	3.21
Financial related	298	10	17	5.70
Food Services Aid	14	-	-	7.14
Head of Department	1	-	-	-
Housekeepers, laundry and related	7	-	-	-
Human Resources related	421	33	6	1.43
Information Technology	3	-	75	2.50
Legal related	10	1	-	-
Librarian and related	3	-	-	-
Drivers	7	-	-	-
Logistical Support and related	445	32	6	1.35
Medical Practitioners	3	-	1	33.33
Messengers	82	5	8	9.76
National Technical Examiners	44	-	-	-
Production Advisors	1	-	-	-
Minister	1	-	-	-
Security related	125	21	7	5.6
Safety Health and Quality Inspectors	1 088	9	2	0.18
Secretarial related	145	9	8	5.52
Senior Management	42	5	5	11.90
Trade Labourers	63	8	-	-
<b>Total</b>	<b>6 102</b>	<b>541</b>	<b>318</b>	<b>5.21</b>



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

**Table 4.3 - Reasons why staff left the Department**

Termination type	Number	% of total
Death	28	8.8
Resignation	180	56.6
Expiry of contract	-	-
Dismissal - operational changes	34	10.7
Dismissal - misconduct	6	1.9
Dismissal - inefficiency	-	-
Discharged due to ill-health	22	6.9
Retirement	45	14.3
<b>Total</b>	<b>318</b>	<b>-</b>
Total number of employees who left as a % of the total employment		5.2



**Table 4.4 - Promotions by critical occupation**

Occupation	Employees as at 1 April 2002	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progressions as a % of employees by occupation
Administrative related	1 790	211	11.79	Not available	Not available
Artisans	37	-	-	Not available	Not available
Cleaners	159	-	-	Not available	Not available
Client Service Officers	1 104	4	0.36	Not available	Not available
Communication related	22	3	13.63	Not available	Not available
Employment Service Practitioners	187	6	3.20	Not available	Not available
Financial related	298	16	5.37	Not available	Not available
Food Services Aid	14	-	-	Not available	Not available
Head of Department	1	-	-	Not available	Not available
Housekeepers, laundry and related	7	-	-	Not available	Not available
Human Resources related	421	29	6.88	Not available	Not available
Information Technology	3	-	-	Not available	Not available
Legal related	10	-	-	Not available	Not available
Librarian and related	3	-	-	Not available	Not available
Drivers	7	-	-	Not available	Not available
Logistical Support and related	445	8	1.80	Not available	Not available
Medical Practitioners	3	-	-	Not available	Not available
Messengers	82	-	-	Not available	Not available
National Technical Examiners	44	-	-	Not available	Not available
Production Advisors	1	-	-	Not available	Not available
Minister	1	-	-	Not available	Not available
Security related	125	-	-	Not available	Not available
Safety Health and Quality Inspectors	1 088	30	2.76	Not available	Not available
Secretarial related	145	-	-	Not available	Not available
Senior Management	42	1	2.38	Not available	Not available
Trade Labourers	63	-	-	Not available	Not available
<b>Total</b>	<b>6 102</b>	<b>308</b>	<b>5.05</b>	Not available	Not available



**Table 4.5 - Promotions by salary band**

Salary band	Employees 1 April 2002	Promotions to another salary level	Salary bands 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	1	0.21	Not available	Not available
Skilled (Levels 3-5)	2 480	56	2.26	Not available	Not available
Highly skilled production (Levels 6-8)	2 608	173	6.63	Not available	Not available
Highly skilled supervision (Levels 9-12)	495	77	15.56	Not available	Not available
Senior management (Levels 13-16)	52	1	11.92	Not available	Not available
<b>Total</b>	<b>6 102</b>	<b>308</b>	<b>5.05</b>	Not available	Not available

## 5. Employment equity

The tables in this section are based on the formats prescribed by the Employment Equity Act, 55 of 1998.

**Table 5.1 - Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2003**

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	22	3	3	5	7	-	-	3	43
Professionals	605	72	43	170	486	64	21	298	1 759
Technicians and associate professionals	-	-	-	-	-	-	-	-	-
Clerks	1 007	175	42	91	1 379	300	77	652	3 723
Service and sales workers	67	12	-	23	30	5	-	2	139
Skilled agriculture and fishery workers	-	-	-	-	-	-	-	-	-
Craft and related trades workers	14	1	-	31	-	-	-	1	47
Plant and machine operators and assemblers	7	-	-	-	1	-	-	-	8
Elementary occupations	207	11	1	8	127	16	-	13	383
<b>Total</b>	<b>1 929</b>	<b>274</b>	<b>89</b>	<b>328</b>	<b>2 030</b>	<b>385</b>	<b>98</b>	<b>969</b>	<b>6 102</b>
Employees with disabilities	25	4	4	12	17	2	-	12	76



**Table 5.2 - Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2003**

Occupational bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	2	1	-	-	1	-	-	1	5
Senior Management	21	3	3	6	7	-	-	3	43
Professionally qualified and experienced specialists and mid-management	192	23	18	87	106	16	11	56	509
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	685	101	53	184	633	134	48	751	2 589
Semi-skilled and discretionary decision making	789	130	14	38	1 122	200	38	151	2 482
Unskilled and defined decision making	240	16	1	13	161	35	1	7	474
<b>Total</b>	<b>1 929</b>	<b>274</b>	<b>89</b>	<b>328</b>	<b>2 030</b>	<b>385</b>	<b>98</b>	<b>969</b>	<b>6 102</b>



**Table 5.3 - Recruitment**  
**1 April 2002 to 31 March 2003**

Occupational bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	-	-	-	-	1	-	-	1	2
Senior Management	3	-	-	-	1	-	-	1	5
Professionally qualified and experienced specialists and mid-management	7	1	1	-	4	-	-	-	13
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	29	3	2	3	41	2	1	1	82
Semi-skilled and discretionary decision making	98	4	2	2	101	8	4	2	221
Unskilled and defined decision making	80	18	2	-	91	27	1	-	219
<b>Total</b>	<b>217</b>	<b>26</b>	<b>7</b>	<b>5</b>	<b>239</b>	<b>37</b>	<b>6</b>	<b>5</b>	<b>542</b>
Employees with disabilities	6	1	1	-	2	1	-	-	11



**Table 5.4 - Promotions**  
**1 April 2002 to 31 March 2003**

Occupational bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	-	-	-	-	-	-	-	1	1
Senior Management	2	3	-	-	1	-	-	-	6
Professionally qualified and experienced specialists and mid-management	24	5	1	6	14	2	2	3	57
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	70	6	2	5	71	11	2	22	189
Semi-skilled and discretionary decision making	38	-	-	2	23	1	1	-	65
Unskilled and defined decision making	1	-	-	-	7	-	-	1	9
<b>Total</b>	<b>135</b>	<b>14</b>	<b>3</b>	<b>13</b>	<b>116</b>	<b>14</b>	<b>5</b>	<b>27</b>	<b>327</b>
Employees with disabilities	2	-	-	1	-	-	-	-	3





**Table 5.5 - Terminations**  
1 April 2002 to 31 March 2003

Occupational bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	-	-	-	-	-	-	-	-	-
Senior Management	-	-	-	-	1	-	-	-	1
Professionally qualified and experienced specialists and mid-management	11	2	2	14	8	-	-	-	37
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	40	4	6	15	15	5	4	46	135
Semi-skilled and discretionary decision making	37	4	1	6	18	10	1	16	93
Unskilled and defined decision making	24	2	-	1	22	-	-	3	52
<b>Total</b>	<b>112</b>	<b>12</b>	<b>9</b>	<b>36</b>	<b>64</b>	<b>15</b>	<b>5</b>	<b>65</b>	<b>318</b>
Employees with disabilities	2	-	-	-	-	-	3	5	10

**Table 5.6 - Disciplinary action**  
1 April 2002 to 31 March 2003

	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Disciplinary action	74	8	2	10	20	6	-	7	127



## 6. Performance rewards

To encourage good performance, the Department has granted the following performance rewards during the year under review. 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  
1 April 2002 to 31 March 2003**

	Beneficiary profile			Cost	
	Number of beneficiaries	Total number of employees in group	% of total within group	Cost R	Average cost per employee
<b>African</b>					
Male	1 226	1 929	63.55	7 664 997	6 252
Female	1 398	2 030	68.80	1 713 492	1 226
<b>Asian</b>					
Male	70	89	78.65	758 036	10 829
Female	86	98	87.76	706 164	8 211
<b>Coloured</b>					
Male	197	274	71.90	1 102 327	5 596
Female	285	385	74.03	1 508 121	5 291
<b>White</b>					
Male	241	328	73.48	2 546 033	10 564
Female	834	969	86.07	6 591 166	7 903
<b>Employees with a disability</b>	53	-	-	-	-
<b>Total</b>	<b>4 390</b>	<b>6 102</b>	<b>71.94</b>	<b>22 590 336</b>	<b>5 146</b>

**Table 6.2 - Performance rewards by salary bands for personnel below senior management service  
1 April 2002 to 31 March 2003**

Salary bands	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost R	Average cost per employee
Lower skilled (Levels 1-2)	311	467	66.60	893 082	2 871
Skilled (Levels 3-5)	1 612	2 484	65.0	5 785 189	3 588
Highly skilled production (Levels 6-8)	2 066	2 608	79.21	16 212 151	7 847
Highly skilled supervision (Levels 9-12)	348	495	70.30	5 699 917	1 637
<b>Total</b>	<b>4 337</b>	<b>6 054</b>	<b>71.68</b>	<b>28 590 339</b>	<b>6 592</b>



**Table 6.3 - Performance related rewards (cash bonus), by salary band, for senior management service**

Salary band	Beneficiary profile			Total cost (R'000)	Average cost per employee (R'000)	Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within band			
Band A	8	35	24.24	190	24	0.06
Band B	1	8	12.50	38	38	0.01
Band C	-	4	0.00	-	-	-
Band D	-	1	0.00	-	-	-
<b>Total</b>	<b>9</b>	<b>48</b>	<b>19.57</b>	<b>228</b>	<b>25</b>	<b>0.07</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  
1 April 2002 to 31 March 2003**

Salary band	1 April 2002		31 March 2003		Change	
	Number	% of total	Number	% of total	Number	% of change
Lower skilled (Levels 1-2)	-	-	-	-	-	-
Skilled (Levels 3-5)	1	16.7	1	16.7	-	-
Highly skilled production (Levels 6-8)	4	66.74	4	66.7	-	-
Highly skilled supervision (Levels 9-12)	1	16.7	1	16.7	-	-
Senior management (Levels 13-16)	-	-	-	-	-	-
<b>Total</b>	<b>6</b>	<b>1 001</b>	<b>6</b>	<b>100</b>	<b>-</b>	<b>-</b>

## 8. Leave utilisation

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 B.1 – Sick leave**  
1 January 2002 to 31 December 2002

Salary band	Total days	% of 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)	2 353	24.9	331	0.07	7	277
Skilled (Levels 3-5)	13 814	23.7	1 924	-	7	2 114
Highly skilled production (Levels 6-8)	15 340	21	2 015	43.6	8	4 320
Highly skilled supervision (Levels 9-12)	1 950	19.9	327	7.1	6	990
Senior management (Levels 13-16)	194	12.4	28	0.6	7	285
<b>Total</b>	<b>33 651</b>	<b>22.3</b>	<b>4 625</b>	<b>75.79</b>	<b>7</b>	<b>7 986</b>

**Table B.2 – Disability leave (temporary and permanent)**  
1 January 2002 to 31 December 2002

Salary band	Total days	% of 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)	963	8.1	25	10.5	39	113
Skilled (Levels 3-5)	1 286	10.9	71	29.8	18	214
Highly skilled production (Levels 6-8)	3 220	8.7	131	55	25	936
Highly skilled supervision (Levels 9-12)	392	6.1	9	3.8	44	196
Senior management (Levels 13-16)	58	6.9	2	0.8	29	90
<b>Total</b>	<b>5 919</b>	<b>8.9</b>	<b>238</b>	<b>3.9</b>	<b>25</b>	<b>1 549</b>

**Table B.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 2002 to 31 December 2002

Salary bands	Total days taken	Average per employee
Lower skilled (Levels 1-2)	9 915	21
Skilled (Levels 3-5)	43 806	19
Highly skilled production (Levels 6-8)	60 897	23
Highly skilled supervision (Levels 9-12)	11 329	21
Senior management (Levels 13-16)	982	20
<b>Total</b>	<b>126 929</b>	<b>21</b>

**Table 8.4 - Capped leave**  
1 January 2002 to 31 December 2002

Salary bands	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2002
Lower skilled (Levels 1-2)	2 396	5	41
Skilled (Levels 3-5)	2 351	0.9	24
Highly skilled production (Levels 6-8)	6 364	2.4	50
Highly skilled supervision (Levels 9-12)	1 390	2.1	65
Senior management (Levels 13-16)	884	1.7	61
<b>Total</b>	<b>13 385</b>	<b>2.19</b>	<b>44</b>

The following table summarises payments made to employees as a result of leave that was not taken.

**Table 8.5 - Leave payouts**  
1 April 2002 to 31 March 2003

Reason	Total amount (R'000)	Number of employees	Average payment per employee (R '000)
Leave payout for 2002/03 due to non-utilisation of leave for the previous cycle	-	-	-
Capped leave payouts on termination of service for 2002/03	1 214	60	20
Current leave payout on termination of service for 2002/03	154	95	1
<b>Total</b>	<b>1 368</b>	<b>156</b>	<b>8.76</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 high 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.	X		Mr Zwe Ndlala, Acting 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.	X		EAP Unit of two employees. Each provincial office budget for its own needs.
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.	X		<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.	X		Part of the Employment Equity Plan of the Department. Senior Executive Manager of HRM is the Chairperson and all the local Employment Equity Forums at the different provincial offices have representatives on this forum.
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.	X		HIV/AIDS Policy was developed and maintained.
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.	X		It is addressed in the HIV/AIDS Policy.
7. Does the Department encourage its employees to undergo voluntary counselling and testing? If so, list the results that you have you achieved.	X		Due to the confidentiality of the counselling results could not be published.
8. Has the Department developed measures/indicators to monitor and evaluate the impact of its health promotion programme? If so, list these measures/indicators.		X	



## 10. Labour relations

The following collective agreements were entered into with trade unions within the Department.

**Table 10.1 - Collective agreements  
1 April 2002 to 31 March 2003**

Subject matter	Date
Recruitment and Selection Policy	May 2002
Career Management	May 2002
Leave Policy	March 2003

The following table summarises the outcome of disciplinary hearings conducted within the Department for the year under review.

**Table 10.2 - Misconduct and disciplinary hearings finalised  
1 April 2002 to 31 March 2003**

Outcomes of disciplinary hearings	Number
Correctional counselling	-
Verbal warning	-
Written warning	22
Final written warning	35
Suspended without pay	4
Fine	-
Demotion	-
Dismissal	36
Not guilty	-
Case withdrawn	2
<b>Total</b>	<b>99</b>

**Table 10.3 - Types of misconduct addressed at disciplinary hearings**

Type of misconduct	Number
Absenteeism	15
Late coming	5
Misuse of Imperial Fleet Services vehicles	16
Improper conduct	3
Alcohol abuse	5
Negligence	8
Insubordination	6
Fuel card fraud	8
Fraud	17
Sexual harassment	6
Misrepresentation	5
Gross insubordination	3
Gross negligence	9
Bribery	5
Theft	8
Racial discrimination	3
Abscondment	5
<b>Total</b>	<b>127</b>



**Table 10.4 - Grievances lodged  
1 April 2002 to 31 March 2003**

	Number
Number of grievances resolved	80
Number of grievances not resolved	30
Total number of grievances lodged	110

**Table 10.5 - Disputes lodged with councils  
1 April 2002 to 31 March 2003**

	Number
Number of disputes upheld	7
Number of disputes dismissed	25
Total number of disputes lodged	32

**Table 10.6 - Strike actions  
1 April 2002 to 31 March 2003**

Total number of person working days lost	49
Total cost (R'000) of working days lost	3 929.54
Amount (R'000) recovered as a result of no work no pay	3 929.54

**Table 10.7 - Precautionary suspensions  
1 April 2002 to 31 March 2003**

Number of people suspended	16
Number of people whose suspension exceeded 30 days	5
Average number of days suspended	30 days

## **11. Skills development**

This section highlights the efforts of the Department with regard to skills development.





**Table 11.1 - Training needs identified  
1 April 2002 to 31 March 2003**

Occupational categories	Gender	Number of employees as at 1 April 2002	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	10	-	206	-	206
	Male	33	-	304	-	304
Professionals	Female	869	-	1 168	-	1 168
	Male	890	-	1 174	-	1 174
Clerks	Female	2 408	-	3 388	-	3 388
	Male	1 315	-	2 118	-	2 118
Service and sales workers	Female	37	-	75	-	75
	Male	102	-	26	-	26
Craft and related trades workers	Female	4	-	0	-	0
	Male	46	-	0	-	0
Plant and machine operators and assemblers	Female	1	-	0	-	0
	Male	7	-	0	-	0
Elementary occupations	Female	153	-	27	-	27
	Male	227	-	33	-	33
Sub total	Female	3 483	-	4 864	-	4 864
	Male	2 620	-	3 655	-	3 655
<b>Total</b>		<b>6 102</b>	<b>-</b>	<b>8 519</b>	<b>-</b>	<b>8 519</b>



**Table 11.2 - Training provided  
1 April 2002 to 31 March 2003**

Occupational categories	Gender	Number of employees as at 1 April 2002	Training needs provided within the reporting period			
			Learnerships	Skills programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	10	-	134	-	134
	Male	33	-	154	-	154
Professionals	Female	869	-	1 343	-	1 343
	Male	890	-	1 175	-	1 175
Clerks	Female	2 408	-	721	-	721
	Male	1 315	-	603	-	603
Service and sales workers	Female	37	-	287	-	287
	Male	102	-	311	-	311
Craft and related trades workers	Female	4	-	-	-	-
	Male	46	-	-	-	-
Plant and machine operators and assemblers	Female	1	-	-	-	-
	Male	7	-	-	-	-
Elementary occupations	Female	153	-	289	-	289
	Male	227	-	314	-	314
Sub total	Female	3 483	-	2 774	-	2 774
	Male	2 620	-	2 557	-	2 557
<b>Total</b>		<b>6 102</b>	<b>-</b>	<b>5 331</b>	<b>-</b>	<b>5 331</b>

## 12. Injury on duty

The following tables provide basic information on injury on duty.



**Table 12.1 - Injury on duty  
1 April 2002 to 31 March 2003**

Nature of injury on duty	Number	% of total
Required basic medical attention only	52	77.61
Temporary Total Disablement	15	22.38
Permanent Disablement	0	0
Fatal	0	0
<b>Total</b>	<b>67</b>	<b>1.09</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 (R'000)
Administration (Information Technology)	Unable to determine due to the fact that companies and not individuals were utilised.	Not determinable	56 945
Occupational health and safety of persons	Unable to determine due to the fact that companies and not individuals were utilised.	Not determinable	31
Employment and Skills Development Services	Unable to determine due to the fact that companies and not individuals were utilised.	Not determinable	1 651
Labour Relations	Unable to determine due to the fact that companies and not individuals were utilised.	Not determinable	7 329
Service Delivery	Unable to determine due to the fact that companies and not individuals were utilised.	Not determinable	29
<b>Total</b>			<b>65 985</b>

**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 work on the project
Unable to determine due to the fact that companies and not individuals were utilised.			

**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 (R'000)
Labour Market Skills Development Projects	Unable to determine due to the fact that companies and not individuals were utilised.	Whole of the financial year	25 114

**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 work on the project
Unable to determine due to the fact that companies and not individuals were utilised.			











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