

EXAMINING COST EFFECTIVENESS AND EFFICIENCY OF INSPECTIONS REGARDING THE ENFORCEMENT AND COMPLIANCE TO OCCUPATIONAL HEALTH AND SAFETY ACT

Compiled by Nico Likhetha using data from 2010/11 - 2015/16

STUDY CONTEXT

To examine efficiency and cost effectiveness of inspections carried out to monitor and enforce compliance with the **OHS Act**. Analyzing the year **2015/16** and **MTEF 2017**

BACKGROUND

- The **Occupational Health and Safety Act 85 of 1993 ("the OHS Act")** is the principal law regulating workplace physical and mental health in South Africa.
- The monitoring and enforcement of this regulation is the responsibility of the **Department of Labour (DoL)** headed by the **Minister of Labor**.
- Traditionally, employers, particularly those who employ unskilled workforces view expenditure on OHS activities as a cost to be avoided, hence, injured and sick workers are dismissed with minimal to no compensation. Therefore mandatory inspections for compliance are carried out more commonly in the **SMME** sector
- The construction industry reports 2 deaths a week, **R2 billion** a year is spent on workplace incidents, the cost is estimated at **3.5% of GDP**
- The purpose of the OHS programme is to:
 - provide for the health and safety of persons at work
 - provide safety of persons in connection with the use of plant and machinery

KEY CONCERNS OF THE OCCUPATIONAL HEALTH AND SAFETY PROGRAMME

Who are the people affected by OHS incidents in the workplace?

What are the challenges with OHS programme's cost effectiveness and efficiency?

How much will it cost to provide the OHS programme over the MTEF period?

What other policy options are available for providing the OHS programme?

How can cost ineffectiveness and inefficiency of the programme be prevented?

PERSONNEL ANALYSIS

THE OHS PROGRAMME HAS
90 INSPECTORS
AT **9** PROVINCIAL OFFICES
AND LABOUR CENTRES

The largest number
8 INSPECTORS IN
JOHANNESBURG
6 INSPECTORS IN
DURBAN

The smallest number
2 INSPECTORS IN
WELKOM
1 INSPECTORS IN
UMTHATA

THERE IS A PRETORIA HEAD OFFICE HEAD COUNT OF 27 RESPONSIBLE FOR POLICY DEVELOPMENT AND SUPPORT OF INSPECTIONS AT PROVINCIAL AND LABOUR CENTRAL LEVEL

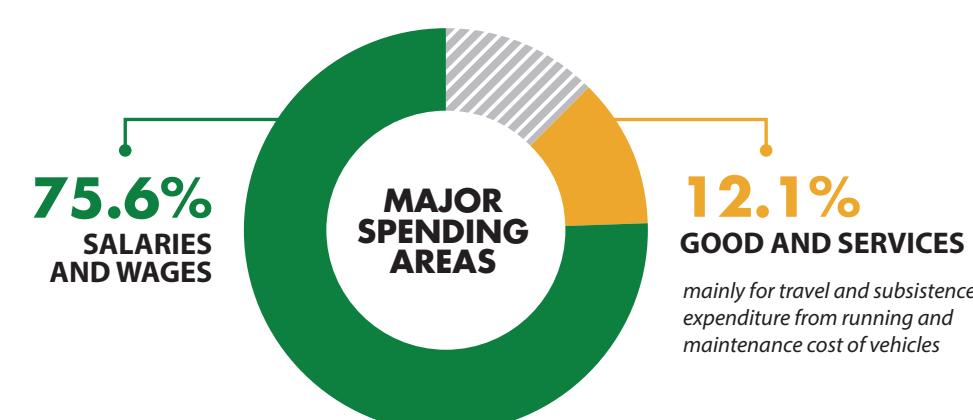
The 3 head office directorates are:

Health and Hygiene, Electrical and Mechanical Engineering and Explosives and Civil Engineering

THE INSPECTORATE HAS BEEN OPERATING WITH A **38%** VACANCY RATE DUE TO DIFFICULTY IN RECRUITING SUITABLY QUALIFIED TECHNICALLY SKILLED STAFF

EXPENDITURE ANALYSIS

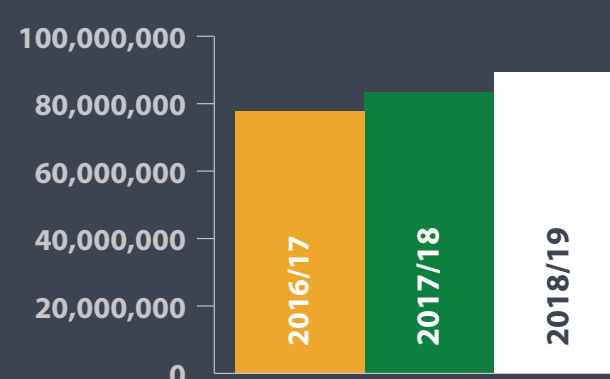
In 2015/16, government spent a total of
R79.8 MILLION
TOWARDS THE OHS PROGRAMME



COSTING MODEL OUTCOMES

Presently, OHS prevention & reactive inspections and Compensation Fund (CF) are funded from fiscus and employer levies respectively. The costing model was based on 3 scenarios:

SCENARIO 1: this scenario shows the cost of maintaining the status quo. It produced MTEF cost projections of **R77,736,478** in 2016/17, **R83,343,521** in 2017/18 and **R89,315,301** in 2018/19.



SCENARIO 2: this scenario it allows for some efficiency savings in certain areas. This is because the scenario consider increase usage of informal sector data for policy design. It produced MTEF cost projections of **R77,072,966** in 2016/17 which is a saving of **R663,512**

SCENARIO 3: it allows for further efficiency savings. It takes the effects of both increase usage of informal sector data for policy design and the leverage created by a joint venture between CF and major employers' organisations. It produced MTEF cost projections of **R76,409,454** in 2016/17 which is a saving of **R1,327,024**.

CONCLUSIONS

- Currently, categories of inspections, in provinces, share resources such as vehicles. There is under and over utilization of other resources.
- The activities of the **OHS** programme are interdependent. **DoL** management is not fully utilizing its legislative powers to address funding shortages of the programme by utilizing resources from its own compensation arm (**CF**).
- It is difficult to measure coverage of **OHS** programme inspection and enforcement services to the countries' workplaces.

RECOMMENDATIONS

The spending and budget for inspectorate divisions be split according to categories of inspections of the accounting system. This will ensure transparency and effective monitoring and evaluation of OHS performance.