



Annual Report 2002



*Investing in our people . . .
Paving the way for a better future.*

Education, Training and Development Practices, Sector Education and Training Authority



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Vision

To advance national human resource development, the SETA envisages an education, training and development sector in which:

- The skills levels of employees are raised;
- There is a healthy balance between supply and demand in the labour market;
- There are diverse, flexible routes for initial and in-service education and training;
- A variety of career paths is available;
- The quality of provision is improved;
- The levy grant scheme is efficiently administered;
- There is regular liaison with providers, other SETAs, the Department, National Skills Authority (NSA) and the South African Qualifications Authority (SAQA) and its structures; and
- Internal and external communication is effective.

Mission

The mission of the SETA is to promote and facilitate an increase in the skills profile of the sector's workforce to benefit employers and employees in the sector by encouraging a partnership between public and private organisations and to assure the quality of provision of education, training and development.

Profile

Education, Training and Development: the key to South Africa's competitiveness

The ETDP SETA is one of the 25 Sector Education and Training Authorities (SETAs) established by the South African government as an integral part of the National Skills Development Strategy, which aims to make South Africa globally competitive by equipping its people with the required cognitive and practical skills.

The ETDP SETA was established on 20 March 2000 in terms of the Skills Development Act (97 of 1998). It is one of the 25 Sector Education and Training Authorities charged with implementing the National Skills Development Strategy. The main purpose of the legislation is to raise the skills levels and qualifications of the nation's workforce. This is an essential element in the broader government strategy to improve productivity and competitiveness, attract investment, increase employment or self-employment opportunities and improve the quality of peoples' lives.

The ETDP SETA is a stakeholder body, with a constitution agreed by stakeholders and approved by the Minister of Labour. The Board of the SETA consists of organised employers, organised labour and professional bodies in the sector. Representatives of employers and organised labour are appointed from the Departments of Education (the Budget Chamber) and from levy paying and levy exempt organisations (the Levy Chamber). The Board develops

policy and strategy and has appointed an Executive Committee to oversee implementation of policy. A Budget Chamber has been established to address the distinct needs of public education and a Levy Chamber to address the needs of levy paying member organisations. Joint Standing Committees are being established to oversee the work of the core divisions.

The primary focus of the ETDP SETA is education, training and the development sector in its broadest sense. This is a pivotal sector, given its labour-intensive nature, knowledge base and its role in supporting a number of other economic sectors. This is a large and diverse sector with substantial skills needs. It includes Departments of Education (national and provincial), universities, technikons, independent schools, private education and training providers, non-governmental organisations, early childhood development, libraries and archives, trade unions as employers, political parties, general research organisations, research and development organisations, and professional bodies.

There are approximately 7 128 employers in the sector and an estimated 600 000 employees. Universities and technikons as well as the Departments of Education are major employers, while educators are the largest occupational grouping.

In seeking to raise the skills and qualifications of all employees, the ETDP SETA is committed to raising the standards of services provided in the sector by developing individuals and organisations.

The ETDP SETA has recognised the impact of **HIV/AIDS** on its sector. It is also developing plans to implement the **National Skills Fund** objectives of skills development for the **unemployed** and **social target groups**.

Our core divisions

The ETDP SETA is made up of **three core divisions**:

Constituency Support Services

Constituency Support Services advises and supports member organisations in the Education, Training and Development sector in the process of planning and implementing skills development for their employees. The primary functions undertaken by the division are:

- Registering skills development facilitators;
- Developing workplace skills plans;
- Assisting organisations in implementing workplace skills plans;
- Managing research throughout the sector in order to improve sector performance; and
- Building capacity among skills development facilitators and other personnel who are engaged in the skills planning process.

Learnerships and Skills Programmes

A learnership is a programme combining structured learning with workplace experience leading to a qualification. A skills programme addresses workplace

skills needs and achieves credits towards a qualification. Both must be delivered by accredited providers.

The purpose of the Learnerships and Skills Programmes Division is to establish learnerships and skills programmes to address the skills needs of the sector. It has set out to achieve this through stakeholder-driven processes in the various ETD sub-sectors. The division, working with the stakeholder structures, aims to:

- Establish the needs of a sub-sector by reference to the sector and workplace skills plans, research and stakeholder views;
- Identify qualifications, working with the ETDQA and NSB 05 structures to fill gaps;
- Design and register learnerships with the Department of Labour;
- Promote the programmes;
- Support efforts by stakeholders to identify workplaces, providers and learners;
- Facilitate the completion and registration of learnership agreements and access to SETA grants.

ETDQA

The ETDQA Division is working to assure quality delivery of life-long learning in the Education, Training and Development Sector. Its primary functions are to:

- Quality assure the training of educators, trainers and development practitioners;
- Accredite training providers;
- Quality assure learner achievements;
- Facilitate capacity building of ETD providers;
- Registration of assessors; and
- To monitor and audit providers.

Chamber profiles

Levy Chamber

The Levy Chamber represents the organisations that pay levies. This effectively means all those not employed in the Departments of Education. The Levy Chamber consists of eleven employer and eleven employee representatives from the following sub-sectors:

- independent schools;
- trade unions as employers;
- political parties as employers;
- private providers;
- non-governmental organisations;
- community-based organisations;
- higher education institutions;
- early childhood development; and
- school governing bodies.

A research report published by the Human Sciences Research Council (HSRC) in 2002 profiled the Levy Chamber as follows:

Distribution of institutions and employees in Levy Chamber constituencies, according to the type of institution

Constituencies	Percent		Count	
	Institutions	Employment	Institutions	Employment
Libraries and archives	0,1	0,1	21	105
Political parties	0,4	0,2	104	305
Professional organisations	0,1	0,3	36	524
Research institutions	0,3	0,9	66	1 654
Private providers	0,2	1,0	37	1 999
ABET centres	2,1	1,4	506	2 629
NGOs in ETD provision	0,6	1,9	150	3 641
Trade unions	1,9	7,2	464	13 851
FET institutions	6,9	12,5	1 697	23 897
Universities and technikons	0,1	22,9	36	43 893
ECD centres	81,2	24,9	19 859	47 675
Independent schools	6,1	26,9	1 494	51 467
Total Levy Chamber	100,0	100,0	24 470	191 640

Budget Chamber

The Budget Chamber represents the national and provincial Departments of Education. It consists of twenty employer and twenty employee representatives from one national and nine provincial Departments of Education.

The HSRC indicated that there were approximately 32 284 institutions in the Budget Chamber employing about 464 428 people. This can be shown diagrammatically as follows:

Budget Chamber profile

Table 3.1: Total number of institutions and employment in the Budget Chamber

Institutions count	CoE ¹	Technical colleges	Public schools	Public ECD	Public ABET	Admin HQ	Total ²
EC		26	6 178	406	276	1	6 886
FS		10	2 538	271	130	1	2 949
GP		32	1 905	442	169	1	2 548
KZN		24	5 693	1 460	155	1	7 332
MP		9	2 053	147	170	1	2 379
NC		5	486	121	50	1	662
NP		14	4 138	279	406	1	4 837
NW		11	2 294	35	261	1	2 601
WC		21	1 504	482	103	1	2 110
SA total	34	152	26 789	3 623	1 720	9	32 284

Employment count	CoE	Technical colleges	Public schools ³	Public ECD	Public ABET	Admin HQ	Total
EC	390	1 182	69 112	729	1 969	8 458	81 840
FS	466	795	25 957	623	1 100	5 314	34 255
GP	1 043	2 556	46 096	1 126	1 812	14 736	67 366
KZN	1 482	1 233	74 115	2 351	1 115	8 942	89 238
MP	299	403	26 987	254	688	3 951	32 582
NC	66	225	6 816	161	256	2 372	9 896
NP	923	731	56 747	411	1 731	5 236	65 779
NW	579	690	35 456	95	1 373	4 535	42 728
WC	367	1 348	27 795	1 078	806	8 350	39 744
SA total	5 615	9 160	369 575	6 828	10 849	62 401	464 428

¹ No provincial breakdown available.

² Does not include number of CoE and admin/HQ institutions.

³ Administrative and support staff not included.

Glossary

- HET – Higher Education and Training
- ABET – Adult Basic Education and Training
- NGO – Non-governmental Organisations
- ETDP – Education, Training and Development Practices
- FET – Further Education and Training
- ECD – Early Childhood Development
- COE – College of Education

Objectives and achievements

<i>National Skills Development Strategy targets</i>	<i>ETDP SETA strategic objectives</i>	<i>ETDP SETA targets 2002</i>	<i>Achievements 2001/2002</i>
To develop a culture of high-quality lifelong learning	• To increase access to and provision of high-quality and relevant training of employed people across member organisations • To assist member organisations to achieve an agreed national standard for enterprise-based people development • To actively promote lifelong learning through a suitable and effective communications strategy • To describe and advocate appropriate career paths	• At least 500 workers will have embarked on courses leading to level one on the NQF • 2 000 employees embark on structured learning programmes • The ETDP SETA participates in IIP pilot project	• Analysis of 2001 – 2002 WSPs on the SETA's database shows that there are 3 492 people attending NQF Level One training sessions • Analysis of 2001 – 2002 WSPs show that 177 491 people will receive training, meaning that the target has been exceeded • The SETA has become one of the IIP pilot projects • A communications unit has been established and SETA publications are being produced and made available in the sector • Database of possible career paths established
Fostering skills development in the formal economy for productivity and employment growth	To increase participation of sector organisations in the development and implementation of the national skills strategy and the sector skills plan	• 75% of large organisations are receiving grants • 20% of medium-sized enterprises are receiving grants • Four learnerships registered • Four provinces and the national Department of Education submit WSPs	• 97% of large organisations are submitting WSPs and claiming grants • 37% of medium-sized enterprises are receiving grants • Nine learnerships registered • Nine provincial departments submitted WSPs

<i>National Skills Development Strategy targets</i>	<i>ETDP SETA strategic objectives</i>	<i>ETDP SETA targets 2002</i>	<i>Achievements 2001/2002</i>
Stimulating and supporting skills development in small, medium and micro enterprises	To increase the participation of small and micro enterprises, non-governmental organisations and community-owned enterprises in skills development through SETA processes and to create various mechanisms to share capacity to participate in skills development	Complete ETD research on SME strategy	• Research was undertaken and interim strategy developed • 200 workplace skills plans received from SMMEs • The SETA has preferential procurement processes for services from small and micro enterprises • Four learnerships targeted at this sector • Skills programmes focused on entrepreneurship • Supporting small and micro enterprises to access grants • Ensuring strong representation on the Board

Objectives and achievements

<i>National Skills Development Strategy targets</i>	<i>ETDP SETA strategic objectives</i>	<i>ETDP SETA targets 2002</i>	<i>Achievements 2001/2002</i>
Promoting opportunities for skills development in social development initiatives	• To support and promote relevant social development initiatives by government, established organisations, non-governmental organisations and community-owned enterprises through training and development (literacy projects, employment generation, HIV/AIDS initiatives, teacher training) • To promote capacity building for community development by facilitating skills development among development practitioners	• Set up projects	• The SETA has developed a project for funding from the NSF that has now been agreed. This will include programmes directed at social target groups. The programmes are for ABET, ECD and Community Development practice as well as for Youth Workers, HIV/AIDS and Barriers to Learning. The programmes will be targeted at government social development zones in rural and urban areas. In preparation for implementation of the NSF project two ABET practitioner learnerships have been registered and implemented, and two ECD practitioner learnerships have been registered

<i>National Skills Development Strategy targets</i>	<i>ETDP SETA strategic objectives</i>	<i>ETDP SETA targets 2002</i>	<i>Achievements 2001/2002</i>
Assisting new entrants into employment in the labour market	• To increase access to and provision of high-quality, relevant training and development opportunities in areas of scarce supply and potential growth to new entrants to the sector, particularly those under age 30 • To promote the integrated and strategic approach to human resource development and position the sector to support national objectives • To establish the ETDP SETA office (national and chamber), with constituency/regional support to give quality, cost-effective service within a coherent framework	• 400 people entered ETDP learnerships	• Nine learnerships have been registered • 345 learnership agreements were registered during 2001. In March 2002 a further 200 learners were recruited, bringing the total to 545 • In December 2001, 29 subject matter specialist teachers graduated with a Higher Diploma in Education (level 6) • Core staff appointed • Levy and Budget Chambers established • Systems to support constituency and regional capacity established • Quality assurance joint standing committee established, sub-committee members trained

Chairperson's report



Marina Le Grange – Chairperson

Problems call forth our courage and our wisdom; Indeed, they create our courage and our wisdom

M Scott Peck

All stakeholders involved in the establishment of the ETDP SETA will echo the above-mentioned words of wisdom by M Scott Peck. Slowly but surely problems became challenges; Mrs Nomlamli Mahanjana was appointed as CEO on 1 June 2001 and the offices were filled with competent and committed staff members striving towards the strategic goals of the newborn company.

We all believe in the importance of building a skilled workforce for the country and giving people hope. Nearly a thousand years ago, Orison Swett Marden said that there was no medicine like hope, no incentives so great and no tonics so powerful as the expectation of something better tomorrow. The ETDP SETA has some valuable tools in hand to support learners in reaching their dreams.

According to the agreement by all Board members, the seat of the chair is shared by the different stakeholders. Labour, in person of Muavia Gallie, took the first term that covered this report and was followed up by myself from the levy-paying sub-sector. The different constituencies had to take hands in the design of relevant policies in order to meet the targets that we set. During the course of the year the Constitution was scrutinised against the legislative framework and stakeholders' inputs. After lengthy debates it was finalised in its current format. To make sure that it always remains relevant, an ongoing revision process will be followed.

Because stakeholders represent a large and diverse sector with substantial skills needs, it will always be a difficult arena to function in. We meet each other in the vision and mission of the organisation with a common goal, namely: to promote and facilitate an increase in the skills profile of the sector's workforce by encouraging a partnership between public and private organisations and to assure the quality of provision of education, training and development.

The chamber structure and standing committees ensure that all stakeholders are involved in the decision-making

process. More representatives could be accommodated by allocating them seats in the Levy or Budget Chamber. Valuable inputs are given and problems tabled and discussed before they reach the Board.

During the course of the year much emphasis was put on the education and training needs of the sector by the implementation of relevant policies and procedures. Learnerships were established, registered and implemented. The managing of skills programmes is currently under the magnifying glass as an alternative route to gain credits that could lead to a qualification.

For training providers in the field, nothing is more important than to be accredited by the ETDQA, otherwise business can't continue. Clients call for proof of accreditation and the ETDQA has made good progress in this regard. Collaboration with the band ETQAs enables us to support further and higher education institutions in the quality assurance management process.

The Workplace Skills Plans are one of the most valuable tools for the employers to communicate and reflect upon their training needs in the companies. Skills levies have to be managed with great responsibility and prudence to ensure customer satisfaction. It remains a challenge for the ETDP SETA to guide and support organisations to plan and implement their plans optimally.

The field of education and training is not the only core business in our sector, thus reflected in our name, education, training and development practices SETA. Developmental needs are identified as one of the focus areas for the upcoming term and special attention will be paid to opportunities to invest in this area.

Looking back to the past, reflecting on the right and wrongs, is not only a necessity, it is a valuable process. It is a privilege to report on a financially stable organisation and to know that the new "baby" that was born on 20 March 2000 is a healthy toddler, giving a few steps, but who will be running around the corners very soon!



Marina Le Grange

Chairperson

October 2001 – May 2002

CEO's report



Nomlamli Mahanjana – Chief Executive Officer

During the year under review, the ETDP SETA reached a number of milestones.

The Learnerships and Skills Programmes Division was established and staffed. The division was very active in establishing systems and processes to develop and implement learnerships. At the end of the financial year there were nine learnerships registered and learners were already enrolled in four learnerships. The SETA also developed a policy for skills programmes and detailed work was started with identification of skills programmes.

The SETA also managed to secure funding from the National Skills Fund totalling R108,9 million to implement learnerships and skills programmes in under-resourced organisations and communities. With this money the ETDP SETA has committed itself to offering the following:

- 1 650 learnerships in Early Childhood Development (ECD) and Adult Basic Education and Training (ABET);
- 11 000 skills programmes across the education, training and development practices.

The programme has three themes, namely:

- education – by offering learnerships in ECD and ABET;
- training – by making relevant training available for assessors, mentors, coaches and recognition of prior learning (RPL); and

- development – by offering training for those involved in community development.

Cutting across these themes are three sub-themes which will address issues related to HIV/AIDS, barriers to learning and youth development work.

The time frame for the ETDP SETA to achieve these targets is from 1 April 2002 to 31 March 2005, and it is expected that the learners should commence on 15 January 2003.

The ETDP SETA was accredited by the South African Qualifications Authority (SAQA) as an Education and Training Quality Assurer (ETQA), to accredit providers in the ETD sector, evaluate learning programmes and quality assure learner achievements. The ETDQA developed and implemented systems and processes of quality assuring, auditing and monitoring constituent providers. As a result, 12 providers were accredited by February 2002 and this number is steadily increasing. The ETDP SETA, through its ETDQA Division, was actively involved in the Standard Generating Bodies' (SGB) and National Standard Body's (NSB) processes to develop and register unit standards and qualifications on the National Qualifications Framework. The ETDQA has actively supported providers on applying for accreditation through provider development strategy and provided administrative support to the European Union National Assessor Training Project.

The Skills Planning and Research Division was restructured in order to become more responsive to the needs of our stakeholders. Hence the name was changed to Constituency Support Services. The division will support organisations in our sector in enhancing their performance and productivity through the planning and implementation of effective workplace skills development. In support of this objective, the division manages an advisory service to promote advocacy, a grants management system to make resources available to organisations in support of effective skills development, and a research and information management function which serves to provide a sound base of research data in ensuring relevance and responsiveness of skills development programmes.

On behalf of the SETA, the Constituency Support Services Division has embarked upon a process of constituency service planning in an effort to be more responsive to the needs and circumstances of its member organisations. The process was initiated because of the complexity and diversity of the sector, and because of the recognition in the SETA that no one approach to Workplace Skills Planning and implementation could be appropriate to all

constituency members. Constituency Service Planning is a process of consultation and engagement with each constituency. Through this engagement, the needs, priorities and issues of each constituency could be understood, and could therefore be accommodated in the SETA's plans for allocating discretionary grants and providing technical services and support.

The SETA also established a Corporate Services Division. This division provides support processes and systems to the other divisions. The Corporate Services Division develops, implements and manages infrastructural processes and systems that enable other divisions to fulfil their functions with as little problems as possible. The division supports the SETA in three main areas, namely: Human Resources, Operations as well as in Information Technology. Human Resources policies were also developed. At the time of going to press these had already been adopted by the Human Resource Committee and the Executive Committee, and were referred to the Board for ratification.

During the year the Finance Division continuously reviewed the financial policies and procedures and procurement management. These policies and procedures were finally adopted and ratified by the Board. Internal control systems in place operated effectively during the year and will be continuously monitored and evaluated.

Financial reporting mechanisms were fully operational and with the permanent appointment of five employees in the division, the division is set to meet the needs of the organisation. A further four permanent appointments will be made during the next financial year including a Project Accountant to manage the financial systems for the National Skills Fund Project. The divisional and SETA budgets were developed and finalised for the ensuing financial year. These budgets are subject to continuous review and monitoring by the SETA. A Procurement Committee, consisting of representatives from all the divisions, was also established. This committee will manage and advise the SETA on procurement issues.

As part of the ETDP SETA's vision of ensuring that both internal and external communication is effective, a Communications Unit was established in my office, and a Communications Officer was appointed. The responsibility of this unit is to develop a communications strategy and business plan for the SETA and implement it. The Communications Unit will work with all the divisions to raise the profile of the SETA in the sector through effective marketing and public relations campaigns in order to

inform our stakeholders about our roles and responsibilities and showcase our achievements.

The SETA Constitution was also revised and finalised and ratified by the SETA Board. It was sent to the Department of Labour for final approval.

Another important project that was undertaken by the SETA was the Quality Management System (QMS). The development phase was completed and implementation will take place in the new financial year.

Most importantly, employees of the ETDP SETA worked very hard during the year to keep our constituent members informed and educated about the roles and responsibilities of the SETA. A number of advocacy workshops and capacity building exercises were conducted throughout the country.

Challenges ahead

The challenges facing us as the SETA are:

- To keep on reaching out to more of our constituencies, especially those in under-resourced communities, through capacity building programmes;
- To continue being a learning organisation, continuously searching for better ways of doing things so that we can improve our service delivery;
- To continue improving our communication with external stakeholders;
- To make a success out of the National Skills Fund Project;
- To increase grants flow to organisations implementing Workplace Skills Plans; and
- To build successful partnerships with the Departments of Education.

Acknowledgement

I would like to thank staff for their valuable contribution during the year. I also want to thank the various members of the Board, the EXCO, Budget and Levy Chamber, Joint Standing Committees and other committees, project teams and special project teams, as well as reference groups for their enthusiasm and support, and all our stakeholders and service providers for their valuable contributions.



Nomlamli Mahanjana
Chief Executive Officer



Management

Clyde Maurice is the acting Divisional Manager for Constituency Support Services. He joined the organisation in February 2002. Before that he worked as a senior advisor for Cooper-King Development Trust. Clyde holds Bachelor's and Master's degrees in Education and Public Administration as well as a Doctorate in Educational Management.

Nomlamli Mahanjana, CEO of the ETDP SETA. Nomlamli joined the SETA in June 2001. Prior to that she was the Director of Education Human Resources at the Department of Education and subsequently the Director of Education Management and Governance Development. She began her academic career at the University of Fort Hare, and now holds post-graduate qualifications from the International Institute of Education, Paris, as well as from the Wits University's Graduate School of Public and Development Management and its Graduate School of Business Administration.

Richard Jewison worked in the trade union movement in the UK for 20 years before moving to South Africa to take up a post as a National Education Secretary for Nehawu – the National Education, Health and Allied Workers Union. In 1999 he joined the working group to help establish the SETA. In 2000 he was seconded by Nehawu to work full

time for the SETA as a member of the establishment team overseeing Skills Planning and Learnerships Development. In August 2001 he was appointed Divisional Manager, Learnerships and Skills Programmes.

Patrick Zikalala joined the ETDP SETA on 1 April 2002 as Divisional Manager for Corporate Services, after working for Research Surveys (Pty) Limited as National Human Resource Manager. Patrick holds a BAdmin (Honours) degree in Industrial Psychology.

Debbie Machard joined the SETA in 1999 as a member of the working group. Debbie was also part of the establishment team. She acted as the CEO of the ETDP SETA from March 2000 till May 2001. From June 2001 she was appointed as the Divisional Manager for the ETDQA Division. She holds a BA Secondary Education; BA (Hons) as well as a Master's degree in Education (Adult Education).

Carlo Moi joined the organisation in July 2000. He has been a consultant to the Finance and Administration Division in the capacity of Divisional Manager. Carlo is in private practice consulting for various organisations, specifically in the area of Finance and Administration. He holds a BCompt (Honours) degree and is a Certified Financial Accountant.



Operational review

Constituency Support Services

Profile

The Constituency Support Services Division, formerly known as Skills Planning and Research Division, is the advisory arm of the SETA that has the most immediate contact with constituent member organisations. The core purpose of the Division is to provide assistance to organisations in planning and implementing Workplace Skills Plans. In order to undertake this responsibility, the Division is divided into three interlinked hubs: an Advisory Service, a Grants Management hub and a hub for Research and Planning.

The work of the Advisory Service is undertaken by Skills Advisors who are responsible for enhancing skills development processes and engaging in capacity building for those involved in skills development planning and the implementation of training programmes. Advisors are also responsible for sharing information throughout the sector and within the designated constituencies and sub-sectors.

The Grants Management Section ensures the flow of funds to member organisations so that training can take place and to ensure that National Skills Development priorities are addressed. The Research and Planning hub provides information support and technical input for planning, tracking progress and maintaining a programme of work that is responsive to the needs of constituencies.

Progress

In April 2002, the second skills planning year started with a full agenda of work to simultaneously further the development of the SETA and to provide services to constituent member organisations. Much was accomplished by the Division during this period as the division sought to implement the strategic priorities of the Sector Skills Plan and the objectives of the Business Plan.

On a developmental level, the Division participated in Quality Management workshops to clarify work flow processes and to identify the key outcomes of the Division. The Division also participated in SETA-wide activities such as

the development of a Newsletter and bringing the website on line. Assistance was provided in the conceptualisation and preparation of a proposal for accessing National Skills Funds to promote Learnerships and skills programmes. Grant policies and criteria were written for the disbursement of surplus funds, and the division produced new formats for the development of Workplace Skills Development plans by member organisations.

In implementing a programme of service, a series of countrywide workshops were conducted to assist member organisations in the development of workplace skills plan and the preparation of implementation reports. A project was funded for a Sector Profile to be developed and for research papers to be prepared to ensure a better understanding of each sub-sector. This information is critical for the revision of the Sector Skills plan and for strategic programme development within the SETA. Grant disbursement to member organisations continued as the Division sought to enhance the efficiency of the grants management process.

Each hub of the Division had notable achievements in undertaking the responsibilities assigned. These are reviewed below.

Advisory services

Seven Skills Advisors were in place, and each Advisor was allocated responsibility for one or more constituencies from the Levy Chamber as well as a Provincial Department of Education associated with the Budget Chamber. Each Advisor followed a programme of work that was specified in the Division's operational plan. Each Advisor conducted an average of one visit per week in a programme of direct assistance to member organisations. These visits enabled them to meet targets in respect to the generation of workplace skills plans, the submission of implementation reports by organisations and the conduct of capacity building workshops for individuals who are involved in skills development activities of member organisations. About 700 workplace skills plan were submitted for the period and 386 of those submitted implementation reports.

A brief summary is provided below of the activities of advisors in each constituency over the 2001/2002 period.



Operational review

- **Higher Education:** A very successful mini conference was held in February 2002 in Durban. The constituency was supported on an individual and small group regional basis. The members had at least three meetings with the skills advisor and the skills development committees. Another focus for this constituency was the advocacy programme to inform senior management of skills development and related issues to get their buy-in into the process. The constituency is very supportive and participatory, submitting 28 WSPs and 24 Implementation reports. The entire constituency has been covered and is participating.
- **Private Providers:** Workshops and meetings were held in 7 of the 9 provinces covering WSPs and Implementation reports. The members of the constituency are diverse and the organisation sizes are different, making it a challenging constituency but a vital constituency to serve. 162 WSPs and 77 Implementation reports were submitted.
- **Independent Schools:** Workshops covering WSPs, Implementation reports and advocacy were held throughout the country. The response from the Independent schools was very good and they submitted 230 WSPs and 86 Implementation reports.
- **School Governing bodies:** Workshops and meetings were held throughout the country, covering many remote areas such as Paulpietersburg, Kokstad, Virginia, and all the main centres. The three focus areas were covered and 107 WSPs and 70 Implementation reports were submitted.
- **Trade Unions:** The focus of the workshops was the confederation of trade unions and all the affiliates. Other unions have been contacted, but extensive work is still needed in this constituency. 12 WSPs and 6 Implementation reports have been submitted.
- **NGOs:** Many of the NGOs have been contacted through their associations and have attended countrywide workshops and meetings. The constituency is diverse and contains a wide spectrum of needs with differing sizes of employees. The constituency submitted 66 WSPs and 28 Implementation reports.
- **Research Organisations:** The diversification of this constituency has resulted in many of the organisations registering with their line SETAs. Individual meetings have been held in selected provinces and 2 WSPs and 0 Implementation reports have been submitted.
- **Libraries and Archives:** A National workshop was held in

June and provincial meetings and individual meetings have been held. 2 WSPs and 1 Implementation report have been submitted.

- **Early Childhood Development Centres:** The constituency is the largest of the ETDP SETA constituencies and is the most diverse. Highly resourced centres exist as opposed to centres that have no resources and are run by unqualified educators. Resources for this area are consolidated and a large impact should be seen in this constituency in the next few years. 32 WSPs and 8 Implementation reports were submitted.

Political Parties: Meetings in Gauteng and in the Western Cape resulted in 3 WSPs and 1 Implementation report being submitted.

Grants management

During the course of the year a total of 7,373 member organisations paid a total of R13 369 728 in levies. The sum of R12 716 839 on 95% was disbursed back to the organisations. For the same period Departments of Education, or the Budget Chamber, paid in a sum total of R25,722,351. The surplus generated was R32,640,219 and was allocated for disbursement as discretionary grants. Applications were invited from member organisations to initiate projects within five key priority areas: Learnerships and skills programmes, ABET, HIV /AIDS; Community Development and youth work; and Research. Priority in the allocation of this funding was to be given to SMEs. In November 2001, advertisements were placed in the media, and invitations to apply were sent to all registered Skills Development Facilitators. Applications received were as follows:

Number of applications received

Types of projects	Number of applications	Amounts requested
Research	20	R5 367 282
Departments of Education	12	R16 545 900
Short courses and skills programmes	275	R16 080 396
Community projects	55	R12 435 555
Total	362	R50 429 133

A Special Projects Working Group was constituted to act on behalf of the Board to make decisions on the allocation

The CSS Division believes in consulting with its stakeholders



Operational review

of funds. Criteria were established for assessing applications, and the required forms, policies and documentation were set up to manage the grant disbursement process. The special projects working group conditionally approved funding for 37 organisations for the amount of R1,695,619. The process of grants disbursements was temporarily halted in April 2002 in order to revisit the funding strategy since certain precautions were overlooked in designing the original process. Funds were disbursed to 37 organisations as planned, and the remaining applications were placed in a group to be funded as part of the revised funding strategy. A summary of the approved applications is presented in the table below.

Number of applications approved

Constituency	Number of applications	Number of learners	Amount approved
Early childhood development centres	5	14	R51 595
Independent schools	7	81	R257 241
NGOs	3	13	R27 065
Private providers	11	118	R435 508
Public schools and governing bodies	9	227	R908 630
Trade unions and political parties	2	6	R15 580
Total	37	459	R1 695 619

Funds have been disbursed according to an established schedule of payments as arranged with member organisations. At the time of writing, a total of R380,850 had been disbursed and new policies and systems were established to expand the scope of funding.

A total of 454 learners have benefited from training. While most of the funds was provided for Assessor and IT training, training also occurred in the priority areas of ABET, HIV/AIDS awareness and in management and leadership training. The tables below show the funds that have been paid by constituency and the number of individuals who have benefited from training according to funding priorities:

Constituency	Amount paid
Independent Schools	R70 224
Private Providers	R111 150
Private Providers – Technical	R24 184
Early Childhood Development	R19 497
Trade Unions	R4 595
School Governing Bodies	R151 200
Total disbursed	R380 850

Areas of training

Funding priorities	Beneficiaries
Adult basic education and practitioner training	27
Assessor training	241
Early childhood development practitioner training	1
HIV/AIDS awareness training	22
IT training	110
Management and leadership training	41
Other (basic accounting, public speaking, frontline skills, edu-admin)	12
Total	454

Research

The research agenda of the SETA is just beginning to emerge. During this period, a contract was awarded to the Human Sciences Research Council (HSRC) to manage a research programme that would clarify our understanding of the Sector. The objective of the research programme was to prepare a profile of the sector that could inform the sector's skills planning process and properly align the work of the SETA to the needs and circumstances of constituencies. Several smaller research organisations were involved in this research process, and reports on constituent profiles were prepared on each sub-sector of the SETA. The information produced proved to be quite valuable for the revision of the Sector Skills Plan and for beginning to prepare customised service strategies for each of the ETDP SETAs constituencies. It also proved to be a valuable base of constituency information for Skills Advisors.

An internal programme of research was also initiated. Database systems were set up to capture information from Workplace Skills Plans and implementation reports. An analysis of the WSP's for the respective constituencies was conducted. Reports were prepared for some constituencies and the research on other constituencies is ongoing. Through this information skills advisors are able to provide member organisations about trends and issues in training for the respective sub-sectors. Analysis will also be conducted on the implementation reports that have been submitted.

Prospects

In January 2002 during a "Bosberaad", changes to enhance the performance of the division were proposed. After a period of extensive consultation with staff, the initial suggestions culminated in the appointment of a consultant to act in the post of Divisional Manager. This consultation led to a shift in focus and a clarification of the roles and responsibilities of the division. The decision was also taken to change the name of the division to "Constituency Support Services" in order to reflect the SETA's commitment to a higher quality of service to member organisations that will ensure relevance and responsiveness. A new organogram with new positions have been created and approved. The new structure will position the SETA to deliver a broader range of services, including:

- Technical assistance to manage transformation;
- Capacity development to manage the skills development process;
- Ensuring quality in learning programmes and processes;
- Accountability for the use of funds to ensure broader impact;
- Facilitating collaboration, co-ordination and integration within the respective sub-sector;
- Promoting communication, feedback and information flow;
- Ensuring sensitivity to diversity;
- Expanding access and opportunities for support and assistance in skills development;
- Honouring and facilitating the effective performance of the established structures within each constituency.

In the new financial year, individual constituency service plans will be developed and implemented. These will feed into the process for developing targets for the new business plan, and will ultimately contribute to the review of the Sector Skills Plan currently being undertaken.

This process is generating many rich ideas that will be honed to place the sector in the forefront of change. The newly established Constituency Support Services Division will enable us to bring into reality our vision of creating vibrant communities of service where the SETA can be responsive to the needs and circumstances of its constituent member organisations.

Learnerships and Skills Programmes

Profile

The purpose of the Learnerships and Skills Programmes Division is to promote and facilitate meeting sectoral skills needs through the development and implementation of learnerships and skills programmes. Its aim is to respond to skills gaps and needs prioritised in the sector skills plan, identify qualifications and unit standards that address these needs, and then to develop, register and implement cost-effective learnerships and credit-bearing skills programmes. The aim is that the programmes result in a qualification for the learner, and that the learner is work ready and able to enter economic activity at the end of the programmes.

Progress

The SETA employed a team of seven people in the division during 2001. A successful induction programme was supplemented by an external five-day project management course in January 2002, and a small, but fully functioning, team has been developed. The team is supported by a number of service providers who manage some of the learnership projects, a team of temporary administrators and some specialist consultants. This team developed a workplan in line with the business plan targets of the SETA. That plan was fully implemented and included:

- The establishment of a Learnerships and Skills Programmes Joint Standing Committee. Terms of



Operational review

reference were developed and accepted by the Board for the Joint Standing Committee which replaced the interim learnership working group. We record our appreciation of the work of this group, which helped the SETA conceptualise and develop the initial learnership pilots. The Joint Standing Committee comprises 16 members from the Budget and Levy Chambers. It now carries out a wide range of responsibilities, delegated by the Board, for learnerships and skills programmes policy implementation, reporting and monitoring.

- The development of learnerships through the establishment of sub-sectoral project teams and reference groups. There are projects focusing on early childhood development, adult basic education, schooling, education management, occupationally-directed education, training and development practice, community development and youth work, trade unionism, libraries and archives, research, higher education, public service staff, HIV/AIDS and barriers to learning.

In each project, priority learnerships have been identified as well as priority skills needs to be met through skills programmes. For each project, a project plan was developed and a budget agreed. Stakeholder processes in the form of project teams and reference groups have been established to oversee and monitor implementation. Reports on progress are made quarterly to the Joint Standing Committee.

- The development and implementation of systems to manage the receipt, checking and registering of learnership agreements. This is important as the agreement includes the contract of employment of the learner and the rights and responsibilities of the employer, provider and the learner.

The division has established policy and strategy for skills programmes. In the absence of regulations guiding the SETAs on skills programmes, the division has worked with the Department of Labour and other SETAs to clarify the purpose of skills programmes and possible models. The SETA agreed that skills programmes should be substantial programmes linked to career progression and should lead towards achieving qualifications. Priority skills needs in each sub-sector have been identified and matched to

relevant unit standards, and the SETA is currently determining a grants policy for the achievement of these standards through skills programmes.

During the year, the SETA reached agreement with the National Skills Fund and the Department of Labour on substantial funding to promote the extension of learnerships and skills programmes to under-resourced organisations and sub-sectors, namely early childhood development, adult basic education and training, community and youth work. The aim is to extend SETA programmes developed for government departments and levy-paying organisations to organisations paying minimal or no levies in rural and urban development zones. There will also be cross-cutting programmes on barriers to learning, HIV/AIDS and youth work. In facilitating the delivery of programmes, attention will be given to the development of capacity for community-based providers. A range of programmes for assessors and mentors will be available to enable providers and employers to access programmes for employees and unemployed people seeking employment in these sub-sectors.

The division published a booklet on learnerships and skills programmes to inform constituents of the requirements, processes and objectives in developing these learning areas. A range of posters and brochures were also produced and distributed widely to support recruitment and awareness for the learnerships being implemented.

The challenge now facing the division is to expand existing learnerships, promote and implement those that have been recently developed and registered, and to manage the learnerships once established. The SETA is currently developing systems and structures to deal with problems experienced by learners, monitor progress towards the qualifications, and learn from the mentors and assessors on what can be done to improve learnerships, based on the experiences of learners, employers and providers.

Training, education and development are the building blocks of sustainability and self-sufficiency



ETDP SETA employee explaining the learnership process to a learner

Operational review

Learnerships developed and registered to date are shown below.

Registered learnership	Registration number	Number of learners registered	Start date	Target audience
Level 5 – Adult Educators Diploma	07Q000002002405	165	July 2001	ABET practitioners
Level 4 – Adult Educators Certificate	07Q000004121204	100	July 2001	ABET practitioners
Level 5 – Occupationally directed ETD practitioners	07Q000003171305	120	Aug 2002	Occupationally directed practitioners (trainers)
Level 6 – Educators in schooling BSec Ed, B Prim Ed, HDE, PGCE	07Q000014004806	250	Feb 2002	Specialist
	07Q000013004806	77	Feb 2001	subject matter
	07Q000015001206			teachers
Level 5 – Educators in schooling NPDE	07Q000012002405		Jan 2003	Underqualified teachers in public schools
Level 4 – Learnership for early childhood development practitioners	07Q000016221204		Jan 2003	ECD practitioners
Level 5 – Learnership for ECD trainers	07Q000017152405		Jan 2003	Practitioner trainers

Learners registered between January and December 2002 – total 345 including 33 people with disabilities

African		Coloured		Indian		White	
Male	Female	Male	Female	Male	Female	Male	Female
95	165	7	17	2	8	16	35

Learners registered between January and March 2002 – total 200

African		Coloured		Indian		White	
Male	Female	Male	Female	Male	Female	Male	Female
20	25	7	7	4	10	45	82

Learnerships completed between January and March 2002 – total 29

African		Coloured		Indian		White	
Male	Female	Male	Female	Male	Female	Male	Female
8	3	0	0	0	2	6	10

The above 29 graduates reflect an important milestone in the SETA's development, proving firstly that the learnership concept does work, but, more importantly, that the role of the SETA is to facilitate the establishment of learnership implementation, not to take total responsibility for learnership implementation. The implementation has to be led by employers and other stakeholders, with the SETA providing all the necessary assistance in the form of guidelines, project management expertise, funding through grants, access to capacity-building programmes for employers, providers and learners, as well as training for assessors and mentors, and efficient administration and support.

Accordingly, the SETA will concentrate in 2002/2003 on developing all the resources, materials and guides required as a set of tools to get learnerships established quickly. There will be a concerted effort to promote the programmes and to develop partnerships between employers and providers at local level. A grants policy has been agreed that will give incentives to small businesses and community-based organisations to take on learners. The grants will also provide incentives to all employers to take on unemployed people as learners, as well as people with disabilities.

Prospects

The SETA has made significant progress during the period. The business plan targets for March 2002: six registered learnerships and 400 learners registered have been achieved. Learnerships are at different stages of development, with some currently recruiting a third intake, and others still working with the National Standard Bodies and Standard Generating Bodies to develop qualifications. Each project is moving at a different pace, but all are significantly moving forward.

The division is confident that the development work done during this year will enable business plan targets for 2003, 2004 and 2005 to be met, and that learnerships will be fully established in all subsectors. Skills programmes policy is now in place and detailed grants policy will be agreed during 2002. The speed of implementation of skills programmes depends on the availability of unit standards

and accredited providers, which are not entirely in the control of the SETA, and progress is uneven across sub-sectors. So, while significant progress will be made in 2003, it is likely that 2004 will see the real benefits to member organisations of the work that is currently under way.

ETDQA

Profile

The ETDP SETA was accredited by the South African Qualifications Authority (SAQA) in May 2001 as an ETQA (Education and Training Quality Assurer). The functions of the ETDQA are to accredit providers, evaluate learning programmes, quality assure learner achievements, register ETD constituent assessors and provide capacity building in the sector.

The quality assurance process gives both providers and learners confidence that training meets the required unit standards.

The SETA's education and training quality assurance body currently provides these functions for the following unit standards and qualifications:

- Occupationally-directed education, training and development practitioners
- Adult basic education and training practitioners
- Early childhood development practitioners
- Generic assessor unit standards
- Educators in schooling

Progress

While accreditation was received in May 2001, operations only began in July 2001 following the appointment and induction of key staff members. The extreme challenge of introducing processes and policies at the same time as implementing them was successfully met by a dedicated team.

The ETDQA Joint Standing Committee was established in October 2001 with external partners and is functioning well. True quality assurance operations began in January 2002, following the implementation of systems to accredit

Operational review

providers, learning programme evaluation and quality assurance of learner achievements (which includes the creation of a database to register constituent assessors and moderators) and ensuring compatibility with the national learner record database (NLRD) of SAQA. The ETDQA held successful capacity-building workshops in nine provinces and conducted a campaign to encourage providers to submit their self-evaluation files for accreditation.

The intense focus on developing appropriate systems and processes has paid off. A quality management system was installed, files developed for providers on learning programme evaluations and quality assurance of learner achievements, the necessary systems were installed to monitor providers and learner achievements, and information shared with providers, communities, SETA divisions and partners. A necessary and important provider development strategy was designed to assist and capacitate providers on QMS (Quality Management System) and moderator training. Contracted accreditation facilitators work with providers, particularly SMEs, to instil confidence and understanding of the accreditation processes and requirements. In calendar 2002 to date, 12 providers have been accredited; a singular achievement by what is essentially a start-up division.

At the same time, ETDQA maintained a good relationship with SAQA, meeting all conditions to maintain its accreditation and receiving a very positive report following a SAQA site visit.

Prospects

The key challenge in the coming year will be to continue working with providers, partners (Department of Education) and roleplayers (other ETQAs, professional bodies such as the South African Council of Educators and SETA staff) on the elements of good quality assurance principles and practice. The ETDQA will also concentrate on instilling a culture of self-evaluation and self-regulation through reviewing and monitoring programmes.

ETDQA is strengthening its relationship with the national Department of Education, collaborating at several levels in identifying and addressing skills needs.

Following the publication of the SAQA Recognition of Prior Learning (RPL) strategy in April 2002, ETDQA is developing its own framework and strategy for operationalising RPL in collaboration with other divisions of the ETDP SETA, which will be presented to the Board in October 2002 and implemented in 2003.

All ETDQA initiatives are focused on building a stable framework in a changing environment, educating learners about their rights, and continuously raising quality assurance standards even higher. In incrementally achieving these objectives and upholding the national qualifications framework, the division will contribute to realising the massive potential for growth in the education, development and training sector.



Providers need to be capacitated to fully understand quality assurance issues

Corporate Services

During the year, considerable progress was made in defining and refining human resource policies and procedures, following extensive consultation with all relevant parties. This comprehensive set of procedures, which fully complies with labour legislation and basic conditions of employment, has been presented to the Board and the Executive Committee.

An appropriate Performance Recognition and Development System was developed and is still being refined for implementation. This is an important control as the human resource base almost quadrupled during the year, from 15 to 59 permanent employees, moving towards the projected full capacity of 89 people.

The training and development policy was finalised during the year and funding provided for a programme that will reach all staff members in the new financial year. The training and development programme will run in tandem with the Performance Recognition and Development System. Recognising the importance of its own people in achieving its vision for a vital sector, the ETDP SETA spends 6% of payroll on training and development, well ahead of industry averages.

The Human Resources Department was involved in the restructuring of the SETA's Constituency Support Services Division, noted earlier in this report. The appointment of Heads of Department within that division is expected to ensure focus on key areas and service delivery.

During the year, a Staff Association was formed and has interim approval to function, pending ratification of certain policies and agreements. The staff complement is stable, reflecting the benefits of using modern Human Resources practices, while the results of a salary survey will enable the SETA to benchmark salary scales against the market to ensure appropriate remuneration for agreed performance levels.

An Employment Equity Committee was established to define guidelines. Given the scarcity of skills in certain sectors, good progress has been made in meeting our employment equity targets.

The ETDP SETA was one of five SETAs selected by the Department of Labour to pilot the Investors in People programme in South Africa in the 2003 financial year. The SETA will participate with around 40 companies in this government programme focused on human resource development and people management.



Members of the ETDP SETA Staff Association

Operational review

Staff levels as at 31 March 2002

Race and gender composition in the ETD SETA
Occupational levels (March 2002)

	FEMALE				MALE				Total
	A	C	I	W	A	C	I	W	
CEO	1								1
Divisional managers				1	2			1	4
HODs	1				2				3
PR practitioner					1				1
Co-ordinators	2	1		3		3		1	10
Accountant			1				1		2
Secretariat services				1					1
Facilitators	1					1			2
Skills advisors	2	1	1			2	1		7
Learnerships advisors	1	1	1			1			4
Evaluators	1		1			1			3
Administrators	4	1	1						6
Assistant administrator					1				1
Data capturers									
Senior clerks	1				1				2
Receptionist	1								1
Office assistants	2								2
Subtotal – Permanent	17	4	5	5	14	2	1	2	50
Consultant								2	
Co-ordinators									
Accountant					1				
Administrators				1		2			
Assistant administrators	1	1	1						
Data capturers			1				2		
Subtotal – Temporary and Consultants	1	1	2	1	3	0	2	2	12
Total	18	5	7	6	17	2	3	4	62
Percentage	29	8	11	10	27	3	5	6	100

A: African, C: Coloured, I: Indian, W: White

Occupational levels

Occupational levels	FEMALE				MALE				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
SMT	1			1	2			1	
Professionally qualified and experienced specialists and mid-management	3	1	1	3	6			1	
Skilled technical and academically qualified workers, junior management	5	2	3		4	2			
Semi-skilled and discretionary decision making	6	1	1		2				
Unskilled and defined decision making	2								
Total permanent	17	4	5	4	14	2		2	49
Non-permanent employees	1	1	2	3	3		2		12
Total employees	18	5	7	7	17	2	2	2	61

Glossary

SMT

Allocated top management level

HOD, co-ordinators and accountant

Allocated to mid-management for easy reference

Advisors, evaluators and facilitators

Allocated to junior management

Administrators, senior clerks and receptionist

Allocated to semi-skilled and discretionary decision making

Office assistant

Allocated to unskilled and defined decision making

Operational review

Employment equity report on staff

Occupational levels	FEMALE				MALE				Disabled MALE				Total
	A	C	I	W	A	C	I	W	A	C	I	W	
Senior management	1			1	2			1	1				
Professionally qualified and experienced specialists and mid-management	3	1	1	3	7			1	1				
Skilled technical and academically qualified workers, junior management	5	2	3		4	2							
Semi-skilled and discretionary decision making	5	1	1		2								
Unskilled and defined decision making	2												
Total permanent	16	4	5	4	15	2		2	1				49
Non-permanent employees	1	1	2	3	3		2						12
Total employees	17	5	7	7	18	2	2	2	1				61

A: African, C: Coloured, I: Indian, W: White

Glossary

SMT

Allocated top management level

HOD, co-ordinators and accountant

Allocated to mid-management for easy reference

Advisors, evaluators and facilitators

Allocated to junior management

Administrators, senior clerks and receptionist

Allocated to semi-skilled and discretionary decision making

Office assistant

Allocated to unskilled and defined decision making

ETDP SETA salary scales

Occupational categories	Peromnes grade	Minimum of scale Rands	Maximum of scale Rands
Chief executive officer	P3	462 603	680 299
Divisional managers	P4	372 079	547 176
	P5*	280 834	412 991
Division head of department (HOD)	P6	241 998	355 880
	P7*	186 674	274 521
Division co-ordinators	P8	143 128	210 482
Skills advisors	P9	112 765	165 831
Division administrators	P10	97 924	144 006
Office administrators	P11	84 641	124 472
Semi-skilled workers	P12	76 801	89 245
	P13	60 686	89 245
	P14	54 329	79 895
	P15	43 846	64 479

* Still being investigated

Finance and Administration

Continuous review of the financial policies and procedures and procurement management during the year culminated in the adoption of the financial policies and procedures guidelines and the procurement management manual by the Board on 24 May 2002.

Internal control systems in place operated effectively during the year and will be continuously monitored and evaluated.

Financial reporting mechanisms were fully operational and with the permanent appointment of five employees in

the division, the division is set to meet the needs of the organisation. A further four permanent appointments will be made during the next financial year including a Project Accountant to manage the financial systems for the National Skills Fund Project.

The divisional and SETA budgets were developed and finalised for the ensuing financial year. These budgets are subject to continuous review and monitoring by the SETA.

The establishment of the internal audit function is on high priority, and will be fully operational early in the next financial year.

Skills development levies received

	Administration levy	Employer grants levy	2002 Total	2001 Total
Levy Chamber	8 584 032	74 136 029	82 720 061	27 688 229
Budget Chamber	37 804 248	—	37 804 248	23 626 840
Total levies received	46 388 280	74 136 029	120 524 310	51 315 069

Operational review

Levy Chamber

Description	Sic code	2002	2001
		%	%
General research	87110	2,43%	3,77%
Research and development	87132	1,33%	1,32%
Pre-primary education and activities	92001	2,18%	2,20%
Primary and secondary education	92002	21,48%	23,62%
Technical colleges and institutions	92004	2,65%	3,02%
Technikons	92005	17,59%	16,54%
Teachers' training colleges	92006	0,47%	0,54%
Universities	92007	40,08%	38,38%
Correspondence and private vocational education	92008	1,82%	1,62%
Other educational services	92009	1,09%	1,02%
NGOs involved in education	9200A	1,71%	1,85%
Examination and assessment bodies	92010	0,15%	0,22%
Professional organisation in education	95121	2,77%	2,52%
Activities of trade unions	95200	2,07%	1,50%
Activities of political organisations	95920	0,14%	0,20%
Libraries and archives	96310	0,10%	0,08%
Other		1,94%	1,60%
Total		100,00%	100,00%

Budget Chamber

	Received for levy year		Received in financial year	
	2002	2001	2002	2001
Department of Education				
National	136 490	54 632	136 490	54 632
KwaZulu-Natal	6 807 213	9 245 968	6 807 213	9 245 968
Western Cape	3 242 790	729 625	3 242 790	729 625
Eastern Cape	—	8 597 118	—	8 597 118
North West	—	660 940	—	660 940
Free State	2 330 118	3 328 460	2 330 118	3 328 460
Northern Cape	—	1 010 097	—	1 010 097
Gauteng	5 397 673	7 662 591	13 060 264	—
Mpumalanga	2 456 199	3 374 210	5 830 409	—
Northern Province	6 379 691	—	6 379 961	—
National libraries	17 003	—	17 003	—
Total	26 767 447	34 663 641	37 804 248	23 626 840

Operational expenditure by division

	2002	2001
Chief Executive Office	2 677 197	512 191
Constituency Support Services	5 427 031	1 326 654
ETDQA	3 378 581	502 052
Learnerships and Skills Programmes	2 964 628	383 353
Corporate Services	2 998 452	969 064
Finance and Administration	5 232 859	2 600 448
	22 678 748	6 293 763

2001 grants paid

	Number of employers	Total grants	Grant A 15%	Grant B 10%	Grant C 20%	Grant D 5%
Constituencies						
ECD	105	71 038	51 381	9 842	9 816	
Independent schools	178	801 203	391 085	173 031	237 088	
Information institutions and governing bodies	220	231 657	162 025	34 904	34 728	
NGOs	35	57 013	33 639	11 123	12 251	
Private providers	157	839 305	396 089	212 746	230 470	
Technikons	14	2 712 446	930 521	649 695	1 132 231	
Technical colleges	36	1 000 653	350 440	220 936	429 278	
Trade unions	37	95 228	77 353	14 786	3 090	
Universities	19	7 277 816	2 438 648	1 613 056	3 226 112	
Learner subsidies paid		2 836 288				2 836 288
Total grants disbursed	801	15 922 646	4 831 180	2 940 117	5 315 062	2 836 288
Provisions for grants to be paid		4 678 512	1 036 033	971 359	2 507 888	163 232
Total		20 601 158	5 867 213	3 911 475	7 822 950	2 999 520

Operational review

2002 grants paid

			Planning grant 15%	Imple- mentation grant 50%	Dis- cretionary grant 5%
	Number of employers	Total grants			
Constituencies					
ECD	1	354	354		
Independent schools	73	280 029	280 029		
Information institutions and governing bodies	20	32 453	32 453		
NGOs	16	41 072	41 072		
Private providers	32	175 191	175 191		
Technikons	4	439 355	439 355		
Technical colleges	14	21 367	21 367		
Trade unions	5	5 366	5 366		
Universities	12	2 522 075	2 522 075		
Libraries and archives	1	5 004	5 004		
Political parties	1	1 311	1 311		
Total grants disbursed	179	3 523 579	3 523 579	—	—
Provisions for grants to be paid		56 296 942	7 611 588	37 117 223	11 568 132
Total		59 820 521	11 135 167	37 117 223	11 568 132

At year-end a material portion of the grants had not been paid out. It is intended that a major portion of grants will be paid out in the next financial year for the implementation of Workplace Skills Programmes.

Audit Committee

Introduction

The Education, Training and Development Practices, Sector Education and Training Authority (ETDP SETA) is responsible for the preparation of its annual financial statements. The external auditors are responsible for auditing the annual financial statements and expressing an opinion thereon in executing their statutory duties. The financial statements are prepared in accordance with prescribed accounting practices. In accordance with the Public Finance Management Act, adequate accounting records are maintained.

For the year under review no internal audit function was carried out resulting in non-compliance with section 51 of the Public Finance Management Act, 1999.

With the exception of the above, the Public Finance Management Act has been consistently applied, as reported in the report of the Auditor-General.

The Audit Committee wishes to report that during the year under review there were significant changes in accounting policies applied and a prior year adjustment, the details of which are as follows:

Change in accounting policy

Skills development levy – employer grant fund levy received and employer grants paid

The skills development levy – employer grant fund levy received by the SETAs consists of the 70% (2001: 50%) levy received in terms of the National Skills Levy Act (Act No 1 of 1999).

The SETA has changed its accounting policy with regard to the recognition of the skills development levy – employer grant fund levy received and employer grants paid as revenue and expenditure respectively.

These funds were previously reflected in the prior year as levies held in trust.

The effect of the change in accounting policy has been to increase accumulated funds for 31 March 2001 by R14 896 311.

Investment income

Interest earned on bank balances and bank investments were previously transferred directly to the discretionary funds reserve. The funds are now reflected as revenue and are transferred to the discretionary funds reserve from accumulated funds.

The effect of the change in accounting policy has been to increase accumulated funds for 31 March 2001 by R554 849.

The financial effect of the changes in accounting policy is reflected as follows:

Accumulated funds – 31 March 2001

Balance as previously stated	34 063 235
<i>Add: Skills development levy –</i>	
Employer grant fund levy received	15 265 829
<i>Add: Investment income</i>	554 849
<i>Less: Employer grants paid</i>	(369 519)
Restated balance	49 514 394

Prior year adjustment

The prior year adjustment relates to value added tax not reflected against the administration levy received from the Department of Education in the prior year.

Total administration levy received from the Department of Education	26 934 598
Value added tax thereon	3 307 758

The effect has been to reduce the accumulated funds for the year ending 31 March 2001 by R3 307 758.



Audit Committee

Audit Committee Charter

The ETDP SETA Board formally adopted the Charter of the Audit Committee on 24 May 2002. The Charter complies with the principles of sound corporate governance. The Audit Committee is accountable to the Board and has oversight functions with regard to:

- Financial management and reporting practices;
- Internal control and management of risk;
- The external audit function;
- The internal audit function;
- Compliance with statutory regulations and ethics.

Internal control

The ETDP SETA is responsible for its internal financial and operational control. The SETA's internal controls and systems are designed to provide reasonable assurance as to the integrity and reliability of the annual financial statements that:

- assets are safeguarded against material losses;
- transactions are properly authorised and recorded.

These controls are based on written policies and procedures and applied by staff with clear delegation of duties through clearly defined lines of accountability and delegation of authority.

Conclusion

The Audit Committee wishes to report to the Board that in its opinion the annual financial statements for the year ended 31 March 2002 fairly present the financial position of the ETDP SETA at 31 March 2002 and the results of its operations and cash flows for the year then ended.

Chairperson

Current chairperson

Annual financial statements for the year ended 31 March 2002

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N Mahanjana

Chief Executive Officer



D Hindle

Current Chairperson

**Rivonia
Johannesburg
2 July 2002**



Report of the Auditor-General

for the year ended 31 March 2002



AUDITOR-GENERAL

TO THE MEMBERS OF THE PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE EDUCATION, TRAINING AND DEVELOPMENT PRACTICES SECTOR EDUCATION AND TRAINING AUTHORITY FOR THE YEAR ENDED 31 MARCH 2002

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 37 to 48 for the year ended 31 March 2002 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

Audit of financial statements

The audit was conducted in accordance with Statements of South African Auditing Standards. These 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

Audit of financial statements

In my opinion, the financial statements fairly present, in all material respects, the financial position of the Education, Training and Development Practices Sector Education and Training Authority at 31 March 2002 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 matter:

Internal audit

For the year under review no internal audit function was carried out resulting in non-compliance with Section 51 of the Public Finance and Management Act, 1999.

5. APPRECIATION

The assistance rendered by the staff of the Education, Training and Development Practices Sector Education and Training Authority during the audit is sincerely appreciated.

Doris L.T. Dondur
for Auditor-General

Johannesburg
14 July 2002

Balance sheet as at 31 March 2002

	Notes	2002 R	2001 R
Assets			
Non-current assets		3 232 408	1 304 384
Property, plant and equipment	3	3 232 408	1 304 384
Current assets		137 849 341	60 316 630
Cash and cash equivalents	4	118 644 572	39 163 831
Accounts receivable	5	19 204 769	21 152 799
Total assets		141 081 749	61 621 014
Equity and liabilities			
Equity		70 928 522	46 206 637
Skills development levy – administration reserve	6	16 463 507	30 755 477
Skills development levy – employer grants reserve	6	54 465 015	13 369 728
Discretionary funds reserve	6	—	2 081 432
Current liabilities		70 153 227	15 414 377
Accounts payable		651 168	808 885
Levies received in advance	7	—	7 760 223
Non-interest-bearing loan	8	—	2 235 256
Grants to be paid	9	60 975 454	—
Provisions	10	249 354	220 000
SARS VAT		8 277 251	4 390 013
Total equity and liabilities		141 081 749	61 621 014

Income statement for the year ended 31 March 2002

	Notes	2002 R	2001 R
Revenue			
Skills development levy – administration levy	11	46 388 285	39 356 998
Skills development levy – employer grant fund levy	12	74 136 029	15 265 829
Investment income	13	6 928 479	554 849
Other income	14	—	1 000 000
Total expenditure		(102 730 908)	(6 663 282)
Operating expenses	11 and 15	(22 678 748)	(6 293 763)
Employer grants paid	12	(65 484 509)	(369 519)
Discretionary grants paid	16	(14 567 652)	—
Surplus for the year		24 721 885	49 514 394



Statements of changes in equity

for the year ended 31 March 2002

	Notes	Accumulated funds R	Skills development levy – employer grant funds reserve R	Discretionary funds reserve R	Total R
Balance as at 1 April 2001		34 063 235	—	—	34 063 235
Change in accounting policy	18	15 451 159	—	—	15 451 159
Restated balance		49 514 394	—	—	49 514 394
Prior year adjustment	19	(3 307 758)	—	—	(3 307 758)
Transfers to skills development levy:					
Employer grant fund reserve		(14 896 311)	14 896 311	—	—
Transfers to discretionary reserve		(554 849)	(1 526 583)	2 081 432	—
Balance as at 31 March 2001		30 755 477	13 369 728	2 081 432	46 206 637
Net surplus for the year		24 721 885	—	—	24 721 885
Transfers to skills development levy:					
Employer grant fund reserve		(8 651 521)	8 651 521	—	—
Transfers to discretionary reserve		7 639 173	(5 557 742)	(2 081 432)	—
Balance as at 31 March 2002		54 465 015	16 463 507	—	70 928 522

Cash flow statement

for the year ended 31 March 2002

	Notes	2002 R	2001 R
Cash flows from operating activities		84 230 455	38 313 453
Cash received		118 599 359	43 312 507
Cash paid to suppliers and employees		22 220 676	5 184 384
Grants paid		19 076 707	369 519
Cash generated from operations	17	77 301 976	37 758 604
Interest received		6 928 479	554 849
Cash flows from investing activities		(2 514 458)	(1 384 878)
Purchase of property, plant and equipment	3	(2 514 458)	(1 384 878)
Cash flows from financing activities		(2 235 256)	2 235 256
Decrease in non-interest-bearing loan		(2 235 256)	2 235 256
Net increase in cash and cash equivalents		79 480 741	39 163 831
Cash and cash equivalents at beginning of period		39 163 831	—
Cash and cash equivalents at end of period		118 644 572	39 163 831

Notes to the annual financial statements for the year ended 31 March 2002

1. *Legislation*

The ETDP SETA is registered as a Sector Education and Training Authority for the education, training and development SETA (ETDP SETA) sector in terms of the Skills Development Act 1998.

2. *Accounting policy*

The annual financial statements are prepared on the historical-cost basis and incorporate the following principal accounting policies which have been consistently applied.

2.1 **Revenue**

Revenue has been classified into the different categories based on the nature and use of the funds received:

Skills development levy – administration levy received by the SETA consists of the 10% levy received in terms of the National Skills Levy Act (Act No 1 of 1999).

Skills development levy – employer grant fund levy received by the SETA consists of the 70% levy received in terms of the National Skills Levy Act (Act No 1 of 1999).

No revenue is recognised for 20% of levies paid over to the Skills Development Fund which is levied in terms of the National Skills Levy Act (Act No 1 of 1999).

All revenue is recognised on the accrual basis, except for the administration levy received from the Department of Education which is recognised on a cash basis, or when the receipt of the funds are certain.

Revenue is disclosed net of value added tax.

2.2 **Fixed assets and depreciation**

All costs in respect of fixed assets are capitalised on date of purchase and depreciated at the rates below, over the period of their useful life.

Computer equipment	33%
Furniture and fittings	15%
Office equipment	20%
Audiovisual equipment	20%
Kitchen equipment	15%
Leasehold improvements	15%

2.3 **Pension fund**

The ETDP SETA pension fund is governed by the Pension Funds Act, 1956 (Act 24 of 1956) and is a defined contribution plan for employees on the permanent staff of the organisation. Contributions are at a rate of 15% of pensionable emoluments of which members contribute 7,5%.

2.4 **Operating lease**

Operating leases and the relevant rentals were charged to income in a systematic manner related to the period of use of the asset concerned.

2.5 **Provision for bad debts**

No provision for bad debts has been made as a material debtor relate to monies owed by the Department of Labour in terms of skills development levy.

2.6 **Taxation**

No provision is made for income tax as the SETA is exempted in terms of section 10 of the Income Tax Act, 1962 (Act No 58 of 1962).



Notes to the annual financial statements for the year ended 31 March 2002

	Cost R	Accumulated depreciation R	Net book value R	
3. <i>Property, plant and equipment</i>				
Description				
2001				
Computer equipment	658 260	56 895	601 365	
Furniture and fittings	569 492	14 580	554 911	
Office equipment	51 116	4 669	46 447	
Audiovisual equipment	82 522	2 751	79 771	
Kitchen equipment	7 423	1 237	6 186	
Leasehold improvements	16 065	361	15 704	
	1 384 878	80 494	1 304 384	
2002				
Computer equipment	1 937 623	446 816	1 490 806	
Furniture and fittings	1 053 696	154 778	898 918	
Office equipment	535 979	23 627	512 353	
Audiovisual equipment	322 152	35 902	286 250	
Kitchen equipment	14 148	3 034	11 114	
Leasehold improvements	35 737	2 771	32 966	
	3 899 335	666 927	3 232 408	
	Opening balance R	Additions R	Depreciation R	Closing balance R
<i>Property, plant and equipment reconciliation</i>				
Description				
Computer equipment	601 365	1 279 363	389 921	1 490 806
Furniture and fittings	554 911	484 204	140 197	898 918
Office equipment	46 447	484 863	18 957	512 353
Audiovisual equipment	79 771	239 630	33 151	286 250
Kitchen equipment	6 186	6 726	1 797	11 114
Leasehold improvements	15 704	19 672	2 410	32 966
	1 304 384	2 514 457	586 433	3 232 408

	2002 R	2001 R
4. Cash and cash equivalents		
Current bank account and cash	586 176	1 812 003
Bank investment accounts	118 058 396	37 351 828
	118 644 572	39 163 831
5. Accounts receivable		
Skills levy debtors	18 594 423	20 502 179
Deposits	305 000	305 000
Other debtors	174 493	280 190
Prepaid expenses	130 854	65 431
	19 204 769	21 152 799
The skills levy debtors is for the 80% levy collection outstanding for January to March 2002 at year-end.		
6. Contingent liability		
6.1 Value added tax		
A directive received from the South African Revenue Services on 24 April 2002 states, with respect to value added taxation, that:		
When grant accounts are "swept" from surplus funds, the SETA becomes entitled to use such surpluses for projects. The SETA must account for output tax on the funds transferred but is entitled to claim the VAT incurred on the projects as input tax. Amounts "swept" from the grants to make discretionary grants will not result in an output tax liability for the SETA.		
A liability for this output VAT has not been raised as uncertainty remains around the effective date of this directive and the basis for payment. Contingent to the final decision of the South African Revenue Services, the SETA may be liable on the output VAT on funds transferred to the discretionary reserve.		
A VAT liability may have to be raised and paid in this regard.		
Estimated VAT liability	2 021 834	1 897 511
6.2 Surplus funds		
In terms of the Public Finance and Management Act 1999, (Act No 29 of 1999) all surplus funds must be surrendered to the National Revenue Fund at the end of each year. However, the SETA has obtained permission to "roll over" funds in the current year. These surplus funds may become payable at the end of each year. These surplus funds may become payable in the next year depending on the ability of the SETA to obtain permission to "roll over" surplus funds. The payment that would be made is as follows:		
Estimated liability at year-end	70 928 522	46 206 637



Notes to the annual financial statements

(continued)

for the year ended 31 March 2002

	2002 R	2001 R
7. Levies received in advance		
Levies received from the Department of Education in advance	—	7 760 223
8. Non-interest-bearing loan		
Department of Labour	—	2 235 256
The loan was repayable in equal monthly instalments commencing on 31 May 2001 with the final instalment payable on 31 March 2002. The loan was interest free.		

	Opening balance	Amounts utilised	Provision raised	Closing balance
9. Grants to be paid				
2002				
Employer grants to be paid	—	—	49 244 090	49 244 090
Discretionary grants to be paid	—	—	11 731 364	11 731 364
	—	—	60 975 454	60 975 454

At year-end a material portion of the grants has not been paid out. It is intended that a major portion of grants will be paid out in June/July 2002 in respect of the implementation of the Workplace Skills Programme.

Discretionary grants relate to grants that will be paid out for special projects that were initiated by the SETA with surplus funds that have been "swept".

	Opening balance	Amounts utilised	Provision raised	Closing balance
10. Provisions				
2001				
Audit fees	—	—	100 000	100 000
Annual report	—	—	120 000	120 000
Total provisions – 2001	—	—	220 000	220 000
2002				
Audit fees	100 000	100 000	125 000	125 000
Annual report	120 000	115 646	120 000	124 354
Total provisions – 2002	220 000	215 646	245 000	249 354

	Notes	2002 R	2001 R
11. Skills development levies – administration			
Opening balance		30 755 477	–
Movement for the year		23 709 537	33 063 235
Skills development levy – administration levy		46 388 285	26 237 999
Skills development levy – set-up costs		–	13 118 999
Operational expenditure		(22 678 748)	(6 293 763)
Other income		–	1 000 000
Prior year adjustment	19	–	(3 307 758)
Surplus at the year-end – administration levy		54 465 015	30 755 477
12. Skills development levies – employer grants			
Opening balance		13 369 728	–
Total levies received – current year		74 136 029	15 265 829
Skills development levy – employer grant fund levy		74 136 029	15 265 829
Total levies received		87 505 757	15 265 829
Grant expenses for the year		(65 484 509)	(369 519)
Employer grants paid out		(16 240 418)	(369 519)
Provision raised		(49 244 090)	–
Total funds available for disbursements		22 021 249	14 896 311
Transfers to discretionary fund reserve		(5 557 742)	(1 526 583)
		16 463 507	13 369 728

Analysis of funds utilised

Year 1 grants Grant type	Grant A 15%	Grant B 10%	Grant C 20%	Total 45%
Surplus funds at the end of the year				
2001				
Balance at the beginning of the year	–	–	–	–
Levy income received	4 121 774	2 747 849	6 869 623	13 739 246
Grant disbursements made				
Current year	(221 711)	(147 807)	–	(369 519)
Surplus funds at the end of the year	3 900 063	2 600 042	6 869 623	13 369 728
2002				
Balance at the beginning of the year	3 900 063	2 600 042	6 869 623	13 369 728
Levy income received	2 478 840	1 652 560	4 131 400	8 262 801
Grant disbursements made				
Current year	(4 609 468)	(2 792 309)	(5 315 062)	(12 716 839)
Provision raised	(1 036 033)	(971 359)	(2 507 888)	(4 515 280)
	733 402	488 934	3 178 073	4 400 409



Notes to the annual financial statements

(continued)

for the year ended 31 March 2002

<i>Year 2 grants</i> <i>Grant type</i>	<i>Planning</i> <i>grant</i> 15%	<i>Imple-</i> <i>mentation</i> <i>grant</i> 50%	<i>Total</i> 65%
12. Skills development levies – employer grants (continued)			
2002			
Balance at the beginning of the year	—	—	—
Levy income received	13 918 958	46 396 528	60 315 487
Grant disbursements made			
Current year	(3 523 579)	—	(3 523 579)
Provision raised	(7 611 588)	(37 117 223)	(44 728 810)
	<u>2 783 792</u>	<u>9 279 306</u>	<u>12 063 097</u>
Surplus funds at the end of the year			16 463 507
In terms of the Skills Development Levy Act No 1 of 1999, the levies collected are apportioned as follows:		(%)	(%)
Skills development levy – national skills funds		20	20
Skills development levy for the SETA		80	80
		<u>100</u>	<u>100</u>
The levies received by the SETA are further split into the following categories:			
Skills development levy – administration levy		10	20
Skills development levy – start-up costs		—	10
Skills development levy – employer grant disbursement		70	50
		<u>80</u>	<u>80</u>
Levies for operating costs were higher in 2001 as an additional 10% was allocated for administration costs and a further 10% allocated for SETA start-up costs.			

	2002 R	2001 R
13. Investment income		
Interest received on bank balances and investments	6 928 479	554 849
Interest received on bank balances and investments are transferred to the discretionary grant reserve.		
14. Other income		
Establishment grant received from the Education Labour Relations Council	—	1 000 000
15. Operating expenditure		
Operating expenditure includes the following items:		
Audit fees	143 954	100 000
For the audit	125 000	100 000
Underprovision prior year	18 954	—
Depreciation	586 433	80 494
Computer equipment	389 921	56 895
Furniture and fittings	140 197	14 580
Office equipment	18 957	4 669
Audiovisual equipment	33 151	2 751
Kitchen equipment	1 797	1 237
Leasehold improvements	2 410	361
Lease payments	1 487 326	480 988
16. Discretionary grant funds		
Opening balance	2 081 432	—
Transfers from other reserves	12 486 221	2 081 432
Skills development levy – employer grants reserve	5 557 742	1 526 583
Skills development levy – administration reserve		
Investment income	6 928 479	554 849
Discretionary grant disbursements made	(14 567 652)	—
Current year	(2 836 288)	—
Provision raised	(11 731 364)	—
Total funds available for discretionary use	—	2 081 432



Notes to the annual financial statements

(continued)

for the year ended 31 March 2002

	Notes	2002 R	2001 R
17. Reconciliation of net profit to cash generated from operations			
Surplus for the year		24 721 885	49 514 394
Adjustments for non-cash items			
Depreciation		586 433	80 494
Provisions		61 004 809	220 000
Investment income		(6 928 479)	(554 849)
Prior year adjustment	19	—	(3 307 758)
Operating profit before working capital changes		79 384 648	45 952 282
Working capital changes		(2 082 672)	(8 193 678)
Decrease/(increase) in accounts receivable		1 948 031	(21 152 799)
(Decrease)/increase in trade payables		(4 030 703)	12 959 121
Cash generated from operations		77 301 976	37 758 604

18. Change in accounting policy

18.1 Skills development levy – employer grant fund levy received and employer grants paid

The skills development levy – employer grant fund levy received by the SETA consists of the 70% (2001: 50%) levy received in terms of the National Skills Levy Act (Act No 1 of 1999).

The SETA has changed its accounting policy with regard to the recognition of the skills development levy – employer grant fund levy received and employer grants paid as revenue and expenditure respectively. These funds were previously reflected in the prior year as levies held in trust.

The effect of the change in accounting policy has been to increase accumulated funds for 31 March 2001 by R14 896 311.

	2002 R	2001 R
18. Change in accounting policy (continued)		
18.2 Investment income		
Interest earned on bank balances and bank investments were previously transferred directly to the discretionary funds reserve. The funds are now reflected as revenue and are transferred to the discretionary funds reserve from accumulated funds.		
The effect of the change in accounting policy has been to increase accumulated funds for 31 March 2001 by R554 849.		
The financial effect of the change in accounting policy is reflected as follows		
Accumulated funds – 31 March 2001		
Balance as previously stated		34 063 235
Add: Skills development levy – employer grant fund levy received		15 265 829
Add: Investment income		554 849
Less: Employer grants paid		(369 519)
Restated balance		49 514 394
19. Prior year adjustment		
The prior year adjustment relates to value added tax not been reflected against the administration levy received from the Department of Education in the prior year.		
Total administration levy received from the Department of Education		26 934 598
Value added tax thereon		3 307 758
The effect has been to reduce the accumulated funds for the year ending 31 March 2001 by R3 307 758.		
Surplus at the year-end – Administration levy 31 March 2001 as previously stated		33 063 234
Less: Prior year adjustment		(3 307 758)
Surplus at the year-end – Administration levy 31 March 2001 as currently stated		29 755 476
20. Operating lease commitments		
The minimum commitments are as follows:		
Due within one year	1 606 908	1 177 295
Thereafter	3 819 206	5 284 454
	5 426 114	6 461 749
The office premises are leased. Certain items of office equipment are leased under operating rental which are charged as an expense when incurred.		



Schedule of operating expenditure for the year ended 31 March 2002

	2002 R	2001 R
Advertising and promotions	1 010 930	144 964
Audit fees	143 954	100 000
Current year	125 000	100 000
Underprovision prior year	18 954	—
Bank charges	39 012	8 834
Consulting fees	4 586 143	2 283 546
Courier fees	93 731	33 965
Depreciation	588 927	80 494
Hire of equipment	37 460	30 256
Insurance	37 365	11 633
Office expenses	53 107	28 996
Postage and printing	622 114	201 178
Recruitment expenses	948 294	552 134
Repairs and maintenance	74 212	13 155
Rent, security and cleaning	1 411 630	450 732
Staff expenses	6 739 917	723 414
Seminars and conferences	1 396 794	339 304
Subscriptions	255	903
Stationery	302 122	125 253
Telephone and fax	532 411	98 037
Travel and accommodation	2 927 088	777 612
Water and electricity	63 265	26 853
Learnership development funding	—	200 000
Learnership project management funding	1 070 016	62 500
	22 678 748	6 293 763

Appendix A – Acronyms

ABET	Adult Basic Education and Training
AIDS	Acquired Immuno Deficiency Syndrome
AETASA	Adult Education Trainers' Association of South Africa
ALN	Adult Learners' Network
APPETD	Alliance of Private Providers of Education, Training and Development
CEO	Chief Executive Officer
CSS	Constituency Support Services
CTP	Committee of Technikon Principals
DOE	Department of Education
ETD	Education, Training and Development
ETDP	Education, Training and Development Practices
ETDQA	Education, Training and Development Quality Assurer
ECD	Early Childhood Development
ETQA	Education, Training and Quality Assurer
EXCO	Executive Committee
FEDUSA	Federation of Democratic Unions of South Africa
HIV	Human Immuno Deficiency Virus
HSRC	Human Sciences Research Council
ICDL	International Certificate in Drivers' Licence
IT	Information Technology
NAISA	National Alliance of Independent Schools Association
NAPTOSA	National Professional Teachers' Organisation of South Africa
NLRD	National Learner Record Database
NGOs	Non-Governmental Organisations
NQF	National Qualifications Framework
NSB	National Standard Body
NSDF	National Skills Development Strategy
NSF	National Skills Fund
NTESU	National Tertiary Education Staff Union
NUTESA	National Union of Technikon Educators of South Africa
NEHAWU	National Education, Health and Allied Workers' Union
QMS	Quality Management System
RPL	Recognition of Prior Learning
SANGOCO	South African Non-Governmental Organisation Coalition
SADTU	South African Democratic Teachers' Union
SABPP	South African Board for Personnel Practitioners
SARS	South African Revenue Services
SMEs	Small and Medium Enterprises
SMMEs	Small, Medium and Micro Enterprises
SGB	Standard Generating Body
SAQA	South African Qualifications Authority
SAUVCA	South African University Vice Chancellors Association
SAOU	Suid-Afrikaanse Onderwysers Unie
SSP	Sector Skills Plan
SDF	Skills Development Facilitator
SETA	Sector Education and Training Authority
VAT	Value Added Tax
WSP	Workplace Skills Plan



Appendix B – List of Executive Committee members

Name

Duncan Hindle
Marina Le Grange
Enoch Rabotapi
Cedrick Mulaudzi
Ngozi Nozuko
Mark Henning
Vincent Maphumulo
Sheila Dipadi

Constituency

Budget Employer (National DoE)
Levy Employer (CTP)
Budget Employee (NAPTOSA)
Budget Employee (NEHAWA)
DoE Employer (Eastern Cape)
Levy Employer (NAISA)
Levy Employee (SADTU)
Levy Employee (NEHAWU)

Appendix C – List of Levy Chamber members

Name

Pat Motubatse
Mark Henning
Silas Sebola
Vincent Maphumulo
Marion Green-Thomson
Jay Ramnundlall
Mamsie Motshekga Sebolai
Ian Corbishley
David Knox
Gail Reiner
Dan Makoena
Moses Peo
Andre van der Bijl
Robin Minne
Pinky Mamabolo
Khulekani Mathe
Xoliswa Adams
Tim Mills
Esaiah Matobako
Bradley Skei

Constituency

NEHAWU
NAISA
SADTU
SADTU
HSRC
APPETD
APPETD
NAPTOSA
NTESU
SAUVCA
CTP
NUTESA
NUTESA
NUTESA
SANGOCO
AETASA
NEHAWU
NAISA
FEDUSA
NEHAWU

THE FOLLOWING PEOPLE RESIGNED FROM THE LEVY CHAMBER DURING THE COURSE OF THE YEAR

Name

Mapotlo Ledwaba
Penny McRoy
Val Potterton
Brian Drury

Constituency

HSRC
NAPTOSA
NUTESA
NAISA

Appendix D – List of Budget Chamber members

<i>Name</i>	<i>Constituency</i>
Pinky Mncube	SADTU
Colin Modiboa	SADTU
Ruth Modiole	SADTU
Mpho Mofokeng	SADTU
Johan Josias	SADTU
Gogaki Mmako	SADTU
Thandiwe Ngwenya	NEHAWU
Tim Naidoo	MPUMALANGA DOE
Ntombie Mxenge	MPUMALANGA DOE
Patricia Raubenheimer	FREE STATE DOE
Bertha Kitching	FREE STATE DOE
Linda Rose	WESTERN CAPE DOE
Jan Hurter	WESTERN CAPE DOE
Nozuko Ngozi	EASTERN CAPE DOE
Tom Zama	EASTERN CAPE DOE
Fundile Ngwendu	SADTU
Thabiso Matia	GAUTENG DOE
Lydia Mathinya	GAUTENG DOE
Duncan Hindle	NATIONAL DOE
Liz Thobejane	NATIONAL DOE
Sibusiso Kheswa	KWAZULU-NATAL DOE
Cynthia Khumalo	KWAZULU-NATAL DOE
Johan Bouwer	SAOU
Roelf Burger	SAOU
Silas Makgopa	NAPTOSA
Nomthandazo Nkabinde	NAPTOSA
Pumezo Mhletywa	NAPTOSA
Sheila Dipadi	NEHAWU
Cedrick Mulaudzi	NEHAWU
Dan Mavasa	NORTHERN PROVINCE DOE
Dennis Maselesele	NORTHERN PROVINCE DOE
Abie Seakamela	NORTH WEST DOE
Ezzy Lukhaimane	NORTH WEST DOE
Clifford Barnes	NORTHERN CAPE DOE
Isaac Mogotsi	NORTHERN CAPE DOE
Ntombizonke Cele	KWAZULU-NATAL DOE
Jabulani Khumalo	NEHAWU
Enoch Rabotapi	NAPTOSA

THE FOLLOWING PEOPLE RESIGNED FROM THE BUDGET CHAMBER DURING THE COURSE OF THE YEAR

<i>Name</i>	<i>Constituency</i>
Mqhathu Mbhedesho	SADTU
Deon Lubbe	MPUMALANGA DOE
Isaac Netshivhugululu	GAUTENG DOE
Biza Mantantana	NEHAWU
Muavia Gallie	SADTU



Appendix E – Members of the ETDP SETA Board

Levy Chamber employers

<i>Name</i>	<i>Constituency</i>
Dieter Küsel	APPETD
Marina Le Grange	CTP
Jay Ramnundlall	APPETD
Richards Hennie	APPETD
Louw Botha	SAUVCA
Mark Henning	NAISA
Leonard Saul	SANGOCO
Bhengu Mahlengi	COSATU

Levy Chamber employees

<i>Name</i>	<i>Constituency</i>
Vuyo Ngwaxaxa	NEHAWU
Dan Motaung	NEHAWU
Suzanne Rees	NAPTOSA
Jenny Coetzee	NAPTOSA
James Taylor	NUTESA
Du Toit de Beer	NUTESA
Vincent Da Vinci	AETASA
Charlie Molepo	NTESU
Vincent Maphumulo	SADTU
Pat Motubatsi	NEHAWU

Budget Chamber employers

<i>Name</i>	<i>Constituency</i>
Jan Hurter	Western Cape DoE
Takalani Nwedamutswu	Gauteng DoE
Ntombizonke Cele	KwaZulu-Natal DoE
Abie Seakamela	North West DoE
S E Sukati	Mpumalanga DoE
Liz Thobejane	National DoE
Nozuko Ngozi	Eastern Cape DoE
Bertha Kitching	Free State DoE
Dennis Maselesele	Northern Province DoE
Clifford Barnes	Northern Cape DoE

Budget Chamber employees

<i>Name</i>	<i>Constituency</i>
Cedric Mulaudzi	NEHAWU
Sheila Dipadi	NEHAWU
Mary Johnson	SADTU
Pinky Mncube	SADTU
Nokhanyiso Mantshongo	SADTU
Glenn Abrahams	SADTU
Gogaki Mmako	SADTU
Enoch Rabotapi	NAPTOSA
Lucy Nkabinde	NAPTOSA
Ferdinand Potgieter	SAOU

Additional seats

<i>Name</i>	<i>Constituency</i>
Duncan Hindle	National DoE
Khodumo Tello	SACE
Katz Moira	SABPP
Nomlamli Mahanjana	ETDP SETA



Appendix F – Members of committees

Members of the Human Resources Committee

<i>Name</i>	<i>Constituency</i>
Louw Botha	SAUVCA
Takalani Nwedamutswu	Gauteng DoE
Charlie Molepo	NTESU
Mahlengi Bengu	COSATU
Nomlamli Mahanjana	ETDP SETA
Patrick Zikalala	ETDP SETA
Dr Andries Lategan	APPETD
Ian Corbishley	NAPTOSA
Cedric Mulaudzi	NEHAWU
Dr E V Nzama	KwaZulu-Natal DoE
Dennis Maselesele	Northern Province DoE
Masebina Letele	Free State DoE

Members of the Audit Committee

<i>Name</i>	<i>Constituency</i>
James Taylor	NUTESA
Jay Ramnundall	APPETD
Jan Hurter	Western Cape DoE
Cedric Mulaudzi	NEHAWU
Nomlamli Mahanjana	ETDP SETA
Carlo Moi	ETDP SETA

Members of the Learnerships Joint Standing Committee

Levy Chamber

Employer representatives

<i>Name</i>	<i>Constituency</i>
Gail Reiner	SAUVCA
Pinky Mamabolo	SANGOCO
Esaiah Matobako	FEDUSA
Tim Mills	NAISA

Labour representatives

<i>Name</i>	<i>Constituency</i>
Charlotte Mbali	NTESU
Bradley Skei	NEHAWU
Rob Minne	NUTESA
Bizzah Mantantana	NEHAWU

Budget Chamber

Employer representatives

Liz Thobejane	National DoE
Lydia Mathinya	Gauteng DoE
Isaac Mogotsi	Northern Cape DoE
Sibusiso Kheswa	KwaZulu-Natal DoE

Labour representatives

Gogaki Mmako	SADTU
Ferdi Potgieter	SAOU
Pumezo Mhletywa	NAPTOSA
Fundile Ngwendu	SADTU
Benjamin Molokoe	NAPTOSA
Hennie Steyn	SAOU

Ex officio

Tello Khodumo	SACE
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Appendix F – Members of committees (continued)

Members of the ETDQA Joint Standing Committee

<i>Name</i>	<i>Constituency</i>
Johan Smit	Western Cape DoE
Martiens Loots	National DoE
Busisiwe Mncube	SADTU
Michael Maher	NAPTOSA
Ian Corbishley	NAPTOSA
Sibusiso Kheswa	KwaZulu-Natal DoE
Stella Khumalo	KwaZulu-Natal DoE
Silas Sebola	SADTU
Andronica Mahlare	NUTESA
Mark Henning	NAISA
Stephanie Faris	SANGOCO
Thabiso Moyo	Adult Educators
John Landman	NATESA
Khulekani Mathe	ALN
Kathleen Lockett	SAUVCA
Dr E M Genis	CTP
Tello Khodumo	SACE
Huma van Rensburg	SABPP
Moiria Katz	SABPP
Dorothy Marsden	ETDP SETA



ETDP SETA contacts

Telephone (011) 807 5621
Telefax (011) 807 7490

Tuscany Office Park
Building X
Corner Coombe Place and Rivonia Road
Rivonia
2128

PO Box 5734
Rivonia
2128

www.etdpseta.org.za



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