

*Transforming
the **nation**
through
skills development.*



Education, Training and Development Practices SETA

Annual Report 2003



<i>Vision</i>	<i>1</i>
<i>Profile</i>	<i>2</i>
<i>Chamber profiles</i>	<i>6</i>
<i>Objectives and achievements</i>	<i>8</i>
<i>Chairperson's report</i>	<i>12</i>
<i>CEO's report</i>	<i>14</i>
<i>Management</i>	<i>18</i>
<i>Executive committee</i>	<i>19</i>
<i>Operational review</i>	<i>20</i>
<i>Report of the Auditor-General</i>	<i>38</i>
<i>Report of the Audit Committee</i>	<i>38</i>
<i>Annual financial statements</i>	<i>39</i>
<i>Appendices</i>	<i>58</i>

Mission

The mission of the ETDP 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.

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

Vision

To advance national human resource development, the ETDP 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 are available;
- The quality of provision is improved;
- The levy grant scheme is efficiently administered;
- There is regular liaison with providers, other SETAs, the Department of Labour, the National Skills Authority (NSA) and the South African Qualifications Authority (SAQA) and its structures; and
- Internal and external communication is effective.



Transforming the nation
through skills development

Profile

The Education, Training and Development Practices, Sector Education and Training Authority (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 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 people's 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 ten Departments of Education (the Budget

subsector) and from levy paying and levy exempt organisations (the Levy subsector). 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 have been established to oversee the work of all SETA divisions, particularly the three core divisions, namely the Learnerships and Skills Programmes, Constituency Support Services and the Education, Training and Development Quality Assurance (ETDQA).

The primary focus of the ETDP SETA is the education, training and 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.

Constituencies being serviced by the ETDP SETA are:

- Departments of Education (national and provincial);
- Universities and technikons;
- Independent schools;
- Private education and training providers;
- EDT non-governmental organisations and community-based organisations;
- Early childhood development;
- Libraries and archives;
- Trade unions as employers;
- Political parties as employers;
- General research organisations;
- Research and development organisations; and
- Professional organisations.

The SETA aims to serve its member organisations in different ways. The needs of ETD organisations are very different, and require a variety of interventions. The SETA has consulted member organisations in a series of constituency workshops and plans to develop constituency service plans for each of the defined constituencies. These plans reflect the range of services and interventions offered by the three service delivery divisions.

Although the skills development needs of constituencies can be very different, ETD organisations have many common challenges. There are cross-cutting issues that affect all constituencies and these are given a particular focus. The HIV/Aids pandemic is causing strains and stresses in ETD organisations. The SETA aims to assist member organisations to plan and anticipate the impact, and put in place policies and processes to address the challenges. Barriers to learning exist in all ETD organisations, particularly in relation to people with disabilities. Organisations are being assisted to address and remove such barriers. There is a particular focus on small and micro enterprises, community-based and emergent providers, many of whom pay very low or no levies against which they can claim grants. The SETA is being assisted with funds from the National Skills Fund from the National Department of Labour to ensure that all member organisations can access SETA services, and that equity and redress are achieved throughout the sector. There is also a specific programme to assist these smaller, underresourced organisations to develop and become viable providers of quality education, training and development.

The ETDP SETA does not operate in isolation. The SETA is part of a wider network of organisations and structures established by the government to transform the economy and achieve sustainable development. The SETA aims to establish partnerships with others in order that the work of the SETA can be enhanced and have a deeper impact on employment and productivity.

The ETDP SETA organisational structure

The ETDP SETA is made up of five divisions and the Chief Executive's office. The functions of these divisions are briefly outlined as follows:

CEO's office

- Providing leadership and support to the constitutional structures and managing the policy development processes of the SETA;
- Providing leadership, co-ordination and support to the senior management;
- Development, implementation and review of the quality management system of the SETA;
- Managing the Strategic Planning Support Unit, and ensuring effective planning and continuous monitoring of the SETA's divisions in relation to SETA objectives and targets;
- Managing the communications function of the SETA, both internal and external;
- Reporting to the ETDP SETA Board, the Department of Labour, the South African Qualifications Authority (SAQA) and the Department of Education on the performance of the SETA;
- Accounting for SETA expenditure; and
- Managing partnerships and strategic relationships.

Finance and Administration

- Managing and reporting on income and expenditure in respect of the operational budget of the SETA;
- Managing and reporting on levy income and grants disbursement;
- Managing invoices and payments on behalf of the SETA;
- Advising the management team and the constitutional structures on financial risks and risk management strategies;
- Developing policies and procedures to ensure compliance with GAAP and the PFMA; and
- Giving strategic advice and direction on budgeting and spending to achieve SETA goals.
- Managing the disbursement of the SETA's discretionary grants.

- Managing the implementation of the National Skills Fund Project.

Corporate Services

- Supporting the management team and the constitutional structures to appoint and develop a team of staff in the SETA who are competent and motivated to achieve the goals of the organisation;
- Managing the technical services, accommodation, security and capital equipment needs of the organisation;
- Managing the procurement processes of the SETA to ensure compliance with SETA policies and the PFMA;
- Managing the management information system of the SETA; and
- Developing and implementing appropriate human resource policies and procedures and managing staff relations.

These are all essential support functions for the three core service delivery divisions, namely Constituency Support Services, Learnerships and Skills Programmes as well as the Education, Training and Development Quality Assurance (ETDQA), whose functions are as follows:

Constituency Support Services

Constituency Support Services advises and supports the education, training and development sector in the process of planning and implementing skills development for its employees. The primary functions undertaken by the division are:

- Registering Skills Development Facilitators;
- Assisting member organisations in developing Workplace Skills Plans;
- Assisting member organisations in implementing Workplace Skills plans;
- Assisting member organisations in the process of skills development through grant disbursement and support in project implementation for the grants;
- Promoting research throughout the sector in order to improve sector performance;
- Building capacity among Skills Development Facilitators and other personnel who are engaged in the skills planning process;

- Conducting constituency consultative workshops to share information with and listen to the needs of various stakeholders;
- Developing constituency service plans; and
- Preparing and reviewing the sector skills plans.

The division encourages all organisations in the ETD sector to join the skills development process. ETDP SETA Skills Advisors are available to assist new and member organisations to register Skills Development Facilitators and submit Workplace Skills Plans and so claim grant disbursements on their levies.

This division seeks to work within the structures of the sector to mobilise, inform and serve member organisations.

Learnerships and Skills Programmes

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 subsectors. The division, working with the stakeholder structures, aims to:

- Establish the needs of a subsector 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 Skills Programmes;
- Support efforts by stakeholders to identify workplaces, providers and learners;
- Facilitate the completion and registration of learnership agreements and access to SETA grants; and
- Monitor the implementation of Learnerships and Skills Programmes and evaluate their impact.

ETDP SETA Learnerships and Skills Programmes Project Leaders are available to assist member organisations with identifying, developing, registering and implementing learnerships and skills programmes. Through this, the division will promote the delivery of education, training and development initiatives

among member organisations, and the achievement of competencies leading towards qualifications.

Education, Training and Development Quality Assurance (ETDQA)

The ETDQA Division is working to assure quality delivery of lifelong learning in the education, training and development sector. Its primary functions are to:

- Accredite constituent providers for specific standards and qualifications;
- Promote quality and monitor provision amongst constituent providers;
- Evaluate assessment and facilitate moderation amongst constituent providers;
- Register constituent assessors for specified standards and/or qualifications;
- Take responsibility for the certification of learners; and
- Recommend new standards or qualifications, or amendments to existing standards and qualifications, to national standards bodies.

The scope of qualifications under the ETDQA is:

- Early Childhood Development Practitioner: ECD Practitioner Levels 1, 4 and 5 on the National Qualifications Framework (NQF);
- Adult Basic Education and Training Practitioner Development: ABET Practitioner Levels 4, 5 and 6;
- Occupationally-directed ETD Practitioner Levels 4, 5 and 6; and
- Assessor Unit Standards.

The division will dispatch Accreditation Facilitators to assist providers with the accreditation and self-evaluation processes and Verifiers to validate learner achievements. It will also quality assure Learnerships and Skills Programmes registered by the SETA. The division has established a Joint Standing Committee to make recommendations to the ETDP SETA Board. It has also prioritised the quality assurance of assessor standards nationwide.



Improving the standard of
services provided

Chamber profiles

The Levy Chamber

The Levy Chamber represents the organisations that pay levies on their payroll, which effectively means all those not employed in the Departments of Education. The Levy Chamber consists of ten employer and ten employee representatives from the following subsectors:

- Independent schools;
- Trade unions;
- Political parties;
- Private providers;
- Non-governmental organisations;
- Community-based organisations;
- Higher education institutions;
- Libraries and archives;
- Early childhood development centres;
- School governing bodies.

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

Distribution of institutions and employees in Levy Chamber constituencies, according to 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 HETs	0,2	1,0	37	1 999
Private ABET	2,1	1,4	506	2 629
NGOs in ETDp provisioning	0,6	1,9	150	3 641
Trade unions	1,9	7,2	464	13 851
Private FETs	6,9	12,5	1 697	23 897
Universities and technikons	0,1	22,9	36	43 893
Private ECD	81,2	24,9	19 859	47 675
Independent schools	6,1	26,9	1 494	51 467
Total Levy Chamber	100	100	24 470	191 640

The Budget Chamber

The Budget Chamber represents the national and provincial Departments of Education. It consists of 20 employer and 20 employee representatives from one national and nine provincial Departments of Education.

In its May 2002 ETD sector profile report, 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:

Total number of institutions and employment in the Budget Chamber

Institutions count							
Province	CoE ¹	Technical colleges	Public schools	Public ECD	Public ABET	Admin HQ	Total ²
Eastern Cape		26	6 178	406	276	1	6 886
Free State		10	2 538	271	130	1	2 949
Gauteng		32	1 905	442	169	1	2 548
KwaZulu-Natal		24	5 693	1 460	155	1	7 332
Mpumalanga		9	2 053	147	170	1	2 379
Northern Cape		5	486	121	50	1	662
Limpopo		14	4 138	279	406	1	4 837
North West		11	2 294	35	261	1	2 601
Western Cape		21	1 504	482	103	1	2 110
SA total	34	152	26 789	3 623	1 720	9	32 284
Employment count							
Province	CoE	Technical colleges	Public schools ³	Public ECD	Public ABET	Admin HQ	Total
Eastern Cape	390	1 182	69 112	729	1 969	8 458	81 840
Free State	466	795	25 957	623	1 100	5 314	34 255
Gauteng	1 043	2 556	46 096	1 126	1 812	1 736	67 366
KwaZulu-Natal	1 482	1 233	74 115	2 351	1 115	8 942	89 238
Mpumalanga	299	403	26 987	254	688	3 951	32 582
Northern Cape	66	225	6 816	161	256	2 372	9 896
Limpopo	923	731	56 747	411	1 731	5 236	65 779
North West	579	690	35 456	95	1 373	4 535	42 728
Western Cape	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 Colleges of Education and admin/HQ institutions

³ Administrative and support staff not included

Objectives and achievements

Achievements of National Skills Development Strategy targets

As per the 2002 – 2003 ETDP SETA business plan, six strategic objectives were identified for the SETA, aligned with the five NSDS objectives and targets. Success in achieving these targets are as follows:

Final report on progress against targets set in 2002 – 2003 business plan (as at 31 March 2003)

SETA 2002/3 targets and strategic objectives

NSDS objective 1: Developing a culture of high quality lifelong learning

ETDP SETA SO 1: To increase access to, and provision of, high quality and relevant training of employed people across member organisations

	NSDS success indicators	SETA targets – March 2003	Progress
1.1	By March 2005, 70% of all workers have at least level one qualification on the NQF.	At least 2 000 (0,3%) workers will have embarked on courses leading to Level 1 on the NQF.	Request for this information was not incorporated into the WSPs and therefore no statistical data is available on the number of workers who embarked on Level 1 courses.
1.2	By March 2005, a minimum of 15% of workers to have embarked on a structured learning programme of whom at least 50% will have completed their programme satisfactorily.	10 000 (1,5%) employees in the ETD sector embark on structured learning programmes.	18 935 learners have embarked on structured learning programmes since inception of the ETDP SETA. Out of a total target of 12 500 workers set for the ETDP SETA across a two-year period from April 2001 to March 2003, this target has already been exceeded by 66% in 2002 – 2003.

The DoL has indicated that the 2002 – 2003 target should be 182 000 employees (constituting 28% of employees in the sector) receiving training. Preliminary analysis of 371 levy paying WSPs captured on the database and nine provincial WSPs shows that 177 491 employees will be trained between 2001 – 2003, therefore the estimate of 182 000 employees appears to be an achievable target. However, the ETDP SETA believes that the term "structured learning programme" refers to achieving credits recognised by SAQA.

NSDS objective 1: Developing a culture of high quality lifelong learning (continued)

ETDP SETA SO 1: To increase access to, and provision of, high quality and relevant training of employed people across member organisations *(continued)*

	NSDS success indicators	SETA targets – March 2003	Progress
1.3	By March 2005, an average of 20 enterprises (to include large, medium and small enterprises) and at least five national government departments, to be committed to, or have achieved an agreed national standard for enterprise-based people development.	The SETA participates in the DoL IIP pilot.	The ETDP SETA was accepted as an IIP pilot site. ETDP SETA accepted as a delivery partner for IIP in the ETD sector.

NSDS objective 2: Fostering skills development in the formal economy for productivity and employment growth

ETDP SETA SO 2: To assist member organisations to achieve an agreed national standard for enterprise-based (workplace) people development

	NSDS success indicators	SETA targets – March 2003	Progress
2.1	By March 2005, at least 75% of enterprises with more than 150 workers receiving skills development grants and the contributions towards productivity and employer and employee benefits are measured.	At least 85% (86) of large ETD organisations are submitting WSPs and receiving grants.	Statistics from the DoL/SARS database indicates that out of a total of 7 986 organisations paying levies, 53 large organisations are submitting WSPs.
2.2	By March 2005, at least 40% of enterprises employing between 50 and 150 workers are receiving skills development grants and the contributions towards productivity and employer and employee benefits are measured.	At least 25% (80) of medium ETD organisations are submitting WSPs and receiving grants.	141 medium organisations submitted WSPs. The target was exceeded by 76% for 2002 – 2003.

Objectives and achievements

continued

NSDS objective 2: Fostering skills development in the formal economy for productivity and employment growth (continued)

ETDP SETA SO 2: To assist member organisations to achieve an agreed national standard for enterprise-based (workplace) people development (continued)

	NSDS success indicators	SETA targets – March 2003	Progress
2.3	By March 2005, learnerships are available in every sector.	Ten learnerships registered.	Nine learnerships registered to date (90% achieved) 1. ECD Practitioners Level 4 2. ECD Trainers Level 5 3. ABET Practitioners Level 4 4. ABET Practitioners Level 5 5. Educators in Schooling Level 6 6. Educators in Schooling Level 6 (BPrimEd and BSecEd) 7. Educators in Schooling Level 5 (NPDE) 8. Occupationally directed ETD Practice Level 5 The nine learnerships registered have become eight due to the merging of BPrimEd and BSecEd into one learnership.
2.4	By March 2005, all government departments assess and report on budgeted expenditure for skills development relevant to public service, sector and departmental priorities.	At least seven provinces and the National Department of Education submit WSPs and report on their spending.	Seven provincial departments have submitted WSPs. 100% target achieved. Five provincial departments have submitted implementation reports, ie 71% of target achieved.

NSDS objective 3: Assisting new entrants into employment

ETDP SETA SO 3: To enhance participation of ETD organisations in the implementation of the sector skills plan thereby impacting on employment and productivity

	NSDS success indicators	SETA targets – March 2003	Progress
3.1	By March 2005, at least 20% of new and existing registered small businesses to be supported in skills development initiatives and the impact of such support to be measured.	Complete and implement a strategy for reaching small ETD organisations. At least 5% (156) of small ETD organisations reached with the strategy.	A draft strategy document has been developed and will be incorporated into the 2003 – 2004 operational plan of the CSS Division. However, 476 small organisations have submitted WSPs. The target of 156 organisations to be reached with the strategy has been exceeded by 305%.

NSDS objective 4: Fostering skills development in the formal economy for productivity and employment growth

ETDP SETA SO 4: To increase access to, and provision of, high quality, relevant training and development opportunities in areas of scarce supply and potential growth for new entrants to the ETDP sector, particularly those under the age of 30

	NSDS success indicators	SETA targets – March 2003	Progress
4.1	By March 2003, 100% of the NSF apportionment is spent on viable development projects.	Collect baseline data on ETD NSF projects.	Baseline data collected and report produced in last quarter of 2002 – 2003 in preparation for impact study to be conducted in 2004 – 2005.
4.2	By March 2005, the impact of the NSF is measured by project type and duration, including details of placement rates, which shall be at least 70%.	Not applicable in 2002 – 2003.	Baseline data collected and report produced in last quarter of 2002 – 2003 in preparation for impact study to be conducted in 2004 – 2005.

NSDS objective 5: Promoting skills development for employability and sustainable livelihoods through social development initiatives

ETDP SETA SO 5: To enhance participation of ETD organisations in the implementation of the sector skills plan thereby impacting on employment and productivity

	NSDS success indicators	SETA targets – March 2003	Progress
5.1	By March 2005, a minimum of 80 000 people under the age of 30 have entered learnerships.	1 500 people have entered ETD learnerships.	800 learners have entered ETD learnerships, ie 53% of target achieved.
5.2	By March 2005, a minimum of 50% of those who have completed learnerships are, within six months of completion, employed, in full-time study or further training or are in a social development programme.	Begin to set up a system of placing and tracking graduates of learnerships who have completed their learnerships by March 2003.	No tracking system in place as yet. However, this target has been incorporated in the 2003 – 2004 operational plan of the Learnerships and Skills Programme Division under SETA Strategic Objective: Skills Development and Training (2003 – 2004 business plan). 50 graduates in 2002 – 2003 29 graduates in 2001 – 2002 Total: 79 graduates since SETA inception.



During the past year the SETA has continued to grow, and in accordance with its mission, has continued to learn.

Chairperson's report

Duncan Hindle – Chairperson

The ETDP SETA serves one of the largest economic sectors of the country, including a wide range of public and private employers in education and training at all levels, as well as the many organisations engaged in the “development practices” component of our sector.

During the past year the SETA has continued to grow, and in accordance with its mission, has continued to learn. The ETDP SETA serves one of the largest economic sectors of the country, including a wide range of public and private employers in education and training at all levels, as well as the many organisations engaged in the “development practices” component of our sector. These include research agencies, NGOs and CBOs, trade unions and political parties, all of which have obligations towards the development of their employees.

In order to serve these diverse constituencies, the SETA has had to establish a significant infrastructure, including people and technologies. We have been fortunate in obtaining the services of some outstanding staff, who have played a leading role in understanding and defining the complex field of skills development. As new legislation, regulations and policies are developed, the ETDP SETA has been able to respond positively to these, and make them work in the interests of the sector.

The governance of the SETA has required extraordinary efforts and commitments by the constituent organisations of the SETA during this period of establishment. Apart from regular

meetings of the Board and the Executive, every new policy demanded intensive scrutiny by Board members before adoption, and staff appointments required lengthy processes for the many critical stages of selection. I must express the appreciation of the SETA for all those who have contributed their time and effort to building the organisation. The particular role that my co-Chairpersons have played must also be acknowledged, in taking responsibility for the active participation of the four main participating constituencies: public employers, private employers, and labour unions in the private and public sectors.

The ETDP SETA has undoubtedly achieved some major successes in the course of the year, all of which are reflected in the report. We have promoted Skills Programmes and learnerships, in accordance with the primary mandate, and we have established a significant capacity for the quality assurance of programmes within our jurisdiction. We have been able to do so because of the regular payment of the levy by private employers, and the payment of the administration portion by public employers – the national and provincial departments of education. We have also been able to generate

substantial savings on administration expenditure, which has allowed us to disburse over R70 million in discretionary funds to support constituencies within the sector, especially some of the smaller developmental agencies working in rural areas and other disadvantaged communities.

Our annual conference, to be held in Durban in September 2003, will provide an opportunity for the ETDP SETA to account to our broader constituency, especially the “development practices” subsector, where we have not been able to penetrate as much as we would have liked. The conference will also provide strategic direction for the next year.

SETAs have come under some criticism during the course of the year – sometimes deservedly so, but in other cases as a result of misinformation. A perception remains among some who should be better informed that SETAs have money, and act as funding agencies, whereas they only hold other people's money in trust, for disbursement against training. Others hold the SETAs responsible for training, or the lack of it, without

realising that we are in fact precluded from doing any training, since this is the responsibility of the employers. The need for greater advocacy and communication is apparent, and we must play our part in defending these institutions.

I now have pleasure in handing over the Chairpersonship of the ETDP SETA to the labour constituency, and express my sincere hope that they will continue to lead it in a manner which builds the organisation as a unifying instrument, with a singleminded focus on the purpose of the SETAs, which is to advance the social and economic interests of all the people of our country. The skills revolution has indeed commenced.



Duncan Hindle
Chairperson





Looking at the year under review, it became evident the ETDP SETA has much to be proud of.

CEO's report

Nomlamli Mahanjana – Chief Executive Officer

Raising the number of blacks, women, the unemployed and people with disabilities embarking on learnerships is an area which requires substantial focus, if we are to transform our nation to one that is economically representative.

Reflecting on the past financial year of 2002 –2003, there are many activities, achievements and highlights I would like to share with you.

The Education, Training and Development Practices SETA (ETDP SETA) has evolved from being a team of around 15 persons, to a hub of activity comprising 83 permanent members of staff. This is an astounding 82% increase in staff complement since my inauguration as Chief Executive Officer in June 2001.

Considering the upsurge in our activities over the last financial year in achieving our mandate of raising the level of skills and qualifications of our nation's workforce, the proliferation of staffing in the ETDP SETA has aided in providing the necessary support and skills towards meeting our objectives.

The focus of the organisation's activities during the last year was on consolidating the gains made, on establishing the necessary items and programmes to enhance and accelerate service delivery, and, with a skeletal staff at the beginning of the year to implement a programme of constituency outreach. These will be reviewed in the sections to follow. In my report, I will seek to present an overview of the accomplishments of the projects and divisions which undertake the full scope of the SETA's work.

The organisation has seen the introduction of three new units during the year under review. They are: the Strategic Planning and Support Unit, the Grants Management Unit and the NSF Project Management Unit. The activities of these units will be reviewed along with the work of the three core divisions and that of the support divisions and units.

The Strategic Planning and Support Unit

The Strategic Planning and Support Unit (SPSU) provides support to the Chief Executive Officer in focusing the activities of the ETDP SETA to deliver relevant and responsive service to our constituent members.

A strong need was identified for the provision of services in the areas of strategic planning, strategic guidance, technical advice for management, implementation, tracking, monitoring and support, integration, focus of interdivisional activities, general reporting and communication of performance. Hence, the establishment of the SPSU.

The Grants Management Unit

The Board approved the disbursement of discretionary Grants totalling R74 million in the 2002 – 2003 fiscal year. Of the R74 million allocated for the programme, a sum total of R71 762 014 was allocated across the ETDP SETA's 12 constituencies. The remaining balance of R2 237 976 was

reserved for funding of underqualified educators. The majority of the funding was allocated to skills programmes (R33 530 651,42) and learnerships (R10 798 207,50). This means that of the R71,8 million allocated, R44,3 million or 62% of the total was allocated to Skills Development Programmes of high priority.

The National Skills Fund Project Management Unit

One of the key highlights of the 2002 – 2003 fiscal year is the granting of R108,9 million funding from the National Skills Fund (NSF) by the Minister of Labour, to the ETDP SETA.

The National Skills Fund (NSF) money is capitalised through the payment of Skills Development Levies and 20% of these levies are paid to the NSF. The NSF funds will be used to train unemployed and underemployed people in areas where there is strong potential for growth and employment.

The NSF is a national vehicle for demand driven skills development that embodies workplace-based learnerships and skills programmes. The project focuses its energies and resources on the twenty-one Presidential Nodal Areas of South Africa as those have been identified as the most poverty stricken areas in the country.

The three core divisions of the ETDP SETA remain:

- Constituency Support Services Division
- Learnerships and Skills Programmes Division
- Education, Training and Development Quality Assurance Division

The support divisions and units are:

- Finance and Administration Division
- Corporate Services Division, comprising: Human Resources, Operations, and Information Technology
- Communications Unit

I am pleased to say that our organisation is blessed by a team of skilled and focused staff who are committed to the achievement of the strategic objectives of the SETA and the broader objectives of government in delivering the National Skills Development Strategy.

Continuing on the note of organisational development, the area of systems and infrastructure development in the SETA has and continues to be an energy filled and exciting activity, as there is always a need for new and innovative ways of going about our business. Some of these systems have been the gaps analysis review of the SETA's Quality Management System, the development of a Performance Management Development System and the introduction of a Human Resources Development Plan for the SETA.

In our strive towards raising the levels of efficiency in our organisation, we have commissioned Gobodo Incorporated to perform an internal audit on our core function of Learnerships and Skills Programmes.

In addition to this, the monitoring team of SAQA will be conducting a scheduled audit of the ETDP SETA in November 2003 by SAQA appointed auditors. The audit will cover the entire operations of the ETDP SETA with the ETDQA fulfilling an important component of that audit.



PricewaterhouseCoopers was commissioned to conduct a review of the Finance and Administration Division and this process is currently under way.

In terms of the ETDP SETA's approach to corporate governance, we are an organisation committed to the principles of transparency, integrity and accountability as advocated by the King Code of Conduct for Corporate Governance.

A Board representative of organised employers, organised labour and professional bodies in the education, training and development sector governs the ETDP SETA.

We have established subcommittees of the Board, in the form of an Executive Committee and Joint Standing Committees to oversee the activities of the core divisions of the SETA, Audit Committee, Human Resources Committee and a commissioned internal audit function.

In keeping with good governance, a range of policies have been put in place, which govern the work of the ETDP SETA. These are policies which have already been developed, some of which are in the process of approvals and/or review. They include a SETA Constitution, Recognition for Prior Learning Policy, Management Risk Policy, Process Risk Policy, Fraud Prevention Plan, Policy Framework, Draft Partnerships Policy, Remuneration for Governance Structures, Human Resources Policy, Investment Policy, Procurement Policy and a Financial Management Policy. Through these policies, the ETDP SETA has a sound framework within which to operate.

During the year under review, the ETDP SETA has forged relations with organisations on a strategic as well as operational level. These relations have aided the SETA in different ways such as better positioning itself within the sector, enhancing the systems and infrastructure of the SETA and enhancing systems of service delivery. Although a relatively young organisation, the ETDP SETA has developed a keen sense of the value of relevant and appropriate partnerships with organisations and we endeavour to continue forging relations with organisations committed to the achievement of common goals.

Highlights and successes

During the final review of activities for the 2002 – 2003 financial year, it became evident that the ETDP SETA has much to be proud of. The accomplishments of the SETA are a genuine step in the direction of promoting the targets and strategies of the broader government focus. Some of the key achievements for the year under review are:

- 18 935 learners have embarked on structured learning programmes since inception of the ETDP SETA. This exceeds the target by 66% as the target was 12 500 by March 2003.
- 141 medium organisations have submitted Workplace Skills Plans. This exceeds the target of 80 organisations by 76% in 2002 – 2003.
- Of a target of 10 learnerships to be registered, the ETDP SETA has registered eight across NQF levels 4, 5 and 6. It is expected that two more Learnerships will be registered by December 2003.
- 100% of target has been achieved on the submission of Workplace Skills Plans by seven Provincial Departments of Education. 71% of target has been achieved in respect of Implementation Reports received from the same Provincial Departments of Education.
- Of the most notable achievements for the SETA is the success of the outreach strategy. 476 small organisations have submitted Workplace Skills Plans as opposed to the target of 156. This is a remarkable 305% more than the anticipated reach.
- The SETA has registered nine full qualifications and four unit standards to date.
- 68 training providers have been accredited through the ETDQA process of the SETA with a further 298 in the process of accreditation.
- The SETA was also accepted as an 'Investors in People' delivery partner in the ETD sector.

Challenges ahead

The work of the ETDP SETA does not come without its challenges.

Raising the number of blacks, women, the unemployed and people with disabilities embarking on learnerships is an area which requires substantial focus, if we are to transform our nation to one that is economically representative.

In addressing this important issue, the ETDP SETA will focus on developing more aggressive and creative communications and marketing strategies aimed at reaching the remote and rural areas of our country, where the unemployment levels are high and literacy and skills levels low.

In light of the employment situation in the country, there is demand for already skilled persons and thus the prospect of formal employment for the unemployed or under-employed is not always a reality. The ETDP SETA will aim at tailoring Learnerships and Skills Programmes to focus on skilling people so as to promote economically viable possibilities for them where formal employment opportunities are scarce.

A further challenge is in reaching and serving constituencies that are not easily accessible nor fully aware or capacitated to embark upon effective programmes of skills development. Many of these organisations are unable to access the services of the SETA because of distance, lack of technological infrastructure or lack of capacity to meet the criteria established for awarding discretionary grants. We must find some way to serve those who are most in need.

In the end, the ETDP SETA is committed to finding innovative and creative ways of raising the skills levels and qualifications of the nation's workforce to improve productivity and competitiveness, attract investment, increase employment or self-employment opportunities and improve the quality of people's lives.

Future highlights

It is with excitement and anticipation that I inform you that the ETDP SETA will be hosting a National Conference in September 2003. The theme of the conference is "Transforming the Nation through Skills Development: Challenges and Prospects for the ETD Sector". Leaders in the education, training and development sector, will be participating and sharing their experience and expertise with a diverse audience from across the constituency profile of the ETDP SETA. I expect

this to be a hugely successful event pulling together strengths and resources in the spirit of sharing and deepening perspectives in the area of skills development in our country.

Acknowledgement

In closure, I would like to extend a heartfelt thank you to all those persons who continue to spread their magic through their commitment and support to the furtherance of the ETDP SETA's objectives.

They are the ETDP SETA staff, members of the Board, Exco, Budget and Levy Chambers, Joint Standing Committees, project teams, reference groups, stakeholders and service providers.

Thank you for your valuable contributions and may the coming year be a fruitful and productive one for us all.

Sincerely



Nomlami Mahanjana
Chief Executive Officer



Management

Nomlamli Mahanjana, CEO of the ETD P SETA (6)

Nomlamli Mahanjana has been the Chief Executive Officer of the Education, Training and Development Practices, Sector Education and Training Authority (ETDP SETA) since 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 in 1979 and during the period up until 1991, she obtained the following degrees: Bachelor of Personnel Management Honours, Higher Diploma in Education, Bachelor of Education and Master of Education (Education Management). In 1996, she obtained a certificate in Teacher Planning from the Institute of Education Planning in Paris. In 1999 she obtained a Master of Management degree from Wits Business School. She further obtained a certificate in Managing Human Resources in Education from the School of Public and Development Management: Wits in 2000. She also attended a certificated programme in Financial Management offered by Wits Business School in 2002. She recently obtained a certificate for a Senior Executive Programme for Africa which is offered jointly by Harvard Business School and Wits Business School.

Richard Jewison, Divisional Manager for Learnerships and Skills Programmes (1)

Richard Jewison, Divisional Manager for the Learnerships and Skills Programmes Division. Richard joined the SETA in August 2001, after being seconded to be a member of the establishment team from May 2000. He left school in the UK at the age of seventeen, with the equivalent of a Matric, and was a manual worker in local government. He became a union official in 1978 and trained to become a trade union education officer. He worked in the trade union movement in the UK for twenty years before moving to South Africa in 1997. Prior to joining the SETA staff he was assessed, in a process of Recognition of Prior Learning, as having equivalent of a level six management qualification. Before being seconded to the SETA, Richard worked for the National Education, Health and Allied Workers Union (Nehawu) as National Education Secretary.

Clyde Maurice, Acting Divisional Manager for Constituency Support Services (2)

Clyde Maurice was the acting Divisional Manager for Constituency Support Services during the year under review. 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.

Fanyana Ndashe, Divisional Manager for Corporate Services (3)

Fanyana Ndashe joined the ETDP SETA in May 2003. He matriculated at Inkomazi High School in Mpumalanga. Ndashe qualified as an educator in 1973 at Botshabelo Training Institution. He holds a Master of Science in Education (MScEd) from Northern Illinois University, majoring in Curriculum and Supervision. He also has a BEd degree from Rand Afrikaans University, and a BA degree from the University of South Africa. He attended a three-month course in Education Management at the University of Bristol, UK, in 1987, and has taken part in a wide range of courses during his career, including a study visit to Canada for education management development. Before joining the ETDP SETA, Fanyana was General Manager for Corporate Services at the Mpumalanga Parks Board, from 1997 to 2003.

Daisy Nyamane, Divisional Manager for Finance and Administration (5)

Daisy Nyamane joined the organisation in April 2003 as the Divisional Manager for the Finance and Administration Division. She matriculated at Vlaktefontein Technical College, Mamelodi (Pretoria) in 1979. She holds a BCom degree from the University of South Africa, and she has also completed a management course at the University of the Witwatersrand. She is currently doing her MBL degree with the University of South Africa. Before joining the SETA, she was with the Gauteng Department of Education as Deputy Director in the Finance Unit.

Leonard Saul, Divisional Manager for the Strategic Planning and Support Unit (7)

Leonard Saul joined the ETDP SETA in January 2003 as the Divisional Manager for Strategic Planning and Support Unit – a unit charged with strategic planning in the CEO's Office. He holds a Lower Secondary Diploma from the University of the Western Cape, a BA degree from the University of South Africa, plus a BEd and an Educational Management degree from the University of Free State. Saul is currently studying with the University of Pretoria for his PhD in outcomes-based education. Prior to joining the ETDP SETA, Leonard was the CEO for the South African Congress for Early Childhood Development.

Winston October, Project Manager for the National Skills Fund (8)

Winston October joined the ETDP SETA in March 2003 as the Project Manager for the National Skills Fund. He matriculated in Mossel Bay in the Western Cape in 1983 and holds a BA degree and a Higher Degree in Education from the University of the Western Cape. Prior to joining the SETA, Winston was Project Manager for Umsobomvu Youth Fund.

The ETDP SETA would also like to thank the following people who were also part of the Management Team but left the organisation: Carlo Moi (10) and Patrick Zikalala (4), who were contracted to serve as Divisional Managers for Finance and Corporate Services respectively; and Debbie Machard (9) who resigned as Divisional Manager of the ETDQA division.



Executive committee



Duncan Hindle

Budget employer representative
Position: Chairperson



Sheila Dipadi

Levy employee representative
Position: Committee member



Vincent Maphumulo

Levy employee representative
Position: Co-chairperson



Cedric Mulaudzi

Budget employee
representative
Position: Co-chairperson



Marina le Grange

Levy employer representative
Position: Co-chairperson



Enoch Rabotapi

Budget employee
representative
Position: Committee member



Mark Henning

Levy employer representative
Position: Committee member



Nozuko Ngozi

Budget employer representative
Position: Committee member



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

Operational review

Constituency Support Services

The Constituency Support Services Division (CSS) is one of the core programmatic divisions of the ETD DP SETA. Its primary role is to facilitate and enable a programme of sustained contact with constituent member organisations. The objective here is to assist these organisations to tap into the services of the SETA and thereby realise the benefits of skills development in their respective organisations. In providing this programme of services and support, the division manages an advisory service for member organisations that seek to align and maximise the services of the SETA to the unique needs of each constituency in the sector. But such services cannot be effective without the required financial resources to support skills development initiatives, the foundation of information and planning to ensure responsiveness, and the ongoing engagement with the respective chambers to ensure effective mobilisation and representation. In these respects, the newly consolidated division is divided into three major departments: Advisory Services; Grants Management and Research, Planning and Information Services. With the Chamber Secretariat's critical role, these departments constitute mutually supportive units that embody a cohesive thrust of service and support to constituencies.

The Advisory Services Department of the division is staffed with 16 advisors and two heads of departments, who serve the Budget and Levy Chambers, respectively. Their major role is constituency contact. These advisors assist organisations with planning, implementation and reporting on skills development; and they seek to build capacity and share pertinent information among constituent member organisations.

The Grants Management Department processes mandatory and discretionary grants so that member organisations can access funds for training. While the mandatory grants programme seeks to mobilise Workplace Skills Plans and encourage organisations to benefit from their levy payment, the discretionary grants programme seeks to provide funding to complement existing training initiatives, expand opportunities to the marginalised and ensure that gaps are filled in addressing national priorities for training and workplace transformation.

The research and planning function of the department seeks to ensure that the environment and focus of skills development is properly understood, and that circumstances are properly communicated so that plans can be set in place to maintain responsive programmes of skills development in all constituencies. The research programme ensures that the required information and understanding is available to enable skills development to make measurable contributions to the performance and productivity of member organisations and to the sector as a whole.

Over the past year, the work of these core units of the division was consolidated into four major thrusts of activity. The thrusts were as follows:

- Constituency consultation
- Constituency service planning
- Reaching the marginalised
- Capacitating staff to perform effectively

This year was considered an essential period for reconstructing the foundation of the division for enhanced service delivery. Each of these thrusts will be described briefly below.

Constituency consultation

Constituency consultation was an initiative undertaken in order to reach out to our constituencies and constituent member organisations. Realising the diversity of the organisations and constituencies within the sector, an effort was made to acquire a more in-depth understanding of the different needs, issues and priorities of the constituencies that constituted the ETD sector. This was accomplished in several ways. The research undertaken for each sector was reviewed, consultative workshops were conducted and a reference group representing each constituency was established for the purpose of providing advice and guidance. Even in the course of the division's work with other divisions and in its interaction with the two chambers, efforts were made to acquire a better understanding of ETD constituencies and constituent member organisations.

Constituency service planning

Constituency service planning is essentially a new strategy being undertaken by the ETDP SETA to meet the unique needs of constituencies. The essence of constituency service planning is the development of an annual service plan for each constituency. This service plan will provide details on the programme of services and support that will be provided for the constituency, and the budget allocation that will be made by the SETA for that purpose. The constituency service plans are based on the input acquired from consultative workshops, and are utilised to mobilise the effort of each division in the SETA to provide service to the constituency. The end result is a unified and focused approach to service provision to constituent member organisations by the SETA.

Reaching the marginalised

Another focus for the division's activity was the effort undertaken to reach out and serve marginalised and underrepresented groups. The primary focus here was on attracting the interest of these groups, and seeking to understand their need for services and support. Here, our discretionary grants funding strategy was the primary vehicle. But in addition, all policy proposals and operational initiatives in the division placed high priority on the needs of marginalised and underrepresented groups.

Capacitating staff to perform effectively

The final thrust was on developing the capacity of the division as a whole to deliver. Here, the concern was not only in respect

to staffing and staff development, but also in relation to the policy, communication and physical infrastructure that is required to reach, support and serve constituency member organisations.

This report will therefore seek to highlight the activities undertaken along these four major lines of focus for the work of the division. The remainder of the report will be divided into three sections: achievements, challenges and prospects. These sections will provide the highlights of the division's experience and accomplishments for the last fiscal year. The final section will speak about the prospects for the future.

Achievements

There are eight categories of achievement which reflect the accomplishments of the division over the last year. The primary areas in which accomplishments have been made are as follows: staffing; consultative workshops; mandatory grants; discretionary grants; planning and analysis; systems development for accountability; research; and partnerships and collaboration. Each area will be addressed briefly:

Staffing

In order to prepare the division for a new agenda of constituency support and services staffing in the division was expanded, and responsibilities were reconstructed so that members of the constituencies had easier access to service and support. In essence, the contingent of staff in the division was expanded by approximately 80%. A new leadership cadre was put in place in the person of a new divisional manager, and in terms of four new heads of departments. Thirteen of sixteen new advisor posts became available, with seven new advisors in the Budget Chamber and six new advisors in the Levy Chamber. New posts were all filled for research and information officers as well for grant portfolio officers for the disbursement of discretionary grants.

At the end of the fiscal year, the division was still in the process of hiring new staff; but there were 30 new positions on the establishment and threefold the amount of work to be undertaken. The division was in the process of becoming capacitated with staff to undertake the wide array of responsibilities as represented in the business plan for 2003 – 2004. As part of this process of reconstructing the division for an enhanced level of constituency support and service,

job descriptions, KRDs, job responsibilities and performance standards were formulated for all staff in the division. At the close of the period, these were formally being put in place.

Constituency consultative workshops

During the year, the division embarked upon a series of constituency consultative workshops. These workshops were conducted in order to gain a more indepth understanding of the needs, plans and priorities of each constituency in the sector and in order to more adequately understand the challenges and issues which affect the performance of each constituency. It is generally recognised in the SETA that the ETD sector is quite diverse, and that one approach or prescription will never be appropriate for all constituencies in the sector or even all organisations within the same constituency. As the significance of these differences began to emerge, it became necessary to initiate measures to address the unique needs and circumstances of constituencies. This was essentially a twofold process. The first phase was a series of constituency consultative workshops; and the second phase was the preparation for constituency service plans.

An activity-based module was developed for the constituency consultative workshops, and workshops were conducted all across the country. During the year, workshops were conducted for six of ten designated constituencies. They are as follows: early childhood development centres; non-governmental organisations (NGOs), school governing bodies; private providers; public further education and training institutions and independent schools. A total of 41 workshops were conducted with attendance totalling approximately 15 000 participants. Special attention was given to scheduling workshops so that they could be easily accessed by rural and disadvantaged communities.

The input from these workshops has been valuable for the SETA as a whole. Extensive discussions were held by staff in the division and in the SETA as a whole regarding strategies that can be undertaken by the organisation to address some of the issues raised at these workshops. For the SETA as an organisation, these workshops provided a critical learning experience, and as a result, our approach to many of our constituency service functions have been adjusted. Reports on the consultative workshops for each constituency have

been developed; and an integrated report to summarise the findings for all constituencies has been prepared. All the input from these consultative workshops have constituted the basis for the preparation for constituency service plans. These service plans will outline the array of services and support the SETA will provide to the constituency during the year. These plans will also specify policy guidelines, schedules for delivery, allocation of responsibilities, anticipated outcomes, budget allocation and monitoring and evaluative plans among others. It is anticipated that each constituency will collaborate with the SETA in a partnership arrangement for the development and implementation of these service plans.

Mandatory grants

Mandatory grants are paid for the submission of Workplace Skills Plans and implementation reports. An overall review of the submission of WSPs and implementation reports reveals that of an estimated 23 823 organisations in the sector, only about 7 000 or 29,38% are registered with SARS, and only about 683 or 2,86% are submitting WSPs. Even less submit implementation reports. In the year 2002 – 2003, 683 organisations submitted WSPs, representing an increase of 12% over the period 2001 – 2002. In the same year 403 implementation reports were submitted representing an increase of 43% from the previous year. Of the WSPs submitted, 75% came from organisations with less than 50 employees.

Although WSP submissions have increased slightly, the rate of submission is far below what is expected if the sector must become more productive through well planned and properly executed programmes of skills development. Many reasons have been advanced for the low rate of WSP submission. These reasons, notwithstanding, a mobilisation programme has been initiated to increase the penetration of the SETA into the constituency, and thereby improve the rate of submission of WSPs.

Five critical initiatives have been undertaken in this regard. These are as follows:

- The formats for both WSPs and implementation reports have been significantly shortened and have been made more user-friendly;
- Letters and WSP formats and guidelines have been sent to all organisations in the ETD sector that have registered with SARS but are not currently submitting WSPs;

- Letters have been sent to all organisations that have not resubmitted WSPs;
- The process of payment has been streamlined to accelerate the flow of funds back to organisations; and
- All recipients of discretionary grants are encouraged to submit WSPs for 2003 – 2004.

Because of these initiatives it is anticipated that for the 2003 – 2004 fiscal period the number of WSPs being submitted will at least double.

Discretionary grants

Because of the time and effort that was necessary to establish the proper administrative infrastructure to disburse discretionary funds, by May 2002, a total of R74 149 191 million in discretionary funds had accumulated. The amount was made up of R53 319 887 in administration operational surplus, R6 818 826 in unclaimed levies and R14 010 478 in surplus of unallocated discretionary funds. With the approval by the Department of Labour to roll over these funds into the 2002 – 2003 fiscal period, a process was initiated to disburse these funds back to constituent member organisations. A total of R15 million was set aside for projects to be undertaken by the respective Departments of Education, and a funding guide was prepared to be used as the basis for a public announcement in October 2002 for organisations to submit applications and project proposals for the use of these funds.

As a result of this public announcement, almost 2 000 organisations submitted project proposals. In the end, 3 533 project proposals were submitted, requesting funding which totalled R261 million. This flood of applications extended the administrative resources of the SETA. With the assistance of board members, the applications were reviewed over an intense three-month period. Of the 1 894 organisations submitting project proposals, 1 130 or 60% were successful; and, 61% or 2 157 of the 3 533 project proposals were funded. Table 1 provides a summary of the amount of funds that were allocated to each of 12 funding programmes for each of 12 ETDP SETA constituencies. Of the R74 million allocated to the programme, a sum total of R71 762 014 was scheduled for disbursement. The remaining R2 237 986 was the balance that was reserved to support programmes for underqualified educators.

The information in Table 1 highlights the following:

- The majority of the funding was allocated to skills programmes (R33 530 651,42) and learnerships (R10 798 207,50). This means that of the R71,8 million allocated, R44,3 million or 62% of the total was allocated to skills development programmes of high priority.
- It should be noted that two ETDP SETA constituencies, political parties and libraries and archives, did not fully participate in the programme. Two applications were submitted by political parties, and one application was submitted by the libraries and



archives constituency. Much of the funds that were reserved for the use of these constituencies was retained to be accessed by their member organisations.

- Member organisations from constituencies such as private providers, higher education, school governing bodies and early childhood development centres participated most heavily in the funding programme.
- Projects on HIV/Aids were submitted by all but one constituency. The programmes funded amounted to R5 820 813.
- Training of assessors and moderators was the area of training that was most frequently requested. A total of R6,7 million was allocated to assessor and moderator training. With this training included, a total of R51,3 million or 71,4% of the budget was allocated directly to skills development programmes.

The most significant achievements of the discretionary grants programme in 2002 – 2003 are:

- the change in the profile of organisations to which funds are allocated;
- the variety of worthwhile projects that are being undertaken by member organisations; and
- the impact or knock-on effect the programme is having on the availability of skills development opportunities and the number of WSPs to be submitted.

The organisations that are funded are widely dispersed geographically with the majority being rural and micro enterprises; the projects supported cover a wide variety of skills development projects, but include projects on HIV/Aids, skills development research and youth and community development initiatives. It is anticipated that as a result of the grants programme the WSP submissions will double and over 30 000 individuals will receive training of high priority in the national skills development strategy. There have been challenges. These will be addressed briefly in the sections to follow.

Planning

The division has embarked upon a variety of planning initiatives. A planning framework has been prepared to guide and focus the service to the constituency and the development of the sector. The key to the planning framework is the constituency services plans which will inform the sector skills plan and the business plan of the organisation. One of the

most critical and promising features of the planning framework is the preparation of an integrated service plan for the SETA which will outline in detail an integrated programme and schedule of services for constituencies. The activities of all the divisions will be consolidated into a month-by-month service delivery strategy.

Systems development for accountability

The division has made significant progress in the development and refinement of systems for ensuring accountability in the disbursement of funds. Detailed grants processing protocols have been developed and are now being implemented. Grant portfolio advisors have been hired in order to render special service and support to organisations in the disbursement of discretionary grants.

Challenges

The year 2002 – 2003 was both a year of challenge and a year of significant accomplishments. The two are sometimes difficult to separate, because even in the midst of challenges there were so many lessons to be learnt. At the core of the challenge were the inherent difficulties in promoting an agenda of transformation. Perhaps the most significant lesson learnt was that the challenge of change cannot be confronted without collective commitment. Over the year, the CSS Division sought to redefine the concept of service and support to constituencies; and, in the process, acquired a more enriched understanding of what it required to truly serve. Eight points of challenge are itemised and briefly discussed below.

Staffing

Most of the year in the division was spent with a bare minimum of staff. A new organogram was instituted, and a new programme of work was undertaken. Before staff were hired, however, the workload on the division was overwhelming. The greatest challenge, however, was in the reorientation and development of staff to undertake a new array of responsibilities. The lesson learnt was the importance of skills development and professional development in programmes of organisational reorientation.

WSPs

The division struggled to maintain an acceptable level of WSP submissions because of the length and complexity

of the WSP format; and, even when WSPs were submitted, many were not completed properly and caused delays in processing.

Interest in discretionary grants

An unexpectedly large number of member organisations submitted proposals for grants in response to the public announcement on the availability of discretionary grant funding. The division was not prepared to handle such an overwhelming number of applications. This caused delays in processing, and it retarded the process of grant disbursement. Board members volunteered their services and contributed immensely to the success of the project.

Incapacity of those most in need

The review of grant applications, and the process of finalising contracts with successful grant applicants have both revealed that the groups that are most in need of funding are perhaps least capable of engaging in a formal process of allocating grants. Many organisations do not have the capacity to prepare grant proposals, and many are unable to develop effective and feasible project implementation plans. As a result, many small organisations transfer most of the responsibilities for grant preparation and project implementation to service providers. The lesson learnt here was that a special programme of support is necessary if special target groups, small rural organisations and marginalised communities must be served.

Complexity of accountable grants disbursement

In the current arena of public expenditure, and with established public policies governing the use of public funds, grants disbursement is a significant challenge. The challenge is threefold: (i) the establishment of proper grant disbursement systems; (ii) the determination of the credibility of organisations that are approved for funding; and (iii) the establishment of proper mechanisms to ensure that projects are successfully implemented and funds are responsibly used. The task of setting these systems in place for a newly established organisation not only takes time, but it slows down the process of delivery.

Lack of information

The unavailability of critical labour market information has affected planning for the sector skills plan. Available labour market and other statistical information are not sufficiently disaggregated to effectively plan for all constituencies in the sector. In order to completely understand the supply and demand dynamics in education and training therefore, supplemental research studies must be undertaken. The constituency consultative workshops provided an important basic understanding for planning subsectorally. But this is not enough. In 2003 – 2004, a thorough programme of research must be undertaken to inform the SETA's planning processes for the sector.



Operational review

continued

Management of perceptions and expectations

The 2002 – 2003 fiscal year was a period when the SETA was in the midst of constructing an adequate foundation for effective service delivery. Basic administrative systems were being re-engineered.

Grant approval and payment processing systems for grants were being overhauled, and more staff were being hired to undertake an expanded level of responsibilities. In the midst of these developments, service delivery suffered. The CSS Division, as the unit in the SETA which has the most immediate contact with constituent member organisations, bore the brunt of complaints about shortcomings. The consultative workshops were the primary forums for the expression of this discontent. Our limited staff took responsibility of managing these perceptions and making renewed commitments to deliver.

Prospects for the future

Having established the necessary foundation for providing services and support to constituencies, the division seeks to consolidate and refine its programmes for constituency support and service. In the coming year, the CSS Division will manage programmes of advisory services, grants disbursement and research dissemination so that all member organisations will be reached with services and support which address their needs, issues and delivery priorities. In particular, the following eight items will define and focus the prospects for the future.

- Each of 12 constituencies will have constituency service plans which will define the contractual obligations for the SETA to serve the respective constituencies.
- Partnerships will be developed within each constituency so that member organisations could be appropriately served.

Grants management

FUNDING PROGRAMME PER CONSTITUENCY MATRIX

Constituency	Subsector research	Research and impact studies	Learning programmes for enterprises and organisations	SDF capacity building	QMS and moderator training	Learnerships grants
Further education	R0,00	R0,00	R1 924 470,00	R136 100,00	R1 593 510,00	R340 500,00
Higher education	R851 580,00	R431 800,00	R1 697 957,00	R25 750,00	R1 213 500,00	R584 892,00
Independent schools	R0,00	R0,00	R1 330 700,62	R18 840,00	R432 900,00	R897 198,00
Private providers	R77 400,00	R238 000,00	R6 045 273,80	R146 500,00	R2 042 559,00	R2 650 271,00
Trade unions	R0,00	R708 195,00	R3 718 167,00	R153 400,00	R20 000,00	R0,00
Non-governmental organisations	R0,00	R0,00	R1 858 991,00	R204 000,00	R227 480,00	R3 844 696,50
Libraries	R0,00	R0,00	R99 000,00	R0,00	R0,00	R0,00
Research	R0,00	R100 000,00	R0,00	R0,00	R0,00	R0,00
Schools governing bodies	R0,00	R0,00	R2 822 048,00	R255 050,00	R442 000,00	R365 750,00
Early childhood development	R0,00	R440 000,00	R283 176,00	R48 460,00	R59 240,00	R1 114 900,00
Political parties	R0,00	R0,00	R0,00	R0,00	R0,00	R0,00
Department of Education	R0,00	R673 652,00	R10 638 872,00	R1 765 716,00	R648 930,00	R1 000 000,00
Total	R928 980,00	R1 917 995,00	R30 418 655,42	R2 753 816,00	R6 680 119,00	R10 798 207,50

- One advisor will be assigned to each Provincial Department of Education and to the National Department of Education so that MOUs can be developed and collaborative ties could be strengthened in serving the sector as a whole.
- Because of increased efforts to serve social target groups and marginalised communities, the division will extend its reach and broaden the scope of its services so that there is greater representivity in the service it delivers.
- The division will seek to provide leadership for an integrated structure of service delivery in the SETA where the work of all divisions could be packaged into set programmes of services to specific constituencies.
- The disbursement of mandatory and discretionary grants will be conducted in a manner to enable the SETA to develop service networks, stimulate skills development activities in the sector and reach and nurture a wider range of SMMEs for the development of the sector.
- Systems and processes will be in place to ensure more effective and efficient delivery of services.

- Efforts will be undertaken to further develop staff in the division to become a tightly woven group of committed professionals who will be fully capacitated to manage an agenda of transformation in skills development and thereby enhance the performance and productivity of the ETD sector.
- The division will provide leadership and support in the preparation of a developmental series of advocacy and capacity-building materials that will assist in informing and enhancing the performance of constituent member organisations.
- With research staff on board, the division will implement a programme of research to continually assess the impact and performance of the SETA and the sector.

In the division, we are grateful for the many lessons we have learnt over the past year, and we look forward to realising the vision of service that we have set in place as a newly reconstituted division.

Strategy to reach small ETD organisations	Tracking learnership graduates	Service provider development programme	Development of HRD infrastructure	HIV/Aids strategies	Community development	Total per funding programme
R150 000,00	R0,00	R0,00	R0,00	R30 800,00	R0,00	R4 175 380,00
R0,00	R0,00	R109 398,00	R228 000,00	R543 675,00	R553 824,00	R6 240 376,00
R0,00	R0,00	R0,00	R212 700,00	R288 050,00	R74 300,00	R3 254 688,62
R2 700 000,00	R200 000,00	R256 850,00	R445 426,00	R830 811,00	R383 250,00	R16 016 340,80
R0,00	R0,00	R49 500,00	R50 000,00	R894 100,00	R0,00	R5 593 362,00
R1 350 000,00	R200 000,00	R130 000,00	R201 300,00	R1 288 552,00	R1 810 381,61	R11 115 401,11
R0,00	R0,00	R0,00	R0,00	R0,00	R0,00	R99 000,00
R150 000,00	R100 000,00	R0,00	R0,00	R680 711,00	R0,00	R1 030 711,00
R0,00	R0,00	R0,00	R62 500,00	R0,00	R1 200,00	R3 948 548,00
R0,00	R0,00	R51 005,00	R185 828,00	R785 600,00	R135 300,00	R3 103 509,00
R0,00	R0,00	R0,00	R0,00	R214 500,00	R0,00	R214 500,00
R0,00	R0,00	R0,00	R2 549 015,00	R264 014,00	R0,00	R16 970 199,00
R4 350 000,00	R500 000,00	R596 753,00	R3 934 769,00	R5 820 813,00	R2 958 255,61	R71 762 014,00

Operational review

Learnerships and Skills Programmes

Profile

The purpose of the SETA, through the Learnerships and Skills Programmes Division, is to develop, register and make available Learnerships and Skills Programmes that address the needs of ETDP SETA member organisations, and to register and manage learnership agreements.

The division is staffed by a team of eleven – a divisional manager, two heads of department, four project leaders and four administrative staff. During the latter part of the 2002 – 2003 financial year the SETA appointed a number of staff to assist in the delivery of NSF funded programmes. These staff were located in the Learnerships Division until the NSF Project Manager was appointed in April 2003. In addition to having responsibility for the SETA funded Learnerships and Skills Programmes, the division assisted in preparations for the implementation of the large project agreed with the National Skills Fund.

Achievements of the division for 2002 – 2003

The following are the objectives that the division set for the year and a report on how far the objectives set were achieved:

A fully functioning and effective Joint Standing Committee (JSC) is established that is clear about its function and fulfils all its responsibilities.

JSC met four times in 2002, as planned, including four capacity building workshops. The committee has functioned well, developing recommendations on policy for the Board and the Executive Committee.

The divisional staff team as outlined in the business plan is recruited, developed, supported and appraised in accordance with the Performance Management Development Strategy.

Posts have been filled as per above organogram. The division has restructured to address the needs of the NSF project. There are now two departments, one dealing with the development sector and one dealing with Education and Training.

Advisors have been renamed Project Leaders to recognise their role in managing projects from scoping and development through to implementation, monitoring and evaluation. Staff development has taken place, and staff are working effectively as a divisional team, playing an important role in the SETA wide staff team.

The strategy for the development of Learnerships and Skills Programmes within the framework of the sector skills plan has been reviewed, agreed and communicated in the sector. Grants have been allocated in accordance with the agreed strategy.

A policy booklet was produced and circulated widely. It has had two reprints. The policy mainly focused on Learnerships, and there is now a good understanding of processes to implement Learnerships and access grants for learners.

The skills programmes strategy has not yet been fully developed. As part of the NSF project skills programmes are being implemented, and the assessor/mentor training is an established skills programme, but more work is needed.

Grants are being allocated and paid for programmes that can be regarded as skills programmes. As more providers are accredited and programmes approved the concept of skills programmes will be better understood.

The LS and SP section of the business plan has been reviewed in the light of the SSP review, and an operational plan has been agreed to implement the plan.

The SETA constituency workshops held in 2002, the HSRC research completed for the SETA, and an analysis of WSPs, assisted the SETA to identify Learnerships and Skills Programmes required to achieve SETA and sector objectives. The Board approved a range of projects and there is broad

support in the sector for the programmes being developed and implemented.

Sixteen learnership project plans agreed, ten Learnerships in the ETDP SETA's primary focus registered with DoL, two outside the SETA's focus developed and registered. At least 1 500 learnership agreements registered.

Sixteen learnership project plans were developed and agreed. Further projects have been identified.

Nine learnerships are registered with the Department of Labour and a target of ten will be achieved during 2003. The two outside the primary focus of the SETA are still under discussion and it was not possible to achieve this as planned. 545 learnership agreements were registered in 2002. 1 500 learnership placements have been agreed for 2003, and so far 800 new learnership agreements have been signed. There have been some delays in achieving the 1 500 target, but this figure is expected to be reached during 2003.

The systems for efficient registration, capturing, and reporting, of learnership agreements are developed and fully operational.

The administrative process and criteria are in place and agreements are being registered. Reporting is taking place, but not in the detail that an MIS would facilitate. It is hoped to finalise the MIS during 2003, and so improve the data being reported.

Capacity building programmes and materials have been developed and capacity built internally and externally to access Learnerships and Skills Programmes.

Programmes, presentations, materials, etc, have been developed and workshops run throughout the country that have been well received. Internal capacity has been built and a plan is in place to build external capacity. The SETA has established a cycle of service delivery interventions that includes: advocacy campaigns, readiness workshops, induction of parties to the learnership agreement, monitoring workshops and reports and evaluation processes. This cycle is proving very effective in the establishment of learnerships in all subsectors.

NSF, GTZ and other projects are developed and implemented as an integrated part of the work of the division.

The NSF funded Learnerships and Skills Programmes were integrated into the work of the division in 2002. Discussions have been held with the GTZ and projects have been identified. The SETA Board agreed during 2002 that the NSF project should be established as a separate entity, but for the period under review the division played an important role in preparing for implementation.

The administrative function of the division is fully developed and managed, including the implementation of standard operating procedures.

Systems are in place for most aspects of administration. The delays in implementing an MIS system has meant that systems are not fully computerised, but manual systems for all the work of the division are now in place. The expansion of the work of the division during 2002 and 2003 has highlighted a number of challenges that are being addressed in 2003.

The communications, promotions and outreach strategy of the division has been developed and implemented.

The division has implemented an outreach programme linked to the various learnership projects. Z-folders, posters and presentations were prepared. It is clear from the response to the advocacy campaign that there is a very great demand for learnerships. The SETA is now working hard to respond to the demand.

The work of the division has been monitored, reviewed and reported on and appropriate action taken where problems in implementation are identified.

Reports have been made regularly to the JSC, Exco, Chambers and the Board. The achievement, or progress towards achievement of targets have been reported on. Where problems have been identified action has been taken.

Monitoring takes place, but evaluation has only just started. This is starting to be done and a number of projects are planned for 2003.

Registration of ETDP SETA Learnerships as at 31 March 2003

At the end of March 2003, the following learnerships were registered with the Department of Labour:

- ECD Practitioners Level 4
- ECD Trainers Level 5
- ABET Practitioners Level 4
- ABET Practitioners Level 5
- Level 6 Educators in Schooling (HDE and PGCE)
- Level 6 Educators in Schooling (BPrimEd and BSecEd)
- Level 5 Educators in Schooling NPDE
- Occupationally Directed ETD Practice Level 5

Additional learnerships have been developed and registration is planned for 2003. These are:

- ECD Trainers Level 6
- OD ETD Practitioner Level 4
- HE Practitioners Level 7 PGCHET
- Classroom Assistant Level 4

In summary, the SETA target of 1 500 learnership agreements registered by March 2003 has not been possible but the figure will be achieved by July 2003. In fact it is expected that the figure will be exceeded during 2003 as NSF funded learnerships are implemented and SETA grants from surplus funds are distributed to fund additional learners.

Challenges for the year ahead

The main challenges in 2002 – 2003 have been in relation to employer and provider readiness. Generally employers and workplaces have been identified and the sector has shown a high level of commitment. However, many of the qualifications are new, accreditation and programme approval has been a challenge, and adapting programmes to the learnership mode of delivery has also been difficult for many providers. However, the work being done by providers, in partnership with employers and the SETA, is overcoming the difficulties and delivery structures will be in place by 2004. Many lessons have been learnt, and the lessons are informing adjustments to the plans being implemented in all subsectors.

Another challenge has been in the registration of qualifications by SAQA. Joint plans are now in place with

SAQA, and a good working relationship exists with NSB 5. It is expected that qualification gaps will be filled in 2003, allowing an expansion in the number of learnerships in 2004.

Prospects

The following projects are not yet ready to implement, but progress is being made. These are:

HE Practice

The HE Practitioner qualification is now registered and Learnership and Skills Programmes are being developed against the new qualification.

Administration and Finance

These will probably be learnerships and skills programmes at levels 4 and 5. The programmes aim to address the needs of all ETD organisations, including public service staff in education departments.

E-Learning/ICT

A number of projects are being discussed with stakeholders, including a possible ACE learnership to upgrade teacher ICT capacity.

OD ETD Level 4

There is a qualification registered with SAQA in the ETDQA primary focus. The learnership has been submitted for registration and a project plan has been agreed.

Community Development and Youth Work

The development practices qualifications are close to finalisation and registration by SAQA. Learnerships are being developed at Levels 1, 4 and 5.

Education Management

An SGB has been established and is starting work. A project has been established to address the skills needs of education managers.

Classroom Assistants

There is growing agreement on the need for a classroom assistant learnership, supporting learners with disabilities and other learning challenges in the classroom. A qualification is being finalised.

Education, Training and Development Quality Assurance (ETDQA)

Profile

Education and training quality assurance is about establishing and maintaining high quality of education and training within the new skills development environment. Quality assurance is applied to both unit standards and qualifications registered on the National Qualifications Framework and to providers of education and training services.

Education and Training Quality Assurance Bodies are accredited by SAQA to perform the following functions:

- Accredit constituent providers for specific standards and qualifications;
- Promote quality and monitor provision amongst constituent providers;
- Evaluate assessment and facilitate moderation amongst constituent providers;
- Register constituent assessors for specified standards and/or qualifications;
- Evaluate learning programmes for constituent providers who wish to extend their accreditation and for providers

accredited by other ETQAs who wish to provide programmes in our primary focus;

- Recommend new standards, qualifications or amendments to existing standards and qualifications to national standards bodies.

Achievements

The ETDQA quality assures education and training provision across a range of standards and qualifications within the ETD P SETA's primary focus. The ETDQA must do so by monitoring provision, promoting quality amongst providers and accrediting providers to offer the specified national standards and qualifications within the ETDQA's primary focus. This entails evaluating and moderating providers' assessment of learning outcomes to ensure fairness, validity and reliability, as well as the registering of assessors for specified standards within the ETDQA's primary focus. The ETDQA must also recommend to SAQA (NSB 05) either new or modified standards or qualifications, and the ETDQA must certify the learners for which the ETDQA is responsible. The ETDQA has actively participated in all ETD P SETA workshops, meetings and conferences over the past year thereby ensuring information dissemination to stakeholders, partners, providers and SETA staff. The ETDQA predominately works with SME providers of education and training in matters relating to quality assurance.



Accreditation status as at the end of March 2003

Status	Number	%
Full accreditation	45	66,00
Provisional accreditation	23	34,00
Total	68	100,00

Accreditation per province

Province	Number of accredited providers	%
Eastern Cape	5	7
Free State	3	4
Gauteng	32	48
Limpopo	2	3
Mpumalanga	8	12
Northern Cape	0	00
North West	0	00
Western Cape	9	13
KwaZulu-Natal	9	13
Total	68	100

New providers in the ETDQA database seeking accreditation with the ETDQA SETA were invited to attend provider development workshops for non-accredited ETD providers during the month of March 2003. The purpose of the workshops was to introduce providers to the process of accreditation and also to assist them with quality assurance requirements.

A total of 23 Accreditation Facilitators entered into service level agreement contracts with the ETDQA SETA from 1 April 2002 until March 2003. New Accreditation Facilitators will be recruited in the 2003 – 2004 fiscal years while at the same time some contracts of the facilitators will be renewed based on their performance. Accreditation Facilitators provide assistance and support to ETD providers in preparation for applications for accreditation with the ETDQA SETA.

Challenges for the new year

Challenges for the ETDQA Division for the 2003 – 2004 financial year are:

- Maintaining the SETA ETDQA SAQA accreditation;
- Enhancing quality of ETD service in the sector through the implementation and maintenance of QA systems;
- Identifying and assisting organisations to promote quality in programming, management and delivery of all training;
- Implementing a programme of capacity building and development for SETA personnel and appropriate stakeholders to enable them to assist organisations in quality management and assurance issues;
- Increasing the number and availability of accredited providers and approved programmes to address the skills needs of employees in each constituency in all areas, particularly in rural and disadvantaged communities;
- Establishing service partnerships with other ETQAs and the DoE in order to enhance the quality of service to SETA member organisations;
- Building and supporting ETD sustainable provision in all geographic areas;
- Developing and reviewing standards and qualifications to meet the skills need in the ETD sector;
- Implementing the quality assurance of learner achievements systems; and
- Implementing RPL programmes and projects.

Corporate Services

The Corporate Services Division is made up of three units: Human Resources (HR), Information Technology (IT) and Operations Administration (OPS), which provide support services to other divisions.

During the past year the Corporate Services Division has made significant progress in the following areas:

Human Resources

- Consultation with the Staff Association and HR Committee culminated in the adoption of the HR policies and procedures;
- The Peromnes salary grading done by P-E Corporate was also adopted;
- The organogram for the organisation was developed and ratified by the Board;

- The HR Committee was constituted;
- The recruitment of about 90% of National Skills Fund staff was completed;
- The ETDP SETA was accepted as the pilot organisation for Investors in People (IPP);
- IIP assessment of the organisation resulted in the organisation achieving three of the ten IIP standards and the organisation has gone to implement the IIP action plan to achieve 80% of the IIP standards;
- The ETDP is also one of the eight SETAs in the country chosen as a delivery partner of IIP in the Channel 4 IIP project, which firmly puts the organisation in line to achieving the NSDS objective I:I.



Operational review

continued

ETDP SETA staff levels as at 31 March 2003

ETDP SETA	FEMALE				MALE				Total
	Black	Coloured	Indian	White	Black	Coloured	Indian	White	
CEO	1	0	0	0	0	0	0	0	1
Divisional Managers	1	0	0	1	1	1	0	1	5
HOD	1	0	0	0	3	0	1	1	6
PR Practitioner	0	0	0	0	1	0	0	0	1
Co-ordinators	2	1	1	3	2	0	0	1	10
Accountant	0	0	1	0	0	0	1	0	2
Secretariat Services	0	0	0	1	0	0	0	0	1
Facilitations	1	0	0	0	0	1	0	0	2
Communications Officer	1	0	0	0	0	0	0	0	1
Skills Advisors	2	0	1	0	0	0	0	0	3
Learnerships Advisors	1	1	1	0	1	0	0	0	4
Evaluators	2	0	0	0	1	0	0	0	3
Administrators	6	0	0	0	2	0	0	0	8
Assistant Administrators	1	0	0	0	1	0	0	0	2
Senior Clerks	1	0	0	0	1	0	0	0	2
Receptionist	1	0	0	0	0	0	0	0	1
Office Assistant	2	0	0	0	0	0	0	0	2
Subtotal – Permanent	24	2	4	5	12	2	2	3	54
Consultant	0	0	0	0	1	0	0	0	1
Co-coordinators	3	1	1	2	2	1	4	0	14
Administrators	4	0	0	0	2	0	0	0	6
Data Capturers	2	0	0	0	0	0	0	0	2
Subtotal – Temporary and consultant	9	1	1	2	4	1	4	0	22
Total	33	3	5	7	16	3	6	3	76
SMT	2	0	0	1	1	1	0	1	6
Professionally qualified, experienced specialists	1	0	0	0	4	0	1	1	7
Skilled technical and academically qualified workers	9	2	4	4	4	1	1	1	26
Semi-skilled and defined decision-making	9	0	0	0	4	0	0	0	13
Unskilled and defined decision-making	2	0	0	0	0	0	0	0	2
Total permanent	23	2	4	5	13	2	2	3	54
Non-permanent employees	9	1	1	2	4	1	4	0	22
Total employees	32	3	5	7	17	3	6	3	76

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

Operations

Staffing of the Operations Department: The Operations Department consisted of the Head of Department, two office assistants and one receptionist. The Finance Division did various functions that needed to be carried out by Operations. The recruitment and training of two additional staff members to carry out these functions was successfully accomplished.

Implementation of procurement policies and procedures of the ETDP SETA: The implementation of the procurement policies and procedures with a fully functional Procurement Committee was achieved during this period. The training of the Procurement Committee members on the Preferential Procurement Policy Framework Act, No 5 of 2000 and its regulations were conducted in October 2002. An external training college conducted the training. The implementation of the procurement system realised immediate savings for the SETA. The introduction of new suppliers to ensure price competitiveness and quality of service also cut down on expenditure of the SETA.

Contract management and review: The involvement of the Operations Department in the payment of suppliers has helped the divisions to closely manage the contracts that the divisions are entering into. This ensures that Administrators adhere to the policies and procedures of the organisation. All requests for payments are reviewed by this unit and recommendations made to the CEO. A framework for managing of contracts has been developed to help Administrators and Divisional Managers to manage new and existing contracts.

Information Technology

This unit was only established in February 2003, with the appointment of an IT Manager. One of the big projects currently under way which is being co-ordinated by this unit is the implementation of a management information system for the ETDP SETA; which will ultimately be linked to the organisation's quality management system. The unit will be liaising with external service providers to assist the organisation in this process.

An assets database has been created and ready for implementation when the assets tagging is ready to commence. The SETA also implemented the Alcatel telephone system and the IT Manager was trained on the server to handle Administrator functions.

The unit will also be working closely with the Communications Unit in the revamping of the ETDP SETA website, which will also entail implementing the content management system. An intranet is also currently under development. The intranet and internet sites will interface with the organisation's Management Information System to make the workload easier while allowing staff to work smarter. A document management system for the SETA was also created and implemented on the server.



National Skills Fund Project

In May 2002, the ETDP SETA was allocated a grant of R108,9 million from the National Skills Fund (NSF) to fund strategic projects in the ETD sector. The ETDP SETA has committed itself to facilitating the implementation of the following Learnerships and Skills Programmes for social target groups within the Presidential Nodal Areas and possibly beyond these areas.

- 1 650 learnerships in early childhood development (ECD) and adult basic education and training (ABET Practice);
- 11 000 skills programmes across education, training and development practices, which are aimed at large numbers of unemployed people and small organisations.

The programmes have three themes, namely:

- education – by facilitating the implementation of learnerships and skills programmes in ECD and ABET;
- training – building capacity for the implementation of Learnerships and Skills Programmes is expressed in the provision of skills programmes to develop ETD skills and knowledge in assessment, coaching, mentoring and RPL advising;
- development – supporting communities and organisations to initiate and manage development initiatives at local level is represented by the provision of skills programmes in community development.

There are three cross-cutting subthemes. The subthemes cut across all the work in the ETDP sector and may be included as elective components of the learnerships or as a standalone skills programme. The subthemes focus on HIV/Aids, barriers to learning and youth work.

The NSF project has subsequently been named “*Sakhisizwe*”, which means “*We are building the nation*”.

The Sakhisizwe project remains the National Skills Fund strategic project of the ETDP SETA. Sakhisizwe is a national vehicle for demand driven skills development that embodies

workplace-based Learnerships and Skills Programmes. Sakhisizwe also promotes quality education and training towards lifelong learning.

Sakhisizwe will be focusing its energies and resources on the 21 Presidential Nodal Areas of South Africa. This decision was made by the Board of the ETDP SETA, as the Presidential Nodal Areas are those areas that are most marked by poverty in South Africa. South Africa is both faced with urban and rural poverty and therefore the announcement in 1998 by the President of these areas was a milestone in concentrating the efforts of all development and government agencies to combat poverty in the nodal areas. The Presidential announcement allocated eight areas as urban renewal programme (URP) and 13 areas as the rural development programme (ISRDP).

The URP and the ISRDP is managed by the Department of Provincial and Local Government (DPLG) and therefore all development in the nodal areas are directly linked to the improvement of municipal service delivery to the poor people. As the custodian of improved service delivery to the people of South Africa, the DPLG can play a meaningful role in ensuring that all activities in the nodal areas are mainstreamed and identified and expressed by people through their integrated development plans.

The objectives of the Sakhisizwe project is thus in line with national policy objectives of the South African government. The Sakhisizwe project aims to enhance and build the capacity of training providers, through the development of the ETD practitioners, to provide quality Learnerships, Skills Programmes and other forms of learning programmes to the communities of the 21 nodal municipalities. In developing these programmes the ETDP SETA will foster strong relationships with government bodies such as the Department of Provincial and Local Government Department of Education, other SETAs, parastatals and the South African Local Government Association, as well as other departments that are planning or already running learning programmes in the nodal areas.

The ETDP SETA will be launching this project during the course of 2003.

Finance and Administration

The division continued to provide the necessary support to the Operational Managers during the financial year. Specific highlights included:

- The Audit Committee has been strengthened with the appointment of an external chairperson;
- The creation of an internal audit function – a decision was taken to outsource the function, and Gobodo Risk Management was selected to provide the function. A number of reviews were completed and reports submitted to the Audit Committee and management;
- Preparation of a business plan-cum-budget that reflects the strategic imperatives of the SETA;
- Recruitment of a permanent Divisional Manager: Finance; and
- Further improvement of processes and systems.

The division still face enormous challenges, among them:

- The division is still not fully staffed. An external consultant has been contracted to perform a complete review of the division and profile the ideal department to meet the current and future needs of the SETA. A recommendation is expected early in the new financial year, after which final recruitment and staffing of the division will commence;
- As the SETA relies heavily on funding by the various Departments of Education to enable it to perform its functions, late or non-payment makes it difficult to plan spending efficiently. Monthly cash flow forecasts have become a priority for the Finance Division, and will be continuously reviewed to manage resources optimally;

- The current accounting system is unable to provide management with the level of detail required to manage the budgets of their divisions. Consideration of a replacement for the current accounting package will form part of Information Technology's investigation of a complete Management Information System;
- At the moment the SETA pays its suppliers on invoice. At year-end all unpaid invoices, where delivery occurred before year-end, are accrued for as accounts payable in the financial statements. Steps will be taken to move from payment on invoice to payment on statement, at regular intervals. This should improve control, reduce bank charges and facilitate more effective payment of creditors; and
- A formal review of the financial policy, coupled with the streamlining of processes, elimination of inefficient procedures and strengthening of internal controls, will be undertaken during the first half of the next financial year. The improvement of systems and processes, however, remain an ongoing task, taking into account factors like new technology and legislative changes.

Carlo Moi, who was instrumental in the creation of much of the infrastructure existing within the SETA today, completed his contract after the recruitment of a permanent Divisional Manager of Finance. His contribution has been invaluable and the SETA remains grateful for his inputs.

Overall we are confident that the Finance Division is developing the capacity to support the continued evolution of the SETA.

Report of the Auditor-General to the Executive Authority on the financial statements of Education, Training and Development Practices Sector Education and Training Authority for the year ended 31 March 2003



1. AUDIT ASSIGNMENT

The financial statements as set out on pages 39 to 57, for the year ended 31 March 2003 have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995) and section 14(b)(a) of the Skills Development Act, 1998 (Act No. 97 of 1998). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting authority. My responsibility is to express an opinion on these financial statements, based on the audit.

2. NATURE AND SCOPE

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

An audit includes:

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

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

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

3. AUDIT OPINION

In my opinion, the financial statements fairly present, in all material respects, the financial position of the Education, Training and Development Practices Sector Education and Training Authority at 31 March 2003 and the results of its operations and cash flows for the year then ended in accordance with Statements of Generally Accepted Accounting Practice and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended.

4. EMPHASIS OF MATTER

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

Weaknesses in internal controls

The following internal control weaknesses were identified:

- A complete fixed asset register was not available.
- The approved budget and the budget recorded on the accounting system reflected an unreconciled difference.

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.



N. Manik
for Auditor-General
Johannesburg
30 July 2003

Report of the Audit Committee for the year ended 31 March 2003

Internal controls and internal audit

The Education, Training and Development Practices Sector Education Training Authority (ETDP SETA) is responsible for its internal financial and operational controls. The SETA's internal controls and systems are designed to provide reasonable assurance as to the integrity and reliability of the annual financial statements.

The internal audit function was outsourced in the year under review. Their mandate includes providing independent assurances on the effectiveness of control in terms of their Internal Audit Charter and their internal audit coverage plan as approved by the audit committee. This plan is periodically reviewed by the audit committee so as to ensure that all significant functions, business processes and systems will be afforded internal audit coverage within the three year audit cycle required by the PFMA. Control weaknesses identified and recommendations for improvement identified by internal and external audit receive adequate management attention.

Financial statements

The ETDP SETA is responsible for the preparation of its annual financial statements. The external auditors are responsible for the auditing of the annual financial statements and expressing an opinion thereon in executing their statutory duties. The financial statements are prepared according to generally accepted accounting practices. The ETDP SETA has complied in all material respects with the requirements of the Public Finance Management Act (PFMA), 1999 (Act 1 of 1999).

The audit committee wishes to report that during the year under review there were significant changes in accounting policies applied, the details of which are more fully disclosed in note 20 of the annual financial statements. These changes were necessitated as a result of the introduction of the prescribed format of SETA financial statements from National Treasury.

The audit committee has:

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

The audit committee concurs and accepts the conclusion of the Auditor-General on the annual financial statements and is of the opinion that the audited financial statements be accepted and read together with the report of the Auditor-General.

Conclusion

The audit committee, in its opinion, has fulfilled its obligations as set out both in its Charter and the PFMA.



Yaswant Gordhan
Chairperson: ETDP SETA audit committee

Income statement

for the year ended 31 March 2003

	Notes	Year ended 31 March 2003 R	Year ended 31 March 2002 R
REVENUE	1	143 605 298	127 452 793
Skills Development Levy income	2	127 636 757	120 524 314
Skills Development Levy: Penalties and interest		1 313 274	–
National Skills Fund income	23	1 563 321	–
Other income		37 188	–
Investment income	3	13 050 829	6 928 479
Investment income – NSF project	4	3 929	–
EXPENSES	1	(87 229 013)	(41 755 454)
Administration expenses	5	(37 091 553)	(22 678 748)
National Skills Fund expenses		(1 567 250)	–
Employer grants and project expenses	1	(48 570 210)	(19 076 706)
NET SURPLUS FOR THE YEAR	1	56 376 285	85 697 339

Balance sheet

as at 31 March 2003

	Notes	Year ended 31 March 2003 R	Year ended 31 March 2002 R
FUNDS AND LIABILITIES			
<i>Funds and reserves</i>		116 608 247	131 903 976
Skills Development Levy – Administration reserve		10 389 200	54 465 015
Skills Development Levy – Employer grants reserve		92 329 566	65 707 597
Discretionary Fund reserve		13 889 481	11 731 364
<i>Current liabilities</i>		80 826 269	9 177 773
Accounts payable	6	1 251 750	651 168
Provisions	7	–	249 354
SARS VAT	8	4 207 230	8 277 251
Employee entitlements	9	879 088	–
Levies received in advance		2 597 736	–
Donor funding received in advance	10	218 451	–
Discretionary grants payable	11	71 672 014	–
<i>Total net funds and liabilities</i>		197 434 516	141 081 749
ASSETS			
<i>Non-current assets</i>		3 166 567	3 232 408
Property, plant and equipment	12	3 166 567	3 232 408
<i>Current assets</i>		194 267 949	137 849 341
Skills Development Levy debtors	13	37 418 379	18 594 423
Accounts receivable	14	1 389 444	610 346
Cash and cash equivalents	15	155 460 126	118 644 572
<i>Total assets</i>		197 434 516	141 081 749

Statement of changes in funds for the year ended 31 March 2003

	Notes	Accumulated funds	Employer grants reserve	Discretionary grants reserve	Total
Balance as at 31 March 2000		34 063 235	–	–	34 063 235
Change in accounting policy		15 451 159	–	–	15 451 159
Restated balance		49 514 394	–	–	49 514 394
Prior year adjustment		(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		30 755 476	13 369 728	2 081 432	46 206 636
Net surplus for the year		24 721 886	–	–	24 721 886
Transfers to Skills Development Levy:					
Employer Grant Fund Reserve		(8 651 521)	8 651 521	–	–
Transfers to Discretionary Reserve		7 639 174	(5 557 742)	(2 081 432)	–
Balance as at 31 March 2002		54 465 015	16 463 507	–	70 928 522
Change in accounting policy		60 975 454	–	–	60 975 454
Transfers to Skills Development Levy:					
Employer Grant Fund Reserve		(49 244 090)	49 244 090	–	–
Transfers to Discretionary Reserve		(11 731 364)	–	11 731 364	–
Restated balance		54 465 015	65 707 597	11 731 364	131 903 976
Net surplus for the year	1	56 376 285	–	–	56 376 285
Transfer of surplus to Discretionary Reserve	1	(54 465 015)	–	54 465 015	–
Transfers to Skills Development Levy:					
Employer Grant Fund Reserve	1	(26 621 969)	26 621 969	–	–
Transfers to Discretionary Reserve	1	(19 365 116)	–	19 365 116	–
Discretionary grants approved but not disbursed		–	–	(71 672 014)	(71 672 014)
Balance as at 31 March 2003		10 389 200	92 329 566	13 889 481	116 310 125

Cash flow statement for the year ended 31 March 2003

	Notes	Year ended 31 March 2003 R	Year ended 31 March 2002 R
Cash flows from operating activities		37 916 190	84 230 456
Net cash flow generated by operating activities	16	44 242 579	79 384 648
Cash generated from/(utilised by) changes in working capital	17	71 118 753	(3 990 427)
Provision for discretionary grants payable		(71 672 014)	–
Decrease in levy debtors		(18 823 957)	1 907 756
Cash generated from operations		24 865 361	77 301 977
Interest received		13 050 829	6 928 479
Cash flows from investing activities		(1 100 637)	(2 514 457)
Purchase of property, plant and equipment	12	(1 100 637)	(2 514 457)
Cash flows from financing activities		–	(2 235 257)
Repayment of non-interest-bearing loan		–	(2 235 257)
Net increase in cash and cash equivalents		36 815 553	79 480 742
Cash and cash equivalents at beginning of period		118 644 573	39 163 831
Cash and cash equivalents at end of period		155 460 126	118 644 573

Accounting policies to the Annual Financial Statements

for the year ended 31 March 2003

The principal accounting policies adopted in the preparation of these financial statements are set out below and are consistent with those of the previous year.

1. Basis of preparation

The financial statements are prepared in accordance with and comply with statements of GAAP. Full compliance with GAAP and guidelines issued by the Department of Labour commenced in the financial year under review. Comparative figures were only amended where practicable to do so. The financial statements are prepared under the historical cost basis.

2. Revenue recognition

2.1 Levy income

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

Member employer company levy payments are set aside in terms of the Skills Development Act, 1998 (Act No. 97 of 1998) for the purpose of:

	2003 %	2002 %
National Skills Fund contribution	20	20
Administration costs of the SETA	10	10
Employer Grant Fund Levy	70	70
	100	100

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

Revenue recognition of levy income represents amounts received and receivable from the Department of Labour. Skills Development Levy revenue is acknowledged on the accrual basis, except for interest and penalties on the Skills Development Levy, which is recognised when received.

Amounts recognised for skills development levies in respect of both Administration (10%) and the Employer Grants Fund (70%) include estimates and accruals for those months levy income not actually received by year-end due to timing delays. These estimates are based on information received from the Department of Labour prior to completion of these financial statements. Changes to prior year estimates are accounted for in revenue in the current period of change.

Initial recognition of levy revenue does not include uncollectable amounts in the estimate. No provision for bad debt has been made as material amounts owed are owed by the Department of Labour in terms of the Skills Development Levy Act.

Revenue is disclosed net of value added tax. Refer to accounting policy 11.1 below on recognition of value added tax.

2.2 Donor income

Conditional grants from donor agencies or individuals are recognised as revenue when received, and where it is probable that the conditions will be met.

However,

- if it is probable that a condition will be breached and the asset be returned; or
 - if it is equally probable that the condition will be met or breached and the asset be returned,
- then a liability is recognised. In these circumstances, once the conditions have been met, the liability is extinguished and revenue recognised.

2.3 Interest income

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

Accounting policies to the Annual Financial Statements for the year ended 31 March 2003

3. Grants

A registered member company may recover a minimum of 70% of its total levy payment by complying with the following grant criteria in accordance with the Skills Development Regulations of 22 June 2001:

- Type A (Workplace Skills Planning Grant):
The employer has submitted an application for a grant in the prescribed form (Workplace Skills Planning Grant) which must be equivalent to 15% (2002: 15%) of the total levies paid by the employer during the financial year; or
- Type B (Workplace Skills Implementation Grant):
The employer has submitted an application for a grant in the prescribed form (Workplace Skills Implementation Grant) which must be equivalent to 45% (2002: 50%) of the total levies paid by the employer during the financial year; or
- Type C (Workplace Skills Implementation Grant):
The SETA uses its discretion as indicated in the regulations (Workplace Skills Implementation Grant) which must be equivalent to 10% (2002: 5%) of the total levies paid by the employer during the financial year.

A SETA may out of any surplus monies determine and allocate discretionary grants to employers, education and training providers and workers of the employers who have submitted an application for a discretionary grant in the prescribed form.

These discretionary grants are approved by the SETA before the relevant training programme, initiative, or research commences in accordance with the regulations. This results in a significant lapse of time between the time when grant payments are approved and the time when grant payments become payable.

Liabilities for the various grant types as set out in the regulations to the Skills Development Act, 1998 (Act No. 97 of 1998) are accounted for once the specific criteria has been complied with by member companies and such compliance has been approved by the Constituent Support Services Division. Provision is also made for employer grants payable where grant applications have been approved, but not yet disbursed. A contingent liability is disclosed for grant applications received after year-end, but which have not been through the approval process. This possible obligation is only confirmed with the approval after lodging of the applications. The contingent liability is disclosed at an estimate of the amount of grant applications that would probably be approved.

No provision is made for discretionary grants payments that have been approved at year-end, unless a present obligation existed. Such amounts are disclosed as committed funds in the notes to the financial statements.

4. Reserves

4.1 Unappropriated surplus

Section 53(3) of the Public Finance Management Act, 1999 (Act No. 1 of 1999) as amended requires that a SETA may not accumulate surpluses unless the prior written approval of the National Treasury has been obtained.

There is a time delay of approximately eighteen months to two years before the SETA has granted funds back to employers or entered into contractually binding agreements where grants become payable to employers, workers of employers and other education and training providers. It is therefore impracticable to transfer the surplus of a specific year to National Treasury where these funds would be spent in the short to medium term.

The following policies have been adopted in the preparation of the financial statements:

While the balance of the unappropriated reserve will be nil, it is used to demonstrate the allocation of various surplus funds.

Surplus reserves as calculated below are transferred to the unappropriated reserve. Where approval for the accumulation of surpluses has been obtained from National Treasury, such amounts are transferred back to the respective reserves, and the amount of the approved accumulation is disclosed in the statement of changes in funds. The provision for the transfer to National Treasury of the remaining surplus funds is made from the unappropriated reserve, and is disclosed in the statement of changes in net funds. This provision results in part of the net funds becoming a liability.

Basis of calculation for surplus funds to be transferred to National Treasury:

Skills Development Employer Grants Reserve

A provision is raised for the excess of mandatory and discretionary employer grant levies that has not been utilised within two years after the end of the financial year in which such grant levies were accounted for.

Accounting policies to the Annual Financial Statements

for the year ended 31 March 2003

Discretionary Grants Reserve

A provision is raised for the excess of discretionary funds that has not been utilised within one year after the end of the financial year in which the funds were transferred into the discretionary reserve. The calculation is made on a first-in first-out basis.

Disclosure of contingent liability for all reserves

National Treasury may request all surplus funds to be transferred in terms of section 53(3) of the Public Finance Management Act, 1999 (Act No. 1 of 1999) as amended. A contingent liability is disclosed in the financial statements equalling the total of all the reserves, after the provision for the distribution of the surplus to National Treasury have been taken into account.

4.2 Skills Development Administration Reserve

The SETA can use a maximum of 10% of the skills development levies for administration expenses.

The excess of administration grant levies is transferred to the discretionary reserve to be utilised for special projects and skills priorities.

The amount of the reserve represents administration levies not utilised to finance administrative expenses, which has been approved by National Treasury to be accumulated for the next financial year.

4.3 Skills Development Employer Grants Reserve

70% of the skills development levies is used for the payment of mandatory and discretionary grants to employers and others.

In principle the SETA has two years after the end of the financial year in which the levies were accounted for, to effect the grant payments to employers.

Employer grant levies not utilised during the above period are transferred to the discretionary reserve any time before the end of the two years after the end of the financial year in which such grant levies were accounted for. Unutilised amounts not transferred to the discretionary reserve are included in the amount provided to be transferred to National Treasury.

The amount of the Skills Development Employer Grants Reserve represents employer grant levies where:

- Less than two years have expired after the end of the financial year in which the levies were accounted for; or
- Approval has been obtained from National Treasury to accumulate funds for payment of employer grants in the next financial year.

4.4 Discretionary Grants Reserve

In principle the SETA has one year after the end of the financial year in which the funds were transferred into the discretionary reserve to effect the discretionary grant payments. Funds transferred from other reserves gain a new “discretionary” identity when transferred to the discretionary reserve.

The amount of the reserve includes funds where:

- Less than one year has expired after the end of the financial year in which the funds were transferred into the discretionary reserve; or
- Approval has been obtained from National Treasury to accumulate funds to the next financial year.

The following types of discretionary funds are included in the reserve:

- Donor income or funds received by the SETAs from the Department of Labour, the National Skills Fund or any contributor for the sole purpose of carrying out the special projects;
- Surplus of administration levies not utilised to fund administration costs;
- Employer grants levies transferred from the employer grant reserve for discretionary projects;
- Investment income; and
- Other income generated by the SETA.

5. Taxation

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

6. Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, investments, receivables, payables, leases and borrowings. Where relevant, the particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Accounting policies to the Annual Financial Statements for the year ended 31 March 2003

7. Property, plant and equipment

All items of property, plant and equipment are stated at cost less depreciation. Depreciation is calculated on the straight-line basis to write off the cost of each asset to their residual values over their estimated useful life.

The annual depreciation rates used are:

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

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (i.e. impairment losses are recognised).

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

8. Cash and cash equivalents

Cash includes cash on hand and cash with banks. Cash equivalents are short term, highly liquid investments that are held with registered banking institutions with maturities of three months or less and that are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, and investments in money market instruments, net of bank overdrafts. In the balance sheet, bank overdrafts are included in borrowings in current liabilities.

9. Accounting for leases

Leases of property, plant and equipment where the SETA assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other non-current liabilities. The interest element of the finance charge is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leasing contracts are depreciated over the useful life of the assets. Currently the SETA has not entered into any finance leases.

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

10. Accounts receivable

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the year-end. Bad debts are written off during the year in which they are identified.

11. Provisions

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

Accounting policies to the Annual Financial Statements for the year ended 31 March 2003

11.1 VAT

The amount reflected as value added tax due to the South African Revenue Service is in accordance with the dispensation prescribed by the South African Revenue Service on 8 June 2001 and 24 April 2002. In accordance with this value added tax is only calculated and paid over on:

- Skills Development Levy: Administration (10% portion)
- Surplus funds on Employer Grant Levy (70% portion) used for projects

The Employer Grant Levy (70%) that was previously VAT neutral, becomes VATable when the surplus is used for projects. Therefore the amount of revenue is reduced once the VAT liability is incurred.

The VAT output tax liability is recognised on funds utilised on projects as far as actual project expenditure has been incurred.

A contingent liability is disclosed, calculated on the balance of the surplus of the Employer Grant Levy (70%) that is expected to be paid out on projects.

Refer to notes 1, 2, 11 and 20 where this accounting policy was applied.

12. Employee entitlements

12.1 Short-term employee benefits

The cost of short-term employee benefits is recognised during the period in which the employee renders the related service. Employee entitlements to annual leave and bonuses are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and bonuses as a result of services rendered by employees up to the balance sheet date. The provision has been calculated at undiscounted amounts based on current salary rates.

12.2 Termination benefits

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

12.3 Post-employment benefit costs

The SETA provides for retirement benefits for all its permanent employees through a defined contribution scheme that is subject to the Pension Funds Act, 1956, as amended. In terms of the Pension Funds Act, the fund is not required to be actuarially valued. Contributions are at a rate of 15% of pensionable emoluments of which members contribute 7,5%.

The SETA's contribution to the defined contribution plans is charged to the income statements in the year to which they relate.

12.3 Medical benefits

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

13. Comparatives

Where necessary and practicable, comparative figures have been adjusted to conform to changes in presentation in the current year. In particular, the comparatives have been adjusted or extended to take into account for the following items:

A provision was made for grants payable, amounting to 80% of the mandatory grant portion of levies received and 100% of the discretionary grant portion of levies received, in the 2001 – 2002 financial year. As AC130 requires a legal or constructive obligation to exist before a liability can be raised, and such an obligation did not exist at 31 March 2002, the provision has been reversed. A similar provision was not made for 2003.

Notes to the Annual Financial Statements

at 31 March 2003

1. ALLOCATION OF NET SURPLUS FOR THE YEAR TO RESERVES

	Total per income statement	Admin- istration reserve	Employer grants reserve		Total mandatory	Discretionary grants reserve	
			Mandatory Type A	Mandatory Type B		Skills priorities	Total discretionary
<i>Total revenue</i>	143 605 298	49 048 003	17 249 334	51 748 001	68 997 335	25 559 960	25 559 960
Levy income							
Admin Levy income (10%)	47 443 565	47 443 565					–
Grant Levy income (70%)	80 193 192		17 249 334	51 748 001	68 997 335	11 195 857	11 195 857
Levy: Penalties and interest	1 313 274					1 313 274	1 313 274
Other income	37 188	37 188					
National Skills Fund reserve	1 563 321	1 563 321					–
Investment income	13 050 829					13 050 829	13 050 829
Investment income – NSF project	3 929	3 929					
<i>Total expenses</i>	(87 229 013)	(37 091 553)	(11 806 179)	(30 569 187)	(42 375 366)	(6 194 844)	(6 194 844)
Administration expenses	(37 091 553)	(37 091 553)					–
National Skills Fund expenses	(1 567 250)						
Employer grants and project expenses per income statement	(48 570 210)	–	(11 806 179)	(30 569 187)	(42 375 366)	(6 194 844)	(6 194 844)
Employer mandatory grants							–
Disbursed	(42 375 366)		(11 806 179)	(30 569 187)	(42 375 366)		–
Discretionary grants							–
Disbursed	(6 194 844)					(6 194 844)	(6 194 844)
<i>Net surplus per income statement allocated</i>	56 376 285	11 956 450	5 443 155	21 178 814	26 621 969	19 365 116	19 365 116

Notes to the Annual Financial Statements

at 31 March 2003

	Year ended 31 March 2003 R	Year ended 31 March 2002 R
2. SKILLS DEVELOPMENT LEVY INCOME		
In terms of the Skills Development Act and the Skills Development Levies Act, the following applied during the period under review:		
Percentage of payroll payable as a Skills Development Levy (%)	1	1
The gross levies contributed by member institutions in respect of the current year is apportioned as follows:		
Administration fund (10%)	54 069 875	46 388 285
Levy income: Administration		
– Levy Chamber constituents	9 867 337	8 139 742
– Budget Chamber constituents	37 576 227	32 551 736
VAT charged on levy income relating to project grants	6 640 160	5 696 807
Employer Grant Fund (70%)	80 193 192	74 136 029
Levy income: Employer grants	79 541 804	74 136 029
Inter-SETA transfers	651 388	–
Withheld by the Department of Labour and paid to the National Skills Fund (20%)	33 402 920	30 131 079
Total gross levies contributed by member institutions	167 665 987	150 655 393

Although the regulations determine specific percentages to be allocated to administration (10%) and to the various classes of grants (70%), actual receipts do not reflect these percentages. This is due to SARS collecting levies relating to previous periods on an ongoing basis, and these are not necessarily allocated in the same ratio.

Analysis of administration levies received: FROM LEVY CHAMBER CONSTITUENTS:

	Received	Budget	Variance
April 2002	1 013 666	755 469	258 197
May 2002	851 191	755 469	95 722
June 2002	700 114	755 469	(55 355)
July 2002	720 923	755 469	(34 546)
August 2002	921 957	755 469	166 488
September 2002	766 194	755 469	10 725
October 2002	1 127 515	755 469	372 046
November 2002	994 961	755 469	239 492
December 2002	775 965	755 469	20 496
January 2003*	556 410	755 469	(199 059)
February 2003*	776 509	755 469	21 040
March 2003*	661 931	755 472	(93 541)
Total	9 867 336	9 065 631	801 705

* Provision for levies receivable

Notes to the Annual Financial Statements

at 31 March 2003

	Invoiced	Budget	Variance
2. SKILLS DEVELOPMENT LEVY INCOME (continued)			
FROM BUDGET CHAMBER CONSTITUENTS:			
DoE – National office	174 561	130 882	43 679
DoE – KwaZulu-Natal	6 807 213	7 760 223	(953 010)
DoE – Western Cape	3 057 000	3 696 781	(639 781)
DoE – Eastern Cape*	6 710 975	6 710 975	–
DoE – North West	2 621 243	3 229 041	(607 798)
DoE – Free State	2 597 736	2 788 915	(191 179)
DoE – Northern Cape	867 428	867 428	–
DoE – Gauteng*	6 153 347	6 153 347	–
DoE – Mpumalanga*	2 800 067	2 800 067	–
DoE – Northern Province	5 772 807	6 006 200	(233 393)
National Libraries of SA*	13 850	–	13 850
Total	37 576 227	40 143 859	(2 567 632)

* Payment still outstanding at 31 March 2003

As agreed, members of the Budget Chamber pay only the administration portion of the Skills Development Levy (currently 10% of 1% of payroll) to the SETA. The administration levies payable by the members of the Budget Chamber is calculated on an estimated amount, and the SETA relies on the various Departments of Education and other members of the Budget Chamber to disclose and pay the correct amount due.

	Year ended 31 March 2003 R	Year ended 31 March 2002 R
The total levy income per the income statement is as follows:		
Levy income: Administration	47 443 565	46 388 285
Levies received	29 770 476	44 317 637
Levies accrued	17 673 089	2 070 648
Levy income: Employer grants	80 193 192	74 136 029
Levies received	62 669 887	57 612 254
Levies accrued	16 871 917	16 523 775
Inter-SETA transfers	651 388	–
Skills Development Levy income per income statement	127 636 757	120 524 314
3. INVESTMENT INCOME		
Interest received on bank balances and investments	13 050 829	6 928 479
Interest received on bank balances and investments are transferred to the discretionary grant reserve.		
4. INVESTMENT INCOME – NSF PROJECT		
Interest received on balance in NSF account	3 929	–
This amount is not included in investment income (Note 3) as it accrues to the NSF project's account.		

Notes to the Annual Financial Statements

at 31 March 2003

	Notes	Year ended 31 March 2003 R	Year ended 31 March 2002 R
5. ADMINISTRATION EXPENSES			
The following items have been included in administration expenses:			
Auditor's remuneration		66 369	143 954
For the audit		66 369	125 000
Underprovision prior year		–	18 954
Depreciation		1 124 133	586 433
Computer equipment		765 350	389 921
Furniture and fittings		159 843	140 197
Office equipment		125 688	18 957
Audiovisual equipment		65 303	33 151
Kitchen equipment		2 477	1 797
Leasehold improvements		5 472	2 410
Operating lease payments		1 671 313	1 487 326
Remuneration to members of the accounting authority		–	–
Cost of employment	5.1	12 599 598	6 739 917
Consultancy and service provider fees		6 245 664	4 586 143
5.1 Cost of employment			
Salaries and wages		11 437 475	6 125 254
Termination benefits		34 020	–
Social contributions			
Medical aid contributions		544 689	313 563
Pension fund contributions			
Defined contribution plans		538 241	301 100
Other post-retirement benefits		–	–
Other salary related costs		45 173	–
		12 599 598	6 739 917
6. ACCOUNTS PAYABLE			
Trade payables		915 574	464 744
Other accrued expenses		336 176	186 424
		1 251 750	651 168

Notes to the Annual Financial Statements

at 31 March 2003

	Opening balance	Amounts utilised	Provision raised	Closing balance
7. PROVISIONS				
<i>2002</i>				
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
<i>2003</i>				
Audit fees	125 000	125 000	–	–
Annual report	124 354	124 354	–	–
Total provisions – 2003	249 354	249 354	–	–
			Year ended 31 March 2003 R	Year ended 31 March 2002 R
8. VALUE ADDED TAX PAYABLE				
Liability at 31 March 2003			1 734 937	5 674 031
Additional provisions for VAT on: Administration levies receivable			2 472 293	2 603 220
Closing carrying amount			4 207 230	8 277 251
The VAT dispensation on surplus employer grant levies is still subject to a final decision by the Ministers of Finance and Labour. The VAT output tax liability on the surplus of employer grant levies utilised for projects has been calculated as far as actual project expenditure has been incurred.				
	Employee leave provision R	Employee bonus provision R	Total for year ended 31 March 2003 R	Total for year ended 31 March 2003 R
9. EMPLOYEE ENTITLEMENTS				
Provision	554 154	324 934	879 088	–
Closing carrying amount			879 088	–
			Year ended 31 March 2003 R	Year ended 31 March 2002 R
10. DONOR FUNDING RECEIVED IN ADVANCE				
Opening balance			–	–
Received during the year			880 105	–
Utilised and recognised as income – conditions met			(661 654)	–
Closing balance			218 451	–

Notes to the Annual Financial Statements

at 31 March 2003

	Year ended 31 March 2003 R	Year ended 31 March 2002 R
11. SKILLS DEVELOPMENT GRANTS PAYABLE		
<i>Discretionary grants approved and not yet disbursed</i>		
Provision for discretionary grants	71 672 014	–
Closing carrying amount	71 672 014	–

By year-end the board had approved discretionary grants amounting to R71 672 014. This amount is funded by unspent discretionary grants and a portion of the accumulated administration surplus, which had been transferred to the discretionary grant reserve. While a legal liability did not exist at year-end, a constructive liability did, as recipients of discretionary grants had been informed of the amount awarded to them.

Mandatory grants

At year end a material portion of levies received in respect of the current year's mandatory grants had not been paid out. This is due to the nature of the approval process. It is intended that a major portion of grants will be paid out in June/July 2003, when claims in respect of the implementation of the Workplace Skills Plan are received.

	Cost R	Accumulated depreciation R	Net book value R
--	-----------	----------------------------------	------------------------

12. PROPERTY, PLANT AND EQUIPMENT

Year ended 31 March 2003

Description

Computer equipment	2 660 620	1 184 849	1 475 771
Furniture and fittings	1 114 030	314 621	799 409
Office equipment	683 930	149 315	534 615
Audiovisual equipment	327 147	101 206	225 941
Kitchen equipment	18 946	5 511	13 435
Leasehold improvements	125 638	8 242	117 396
Balance at end of period	4 930 311	1 763 744	3 166 567
Made up as follows:			
Owned assets	4 930 311	1 763 744	3 166 567
Leased assets	–	–	–

	Cost R	Accumulated depreciation R	Net book value R
--	-----------	----------------------------------	------------------------

Year ended 31 March 2002

Description

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	3 033	11 115
Leasehold improvements	35 737	2 771	32 966
Balance at end of period	3 899 335	666 927	3 232 408
Made up as follows:			
Owned assets	3 899 335	666 927	3 232 408
Leased assets	–	–	–

Notes to the Annual Financial Statements

at 31 March 2003

	Net book value 2002 R	Additions R	Disposals R	Depreciation charge R	Net book value 2003 R
12. PROPERTY, PLANT AND EQUIPMENT (continued)					
<i>Movement summary 2003</i>					
Computer equipment	1 490 806	792 657	42 344	765 350	1 475 771
Furniture and fittings	898 918	60 334	–	159 843	799 409
Office equipment	512 353	147 951	–	125 688	534 615
Audiovisual equipment	286 250	4 995	–	65 303	225 941
Kitchen equipment	11 115	4 798	–	2 477	13 435
Leasehold improvements	32 966	89 902	–	5 472	117 396
	3 232 408	1 100 637	42 344	1 124 133	3 166 567
	Net book value 2001 R	Additions R	Disposals R	Depreciation charge R	Net book value 2002 R
<i>Movement summary 2002</i>					
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	11 115
Leasehold improvements	15 704	19 672	–	2 410	32 966
	1 304 384	2 514 457	–	586 433	3 232 408
			Year ended 31 March 2003 R	Year ended 31 March 2002 R	
13. SKILLS DEVELOPMENT LEVY DEBTORS					
Administration levy debtors					
Levy Chamber			2 274 129		2 070 648
Budget Chamber			17 873 192		–
Employer grant levy debtors			17 271 058		16 523 775
			37 418 379		18 594 423
14. ACCOUNTS RECEIVABLE					
Other debtors			766 332		174 492
Deposits			324 990		305 000
Due to NSF project from Department of Labour			298 122		–
Prepaid expenses			–		130 854
Total debtors			1 389 444		610 346

Notes to the Annual Financial Statements

at 31 March 2003

	Year ended 31 March 2003 R	Year ended 31 March 2002 R
15. CASH AND CASH EQUIVALENTS		
Current bank account and cash	10 375 813	586 176
Short-term bank deposits	145 084 313	118 058 396
	155 460 126	118 644 572
As required in Treasury Regulation 31.2, National Treasury approved the bank where the bank accounts are held. The weighted average interest rate on short-term bank deposits was 9,92% (2002: 8,92%). All of the accounts of the SETA are kept at one commercial bank, namely Standard Bank. Management is satisfied that, due to the standing and credit rating of Standard Bank, the credit risk concentrated by this arrangement is not a matter of concern. The current account balance includes an amount of R1 268 680, being the balance in the NSF Project bank account at 31 March 2003.		
16. NET CASH FLOW GENERATED BY OPERATING ACTIVITIES		
Net surplus as per income statement	56 376 285	85 697 339
<i>Adjusted for non-cash items:</i>		
Depreciation	1 124 133	586 433
Provisions	(249 354)	29 355
<i>Adjusted for items separately disclosed:</i>		
Investment income	(13 050 829)	(6 928 479)
Loss as a result of theft of assets	42 344	–
Net cash flow generated by operating activities	44 242 579	79 384 648
17. WORKING CAPITAL CHANGES		
Decrease/(increase) in accounts receivable	(779 098)	40 276
(Decrease)/increase in accounts payable	71 897 851	(4 030 703)
	71 118 753	(3 990 427)
The working capital change between skills levy debtors and skills development grants are disclosed separately on the cash flow statement as these balances reflect a material portion of the change.		
18. BORROWINGS		
In terms of the PFMA section 66(3)(c), public entities may only through the Minister of Finance borrow money or, in the case of a guarantee, indemnity or security, only through the Minister of Labour acting with the concurrence of the Minister of Finance. In terms of Treasury Regulation 32.1.1, SETAs, as schedule 3A public entities, may borrow money for bridging purposes with the approval of the Minister of Finance, subject to certain conditions. No such borrowings were entered into during the year.		

Notes to the Annual Financial Statements

at 31 March 2003

	Year ended 31 March 2003 R	Year ended 31 March 2002 R
19. CONTINGENCIES		
19.1 Surplus funds		
In terms of the Public Finance Management Act, 1999 (Act No. 1 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 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	116 347 959	131 903 976
19.2 VAT on surplus funds on Employer Grant Levy (70%) to be used for projects		
A directive received from the South African Revenue Service on 24 April 2002 states, with respect to value added taxation, that:		
When grant accounts are "swept" of surplus funds, the SETA becomes entitled to use such surpluses for projects. The SETA must account for output tax on the funds transferred but are 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 Service the SETA may be liable for 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	11 353 403	8 069 354

Notes to the Annual Financial Statements

at 31 March 2003

	Year ended 31 March 2003 R	Year ended 31 March 2002 R
20. CHANGE IN ACCOUNTING POLICY		
<i>Provision for grants to be paid</i>		
The SETA has changed its policy with regard to the provision for grants payable. In the previous financial year a provision was made for grants payable amounting to 80% of mandatory grant levies received and 100% of discretionary grant levies received. In terms of AC130 of GAAP, a liability may only be raised once there is a present legal or constructive obligation, and when there is a probability of an outflow of resources embodying economic benefits to settle that obligation.		
At 31 March 2002 neither a legal nor a constructive obligation existed for the payment of any grants, and the provision is consequently reversed.		
The effect of the change in accounting policy has been to increase accumulated funds for 31 March 2002 by R60 975 454.		
The financial effect of the change in accounting policy is reflected as follows:		
<i>Accumulated funds – 31 March 2002</i>		
Balance as previously stated		70 928 522
Add: Provision reversed		60 975 454
Restated balance		131 903 976
21. OPERATING LEASE COMMITMENTS		
The minimum commitments due are as follows:		
Due within one year	1 940 849	1 606 908
Thereafter	3 018 927	3 819 206
	4 959 776	5 426 114
The office premises are leased. Certain items of office equipment are leased under an operating rental and are charged as an expense when incurred.		
22. LOSS AS A RESULT OF THEFT OF ASSETS		
Book value of stolen computers	42 344	–
During the year three notebook computers were stolen from the premises of the SETA. After negotiation with the insurance company, claims were lodged in December, which had not been settled at year end.		

Notes to the Annual Financial Statements

at 31 March 2003

	Year ended 31 March 2003 R	Year ended 31 March 2002 R
23. NSF FUNDING		
The NSF has awarded special project funding amounting to R108 615 000 over three years to the ETDP SETA. On 31 March 2003 eight employees had been appointed and various research projects completed under leadership of a short-term project manager contracted in for this purpose. Due primarily to delays in the recruitment of suitable staff, the project is currently behind schedule. Subsequent to year end a permanent project manager was appointed and management is confident that the project will be completed successfully. To date one draw down amounting to R1 265 199 has been received from the NSF. A shortfall of R421 041 has been financed by the SETA in anticipation of further draw downs.		
As the project is under the control of the ETDP SETA, its accounts have been consolidated with that of the SETA. A brief analysis of its financial position and results as at 31 March 2003 follows:		
<i>Balance sheet</i>		
<i>Equity and liabilities</i>		
Due to ETDP SETA	1 705 443	
	1 705 443	
<i>Assets</i>		
Bank balance	1 268 680	
Due from DoL	298 122	
Computer equipment	138 641	
	1 705 443	
<i>Income statement</i>		
Income	1 563 321	
Draw down received	1 265 199	
Draw down due from DoL	298 122	
Interest received	3 929	
	1 567 250	
<i>Expenses</i>		
Bank charges	449	
Depreciation	9 383	
Consulting	739 786	
Administration	20 802	
Travel and other expenses	149 399	
Salaries	647 431	
	1 567 250	
Net profit	—	

24. PUBLIC FINANCE MANAGEMENT ACT

No material losses through criminal conduct, or irregular, fruitless or wasteful expenditure were incurred during the year ended 31 March 2003.

Schedule of operating expenditure for the year ended 31 March 2003

	Year ended 31 March 2003 R	Year ended 31 March 2002 R
Advertising and promotions	1 237 541	1 010 930
Audit fees	236 069	143 954
Current year – external audit	66 369	125 000
– internal audit	169 700	–
Underprovision prior year	–	18 954
Bank charges	67 044	39 012
Consulting fees	6 245 664	4 586 143
Courier fees	346 030	93 731
Depreciation	1 114 750	588 927
Hire of equipment	255 093	37 460
Insurance	122 350	37 365
IT maintenance and licences	133 974	–
Loss on theft of fixed assets	42 344	–
Office expenses	76 449	53 107
Postage and printing	887 099	622 114
Recruitment expenses	308 927	948 294
Repairs and maintenance	275 908	74 212
Rent, security and cleaning	1 911 114	1 411 630
Staff expenses	12 599 598	6 739 917
Seminars and conferences	3 414 467	1 396 794
Subscriptions	773	255
Stationery	374 312	302 122
Telephone and fax	753 675	532 411
Travel and accommodation	5 302 315	2 927 088
Water and electricity	62 497	63 265
Learnership project management funding	1 323 560	1 070 016
	37 091 553	22 678 747

Appendix A – Acronyms

1.	ABET	Adult Basic Education and Training
2.	AIDS	Acquired Immuno Deficiency Syndrome
3.	AETASA	Adult Education Trainers' Association of South Africa
4.	APPETD	Alliance of Private Providers of Education, Training and Development
5.	CBO	Community Based Organisation
6.	CEO	Chief Executive Officer
7.	CSS	Constituency Support Services
8.	CTP	Committee of Technikon Principals
9.	DOL	Department of Labour
10.	DOE	Department of Education
11.	ETD	Education, Training and Development
12.	ETDP	Education, Training and Development Practices
13.	ETDQA	Education, Training and Development Quality Assurer
14.	ECD	Early Childhood Development
15.	ETQA	Education, Training and Quality Assurer
16.	EXCO	Executive Committee
17.	FEDUSA	Federation of Unions of South Africa
18.	HIV	Human Immuno Deficiency Virus
19.	HSRC	Human Sciences Research Council
20.	ICDL	International Certificate in Drivers' Licence
21.	IT	Information Technology
22.	NAISA	National Alliance of Independent School Associations
23.	NAPTOSA	National Professional Teachers' Organisation of South Africa
24.	NLRD	National Learner Record Database
25.	NGOs	Non-Governmental Organisations
26.	NQF	National Qualifications Framework
27.	NSB	National Standard Body
28.	NSDF	National Skills Development Strategy
29.	NSF	National Skills Fund
30.	NTESU	National Tertiary Education Staff Union
31.	NUTESA	National Union of Technikon Educators of South Africa
32.	NEHAWU	National Education, Health and Allied Workers' Union
33.	QMS	Quality Management System
34.	RPL	Recognition of Prior Learning
35.	SANGOCO	South African Non-Governmental Organisation Coalition
36.	SADTU	South African Democratic Teachers' Union
37.	SARS	South African Revenue Service
38.	SMEs	Small and Medium Enterprises
39.	SMMEs	Small, Medium and Micro Enterprises
40.	SGB	Standard Generating Body
41.	SAQA	South African Qualifications Authority
42.	SAUVCA	South African University Vice Chancellors Association
43.	SAOU	Suid-Afrikaanse Onderwysers Unie
44.	SSP	Sector Skills Plan
45.	SDF	Skills Development Facilitator
46.	SETA	Sector Education and Training Authority
47.	VAT	Value Added Tax
48.	WSP	Workplace Skills Plan

Appendix B – List of ETDP SETA Executive Committee members

Name

Duncan Hindle
Marina le Grange
Enoch Rabotapi
Cedric Mulaudzi
Nozuko Ngozi
Mark Henning
Vincent Maphumulo
Sheila Dipadi
Nomlamli Mahanjana

Appendix C – List of ETD P SETA Board members

Levy subsector (employers)

<i>Name</i>	<i>Constituency</i>
Dieter Küsel	APPETD
Marina le Grange	CTP
Jay Ramnundlall	APPETD
Andries Lategan	APPETD
Louw Botha	SAUVCA
Mark Henning	NAISA
Samson Makhado	NAISA
Mofokeng Mongoatho	SANGOCO
Bhengu Mahlengi	COSATU

Levy subsector (employers)

<i>Name</i>	<i>Constituency</i>
Vuyo Ngwaxaxa	NEHAWU
Dan Motaung	NEHAWU
Suzanne Rees	NAPTOSA
Ian Corbishley	NAPTOSA
James Taylor	NUTESA
Du Toit de Beer	NUTESA
Vincent Segwai Da Vinci	ALN
Charlie Molepo	NTESU
Vincent Maphumulo	SADTU

Budget subsector (employers)

<i>Name</i>	<i>Constituency</i>
Jan Hurter	Western Cape Department of Education
Takalani Nwedamutswu	Gauteng Department of Education
Cynthia Khumalo	KwaZulu-Natal Department of Education
Ezzy Lukhaimane	North West Department of Education
Sipho Sukati	Mpumalanga Department of Education
Nozuko Ngozi	Eastern Cape Department of Education
Masebina Letele	Free State Department of Education
Vernon Nzama	Limpopo Department of Education
Barness Clifford	Northern Cape Department of Education

Budget subsector (employers)

<i>Name</i>	<i>Constituency</i>
Cedric Mulaudzi	NEHAWU
Sheila Dipadi	NEHAWU
Pinky Mncube	SADTU
Nokhanyiso Mantshongo	SADTU
Paseka Njobe	SADTU
Silas Sebola	SADTU
Enoch Rabotapi	NAPTOSA
Lucy Nkabinde	NAPTOSA
Ferdinand Potgieter	SAOU

Additional seats

<i>Name</i>	<i>Constituency</i>
Duncan Hindle	Department of Education
Tello Khodumo	SACE
Moiria Katz	SABPP
Nomlamli Mahanjana	CEO: ETD P SETA

Observers (co-chairs of Chambers)

Liz Thobejane	Department of Education
Pat Motubatse	NEHAWU

Appendix D – List of Levy subsector members

<i>Name</i>	<i>Constituency</i>
Pat Motubatse	NEHAWU
Xoliswa Adams	NEHAWU
Bradley Skei	NEHAWU
Mark Henning	NAISA
Simon Losaba	NAISA
Silas Sebola	SADTU
Vincent Maphumulo	SADTU
Mapotlo Ledwaba	HSRC
Ashik Hansraj	APPETD
Jay Ramnundlall	APPETD
Mamsie Motshekga-Sebolai	APPETD
Ian Corbishley	NAPTOSA
Benjamin Molokoe	NAPTOSA
Johan Landman	NTESU
Basil Rhodes	SAUVCA
Shahieda Hendricks	CTP
Moses Peo	NUTESA
Valerie Potterton	NUTESA
Andre van der Bijl	NUTESA
Robin Minne	NUTESA
Pinky Mamabolo	SANGOCO
Khulekani Mathe	ALN
Dan Motaung	NEHAWU

Appendix E – List of Budget subsector members

<i>Name</i>	<i>Constituency</i>
Pinky Mncube	SADTU
Colin Modiboa	SADTU
Dolophi Nkosana	SADTU
Mpho Mofokeng	SADTU
Johan Josias	SADTU
Paseka Njobe	SADTU
Fundile Ngwendu	SADTU
Nokhanyiso Manshongo	SADTU
Sipho Sukati	Mpumalanga Department of Education
Ntombi Mxenge	Mpumalanga Department of Education
Kedidimetse Motshumi	Free State Department of Education
Bertha Kitching	Free State Department of Education
Linda Rose	Western Cape Department of Education
Jan Hurter	Western Cape Department of Education
Paul Rockman	Western Cape Department of Education
Johan Smit	Western Cape Department of Education
Nozuko Ngozi	Eastern Cape Department of Education
Sicelo Xoseka	Eastern Cape Department of Education
Takalani Nwedamutswu	Gauteng Department of Education
Lydia Mathinya	Gauteng Department of Education
Sesi Nxesi	Department of Education
Liz Thobejane	Department of Education
Duncan Hindle	Department of Education
Palesa Tyobeka	Department of Education
Mandla Msweli	Department of Education
Cynthia Khumalo	KwaZulu-Natal Department of Education
Johan Bouwer	SAOU
Roelf Burger	SAOU
Silas Makgopa	NAPTOSA
Franklin Nickall	NAPTOSA
Nomthandazo Nkabinde	NAPTOSA
Enoch Rabotapi	NAPTOSA
Pumezo Mhletywa	NAPTOSA
Sheila Dipadi	NEHAWU
Cedric Mulaudzi	NEHAWU
Jabulani Khumalo	NEHAWU
Dan Mahlomanyane	NEHAWU
Dan Mavasa	Limpopo Department of Education
Dennis Maselesele	Limpopo Department of Education
Ezzy Lukhaimane	North West Department of Education
Clifford Barnes	Northern Cape Department of Education
Xolile Jack	Northern Cape Department of Education
Isaac Mogotsi	Northern Cape Department of Education

Appendix F: List of Learnership Joint Standing Committee members

Name

Gail Reiner
Pinky Mamabolo
Charlotte Mbali
Bradley Skei
Esaiah Matobako
Rob Minne
Bizzah Mantantana
Suzanne Rees
Liz Thobejane
Lydia Mathinya
Isaac Mogotsi
Gogaki Mmako
Ferdinand Potgieter
Pumezo Mhletywa
Fundile Ngwendu
Hendrik Steyn
Benjamin Molokoe
Mandla Msweli
Tello Khodumo
Terry Volbrecht
Dennis George
Samson Makhado

Appendix G: List of Constituency Support Services Joint Standing Committee members

Name

Vincent Maphumulo
Khanyi Matshongo
Ian Corbishley
Benjamin Molokoe
Vuyo Ngwaxaxa
Dan Motaung
Trevor Majola
Florus Prinsloo
Ronel Rizzo
Ntlawini Nkatini
Simon Losaba
Pinky Mamabolo
Dan Mavasa
Washington Boyi
Martin Prew
Thabo Makgabutlane
Dorothy Marsden
Clyde Maurice

Appendix H: List of ETDQA Joint Standing Committee members

Name

Zola Ngwanya
Busisiwe Mncube
Michael Maher
Sandile Sukati
Bertha Kitching
Silas Sebola
Ethney Genis
Thabiso Moyo
John Landman
Tello Khodumo
Martins Loots
Ian Corbishley
Muavia Gallie
Mark Henning
Khulekani Mathe
Stephanie Faris
Kathleen Lockett

Appendix I: List of Human Resource Committee members

Name

Botha Louw
Takalani Nwedamutswu
Charlie Molepo
Ian Corbishley
Nomlamli Mahanjana
Patrick Zikalala

Appendix J: List of Audit Committee members

Name

James Taylor
Jay Ramnundall
Jan Hurter
Cedric Mulaudzi
Yaswant Gordhan
Kobus Prinsloo



