



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

Annual Report 2008/2009

At the Cutting Edge of Skills Development



labour

Department:
Labour
REPUBLIC OF SOUTH AFRICA

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LIST OF ACRONYMS

ACRONYM	DEFINITION
ABET	Adult Basic Education and Training
ACE	Advanced Certificate in Education
AIDS	Acquired Immune Deficiency Syndrome
ALN	Adult Learning Network
APPETD	Association of Private Providers of Education Training and Development
ASGISA	Accelerated and Shared Growth Initiative for South Africa
ASSA	Actuarial Society of South Africa
ATR	Annual Training Report
BEE	Black Economic Empowerment
CBO	Community-based Organisation
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CHE	Council on Higher Education
CHET	Centre for Higher Education Transformation
COSATU	Congress of South African Trade Unions
DEV PRAC	Development Practice
DoE	Department of Education
DoL	Department of Labour
ECD	Early Childhood Development
EMIS	Education Management Information Systems
EPWP	Expanded Public Works Programme
ETD	Education, Training and Development
ETDP	Education, Training and Development Practices
ETDQA	Education, Training and Development Quality Assurance
EXCO	Executive Committee
FET	Further Education and Training
FETC	Further Education and Training Certificate
GAAP	Generally Accepted Accounting Practices
GETC	General Education and Training Certificate
GDP	Gross Domestic Product
HEI	Higher Education Institution
HEQC	Higher Education Quality Committee
HET	Higher Education and Training
HELM	Higher Education Leadership and Management
HESA	Higher Education South Africa
HIV	Human Immunodeficiency Virus
HR	Human Resources
HSRC	Human Sciences Research Council
IT	Information Technology
ICT	Information Communication Technology
ISASA	Independent Schools Association of South Africa
ISOE	Institutes of Sectoral or Occupational Excellence
JIPSA	Joint Initiative on Priority Skills Acquisition
KZN	Kwazulu-Natal
MIS	Management Information System

ACRONYM	DEFINITION
MoU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
NAISA	National Alliance of Independent Schools Associations
NAPTOSA	National Professional Teachers Organisation of South Africa
NATU	National Teachers Union
NEHAWU	National Education Health and Allied Workers Union
NGO	Non-governmental Organisation
NLPE	Non-levy Paying Enterprise
NLRD	National Learners Records Database
NQF	National Qualifications Framework
NPDE	National Professional Diploma in Education
NPO	Non Profit Organisation
NSA	National Skills Authority
NSDS II	National Skills Development Strategy 2005 – 2010
NTESU	National Tertiary Educators Staff Union
NUTESA	National Union of Tertiary Employees of South Africa
NVC	New Venture Creation
ODETD	Occupationally Directed Education and Training Development
OFO	Organising Framework for Occupations
PDoE	Provincial Department of Education
PEU	Professional Educators Union
PERSAL	Personnel and Salary Administration System
PFMA	Public Finance Management Act
PGCE	Post-Graduate Certificate in Education
PGDS	Provincial Growth and Development Strategy
PMDS	Performance Management and Development System
PPP	Public Private Partnership
QCTO	Quality Council for Trades and Occupations
REQV	Relative Education Qualifications Value
RI	Research Institutions
SABPP	South African Board of Personnel Practitioners
SADTU	South African Democratic Teachers Union
SACE	South African Council for Educators
SACECD	South African Congress for Early Childhood Development
SANGOCO	South African National NGO Coalition
SAQA	South African Qualifications Authority
SARS	South African Revenue Services
SDF	Skills Development Facilitator
SDC	Skills Development Committee
SETA	Sector Education and Training Authority
SLA	Service Level Agreement
SAOU	Suid Afrikaanse Onderwyser Unie
SSP	Sector Skills Plan
WSP	Workplace Skills Plan

GENERAL ETDP SETA LANDSCAPE

The ETDP SETA was initially established in March 2000 in terms of the Skills Development Act no. 97 of 1998 (as amended in December 2008) and was then re-established in April 2005.

The ETD sector is a large sector comprising of approximately 56 754 institutions and 656 068 employees (constituting 6% of the total labour workforce in the country). In order to fulfil its mission of being a facilitator and promoter in the development and improvement of the skills profile of the sector's workforce, the ETDP SETA continues to work closely with its constituencies to ensure that it makes a meaningful contribution to such a broad sector with diverse needs.

VISION:

The vision of the ETDP SETA is to promote and facilitate the development and improvement of the skills profile of the sector's workforce in order to benefit employers, workers and employees in the sector and the **mission** is:

to promote, facilitate and develop the Education, Training and Development sector in which:

- the skills levels of employees and workers 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 education and training provided is improved;
- the levy grant scheme is efficiently administered;
- there is regular liaison with providers, other SETAs, the Department, the NSA and SAQA and its structures;
- internal and external communication is effective in order to advance national human resource and skills development;
- there is dialogue and interaction between public and private entities in the sector with regard to skills transfer and training;
- quality service delivery is encouraged;
- employers, workers and employees in the sector benefit from quality training, and higher productivity and harmonious mutual dependencies.

STRATEGIC OBJECTIVES OF THE ETDP SETA:

To promote and facilitate:

- the identification of skills shortages and training needs in the sector;
- the development of qualifications and learning pathways for education, training and development practitioners;
- an increase in the levels of investment in education, training and development – and improve the return on investment;
- the development of skills of workers at all levels, through a better quality of life for workers, employment prospects for those previously disadvantaged and labour mobility;

- higher productivity in the workplace and healthy competition among employers;
- self-employment; and
- redressing imbalances of the past caused by separate and unequal education and training systems.

Encourage employers in the sector to use the workplace as an active learning environment to:

- provide employees with the opportunities to acquire new skills;
- provide opportunities for new entrants to enter into the sector to gain work experience;
- encourage workers in the sector to participate in learnerships and other relevant learning programmes; and
- promote partnerships between the public and private sectors of the economy.

CORE VALUES:

The ETDP SETA is committed to:

- being transparent;
- being fair in its conduct;
- being courteous and caring;
- honouring deadlines;
- promoting equality among all stakeholders;
- adopting cooperative governance;
- approaching work in a developmental manner; and
- continuously striving to improve itself.

SERVICE DELIVERY CREDO:

To be at the cutting edge of Skills Development within the ETD sector, contributing to the social and economic development of all South Africans.

GOVERNANCE:

The ETDP SETA Board is comprised of an equal representation of organised labour and organised employer. The employer constituency is made up of private employer organisations who are levy payers and public employer (Departments of Education).

The ETDP SETA is comprised of two chambers, namely, the Budget Chamber and the Levy Chamber. The Budget Chamber representation is made up of the nine provincial Departments of Education and the national department. The departments of education contribute 10% of their 1% of their payrolls towards the administration of the ETDP SETA. Trade unions such as SADTU, NAPTOSA, SAOU, NATU, PEU and NEHAWU are also members of the Budget Chamber.

The levy paying organisations in the Levy Chamber each contribute 1% of their payrolls towards skills development. Twenty percent of this 1% is allocated to the National Skills Fund, 50% of this 1% is paid through the Mandatory grant, 20% is allocated for the ETDP SETA Discretionary fund and 10% towards the administration of the ETDP SETA.

The following organisations are members of the Levy Chamber:

- Libraries and archives;
- Political parties as employers;
- Research institutions;
- Non governmental and community based organisations;
- Trade unions as employers;
- Public higher education institutions;
- Further education and training institutions as employers;
- Early childhood development centres;
- Independent schools;
- Public schools' governing bodies as employers; and
- Private education and training providers/institutions and Professional organisations.

ORGANISATIONAL STRUCTURE:

The ETDP SETA's operational structure is outlined on pages 46 to 48 of this report.



Dr Tholsia Naicker - Board Chairperson

“Skills development is a dynamic process and requires astute direction to lead South Africa towards the achievement of this national imperative.”

Chairperson's Remarks

The year 2008/09 has been a year which was mainly characterised by the global economic meltdown. As part of the global village, South Africa was not immune to these effects. This will in no doubt affect the economy of the country and lead to joblessness. It is through these uncertain times that the ETD sector needs to rise to the challenge by becoming innovative and creative thus ensuring that the programmes offered are more competitive and have the ability to offer learners the necessary skills to respond to these challenges.

The euphoria that we experienced prior to South Africa's 4th national elections was indicative of the hopes and expectations that South Africans continue to have for a better life. It is in this light that the ETDP SETA should continually play a strategic role within the governments broader priorities and initiatives.

South Africa calls for a national effort to grow its economy and this can be achieved by vigorously creating job opportunities to alleviate the poverty cycle that wraps many of our people. Our national priority has to be the alleviation of poverty through the creation of job opportunities made possible through rigorous skills development. The future of our democracy depends on it and the task is urgent. Skills development is a dynamic process and requires astute direction to lead South Africa towards the achievement of this national imperative.

As we envisage NSDS III, the past track record sees ETDP SETA confident in its ability to be a significant leader in South African skills development.

The ETDP SETA sets its course in line with this priority and the impending changes in the national skills development arena and looks forward to working with all who continue to honour government's broader priorities and initiatives.

The year ahead will not be an easy one as the regulatory bodies implement crucial initiatives in lieu of transforming the skills development industry in line with the changes taking place nationally and globally, but the ETDP SETA is well prepared to overcome these challenges successfully.

Governance Matters

The Board and its Executive Committee displays a steadfast commitment to provide good corporate governance to the ETDP SETA. Through its committee's viz. the Finance and Audit Committees, the board maintained effective corporate governance. The reports from the Auditor-General confirm the efficiencies and allow the Board to guide with greater confidence.

The Board has through the year instituted significant initiatives to ensure effective

“Together we will grow and transform South Africa by helping to create jobs through rigorous skills training and commit to a thorough engagement in all poverty alleviation avenues.”

contribution and participation of its members. Effective corporate governance was achieved through ongoing training and development. The review of policies, procedures, systems and processes enabled the smooth functioning of the ETDP SETA.

The Board welcomes the new constitution, albeit in draft, for 2010 - 2015 and recognises the composition of the new board. This composition is one that is more inclusive of all constituencies and allows for greater constituent participation. This will give the Board greater opportunities to enhance service delivery in the ETD sector.

Appreciation

2008/09 has been a year of transitional preparation from the NSDS II to the much anticipated NSDS III. This required considerable commitment from Governance members in attending to matters of the ETDP SETA.

I would like to express my heartfelt appreciation to all members of governance who contributed to this successful year. Needless to say that this would not have been possible without the diligence and good work of the ETDP SETA Management Team and Staff. We applaud their efforts with the confidence that the next year will see the ETDP SETA grow.

The Board also acknowledges and appreciates the work of the ETDP SETA governance committees who have worked effectively in the execution of their roles viz. the Chambers: Levy and Budget, Joint Standing Committees, ETDQA Permanent Committee, Audit Committee, Finance Committee, Human Resource Committee and Remuneration Committee.

I wish to thank all ETDP SETA constituencies for their participation in the programmes and activities of the ETDP SETA. Together we will grow and transform South Africa by helping to create jobs through rigorous skills training and commit to a thorough engagement in all poverty alleviation avenues. Once again, I present an unqualified audit report which bears testimony to the good governance, leadership and management of the ETDP SETA.

I thank you all.



Dr Tholsia Naicker
Board Chairperson



Ms Nombulelo S. Nxesi - Chief Executive Officer

“Since its inception, the ETDP SETA received unqualified financial audits and over achieved many of its annual performance targets.”

Chief Executive Officer's Overview

I am delighted to report that 2008/09 has been another successful year for the ETDP SETA. Our achievements reflect our continuing commitment to skills development in order to increase employment opportunities for the unemployed people and to improve the workplace skills for those employed.

- Performance objectives as agreed between the ETDP SETA and Department of Labour

Achievements

Tables 1-4 in this report outline the various levels of our achievements as determined by the Service Level Agreement entered into by the ETDP SETA and the Department of Labour for the financial year 2008/09. The Service Level Agreement is based on annual targets against the National Skills Development Strategy 2005 - 2010. We have, in the year under review, exceeded most of the set targets, with the exception of the challenges encountered below.

Challenges

There are three main areas that remain a challenge and we are not entirely pleased with the progress to date, namely:

- Reaching out to small levy paying organisations

In the year under review, we have not been able to reach out to all the small levy paying organisations (those with less than 50 employees) as envisaged. We have fallen short by 5 compared to our planned target of 634. We are now putting in place a more robust advocacy campaign to encourage the small levy paying organisations to submit their workplace skills plans. In addition to ongoing advocacy, we are prepared to provide these organisations with a streamlined work skills plan template.

- Ensuring that adult workers complete their learning programmes within the specified duration

We regularly plead with our employers to allow adult learners time off and to encourage them to succeed by providing some incentives through performance management and incentive schemes. We are also engaging in discussions regarding the development of an ABET qualification which is suitable for adult workers in line with the workplace requirements rather than the current qualifications which are school-based. We hope these collective efforts will reduce the illiteracy levels and empower our people to advance their skills for a better standard of living.

- Reaching out to people with disabilities

In the previous year, the ETDP SETA had a targeted focus to deliver skills to people with disabilities rather than mainstreaming its recruitment strategy. We will continue working directly with organisations that support people with disabilities in order to meet our equity target in this regard.

- Financial performance

For the ninth year in a row, we have received an unqualified audit report from the Auditor General. This is confirmation that we are keeping abreast of the requirements of a dynamic audit environment through the continuing improvement in corporate governance and management strategies.

The close involvement of the Board and its oversight committees in the form of its Finance Committee and Audit Committee ensure that its fiduciary duties are fulfilled in terms of the Public Finance Management Act (PFMA).

Funds made available for discretionary spending remain at a high level (R260, 47m) due to the long lead times involved in the education processes. Although the amounts are large they are subject to commitments into the future and funding does not lie idle. New contracts in 2008/09 amounting to R103, 397m were entered into and the Board approved funding of R106m for programmes in 2009/10 ensuring that funds available for discretionary projects are specifically committed.

- Overall achievement

According to the DoL Assessment standards and criteria, and measured on a Lickert scale of 1 – 5, we have attained the following average scores on the key performance areas (KPA's) outlined in the DoL Performance Assessment Scorecard for 2008 – 2009:

KPA 1: National Skills Development Objectives/
Targets – an average of 4

KPA 2: Equity principles - 95%, which translated to a score of 3

KPA 3: Governance – a score of 5

KPA 4: Funds management - a score of 5

KPA 5: Provincial presence a score of 5

This overall performance places us at an achievement which is above the expected requirement.

- Human Capital: The value –adding ingredient

The ETDP SETA has continued to invest in its people, both its employees and the governance structures members. Through its Performance Management and Development System, the ETDP SETA provided opportunities for both career advancement and on the job training. To this end, 93 training programmes were attended by staff and 26 staff received bursaries for further studies. In addition, a number of members of governance structures attended ETDP SETA sponsored training and development interventions. A total of R1,108 million was invested in the training and development of staff and governance structure members.

The succession planning policy was piloted for the first time at middle management level and provided positive results – succession planning will continue to be implemented at other levels in the future as it is an ideal tool to develop and equip staff for more responsible positions at more senior levels in the organisation.

As explained later in the report, staff turnover was at an acceptable 11% per annum. This low turnover rate facilitates productivity and leads to a healthy and conducive working environment.

Looking ahead

- The 'new' ETDP SETA

The board has approved a new SETA constitution which is characterised by the following:

- a reduction in the size of the board, from forty two to twenty members;
- the phasing out of the current chambers and the establishment of five new chambers.

The reduced size of the Board is in line with the requirements of the King II report and the envisaged King III report for improved effectiveness and efficiency. The new chambers to be in place in 2010 are as follows:

- Schooling Chamber for Primary and Secondary Education;
- Further Education, Technical and Vocational Education and Training Chamber;
- Higher Education and Research Chamber;
- Early Childhood and Development and Adult Basic Education and Training Chamber; and
- Education, Training and Development Practices and Provisioning.

It is our belief that these new Chambers will provide a robust platform for debate and discussion on education, training and development throughout the system and assist constituencies in bringing a coherent plan for the improvement of quality education and skills. The new chambers are envisaged to work closely with one another in order to address the education and training system in a holistic manner and recognize the need for a balanced skills mix.

In pursuit of the government's agenda for a developmental state, the ETDP SETA is well positioned to be one of the agents to assist especially in education and skills. The role of the ETDP SETA in South Africa's developmental stages include:

- General SETA Landscape and Review process

The ETDP SETA submitted its application for re-certification for 2010 – 2015 period in accordance with the government gazette no 20442, regulation gazette no. 6626 (notice. R 1082, 199) on 31 March 2009. In its application, the ETDP SETA made the bid to be a stand-alone SETA given the critical role

that it plays in laying the educational foundation for all in the country.

The ETDP SETA has repositioned itself to quality delivery especially in early childhood development, adult basic education and training, community development and capacity building of all ETDP practitioners and educators for quality education.

Thank you

As always, my thanks go to the ETDP SETA staff and management for ensuring that our set targets are met.

I would also like to record my sincere thanks and appreciation for the work, commitment and dedication of the Board members, the Chambers and the other Board committees. My special thanks go to the executive committee for its continuing support and the interface role between management and governance.

Last but not least, I wish to express my gratitude to all people who participated in our learning programmes, the learners, the employers who hosted our learners, our constituencies, the training providers and all other clients that contributed in the ETD skills development programmes and activities.

I look forward to the ongoing cooperation as we work together to address the challenge of skilling South Africa for a better life for all. Together we can do more.



Ms Nombulelo S. Nxesi
Chief Executive Officer

NSDS II PERFORMANCE REPORT

South Africa is still reeling under the yoke of past economic and political policies. Though much has been done since the advent of the democratic dispensation in 1994 there are still challenges of unemployment and massive inequalities. An invigorating economic development, the ETDP SETA identifies its contribution in the developmental state as being its involvement in skills development, new venture creation and successful placement of learners after completion, thus alleviating unemployment.

Skills development addresses the core and fundamental needs of the education and training participants in the sector through programmes such as learnerships, internships and workplace experiential training. The purpose of these programmes is to sharpen the skills of the

sculptors of training and education provisioning so that they can improve on the quality and relevancy of the products of their provisioning.

The second skills development approach focuses on “soft skills”. These skills relate to leadership and management. Many organisations that fail to achieve do so because of poor leadership and weak management practices in financial, human resources, marketing and operational areas amongst others. Thus, through tailored skills development programmes, the ETDP SETA assists its constituencies to hone their skills in these areas.

Furthermore, the ETDP SETA is assisting new entrepreneurs through the new venture creation programme. New venture creation targets unemployed people, taking them through a learnership that trains them on how to successfully start and run businesses.

The table that follows shows the achievements of the ETDP SETA against NSDS II targets and bears testimony to the skill development contribution made by the ETDP SETA in the sector.

It provides a synopsis of the ETDP SETA achievements for the financial year 2008/09 as set out in the service level agreement between the ETDP SETA and the Department of Labour. The columns headed NSDS Success Indicator outline

the 5 year strategy set out in the NSDS II (2005-2010) and the other columns provide the ETDP SETA achievements for only 2008/09 targets, the year under review.

Needless to say, over the years the ETDP SETA has improved its operational efficiencies by achieving more with less resources; this outcome is reflected in 100% obtained in specific areas as per initial plan. The ETDP SETA has, however, encountered some challenges in certain areas of its objectives; as outlined in table 4 below.

Table 1: Achievements on NSDS II Objective 1 and Targets for 2008/09

NSDS II Objective 1: Prioritising and Communicating Critical Skills for Sustainable Growth, Development and Equity				
NSDS Success Indicator		SETA Target 2008/09	Achievement	Comments
1.1	Skills development supports national and sectoral growth, development and equity priorities.	Annual final SSP submitted on 31 August 2008, as per guidelines issued by the DoL, and approved.	Annual final SSP submitted on 31 August 2008, as per guidelines issued by the DoL, and approved.	In complying with this target the SETA extensively engaged its constituencies and submitted as per requirements
1.2	Information on scarce and critical skills is widely available to learners.	Annual training of 822 persons who carry out skills development facilitation in the use of the <i>Scarce and Critical Skills Guide</i> to communicate information to learners widely.	Annual training of 938 persons (114.1%) who carry out skills development facilitation in the use of the <i>Scarce and Critical Skills Guide</i> to communicate information to learners widely.	Through better advocacy that resulted in an increased number of participants in information sharing sessions, the annual target was exceeded.

Table 2: Achievements on NSDS II Objective 2 and Targets for 2008/09

NSDS II Objective 2: Promoting and Accelerating Quality Training for All in the Workplace				
NSDS Success Indicator		SETA Target 2008/09	Achievement	Comments
2.1(a)	By March 2010, skills development supports at least 80% of large firms' employment equity targets.	By March 2009, 54 large firms' employment equity targets are supported by skills development through WSP/ATR grants.	By March 2009, 69 (127.7%) large firms' employment equity targets were supported by skills development through WSP/ATR grants.	The focused advocacy on the mobilisation of WSP and ATR submissions resulted in more than the expected numbers being received and processed.
2.1(b)	By March 2010, skills development supports at least 60% of medium firms' employment equity targets.	By March 2009, 84 medium firms' employment equity targets are supported by skills development through WSP/ATR grants.	By March 2009, 188 (223.8%) medium firms' employment equity targets were supported by skills development through WSP/ATR grants.	More medium companies submitted WSPs and ATRs.
2.2	By March 2010, skills development in at least 40% of small levy-paying firms to be supported.	By March 2009, skills development in 634 of small levy-paying firms to be supported.	By March 2009, skills development was supported in 629 (99.2%) small levy-paying firms.	Fewer small levy-paying companies submitted WSPs and ATRs. Meeting this target has been a huge challenge for the ETDP SETA, however processes and systems have been put in place to address these challenges.

NSDS II Objective 2: Promoting and Accelerating Quality Training for All in the Workplace				
NSDS Success Indicator		SETA Target 2008/09	Achievement	Comments
2.5	Annually increasing the number of small BEE firms and co-operatives supported by skills development.	10 BEE firms supported by skills development.	A total of 14 (140%) small BEE firms and BEE co-operatives were supported by skills development.	The ETDP SETA has over achieved this target and this has resulted in the ETDP SETA supporting 4 more than the target due to varying training needs and costs.
2.7	By March 2010, at least 700 000 workers would have achieved at least ABET level 4.	By March 2009, 300 workers have entered ABET Level 1 – 4.	By March 2009, 369 (123%) workers had entered ABET Level 1 – 4. <i>3: 121 and Level 4: 248</i> Based on the total entry to date of 6 113 (2005-2010) registered learners, 3 000 should have completed, 884 have since completed.	There is an increasing demand for entry in the sector. However, it takes longer than expected for learners to complete and there is a high drop-out rate. This challenge will be addressed
2.8	By March 2010, at least 125 000 workers will be assisted to enter, and at least 50% are expected to successfully complete programmes, including learnerships and apprenticeships, leading to basic entry, intermediate and high level scarce skills.	By March 2009, 2 280 workers assisted to enter and 1 140 successfully completed programmes, including learnerships and apprenticeships.	By March 2009, 3 265 (143.2%) workers had been assisted to enter and 2 146 (188.1%) completed programmes including learnerships and apprenticeships successfully. <i>(Entry - Learnerships: 1 062; Bursaries: 488; Apprenticeships: 90; and Skills Programmes: 1625)</i> <i>(Completions are based on the previous year's entries - Learnerships: 452; Bursaries: 90; Apprenticeship: 42; Skills Programmes: 1 443 and Internships: 119).</i>	As a result of the increased needs and support of constituencies as well as the variation of costs the ETDP SETA overachieved on this target.

Table 3: Achievements on NSDS II Objective 3 and Targets for 2008/09

NSDS II Objective 3: Promoting Employability and Sustainable Livelihoods through Skills Development				
NSDS Success Indicator		SETA Target 2008/09	Achievement	Comments
3.2	By March 2010, at least 2 000 NLPEs, NGOs, CBOs and community-based co-operatives to be supported by skills development.	500 NLPEs, NGOs, CBOs and community-based co-operatives to be supported by skills development.	835 (167%) NLPEs, NGOs, CBOs and community-based co-operatives were supported by skills development.	The SETA has achieved this target with an additional 335 organisations reflecting a greater need on the ground as well as the varying costs of the actual support programmes.

Table 4: Achievements on NSDS II Objective 4 and Targets for 2008/09

NSDS II Objective 4: Assisting Designated Groups, Including New Entrants, to Participate in Accredited Work, Integrated Learning and Work-Based Programmes to Acquire Critical Skills to Enter the Labour Market and Self-Employment				
NSDS Success Indicator		SETA Target 2008/09	Achievement	Comments
4.1	By March 2010, at least 125 000 unemployed people assisted to enter and at least 50% successfully complete programmes, including learnerships and apprenticeships, leading to basic entry, intermediate and high-level scarce skills.	By March 2009, 2 240 unemployed people assisted to enter and 1 120 to successfully complete programmes including learnerships and apprenticeships, leading to basic entry, intermediate and high-level scarce skills.	By March 2009, 3 514 (156.9%) unemployed people had been assisted to enter and 1 369 (122.2%) completed programmes, including learnerships and apprenticeships successfully, leading to basic entry, intermediate and high-level scarce skills <i>(Entry – Learnerships: 1 492; Apprenticeships: 140; Bursaries: 605; Skills Programmes: 927; and Internships: 350)</i> <i>(Completions are based on the previous years entries – Learnerships: 625; Apprenticeships: 10; Bursaries: 64; Skills Programmes: 488; and Internships: 182)</i>	Due to the high rate of unemployment in the country there is high demand for scarce and critical skills programmes, a strategic business decision to support the unemployed was made to support more.
4.2	100% of learners in critical skills programmes covered by sector agreements from FET and HET institutions assisted to gain work experience locally or abroad, of whom at least 70% find placement in employment or self-employed.	800 learners in critical skills programmes covered by sector agreements from FET and HET institutions to be assisted to gain work experience locally or abroad, of whom 70 find placement in employment or become self-employed.	A total of 2 213 (276.6%) learners in critical skills programmes covered by sector agreements from FET and HET institutions were assisted to gain work experience locally. Note that the ETDP SETA's programmes lead to employment upon fulfilling the academic requirements which might be outside the reporting period.	The ETDP SETA took a strategic business decision to support student teachers, in particular those that do practice teaching in rural areas. Given that different institutions have different durations varying from 3 weeks to 6 months the EDTP SETA was able to target more student teachers for quality teaching and learning outcomes.
4.3	By March 2010, at least 10 000 young people trained and mentored to form sustainable new ventures and at least 70% of new ventures in operation 12 months after completion of programme.	By March 2009, 100 new ventures are in operation 12 months after completion of programme.	By March 2009, 105 (105%) young people entered new venture programmes.	Although the ETDP SETA targeted 100, 105 were assisted to register new ventures to curb unemployment challenges among the youth.

NSDS II Target Implementation Challenges

The ETDP SETA faces a myriad challenges for the 2008/09 financial year, in particular:

- mobilising small levy paying organisations to submit Workplace Skills Plans (WSPs) and Annual Training Reports (ATRs);
- experienced challenges in implementing Adult Basic Education and Training (ABET) programmes; and
- fewer learner completions as detailed below:

(i) Small levy paying organisations

A fraction of small levy-paying organisations (see success indicator under 2.2 - table 2 above) submitted Workplace Skills Plans (WSPs) and Annual Training Reports (ATRs). The ETDP SETA assumes and attributes this challenge to the 50% mandatory grant meaning that they qualify for mandatory grants once the WSPs and ATRs are submitted, however this is a small amount compared to the cost of the exercise of compiling the documents. Another assumption is that small levy paying organisations employ less than 50 employees who are highly skilled and do not necessarily consider the completion of WSPs and ATRs as a high priority. This can also be attributed to the fact that the ETDP SETA has not been able to contact all the levy paying organisations due to the inaccuracy of the database at its disposal.

In an endeavour to address the challenges facing small levy-paying organisations, the ETDP SETA put in place the following process:

- small levy-paying organisations that were able to be reached were contacted. This information was acquired from SARS database for organisations that registered for skills development levies but did not submit WSPs and ATRs;
- Workshops were conducted where small levy paying organisations were encouraged and shown how to participate in skills development processes in the sector. They were offered training courses in scarce and critical skills for their employees; and
- Rigorous outreach to constituency member organisations through data validation exercises took place.

(ii) ABET Programmes

The nature of ABET programmes at Level 1 - 3 requires 2 to 4 learning areas, however at ABET Level 4 there are eight learning areas. On entry, learners are pre-assessed to determine the level of readiness to fit into each programme. The outcome of the pre-assessment indicates that it is a challenge to place learners in appropriate learning areas and levels which in turn makes it difficult to implement programmes within scheduled timeframes. Further, the availability of learners during working hours is a huge hurdle, as the target group for ABET programmes is employed learners. Employers usually find it difficult to release learners during working hours.

(iii) Learner completions

Learner completions are also a challenge due to the following:

- Non ETD programmes implemented Administration and Finance, NVC and ICT. The quality assurance of these programmes relies on other SETAs. There is a delay in the quality assurance as these processes being finalised.
- Delay of learners in submitting Portfolios of Evidence.
- Providers not fully prepared for the verification process.

- The motivation for entering learnerships is mainly to earn income and not for skills development such that when better opportunities (e.g. employment and other learnerships with higher stipends/allowances arise) learners opt to leave the programme.

(iv) Disability Targets

The assistance of learners with disabilities to participate in the ETDP SETA programmes has been challenging. The ETDP SETA through the help of its constituencies will work on a recruitment strategy to improve the disability target performance.



EQUITY TARGETS

In order to address the imbalances of the past, equity targets in skills development have been determined as follows:

- 85% of the total number of people trained must be black;
- 54% of the total number of people trained must be female; and
- 4% of the total number of people trained must be people with disabilities and special attention should be given to youth.

During the year under review, the ETDP SETA implemented a substantial number of skills development programmes to benefit both the employed and the unemployed in the sector.

The ETDP SETA facilitated and promoted the training of 9 466 learners in a variety of

learning programmes, including ABET Level 1 – 4, learnerships, bursaries, internships, skills programmes and workplace experience.

The equity profile of the trained learners is as follows:

Entry for all the programmes

- 8 604 or 90.8% of the learners trained were Black, which is 5.8% above target;
- 862 or 9.2% of the learners trained were White;
- 6 052 or 63.9% of the learners trained were female, which is 9.9% above target;
- 171 or 1.8% of the learners trained were disabled, which is 2.2% below target; and
- 5 122 or 54.1% of learners trained were young people, that is, younger than 35 years.

Programme completions

The ETDP SETA completions consisted of 4 399 in a variety of learning programmes, including ABET Level 1 – 4, learnerships, bursaries, internships, skills programmes and workplace experience. The equity profile of the trained learners is as follows:

- 4 116 or 93.5% of the learners trained were Black, which is 8.5% above target;
- 283 or 6.5% of the learners trained were White;
- 2 671 or 60.7% of the learners trained were female, which is 6.7% above target;
- 61 or 1.3% of the learners trained were disabled, which is 2.7% below target; and
- 1 735 or 39.4% of learners trained were young people, that is, younger than 35 years

Workers Trained

A total of 3 634 workers were trained in ABET, learnerships, skills programmes, artisan trades or were awarded bursaries. The equity profile of these trained workers is as follows:

- 3 337 or 91.8% of these workers were Black;
- 297 or 8.2% of these workers were White;
- 2 215 or 60% of these workers were female;
- 50 or 1.3% of the workers were disabled; and
- 1 034 or 28.4% of these workers were young people, that is, younger than 35 years.

Completions for Workers

A total of 3 030 workers completed learnerships, skills programmes, artisan trades and other qualifications. This group's equity profile is as follows:

- 2 768 or 91.3% of the unemployed learners trained were Black;
- 262 or 8.7% of the unemployed learners trained were White;

- 1 725 or 56.9% of the unemployed learners trained were female;
- 32 or 1% of the unemployed learners trained were disabled; and
- 625 or 20.6% of the unemployed learners trained were young people, that is, younger than 35 years.

Unemployed people Trained

A total of 5 832 unemployed people were trained in learnerships, skills programmes, artisan trades, internships, workplace experience or were awarded bursaries. This group's equity profile is as follows:

- 5 267 or 90% of the unemployed learners trained were Black;
- 565 or 10% of the unemployed learners trained were White;
- 3 837 or 65.7% of the unemployed learners trained were female;
- 121 or 2% of the unemployed learners trained were disabled; and
- 4 088 or 70% of the unemployed learners trained were young people, that is, younger than 35 years.

Completions for Unemployed people

A total of 1 369 unemployed completed learnerships, skills programmes, artisan trades, internships and other qualifications. This group's equity profile is as follows:

- 1 348 or 98.4% of the unemployed learners trained were Black;
- 21 or 1.6% of the unemployed learners trained were White;
- 946 or 69.1% of the unemployed learners trained were female;
- 29 or 2.1% of the unemployed learners trained were disabled; and
- 1 110 or 81% of the unemployed learners trained were young people, that is, younger than 35 years.



REPORT ON SKILLS DEVELOPMENT IN PROVINCES

Since 2006 the ETDP SETA has decentralised its operations in order to align its strategic objectives with that of the provincial skills development strategies. The following programmes were implemented in the provinces in order to raise the skills profiles in line with various provincial priorities. The term “learners” used in this report refers to people involved in the learning programmes.

Early Childhood Development Learnerships

ECD Learnerships were implemented in all provinces. The ECD implementation is part of the EPWP and the Provincial Departments of Education aimed at developing ECD Practitioners mostly in rural areas. This learnership aims at empowering the learners and improving the quality of early childhood development in the country.

This is critical as ECD forms the basis of all education and contributes to educational reform and transformation.

The ETDP SETA in **Mpumalanga**, enrolled 179 learners, 94 employed and 85 unemployed. This programme has a high impact as most learners, especially employed learners, are already running ECD centres without any relevant qualification. The ECD learners come from the following areas of the province: Witbank, KwaMhlanga, Standerton, Nelspruit and Bushbuckridge.

In **Limpopo Province**, a total of 127 ECD learners were recruited by constituencies (ECD L4 = 82 unemployed learners and ECD L5 = 45 employed learners). These learners came from all the five districts of the province, namely, Vhembe, Capricorn, Mopani, Waterberg and Sekhukhune

districts. The classes are held on a rotational basis in the 5 districts and provide an opportunity to reach the rural ECD centres and provide support where necessary.

In the **Western Cape**, the ECD Level 4 was offered in the Karoo town of Oudtshoorn. It supported the goals of creating employment and dealing with community work and early childhood development.

To enhance the capacity of the ECD sector in **Northern Cape**, the ETDP SETA participates actively in the Northern Cape ECD forum. This forum is represented by ECD training providers, the PDoE, Health and Social Development sectors; these provide a platform to discuss provincial ECD related needs. The ETDP SETA uses the information provided at the forum to identify areas of implementing the ECD programmes in the province. The sites of delivery identified for the ECD learnership were Kuruman, Mothibistad, Upington and Galeshewe.

In the **Eastern Cape**, the ETDP SETA assisted 180 ECD practitioners on ECD Levels 4 and 5 as part of the ETDP SETA rural and semi-rural outreach programme. The following areas were identified namely; Cofimvaba, Maluti, Lusikisiki, Mount Frere, Queenstown and Butterworth.

In **Gauteng**, the ETDP SETA entered 105 learners into an ECD Learnership at Level 4. This was achieved in partnership with the Social Development Offices. The learners were recruited from Lenasia, Orange Farm and the East Rand. Forty eight (48) Mentors were also trained to support the learners and were recruited from ECD centres in the province.

In **KwaZulu-Natal**, the ETDP SETA focused on developing ECD Practitioners in the region. This is a flagship project which has had a great impact in skills development and contributed towards the province's skills development and human resources development strategy.

In the **North West Province**, the ETDP SETA in partnership with the PDoE and small ECD centres in the province has also implemented ECD Level 5 for 100 unemployed youth in Zeerust, Lichtenburg and Mafikeng.

Adult Basic Education and Training (ABET) Learnerships

Given The country's levels of illiteracy and underdevelopment in many areas, ABET is one of the key strategic priorities of government. In responding to these challenges, the ETDP SETA has registered and is implementing the ABET practitioner Learnership at Level 4 and 5 that will facilitate ABET development. This learnership equips the practitioner to facilitate learning at ABET Levels 1 – 4 within a specific range of fundamental, core and elective learning areas in order to improve literacy, numeracy and life skills of individual participants.

Mpumalanga implemented 100 ABET Level 4 learnerships. The learners were enrolled and placed in ABET centres to gain work experience as part of the learning programme. There is an ABET committee which monitors the implementation of the programme within the HRD directorate.

In **Limpopo Province** ABET learners were recruited from Sekhukhune, Vhembe and Capricorn Districts, for the practical component of the Learnership, the learners were placed at the ABET centres managed by the Department of Education as well as NGOs. There are 50 unemployed learners on the programme.

The **Eastern Cape**, in partnership with the Department of Education, enrolled 40 ABET practitioners for the Level 4 learnership in order to ensure more improved ABET provisioning in the province.

Community Development Learnership

In **Mpumalanga**, in partnership with Thembisile Hani Municipality with which a memorandum

of understanding was signed, the ETDP SETA facilitated the implementation of the Development Practice Level 5 Learnership. This programme assisted 50 community development workers who are involved in community work in the rural areas of Kwa-Mhlanga. The learners were placed in the Thembisile Hani Municipality and Dr J.S. Moroka Municipality to assist and support the HIV/AIDS management and Water and Sanitation programmes.

In the **Western Cape**, the ETDP SETA skills training initiatives took place in the Cape Town Metropolitan area as well as in the Eden Karoo District. In the Cape Metro, the learners were hosted by NGO/CBO organisations and the Youth Commission.

The ETDP SETA together with the **Northern Cape** Youth Commission forged a partnership that placed 99 unemployed youth to receive training on the Development Practices Learnership, in Warrenton, Jan Kempdorp, Schmidtsdrift and Griquastad.

Occupationally Directed Education and Training Development Practices (ODETD) Learnership

The ODETD learnership equips practitioners with skills to facilitate learning and development. In **Mpumalanga**, the ODETD learnership targeted 13 FET lecturers in Gert Sibande FET College. This programme is aimed at closing the skills gap in the training and facilitation areas.

In **Gauteng** 31 learners were enrolled for the ODETD Learnership. Out of the 30 entered in the previous year, 24 completed the programme (18 employed and 6 unemployed). All the unemployed learners found employment.

In the **North West Province**, the ETDP SETA, in collaboration with Orbit, Vuselela and Taletso FET Colleges and Private Providers implemented the ODETD learnership. The programme

benefited 90 FET lecturers and Human Resources Development practitioners from the province and ETD practitioners from small Private Providers.

Internship Programme

The ETDP SETA internship programme is a programme that provides workplace experience for unemployed graduates. The programme is directed at young unemployed people who have completed their studies and find it difficult to find employment due to a lack of work experience. This programme assisted many unemployed youth to find decent jobs and contributed positively to the unemployment rate.

In **Limpopo Province** the areas in which interns were placed during this financial year include education, finance, and administration, accounting and human resources. A total of 49 learners benefited from the ETDP SETA internship programme.

In the **Free State**, in consultation with key constituencies it was agreed that the focus of programme implementation would be in Bloemfontein, Welkom, Sasolburg and Qwaqwa.

In the **North West Province**, the ETDP SETA implemented internship programmes in partnership with employers in the sector such as the North West University (Mafikeng and Potchefstroom campuses), SANGOCO and PDoE. A total of 22 Unemployed graduates benefited from this programme in the following areas: Public Management, Human Resources, Financial Management and Information Technology. Of the 22 beneficiaries, 16 have been permanently absorbed or placed within some of these employers such as North West University (Potchefstroom campus) and FET institutions.

In **Gauteng**, 44 interns were entered into an internship programme with 23 of the 44 learners supported, absorbed into formal employment while in **Mpumalanga**, 44 interns were entered into an internship programme and 6 found permanent employment.



Bursaries

In order to address the shortage of high level scarce and critical skills, the ETDP SETA offers bursaries to enhance people's development.

In **Mpumalanga** 50 unemployed learners were offered bursaries to enrol in the following scarce and critical skills programmes: Bachelor of Education and Science (B.Sc (Ed)), Bachelor of Education (B.Ed), Bachelor of Commerce (B.Com) Accounting and Diploma in Information Technology as well as Project Management. A total of 30 educators were offered bursaries and enrolled in Advanced Certificate in Education (ACE) Maths, Science and Technology programmes to improve their skills and knowledge.

In **Limpopo** 33 bursaries were awarded to people who are employed in the ECD, ABET, Mathematics and Science fields. A total of 50 Bursaries were awarded to unemployed learners to study at institutions of higher learning areas of their choice.

In the **Western Cape**, a formal study mainly on education was supported through the funded bursary opportunity to assist in-service and pre-service educators.

In the **Free State**, the ETDP SETA entered into a partnership with the Central University of Technology to support 50 disadvantaged learners who wanted to study Teaching.

The **Eastern Cape**, in partnership with Fort Hare and Rhodes Universities' Education Faculties and the ETDP SETA supported 55 teachers to study Advanced Certificate in Education Mathematics and Science programmes. Thirty one (31) unemployed learners who have shown an interest in becoming teachers particularly in areas identified as critical and scarce skills such as Mathematics, Science and Commerce also received bursaries.

A partnership was established with the **Gauteng** provincial government and Institutions of

Higher Learning in the province in 2007/8 for the implementation of bursaries for previously disadvantaged young people in scarce and critical skills identified to focus on programmes such as B.Com (Financial Management and Accounting), B.Sc (Mathematics and Science subjects) and B.Ed.

The ETDP SETA continued to support these learners for the 2008 and the 2009 academic years. There were 10 students out of 47 students that completed their studies in 2008 and 14 students will complete their studies by end of 2009. The balance of the students should complete after the 2009 academic year. The results achieved have been very rewarding for all the parties involved in the project.

The ETDP SETA also rolled out a bursary programme in **KwaZulu-Natal** which aimed to provide for both employees in the ETD sector and unemployed individuals. These bursaries included the following: B.Ed and B.Sc.

Workplace Experience

In 2008/09, the ETDP SETA provided work experience grants, allowing student teachers at HEIs to gain work experience in rural and semi-urban schools. This is in line with the ETDP SETA strategic priorities to improve quality teaching and learning.

In **Limpopo**, 124 learners benefited from the ETDP SETA workplace experience programme. The ETDP SETA in partnership with Higher Education Institutions (HEIs) from the Eastern Cape financially assisted about 354 B.Ed students from Fort Hare University, Walter Sisulu University and Rhodes University during their workplace experiential learning, the other 30 learners were from FETs in the identified scarce and critical skills areas.

In **North West Province**, the ETDP SETA supported 120 undergraduate students in the field of Education with Workplace Experience Grants in partnership with the North West University

and PDoE. These students were placed in various schools within the province to gain work experience with the hope that 70% of them will be permanently employed upon completion of their studies.

In Gauteng, a partnership with the Education Dean's Forum supported 479 student teachers studying towards a B.Ed. The support was in the form of financial assistance towards transport costs for the student teachers to attend their teaching practice. These student teachers came from the following Universities: University of Witwatersrand, Tshwane University of Technology, the University of Johannesburg and the University of Pretoria

The ETDP SETA assisted learners from their first year to fourth year B.Ed as well as PGCE learners. The learners who are PGCE as well as fourth year B.Ed learners will be qualified teachers and assist in the supply of teachers into the sector.

Artisan Development

Given the shortage of Artisans in the country the ETDP SETA made a contribution to this area. In the North West Province the ETDP SETA supported a total of ninety (90) young people in various artisan development programmes such as:

- Construction Plumbing;
- Boiler Making;
- Electrical Construction;
- Fitter and Turner; and
- Millwright.

These programmes have been implemented in partnership with Vuselela FET College and Orbit FET College. Orbit FET College is one of the eight ETDP SETA recognised Institutions of Sectoral Occupational Excellence (ISOEs). In order to further support implementation, a Memorandum of Understanding (MoU) was signed between the ETDP SETA and Construction

SETA with the intention of further interaction with other relevant SETAs.

As part of the ETDP SETA Artisan Development programme in the Free State, Learnerships were implemented in Welkom and Bethlehem and for the first time the ETDP SETA supported over 50 Electrical Engineering students.

SKILLS PROGRAMMES

The skills programmes offered by the ETDP SETA also provides an opportunity for both employed and unemployed people to participate in skills development, thus enhancing their skills levels to increase their performance or to acquire the skills required for employment.

In 2008/09, the ETDP SETA took a decision to do away with short term training in skills programmes and rather advise constituencies and stakeholders to identify credible institutions which could offer skills programmes over a period of six to twelve months.

The following programmes were offered:

- Mentoring and Coaching;
- Material and Curriculum Development Training;
- Leadership and Management;
- Project Management;
- Financial Management;
- ICT Training;
- Finance for Non Financial Managers;
- Skills Development Facilitation; and
- Assessor Training.

NGO, CBO and NPO Support Programme

The voucher programme of the ETDP SETA targets NGOs, NPOs and CBOs and was implemented in all provinces. 836 NGOs and CBOs benefited from this programme. The focus of the programme was on Project Management,

Financial Management, ICT, Leadership and Management.

Graduations

In the **Eastern Cape**, 230 teachers completed the ICT End User Level 3 Learnership programme through a partnership with the Department of Education across 23 districts of the province. It was envisaged that the programme would assist teachers with the much needed computer skills to utilise the existing infrastructure of the computer labs and to improve quality teaching and learning efficiency.

One of the ETDP SETA highlights in the **Mpumalanga** province was the graduation of learners that took place at Graskop, which is one of the deep rural areas of Mpumalanga. These learners were in the Development Practice Learnership and had already started community projects that are going to uplift the lives of the Graskop community. Some of the projects are

raising funds to buy school clothes, especially jerseys in winter, for orphans in the primary schools. 200 Learners have already benefitted from this venture.

The other project was a competition where the villagers had to clean their yards, grow vegetables and teamwork was key in order to win the competition. There were prizes for the villagers who participated in this venture. There were graduations for the following programmes as well: ECD L4 with Siyathela and Sithuthukile and the New Venture Creation Learnership in Middelburg and Nelspruit. A number of the New Venture Creation learners were also supported by the ETDP SETA to register and start their own ventures.

EQUITY BREAKDOWN PER PROVINCE

The tables below depict the equity breakdown of programmes in each Province:

KWAZULU-NATAL

Employed Beneficiaries

Learning Programme	Total Learners	Black Learners Entered	Female Learners Entered	Disabled Learners Entered
Skills programmes	336	336	281	-
Learnerships (incl EPWP)	616	616	510	-
ABET Level 3	29	29	20	-
ABET Level 4	60	60	35	-
ABET NQF L4	50	50	30	-
ABET NQF L 5	48	48	38	-

Unemployed Beneficiaries

Learning Programme	Total Learners	Black Learners Entered	Female Learners Entered	Disabled Learners Entered
Internships	70	70	10	-
Skills programmes	65	65	42	-
Bursaries	100	100	35	4
Workplace experience	686	620	580	-
Learnerships	238	238	183	-
ABET Level 1	330	330	195	-
ABET Level 2	154	154	105	-
ABET Level 3	95	95	65	-
ABET Level 4	27	27	18	-

LIMPOPO**Employed Beneficiaries**

Learning Programme	Total Learners	Black Learners Entered	Female Learners Entered	Disabled Learners Entered
Skills programmes	172	164	69	-
Bursaries	33	33	24	-
Learnerships	45	30	45	-
ABET Level 4	37	37	28	-

Unemployed Beneficiaries

Learning Programme	Total Learners	Black Learners Entered	Female Learners Entered	Disabled Learners Entered
Learnerships	132	132	114	-
Internships	49	49	36	1
Workplace experience	124	124	61	-
Skills programmes	75	17	54	-
Bursaries	50	50	36	-

WESTERN CAPE**Employed Beneficiaries**

Learning Programme	Total Learners	Black Learners Entered	Female Learners Entered	Disabled Learners Entered
Skills programmes	98	41	73	1
Bursaries	18	6	13	1

Unemployed Beneficiaries

Learning Programme	Total Learners	Black Learners Entered	Female Learners Entered	Disabled Learners Entered
Skills programmes	41	41	31	-
Bursaries	50	34	22	-
Workplace experience	384	350	289	-
ECD and Comm Dev Learnerships	132	129	121	1
Internships	18	16	16	-

NORTHERN CAPE**Employed Beneficiaries**

Learning Programme	Total Learners	Black Learners Entered	Female Learners Entered	Disabled Learners Entered
Learnerships	53	50	46	-
Skills programmes	52	43	24	-
Bursaries	39	32	33	-

Unemployed Beneficiaries

Learning Programme	Total Learners	Black Learners Entered	Female Learners Entered	Disabled Learners Entered
Learnerships	198	198	149	-
Skills Programmes	54	54	34	-

Learning Programme	Total Learners	Black Learners Entered	Female Learners Entered	Disabled Learners Entered
Bursaries	30	27	21	-
Internships	15	15	9	-
Artisans	30	30	2	-

EASTERN CAPE

Employed Beneficiaries

Learning Programme	Total Learners	Black Learners Entered	Female Learners Entered	Disabled Learners Entered
Skills programmes	188	188	78	-
Bursaries	55	55	42	-
Learnerships	372	371	265	-
Artisans	55	55	-	-

Unemployed Beneficiaries

Learning Programme	Total Learners	Black Learners Entered	Female Learners Entered	Disabled Learners Entered
Learnerships	150	150	127	-
Internships	54	52	38	-
Skills programmes	93	93	73	-
Bursaries	31	31	-	-
Workplace experience	382	356	244	-

NORTH WEST

Employed Beneficiaries

Learning Programme Entered	Total Learners	Black Learners Entered	Female Learners Entered	Disabled Learners Entered
ABET L3	80	80	64	-
ABET L4	138	137	96	-
Learnerships	96	96	46	-
Bursaries	46	42	28	-
Artisans	17	8	1	-
Skills Programmes	192	180	113	-

Employed Beneficiaries

Learning Programme Completed	Total Learners	Black Learners Completed	Female Learners Completed	Disabled Learners Completed
ABET L1	13	13	12	-
ABET L2	6	6	3	-
ABET L3	27	27	25	-
ABET L4	62	62	53	-
Learnerships	89	78	49	-
Artisans	5	3	-	-
Skills Programmes	357	280	257	3

Unemployed Beneficiaries

Learning Programme Entered	Total Learners	Black Learners Entered	Female Learners Entered	Disabled Learners Entered
Learnerships	198	198	189	1
Bursaries	56	50	41	-
Apprenticeships	73	64	42	-
Internships	22	20	16	-
Skills Programmes	68	68	41	-
Workplace experience	120	105	90	1

Unemployed Beneficiaries

Learning Programme Completed	Total Learners	Black Learners Completed	Female Learners Completed	Disabled Learners Completed
Learnerships	66	66	47	-
Bursaries	52	52	24	-
Apprenticeships	12	12	3	-
Internships	16	5	-	-

GAUTENG**Employed Beneficiaries**

Learning Programme	Total Learners	Black Learners Entered	Female Learners Entered	Disabled Learners Entered
Skills programmes	259	246	196	-
Bursaries	22	14	21	-
Learnerships	51	47	31	-
Artisans	3	3	2	-

Unemployed Beneficiaries

Learning Programme	Total Learners	Black Learners Entered	Female Learners Entered	Disabled Learners Entered
Learnerships	89	87	86	-
Internships	44	44	25	-
Skills programmes	60	60	31	35
Bursaries	54	42	29	-
Workplace experience	479	472	243	-

MPUMALANGA**Employed Beneficiaries**

Learning Programme	Total Learners	Black Learners Entered	Female Learners Entered	Disabled Learners Entered
Skills programmes	155	144	87	-
Bursaries	30	29	12	-
Learnerships	120	114	108	-

Unemployed Beneficiaries

Learning Programme	Total Learners	Black Learners Entered	Female Learners Entered	Disabled Learners Entered
Learnerships	232	232	193	-
Internships	44	43	33	-
Skills programmes	66	66	36	-
Bursaries	50	50	17	-

FREE STATE**Employed Beneficiaries**

Learning Programme	Total Learners	Black Learners Entered	Female Learners Entered	Disabled Learners Entered
Skills programmes	185	174	113	-
Bursaries	22	22	12	-
Learnerships	30	30	30	-

Unemployed Beneficiaries

Learning Programme	Total Learners	Black Learners Entered	Female Learners Entered	Disabled Learners Entered
Learnerships	100	98	100	-
Internships	49	48	33	-
Skills programmes	134	127	96	-
Bursaries	50	50	21	-



STAKEHOLDER ENGAGEMENT AND PROVINCIAL LINKAGES

Skills Development Stakeholders' Consultative Forum

In the North West Province the ETDP SETA realised that it was unable to facilitate, promote and implement skills development interventions on its own. This gave rise to the establishment of a stakeholder consultative forum. This forum meets quarterly to discuss skills development interventions, which are facilitated and supported by the ETDP SETA.

The forum comprises of all ETD employers, other employers with vested interest in the sector, PDoL, the Office of the Premier, PDoE, North West University, Orbit, Taletso and Vuselela FET Institutions, SANGOCO, the Youth Commission, EPWP Office and organised labour in the sector.

This forum created a platform for critical debates and dialogue on skills development issues in the Province. All achievements of the ETDP SETA and the resultant inroads made in the province are confidently attributed to all participants in the forum.

Expanded Public Works Programme

The ETDP SETA maintained a sound working relationship with all its stakeholders, especially the service providers. This objective was achieved through maintaining visibility at key forums including SAQA, ETQA, SGB, EPWP, QCTO and other relevant forums. During the period under review a number of forums were attended such as:

- Expanded Public Works Programmes (EPWP), formed to accelerate accreditation of emerging

providers in the Northern Cape and North West because of the scarcity of providers in these two provinces. This resulted in the successful acceleration of five accredited ECD training providers in the Northern Cape and North West provinces.

- APPETD and the ETDP SETA held a joint service provider capacity building workshops in all nine provinces to inform providers from all sectors of the accreditation process. The focus area of this capacity building was on the exposure and engagement of rural and previously disadvantaged communities.

Provincial Growth and Development Strategy Partnerships

The Offices of Premiers are responsible for the implementation of PGDS, and coordinating the

Provincial Skills Development Forum. The Forum holds meetings quarterly which are attended by all organisations and institutions responsible for coordinating the training and development in Provinces. Strategies of ensuring that training interventions are aligned to the economic needs thus contributing to the economic growth of the Province are discussed. The ETDP SETA is making a positive contribution in this forum to ensure sustainability.

Provincial Skills Development Committee

All the Provinces participate in the activities of the Department of Education Skills Development Committee, an advisory body. The ETDP SETA has been able to assist the Department in resolving issues related to service providers who were accredited by the ETDP SETA but did not comply with quality assurance processes.



CONSTITUENCY SUPPORT

The EDTP SETA constituency support services all its constituencies in skills development through conceptualising and reviewing the ETDP SETA learning programmes as well as facilitating the development and implementation of these programmes and developing, monitoring and evaluation guidelines.

The objectives of the constituency support are to:

- Identify the constituencies' skills development needs;
- Prioritise skills needs and address the needs through high quality learning programmes;
- Assist constituencies to address challenges that impede full participation in skills development; and
- Compile constituency information on scarce and critical skills.

In 2008/09 many constituencies were supported to develop and enhance their skills in identified scarce and critical skills areas.



QUALITY ASSURANCE AND PROVIDER SUPPORT

The role of quality assurance is to facilitate and promote the delivery of quality learning and training offered by accredited training providers and forms part of the quality cycle of the National Qualifications Framework (NQF). Quality Assurance activities include the following:

- Accreditation of constituent providers;
- Learning programme evaluation;
- Building the capacity of training providers to improve the quality of education and training provisioning;
- Communicating the ETDP SETA quality assurance policies, processes and procedures effectively with stakeholders;
- Monitoring the quality of training;
- Verification and endorsement of learner achievement and certification of learners; and
- Registering constituent assessors and moderators.

Accreditation of Constituent Providers

The ETDP SETA received 229 applications for accreditation in 2008/09 and accredited a total of 189 constituent providers. 40 Providers were not accredited due to the following challenges:

- Learning programmes materials were not aligned to NQF standards;
- Providers not having assessors and moderators for the applied qualification they wanted to offer; and
- Providers did not have qualified practitioners.

Provider development and quality promotion activities, included workshops, which took place to address the challenges of the providers that were not accredited due to the reasons raised above as well as to increase the pool and availability of

accredited providers in the sector. This initiative also aimed at increasing the number of providers in general, and particularly in rural provinces where the ETDP SETA had a scarcity of accredited providers. A total of 1623 participants attended workshops across the nine provinces.

Evaluation of Learning Programmes

The evaluation of learning programmes is compulsory for both accreditation and the extension of scope for constituent and non constituent providers. Constituent providers offer learning programmes that fall within the domain of the ETDP SETA. Non-constituent providers are accredited by other SETA ETQAs and their learning programme evaluation is regulated through the MoU between ETQAs.

Learning programme evaluation is critical to ensure alignment of the material with NQF standards and quality improvement of the programmes. The increased request for programme approval from the ETDP SETA is indicative of the need for the ETDP SETA accredited programmes in the workplace. Industries have requested, through their own SETAs, training of their employees in ETD related programmes such as; assessor training, coaching and mentoring, skills development facilitation, learning programme design and development and lastly, moderation of learning achievements.

A total of 250 Learning Programmes were evaluated in the current financial year. The ETDP SETA is making a positive contribution to increasing the number of practitioners that are needed in the ETD sector.

Provider Monitoring and Evaluation

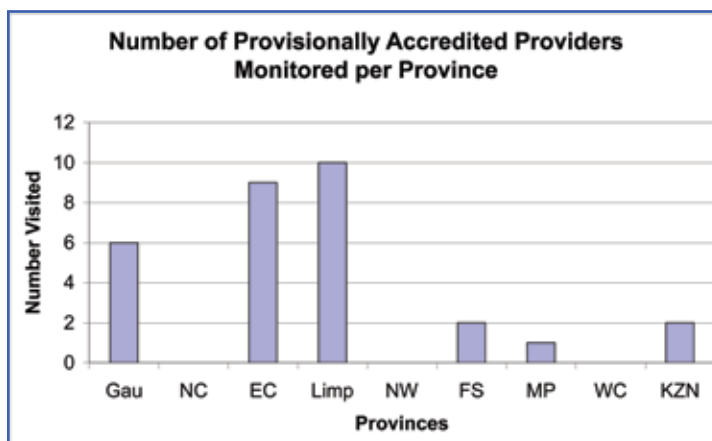
The purpose of monitoring is to promote the quality of learning programme delivery and to ensure successful completion of learnership programmes.

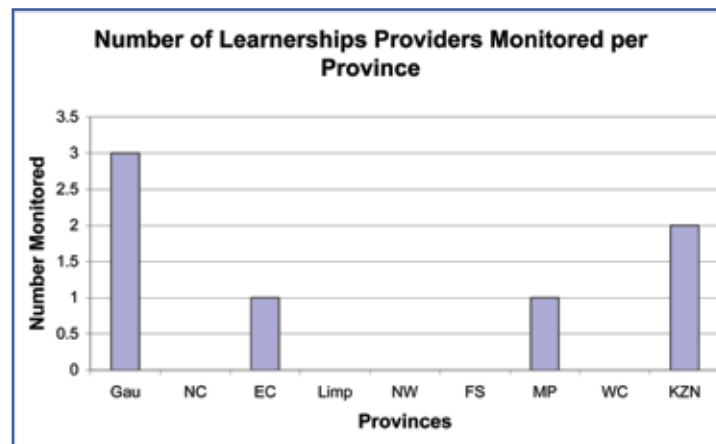
Categories of providers

Three categories of providers were monitored within the period under review:

- Providers offering learnerships programmes.
- Providers that are provisionally accredited.
- Providers that are due for re - accreditation.

Monitoring for the year under review was more focused on provisionally accredited providers and providers offering learnerships. The graphs that follow provide the total number of providers from both categories that were monitored per province. Monitoring and support of providers has also been improved to move away from mere compliance to performance. Compliance was only concerned with





quantitative measures namely the numbers achieved and policy compliance. Performance is addressing quality in the following areas:

- learner satisfaction;
- learner completion;
- learner placement;
- learner retentions;
- qualified practitioners; and,
- quality learning material.

Qualification Development

The ETDP SETA has a Joint Implementation Plan to review and/or generate and register Qualifications and Unit Standards as per the scarce and critical skills identified by the sector. Find below tables indicating new qualifications allocated to the SETA and re-registered qualifications and associated unit standards.

New Qualifications allocated to the ETDP SETA by SAQA for period April 2008 - March 2009

SAQA ID Number	Level	New Qualifications requested and allocated to the ETDP SETA
58761	4	FETC: Early Childhood Development
59429	5	National Certificate: Inclusive Education, Level 5
58624	5	National Certificate: Library Information Services
60550	4	FETC: School Business Administration
63369	5	National Diploma: Trade Union Practice, Level 5
64309	1	GETC: ABET

Re-registered Qualifications and associated Unit Standards

ID Number	Qualification Title	Level	Credits
22900	National Certificate: Environmental Education, Training and Development Practices	4	121
22901	National Certificate: Environmental Education, Training and Development Practices	5	121
22902	National Diploma: Environmental Education, Training and Development Practices	5	240

ID Number	Qualification Title	Level	Credits
49556	National Certificate: Development Practice	2	120
49600	National Certificate: Development Practice	3	120
49710	National Diploma: Development Practice	5	245
64649	Higher Certificate: Early Childhood Development	5	120
64650	National Diploma: Early Childhood Development	5	249

Quality Assurance of Learner Achievements

The ETDP SETA's verification of learner achievements completes the NQF quality cycle and ensures that the records of achievements registered on the National Learner Record Database (NLRD) at the South African Qualifications Authority are valid, reliable and authentic.

The ETDQA conducted the quality assurance of learner's achievement through a verification process of Skills Programmes, Learnerships and full qualifications that fall within the domain of the ETDP SETA. The ETDQA conducted 299 verification site audits across the country. This resulted in almost 20 000 learners' achievement records being posted on the NLRD. The ETDP SETA's output of competent learners is meeting SAQA's standards.

Registration of Assessors and Moderators

The ETDP SETA facilitates the training of assessors and moderators that is based on NQF registered unit standards and qualifications in the General and Further education band for occupations. These practitioners are required to register with their relevant ETQAs.

The ETDP SETA has registered 1650 assessors and 458 moderators during the financial year. The rationale behind registering these assessors was to ensure that assessors who make decisions regarding the competence of learners are subject matter experts, have the required knowledge, skills and experience to perform such assessments.

Learner and Provider Certification

The ETDQA assumes the responsibility for the certification of constituent learners as well

as accredited providers. During the year under review the ETDQA successfully issued 4124 learner and 100 provider certificates. Challenges relating to monitoring included a large number of provisionally accredited providers that were monitored but had not started training. Other challenges included the following:

- Ensuring that there are accredited constituent providers in all the provinces to avoid the importing of providers from other provinces and also to ensure that learners and employers have access to accredited providers.
- Most providers were not ready to offer Recognition of Prior Learning within the ETD sector; this was due to a lack of capacity and skills.
- Poor quality of learning programmes and material developed by some of the providers especially small emerging providers.
- Some providers do not register their learners on the MIS which results in learners not being registered on NLRD records. This challenge does not only refer to providers offering learnerships but includes providers offering qualifications and learning programmes based on cluster unit standards accredited by the ETDP SETA.
- The process of registration of assessors faced many challenges that caused a backlog and related problems. In particular, problems were due to:
 - Lack of effective communication involving providers, individuals and the ETDP SETA staff.
 - Lack of correct information and procedures.
 - Communicating outcomes to applicants and sending assessor registration letters late.

- Providers failing to apply for re-registration.

Intervention

The ETDP SETA developed a plan to decentralise ETQA activities and appointed ETQA officers in the ETDP SETA provincial offices to manage the quality assurance functions. External consultants were also used to assist with accreditation site visits and to evaluate learning programmes.

- A pilot programme is in progress to incubate emerging providers by one of the identified ISOEs to assist the providers to meet the requirements of accreditation.
- A number of capacity building workshops were conducted to address the gaps identified during accreditation of providers as well

as assessor registration where a number of challenges were addressed during the workshops.

- The SETA will be providing learning materials to providers to address the poor quality of learning programmes sent by providers and also to capacitate them on learning programme design.
- A RPL tool kit will be developed for providers in the next financial year to ease the burden of providers who are unable to provide RPL.
- Providers will be requested to send a database of all learners that went through training in their institution so as to validate the data.

In the coming year the ETDP SETA will focus on assessors and provider forums in the provinces to address the challenges mentioned above.



SECTOR SKILLS AND RESEARCH

The critical Research and Skills Planning functions are to conduct benchmark and impact studies, identify scarce and critical skills needs in the ETD sector and analyse and forecaste labour market trends for sector profiling and skills supply and demand.

In 2008/09 the following programmes and activities were undertaken:

- WSP and ATR Management; and
- SSP Development.

Below is a table indicating the ETD sector profile.

THE EDUCATION, TRAINING and DEVELOPMENT SECTOR PROFILE

Constituency	No. of entities	No. of Employees	Entity size
Private ECDs	19 859	47 675	Small
NGO's in ETDP provisioning	150	3 641	Small
Trade Unions	464	13 851	Small/ Medium
Private ABET	506	2 629	Small
Professional Organisations	36	524	Small/ Medium
Libraries and Archives	21	105	Small/ Medium

Constituency	No. of entities	No. of Employees	Entity size
Independent Schools	1 494	51 467	Small/ Medium
Political Parties	104	305	Small/ Medium
Research Institutions	66	1 654	Small/ Medium/Large
Private HET entities	37	1 999	Large
Private FET entities	1 697	23 897	Large
Universities and Universities of Technology	36	43 893	Large
Sub-Total	24 470	191 640	
Budget Chamber national	30 710	464 428	Large
Total	56 754	656 068	The sector makes up $\pm$ 6% of SA's employed people

Jobworx Report, 2007

Since the ETDP SETA has a primary responsibility to service the ETD sector's constituencies, these numbers above show the mammoth task which besets the ETDP SETA.

WSP and ATR Management

The WSPs inform the ETDP SETA about how organisations have planned to implement the skills development strategy while the ATRs demonstrate how the organisations have implemented their

training plans. On submission of the WSPs and ATRs and meeting the mandatory grants requirements, the member organisations qualify to receive 50% of the levies paid to SARS.

The WSP and ATR mobilisation workshops were conducted in order to inform constituent member organisations on why and how to submit WSPs and ATRs. Refer to the table below indicating the number delegates who attended the mobilisation workshop.



A total number of 599 people attended these workshops in all provinces.

As a result of this mobilisation, the table below provides information on the number of WSPs and ATRs approved.

NATURE OF ORGANISATION/SIZE	NUMBER OF WSP/ATRs APPROVED
Small levy paying	629
Medium levy paying	188
Large levy paying	69
TOTAL	886

The ETDP SETA also received 179 WSPs and ATRs from non-levy paying organisations.

WSPs and the organising framework for occupations (OFO) codes

The OFO is a skills-based coded classification system for all occupations and jobs in the South African labour market. It also defines these occupations according to their attributes, and groups them on the basis of similarity (in terms of both skill level and skill specialisation) into successively broader categories or hierarchical levels for statistical and other types of analysis. The structure of the OFO has five hierarchical levels: Major Group, Sub-major Group, Minor Group, Unit Group and Occupation. The OFO codes are used in the WSPs to identify the occupational categories and the shortages within those categories. The OFO codes were communicated to the constituencies and informed the occupational classifications of the WSPs submitted.

The dissemination of information on scarce and critical skills

On approval of the SSP by DoL, the ETDP SETA developed the scarce and critical skills guide which was communicated to constituencies. The guide is used to create awareness of the scarce and critical skills to the SDFs and sector skills specialists in the ETD sector. This enables the SDFs and sector skills specialists to prioritise training needs in their organisations.

Below is the provincial breakdown of workshops held in the 2008/09 financial year towards the achievement of the NSDS II targets:

Province	No. of Workshops	No. of Beneficiaries
Eastern Cape	2	134
Gauteng	3	247
Limpopo	4	138
Mpumalanga	2	75
Western Cape	2	159
Free State	2	61
Northern Cape	1	35
North West	1	43
KwaZulu-Natal	1	46
TOTAL	18	938

SSP Development

The SSP is a five-year skills development report prepared by each SETA. It is aimed at identifying the skill needs of industrial sectors [skill shortages and gaps], as well as constraints to the effective utilisation and development of skills in relation to the objectives of the NSDS, PGDS and relevant industrial strategies. It is updated annually and these updates provide SETAs with the opportunity to update and align information to changes that might have occurred in the sector post the submission of the previous annual update. This update also provides signals to Education and Training providers and communities about skills that are currently needed [or will be needed in the future] by the economy.

The ETDP SETA followed prescribed processes towards updating and developing the 2009/10 SSP:

- Analysing existing reports on surveys and labour market studies;
- Commissioning ETD sector studies on skills needs and demands; and
- Analysing WSPs submitted by ETD constituency members.

Process of Collecting Data and Information

The 2008/09 SSP was evaluated to note highlights and the areas for improvement. The latest information about the sector was collated and integrated in the newly developed SSP. The Human Sciences Resources Council model was applied to produce the market trends in the sector. The ETDP SETA consulted stakeholders through focus group discussions, feedback questionnaires, telephonic and face to face interviews. The WSPs and ATRs submitted by member organisation were also analysed and integrated with all data collected to develop the updated SSP. The table below illustrates the process of data collection and analysis.

Data Collection and Analysis

	Public Schooling	Private Schooling	Public HET	ECD
How much money is there?	MTEF/DoE Budgets	ABSA/ISASA forecasts	MTEF	MTEF/budgets and donors
How many/which jobs will be needed?	EMIS/PERSAL data WSP data Strategies	WSP data Scarce skills res.	PERSAL/HEMIS WSP data Strategies	WSP data/EMIS Scarce skills res. Strategies
How many people in jobs now will leave?	PERSAL ASSA HSRC/SACE	ASSA HSRC	PERSAL ASSA	ASSA SACE/HSRC
How many new people must be trained?	Analysis of above data Scarce skills res.	Analysis of above data Scarce skills res.	CHE/CHET reports Scarce skills res.	Independent reports Scarce skills res.
What training is planned/going	Interviews WSP data	Interviews WSP data	Interviews WSP data	Interviews WSP data

The ETDP SETA also based its SSP on four main pillars, namely qualitative analysis; quantitative analysis; stakeholder participation and consultation and background for planning:

- Qualitative assessment of the sector, and the factors influencing its growth or decline. Such drivers of change include policy and legislation, world events, and factors that are difficult to quantify such as HIV/AIDS. A description of these factors and their expected or actual impact on the sector are presented.
- A detailed profile of the quantitative indicators to include: Economic trends within the sector taking into consideration national, PGDS, special projects and industrial strategies; Profile of enterprises in the sector by size, sub-sector, geographic spread; Skills profile of the labour force, including qualifications and occupational categories, race, gender, age, disability and geographic spread; Employment and unemployment within the sector, disaggregated appropriately, and other statistical information pertinent to understanding the skills requirements of the sector.

Future Plans

The ETDP SETA will in the next financial year conduct an impact study to measure the effectiveness of the ETDP SETA programmes and other skills development interventions implemented during NSDS II.

Critical Challenge

The challenge on the development of the SSP is getting accurate information of constituency needs for scarce and critical skills.



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MARKETING AND COMMUNICATIONS

The key marketing and communications activities undertaken included the following:

- National Conference;
- Provincial *Iimbizo* and Exhibitions; and
- Women's Day Seminar.

National Conference

The ETDP SETA hosted its third National Conference themed "Skills Harvest: The Value of the ETDP SETA". The objectives of the conference were to:

- Assess the impact of the ETDP SETA since inception, particularly during the period 2006 to 2008;
- Address the challenges facing the ETDP SETA and define a new focus in order to address these challenges;
- Explore an integrated ETDP Human Capital Strategy, specifically targeting the issues of equity and redress;
- Examine ways in which the ETDP SETA can be a leader in the facilitation of skills development;
- Examine continuous teacher development programmes;
- Expand the collaboration of the ETDP SETA with other organisations in terms of aligning skills development plans and interventions;
- Build an understanding of the challenges facing the schooling system, especially in relation to the country's standing in the international arena;
- Explore the governance framework for strategy implementation; and
- Define the future role, responsibilities, programmes and positioning of the ETDP SETA after March 2010.

The following were the conference resolutions:

- Ensure that the ETDP SETA measures impact of the ETDP SETA learning programmes.

- Co-ordinated and coherent professional development of teachers.
- Setting the ETD skills agenda and the role of the ETDP SETA beyond 2010.
- Ensure integrated quality and maintain the principles of the National Qualifications Framework in the three quality councils, namely, Umalusi, QCTO and HEQC.

The ETDP SETA is committed to take forward and address these resolutions in conjunction with constituency member organisations and other stakeholders.

Provincial Iimbizo and Exhibitions

The ETDP SETA hosted two *Iimbizo* in KwaZulu-Natal, one at kwaDlangezwa and the other at uMgungundlovu, in February and March 2009 respectively, which saw over 4 000 participants. The participants included learners, educators, community leaders and elders, constituency member organisations and the general public interacting one-on-one with the ETDP SETA. The objectives of Iimbizo were mainly to share information on:

- Scarce and critical skills in the sector to create a career appetite for learners; and
- Skills development and learning programmes targeting the unemployed youth, learners and ETD practitioners and communities at large.

This interaction increased the awareness of the role of SETAs in general and how to access skills development programmes. The ETDP SETA awarded 5 bursaries to each school that attended.

The other provincial Iimbizo will take place in the next financial year.

In order to create more awareness on skills development programmes, scarce and critical skills and how to access these programmes, career fairs took place in Gauteng, North West, Western Cape, Limpopo, KwaZulu-Natal and the Eastern

Cape. It is pleasing to note that the majority of the participants in these activities were learners from grade 10 to 12 who received information to guide and direct their career choices before leaving the schooling system. These career fairs are one of the various means of addressing the challenges and balance of the supply and demand in the ETD sector.

Women's Day Seminar

A ground-breaking Women's Day Seminar themed "The role of women in the era of skills development" saw over 50 rural women engage in the role of women, career and business opportunities as well as challenges in the sector. Eighteen (18) Bursaries were awarded to attendees (two per province) to improve the skills of women in their chosen areas of further development.

Quarterly Publications

The ETDP SETA has its quarterly publication, **"UpSkills"**, that provides information in terms of its quarterly activities. Two copies were produced during the year.

Website

The ETDP SETA website provides information on tenders, annual reports, scarce and critical skills guide, vacancies and other general sector information.

General Communication

In order to reach more people the ETDP SETA communicated its programmes through uKhozi FM and iKwekwezi FM. The organisation is exploring more media opportunities to reach out to constituencies, stakeholders and the general public.

HUMAN RESOURCES

The Human Resources function aims to deliver quality support through training, development

and workplace relations, ensuring a positive organisational climate.

Training and Development

During the course of the year, a variety of training programmes for different individual needs were implemented as part of the performance management and development system. This was attended by employees to better equip them in the performance of their functions.

Further, management received training on the implementation of the Balanced Scorecard, to further assist in strategic management and performance with regard to the key results areas, namely: financial management, customer service, internal business processes and organisational learning and growth. For purposes of staff career development, employees are also awarded bursaries. Twenty six (26) employees out of an establishment of 94 received bursaries for various areas of studies.

Succession Management Plan

The ETDP SETA Board approved an organisational succession management plan for senior managerial positions. In 2008 a succession planning programme was piloted at the Head of Department level in the Operations Division.

The purpose of this programme is to ensure:

- the development of a leadership talent pool at management level;
- exposure of individuals selected to matters of strategic importance;
- empowerment of the incumbents so that their skills and competencies are further developed;
- a foundation for further succession planning and for training the next generation of managers.

Five HODs at P 6 level were identified to participate in this succession planning programme, four incumbents were responsible for provincial

co-ordination and one for ETQA. The programme will continue until March 2010 thereafter its success will be evaluated.

Workplace Environment

The organisation is continually striving to develop a strong achievement, accountability and service culture to ensure that the ETDP SETA serves its constituencies and other stakeholders with pride and excellence, through ensuring the relevancy of human resources policies and procedures.

This commitment is partly seen in staff turnover which was 11% during the year [previous year 9%], a figure which management regards as an acceptable level. The stable staff turnover rate also assists in ensuring a productive work environment.

Disciplinary matters

Two disciplinary hearings were held in the year – allegations involved misconduct with respect to falsification of a medical certificate and falsification of ETQA documentation.

Proceedings were conducted in terms of the ETDP SETA Disciplinary and Grievance procedure, with the accused staff members tendering their resignations during the process of the disciplinary hearings. Their resignations were accepted.

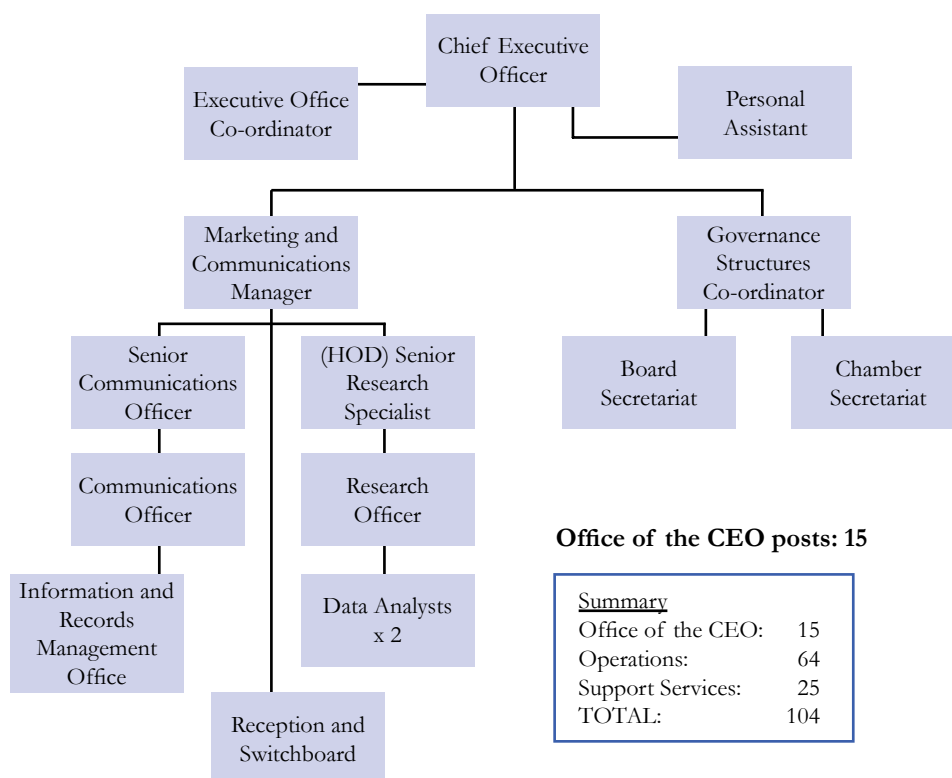
The following table is the breakdown of the staff equity table, which includes two staff members with disabilities.

Staff and equity profile as per occupational group as at 31 March 2009

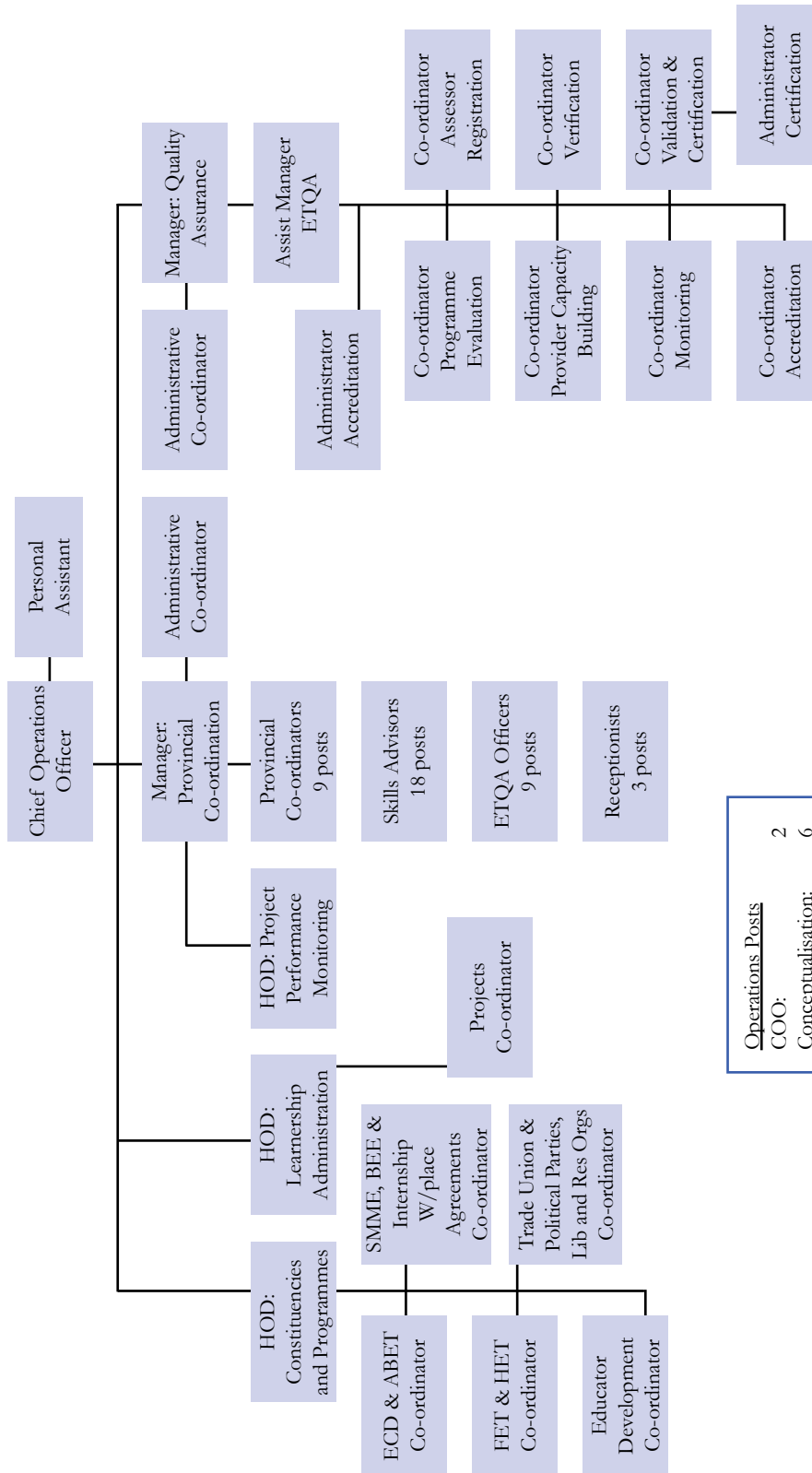
Grade	Designation	FEMALE				MALE				TOTAL
		Black	Coloured	Indian	White	Black	Coloured	Indian	White	
P3	CEO	1	-	-	-	-	-	-	-	1
P4	COO and CFO	-	-	-	-	1	-	-	-	1
P5	Managers	2	-	-	-	-	1	-	1	4
P6	HOD's	5	-	-	1	9	1	2	-	18
P6	Senior Accountants	-	-	-	-	1	-	-	1	2
P7	Accountants	1	-	-	-	-	-	-	-	1
P8	Secretariat and PA's	3	-	-	-	-	-	-	-	3
P8	Skills Advisors	7	-	-	1	7	-	1	-	16
P8	Coordinators and other officers	12	-	1	1	5	-	1	-	20
P9	Evaluators and other operational staff	1	-	-	-	1	-	1	-	3
P10	Administrators	7	1	-	-	1	-	1	-	10
P10	ETQA Officers	5	-	-	-	2	-	-	-	7
P13	Receptionist	4	-	1	-	-	-	-	-	5
P15	Office Assistants	1	-	-	-	1	-	-	-	2
P15	Driver	-	-	-	-	1	-	-	-	1
Total		49	1	2	3	29	2	6	2	94
Percentages		52.1	1.1	2.1	3.2	30.9	2.1	6.4	2.1	100

STAFF ORGANOGRAM

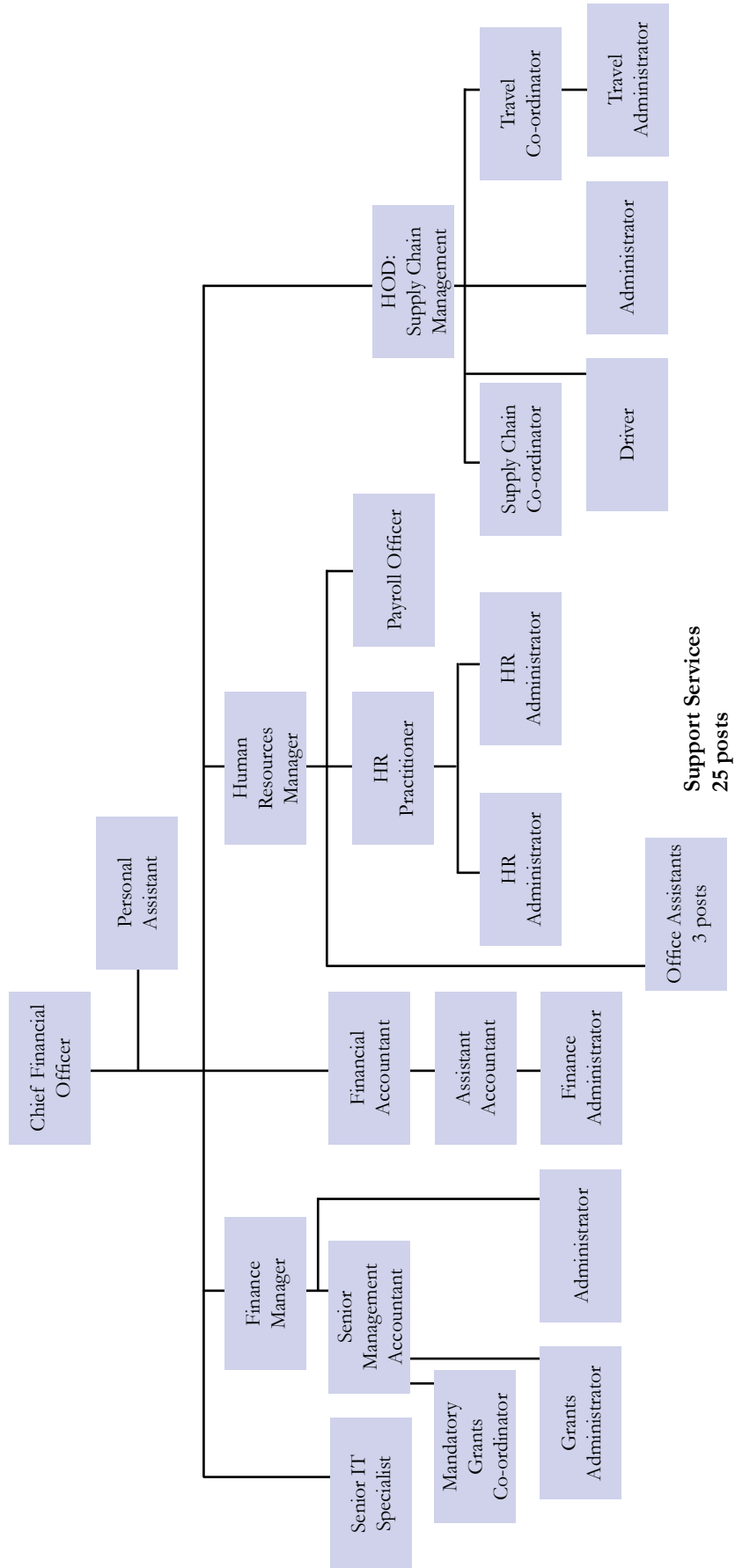
Office of the CEO



Operations



Support Services Division



IT AND MANAGEMENT INFORMATION SYSTEM (MIS)

The web server, which acts as a conduit between our database and the ETDP SETA training providers, was enhanced to increase the speed of information flow between the ETDP SETA and its constituencies and broader stakeholders. This allowed for seamless access to training providers, enabling them to upload their learner records into the ETDP SETA database and allows member organisations to submit their WSPs and ATRs online.

RISK AND SAFETY MANAGEMENT

Disaster Recovery and Business Continuity Plans were implemented. This ensures the continuous operation of the ETDP SETA in the event of a disaster. The recovery site is hosted by an external provider.

FINANCIAL PERFORMANCE

Revenue

The financial year has once again been a positive one as the ETDP SETA continued to receive levies that are in line with its budget. The levies received from the DoL amounted to R168 million and the contributions from the DoE was R65 million, which amounts to a total of R233 million.

Of the R168 million from DoL, R104 million was earmarked for payment of Mandatory Grants and R 42 million is set aside for Discretionary Grants. The balance of R 21 million will be allocated for administration.

Since organisations with an annual payroll of less than R500 000 are exempt from paying levies, an adjustment of R118 000 has been made against the DoL levy income to accommodate future refunds of these levies to the relevant organisations falling within this category.

Mandatory Grant Payments

Of the total levy income received, R104 million was for mandatory grants. Out of a total of 2,748 levy paying organisations, the ETDP SETA received WSPs / ATRs and supported 886 organisations and disbursed R80 million.

Discretionary Payments

Disbursements totalled R120 million against an opening balance of R155 million. During the year, the ETDP SETA further entered into new contracts for R103 million. There has also been an approval of R106 million for new contracts in the 2009/10 financial year.

ADMINISTRATION EXPENSES

Administration expenses cover amongst others, staff salaries, office accommodation, travelling and accommodation and other logistics for the implementation of the programmes, advertising and promotion of the SETA.

SUPPLY CHAIN MANAGEMENT

During the year, the ETDP SETA entered into contracts to the value of R57 million for Learnerships and Skills programmes whilst R18 million was ring fenced for bursaries, R10 million for internships, R3 million for vouchers and R12 million for workplace agreements.

The evaluation of tenders is done in accordance with the Preferential Procurement Policy Framework Act. The ETDP SETA policy on procurement enforces declaration of interests and the segregation of duties between the end user, the Bid Evaluation Committee, the Bid Adjudication Committee and the signing of contracts by the Chief Executive Officer. During the year, the policy was improved to accommodate the new thresholds as communicated by the Treasury Circular No. 1 of 2008.



“ Together we will grow and transform
South Africa by helping to create jobs
through rigorous skills training and commit
to a thorough engagement in all poverty
alleviation avenues.”

AUDIT COMMITTEE REPORT

The Audit Committee is pleased to present its report for the financial year ended 31 March 2009.

RESPONSIBILITY

The Audit Committee has complied with its responsibilities as stipulated in Section 77 of the Public Finance Management Act 1 of 1999 and Treasury Regulation 3.1.

The Audit Committee also reports that it has adopted, with approval from the Board, appropriate formal terms of reference as its Audit Committee Charter. This Audit Committee Charter has been reviewed on an annual basis to ensure its continuing relevance and effectiveness. The Audit Committee has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

EFFECTIVENESS OF INTERNAL CONTROLS

The system of internal controls is designed to provide cost effective and reasonable assurance that assets are safeguarded, that working capital is managed efficiently and that performance information compiled is accurate and reliable.

In line with the requirements of the PFMA and King II Report on corporate governance, internal audit provides the Audit Committee and management with reasonable assurance that the internal controls are appropriate for the identified business risks. This is achieved by means of a risk management process as well as the institution of corrective action and suggestions for improvement of internal control processes.

In our opinion, based on the report from the internal and external auditors and information reported to management during the Audit Committee meetings, the internal control environment and procedures displayed certain identified weaknesses. Management has instituted controls to strengthen these identified weaknesses.

THE QUALITY OF QUARTERLY PERFORMANCE AND FINANCIAL PERFORMANCE REPORTS

In our opinion, based on the report from internal and external auditors, quarterly management reports produced and delivered to stakeholders have been adequate to provide necessary financial information. Performance information was provided as part of such quarterly reports.

EVALUATION OF ANNUAL FINANCIAL STATEMENTS

The Audit Committee has evaluated the ETDP SETA's annual financial statements and reviewed the Auditor-General's management report and report on the Audit Opinion. We are satisfied that the Auditor-

General has made valuable findings, which were communicated to management and the Board through the management report. The Audit Committee is also satisfied that management has made meaningful comments on the management report.

The Audit Committee has:

- Reviewed and discussed the audited annual financial statements to be included in the annual report with the Auditor-General, the Chief Executive Officer and the Board;
- Reviewed the Auditor-General's management report and management's responses thereto; and
- Reviewed the changes in accounting policies and practices.

The Audit Committee accepts the Auditor-General's conclusion on the annual financial statements and is of the opinion that the audited annual financial statements should be accepted and read together with the Auditor-General's report.



Mr Vusi Mokwena CA(SA)

CHAIRMAN: AUDIT COMMITTEE

REPORT OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE EDUCATION TRAINING AND DEVELOPMENT PRACTICES SECTOR EDUCATION AND TRAINING AUTHORITY FOR THE YEAR ENDED 31 MARCH 2009

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Education Training and Development Practices Sector Education and Training Authority (ETDP SETA) which comprise the statement of financial position as at 31 March 2009, the statement of financial performance, the statement of changes in net assets and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 67 to 96.

The accounting authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting determined by the National Treasury, as set out in accounting policy note 1 to the financial statements and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and section 14(6)(a) of the Skills Development Act, 1998 (Act No. 97 of 1998), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing read with *General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

7. In my opinion the financial statements present fairly, in all material respects, the financial position of the ETDP SETA as at 31 March 2009 and its financial performance and its cash flows for the year then ended, in accordance with the basis of accounting determined by the National Treasury, as set out in accounting policy note 1 to the financial statements and in the manner required by the PFMA.

Emphasis of matter

Without qualifying my audit opinion, I draw attention to the following matter(s):

Unauthorised, irregular or fruitless and wasteful expenditure as well as material losses through criminal conduct

8. As disclosed in note 27 to the financial statements, R54 375,00 was paid to learners who had completed their training and were no longer entitled to receive allowance payments in Mpumalanga.

Basis of accounting

9. The ETDP SETA's policy is to prepare financial statements on the basis of accounting determined by the National Treasury, as set out in accounting policy note 1 to the financial statements.

OTHER MATTERS

Without qualifying my opinion, I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

Re-licensing

10. SETAs were established for a five-year period until 31 March 2010. The ETDP SETA has applied for the renewal of its certificate of establishment. It is expected that the legislated renewal process will be concluded by 31 March 2010.

Governance framework

11. The governance principles that impact the auditor's opinion on the financial statements are related to the responsibilities and practices exercised by the accounting authority and executive management and are reflected in the key governance responsibilities addressed below:

Key governance responsibilities

12. The PFMA tasks the accounting authority with a number of responsibilities concerning financial and risk management and internal control. Many of these have been addressed in detail above. The table below reflects how certain of the financial and governance matters as well as other matters included under the reporting on performance information below, will be reported in the auditor's report.

No.	Matter	Y	N
Clear trail of supporting documentation that is easily available and provided in a timely manner			
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.		√
Quality of financial statements and related management information			
2.	The financial statements were not subject to any material amendments resulting from the audit.	√	
3.	The annual report was submitted for consideration prior to the tabling of the auditor's report.	√	
Timeliness of financial statements and management information			
4.	The annual financial statements were submitted for auditing as per the legislated deadlines [section 40/55 of the PFMA].	√	
Availability of key officials during audit			
5.	Key officials were available throughout the audit process.	√	
Development and compliance with risk management, effective internal control and governance practices			
6.	Audit committee		
	• The SETA had an audit committee in operation throughout the financial year.	√	
	• The audit committee operates in accordance with approved, written terms of reference.	√	
	• The audit committee substantially fulfilled its responsibilities for the year, as set out in [section 77 of the PFMA and Treasury Regulation 3.1.10/27.1.8]		
7.	Internal audit		
	• The SETA had an internal audit function in operation throughout the financial year.	√	
	• The internal audit function operates in terms of an approved internal audit plan.	√	
	• The internal audit function substantially fulfilled its responsibilities for the year, as set out in [Treasury Regulation 3.2/27.2].	√	
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.	√	
9.	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.	√	
10.	The information systems were appropriate to facilitate the preparation of the financial statements.	√	
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used as set out in [Treasury Regulation 3.2/27.2].	√	
12.	Powers and duties have been assigned, as set out in section 56 of the PFMA.	√	
Follow-up of audit findings			
13.	The prior year audit findings have been substantially addressed.	√	
14.	SCOPA resolutions have been substantially implemented.	√	
Issues relating to the reporting of performance information			
15.	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.	√	
16.	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.	√	

No.	Matter	Y	N
17.	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the ETDP SETA against its mandate, predetermined objectives, outputs, indicators and targets [Treasury Regulations 5.1, 5.2 and 6.1 (departments)/Treasury Regulation 29.1/30.1 (public entities)].	√	
18.	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.	√	

Investigations

13. An investigation was conducted by an independent consulting firm on the request of the ETDP SETA to probe into alleged irregularities in the appointment and accreditation process of certain service providers. The investigation aimed to determine whether appropriate tender and accreditation processes were followed, and whether there could possibly be collusion between ETDP SETA employees and the service providers. The investigation has revealed that:

- there is poor record keeping and instances of departure from set policies and procedures in the ETDQA department
- a member of the board failed to disclose his interest in a learnership apparently run by his spouse and it is possible that preferential treatment may have been given to the learnership in question.

Subsequent to the investigation, warning letters have been issued to individuals responsible for the breakdown in controls in the ETDQA department. Also, the board member has since resigned from the ETDP SETA board as he is no longer employed by the institution he was representing.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on performance information

14. I have reviewed the performance information as set out on pages 12 to 17.

The accounting authority's responsibility for the performance information

15. The accounting authority has additional responsibilities as required by section 55(2)(a) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the public entity.

Responsibility of the Auditor-General

16. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008*.

17. In terms of the foregoing, I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008*.

18. I believe that the evidence I have obtained is sufficient and appropriate to report that no significant findings have been identified as a result of my review.

APPRECIATION

19. The assistance rendered by the staff of the ETDP SETA during the audit is sincerely appreciated.

Auditor-General

Pretoria

31 July 2009



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

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ACCOUNTING AUTHORITY REPORT

INTRODUCTION

The board of the ETDP SETA presents the attached annual financial statements which form part of the annual report. The Board is responsible for and accepts its responsibility to maintain adequate accounting records and systems of internal control. The performance that is reported is a reflection of the contribution of the ETDP SETA to shortages of skills, unemployment, and poverty and how the ETDP SETA has contributed in addressing these challenges.

The board will continue to provide an oversight role and ensure that the ETDP SETA continues to focus its attention in areas that make an impact in skills development.

SKILLS DEVELOPMENT CONTEXT

The ETDP SETA skills development model is driven by its constituency members. The Board played a leading key role through active participation in policy formulation, implementation, monitoring and reporting on performance.

The Board members continued to ensure that the ETDP SETA's skills development agenda was implemented within the context of the overall contribution to the economic development of the country by:

- ensuring that the ETDP SETA's procurement policy complies with the Preferential Procurement Policy Framework Act,
- the intake of learners meets the equity targets and
- the implementation of programmes concentrated where it is needed the most, especially amongst women, youth and in the rural areas.

Through these interventions, the Board is proud that the organisation is making its contribution to the national agenda of a developmental state.

REPORTED DEFICIT

The learnership programmes and bursaries are the programmes whose timeframe usually run over one financial period. Expenditure that relates to the training programmes is recognised only when there is evidence that training has happened. Funds that are not yet disbursed at year end are reported as commitments for use in the future year when training deliverables are met.

Note 2 of the annual financial statements reflect that discretionary project expenses of R120 million were recognised in the current period because the portfolio of evidence was only provided in the current

reporting period whilst the discretionary income is R77.5 million with a resultant shortfall of R43.3 million. The current shortfall is funded via the cumulative reserves. The shortfall on the statement of financial performance as follows:

	<u>R'000</u>
1. Surplus on administration budget	18 527
2. Unclaimed mandatory grants	22 834
3. Shortfall on project expenses	<u>(43 246)</u>
Total short fall	<u>(1 885)</u>

With the cash balance of R295 million against the commitments of R244 million as per note 21 of the financial statements, the board is satisfied that the organisation is still solvent and will be able to honour its financial obligations in the 2009/10 financial year.

INTERNAL CONTROLS

The board's appointed finance committee served a key role in overseeing that the organisation accounted and correctly reported the results of its operations. The frequency and quality of work done by this committee assisted in providing the Board with assurances in relation to the financial performance of the organisation.

INVESTIGATIONS ON CONTROL BREAK DOWNS IN PROCUREMENT

As part of normal review of controls, a forensic investigation service provider was appointed to investigate possible contravention of procurement procedures where there was a suspicion of misrepresentation by a provider in the Free State, a possible undeclared conflict of interest by a member of one of the ETDP SETA's governance structures and accreditation process in relation to one provider.

The report noted that ETDP SETA processes around tendering needed to be strengthened by insisting that certified copies of accreditation must form part of bidding documents to avoid awarding work to providers with expired accreditation.

The report confirmed that in case a tender was given to an organisation that had used the accreditation status of its sister organisation but also noted that there was a misrepresentation regarding the memorandum of understanding entered into between the two organisations and this matter must be reported to South African Police Services.

The report confirmed that there was a conflict of interest by the Board member in question and the member organisation of this Board member has since dealt with the matter through its internal disciplinary processes.

LITIGATION

As at year end the ETDP SETA is involved in a legal matter where in the provider is claiming about R532 000 from the ETDP SETA. Though the legal advice is that the ETDP SETA stands a good chance of repudiating the claim a provision for this amount has been processed in the books.

COMPENSATION FOR GOVERNANCE STRUCTURES AND MANAGEMENT

Except for reimbursement of travelling expenses, members of the Governance Structures do not receive payment for attending meetings. The table below relates to compensation of management of the ETDP SETA only.

Name	Basic Salary	Allowances	UIF	Medical	Pension	Performance Bonus	Period of Service (months)	Total Cost to Company
N NXESI	686,229.38	189,228.66	1,497.36	20,003.00	46,798.16	60,239.00	12	1,003,995.56
D MOLAPO	614,200.62	159,060.66	1,497.36	-	46,177.32	48,821.00	12	869,756.96
V MASHIGO	420,739.32	131,160.66	1,497.36	16,041.00	31,542.24	-	12	600,980.58
M WATKINS	557,390.22	-	1,497.36	-	41,916.57	30,233.00	12	631,037.15
B MALGAS	417,873.92	130,731.42	1,497.36	21,043.50	31,542.21	32,981.00	12	635,669.41
N MSOMI*	566,390.55	-	1,497.36	-	31,542.21	-	12	599,430.12
TOTAL	3,262,824.01	610,181.40	8,984.16	57,087.50	229,518.71	172,274.00		4,340,869.78
Note: Performance bonuses pertain to the period 1 April 2007 - 31 March 2008. Staff indicated with a * did not qualify for inclusion in the performance bonus scheme, due to insufficient time criteria [9 months service at the time of awarding bonuses].								

GOING CONCERN

The ETDP SETA is mindful of the global economic meltdown and the governments' commitment to skills development. In its assessment there are no occurrences that may impact on the organisation's ability to be in operations in the foreseeable future. By 31 March 2010 the ETDP SETA will be at an end of its five year mandate for NSDS II. The ETDP SETA has applied for re-accreditation for another five years after this period. The ETDP SETA is confident that it will get another mandate.

EVENTS AFTER THE REPORTING DATE

The ETDP SETA is not aware of any material event which occurred subsequent to the compilation of the annual financial statements which may significantly impact the organisations and its operations.



Ms Nombulelo S. Nxesi
CHIEF EXECUTIVE OFFICER



Dr Tholsia Naicker
BOARD CHAIRPERSON

ANNUAL FINANCIAL STATEMENTS

EDUCATION, TRAINING AND DEVELOPMENT PRACTICES SECTOR EDUCATION AND TRAINING AUTHORITY FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 March 2009

	Notes	2008/09 R'000	2007/08 R'000
REVENUE			
Non-exchange Skills Development Levy: income	3	232,084	210,187
Non-exchange Skills Development Levy: penalties and interest		1,386	1,223
National Skills Fund (NSF) income	16	-	0.68
Investment income from exchange transactions	4	33,245	28,937
Other income from exchange transactions	5	752	0.40
Total revenue		267,467	240,349
EXPENSES			
Employer grant and project expenses	6	(201,734)	(190,724)
Administration expenses	7	(67,517)	(51,040)
Finance charges	8	(101)	(158)
NSF expenses	16	-	(0.68)
Total expenses		(269,352)	(241,922)
NET DEFICIT FOR THE YEAR	2	(1,885)	(1,573)

**EDUCATION, TRAINING AND DEVELOPMENT PRACTICES SECTOR
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STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 March 2009

	Notes	2008/09 R'000	2007/08 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	1,469	2,238
Intangible assets	10	1,620	1,502
		<u>3,089</u>	<u>3,740</u>
Current assets			
Accounts receivable from non-exchange transactions	11	154	1,428
Accounts receivable from exchange transactions	12	527	1,002
Cash and cash equivalents	13	295,222	287,554
		<u>295,903</u>	<u>289,984</u>
TOTAL ASSETS		<u>298,992</u>	<u>293,724</u>
LESS : LIABILITIES			
Non-current liabilities			
Finance lease obligations	15.1	-	207
		<u>-</u>	<u>207</u>
Current liabilities			
Accounts payable from non-exchange transactions	14	12,707	7,188
Accounts payable from exchange transactions	15	19,761	16,688
Current portion of finance lease obligations	15.1	190	210
NSF received in advance	16	-	686
Government grants and donor funding received in advance	17	128	128
Accrued employee payments	18	2,987	3,513
		<u>35,773</u>	<u>28,413</u>
TOTAL LIABILITIES		<u>35,773</u>	<u>28,620</u>
NET ASSETS AND LIABILITIES		<u>263,219</u>	<u>265,104</u>
RESERVES			
Administration reserve		3,089	3,740
Employer grant reserve		83	-
Discretionary reserve		260,047	261,364
		<u>263,219</u>	<u>265,104</u>

**EDUCATION, TRAINING AND DEVELOPMENT PRACTICES SECTOR
EDUCATION AND TRAINING AUTHORITY FINANCIAL STATEMENTS**

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 March 2009

	Notes	Administration reserve R'000	Employer grant reserve R'000	Discretionary reserve R'000	Unappropriated Deficit R'000	Total R'000
Balance at 31 March 2007						
Prior period error	24	5,194	-	261,588	-	266,782
				(105)	-	(105)
Net deficit per Statement of Financial Performance					(1,573)	(1,573)
Allocation of unappropriated deficit		23,261	24,565	(49,399)	1,573	-
Excess reserves transferred to Discretionary reserve		(24,715)	(24,565)	49,280	-	-
Balance at 31 March 2008		3,740	-	261,364	-	265,104
Net deficit per Statement of Financial Performance					(1,885)	(1,885)
Allocation of unappropriated deficit	2	18,527	22,834	(43,246)	1,885	-
Excess reserves transferred to Discretionary reserve		(19,178)	(22,751)	41,929	-	-
Balance at 31 March 2009		3,089	83	260,047	-	263,219

**EDUCATION, TRAINING AND DEVELOPMENT PRACTICES SECTOR
EDUCATION AND TRAINING AUTHORITY FINANCIAL STATEMENTS**

CASHFLOW STATEMENT FOR THE YEAR ENDED 31 March 2009

	Notes	2008/09 R'000	2007/08 R'000
CASH FLOW FROM OPERATING ACTIVITIES			
Operating activities			
Cash receipts from stakeholders		236,085	216,702
Levies received - Administration		86,145	74,458
- Employer grants		103,746	90,368
- Discretionary grants		42,193	45,362
Interest and penalties received		1,386	1,223
Non-exchange debtors		1,281	4,526
NSF Fund		745	-
Insurance recovery		7	-
Interest debtor		582	764
Cash paid to stakeholders, suppliers and employees		(260,515)	(249,591)
Grants and project payments		(196,215)	(208,943)
Compensation of employees		(33,260)	(27,994)
Payments to suppliers and other		(31,040)	(12,654)
Cash applied to operations	19	(24,430)	(32,889)
Investment income		33,131	28,355
Net cash flow / (outflow) from operating activities		8,701	(4,534)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(942)	(322)
Proceeds from disposal of property, plant and equipment		11	15
Finance costs		(101)	(158)
Net cash outflow from investing activities		(1,032)	(465)
CASH FLOW FROM FINANCING ACTIVITIES			
Increase / (decrease) in reserves		-	(105)
Net cash outflow from financing activities		-	(105)
Net increase / (decrease) in cash and cash equivalents		7,669	(5,104)
Cash and cash equivalents at beginning of the year	13	287,554	292,658
Cash and cash equivalents at end of the year	13	295,222	287,554

**EDUCATION, TRAINING AND DEVELOPMENT PRACTICES SECTOR
EDUCATION AND TRAINING AUTHORITY FINANCIAL STATEMENTS**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below and are, in all material respects, consistent with those of the previous year, except as otherwise indicated.

1.1 Basis of preparation

The financial statements have been prepared in accordance with the South African Statement of Generally Accepted Accounting Practice (SA GAAP) including any interpretations of such statements issued by the Accounting Practices Board (APB). In the list that follows only GRAP 1, 2, and 3 have already been implemented whilst the others will be implemented with effect from April 1 2009.

Standard of GRAP	Replaced Statement of SA GAAP
GRAP 1: Presentation of financial statements	IAS 1: Presentation of financial statements
GRAP 2: Cash Flow Statements	IAS 7: Cash Flow Statements
GRAP 3: Accounting policies, changes in accounting estimates and errors	IAS 8: Accounting policies, changes in accounting estimates and errors
GRAP 5: Borrowing Costs	IAS 23: Borrowing costs
GRAP 12: Inventories	IAS 2: Inventories
GRAP 13: Leases	IAS 17: Leases
GRAP 14: Events after the reporting date	IAS 10: Events after the balance sheet date
GRAP 17: Property, plant and equipment	IAS 16: Property, plant and equipment
GRAP 19: Provisions, contingent liabilities and contingent assets	IAS 37: Provisions, contingent liabilities and contingent assets
GRAP 102: Intangible assets	IAS 38: Intangible assets

Currently the recognition and measurement principles in the above GRAP and SA GAAP statements do not differ or result in material differences in items presented and disclosed in the financial statements. The implementation of GRAP 1, 2 and 3 have resulted in the following changes in the presentation of the financial statements:

1. Terminology differences:

Standard of GRAP	Replaced Statement of SA GAAP
Statement of Financial Performance	Income Statement
Statement of Financial Position	Balance Sheet
Statement of Changes in Net Assets	Statement of Changes in Equity
Net assets	Equity
Surplus / deficit	Profit / loss for the period
Accumulated surplus / deficit	Retained earnings

**EDUCATION, TRAINING AND DEVELOPMENT PRACTICES SECTOR
EDUCATION AND TRAINING AUTHORITY FINANCIAL STATEMENTS**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

Standard of GRAP	Replaced Statement of SA GAAP
Contributions from owners	Share capital
Distributions to owners	Dividends
Reporting date	Balance sheet date

2. The Cash Flow Statement can only be prepared in accordance with the direct method.
3. Specific information has been presented separately on the Statement of Financial Position such as:
 - (a) receivables from non-exchange transactions; and
 - (b) trade and other payables from non-exchange transactions.
4. The amount and nature of restrictions on cash balances are required to be disclosed.

Paragraph 11 – 15 of GRAP 1 has not been implemented due to the fact that the budget reporting standard has not been developed by the local standard setter. Although the inclusion of budget information would enhance the usefulness of the financial statements, non-disclosure will not affect the objective of the financial statements.

1.2 Currency and level of rounding

These financial statements are presented in South African rand, as this is the currency in which all entity transactions are denominated. Furthermore, all figures presented are rounded off to the nearest thousand.

1.3 Revenue recognition

Skills Development Levy transfers are recognised when it is probable that future economic benefits will flow to the Education, Training and Development Practices Sector Education and Training Authority (ETDP SETA) and these benefits can be measured reliably. This occurs when the Department of Labour (DoL) either makes an allocation or payment, whichever comes first, to the ETDP SETA as required by Section 8 of the Skills Development Levies Act, No. 9 of 1999. The Skills Development Levy transfer is measured at the fair value of the consideration received. Payments from the Department of Education (DoE) are recognised when cash is received.

1.3.1 Levy income

In terms of Section 3(1) and 3(4) of the Skills Development Levies Act, No. 9 of 1999, registered member companies of the ETDP SETA pay a Skills Development Levy of 1% of their total payroll cost to the South African Revenue Service (SARS).

**EDUCATION, TRAINING AND DEVELOPMENT PRACTICES SECTOR
EDUCATION AND TRAINING AUTHORITY FINANCIAL STATEMENTS**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

80% of skills development levies are paid over to the ETDP SETA (net of the 20% contribution to the National Skills Fund (NSF)).

Levy income is recognised at the earlier of the transfer of monies by the DoL to the ETDP SETA or when cash is received.

The ETDP SETA refunds amounts to employers in the form of grants, based on information from SARS. Where SARS retrospectively amends the information on levies collected, it may result in grants that have been paid to certain employers that are in excess of the amount the ETDP SETA is permitted to have granted to employers. A receivable relating to the overpayment to the employer in earlier periods is raised at the amount of such grant overpayment, net of bad debts and provision for irrecoverable amounts.

Revenue is adjusted for inter SETA transfers due to employers changing SETAs. Such adjustments are separately disclosed as inter SETA transfers. The amount of the inter SETA adjustment is calculated according to the Standard Operating Procedure issued in October 2006 by the DoL.

When a new employer is transferred to the ETDP SETA, the levies transferred by the former SETA are recognised as revenue and allocated to the respective category to maintain its original identity.

Employers who have annual payrolls below R500 000 have been exempted from further payment of skills development levies. In cases where payments have been made by these employers in error, an accrual has been made for the refund of the levies.

1.3.2 Interest and penalties

Interest and penalties are recognised at the earlier of the transfer of monies by the DoL to the ETDP SETA or when cash is received.

1.3.3 Funds allocated by the National Skills Fund for Special Projects

Funds transferred by the NSF are accounted for in the financial statements of the ETDP SETA as a liability until the related eligible special project expenses are incurred, when the liability is extinguished and revenue recognised.

1.3.4 Government grants and other donor income

Conditional government grants and other conditional donor funding received are recorded as deferred income when they become receivable and are then recognised as income on a systematic

EDUCATION, TRAINING AND DEVELOPMENT PRACTICES SECTOR EDUCATION AND TRAINING AUTHORITY FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

basis over the period necessary to match the grants with the related costs which they are intended to compensate. Unconditional grants received are recognised when the amounts have been received.

1.4 Grants and project expenditure

A registered company may recover a maximum of 70% of its total levy payment by complying with the grant criteria in accordance with the Skills Development Regulations issued in terms of the Skills Development Levies Act, No. 9 of 1999. Grants and project expenditure are measured at the amounts incurred. These amounts represent the fair value of the transactions.

1.4.1 *Mandatory grants payments*

Mandatory grants expenditure is recognised when the submission by a member organisation of a Workplace Skills Plan (WSP) and the Annual Training Report (ATR) within the agreed cut off period has been approved by the ETDP SETA for payment. In the case where WSP / ATR has been approved and transfers from the DoL have been received but actual payment has not been made, an accrual is made for the amounts payable. These grants are measured at the amounts paid / payable which represent the fair value of the transaction. The amount payable is 50% of the levies paid to SARS by the member organisation and remitted to ETDP SETA by the DoL.

1.4.2 *Discretionary grants and project payments*

Discretionary grants relate to 20% of levies paid to SARS by member organisations and remitted to ETDP SETA by the DoL plus surplus from the administration budget, interest earned from the banks and forfeited mandatory grants. This grant is used to fund training and skills enhancing programmes in the sector. The project expenditure is recognised when the training or the skills enhancing programme has been delivered in accordance with the contract of agreement between the ETDP SETA and the training institution or provider. These grants are measured at the amounts paid / payable which represent the fair value of the transaction.

1.5 Irregular and fruitless and wasteful expenditure

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

- The Public Finance Management Act (PFMA),
- The Skills Development Act,

Fruitless and wasteful expenditure means expenditure that was made in vain and could have been avoided had reasonable care been exercised.

EDUCATION, TRAINING AND DEVELOPMENT PRACTICES SECTOR EDUCATION AND TRAINING AUTHORITY FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

All irregular and fruitless and wasteful expenditure is charged against income in the period in which it is incurred..

1.6 Property, plant and equipment

Property, plant and equipment (owned and leased) is stated at historical cost less accumulated depreciation and adjusted for any impairments. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on the straight-line method to write off the cost of each asset to estimated residual value over its estimated useful life as noted below. The assets' residual values and useful lives are reviewed and adjusted if appropriate at each reporting date.

- Audiovisual equipment	10% - 20%
- Computer equipment	12.5% - 33%
- Kitchen equipment	12.5% - 15%
- Leasehold improvements	10% - 15%
- Office furniture and fittings	10% - 15%
- Office equipment	10% - 20%
- Minor assets	33.33% - 100%
- Motor vehicle	10% - 20%

Each part of an item of property, plant and equipment is depreciated separately. Depreciation commences when the items of property, plant and equipment are available for use and ceases at the earlier date at which that asset is classified as held for sale or included in the disposal group classified as held for sale and the date that the asset is derecognised.

The estimated useful life of the assets is limited to the remaining period of the licence issued to the ETDP SETA by the Minister of Labour. For the current year the remaining period is 1 year (2007/08:2 years).

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 the operating surplus / deficit.

1.7 Intangible assets

Intangible assets are stated at historical cost less accumulated amortisation and adjusted for any impairments. Historical cost includes expenditure that is directly attributable to the acquisition of

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the item. Amortisation is calculated on the straight-line method to write off the cost of each asset to its estimated residual value over its estimated useful life as noted below.

- Computer software 8% - 33%

Useful lives and residual values of assets are re-estimated annually to finite periods. The assets are then amortised over their re-assessed useful lives.

1.8 Leasing

Leases of property, plant and equipment where ETDP SETA has substantially taken all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at inception of the lease at the lower of fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the outstanding finance balance. The corresponding rental obligations net of finance charges are charged to liability. The interest element is charged to the Statement of Financial Performance over the lease period. Leases, where a significant portion of risks and rewards of ownership are retained by the lessor, are classified as operating leases. Operating costs are charged against operating income on a straight-line basis over the period of the lease.

1.9 Retirement benefit costs

The entity operates a defined contribution plan, the assets of which are held in separate trustee-administered funds. The plan is generally funded by payments from the entity and employees, taking into account the recommendations of independent qualified actuaries.

Payments to defined contribution retirement benefit plans are charged to the Statement of Financial Performance in the year to which they relate. When an employee has rendered a service during a period, ETDP SETA recognises the contribution payable to a defined contribution plan in exchange for that service: (a) as a liability after deducting any contributions already paid. If the contribution already paid exceeds the contribution due for the service, the ETDP SETA shall recognise that excess as an asset to the extent that it will lead to a reduction in future payments and (b) as an expense.

The rules of the defined contribution plan determine the following in respect of contributions:

Contribution by employee = 7.5%
Contribution by employer = 7.5%

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1.10 Provisions

Provisions are recognised when the ETDP SETA has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be estimated reliably. The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

1.10.1 Provision for employee entitlements

The cost of other employee benefits (not recognised as retirement benefits – see note 1.9 above) is recognised during the period in which the employee renders the related service. Employee entitlements are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to the reporting date. Provisions included in the Statement of Financial Position are provisions for leave (based on the current salary rates) and bonuses.

1.10.2 Provisions for Discretionary grants and commitments

No provision is made for projects approved at year end, unless the service in terms of the contract has been delivered or the contract is of an onerous nature. Where a project has been approved, but has not been accrued for or provided for, it is disclosed as a commitment in the notes to the financial statements.

1.11 Financial instruments

Financial assets and financial liabilities are recognised in the ETDP SETA's Statement of Financial Position when the ETDP SETA becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value, including transactional costs. Subsequent to initial recognition these instruments are measured as set out below:

1.11.1 Financial assets

ETDP SETA's principal financial assets are accounts receivable and other receivables and cash and cash equivalents.

Accounts and other receivables

Accounts and other receivables are subsequently measured at their amortised cost using the effective interest rate method and reduced by appropriate allowances for estimated irrecoverable amounts.

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Cash and cash equivalents

Cash and cash equivalents are measured at fair value.

Financial assets or a portion thereof are derecognised when the contractual rights to the benefits specified in the contract expire and ETDP SETA surrenders those rights or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial assets and the sum of the proceeds receivable and any prior adjustment to reflect the fair value of the asset that had been reported in net assets is included in surplus or deficit for the period.

1.11.2 Financial liabilities

The ETDP SETA's principal financial liabilities are accounts payable and other payables.

All financial liabilities are measured at amortised cost, comprising original debts less principal payments and amortisations.

Gains and losses arising from a change in the fair value of financial instruments, other than available for sale of financial assets, are included in surplus or deficit in the period in which it arises.

A financial liability or part thereof is derecognised when the obligation specified in the contract is discharged, cancelled or expires. On derecognition, the difference between the carrying amount of the financial liability including related unamortised costs, and the amount paid for it is included in the surplus or deficit for the period.

The fair values at which financial instruments are carried at the reporting date have been determined using available market values. Where market values are not available, fair values have been calculated by discounting the expected future cash flows at the prevailing interest rates. The fair values have been estimated using available market information and appropriate methodologies but are not necessarily indicative of the amounts that the ETDP SETA could realise in the normal course of business. The carrying amount of financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair value due to the short-term trading cycles of these items.

Financial assets and liabilities are offset if there is any intention to realise the asset and settle the liability simultaneously and a legally enforceable right to offset exists.

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1.12 Net assets

This sub-classification is made based on the restrictions placed on the distribution of monies received in accordance with the regulations issued in terms of the Skills Development Act, 1998 (Act No. 97 of 1998).

The following reserves are utilised:

- Administration reserve
- Employer grants reserve
- Discretionary grants reserve

Member employer company levy payments are set aside in terms of the Skills Development Act and the regulations issued in terms of the Act, for the purpose of:

	2008/09	2007/08
	%	%
Administration costs of the ETDP SETA	10	10
Employer grants	50	50
Discretionary grants and projects	20	20
	<u>80</u>	<u>80</u>

In addition, contributions received from public service employers in the national or provincial spheres of government may be used to pay for administration costs.

Interest and penalties received from SARS as well as interest received on investments are utilised for Discretionary grants and projects. Other income received is utilised in accordance with the stipulations of the funder.

The net surplus / deficit is allocated to the Administration reserve, the Employer grants reserve and the Discretionary grants reserve based on the above.

Surplus funds are moved to the Discretionary grants reserve from the Administration reserve at year end. Employer grants reserve funds that are not provided for specific grants are moved to the Discretionary grants reserve. Accruals are made for grants to be paid from levies that have been received at reporting date.

1.13 Impairment of assets

At each reporting period, the ETDP SETA assesses whether there is any indication that an asset may be impaired. If any such indication exists, the ETDP SETA estimates the recoverable

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amount of the asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

The recoverable amount of the asset or cash generating unit is the higher of its fair value less cost to sell and its value in use.

If the recoverable amount is less than its carrying amount, the carrying amount is reduced to its recoverable amount. This reduction is the impairment loss. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is immediately recognised in surplus or deficit.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is immediately recognised in surplus or deficit.

1.14 Finance cost

The finance costs are recognised as an expense in the period in which they are incurred, unless the finance costs relate to a qualifying asset, in which case the finance cost is capitalised to that qualifying asset.

1.15 Revenue and expenses from exchange and non-exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the ETDP SETA directly in return for services rendered, the value of which approximates the consideration received or receivable.

Revenue from non-exchange transactions refers to transactions where ETDP SETA received revenue from another party without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

1.16 Comparative figures

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

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1.17 Significant adjustments and estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented and the related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future may differ from these estimates. These judgements and estimates include:

Impairment testing: Management used fair value less cost to sell, in identifying the assets that may have been impaired.

Provisions: Management used available information to determine estimations for provisions. These are measured at management's best estimate of the expenditure required to settle the obligation at reporting date.

Fair value measurement of revenue and financial instruments: The fair value of financial instruments for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available for ETDP SETA's similar financial instruments..

1.18 Standards, interpretations issued but not yet effective

The following SA GAAP statements with their estimated effect on the financial statements have been issued but are not yet effective as at 31 March 2009.

Interpretation

AC 504 - IAS 19 (AC 116) – The limit on a defined benefit asset, minimum funding requirements and their interaction in the South African Pension Fund Environment. The International Accounting Standards Board (IASB) issue date is unknown, the APB approval date is March 2009 and the effective date is 1 April 2009. The impact of implementing this standard is immaterial to ETDP SETA's operations.

Interpretation

IFRIC17 - (AC450) – Distribution of non-cash assets to owners. The International Financial Reporting Interpretations Committee (IFRIC) issue date is November 2008, the APB approval date is March 2009 and the effective date is 1 July 2009. The impact of implementing this standard is immaterial to ETDP SETA's operations.

Interpretation

IFRIC18 - (AC451) – Transfer of assets from customers. The IFRIC issue date is January 2009, the APB approval date is March 2009 and the effective date is 1 July 2009. The impact of implementing this standard is immaterial to ETDP SETA's operations.

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In addition to the above, the following GRAP standards that may directly affect ETDP SETA's operations have been approved but are only effective on 1 April 2009:

GRAP 4: The effects of changes in foreign exchange rates

GRAP 5: Borrowing costs

GRAP 9: Revenue from exchange transactions

GRAP 12: Inventories

GRAP 13: Leases

GRAP 14: Events after the reporting date

GRAP 17: Property, plant and equipment

GRAP 19: Provisions, contingent liabilities and contingent assets

GRAP 102: Intangible assets

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2. ALLOCATION OF NET DEFICIT FOR THE YEAR TO RESERVES

	Discretionary grants reserve					Total per Statement of Financial Performance 2007/08 R'000
	Administration reserve R'000	Employer grants reserve R'000	Discretionary grants R'000	Discretionary grants projects R'000	Total Discretionary R'000	Total per Statement of Financial Performance 2008/09 R'000
Total revenue	86,145	103,746	77,576	-	77,576	240,349
Skills Development Levy: income						
Admin levy income (DoL)	20,863	-	-	-	-	20,863
Grant levy income (DoL)	-	103,746	42,193	-	42,193	145,939
Skills Development Levy: penalties and interest	-	-	1,386	-	1,386	1,386
NSF income	-	-	-	-	-	-
Admin levy (DoE)	65,282	-	-	-	-	65,282
Investment income	-	-	33,245	-	33,245	33,245
Other income	-	-	752	-	752	752
Total expenses	67,618	80,912	-	120,822	120,822	269,352
						241,922
Administration expenses	67,517	-	-	-	-	67,517
Finance charges	101	-	-	-	-	101
NSF expenses	-	-	-	-	-	-
Employer grants and project expenses	-	80,912	-	120,822	120,822	201,734
Net deficit per Statement of Financial Performance	18,527	22,834	77,576	(120,822)	(43,246)	(1,885)
						(1,573)

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A project expense is recognised when the training has been delivered in accordance with a contract. These relate to the portfolio of evidence, uploading of learners on to the learner database and certification. Due to the possibility of learner drop-outs and the uncertainty around the time by which a training provider will contractually be able to provide a portfolio of evidence of the successful completion of training, no accruals or provisions are made in the financial statements. Instead, the funds are reported as commitments and an application is made to National Treasury that these funds must be rolled over to future years to pay for training deliverables as they happen. The reported deficit is as a result of project expenses recognised in the reporting period, whilst their related funding is in the Statement of Financial Position under reserves. The cause of the deficit is communicated to National Treasury via the DoL.

**3. NON-EXCHANGE SKILLS DEVELOPMENT
LEVY INCOME**

	2008/09 R'000	2007/08 R'000
The total levy income per the Statement of Financial Performance is as follows:		
Levy income: Administration	86,145	74,458
Levies received	86,145	74,458
Levies received from levy payers	20,865	18,204
Government levies received	65,282	56,191
Inter SETA transfers in	2	73
Inter SETA transfers out	(4)	(10)
Levy income: Employer grants	103,746	90,367
Levies received	103,746	90,367
Levies received from levy payers	103,758	90,367
Inter SETA transfers in	8	-
Inter SETA transfers out	(20)	-
Levy income: Discretionary grants	42,193	45,362
Levies received	42,193	45,362
Levies received from levy payers	42,198	45,362
Inter SETA transfers in	3	-
Inter SETA transfers out	(8)	-
	232,084	210,187

**4. INVESTMENT INCOME FROM EXCHANGE
TRANSACTIONS**

Interest income		
Accrued	114	582
Bank deposits	33,131	28,355
	33,245	28,937

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

**5. OTHER INCOME FROM EXCHANGE
TRANSACTIONS**

	Notes	2008/09 R'000	2007/08 R'000
Other income comprises:			
Recovery from NSF Funds		745	-
Insurance debtors		7	0.40
		<u>752</u>	<u>0.40</u>

The NSF recovery relates to reimbursement to ETDP SETA of NSF expenses that were paid for by the ETDP SETA in 2007/08 financial year.

6. MANDATORY AND DISCRETIONARY EXPENSES

Mandatory grants	80,912	65,802
Disbursements	72,198	64,375
Accruals raised	8,714	1,427
Discretionary grants projects	120,822	124,922
Disbursements	107,545	116,337
Accruals raised	13,277	8,585
	<u>201,734</u>	<u>190,724</u>

6.1 Discretionary expenditure consists of:

Direct project costs	120,822	124,922
	<u>120,822</u>	<u>124,922</u>

7. ADMINISTRATION EXPENSES

Depreciation – current year	1,283	1,652
Amortisation – current year	285	111
Loss / (gains) on disposal of property, plant and equipment	15	(2)
Operating lease rentals – buildings	4,106	3,917
Stationery and consumables	609	394
Maintenance, repairs and running costs	755	357
Machinery and equipment	565	180
Other	190	177
Advertising, marketing and promotions, communication	3,974	4,004
Consultancy	992	1,816
Legal fees	27	40
Cost of employment	7.1 32,734	29,412
Travel and subsistence	9,941	3,862
Staff training and development	1,134	1,085
Remuneration to members of the audit committee	154	112
Auditors' remuneration	1,671	1,163
External audit fees	685	328
Internal audit fees	986	835

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7. ADMINISTRATION EXPENSES (continued)

	Notes	2008/09 R'000	2007/08 R'000
Courier fees		426	89
Insurance		255	253
Bank charges		161	81
National ETDP SETA conference	7.2	4,514	-
Staff relocation		77	45
Printing and postage		347	314
Refreshments and catering		1,107	251
Seminars and conferences		-	87
Telephone and cellphone		1,568	1,516
Water and electricity		518	351
Other		864	130
Total per Statement of Financial Performance		67,517	51,040

7.1 Cost of employment

Salaries and wages	30,049	27,083
Basic salaries	23,103	19,159
Other non-pensionable allowance	5,082	7,199
Temporary staff	1,348	518
Leave payments	449	151
Overtime payments	67	56
Social contributions	2,685	2,329
Medical aid contributions	1,026	908
Pension contributions: defined contribution plans	1,515	1,294
UIF	143	127
	32,734	29,412
Number of employees	94	94

Refer to the accounting authority report for disclosure of the emoluments of senior management.

7.2 ETDP SETA conference takes place biennially.
The last conference was held in the 2006/07 financial year.

8. FINANCE CHARGES

Obligations under finance leases	101	158
	101	158

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

9. PROPERTY, PLANT AND EQUIPMENT

FOR THE YEAR ENDED 31 MARCH 2009

ETDP SETA assets

	Cost R'000	Accumulated depreciation/ impairment R'000	Closing carrying amount R'000
Computer equipment	3,626	(3,033)	593
Office furniture and fittings	1,778	(1,474)	304
Office equipment	858	(685)	173
Audiovisual equipment	475	(361)	114
Kitchen equipment	19	(15)	4
Leasehold improvements	23	(18)	5
Minor assets	392	(326)	66
	7,171	(5,912)	1,259

Capitalised finance leases

Office equipment	565	(388)	177
Motor vehicle	131	(98)	33
	696	(486)	210

Balance at end of period

7,867	(6,398)	1,469
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FOR THE YEAR ENDED 31 MARCH 2008

ETDP SETA assets

Computer equipment	3,234	(2,621)	613
Office furniture and fittings	1,742	(1,179)	563
Office equipment	820	(524)	296
Audiovisual equipment	462	(258)	204
Kitchen equipment	19	(11)	9
Leasehold improvements	23	(14)	10
Minor assets	387	(261)	125
	6,688	(4,868)	1,820

Capitalised finance leases

Office equipment	565	(212)	353
Motor vehicle	131	(64)	66
	695	(276)	419

Balance at end of period

7,383	(5,144)	2,238
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There is no property, plant and equipment that is pledged as security.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

9. PROPERTY, PLANT AND EQUIPMENT (continued)

Movement summary 2008/09	Carrying amount 01/04/2008 R'000	Additions R'000	Disposals R'000	Depreciation R'000	Carrying amount 31/03/2009 R'000
ETDP SETA assets					
Computer equipment	613	442	(23)	(439)	593
Office furniture and fittings	563	36	-	(295)	304
Office equipment	296	38	-	(160)	173
Audiovisual equipment	205	18	(4)	(105)	114
Kitchen equipment	9	-	-	(4)	4
Leasehold improvements	10	-	-	(5)	5
Minor assets	125	5	-	(65)	66
	1,821	539	(27)	(1,073)	1,259
Capitalised finance leases					
Office equipment	353	-	-	(177)	177
Motor vehicle	65	-	-	(33)	33
	418	-	-	(210)	210
Total assets	2,239	539	(27)	(1,283)	1,469

Movement summary 2007/08	Carrying amount 01/04/2007 R'000	Reclassification R'000	Additions R'000	Disposals R'000	Depreciation R'000	Carrying amount 31/03/2008 R'000
ETDP SETA assets						
Computer equipment	2,025	(553)	76	(13)	(923)	613
Office furniture and fittings	510	(131)	80	-	104	563
Office equipment	65	450	3	-	(255)	264
Audiovisual equipment	278	-	56	-	(130)	204
Kitchen equipment	15	(8)	-	-	1	9
Leasehold improvements	39	-	-	-	(14)	25
Minor assets	-	380	7	-	(261)	125
	2,932	138	223	(13)	(1,477)	1,803
Capitalised finance leases						
Office equipment	669	(190)	-	-	(110)	370
Motor vehicle	79	52	-	-	(65)	66
	748	(138)	-	-	(175)	436
Total assets	3,680	-	223	(13)	(1,653)	2,238

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

10. INTANGIBLE ASSETS

FOR THE YEAR ENDED 31 MARCH 2009

Computer software

Cost R'000	Accumulated amortisation R'000	Closing carrying amount R'000
2,597	(977)	1,620
2,597	(977)	1,620

FOR THE YEAR ENDED 31 MARCH 2008

Computer software

2,194	(692)	1,502
2,194	(692)	1,502

Movement summary 2008/09

Computer software

Carrying amount 01/04/2008 R'000	Additions R'000	Disposals R'000	Amortisation R'000	Carrying amount 31/04/2009 R'000
1,502	403	-	(285)	1,620
1,502	403	-	(285)	1,620

Movement summary 2007/08

Computer software

1,514	99	-	(111)	1,502
1,514	99	-	(111)	1,502

11. ACCOUNTS RECEIVABLE FROM NON-EXCHANGE TRANSACTIONS

	2008/09 R'000	2007/08 R'000
SDL receivables	148	1,414
Staff debtors	6	14
	154	1,428

11.1 SDL receivables

Underpayment by levy paying entities

- Registered employers who have not paid levies that are due

Opening balance

Realised during the year

Charged to income

Closing balance

1,414	-
(1,303)	1,414
37	-
148	1,414

12. ACCOUNTS RECEIVABLE FROM EXCHANGE TRANSACTIONS

Deposits

Interest receivable

Prepaid expenses

Sundry receivables

305	212
114	582
108	113
-	96
527	1,002

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

13. CASH AND CASH EQUIVALENTS

	2008/09 R'000	2007/08 R'000
Cash at bank and on hand	5,368	(5,171)
Cash at bank	5,367	(5,173)
Cash on hand	1	2
Short-term investments	289,854	292,725
Cash and cash equivalents at end of year	<u>295,222</u>	<u>287,554</u>

The credit quality of cash and cash equivalents are ensured by only contracting with the top four financial institutions, as prescribed by National Treasury. The carrying value at which cash and cash equivalents are disclosed, approximates their fair values.

As required in National Treasury Regulation 31.2, National Treasury approved the banks where the bank accounts are held. The weighted average interest rate on short-term bank deposits was 9.1% (2007/08:9.02%).

There is a zero balance attributable to NSF that is included in cash balances in the current year (2007/08:R687 208.56).

14. ACCOUNTS PAYABLE FROM NON-EXCHANGE TRANSACTIONS

	Notes	2008/09 R'000	2007/08 R'000
Skills development grants payable	14.1	9,420	3,986
Inter SETA transfers		30	-
DoE donation		2,500	2,500
Levies refundable to small employers	14.2	118	-
Liability resulting from straight-line valuation of leases		639	702
		<u>12,707</u>	<u>7,188</u>

14.1 Skills development grants payable

	Mandatory grants R'000	2008/09 R'000	2007/08 R'000
Open carrying amount	3,986	3,986	18,953
Amounts utilised	(3,281)	(3,281)	(16,394)
Un-utilised provision	706	706	2,559
Charged to income	8,715	8,715	1,427
Closing carrying amount	<u>9,420</u>	<u>9,420</u>	<u>3,986</u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

14.2 Levies refundable

Small employers

- Small employers who have been exempted from the payment of skills development levies but have made payments in error.

	Small employers R'000	2008/09 R'000	2007/08 R'000
Opening balance	-	-	-
Charged to income during the year	118	118	-
Closing balance	118	118	-

15. ACCOUNTS PAYABLE FROM EXCHANGE TRANSACTIONS

	Note	2008/09 R'000	2007/08 R'000
Project creditors		13,276	8,585
Trade payables		4,571	7,039
Other accrued expenses		1,914	853
Capitalised lease obligations	15.1	190	210
		19,951	16,688

15.1 Reconciliation between the total of minimum lease payments and the present value:

Up to 1 year			
Future minimum lease payments		217	301
Finance charges		27	91
Present value		190	210
More than 1 year			
Future minimum lease payments		-	239
Finance charges		-	32
Present value		-	207
Analysed for financial reporting purposes			
Non-current finance lease obligations		-	207
Current finance lease obligation (recoverable within 12 months)		190	210
Total finance lease obligations		190	417
Finance lease repayments for the year		293	319
Assets held under finance leases comprise seven photocopiers shown under property, plant and equipment as a category Capitalised Leased Assets (See notes 9 and 21).			

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16. NATIONAL SKILLS FUND: SPECIAL PROJECTS

	2008/09 R'000	2007/08 R'000
Opening balance	686	687
Interest received	58	-
Utilised and recognised as revenue – conditions met per Statement of Financial Performance	(745)	(0.68)
Skills programmes	-	(0.68)
Closing balance per Statement of Financial Position	-	686

During the current year no funds were received from the NSF. At year end, the R745 000 has been recognised under other income as a recovery against the expenses incurred in 2007/08 by the ETDP SETA on behalf of NSF.

17. GOVERNMENT GRANTS FUNDING RECEIVED IN ADVANCE

	2008/09 R'000	2007/08 R'000
Opening balance	128	128
Closing balance per Statement of Financial Position	128	128
Current	128	128

During the year no funds were received.

Of the funds available, R128 281 was not expensed until appointed service providers have complied with all the conditions imposed by the DoL for the completeness of the training they have taken on. The Accounting Authority is of the opinion that the service providers will comply with imposed conditions in the future and funds will be made available for payment.

18. ACCRUED EMPLOYEE PAYMENTS

	Employee leave accrued R'000	Employee 13th cheque accrued R'000	2008/09 R'000	2007/08 R'000
Open carrying amount	1,256	2,257	3,513	2,096
Amounts utilised	(888)	(1,795)	(2,683)	(3,690)
Charged to income	1,258	898	2,156	5,107
Closing carrying amount	1,627	1,360	2,987	3,513
Current	1,627	1,360	2,987	3,513

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The liability for the payment of leave pay is accrued for and is calculated as number of leave days accumulated at the daily pay rate per payroll.

An accrual is made for the payment of a 13th Cheque at the end of November for those employees who have opted to take a 13th Cheque and is calculated each month as the number of employees involved times one twelfth of their 13th Cheque. This is accumulated to date of payment.

19. RECONCILIATION OF NET CASH FLOW FROM NET DEFICIT TO CASH APPLIED TO OPERATIONS

	2008/09 R'000	2007/08 R'000
Net deficit as per Statement of Financial Performance	(1,885)	(1,573)
Adjusted for non-cash items:		
Depreciation / Amortisation	1,568	1,763
(Loss) / Gain on disposal of property, plant and equipment	15	(2)
- ETDP SETA assets	15	(2)
(Decrease) / increase in provisions	(526)	1,418
Adjusted for items separately disclosed:		
Decrease in special project funding	(686)	(1)
Investment income	(33,030)	(28,197)
Decrease in receivables	1,749	4,709
Increase / (decrease) in payables	8,365	(11,005)
Cash applied to operations	<u>(24,430)</u>	<u>(32,889)</u>

20. DEFICIT

At year end, the ETDP SETA reported a deficit and notified the DoL in writing. No formal response has been received at the time of finalising these financials.

21. COMMITMENTS

21.1 Discretionary reserve

Of the balance of R260 million available in the Discretionary reserve at the end of March 2009, the commitments detailed below of R138 million have been made to projects and skills priorities. Expenses that relate to these commitments are included in grant expenses in the Statement of Financial Performance. A request for the accumulation of these funds has been submitted to National Treasury. At the time of compiling the financial statements, no reply had been received.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

	Commitment @ 31/3/08 R'000	Expenditure in 2008/09 R'000	Balance of Commitments R'000	New contracts 2008/09 R'000	Balance of commitments plus new contracts R'000
ABET L1-4	22,333	12,599	9,734	9,106	18,840
APPRENTICESHIP / ARTISANS	1,196	996	200	5,243	5,442
BEE	3,460	3,278	182	-	182
BURSARIES	21,274	20,254	1,020	18,000	19,020
BUSINESS ADMIN - TRADE UNION	-	-	-	-	-
COMDEV L4	14,194	9,109	5,085	4,856	9,940
MATERIAL DEVELOPMENT	-	-	-	1,303	1,303
DISABLED PROJECT ABET L1-4	965	965	-	-	-
ECD L4	5,554	5,554	-	20,330	20,330
ECD L5	18,001	9,997	8,004	6,330	14,334
HIGHER EDUCATION MGMT CERTIFICATE	300	-	300	-	300
INTERNSHIPS	9,668	9,592	75	10,170	10,245
ISOE SUPPORT	379	379	-	2,245	2,245
SDF	-	-	-	283	283
ASSESSOR	-	-	-	550	550
MENTORING AND COACHING	-	-	-	782	782
NEW VENTURE	2,875	673	2,202	-	2,202
NGO'S NLPE's SUPPORTED NSDS 3.2	3,546	3,546	-	-	-
NON ETD	4,966	4,173	793	3,096	3,889
ODETD L5	5,213	3,784	1,429	4,186	5,614
PGCE	5,842	1,599	4,243	-	4,243
QUALIFICATION - TRADE UNION	92	92	(0)	-	0
QUALITY ASSURANCE	396	-	396	-	396
RESEARCH	720	720	-	-	-
SKILLS PROGRAMMES	17,099	17,099	(0)	103	103
VOUCHERS	2,308	1,516	791	3,512	4,303
WORKPLACE	13,225	12,772	452.75	12,336	12,789
WSP MOBILISATION	2,132	2,122	9.99	967	977
TOTAL	155,739	120,822	34,917	103,397	138,318

In addition to the R138 million which is supported by signed contracts, the board approved additional funds of R106 million in order to fund more programmes in the 2009/10 financial year. At the time of reporting, procurement processes to commit and enter into contracts with providers were in place.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

21.2	Administration reserve	2008/09 R'000	2007/08 R'000
	Reserve retained to cover future depreciation / amortisation of property, plant and equipment / intangible assets	3,089	3,740
21.3	Total of future minimum lease payments under non-cancellable leases:		
<i>21.3.1</i>	<i>Operating leases</i>		
	Buildings		
	Not later than one year	3,868	3,592
	Later than one year and not later than five years	1,659	2,895
<i>21.3.2</i>	<i>Capitalised finance leases</i>		
	Office equipment		
	Not later than one year	190	265
	Later than one year and not later than five years	-	239
	Motor vehicle		
	Not later than one year	-	36
	Later than one year and not later than five years	-	-
		<u>5,717</u>	<u>7,027</u>

The leases relate to building premises used for office accommodation, the use of a motor vehicle and office equipment. The lease agreement for office space in Johannesburg was entered into and was effective 1 August 2005 and will expire 31 July 2010. A lease agreement for office space at the Polokwane regional office was entered into and was effective 1 November 2005 and has expired. Another lease agreement for office space at the East London regional office was entered into and was effective 1 November 2007 and has expired. Provision was made for an option to renew the leases on expiry. The lease in respect of the motor vehicle was entered into and was effective 1 October 2004 and expired on 1 September 2008. Office equipment in the current year comprises a lease of seven photocopiers entered into and was effective 1 February 2007 and will run for three years. Future commitments are determined by obligations contained in the lease agreements.

22. Risk Management

22.1 General

In the course of its operations, the ETDP SETA is exposed to the interest rate, liquidity risk and market risk. In order to monitor these risks, the ETDP SETA has developed a risk management strategy in terms of TR28.1. Below is the ETDP SETA's risk management process.

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22.2 Operational risk

Operational risk is the risk of loss arising from system failure, human error or external events. When controls fail to perform, operational risk can cause damage to reputation, have legal or regulatory implications or can lead to financial loss. The ETDP SETA cannot expect to eliminate all operational risks, but by initiating a rigorous control framework and by monitoring and responding to potential risk, the ETDP SETA is able to manage risk. Controls include effective segregation, monitoring, authorisation, reconciliation, staff education and risk assessment processes.

22.3 Liquidity risk

This risk is managed via proper working capital management, expenditure management and actual versus forecast cash flows and the cash management policy. Adequate reserves in support of existing commitments and liquid resources are maintained. The table below provides an analysis of ETDP SETA's financial liabilities into their maturity groupings as per the Statement of Financial Position. These amounts are not discounted as they are as per contracts:

	<i>Not later than one month</i>	<i>Later than one month but not later than three months</i>	<i>Later than three months but not later than one year</i>	<i>Later than one year but not later than five years</i>
	R'000	R'000	R'000	R'000
March 2009				
Finance lease obligations	190	59	130	-
Trade and other payables	28,083	-	-	-
March 2008				
Finance lease obligations	417	77	150	190
Trade and other payables	18,186	-	-	-

22.4 Interest risk

ETDP SETA manages its interest risk by spreading its funds over different financial institutions and using various short-term investments. A cash management system is used for monitoring bank balances. The sensitivity of surplus funds to interest rates is dependant on the prime rate variations. At the reporting date, the prime rate was 13% (2008:14.5%).

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	Floating rate		Non-interest bearing	Total R'000
	Amount R'000	Effective interest rate % p.a.	Amount R'000	
FOR THE YEAR ENDED 31 March 2009				
Financial assets				
Cash	295,221	9	1	295,222
Accounts receivable	527		154	681
Total financial assets	295,748		155	295,903
Financial liabilities				
Accounts payable	(19,951)	-	(15,822)	(35,773)
Total financial liabilities	(19,951)	-	(15,822)	(35,773)
FOR THE YEAR ENDED 31 MARCH 2008				
Total financial assets	288,554		1,430	289,984
Total financial liabilities	(16,898)		(7,188)	(24,086)
	271,656		(5,758)	265,898

22.5 Credit risk

Financial assets which potentially subject ETDP SETA to the risk of non-performance by counter parties and thereby to concentration of credit risk, consist mainly of cash and cash equivalents and accounts receivable. Except for the global economic meltdown which may impact on the income received from the levy paying organisations, no events occurred during the year that may impact on the accounts receivable.

The ETDP SETA management limits its treasury counter-party exposure by only dealing with well-established financial institutions approved by National Treasury through the approval of their investment policy in terms of National Treasury Regulation 31.2. The ETDP SETA's exposure is continuously monitored by a Finance Committee convened in accordance with the PFMA.

Credit risk with respect to levy paying employers is limited due to the nature of the income received. The ETDP SETA does not have any material exposure to any individual or counter-party. The ETDP SETA's concentration of credit risk is limited to the Education, Training and Development industry in which the ETDP SETA operates. No events occurred in the industry during the financial year that may have an impact on the accounts receivable that has not been adequately provided for. Accounts receivable are presented net of allowance for doubtful debt where applicable.

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22.6 Market risk

The ETDP SETA is exposed to fluctuations in the employment market; for example sudden increases in unemployment and changes in the wage rates. No significant events occurred during the year that the ETDP SETA is aware of.

Fair values

The ETDP SETA's financial instruments consist mainly of cash and cash equivalents, account and other receivables and account and other payables. No financial instruments were carried at an amount in excess of its fair value. The following methods and assumptions are used to determine the fair value of each class of financial instrument:

No financial asset or liability was carried at an amount in excess of its fair value and fair values could be reliably measured for all financial instruments.

23. RELATED PARTY TRANSACTIONS

23.1 Transactions with other SETAs

Inter SETA transactions arise due to the movement of employers from one SETA to another. No other transactions occurred during the year with other SETAs. All transactions were at arm's length. The parent entity of all SETAs is the DoL.

	2008/09 R'000		2007/08 R'000	
	Amount of the transaction	Amount receivable/ (payable)	Amount of the transaction	Amount receivable /payable
Received	11	2	73	-
FASSET	6	-	44	-
CETA	5	2	-	-
W&RSETA	-	-	25	-
MQASETA	-	-	4	-
Paid	-	(32)	-	(10)
SERVICES	-	(32)	-	-
MAPPSETA	-	-	-	(10)
Total	11	(30)	73	(10)

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2009

23.2 Transactions with other related parties

The ETDP SETA recognises that related party transactions can present potential or actual conflicts of interest, it is therefore the policy of the ETDP SETA that the time of evaluating contractual engagements the contracting parties are requested to provide evidence of company registrations and ownership/directorship. All the stakeholders are also requested to disclose their interests prior to start of meetings.

Related party	Nature of relationship	Transaction type	2008/09 R'000	2007/08 R'000
			Amount of the transaction	Amount of the transaction
Payables				
HESA	Governance	Mandatory grants	292	
FEDUSA	Governance	Mandatory grants	-	5
NEHAWU	Governance	Mandatory grants		
SADTU	Governance	Mandatory grants	1,687	54
NAPTOSA	Governance	Mandatory grants	38	25
COSATU	Governance	Mandatory grants	-	46
THEMBEKILE TRAINING CONSULTING	Governance	Discretionary grants	960	800
INSTITUTE FOR QUALITY	Governance	Discretionary grants	2,001	2,962
POLOKWANE MUNICIPALITY	Public entity	Service provider	17	7
SAQA	Public entity	Service provider	650	313
SAA	Public entity	Service provider	5,065	1,048
THE AUDITOR-GENERAL	Public entity	Service provider	644	299
TELKOM SA	Public entity	Service provider	1,085	842

24. PRIOR PERIOD ERROR

During the 2007/08 financial year, the interpretation for the recognition and measurement of Skills Development Levy income was revised in line with the Skills Development Act, No. 97 of 1998 and the Skills Development Levies Act, No. 9 of 1999. The previous practice of accruing for levies due but not yet received was an incorrect interpretation because the ETDP SETA relies on SARS and DoL for the collection of levies and cannot therefore determine the amounts due to it, unless when received. As a result of the revised policy, accruals raised for levies and Mandatory grants payable in the previous years have been adjusted. The adjustment was effected with effect from March 2006, attempts to go beyond March 31 2006 proved to be more arithmetic than improving the presentation of the financial performance and financial positions of the ETDP SETA, this is because any effects of such accruals has since self adjusted.

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RESERVES

	2008/09 R'000	2007/08 R'000
As previously reported	-	266,782
Revised deficit	-	(1,573)
	-	(105)
Deduction of DoL debtors	-	(21,562)
Reduction of accrued mandatory payments	-	87
Receipt of cash levies		21,370
	-	265,104

25. CHANGE IN ESTIMATES

In terms of the requirements of IAS16 the useful lives of assets were reviewed at year end. Where the remaining useful life expectations of certain assets differ from previous estimates, an adjustment for an over or underestimation is processed in the asset register.

26. EVENTS AFTER THE REPORTING DATE

No significant events occurred after the reporting date which required further disclosure in the annual financial statements.

27. FRUITLESS AND WASTEFUL SPENDING

During the year, the Mpumalanga province incorrectly made payments for learner allowances to learners who had already completed their training. The responsible manager in the province was reprimanded and served with a warning letter.

		2008/09 R'000	2007/08 R'000
Incident	Decision of Accounting officer		
Failing to exercise due care and control	Condoned after disciplinary action	54	-

GOVERNANCE STRUCTURE ACTIVITIES

The ETDP SETA Board representation is comprised of 12 constituent organisations. The Board meetings are held quarterly and it is the highest decision making structure of the ETDP SETA

The major responsibilities of the Board include the following:

- fiduciary duty - an obligation to pursue the ETDP SETA objectives with accepted levels of competence and integrity;
- duty of loyalty and fair dealings - the Board has adopted a code of conduct which is binding to all governance structures members; and
- duty of supervision - ensures that the skills development mandate is carried out in line with the Skills Development Act, Public Finance Management Act and all other applicable legislation in the SETA environment.

The Budget and Levy Chamber

The Board has established 2 Chambers, namely the Levy Chamber and the Budget Chamber and these Chambers serve as advisory structures to the Board.

The Levy Chamber is made up of Levy paying organisations. Budget Chamber comprises of nine Provincial Departments of Education, the National Department of Education and Trade Union organisations representing educators as well as NEHAWU.

The duties, functions and composition of the Chambers are determined by the Board. Their roles and functions include providing an inclusive forum for the sector to interact and share information on the sector's training needs and strategies, identify possible projects and facilitate stakeholder participation in project planning in support of Chamber constituency needs, provide regular reports and feedback to chamber constituencies, build the capacity of representatives of the sector

to participate in ETDP SETA activities, amongst others.

Governance Committees

Audit and Finance Committees

The ETDP SETA did not only comply with the PFMA requirements when it constituted the board committees of finance and audit but instead these committees played key roles in assisting the board to carry out its financial management responsibilities as reflected in section 51 of the Public Finance Management Act.

During the financial year, the finance committee reviewed the monthly management performance reports and had always been quick to raise issues that warranted the board's attention and also reported to the board on the status of the accounting controls. The audit committee also scrutinised the internal auditor's reports and further reported to the board on the effectiveness of the systems of financial and risk management and internal controls.

The unqualified audit opinion that the Auditor General has once again provided bears testimony to the effective relationship between these committees, the board and the ETDP SETA's executive management. The ETDP SETA will ensure that these pillars of good corporate governance will continue to do this sterling job in the next financial year.

Human Resources Committee

The HR Committee is a sub-committee of the Board and is responsible for reviewing evaluating, advising on and monitoring matters in the following functional Human Resources areas of the ETDP SETA and any other areas referred to it by the Board or EXCO:

- Human Resources Policy;
- Human Resources Strategy and action plans including but not limited to staff development and performance management;

- Employee relations, including recommending mandates to the Board / EXCO for use by the ETDP SETA management in their deliberations with the recognised union; and
- Remuneration and compensation [through the REMCO].

Remuneration Committee

The ETDP SETA Remuneration Committee is a sub-committee of the HR Committee and has as its areas of responsibility the formulation and review of the remuneration policy and the specific remuneration packages of staff in the ETDP SETA linked to the Peromnes Job Evaluation grading system adopted by the SETA.

The Remuneration Committee makes recommendations to the Human Resources Committee on the following issues:

- The Remuneration policy and salary structure/s for the ETDP SETA;
- The Performance Management and Development System (PMDS);
- The annual general salary increments, through negotiations with the recognised employee union;
- The current ETDP SETA salaries of managers; and
- The Job Evaluation and Benchmarking of positions and ETDP SETA salaries.

ETDQA Permanent Committee

This committee is responsible for Quality Assurance of the ETDP SETA learning programmes and accreditation of the training providers.

Joint Standing Committees

The ETDP SETA has three Joint Standing Committees of eight members each. These are the Research Joint Standing Committee, Learning Programmes Joint Standing Committee and Grants Joint Standing Committee. The meetings

are held quarterly. The Joint Standing Committees have been established to assist Chambers to carry out their mandate of advising the Board. Their significant contribution was the amendment of the Funding Model to enable the ETDP SETA to retain and attract learners into the programmes that are being offered.

ISOE Technical Committee

The ISOE Technical Committee is a subcommittee of Chambers, which was tasked to oversee the establishment of centres of excellence as prescribed by the Department of Labour. The Technical Committee developed an ISOE strategy specific to the ETDP SETA, it participated in assessing the identified ISOEs as well as the implementation of support for the ISOEs.

SETA Review Task Team

The ETDP SETA Board submitted its application for re-certification for the next five years, to commence March 2010 to April 2015. The Board established a Review Task Team to oversee this process. This team included the Constitution Task Team, which acted as an advisory body to the Review Team. The application was submitted to the Department of Labour on 31 March 2009.

Broad Labour and Broad Employer Forums

The Broad Labour and Employer forums have been established by the Board. These structures serve as a platform for constituencies to debate and discuss the skills development as pertaining to their needs.

Key Activities

The Governance Structure members participated in various activities, including capacity building programmes, during the 2008/09 financial year in order to improve their skills on Good Corporate Governance. Here are some of the Governance Structure activities:

Sector Skills Planning

The Board and Chambers took part in the broader consultation of developing the Sector Skills

Plan for 2009/10 before it was approved for submission at the Department of Labour. There have been further engagements with the Board to foster understanding of the sector needs, the identification as well as implementation of scarce and critical skills that have been identified.

Strategic Planning Workshop

The Executive Committee, Committee Chairpersons and Management of the ETDP SETA convened a strategic planning session in January 2009. The workshop sought to review the ETDP SETA's performance in the second National Skills Development Strategy, developing strategic mechanisms to implement the 2009/10 Business Plan as well as preparing for the SETA re-certification process.

Induction and Orientation of Governance Structure members

A workshop was held to induct and orientate Governance Structures on SETA constitution roles and functions as well as the business plan of the ETDP SETA.

Consultative Workshop on EDTP SETA Re-certification

The purpose of the workshop was to develop a common approach towards the process of the SETA re-certification for 2010 - 2015. The Board took a resolution that the ETDP SETA should continue to exist as a stand-alone organisation in order to advance and improve the cause and the quality of education, training and development.

ETDP SETA GOVERNANCE STRUCTURE AND COMMITTEE MEMBERS ATTENDANCE RECORD 2008/09 FINANCIAL YEAR

BOARD				
No	Name and Surname	Constituency	Position	Meetings Attended out of 4 per year
1	Tholsia Naicker (Dr)	APPETD	Chairperson Board and EXCO	(4)
2	Trudy Guma	NEHAWU	Co-Chairperson of Board and EXCO	(4)
3	Simone Geyer	National DoE	Co-Chairperson of Board and EXCO	(4)
4	Salome Sithole	SADTU	Co-Chairperson of Board and EXCO	(2)
5	Shireen Pardesi	Limpopo DoE	Board and EXCO Member	(4)
6	Mark Henning	NAISA	Board and EXCO Member	(4)
7	Ezra Ramasehla	NAPTOSA	Board and EXCO Member	(3)
8	Suraya Jawoodeen	NEHAWU	Board and EXCO Member	(1)
9	John Mbuya (Dr) Sakkie van der Merwe (Prof) Tony Kgatle	APPETD	Board Member	(2) Resigned in February 2009 (0) Appointed in February 2009 in place of Dr Mbuya (1) Alternate for Prof van der Merwe
10	Ornica Mukhavhuli	APPETD	Board Member	(3)
11	Samson Makhado	NAISA	Board Member	(0)
12	Farrell Hunter Raisebe Tshweu	SANGOCO	Board Member	(2) Resigned in October 2008 (2) Appointed in October 2009 in place of Mr Hunter
13	Anthony Diedricht Crystal Dicks	COSATU		(0) (0) Appointed in February 2009
14	Jeanette Moema Fick Koos	Gauteng DoE	Board Member	(2) Appointed in August 2008 (1) Alternate for Ms Moema
15	Archie Mokonane	ALN	Board Member	(3)

BOARD				
No	Name and Surname	Constituency	Position	Meetings Attended out of 4 per year
16	Edgar Kirsten	Western Cape DoE	Board Member	(3)
17	Mashudu Manyaga	NAPTOSA	Board Member	(2) Appointed in August 2008
18	Zolile Albanie Doria van Niekerk	Northern Cape DoE	Board Member	(2) (1) Alternate for Mr Albanie
19	Lulama Mbobo Rashida Bobat	KwaZulu Natal DoE	Board Member	(1) (2) Alternate for Ms Mbobo
20	Sello Malaka Pedro de Nysschen Simon John Ezzy Lukhaimane	North West DoE	Board Member	(0) Resigned in October 2008 (0) Appointed in October 2008 in place of Mr Malaka (1) Alternate for Mr Malaka (1) Alternate for Ms deNysschen
21	Sipho Sukati	Mpumalanga DoE	Board Member	(3)
22	Vishnu Abhilak (Dr) Annelie de Wet	Free State DoE	Board Member	(3) (1) Alternate for Dr Abhilak
23	Zolisa Loni Nomonde Mpepo	Eastern Cape DoE	Board Member	(0) (2) Alternate for Ms Loni
24	Gugulethu Mbele	NATU	Board Member	(3) Appointed in August 2008
25	Thami Mbalo	NEHAWU	Board Member	(4)
26	Lulamile Sotaka	NEHAWU	Board Members	(0) Resigned in October 2008
27	Joe Modise (Prof)	HESA	Board Member	(4)
28	Matata Mokoele (Dr)	HESA	Board Member	(3) Appointed in August 2008
29	Charles Gilbert	HESA	Board Member	(3)
30	Matseliso Dipholo Thobile Ntola	SADTU	Board	(1) Resigned in August 2008 (1) Appointed in August 2008 in place of Ms Dipholo
31	Mpho Mofokeng Solwako Mahlangu	SADTU	Board Member	(1) Resigned in August 2008 (3) Appointed in August 2008 in place of Mr Mahlangu
	Pinky Mncube Sello Tshabalala	SADTU	Board Member	(1) Resigned in August 2008 (2) Appointed in August 2008 in place of Ms Mncube
33	Vincent B. Maphumulo Mxolisi Dimaza	SADTU	Board Member	(1) Resigned in August 2008 (1) Appointed in August 2008 in place of Mr Maphumulo
34	Jonavon Rustin	SADTU	Board Member	(1)
35	Renny Somnath	SADTU	Board Member	(3)
36	Jake Dikobo	PEU	Board Member	(4)
37	Maria de Wet (Prof) Kinny Labuschagne Wilma Henn	SAOU	Board Member	(0) Resigned in August 2008 (2) Appointed in August 2008 in place of Prof de Wet (1) Alternate for Ms Labuschagne
38	Ella Mokgalane Sekgametsi Hlatwayo	SACE	Board Member	(2) (1) Alternate for Ms Mokgalane
39	Graham Myers	NUTESA	Board Member	(4)
40	Karen Hinrichs	SABPP	Board Member	(3)

BOARD				
No	Name and Surname	Constituency	Position	Meetings Attended out of 4 per year
41	Sylvia Nkanyuza	NTESU	Board Member	(3)
42	Ismayili Isaacs	SACECD	Board Member	(4)
43	George Mudumela	SADTU	Board Member & Budget Chamber Observer	(3) Appointed in August 2008
44	Susan Malima	Limpopo DoE	Budget Chamber Observer	(3)
45	Bradley Skei	NEHAWU	Levy Chamber Observer	(2)
46	Ashik Hansraj		Levy Chamber Observer	(1) Appointed in October 2008
47	Nombulelo Nxesi	ETDP SETA	CEO (Ex-officio)	(4)
48	David Molapo	ETDP SETA	CFO (Ex-officio)	(4)
49	Burton Malgas(Dr)	ETDP SETA	Acting COO (Ex-officio)	(3)

EXECUTIVE COMMITTEE				
No	Name and Surname	Constituency	Position	No of Meetings 6
1	Tholsia Naicker(Dr)	APPETD	Chairperson	(6)
2	Trudy Guma	NEHAWU	Co-Chairperson	(6)
3	Simonè Geyer	National DoE	Co-Chairperson	(6)
4	Matseliso Dipholo	SADTU	Co-Chairperson	(2) Resigned in August 2008
	Salome Sithole			(2) Appointed in August 2008 in place of Ms Dipholo
5	Ezra Ramasehla	NAPTOSA	EXCO Member	(3)
6	Shireen Pardesi	Limpopo DoE	EXCO Member	(3)
7	Pinky Mncube	SADTU	EXCO Member	(2) Resigned in August 2008
	Suraya Jawoodeen	NEHAWU		(1) Appointed in August 2008 in place of Ms Mncube
8	Mark Henning	NAISA	EXCO Member	(5)
9	Nombulelo Nxesi	ETDP SETA	CEO and ex-officio member	(5)
10	David Molapo	ETDP SETA	CFO and ex-officio member	(6)
11	Burton Malgas(Dr)	ETDP SETA	Acting COO and ex-officio member	(4)

BUDGET CHAMBER				
No	Name and Surname	Constituency	Position	Meetings Attended out of 4 per year
1	Pinky Mncube	SADTU	Ex- Chairperson	(2) Resigned in August 2008
	George Mudumela		Chairperson	(2) Appointed in August 2008 in place of Ms Mncube
2	Sussan Malima	DoE	Chairperson	(4)
3	Mbulelo Moeli	SADTU	Ex- member Member	(2) Resigned in August 2008
	Tseliso Ledimo	SADTU		(1) Appointed in August 2008 in place of Mr Moeli
4	Veronica Hofmeester	SADTU	Ex- member	(2) Resigned in August 2008
	Mzoleli Mrara		Member	(1) Appointed in August 2008 in place of Ms V Hofmeester
5	Ruth Oliphant	SADTU	Ex –Member	(2) Resigned in August 2008
	Jonavon Rustin		Member	(0) Appointed in August 2008 in place of Ms R Oliphant
6	Renny Somnath	SADTU	Ex- member	(2) Resigned in August 2008
	George Masegela		Member	(1) Appointed in August 2008 in place of Mr R Somnath
7	Theo Toolo	SADTU	Ex- member	(2) Resigned in August 2008
	Lubabalo Ngxola		Member	(2) Appointed in August 2008 in place of Mr T Toolo

BUDGET CHAMBER				
No	Name and Surname	Constituency	Position	Meetings Attended out of 4 per year
8	Solly Moorosi Paulus T Macheli	SADTU	Ex- member Member	(2) Resigned in August 2008 (2) Appointed in August 2008 in place of Mr Moorosi
9	Anthony Koopman Brian Setswambung	SADTU	Ex- member Member	(2) Resigned in August 2008 (1) Appointed in August 2008 in place of Mr A Koopman
10	VACANT	SADTU	Member	
11	Matseko Mogari	SADTU	Ex- member	(1) Resigned in August 2008 (no replacement)
12	Kinny Labuschagne	SAOU	Member	(1) Appointed in January 2008 as a new member
13	Magdeline Makgoba	PEU	Member	(2)
14	Gopaul Premchund	NAPTOSA	Member	(4)
15	VACANT	NAPTOSA	Member	-
16	Thamsanqa Mbalo	NEHAWU	Member	(4)
17	Maurice Mopeli	NEHAWU	Member	(4)
18	Kgakgamatso Motebe	NEHAWU	Member	(4)
19	Robert Gumede	NEHAWU	Member	(3)
20	VACANT	NEHAWU	Member	-
21	Jolenah Marosa	NEHAWU	Member	(2)
22	Mthunzi Mbewana	NATU	Member	(3)
23	Sipho Sukati	Mpumalanga DoE	Member	(4)
24	Ntombi Mxenge	Mpumalanga DOE	Member	(3)
25	Kedidimetse Motshumi	Free State DOE	Member	(2)
26	Marinda Snyders Tello Khodumo	Free State DOE	Member	(2) (1) Alternate for Ms Snyders
27	Gavin De Bruyn	Western Cape DOE	Member	(4)
28	Alfred Shasha	Western Cape DOE	Member	(4)
29	Nomonde Mpepo	Eastern Cape DOE	Member	(2)
30	Zolisa Loni	Eastern Cape DOE	Member	(1)
31	Peter Mothapo	Gauteng DOE	Member	(3)
32	Jeanette Moema	Gauteng DOE	Member	(2)
33	Thula Nkomo	National DOE	Member	(3)
34	Simone Geyer Paseka Njobe	National DOE	Member	(0) (4) Alternate for Ms Geyer
35	Johannes Zwane Mandla Msweli Vincent Maphumulo	Kwazulu Natal DOE	Ex-Member Ex-Member Member	(2) Resigned in September 2008 (1) Appointed in place of Mr Zwane and resigned in January 2009 (1) Appointed in January 2009 in place of Mr Msweli
36	Nozipho Hlongwa	Kwazulu Natal DOE	Member	(2)
37	Shireen Pardesi	LIMPOPO DOE	Member	(3) Appointed in June 2008
38	Simon John	North West DOE	Member	(3)
39	ME Lukhaimane	North West DOE	Member	(1) Appointed in January 2009

BUDGET CHAMBER				
No	Name and Surname	Constituency	Position	Meetings Attended out of 4 per year
40	Thabo Sechele	North West DOE	Alternate	(3)
41	Arthur Keswa	Northern Cape DOE	Member	(3)
42	Cynthia Modise	Northern Cape DOE	Member	(3)

LEVY CHAMBER				
No	Name and Surname	Constituency	Position	Meetings Attended out of 4 per year
1	Ashik Hansraj	APPETD	Chairperson	(4)
2	Bradley Skei	NEHAWU	Chairperson	(2)
3	Mark Henning	NAISA	Member	(3)
4	Rashid Chopdat	NAISA	Member	(4)
5	Tholsia Naicker(Dr)	APPETD	Member	(4)
6	Paul Beard	APPETD	Member	(0)
7	Louw Botha	HESA	Member	(4)
9	Pinky Mamabolo	SANGOCO	Ex-Member	(2) Resigned in August 2008
	Raisibe Tshweu	SANGOCO	Member	(0) Appointed in February 2009 in place of Ms Mamabolo
10	David Shasha	SANGOCO	Member	(0) Appointed April 2009
11	VACANT	FEDUSA	Member	-
12	Sayed Mohammed Achmat Noor	RI	Member	(2)
13	Moses Msotywa	ALN	Member	(3)
14	Silas Mpungose	NEHAWU	Member	(3)
15	Njabulo Kuzwayo	SADTU	Member	(2)
17	Vincent Maphumulo	SADTU	Ex –Member	(2) Resigned in August 2008
	Thobile Ntola		Member	(0) Appointed in August 2008 in place of Mr V Maphumulo
18	John Maluleke	SADTU	Member	(0)
20	Dimakatso Monini	SADTU	Ex –Member	(2) Resigned in August 2008
	Sipho Nkosi		Member	(2) Appointed in August 2008 in place of Mr D Monini
21	Tony Akal	NAPTOSA	Member	(2)
23	John Landman	NTESU	Ex-Member	(2) Resigned in August 2008
	Nirmala Gopal	NTESU	Member	(2) Appointed in August 2008 in place of Mr J Landman.
24	Robin Minné	NUTESA	Member	(4)

AUDIT COMMITTEE				
No	Name and Surname	Constituency	Position	Meetings Attended out of 4 per year
1	Vusi Mokwena	Independent	Chairperson	(4)
2	Nick Nicholls	Independent	Member	(1) resigned from audit committee to join finance committee
3	Nombulelo Nxesi	ETDP SETA	CEO and Ex-officio member	(3)
4	David Molapo	ETDP SETA	CFO and Ex-officio member	(4)
5	Ezra Ramasehla	NAPTOSA	Employer Representative	(2)
6	Rooksana Moola	Independent	Member	(2)
7	Ntombi Mxenge	Public Employer	Employee Representative	(4)
8	Burton Malgas(Dr)	ETDP SETA	Acting COO and Ex-officio member	(4)
9	Dawood Coovadia	Independent	Member	(4)

HUMAN RESOURCE COMMITTEE				
No	Name and Surname	Constituency	Position	Meetings Attended out of 6
1	Paseka Njobe	Public Employer: DoE	Chairperson	(6)
2	Ingrid Fourie Louw Botha	HESA	Employer Representative	(1) (0) Appointed in November 2008 in place of Ms Fourie
3	Sylvia Nkanyuza	NTESU	Employee Representative	(4)
4	Nomusa Cindi Thami Mbalo	NATU NEHAWU	Employee Representative	(3) Resigned in August 2008 (2) Appointed November 2008 in place of Ms Cindi

REMUNERATION COMMITTEE				
No	Name and Surname	Constituency	Position	Meeting Attended out of 3
1	Paseka Njobe	Public Employer: DoE	Chairperson	(2)
2	Sipho Sukati	Public Employer: DoE	Finance Committee Chairperson	(1)
3	Simone Geyer	Public Employer: DoE	EXCO Representative	(3)
4	Louw Botha	HESA	HRC Representative	(2)
5	Thami Mbalo	NEHAWU	HRC Representative	(3)
6	Mike Watkins	ETDP SETA	HR Manager and Ex-officio member	(3)

ETQA PC COMMITTEE				
No	Name and Surname	Constituency	Position	No of Meetings out of 5
1	John Landman Litha Ludidi	Labour (NTESU)	Chairperson External Expert	(3) Resigned in September 2008 (2) Appointed November 2008 in place of Mr Landman
2	Mandla Msweli	KZN DOE	Chairperson	(4) Appointed as Chairperson October 2008
3	Tony Khatle	APPETD	External Expert	(3)
4	Linda Rose	Western Cape DOE	External Expert	(3)
5	Mpho Mofokeng George Mudumela	Labour SADTU	Board Representative Board Representative	(3) Resigned August 2008 (2) Appointed August 2008 in place of Mr Mofokeng
6	Paul Beard	APPETD	Board Representative	(2)
7	Ian Corbishley Basil Manual	NAPTOSA	Board Representative Budget Chamber Representative	(2) Resigned June 2008 (1) Appointed November 2008 in place of Mr Corbishley
8	Bradley Skei	NEHAWU	Levy Chamber Representative	(3)
9	Valentia Mashigo	ETDPSETA	ETDQA Manager and Ex-officio member	(5)
10	Thabani Gula	ETDPSETA	ETDQA Assistant Manager and Ex-officio member	(5)



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