



Education, Training and Development Practices  
Sector Education and Training Authority

# Annual Report

2021  
2022

AT THE CUTTING EDGE OF **SKILLS DEVELOPMENT**



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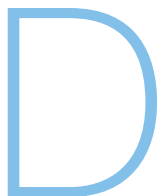
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## PART



### Financial Information ■

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# General Information

# 1 ETDP SETA's Information

## **Name:**

Education, Training and Development Practices Sector  
Education and Training Authority referred to in this report as  
ETDP SETA.

## **Physical Address:**

ETDP SETA House  
2-6 New Street  
South Marshalltown  
Johannesburg CBD  
0001

## **Postal Address:**

Private Bag X105  
Melville  
2109

## **Contact Details:**

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Telephone number: +27(0)11 372 3302  
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Website address: [www.etdpseta.org.za](http://www.etdpseta.org.za)  
Addresses of the nine provincial offices are presented on the  
back cover of the report.

## **External Auditors:**

The Auditor-General of South Africa (AGSA)  
4 Davenry Street  
Lynwood Bridge Office Park  
Lynwood Manor  
Pretoria, RSA  
0081

## **Banker:**

Standard Bank of South Africa  
5 Simmonds Street  
Johannesburg  
2000

## 2

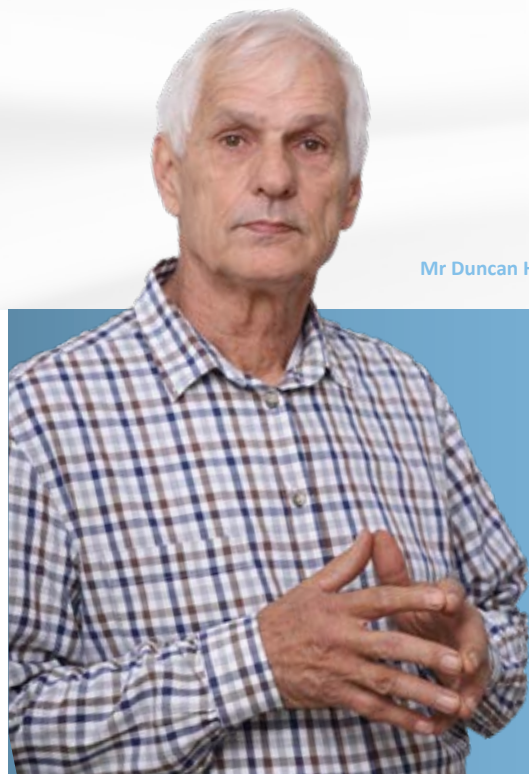
## List of Abbreviations & Acronyms

| Abbreviations & Acronyms | Description                                                             |
|--------------------------|-------------------------------------------------------------------------|
| <b>4IR</b>               | Fourth Industrial Revolution                                            |
| <b>AA</b>                | Accounting Authority                                                    |
| <b>AFS</b>               | Annual Financial Statements                                             |
| <b>AFSA</b>              | Arbitration Foundation of South Africa                                  |
| <b>AGSA</b>              | Auditor-General of South Africa                                         |
| <b>AOP</b>               | Annual Operational Plan                                                 |
| <b>APP</b>               | Annual Performance Plan                                                 |
| <b>APPETD</b>            | Association of Private Providers of Education, Training and Development |
| <b>ATR</b>               | Annual Training Report                                                  |
| <b>CBO</b>               | Community-Based Organisation                                            |
| <b>CCMA</b>              | Commission for Conciliation, Mediation and Arbitration                  |
| <b>CEO</b>               | Chief Executive Officer                                                 |
| <b>CET</b>               | Community Education and Training                                        |
| <b>CFO</b>               | Chief Financial Officer                                                 |
| <b>DBE</b>               | Department of Basic Education                                           |
| <b>DG</b>                | Discretionary Grant                                                     |
| <b>DHET</b>              | Department of Higher Education and Training                             |
| <b>DoE</b>               | Department of Education                                                 |

| Abbreviations & Acronyms | Description                                                                           |
|--------------------------|---------------------------------------------------------------------------------------|
| <b>DPSA</b>              | Department of Public Service and Administration                                       |
| <b>ECD</b>               | Early Childhood Development                                                           |
| <b>ETD</b>               | Education, Training and Development                                                   |
| <b>ETDP SETA</b>         | Education, Training and Development Practices Sector Education and Training Authority |
| <b>ETDQA</b>             | Education, Training and Development Quality Assurance                                 |
| <b>EWP</b>               | Employee Wellness Programme                                                           |
| <b>EXCO</b>              | Executive Committee                                                                   |
| <b>GRAP</b>              | Generally Recognised Accounting Practice                                              |
| <b>HEIs</b>              | Higher Education Institutions                                                         |
| <b>HERC</b>              | Higher Education and Research Chamber                                                 |
| <b>HR</b>                | Human Resources                                                                       |
| <b>IA</b>                | Internal Audit                                                                        |
| <b>ICT</b>               | Information and Communication Technology                                              |
| <b>KZN</b>               | KwaZulu-Natal                                                                         |
| <b>LP</b>                | Limpopo Province                                                                      |
| <b>M&amp;E</b>           | Monitoring and Evaluation                                                             |
| <b>MOA</b>               | Memorandum of Agreement                                                               |
| <b>MOU</b>               | Memorandum of Understanding                                                           |

| Abbreviations & Acronyms | Description                                          |
|--------------------------|------------------------------------------------------|
| <b>MSc</b>               | Master of Science                                    |
| <b>MTSF</b>              | Medium-Term Strategic Framework                      |
| <b>NPD</b>               | National Development Plan                            |
| <b>NSDP</b>              | National Skills Development Plan                     |
| <b>NEHAWU</b>            | National Education, Health and Allied Workers' Union |
| <b>NGO</b>               | Non-Governmental Organisation                        |
| <b>NLPE</b>              | Non-Levy Paying Enterprises                          |
| <b>NPO</b>               | Non-Profit Organisation                              |
| <b>NSA</b>               | National Skills Authority                            |
| <b>NSDS</b>              | National Skills Development Strategy                 |
| <b>NSF</b>               | National Skills Fund                                 |
| <b>OHASA</b>             | Occupational Health and Safety Act                   |
| <b>OIHD</b>              | Occupations in High Demand                           |
| <b>PDoE</b>              | Provincial Departments of Education                  |
| <b>PhD</b>               | Doctor of Philosophy                                 |
| <b>PFMA</b>              | Public Finance Management Act                        |
| <b>PMDS</b>              | Performance Management and Development System        |
| <b>POPIA</b>             | Protection of Personal Information Act               |
| <b>PSRIP</b>             | Primary School Reading Improvement Programme         |
| <b>PWD</b>               | People with Disabilities                             |

| Abbreviations & Acronyms | Description                                 |
|--------------------------|---------------------------------------------|
| <b>QCTO</b>              | Quality Council for Trades and Occupations  |
| <b>RMC</b>               | Risk Management Committee                   |
| <b>RPL</b>               | Recognition of Prior Learning               |
| <b>SACE</b>              | South African Council for Educators         |
| <b>SADTU</b>             | South African Democratic Teachers Union     |
| <b>SAQA</b>              | South African Qualifications Authority      |
| <b>SARS</b>              | South African Revenue Services              |
| <b>SCM</b>               | Supply Chain Management                     |
| <b>SDA</b>               | Skills Development Act                      |
| <b>SDL</b>               | Skills Development Levy                     |
| <b>SETA</b>              | Sector Education and Training Authority     |
| <b>SLA</b>               | Service Level Agreement                     |
| <b>SSP</b>               | Sector Skills Plan                          |
| <b>TVET</b>              | Technical Vocational Education and Training |
| <b>USAf</b>              | Universities South Africa                   |
| <b>WIL</b>               | Work Integrated Learning                    |
| <b>WSP</b>               | Workplace Skills Plan                       |
| <b>WSPRs</b>             | Workplace Skills Plans Reports              |



**Mr Duncan Hindle** Accounting Authority Chairperson

### 3

## Foreword by the Chairperson

### 3.1. Introduction

On behalf of the Education, Training and Development Practices Sector Education and Training Authority (ETDP SETA), I am pleased to submit the Annual Report and the Annual Financial Statements for the year ended 31 March 2022.

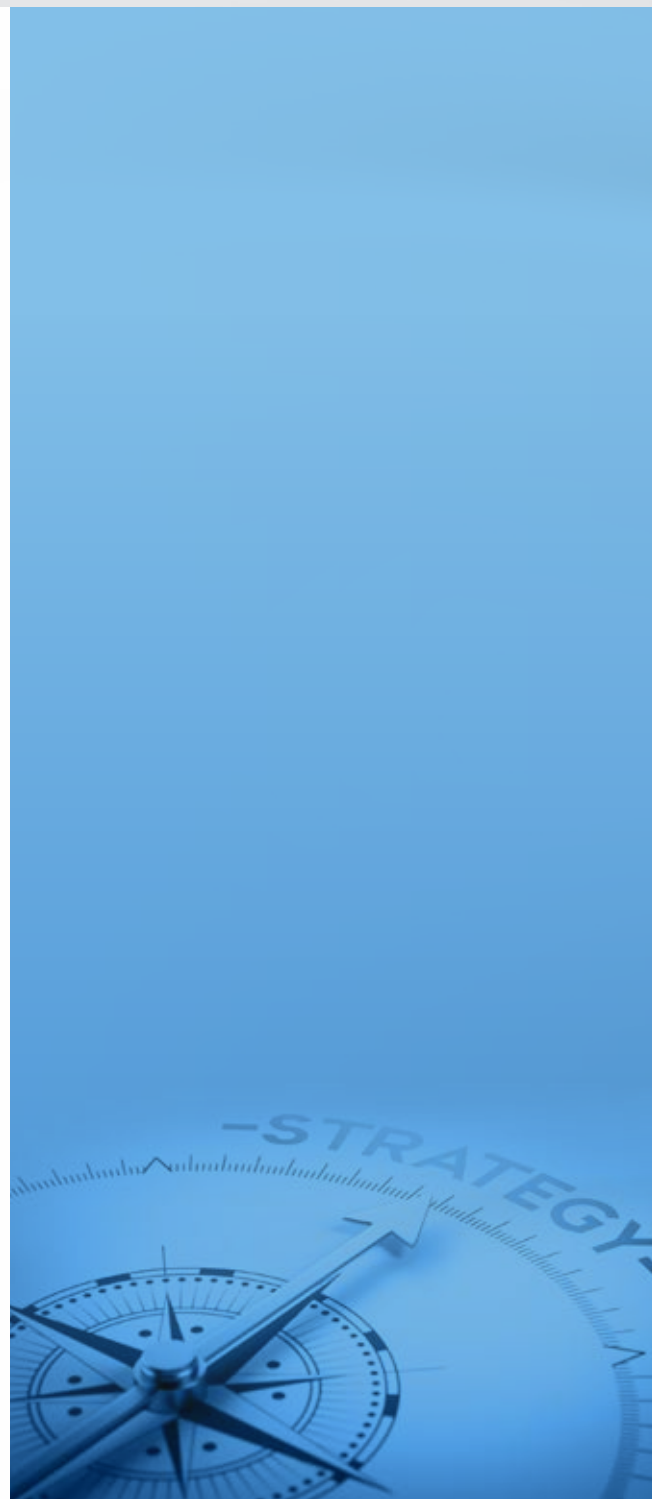
I am delighted to present to you an Annual Report with an unqualified outcome which is free from material misstatements. I believe that we can continue to do much better in the coming years.

### 3.2. High level overview of the strategy and performance

The ETDP SETA Strategic Plan 2020-2025 was developed with a focus on the organisational mandate, as reflected in the Medium-Term Strategic Framework 2019-2024, the National Development Plan Vision 2030, and the ETD Sector Skills Plan. The Strategic Plan is a five-year plan implemented on an annual basis through the Annual Performance Plans (APP).

Detailed reports on the performance of each programme are included in Part B: Performance Information. As part of its obligations, the ETDP SETA has also entered into a Service Level Agreement (SLA) with the Director General of the Department of Higher Education and Training. A report on the SLA implementation is also provided in Part B: Performance Information.

The Annual Financial Statements are provided in Part E of the Report.



### 3.3. Strategic relationships

ETDP SETA continues to work with its constituencies and other stakeholders in the sector to deliver its mandate. Many partnership agreements have been implemented.

### 3.4. Challenges faced by the Board

The COVID-19 pandemic posed a severe threat to our operations. The shutdown impacted heavily on the sector, and the closure of training institutions at all levels jeopardised the opportunities for programme beneficiaries to continue with training. Despite the challenges, ETDP SETA and the service providers managed to get the beneficiaries through the programmes, and many commenced with the training and development activities during the COVID-19 Alert Levels Two and One. The delays in training schedules resulted in less completions as expected for the 2021/22 Annual Reporting.

### 3.5. The strategic focus over the medium to long-term period

The strategic focus in the medium term (2022/23) will be on the continuity of the projects implemented in the 2021/22 financial year for different beneficiaries, and to continue to improve on the quality of our service delivery. However, the following new projects will require attention:

- Ensuring that short/medium-term recommendations of both the Skills and Teacher Development Summits held in November 2021 are implemented through the 2022/23 APP; and the long-term projects will be incorporated into the SETA strategic plan
- Directing some of the financial resources allocated in the APP towards achieving the objectives of the Economic Recovery and Reconstruction Plan (ERRP).

### 3.6. Acknowledgements and appreciation

It is an honour to acknowledge the clean audit opinion by the Auditor-General for the 2021/22 financial year. It is a step in the right direction.

I would like to thank all members of the Accounting Authority for their support and advice during the year. The contribution of members from the Committees and Chambers for their consideration and advice on specific matters or sub-sectors is also appreciated.

I appreciate the commitment of levy contributors, as the SETA relies solely on the contributions made by various employers (government and none-government), labour organisations and other constituencies in the sector.

I would also like to thank the ETDP SETA Chief Executive Officer, management and staff for their dedication and commitment. Without your commitment, we would not have gone this far in the execution of our mandate.

\_\_\_\_\_

**Duncan Hindle**

Accounting Authority Chairperson

25 August 2022



Mrs Sesi Nombulelo Nxesi Chief Executive Officer

## 4

# Chief Executive Officer's Overview

### 4.1. General financial overview of the organisation

The financial outlook of 2021/22 indicates improvement in revenue collection for the SETA compared to the prior years. This is attributed to the levy contributions that employers in the sector and the Provincial Departments of Education (PDoE) continue to provide.

#### 4.1.1. Revenue analysis

The ETDP SETA is mainly funded through skills development levies from employers, Departments of Education contributions and investment income. The table below depicts the revenue received over the past three years:

| Revenue items            | 2021/22<br>R'000 | 2020/21<br>R'000 | 2019/20<br>R'000 |
|--------------------------|------------------|------------------|------------------|
| Levies from employers    | 644 415          | 415 074          | 579 842          |
| Departments of Education | 369 808          | 318 942          | 403 730          |
| Investment income        | 45 403           | 43 398           | 89 834           |
| <b>TOTAL</b>             | <b>1 059 627</b> | <b>777 414</b>   | <b>1 073 406</b> |

The total revenue for the 2021/22 financial year increased by R282 million (37%) compared to the decrease in revenue of R296 million (28%) in the prior year, this was due to the four-month payment holiday that was introduced for companies' skills development levy contributions.

Levies from employers increased by R229.3 million (56%) from the prior year and accounts for 61% of the SETA's total revenue for the year.

The levies from the Departments of Education increased by R50.9 million (16%) from the prior year and accounts for 35% of the SETA's total revenue for the year. The Provincial Departments of Education continue to provide much needed financial support to the ETDP SETA in the form of contributions in line with the Department of Public Service and Administration (DPSA) Circular No. HRD 1 of 2013. However, a few departments did not meet their obligations as expected.

Investment income earned increased by 5% from the prior year.

#### 4.1.2. Spending trends

The table below depicts the expenditure trends over three years against budget:

| Expenditure items                                           | 2021/22<br>R'000 | 2020/21<br>R'000 | 2019/20<br>R'000 |
|-------------------------------------------------------------|------------------|------------------|------------------|
| Mandatory grants                                            | 126 529          | 79 275           | 114 240          |
| Discretionary grants                                        | 486 342          | 763 078          | 903 505          |
| Administration                                              | 178 808          | 169 337          | 178 837          |
| Quality Council for Trades and Occupations (QCTO) transfers | 2 686            | 3 665            | 3 505            |

Expenditure on mandatory grants increased by R47 254 million (60%) from the prior year with an increase of 37% in pay-out due to an increase in Skills Development Levies (SDL) received.

Expenditure on discretionary grants decreased by R277 million (37%) from the prior year. ETDP SETA management is working closely with stakeholders to identify challenges in the execution of projects.

The administrative budget was not fully utilised during the financial year. There were savings realised because of projects postponed due to COVID-19 restrictions. Additionally, the travelling and accommodation budget was saved as most meetings and stakeholder engagements took place on virtual platforms. ETDP SETA continues to apply strict cost-containment measures and has managed the administration expenditure within the legislated threshold of 10.5% as per the SETA Grant Regulations.

## 4.2. Capacity constraints and challenges facing the organisation

The following were key capacity constraints and challenges:

- Key vacancies which could not be filled timeously.

- Several weaknesses in the organisation's internal controls which were identified by auditors. Management has subsequently addressed these, and implementation is closely monitored on those that remain partially addressed.
- There were delays in procurement because of COVID-19 restrictions resulting in most procurement activities being concluded towards the end of the financial year.
- We experienced a decline in the achievement of the predetermined objectives compared to the previous financial years.

## 4.3. Strategies to address challenges experienced

Most of the key vacancies were filled towards the end of the financial year, filling of vacancies will be expedited in 2022/23 financial year.

Training and development of staff members will be prioritised to equip staff with the necessary digital skills for purposes of efficiency.

An implementation improvement strategy has been developed to address the challenges experienced in the quarterly reports where achievement was not realised as per the Annual Performance Plan.

#### 4.4. Discontinued activities/activities to be discontinued

There are no discontinued activities or an intention to discontinue any activities of the ETDP SETA.

#### 4.5. New or proposed activities

There were no new or proposed activities.

#### 4.6. Request for rollover of funds

The National Treasury approved utilisation of surplus funds of R824 million from the 2020/21 financial year to fund commitments from discretionary grants projects.

#### 4.7. Supply Chain Management (SCM) processes and systems

ETDP SETA complies with National Treasury Regulation 16A4.1 and has an established Supply Chain Management unit under the office of the Chief Financial Officer (CFO). The SETA subscribes to the principles of a procurement and provisioning system that is fair, equitable, transparent, competitive and cost-effective, as prescribed in Section 217 of the Constitution of the Republic of South Africa (1996) and Section 51 of the Public Finance Management Act (PFMA).

ETDP SETA is committed to ensuring maximum value for money is achieved.

All bids advertised and awarded in 2021/22 were compliant with legislation and no litigation ensued. No irregular, fruitless and wasteful expenditure was recorded in the year under review, other than from those transactions reported on in the previous years, as detailed in Part E: Financial Information.

#### 4.8. Concluded unsolicited bids for 2021/22

The organisation did not receive any unsolicited bid proposals in the 2021/22 financial year.

#### 4.9. Audit report matters from the prior year

For the 2020/21 financial year, the ETDP SETA received an unqualified audit outcome with material findings on financial statements and performance information reports. In addressing the root causes to the audit findings raised, management developed an implementation plan which they continue to monitor and address. I am proud to announce that the ETDP SETA received an audit outcome with no material findings for the 2021/22 financial year. This is indeed a great achievement for the ETDP SETA and we commit to maintain the momentum.

#### 4.10. Plans to address financial challenges

The ETDP SETA's operations are heavily financed through revenue from Provincial Departments of Education. At this stage, not all departments contribute the expected revenue which decreases the expected revenue .

The ETDP SETA continues to engage the respective Departments of Education to ensure the expected contributions are made in full and on time.

#### 4.11. Events after the reporting date

There were no significant events after the balance sheet date. The Chief Risk and Governance Officer was appointed on 01 April 2022.

#### 4.12. Economic viability

The ETDP SETA remains solvent and liquid with improved viability as compared to the prior year where the SETA reported a deficit of R237 million.

#### 4.13. Acknowledgements

I would like to express appreciation for the support received from the Chairperson of the Accounting Authority, members of the Accounting Authority and the Chairpersons and members of the Committees and Chambers.

My sincere gratitude also goes to management and all staff for their commitment towards the implementation of programmes and an improved audit outcome from previous years.

I would like to thank our partners in the implementation of the programmes and projects, as well as the beneficiaries of the programmes and projects. Our constituencies and stakeholders play a critical role in supporting service delivery.

I am thankful for the support we continue to receive from the Ministry of Higher Education, Science and Innovation and the Department of Higher Education and Training, as well as the Ministry, the Department of Basic Education and the provinces for the partnerships entered and the general support in the implementation of the APP.



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**Mrs Sesi Nombulelo Nxesi**

Chief Executive Officer

25 August 2022

5

## Statement of Responsibility and Confirmation of Accuracy of the Annual Report

**To the best of our knowledge and belief, we confirm the following:**

The Annual Report is complete, accurate, free from any omissions and has been prepared in accordance with the guidelines for annual reports as issued by National Treasury.

The Annual Financial Statements (AFS in Part E) have been prepared in accordance with the South African Standards of Generally Recognised Accounting Practice (Standards of GRAP), applicable to the ETDP SETA.

The Accounting Authority (AA) is responsible for establishing and implementing a system of internal controls designed to provide reasonable assurance about the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.

In our opinion, the Annual Report fairly reflects the operations, performance information, human resources information and the financial affairs of the ETDP SETA for the financial year ended 31 March 2022.



**Mrs Sesi Nombulelo Nxesi**  
Chief Executive Officer  
25 August 2022



**Duncan Hindle**  
Accounting Authority Chairperson  
25 August 2022

## 6

# Strategic Overview

### Vision

The vision of the ETDP SETA is to be a promoter and facilitator in the development and improvement of the skills profile of the sector's workforce to benefit employers, workers, and employees in the sector.

### Mission

The ETDP SETA holds as its mission, the promotion, facilitation, and development of an education, training, and development sector in which:

- the skill 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 provision is improved
- the levy grant scheme is efficiently administered
- there is regular liaison with providers, other SETAs, the Department of Labour and Employment, the Department of Education and Training (DHET), the

Department of Basic Education (DBE), the National Skills Authority (NSA), the South African Qualifications Authority (SAQA) and its Councils

- internal and external communication is effective to advance national human resource and skills development
- dialogue and interaction between public and private entities in the sector about skills transfer and training delivery is encouraged
- employers, workers, employees and the unemployed (potential employees) in the sector benefit from quality training, higher productivity, and harmonious mutual dependencies.

### Values

The ETDP SETA's values include a commitment to:

- transparency and fair conduct
- honesty and integrity
- courteousness and caring
- honouring deadlines
- promoting equity amongst all our stakeholders
- cooperative governance
- striving for continuous improvement.

## 7 Legislative and Other Mandates

The ETDP SETA derives its mandate from the Skills Development Act (97 of 1998), as amended. The following are some of the key legislative mandates which guide the ETDP SETA in the execution of its mandate:

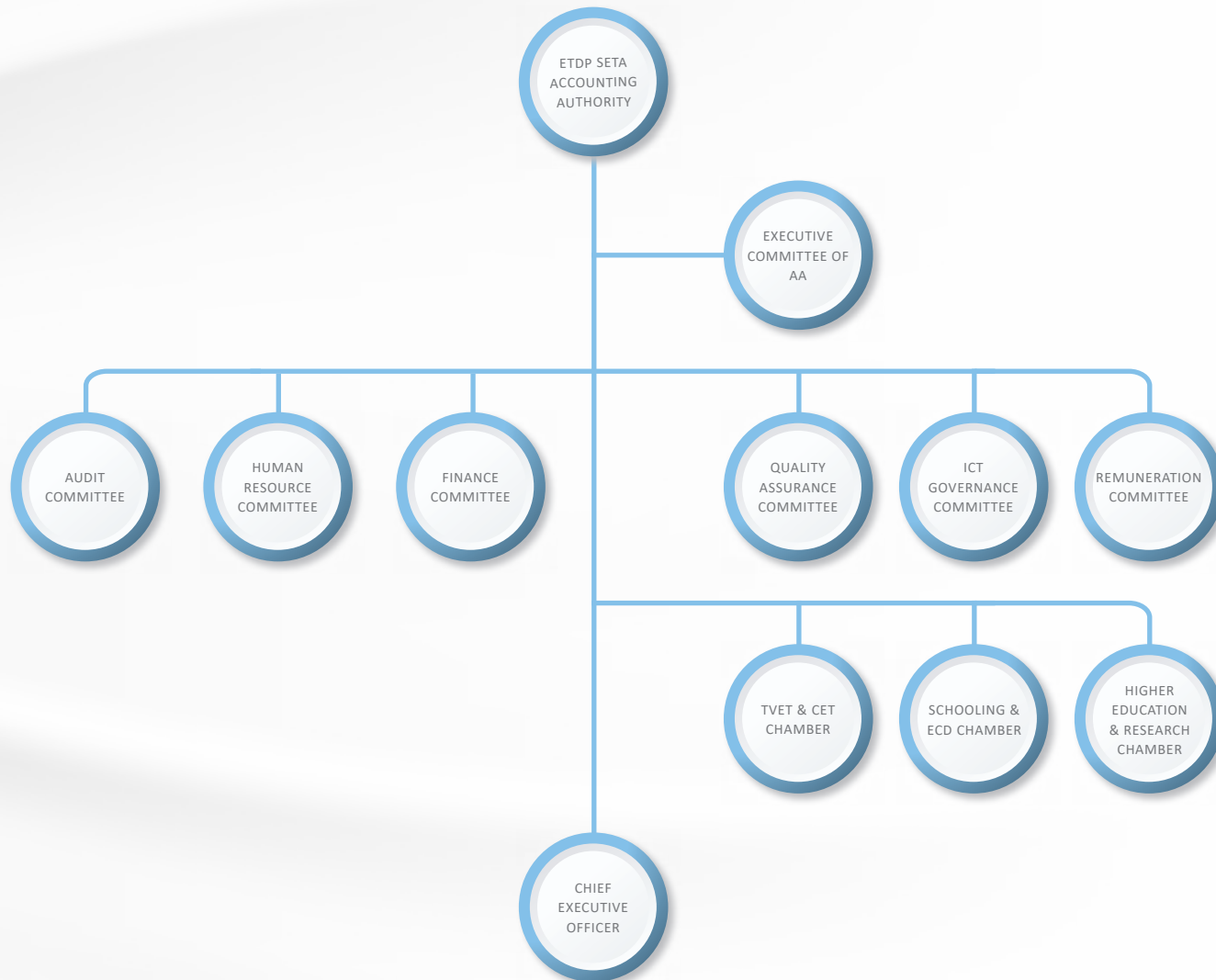
- Constitution of the Republic of South Africa (No. 108 of 1996)
- Skills Development Levies Act (No. 97 and 9 of 1999)
- Public Finance Management Act (No. 1 of 1999) as amended
- Promotion of Administrative Justice Act (No. 3 of 2000)
- National Qualifications Framework Act (No. 67 of 2008)
- Labour Relations Act (No. 66 of 1995)
- Employment Equity Act (No. 55 of 1998)
- Basic Conditions of Employment Act (No. 75 of 1997)
- Protection of Personal Information Act (No. 4 of 2013)
- Protection of Access to Information (2000)
- Disaster Management Act (No. 5 of 2002).

Over and above these legislative mandates, the ETDP SETA is guided by the Human Resource Development Strategy 2030, National Development Plan 2030, National Skills Development Plan, the SETA Standard Constitution of 2011 and the ETDP SETA Policies and Standard Operating Procedures (SOPs).

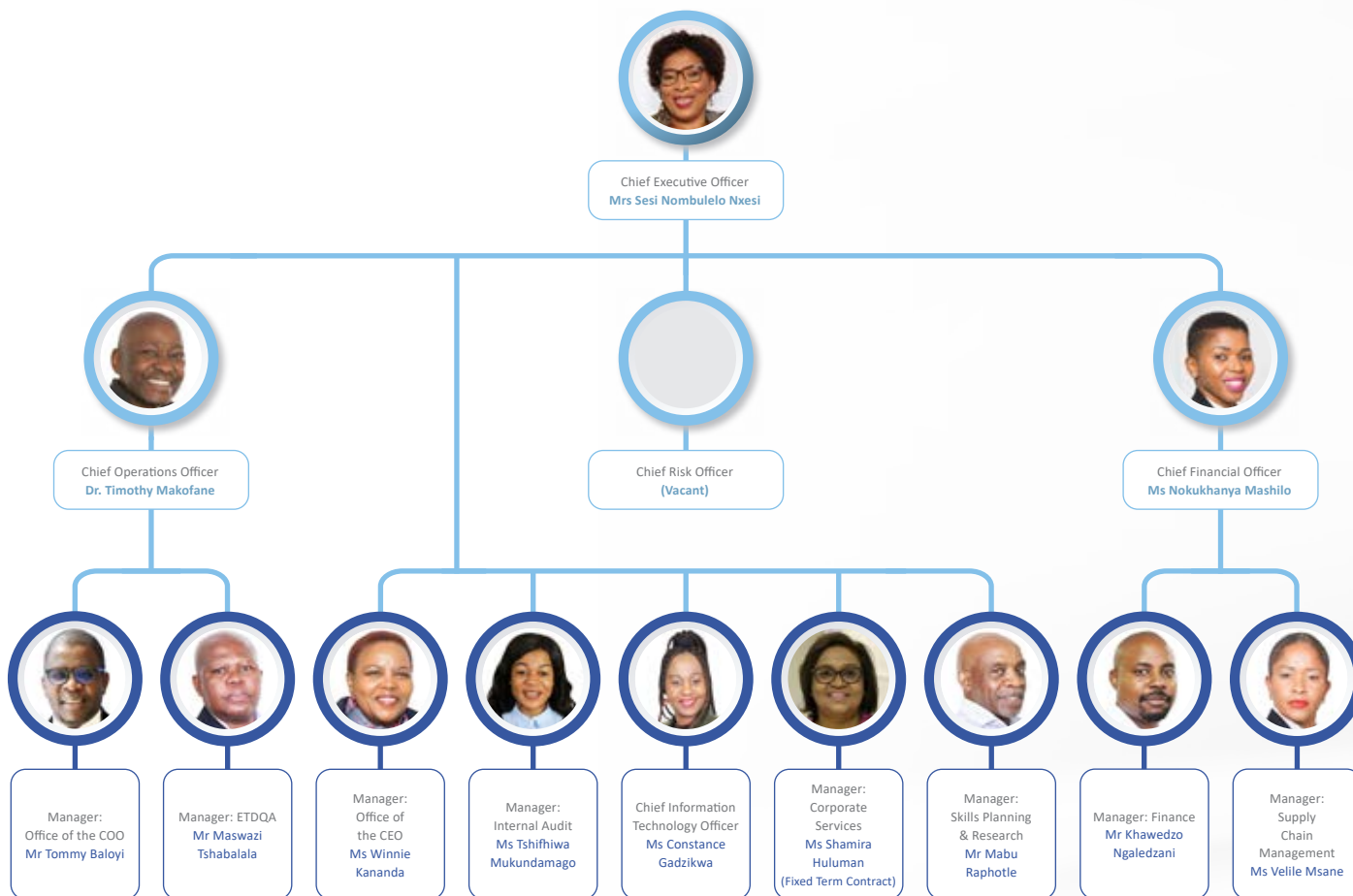
## 8

## Organisational Structure

### GOVERNANCE



## HIGH LEVEL MANAGEMENT STRUCTURE





B

# Performance Information

## 9

## Auditor-General's Report: Predetermined Objectives

The Auditor-General of South Africa (AGSA) did not raise any material findings on the usefulness and reliability of the reported performance information. Material misstatements were identified in the annual performance report submitted for auditing by 31 May 2022.

Management has subsequently corrected the misstatements.

The full AGSA Report is included in pages 125 to 132.

## 10 Situational Analysis

### 10.1. Service delivery environment

COVID-19 has been a historical phenomenon that shook the economies of the world. The Republic of South Africa was not left unscathed. The phenomenon has permanently reshaped the social, technological and legal landscape in the country in general and the ETDP SETA was no exception. ETDP SETA as a schedule 3A public entity plays a critical role in the implementation of the government agenda on the Economic Reconstruction and Recovery Plan (ERRP) aimed at stimulating equitable and inclusive growth. For the past decade, the South African economy has experienced stagnation which put a strain in the effort to tackle the historical structural inequalities, unemployment and poverty. The stagnation led to the low levels of capacity utilisation in various sectors of the South African economy, which tends to paint a dire picture for gross fixed capital formation. The ETDP SETA played the role of an intermediary organisation to partner with other stakeholders such as the National Youth Development Agency (NYDA), universities and other skills development providers in

advancing the economic transformation agenda through skills development for marginalised groups. In this case, persons living with disabilities, the youth and women. Challenges experienced were placed on the output indicators that could not be achieved, such as completions and renewals. The corrective steps that needed to be taken in this regard in the subsequent years was to review the number of completions and renewals by adjusting these targets downward.

The sluggish growth South Africa has experienced over the years has prompted the ETDP SETA to participate in several stimuli such as the Presidential Youth Employment Initiative, where the ETDP SETA committed to support 219 beneficiaries during the 2021/22 financial year. The pandemic caused the introduction of the Disaster Management Act that was extended to the 2021/22 financial year. Though the shutdown eased in the first quarter of the 2021/22 financial year, the effects of the pandemic could still manifest in a variety of ways, including the non-achievement of targets such as completions and to some extent renewals due to high levels

of dropouts. Due to high unemployment rate, the country transitioned to digitisation in a variety of ways. The ETDP SETA rose to the digital occasion by not only funding several digital programmes for the unemployed, but also mobilised skills development providers to embrace the new norm which has changed the communication landscape within the organisation. Several processes within the ETDP SETA such as induction of beneficiaries, monitoring of the implemented projects as well as moderation were conducted online.

The ETDP SETA has developed different delivery strategies to address the above-mentioned challenges. These strategies are revised and updated annually to improve service delivery and achievements of targets, more especially those geared towards promoting self-employment and provision of skills through a variety of skills intervention programmes. These include the increasing of internal human resource capacity through the employment of interns and giving opportunity to learners in need of learnerships to complete their qualifications. Of significance is the close collaboration

with provincial offices where disability programmes are situated such as Premiers' offices as well as Higher Education Institutions (HEIs) accredited to train-cooperatives and enrol people with disabilities (PWD) to programmes suited to them.

## 10.2. Organisational environment

Staff resignations in the 2021/22 financial year posed some challenges in the service delivery of the organisation, and to mitigate such, temporary appointments were made. The ETDP SETA appointed new members of staff in the 2021/22 financial year including the appointment of the Chief Financial Officer (CFO) in September 2021. The previous CFO tendered her resignation at the end of April 2021. In 2021, one staff member (Limpopo provincial manager) succumbed to COVID-19. The Mpumalanga provincial manager resigned - both positions have been filled. The ETDP SETA appointed a manager in the Education, Training and Development Quality Assurance (ETDQA) unit after the position had been vacant for a long time.

The ETDP SETA Information Management System (IMS) contract with the service provider came to an end on 31 March 2022, just at the end of the financial year.

We were fortunate that after a few submissions, the National Treasury approved the extension of the contract with the service provider until 31 May 2022. This approval made it possible to report on the activities of the 2021/22 financial year.

### 10.3. Key policy developments and legislative changes

The Protection of Personal Information Act (POPIA) introduced a new challenge; some of the ETDP SETA beneficiaries became reluctant to share personal information and documents which the SETA required to validate beneficiaries participating in its programmes. An organisational policy was developed to protect the personal information and all our contractual documents stipulate our responsibility towards personal information protection.

The provisions of the Occupational Health and Safety Act (OHASA) had to be implemented to ensure employees were always safe and a policy on COVID-19 was developed and approved by the Accounting Authority.

## 10.4. Progress towards achievement of strategic outcomes

### Programme 1

| Outcome 1                                                                                      | Outcome indicator                                                                | Baseline<br>(2015/16 – 2019/20) | Five-year target<br>(2020/21 – 2024/25)                     | Progress as at 31 March 2022                                                                  |
|------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|---------------------------------|-------------------------------------------------------------|-----------------------------------------------------------------------------------------------|
| Improved digital business environment and business operational excellence within the ETDP SETA | Improved audit outcomes from the prior years                                     | Unqualified audit opinion       | Unqualified audit opinion                                   | Unqualified audit opinion<br><br>Based on the last audit outcome of the 2020/21 Annual Report |
|                                                                                                | Number of employees trained for improved service delivery                        | -                               | All staff trained on relevant competencies and capabilities | 108 (75%)                                                                                     |
|                                                                                                | Number of automated business processes for improved organisational efficiency    | -                               | 15                                                          | 6 (40%)                                                                                       |
|                                                                                                | Percentage of Operational Plan (OP) projects implementated within set timeframes | 80%                             | 80%                                                         | 89%                                                                                           |
|                                                                                                | Number of evaluation studies conducted                                           | 4                               | 5                                                           | 1 (20%)                                                                                       |

## Programme 2

| NSDP Outcome 1                                     | Outcome indicator                                                                               | Baseline<br>(2015/16 – 2019/20) | Five-year target<br>(2020/21 – 2024/25) | Progress as at 31 March 2022                                                                                                                                                     |
|----------------------------------------------------|-------------------------------------------------------------------------------------------------|---------------------------------|-----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Increased production of occupations in high demand | Number of occupations in high demand identified and reported through Sector Skills Plan process | 20                              | 30                                      | 15 OIHDs were identified 2020. In 2021 another 14 were identified. However, on analysis, only 7 were new, resulting in a total of 22 OIHDs identified against the 5-year target. |
|                                                    | Number of skills planning research initiatives conducted                                        | -                               | 15                                      | Seven research projects have been conducted including in areas such as Industrial Revolution (4IR) and Workplace Integrated Learning (WIL) as well as subsector based projects.  |
|                                                    | Number of WSPs and ATRs evaluated and feedback provided                                         | 1 000                           | 1 100*                                  | 1 150 was achieved against the target in the year under review.                                                                                                                  |

\*Target not cumulative

### Programme 3

| NSDP Outcome 2                                               | Outcome indicator                                                                                                                                                                                        | Baseline<br>(2015/16 – 2019/20) | Five-year target<br>(2020/21 – 2024/25) | Progress as at 31 March 2022 |
|--------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|-----------------------------------------|------------------------------|
| Linking education and the workplace                          | Number of youth accessing work-based learning opportunities to enhance employability                                                                                                                     | 18 369                          | 20 205                                  | 8 328 (41%)                  |
|                                                              | Increased number of students receiving financial assistance from the ETDP SETA bursary scheme and/or ETDP SETA funded skills development initiatives                                                     | 18 277                          | 20 105                                  | 1 615 (8%)                   |
| NSDP Outcome 3                                               |                                                                                                                                                                                                          |                                 |                                         |                              |
| Improving the level of skills in the South African workforce | Increased number of teachers and government officials who are competent in digital skills to facilitate digital learning, e-learning, blended learning and other new digital skills transfer to learners | -                               | 51 844                                  | 9 669 (19%)                  |
|                                                              | Constituent organisations supported to enhance employees' capabilities on digital skills                                                                                                                 | -                               | 14                                      | 43 (307%)                    |

**Programme 3** (continued)

| NSDP Outcome 5                                                               | Outcome indicator                                                                                                                                                                                                                       | Baseline<br>(2015/16 – 2019/20) | Five-year target<br>(2020/21 – 2024/25) | Progress as at 31 March 2022 |
|------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|-----------------------------------------|------------------------------|
|                                                                              | CET colleges funded to implement digital learning platforms                                                                                                                                                                             | -                               | 9                                       | 9 (100%)                     |
|                                                                              | Increased number of TVET and CET college lecturers, managers, practitioners, and council members trained in specialised fields and lecturers exposed to relevant industries                                                             | 4 039                           | 5 000                                   | 65 (1%)                      |
| <b>NSDP Outcome 6</b>                                                        |                                                                                                                                                                                                                                         |                                 |                                         |                              |
| Skills development support for entrepreneurship and co-operative development | Increased number of emerging providers especially in rural areas to acquire the new skills required in the 4IR<br><br>Trained and developed the unemployed people and establish co-operatives which are sustainable for self-employment | 42                              | 100                                     | 20 (20%)                     |
| <b>NSDP Outcome 7</b>                                                        |                                                                                                                                                                                                                                         |                                 |                                         |                              |
| Encourage and support worker-initiated training                              | Increased number of worker-initiated training programmes supported                                                                                                                                                                      | -                               | 10                                      | 9 (90%)                      |
| <b>NSDP Outcome 8</b>                                                        |                                                                                                                                                                                                                                         |                                 |                                         |                              |
| Support career development services                                          | Increase in the career development opportunities for previously disadvantaged individuals in accessing post-school education and training as a result of career guidance events organised                                               | 260                             | 400                                     | 75 (19%)                     |

## Programme 4

| NSDP Outcome 4                                        | Outcome indicator                                                                                                                                             | Baseline<br>(2015/16 – 2019/20) | Five-year target<br>(2020/21 – 2024/25) | Progress as at<br>31 March 2022                          |
|-------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|-----------------------------------------|----------------------------------------------------------|
| Increase access to occupationally directed programmes | Occupational qualifications that promote occupations in high demand are developed                                                                             | 8                               | 15                                      | 3 occupational qualifications were developed             |
|                                                       | Promotion of the recognition of prior learning to accelerate qualifications attainment                                                                        | 1 714                           | 1 800                                   | 166 candidates completed RPL programmes                  |
|                                                       | Increase in the number of Statements of Achievement awarded in occupational qualifications for occupations in high demand to enhance chances in employability | 370                             | 1 150                                   | 3 041 Statements of Achievement were printed and awarded |
|                                                       | Accredited quality learning programmes for priority skills in the sector offered through various modes of learning programme delivery                         | 1 904                           | 2 000                                   | 740 learning programmes were evaluated                   |
|                                                       | Increased in the number of work integrated learning sites supported and promoted for occupations in high demand to increase employability                     | -                               | 70                                      | 10 workplaces learning sites were approved               |

# 11

## Institutional Programme Performance Information

Summary of the ETDP SETA's performance against the 2021/22 APP targets:

During the year under review, the ETDP SETA achieved 82% (28 out of 34) of its APP targets. Below is a consolidation of the four APP programmes, namely:

- Programme 1 had five targets and four were achieved translating to 80% achievement
- Programme 2 had three targets and all were achieved translating to 100% achievement
- Programme 3 had 21 targets and 16 were achieved translating to 76% achievement and
- Programme 4 had five targets and all were achieved translating to 100% achievement.

### 11.1. Programme 1: Administration

#### Purpose

The purpose of the programme is to ensure effective organisational management and administration.

#### Sub-programmes

The programme has the following sub-programmes:

- Corporate Governance, Audit and Risk Management: The purpose of this sub-programme is to ensure good corporate governance and strengthen the internal controls of the organisation for both compliance and performance management
- Human Resources Management: The purpose of this sub-programme is to ensure recruitment of capable human capital and continuous development thereof to enhance organisational performance

- Finance, Supply Chain and Assets Management:  
The purpose of this sub-programme is to ensure sound financial management and compliance with laws and regulations pertaining to the PFMA, and an effective and efficient supply chain management processes to enhance organisational performance as well as effective and efficient management of all ETDP SETA assets.
- Information, Communication and Technology (ICT):  
The purpose of this sub-programme is to provide technology, information and related services to internal stakeholders.
- Monitoring, Evaluation and Reporting:  
The purpose of the sub-programme is to monitor organisational performance for reporting and co-ordinate the evaluation studies to assess the impact of the skills development programmes and implementation thereof.

### Outcome

Improved digital business environment and business operational excellence within the ETDP SETA.

### Actual achievements

This programme had five targets and four were achieved which translates to 80% achievement:

- Employees were trained and this was done by awarding of bursaries and on the job training
- Six business processes were automated for improved organisational efficacy, namely:
  - purchase requisitions for goods and services over R1M
  - purchase orders approval process

- implementation of virtual platforms to enhance communication and collaboration amongst employees and stakeholders
  - employee performance management
  - enterprise risk management, and
  - strategy management.
- The target on Annual Operational Plans (AOP) projects implemented within set timeframes was achieved and exceeded.
  - An evaluation study was conducted on the impact of SETA programmes in the ETD sector to inform further skills planning to address new skills required within the sector.

#### Programme 1: Outcomes, Outputs, Output indicators, Targets and Actual achievements

| Programme 1: Administration                                                                   |                                                 |                                                           |                                      |                                      |                          |                              |                                                               |                                                                                                                                                     |
|-----------------------------------------------------------------------------------------------|-------------------------------------------------|-----------------------------------------------------------|--------------------------------------|--------------------------------------|--------------------------|------------------------------|---------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| Outcome                                                                                       | Output                                          | Output indicator (OI)                                     | Audited actual achievement (2019/20) | Audited actual achievement (2020/21) | Planned target (2021/22) | Actual achievement (2021/22) | Deviation from planned target to actual achievement (2021/22) | Reasons for deviation                                                                                                                               |
| Improved digital business environment and business operational excellence within the ETD SETA | Good corporate governance                       | Improved audit outcomes from the prior year               | -                                    | -                                    | 1                        | 0                            | -1                                                            | There was no improvement on the audit outcomes compared to the 2020/21                                                                              |
|                                                                                               | Trained employees for improved service delivery | Number of employees trained for improved service delivery | -                                    | 50                                   | 50                       | 94                           | +44                                                           | Over-achieved<br><br>(This is attributed to additional training that was in demand and could be accommodated within the allocated training budget.) |

| Programme 1: Administration |                                                                                             |                                                                                   |                                      |                                      |                          |                              |                                                               |                                                                                                                          |
|-----------------------------|---------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|--------------------------|------------------------------|---------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| Outcome                     | Output                                                                                      | Output indicator (OI)                                                             | Audited actual achievement (2019/20) | Audited actual achievement (2020/21) | Planned target (2021/22) | Actual achievement (2021/22) | Deviation from planned target to actual achievement (2021/22) | Reasons for deviation                                                                                                    |
|                             | Improved digital environment                                                                | Number of automated business processes for improved organisational efficacy       | -                                    | -                                    | 5                        | 6                            | +1                                                            | Over-achieved<br><br>(An additional business process was automated due to a need identified during the reporting period) |
|                             | Monitored Annual Operational Plans (AOP) projects for implementation within set time frames | Percentage of Operational Plans (AOP) projects implemented within set time frames | 87%                                  | 91%                                  | 80%                      | 84%                          | +4%                                                           | Over-achieved<br><br>(Four percent of more projects were identified and implemented within the set time frames in Q4)    |
|                             | Conducted evaluation studies with recommendations for areas of improvements                 | Number of evaluation studies conducted                                            | 1                                    | -                                    | 1                        | 1                            | -                                                             | None                                                                                                                     |

## Changes to planned targets

None

### Linking performance with budgets

| Sub-programme                           | Budget<br>(2020/21) | Actual expenditure<br>(2020/21) | (Over)/<br>Under-expenditure<br>(2020/21) | Budget<br>(2021/22) | Actual<br>expenditure<br>(2021/22) | (Over)/<br>Under-expenditure<br>(2021/22) |
|-----------------------------------------|---------------------|---------------------------------|-------------------------------------------|---------------------|------------------------------------|-------------------------------------------|
|                                         | R'000               | R'000                           | R'000                                     | R'000               | R'000                              | R'000                                     |
| Governance (Audit and Risk)             | 10 046              | 7 955                           | 2 091                                     | 6 988               | 7 434                              | 446                                       |
| Human Resources                         | 99 161              | 103 738                         | (4 579)                                   | 114 394             | 107 080                            | (7 314)                                   |
| Information Communication<br>Technology | 18 692              | 15 838                          | 2 854                                     | 14 766              | 12 547                             | (2 219)                                   |
| Monitoring, Evaluation and<br>Reporting | -                   | -                               | -                                         | 3 950               | 274                                | (3 676)                                   |
| <b>Total</b>                            | <b>127 899</b>      | <b>119 576</b>                  | <b>10 323</b>                             | <b>140 098</b>      | <b>127 335</b>                     | <b>(12 763)</b>                           |

### Strategy to overcome area of underperformance

None

### Institutional response to the COVID-19 pandemic

Programme 1 was implemented and targeted employees. ETDP SETA developed the COVID-19 Policy which was implemented in line with the Regulations of the Disaster Management Act of 57 2002. Employees were also encouraged to vaccinate.

## 11.2. Programme 2: Research and skills planning

### Purpose

The purpose of this programme is to obtain accurate information on the supply and demand for skills to address the skills gaps in the ETD sector.

### Sub-programmes

The programme has the following sub-programmes:

- **Research:** The purpose of this sub-programme is to ensure the co-ordination of research projects and identify interventions required for skills planning in the sector.
- **Workplace skills plans and annual training reports:** The purpose of this sub-programme is to encourage the submission of Workplace Skills Plans (WSPs) and Annual Training Reports (ATRs) as they play a critical role in the development of the Sector Skills Plan.

### Outcome

Increased production of occupations in high demand.

### Actual achievements

This programme had three targets and all were achieved, translating to 100% achievement:

- The final Sector Skills Plan (SSP) 2022–2023 was submitted to the Department of Higher Education and Training (DHET). The quality of the SSP improved from 78% to 88%. The Minister of Higher Education, Training Science and Innovation approved the SSP as recommended to him, by the National Skills Authority (NSA) panel of experts who evaluated all SETA's SSPs.

- The establishment of three Research Chairs, namely:
  - Early Childhood Development (ECD)
  - Work Intergrated Learning (WIL)
  - Mathematics Education Research Chair
- The Research Chairs on ECD and WIL were previously established and now extended for a period of five years each. The Mathematics Education Research chair has been newly established as an attempt to improve Mathematics Education.
- A total of 1150 WSP/ATR submissions were received, evaluated and feedback was provided. The evaluation process was concluded towards the end of July 2021.

### 11.2.1 WSPs and ATRs per size

| Number of WSPs and ATRs approved for: |              |              |
|---------------------------------------|--------------|--------------|
|                                       | SLA target   | Achievement  |
| Small                                 | 660          | 667          |
| Medium                                | 280          | 298          |
| Large                                 | 160          | 185          |
| <b>Total</b>                          | <b>1 100</b> | <b>1 150</b> |

## Programme 2: Outcomes, Outputs, Output indicators, Targets and Actual achievements

| Programme 2: Research and skills planning          |                                           |                                                                                                  |                                      |                                      |                          |                              |                                                               |                                                                                                           |
|----------------------------------------------------|-------------------------------------------|--------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|--------------------------|------------------------------|---------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
| NSDP Outcome                                       | Output                                    | Output indicator (OI)                                                                            | Audited actual performance (2019/20) | Audited actual performance (2020/21) | Planned target (2021/22) | Actual achievement (2021/22) | Deviation from planned target to actual achievement (2021/22) | Reasons for deviations                                                                                    |
| Increased production of occupations in high demand | A list of occupations in demand           | Number of occupations in high demand identified and reported through sector skills plans process | -                                    | 15                                   | 14                       | 14                           | -                                                             | -                                                                                                         |
|                                                    | 4 skills planning initiatives implemented | Number of skills planning research initiatives conducted                                         | 6                                    | 4                                    | 4                        | 4                            | -                                                             | -                                                                                                         |
|                                                    | A list of evaluated WSPs and ATRs         | Number of WSPs and ATRs evaluated and feedback provided                                          | 1 062                                | 1 167                                | 1 100                    | 1 150                        | +50                                                           | Intensive mobilisation of employers resulted in an increase in the number of submissions of WSPs and ATRs |

## Linking performance with budgets

| Sub-programme name                                 | Budget 2020/21 | Actual expenditure (2020/21) | (Over)/Under-expenditure (2020/21) | Budget 2021/22 | Actual expenditure (2021/22) | (Over)/Under-expenditure (2021/22) |
|----------------------------------------------------|----------------|------------------------------|------------------------------------|----------------|------------------------------|------------------------------------|
|                                                    | R'000          | R'000                        | R'000                              | R'000          | R'000                        | R'000                              |
| Sector Skills Plan                                 | -              | -                            | -                                  | -              | -                            | -                                  |
| Research                                           | 4 500          | 4 459                        | 41                                 | 7 980          | 4 429                        | (3 551)                            |
| Workplace Skills Plans and Annual Training Reports | -              | -                            | -                                  | -              | -                            | -                                  |
| <b>Totals</b>                                      | <b>4 500</b>   | <b>4 459</b>                 | <b>41</b>                          | <b>7 980</b>   | <b>4 429</b>                 | <b>(3 551)</b>                     |

## Strategy to overcome areas of underperformance

None

## Reporting on the institutional response to the COVID-19 pandemic

The SETA has collaborated with the Human Science Research Council (HSRC) to conduct research on the impact of COVID-19 in the ETD sector. At the time of reporting, the research was not concluded and will be reported in 2022/23 Annual Report.

### 11.3. Programme 3: Learning programmes and projects

#### Purpose

The purpose of this programme is to provide services for the implementation, monitoring, evaluation and reporting on learning programmes.

#### Sub-programmes

The programme has the following sub-programmes:

- Implementation of learning programmes as per NSDP outcomes (for both employed and unemployed): The purpose of this sub-programme is to facilitate skills development programmes for both employed and unemployed people in the ETD sector.
- Partnership projects: The purpose of this sub-programme is to collaborate with other organisations, institutions and constituencies on various skills development interventions for a better impact.

- Career development services: The purpose of this sub-programme is to support career development services.

#### Outcomes

The following NSDP outcomes are incorporated into Programme 3:

- Outcome 2: Linking education and the workplace
- Outcome 3: Improving the level of skills in the South African workforce
- Outcome 5: Supporting the growth of the public college system
- Outcome 6: Skills development support for entrepreneurship and co-operative development
- Outcome 7: Encourage and support worker-initiated training
- Outcome 8: Support career development services.

## Actual achievements

This programme had 21 targets and 16 were achieved, translating to 76% achievement.

Four targets concerning completions of the projects/programmes were not achieved. The problem lied with reporting of the achievements outside of the financial year under review.

The delays in reporting were as a result of receiving the statements of results and certificates later than expected. In some instances, there were dropouts before the end of the project. These under-achieved KPIs are as follows:

- Number of TVET students completed their Work Integrated Learning (WIL) placements. There was an under-achievement of 22
- Number of unemployed graduates completed internship programmes. There was an under-achievement of 69

- Number of unemployed learners completed learnership programmes. There was an under-achievement of 1 127
- Number of students granted bursaries completed their studies/qualifications. There was an under-achievement of 67
- The fifth under-achieved KPI was - number of bursaries awarded for students (renewals for year two year three studies). There was an under-achievement of 1 796

The tables on the following pages provide detailed information.

### Programme 3: Outcomes, Outputs, Output indicators and Actual achievements

In the last quarter of the financial year, more targets were allocated, however, projects could not be implemented by 31 March 2022 and therefore could not be reported. These will be reported in the 2022/23 financial year.

| Programme 3: Learning programmes and projects |                                                                               |                                                                                                                  |                                      |                                      |                          |                              |                                                               |                                                                                                                                      |
|-----------------------------------------------|-------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|--------------------------|------------------------------|---------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| NSDP Outcome 2                                | Output                                                                        | Output indicator (OI)                                                                                            | Audited actual achievement (2019/20) | Audited actual achievement (2020/21) | Planned target (2021/22) | Actual achievement (2021/22) | Deviation from planned target to actual achievement (2021/22) | Reasons for deviation                                                                                                                |
| Linking education and the workplace           | 500 TVET college students received workplace experience                       | Number of TVET students requiring work-integrated learning to complete their qualifications placed in workplaces | 1 563                                | 354                                  | 500                      | 509                          | +9                                                            | Over-achieved<br><br>(More students were placed within the allocated budget)                                                         |
|                                               | 245 TVET college students completed their work-integrated learning placements | Number of TVET students completed their work-integrated learning placements                                      | 1 052                                | 1 369                                | 245                      | 223                          | -22                                                           | Under-achieved<br><br>(Some students dropped out of the programme before the end of the 18 months stipulated in the letter of award) |

| Programme 3: Learning programmes and projects |                                                  |                                                                                                              |                                      |                                      |                          |                              |                                                               |                                                                                                |
|-----------------------------------------------|--------------------------------------------------|--------------------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|--------------------------|------------------------------|---------------------------------------------------------------|------------------------------------------------------------------------------------------------|
| NSDP Outcome 2                                | Output                                           | Output indicator (OI)                                                                                        | Audited actual achievement (2019/20) | Audited actual achievement (2020/21) | Planned target (2021/22) | Actual achievement (2021/22) | Deviation from planned target to actual achievement (2021/22) | Reasons for deviation                                                                          |
|                                               | 800 graduates placed in internships              | Number of unemployed graduates placed in internships programmes to acquire workplace experience and exposure | 2 018                                | 3 034                                | 800                      | 865                          | +65                                                           | Over-achieved<br><br>(More interns were placed within the allocated budget)                    |
|                                               | 1 412 graduates placed in internships in 2020/21 | Number of unemployed graduates completed internships programmes                                              | 2 610                                | 4 769                                | 1 412                    | 1 343                        | -69                                                           | Under-achieved<br><br>(Some interns dropped out from the programme and some gained employment) |

| Programme 3: Learning programmes and projects |                                                            |                                                                |                                      |                                      |                          |                              |                                                               |                                                                                                                                                                            |
|-----------------------------------------------|------------------------------------------------------------|----------------------------------------------------------------|--------------------------------------|--------------------------------------|--------------------------|------------------------------|---------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| NSDP Outcome 2                                | Output                                                     | Output indicator (OI)                                          | Audited actual achievement (2019/20) | Audited actual achievement (2020/21) | Planned target (2021/22) | Actual achievement (2021/22) | Deviation from planned target to actual achievement (2021/22) | Reasons for deviation                                                                                                                                                      |
|                                               | 2 000 unemployed learners completed learnership programmes | Number of unemployed learners completed learnership programmes | 953                                  | 1 642                                | 2 000                    | 873                          | -1 127                                                        | Under-achieved<br><br>(Completions were reported outside the reporting cycle due to late receipt of learner documents. Others dropped out before the end of the programme) |
|                                               | 1 000 unemployed learners enrolled in skills programmes    | Number of unemployed learners enrolled in skills programmes    | 1 881                                | 750                                  | 1 000                    | 1 127                        | +127                                                          | Over-achieved<br><br>(More learners were placed within the allocated budget due to the varying durations of the programmes and costs)                                      |

| Programme 3: Learning programmes and projects |                                                                                                     |                                                                                                                            |                                      |                                      |                          |                              |                                                               |                                                                                                                                                                                                                                          |
|-----------------------------------------------|-----------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|--------------------------|------------------------------|---------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| NSDP Outcome 2                                | Output                                                                                              | Output indicator (OI)                                                                                                      | Audited actual achievement (2019/20) | Audited actual achievement (2020/21) | Planned target (2021/22) | Actual achievement (2021/22) | Deviation from planned target to actual achievement (2021/22) | Reasons for deviation                                                                                                                                                                                                                    |
|                                               | 525 unemployed learners completed skills programmes                                                 | Number of unemployed learners completed skills programmes                                                                  | 3 551                                | 1 667                                | 525                      | 1 466                        | +941                                                          | Over-achieved<br><br>(In addition to the projected number of completions from the prior year, more learners enrolled and completed their skills programmes within the same reporting period due to the short duration of the programmes) |
|                                               | 600 bursaries awarded to students for high and intermediate level skills required by the ETD sector | Number of bursaries awarded to the students for high and intermediate level skills required by the ETD sector (new intake) | 9 465                                | 605                                  | 600                      | 1 258                        | +658                                                          | Over-achieved<br><br>(More students were awarded bursaries within the allocated budget)                                                                                                                                                  |
|                                               | 300 students granted bursaries completed their studies                                              | Number of students granted bursaries completed their studies                                                               | 235                                  | 107                                  | 300                      | 233                          | -67                                                           | Under-achieved<br><br>(Less students than the projected target of 70% completed their studies. Some may have failed or dropped out)                                                                                                      |

| Programme 3: Learning programmes and projects |                                                            |                                                                  |                                      |                                      |                          |                              |                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-----------------------------------------------|------------------------------------------------------------|------------------------------------------------------------------|--------------------------------------|--------------------------------------|--------------------------|------------------------------|---------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| NSDP Outcome 2                                | Output                                                     | Output indicator (OI)                                            | Audited actual achievement (2019/20) | Audited actual achievement (2020/21) | Planned target (2021/22) | Actual achievement (2021/22) | Deviation from planned target to actual achievement (2021/22) | Reasons for deviation                                                                                                                                                                                                                                                                                                                                                                                                                                |
|                                               | 2 320 bursaries awarded to the students (renewals)         | Number of bursaries awarded to students (renewals)               | 1 002                                | 585                                  | 2 320                    | 524                          | -1 796                                                        | <p>Under-achieved</p> <p>(Students who were funded by the ETDP SETA in their initial years of study may have opted for other sources of funding in the subsequent years. ETDP SETA needs to find out the reasons through evaluation studies)</p> <p>There were also delays in receiving the required evidence for students participating in the ETDP SETA funded bursary scheme and could not report achievements in the 2021/22 financial year.</p> |
|                                               | 250 people with disabilities enrolled in skills programmes | Number of people with disabilities enrolled in skills programmes | 300                                  | 250                                  | 250                      | 250                          | -                                                             | None                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

| Programme 3: Learning programmes and projects                |                                                                                  |                                                                                        |                                      |                                      |                          |                              |                                                               |                                                                                                                                                                           |
|--------------------------------------------------------------|----------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|--------------------------|------------------------------|---------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| NSDP Outcome 3                                               | Output                                                                           | Output indicator (OI)                                                                  | Audited actual achievement (2019/20) | Audited actual achievement (2020/21) | Planned target (2021/22) | Actual achievement (2021/22) | Deviation from planned target to actual achievement (2021/22) | Reasons for deviation                                                                                                                                                     |
| Improving the level of skills in the South African workforce | DBE and other Department Skills Development projects implemented                 | Number of DBE and other Departments Skills Development projects in place               | -                                    | 8                                    | 10                       | 12                           | +2                                                            | Over-achieved<br><br>(Two more partnership projects were entered into with the DBE and DHET to implement two additional partnership projects due to a need on the ground) |
|                                                              | 720 workers from constituent employers enrolled in skills development programmes | Number of workers from constituent employers enrolled in skills development programmes | 14 011                               | 7 389                                | 720                      | 1 301                        | +581                                                          | Over-achieved<br><br>(More learners were enrolled in various programmes through partnerships within the allocated budget.)                                                |
|                                                              | 3 640 workers completed skills development programmes                            | Number of workers completed skills development programmes                              | 12 384                               | 10 447                               | 3 640                    | 5 173                        | +1 533                                                        | Over-achieved<br><br>(This is attributed to the projects implemented through partnerships with the ETDP SETA's strategic partners in the prior year.)                     |

| Programme 3: Learning programmes and projects |                                                            |                                                                  |                                      |                                      |                          |                              |                                                               |                                                                                                                                            |
|-----------------------------------------------|------------------------------------------------------------|------------------------------------------------------------------|--------------------------------------|--------------------------------------|--------------------------|------------------------------|---------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|
| NSDP Outcome 3                                | Output                                                     | Output indicator (OI)                                            | Audited actual achievement (2019/20) | Audited actual achievement (2020/21) | Planned target (2021/22) | Actual achievement (2021/22) | Deviation from planned target to actual achievement (2021/22) | Reasons for deviation                                                                                                                      |
|                                               | 26 partnership projects established with HEIs through USAf | Number of partnerships established with public HEIs through USAf | 9                                    | 26                                   | 26                       | 26                           | -                                                             | None                                                                                                                                       |
|                                               | 20 partnership projects established with private HEIs      | Number of partnerships established with private HEIs             | 24                                   | -                                    | 20                       | 23                           | +3                                                            | Over-achieved<br><br>(Two additional partnerships were established within the budget due to a need identified during the reporting period) |

| Programme 3: Learning programmes and projects   |                                                               |                                                                       |                                      |                                      |                          |                              |                                                               |                       |
|-------------------------------------------------|---------------------------------------------------------------|-----------------------------------------------------------------------|--------------------------------------|--------------------------------------|--------------------------|------------------------------|---------------------------------------------------------------|-----------------------|
| NSDP Outcome 5                                  | Output                                                        | Output indicator (OI)                                                 | Audited actual achievement (2019/20) | Audited actual achievement (2020/21) | Planned target (2021/22) | Actual achievement (2021/22) | Deviation from planned target to actual achievement (2021/22) | Reasons for deviation |
| Support the growth of the public college system | 50 TVET partnerships established                              | Number of TVET partnerships established                               | 38                                   | 48                                   | 50                       | 50                           | -                                                             | None                  |
|                                                 | 9 CET colleges funded to implement digital learning platforms | Number of CET colleges funded to implement digital learning platforms | -                                    | -                                    | 9                        | 9                            | -                                                             | None                  |

| Programme 3: Learning programmes and projects                                |                                                          |                                                                 |                                      |                                      |                          |                              |                                                               |                       |
|------------------------------------------------------------------------------|----------------------------------------------------------|-----------------------------------------------------------------|--------------------------------------|--------------------------------------|--------------------------|------------------------------|---------------------------------------------------------------|-----------------------|
| NSDP Outcome 6                                                               | Output                                                   | Output indicator (OI)                                           | Audited actual achievement (2019/20) | Audited actual achievement (2020/21) | Planned target (2021/22) | Actual achievement (2021/22) | Deviation from planned target to actual achievement (2021/22) | Reasons for deviation |
| Skills development support for entrepreneurship and co-operative development | 15 CBOs/ NGOs/NPOs supported with training interventions | Number of CBOs/NGOs/ NPOs supported with training interventions | 63                                   | -                                    | 15                       | 15                           | -                                                             | None                  |
|                                                                              | 20 co-operatives supported with training interventions   | Number of co-operatives supported with training interventions   | 42                                   | -                                    | 20                       | 20                           | -                                                             | None                  |

| Programme 3: Learning programmes and projects |                                             |                                                    |                                      |                                      |                          |                              |                                                               |                       |
|-----------------------------------------------|---------------------------------------------|----------------------------------------------------|--------------------------------------|--------------------------------------|--------------------------|------------------------------|---------------------------------------------------------------|-----------------------|
| NSDP Outcome 8                                | Output                                      | Output indicator (OI)                              | Audited actual achievement (2019/20) | Audited actual achievement (2020/21) | Planned target (2021/22) | Actual achievement (2021/22) | Deviation from planned target to actual achievement (2021/22) | Reasons for deviation |
| Support career development services           | 50 career development practitioners trained | Number of career development practitioners trained | 20                                   | 25                                   | 50                       | 50                           | -                                                             | None                  |

### Changes to planned targets

In the last quarter of the financial year, more targets were allocated, however, projects could not be implemented by 31 March 2022 and therefore could not be reported. They will be reported in the 2022/23 financial year.

The challenges resulted in under-performance.

- High dropout rates by unemployed beneficiaries who enrolled in learnership programmes
- Students who were funded by the ETDP SETA in their initial years of study opting for other sources of funding in the subsequent years and not meeting the SETA requirements to have their bursaries renewed
- Students not passing all their registered modules.

### Linking performance with budgets

| Sub-programme                                         | Budget<br>(2020/21) | Actual<br>expenditure<br>(2020/21) | Commitment<br>(2020/21) | Variance<br>(2020/21) | Budget<br>(2021/22) | Actual<br>expenditure<br>(2021/22) | Commitment<br>(2021/22) | Variance<br>(2021/22) |
|-------------------------------------------------------|---------------------|------------------------------------|-------------------------|-----------------------|---------------------|------------------------------------|-------------------------|-----------------------|
|                                                       | (R'000)             | (R'000)                            | (R'000)                 | (R'000)               | (R'000)             | (R'000)                            | (R'000)                 | (R'000)               |
| Employed learning programmes                          | 96 128              | 20 731                             | 77 459                  | (2 062)               | 36 000              | 17 865                             | 18 135                  | (18 135)              |
| Unemployed learning programmes and student programmes | 272 347             | 144 653                            | 130 224                 | (1 530)               | 381 950             | 44 579                             | 297 067                 | (337 371)             |
| CBO/NGO/NPO partnership projects                      | 1 075               | -                                  | 700                     | 375                   | 1 500               | 448                                | 1 052                   | (1 052)               |
| TVET and CET college partnership projects             | 1 578               | 937                                | 321                     | 320                   | 25 499              | 13 624                             | 11 875                  | (11 875)              |
| Public HEI partnership projects                       | -*                  | -                                  | -                       | -                     | 50 170              | 1 262                              | 48 908                  | (48 908)              |
| Private HEI partnership projects                      | -*                  | -                                  | -                       | -                     | 20 000              | 1 656                              | 18 344                  | (18 344)              |
| DBE and other departments' partnership projects       | 214 730             | 8 135                              | 182 465                 | 24 130                | 190 000             | 52 451                             | 183 773                 | (137 549)             |
| Co-operatives                                         | -                   | -                                  | -                       | -                     | 10 532              | 0                                  | 4 700                   | (10 532)              |
| <b>Grand total (DG)</b>                               | <b>585 858</b>      | <b>174 456</b>                     | <b>391 169</b>          | <b>21 233</b>         | <b>715 651</b>      | <b>131 885</b>                     | <b>583 814</b>          | <b>(583 766)</b>      |

### Strategy to overcome areas of underperformance

| Output indicator # | Output indicator                                               | Strategy to overcome areas of underperformance                                                                                                                                            |
|--------------------|----------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3.2                | Number of TVET students completed their WIL programmes         | A monitoring plan will be put in place to continuously monitor the programme's completion rates. The plan will also include the expected timelines to report completions.                 |
| 3.4                | Number of unemployed graduates completed internship programmes |                                                                                                                                                                                           |
| 3.5                | Number of unemployed learners completed learnership programmes |                                                                                                                                                                                           |
| 3.10               | Number of bursaries awarded to students (renewals)             | Since the planned number of beneficiary renewals was less than expected, continuous monitoring of the students' progress will be put in place to track progress during the academic year. |

### Institutional response to COVID-19

The effect of COVID-19 was responded to by the institution through the provision of digital learning devices for learners to access learning online.

#### 11.4. Programme 4: Quality Assurance

##### Purpose

The purpose of this programme is to ensure quality provisioning of occupationally directed programmes for occupations in high demand.

##### Sub-programmes

This programme comprises of the following sub-programmes:

- Qualification development: The purpose of this sub-programme is to develop quality occupational qualifications, which are responsive to occupations in high demand.
- Recognition of Prior Learning (RPL) enrolments: The purpose of this sub-programme is to enrol candidates in RPL programmes to fast-track the awarding of qualifications.
- Recognition of Prior Learning (RPL) completions: The purpose of this sub-programme is to fast-track the awarding of qualifications through RPL processes.

- Learning programme evaluation: The purpose of this sub-programme is to ensure quality provisioning of learning programmes delivered through various modes of delivery/approaches.
- Workplace learning site approval: The purpose of this sub-programme is to create an enabling environment for the implementation of workplace learning opportunities for occupations in high demand.

##### Outcome

Increased access to occupationally directed programmes.

##### Actual achievements

This programme had five targets which were all achieved, translating to 100% achievement:

- Three occupational qualifications were developed aimed at increasing absorption of employees in the labour market for occupations in high demand. These occupational qualifications are:

- i. Advanced Occupational Certificate: Learning and Development Professional, NQF Level 6, Credits 280;
  - ii. Advanced Occupational Certificate: Orientation and Mobility, NQF Level 6, Credits 275; and
  - iii. National Occupational Certificate: Shop Steward, NQF Level 4, Credits 125.
- Two hundred (200) candidates were enrolled in the RPL programmes to obtain qualifications in a shorter period by recognising the prior knowledge they have.
- One hundred and sixty-six (166) candidates enrolled in the RPL programme, completed the programme and were awarded with the qualifications to promote employability in the labour market.
- A total of 740 learning programmes were evaluated to increase the number of accredited learning programmes to support the delivery of learnerships and skills programmes.
- Ten workplace learning sites were approved as compliant to ensure they meet the requirements that are conducive for structured work experience programmes which provide opportunities for students to get first-hand, on the job experience.



#### Programme 4: Outcomes, Outputs, Output indicators and Actual achievements

| Programme 4: Quality Assurance                        |                                                                                  |                                                                                          |                                      |                                      |                          |                              |                                                               |                                                                                                                                          |
|-------------------------------------------------------|----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|--------------------------|------------------------------|---------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| Outcome                                               | Output                                                                           | Output indicator (OI)                                                                    | Audited actual achievement (2019/20) | Audited actual achievement (2020/21) | Planned target (2021/22) | Actual achievement (2021/22) | Deviation from planned target to actual achievement (2021/22) | Reasons for deviation                                                                                                                    |
| Increase access to occupationally directed programmes | 3 occupational qualifications promoting occupations in high demand are developed | Number of occupational qualifications promoting occupations in high demand are developed | -                                    | -                                    | 3                        | 3                            | None                                                          | -                                                                                                                                        |
|                                                       | 200 candidates are enrolled in RPL programme                                     | Number of candidates enrolled in RPL programme                                           | 151                                  | 200                                  | 200                      | 200                          | None                                                          | -                                                                                                                                        |
|                                                       | 140 candidates completed RPL programme                                           | Number of candidates completed RPL programme                                             | 229                                  | 141                                  | 140                      | 166                          | +26                                                           | Over-achieved<br><br>(More learners than the 70% planned targets, complied with RPL assessment requirements and were declared competent) |
|                                                       | 420 learning programmes evaluated                                                | Number of learning programmes evaluated                                                  | -                                    | -                                    | 420                      | 740                          | +320                                                          | Over-achieved<br><br>(More learning programmes than planned were received and processed)                                                 |

| Programme 4: Quality Assurance |                                                                               |                                                                                      |                                      |                                      |                          |                              |                                                               |                       |
|--------------------------------|-------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|--------------------------|------------------------------|---------------------------------------------------------------|-----------------------|
| Outcome                        | Output                                                                        | Output indicator (OI)                                                                | Audited actual achievement (2019/20) | Audited actual achievement (2020/21) | Planned target (2021/22) | Actual achievement (2021/22) | Deviation from planned target to actual achievement (2021/22) | Reasons for deviation |
|                                | 10 work-integrated learning sites for occupations in high demand are approved | Number of work-integrated learning sites for occupations in high demand are approved | -                                    | -                                    | 10                       | 10                           | None                                                          | -                     |

### Changes to planned targets

None

### Linking performance with budgets

| Output indicators                                                                        | 2020-2021 |                    |                          | 2021-2022    |              |                    |                          |
|------------------------------------------------------------------------------------------|-----------|--------------------|--------------------------|--------------|--------------|--------------------|--------------------------|
|                                                                                          | Budget    | Actual expenditure | (Over)/Under-expenditure | Budget       | Commitment   | Actual expenditure | (Over)/Under-expenditure |
|                                                                                          | R'000     | R'000              | R'000                    | R'000        | R'000        | R'000              | R'000                    |
| Number of occupational qualifications promoting occupations in high demand are developed | -         | -                  | -                        | 1 500        | -            | 470                | (1 030)                  |
| Number of candidates enrolled in RPL programme                                           | -         | -                  | -                        | -            | -            | -                  | -                        |
| Number of candidates completed qualifications through RPL programme                      | -         | -                  | -                        | 3 200        | 3 200*       | 1 300              | (1 900)                  |
| Number of learning programmes evaluated                                                  | -         | -                  | -                        | 500          | -            | 1 674              | 1 174                    |
| Number of work-integrated learning sites for occupations in high demand are approved     | -         | -                  | -                        | 500          | -            | -                  | (500)                    |
| <b>TOTAL</b>                                                                             | -         | -                  | -                        | <b>5 700</b> | <b>3 200</b> | <b>3 444</b>       | <b>(2 256)</b>           |

\*Funded from discretionary grant

### Strategies to overcome areas of underperformance

None

## Institutional response to COVID-19 pandemic

As a continuation to rendering quality assurance services to clients, during the COVID-19 pandemic, ETDP SETA maintained and improved the mechanisms to electronically receive and process applications for:

- accreditation of skills development providers to deliver learning programmes using various remote learning methodologies
- external moderation of assessment results submitted by the skills development providers for approval.

| Sub-programme                  | Intervention                          | Geographical location | No. of beneficiaries             | Disaggregation of beneficiaries | Total budget allocation (R'00) | Budget spent per intervention | Contribution to the output in the APP                                                                      | Immediate outcome                                                                                   |
|--------------------------------|---------------------------------------|-----------------------|----------------------------------|---------------------------------|--------------------------------|-------------------------------|------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| Learning programmes evaluation | Multimodal remote learning strategies | Nationally            | 17 skills development providers  | -                               | -                              | -                             | 95 learning programmes were approved to be delivered through various multimodal remote learning strategies | Skills development providers were able to deliver accredited learning programmes during this period |
|                                | Online external moderation            | Nationally            | 201 skills development providers | -                               | -                              | -                             | 19 909 Certificates of Competence were printed and issued                                                  | Learners received their Certificates of Competence during this period                               |

Summary of the ETDP SETA's performance against the service level agreement signed with DHET:

| ETDP SETA - PERFORMANCE INFORMATION 2021-22 (Quarter 1-4)      |                                                                                                      |                                                                                                                 |                         |                      |                      |                      |                      |                               |                  |          |                                |
|----------------------------------------------------------------|------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|-------------------------|----------------------|----------------------|----------------------|----------------------|-------------------------------|------------------|----------|--------------------------------|
| NSDP outcomes                                                  | NSDP sub-outcomes                                                                                    | Output indicators                                                                                               | APP/SLA targets 2021-22 | Total achieved at Q1 | Total achieved at Q2 | Total achieved at Q3 | Total achieved at Q4 | Overall achieved (cumulative) | Achievement in % | Variance | 2021/22 APP output indicator # |
| Identify and increase production of occupations in high demand | National enrolment and resource ratios for the high, intermediate and elementary skills level        | Percentage of discretionary grant budget allocated at developing high, intermediate and elementary level skills | 92%                     | 92%                  | 0                    | 0                    | 0                    | 92%                           | 100%             | 0        | 0                              |
|                                                                | Identification of interventions required to improve enrolment and completion of priority occupations | Number of WSPs and ATRs approved for small firms                                                                | 660                     | 647                  | 21                   | 0                    | 0                    | 668                           | 101%             | 8        | 2 (c)                          |
|                                                                |                                                                                                      | Number of WSPs and ATRs approved for medium firms                                                               | 280                     | 283                  | 14                   | 0                    | 0                    | 297                           | 106%             | 17       | 2 (c)                          |
|                                                                |                                                                                                      | Number of WSPs and ATRs approved for large firms                                                                | 160                     | 180                  | 5                    | 0                    | 0                    | 185                           | 116%             | 25       | 2 (c)                          |

| ETDP SETA - PERFORMANCE INFORMATION 2021-22 (Quarter 1-4) |                   |                                                                                                                |                         |                      |                      |                      |                      |                               |                  |          |                                |
|-----------------------------------------------------------|-------------------|----------------------------------------------------------------------------------------------------------------|-------------------------|----------------------|----------------------|----------------------|----------------------|-------------------------------|------------------|----------|--------------------------------|
| NSDP outcomes                                             | NSDP sub-outcomes | Output indicators                                                                                              | APP/SLA targets 2021-22 | Total achieved at Q1 | Total achieved at Q2 | Total achieved at Q3 | Total achieved at Q4 | Overall achieved (cumulative) | Achievement in % | Variance | 2021/22 APP output indicator # |
|                                                           |                   | SETAs identify through skills planning research, established and emergent co-operative, and their skills needs | 0                       | 0                    | 0                    | 0                    | 0                    | 0                             | 0%               | 0        | 0                              |
|                                                           |                   | SETAs through their skills planning research, identify skills needs of small and emerging enterprises          | 0                       | 0                    | 0                    | 0                    | 0                    | 0                             | 0%               | 0        | 0                              |

## ETDP SETA - PERFORMANCE INFORMATION 2021-22 (Quarter 1-4)

| NSDP outcomes                       | NSDP sub-outcomes                                           | Output indicators                                                                           | APP/SLA targets 2021-22 | Total achieved at Q1 | Total achieved at Q2 | Total achieved at Q3 | Total achieved at Q4 | Overall achieved (cumulative) | Achievement in % | Variance | 2021/22 APP output indicator # |
|-------------------------------------|-------------------------------------------------------------|---------------------------------------------------------------------------------------------|-------------------------|----------------------|----------------------|----------------------|----------------------|-------------------------------|------------------|----------|--------------------------------|
| Linking education and the workplace | Opening of workplace-based learning opportunities increased | Number of TVET students requiring WIL to complete their qualifications placed in workplaces | 500                     | 278                  | 227                  | 0                    | 34                   | 539 <sup>1</sup>              | 108%             | 39       | 3.1                            |
|                                     |                                                             | Number of TVET students completed their WIL placements                                      | 245                     | 11                   | 0                    | 1                    | 211                  | 223                           | 91%              | -22      | 3.2                            |
|                                     |                                                             | Number of students requiring WIL to complete their qualifications placed in workplaces      | 0                       | 0                    | 0                    | 0                    |                      | 0                             | 0%               | 0        | 0                              |
|                                     |                                                             | Number of university students completed their WIL placements                                | 0                       | 0                    | 0                    | 0                    |                      | 0                             | 0%               | 0        | 0                              |

<sup>1</sup> 539 is made up of 509 (3.1) and 30 (3.12)

| ETDP SETA - PERFORMANCE INFORMATION 2021-22 (Quarter 1-4) |                   |                                                                   |                         |                      |                      |                      |                      |                               |                  |          |                                |
|-----------------------------------------------------------|-------------------|-------------------------------------------------------------------|-------------------------|----------------------|----------------------|----------------------|----------------------|-------------------------------|------------------|----------|--------------------------------|
| NSDP outcomes                                             | NSDP sub-outcomes | Output indicators                                                 | APP/SLA targets 2021-22 | Total achieved at Q1 | Total achieved at Q2 | Total achieved at Q3 | Total achieved at Q4 | Overall achieved (cumulative) | Achievement in % | Variance | 2021/22 APP output indicator # |
|                                                           |                   | Number of unemployed learners enrolled in internships             | 800                     | 209                  | 368                  | 240                  | 943                  | 1 760 <sup>2</sup>            | 220%             | 960      | 3.3                            |
|                                                           |                   | Number of unemployed learners completed internship                | 1 412                   | 654                  | 341                  | 0                    | 348                  | 1 343                         | 95%              | -69      | 3.4                            |
|                                                           |                   | Number of unemployed learners enrolled in skills programmes       | 1 000                   | 0                    | 0                    | 0                    | 1 127                | 1 127                         | 113%             | 127      | 3.6                            |
|                                                           |                   | Number of unemployed learners completed skills programmes         | 525                     | 27                   | 150                  | 408                  | 881                  | 1 466                         | 279%             | 941      | 3.7                            |
|                                                           |                   | Number of unemployed learners enrolled in learnerships programmes | 0                       | 0                    | 0                    | 0                    | 0                    | 0                             | 0%               | 0        | 0                              |

<sup>2</sup> 1 760 is made up of 865 (3.3), 779 (3.12), 94 (3.15) and 22 (3.16)

| ETDP SETA - PERFORMANCE INFORMATION 2021-22 (Quarter 1-4)    |                                                                                                                                                                                                                                                                                            |                                                                 |                         |                      |                      |                      |                      |                               |                  |          |                                |
|--------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|-------------------------|----------------------|----------------------|----------------------|----------------------|-------------------------------|------------------|----------|--------------------------------|
| NSDP outcomes                                                | NSDP sub-outcomes                                                                                                                                                                                                                                                                          | Output indicators                                               | APP/SLA targets 2021-22 | Total achieved at Q1 | Total achieved at Q2 | Total achieved at Q3 | Total achieved at Q4 | Overall achieved (cumulative) | Achievement in % | Variance | 2021/22 APP output indicator # |
|                                                              |                                                                                                                                                                                                                                                                                            | Number of unemployed learners completed learnerships programmes | 2 000                   | 63                   | 214                  | 59                   | 537                  | 873                           | 44%              | -1 127   | 3.5                            |
| Improving the level of skills in the South African workforce | To increase workers participating in various learning programmes to a minimum of 80% by 2030, to address critical skills required by various sectors of the economy, to transform workplaces, improve productivity and improve economic growth prospects in various sectors of the economy | Number of workers enrolled in skills development programmes     | 720                     | 0                    | 0                    | 224                  | 5 557                | 5 781 <sup>3</sup>            | 803%             | 5 061    | 3.13                           |
|                                                              |                                                                                                                                                                                                                                                                                            | Number of workers completed skills development programmes       | 3 640                   | 1 851                | 246                  | 456                  | 2 620                | 5 173                         | 142%             | 1 533    | 3.14                           |
|                                                              |                                                                                                                                                                                                                                                                                            | Number of workers granted bursaries completed their studies     | 0                       | 0                    | 0                    | 0                    | 0                    | 0                             | 0%               | 0        | 0                              |
|                                                              |                                                                                                                                                                                                                                                                                            | Number of workers enrolled in skills programmes                 | 0                       | 0                    | 0                    | 0                    | 0                    | 0                             | 0%               | 0        | 0                              |
|                                                              |                                                                                                                                                                                                                                                                                            | Number of workers completed skills programmes                   | 0                       | 0                    | 0                    | 0                    | 0                    | 0                             | 0%               | 0        | 0                              |

<sup>3</sup> 5 781 is made up of 1 301 (3.13), 204 (3.19), 100 (3.20), 2 123 (3.12), 1 712 (3.15) and 341 (3.16)

| ETDP SETA - PERFORMANCE INFORMATION 2021-22 (Quarter 1-4) |                                                        |                                                                         |                         |                      |                      |                      |                      |                               |                  |          |                                |
|-----------------------------------------------------------|--------------------------------------------------------|-------------------------------------------------------------------------|-------------------------|----------------------|----------------------|----------------------|----------------------|-------------------------------|------------------|----------|--------------------------------|
| NSDP outcomes                                             | NSDP sub-outcomes                                      | Output indicators                                                       | APP/SLA targets 2021-22 | Total achieved at Q1 | Total achieved at Q2 | Total achieved at Q3 | Total achieved at Q4 | Overall achieved (cumulative) | Achievement in % | Variance | 2021/22 APP output indicator # |
| Increase access to occupational directed programmes       | Increase access for intermediate and high-level skills | Number of unemployed learners granted bursaries (new enrolments)        | 600                     | 0                    | 0                    | 0                    | 1 338                | 1 338 <sup>4</sup>            | 223%             | 738      | 3.8                            |
|                                                           |                                                        | Number of unemployed learners granted bursaries (continuing)            | 2 320                   | 0                    | 0                    | 0                    | 524                  | 524                           | 23%              | -1 796   | 3.10                           |
|                                                           |                                                        | Number of unemployed learners granted bursaries completed their studies | 300                     | 51                   | 14                   | 38                   | 133                  | 233                           | 78%              | -67      | 3.9                            |
|                                                           |                                                        | Number of learners enrolled in RPL/ARPL                                 | 200                     | 0                    | 0                    | 200                  | 0                    | 200                           | 100%             | 0        | 4.2                            |
|                                                           |                                                        | Number of learners completed RPL/ARPL                                   | 140                     | 0                    | 145                  | 21                   | 0                    | 166                           | 119%             | 26       | 4.3                            |
|                                                           |                                                        | Number of TVET partnerships established                                 | 50                      | 35                   | 12                   | 0                    | 3                    | 50                            | 100%             | 0        | 3.17                           |

<sup>4</sup> 1 338 is made up of 1 258 (3.8) and 80 (3.12)

| ETDP SETA - PERFORMANCE INFORMATION 2021-22 (Quarter 1-4) |                           |                                                                            |                         |                      |                      |                      |                      |                               |                  |          |                                |
|-----------------------------------------------------------|---------------------------|----------------------------------------------------------------------------|-------------------------|----------------------|----------------------|----------------------|----------------------|-------------------------------|------------------|----------|--------------------------------|
| NSDP outcomes                                             | NSDP sub-outcomes         | Output indicators                                                          | APP/SLA targets 2021-22 | Total achieved at Q1 | Total achieved at Q2 | Total achieved at Q3 | Total achieved at Q4 | Overall achieved (cumulative) | Achievement in % | Variance | 2021/22 APP output indicator # |
|                                                           |                           | Number of public HEI partnerships established                              | 26                      | 0                    | 12                   | 11                   | 3                    | 26                            | 100%             | 0        | 3.15                           |
|                                                           |                           | Number of private HEI partnerships established                             | 20                      | 0                    | 0                    | 1                    | 22                   | 23                            | 115%             | 3        | 3.16                           |
|                                                           |                           | Number of CET partnerships established                                     | 9                       | 0                    | 0                    | 0                    | 9                    | 9                             | 100%             | 0        | 3.18                           |
|                                                           |                           | Number of SETA-Employer partnerships established                           | 10                      | 2                    | 4                    | 0                    | 6                    | 12                            | 120%             | 2        | 3.12                           |
| Support the growth of the public college system           | Support the TVET colleges | Number of SETA offices established and maintained in TVET colleges         | 0                       | 0                    | 0                    | 0                    | 0                    | 0                             | 0%               | 0        | 0                              |
|                                                           |                           | Number of Centres of Specialisation supported                              | 0                       | 0                    | 0                    | 0                    | 0                    | 0                             | 0%               | 0        | 0                              |
|                                                           |                           | Number of TVET lecturers exposed to the industry through skills programmes | 0                       | 0                    | 0                    | 0                    | 0                    | 0                             | 0%               | 0        | 0                              |

| ETDP SETA - PERFORMANCE INFORMATION 2021-22 (Quarter 1-4)                    |                                                                                                                                  |                                                                                  |                         |                      |                      |                      |                      |                               |                  |          |                                |
|------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|-------------------------|----------------------|----------------------|----------------------|----------------------|-------------------------------|------------------|----------|--------------------------------|
| NSDP outcomes                                                                | NSDP sub-outcomes                                                                                                                | Output indicators                                                                | APP/SLA targets 2021-22 | Total achieved at Q1 | Total achieved at Q2 | Total achieved at Q3 | Total achieved at Q4 | Overall achieved (cumulative) | Achievement in % | Variance | 2021/22 APP output indicator # |
|                                                                              |                                                                                                                                  | TVET colleges infrastructure development (equipment/ workshops)                  | 0                       | 0                    | 0                    | 0                    | 0                    | 0                             | 0%               | 0        | 0                              |
| Skills development support for entrepreneurship and co-operative development | To increase skills development support for entrepreneurial activities and the establishment of new enterprises and co-operatives | Number of co-operatives supported with training interventions or funded          | 20                      | 0                    | 0                    | 0                    | 20                   | 20                            | 100%             | 0        | 3.20                           |
|                                                                              |                                                                                                                                  | Number of CBOs/NGOs/ NPOs supported with training interventions or funded        | 15                      | 1                    | 0                    | 7                    | 7                    | 15                            | 100%             | 0        | 3.19                           |
| Support career development services                                          |                                                                                                                                  | Number of career development events in urban areas on occupations in high demand | 0                       | 0                    | 0                    | 0                    | 0                    | 0                             | 0%               | 0        | 0                              |
|                                                                              |                                                                                                                                  | Number of career development events in rural areas on occupations in high demand | 0                       | 0                    | 0                    | 0                    | 0                    | 0                             | 0%               | 0        | 0                              |

## ETDP SETA - PERFORMANCE INFORMATION 2021-22 (Quarter 1-4)

| NSDP outcomes     | NSDP sub-outcomes | Output indicators                                  | APP/SLA targets 2021-22 | Total achieved at Q1 | Total achieved at Q2 | Total achieved at Q3 | Total achieved at Q4 | Overall achieved (cumulative) | Achievement in % | Variance | 2021/22 APP output indicator # |
|-------------------|-------------------|----------------------------------------------------|-------------------------|----------------------|----------------------|----------------------|----------------------|-------------------------------|------------------|----------|--------------------------------|
|                   |                   | Number of career development practitioners trained | 50                      | 0                    | 50                   | 0                    | 0                    | 50                            | 200%             | 25       | 3.21                           |
| Governance        |                   | Quarterly SETA Good Governance report              | 4                       | 1                    | 1                    | 1                    | 1                    | 4                             | 100%             | 0        | 0                              |
| Rural development |                   | Number of rural development projects initiated     | 3                       | 0                    | 0                    | 0                    | 3                    | 3                             | 100%             | 0        | 0                              |
|                   |                   | <b>Number of SLA targets</b>                       | <b>28</b>               |                      |                      |                      |                      |                               |                  |          |                                |
|                   |                   | <b>Number of SLA targets achieved</b>              | <b>25</b>               |                      |                      |                      |                      |                               |                  |          |                                |
|                   |                   | <b>Achievement in %</b>                            | <b>89%</b>              |                      |                      |                      |                      |                               |                  |          |                                |

## 12 Revenue Collection

### Detailed below is how the ETDP SETA derives its revenue

Based on section 3(1) and 3(4) of the Skills Development Levies Act (SDLA) No. 9 of 1999, as amended, registered member companies of the ETDP SETA pay a skills development levy of 1% of the total payroll cost to SARS, which collects the levies on behalf of the DHET. Companies with an annual payroll cost less than R500 000 are exempted in accordance with section 4(b) of the SDLA (1999) as amended, effective 1 August 2005.

In terms of the DPSA circular, circular HRD 1 of 2013, all government departments are required to set aside a minimum of 1% of the total department's annual personnel budget for training and development of personnel and potential employees. A total of 30% of the 1% is appropriated to the SETA under which the department belongs. For departments belonging to more than one SETA, a 30% levy contribution is apportioned proportionally amongst those SETAs.

The ETDP SETA receives contributions from the Department of Basic Education, nine Provincial Departments of Education, and the Department of Higher Education and Training to cover levy contributions pertaining to Technical, Vocational Education and Training Colleges (TVETs) and Community Education and Training Colleges (CETs).



The table below depicts the revenue collection status of the SETA for the year:

|                            | 2021/22<br>R'000 |                         |                         | 2020/21<br>R'000 |                         |                         |
|----------------------------|------------------|-------------------------|-------------------------|------------------|-------------------------|-------------------------|
| Sources of revenue         | Estimate         | Actual amount collected | (Under)/Over collection | Estimate         | Actual amount collected | (Under)/Over collection |
| Levies from employers      | 510 556          | 644 415                 | 133 859                 | 349 285          | 415 074                 | 65 789                  |
| Departmental contributions | 479 367          | 369 808                 | (109 559)               | 292 510          | 318 942                 | 26 432                  |
| Investment income          | 75 556           | 45 404                  | (30 152)                | 54 751           | 43 398                  | (11 353)                |
| Other income               | 0                | 62                      | 62                      | 0                | 110                     | 110                     |
| <b>Total</b>               | <b>1 065 479</b> | <b>1 059 689</b>        | <b>5 790</b>            | <b>696 546</b>   | <b>777 524</b>          | <b>80 978</b>           |

ETDP SETA collected 0.5% less revenue than anticipated during the year. Even though there was a shortfall in revenue collected from the government departments of education, this was augmented by an increased revenue from levy paying employers.

The SETA continues to engage the respective departments to honour the 30% payments and hopes to see improvement in future revenue collection.

Investment income was lower than budgeted due to lower interest rates during the year as the Reserve Bank cut down interest rates to cushion the economy from the effects of COVID-19. There is an expected improvement in the foreseeable future as the economy slowly recovers.

## 13 Capital Investment

There was no capital investment or additions to non-current assets in the 2021/22 financial year.



# Governance

## 14 Governance

### 14.1. Introduction

The ETDP SETA is a Schedule 3A public entity in terms of the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) as amended, and is governed by the standard Constitution which was determined by the Minister of Higher Education, Science and Innovation and gazetted by Parliament (Government Notice R1399 in Government Gazette No. 24035).

The Accounting Authority (AA) and its structures abide by corporate governance principles that are embodied in the various legislative frameworks, regulations, and reports such as the Companies Act and King IV™ Report.

### 14.2. Portfolio Committee

The Parliamentary Portfolio Committee on Higher Education and Training has an oversight role on public entities of Department of Higher Education, Science and Innovation. The ETDP SETA was not requested to present to the Portfolio Committee for the year under review

### 14.3. Executive Authority

The Executive Authority of the ETDP SETA is the Minister of Higher Education, Science and Innovation. The Executive Authority appointed the Accounting Authority from constituencies of the ETD Sector. The appointment of the Accounting Authority was effective from 1 April 2020 to the 31st of March 2025.

The Significance and Materiality Framework and the budget were approved by the Executive Authority. A Service Level Agreement (SLA) which regulates the delivery of the agreed targets between the SETA and the Department of Higher Education and Training was approved by the Director General.

All quarterly reports were submitted to the Executive Authority and Accounting authorities on the dates as stipulated by the Compliance Calendar of 2021.2022

#### 14.4. The Accounting Authority (The Board)

##### Introduction

The purpose of the Accounting Authority is to provide strategic leadership and oversight to ensure that the ETD P SETA fulfils its mandate and realises its vision and mission.

The AA execute its functions and powers as outlined in the Standard Constitution of the SETAs (2011) as follows:

- govern and manage the SETA
- ensure that the SETA achieves the objectives of the Constitution and performs the functions in clause 6 of the Constitution
- provide effective leadership and ensure that the SETA implements the goals of the NSDP and the Performance Agreement with the Minister who serves as the executive authority for the entity
- to set a strategic direction for the SETA
- liaise with stakeholders
- ensure that the SETA complies with the relevant statutory requirements and the requirements of the Constitution
- manage institutional risk
- monitor the performance of the SETA and
- apply for the establishment of the SETA in terms of section 9(1) of the Act, read together with the Regulations Regarding the Establishment of Sector Education and Training Authorities, 7 September 1999, as amended by General Notice R106 in the Government Gazette 27254 of February 2005.

#### 14.5. Accounting Authority Charter

- The Accounting Authority complies with the approved governance charter and provides performance and financial reports quarterly to Department of Higher Education, Science and Innovation as per the prescribed template that was provided to all SETAs.

- The Charter outlines the Accounting Authority's responsibility with regards to the adoption of strategic plans,
  - monitoring of operational performance and management, determination of policy processes to ensure the integrity of the public entity risk management and internal controls, communication policy, and director selection, orientation and evaluation; and
  - The Accounting Authority meets on a quarterly basis to ensure that their functions are executed as outlined in the Constitution and the Accounting Authority Charter.
- 
- The ETDP SETA embarked on a Governance review in line with Corporate Governance Framework Research Institute. The evaluation report identified a few gaps that will be addressed to ensure that the oversight responsibility of the Accounting Authority is fully exercise and that all compliance requirements are met.

#### 14.6. Composition of the Board

The ETDP SETA has 15 members of the AA made up of the following constituent organisations:

- Chairperson of the AA
- Organised Employers: 6
- Organised Labour: 6
- Other: 2 (One from Professional Bodies and one from CBOs/NGOs)

#### 14.7. Governance structures

The Accounting Authority utilises governance structures that are established in terms of its Constitution. The following are governance structures of the ETDP SETA:

### **The Executive Committee**

The committee oversees the management of financial matters and the implementation of the AA approved policies.

### **The Audit Committee**

The committee monitors and reinforces the effectiveness of both the internal control system and the internal audit function as well as the scope and results of the external audit, its cost-effectiveness, the independency and objectivity of the external auditors.

### **The Finance Committee**

This committee is to performs all functions delegated to it by the Accounting Authority to ensure that the SETA meets the requirements of the Skills Development Act, the Skills Development Levies Act, Public Finance Management Act and the Treasury Regulations

### **The Human Resource Committee**

The committee advises the Accounting Authority on any matter relating to remuneration to enable the Accounting Authority to develop consistent, fair and impartial strategies, policies,

procedures and processes for the compensation of its members and staff to attract, motivate and retain talented people.

### **The ICT Governance Committee**

The purpose of the committee is to advise the Accounting Authority on all ICT related matters and compliance to ICT governance prescripts.

### **Quality Assurance Committee**

The purpose of the committee is to provide oversight on the execution of the quality assurance functions and obligations of the SETA, on behalf of the Accounting Authority.

In addition to the Governance structures, three Advisory Chambers were established from the organisational constituencies to advise the Accounting Authority on ETD sector matters. The following Chambers are in place:

#### **Schooling/ECD Chamber**

The Schooling/ECD Chamber advises the Accounting Authority on issues of policy development and implementation in the schooling and ECD sub sector.

## TVET/CET Chamber

The TVET/CET Chamber advises the Accounting Authority on issues of policy development and implementation in the TVET/CET sub-sector.

## Higher Education and Research Chamber

The Higher Education and Research Chamber is to advise the AA on issues of policy development and implementation in the Higher Education and Research sub sectors.

The table below covers the details of the AA members:

| Name & Surname | Designation | Date Appointed | Date Resigned | Qualifications                     | Area of Expertise                                                  | Board Directorship   | Other Committees | Total Number of meetings attended |
|----------------|-------------|----------------|---------------|------------------------------------|--------------------------------------------------------------------|----------------------|------------------|-----------------------------------|
| Duncan Hindle  | Chairperson | 01 April 2020  | -             | Bachelor In Education Honours      | Education Governance                                               | ETDP SETA<br>UMALUSI | EXCO             | 11/11                             |
| Simoné Geyer   | Member      | 01 April 2020  | -             | Master of Laws degree (Labour Law) | Education, Labour Law, Human Resource development and negotiations | ETDP SETA            | EXCO             | 7/11                              |

| Name & Surname           | Designation                                                    | Date Appointed | Date Resigned | Qualifications                                                                                                                         | Area of Expertise                                                                                                                                       | Board Directorship                     | Other Committees                      | Total Number of meetings attended |
|--------------------------|----------------------------------------------------------------|----------------|---------------|----------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|---------------------------------------|-----------------------------------|
| Thembisa Futshane        | Member<br>HR Committee<br>Chairperson                          | 01 April 2020  | -             | Masters in Social Change and Development<br><br>Post Graduate Certificate in Social Change and Development                             | Basic Education and PSET.<br><br>Strategic and Operational Planning<br><br>Organisational Development<br><br>Change Management<br><br>Human Development | ETDP SETA                              | Human Resource                        | 3/11                              |
| Hellen Ntlatleng         | Member                                                         | 01 April 2020  | -             | Bachelor of Arts, Education Diploma, Post Graduate course in National Leadership (GIBS)                                                | Education                                                                                                                                               | ETDP SETA<br><br>University of Limpopo | -                                     | 5/11                              |
| Mandla Mthembu           | Member<br>QAC Committee<br>Chairperson                         | 01 April 2020  | -             | Masters Degree (Kent University. UK), Bachelor of Arts (Hons)-Applied Linguistics UKZN, EASL (Canterbury Christ-Church University. UK) | Policy Analysis and Development;<br>Strategic Management;<br>OD and Scenario Planning; Research, Training and Development;<br>Operations Management.    | ETDP SETA<br><br>Fundisa Isizwe Trust  | EXCO<br><br>Quality Assurance         | 10/11                             |
| Vijayathimala Singh (Dr) | Member<br>Higher Education and Research Chamber<br>Chairperson | 01 April 2020  | -             | Doctorate in Educational Psychology                                                                                                    | Human Resource Strategy,<br><br>Governance,<br><br>Risk Management, Research and Leadership                                                             | ETDP SETA                              | Higher Education and Research Chamber | 9/11                              |

| Name & Surname    | Designation                             | Date Appointed | Date Resigned | Qualifications                                                                                            | Area of Expertise                                                          | Board Directorship                                                                                                             | Other Committees         | Total Number of meetings attended |
|-------------------|-----------------------------------------|----------------|---------------|-----------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|--------------------------|-----------------------------------|
| Linda Ingram      | Member                                  | 01 April 2020  | -             | Higher Certificate in Education                                                                           | Online learning and integrated systems<br><br>Education Business processes | ETDP SETA<br><br>APPETD<br><br>The Education Scene (Pty) LTD<br><br>Bridge 2 Loan (Pty) LTD<br><br>Round of Applause (Pty) Ltd | -                        | 9/11                              |
| Amos Vusi Monyela | Member<br>TVET/CET Chamber Chairperson  | 01 April 2020  | -             | Masters in Public Administration                                                                          | Human Resource Management                                                  | ETDP SETA                                                                                                                      | EXCO<br>TVET/CET Chamber | 7/11                              |
| Faseega Solomon   | Member<br>Schooling Chamber Chairperson | 01 April 2020  | -             | Bachelor of Arts;<br>Advanced Certificate in Education in Biological Sciences<br><br>Diploma in Education | Teacher professional Development, Curriculum and Assessment                | ETDP SETA                                                                                                                      | Schooling Chamber        | 8/11                              |
| Lindiwe Motshwane | Member<br>Finance Committee Chairperson | 01 April 2020  | -             | Postgraduate Diploma in Public Management, Advanced Certificate in Education, Diploma Labour Law          | Trade Unionism, Education, Labour Law, Public Management, Finance          | ETDP SETA                                                                                                                      | EXCO<br>Finance          | 8/11                              |
| Nolitha Mboniswa  | Member                                  | 01 April 2020  | -             | Bachelor of Arts, Higher Diploma in Education                                                             | Education, Trade Unionism                                                  | ETDP SETA                                                                                                                      | Audit                    | 11/11                             |

| Name & Surname           | Designation | Date Appointed | Date Resigned | Qualifications                                                                                                                                                                              | Area of Expertise                                                                                                     | Board Directorship                                                                                     | Other Committees | Total Number of meetings attended |
|--------------------------|-------------|----------------|---------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|------------------|-----------------------------------|
| Nkosipendule Ntantala    | AA Member   | 01 April 2020  | -             | Bachelor of Arts in Education                                                                                                                                                               | Teaching, Leadership, Management and Administration, Public Speaking, Microsoft Office, Labour Matters.               | ETDP SETA                                                                                              | ICT Governance   | 9/11                              |
| Dimakatso Moses Peo      | Member      | 01 April 2020  | -             | Master of Business Administration and Trade (Industrial Instrumentation)<br><br>National diploma Commercial Practice; Diploma Projects Management; Post graduate Certificate in Management. | Education, Trade Unionism, Labour                                                                                     | ETDP SETA                                                                                              | Remuneration     | 9/11                              |
| Thokozani Mathebula (Dr) | Member      | 01 April 2020  | -             | Doctor of Philosophy (2010), Masters in Education. (2001), Bachelor in Education (1999) & Bachelor of Arts in Education (1995-1998)                                                         | Democracy and citizenship education, African philosophy, school governance, social justice, and research in education | ETDP SETA<br><br>South African Democratic Teachers Union Journal editorial Board member (2018 to date) | -                | 9/11                              |

| Name & Surname    | Designation | Date Appointed | Date Resigned | Qualifications                                                                                          | Area of Expertise                                                                                                                                                 | Board Directorship | Other Committees | Total Number of meetings attended |
|-------------------|-------------|----------------|---------------|---------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|------------------|-----------------------------------|
| Patricia Chiloane | Member      | 01 April 2020  | -             | National Diploma and Further Education<br><br>Extended Diploma in Global Business Management (Level 11) | Entrepreneur specialises in Skills Development with a particular passion for Community Development, Ensuring Previously disadvantaged communities are employable. |                    | -                | 9/11                              |

*Note: The number of meetings held includes, scheduled AA meetings (5), Special AA Meeting (1), Summits (2), Strategic Planning (1), Annual General Meeting (1), Policy workshop (1)*

**The table below covers the Independent Chairperson of the Audit Committee attending AA and Special AA Meetings**

#### **Independent Chairpersons attending Accounting Authority Meetings**

| Name of member                            | Number of meetings held | Number of meetings attended |
|-------------------------------------------|-------------------------|-----------------------------|
| Pumla Mzizi (Audit Committee Chairperson) | 6                       | 6                           |

### Meeting attendance for the Executive Committee

| Name and surname            | Number of meetings held | Number of meetings attended |
|-----------------------------|-------------------------|-----------------------------|
| Duncan Hindle (Chairperson) | 8                       | 8                           |
| Simone Geyer                | 8                       | 7                           |
| Lindiwe Motshwane           | 8                       | 8                           |
| Vusi Amos Monyela           | 8                       | 7                           |
| Mandla Mthembu              | 8                       | 8                           |

### Meeting attendance for the Audit Committee

| Name of the member        | Date appointed | Date resigned<br>(Tenure ended) | Number of meetings held | Number of meetings<br>attended |
|---------------------------|----------------|---------------------------------|-------------------------|--------------------------------|
| Pumla Mzizi (Chairperson) | 01 August 2020 | -                               | 9                       | 9                              |
| Raksha Beecum Khadaroo    | 01 August 2020 | -                               | 9                       | 8                              |
| Linda Nene                | 01 August 2020 | -                               | 9                       | 8                              |
| Ntsetsa Molalekoa         | 01 August 2020 | -                               | 9                       | 6                              |
| Nolitha Mboniswa          | 01 August 2020 | -                               | 9                       | 9                              |

### Meeting attendance for the Finance Committee

| Name                               | Date appointed | Date resigned (Tenure ended) | Number of meetings held | Number of meetings attended |
|------------------------------------|----------------|------------------------------|-------------------------|-----------------------------|
| Lindiwe Motshwane<br>(Chairperson) | 1 August 2020  | -                            | 8                       | 8                           |
| Maria Walshe                       | 1 August 2020  | -                            | 9                       | 6                           |
| Kulula Manona                      | 1 August 2020  | -                            | 9                       | 2                           |
| Thirona Moodley                    | 1 August 2020  | -                            | 9                       | 6                           |
| Neo Maimane                        | 1 August 2020  | -                            | 9                       | 6                           |
| Nokukhanya Mashilo                 | 1 August 2020  | 1 October 2021 (Resigned)    | 9                       | 2                           |

### Meeting attendance for the Human Resources Committee

| Name of the member                 | Date appointed | Date resigned (Tenure ended) | Number of meetings held | Number of meetings attended |
|------------------------------------|----------------|------------------------------|-------------------------|-----------------------------|
| Thembisa Futshane<br>(Chairperson) | 1 August 2020  | -                            | 12                      | 10                          |
| Xolani Mdoda                       | 1 August 2020  | -                            | 12                      | 11                          |
| Enoch Rabotapi                     | 1 August 2020  | -                            | 12                      | 10                          |
| Tseliso Ledimo                     | 1 August 2020  | -                            | 12                      | 9                           |
| Jeanine Topping                    | 1 August 2020  | -                            | 12                      | 11                          |

### Meeting attendance of the ICT Governance Committee

| Name of member        | Date appointed  | Date resigned<br>(Tenure ended) | Number of meetings held | Number of meetings<br>attended |
|-----------------------|-----------------|---------------------------------|-------------------------|--------------------------------|
| Nkosipendule Ntantala | 1 August 2020   | -                               | 5                       | 4                              |
| David Mawela          | 1 August 2020   | -                               | 5                       | 5                              |
| Ebrahim Ansur         | 1 August 2020   | -                               | 5                       | 5                              |
| Anton De Boer         | 1 August 2020   | -                               | 5                       | 5                              |
| Dr Charles Motau      | 1 August 2020   | -                               | 5                       | 4                              |
| Nthabiseng Tema       | 1 December 2020 | -                               | 5                       | 4                              |

### Meeting attendance of the Quality Assurance Committee

| Name               | Date appointed | Date resigned<br>(Tenure ended) | Number of meetings held | Number of<br>meetings attended |
|--------------------|----------------|---------------------------------|-------------------------|--------------------------------|
| Mandla Mthembu     | 1 August 2020  | -                               | 6                       | 6                              |
| Confidence Dikgole | 1 August 2020  | -                               | 9                       | 9                              |
| Habib Karimulla    | 1 August 2020  | -                               | 9                       | 8                              |
| Xolani Mdoda       | 1 June 2021    | -                               | 9                       | 5                              |
| Dr Renny Somnath   | 1 August 2020  | -                               | 9                       | 8                              |

*Note: Meetings held include the AGM, Summits and Strategic Planning. Mr Mthembu's attendance to these events are recorded under the AA Meeting attendance.*

## Remuneration of Governance Structures

### Accounting Authority Remuneration

| Name            | Surname             | Remuneration | Other Allowances:<br>(Travel expense) | Other Re-imbursements | Total<br>(R'000) |
|-----------------|---------------------|--------------|---------------------------------------|-----------------------|------------------|
| Duncan          | Hindle              | 94 333       | 0                                     | 163 623               | 257 956          |
| Simoné          | Geyer               | 0            | -                                     | -                     | 0                |
| Thembisa        | Futshane            | 0            | -                                     | -                     | 0                |
| Helen           | Ntlatleng           | 0            | -                                     | -                     | 0                |
| Mandla          | Mthembu             | 77 706       | 0                                     | 0                     | 77 706           |
| Vijayantimala   | Singh (Dr)          | 69 072       | 0                                     | 0                     | 69 072           |
| Linda           | Ingram              | 69 072       | 0                                     | 0                     | 69 072           |
| Amos            | Monyela             | 0            | 377                                   | -                     | 377              |
| Lindiwe Martha  | Motshwane           | 64 755       | 0                                     | 0                     | 64 755           |
| Faseega         | Solomon             | 64 755       | 0                                     | 0                     | 64 755           |
| Nolitha         | Mboniswa            | 86 340       | 0                                     | 0                     | 86 340           |
| Nkosipendule    | Ntantala            | 69 072       | 0                                     | 0                     | 69 072           |
| Dimakatso Moses | Dimakatso Moses Peo | 69 072       | 0                                     | 0                     | 69 072           |
| Thokozani       | Mathebula (Dr)      | 69 072       | 0                                     | 0                     | 69 072           |
| Patricia        | Chiloane            | 69 072       | 0                                     | 0                     | 69 072           |

### Independent Chairpersons attending Accounting Authority Meetings Remuneration

| Name  | Surname | Remuneration | Other expenses: (Travel expense) | Total (R'000) |
|-------|---------|--------------|----------------------------------|---------------|
| Pumla | Mzizi   | 66 588       | 0                                | 66 588        |

### Executive Committee Remuneration

| Name      | Surname   | Remuneration | Other expenses: (Travel expense) | Total (R'000) |
|-----------|-----------|--------------|----------------------------------|---------------|
| Duncan    | Hindle    | 77 686       | 0                                | 72 137        |
| Mandla    | Mthembu   | 60 438       | 0                                | 56 121        |
| Lindiwe   | Motshwane | 60 438       | 0                                | 56 121        |
| Simone    | Geyer     | 0            | 0                                | 0             |
| Amos Vusi | Monyela   | 0            | 0                                | 0             |

### Audit Committee Remuneration

| Name    | Surname         | Remuneration | Other expenses: (Travel expense) | Total (R'000) |
|---------|-----------------|--------------|----------------------------------|---------------|
| Pumla   | Mzizi           | 94 333       | 0                                | 94 333        |
| Linda   | Nene            | 64 755       | 0                                | 64 755        |
| Raksha  | Beecum Khadaroo | 64 755       | 0                                | 64 755        |
| Nolitha | Mboniswa        | 73 389       | 0                                | 73 389        |
| Ntsetsa | Molalekoa       | 0            | 0                                | 0             |

## Finance Committee Remuneration

| Name       | Surname   | Remuneration | Other expenses: (Travel expense) | Total (R'000) |
|------------|-----------|--------------|----------------------------------|---------------|
| Lindiwe    | Motshwane | 72 758       | 0                                | 72 758        |
| Neo        | Maimane   | 51 804       | 0                                | 51 804        |
| Maria      | Walshe    | 56 121       | 0                                | 56 121        |
| Thirona    | Moodley   | 51 804       | 0                                | 51 804        |
| Nokukhanya | Mashilo   | 17 268       | 0                                | 17 268        |
| Paul       | Slack     | 4 317        |                                  | 4 317         |
| Kulula     | Manona    | 0            | 0                                | 0             |

## Human Resource Committee Remuneration

| Name     | Surname  | Remuneration | Other expenses: (Travel expense) | Total (R'000) |
|----------|----------|--------------|----------------------------------|---------------|
| Thembisa | Futshane | 0            | 0                                | 0             |
| Enoch    | Rabotapi | 0            | 0                                | 0             |
| Xolani   | Mdoda    | 94 974       | 0                                | 94 974        |
| Tseliso  | Ledimo   | 69 072       | 0                                | 69 072        |
| Jeanine  | Topping  | 90 657       | 0                                | 90 657        |

### ICT Governance Committee Remuneration

| No. | Name         | Surname  | Remuneration | Other expenses: (Travel expense) | Total (R'000) |
|-----|--------------|----------|--------------|----------------------------------|---------------|
| 1   | Nkosipendule | Ntantala | 44 392       | 0                                | 44 392        |
| 2   | David        | Mawela   | 43 170       | 0                                | 43 170        |
| 3   | Anton        | De Boer  | 43 170       | 0                                | 43 170        |
| 4   | Ebrahim      | Ansur    | 43 170       | 0                                | 43 170        |
| 5   | Charles      | Motau    | 35 536       | 0                                | 35 536        |
| 6   | Nthabiseng   | Tema     | 0            | 0                                | 0             |

### Quality Assurance Committee Remuneration

| No. | Name               | Surname   | Remuneration | Other expenses: (Travel expense) | Total (R'000) |
|-----|--------------------|-----------|--------------|----------------------------------|---------------|
| 1   | Mandla Mthembu     | Mthembu   | 64 124       | 0                                | 64 124        |
| 2   | Renny Somnath      | Somnath   | 60 438       | 0                                | 60 438        |
| 3   | Confidence Dikgole | Dikgole   | 69 072       | 0                                | 69 072        |
| 4   | Habib Karimulla    | Karimulla | 0            | 0                                | 0             |
| 6   | Xolani             | Mdoda     | 38 853       | 0                                | 38 853        |

## **Risk Management**

The entity has in place, a Risk Management Committee (RMC) that provides assurance on the effectiveness of risk management within ETDP SETA, in line with the Risk Management policy and framework approved by the Board. The risk management committee monitors the implantation and impact of risk mitigation strategies and reported quarterly to the Audit Committee. The RMC also monitors the progress on the implementation plans, especially for the risks that sit outside of acceptable risk levels.

The entity has in place three lines of defence to which The Risk & Governance unit forms by ensuring it continually monitors risks and implementation of the mitigation plans. This includes the identification of emerging risks. The Audit Committee independently monitors the effectiveness of the system of risk management within the ETDP SETA.

### **Internal Control Unit**

The ETDP SETA does not have a standalone internal control unit, however, the Governance and Risk Unit performs this function by ensuring that all risks that the organisation

faces are mitigated. The unit also ensures that incidents of unnecessary losses within the entity are minimised and ensures that responsible parties are held accountable. The implementation of action plans by Management as per the outcomes of internal and external audit reports is also monitored by the unit.

## **Internal Audit and Audit Committees**

### **Internal Audit**

The Internal Audit (IA) function within ETDP SETA is an outsourced arrangement between the entity and a service provider. ETDPSETA appointed an internal staff member in a position of a Manager- Internal audit to work with the service provider. The Internal Audit function is governed by an approved Internal Audit Charter and upholds the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing (Standards) in executing its deliverables. The internal auditors report directly to the Audit Committee.

The objectives of the Internal Audit Function are, amongst others, to provide Management with reasonable, but not absolute assurance on the internal control environment in relation to:

- Internal controls and management of risks
- Monitoring of risk management policy and plan, strategy, implementation plan, risk appetite and risk tolerance
- Compliance with laws, regulations and ethics
- Financial reporting risks; Fraud risks and IT related risks and
- Sustainability Reporting and all related risks.

The internal auditors were independent during the financial year under review. All internal audit reports issued were presented to Management and to the Audit and Risk Committee.

### Assurance on internal controls

Internal Audit provides reasonable assurance to the Board, Audit and Risk Committee and Management, on the adequacy and effectiveness of internal controls, risk management and governance processes. Their mandate was to provide independent and objective assurance on the adequacy and effectiveness of the internal controls and provide recommendations to improve identified control weaknesses. Below is a list of internal control activities performed by Internal Audit during the financial year under review:

| No. | Description                                                                               |
|-----|-------------------------------------------------------------------------------------------|
| 1   | Development of the Three-Year Rolling Internal Audit Plan – updating, review and approval |
| 2   | ARC preparation and participations                                                        |
| 3   | Review of the Draft Annual Financial Statements and Annual Performance Report – 2020/21   |

| No. | Description                                                               |
|-----|---------------------------------------------------------------------------|
| 4   | Facilitation of Strategic Risk Workshop                                   |
| 5   | Review of Combined Assurance Plan                                         |
| 6   | Review of Interim Financial Statements – 2021/22                          |
| 7   | Review of Annual Financial Statements – 2021/22                           |
| 8   | Review of Annual Performance Report – 2021/22                             |
| 9   | Review of the draft Annual Performance Plan – 2022/23                     |
| 10  | The Audit of Predetermined Objectives/Performance information – Quarter 1 |
| 11  | The Audit of Predetermined Objectives/Performance information- Quarter 2  |
| 12  | The Audit of Predetermined Objectives/Performance information- Quarter 3  |
| 13  | The Audit of Predetermined Objectives/Performance information- Quarter 4  |
| 14  | Supply Chain and Contract Management                                      |
| 15  | Financial Management.                                                     |
| 16  | Follow-Up Review on Protection of Personal Information Act (POPIA)        |
| 17  | Education, Training and Quality Assurance (ETQA).                         |
| 18  | Information Technology General Controls (ITGC)                            |
| 19  | Projects Management Review                                                |
| 20  | Information Technology Application Controls (ITAC)                        |
| 21  | Follow-up on previous internal and external audit findings.               |

The Audit Committee received reports from the Internal Auditors on the implementation of the audit plan and the reports from the Auditor-General South Africa on audits that they had performed.

The table below depicts meeting attendance, qualifications and appointment date for the Audit Committee:

| Name of the member        | Qualification                                                               | Internal/External        | Position in ETDP SETA | Date appointed | Date resigned (Tenure ended) | Number of meetings held | Number of meetings attended |
|---------------------------|-----------------------------------------------------------------------------|--------------------------|-----------------------|----------------|------------------------------|-------------------------|-----------------------------|
| Pumla Mzizi (Chairperson) | CA (SA)                                                                     | External and Independent | Chairperson           | 1 August 2020  | -                            | 9                       | 9                           |
| Raksha Beecum Khadaroo    | BA (Law), LLB, LLM (Tax)<br><br>Admitted Attorney<br><br>Certified Director | External and Independent | AC Member             | 1 August 2020  | -                            | 9                       | 8                           |

| Name of the member | Qualification                                                                                                                                                                                                                                                                                                                                                                                                                             | Internal/External        | Position in ETDP SETA | Date appointed | Date resigned (Tenure ended) | Number of meetings held | Number of meetings attended |
|--------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|-----------------------|----------------|------------------------------|-------------------------|-----------------------------|
| Linda Nene         | BCom (Act)<br>Post Grad Dip in Management<br>Masters in International Business<br>Certificate in Risk Management<br>Strategies in the Public Sector<br>FIIASA (Fellow of the Institute of Internal Auditors SA)<br>CCSA (Certification in Control Self-Assessment)<br>CRMA (Certification in Risk Management Assurance)<br>CCP (SA) Certified Compliance Professional (South Africa)<br>CPrac (SA) Compliance Practitioner (South Africa) | External and independent | AC Member             | 1 August 2020  | -                            | 9                       | 8                           |

| Name of the member | Qualification                   | Internal/External | Position in ETDP SETA | Date appointed | Date resigned (Tenure ended) | Number of meetings held | Number of meetings attended |
|--------------------|---------------------------------|-------------------|-----------------------|----------------|------------------------------|-------------------------|-----------------------------|
| Ntsetsa Molalekoa  | BCom                            | AA Nominee        | AC Member             | 1 August 2020  | -                            | 9                       | 6                           |
| Nolitha Mboniswa   | BA, Higher Diploma in Education | AA Member         | AC Member             | 1 August 2020  | -                            | 9                       | 9                           |

*Note: The number of meetings held includes, scheduled Audit Committee meetings, Special Audit Committee Meetings, Strategic Planning, Annual General Meeting and Summits*

### Compliance with laws and regulations

ETDP SETA operates within a diverse regulatory environment of government legislation. As such the organisation has a compliance universe in place. The universe has been designed to provide Management with guidance on the compliance requirements. This assists Management to identify and manage Legislative and Regulatory Compliance risks.

In addition to the compliance universe, a litigation register was set up and regularly updated. There are two active cases, one being at the Labour Court, and the other at the Arbitration Foundation of South Africa (AFSA). Due to the efficient internal dispute resolution mechanisms, most disputes were resolved in their earlier stages, hence the low number of cases on the litigation register.

ETDP SETA remains committed to complying with a range of legislation, standards and codes to maintain and continuously improve the management of compliance risks. The following table depicts the top priority litigations that the organisation has identified as key for monitoring:

| Item | Legislation                                                  | Objective                                                                                                                                                                                                                                                                                                                                                                                                                     |
|------|--------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1    | Constitution of the Republic of South Africa (1996)          | The Constitution of South Africa is the supreme law of the Republic of South Africa. It provides the legal foundation for the existence of the republic.                                                                                                                                                                                                                                                                      |
| 2    | The Skills Development Act, 1998 (Act No. 97 of 1998)        | To develop the skills of the South African workforce.                                                                                                                                                                                                                                                                                                                                                                         |
| 3    | The Skills Development Levies Act, 1999 (Act No. 9 of 1999)  | This is the act that sees to it that there will be money available to pay for the training of people as is stipulated by the Skills Development Act.                                                                                                                                                                                                                                                                          |
| 4    | The Public Finance Management Act, 1999 (Act No. 1 of 1999)  | The object of this Act is to secure transparency, accountability, and sound management of the revenue, expenditure, assets and liabilities of the institutions to which this Act applies.                                                                                                                                                                                                                                     |
| 5    | Promotion of Administrative Justice Act 3 of 2000            | The PAJA gives members of the public a chance to tell their side of the story before any decision is taken by a public institution of public official. PAJA ensures that one knows why the administrative decision is taken and what is the effect of such decision, it also makes sure that decisions are taken properly and allows members of the public to challenge decisions that were not taken properly.               |
| 6    | Labour Relations Act, 1995 (Act No. 66 of 1995)              | To give effect to and regulate the fundamental rights conferred by section 27 of the Constitution, including the right to fair labour practices.                                                                                                                                                                                                                                                                              |
| 7    | Employment Equity Act, 1998 (Act No. 55 of 1998)             | The purpose of the Employment Equity Act, No 55 of 1998 is to achieve equity in the workplace by promoting equal opportunity and fair treatment in employment through elimination of unfair discrimination and implementing affirmative action measures to redress the disadvantages in employment experienced by designated groups, to ensure equitable representation in all occupational levels and spheres of employment. |
| 8    | Basic Conditions of Employment Act 75 of 1997                | The purpose of the Basic Conditions of Employment Act is to give effect to the right to fair labour practices, as referred to in Section 23 (1) of the Constitution, by establishing and providing for the regulation of basic conditions of employment. Thereby complying with the obligations of the Republic as a member of the International Labour Organisation and to provide for all matters connected thereto.        |
| 9    | Protection of Personal Information Act, 2013 (Act 4 of 2013) | The purpose of Act to is protect personal information, to strike a balance between the right to privacy and the need for the free flow of, and access to information, and to regulate how personal information is processed.                                                                                                                                                                                                  |
| 10   | Disaster Management Act, 2002 (Act No. 5 of 2002)            | The purpose of the Ac is to provide for an integrated and coordinated disaster management legislative framework in South Africa. The Act seeks to provide mechanisms on how to prevent and reduce the risk of disaster                                                                                                                                                                                                        |

## Fraud and Corruption

The organisation has a Fraud Prevention Policy that was approved by Board. The policy provides mechanisms for the prevention, early detection and investigation of irregularities. Risks associated with fraud were assessed during the operational risks assessment process and fraud mitigation strategies developed.

Reporting mechanisms in place include a Fraud Hotline which is administered by the Independent Service Provider. The hotline provides employees, customers and other stakeholders to report unethical or unlawful behaviour. The hotline details are:

Number 0800 204 937, or email: [etdpseta@behonest.co.za](mailto:etdpseta@behonest.co.za)

The details are presented on individual business cards, as well as the SETA's intranet and website.

Any allegations are reported through the system and are

allocated to the investigator for preliminary investigation. The fraud allegations reported were communicated to the Chairperson of the Audit Committee, for further investigation and conclusion.

## Minimising conflict of interest

Governance Structure members and Bid Committee Members are required to declare conflicts of interest at every meeting of the Accounting Authority, EXCO, Committees, Chambers and Bid structures.

The SCM Policy prohibits awarding of bids to any persons in the service of the ETDP SETA or an entity which has direct or indirect interest in the business activities.

Disclosure of interest is done annually by the employees and committee members signed a register in every meeting where transactions or plans of the organisation were discussed.

## Code of Conduct

The approved Constitution of the organisation contains a code of conduct under Schedule 2 that all Governance Structure members adhered to. Further to that, the Ethics policy has been tabled at the Audit committee for recommendation to the Board for approval.

The code of conduct is supported by a set of organisational values that are an integral part of the organisation. The values are:

- Transparency
- Fairness
- Courteousness and caring
- Honouring deadlines
- Promotion of quality among all stakeholders
- Co-operative governance
- Approaching work in a developmental manner
- Continuous improvement
- Sustainable environment

Employees are always encouraged to uphold these values.

## Health, Safety and Environmental Issues

Due to the COVID-19 pandemic, the Health and Safety risk of employees was high. Initiatives were put in place to manage the impact of the risk and to prioritise the wellbeing of employees during the pandemic.

A Management COVID Task Team and an Accounting Authority (AA) Task Covid Team were established. The objective of the task teams was to deal with risk matters concerning COVID-19, report and make recommendations to the organisation on critical risks and mitigation plans as identified.

A Compliance Officer was appointed to assist the organisation with compliance of COVID-19 regulations and the Health and Safety Act in general.

### Broad-Based Black Economic Empowerment (B-BBEE) Compliance Performance Information

| Criteria                                                                                                                                                 | Response | Discussion                                                                                                                                                                                                                                                                                                                                                                                                                             |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law? | No       | The organisation has not yet determined the level of compliance on the criteria.                                                                                                                                                                                                                                                                                                                                                       |
| Developing and implementing a preferential procurement policy?                                                                                           | Yes      | <p>The procurement processes assist in the achievement of socio-economic objectives whereby the ETDP SETA gives business opportunities to women, black entrepreneurs and youth.</p> <p>This is done by targeting sectors where provisioning of goods and services can be done with minimum capital and skills. Catering, cleaning services, supply of stationery and ready-made supplies are acquired from the preferred suppliers</p> |
| Determining qualification criteria for the sale of state-owned enterprises?                                                                              | No       | This is not applicable to ETDP SETA                                                                                                                                                                                                                                                                                                                                                                                                    |
| Developing criteria for entering partnerships with the private sector?                                                                                   | No       | The ETDP SETA will work with appointed service providers to determine the value of partnerships held with private sector                                                                                                                                                                                                                                                                                                               |
| Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment?                 | Yes      | Various projects and programmes are implemented in the organisation to comply with the criteria however, accurate value of support cannot be established hence service providers will be appointed to assist the ETDP SETA                                                                                                                                                                                                             |

A process is underway to ensure full compliance on B-BBEE.



## Audit Committee Report

We are pleased to present our report for the financial year ended 31 March 2022.

### Audit Committee responsibility

The Audit Committee reports that it has complied with its responsibilities in accordance with Section 38 (1) (a) of the Public Finance Management Act and Treasury Regulation 3.1. The Audit Committee also reports that it has adopted appropriate formal terms of reference based on the Audit Committee Charter and has regulated its affairs and has discharged all its responsibilities in compliance with the charter.

### The effectiveness of internal control

The system of internal control is designed to provide cost-effective assurance that assets are safeguarded, and that liabilities are effectively managed. As per the PFMA requirements, internal audit and the Auditor-General of South Africa, primarily evaluate the internal controls of an organisation for adequacy and effectiveness. This is achieved by assessing the effectiveness of risk management and identifying corrective actions and enhancements to controls and internal processes. Based on these evaluations, the Audit Committee considers the internal control environment as adequate and effective.

### Internal audit

The Audit Committee reviewed and approved the annual internal audit plan for 2021/22 and has monitored the performance of the internal audit against that plan on a quarterly basis. The Audit Committee noted that the internal audit plan was not completed due to internal audit reviews that were postponed accommodating the adhoc requests of management. The Committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks specific to the ETDP SETA in conducting the reviews. The committee will continue to monitor the progress made against the corrective action

plans implemented by management. The internal control environment requires overall improvement more so in the areas where the controls were found to be unsatisfactory, which is mainly performance information.

### Risk management

Management is responsible for the establishment and maintenance of an effective system of governance, risk management as well as the prevention and detection of fraud and internal controls. Internal Audit was guided by the consolidated risk profile, provided by the Risk Management unit, the critical audit areas, and management's inputs in the

formulation of the internal audit three-year strategic and the annual plans. ETDP SETA has established a Risk Management Committee. Quarterly meetings took place in line with its approved charter to consider and review the risk management policies and to provide oversight on the effectiveness of risk management within ETDP SETA. A risk register is updated annually to ensure that all major risks, including emerging risks, facing the organisation are effectively managed. The Committee also monitors management's implementation of the risk management plans on a quarterly basis.

### Compliance with laws and regulations

The Committee has reviewed the in-year management and quarterly reports submitted in terms of the Public Finance Management Act and is satisfied that no material deviations were noted. The Committee also noted the policies and procedures to ensure compliance with applicable laws and regulations.

### Evaluation of Financial Statements

The Committee submits that it has:

- Reviewed the 2021/22 unaudited and audited Annual Financial Statements prepared by the organisation.
- Reviewed the 2021/22 draft and final Annual Performance report. 120 15 Audit Committee Report.

### Auditor-General's Report

The Audit Committee has met with the Auditor-General South Africa to discuss their audit report, to ensure that there are no unresolved issues. We have also reviewed the management responses to the audit issues raised in the AGSA management report and continuous oversight will be exercised to ensure that unresolved findings are adequately addressed.

The Audit Committee reviewed the organisation's implementation plan for audit issues raised in the previous year and is satisfied that the matters raised were substantially resolved.

The Audit Committee concurs and accepts the conclusions of the Auditor-General on the Annual Financial Statements and is of the opinion that the Audited Annual Financial Statements should be accepted and read together with the report of the Auditor-General.

### Appreciation

The Audit Committee expresses its sincere appreciation to the Accounting Authority, Accounting Officer, AGSA, Management, and Internal Audit for their support and co-operation.

*Pumla Mzizi CA(SA)*

**Pumla Mzizi CA(SA)**

*Chairperson of the Audit Committee*

25 August 2022



D

# Human Resource Management

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## Overview of Human Resources Matters

The Human Resource Management Unit is responsible for providing strategic functions to the ETDP SETA and delivering innovative human resource programmes and interventions to support the mission of the organisation.

The ETDP SETA has a staff complement of one hundred and forty-four (144) employees and the structure of the organisation consists of the following business units:

- Office of the CEO
- Operations
- Research and Skills Planning
- Finance and Supply Chain Management
- Corporate Services
- Information Technology
- Marketing and Communication
- Governance, Risk and Compliance

### Priorities identified for the year under review

The ETDP SETA has placed more focus on employee development through the ETDP SETA bursary scheme and other skills development programmes, management of employee rewards and recognition, embedding a positive culture through employee and organised labour engagements as well as its Employee Wellness Programme (EWP).

### Staff development

The ETDP SETA continues to pride itself as a learning organisation and this has translated into the implementation of various employee development programmes. Ninety-four (94) staff members underwent skills development programmes, and bursaries were awarded to support employees to further their studies for career advancement purposes. This represents an overachievement against the target of fifty (50).

## Actual achievements

The following are the actual achievements:

### **Employee performance management and development framework**

The ETDP SETA uses the Department of Public Service and Administration's (DPSA) Performance Management Development Policy Framework as a benchmark in implementing its own performance management and development policy.

This is to ensure best practices in managing and measuring performance are always adhered to and to embed a performance-driven culture within the organisation. The performance of the organisation is measured on each division's targets being achieved based on the Annual Performance Plan (APP).

The performance agreements are aligned to the APP and targets cascaded to all levels of staff based on the line of sight each position has.

Performance agreements include personal development plans as agreed to between the line manager and the employee. The personal development plan further assists employees to meet the requirements of their positions and addresses other employee developmental areas.

At the end of the performance cycle, the performance of the organisation is moderated by the Performance Moderation Committee which leads to the process of awarding performance bonuses to all deserving employees who have achieved their performance targets.

During the year under review, the organisation overachieved on the Annual Performance Plan target for the training of employees. Out of a target of fifty (50), ninety-four (94) were trained with an overachievement of forty-four (44).

A performance management solution has been procured through IT to digitise the Performance Management and Development System (PMDS) tool. This enables the ETDP SETA to assess employee performance online with the aim to

ensure effective management of performance and promote alignment of individual and team goals with the organisational goals and objectives.

### **Employee wellness and well-being interventions**

The ETDP SETA Employee Wellness Programme is an intervention used to improve the quality of life of employees by giving them the necessary support to resolve personal and work-related challenges.

The programme's emphasis is on addressing the psychological, physical, emotional and financial well-being of employees in the workplace, recognising that issues and events in employees' personal lives often have an impact on their performance and experience of work.

The Terms of Reference to appoint a wellness service provider for a period of three years has been presented to Bid Structures. Tender processes are to be followed in the first quarter of the 2022/23 financial year.

During the 2021/22 financial year, one employee utilised the employee wellness service and is currently attending counselling sessions with a specialist psychiatrist.

### **COVID-19**

#### **Return to work**

Following the AA resolution taken on 26th of January 2022 for all staff to return to work, a circular was issued on 31 January 2022 for all staff to return to the office as of 2 February 2022. All staff have complied. Reasonable accommodation was approved by the CEO for remote working to employees with other medical conditions.

#### **Challenges**

- Eighteen (18) employees contracted COVID-19, seventeen (17) have since recovered
- One (1) Employee succumbed to COVID-19 related illness in August 2021.

## Human Resource Policies

The ETDP SETA has a Human Resources Management Policy document which consists of key policies that support a shared commitment to ensure all employees are always afforded excellent working conditions.

The ETDP SETA prides itself on a value system that promotes a positive culture and embraces diversity, teamwork, employee engagement and fairness. The HR Policy document covers the following:

- Human Resources Planning and Organisational Structure
- Employment Equity Policy
- Recruitment and Selection Policy
- Appointment Policy
- Employment Cycle Policies
- Remuneration and Compensation Policy
- Human Resources Development and Performance Management Policy
- Leave Management Policy
- Employment Relations Management, Discipline and Grievance Management, and Code of Conduct

- Occupational Health and Safety and Wellness Related Policies.

### Achievements:

- The Bursary Policy for Employee dependants was approved by the Accounting Authority on the 10th of December 2021 and eighteen (18) staff dependants were awarded bursaries.
- The revised HR Policies were approved by the Accounting Authority on 25 March 2022.

## Labour Relations

The ETDP SETA is committed to harmonious and sound employee relations and has a recognition agreement with the National Education, Health and Allied Workers' Union (NEHAWU) which represents most employees in the organisation. Regular meetings are held with the Union and an agreement for salary increases and the improvement of conditions for service was signed and concluded for the 2021/22 financial year.

Relations between Management and the Union are cordial and no labour unrests were experienced during the reporting period. The Union continued working through a Task Team while processes to elect a full-fledged Branch Executive Committee are in progress.

### Staff turnover

The organisation's staff turnover at the end of the reporting period was 7.4%. The turnover is within acceptable levels. The organisation continues to aim for a turnover of under 10%.

### Human Resource oversight statistics

#### Personnel cost by programme

| Programme    | Total expenditure for the entity (R'000) | Personnel expenditure (R'000) | Personnel exp. as a % of total exp. | No. of employees | Average personnel cost per employee (R'000) |
|--------------|------------------------------------------|-------------------------------|-------------------------------------|------------------|---------------------------------------------|
| Programme 1  | 174 820                                  | 44 108                        | 42                                  | 52               | 848                                         |
| Programme 2  | 126 529                                  | 6 183                         | 6                                   | 5                | 1 237                                       |
| Programme 3  | 486 342                                  | 48 435                        | 46                                  | 73               | 663                                         |
| Programme 4  | 6 675                                    | 6 205                         | 6                                   | 8                | 776                                         |
| <b>Total</b> | <b>794 366</b>                           | <b>104 931</b>                | <b>100</b>                          | <b>138</b>       |                                             |

*Note 1: The above total includes ten (10) employees who were paid through the personnel budget and their contracts were terminated at different times of the year.*

*Note 2: The programmes were implemented in an integrated manner, which does not make it possible to allocate numbers of staff to a specific programme.*

### Personnel cost by salary band

The table below summarises the employee cost by occupational level. It provides an indication of the amount spent on personnel costs in the organisation.

| Level                  | Personnel expenditure (R'000) | Percentage (%) of personnel exp. to total personnel cost | No. of employees | Average personnel cost per employee (R'000) |
|------------------------|-------------------------------|----------------------------------------------------------|------------------|---------------------------------------------|
| Top management         | 6 461                         | 6                                                        | 5                | 1 292                                       |
| Senior management      | 9 364                         | 11                                                       | 9                | 1 280                                       |
| Professional qualified | 26 014                        | 24                                                       | 24               | 1 083                                       |
| Skilled                | 60 125                        | 56                                                       | 88               | 683                                         |
| Semi-skilled           | 2 967                         | 3                                                        | 12               | 247                                         |
| <b>Total</b>           | <b>104 931</b>                | <b>100</b>                                               | <b>138</b>       |                                             |

## Performance rewards per band

To encourage good performance, the organisation has granted the following rewards during the financial year. The information is presented in terms of occupational categories.

| Programme              | Performance rewards<br>(R'000) | Personnel expenditure<br>(R'000) | Percentage (%) of performance<br>rewards to total personnel cost |
|------------------------|--------------------------------|----------------------------------|------------------------------------------------------------------|
| Top management         | 116                            | 6 461                            | 2                                                                |
| Senior management      | 275                            | 9 364                            | 2                                                                |
| Professional qualified | 869                            | 26 014                           | 3                                                                |
| Skilled                | 1 697                          | 60 125                           | 3                                                                |
| Semi-skilled           | 106                            | 2 967                            | 4                                                                |
| <b>Total</b>           | <b>3 064</b>                   | <b>104 931</b>                   | <b>3</b>                                                         |

## Training costs

The table below summarises the training expenditure over the financial year:

| Personnel expenditure<br>(R'000) | Training expenditure<br>(R'000) | Training expenditure as a %<br>of personnel cost | No. of employees trained | Average training cost per<br>employee<br>(R'000) |
|----------------------------------|---------------------------------|--------------------------------------------------|--------------------------|--------------------------------------------------|
| 104 931                          | 2 558                           | 2%                                               | 94                       | 28                                               |

*Note: The training expenditure is inclusive of staff training amounting to R594 227,66 and R 1 963 772,30 which is the total amount for the 18 bursaries awarded to employee dependants.*

### Table on training costs

The table below summarises the training expenditure over the financial year:

| Training programme       | Personnel expenditure (R'000) | Training expenditure (R'000) | Training expenditure as a % of personnel cost | No. of employees trained | Average training cost per employee (R'000) |
|--------------------------|-------------------------------|------------------------------|-----------------------------------------------|--------------------------|--------------------------------------------|
| Top/Executive management | 6 461                         | 30                           | 1                                             | 6                        | 5                                          |
| Senior management        | 9 364                         | 93                           | 1                                             | 15                       | 6                                          |
| Professional qualified   | 26 014                        | 84                           | 1                                             | 30                       | 3                                          |
| Skilled                  | 60 125                        | 225                          | 1                                             | 29                       | 8                                          |
| Semi-skilled             | 2 967                         | 162                          | 6                                             | 14                       | 12                                         |
| <b>Total</b>             | <b>104 931</b>                | <b>594</b>                   | <b>1</b>                                      | <b>94</b>                | <b>6</b>                                   |

## Employment and vacancies

The tables in this section summarise employment and vacancies. The following tables summarise the number of posts on the approved establishment, the number of employees, the vacancy rate and whether there are any staff that are additional to the establishment.

| 2020/2021        | 2021/2022      |                  |           |             |
|------------------|----------------|------------------|-----------|-------------|
| No. of Employees | Approved Posts | No. of Employees | Vacancies | % Vacancies |
| 122              | 144            | 128              | 16        | 11%         |

|                        | 2020/2021      |                  | 2021/2022      |                  |           |             |
|------------------------|----------------|------------------|----------------|------------------|-----------|-------------|
| Programme              | Approved posts | No. of employees | Approved posts | No. of employees | Vacancies | % vacancies |
| Top management         | 4              | 4                | 4              | 3                | 1         | 25%         |
| Senior management      | 9              | 7                | 9              | 8                | 1         | 11%         |
| Professional qualified | 25             | 20               | 25             | 21               | 4         | 16%         |
| Skilled                | 92             | 78               | 92             | 86               | 6         | 7%          |
| Semi-skilled           | 14             | 13               | 14             | 10               | 4         | 29%         |
| Unskilled              | 0              | 0                | 0              | 0                | 0         | 0%          |
| <b>Total</b>           | <b>144</b>     | <b>122</b>       | <b>144</b>     | <b>128</b>       | <b>16</b> | <b>11%</b>  |

## Employment changes

This section provides information on changes to employment over the financial year excluding contract employees. The table summarises appointments and service terminations.

| Salary band              | Employment at beginning of period | Appointments | Terminations | Employment at the end of the period |
|--------------------------|-----------------------------------|--------------|--------------|-------------------------------------|
| Top management           | 4                                 | 1            | 2            | 3                                   |
| Senior management        | 7                                 | 3            | 2            | 8                                   |
| Professionally qualified | 20                                | 5            | 4            | 21                                  |
| Skilled                  | 78                                | 12           | 4            | 86                                  |
| Semi-skilled             | 13                                | 1            | 4            | 10                                  |
| Unskilled                | 0                                 | 0            | 0            | 0                                   |
| <b>Total</b>             | <b>122</b>                        | <b>22</b>    | <b>16</b>    | <b>128</b>                          |

*Note: The total number of terminations includes the internal movement of employees from one position to another.*

## Reasons for staff leaving

| Reason             | Number   | % staff leaving |
|--------------------|----------|-----------------|
| Death              | 1        | 13%             |
| Resignation        | 6        | 75%             |
| Dismissal          | 0        | 0%              |
| Retirement         | 1        | 13%             |
| Ill health         | 0        | 0%              |
| Expiry of contract | 0        | 0%              |
| Other              | 0        | 0%              |
| <b>Total</b>       | <b>8</b> | <b>100%</b>     |

### Labour relations: Misconduct and disciplinary action

There is a case of a former employee who is challenging his dismissal. The case is presently at the CCMA and at the Labour court.

The disciplinary case of one employee was put on hold as the employee fell ill. Management withdrew the charges after receiving a report about the employee's state of health and the case is being handled as a wellness matter.

Two (2) Mpumalanga Interns lodged a dispute at the CCMA complaining about the stipend amount. The CCMA Commissioner advised the Interns to withdraw the dispute and refer it to the Arbitration Foundation of South Africa (AFSA). The application was dismissed by the AFSA Arbitrator.

Three (3) Eastern Cape Interns referred an unfair dismissal dispute to the CCMA. A settlement agreement was reached with two of the Interns. The third Intern received an award that ordered the Provincial Department of Education to re-instate the Intern and pay her R33 000,00. The ETDP SETA has applied for the rescission of the award.

### Employment workforce profile in terms of occupational levels

| MALE                   | African   | Coloured | Indian   | White    |
|------------------------|-----------|----------|----------|----------|
| Levels                 | Current   | Current  | Current  | Current  |
| Top management         | 1         | 0        | 0        | 0        |
| Senior management      | 4         | 0        | 0        | 0        |
| Professional qualified | 8         | 0        | 2        | 1        |
| Skilled                | 23        | 1        | 2        | 0        |
| Semi-skilled           | 2         | 0        | 0        | 0        |
| Unskilled              | 0         | 0        | 0        | 0        |
| <b>Total</b>           | <b>38</b> | <b>1</b> | <b>4</b> | <b>1</b> |

### Employment workforce profile in terms of occupational levels *(continued)*

| FEMALE                 | African   | Coloured | Indian   | White    |
|------------------------|-----------|----------|----------|----------|
| Levels                 | Current   | Current  | Current  | Current  |
| Top management         | 2         | 0        | 0        | 0        |
| Senior management      | 4         | 0        | 0        | 0        |
| Professional qualified | 8         | 0        | 1        | 1        |
| Skilled                | 49        | 7        | 1        | 3        |
| Semi-skilled           | 7         | 1        | 0        | 0        |
| Unskilled              | 0         | 0        | 0        | 0        |
| <b>TOTAL</b>           | <b>70</b> | <b>8</b> | <b>2</b> | <b>4</b> |

### Employment workforce profile in terms of occupational levels *(continued)*

| DISABLED STAFF         | Male     | Female   |
|------------------------|----------|----------|
| Levels                 | Current  | Current  |
| Top management         | 0        | 0        |
| Senior management      | 0        | 0        |
| Professional qualified | 1        | 0        |
| Skilled                | 0        | 3        |
| Semi-skilled           | 0        | 0        |
| Unskilled              | 0        | 0        |
| <b>TOTAL</b>           | <b>1</b> | <b>3</b> |



F

# Financial Information

17

## Report of the Auditor-General to parliament on Education, Training and Development Practices Sector Education and Training Authority

### Report on the audit of financial statements

#### Opinion

1. I have audited the financial statements of the Education, Training and Development Practices Sector Education and Training Authority (ETDP SETA) set out on pages 136 to 208, which comprise the statement of financial position as at 31 March 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the ETDP SETA as at 31 March 2022, and its financial performance and cash flows for the year then ended in accordance

with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Skills Development Act 97 of 1998 (SDA).

#### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.

4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### **Emphasis of matter**

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.

#### **Restatement of corresponding figures**

7. As disclosed in note 25 to the financial statements, the corresponding figures for 31 March 2021 were restated due to incorrect reporting in the financial statements of the public entity at, and for the year ended, 31 March 2022.

#### **Responsibilities of the Accounting Authority for the financial statements**

8. The Accounting Authority is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and the requirements of the PFMA and the SDA, 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.
9. In preparing the financial statements, the Accounting Authority is responsible for assessing the public entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

## Auditor-General's responsibilities for the audit of the financial statements

10. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## Report on the audit of the annual performance report

### Introduction and scope

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
13. My procedures address the usefulness and reliability of the reported performance information, which must be based on the public entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery.

My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

14. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the public entity's annual performance report for the year ended 31 March 2022:

| Programmes                                    | Pages in the annual performance report |
|-----------------------------------------------|----------------------------------------|
| Programme 3: Learning programmes and projects | 48- 61                                 |

15. I performed procedures to determine whether the reported performance information was properly presented and whether the performance was consistent with the approved performance planning documents.

I performed further procedures to determine whether the indicators and related targets were measurable and relevant and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

16. I did not raise any material findings on the usefulness and reliability of the reported performance information for this programme:

- Programme 3: Learning programmes and projects.

#### Other matter

17. I draw attention to the matters below.

#### Achievement of planned targets

18. Refer to the annual performance report on pages 48 to 61 for information on the achievement of planned targets for the year and management's explanations provided for the under/over-achievement of targets.

### Adjustment of material misstatements

19. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information of Programme 3: Learning programmes and projects. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

### Report on the audit of compliance with legislation

#### Introduction and scope

20. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the public entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

21. I did not raise any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

#### Other information

22. The Accounting Authority is responsible for the other information. The other information comprises the information included in the annual report, which includes the Accounting Authority's report and the audit committee's report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.

23. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

24. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
25. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information and if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected, this will not be necessary.

### Internal control deficiencies

26. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. I did not identify any significant deficiencies in internal control.

*Auditor-General*

Pretoria

31 July 2022



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## Annexure – Auditor-General's Responsibility for the Audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the public entity's compliance with respect to the selected subject matters.

### Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
  - identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient

and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit 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 public entity's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accounting Authority.

- conclude on the appropriateness of the Accounting Authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the SETA to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

#### **Communication with those charged with governance**

3. I communicate with the Accounting Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also provide the Accounting Authority with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

# 18 Annual Financial Statements for the year ended 31 March 2022

## Index

The reports and statements set out below comprise the annual financial statements presented to the Accounting Authority:

|                                                      | Page      |
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| Statement of Financial Position                      | 136       |
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| Notes to the Financial Statements                    | 158 - 208 |

The annual financial statements set out on page 136-208, which have been prepared on the going concern basis, were approved by the Accounting Authority on 25 August 2022 and were signed on its behalf by:



**Mrs Sesi Nombulelo Nxesi**  
Chief Executive Officer



**Duncan Hindle**  
Accounting Authority Chairperson

## Statement of Financial Position as at 31 March 2022

|                                            | R'000<br>Note(s) | R'000<br>2022    | R'000<br>2021<br>Restated* |
|--------------------------------------------|------------------|------------------|----------------------------|
| <b>Assets</b>                              |                  |                  |                            |
| Non-Current Assets                         |                  |                  |                            |
| Property, plant and equipment              | 9                | 6 565            | 9 547                      |
| Intangible assets                          | 10               | 384              | 667                        |
|                                            |                  | <b>6 949</b>     | <b>10 214</b>              |
| Current Assets                             |                  |                  |                            |
| Cash and cash equivalents                  | 11               | 1 380 283        | 1 149 731                  |
| Consumables                                |                  | 168              | 34                         |
| Receivables from non-exchange transactions | 12               | 517              | 292                        |
| Receivables from exchange transactions     | 13               | 2 443            | 6 414                      |
|                                            |                  | <b>1 383 411</b> | <b>1 156 471</b>           |
| <b>Total Assets</b>                        |                  | <b>1 390 360</b> | <b>1 166 685</b>           |
| <b>Liabilities</b>                         |                  |                  |                            |
| Current Liabilities                        |                  |                  |                            |
| Payable from non-exchange transactions     | 14               | 261 141          | 307 022                    |
| Payables from exchange transactions        | 15               | 10 671           | 5 795                      |
| Accrued employee entitlements              | 16               | 11 440           | 12 587                     |
| Provision for exempt employers             | 17               | 7 364            | 7 002                      |
|                                            |                  | <b>290 616</b>   | <b>332 406</b>             |
| <b>Total Liabilities</b>                   |                  | <b>290 616</b>   | <b>332 406</b>             |
| Assets                                     |                  | 1 390 360        | 1 166 685                  |
| Less : Liabilities                         |                  | (290 616)        | (332 406)                  |
| <b>Net Assets</b>                          |                  | <b>1 099 744</b> | <b>834 279</b>             |
| Administration reserve                     | 19               | 6 949            | 10 214                     |
| Employer grant reserve                     | 19               | 31 587           | 21 201                     |
| Discretionary grant reserve                | 19               | 1 061 208        | 802 864                    |
| <b>Total Net Assets</b>                    |                  | <b>1 099 744</b> | <b>834 279</b>             |

## Statement of Financial Performance

|                                                              | R'000<br>Note(s) | R'000<br>2022    | R'000<br>2021<br>Restated* |
|--------------------------------------------------------------|------------------|------------------|----------------------------|
| <b>Revenue</b>                                               |                  |                  |                            |
| Revenue from non-exchange transactions                       | 4                | 1 003 750        | 722 394                    |
| Revenue from non-exchange transaction:Penalties and Interest | 4.1              | 10 473           | 11 622                     |
| Investment income from exchange transactions                 | 5                | 45 403           | 43 398                     |
| Other income                                                 |                  | 204              | 102                        |
| Gain on disposal of assets and liabilities                   |                  | -                | 8                          |
| <b>Total revenue</b>                                         |                  | <b>1 059 830</b> | <b>777 524</b>             |
| <b>Expenses</b>                                              |                  |                  |                            |
| Consultancy fees                                             |                  | (6 675)          | (7 608)                    |
| Repairs and maintenance                                      |                  | (12 736)         | (6 365)                    |
| (Loss) on disposal of assets and liabilities                 |                  | (101)            | -                          |
| QCTO expenditure                                             |                  | (2 686)          | (3 665)                    |
| Mandatory and discretionary grants                           | 6                | (612 871)        | (842 353)                  |
| General administration expenses                              | 7                | (50 792)         | (48 172)                   |
| Employee costs                                               | 8                | (104 931)        | (103 738)                  |
| Depreciation                                                 | 9                | (3 320)          | (2 983)                    |
| Amortisation                                                 | 10               | (253)            | (471)                      |
| <b>Total expenditure</b>                                     |                  | <b>(794 365)</b> | <b>(1 015 355)</b>         |
| <b>Surplus (deficit) for the year</b>                        |                  | <b>265 465</b>   | <b>(237 831)</b>           |

## Statement of Changes in Net Assets

|                                                                       | R'000<br>Administration<br>reserves | R'000<br>Employer grant<br>reserves | R'000<br>Discretionary<br>Grant reserves | R'000<br>Unappropriated<br>surplus/(deficit) | R'000<br>Total net<br>assets |
|-----------------------------------------------------------------------|-------------------------------------|-------------------------------------|------------------------------------------|----------------------------------------------|------------------------------|
| <b>Balance at 31 March 2020</b>                                       | <b>10 477</b>                       | <b>27 470</b>                       | <b>1 034 164</b>                         | <b>-</b>                                     | <b>1 072 111</b>             |
| Changes in net assets                                                 |                                     |                                     |                                          |                                              |                              |
| Net (deficit) per statement of financial performance                  | -                                   | -                                   | -                                        | (237 411)                                    | (237 411)                    |
| Allocation of unappropriated (deficit) / surplus                      | (13 418)                            | 21 201                              | (245 194)                                | 237 411                                      | -                            |
| Excess reserves transferred to discretionary reserves* ( see note 25) | 13 155                              | (27 470)                            | 14 315                                   | -                                            | -                            |
| Opening balance as previously reported                                | 10 214                              | 21 201                              | 803 285                                  | -                                            | 834 700                      |
| Correction of errors                                                  | -                                   | -                                   | -                                        | (421)                                        | (421)                        |
| Prior year adjustments (refer prior year error- note 25)              | -                                   | -                                   | (421)                                    | 421                                          | -                            |
| <b>Restated Balance at 31 March 2021</b>                              | <b>10 214</b>                       | <b>21 201</b>                       | <b>802 864</b>                           | <b>-</b>                                     | <b>834 279</b>               |
| Changes in net assets                                                 |                                     |                                     |                                          |                                              |                              |
| Net surplus per statement of financial performance                    | -                                   | -                                   | -                                        | 265 465                                      | 265 465                      |
| Allocation of unappropriated (deficit) / surplus                      | 24 851                              | 31 587                              | 209 027                                  | (265 465)                                    | -                            |
| Excess reserves transferred to discretionary reserves                 | (28 116)                            | (21 201)                            | 49 317                                   | -                                            | -                            |
| <b>Balance at 31 March 2022</b>                                       | <b>6 949</b>                        | <b>31 587</b>                       | <b>1 061 208</b>                         | <b>-</b>                                     | <b>1 099 744</b>             |
| Note(s)                                                               | 3                                   | 3                                   | 3                                        |                                              |                              |

## Cash Flow Statement

|                                                             | Note(s) | R'000<br>2022    | R'000<br>2021<br>Restated* |
|-------------------------------------------------------------|---------|------------------|----------------------------|
| <b>Cash flows from operating activities</b>                 |         |                  |                            |
| <b>Receipts</b>                                             |         |                  |                            |
| Levies, interest and penalties received                     |         | 1 014 223        | 734 016                    |
| Investment income                                           |         | 48 364           | 46 317                     |
| Other cash receipts from stakeholders                       |         | 957              | 214                        |
|                                                             |         | 1 063 544        | 780 547                    |
| <b>Payments</b>                                             |         |                  |                            |
| Compensation of employees                                   |         | (103 825)        | (103 740)                  |
| Grants and project payments                                 |         | (658 390)        | (743 361)                  |
|                                                             |         | (832 584)        | (913 540)                  |
| Total receipts                                              |         | 1 063 544        | 780 547                    |
| Total payments                                              |         | (832 584)        | (913 540)                  |
| <b>Net cash flows (utilised) from operating activities</b>  | 18      | <b>230 960</b>   | <b>(132 993)</b>           |
| <b>Cash flows from investing activities</b>                 |         |                  |                            |
| Purchase of property, plant and equipment                   | 9       | (408)            | (3 200)                    |
| Proceeds from sale of property, plant and equipment         |         | -                | 18                         |
| <b>Net cash flows (utilised) from investing activities</b>  |         | <b>(408)</b>     | <b>(3 182)</b>             |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |         | <b>230 552</b>   | <b>(136 175)</b>           |
| Cash and cash equivalents at the beginning of the year      |         | 1 149 731        | 1 285 906                  |
| <b>Cash and cash equivalents at the end of the year</b>     | 11      | <b>1 380 283</b> | <b>1 149 731</b>           |

## Statement of Comparison of Budget and Actual Amounts

|                                           | R'000<br>Approved<br>budget | R'000<br>Adjustments | R'000<br>Final Budget | R'000<br>Actual amounts<br>on comparable<br>basis | R'000<br>Difference<br>between final<br>budget and<br>actual |
|-------------------------------------------|-----------------------------|----------------------|-----------------------|---------------------------------------------------|--------------------------------------------------------------|
| <b>Statement of Financial Performance</b> |                             |                      |                       |                                                   |                                                              |
| <b>Revenue</b>                            |                             |                      |                       |                                                   |                                                              |
| <b>*see note 30</b>                       |                             |                      |                       |                                                   |                                                              |
| Other income                              | -                           | -                    | -                     | <b>204</b>                                        | 204                                                          |
| Investment income                         | 75 556                      | -                    | <b>75 556</b>         | 45 403                                            | (30 153)                                                     |
| Penalties and interest                    | 13 776                      | -                    | <b>13 776</b>         | 10 473                                            | (3 303)                                                      |
| Skills development levy income            | 976 147                     | -                    | <b>976 147</b>        | 1 003 750                                         | 27 603                                                       |
| <b>Total revenue</b>                      | <b>1 065 479</b>            | -                    | <b>1 065 479</b>      | <b>1 059 830</b>                                  | <b>(5 649)</b>                                               |
| <b>Expenditure</b>                        |                             |                      |                       |                                                   |                                                              |
| Employee costs                            | (114 394)                   | -                    | <b>(114 394)</b>      | (104 931)                                         | <b>9 463</b>                                                 |
| Mandatory and discretionary grants        | (839 153)                   | (824 021)            | <b>(1 663 174)</b>    | (612 871)                                         | <b>1 050 303</b>                                             |
| Repairs and maintenance                   | (15 570)                    | -                    | <b>(15 570)</b>       | (12 736)                                          | <b>2 834</b>                                                 |
| Depreciation                              | (4 807)                     | -                    | <b>(4 807)</b>        | (3 320)                                           | <b>1 487</b>                                                 |
| Consultancy fees                          | (18 126)                    | -                    | <b>(18 126)</b>       | (6 675)                                           | <b>11 451</b>                                                |
| QCTO expense                              | (3 504)                     | -                    | <b>(3 504)</b>        | (2 686)                                           | <b>818</b>                                                   |
| Loss on disposal of assets                | -                           | -                    | -                     | (101)                                             | <b>(101)</b>                                                 |
| General Expenses                          | (68 852)                    | -                    | <b>(68 852)</b>       | (50 792)                                          | <b>18 060</b>                                                |
| Amortisation                              | (1 073)                     | -                    | <b>(1 073)</b>        | (253)                                             | <b>820</b>                                                   |
| <b>Total expenditure</b>                  | <b>(1 065 479)</b>          | <b>(824 021)</b>     | <b>(1 889 500)</b>    | <b>(794 365)</b>                                  | <b>1 095 135</b>                                             |
| <b>Operating surplus /( deficit)</b>      | -                           | <b>(824 021)</b>     | <b>(824 021)</b>      | <b>265 465</b>                                    | <b>1 089 486</b>                                             |
| Approved surplus funds                    | -                           | 824 021              | <b>824 021</b>        | -                                                 | <b>(824 021)</b>                                             |

The National Treasury approved a budget of R 1.065b for the period 1 April 2021 to 31 March 2022 and a further approval for the utilisation of the surplus of R824m was received on the 30 March 2022. This increased the budget from R 1 065b to R1 890b

# Accounting Policies

## 1. Presentation of Annual Financial Statements

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), including any interpretations of such standards, issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

The financial statements have been prepared on accrual basis of accounting and are in accordance with the historical cost conversion as the basis of measurement unless specified otherwise.

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

### 1.1 Presentation currency

These financial statements are presented in South African Rands, which is the functional currency of the ETDP SETA.

### 1.2 Offsetting

Assets, liabilities, income and expenses were not offset except where offsetting is either required or permitted by the standards of GRAP.

### 1.3 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. Furthermore, all figures presented are rounded to the nearest thousand.

#### 1.4 Going concern assumption

These Annual Financial Statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

#### 1.5 Revenue from non-exchange transactions

Non-exchange revenue transactions result in resources being received by the ETDP SETA, usually in accordance with a binding arrangement. Non-exchange revenue is recognised in accordance with GRAP 23 using the 'assets and liabilities' approach. When the ETDP SETA receives resources as a result of a non-exchange transaction, it recognises an asset and revenue in the period that the arrangement becomes binding and when it is probable that the ETDP SETA will receive economic benefits or service potential and it can make a reliable measure of the resources transferred.

#### 1.5.1 Levy income

##### *Skills Development Levy income*

Skills development levy (SDL) transfers are recognised when it is probable that future economic benefits will flow to the ETDP SETA and these benefits can be measured reliably. This occurs when the Department of Higher Education, Science and Technology either makes an allocation or payment, whichever comes first, to the ETDP SETA, as required by Section 8 of the Skills Development Levies Act, 1999 (Act No. 9 of 1999), as amended.

The accounting policy for the recognition of Skills Development Levy income is based on section 3(1) and 3(4) of the Skills Development Levies Act No. 9 of 1999, as amended. Registered member companies of the ETDP SETA pay skills development levy of 1% of the total payroll cost to SARS which collects the levies on behalf of the DHET. Companies with an annual payroll cost less than R500 000 are exempted in accordance with Section 4(b) of the SDLA (1999) as amended, effective 1 August 2005.

80% of skills development levies are paid over to the ETDP SETA. SDL transfers are recognised on an accrual basis when it is probable that future economic benefits or service potential will flow to the SETA and these benefits can be measured reliably. This occurs when DHET makes an allocation to the entity as required by section 8 of the SDLA, 1999 as amended. The allocations are made as follows;

- Discretionary grants 49.5%
- Mandatory grants 20%
- Administration 10%
- QCTO 0.5%

Revenue is adjusted for transfers between the SETAs due to employers changing SETAs. Such adjustments are separately disclosed as Inter-SETA transfers. The amount of Inter-SETA adjustment is calculated according to the most recent standard operating procedure issued by DHET.

In terms of the DPSA circular, circular HRD 1 of 2013, all departments are required to set aside a minimum of 1% of the total department's annual personnel budget for training and development of personnel and potential employees.

30% of this amount is appropriated to the SETA with which the department is affiliated. For departments belonging to more than one SETA, 30% levy is apportioned proportionally. ETDP SETA receives contributions in this regard from the Department of Education across the 9 provinces and the DHET.

- Discretionary 2/3 of total allocation
- Administration 1/3

### **1.5.2 Interest and penalties**

Interest and penalties are levied by SARS in terms of the Skills Development Levies Act, 1999 (Act No. 9 of 1999) as amended and are recognised on an accrual basis.

## **1.6 Revenue from exchange transactions**

Revenue from exchange transactions is recognised when it is probable that future economic benefits or service potential will flow to the entity and these benefits can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable.

### 1.6.1 Investment income

Interest income is accrued on a time proportionate basis, taking into account the principal outstanding and effective interest rate over the period to maturity.

## 1.7 Grants and project expenditure/payables

A registered organisation may recover a maximum of 20% of its total levy payment as a Mandatory Grant (excluding penalties and interest) by complying with the 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.

### 1.7.1 Mandatory grants payments

Mandatory grant 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 a WSP/ATR has been approved and transfers from the DHET 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 20% of the levies paid to SARS by the member organisation and remitted to ETDP SETA by the DHET.

### 1.7.2 Discretionary grants and projects expenditure/payables

Discretionary grants relate to the 49.5% of levies, penalties and interest and 2/3 of departmental revenue paid to SARS by member organisations and remitted to ETDP SETA by the DHET plus surplus from 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.

Discretionary grant expenditure/liability is recognised as expenses in the period in which they are incurred, in which the conditions are met.

Project expenditure comprise:

- costs that relate directly to the specific project;
- costs that are attributable to the project activity in general and can be allocated to the project; and
- such other costs as are specifically chargeable to the Seta under the terms of the project.

Such costs are allocated using methods that are systematic and rational and are applied consistently to all costs having similar characteristics.

### **1.8 Quality Counsel for Trade and Occupation (QCTO)**

QCTO expenditure is in line with Section 2(4) of the Grants Regulations issued in terms of Government Gazette 35940, therefore the expenditure of 0.5% will be in line with the amount determined by the Minister of Higher Education and Training.

### **1.9 Property, plant and equipment**

Property, plant and equipment is initially recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the ETDP SETA
- the cost or fair value of the item can be measured reliably.

The cost of an item of property and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Property and equipment is initially recognised at cost and subsequently at cost less any subsequent accumulated depreciation and adjusted for any impairments. Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight line method.

| Item                          | Depreciation method | Rates |
|-------------------------------|---------------------|-------|
| Audio-visual equipment        | Straight line       | 20%   |
| Office Furniture and fixtures | Straight line       | 15%   |
| Motor vehicles                | Straight line       | 20%   |
| Office equipment              | Straight line       | 20%   |
| Computer Equipment            | Straight line       | 33%   |
| Leasehold improvements        | Straight line       | 15%   |
| Kitchen equipment             | Straight line       | 15%   |
| Minor assets                  | Straight line       | 100%  |

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 of the date that asset is classified as held for sale or included in a disposal group classified as held for sale and the date that the asset is derecognised.

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.

Costs relating to repairs and maintenance are recognised in surplus/deficit as incurred.

The entity assesses at each reporting date whether there is any indication that the entity expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

### 1.10 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity
- the cost or fair value of the asset can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and adjusted for any impairment losses. The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Intangible assets are amortised on the straight-line basis over their expected useful lives to their estimated residual value.

| Item                           | Amortisation method | Average useful life |
|--------------------------------|---------------------|---------------------|
| Computer software and licences | Straight line       | 33%                 |

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised.

### 1.11 Leasing

#### Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. This liability is not discounted.

### 1.12 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

The cost of employee benefits 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.

Liabilities for bonus, incentive and performance related payments payable within twelve months after the end of the

reporting period in which the employee renders the related services are recognised as they accrue to the employee.

#### Leave liability

Liabilities for annual leave are recognised as they accrue to employees. The entity recognises the leave obligation during the vesting period based on the best available estimate of the accumulated leave expected to vest. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

The ETDP SETA calculates the value of leave not taken at year-end based on the guaranteed package or basic salary. The value of leave is recognised in the statement of financial position as a short-term employee benefit.

#### Pension plan: Defined contribution plans

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 and is managed by external fund managers determined by the members of the fund.

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

- Contribution by employee = 7.5% of retirement funding income
- Contribution by employer = 7.5% of retirement funding income

### 1.13 Provisions and contingencies

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.

ETDP SETA recognises a provision for the repayment of levies contributed by companies exempted from contributing skills development levy but continue to do so. The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions

are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation. A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

### A contingent liability is

- a. a possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the entity or
- b. a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

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. Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Commitments are disclosed in a note to the financial statements if both the following criteria are met:

- Contracts should be non-cancellable or cancellable at significant cost
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts are excluded.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 21.

#### **1.14 Financial instruments**

Financial instruments are recognised when the ETDP SETA becomes party to the contractual provisions of the instrument. Financial instruments carried in the statement

of financial position include cash and bank balances, trade and other receivables and trade and other payables. These instruments are carried at their amortised cost.

##### **1.14.1 Financial assets**

The ETDP SETA classifies its financial assets into one of the categories discussed below:

##### *Receivables from exchange and non-exchange*

ETDP SETA classifies receivables from exchange and non-exchange transactions as financial assets at amortised costs and measures these using the effective interest method. These financial assets are not quoted in an active market and have fixed or determinable payments as defined in the standards of Generally Recognised Accounting Practice. Interest income is recognised by applying the effective interest rate.

##### *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest

income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

#### *Impairment of financial assets*

Financial assets are assessed for impairment at the end of each reporting period.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets, with the exception of receivables from non-exchange transactions where the carrying amount is reduced through the use of an

allowance account. When a trade receivable is uncollectible, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in surplus or deficit for the year.

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents include cash on hand and deposits held at call. They are initially recognised at fair value, and are subsequently carried at amortised cost using the effective interest method.

### 1.14.2 Financial liabilities

All financial liabilities of the entity are classified as financial liabilities at amortised cost. The classification depends on the nature and purpose of the financial liabilities and is determined at the time of initial recognition.

#### *Payables from exchange and non-exchange*

The entity has payables from exchange and non-exchange as a class of financial liabilities as reflected on the face of the statement of financial position and to the notes thereto.

#### *Other financial liabilities*

Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

#### *The effective interest*

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

### 1.15 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

Where such a situation exists the nature and type of transactions and relationships between parties are disclosed in the notes to the Financial Statements.

### 1.16 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.17 Irregular expenditure

Irregular expenditure as defined in Section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including:

- a. this Act
- b. the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act
- c. any provincial legislation providing for procurement procedures in that provincial government.

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required, with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year-end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements. Where irregular expenditure was incurred in the previous

financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law.

Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the Accounting Officer or Accounting Authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

### **1.18 Budget information**

Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2021/04/01 to 2022/03/31.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

### 1.19 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date)
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

### 1.20 Reserves

Net assets are classified based on the restrictions placed on the distribution of monies received in accordance with the SETA Grant Regulations as follows:

- Administration reserve
- Mandatory reserve
- Discretionary reserve

Employer levy payments are set aside in terms of the SDA (1998) and the SETA Grant Regulations for the purpose of:

- Administration costs of the SETA 10.5%
- Employer grant fund levy 20.0%
- Discretionary grants and projects 49.5%

Government department levy payments are set aside for the purpose of:

- Administration costs of the SETA 33.3%
- Discretionary grants and projects 66.7%

Interest and penalties received from SARS as well as interest received on investments is utilised for discretionary grant projects.

Surplus funds in the administration and unallocated funds in the employer grant reserves are moved to the discretionary fund reserve. Provision is made in the administration reserve equal to the book value of depreciable assets. A contingent liability is disclosed for newly registered member companies, participating after the legislative cut-off date.

### **1.21 Significant judgements and sources of estimation uncertainty**

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and

the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

#### **Fair value estimation**

The fair value of financial liabilities 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.

#### **Impairment testing**

Management uses fair value less cost to sell in identifying the assets that may have been impaired.

#### **Provisions**

Provisions are best estimates of the expenditure required to settle the obligation raised by management using the available information at the time of preparing the annual financial statements.

## 2. New standards and interpretations

### 2.1. Standards and interpretations effective and adopted in the current year

In the current year, the entity has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

|                                                                                    |              |                                          |
|------------------------------------------------------------------------------------|--------------|------------------------------------------|
| GRAP 34: Separate Financial Statements                                             | 1 April 2020 | Unlikely there will be a material impact |
| IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue | 1 April 2020 | Unlikely there will be a material impact |
| IGRAP 20: Accounting for Adjustments to Revenue                                    | 1 April 2020 | Unlikely there will be a material impact |
| IGRAP 19: Liabilities to Pay Levies                                                | 1 April 2019 | Unlikely there will be a material impact |

### 2.2. Standards and interpretations issued, but not yet effective

| Standard/Interpretation                                                        | Effective date: Years beginning on or after | Expected impact                          |
|--------------------------------------------------------------------------------|---------------------------------------------|------------------------------------------|
| Guideline: Guideline on Accounting for Landfill Sites                          | Not yet determined                          | Unlikely there will be a material impact |
| Guideline: Guideline on the Application of Materiality to Financial Statements | Not yet determined                          | Unlikely there will be a material impact |
| GRAP 104 (revised): Financial Instruments                                      | Not yet determined                          | Unlikely there will be a material impact |

## Notes to the Financial Statements

|  | R'000<br>2022 | R'000<br>2021 |
|--|---------------|---------------|
|--|---------------|---------------|

### 3. Allocation of net surplus for the year to reserves

|                                                                     | Administration<br>reserve | Employer grant<br>reserve | Discretionary<br>reserve | 2021/22          | 2020/21          |
|---------------------------------------------------------------------|---------------------------|---------------------------|--------------------------|------------------|------------------|
| Admin levy income from levy payers                                  | 79 120                    | -                         | -                        | 79 120           | 51 100           |
| Levy income from levy payers                                        | -                         | 158 116                   | 392 750                  | 550 866          | 350 602          |
| QCTO                                                                | 3 956                     | -                         | -                        | 3 956            | 1 750            |
| Levy from departments                                               | 123 269                   | -                         | 246 539                  | 369 808          | 318 942          |
| Penalties and interest                                              | -                         | -                         | 10 473                   | 10 473           | 11 622           |
| Investment income                                                   | -                         | -                         | 45 403                   | 45 403           | 43 398           |
| Other Income                                                        | -                         | -                         | 204                      | 204              | 110              |
| <b>Total revenue</b>                                                | <b>206 345</b>            | <b>158 116</b>            | <b>695 369</b>           | <b>1 059 830</b> | <b>777 524</b>   |
| Administrative expenses                                             | 178 808                   | -                         | -                        | 178 808          | 169 338          |
| QCTO expense                                                        | 2 686                     | -                         | -                        | 2 686            | 3 665            |
| Employer grants and project expenses                                | -                         | 126 529                   | 486 342                  | 612 871          | 842 353          |
| Total expenses                                                      | 181 494                   | 126 529                   | 486 342                  | 794 365          | 1 015 356        |
| <b>Net surplus/(deficit) per statement of financial performance</b> | <b>24 851</b>             | <b>31 587</b>             | <b>209 027</b>           | <b>265 465</b>   | <b>(237 832)</b> |

## Notes to the Financial Statements

|  | R'000 | R'000 |
|--|-------|-------|
|  | 2022  | 2021  |

### 4. Revenue from Non-exchange transactions

|                                          |                  |                |
|------------------------------------------|------------------|----------------|
| <b>Levy income: Administration</b>       | <b>206 345</b>   | <b>159 165</b> |
| Levies received from levy payers         | 83 076           | 52 850         |
| Government levies received               | 123 269          | 106 315        |
| <b>Levy income: Employer grants</b>      | <b>158 116</b>   | <b>100 476</b> |
| Levies received from levy payers         | 158 116          | 100 476        |
| <b>Levy income: Discretionary grants</b> | <b>639 289</b>   | <b>462 753</b> |
| Levies received from levy payers         | 392 750          | 250 126        |
| Government levies received               | 246 539          | 212 627        |
|                                          | <b>1 003 750</b> | <b>722 394</b> |

#### 4.1 Interest and Penalties revenue arising from non-exchange transactions is as follows:

|           |               |               |
|-----------|---------------|---------------|
| Interest  | 4 954         | 6 179         |
| Penalties | 5 519         | 5 443         |
|           | -             | -             |
|           | <b>10 473</b> | <b>11 622</b> |

### 5. Investment revenue from non exchange

|                  |               |               |
|------------------|---------------|---------------|
| Accrued interest | 452           | 3 412         |
| Bank deposits    | 44 951        | 39 986        |
|                  | <b>45 403</b> | <b>43 398</b> |

## Notes to the Financial Statements

|                                                      | R'000<br>2022  | R'000<br>2021  |
|------------------------------------------------------|----------------|----------------|
| <b>6. Mandatory and Discretionary Grants</b>         |                |                |
| Mandatory grants                                     | 126 529        | 79 275         |
| Discretionary grants                                 | 486 342        | 763 078        |
|                                                      | <b>612 871</b> | <b>842 353</b> |
| <b>7. General administration expenses</b>            |                |                |
| <b>Building and related costs</b>                    |                |                |
| Operating rentals-buildings                          | 17 829         | 16 674         |
| Security and cleaning                                | 1 650          | 2 281          |
| Water and electricity                                | 2 650          | 2 532          |
| <b>Other administration cost</b>                     |                |                |
| Meeting and board fees                               | 3 428          | 2 728          |
| Remuneration of audit committee members              | 315            | 385            |
| Auditors remuneration                                | 3 829          | 2 617          |
| Staff training and development                       | 2 558          | 540            |
| Recruitment                                          | 1 630          | 778            |
| Stationery and consumables                           | 803            | 741            |
| Advertising, marketing, promotions and communication | 2 589          | 2 090          |
| Legal fees                                           | 72             | 333            |
| Travel and subsistence allowance                     | 2 532          | 1 845          |
| Courier fees                                         | 229            | 172            |
| Hire of equipment                                    | 6 118          | 10 503         |
| Insurance                                            | 709            | 635            |
| Bank charges                                         | 356            | 568            |
| Workshops and AGM                                    | 944            | 235            |
| Staff relocation                                     | 821            | 26             |
| Printing and postage                                 | 550            | 704            |
| Refreshments and catering                            | 299            | 296            |
| Telephone and cellular phone                         | 144            | 46             |
| Other expenses                                       | 737            | 1 443          |
| <b>Total per Statement of Financial Performance</b>  | <b>50 792</b>  | <b>48 172</b>  |

## Notes to the Financial Statements

|  | R'000<br>2022 | R'000<br>2021 |
|--|---------------|---------------|
|--|---------------|---------------|

### 8. Employee related costs

#### Salaries and wages

|                                    |                |                |
|------------------------------------|----------------|----------------|
| Basic                              | 93 010         | 87 555         |
| Medical aid- company contributions | 2 776          | 2 766          |
| UIF                                | 585            | 222            |
| Leave pay provision charge         | (814)          | 4 043          |
| Defined contribution-employees     | 4 687          | 4 576          |
| Defined company contributions      | 4 687          | 4 576          |
|                                    | <b>104 931</b> | <b>103 738</b> |

#### Total employee cost

|                                            |         |         |
|--------------------------------------------|---------|---------|
| Average number of employees 128 (2021:122) | 104 931 | 103 738 |
|--------------------------------------------|---------|---------|

### 9. Property, plant and equipment

|                            | 2022          |                                                     |                | 2021          |                                                     |                |
|----------------------------|---------------|-----------------------------------------------------|----------------|---------------|-----------------------------------------------------|----------------|
|                            | Cost          | Accumulated depreciation and accumulated impairment | Carrying value | Cost          | Accumulated depreciation and accumulated impairment | Carrying value |
| Furniture and fixtures     | 6 288         | (4 749)                                             | 1 539          | 6 128         | (4 350)                                             | 1 778          |
| Motor vehicles             | 1 001         | (661)                                               | 340            | 1 001         | (461)                                               | 540            |
| Office equipment           | 1 512         | (795)                                               | 717            | 1 740         | (846)                                               | 894            |
| Computer equipment         | 11 353        | (8 570)                                             | 2 783          | 13 087        | (8 383)                                             | 4 704          |
| Leasehold improvements     | 1 303         | (794)                                               | 509            | 1 494         | (838)                                               | 656            |
| Audio and visual equipment | 1 710         | (1 054)                                             | 656            | 1 768         | (821)                                               | 947            |
| Kitchen equipment          | 101           | (80)                                                | 21             | 104           | (76)                                                | 28             |
| Minor assets               | 231           | (231)                                               | -              | 257           | (257)                                               | -              |
| <b>Total</b>               | <b>23 499</b> | <b>(16 934)</b>                                     | <b>6 565</b>   | <b>25 579</b> | <b>(16 032)</b>                                     | <b>9 547</b>   |

## Notes to the Financial Statements

R'000

### 9. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2022

|                            | Opening<br>balance | Additions  | Additions<br>by re-<br>instatement | Disposals   | Depreciation   | Impairment<br>loss | Re- assessment<br>of life<br>adjustment | Total        |
|----------------------------|--------------------|------------|------------------------------------|-------------|----------------|--------------------|-----------------------------------------|--------------|
| Furniture and fixtures     | 1 778              | 270        | 3                                  | (16)        | (496)          | (22)               | 26                                      | 1 539        |
| Motor vehicles             | 540                | -          | -                                  | -           | (200)          | -                  | -                                       | 340          |
| Office equipment           | 894                | 78         | -                                  | (2)         | (259)          | (2)                | 8                                       | 717          |
| Computer equipment         | 4 704              | 58         | 1                                  | (41)        | (2 277)        | (26)               | 364                                     | 2 783        |
| Leasehold improvements     | 656                | -          | -                                  | (10)        | (141)          | -                  | 4                                       | 509          |
| Audio and visual equipment | 947                | -          | 1                                  | (2)         | (300)          | -                  | 10                                      | 656          |
| Kitchen equipment          | 28                 | 2          | -                                  | -           | (9)            | (1)                | 1                                       | 21           |
|                            | <b>9 547</b>       | <b>408</b> | <b>5</b>                           | <b>(71)</b> | <b>(3 682)</b> | <b>(51)</b>        | <b>413</b>                              | <b>6 565</b> |

#### Reconciliation of property, plant and equipment - 2021

|                            | Opening<br>balance | Additions    | Disposals   | Depreciation   | Total        |
|----------------------------|--------------------|--------------|-------------|----------------|--------------|
| Furniture and fixtures     | 2 147              | 110          | -           | (479)          | 1 778        |
| Motor vehicles             | 740                | -            | -           | (200)          | 540          |
| Office equipment           | 430                | 673          | -           | (209)          | 894          |
| Computer equipment         | 3 941              | 2 417        | (10)        | (1 644)        | 4 704        |
| Leasehold improvements     | 797                | -            | -           | (141)          | 656          |
| Audio and visual equipment | 1 249              | -            | -           | (302)          | 947          |
| Kitchen equipment          | 35                 | -            | -           | (8)            | 28           |
|                            | <b>9 339</b>       | <b>3 200</b> | <b>(10)</b> | <b>(2 983)</b> | <b>9 547</b> |

## Notes to the Financial Statements

|  | R'000<br>2022 | R'000<br>2021 |
|--|---------------|---------------|
|--|---------------|---------------|

### 9. Property, plant and equipment (continued)

#### Pledged as security

The ETDP SETA has no assets pledged as security.

#### 9.1.1. Repairs and maintenance of assets

The ETDP SETA did not spend any funds on maintaining and repairing the assets disclosed above.

### 10. Intangible assets

|                   | 2022  |                                                              |                | 2021  |                                                              |                |
|-------------------|-------|--------------------------------------------------------------|----------------|-------|--------------------------------------------------------------|----------------|
|                   | Cost  | Accumulated<br>amortisation and<br>accumulated<br>impairment | Carrying value | Cost  | Accumulated<br>amortisation and<br>accumulated<br>impairment | Carrying value |
| Computer software | 3 429 | (3 045)                                                      | 384            | 3 986 | (3 319)                                                      | 667            |

## Notes to the Financial Statements

|  | R'000<br>2022 | R'000<br>2021 |
|--|---------------|---------------|
|--|---------------|---------------|

### Reconciliation of intangible assets - 2022

|                   | Opening balance | Disposals | Amortisation | Re-assessment of<br>life adjustment | Total |
|-------------------|-----------------|-----------|--------------|-------------------------------------|-------|
| Computer software | 667             | (30)      | (396)        | 143                                 | 384   |

### Reconciliation of intangible assets - 2021

|                   | Opening balance | Amortisation | Total |
|-------------------|-----------------|--------------|-------|
| Computer software | 1 138           | (471)        | 667   |

## 11. Cash and cash equivalents

Cash and cash equivalents consist of:

|                                                         |                  |                  |
|---------------------------------------------------------|------------------|------------------|
| Cash on hand                                            | 42               | 36               |
| Cash at bank                                            | 164 122          | 103 966          |
| Short-term investments                                  | 1 216 119        | 1 045 729        |
| <b>Cash and cash equivalents at the end of the year</b> | <b>1 380 283</b> | <b>1 149 731</b> |

## Notes to the Financial Statements

|  | R'000<br>2022 | R'000<br>2021 |
|--|---------------|---------------|
|--|---------------|---------------|

The security of cash and cash equivalents is ensured by only banking with the Reserve Bank of South Africa and the Standard Bank. The carrying value, at which cash and cash equivalents are disclosed, approximates their fair values.

As required in National Treasury regulation 31.2.1, National Treasury approved the banks where the bank accounts are held. The weighted average interest rate on short term bank deposits was 3.44% (prior year 3.5%).

### 12. Receivables from non-exchange transactions

|                                |            |            |
|--------------------------------|------------|------------|
| Employer receivables           | 697        | 472        |
| Less: allowance for impairment | (180)      | (180)      |
|                                | <b>517</b> | <b>292</b> |

### 12. Other statutory receivables [Framework related] (continued)

#### Receivables from non-exchange transactions

R697 (2021: R472) was recognised as a receivable relating to grant overpayments to levy-paying employers in prior periods, as a result of levy income reversals done after grants had been paid. An amount of R180 (2021: R180) was provided for as debt impairment relating to over payment of grants as the SETA may not recover amounts owing by the levy payers who have since stopped submitting their WSP.

## Notes to the Financial Statements

|                                                   | R'000<br>2022 | R'000<br>2021 |
|---------------------------------------------------|---------------|---------------|
| <b>13. Receivables from exchange transactions</b> |               |               |
| Deposits                                          | 463           | 617           |
| Interest receivable                               | 452           | 3 412         |
| Sundry receivables                                | 2 303         | 2 094         |
| Allowance for impairment                          | (1 032)       | (1 032)       |
| Prepayments                                       | 235           | 1 303         |
| Staff debtors                                     | 22            | 21            |
|                                                   | <b>2 443</b>  | <b>6 414</b>  |

Staff debtors have been reclassified from receivables from non exchange to receivables from exchange.

| Landlord/Supplier        | Service |   |              |
|--------------------------|---------|---|--------------|
| Blue Beacon Investment   | Rental  | - | 76           |
| Frikkie Pienaar          | Rental  | - | 46           |
| Gensec Properties        | Rental  | - | 59           |
| Road Hogg Tours          | Rental  | - | 74           |
| The Michael Family Trust | Rental  | - | 74           |
| The Kaywood Trust        | Rental  | - | 50           |
| Umoya House              | Rental  | - | 924          |
|                          | Rental  | - | <b>1 303</b> |

## Notes to the Financial Statements

|  | R'000<br>2022 | R'000<br>2021 |
|--|---------------|---------------|
|--|---------------|---------------|

### 14. Payables from non exchange transactions

|                                   |                |                |
|-----------------------------------|----------------|----------------|
| Skills development grants payable | 48 338         | 42 790         |
| Project creditors                 | 19 792         | 17 206         |
| Project accruals                  | 193 011        | 247 026        |
|                                   | <b>261 141</b> | <b>307 022</b> |

### 15. Payables from exchange transactions

|                                                            |               |              |
|------------------------------------------------------------|---------------|--------------|
| Accruals                                                   | 4 480         | 2 842        |
| Payroll creditors                                          | 3 238         | 984          |
| Liability resulting from straight line valuation of leases | 458           | 402          |
| Creditors                                                  | 2 495         | 1 568        |
|                                                            | <b>10 671</b> | <b>5 795</b> |

*Included in the accruals is an amount of R2.5m a part of the Fasset share of the joint collaboration with the SETA on a project.*

## Notes to the Financial Statements

|  | R'000<br>2022 | R'000<br>2021 |
|--|---------------|---------------|
|--|---------------|---------------|

### 16. Accrued employee entitlement

|                                             | Employee leave | Employee bonus | 2022          | 2021          |
|---------------------------------------------|----------------|----------------|---------------|---------------|
| Open carrying amount                        | 7 844          | 4 743          | 12 587        | 10 534        |
| Amounts utilised during the year            | (457)          | (3 654)        | (4 111)       | (6 528)       |
| Charged to income statement during the year | (814)          | 3 778          | 2 964         | 8 581         |
| Closing carrying amount                     | <b>6 573</b>   | <b>4 867</b>   | <b>11 440</b> | <b>12 587</b> |

The liability for the payment of leave pay is accrued 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 employee recipients times one twelfth of their 13th Cheque. This is accumulated to date of payment.

## Notes to the Financial Statements

|  | R'000<br>2022 | R'000<br>2021 |
|--|---------------|---------------|
|--|---------------|---------------|

### 17. Provision for exempt employers

#### Reconciliation of provision for exempt employers - 2021 Restated

|                             | Opening Balance | Additions | Reversed during<br>the year | Total |
|-----------------------------|-----------------|-----------|-----------------------------|-------|
| Levies refundable provision | 7 002           | 1 348     | (986)                       | 7 364 |

#### Reconciliation of provisions for exempt employers - 2021

|                             | Opening Balance | Additions | Reversed during<br>the year | Total |
|-----------------------------|-----------------|-----------|-----------------------------|-------|
| Levies refundable provision | 5 436           | 2 366     | (800)                       | 7 002 |

The 2022 amount R7.4m (2021: R7m) relates to levies incorrectly contributed by exempt employers. The employers are exempt from contributing SDL due to legislation changes which came into effect from 1 August 2005.

## Notes to the Financial Statements

|  | R'000<br>2022 | R'000<br>2021 |
|--|---------------|---------------|
|--|---------------|---------------|

### 17. Provision for exempt employers (continued)

In terms of the Skills Development Circular No. 09/2013, SETAs are able to utilise exempted amounts contributed after the expiry date of five years as stipulated in terms of section 190(4) of the Tax Administration Act. In terms of section 4(7) of the SETA Grant Regulations, all unclaimed mandatory grants should be transferred to the discretionary funds because the employer cannot claim it back after the expiry date.

### 18. Cash (used in) generated from operations

|                                            |                |                  |
|--------------------------------------------|----------------|------------------|
| Surplus (deficit)                          | 265 465        | (237 831)        |
| <b>Adjustments for:</b>                    |                |                  |
| Depreciation                               | 3 320          | 2 983            |
| Amortisation                               | 253            | 471              |
| Loss/(profit) on disposal                  | 101            | (8)              |
| Movements in provisions                    | (785)          | 3 619            |
| <b>Changes in working capital:</b>         |                |                  |
| Consumables                                | (134)          | 29               |
| Receivables from exchange transactions     | 3 972          | 2 553            |
| Receivables from non-exchange transactions | (228)          | 260              |
| Payables from exchange transactions        | 4 876          | (2 496)          |
| Payable from non-exchange                  | (45 880)       | 97 427           |
|                                            | <b>230 960</b> | <b>(132 993)</b> |

## Notes to the Financial Statements

|  | R'000 | R'000 |
|--|-------|-------|
|  | 2022  | 2021  |

### 19. Reserves

#### 19.1.1. Discretionary grants commitments

Of the balance of R1b available in the Discretionary grants reserves at the end of the year, the commitments detailed below of R891m have been made for discretionary grants projects and skills priorities. Expenses that relate to these commitments are included in discretionary grant expenses in the Statement of Financial Performance.

## Notes to the Financial Statements

|                                                                                             |                 |                  |                | R'000<br>2022     | R'000<br>2021   |
|---------------------------------------------------------------------------------------------|-----------------|------------------|----------------|-------------------|-----------------|
| <b>Discretionary grant reserves</b>                                                         |                 |                  |                |                   |                 |
| <b>2021/22</b>                                                                              |                 |                  |                |                   |                 |
|                                                                                             | Opening balance | Adjustments      | New contracts  | Total expenditure | Closing Balance |
| Program 3.1                                                                                 | 356 462         | (109 705)        | -              | (156 389)         | 90 368          |
| Program 3.2                                                                                 | 6 136           | (123)            | -              | (3 675)           | 2 338           |
| Surplus funds                                                                               | 304 771         | (66 450)         | -              | (105 999)         | 132 322         |
| TVET                                                                                        | 2 494           | (744)            | -              | (1 671)           | 79              |
| Employed learning programmes                                                                | 140             | (96)             | -              | (44)              | -               |
| DBE Partnership                                                                             | 88 998          | (4 468)          | -              | (38 734)          | 45 796          |
| Reallocation of funds                                                                       | 37 319          | -                | -              | (1 124)           | 36 195          |
| Reallocation of funds-Historical debt                                                       | 45 000          | -                | -              | (45 000)          | -               |
| Stipend UIF contributions                                                                   | (2 891)         | 4 760            | -              | (1 869)           | -               |
| NGO                                                                                         | (136)           | 136              | -              | -                 | -               |
| NSDP Outcome 2: Linking education and the workplace                                         | -               | -                | 270 069        | (60 355)          | 209 714         |
| NSDP Outcome 3: Improving the level of skills in the South African workforce                | -               | (67)             | 321 330        | (68 199)          | 253 064         |
| NSDP Outcome 5: Support the growth of the public college system                             | -               | -                | 20 136         | -                 | 20 136          |
| NSDP Outcome 6: Skills development support for entrepreneurship and cooperative development | -               | -                | 6 276          | (428)             | 5 848           |
| NSDP Outcome 8: Support for career development services                                     | -               | -                | 4 800          | (2 855)           | 1 945           |
| Letter awards                                                                               | -               | -                | 93 288         | -                 | 93 288          |
|                                                                                             | <b>838 293</b>  | <b>(176 757)</b> | <b>715 899</b> | <b>(486 342)</b>  | <b>891 093</b>  |

## Notes to the Financial Statements

|  | R'000<br>2022 | R'000<br>2021 |
|--|---------------|---------------|
|--|---------------|---------------|

### Discretionary grant reserves

#### 2020/21

|                                        | Opening balance  | Adjustments     | New contracts  | Total expenditure | Closing Balance |
|----------------------------------------|------------------|-----------------|----------------|-------------------|-----------------|
| Programme 3.1                          | 799 324          | (99 057)        | 285 148        | (628 953)         | 356 462         |
| Programme 3.2                          | 30 163           | (3 882)         | 13 318         | (33 463)          | 6 136           |
| Surplus funds                          | 304 771          | -               | -              | -                 | 304 771         |
| TVET                                   | -                | -               | 3 864          | (1 370)           | 2 494           |
| Employed learning programmes           | -                | -               | 140            | -                 | 140             |
| NGO                                    | -                | -               | 300            | (436)             | (136)           |
| DBE Internship                         | -                | -               | 104 789        | (15 791)          | 88 998          |
| Stipend UIF contributions              | (2 891)          | 3 817           | -              | (3 817)           | (2 891)         |
| Re-allocation of funds                 | -                | -               | 114 567        | (77 248)          | 37 319          |
| Re-allocation of funds-historical debt | -                | -               | 47 000         | (2 000)           | 45 000          |
|                                        | <b>1 131 367</b> | <b>(99 122)</b> | <b>569 126</b> | <b>(763 078)</b>  | <b>838 293</b>  |

### 19.1.2 Administrative commitments

#### 2021/2022

|                            | Opening balance | Adjustments | New contracts | Total expenditure | Closing balance |
|----------------------------|-----------------|-------------|---------------|-------------------|-----------------|
| Administrative commitments | 2 323           | 592         | 38 967        | (17 483)          | 24 399          |
| <b>Total</b>               | <b>2 323</b>    | <b>592</b>  | <b>38 967</b> | <b>(17 483)</b>   | <b>24 399</b>   |

## Notes to the Financial Statements

|  | R'000<br>2022 | R'000<br>2021 |
|--|---------------|---------------|
|--|---------------|---------------|

### 19.1.2 Administrative commitments (continues)

#### 2020/2021

|                            | Opening balance | Adjustments  | New contracts | Total expenditure | Closing balance |
|----------------------------|-----------------|--------------|---------------|-------------------|-----------------|
| Administrative commitments | 7 519           | 8 754        | 9 408         | (23 358)          | 2 323           |
| <b>Total</b>               | <b>7 519</b>    | <b>8 754</b> | <b>9 408</b>  | <b>(23 358)</b>   | <b>2 323</b>    |

### 19.2. Administration reserve

Reserves retained to cover the carrying values of property plant and equipment/intangible assets which will be depreciated in future years

|       |        |
|-------|--------|
| 6 949 | 10 214 |
|-------|--------|

### 19.3. Employer grant reserves

The reserve is retained to cover the first time employer registrations and future mandatory grants pay-out. The surplus remaining in the reserve will be swept to discretionary reserves every year on 1 August.

|               |               |
|---------------|---------------|
| 31 587        | 21 201        |
| <b>31 587</b> | <b>21 201</b> |

## Notes to the Financial Statements

|  | R'000<br>2022 | R'000<br>2021 |
|--|---------------|---------------|
|--|---------------|---------------|

### 20. Operating lease liability

#### Operating Leases - Buildings

|                                                   |               |               |
|---------------------------------------------------|---------------|---------------|
| Not later than one year                           | 16 996        | 17 809        |
| Later than one year and not later than five years | 18 487        | 14 396        |
|                                                   | <b>35 483</b> | <b>32 205</b> |

| Offices           | Services | Commencement date | Termination date | Option to renew | Escalation % p.a. |
|-------------------|----------|-------------------|------------------|-----------------|-------------------|
| Bloemfontein      | Rental   | 1 January 2021    | 30 June 2023     | Yes             | 8%                |
| Cape Town         | Rental   | 1 January 2021    | 30 June 2023     | No              | 6%                |
| CBD, Johannesburg | Rental   | 1 September 2017  | 30 June 2022     | Yes             | 8%                |
| Durban            | Rental   | 1 January 2021    | 30 June 2023     | Yes             | 8%                |
| Kimberley         | Rental   | 1 January 2021    | 30 June 2023     | Yes             | 5%                |
| Nelspruit         | Rental   | 1 January 2021    | 30 June 2023     | Yes             |                   |
| Polokwane         | Rental   | 1 January 2021    | 30 June 2023     | Yes             | 5%                |
| Potchefstroom     | Rental   | 1 January 2021    | 30 June 2023     | Yes             | 5%                |

## Notes to the Financial Statements

|  | R'000 | R'000 |
|--|-------|-------|
|  | 2022  | 2021  |

### 21. Contingencies

#### 21.1 Retention of surpluses

In terms of section 53 (3) of the PFMA, public entities listed in Schedule 3A and 3C may not retain cash surpluses that were realised in the previous financial year without obtaining the prior written approval of National Treasury. During September 2020, National Treasury Issued Instruction No.12 of 2020/21 which gave a revised definition of a surplus. According to this instruction, a surplus is based on cash and cash equivalents, plus receivables less current liabilities at the end of the financial year.

Even though the ETDP SETA has a surplus of R1 092 627, an amount of R891m has been committed.

#### As of 31 March 2022 the surplus for the year is as follows:

|                           |                  |                |
|---------------------------|------------------|----------------|
| Cash and Cash Equivalents | 1 380 283        | 1 149 731      |
| Plus: Net Receivables     | 2 960            | 6 706          |
| Less: Current Liabilities | (290 616)        | (331 985)      |
|                           | <b>1 092 627</b> | <b>824 452</b> |

## Notes to the Financial Statements

|  | R'000<br>2022 | R'000<br>2021 |
|--|---------------|---------------|
|--|---------------|---------------|

### 21.2. Mandatory grant Busa case

In December 2012, the Minister repealed the 2005 Grant Regulations and promulgated 2012 Grant Regulations. Regulation 4(4) of the 2012 Grant Regulations reduced the mandatory grant that an employer could claim back from 50% to 20% of the total levies paid by the employer. The manner in which the 2012 Grant Regulations were promulgated, amongst others matters, led to litigation begun by BUSA, at the Labour Court. The Labour Court declared the Regulation to be invalid and consequently set aside, with suspension of the order until March 2016.

Prior to the order coming into effect, the regulation was re-promulgated in January 2016, to which BUSA launched renewed review proceedings in the Labour Court to set the re-promulgated regulation aside. The Labour Court dismissed the review application and BUSA decided to put through an appeal to the decision through the Labour Appeal Court (LAC). During October 2019 the LAC ruled that the decision to re-promulgate Regulation 4(4) was "irrational and lacking in any legal justification". The regulation, as re-promulgated in 2016, was consequently set aside.

Despite the said regulation being set aside, the LAC ruling is silent on both the percentage quantum that can be claimed back by employers and on the effective date of the order. The effect of the ruling is that the Minister, in consultation with employers and BUSA, would have to decide on the percentage for mandatory grants in consultation with the sector, and these accordingly published in the Government Gazette. To date, there has been no communication regarding the approved mandatory grant percentage that can be claimed back by employers. These circumstances create uncertainty as to the percentage of mandatory grants that can be paid and/or accrued by the SETA during the year under review.

## Notes to the Financial Statements

|  | R'000<br>2022 | R'000<br>2021 |
|--|---------------|---------------|
|--|---------------|---------------|

However, post the ruling, DHET continues to split the mandatory grant levy income portion at a rate of 20% in the monthly levy download information. Consequently, the SETA has continued to pay and accrue mandatory grants at 20% in the 2020/21 financial year which is also aligned to the approved annual performance plan. The mandatory grant expenditure in Note 7 as well as the mandatory grant liability in note 16 were calculated at a rate of 20%.

Pending the final agreement between the Minister and the employers (through BUSA) on the approved rate, there is therefore a possible liability or asset due to additional or lesser grant payments over or under the amounts already paid and accrued in the current year based on a payment rate of 20%. Given the initial review application at the Labour Court whereby BUSA cited that the mandatory grant reduction is irrational and unreasonable; as well as latter reports by business arguing that the LAC judgement would revert back to the original position; it is therefore remotely likely that there would be a contingent asset. It is therefore submitted that the likelihood of a possible liability is greater, which can only be confirmed from the outcome of the agreements between the Minister and employers, which is not within the control of the entity. The amount of the possible obligation cannot be (reliably) estimated due to the uncertainty of the approved rate, as well as the effective date of application. In addition, the entity has had no experience in similar transactions to be able to reasonably estimate the outcome of the events nor the amount.

## Notes to the Financial Statements

|  | R'000 | R'000 |
|--|-------|-------|
|  | 2022  | 2021  |

### 21.3 Litigations and claims

**21.3.1.** The SETA is involved in a dispute with an employee regarding the performance bonus pay. The matter is currently under arbitration.

**21.3.2.** The SETA is involved in a dispute with a former employee regarding termination of an employment contract. The matter is currently under review in terms of section 145 of the Labour Relations Act 66 of 1995 as amended (the Act). As at the reporting date the financial exposure cannot be determined.

### 21.4 First time employer registration

First time employers who wish to apply for mandatory grants with the Skills Development Levy are allowed to do so within six months of registration. At reporting date, it is estimated that, as a result, additional mandatory grant expenditure of R94 (2021: R437) will be payable. The amount is contingent on the number of submissions received and approved.

## Notes to the Financial Statements

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R'000

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### 22. Related parties

#### 22.1. Transactions with QCTO, DHET, Universities and TVET Colleges

Entities under the common control of DHET are considered related to the ETDP SETA. ETDP SETA is a National Public Entity controlled by DHET, it is therefore considered to be related to other SETAs, the QCTO, NSF and the 26 public universities. Transaction between the ETDP SETA and its identified related parties are consistent with normal operating relationships between the entities and were conducted under normal terms and conditions.

Where there were transactions and balances arising due to the movement of funds between the entities under common control of the DHET, such amounts are disclosed below.

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 at 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 declare their interest prior to start of all official meetings.

## Notes to the Financial Statements

R'000

All the stakeholders are also requested to declare their interest prior to start of all official meetings.

| Related party-Payables | Transaction type | 2021/22     | 2021/22              | 2020/21     | 2020/21              |
|------------------------|------------------|-------------|----------------------|-------------|----------------------|
|                        |                  | R'000       | R'000                | R'000       | R'000                |
|                        |                  | Transaction | Payable/(receivable) | Transaction | Payable/(receivable) |
| FP&M SETA              | Mandatory grant  | 49          | 5                    | 9           | 24                   |
| LG SETA                | Mandatory grant  | 138         | 14                   | 25          | 60                   |
| W & R SETA             | Mandatory grant  | -           | -                    | 48          | 98                   |
| MQA SETA               | Mandatory grant  | 142         | 14                   | 12          | 117                  |
| CHIETA                 | Mandatory grant  | 112         | 9                    | 48          | 41                   |
| CATH SETA              | Mandatory grant  | 63          | 6                    | 8           | 34                   |
| MERSETA                | Mandatory grant  | -           | -                    | 56          | 106                  |
| SERVICES SETA          | Mandatory grant  | 267         | 26                   | 26          | 148                  |
| PSETA                  | Mandatory grant  | -           | -                    | 13          | 25                   |
| TETA                   | Mandatory grant  | 144         | 13                   | 44          | 68                   |

## Notes to the Financial Statements

R'000

### 22. Related parties (continued)

| Related party-Payables                  | Transaction type | 2021/22     | 2021/22              | 2020/21     | 2020/21              |
|-----------------------------------------|------------------|-------------|----------------------|-------------|----------------------|
|                                         |                  | R'000       | R'000                | R'000       | R'000                |
|                                         |                  | Transaction | Payable/(receivable) | Transaction | Payable/(receivable) |
| QCTO                                    | QCTO expenditure | 109         | 11                   | 33          | 43                   |
| University of Johannesburg              | Mandatory grant  | 4 765       | 2 052                | 808         | 1 974                |
| University of Venda                     | Mandatory grant  | 1 169       | 505                  | 205         | 602                  |
|                                         | grant            |             |                      |             |                      |
| Walter Sisulu University                | Mandatory grant  | 2 125       | 860                  | 388         | 1 284                |
|                                         | grant            |             |                      |             |                      |
| Cape Peninsula University of Technology | Mandatory grant  | 2 539       | 1 130                | 220         | 1 320                |
| Central University of Technology        | Mandatory grant  | 1 016       | 422                  | 180         | 533                  |
| Mangosuthu University of Technology     | Mandatory grant  | 684         | 272                  | 147         | 319                  |
| Tshwane University of Technology        | Mandatory grant  | 4 188       | 2 055                | 799         | 1 640                |
| Vaal University of Technology           | Mandatory grant  | 1 296       | 657                  | 268         | 599                  |
| Wits                                    | Mandatory grant  | 4 828       | 2 056                | 969         | 2 070                |
| University of Pretoria                  | Mandatory grant  | 5 457       | 2 225                | 1 038       | 2 392                |
| University of KwaZulu-Natal             | Mandatory grant  | 3 722       | 1 483                | 773         | 1 835                |
| University of Limpopo                   | Mandatory grant  | 1 601       | 653                  | 287         | 702                  |
| North West University                   | Mandatory grant  | 3 864       | 1 773                | 682         | 1 887                |
| UCT                                     | Mandatory grant  | 5 801       | 2 491                | 1 009       | 2 424                |
| Stellenbosch University                 | Mandatory grant  | 4 210       | 1 717                | 736         | 1 863                |
| Sefaka Makgato                          | Mandatory grant  | 1 263       | 614                  | 246         | 604                  |
| University of South Africa              | Mandatory grant  | 8 463       | 3 466                | 1 421       | 4 151                |

## Notes to the Financial Statements

R'000

### 22. Related parties (continued)

| Related party-Payables                 | Transaction type | 2021/22     | 2021/22              | 2020/21     | 2020/21              |
|----------------------------------------|------------------|-------------|----------------------|-------------|----------------------|
|                                        |                  | R'000       | R'000                | R'000       | R'000                |
|                                        |                  | Transaction | Payable/(receivable) | Transaction | Payable/(receivable) |
| Nelson Mandela Metropolitan University | Mandatory grant  | 2 343       | 980                  | 435         | 999                  |
| University of Free State               | Mandatory grant  | 2 554       | 1 053                | -           | 1 294                |
| University of Mpumalanga               | Mandatory grant  | 562         | 162                  | 64          | 263                  |
| Sol Plantjie University                | Mandatory grant  | 444         | 209                  | 66          | 192                  |
| University of Western cape             | Mandatory grant  | -           | -                    | 1 107       | 521                  |
| Walter Sisulu University               | Mandatory grant  | -           | -                    | 388         | 1 284                |
| Durban University of Technology        | Mandatory grant  | 1 602       | 631                  | 290         | 1 200                |
| Rhodes University                      | Mandatory grant  | 1 199       | 478                  | 224         | 525                  |
| University of Fort Hare                | Mandatory grant  | 1 124       | 446                  | 222         | 509                  |
| University of Zululand                 | Mandatory grant  | 914         | 373                  | 166         | 354                  |
| Buffalo City FET College               | Mandatory grant  | 74          | 6                    | 9           | 31                   |
| East Cape Midlands FET College         | Mandatory grant  | 77          | 6                    | 16          | 35                   |
| Ikhala FET College                     | Mandatory grant  | 10          | 1                    | 4           | 5                    |
| Ingwe FET College                      | Mandatory grant  | 27          | -                    | 6           | 8                    |
| King Hintsa FET College                | Mandatory grant  | 19          | 2                    | 2           | 8                    |
| Lovedale FET College                   | Mandatory grant  | 88          | 11                   | 13          | 47                   |
| Port Elizabeth FET College             | Mandatory grant  | 85          | 8                    | 19          | 49                   |
| Flavius Mareka                         | Mandatory grant  | 54          | 2                    | 11          | 31                   |

## Notes to the Financial Statements

R'000

### 22. Related parties (continued)

| Related party-Payables       | Transaction type | 2021/22     |                      | 2020/21     |                      |
|------------------------------|------------------|-------------|----------------------|-------------|----------------------|
|                              |                  | R'000       | R'000                | R'000       | R'000                |
|                              |                  | Transaction | Payable/(receivable) | Transaction | Payable/(receivable) |
| Goldfields FET College       | Mandatory grant  | 51          | 2                    | 11          | 31                   |
| Maluti FET College           | Mandatory grant  | -           | -                    | 25          | 42                   |
| Central JHB                  | Mandatory grant  | -           | -                    | 6           | 40                   |
| Ekurhuleni East FET College  | Mandatory grant  | 91          | 10                   | 8           | 47                   |
| Ekurhuleni West College      | Mandatory grant  | -           | -                    | 2           | 6                    |
| Sedibeng FET College         | Mandatory grant  | 33          | -                    | 6           | 21                   |
| South West FET College       | Mandatory grant  | 60          | 6                    | 10          | 28                   |
| Tshwane North FET College    | Mandatory grant  | 39          | 39                   | -           | 31                   |
| Tshwane South FET College    | Mandatory grant  | 67          | 12                   | -           | 28                   |
| Western College FET          | Mandatory grant  | 44          | 2                    | -           | 28                   |
| Coastal FET College (Mobeni) | Mandatory grant  | 174         | 41                   | 35          | 48                   |
| Elangeni FET College         | Mandatory grant  | 116         | 20                   | 22          | 47                   |
| Esayidi FET College          | Mandatory grant  | 45          | 8                    | 14          | 11                   |
| Majuba FET College           | Mandatory grant  | 176         | 18                   | 30          | 62                   |
| Mnambithi FET College        | Mandatory grant  | -           | -                    | 2           | -                    |
| Mthashana FET College        | Mandatory grant  | 33          | -                    | 5           | 12                   |
| Umfolozu FET College         | Mandatory grant  | 98          | 8                    | -           | 34                   |
| Umgugundlovu FET College     | Mandatory grant  | 43          | 3                    | 8           | 15                   |

## Notes to the Financial Statements

R'000

### 22. Related parties (continued)

| Related party-Payables           | Transaction type | 2021/22       | 2021/22              | 2020/21       | 2020/21              |
|----------------------------------|------------------|---------------|----------------------|---------------|----------------------|
|                                  |                  | R'000         | R'000                | R'000         | R'000                |
|                                  |                  | Transaction   | Payable/(receivable) | Transaction   | Payable/(receivable) |
| Lephalale FET College            | Mandatory grant  | 5             | -                    | 2             | 3                    |
| Letaba FET College               | Mandatory grant  | 18            | -                    | 2             | 12                   |
| Sekhukhune FET College           | Mandatory grant  | 28            | 3                    | -             | 2                    |
| Vhembe FET College               | Mandatory grant  | 48            | 5                    | 3             | 17                   |
| Nkangala FET College             | Mandatory grant  | 101           | 20                   | 13            | 40                   |
| Taletso FET College              | Mandatory grant  | 42            | 4                    | 5             | 10                   |
| Boland FET College               | Mandatory grant  | 119           | 9                    | 23            | 57                   |
| College of Cape Town FET College | Mandatory grant  | 150           | 9                    | 33            | 59                   |
| False Bay FET College            | Mandatory grant  | 110           | 9                    | 34            | 51                   |
| South Cape FET College           | Mandatory grant  | 22            | -                    | 19            | 35                   |
| West Coast FET College           | Mandatory grant  | 113           | 10                   | 13            | 33                   |
| Vuselela TVET College            | Mandatory grant  | -             | -                    | -             | 6                    |
| Northern Cape Urban TVET College | Mandatory grant  | 40            | 1                    | 13            | 21                   |
| Mopani TVET College              | Mandatory grant  | 33            | -                    | 5             | 11                   |
| Moteo TVET College               | Mandatory grant  | 58            | 4                    | -             | -                    |
| Maluti TVET College              | Mandatory grant  | 69            | 4                    | 25            | 42                   |
| Ekurhuleni east tvet College     | Mandatory grant  | -             | -                    | 8             | 47                   |
| Ekurhuleni West tvet College     | Mandatory grant  | 13            | -                    | 2             | 6                    |
| Central JHB                      | Mandatory grant  | 69            | -                    | 6             | 40                   |
|                                  |                  | <b>71 299</b> | <b>29 144</b>        | <b>13 944</b> | <b>35 346</b>        |

## Notes to the Financial Statements

R'000

### 22. Related parties (continued)

|                                         | Transaction type | 2021/22<br>R'000<br>Transaction | 2021/22<br>R'000<br>Payable/(receivable) | 2020/21<br>R'000<br>Transaction | 2020/21<br>R'000<br>Payable/(receivable) |
|-----------------------------------------|------------------|---------------------------------|------------------------------------------|---------------------------------|------------------------------------------|
| <b>Receivables</b>                      |                  |                                 |                                          |                                 |                                          |
| SERVICES SETA                           | Mandatory grant  | 1 277                           | -                                        | 880                             | -                                        |
| FP&M SETA                               | Mandatory grant  | 215                             | -                                        | 348                             | -                                        |
| LG SETA                                 | Mandatory grant  | 659                             | -                                        | 413                             | -                                        |
| W & R SETA                              | Mandatory grant  | 946                             | -                                        | 546                             | -                                        |
| MQA SETA                                | Mandatory grant  | 692                             | -                                        | 763                             | -                                        |
| CHIETA                                  | Mandatory grant  | 502                             | -                                        | 292                             | -                                        |
| CATH SETA                               | Mandatory grant  | 394                             | -                                        | 309                             | -                                        |
| MERSETA                                 | Mandatory grant  | 980                             | -                                        | 744                             | -                                        |
| PSETA                                   | Mandatory grant  | 356                             | -                                        | 202                             | -                                        |
| TETA                                    | Mandatory grant  | 680                             | -                                        | 521                             | -                                        |
| QCTO                                    | Mandatory grant  | 473                             | -                                        | 229                             | -                                        |
| University of Johannesburg              | Mandatory grant  | 20 313                          | -                                        | 13 603                          | -                                        |
| University of Venda                     | Mandatory grant  | 5 527                           | -                                        | 3 426                           | -                                        |
| Walter Sisulu University                | Mandatory grant  | 10 445                          | -                                        | 9 389                           | -                                        |
| Cape Peninsula University of Technology | Mandatory grant  | 12 133                          | -                                        | 7 013                           | -                                        |
| Central University of Technology        | Mandatory grant  | 4 518                           | -                                        | 3 025                           | -                                        |
| Mangosuthu University of Technology     | Mandatory grant  | 3 303                           | -                                        | 2 030                           | -                                        |
| Tshwane University of Technology        | Mandatory grant  | 20 091                          | -                                        | 11 878                          | -                                        |
| Vaal University of Technology           | Mandatory grant  | 6 252                           | -                                        | 4 236                           | -                                        |

## Notes to the Financial Statements

R'000

### 22. Related parties (continued)

|                                        | Transaction type | 2021/22<br>R'000 | 2021/22<br>R'000     | 2020/21<br>R'000 | 2020/21<br>R'000     |
|----------------------------------------|------------------|------------------|----------------------|------------------|----------------------|
|                                        |                  | Transaction      | Payable/(receivable) | Transaction      | Payable/(receivable) |
| Wits                                   | Mandatory grant  | 22 816           | -                    | 13 002           | -                    |
| University of Pretoria                 | Mandatory grant  | 26 294           | -                    | 16 835           | -                    |
| University of KwaZulu-Natal            | Mandatory grant  | 17 786           | -                    | 12 414           | -                    |
| University of Limpopo                  | Mandatory grant  | 7 487            | -                    | 5 016            | -                    |
| North West University                  | Mandatory grant  | 19 386           | -                    | 10 911           | -                    |
| UCT                                    | Mandatory grant  | 29 705           | -                    | 14 664           | -                    |
| Stellenbosch University                | Mandatory grant  | 20 185           | -                    | 12 577           | -                    |
| Sefaka Makgato                         | Mandatory grant  | 5 552            | -                    | 3 627            | -                    |
| University of South Africa             | Mandatory grant  | 41 825           | -                    | 26 737           | -                    |
| Nelson Mandela Metropolitan University | Mandatory grant  | 12 037           | -                    | 7 033            | -                    |
| University of Free State               | Mandatory grant  | 12 378           | -                    | 7 432            | -                    |
| University of Mpumalanga               | Mandatory grant  | 2 700            | -                    | 1 388            | -                    |

## Notes to the Financial Statements

R'000

### 22. Related parties (continued)

|                                 | Transaction type | 2021/22<br>R'000<br>Transaction | 2021/22<br>R'000<br>Payable/(receivable) | 2020/21<br>R'000<br>Transaction | 2020/21<br>R'000<br>Payable/(receivable) |
|---------------------------------|------------------|---------------------------------|------------------------------------------|---------------------------------|------------------------------------------|
| Sol Plantjie University         | Mandatory grant  | 2 380                           | -                                        | 1 096                           | -                                        |
| University of Western Cape      | Mandatory grant  | 10 738                          | -                                        | 5 484                           | -                                        |
| Walter Sisulu University        | Mandatory grant  | 10 445                          | -                                        | 9 389                           | -                                        |
| Durban University of Technology | Mandatory grant  | 8 325                           | -                                        | 6 520                           | -                                        |
| Rhodes University               | Mandatory grant  | 5 720                           | -                                        | 3 680                           | -                                        |
| University of Fort Hare         | Mandatory grant  | 5 377                           | -                                        | 3 516                           | -                                        |
| University of Zululand          | Mandatory grant  | 4 007                           | -                                        | 2 080                           | -                                        |
| Buffalo City FET College        | Mandatory grant  | 357                             | -                                        | 169                             | -                                        |
| East Cape Midlands FET College  | Mandatory grant  | 337                             | -                                        | 196                             | -                                        |
| Ikhala FET College              | Mandatory grant  | 47                              | -                                        | 33                              | -                                        |
| Ingwe FET College               | Mandatory grant  | 129                             | -                                        | 67                              | -                                        |
| King Hintsa FET College         | Mandatory grant  | 95                              | -                                        | 38                              | -                                        |
| Lovedale FET College            | Mandatory grant  | 411                             | -                                        | 318                             | -                                        |
| Port Elizabeth FET College      | Mandatory grant  | 358                             | -                                        | 376                             | -                                        |
| Flavius Mareka                  | Mandatory grant  | 222                             | -                                        | 209                             | -                                        |
| Goldfields FET College          | Mandatory grant  | 232                             | -                                        | 199                             | -                                        |
| Maluti FET College              | Mandatory grant  | 294                             | -                                        | 240                             | -                                        |
| Central JHB                     | Mandatory grant  | 326                             | -                                        | 187                             | -                                        |
| Ekurhuleni East FET College     | Mandatory grant  | 408                             | -                                        | 274                             | -                                        |
| Ekurhuleni West College         | Mandatory grant  | 59                              | -                                        | 31                              | -                                        |
| Sedibeng FET College            | Mandatory grant  | 142                             | -                                        | 140                             | -                                        |
| South West FET College          | Mandatory grant  | 313                             | -                                        | 132                             | -                                        |

## Notes to the Financial Statements

R'000

### 22. Related parties (continued)

|                              | Transaction type | 2021/22<br>R'000<br>Transaction | 2021/22<br>R'000<br>Payable/(receivable) | 2020/21<br>R'000<br>Transaction | 2020/21<br>R'000<br>Payable/(receivable) |
|------------------------------|------------------|---------------------------------|------------------------------------------|---------------------------------|------------------------------------------|
| Tshwane North FET College    | Mandatory grant  | 204                             | -                                        | 114                             | -                                        |
| Tshwane South FET College    | Mandatory grant  | 316                             | -                                        | 210                             | -                                        |
| Western College FET          | Mandatory grant  | 207                             | -                                        | 264                             | -                                        |
| Coastal FET College (Mobeni) | Mandatory grant  | 838                             | -                                        | 345                             | -                                        |
| Elangeni FET College         | Mandatory grant  | 512                             | -                                        | 404                             | -                                        |
| Esayidi FET College          | Mandatory grant  | 192                             | -                                        | 93                              | -                                        |
| Majuba FET College           | Mandatory grant  | 849                             | -                                        | 483                             | -                                        |
| Mnambithi FET College        | Mandatory grant  | 211                             | -                                        | 18                              | -                                        |
| Mthashana FET College        | Mandatory grant  | 158                             | -                                        | 79                              | -                                        |
| Thekwini FET College         | Mandatory grant  | 18                              | -                                        | -                               | -                                        |
| Umfolozo FET College         | Mandatory grant  | 464                             | -                                        | 107                             | -                                        |
| Umgungundlovu FET College    | Mandatory grant  | 225                             | -                                        | 85                              | -                                        |
| Lephalale FET College        | Mandatory grant  | 28                              | -                                        | 19                              | -                                        |
| Letaba FET College           | Mandatory grant  | 79                              | -                                        | 67                              | -                                        |
| Sekhukhune FET College       | Mandatory grant  | 136                             | -                                        | 21                              | -                                        |

## Notes to the Financial Statements

R'000

### 22. Related parties (continued)

|                                  | Transaction type | 2021/22<br>R'000 | 2021/22<br>R'000     | 2020/21<br>R'000 | 2020/21<br>R'000     |
|----------------------------------|------------------|------------------|----------------------|------------------|----------------------|
|                                  |                  | Transaction      | Payable/(receivable) | Transaction      | Payable/(receivable) |
| Vhembe FET College               | Mandatory grant  | 246              | -                    | 106              | -                    |
| Nkangala FET College             | Mandatory grant  | 494              | -                    | 198              | -                    |
| Taletso FET College              | Mandatory grant  | 197              | -                    | 67               | -                    |
| Boland FET College               | Mandatory grant  | 611              | -                    | 283              | -                    |
| College of Cape Town FET College | Mandatory grant  | 707              | -                    | 341              | -                    |
| False Bay FET College            | Mandatory grant  | 517              | -                    | 374              | -                    |
| South Cape FET College           | Mandatory grant  | 127              | -                    | 277              | -                    |
| West Coast FET College           | Mandatory grant  | 525              | -                    | 245              | -                    |
| Vuselela TVET College            | Mandatory grant  | 385              | -                    | 26               | -                    |
| Northern Cape Urban TVET College | Mandatory grant  | 193              | -                    | 193              | -                    |
| Mopani TVET College              | Mandatory grant  | 172              | -                    | 76               | -                    |
| Moteo TVET College               | Mandatory grant  | 256              | -                    | 88               | -                    |
| Maluti TVET College              | Mandatory grant  | 294              | -                    | 240              | -                    |
| Ekurhuleni East TVET College     | Mandatory grant  | 408              | -                    | 274              | -                    |
| Ekurhuleni West TVET College     | Mandatory grant  | 59               | -                    | 31               | -                    |
| Central JHB                      | Mandatory grant  | 326              | -                    | 187              | -                    |
|                                  |                  | <b>368 583</b>   | <b>-</b>             | <b>231 172</b>   | <b>-</b>             |

## Notes to the Financial Statements

R'000

### 22. Related parties (continued)

#### Related party

|                                         | Transaction type | Commitments<br>2021/22 | Commitments<br>2020/21 |
|-----------------------------------------|------------------|------------------------|------------------------|
| Walter Sisulu                           | Discretionary    | -                      | 1 000                  |
| Solplatjie                              | Discretionary    | 4 482                  | 605                    |
| QCTO                                    | Discretionary    | -                      | 55                     |
| Lovedale                                | Discretionary    | 3 602                  | 5 669                  |
| King Hintsa TVET                        | Discretionary    | 1 365                  | 1 761                  |
| HWSETA                                  | Discretionary    | -                      | 4 400                  |
| DHET                                    | Discretionary    | -                      | 40 000                 |
| Durban University of Technology         | Discretionary    | 253                    | 494                    |
| Boland TVET College                     | Discretionary    | -                      | 345                    |
| Cape Peninsula University of Technology | Discretionary    | 2 400                  | 2 573                  |
| Central University of Technology        | Discretionary    | 7 115                  | 2 158                  |
| Elangeni TVET College                   | Discretionary    | 28                     | 497                    |
| Falsebay TVET College                   | Discretionary    | -                      | 198                    |
| Forthare University                     | Discretionary    | -                      | 2 199                  |
| Goldfields TVET College                 | Discretionary    | -                      | 3 533                  |
| Ikhala TVET College                     | Discretionary    | 214                    | 4 581                  |

## Notes to the Financial Statements

R'000

### 22. Related parties (continued)

|                                     | Transaction type | Commitments<br>2021/22 | Commitments<br>2020/21 |
|-------------------------------------|------------------|------------------------|------------------------|
| Ingwe TVET College                  | Discretionary    | -                      | 1 079                  |
| Lephalale TVET College              | Discretionary    | -                      | 326                    |
| Majuba TVET College                 | Discretionary    | -                      | 2 416                  |
| Maluti TVET College                 | Discretionary    | -                      | 1 410                  |
| Mnambithi TVET College              | Discretionary    | 37                     | 704                    |
| Nkangala TVET College               | Discretionary    | -                      | 500                    |
| Mangosuthu University of Technology | Discretionary    | -                      | 1 000                  |
| Mthashana TVET College              | Discretionary    | -                      | 103                    |
| Nelson Mandela University           | Discretionary    | -                      | 1 828                  |
| North West University               | Discretionary    | 9 447                  | 18 437                 |
| ORBIT TVET College                  | Discretionary    | -                      | 1 425                  |
| Rhodes University                   | Discretionary    | 5 529                  | 614                    |
| Stellenbosch University             | Discretionary    | 4 295                  | 2 237                  |
| Tshwane University of Technology    | Discretionary    | 9 129                  | 29 712                 |
| Umfolozi TVET College               | Discretionary    | 830                    | 2 930                  |
| Umgungundlovu TVET College          | Discretionary    | 836                    | 4 758                  |
| University of South Africa          | Discretionary    | 2 282                  | 4 528                  |
| Universities of South Africa (USAF) | Discretionary    | -                      | 67 000                 |
| University of Cape Town             | Discretionary    | 12 383                 | 1 793                  |
| University of Johannesburg          | Discretionary    | 4 200                  | 12 504                 |
| University of KwaZulu-Natal         | Discretionary    | 71                     | 546                    |
| University of Limpopo               | Discretionary    | 5 078                  | 1 887                  |
| University of Mpumalanga            | Discretionary    | -                      | 3 650                  |

## Notes to the Financial Statements

R'000

### 22. Related parties (continued)

|                                 | Transaction type | Commitments<br>2021/22 | Commitments<br>2020/21 |
|---------------------------------|------------------|------------------------|------------------------|
| University of Pretoria          | Discretionary    | 5 893                  | 10 496                 |
| University of the Free State    | Discretionary    | 28 246                 | 3 725                  |
| University of the Witwatersrand | Discretionary    | 9 317                  | 11 208                 |
| University of Venda             | Discretionary    | 8 710                  | 5 725                  |
| University of Western Cape      | Discretionary    | -                      | 1 000                  |
| Vaal University of Technology   | Discretionary    | -                      | 1 000                  |
| Vhembe TVET College             | Discretionary    | 598                    | 8 617                  |
| Vuselela TVET College           | Discretionary    | -                      | 790                    |
| Waterberg FET College           | Discretionary    | -                      | 5 159                  |
| West College TVET               | Discretionary    | -                      | 200                    |
|                                 |                  | 126 340                | 279 375                |

### Related party

|           | Transaction type      | 2021/22<br>R'000 | 2021/22<br>R'000     | 2020/21<br>R'000 | 2020/21<br>R'000     |
|-----------|-----------------------|------------------|----------------------|------------------|----------------------|
|           |                       | Transaction      | Payable/(receivable) | Transaction      | Payable/(receivable) |
| QCTO      | QCTO expenditure      | 2 686            | -                    | 3 665            | -                    |
| DHET      | Revenue contributions | 18 079           | -                    | 17 843           | -                    |
|           |                       | 20 765           | -                    | 21 508           | -                    |
| Sub-total |                       | <b>20 765</b>    | <b>-</b>             | <b>21 508</b>    | <b>-</b>             |

## Notes to the Financial Statements

R'000

### 22. Related parties (continued)

#### Remuneration of management

##### Key management personnel

##### 2022

|                        | Basic salary | Bonuses and<br>performance<br>related<br>payments | Medical aid | Pension    | Other benefits<br>received | Total        |
|------------------------|--------------|---------------------------------------------------|-------------|------------|----------------------------|--------------|
| <b>Name</b>            |              |                                                   |             |            |                            |              |
| Ms NS Nxesi (CEO)      | 2 273        | 67                                                | -           | 234        | 225                        | 2 799        |
| Mr M Dondolo (CRO)     | 611          | 50                                                | 34          | 50         | -                          | 745          |
| Mr T Makofane (COO)    | 1 576        | -                                                 | 30          | 144        | -                          | 1 750        |
| Ms N Dick (CFO)        | 214          | -                                                 | 3           | 12         | -                          | 229          |
| Mr S Mda (CFO interim) | 855          | -                                                 | -           | -          | -                          | 855          |
| Ms N Mashilo (CFO)     | 814          | -                                                 | 51          | 77         | -                          | 942          |
|                        | <b>6 343</b> | <b>117</b>                                        | <b>118</b>  | <b>517</b> | <b>225</b>                 | <b>7 320</b> |

## Notes to the Financial Statements

R'000

### 22. Related parties (continued)

#### Remuneration of management

##### Key management personnel

**2021**

|                     | Basic salary | Bonuses and performance related payments | Medical aid | Pension    | Other benefits received | Total        |
|---------------------|--------------|------------------------------------------|-------------|------------|-------------------------|--------------|
| <b>Name</b>         |              |                                          |             |            |                         |              |
| Ms NS Nxesi (CEO)   | 2 244        | 89                                       | -           | 227        | 234                     | 2 794        |
| Mr M Dondolo (CRO)  | 1 533        | 64                                       | 94          | 145        | -                       | 1 836        |
| Mr T Makofane (COO) | 1 495        | -                                        | 25          | 138        | -                       | 1 658        |
| Ms N Dick (CFO)     | 1 565        | 48                                       | 32          | 145        | -                       | 1 790        |
|                     | <b>6 837</b> | <b>201</b>                               | <b>151</b>  | <b>655</b> | <b>234</b>              | <b>8 078</b> |

## Notes to the Financial Statements

R'000

### 22. Related parties (continued)

#### Remuneration of Accounting Authority Members

**2022**

| Name                  | Fees for services<br>as a member of<br>management | Other benefits<br>received | Total        |
|-----------------------|---------------------------------------------------|----------------------------|--------------|
| D Hindle- Chairperson | 166                                               | 163                        | 329          |
| M Mthembu             | 134                                               | -                          | 134          |
| F Solomon             | 65                                                | -                          | 65           |
| V Singh               | 69                                                | -                          | 69           |
| L Ingram              | 69                                                | -                          | 69           |
| N Mboniswa            | 86                                                | -                          | 86           |
| N Ntantala            | 69                                                | -                          | 69           |
| DM Peo                | 69                                                | -                          | 69           |
| P Chiloane            | 69                                                | -                          | 69           |
| P Mzizi               | 67                                                | -                          | 67           |
| T Mathebula           | 69                                                | -                          | 69           |
| LM Motshwane          | 121                                               | -                          | 121          |
|                       | <b>1 053</b>                                      | <b>163</b>                 | <b>1 216</b> |

## Notes to the Financial Statements

R'000

### 22. Related parties (continued)

| Name                   | Fees for services<br>as a member of<br>management | Other expenses | Total        |
|------------------------|---------------------------------------------------|----------------|--------------|
| D Hindle - Chairperson | 111                                               | 244            | 355          |
| M Mthembu              | 78                                                | -              | 78           |
| F Solomon              | 78                                                | -              | 78           |
| V Singh                | 78                                                | -              | 78           |
| L Ingram               | 69                                                | -              | 69           |
| N Mbonisiwa            | 69                                                | -              | 69           |
| N Ntantala             | 69                                                | -              | 69           |
| P Chiloane             | 69                                                | -              | 69           |
| DM Peo                 | 69                                                | -              | 69           |
| J Landman              | 69                                                | -              | 69           |
| T Mathebula            | 78                                                | -              | 78           |
| LM Motshwane           | 69                                                | -              | 69           |
|                        | <b>906</b>                                        | <b>244</b>     | <b>1 150</b> |

## Notes to the Financial Statements

R'000

### 23. Risk management

#### Market risk

#### Interest rate risk

ETDP SETA manages its interest risk by spreading its funds over the two major banks in which it uses current account, call account and short-term investments. A cash management system is used for monitoring bank balances. The sensitivity of surplus funds to interest rates is dependent on the prime rate variations. At the reporting date, the prime rate was 3.44% (Prior year: 7.0%).

| For the year ended 31 March 2022 | Amount           | Effective interest rate<br>% pa | Non-interest bearing | Total            |
|----------------------------------|------------------|---------------------------------|----------------------|------------------|
| <b>Financial Assets</b>          |                  |                                 |                      |                  |
| Cash and cash equivalents        | 1 380 283        | 4%                              | -                    | 1 380 283        |
| Receivables                      | 2 960            | 4%                              | 517                  | 3 477            |
| Subtotal                         | 1 383 243        | 4%                              | 517                  | 1 383 760        |
| <b>Financial Liabilities</b>     | (219 778)        | 4%                              | (7 364)              | (227 142)        |
|                                  | <b>1 163 465</b> | <b>4%</b>                       | <b>(6 847)</b>       | <b>1 156 618</b> |

## Notes to the Financial Statements

R'000

### 23. Risk management (continued)

| For the year ended 31 March 2021 | Amount         | Effective interest rate<br>% pa | Non-interest bearing | Total          |
|----------------------------------|----------------|---------------------------------|----------------------|----------------|
| <b>Financial Assets</b>          |                |                                 |                      |                |
| Cash and cash equivalents        | 1 149 731      | 4%                              | -                    | 1 149 731      |
| Receivables                      | 6 393          | 4%                              | 470                  | 6 863          |
| Subtotal                         | 1 156 124      | 4%                              | 470                  | 1 156 594      |
| <b>Financial Liabilities</b>     | (268 220)      | 4 %                             | -                    | (268 220)      |
|                                  | <b>887 904</b> | <b>4%</b>                       | <b>470</b>           | <b>888 374</b> |

| For the year ended 31 March 2022 | Gross | Impairment | Total |
|----------------------------------|-------|------------|-------|
| <b>Receivables</b>               |       |            |       |
| Not past due 0-30 days           | 1 468 | -          | 1 468 |
| Past due 31-90                   | 1 257 | -          | 1 257 |
| Past due 91-120                  | 1 220 | (1 220)    | -     |
| Total financial assets           | 3 945 | (1 220)    | 2 725 |

| For the year ended 31 March 2021 | Gross | Impairment | Total |
|----------------------------------|-------|------------|-------|
| <b>Financial Assets</b>          |       |            |       |
| Not past due 0-30 days           | 5 447 | -          | 5 447 |
| Past due 31-90                   | 1 418 | -          | 1 418 |
| Past due 91-120                  | 1 220 | (1 220)    | -     |
| Total financial assets           | 8 085 | (1 220)    | 6 865 |

## Notes to the Financial Statements

|                                         | R'000<br>2022 | R'000<br>2021 |
|-----------------------------------------|---------------|---------------|
| <b>Reconciliation of debt provision</b> |               |               |
| Opening balance                         | 1 266         | 1 154         |
| Additional provision                    | -             | 175           |
| Provision of debt write off             | -             | (63)          |
| <b>Closing balance</b>                  | <b>1 266</b>  | <b>1 266</b>  |

### 23.1. General

In the course of its operations, the ETDP SETA is exposed to 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 Treasury Regulation 28.1. Below is the ETDP SETA's risk management process.

### 23.2. 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 of duties, monitoring, authorisation, reconciliation, staff education and risk assessment processes.

## Notes to the Financial Statements

|  | R'000<br>2022 | R'000<br>2021 |
|--|---------------|---------------|
|--|---------------|---------------|

### 23. Risk management (continued)

#### 23.3. Liquidity risk

This risk is managed via proper working capital management, expenditure management, 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 liabilities into their maturity groupings as per the Statement of Financial Position. These amounts are not discounted as they are as per contracts:

|                          | Not later than one<br>month | Later than one month<br>but not later than three<br>months | Later than three month<br>but not later than one<br>year | Later than three year<br>but not later than five<br>years |
|--------------------------|-----------------------------|------------------------------------------------------------|----------------------------------------------------------|-----------------------------------------------------------|
| <b>31 March 2022</b>     |                             |                                                            |                                                          |                                                           |
| Trade and other payables | 22 287                      | 197 491                                                    | -                                                        | -                                                         |
|                          |                             |                                                            |                                                          |                                                           |
|                          | Not later than one<br>month | Later than one month<br>but not later than three<br>months | Later than three month<br>but not later than one<br>year | Later than three year<br>but not later than five<br>years |
| <b>31 March 2021</b>     |                             |                                                            |                                                          |                                                           |
| Trade and other payables | 18 774                      | 248 180                                                    | -                                                        | -                                                         |

## Notes to the Financial Statements

|  | R'000<br>2022 | R'000<br>2021 |
|--|---------------|---------------|
|--|---------------|---------------|

### 23. Risk management (continued)

#### 23.4 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 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. None of the ETDP SETA assets have been pledged as security.

## Notes to the Financial Statements

|  | R'000 | R'000 |
|--|-------|-------|
|  | 2022  | 2021  |

### 23. Risk management (continued)

#### 23.5 Market risk

##### 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 their 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.

### 24. Going concern

The financial statements have been prepared based on the expectation that the ETDP SETA will continue to operate as a going concern for at least the next 12 months.

## Notes to the Financial Statements

|  | R'000<br>2022 | R'000<br>2021 |
|--|---------------|---------------|
|--|---------------|---------------|

### 25. Prior-year adjustments

In the 2020/21 financial year, the "stipend UIF contribution" line within the Discretionary Commitments note (20.1.1) was understated by R2 891m. This also resulted in an understatement of the Discretionary Commitment closing balance. This has since been corrected in the current financial year.

In the 2020/21 financial year there was an understatement of R421 in the consultancy expense. This resulted in an understatement in the deficit and accruals for the year. The error has been corrected as below.

#### Statement of financial position

|                                     | Note | As previously reported | Correction of error | Restated |
|-------------------------------------|------|------------------------|---------------------|----------|
| <b>2021 Restated</b>                |      |                        |                     |          |
| Payables from exchange transactions |      | 5 374                  | 421                 | 5 795    |

#### Statement of financial performance

|                      | Note | As previously reported | Correction of error | Restated |
|----------------------|------|------------------------|---------------------|----------|
| <b>2021 Restated</b> |      |                        |                     |          |
| Consultancy fees     |      | 7 188                  | 421                 | 7 609    |

|                      | Note | As previously reported | Correction of error | Restated  |
|----------------------|------|------------------------|---------------------|-----------|
| <b>2021 Restated</b> |      |                        |                     |           |
| Loss for the year    |      | (237 411)              | (421)               | (237 832) |

## Notes to the Financial Statements

|  | R'000 | R'000 |
|--|-------|-------|
|  | 2022  | 2021  |

### 25. Prior-year adjustments (continued)

#### 25.3. Reclassifications

The Administration reserve excess transferred to Discretionary reserves in the Statement of Changes in Net Assets for the 2020/21 financial year was incorrectly reported as R7 273m instead of R13 155m.

The effect of the error in the “Excess reserves transferred to Discretionary reserves” line item of the Statement of Changes in Net Assets is as follows:

#### Prior year adjustment

|                                    |         |
|------------------------------------|---------|
| Increase in Administration reserve | 5 882   |
| Consultancy fees                   | (5 882) |
| Decrease in Total net Assets       | -       |

### 26. Events after the reporting date

The ETDP SETA does not have any adjusting events after the reporting date.

## Notes to the Financial Statements

|  | R'000<br>2022 | R'000<br>2021 |
|--|---------------|---------------|
|--|---------------|---------------|

### 27. Fruitless and wasteful expenditure

|                 |     |     |
|-----------------|-----|-----|
| Opening balance | 625 | 625 |
|-----------------|-----|-----|

The fruitless and wasteful expenditure relates to interest paid on late payment of invoices, flight cancellation fees, fines and charges on withdrawal of tenders.

### 28. Irregular expenditure (\* 2021 reinstated)

|                                                                          |              |              |
|--------------------------------------------------------------------------|--------------|--------------|
| Opening balance                                                          | 1 753        | -            |
| Add: KNT Legal payments with expired contracts                           | 293          | -            |
| Add: Irregular expenditure in prior years identified in the current year | 220          | -            |
| Add: Expired contracts for photocopy machines and office building        | -            | 1 185        |
| Add: Members not vetted before appointment to serve on the SETA board    | 468          | 568          |
|                                                                          | <b>2 734</b> | <b>1 753</b> |

#### Irregular expenditure condoned - prior year(s)

Irregular expenditure recognised in the prior year in respect of a lease for the Free State office has been removed from the total irregular expenditure in the current year and the comparative figures. The transgression was condoned by National Treasury on the 29 May 2019 after which expenditure need not be disclosed as irregular expenditure. The total contract value (with extensions) amounts to R7.3m.

## Notes to the Financial Statements

|  | R'000 | R'000 |
|--|-------|-------|
|  | 2022  | 2021  |

### 29. Change in accounting estimate

At the beginning of the current period management revised the estimated useful life of all property plant and equipment by 1 year and intangible assets by 3 years. The effect of the change in accounting estimate has resulted in the reduction of the current year depreciation and amortisation by R413 and R142 respectively.

### 30. Budget differences

The material differences explained below are based on the SETA's materiality benchmark of R5.3m.

#### 30.1. Material differences between budget and actual amounts Skills Development Levy Income

The ETDP SETA received 3% more levies than budgeted for due to an increase in levy contributions from levy contributing employers in the current year than envisaged. The budget was determined using the prior year actual revenue figures as a base.

#### 30.2. Investment income

Investment for the year is 40% less than budgeted. This is due to lower interest rates offered by the Reserve Bank during the course of the year to cushion the economy from the effects of COVID-19.

## Notes to the Financial Statements

|  | R'000<br>2022 | R'000<br>2021 |
|--|---------------|---------------|
|--|---------------|---------------|

### 30. Budget differences (continued)

#### 30.3. Employee cost

Employee costs for the year are 8% lower than budgeted. There were few vacancies not filled during the year at middle and senior management level.

#### 30.4. Consultancy fees

Consultancy fees for the year are 64% lower than budgeted. There were delays in implementation of projects as a result of prolonged COVID-19 lockdown restrictions.

#### 30.5. Mandatory and discretionary grants

Mandatory grants expenditure is 3% higher than budgeted. The actual expenditure for the year is based on the number of approved Workplace Skills Plan and Annual Training Reports. The increased mandatory grants is in line with the increase in levies received.

Expenditure on discretionary grants is 44% less than budgeted for due to delays implementation of projects.

#### 30.6. General administration expenses

Administration expenditure is 26% lower than budget. Most projects were delayed due to COVID-19 restrictions with savings derived from activities where an alternative implementation strategy was adopted in adherence to COVID-19 restrictions (governance meetings and other stakeholder engagements, marketing, communication activities etc.)





## Annual Report

2021 / 22

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