



Education, Training and Development Practices Sector Education and Training Authority

Annual Report

2016/17

F I N A N C I A L Y E A R



SKILLING THE NATION



higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

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PART A

General Information

AT THE CUTTING EDGE OF SKILLS DEVELOPMENT

1. ETDP SETA Information

Name

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

Physical Address

41 Wordsworth Avenue
Senderwood
Bedfordview
2007

Postal Address

Private Bag X105
Melville
2109

Contact details

Contact Person: Ms Sesi Nombulelo Nxesi
Telephone Number: +27(0)11 028 7280
Email Address: nombulelon@etdpseta.org.za
Website Address: 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 Limited (AGSA)
300 Middel Street
New Muckleneuk
Pretoria, RSA
0181

Telephone Number: +27(0)12 426 8000

Website Address: www.agsa.co.za

Main Banker

Standard Bank of South Africa
5 Simmonds Street
Johannesburg
2000

2. List of Abbreviations and Acronyms

Acronym	Description	Acronym	Description
AA	Accounting Authority	CETA	Construction Education and Training Authority
ACE	Advanced Certificate in Education	CFO	Chief Financial Officer
AET	Adult Education and Training	CHIETA	Chemical Industries Education and Training Authority
AFS	Annual Financial Statements	COMDEV	Community Development
AGSA	Auditor-General of South Africa	COSATU	Congress of South African Trade Unions
ANC	African National Congress	CPUT	Cape Peninsula University of Technology
APP	Annual Performance Plan	CS	Constituency Support
APPETD	Association of Private Providers of Education, Training and Development	DA	Democratic Alliance
ATR	Annual Training Report	DBE	Department of Basic Education
BA	Bachelor of Arts	DHET	Department of Higher Education and Training
B.Ed	Bachelor of Education	ECD	Early Childhood Development
B Tech	Bachelor of Technology	EFAL	English First Additional Language
CA	Chartered Accountant	EGRA	Early Grade Reading Assessment
CATH	Culture, Art, Tourism, Hospitality, and Sport	ELRC	Education Labour Relations Council
CBO	Community Based Organisation	ETD	Education, Training and Development
CCMA	Commission for Conciliation, Mediation and Arbitration	ETDP SETA	Education, Training and Development Practices Sector Education and Training Authority
CDO	Career Development Officer	ETDQA	Education Training and Development Quality Assurance
CEO	Chief Executive Officer	ETQA	Education Training and Quality Assurance



Acronym	Description
EWP	Employee Wellness Programme
EXCO	Executive Committee
FASSET	Finance and Accounting Services Sector Education and Training Authority
FEDUSA	Federation of Unions of South Africa
FMPPI	Framework for Managing Programme Performance Information
FP	Foundation Phase
FP&M SETA	Fibre Processing and Manufacturing Sector Education and Training Authority
GRAP	Generally Recognised Accounting Practice
HEI	Higher Education Institution
HELM	Higher Education Leadership and Management
HE and R Chamber	Higher Education and Research Chamber
HESA	Higher Education South Africa
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
HoD	Head of Department
HR	Human Resources
ICT	Information and Communication Technology
IESBA Code	International Ethics Standards Board for Accountants' Code

Acronym	Description
IFP	Inkatha Freedom Party
INSETA	Insurance Sector Education and Training Authority
ISA	International Standards on Auditing
KZN	KwaZulu-Natal
LGSETA	Local Government Sector Education and Training Authority
LIASA	Library and Information Association of South Africa
LP	Limpopo Province
LSEN	Learners with Special Educational Needs
M&E	Monitoring and Evaluation
MBA	Master of Business Administration
MBL	Master of Business Leadership
M COM	Master Of Commerce
MDP	Management Development Programme
MERSETA	Manufacturing, Engineering and Related Services Sector Education and Training Authority
MICTSETA	Media, Information and Communication Technologies Sector Education and Training Authority
MIS	Management Information System
MOU	Memorandum of Understanding
MPA	Master of Public Administration
MSc	Master of Science

Acronym	Description
MTSF	Medium Term Strategic Framework
NAISA	National Alliance of Independent Schools Associations
NDP	National Development Plan
NEDLAC	National Economic Development and Labour Council
NAPTOSA	National Professional Teachers' Organisation of South Africa
NATU	National Teachers' Union
NEHAWU	National Education, Health and Allied Workers Union
NGO	Non-Governmental Organisation
NLPE	Non-Levy Paying Entity
NMMU	Nelson Mandela Metropolitan University
NPO	Non-Profit Organisation
NSA	National Skills Authority
NSDS	National Skills Development Strategy
NSF	National Skills Fund
NSFAS	National Student Financial Aid Scheme
NTEU	National Tertiary Education Union
NQF	National Qualification Framework
NWU	North West University
OFO	Organising Framework of Occupations
PAA	Public Audit Act
PEU	Professional Educators' Union

Acronym	Description
PFMA	Public Finance Management Act
PGCE	Postgraduate Certificate in Education
PIMM	Performance Information Management Module
PM&R	Performance, Monitoring and Reporting
PMDS	Performance Management and Development System
PWD	People with Disabilities
QCTO	Quality Council for Trades and Occupations
RCI	Research Chair Institutions
RPL	Recognition of Prior Learning
SACE	South African Council for Educators
SACP	South African Communist Party
SADTU	South African Democratic Teachers Union
SAOU	Suid-Afrikaanse Onderwysersunie
SAQA	South African Qualifications Authority
SARS	South African Revenue Services
SCM	Supply Chain Management
SDA	Skills Development Act
SDF	Skills Development Facilitator
SETA	Sector Education and Training Authority
SGB	School Governing Body
SLA	Service Level Agreement
SMT	School Management Team

Acronym	Description
SSP	Sector Skills Plan
SOP	Standard Operating Procedures
TETA	Transport Education Training Authority
TVET	Technical Vocational Education and Training
UCT	University of Cape Town
UIF	Unemployment Insurance Fund
UKZN	University of KwaZulu-Natal
UNISA	University of South Africa
UoT	University of Technology
USAf	Universities South Africa
UP	University of Pretoria
W&RSETA	Wholesale and Retail Sector Education and Training Authority
WIL	Work Integrated Learning
WITS	University of Witwatersrand
WPE	Workplace Experience
WSPRs	Workplace Skills Plans and Reports
WSUS	Windows Server Update Service

Education, Training and Development Practices Sector Education and Training Authority

Annual Report

2016/17

F I N A N C I A L Y E A R



SKILLING THE NATION

3. Acknowledgements

Executive Authority



*Honourable
Dr BE Nzimande
MP Minister of Higher
Education and Training*



*Honourable
Mr MC Manana
MP Deputy Minister of
Higher Education and
Training*

The Education, Training and Development Practices Sector Education and Training Authority's (ETDP SETA's) Accounting Authority, management and staff would like to extend a word of gratitude to the Ministry of Higher Education and Training for the visionary leadership they have continuously provided. The ETDP SETA remains committed to contributing positively towards the realisation of the Department's vision of skilling the nation through a differentiated and fully inclusive post-school education and training system.

Ministry of Basic Education



Honourable
Ms AM Motshekga
*MP Minister of Basic
Education*



Honourable
Mr ME Surty
*MP Deputy Minister of
Basic Education*

Ministry of Basic Education and the Departments of Education

Our appreciation is extended to the Ministry of Basic Education (DBE) and the Departments of Education (national and provincial) for their financial contribution and collaboration with the ETDP SETA in the implementation of its programmes.

Levy paying Organisations

The ETDP SETA's Accounting Authority appreciates all contributions made by the levy paying organisations through the levy grant system. The mandate of the ETDP SETA would not have been achieved without the financial contributions made.

4. Foreword by the Chairperson



Ms Shirley Mabusela | Accounting Authority Chairperson

Introduction

I am honoured to present the 2016/17 Annual Report of the ETDP SETA on behalf of the Accounting Authority. This report is based on the 2016/17 Annual Performance Plan.

I am also proud to announce that the SETA has reclaimed its clean audit status for 2016/17 financial year.

High-level overview of performance

Performance against predetermined objectives

The Five-year Strategic Plan objectives are achieved through the implementation of the APP. Of the 36 sub-programmes constituting programmes 1 to 5 in the APP, 23 were achieved as per the set targets. The organisation continues to implement those that could not be achieved by the end of the financial year 2016/17. A performance achievement of 66% on the SLA with DHET on strategic priorities was achieved. The projects which only commenced in the fourth quarter could not be completed at the time of reporting and therefore could not be recorded as achievements for 2016/17. Their implementation continues and will be reported in the next financial year. This performance is below the expectation of the Accounting Authority.

Detailed reports on both financial and performance achievements are provided in Section B of this annual report under the 'Performance Information by Programme' sub-section.

Strategic Relationships

The ETDP SETA adopted a partnership approach in the implementation of the APP and has formal partnership agreements with most of its constituencies at a national level as well as with key strategic constituent employers at a provincial level. These partnerships are strengthened by the fact that the ETDP SETA has a visible presence in all nine provinces where it has established offices in strategically and centrally located towns.

Challenges faced by the Accounting Authority

Performance Decline

The Accounting Authority has noted with concern the slow process of project implementation and expects improvement in the 2017/18 performance. However, it is worth noting that some of the targets are outside the control of the ETDP SETA for example, the completion of the internship programme and the success rates of the bursary recipients. Interns exit the programme once they find better work prospects. The majority of the first year students do not always complete their programmes successfully.

Financial Challenges

Inconsistent, late and non-payment of the 30% contribution by some Departments of Education cause budget inconveniences. The Accounting Authority approved an administration budget of R187m as per the 2016/17 APP but due to the SETA receiving

less than anticipated revenues from some Departments of Education, the Accounting Authority had to revise the budget downwards to R169m. This impacted negatively on planned administration activities.

Acquisition of Head Office Building

The acquisition of the Head Office building did not materialise in 2016/17 as envisaged because the procurement processes did not yield a positive response. The process is now underway to lease the Head Office building until 2020, which is in line with the re-establishment of the ETDP SETA.

SETA Landscape

The uncertainty surrounding the SETA landscape continues to unsettle staff and governance members. It posed some difficulty in recruiting and attracting specialised skills in some positions as the SETA could only advertise vacancies up to 2018, prior to the Minister's announcement of the extension of NSDS III until 2020.

Medium to Long Term Planning

ETDP SETA continues to plan in line with the NSDS III as the implementation of this strategy has been extended to 2020. The long-term planning is in line with the NDP, MTSF and the skills development needs which are enumerated in the SETA's Five-Year Strategic Plan.




Acknowledgements and appreciation

I would like to thank all members of the Accounting Authority, the Executive Committee of the Accounting Authority, the Chairpersons and members of all Committees and Chambers for their leadership and support to ensure that the ETDP SETA implements its Annual Performance Plan. I am proud to be part of the ETDP SETA's good governance and the demonstration of high moral judgement, integrity and commitment to the good cause of skills development. The ETDP SETA scored 100% on the evaluation of good governance by the DHET team in the financial year 2016/17.

My appreciation also goes to the CEO, Ms Sesi Nombulelo Nxesi, management and staff for ensuring that the ETDP SETA continues to deliver on its mandate as per the Standard Constitution for SETAs. On behalf of the Accounting Authority, I wish to congratulate all those who made it an effort to reclaiming a clean audit opinion by the Auditor General which could not be attained in 2015/16. We hope and believe that a clean audit status will be sustainable through strong internal controls.

I wish to thank all our partners and stakeholders as well as the beneficiaries of our programmes. Thank you and looking forward to a better 2017/18 service delivery.



Ms Shirley Mabusela

Accounting Authority Chairperson

Date: 28 July 2017

5. Chief Executive Officer's Overview



Ms Sesi Nombulelo Nxesi | Chief Executive Officer

General financial review of the organisation

Revenue

The ETDP SETA was funded through the following three major sources in 2016/17 financial year:

- Skills development levies: An amount of R 427.4 million was received and R 12.9 million of this amount constituted interest and penalties from late payment of the levies.
- Government Departments' contribution: An amount of R 395.9 million was received from Departments of Education (DHET and DoEs) as well as the North West Department of Culture, Arts and Traditional Affairs.
- Interest from Investments: Investment income increased by 76% from R 33.2 million to R 58.5 million due to the high receipt of income and slow implementation of projects which affected the cash reserves.

Spending trends

The table on page 18 shows the expenditure trends over a three-year period against various budgets.

Expenditure type	2016/17 R'000	2015/16 R'000	2014/15 R'000
Mandatory grants	69 435	69 390	70 167
Discretionary grants	519 099	274 486	240 200
Administration	148 048	145 868	115 986
QCTO transfers	1 971	1 334	936

Mandatory grant expenditure has been on the decline since the introduction of the SETA Grant Regulations which came into effect in December 2012, which reduced the Mandatory grant payable to employers from 50% to 20% of skills development levies contributed. This was also the case in the year under review, where the Mandatory grant expenditure increased marginally.

Discretionary grant spending exhibited an upward trend in response to the new Grants Regulation requirements. The increase of the government departments' contribution from 10% to 30% as per the Department of Public Service and Administration (DPSA) guidelines has resulted in the increase. Although implementation of projects remains slow, discretionary expenditure increased by 89.1% from R 274.4 million in 2015/16 to R 519 million in 2016/17 due to better spending in the last two quarters of the financial year.

Administrative expenditure has also slightly increased by 1.49% from R 145.8 million to R 148 million due to an increase in the number of activities carried out to implement the 2016/17 APP. However, the SETA did not exceed the 10% threshold as per the Grant Regulations.

Capacity Constraints and Challenges facing the ETDP SETA

In the financial year 2016/17, from the discretionary programmes, 66% of the set targets were met. There is always a challenge with commencement of the projects as some have to start in the first quarter of the academic year which is last quarter of the financial

year. The situation makes it impossible to commence and report project completion within the same financial year.

The increased revenue of the ETDP SETA has resulted in increased workload on support staff responsible for implementation. It is envisaged that the plans on digitisation and improved MIS will assist in alleviating the capacity constraints in the provincial offices.

The SETA is looking forward to reducing its commitment schedule by finding innovative ways of improving the pace at which programmes are implemented.

Discontinued activities/activities to be discontinued

The ETDP SETA did not discontinue any of its activities during the 2016/17 financial year.

New or proposed activities

For 2017/18 the following new projects and activities will be implemented:

- Strengthening the monitoring and evaluation processes for effectiveness and efficiency in service delivery.

Virements and roll over of funds

The National Treasury approved the utilisation of the surplus funds from 2015/16 which was R 158 million. The approval of the roll over of the surplus resulted in an amendment of the APP and the Minister of Higher Education and Training approved the amendments in September 2016. Some of the projects' implementation commenced after the approval of the retention of the surplus funds and the approved amended APP.

At the beginning of the financial year management expected to receive R 423 million from the Departments of Education, however a shortfall of R 27 million was noted.

The Accounting Authority approved the reduction of the initial administration budget from R 187 million to R 169 million.

Two further virements were made during the course of the year by the Accounting Authority allocating funds to the National Students Financial Aid Scheme and the Department of Basic Education for teacher development; the allocated amounts were R 100 million and R 50 million respectively.

Supply chain management processes and systems

The ETDP SETA has complied with almost all the National Treasury Regulations and practice notes including the Regulations on cost containment standards and procedures. During the time of contracting office space for the Provincial Offices, three landlords gave an impression that they were finalising their tax clearance certificate issues. As these were the only buildings available in Kimberley, Nelspruit and Bloemfontein, we contracted in anticipation that we would receive the tax clearance certificate in a short space of time but this did not work out as anticipated. This resulted in what the Auditor General concluded as the Irregular Expenditure of R1 348 000 being incurred.

Fruitless and wasteful expenditure of R577 000 was incurred and it related to certain modules on the Management Information System (MIS) which were incomplete and not functional. Management decided to declare this and disclose the amount as fruitless because it would have been more costly to revamp the none functional modules.

The SCM policies and the standard operation procedures have improved significantly over the last three years and the ETDP SETA continues to improve the effectiveness of its internal controls to prevent and detect irregular, fruitless and wasteful expenditure. All bid structures are in place and functional.

Concluded unsolicited bids for 2016/17

No unsolicited bid proposals were concluded in the 2016/17 financial year.

Challenges and strategies to address them

The Annual Performance Plans are tabled in Parliament in March every year and the ETDP SETA received the approval of its Strategic Plan, Sector Skills Plan and the Annual Performance Plan in April 2017. A major challenge for the ETDP SETA is the late start of the projects within the reported financial year. The late start is attributed to a series of consultations with constituencies, recruitment of project beneficiaries, procurement of the service providers and the actual commencement of programmes.


Previous audit report and how the findings were addressed

The major challenges encountered and manifested themselves during the 2015/16 financial year. The Auditor General had identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of programme 2: Quality teaching and learning in schools, TVET colleges and HEIs; programme 3: Improving public service delivery in the ETD sector and programme 4: Access and progression into high level skills and support for work experiential learning. Management subsequently corrected the misstatements.

The other findings raised were on commitments, financial information and information technology. These findings were addressed by management during the year under review. Management has strengthened internal controls to ensure that there is no recurrence of these findings that were raised.

Management addressed the findings that were raised on commitments by reviewing the commitment register, removing all expired contracts from the register, recording addendums and updating the Standard Operating Procedures.

Management has addressed the findings that were raised on financial information by compiling a detailed creditors list reconciled to the age analysis and financial statements adjusted accordingly in line with this requirement.



Management has addressed the findings that were raised on information technology by implementing a project management methodology and a standardised charter has been adopted. A project plan with clear deliverables and timelines is being used to monitor and manage projects. In addition, processes of patch management have been automated by implementing the Windows Server Update Service (WSUS) which keeps records of all the windows devices connected on the ETDP SETA network. Through this process, a report of devices that have been patched, as well as those that need to be patched can be retrieved from the system. The major challenges encountered and manifested themselves during the 2016/17 financial year.

The Audit process took longer than planned, this was as a result of not having enough building space where we operate as the Head Quarters.

On a more positive note, the ETDP SETA has received a clean audit outcome. The audit findings were immaterial for the 2016/17 financial year.

Future Plans to address financial challenges

The low expenditure in the finances has been caused by the slow implementation of the Annual Performance Plan sub-programmes. Management and staff have committed to improve operational effectiveness especially in the procurement processes which took longer than anticipated. The Accounting Authority approved an accelerated procurement plan that was presented by management and the insourcing of the additional capacity where required. The accelerated procurement plan is envisaged to fast track the implementation of the projects. Management also envisages to have more strategic partnerships with our constituencies and other SETAs to fast track implementation.

An improved Management Information System will be implemented in 2017/18 financial year which will support and enhance the effectiveness of operational processes and quality of performance information and improve efficiency of payment processes.

The digitisation plan is in place and it will reduce the unprecedented huge paper trail for performance information.

Events after the reporting date

There were no events after the reporting date.

Economic viability

The ETDP SETA continues to operate as a Going Concern as the assets and liabilities are fairly stated. Levy income increased by 8.5% from R 758.6 million to R 823.3 million due to higher growth in payroll cost of constituent employers as well as the early invoicing of Departments of Education allowing the SETA to confirm completeness of the amounts. The Departments of Education contribution of 30% of the 1% of the salary bill has improved the economic viability of the ETDP SETA. However, we note the inconsistencies and timing of these contributions as they affect the budgeting processes.

The SETA has noted the credit rating downgrade status of the country and will monitor the impact of the downgrade for the sector in the coming financial year.

Acknowledgements

I wish to extend my gratitude to the Chairperson of the Accounting Authority, Ms Shirley Mabusela, the Accounting Authority and its Executive Committee for their leadership and support, all the Chairpersons and members of the Committees and the Chambers for the guidance and support provided.

I also extend my appreciation to the management and staff of the ETDP SETA for the effort and contribution made in planning and implementation of the APP. I wish to impress upon each and every one of us to do better in the coming financial year. Lastly, but not least, I wish to thank all our levy payers, Departments of Education, service providers, suppliers and project beneficiaries for the continued support.

Thank you.



Ms Sesi Nombulelo Nxesi

Chief Executive Officer

Date: 28 July 2017

6. Statement of Responsibility and Confirmation of Accuracy of the Annual Report by the Accounting Authority

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

All information and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements audited by the Auditor-General.

The Annual Report is complete, accurate and is 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 (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 is responsible for the preparation of the Annual Financial Statements and the judgments made in this information.

The Accounting Authority is responsible for establishing and implementing a system of internal controls that have been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.

The Auditor-General is engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, the Annual Report fairly reflects the operations, performance information, the human resources information and the financial affairs of the ETDP SETA for the financial year ended 31 March 2017.



Ms Sesi Nombulelo Nxesi

Chief Executive Officer

Date: 28 July 2017



Ms Shirley Mabusela

Chairperson of the Accounting Authority

Date: 28 July 2017

7. Strategic Overview

7.1 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 in order to benefit employers, workers and employees in the sector.

7.2 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, the Department of Education, the National Skills Authority (NSA) and the South African Qualifications Authority (SAQA) and its structures
- Internal and external communication is effective in order to advance national human resource and skills development
- Dialogue and interaction between public and private entities in the sector with regard to skills transfer and training delivery is encouraged
- Employers, workers and employees in the sector benefit from quality training, higher productivity and harmonious mutual dependencies

7.3 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

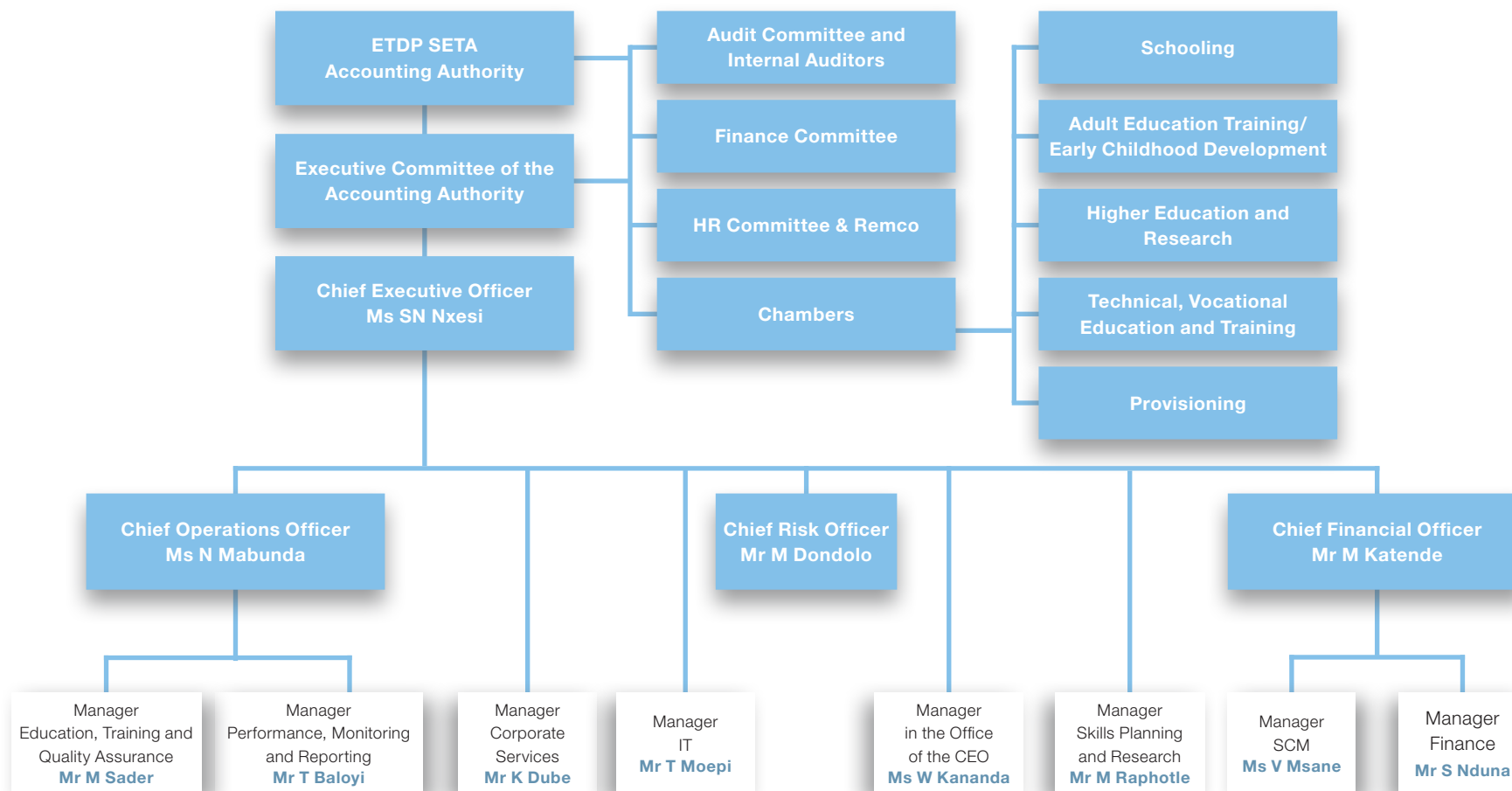
8. Legislative and other mandates

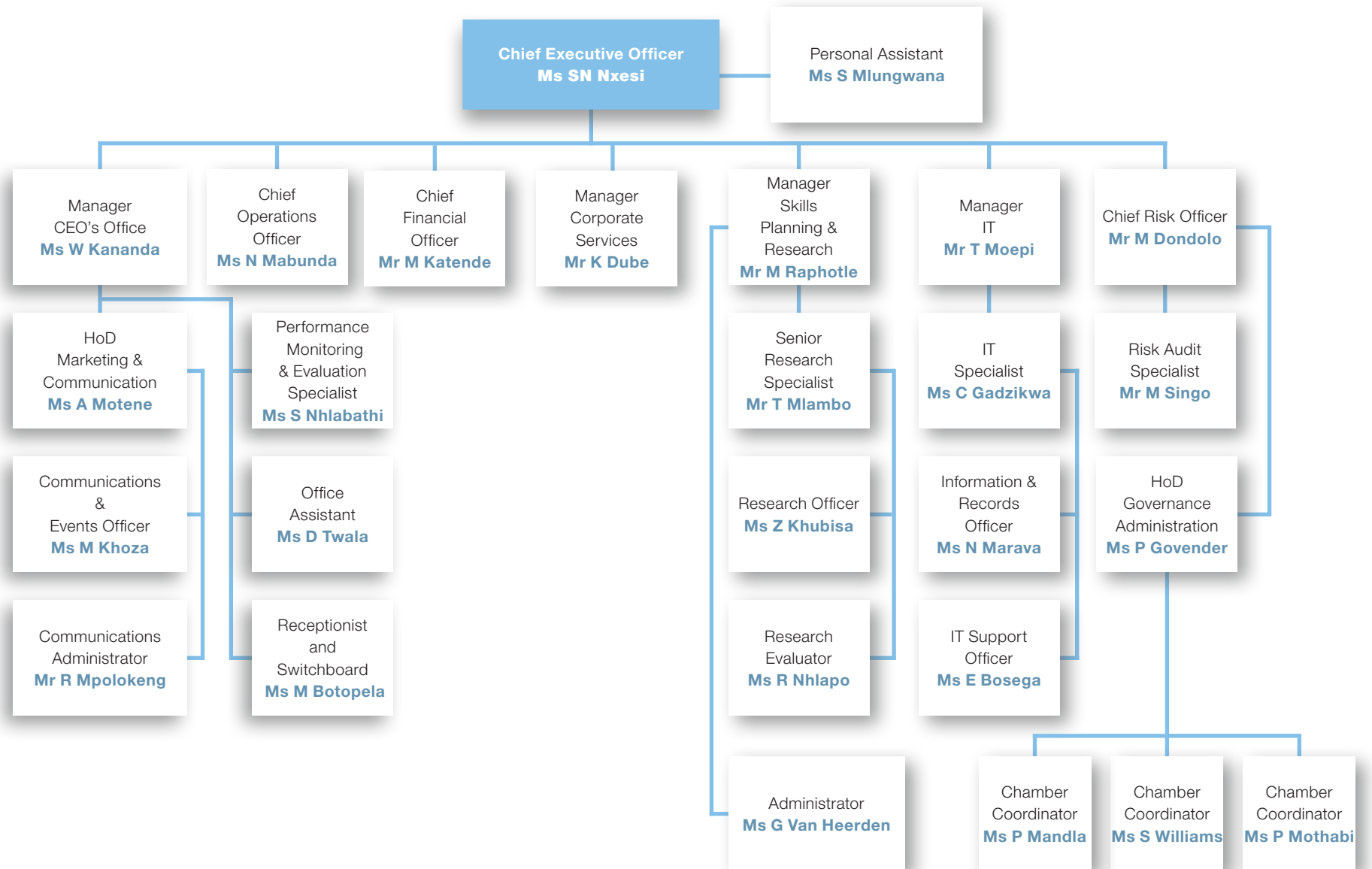
The following are the legislative, policy and other mandates that govern the work of the ETDP SETA:

- Constitution of the Republic of South Africa
- The Skills Development Act, (Act No. 97 of 1998), as amended in 2008
- The Skills Development Levies Act, (Act No. 9 of 1999)
- The Public Finance Management Act, (Act No. 1 of 1999)
- Labour Relations Act, (Act No. 66 of 1995)
- Employment Equity Act, (Act No. 55 of 1998)
- Protection of Personal Information Act, (Act No. 4 of 2013)
- The National Treasury Regulations
- The National Skills Development Strategy III
- The SETA Grants Regulations – December 2012 (Government Notice No. 35940)
- The Standard Constitution provided for the SETAs
- National Development Plan Vision 2030
- The Medium Term Strategic Framework 2014-2019
- The White Paper on Post-School Education and Training
- The Human Resource Development Strategy of South Africa, 2030
- Education, Training and Development Sector Skills Plan

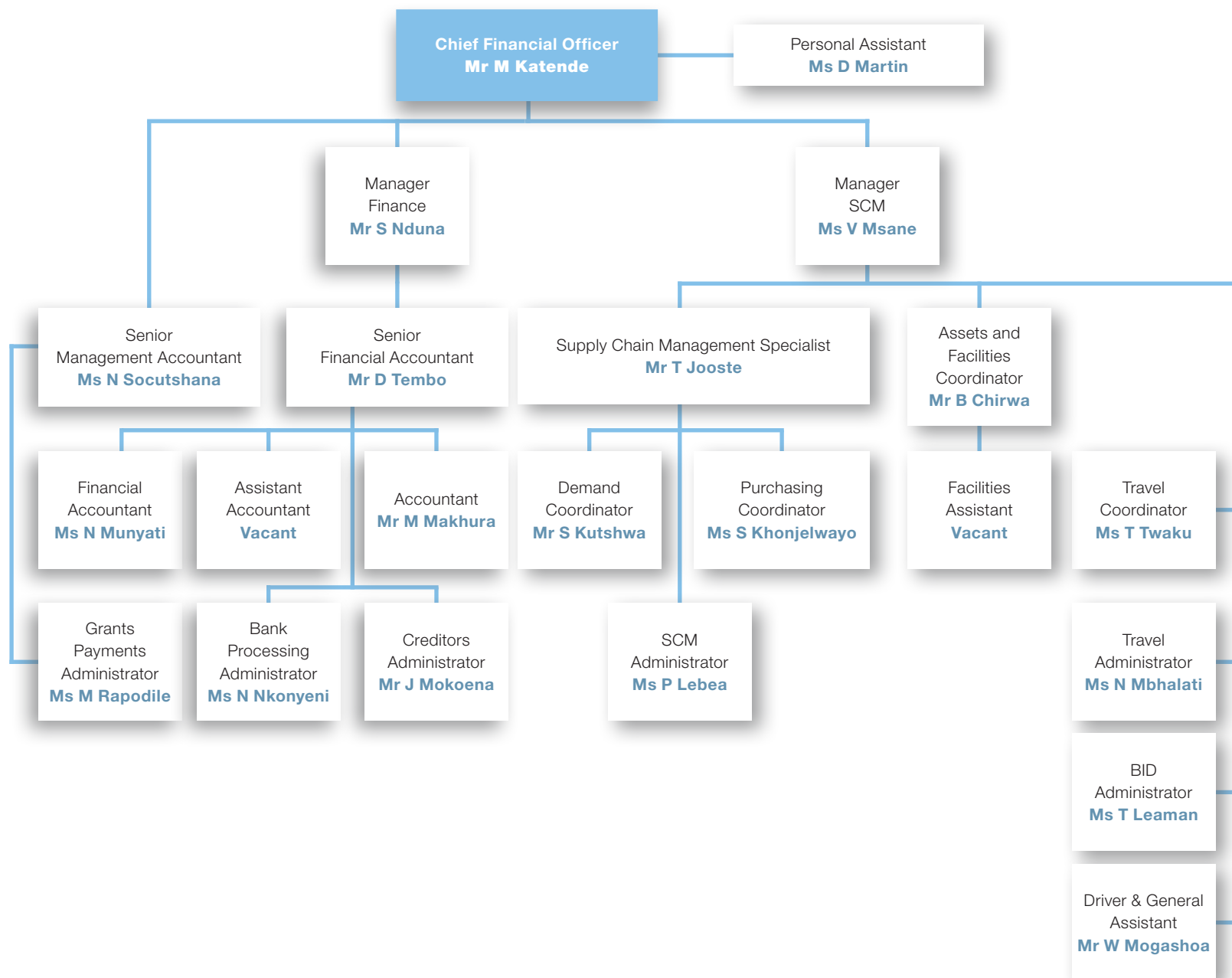


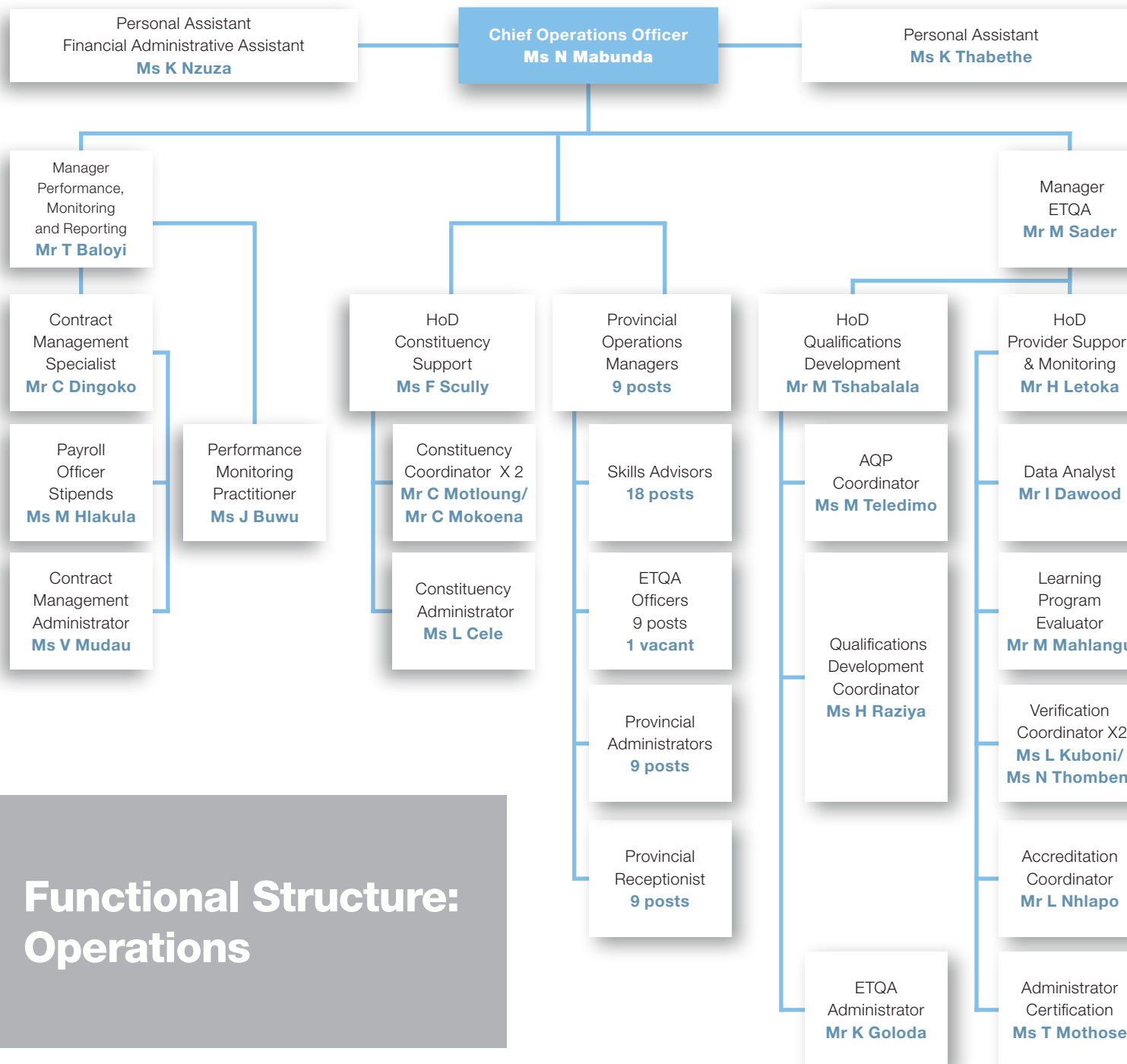
9. Governance and Management





Functional Structure: Finance and Procurement





Provincial Operations Manager

EC: Vacant
FS: Ms T Moleko
GP: Mr G Francis
KZN: Mr K Mabothe
LP: Mr I Mphaphuli
MP: Ms N Mxenge
NC: Mr R Kistiah
NW: Ms N Msebe
WC: Ms F Machimana

Skills Advisors

EC: Ms S Pantshwa	LP: Mr C Sithole
EC: Ms C Mona	MP: Ms N Speelman
FS: Mr E Radebe	MP: Mr D Netshikweta
FS: Ms S Masia Poo	NC: Mr D Gulston
GP: Ms S Jacobs	NC: Mr C Mpisi
GP: Mr V Naidoo	NW: Ms T Chipa
KZN: Ms B Msomi	NW: Ms A Kromhout
KZN: Ms G Le Grange	WC: Mr P Kunene
LP: Mr M Thema	WC: Mr A Shasha

ETQA Officers

EC: Ms N Mtsweni	MP: Ms V Middleton
FS: Ms F Madzivha	NW: Ms C Zwane
GP: Mr N Mnguni	NW: Vacant
KZN: Ms S Rambehary	WC: Ms J Malan Hendricks
LP: Ms L Machebe	

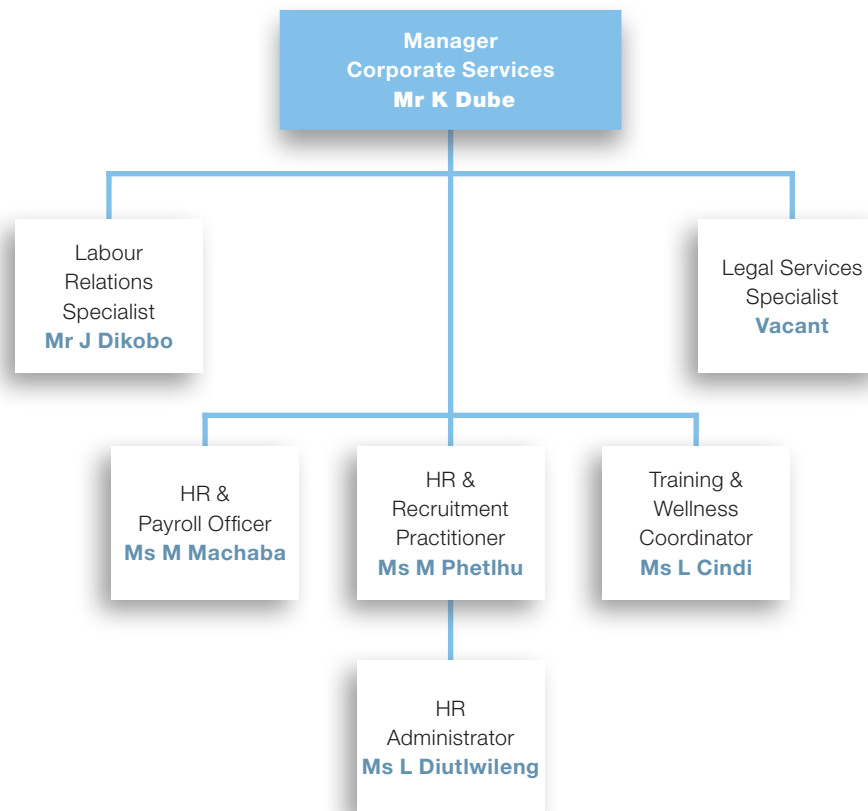
Provincial Administrators

EC: Ms A Kama	MP: Mr A Mvuma
FS: Ms E Ketshwa	NC: Ms J Skennette
GP: Ms F Mchunu	NW: Ms T Chabalala
KZN: Mr X Nxumalo	WC: Ms D Boltman
LP: Ms T Malongete	

Provincial Receptionist

EC: Ms T Vokiyane
FS: Ms R Ramasimong
GP: Mr T Ngubane
KZN: Ms N Mazibuko
LP: Ms V Mokgolo
MP: Ms S Maringa
NC: Ms B van der Sandt
NW: Ms F Hlomendlini
WC: Ms D Nonkonyana

Functional Structure: Corporate Services





PART B

Performance Information

AT THE CUTTING EDGE OF SKILLS DEVELOPMENT

1. Auditor-General's Report: Predetermined Objectives

The ETDP SETA falls under Schedule 3A of the PFMA.


The Auditor General performed the audit on predetermined objectives and the report is provided on pages 151-154.

2. Situational Analysis

2.1 Service Delivery Environment

The ETDP SETA 2016/17 APP was implemented through six (6) programmes. These programmes were aimed at addressing the diverse needs of its constituencies and sub-sectors. Out of the six (6) programmes outlined in the APP, 66% performance from the set targets was achieved, based on the first five programmes. In most of the projects, implementation could not take place before 31 May 2016 although service level agreements were concluded. Training schedules were arranged to take place between April and May and therefore were not reported in the year under review. The following are some of the challenges encountered in the year under review:

- Varying duration of programme implemented, which result in different implementation stages and varying completion stages of the programmes. This posed a challenge for annual reporting as the programmes offered overlap different financial years
- Skills planning, recruitment, enrolments and actual training within one financial year is difficult to achieve. This results in slow spending and huge commitments
- The SETA experiences dropouts, as some employers are unwilling to grant time off for studying



The major external demands that impacted the organisation's service delivery were as follows:

- The #FeesMustFall campaign resulted in a huge demand for bursaries to such an extent that the AA resolved to allocate a significant amount of funding to NSFAS. This allocation was in addition to the APP bursary targets for the students
- The need to train more teachers in the use of innovative methods in line with the shift in education from traditional to e-learning, resulted in further funding that was allocated to the teacher development programme

2.2 Organisational Environment

In the year under review, there were some organisational challenges including the changes in the SETA landscape which resulted in the difficulty to recruit highly competent personnel. The uncertainty surrounding the SETA landscape continued to unsettle staff and governance members. Recruiting and attracting specialised skills and some positions became difficult since the SETA could only advertise vacancies up to 2018. Consequently it took longer to fill positions. Hence the SETA maintained the partnership with Deloitte in the secondment of the CFO and the Finance Manager.

The organisation experienced a slow process of implementing projects. This challenge is receiving attention as it results in low spending and increasing commitments for continuing projects. The Accounting Authority acknowledged the regression from a clean audit to an unqualified audit in 2015/16 due to the management of the commitment schedule of programmes and projects.

2.3 Key Policy Developments and Legislative Changes

The Minister published the Government Gazette No. 40 505 (15 December 2016) to extend the existence of the existing 21 SETAs from 01 April 2018 to 31 March 2020.

2.4 Strategic Outcome Oriented Goals

The ETDP SETA has the following strategic outcome oriented goals from its Five-Year Strategic Plan.

Goal 1: Expanded research to inform sector skills planning and employability for economic growth

Reasons for the high rate of unemployment is as a result of the mismatch between the supply and demand for skills in the labour market. To address the challenge in the ETD sector, the ETDP SETA contracted six (6) Research Chairs to increase the ETDP SETA's research capacity and inform the sector skills planning process.

The Research Chairs are:

- Youth Unemployment, Employment and Empowerment Research Chair: Nelson Mandela Metropolitan University (NMMU)
- TVET College Lecturer Development Research Chair: University of the Witwatersrand (WITS)
- Monitoring, Evaluation and Impact Assessment Research Chair: University of KwaZulu-Natal (UKZN)
- ECD and Schooling Research Chair: North West University (NWU)

- Work Integrated Learning (WIL) and Recognition of Prior Knowledge (RPL) Research Chair: Cape Peninsula University of Technology (CPUT)
- Labour market intelligence gathering and information relating to the ETD sector: University of Pretoria (UP)

Goal 2: Adequately capacitated educators and lecturers for effective teaching and learning in schools, TVET colleges and higher education institutions

The ETDP SETA has the development and capacitation of educators as one of its top priorities to improve teaching and learning. Professional and competent educators are the key for quality improvement in education. The 2016/17 financial year showed a significant improvement in the number of educators who enrolled in skills development programmes. Educators who benefited from various programmes amount to 7 893, bringing the total beneficiaries to 9 046 over the three years, against a five year strategic plan target of 30 000. This constitutes a 30% achievement of the strategic plan target.

Goal 3: A skilled public service personnel to improve service delivery in the institutions/ organisations targeted

The ETDP SETA focused its interventions on district officials to provide the required efficient and effective support to schools. Its strategic plan target was 2 000 officials, of which a total of 1 881, over three years, have been trained, translating into 94% achievement against the strategic plan target.

Goal 4: Increased number of students who successfully enter the post-school education and training system

In the year under review, more learners were allocated opportunities for further education and training. A total of 9 694 learners were supported as compared to 5 484 who were supported in the previous financial year. This increased the number of beneficiaries to 19 709 over three years against a five-year target of 31 813, translating to an achievement of 62% against the strategic plan target. A number of programmes were implemented which include: Career development, Learnerships, Internships and Bursaries. These interventions will go a long way in preparing the students for the world of work, making them employable when they complete their studies.

Goal 5: Enhance capacity in ETD constituent employers

This goal is in line with the Medium Term Strategic Framework (MTSF) output 5 - Capacity Building. ETDP SETA assists employers with training and development of their employees. All ETDP SETA constituencies have benefited from various skills development interventions.

Goal 6: A highly effective, professional and efficient organisation informed by good corporate governance practices

ETDP SETA continues to enhance skills deficits of its workforce to improve organisational performance. The Accounting Authority, its Committees and Chambers were also capacitated on good governance practices. Since inception, ETDP SETA received unqualified audit opinion and in the other financial years, namely, 2011/12, 2012/13, 2014/15 and 2016/17, a clean audit opinion.

3. Performance Information by Programme

3.1 Programme 1: Development of a credible Sector Skills Plan (SSP)

3.1.1 Purpose

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

3.1.2 Sub-programmes

3.1.2.1 Development of the 5 year Sector Skills Plan

In 2016/17 financial year the Five-Year Strategic Skills Plan was updated in accordance with the requirements of the Department of Higher Education and Training. The Five-Year Sector Skills Plan update was approved and the information obtained on the supply and demand for skills was used in the development of the APP.

3.1.3 Strategic Objective

To conduct research that will identify the skills gaps or mismatches of skills in the ETD sector for purposes of employability, occupational mobility and entrepreneurship.

3.1.4 Actual Achievements

Programme 1: Development of a credible ETD Sector Skills Plan (SSP)

Strategic Objective	Performance Indicator	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation/ variance from planned target to Actual Achievement for 2016/17	Comment on deviations and/or variances
To conduct research that will identify the skills gaps or mismatches of skills in the ETD sector for purposes of employability, occupational mobility and entrepreneurship	SSP update submitted to DHET for approval on prescribed dates	SSP updated and submitted to DHET as per the requirements	SSP Update submitted to DHET for approval on prescribed dates	SSP submitted and approved on prescribed dates	-	-

3.1.5 Strategy to overcome areas of under-performance

There were no areas of under-performance.

3.1.6 Changes to Planned Targets

There were no changes to the planned targets.

3.1.7 Linking Performance with Budgets

Administration Budget	2015/16				2016/17		
Sub-Programme Name	Budget	Actual Expenditure	Over /Under Expenditure	Commitment	Budget	Actual Expenditure	Over /Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
SSP Update submitted to DHET for approval on prescribed dates	9 600	6 946	2 654	8 572	8 500	8 867	(367)
Total	9 600	6 946	2 654	8 572	8 500	8 867	(367)

Discretionary Budget	2015/16				2016/17			
Sub-Programme Name	Budget	Actual Expenditure	Over /Under Expenditure	Commitment	Budget	Actual Expenditure	Over /Under Expenditure	Commitment
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
11 Research Interns	-	-	-	-	822	-	822	600
Total	-	-	-	-	822	-	822	600

3.2 Programme 2: Quality teaching and learning in schools, TVET Colleges and HEIs

3.2.1 Purpose

The purpose of this programme is to improve the quality of teaching and learning in schools, Technical Vocational Education and Training (TVET) Colleges and Higher Education Institutions (HEIs) and to contribute to a transformed higher education environment.

3.2.2 Sub-programmes

- Teachers in public schools enrolled in ICT skills development programmes
- Teachers in public schools enrolled in ICT learnership programme
- Financial support to DBE on establishment of broadcast and digital platforms for teacher development
- Financial support for the development of self-diagnostic assessment for teachers
- Training of GET teachers on Home Language and English First Additional Languages
- Support for independent schools associations in skills development programmes (NAISA)
- Skills development support for public TVET Colleges
- Skills development support for TVET college governors' council
- Skills development support for public HEIs
- Support for academics in research or HEIs at Masters and PhD levels
- Skills development support for private levy paying HEIs, NGOs and TVET/FET college
- Skills development support for Teacher Union Institutes

3.2.3 Strategic Objectives

There are three strategic objectives under Programme 2:

- To ensure that teachers are trained on programmes that enhance their competencies in order to improve learner performance
- To support TVET Colleges to improve lecturer competences in order to improve student performance
- To support HEI lecturers to gain appropriate competencies in order to improve student performance

3.2.4 Actual Achievements

Programme 2: Quality teaching and learning in schools, TVET Colleges and HEIs

Strategic Objectives	Performance Indicators	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target to Actual Achievement for 2016/17	Comment on deviations and/or variances
To ensure that teachers are trained on programmes that enhance their competencies in order to improve learner performance	Number of public schools teachers enrolled in ICT skills development programmes	2 268	7 500	6 382 (85%)	-1 118	Under-achieved Misalignment between ETDP SETA APP and the requirements of the various departments.
	Financial support to DBE on establishment of broadcast and digital platforms for teacher development	-	1	1 (100%)	-	Achieved
	Financial support for the development of self-diagnostic assessment for teachers	-	1	0 (0%)	-1	Not-Achieved Long procurement processes.

Programme 2: Quality teaching and learning in schools, TVET Colleges and HEIs

Strategic Objectives	Performance Indicators	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target to Actual Achievement for 2016/17	Comment on deviations and/or variances
To ensure that teachers are trained on programmes that enhance their competencies in order to improve learner performance	Training of GET teachers on Home Language and English First Additional Language	-	500	992 (198%)	492	Over-achieved The project was able to accommodate more schools within the allocated budget
	Number of independent schools associations supported in skills development programmes (NAISA)	1	1	1 (100%)	-	Achieved
To support TVET Colleges to improve learner performance	Number of Teacher Union Institutes supported	4	5	3 (60%)	-2	Under-achieved Two Teacher Unions did not take up and an internal process is underway to resolve
	Number of TVET colleges supported	189 (TVET college lecturers)	50	50 (100%)	-	Achieved

Programme 2: Quality teaching and learning in schools, TVET Colleges and HEIs

Strategic Objectives	Performance Indicators	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target to Actual Achievement for 2016/17	Comment on deviations and/or variances
To support TVET Colleges to improve learner performance	Number of TVET college governors' council supported through skills development	-	1	1 (100%)	-	Achieved
To train HEI lecturers to gain appropriate competencies in order to improve student performance	Number of public HEIs supported	5	26	21 (81%)	-5	Under-achieved Late start of the project
	Number of academics in research or HEIs enrolled at Masters and PhD levels	32	35	39 (111%)	4	Over-achieved Three more Master's students were supported within the allocated budget
	Number of levy paying private HEIs, NGOs and TVET colleges supported	101 (NLPEs)	20	4 (20%)	-16	Under-achieved Late adverts for the expression of interest

Six out of 11 sub-programmes were achieved.

3.2.5 Strategy to overcome areas of under-performance

Performance Indicator	Strategy to overcome areas of underperformance
Number of public school teachers enrolled in ICT skills development programmes	To improve on performance, it is required that provincial coordinators consult with the provinces to align programmes and this should be done early enough; before the submission of the APP to DHET for approval
Financial support for the development of self-diagnostic assessment for teachers	The project has started and the engagement structure is in place between DBE and SETA
Number of public HEIs supported	Proper training needs analysis needs to be done with the HEIs The HEIs and research chamber will be requested to assist with the implementation plan for HEIs
Number of levy paying private HEIs, NGOs and TVET colleges supported	Expression of Interest should be done early in the financial year
Number of Teacher Union Institutes supported	A consultative process will take place with Teacher Unions to agree timeously on projects to be implemented

3.2.6 Changes to Planned Targets

Three new sub-programmes were added following the revision and approval of the APP in September 2016, namely:

- Financial support to DBE on establishment of broadcast and digital platforms for teacher development
- Financial support for the development of self-diagnostic assessment for teachers
- Training of GET teachers on Home Language and English First Additional Language

3.2.7 Linking Performance with Budgets

Discretionary Budget	2015/16				2016/17			
Sub-Programme Name	Budget	Actual Expenditure	Over /Under Expenditure	Commitment	Budget	Actual Expenditure	Over /Under Expenditure	Commitment
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Number of public school teachers enrolled in ICT skills development programmes	95 254	2 836	92 418	84 026	120 937	21 178	99 759	82 859
Financial support to DBE on establishment of broadcast and digital platforms for teacher development	-	-	-	-	88 950	19 303	69 647	69 647
Financial support for the development of self-diagnostic assessment for teachers	-	-	-	-	1 790	-	1 790	1 790

Discretionary Budget	2015/16				2016/17			
Sub-Programme Name	Budget	Actual Expenditure	Over /Under Expenditure	Commitment	Budget	Actual Expenditure	Over /Under Expenditure	Commitment
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Training of GET teachers on Home Language and English First Additional Language	-	-	-	-	55 908	53 328	2 580	2 571
Number of independent schools associations supported in skills development programmes (NAISA)	3 000	270	2 730	1 121	5 000	-	5 000	3 418
Number of TVET colleges supported	9 000	1 103	7 897	8 208	34 000	8 454	25 546	29 815
Number of TVET college governors' councils supported through skills development	-	-	-	-	9 000		9 000	

Discretionary Budget	2015/16				2016/17			
Sub-Programme Name	Budget	Actual Expenditure	Over /Under Expenditure	Commitment	Budget	Actual Expenditure	Over /Under Expenditure	Commitment
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Number of public HEIs supported	11 250	2 106	9 144	8 999	26 000	4 352	21 648	17 299
Number of academics in research or HEIs enrolled at Master's and PhD levels (NGAP)	2 700	-	2 700	2 000	3 545	-	3 545	2 344
Number of levy paying private HEIs, NGOs and TVET colleges supported	1 500	300	1 200	1 615	6 000	-	6 000	1 557
Number of teacher trade unions supported through skills development	3 000	203	2 797	2 260	5 000	-	5 000	4 325
Total	125 704	6 818	26 468	108 229	356 130	106 614	249 516	215 627

The cost of the ICT programme was lower than anticipated and the project able to accommodate more learners within budget.

3.3 Programme 3: Improving public service delivery in the ETD sector

3.3.1 Purpose

The purpose of this programme is to capacitate those involved in public service administration functions that have a direct bearing and/or impact on education and training, with the necessary skills to perform their duties.

3.3.2 Sub-programmes

- Placement and training of school administrators (Continuation-third year)
- Enrolment of key and strategic government officials in public administration and management development programmes
- Development of curriculum content for the Advanced Diploma in Leadership and Management (DBE special project)

3.3.3 Strategic Objectives

There are three strategic objectives under this programme:

- To enhance school administrative capacity in public schools
- To enhance the administrative capacity of the key and strategic government officials in education at national, provincial and district offices
- To develop a qualification suitable for the development of school principals

3.3.4 Actual Achievements

Programme 3: Improving public service delivery in the ETD sector						
Strategic Objective	Performance Indicator	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target to Actual Achievement for 2016/17	Comment on deviations and/or variances
To enhance school administrative capacity in public schools	Number of interns placed as school administrators in schools for the third year management development programmes.	1 469	1 250	1 256 (101%)	6	Over-achieved Six interns were placed in schools in the Eastern Cape and were converted to school administrators
	Number of key and strategic government officials in education enrolled in public administration and management development programmes.	376	600	693 (116%)	93	Over-achieved The over achievement is attributed to the high uptake of the programme within the budget

Programme 3: Improving public service delivery in the ETD sector						
Strategic Objective	Performance Indicator	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target to Actual Achievement for 2016/17	Comment on deviations and/or variances
To enhance the administrative capacity of key and strategic government officials in education at national, provincial and district offices	Development of curriculum content for the Advanced Diploma in Leadership and Management Diploma (DBE Special Project)	-	1	1 (100%)	-	Achieved

3.3.5 Strategy to overcome areas of under-performance

There were no areas of under-performance.

3.3.6 Changes to Planned Targets

One new sub-programme was added following the revision and approval of the APP in September 2016:

- Development of curriculum content for the Advanced Diploma in Leadership and Management Diploma (DBE Special Project).

3.3.7 Linking Performance with Budgets

Discretionary Budget	2015/16				2016/17			
Sub-Programme Name	Budget	Actual Expenditure	Over /Under Expenditure	Commitment	Budget	Actual Expenditure	Over /Under Expenditure	Commitment
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Interns placed as school administrators and enrolled in relevant skills programmes	52 416	43 939	(8 478)	6 665	46 000	33 028	12 973	-
Unemployed youth trained as administrators	12 500	409	(12 091)	3 337	-	-	-	-
Key and strategic government officials in education enrolled in public administration and management development programmes	56 500	479	(56 021)	55 731	12 000	1 480	10 520	15 489

Discretionary Budget	2015/16				2016/17			
Sub-Programme Name	Budget	Actual Expenditure	Over /Under Expenditure	Commitment	Budget	Actual Expenditure	Over /Under Expenditure	Commitment
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Development of curriculum content for the Advanced Diploma in Leadership and Management Diploma	-	-	-	-	3 396	-	3 396	3 674
Total	121416	44 826	(76 590)	65 733	61 396	34 507	26 889	19 163

3.4 Programme 4: Access and progression into high-level skills and support for work experiential learning

3.4.1 Purpose

The purpose of this programme is to provide Career Development Services, increase access to occupationally directed programmes and to provide youth with workplace learning and experience for employability.

3.4.2 Sub-programmes

There are 12 sub-programmes under Programme 4, namely:

- Unemployed youth awarded new bursaries
- Unemployed youth awarded bursaries (renewals)

- Career Guidance Officers (CDOs) placed at TEVT colleges (continuation)
- Distribution of 50 000 copies of career guides through structured career guidance events
- Unemployed youth awarded internships
- Workplace experience for unemployed youth (TVET Colleges)
- Workplace experience for unemployed youth (UoTs)
- Recognition of prior learning (RPL)
- Unemployed enrolled in skills programmes
- Unemployed enrolled in the Matric Re-Write/Second Chance Project
- Learnership programmes for unemployed youth
- Training for people with disabilities

3.4.3 Strategic Objectives

To increase students' access to further and higher education institutions for studies and through workplace learning programmes.

3.4.4 Actual Achievements

Programme 4: Access and progression into high level skills and support for work experiential learning						
Strategic Objectives	Performance Indicators	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target to Actual Achievement for 2016/17	Comment on deviations and/or variances
To increase students' access to further and higher education institutions for studies and through workplace learning programmes	Number of unemployed youth awarded new bursaries	528	600	543 (91%)	-57	Under-achieved on SETA planned target, however, a decision was made to allocate additional funding to benefit 1 780 more students through NSFAS.

Programme 4: Access and progression into high level skills and support for work experiential learning						
Strategic Objectives	Performance Indicators	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target to Actual Achievement for 2016/17	Comment on deviations and/or variances
To increase students' access to further and higher education institutions for studies and through workplace learning programmes	Number of unemployed youth awarded bursaries (renewals)	529	600	771 (129%)	171	Over-achieved More demand resulted in the increase of renewals of the bursaries and the extra were funded from the budget of the new intake
	Number of CDOs placed at TVET colleges (continuation)	227	313	273 (87%)	-40	Under-achieved CDOs dropped out as they got absorbed into permanent employment
	Number of career guides distributed	13 388	50 000	44 058 (88%)	-5 942	Under-achieved Insufficient turnout at events resulting in fewer booklets distributed.

Programme 4: Access and progression into high level skills and support for work experiential learning

Strategic Objectives	Performance Indicators	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target to Actual Achievement for 2016/17	Comment on deviations and/or variances
To increase students' access to further and higher education institutions for studies and through workplace learning programmes	Number of career guidance events organised for the distribution of career guides	-	105	107 (102%)	2	Over-achieved More events within the budget.
	Number of unemployed youth provided with workplace experience (internships and WPEs)	898	2 175	2411 (111%)	241	Over-achieved More students from UoTs were supported within the allocated budget
	Number of learners enrolled for RPL (including RPL centres)	407	300	436 (145%)	136	Over-achieved There was more demand that could be accommodated within the allocated budget

Programme 4: Access and progression into high level skills and support for work experiential learning						
Strategic Objectives	Performance Indicators	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target to Actual Achievement for 2016/17	Comment on deviations and/or variances
To increase students' access to further and higher education institutions for studies and through workplace learning programmes	Number of unemployed youth enrolled in skills programmes including metric re-write/second chance project	-	3800	3119 (82%)	-681	Under-achieved Low take-up of metric rewrite intervention by learners
	Number of unemployed youth enrolled in learnership programmes	908	1 500	1 503 (100%)	3	Over-achieved More learners were enrolled within the allocated budget
	Training of people with disabilities	434	800	788 (99%)	-12	Under-achieved Dropouts at the commencement of the project

Five of 10 sub-programmes were achieved.

3.4.5 Strategy to overcome areas of under-performance

Performance Indicator	Strategy to overcome areas of underperformance
Number of unemployed youth awarded new bursaries	It was realised that renewals applications were more than the planned target and a conservative recruitment of the new ones was embarked on. For the future a partnership will be entered into with the NSFAS for the administration of the bursaries especially the renewals
Number of career guides distributed	ETDP SETA to partner with other SETAs, youth career development small companies for distribution of these guides
Number of unemployed youth enrolled in skills programmes including metric re-write/ second chance project	The SETA has resolved that the Department of Basic Education is best placed to implement the programme.
Number of CDOs placed at TVET colleges (continuation)	The SETA shall consider placing CDOs subject to a commitment to absorb the CDO by the TVET college.

3.4.6 Changes to Planned Targets

An approval for NSFAS bursary allocation for R100m for about 1780 students was granted by the Accounting Authority. This will be reported in the next financial year.

3.4.7 Linking Performance with Budgets

Administration Budget	2015/16				2016/17		
Sub-Programme Name	Budget	Actual Expenditure	Over /Under Expenditure	Commitment	Budget	Actual Expenditure	Over /Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Career guidance booklets printed and distributed to learners	450	318	(132)	(318)	500	-	500
Structured career guidance events organised for the distribution of career guides	-	-	-	-	-	-	-
Total	450	318	(132)	(318)	500	-	500



Discretionary Budget	2015/16				2016/17			
Sub-Programme Name	Budget	Actual Expenditure	Over /Under Expenditure	Commitment	Budget	Actual Expenditure	Over /Under Expenditure	Commitment
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Unemployed youth awarded new bursaries	33 598	6 424	27 175	27 079	45 000	6 968	38 032	19 132
Unemployed youth awarded new bursaries	-	-	-	-	100 000	-	100 000	100 000
Unemployed youth awarded bursaries (renewals)	25 008	5 875	19 132	16 804	37 125	7 193	29 932	34 964
CDOs placed at TVET colleges (continuation)	18 780	10 358	8 422	6 676	16 785	10 406	6 379	-

Discretionary Budget	2015/16				2016/17			
Sub-Programme Name	Budget	Actual Expenditure	Over /Under Expenditure	Commitment	Budget	Actual Expenditure	Over /Under Expenditure	Commitment
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Number of unemployed youth provided with workplace experience (Internships and WPEs)	39 836	22 678	17 157	16 499	97 410	29 775	67 635	61 849
Learners enrolled for RPL	8 100	1 664	6 436	4 636	8 305	780	7 525	7 348
Unemployed youth enrolled in skills programmes	-	-	-	-	10 725	1 548	9 177	8 222
Unemployed youth enrolled in the Matric Re-Write / Second Chance Project	6 000	-	6 000	6 000	8 656	-	8 656	6 604

Discretionary Budget	2015/16				2016/17			
Sub-Programme Name	Budget	Actual Expenditure	Over /Under Expenditure	Commitment	Budget	Actual Expenditure	Over /Under Expenditure	Commitment
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Unemployed youth enrolled in learnership programmes	45 000	11 871	33 129	30 809	75 000	36 995	-	27 261
Training of people with disabilities	14 400	675	13 725	13 672	24 000	2 573	21 427	16 548
Total	190 722	59 545	131 176	122 175	423 006	96 237	326 759	281 927

3.5 Programme 5: Supporting ETD constituencies for skills development

3.5.1 Purpose

The purpose of the programme is to build human and institutional capacity within the ETD sector constituencies. There are eight sub-programmes under Programme 5.

3.5.2 Sub-programmes

- Skills development support for trade union federations, trade unions and affiliates
- Skills development support for political parties
- Skills development support for Universities South Africa (USAf)
- Skills development support for Private Training Providers (APPETD)
- Skills development support for School Governing Bodies as employers and associations
- Semi-registered ECD centres supported and fully registered
- Skills development support for cooperatives (continuation)
- Skills development support for SETAs and Councils paying levies to the ETDP SETA

3.5.3 Strategic Objectives

To conduct skills development programmes to build human and institutional capacity within the ETDP SETA constituencies.

3.5.4 Actual Achievements

Programme 5: Supporting ETD Constituencies for skills development						
Strategic Objectives	Performance Indicators	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target to Actual Achievement for 2016/17	Comment on deviations and/or variances
To conduct skills development programmes to build human and institutional capacity within the ETDP SETA constituencies	Number of trade union federations supported in skills development	3	4	4 (100%)	-	Achieved
	Number of political parties supported in skills development	4	4	4 (100%)	-	Achieved
	Skills development Support for Universities South Africa	1	1	1 (100%)	-	Achieved
	Number of Private Training providers (APPETD and non-APPETD Affiliates)	1	1	1 (100%)	-	Achieved

Programme 5: Supporting ETD Constituencies for skills development

Strategic Objectives	Performance Indicators	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target to Actual Achievement for 2016/17	Comment on deviations and/or variances
To conduct skills development programmes to build human and institutional capacity within the ETDP SETA constituencies	Number of SGBs as employers and associations supported	-	5	25 (500%)	20	Over-achieved More SGB employers were supported within the allocated budget
	Number of semi-registered ECD centres supported and fully registered	-	200	0 (0%)	-	Not-achieved Late start due to the informal nature of the sector caused delays
	Number of cooperatives supported (continuation)	15	18	18 (100%)	-	Achieved
	Number of SETAs, and councils paying levies to the ETDP SETA supported	5	6	8 (133%)	2	Over-achieved More learners were accommodated within the budget

Seven of the eight sub-programmes were achieved.

3.5.5 Strategy to overcome areas of under-performance

Performance Indicator	Strategy to overcome areas of underperformance
Number of semi-registered ECD centres supported and fully registered	Project scope and feasibility will be revisited.

3.5.6 Changes to Planned Targets

There were no changes to planned targets.

3.5.7 Linking Performance with Budgets

Discretionary Budget	2015/16				2016/17			
Sub-Programme Name	Budget	Actual Expenditure	Over /Under Expenditure	Commitment	Budget	Actual Expenditure	Over /Under Expenditure	Commitment
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Skills development support for trade union federations and trade unions and affiliates	2 000	872	(1 128)	816 800	5 000	548	4 452	2 031
Support for political parties	2 000	1 128	(872)	844 068	3 000	941	2 059	1 787



Discretionary Budget	2015/16				2016/17			
Sub-Programme Name	Budget	Actual Expenditure	Over /Under Expenditure	Commitment	Budget	Actual Expenditure	Over /Under Expenditure	Commitment
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Skills development support for School Governing Bodies as employers and associations	-	-	-	-	4 000	202	3 798	838
Support for Universities South Africa (USAf) - Full Qualification	-	-	-	-	1 500	112	1 388	1 388
Semi-registered ECD centres supported and fully registered	-	-	-	-	5 800	-	5 800	5 791
Skills development support for cooperatives (continuation)	2 700	-	(2 700)	2 700	2 000	-	2 000	2 000

Discretionary Budget	2015/16				2016/17			
Sub-Programme Name	Budget	Actual Expenditure	Over /Under Expenditure	Commitment	Budget	Actual Expenditure	Over /Under Expenditure	Commitment
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Skills development support for Private Training Providers (APPETD)	2 000	-	(2 000)	1 153	3 000	1 500	1 500	1 302
Skills development support for SETAs and councils paying levies to the ETDP SETA	2 500	298	(2 202)	1 175	3 000	1 131	1 869	1 315
Total	11 200	2 298	(8 902)	1 668	27 300	4 433	22 867	16 452



3.6 Programme 6: Enhancing organisational management and administration for quality service delivery

3.6.1 Purpose

The purpose of this programme is to enhance organisational management and administration to ensure that the ETDP SETA fulfils its skills development mandate.

3.6.2 Sub-programmes

- Strengthening Quality Assurance
- ETDP SETA staff developed through skills development
- Annual Stakeholder Satisfaction Survey
- Provisioning of sound legal support and advisory services to the organisation
- Training of governance structures members on good corporate governance practices
- Improving operational effectiveness through ICT enablement
- Profiling and marketing of the organisation's products and services
- Conduct evaluation/impact assessment study

3.6.3 Strategic Objective

To enhance the quality of service delivery and performance in the ETDP SETA through the implementation of quality systems and the monitoring thereof within all business units.

3.6.4 Education, Training and Development Quality Assurance (ETDQA)

3.6.4.1 Purpose

The purpose of the ETDQA function is to ensure that the ETDP SETA develops and implements an effective and efficient quality assurance and training provider support system.

3.6.4.2 Sub-programmes

Strengthening Quality Assurance.

3.6.4.3 Actual Achievements

Strategic Objectives	Performance Indicators	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target to Actual Achievement for 2016/17	Comment on deviations and/or variances
To enhance the quality of service delivery and performance in the ETDP SETA through the implementation of quality systems and the monitoring thereof within all business units	Occupational qualifications developed.	5	3	0 (0%)	-3	Under-achieved Project commenced late due to unresponsive bids
	Occupational qualifications learning materials are developed	-	3	0 (0%)	-3	Under-achieved Project commenced late due to unresponsive bids
	Number of accredited providers in rural areas	8	25	11 (44%)	-14	Under-achieved Planned capacity building workshops could not take place.
	Number of Learning Programmes are evaluated	495	600	606 (101%)	6	Over-achieved Improved process
	Assessment results verified/externally moderated.	635	400	497 (124%)	97	Over-achieved Improved process

Strategic Objectives	Performance Indicators	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target to Actual Achievement for 2016/17	Comment on deviations and/or variances
To enhance the quality of service delivery and performance in the ETDP SETA through the implementation of quality systems and the monitoring thereof within all business units	Number of Learners certificated against qualifications	9 723	7 000	7 218 (103%)	218	Over-achieved Improved process

Three of the six sub-programmes were achieved.

3.6.4.4 Strategy to overcome areas of under-performance

Performance Indicator	Strategy to overcome areas of underperformance
Qualifications development of three new occupational qualifications	Terms of reference were reviewed and providers appointed
Learning materials development for three registered occupational qualifications	Terms of reference were reviewed and providers appointed
Number of rural accredited training providers	Conduct roadshows for advocacy and capacity building

3.6.4.5 Changes to Planned Targets

There were no changes to planned targets.

3.6.4.6 Linking Performance with Budgets

Discretionary Budget	2015/16				2016/17			
Sub-Programme Name	Budget	Actual Expenditure	Over /Under Expenditure	Commitment	Budget	Actual Expenditure	Over /Under Expenditure	Commitment
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Occupational qualifications developed	118	118	-	-	408	-	-	408
Learning materials for occupational qualifications developed	-	-	-	-	972	-	-	972
Total	118	118	-	-	1 380	-	-	1 380

The entire budget was underspent because projects commenced late due to unresponsive bids.

Administration Budget	2015/16			2016/17		
Sub-Programme Name	Budget	Actual Expenditure	Over /Under Expenditure	Budget	Actual Expenditure	Over /Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Increase number of accredited providers in rural areas	-	-	-	262	-	262
Learning Programmes are evaluated	-	-	-	166	156	10
Assessment results verified/ externally moderated	-	-	-	1 688	868	820
Total	-	-	-	2 116	1 024	1 092

3.6.5 Human Resource Management

3.6.5.1 Purpose

The purpose of this programme is to facilitate and oversee recruitment, staff training, employee wellness and maintenance of discipline and labour peace.

3.6.5.2 Sub-programmes

Staff developed through skills development.

3.6.5.3 Actual Achievements

Strategic Objectives	Performance Indicators	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target to Actual Achievement for 2016/17	Comment on deviations and/or variances
To enhance quality of service delivery and performance in the ETDP SETA is improved through the implementation of quality systems and monitoring thereof within all business units	Staff developed through skills programmes	41	100	116 (116%)	16	Over-achieved Additional candidates were identified

3.6.5.4 Strategy to overcome areas of under-performance

There were no areas of under-performance.

3.6.5.5 Changes to planned targets

There were no changes to planned targets.

3.6.5.6 Linking Performance with Budgets

Administration Budget	2015/16			2016/17		
Sub-Programme Name	Budget	Actual Expenditure	Over /Under Expenditure	Budget	Actual Expenditure	Over /Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Staff developed through skills programmes	477	576	(100)	1 600	1 024	570
Total	477	576	(100)	1 600	1 024	570

There was a 35% under expenditure due to staff opting for skills programmes rather than full qualifications.

3.6.6 Legal Services

3.6.6.1 Purpose

The purpose of this programme is to enhance organisational management and administration to ensure that the ETDP SETA operates within the applicable legal framework and minimise litigation.

3.6.6.2 Sub-programme

Provision of sound legal support and advisory services to the organisation.

3.6.6.3 Actual Achievements

Strategic Objectives	Performance Indicators	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target to Actual Achievement for 2016/17	Comment on deviations and/or variances
To enhance the quality of service delivery and performance in the ETDP SETA through the implementation of quality systems and the monitoring thereof within all business units	The extent to which sound legal support and advisory services to the organisation are provided	Litigations addressed	Litigations addressed	Litigations addressed	Litigations addressed	-

3.6.6.4 Strategy to overcome areas of under-performance

There were no areas of under-performance.

3.6.6.5 Changes to Planned Targets

There were no changes to the planned targets.

3.6.6.6 Linking Performance with Budgets

Administration Budget	2015/16				2016/17		
Sub-Programme Name	Budget	Actual Expenditure	Over /Under Expenditure	Commitment	Budget	Actual Expenditure	Over /Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
The extent to which sound legal support and advisory services to the organisation are provided	52	97	(45)	-	1 923	2 192	(269)
Total	52	97	(45)	-	1 923	2 192	(269)

The over expenditure of 10% was due to having to procure all legal services from external providers because the legal specialist had left the organisation during the year under review. The position of legal specialist has since been filled.

3.6.7 Governance Administration

3.6.7.1 Purpose

The purpose of this programme is to effectively and efficiently manage and coordinate all activities of the Accounting Authority, EXCO, Chambers and Board Committees to ensure that good Corporate Governance principles are observed and that oversight is exercised.

3.6.7.2 Sub-programmes

Training of governance structures' members on good corporate governance practices.

3.6.7.3 Actual Achievements

Strategic Objectives	Performance Indicators	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation from planned target to Actual Achievement for 2016/17	Comment on deviations and/or variances
To enhance the quality of service delivery and performance in the ETDP SETA through the implementation of quality systems and the monitoring thereof within all business units	The extent to which Good Corporate governance practices are promoted	15	35	61 (174%)	26	Over achieved More members attended within the budgets

3.6.7.4 Strategy to overcome areas of under-performance

There were no areas of under-performance.

3.6.7.5 Changes to Planned Targets

There were no changes to the planned targets.

3.6.7.6 Linking Performance with Budgets

Administration Budget	2015/16				2016/17		
Sub-Programme Name	Budget	Actual Expenditure	Over /Under Expenditure	Commitment	Budget	Actual Expenditure	Over /Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
The extent to which good Corporate governance practices are promoted	420	419	1	-	300	318	(18)
Total	420	419	1	-	300	318	(18)

The actual expenditure is 6% more than the budgeted amount due to an additional number of members that were trained in the period under review.

3.6.8 Information and Communication Technology (ICT)

3.6.8.1 Purpose

The purpose of information and communication technology (ICT) is to enable the ETDP SETA in its quest for service delivery. ICT is both an operational and a strategic enabler which is essential to manage the transactions, information and knowledge necessary to initiate and sustain the organisation.

3.6.8.2 Sub-programmes

Improving operational effectiveness through ICT enablement.

3.6.8.3 Actual Achievements

Programme 6: Enhancing organisational management and administration for quality service delivery						
Strategic Objective	Performance Indicator	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation/ variance from planned target to Actual Achievement for 2016/17	Comment on deviations and/or variances
To enhance the quality of service delivery and performance in the ETDP SETA through the implementation of quality systems and the monitoring thereof within all business units	The extent to which ICT systems are improved	Performance information management module developed and is in use for reporting	ICT Systems upgraded	ICT Systems upgraded MIS Modules Implementation Online meeting solution implemented Risk Management Software service provider appointed All systems were recoverable and data verified by application owners for accuracy. Online document storage facility in place ICT Governance is compliant with DPSA CGICT Policy Framework	-	-

3.6.8.4 Strategy to overcome areas of under-performance

There were no areas of under-performance.

3.6.8.5 Changes to Planned Targets

There were no changes to the planned targets.

3.6.8.6 Linking performance with budgets

Administration Budget	2015/16				2016/17		
Sub-Programme Name	Budget	Actual Expenditure	Over /Under Expenditure	Commitment	Budget	Actual Expenditure	Over /Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Improving operational effectiveness through ICT enablement	2 189	1 080	-	1 109	5 224	3 799	1 425
TOTAL	2 189	1 080	-	1 109	5 224	3 799	1 425

There was an under-expenditure of 27% due to the fact that the budget included IT infrastructure required for the new Head Office building which was not procured as planned.

3.6.9 Marketing and Communication

3.6.9.1 Purpose

The purpose of Marketing and Communication is to ensure that ETDP SETA develops and implements effective and efficient internal and external communication platforms in order to strategically and visibly position the organisation.

The intent is to produce and distribute the organisation's products and services in order to reinforce the ETDP SETA brand through exhibitions within the various provinces which serve as a platform for rural access for the SETA to keep communities informed.

3.6.9.2 Sub-programmes

Profiling and marketing of the organisation's products and services.

3.6.9.3 Actual Achievements

Programme 6: Enhancing organisational management and administration for quality service delivery						
Strategic Objective	Performance Indicator	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation/ variance from planned target to Actual Achievement for 2016/17	Comment on deviations and/or variances
To enhance the quality of service delivery and performance in the ETDP SETA through the implementation of quality systems and the monitoring thereof within all business units	The extent to which the organisation's products and services are profiled and marketed	Produced two Upskill magazines	One Annual Conference	Seminars and colloquiums held	Seminars and colloquiums held	Achieved various programme-related seminars and colloquiums where held in place of the conference
		Produced two brochures	Produce two Upskill Magazines	Produced two Upskills Magazines		
		Ten annual reports – national and provincial	Produce two brochures	Produced two Brochures		
		(Material shared with ETDP SETA stakeholders during the various engagement sessions)	Produce ten annual reports – one national and nine provincial	Production of one Organisational and nine Provincial Annual Reports		

3.6.9.4 Strategy to overcome areas of under-performance

There were no areas of under-performance.

3.6.9.5 Changes to planned targets

Various programme-related seminars and colloquiums were held in place of the annual conference.

3.6.9.6 Linking Performance with Budgets

Administration Budget	2015/16			2016/17		
Sub-Programme Name	Budget	Actual Expenditure	Over /Under Expenditure	Budget	Actual Expenditure	Over /Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Profiling and marketing of the organisation's products and services	5 820	4 469	1 351	4 207	2 385	1 822
Total	5 820	4 469	1 351	4 207	2 385	1 822

There was an under expenditure of 37% due to replacing the conference with seminars and colloquiums.

3.6.10 Monitoring and Evaluation

3.6.10.1 Purpose

The overall purpose of this sub-programme is to continuously measure and to objectively assess organisational performance in order to manage the outputs and outcomes that lead to achievement of the results commonly referred to as impacts.

3.6.10.2 Sub-programmes

- Performance Monitoring and Support; and
- Evaluations and Impact Assessment

3.6.10.3 Actual Achievements

- Performance Monitoring and Support

Capacity-building sessions for management and programme staff were implemented.

- Evaluations and Impact Assessment

Phase 1 evaluation report has been presented to various management and governance structures with clear recommendations for future roll-out of similar youth development programmes in the sector.



Programme 6: Enhancing organisational management and administration for quality service delivery						
Strategic Objective	Performance Indicator	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation/ variance from planned target to Actual Achievement for 2016/17	Comment on deviations and/or variances
	Performance Monitoring and Support conducted and reported on	-	Four quarterly performance monitoring reports on programmes submitted to governance structures, DHET & National Treasury	Four quarterly performance monitoring reports on programmes were submitted to governance structures, DHET & National Treasury	-	-
	Evaluations and Impact Assessment conducted and reported on	-	Four quarterly evaluation progress reports submitted to management structures.	Four quarterly evaluation progress reports were submitted to management structures.	-	-

3.6.10.4 Strategy to overcome areas of under-performance

Regular engagements with reporting units with a view to improve the quality of performance information. Furthermore, coordinated capacity building sessions will continue in 2017/18 financial year to support managers and staff.

3.6.10.5 Changes to Planned Targets

There were no changes in any of the 2016/17 planned targets.

3.6.10.6 Linking Performance with budgets

Administration Budget	2015/16			2016/17		
Sub-Programme Name	Budget	Actual Expenditure	Over /Under Expenditure	Budget	Actual Expenditure	Over /Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Evaluations & Impact Assessment conducted and reported on	4 500	-	4 500	-	3 375	-
Total	4 500	-	4 500	-	3 375	-

3.6.11 Supply Chain Management

3.6.11.1 Purpose

The purpose of Supply Chain Management is to ensure that ETDP SETA develops and implements an effective and efficient system for acquiring and disposing of all goods and services.

The intent is to create an environment for implementation of Section 16A of the National Treasury Regulations in terms of the PFMA and ensure compliance with norms and standards, in such a manner that principles of good governance are observed.

3.6.11.2 Actual Achievements

Programme 6: Enhancing organisational management and administration for quality service delivery						
Strategic Objective	Performance Indicator	Actual Achievement 2015/16	Planned Target 2016/17	Actual Achievement 2016/17	Deviation/ variance from planned target to Actual Achievement for 2016/17	Comment on deviations and/or variances
To enhance the quality of service delivery and performance in the ETDP SETA through the implementation of quality systems and the monitoring thereof within all business units	100% compliance with prescripts to achieve and sustain clean audit	-	100% Level of compliance with Public Finance Management Act (PFMA), 1999; Treasury Regulations and relevant legislative prescripts.	Procurement transactions are compliant with National Treasury regulations	Non-compliance with submission of tax clearance certificates by three landlords for three Provincial Offices	At the time of contracting, the landlord promised to submit in a short space of time

3.6.11.3 Strategy to overcome areas of under-performance

None.

3.6.11.4 Changes to planned targets

There were no changes to the planned targets.

3.7 Highlights and Strategic Partnerships formed during the year under review

Moving from the chalk-board to the digital platform

The ETDP SETA together with the Department of Basic Education embarked on a programme for Teachers to utilise E-learning. The initiative is aimed at contributing to improved learner performance in Literacy, Numeracy, Language, Mathematics and Sciences amongst others by exposing as many learners as possible to quality teaching and supplementary intervention models already shown to be successful, as well as contribute to teacher development and support. The idea is to use broadcasting and high-quality audio-visual materials (DVDs) to expose learners who are disadvantaged to quality teaching and delivery of the curriculum in these critical areas and others.

We also offered support to the Department by ensuring the training of teachers on English as a First Additional Language. The project focused on capacitating the Foundation Phase teachers to teach reading in English at the First Additional Language (FAL) level with the support of trained EFAL/FP Subject advisors. The programme will assist to strengthen the capacity of the Foundation teachers to teach learners how to read effectively using the different reading methodologies. It will also assist to advance the skill of subject advisors to provide effective support and will allow opportunities for exposure to new trends in teaching learners how to read.

The partnership with the Department has indeed served as a highlight for the ETDP SETA as better access was granted in order to reach out to a broader range of teachers.

We successfully trained 4 452 Foundation Phase teachers from 992 schools by the end of the financial year.



3.7.1 A reality and achievement for many as the ETDP SETA makes it possible for the UMgungundlovu RPL Centre doors to be opened.

The long-awaited launch of the Recognition of Prior Learning (RPL) Centre at the UMgungundlovu TVET College in Pietermaritzburg became a reality to many. The ETDP SETA CEO, Ms Nxesi, together with the Minister of Higher Education and Training, Dr Nzimande and Umgungundlovu TVET College Principal Ms Ntshangase, successfully launched the centre during the 2016/17 financial year.

A group of ECD practitioners who benefited from the programme were invited to celebrate their success and to grace the occasion.

The ETDP SETA initiated a pilot project on the RPL. The scope of the pilot project covers two NQF Level 4 programmes, namely the Further Education and Training Certificate: Early Childhood Development (ECD) and the Further Education and Training Certificate: Community Development. In both cases, there are thousands of workers



The CEO, Minister and the Principal of Umgungundlovu TVET College officially launching the RPL Centre.



Unveiling of the plaque

and/or practitioners who have years of experience working in these sectors without formal qualifications. The primary target groups for the pilot project are workers and/or practitioners who work independently, under government or in the NGO sector. So far, eight Technical, Vocational Education and Training (TVET) colleges have signed Service Level Agreements to partner with the ETDP SETA in introducing the project and are working towards the establishment of fully fledged RPL Assessment Centres.

The Umgungundlovu TVET College is one of two partners to launch RPL Assessment Centres as part of the first phase of the project.

The functioning of the RPL Assessment centre will continue beyond the scope of the project and will also form an integral part of the Umgungundlovu TVET College's wider ECD programme in serving as a simulation centre for full-time students registered on ECD programmes.

3.7.2 Youth Economic Empowerment by elevating Cooperatives

The ETDP SETA has made Youth Cooperatives a living testimony for Youth Development.

In partnership with the South African Youth Council and the University of KwaZulu-Natal, Langalibalele Dube Institute, the ETDP SETA recruited 18 cooperatives, from all over South Africa to empower them by equipping each cooperative with relevant training and handed over equipment as a start-up for their enterprises. Two youth cooperatives from each province were identified and transported to KZN for training in Entrepreneurship Skills. The training was a success and each cooperative has been given a solid foundation to go out and achieve great economic freedom in order to make a positive impact in their respective communities. Cooperatives are important in assisting the country to achieve economic development, improve rural livelihoods and to reduce poverty. The ETDP SETA will continue to ensure that coops are supported in the next financial year.



Beneficiaries of the Cooperatives Programme



Equipment handed over to the 18 cooperatives



The CEO addressing members of the cooperatives

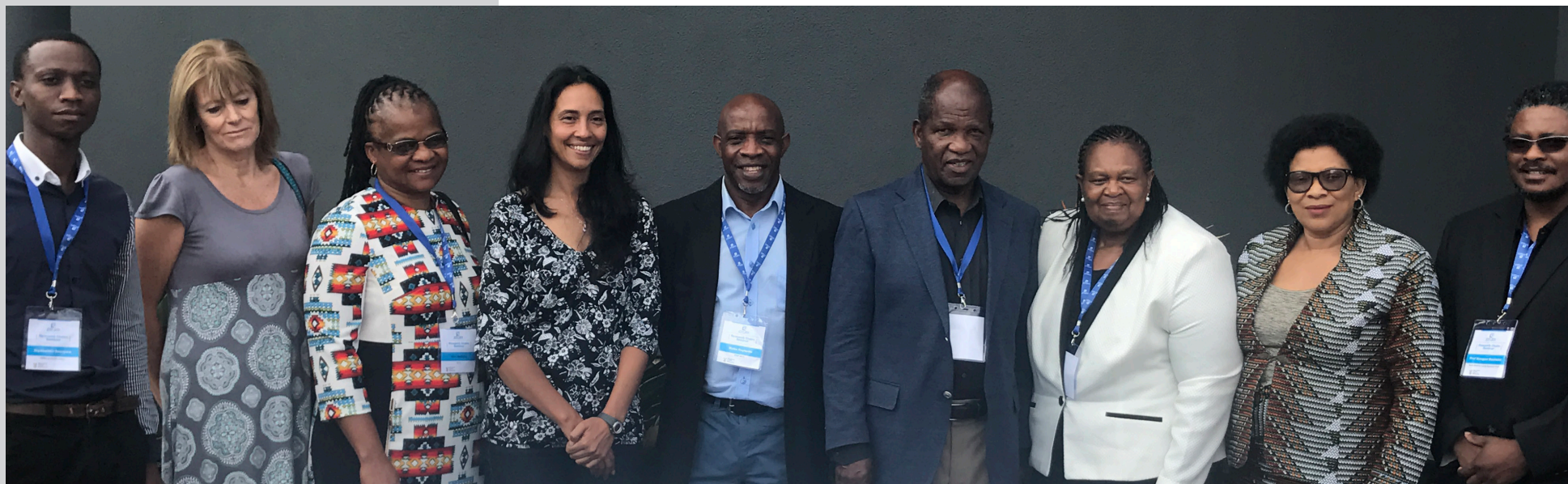
3.7.3 Leveraging the ETD Sector skills planning through focused Research and Development

The ETDP SETA appointed six Research Chairs to contribute towards the ETD Sector Skills Plan. The intention is to ensure a credible SSP that will address skills shortages and skills mismatches that exist in the sector. The Research Chairs do not work in isolation, they share their work within and across their institutions. The Research Chairs are based in Universities, namely, University of Pretoria; University Witwatersrand; North West University; University of KwaZulu-Natal; Cape Peninsula University of Technology and Nelson Mandela Metropolitan University.

This initiative was officially launched in March 2017 and was a resounding success. The seminar brought together approximately 200 stakeholders within the ETD sector to provide a platform for stakeholder engagement with the seven ETDP SETA research chairs' findings and recommendations, with a view to review the research chairs' impact in the ETD Sector.

What is most exciting about this project is the skills transfer and the development of more capable young researchers. ETDP SETA included interns as the research interns who are provided with stipends and awarded bursaries as they complement the work of Research Chairs. The areas of this strategic research interventions are:

1. Pre-schooling – Early Childhood Development (ECD)
2. Schooling, including Grade R in schools
3. Vocational Education and Training
4. Work Integrated Learning (WIL) TVET Colleges
5. Recognition of Prior Learning (RPL)
6. Labour Market Information System in the ETD Sector
7. Youth unemployment, employability and empowerment
8. Institutionalisation of monitoring and evaluation



The ETDP SETA Research Chairs

From left to right: Mr Soxujwa Siyabulela - Research Chair Intern; Prof Rosemary Cromarty - ECD and Schooling Research Chair; Ms Mary Madileng - TVET Research Chair; Dr Lesley Powell - Youth Research Chair; Mr Mabu Raphotle - ETDP SETA Research Manager; Prof Paulus Zulu - Monitoring and Evaluation Research Chair; Prof Nothemba Nduna - WIL Research Chair; Ms Sesi Nombulelo Nxesi - ETDP SETA CEO; Prof Bongani Bantwinin - Schooling Research Chair; Mr Cuen Sharrock - Research Chair Project Manager: Labour Market Information



3.8 PIVOTAL List

The table below highlights the PIVOTAL interventions for the ETD Sector to inform the Annual Performance Plan (APP).

SETA Name	Period	OFO Code	Occupation	Specialisation/Alternative Title	Intervention Planned by the SETA	NQF Level	NQF Aligned	Quantity Needed	Quantity to be supported by SETA
ETDP	2017/18	2015-234201	Early Childhood Development Practitioner	Early Childcare Teacher	Qualification in ECD	5	Yes	3120	400
ETDP	2017/18	2015-234101	Foundational Phase School Teacher	African Languages	B-Ed Foundation Phase Qualification	7	Yes	2543	1000
ETDP	2017/18	2015-235101	Education or Training Advisor	Curriculum Specialist	National Diploma: OD-ETD Practices	5	Yes	1824	1000
ETDP	2017/18	2015-231101	University Lecturer	Engineering, Computer Science, Accounting, Statistics, Mathematics,	Advanced Diploma: Teaching/Pedagogy	7 & 8	Yes	1159	1159
ETDP	2017/18	2015-233107	Senior Secondary School Teacher (Grades 10-12)	Mathematics, Physical Science, Languages, Accounting, Computer Applications, Civil Technology, Electrical Technology	Part Qualification on Subject Matter and Pedagogy	4	Yes	1059	1059
ETDP	2017/18	2015-235201	Special Needs Teacher	Remedial Teacher	Part Qualification on Subject Matter and Pedagogy	7	Yes	385	385
ETDP	2017/18	2015-134501	School Principal	School Principal	Public Administration and Management Programme	7	Yes	550	550
ETDP	2017/18	2015-234102	Senior Primary School Teacher (Grades 4-7)	Natural Science, Mathematics	Part Qualification on Subject Matter and Pedagogy	7	Yes	1500	1000
ETDP	2017/18	2015-233108	Junior Secondary School Teacher (Grades 8 - 9)	Mathematics, Languages, Natural Sciences	Part Qualification on Subject Matter and Pedagogy	7	Yes	450	450
	2017/18	2015-232130	Post School Educator	TVET Lecturer	Qualification/Part Qualification on Subject Matter	7	Yes	1600	900

SETA Name	Period	OFO Code	Occupation	Specialisation/Alternative Title	Intervention Planned by the SETA	NQF Level	NQF Aligned	Quantity Needed	Quantity to be supported by SETA
ETDP	2017/18	2015-134505	Rector (Educational)	Vice Chancellor	Executive Development Programme	8	Yes	14	14
ETDP	2017/18	2015-235301	2015-235301 - Teacher of English To Speakers of Other Languages	English Language Teacher	Qualification/Part Qualification on Subject Matter	7	Yes	69	69
ETDP	2017/18	2015-134507	Head of Department (Teacher)	Head of Department (Teacher)	Leadership and Management Programme	7	Yes	200	200
ETDP	2017/18	2015-121201	Personnel/Human Resource Manager	Employee Relations Manager	Bachelor's Degree in Human Resource Management	7	Yes	56	56
ETDP	2017/18	2015-134502	FET College Principal	FET College Principal	Executive Development Programme	7	Yes	47	47
ETDP	2017/18	2015-232131	Adult Education Teacher	Adult Literacy Teacher (Specialising in mathematics)	B-Ed Adult Education Qualification	7	Yes	180	180
ETDP	2017/18	2015-262201	Librarian	Librarian Assistance	Library Assistant Learnership	4	Yes	200	200

3.8 2016/17 ETDP SETA/DHET Service Level Agreement

NSDS Goal	Learning Programme	Planned Target	Actual Achievement	Deviation for planned target to actual achievement
Establishing a credible institutional mechanism for skills planning	Large Firms	100	157 (157%)	57
	Medium Firms	200	267 (133%)	67
	Small Levy Paying Firms	500	879 (176%)	379
Increase access to occupationally directed programmes	Unemployed Entering Learnerships	1 500	1 503 (100%)	3
	Unemployed Entering Bursaries (Full Qualifications)	600	543 (91%)	-57
Increase access to occupationally directed programmes	Unemployed Entering Internships	1 750	1 911 (109%)	161
	Unemployed Entering Skills Programmes (Part Qualifications)	3 800	3 320 (87%)	-480
	Unemployed Completed Learnerships	635	591 (93%)	-44
	Unemployed Completed Bursaries	200	78 (39%)	-122
	Unemployed Completed Internships	65	39 (60%)	-26
	Unemployed Completed Skills Programmes	700	964 (138%)	264

NSDS Goal	Learning Programme	Planned Target	Actual Achievement	Deviation for planned target to actual achievement
Encouraging better use of workplace based skills programmes	Workers Entering Full Qualification Programmes (learnerships)	2 500	2 936 (117%)	436
	Workers Entering Bursaries (Full Qualifications)	600	438 (73%)	-162
	Workers Entering Skills Programmes (Part Qualifications)	5 000	11 188 (224%)	6 188
	Workers Completed Learnerships	330	347 (105%)	17
	Workers Completed Bursaries (Full Qualifications)	360	69 (19%)	-291
	Workers Completed Skills Programmes (Part Qualifications)	700	1 124 (161%)	424
	Recognition of Prior Learning (RPL) Entered	300	436 (145%)	136



NSDS Goal	Learning Programme	Planned Target	Actual Achievement	Deviation for planned target to actual achievement
Promoting the growth of a public TVET college system that is responsive to sector, local, regional and national skills needs and priorities	TVET Student Placement Entered (WPE)	1 125	1 212 (108%)	87
	TVET Student Placement Completed (WPE)	340	156 (46%)	-184
	Universities Student Placement Entered	550	652 (119%)	112
	Universities Student Placement Completed	140	141 (101%)	1
	SETA/TVET College Partnerships	50	50 (100%)	-
	SETA/Universities Partnerships	26	23 (88%)	-3
	SETA/Departments of Education Partnerships	11	11 (100%)	-
	TVET Lecturers On Development Programmes Entered	-	-	-
	TVET Lecturers On Development Programmes Completed	210	411 (196%)	201

NSDS Goal	Learning Programme	Planned Target	Actual Achievement	Deviation for planned target to actual achievement
Encouraging and supporting the Cooperatives, small enterprises, worker initiatives, NGO and community training Initiatives	Cooperatives supported (continuation)	18	18	-
	Small Business Supported	-	-	-
	NLPEs (including CBOs and NGOs)	-	-	-
	Trade union federations	4	4	-
	Teacher Union Institutes	5	3	-2
Building Career Guidance and Vocational Guidance	Career development officers placed in TVET Colleges until 31 December 2016	313	273	-40
	Career guides distributed through career guidance events	105	106	1
NSDS III Projects	Number of Rural Development Projects Planned	4	4	-

4. Revenue Collection

	2015/16			2016/17		
	Budget	Actual Expenditure	Over /Under Expenditure	Budget	Actual Expenditure	Over /Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Skills development levies	354 079	383 509	(29 429)	372 367	414 474	(42 107)
Provincial contributions	315 456	361 975	(46 519)	405 877	395 908	9 969
Penalties and interest	5 015	13 159	(8 144)	13 515	12 969	546
Investment income	8 250	33 250	(25 000)	16 000	58 559	(42 559)
Other	-	711	(711)	-	2 653	(2 653)
Total	682 800	792 603	(109 803)	807 759	884 563	(76 804)

- The skills development levy per the Skills Levies Act is based on 1% of the total annual payroll cost of the employer. Employers with an annual payroll cost below R500 000 are exempt from paying skills development levy to SARS. SARS then pays over the levy to the Department of Higher Education and Training where 80% of the 1% is paid over to the SETA while the 20% is paid to the National Skills Fund.
- The Department of Public Service and Administration issued a circular in March 2012 stating that the provincial and national departments in ETD sector should contribute 30% of the 1% of their personnel budget to the SETA.
- Skills development levies received in the current year amount to 8.0% more than the previous year mostly due to a higher than expected receipt from employers due to a growth in their payroll cost. For the current year provincial contributions were received earlier than the previous year, giving the SETA sufficient time to verify the completeness of the amounts. This early receipt was due to the invoices being sent to the departments much earlier than in previous years. All provincial departments made contributions.
- Penalties and interest relates to late submission of and payment skills development levy to SARS.
- Investment income was higher than budgeted due to the high cash reserves linked to the increase in the skills development levy and provincial contributions.

5. Capital Investment

Asset categories	2015/16			2016/17		
	Budget	Actual Expenditure	Over /Under Expenditure	Budget	Actual Expenditure	Over /Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Audio visual	220	31	189	50	55	(5)
Computer equipment	1 500	2 474	(974)	1 000	152	848
Computer software	2 000	381	1 619	2 000	655	1 345
Furniture and fittings	500	11	489	629	5	624
Kitchen equipment	80	13	67	50	-	50
Leasehold improvements	400	-	400	500	-	500
Minor assets	100	2	98	100	-	100
Office equipment	200	1 110	(910)	100	25	75
Assets under construction	-	1 080	(1 080)	-	-	-

Asset categories	2015/16			2016/17		
	Budget	Actual Expenditure	Over /Under Expenditure	Budget	Actual Expenditure	Over /Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Total	5 000	5 102	(102)	4 429	892	3 537

- The assets represent all the assets of the organisation both at the Head Office and nine provincial offices
- There was a decrease in capital expenditure mostly due to the delayed move to the new Head Office building which will occur in the 2017/18 financial year and would have involved an increase in lease improvement and IT infrastructure
- The SETA has no infrastructure assets but rather only administrative assets used to assist the organisation in meeting its objectives
- Asset counts are performed at least twice a year where the asset register is updated based on the findings of the count
- Annual reassessment is performed to determine whether an asset is impaired or not
- All disposal processes are in line with the required Treasury Regulations
- Most of the assets are in a good condition
- Assets that were capitalised are depreciated over a period in line with the SETA's accounting policy



PART C **Governance**

AT THE CUTTING EDGE OF SKILLS DEVELOPMENT

1. Introduction

The ETDP SETA is a public entity in terms of Schedule 3A of the Public Financial Management Act. ETDP SETA is one of the 21 Sector Education and Training Authorities (SETAs) established by the Minister of Education and Training through the amended Skills Development Act. The ETDP SETA is governed by the Standard Constitution which is approved by the Minister and gazetted by Parliament.

The Accounting Authority 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 III Report. The point of accountability is diffused within the entire Accounting Authority and this heightens the need for the principles of good Corporate Governance which are observed by the Accounting Authority of the ETDP SETA.

The National Skills Development Strategy III as well as the SETA landscape has been officially extended up until March 2020. The tenure of the Accounting Authority remains extended to March 2018 as gazetted in Government Gazette 39394.

2. Portfolio Committee

The Portfolio Committee on Higher Education and Training, in its distinct role of exercising oversight on public entities' performance invited the SETA to appear before it. One meeting was held on 21 September 2016. There were no key issues raised by the committee in their visit. They visited the EDUTEL premises and were impressed with the work of the organisation as well as the value that is derived by the beneficiaries.

3. Executive Authority

Report	Date Submitted
Quarterly Monitoring Report Quarter 1	15 July 2016
Quarterly Monitoring Report Quarter 2	15 October 2016
Quarterly Monitoring Report Quarter 3	15 January 2017
Quarterly Monitoring Report Quarter 4	15 April 2017

The Executive Authority raised concerns on the late start of implementation and the slow movement of grant disbursements in the quarterly reports submitted.

4. The Accounting Authority Report

The Standard Constitution is the basis on which the ETDP SETA's Accounting Authority is established. The Accounting Authority provides strategic leadership and guidance. The functions and powers of the Accounting Authority are outlined in the Constitution as follows:

- Govern and manage the SETA
- Ensure that the SETA achieves the objectives contemplated in clause 5 of this Constitution and performs the functions contemplated in clause 6 of this Constitution
- Provide effective leadership and ensure that the SETA implements the goals of the NSDS and the Performance Agreement with the Minister
- Set a strategic direction for the SETA
- Liaise with stakeholders
- Ensure that the SETA complies with the relevant statutory requirements and the requirements of this Constitution
- Manage institutional risk
- Monitor the performance of the SETA
- Apply for the establishment of the SETA in terms of section 9(1) of the Skills Development 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.

Accounting Authority Charter

The ETDP SETA Accounting Authority complies with the approved governance charter and provides performance and financial reports on a quarterly basis to DHET as per the prescribed template.

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

The Accounting Authority meets on a quarterly basis to ensure that their functions are executed as outlined in the ETDP SETA Constitution and the Accounting Authority Charter.

Composition of the Accounting Authority

The composition of the AA is made up of 15 members appointed by the Minister. The constituencies are as follows:

- Three ministerial appointees which include the chairperson of the AA
- Three employer representatives from the departments of education, namely, Department of Basic Education and Department of Higher Education and Training
- Three Employer representatives from the following organisations:
 - Universities South Africa (USAf); a forum made up of university Vice-Chancellors as employers
 - National Alliance of Independent Schools Associations (NAISA); representing employers of independent schools

- Association of Private Providers of Education, Training and Development (APPETD), representing education, training and development private training providers who are affiliated to APPETD
- Six organised labour representatives from federations, educator unions and NEHAWU

Governance structures

The Accounting Authority utilises certain governance structures that are established in terms of its Constitution, they are:

- The Executive Committee
- The Audit Committee
- The Finance Committee
- The Human Resource Committee
- The ICT Governance Committee
- Quality Assurance Committee
- Remuneration Committee

Five Advisory Chambers

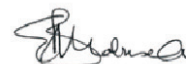
- Schooling Chamber
- AET/ECD Chamber
- TVET Chamber
- Provisioning Chamber
- Higher Education and Research Chamber

Challenges

The AA fulfilled its obligations in the year under review and there were no matters of concern with regards to governance. However the organisation experienced challenges with regards to retention of its members due to the changing SETA landscape and the occupational mobility of its members. The meeting attendance of the members was also affected by competing priorities between SETA and their organisational activities. The use of alternates has made this challenge manageable.

Conclusion

The AA report must be read together with the annual report which provides performance and financial information in detail.



Ms Shirley Mabusela

ETDP SETA Accounting Authority Chairperson

Date: 28 July 2017

4.1.1 Qualifications and Expertise of the AA members

Name	Designation	Qualification	Area of expertise	Accounting Authority Directorships	Other committee or task teams
Shirley Mabusela	Chairperson Ministerial appointee	Post-Graduate Diploma in Advanced Social Work Bachelor of Social Work Management Diploma	Human Rights Development Work Training in ECD	Director of the following: Bethlehem Hydro Hydro WSA Batlou Consulting	ETDP SETA Executive Committee
Sipho Khuzwayo	Ministerial appointee	Master's Degree	Human Capital Development	Thembaletu Trust	None
Maryna Marais	Ministerial appointee	Bachelor of Commerce	Management Accounting	Association of Colleges South Africa	None
Lucas Maphila	Accounting Authority member	Higher Education Diploma	Education and Union Movement	Old Mutual Education Trust	ETDP SETA Quality Assurance Committee
Veronica Hofmeester	Accounting Authority Member	Bachelor of Education Bachelor of Arts	Education and Union Movement Educational Psychology	-	ETDP SETA Executive Committee ETDP SETA Schooling Chamber

Name	Designation	Qualification	Area of expertise	Accounting Authority Directorships	Other committee or task teams
Zola Saphetha	Accounting Authority member	National Diploma: Public Administration	Trade Unionism	Chairperson of the Provincial Alliance Education Advisory Board of the Centre for Higher Education Transformation South African Human Rights Commission Education Forum National Economic Development and Labour Council (NEDLAC) : Development Chamber: Education Task Team	ETDP SETA Executive Committee
John Landman	Accounting Authority member	Bachelor of Journalism Bachelor of Fine Arts Master of Fine Arts	Geotechnical Systems Specialist Information Technology	-	ETDP SETA Audit Committee ETDP SETA IT Governance Committee Building Acquisition Task Team
Simone Geyer	Accounting Authority member	Bachelor of Arts (BA) LLM (Labour Law)	Human Resource Development and Negotiations	-	ETDP SETA Executive Committee



Name	Designation	Qualification	Area of expertise	Accounting Authority Directorships	Other committee or task teams
Nkosinathi Ngcobo	Accounting Authority member	Master's Degree in Science (MSc)	Human Resource Development	-	-
Cynthia Reynders	Accounting Authority member	Master's in Business Administration	Financial Management	-	-
Mandi Wallace	Accounting Authority member	Bachelor's Degree in Training and Development	Skills Training and Development	-	ETDP SETA Executive Committee ETDP SETA HE & R Chamber ETDP SETA HR Committee HESA: SFD Chair
Mandla Mthembu	Accounting Authority member	BA (Hons) MA in Applied Linguistics and Policy Studies	Policy Analysis and Development Strategic Management Organisational Development and Scenario Planning Research, Training and Development	Chairperson of the Obed Mlaba Foundation Trust Director of Policy and Government Relations at Accelerated Education Enterprises Managing Director at ZOE SOZO ENTERPRISE	ETDP SETA Constitution Committee Task Team ETDP SETA Schooling Chamber ETDP SETA Audit Committee ETDP SETA IT Governance Committee
Bhabhali Ka Maphikela Nhlapo	Accounting Authority member	BA (Social Work) Post-Graduate Diploma (Global Labour Studies)	Skills Training and Development	Unemployment Insurance Fund (Ordinary Board Member) National Skills Authority (Deputy Chairperson) Leondale High School Governing, Board (Secretary)	ETDP SETA Quality Assurance Committee

Name	Designation	Qualification	Area of expertise	Accounting Authority Directorships	Other committee or task teams
Whitfield Green	Accounting Authority member	PhD Didactics	Teaching and Learning	Board of South African Mathematics Foundation	ETDP SETA TVET Chamber
Vusi Amos Monyela	Accounting Authority member	B-Tech in Public Management	Human Resource Management	-	ETDP SETA EXCO ETDO SETA IT Governance Committee
Michael Cloete	Accounting Authority member	M Com (Industrial Psychology) Registered Industrial Psychologist (PS91324) Busy with PhD	HR generalist Human Resource Development Organisational Development Change Management Psychometric Assessment Strategy, Performance and Talent Management Leadership Development	Exco Member of USAf Higher Education HIV/AIDS and Wellness CoP	HR Committee
Nomarashiya Caluza	Accounting Authority member	Senior Primary Teacher's Diploma Advanced Certificate in Education Diploma in Practical Labour Law BEd Honours (in progress)	Education Trade Unionism	SACE Council Member University Zululand Council	-

4.1.2 Accounting Authority Committees and Chambers Meeting Attendance

4.1.2.1 Accounting Authority Meeting Attendance

Five meetings were held during the financial year.

Name	Designation	Date of appointment	Date resigned	Meetings attended
Shirley Mabusela	Chairperson	April 2011		5
Sipho Khuzwayo	Member	April 2011		5
Maryna Marais	Member	April 2011		3
Lucas Maphila	Member and EXCO	July 2011		3
Veronica Hofmeester	Member	April 2011		3
Zola Saphetha	Member and EXCO	July 2014	Jan 2017	0
Vusi Amos Monyela	Member and EXCO	January 2017		4
John Landman	Member	May 2014		5
Simone Geyer	Member and EXCO	April 2011		4
Nkosinathi Ngcobo	Member	April 2011		3
Cynthia Reynders	Member	October 2014		0
Mandi Wallace	Member and EXCO	April 2011	May 2016	1
Shahieda Hendricks	Member and EXCO	May 2016	September 2016	1
Nomarashiya Caluza	Member	May 2016		4
Michael Cloete	Member	October 2016		2

Name	Designation	Date of appointment	Date resigned	Meetings attended
Mandla Mthembu	Member	November 2011		5
Oupa Bodibe	Alternate	July 2011		3
Whitfield Green	Member	April 2011		2
Bhabhali Ka Maphikela Nhlapo	Member	October 2015		1
Jonavon Rustin	Alternate	July 2011		1
Kim Bonaconsa	Alternate	October 2014		3

4.1.2.2 Executive Committee Meeting Attendance

Name of member	Meetings held	Meetings attended
Shirley Mabusela (Chairperson)	5	5
Cynthia Reynders	5	1
Simone Geyer	5	5
Veronica Hofmeester	5	5
Zola Saphetha	5	0
Vusi Amos Monyela (alternate to Zola Saphetha up until Jan 2017)	5	5

4.1.2.3 Finance Committee Meetings attendance

Name of member	Meetings held	Meetings attended
Sipho Sukati (Chairperson)	5	5
Nick Nicholls	5	5
Manoshni Perumal	5	5
Phumlani Duma	5	3

4.1.2.4 Human Resources Committee Meetings Attendance

Name of member	Meetings held	Meetings attended
Enoch Rabotapi	4	4
Mandi Wallace (resigned in May 2016)	4	1
Michael Cloete (appointed in October 2016)	4	3
Jonavon Rustin	4	4
Mbulelo Mandlana	4	1

4.1.2.5 Remuneration Committee Meetings Attendance

Name of member	Meetings held	Meetings attended
Enoch Rabotapi	4	4
Jonavon Rustin	4	4
Sipho Sukati	4	4

Name of member	Meetings held	Meetings attended
Simone Geyer	4	4

4.1.2.6 Audit Committee Meetings attendance

Name	Qualification	Internal/ External	Position In ETDP SETA	Date appointed	Date resigned	Meetings held	Meetings attended
Vusi Mokwena (Chairperson)	CA (SA)	External and Independent	-	1 Mar 2012		6	6
Charles Motau	B Com Higher Diploma in Computer Auditing MBL Masters in IT	External and Independent	-	28 April 2016		6	5
Pumla Mzizi	CA (SA)	External and independent	-	1 Mar 2012		6	5
Mandla Mthembu	BA (Hons) MA in Applied Linguistics and Policy Studies	Internal	AA member	1 April 2015		6	6
John Landman	Bachelor of Journalism Bachelor of Fine Arts Master of Fine Arts	Internal	AA member	1 April 2015		6	6

4.1.2.7 Quality Assurance Committee Meetings attendance

Name of member	Meetings held	Meetings attended
Mandla Msweli (Chairperson)	5	5
Paul Beard	5	0
David Shasha	5	5
Nirmala Gopal	5	4
Silas Mpungose	5	5
Bhabhali Ka Maphikela Nhlapo	5	2
Oupa Bodibe	5	3
Habib Karimulla	5	3
Chaneez Francis	5	1
Kim Bonaconsa	5	3

4.1.2.8 AET and ECD Chamber

Name of member	Meetings held	Meetings attended
Jonavon Rustin (Chairperson)	4	4
Raisibe Tshweu	4	4
Marie-Louise Samuels	4	0
Victoria Mokgatlhe	4	3
Augustus Dludlu	4	3

Name of member	Meetings held	Meetings attended
Leonard Saul	4	3
Archie Mokonane	4	4
Meryl Anne Hewett Fourie	4	2
Diseko Gopane (resigned in January 2017)	4	3
David Diale	4	2
Tsela Moloi	4	4
Ruby Motaung	4	1
Inez Petersen	4	4
Gcotyelwa Xaba (alternate attended) Maureen Ralane/Tuletu Njengele	4	3
Yvonne Dos Santos	4	4
Natalie Gross	4	2
Mpho Komana	4	3
Kedisaletse Motlhakoe	4	1
Vacant (NEHAWU 2)		

4.1.2.9 Schooling Chamber

Name of member	Meetings held	Meetings attended
Haroon Mohamed (Chairperson)	4	1
Oupa Bodibe (Co-Chairperson)	4	2
Nobantu Pasiya (alternate Magdeline Benn attended the other meetings)	4	2
Ezzy Lukhaimane	4	4
Roseline Tyler	4	3
Jeanette Moema	4	4
Nosipho Malope	4	3
Sussan Malima	4	3
Duma Ncanywa	4	4
Tsatsi Montso	4	3
Skhumbuzo Manganye	4	3
Mahmood Moosa	4	3
Mandla Mthembu	4	3
Ntjhotjho Adam Mosia (resigned in December 2016)	4	2
Basil Manuel (resigned in September 2016)	4	0
Gugulethu Mbele	4	3
Babette le Roux	4	1

Name of member	Meetings held	Meetings attended
Faseega Solomon	4	3
Gaelebale BB Mahumapelo	4	4
Brenda Ndelu	4	2
Honjiswa Mrwebi	4	4
Veronica Hofmeester	4	4
Hema Hariram	4	4
Ruth Ledwaba	4	4
Hendrik de Kock	4	4
Nkosiphendule Ntantala (replaced Basil Manuel in November 2016)	4	2
Johannes Motona (replaced Ntjhontjo Mosia in March 2017)	4	1
Marietjie le Roux (replaced Babette le Roux in March 2017)	4	1

4.1.2.10 Technical, Vocational, Education and Training Chamber

Name of member	Meetings held	Meetings attended
Thamsanqa Mbalo (Chairperson)	4	3
Patricia Garza (Co-Chairperson)	4	3
Linda Ingram (resigned in June 2016)	4	0



Name of member	Meetings held	Meetings attended
Munilaal Kooblall (resigned in March 2017)	4	3
Madeline Trollope (resigned in March 2017)	4	2
Nthabiseng Kotsokoane	4	4
Burton Malgas	4	4
Maurice Mopeli	4	4
Daniel Stander	4	4
Zweli Nqodi	4	3
Takalani Ratshilumela	4	4
Sibusiso Lekhulen (resigned in May 2016)	4	0
Sylvia Nkanyuza	4	4
Mike Mashinini	4	2
Whitfield Green (alternate Precious Bupi Sipuka attended)	4	1
Titus Williams	4	4
Moses Peo	4	3
Renny Somnath (Substitute)	4	1
Rickey Moodley (replaced Linda Ingram Appointed in November 2016)	4	2
Mmapoifo Motlhamme (appointed in March 2017)	4	1

Name of member	Meetings held	Meetings attended
Oscar Bashing (replaced Munilaal Kooblall. Appointed in March 2017)	4	1
Sholina Durga (replaced Madeline Trollope. Appointed in March 2017)	4	0
Vacancy (DBE)		
Vacancy (NEHAWU)		
Vacancy (DHET)		

4.1.2.11 Higher Education and Research Chamber

Name of member	Meetings held	Meetings attended
Nirmala Gopal (Chairperson)	4	4
Basiami Disipi	4	3
Mantshego Selepe	4	3
Manoshni Perumal	4	3
Leo Doria	4	4
Gregory Masondo (resigned in January 2017)	4	2
Manoshe Phasha	4	2
Derek Heradien	4	2
Renny Somnath	4	3
Christabel Guma	4	4



Name of member	Meetings held	Meetings attended
Silas Mpungose	4	4
Mr Ntsako Nombelani	4	4
Vincent Mtyende	4	4
Kim Bonaconsa (resigned in September 2016)	4	1
Chimango (resigned in January 2017)	4	1
Ryno van Rooyen	4	3
Hannelie van Rensburg	4	1
Grant Abbot	4	3
Shaheeda Essack	4	3
Ingrid Thomson	4	4
Angelina Magabane	4	3
Moonilall Kooblal (appointed in March 2017)	4	0

4.1.2.12 Provisioning Chamber

Name of member	Meetings held	Meetings attended
Gavin de Bruyn (Chairperson)	4	4
Norman Kemp	4	3
Naphtali Molope	4	4
Vonani Mathonsi	4	3

Name of member	Meetings held	Meetings attended
Annamarie Goosen	4	2
David Shasha	4	4
Babette Le Roux (resigned in October 2016)	4	1
Rose-Anne Lyon (SAOU alternate attended in June 2016)	4	1
Henry Mangwathe	4	2
Mandla Msweli	4	3
Ben Machipi	4	2
Constance Mathekga (PEU alternate attended in November 2016)	4	1
Roy Raju	4	4
Stephen Endersby	4	3
Linda Ingram	4	1
Brenda Mbatha (appointed in February 2016)	4	0
Christinah Phatlane	4	1
Gloria Kgoleng (appointed in March 2017)	4	0
Vacancy (NEHAWU 1) Vacancy (SAOU 1) Vacancy (Employer 2)		

4.1.3 Remuneration

4.1.3.1 Remuneration of the Accounting Authority members

Name	Meeting fees	Annual Accounting Authority Fees	Other expenses (Travel)	Total
Shirley Mabusela	21 800.65	-	-	21 800.65
Sipho Khuzwayo	16 949.00	-	-	16 949.00
Maryna Marais	-	-	-	-
Lucas Maphila	6 458.28	-	-	6 458.28
Veronica Hofmeester	9 687.42	-	1 008.00	10 965.42
Zola Saphetha	-	-	-	-
John Landman	16 145.70	-	10 635.00	26 780.70
Simone Geyer	-	-	-	-
Nkosinathi Ngcobo	-	-	2 940.00	2 940.00
Bhabhali Ka Maphikela Nhlapo	6 458.28	-	1 011.00	7 469.28
Cynthia Reynders	-	-	-	-
Michael Cloete	6 458.28	-	480.12	6 938.40
Mandla Mthembu	16 145.70	-	2 220.00	18 365.70
Whitfield Green	-	-	-	0.00
Vusi Amos Monyela	12 916.56	-	1 104.00	14 020.56

Name	Meeting fees	Annual Accounting Authority Fees	Other expenses (Travel)	Total
Jonavon Rustin	3 229.14	-	359.84	3 588.98
Kim Bonaconsa	12 916.56	-	-	12 916.56

4.1.3.2 Chamber and Committee Chairpersons attending AA Meetings

Name	Meeting fees	Other allowance	Other expenses (Travel)	Total
Sipho Sukati	-	-	28 630.00	28 630.00
Vusi Mokwena	40 810.80	-	-	40 810.80
Mandla Msweli	-	-	6 840.00	6 840.00
Nirmala Gopal	12 458.85	-	2 049.00	14 507.85
Thamsanqa Mbalo	-	-	3 496.00	3 496.00
Jonavon Rustin	16 603.60	-	704.00	17 307.60

4.1.3.3 Executive Committee Remuneration

Name	Meeting fees	Other allowance	Other expenses (Travel)	Total
Shirley Mabusela	21 800.65	-	-	21 800.65
Cynthia Reynders	3 229.14	-	-	3 229.14
Mandi Wallace	3 229.14	-	-	3 229.14
Veronica Hofmeester	16 145.70	-	317.20	16 462.90



Name	Meeting fees	Other allowance	Other expenses (Travel)	Total
Zola Sapetha	-	-	-	-
Vusi Amos Monyela	16 145.70	-	1 104.00	17 249.70

4.1.3.4 Quality Assurance Committee Remuneration

Name	Meeting fees	Other allowance	Other expenses (Travel)	Total
Mandla Msweli	-	-	11 400.00	11 400.00
David Shasha	16 145.70	-	8 023.56	24 169.26
Nirmala Gopal	12 916.56	-	1 268.80	14 185.36
Silas Mpungose	16 145.70	-	976.00	17 121.70
Paul Beard	-	-	-	-
Bhabhali ka Maphikela Nhlapo	6 458.28	-	674.00	7 132.28
Oupa Bodibe	9 687.42	-	1 464.00	11 151.42
Habib Karimulla	-	-	-	-
Chaneez Francis	3 229.14	-	-	3 229.14
Kim Bonaconsa	9 687.42	-	-	9 687.42

4.1.3.5 Audit Committee Remuneration

Name	Meeting fees	Other allowance	Other expenses (Travel)	Total
Vusi Mokwena	48 972.96	-	-	48 972.96

Name	Meeting fees	Other allowance	Other expenses (Travel)	Total
Pumla Mzizi	32 650.70	-	-	32 650.70
Mandla Mthembu	19 374.84	-	4 140.00	23 514.84
John Landman	19 374.84	-	8 526.00	27 900.84
Charles Motau	33 360.00	-	-	33 360.00

4.1.3.6 Finance Committee

Name	Meeting fees	Other allowance	Other expenses (Travel)	Total
Sipho Sukati	-	-	28 630.00	28 630.00
Manoshni Perumal	16 145.70	-	-	16 145.70
Nick Nicholls	32 650.70	-	-	32 650.70
Phumlani Duma	9 687.42	-	-	9 687.42
Vacancy (LABOUR)				

4.1.3.7 Human Resource Committee and REMCO

Name	Meeting fees	Other allowance	Other expenses (Travel)	Total
Jonavon Rustin	12 916.56	-	-	12 916.56
Mbulelo Mandlana	3 229.14	-	-	3 229.14
Michael Cloete	9 687.42	-	720.00	10 407.42
Mandi Wallace	3 229.14	-	-	3 229.14

4.1.3.8 AET/ECD Chamber

Name	Meeting fees	Other allowance	Other expenses (Travel)	Total
Jonavon Rustin (Chairperson)	16 611.80	-	704.00	17 315.80
Raisibe Tshweu	12 916.56	-	4 728.72	17 645.28
Marie Louise Samuels	-	-	-	-
Augustus Dludlu	9 687.42	-	2 880.00	12 567.42
Leonard Saul	9 687.42	-	1 024.80	10 712.22
Natalie Gross	6 458.28	-	-	6 458.28
Archie Mokonane	12 916.56	-	1 045.50	13 962.06
Kedisaletse Motlhakoe	3 229.14	-	1 013.24	4 242.38
Inez Petersen	12 916.56	-	1 900.44	14 817.00
Yvonne Dos Santos	12 916.56	-	695.40	13 611.96
Diseko Gopane	9 687.42	-	5 702.94	15 390.36
David Diale	-	-	-	-
Tsela Moloi	-	-	-	-
Meryl Anne Hewett-Fourie	6 458.28	-	420.00	6 878.28
Mpho Komana	9 687.42	-	849.61	10 537.03
Vicky Mokgatle	-	-	-	-
Gcotyelwa Xaba (alternate Maureen Ralane)	9 687.42	-	2 469.28	12 156.70
Ruby Motaung	-	-	-	-

4.1.3.9 Higher Education and Research Chamber

Name	Meeting fees	Other allowance	Other expenses (Travel)	Total
Nirmala Gopal (Chairperson)	16 611.80	-	2 732.80	19 344.60
Basiami Disipi	9 687.42	-	1 890.72	11 578.14
Mantshego Selepe	9 687.42	-	-	9 687.42
Manoshni Perumal	9 687.42	-	888.00	10 575.42
Leo Doria	12 916.56	-	1 522.56	14 439.12
Gregory Masondo	6 458.28	-	2 333.40	8 791.68
Manoshe Phasha	6 458.28	-	-	6 458.28
Derek Heradien	6 458.28	-	-	6 458.28
Renny Somnath	9 687.42	-	210.00	9 897.42
Christabel Guma	12 916.56	-	7 056.00	19 972.56
Silas Mpungose	12 916.56	-	2 346.40	15 262.96
Ntsako Nombelani	12 916.56	-	1 223.12	14 139.68
Vincent Mtyende	12 916.56	-	585.60	13 502.16
Ryno van Rooyen	9 687.42	-	2 327.76	12 015.18
Grant Abbot	9 687.42	-	9 687.42	9 687.42
Kim Bonaconsa	3 229.14	-	-	3 229.14
Ingrid Thomson	12 916.56	-	-	12 916.56
Angelina Magabane	-	-	-	-



Name	Meeting fees	Other allowance	Other expenses (Travel)	Total
Hannelie van Rensburg	-	-	-	-
Shaheeda Essack	-	-	2 940.00	2 940.00

4.1.3.10 TVET Chamber

Name	Meeting fees	Other allowance	Other expenses (Travel)	Total
Thamsanqa Mbalo (Chairperson)	-	-	3 571.02	3 571.02
Nthabiseng Kotsokoane	12 916.46	-	1 747.20	14 663.66
Titus Williams	12 916.46	-	527.04	13 443.50
Sylvia Nkanyuza	12 916.46	-	390.40	13 306.86
Takalani Ratshilumela	12 916.46	-	2 933.81	15 850.27
Maurice Mopeli	12 916.46	-	9 355.14	22 271.60
Daniel Stander	12 916.46	-	15 318.00	28 234.56
Moses Peo	9 687.36	-	2 739.72	12 427.08
Zweli Nqodi	9 687.36	-	200.00	9 887.36
Renny Somnath	3 229.12	-	263.52	3 492.64
Munilaal Kooblall	9 687.36	-	-	9 687.36
Burton Malgas	12 916.46	-	-	12 916.46
Madeline Trollope	6 458.24	-	-	6 458.28

4.1.3.11 Provisioning Chamber

Name	Meeting fees	Other allowance	Other expenses (Travel)	Total
Gavin de Bruyn (Chairperson)	-	-	-	-
Norman Kemp	9 687.42	-	-	9 687.42
Naphtali Moloape	-	-	-	-
Vonani Mathonsi	9 687.42	-	-	9 687.42
Annamarie Goosen	6 458.28	-	682.00	7 140.28
David Shasha	12 916.56	-	18 831.36	31 747.92
Babette Le Roux	3 229.14	-	-	3 229.14
Henry Mangwathe	6 458.28	-	1 981.28	8 439.53
Mandla Msweli	-	-	7 356.00	7 356.00
Ben Machipi	9 687.42	-	-	9 687.42
Roy Raju	12 916.56	-	-	12 916.56
Stephen Endersby	9 687.42	-	-	9 687.42
Linda Ingram	3 229.14	-	-	3 229.14
Brenda Mbatha (appointed in February 2016)	-	-	-	-
Christinah Phatlane	3 229.14	-	-	-
Vacancies (SADTU 1)				
Vacancy (NEHAWU)				

4.1.3.12 Schooling Chamber

Name	Meeting fees	Other allowance	Other expenses (Travel)	Total
Mandla Mthembu	9 687.36	-	1674.80	11 362.16
Babette le Roux	3 229.12	-	-	3 229.12
Faseega Solomon	9 687.36	-	-	9 687.36
Hema Hariram	12 916.46	-	1 794.00	14 710.46
Sussan Malima	-	-	-	-
Gaelebale Mahumapelo	12 916.46	-	-	12 916.46
Oupa Bodibe	6 458.24	-	-	6 458.24
Nosipho Malope	-	-	1 320.70	1 320.70
Gugulethu Mbele	9 687.36	-	8 803.34	18 490.70
Mahmood Moosa	9 687.36	-	964.40	10 651.76

Name	Meeting fees	Other allowance	Other expenses (Travel)	Total
Ruth Ledwaba	12 916.46	-	707.60	13 624.06
Veronica Hofmeester	12 916.46	-	657.34	13 573.80
Honjiswa Mrwebi	12 916.46	-	-	12 916.46
Brenda Ndelu	6 458.24	-	-	6 458.24
Ntjhotjho Mosia	6 458.24	-	11 535.36	17 993.60
Hendrik De Kock	12 916.46	-	1 690.85	14 607.31
Anthony Akal	12 916.46	-	-	12 916.46
Sussan Malima	-	-	-	-
Nkosiphendule Ntantala	6 458.24	-	-	6 458.24
Johannes Motona	3 229.12	-	512.20	3 741.34

5. Risk Management

The ETDP SETA's risk management function is guided by a risk management policy and framework which are monitored and reviewed annually by a Risk Management Committee and approved by the ETDP SETA Accounting Authority.

The Accounting Authority is ultimately responsible for the management of risks and has an Audit Committee that deals with the effective implementation of the risk management policy.

The Audit Committee has delegated this function to the Risk Management Committee which is responsible for monitoring the implementation of the risk management initiatives and reporting progress made on a quarterly basis.

ETDP SETA Risk Management Committee is made-up of the senior management team chaired by an independent chairperson. Risk Management Committee meets monthly to review the progress made in the implementation of the risk management policy and

framework. New risks and emerging risks are identified and recorded in risk registers for reporting to the Audit Committee and recommended for approval by the Accounting Authority.

ETDP SETA implemented an enterprise wide risk management methodology which focused on strategic, operational and information technology risks. Risk assessment was performed in the first quarter of the financial year. Identified risks that were above the risk tolerance level were managed by means of risk mitigation plans to reduce the residual to an acceptable level.

The Risk Management unit is responsible for following up on the implementation of the mitigation plan to ensure that risk exposure is managed and that progress is reported to the oversight structures: the Audit Committee and the Accounting Authority on quarterly basis.

6. Internal Controls

The ETDP SETA has policies and Standard Operating Procedures (SOPs) in place to strengthen internal controls which are published on the intranet.

Management implements and continuously reviews internal controls. An independent review is performed through the internal audit function and has an implementation plan to address any weak internal controls that were identified by the internal auditors and the Auditor General.

7. Internal Audit and Audit Committee

The primary purpose of the internal audit function is to provide a reasonable assurance to the Accounting Authority that the controls are adequate and implemented effectively. The audit assignments are conducted according to an approved audit plan. The Audit Committee is responsible for the approval of the plan and provides oversight on the implementation. During the year under review, internal audit performed a number of internal audits as per the operational plan approved by the Audit Committee that included the following:

- Performance Information (Performance against Objectives) – Phase 1
 - Supply Chain Management Policy and Procedure Review
 - Skills Plan Implementation (Learnerships and Skills Programmes)
 - Strategic Plan and Annual Performance Plan Review (2017/2018)
 - Commitments Schedule – Phase 1 – Contract Management
 - Follow Up - Auditor-General Findings
 - Performance Information (Performance against Objectives) – Phase 2
 - Quality Assurance (ETQA)
- Follow Up – Internal Audit Findings:
- Information Technology – Governance Review
 - Human Resource Management
 - Supply Chain and Expenditure Management
 - Fixed Asset Management
 - Governance and Compliance
 - Commitment Schedule – Phase 2
 - Performance Information (Performance against Objectives) – Phase 3
 - Performance Information (Performance against Objectives) – Two months of Quarter 4

8. Compliance with Laws and Regulations

The audit conducted by the external auditors revealed that the organisation complies with the relevant legislation applicable to the public entity.

9. Fraud and Corruption

The Fraud prevention plan and whistle blowing policies are in place and implemented. The entity's Fraud Hotline is administered by Deloitte to ensure objectivity. The Fraud hotline number is 0800 204 937 and is reflected on the intranet, website and other documents. Any fraud reported is investigated thoroughly and due processes are followed in line with the Human Resource policies. Investigation procedures were developed to ensure uniformity in the reporting and investigation of incidents of fraud and corruption.

10. Minimising Conflict of Interest

Governance Structure members are required to declare conflict of interest at every meeting of the Board and EXCO Meetings.

The SCM Policy prohibits awards 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 of the ETDP SETA.

10.1 Prohibition on awards to persons in the ETDP SETA

To safeguard integrity of the organisation, no award may in terms of this policy be made to:

- A person who is in the service of the ETDP SETA
- Any entity which has a direct or indirect interest in the business activities of the SETA
- Supply chain management officials or any other roleplayers who have any private or business interest in any contract to be awarded, must:
- Disclose that interest
- Withdraw from participating in any manner whatsoever in the process relating to that contract

11. Code of Conduct

The approved Constitution of the ETD P S E T A contains a Code of Conduct under Schedule 2 that all Governance Structure members have to subscribe to and abide by.

No accounts of misconduct has been noted or reported in the past financial year.

Processes to be followed when the Code of Conduct is breached are defined in the Constitution as follows:

- Clause (8) points 13 and 14 of the Constitution makes provision for recourse when a Governance member has contravened the Code of Conduct
- Clause (14) of the Constitution deals with Adherence to the Code of Conduct

12. Health, Safety and Environmental Issues

The ETDP SETA has complied with the Occupational Health and Safety Act as well as requirements of environmental regulations. The SETA has also implemented the required infrastructure in the workplace.

A Health and Safety committee has been established. Health and Safety representatives and First Aiders have been appointed for the SETA Offices, and were trained in first aid and firefighting. These imperatives are aimed at ensuring safety of its staff and other stakeholders in the workplace.

13. Audit Committee Report

Audit Committee Responsibilities

The Audit Committee is responsible for the review of the following:

- The effectiveness of the internal control system
- The effectiveness of the internal audit function
- The risk areas of the ETDP SETA's operations to be covered in the scope of internal and external audit
- The adequacy and reliability of the Performance and Financial information provided by management
- Any accounting and auditing concerns identified as a result of internal and external audits
- The ETDP SETA's compliance with legal and regulatory provisions
- The activities of the internal audit function, including its annual work programme, co-ordination with external auditors, the reports on significant investigations and the responses of management to specific recommendations
- A review of the annual financial statements and the opinion expressed by the Auditor-General thereon.

Effectiveness of Internal Control

The Audit Committee has reviewed the internal controls for effectiveness and adequacy. Our assessment of internal controls is that they need improvement. This is consistent with the reports of internal auditors. The Auditor-General South Africa has also made findings on the effectiveness and adequacy of our internal controls. Management is urged to implement them to improve the control environment.

Quality of Management and Monthly/Quarterly Reports Submitted in Terms of Legislation

The Audit Committee received and reviewed quarterly financial and performance reports. Where performances were below the Annual Performance Plan targets, management provided reasons for such under-performance and put in place plans to improve identified performance deficiencies. We note with concern that the level of achievement of annual performance is not satisfactory.

Evaluation of the Public Entity's Financial Statements

The Audit Committee evaluated the annual financial statements presented in the annual report. The annual financial statements fairly present the financial performance, financial position and results of financial operations.

Principal Activities of the Audit Committee during 2016/17

The Audit Committee undertook the following activities (amongst others) during the financial year:

- Reviewed strategic and operational risk management controls in the SETA
- Reviewed the final risk register prepared by the ETDP SETA management
- Reviewed quarterly operational and financial performance information prepared by the ETDP SETA's management for final approval by its Board
- Reviewed the Annual Report including the Annual Financial Statements presented together with the Annual Report

- Reviewed and approved the risk-based internal audit plan prepared by internal auditors
- Reviewed the Audit Committee Charter to ensure its continuing relevance and presented the same to the Board for their final approval
- Reviewed and approved the Internal Audit Charter
- Received periodic internal audit reports on their findings
- Conducted a peer review as well as a review of the internal audit function
- Attended Board meetings to raise any concerns that the Audit Committee might have had
- Received anonymous whistle blowing reports from an independent service provider and followed up the same with management where relevant.

Internal Audit

The Internal Auditors of the ETDP SETA conducted reviews of reports on Quarterly Performance Information, Skill Plans Implementation (Discretionary Grants), Governance and Compliance, Quality Assurance (ETQA), Strategic and Annual Performance Plan, Supply Chain Management Policy and Procedure, Commitment Schedules and follow-ups on the Auditor-General's Management Report. Recommendations were made and incorporated into procedures and controls of the organisation.

External Audit

There are no unresolved issues raised by the Auditor General.

There are no additional matters that we wish to raise pertaining specifically to the ETDP SETA.

Conclusion

This report must be read together with the annual report.



Mr Vusi Mokwena: CA(SA), RA

Audit Committee Chairperson

Date: 28 July 2017



PART D **Human Resource Management**

AT THE CUTTING EDGE OF SKILLS DEVELOPMENT

1. Introduction

1.1 Overview of HR matters at the Entity

The ETDP SETA has set as an overall objective to enhance organisational management and administration and to ensure effective utilisation of its talent to ensure that the organisation fulfils its skills development mandate.

The organisation has identified talent management and performance management as focal areas in the organisation. The need to align the organisational design to its strategic priorities and processes was identified and the organisational structure was under review in order to achieve this purpose.

1.2 HR Priorities and the impact

The following sub-sections lay out priorities that were identified for the year under review.

1.2.1 Review of the organisation structure

The review was intended to achieve an alignment of the structure to the organisation's human resources needs and to ensure that the structure is responsive to the objectives of the organisation.

This had an impact of proper utilisation of the organisation's human resources and brought about efficiency in the way services were being delivered.

1.2.2 Staff development through skills development programmes and further studies

To enhance operational effectiveness and continuous development, the organisation continued to invest in the development of all staff through skills programmes aligned to the requirements of their jobs. The organisation further awarded bursaries for study at Higher Education Institutions to staff.

The impact of this has been improved skills amongst staff and value-add to the achievement of the goals of the organisation and ensure staff is suitably qualified.

1.2.3 Workforce planning framework and key strategies to attract and recruit a skilled and capable workforce

The organisation's workforce planning framework is driven by the need for skilled talent. It considers internal talent that is on development initiatives to fill vacancies at this level. Three of the middle-management vacancies at provincial level were filled through this method.

Positions where internal talent was not at the level required due to the nature and level of skills required were identified, and, suitable skills recruited through the external market and through the headhunting processes. This recruitment method has been utilised, especially at senior and executive management levels to attract the skills required at this level, with the requisite experience.

Two of the senior and executive management positions were filled through this method.

1.2.4 Employee performance management framework

The ETDP SETA has a performance management and development policy and framework. The framework ensures that performance of staff is aligned to the organisation's priorities.

This was achieved through each division being allocated targets to achieve based on the Annual Performance Plan. The performance agreements are aligned to the APP. Targets were cascaded to all levels of staff based on the line of sight that each position has.

The performance agreements included personal development planning that the line manager and staff identified as areas of further development to assist staff meet the requirements of the positions and their continuous improvement.

1.2.5 Employee Wellness Programme

The programme consists of facilitated interventions that address the psychological, physical, emotional and financial wellbeing in the workplace and it recognises that issues and events in employees' personal lives often have a negative effect on their performance at work.

The ongoing programme aims to achieve early identification of employees who may be facing personal problems for appropriate referral.

In order to streamline the programme and make the programme more responsive, it was resolved to appoint a service provider to provide a 24-hour service to staff. This will be implemented in the new financial year.

1.2.6 Policy Development

The development of the HR policy was informed by changes in the legislative framework and changing organisation needs.

The HR policy is reviewed biennially and encourages the participation of staff and consultation with the union. Staff is, however, encouraged to make any recommendations for review at any stage. Amendments proposed were channelled through the Accounting Authority sub-committee on HR matters.

At the time of writing, consultation within the organisation was under way for final submission to the ETDP SETA Accounting Authority for approval.

1.2.7 Achievements

Notable HR achievements are as follows:

- 14 vacant position were filled during the year under review
- 11 disciplinary cases were processed and finalised
- 106 employees underwent training and development in the year under review
- 10 candidates were identified and are continuing with a Talent Management Programme with the University of the Western Cape

1.2.8 Challenges faced by the organisation

The organisation faces challenges in attracting skills that are specialised and critical in nature. Staff development remains a focus to improve the organisation's capability and continuous improvement.

Whilst the organisation's staff turnover is within acceptable levels, the organisation will continue to focus on staff morale and staff satisfaction in the workplace.

1.2.9 Future HR Plans

For the upcoming year, the organisation plans to focus on the following:

- Talent management to include middle management and professional functions
- Revision of the salary model as part of retention of staff
- Roll out of employee wellness and implementing the 24-hour employee wellbeing support service
- Implementing succession management and pipelining
- Embed management development, including continuous training of all levels of management

2. Human Resource Oversight Statistics

2.1 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)
Total Administration Expenditure*	148 048	-	-	-	-
Salaries	73 016	73 016	49.32%	124	589
Reimbursements	1 147	-	-	-	-
Performance Rewards	2 626	2 626	1.77%	124	21
TOTAL	76 789	75 642	51.09%	124	610

* The total administration expenditure includes the salaries, reimbursements, leave accruals and accrued performance rewards

2.2 Personnel cost by salary band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost	No. of employees	Average personnel cost per employee (R'000)
Top Management	4 002	5.29%	3	1 334
Senior Management	10 753	14.21%	6	1 792
Professional qualified	20 747	27.43%	25	830
Skilled	30 272	40.02%	59	513
Semi-skilled	9 455	12.5%	29	326
Unskilled	413	0.55%	2	207
TOTAL	75 642	100	124	610

2.3 Performance rewards per band

Programme	Performance rewards (R'000)	Personnel Expenditure	% of performance rewards to total personnel cost
Top Management	147	-	5.6%
Senior Management	209	-	8%
Professional qualified	788	-	30%
Skilled	1 392	-	53%
Semi-skilled	74	-	2.8%
Unskilled	16	-	0.6%
TOTAL	2 626	-	100%

2.4 Training Costs

Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost	No. of employees trained	Avg. training cost per employee (R'000)
75 642	1 035	1.33	116	10 785

2.5 Employment and vacancies

2015/2016	2016/2017			
No. of Employees	Approved Posts	No. of Employees	Vacancies	% of vacancies
139	132	124	8	6.06

	2015/2016	2016/2017			
Programme	No. of Employees	Approved Posts	No. of Employees	Vacancies	% of Vacancies
Top Management	4	3	2	0	0
Senior Management	5	8	8	0	0
Professional qualified	23	25	21	4	0.84
Skilled	53	61	57	4	2.28
Semi-skilled	30	32	32	0	0
Unskilled	2	3	2	0	0
TOTAL	117	132	124	8	6.06

2.6 Employment changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at the end of the period
Top Management	3	1	0	4
Senior Management	5	2	0	7
Professional qualified	25	0	4	21
Skilled	52	9	3	58
Semi-skilled	29	2	0	31
Unskilled	3	0	0	3
Total	117	14	7	124

2.7 Reasons for staff leaving

Reason	Number	% of total number of staff leaving
Death	0	-
Resignation	7	5.3 %
Dismissal	0	-
Retirement	0	-
Ill health	0	-
Expiry of contract	0	-
Other	0	-
Total	7	5.3 %

2.8 Labour Relations: Misconduct and Disciplinary Action

Nature of Disciplinary Action	Number
Verbal Warning	2
Written Warning	6
Final Written Warning	3
Dismissal	0

2.9 Equity Target and Employment Equity Status

Male								
	African		Coloured		Indian		White	
Levels	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	-	0	-	0	-	0	-
Senior Management	4	-	0	-	1	-	0	-
Professional qualified	8	-	0	-	2	-	1	-
Skilled	14	-	2	-	2	-	0	-
Semi-skilled	6	-	0	-	0	-	0	-
Unskilled	0	-	0	-	0	-	0	-
TOTAL	34		2		5		1	



Female								
	African		Coloured		Indian		White	
Levels	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	2	-	0	-	0	-	0	-
Senior Management	2	-	0	-	0	-	0	-
Professional qualified	8	-	0	-	1	-	1	-
Skilled	31	-	3	-	1	-	4	-
Semi-skilled	21	-	5	-	0	-	0	-
Unskilled	2	-	0	-	0	-	0	-
TOTAL	66		8		2		5	

Disabled Staff				
	Male		Female	
Levels	Current	Target	Current	Target
Top Management	-	-	-	-
Senior Management	-	-	-	-
Professional qualified	1	-	1	-
Skilled	-	-	-	-
Semi-skilled	-	-	-	-
Unskilled	-	-	-	-
TOTAL	1		1	



PART E

Financial Information

AT THE CUTTING EDGE OF SKILLS DEVELOPMENT

1. Report of the Auditor-General to Parliament on the ETDP SETA

Report on the audit of the 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 156 to 203, which comprise the statement of financial position as at 31 March 2017, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the 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 Education, Training and Development Practices Sector Education and Training Authority as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Skills Development Act of South Africa, 1998 (Act No. 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 entity in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the 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 matters

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

Irregular expenditure

7. As disclosed in note 27 to the financial statements, irregular expenditure of R1 348 000 was incurred because procurement legislation was not adhered to.

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 the SA Standards of 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 Education, Training and Development Practices Sector Education and Training Authority'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 intention is to liquidate the entity or cease operations, or there is 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 the 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 the auditor's report.

Report on the audit of the annual performance report

Introduction and scope

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

13. My procedures address the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to 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 programmes presented in the annual performance report of the entity for the year ended 31 March 2017:

Programmes	Pages in annual performance report
Programme 2 – quality teaching and learning in schools, TVET colleges and HEIs	37 – 44
Programme 3 – improving public service delivery in the ETD sector	45 – 49
Programme 4 – access and progression into high level skills and support for work experiential learning	49 – 58

15. I performed procedures to determine whether the reported performance information was properly presented and whether 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 identify any material findings on the usefulness and reliability of the reported performance information for the following programmes/objectives:

- Programme 2: quality teaching and learning in schools, TVET colleges and HEIs
- Programme 3: improving public service delivery in the ETD sector
- Programme 4: access and progression into high level skills and support for work experiential learning

Other matters

17. I draw attention to the matter below.

Achievement of planned targets

18. Refer to the annual performance report on page 34 to 82 information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a number of targets.

Adjustment of material misstatements

19. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of programme 2: quality teaching and learning in schools, TVET colleges and HEIs. 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 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 compliance of the public entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

21. I did not identify any instances of material non-compliance with selected specific requirements of applicable legislation, as set out in the general notice issued in terms of the PAA.

Other information

22. The ETDP SETA Accounting Authority is responsible for the other information. The other information comprises the information included in the Annual Report, which includes the audit committee's report, accounting authority's report, chief executive officer's report and departmental reporting. 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 on in the 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 thereon.

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. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

25. 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 thereon. I did not identify any significant deficiencies in internal control.

Auditor General

Pretoria

31 July 2017



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 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 the 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 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 ETDP SETA’s ability 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 the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor’s report. However, future events or conditions may cause the entity to cease operating as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and 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 confirm to the Accounting Authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.



2. Annual Financial Statements

AT THE CUTTING EDGE OF SKILLS DEVELOPMENT

Annual Financial Statements

for the year ended 31 March 2017

The Annual Financial Statements for the year ended 31 March 2017 have been approved by the Accounting Authority in terms of section on 51(1)(f) of the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) on 28 July 2017 and are signed on its behalf:



Ms Sesi Nombulelo Nxesi
Chief Executive Officer
Date: 28 July 2017



Ms Shirley Mabusela
Accounting Authority Chairperson
Date: 28 July 2017

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Statement of Financial Performance

for the year ended 31 March 2017

	Note	2016/17 R'000	2015/16 R'000
Revenue from non-exchange transactions	3	810 382	745 483
Revenue from non-exchange transactions: penalties and interest		12 969	13 159
Interest income	4	58 559	33 250
Other income	5	2 653	711
Total revenue		884 563	792 603
EXPENSES			
Consultancy Fees		-21 817	-20 323
Impairment Expense		-609	-49
Repairs and Maintenance		-1 369	-1 493
Loss on Disposal of Assets		-24	-30
QCTO Expense		-1 971	-1 334
Mandatory and Discretionary Grants	6	-588 534	-343 876
General Administration Expenses	7	-46 093	-48 091
Employee Costs	7.1	-75 642	-71 189
National Skills Fund Expense	8	-	-2 000
Depreciation and Amortisation	9,10	-2 494	-2 693
Total expenses		-738 553	-491 078
NET SURPLUS/(DEFICIT) FOR THE PERIOD	2	146 010	301 525

STATEMENT OF FINANCIAL POSITION

as at 31 March 2017

	Note	2016/17 R'000	2015/16 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	5 192	6 428
Intangible assets	10	1 763	2 762
		6 955	9 190
Current assets			
Cash and cash equivalents	11	954 548	740 297
Consumables	12	204	2 569
Receivable from non-exchange transactions	13	941	1 060
Receivable from exchange transactions	14	3 650	3 262
		959 343	747 188
TOTAL ASSETS		966 298	756 378
LESS : LIABILITIES			
Current liabilities			
Payable from non-exchange transactions	15	9 327	34 042
Payable from exchange transactions	16	127 948	37 367
TVET Infrastructure Funding Payable	17	-	3 681
Accrued employee entitlements	18	8 268	7 343
Provisions for exempt employers		3 835	3 035
		149 378	85 468
TOTAL LIABILITIES		149 378	85 468
NET ASSETS		816 920	670 910
RESERVES			
Administration reserve		6 955	9 190
Employer grant reserve		58 014	25 099
Discretionary reserve		751 951	636 621
		816 920	670 910

Statement of Changes In Net Assets

for the year ended 31 March 2017

Note	Administration reserve R'000	Employer grant reserve R'000	Discretionary reserve R'000	Unappropriated Surplus R'000	Total R'000
Balance at 31 March 2015	6 861	13 849	348 675	-	369 385
Net surplus per Statement of Financial Performance				301 525	301 525
Allocation of unappropriated surplus for the period	28 867	25 099	247 559	-301 525	-
Excess reserves transferred to Discretionary reserve	-26 538	-13 849	40 387	-	-
Balance at 31 March 2016	9 190	25 099	636 621	-	670 910
Net surplus per Statement of Financial Performance	-	-	-	146 010	146 010
Allocation of unappropriated surplus for the period	2 36 334	32 915	76 761	-146 010	-
Excess reserves transferred to Discretionary reserve	-38 569	-	38 569	-	-
Balance at 31 March 2017	6 955	58 014	751 951	-	816 920

Cash Flow Statement

for the year ended 31 March 2017

	Note	2016/17 R'000	2015/16 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating activities			
Cash receipts from stakeholders		823 445	759 891
Levies, interest and penalties received		823 445	759 194
Other cash receipts from stakeholders		-	697
Less: Cash paid to stakeholders, suppliers and employees		-666 436	-524 143
Grants and project payments		-525 427	-300 642
Compensation of employees		-73 849	-69 701
Payments to suppliers and other		-67 160	-153 800
Cash generated in operations		157 009	235 748
Interest Income		58 080	33 224
Net cash inflow from operating activities	19	215 089	268 972
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, plant and equipment		-237	-3 641
Purchase of Intangible Assets		-655	-1 461
Reclassification to other income		-	665
Proceeds from insurance claims		54	57
Net cash outflow from investing activities		-838	-4 380
Net increase in cash and cash equivalents		214 251	264 592
Cash and cash equivalents at beginning of the year	11	740 297	475 705
Cash and cash equivalents at end of the year	11	954 548	740 297

Statement Of Comparison Of Budget And Actual Amount

for the year ended 31 March 2017

The budget is prepared using the same basis of accounting as the financial statements. The budget is prepared for the same period as the financial statements.

	2016/17 Initial Budget R'000	2016/17 Adjustments	2016/17 Final Budget R'000	2016/17 Actual R'000	2016/17 Variance R'000	2016/17 Reference
REVENUE						
SDL Income	809 863	-18 103	791 760	823 351	31 591	
Investment income	16 000	-	16 000	58 559	42 559	Note 28
Other income	-	-	-	2 653	2 653	
Total revenue	825 863	-18 103	807 760	884 562	76 802	
EXPENSES						
Consultancy Fees	17 179	-5 825	11 354	-21 817	-10 463	Note 28
Repairs and Maintenance	7 121	-700	6 421	-1 369	5 052	Note 28
QCTO expense	1 970	-	1 970	-1 971	-	
Mandatory & Discretionary	794 200	-	794 200	-588 534	205 666	Note 28
General Admin Expenses	83 544	-9 084	74 460	-49 220	25 240	Note 28
Employee Costs	80 019	-2 494	77 525	-75 642	1 883	
Total expenses	984 033	-18 103	965 930	-738 553	227 378	
Net surplus/(deficit) for the year	-158 170	-	-158 170	146 010	304 180	



Notes to the Financial Statements Flow Statement

1. Accounting Policies

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

1.1 Basis of preparation

The financial statements have been prepared in accordance with the effective South African Standards of Generally Recognised Accounting Practice (Standards of GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

1.2 Currency and level of rounding

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

1.3 Revenue recognition

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

transfer is measured at the fair value of the consideration received. Contributions from the Departments of Basic Education (DBE) are recognised when cash is received.

1.3.1 Levy income

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

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

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

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

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

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

Employers who have annual payrolls below R500 000 have been exempted from further payment of skills development levies. In cases where payments have been made by these employers in error, an accrual has been made for the refund of the levies covering a period of 5 years.

1.3.2 Contributions by the Departments of Education

The Provincial and National Departments of Education contribute 30% of their annual training budgets to the ETDP SETA, as per a Cabinet decision. The 30% receipt is utilised for Administration (one third) and Discretionary Projects (two thirds).

Contributions by the departments of Education are recognised as revenue when and in the period they are actually received.

1.3.3 Interest and penalties

Interest and penalties are recognised at the earlier of the allocation by the Department of Higher Education and Training to the ETDP SETA or when cash is received.

1.3.4 Government grants and other donor income

Conditional government grants and other conditional donor funding received are recorded as deferred income when they become receivable and are then recognised as income on a systematic basis over the period necessary to match the grants with the related costs which they are intended to compensate. Unconditional grants received are recognised when the amounts have been received.

1.3.5 Investment Income

Interest from investments is recognised when the bank has credited the investment with interest due in line with the maturity date of the investment. Interest from call account is accrued on a time proportion basis as advised by the banks at the reporting date.

1.4 Grants and project expenditure

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.

1.4.1 Mandatory grant 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.

1.4.2 Discretionary grants and project payments

Discretionary grants relate to the 49.5% of levies 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 is recognised as expenses in the period in which they are incurred, in which the conditions are met.

Project expenditure comprises:

- 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.

1.4.3 QCTO Expense

An amount determined by the Minister based on QCTO related income received, as per Section 2(4) of the Grant Regulations issued in terms of Government Gazette 35940.

1.4.4 TVET Infrastructure Funding expense

In terms of Skills Development Circular No. 08/2013 SETAs are required to contribute funds to the National Skills Fund for TVET college infrastructure development. Funding agreements between the National Skills Fund and each individual SETA outline the details of each SETAs contribution as per the Skills Development Circular. There are no conditions or restrictions for the SETA and the funding is not refundable.

The TVET College infrastructure development payment is treated as a non-exchange transaction and is recognised as an expense in the period that the payment is incurred or when the funding becomes payable by the SETA as outlined in the agreement, whichever occurs first.

A contractual obligation is triggered on the date that the funding agreement is signed and a liability is recognised to the extent of the amount outstanding.

1.4.5 National Skills Fund expense

In terms of the SETA Grant Regulations 3(11) and (12), any uncommitted discretionary funds must be transferred to the National Skills Fund. This payment is treated as a non-exchange transaction and is recognised as an expense in the period in which it is incurred as outlined in the SETA Grant Regulations.

The obligation is triggered at year end and the liability is recognised to the extent of the amount outstanding. The amount is calculated as the excess of 5% of total accumulated discretionary funding that is not committed at year end.

1.5 Irregular and fruitless and wasteful expenditure

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

- The PFMA,
- The Skills Development Act,

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

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

1.6 Consumables

Consumables are prepaid stationery, refreshments and cleaning materials and are recognised as an asset at cost on the date of acquisition and are subsequently recognised in surplus or deficit as they are consumed.

1.7 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and adjusted for any impairments. Historical cost includes expenditure that is directly attributable to the acquisition of the items. No assets are held with the primary objective of generating a commercial return; hence all assets are classified as non-cash-generating. Depreciation is calculated on the straight-line method to write off the cost of each asset to estimated residual value over its estimated useful life as noted below. The assets' residual values and useful lives are reviewed and adjusted if appropriate at each reporting date.

	Rates
Audiovisual equipment	20%
Computer equipment	33%
Kitchen equipment	15%
Leasehold improvements	15%
Office furniture and fittings	15%
Office equipment	20%
Minor assets	100%
Motor Vehicle	20%

Each part of an item of property, plant and equipment is depreciated separately. Depreciation commences when the items of property, plant and equipment are available for use and ceases at the earlier 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.

1.8 Intangible assets

Intangible assets are stated at historical cost less accumulated amortisation and adjusted for any impairments. Historical cost includes expenditure that is directly attributable to the acquisition of the item. No assets are held with the primary objective of generating a commercial return; hence all assets are classified as non-cash-generating. All software is commercially purchased and no labour component is applicable that may require capitalisation. Amortisation is calculated on the straight-line method to write off the cost of each asset to its estimated residual value over its estimated useful life as noted below. Useful lives and residual values of assets are re-estimated annually to finite periods. The assets are then amortised over their re-assessed useful lives.

	Rates
Computer software	33%
Intangible assets under construction	

Until an intangible asset is available for use, it is classified as an asset under construction. Assets under construction are measured at cost.

1.9 Leasing

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

1.10 Employee Benefits and Retirement benefit costs

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. An accrual is made for the estimated liability as a result of services rendered by employees up to the reporting date. Termination benefits are recognised and expensed only when the payment is made. 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 leave liability is recognised as an accrual. 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. The performance bonus liability is recognised as an accrual.

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.

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

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

Contribution by employee = 7,5% of retirement funding income.

Contribution by employer = 7,5% of retirement funding income.

1.11 Provisions

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

1.11.1 Provisions for discretionary grants and commitments

No provision is made for projects approved at year-end, unless the service in terms of the contract has been delivered or the contract is of an onerous nature. 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 a significant cost; and
- Contracts should relate to something other than the routine, steady, state business of the entity - therefore salary commitments relating to employment contracts are excluded.

1.12 Financial instruments

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

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

1.12.1 Financial assets

ETDP SETA's principal financial assets are receivables and cash and cash equivalents

Accounts and other receivables

Receivables are subsequently measured at their amortised cost using the effective interest rate method and reduced by appropriate allowances for estimated irrecoverable amounts which represents fair value.

Cash and cash equivalents

Cash and cash equivalents are measured at fair value.

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

1.12.2 Financial liabilities

The ETDP SETA's principal financial liabilities are accounts payable and other payables. All financial liabilities are measured at amortised cost, comprising original debts less principal payments and amortisations which represents fair value.

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

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

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

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

1.13 Net Assets

This is represented by reserves as per the restrictions placed on the distribution of monies received in accordance with the Regulations issued in terms of the Skills Development Act, 1998 (Act No. 97 of 1998).

The following reserves are utilised:

- Administration reserve
- Employer grant reserve
- Discretionary reserve

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

	2016/17	2015/16
	%	%
Administration costs of the ETDP SETA Including 0.5% payable to QCTO	10.5	10.5
Employer grants	20	20
Discretionary grants and projects	49.5	49.5
	80	80

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

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

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

After retaining an amount to cover future depreciation of assets the surplus funds in the Administration reserve are moved to the Discretionary reserve at year end.

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

1.14 Impairment of assets

At each reporting period, the ETDP SETA assesses whether there is any indication that an asset may be impaired. If any such indication exists, the ETDP SETA estimates the recoverable amount of the asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

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

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

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

1.15 Revenue and expenses from exchange and non exchange transactions

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

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

1.16 Comparative figures

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

1.17 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.

Senior Management staff and members of the Accounting Authority are considered to be Key Management and no transactions take place between these staff members and the ETDP SETA other than the payment of emoluments. Senior Management

emoluments are disclosed in the Accounting Authority report. No relationship exists between close members of family of Key Management and the ETDP SETA. No loans are made by the ETDP SETA to Key Management.

1.18 Significant adjustments and estimates

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

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

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

Fair value measurement of revenue and financial instruments: The fair value of financial 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.

1.19. New Standards and Interpretations

1.19.1 Standards issued, and effective

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:

Standard/Interpretation:	Effective date	Expected Impact:
GRAP 108: Statutory Receivables	01 April 2016	The impact of the amendment is not material.
GRAP 17: Property, Plant and Equipment	01 April 2016	The impact of the amendment is not material.

1.19.2 Standards not yet effective or relevant

The entity has not applied the following standards which have been published but not yet effective.

Standard/Interpretation:	Effective date	Expected Impact
Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities	01 April 2018	Unlikely there will be a material impact
GRAP 12: Inventories	01 April 2018	Unlikely there will be a material impact
GRAP 18: Segment Reporting	01 April 2018	Unlikely there will be a material impact
GRAP 20: Related parties	Not yet determined	Unlikely there will be a material impact
GRAP 21: Impairment of Non-cash Generating Assets	01 April 2018	Unlikely there will be a material impact
GRAP 26: Impairment of Cash Generating Assets	01 April 2018	Unlikely there will be a material impact
GRAP 31: Intangible Assets	01 April 2018	Unlikely there will be a material impact
GRAP 32: Service Concession Arrangements: grantor	Not yet determined	Unlikely there will be a material impact
GRAP 109: Accounting for Principals and Agents	Not yet determined	Unlikely there will be a material impact
IGRAP 17: Service Concession Arrangements where a Grantor controls a significant residual interest in an asset	Not yet determined	Unlikely there will be a material impact

2. Allocation of Net Surplus for the year to reserves:

	Administration reserve R'000	Employer grant reserve R'000	Discretionary reserve R'000	2016/17 R'000	2015/16 R'000
Total revenue	186 352	102 350	595 860	884 561	792 603
Skills development levy: income					
Admin levy income (DHET)	54 383	-	-	54 383	50 328
Grant levy income (DHET)	-	102 350	257 740	360 090	333 180
Skills development levy: penalties and interest	-	-	12 969	12 969	13 159
Admin levy - DBE and DHET	131 969	-	263 939	395 908	361 975
Investment income	-	-	58 559	58 559	33 251
Other income	-	-	2 653	2 653	710
Total expenses	150 018	69 435	519 099	738 552	491 078
Administration expenses	148 047	-	-	148 047	143 868
QCTO expense	1 971	-	-	1 971	1 334
Employer grants and project expenses	-	69 435	519 099	588 534	343 876
NSF Expense	-	-	-	-	2 000
Net surplus/(deficit) per Statement of Financial Performance	36 334	32 915	76 761	146 010	301 525

Project expense is recognised when the training has been delivered in accordance with contract. These relate to the portfolio of evidence, uploading of learners onto the learner data base and certification. Due to possibility of learner drop outs and the uncertainty around the time by which a training provider will contractually be able to provide a portfolio of evidence of the successful completion of training, no accruals or provisions are made in the financial statements. Instead, the funds are reported as commitments.

3. Non-Exchange Skills Development Levy Income

	2016/17 R'000	2015/16 R'000
The total levy income per the Statement of Financial Performance is as follows:		
Levy income: Administration	186 352	174 024
Levies received	186 352	174 024
Levies received from levy payers	54 383	50 328
Government levies received	131 969	123 696
Inter SETA transfers in	-	-
Inter SETA transfers out	-	-
Levy income: Employer Grants	102 351	94 489
Levies received	102 351	94 489
Levies received from levy payers	102 351	94 489
Inter SETA transfers in	-	-
Inter SETA transfers out	-	-
Levy income: Discretionary Grants	521 679	476 970
Levies received	521 679	476 970
Levies received from levy payers	257 740	238 691
Government levies received	263 939	238 279
Inter SETA transfers in	-	-
Inter SETA transfers out	-	-
	810 382	745 483

4. Investment Income from Exchange Transactions

	2016/17	2015/16
	R'000	R'000
Interest income		
Accrued	676	197
Bank deposits	57 883	33 053
	58 559	33 250

5. Other Income from Non-Exchange Transactions

	2016/17	2015/16
	R'000	R'000
Mandatory grants received	134	119
Insurance recoveries	54	57
Legal fees	-	-
Other	2 465	535
	2 653	711

6. Mandatory and Discretionary Grants

	2016/17	2015/16
	R'000	R'000
Mandatory grants	69 435	69 390
Discretionary grants and projects	519 099	274 486
	588 534	343 876

7. Administration Expenses

	2016/17	2015/16
	R'000	R'000
Building related costs		
Operating rentals - buildings	10 446	9 695
Security and cleaning	1 597	1 779
Water and electricity	3 434	2 200
Remuneration to members of the audit committee	166	199
Meeting and board fees	1 320	1 173
Auditors' remuneration	2 417	2 349
External audit fees	2 020	1 900
Internal audit fees	397	449
Staff training and development	1 348	995
Recruitment	851	1 143
Stationery and consumables	918	945
Other administration costs		
Advertising, marketing and promotions, communication	1 755	4 123
Legal fees	2 192	97
Travel and subsistence	8 012	11 805
Courier fees	699	447
Hire of equipment	3 308	3 882
Insurance	438	756
Bank charges	484	420
Workshops and AGM	1 197	937
Staff relocation	463	1 502
Printing and postage	927	29
Refreshments and catering	1 340	1 503
Telephone and cellular phone	1 722	1 544
Liability Discounting	-	-
Other	1 059	568
Total per Statement of Financial Performance	46 093	48 091

7.1 Employee Cost

	2016/17	2015/16
Salaries and wages	70 127	66 279
Basic salaries	64 294	59 257
Pension contributions: employee	3 429	3 132
Non-pensionable allowance	611	1 070
Annual Leave	1 793	2 820
Employer contributions	5 515	4 910
Medical aid contributions	1 866	1 578
Pension contributions: defined contribution plan	3 440	3 132
UIF	209	200
	75 642	71 189
<i>Allocation of cost of employment</i>		
Administration expenses	75 642	71 189

8. NATIONAL SKILLS FUND EXPENDITURE

	2016/17	2015/16
	R'000	R'000
Uncommitted funds relating to 2013/14 surrendered to the National Skills Fund	-	-
World Skills Forum	-	2 000
	-	2 000

9. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated depreciation/ impairment	Closing carrying amount
As at 31 March 2017	R'000	R'000	R'000
ETDP SETA assets			
Computer equipment	6 482	-4 123	2 359
Office furniture and fittings	4 684	-3 420	1 264
Office equipment	2 144	-1 049	1 095
Audiovisual equipment	517	-331	186
Kitchen equipment	75	-51	24
Leasehold improvements	1 826	-1 630	196
Motor vehicle	428	-379	49
Minor assets	297	-278	19
Balance at end of year	16 453	-11 261	5 192

PROPERTY, PLANT AND EQUIPMENT (continued)

	Cost	Accumulated depreciation/ impairment	Closing carrying amount
As at 31 March 2016	R'000	R'000	R'000
ETDP SETA assets			
Computer equipment	7,717	-4,947	2,770
Office furniture and fittings	4,879	-3,373	1,506
Office equipment	2,364	-1,116	1,248
Audiovisual equipment	509	-345	164
Kitchen equipment	75	-47	28
Leasehold improvements	1,826	-1,194	632
Motor vehicle	428	-371	57
Minor assets	328	-305	23
Balance at end of year	18,126	-11,698	6,428

There is no property, plant and equipment that is pledged as security.

9. PROPERTY, PLANT AND EQUIPMENT (continued)

	Carrying amount 31 March 2016	Additions at cost	Disposals at net book value	Impairment	Depreciation	Depreciation change in estimate	Carrying amount 31 March 2017
Movement summary 2016/17	R'000	R'000	R'000	R'000	R'000	R'000	R'000
ETDP SETA assets							
Computer equipment	2,770	152	-22	-11	-1,125	595	2,359
Office furniture and fittings	1,506	5	-	-17	-418	188	1,264
Office equipment	1,248	25	-	-2	-300	124	1,095
Audiovisual equipment	164	55	-2	-3	-41	13	186
Kitchen equipment	28	-	-	-	-6	2	24
Leasehold improvements	632	-	-	-	-468	32	196
Motor vehicle	57	-	-	-	-14	6	49
Minor assets	23	-	-	-	-8	4	19
Balance at end of year	6,428	237	-24	-33	-2,380	964	5,192

9. PROPERTY, PLANT AND EQUIPMENT (continued)

	Carrying amount 31 March 2015	Additions at cost	Disposals at net book value	Impairment	Depreciation	Depreciation change in estimate	Carrying amount 31 March 2016
Movement summary 2015/16	R'000	R'000	R'000	R'000	R'000	R'000	R'000
ETDP SETA assets							
Computer equipment	1,286	2,474	-23	-19	-2,141	1,193	2,770
Office furniture and fittings	2,117	11	-6	-23	-589	-4	1,506
Office equipment	383	1,110	-1	-3	-438	197	1,248
Audiovisual equipment	177	31		-4	-71	31	164
Kitchen equipment	21	13	-	-	-11	5	28
Leasehold improvements	840	-	-	-	-200	-8	632
Motor vehicle	52	-	-	-	-7	12	57
Minor assets	43	2	-	-	-44	22	23
Balance at end of year	4,919	3,641	-30	-49	-3,501	1,448	6,428

10. INTANGIBLE ASSETS

As at 31 March 2017	Cost	Accumulated amortisation & Impairment	Closing carrying amount
	R'000	R'000	R'000
ETDP SETA assets			
Computer software	3,800	-2,037	1,763
Assets under Construction	1,080	-1,080	-
	4,880	-3,117	1,763
As at 31 March 2016	Cost	Accumulated amortisation & Impairment	Closing carrying amount
	R'000	R'000	R'000
ETDP SETA assets			
Computer software	2,860	-1,886	974
Assets under Construction	1,788	-	1,788
	4,648	-1,886	2,762

	Carrying amount 31 March 2016	Reclassification	Additions	Impairment	Amortisation	Amortisation in change of estimate	Carrying amount 31 March 2017
Movement summary 2016/17	R'000	R'000	R'000	R'000	R'000	R'000	R'000
ETDP SETA assets							
Computer software	974	1,212	655	-	-1,048	-30	1,763
Assets under Construction	1,788	-1,212	-	-576	-	-	-
	2,762	-	655	-576	-1,048	-30	1,763

	Carrying amount 31 March 2015	Additions at cost	Disposals at net book value	Reclassification	Amortisation	Amortisation in change of estimate	Carrying amount 31 March 2016
Movement summary 2015/16	R'000	R'000	R'000	R'000	R'000	R'000	R'000
ETDP SETA assets							
Computer software	635	381	-	598	-820	180	974
Assets under Construction	1,307	1,080	-	-598	-	-	1,788
	1,942	1,461	-	-	-820	180	2,762

11. CASH AND CASH EQUIVALENTS

	2016/17	2015/16
	R'000	R'000
Cash at bank and on hand	64,492	124,121
Cash at bank	64,475	124,091
Cash on hand	17	30
Short-term investments	890,056	616,176
Cash and cash equivalents at end of year	954,548	740,297

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

As required in National Treasury regulation 31.2, National Treasury approved the banks where the bank accounts are held. The weighted average interest rate on short term bank deposits was 6.5% (Prior year 5.7%).

12. CONSUMABLES

	2016/17	2015/16
	R'000	R'000
Consumables	204	2,569
	204	2,569

13. RECEIVABLE FROM NON-EXCHANGE TRANSACTIONS

	2016/17	2015/16
	R'000	R'000
Employer receivables	1,136	1,436
less : provision for doubtful receivables	-611	-611
Staff debtors	76	100
Inter SETA transfers receivable	340	135
	941	1,060

14. RECEIVABLE FROM EXCHANGE TRANSACTIONS

	2016/17	2015/16
	R'000	R'000
Deposits	2,336	2,281
Interest receivable	676	197
Sundry receivables	790	1,023
Prepayments	89	-
less : provision for doubtful receivables	-241	-239
	3,650	3,262

15. PAYABLE FROM NON-EXCHANGE TRANSACTIONS

	2016/17	2015/16
	R'000	R'000
Skills development grants payable	9,171	34,037
Inter SETA transfers payable	156	5
	9,327	34,042

16. PAYABLE FROM EXCHANGE TRANSACTIONS

	2016/17	2015/16
	R'000	R'000
Project creditors	102,455	30,314
Trade payables	3,913	2,004
Accruals	18,787	2,955
Staff and Payroll creditors	2,625	1,735
Liability resulting from straight line valuation of leases	168	359
	127,948	37,367

17. TVET INFRASTRUCTURE FUNDING PAYABLE

	2016/17	2015/16
	R'000	R'000
Payable:		
Not later than one year	-	3,681
Later than one year and not later than five years	-	-
Adjustment due to discounting	-	-
	-	3,681

18. ACCRUED EMPLOYEE ENTITLEMENTS

	Employee leave	Employee bonus	2016/17	2015/16
	R'000	R'000	R'000	R'000
Open carrying amount	3,983	3 360	7,343	5,474
Amounts utilised during the year	-5,412	-3,660	-9,072	-4,977
Charged to income during the year	6,926	3,071	9,997	6,846
Closing carrying amount	5,497	2,771	8,268	7,343

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 employees involved times one twelfth of their 13th Cheque. This is accumulated to date of payment.

19. RECONCILIATION OF NET CASH FLOW FROM NET SURPLUS TO NET CASH (OUTFLOW) / INFLOW FROM OPERATIONS

	2016/17 R'000	2015/16 R'000
Net (deficit)/surplus as per Statement of Financial Performance	146,010	301,525
Adjusted for non-cash items:		
Depreciation /Amortisation	2,494	2,693
Impairment	609	49
Loss on disposal of property, plant and equipment	24	30
Proceeds on disposal of fixed assets (insurance claim)	-54	-57
Reallocation to other income	-	-665
Adjusted for working capital changes:		
(Increase)/decrease in receivables	-269	1,234
(Increase)/decrease in consumables	2,365	-2,417
Increase /(decrease) in payables	63,910	-33,420
Net cash inflow /(outflow) from operations	215,089	268,972

20. COMMITMENTS

20.1 Discretionary reserve

Of the balance of R749million available in the Discretionary reserve at the end of the year the commitments detailed below of R617million have been made for projects and skills priorities. Expenses that relate to these commitments are included in grant expenses in the Statement of Financial Performance.

Contingent Liability	Opening Balance	Expenditure	Adjustments	Closing Balance
	16,833	7,264	-9,568	-
Prior Years Commitments	Opening Balance	Expenditure	Adjustments	Closing Balance
	98,586	63,936	-34,566	85
Last Year - Programme 2	Opening Balance	Expenditure	Adjustments	Closing Balance
Financial support for HEIs towards lecturer and staff development	8,998	6,102	-2,137	758
Grade R/Foundation Phase teachers supported for 2nd or later years	3,350	2,351	-999	-
Number of academics in research or HE institutions trained at Masters level	1,100	1,100	-	-
Number of academics in research or HE institutions trained at PhD level	900	849	-51	-
Number of Grade R/Foundation Phase learners enrolled in relevant qualifications	21,322	8,999	-3,453	8,870
Number of primary and secondary school teachers who enrol in subject content and ICT skills	50,385	29,247	-2,823	18,315
Number of teachers in full service schools enrol in special needs programmes	13,219	11,414	-215	1,590
Number of TVET lecturers and management enrolled in relevant programmes	8,208	8,019	-189	-
Primary and secondary teachers enrolled in end user computing learnership	20,227	13,991	-1,461	4,775
	127,710	82,073	-11,329	34,308
Last Year - Programme 3	Opening Balance	Expenditure	Adjustments	Closing Balance
Number of national, provincial and district officials enrolled in relevant learning programmes	55,655	16,014	-1,105	38,536
Number of school administrators placed in schools for the 2nd year	8,703	7,080	-1,623	-
Number of school administrators trained	3,338	3,094	-	244
	67,696	26,188	-2,728	38,780

**Last Year - Programme 4**

	Opening Balance	Expenditure	Adjustments	Closing Balance
Number of CDO's placed at institutions of learning or workplaces	6,816	2,562	-4,254	-
Number of renewed bursaries for students	16,804	12,061	-4,743	-
Number of students awarded bursaries for full qualifications	27,059	21,082	-5,977	-
Number of students from UoTs placed in workplace experience programmes	1,517	715	-802	-
Number of unemployed candidates receive qualifications through RPL	4,520	2,722	-1,798	-
Number of youth enrolled in learnership programmes	30,809	25,307	-2,155	3,347
Number of youth placed in internship programme	5,438	3,891	-907	640
Number of youth provided with a second chance to improve their Matric results	6,000	4,328	-1,673	-
PDW Unemployed Youth Learnership	13,722	8,084	-3,560	2,078
Workplace Experience Programme – (TVET College Students)	9,085	7,172	-1,500	413
	121,769	87,922	-27,369	6,479

Last Year - Programme 5

	Opening Balance	Expenditure	Adjustments	Closing Balance
Skills Development Support for Youth Cooperatives	2,700	2,275	-	425
Support for HEIs in partnerships with HESA	394	354	-40	-
Teacher Unions Institutes receive financial support for approved interventions	2,260	1,938	-322	-
Training and development of APPETD beneficiaries in skills learning programmes	1,153	898	-255	-
Training and development of beneficiaries from SETAs paying levies to the ETDP SETA and Professional Bodies	1,168	905	-235	27
Training and development of Independent Schools beneficiaries	1,121	977	-144	-
Training and development of NLPES beneficiaries in part qualifications	1,615	1,441	-173	-
Training and development of Political Parties beneficiaries	715	504	-210	-
Training and development of Research Organisation beneficiaries in full qualifications	470	206	-264	-
Training and development of Trade Unions beneficiaries	507	427	-80	-
	12,102	9,924	-1,726	452
Total Last Year Programmes	329,278	206,107	-43,152	80,019

20.1 Discretionary reserve (Continued)

Current Year - Programme 1

	New Contracts	Expenditure	Adjustments	Closing Balance
Development of a Five Year Sector Skills Plan (SSP)	600	-	-	600
	600	-	-	600

Current Year - Programme 2

	New Contracts	Expenditure	Adjustments	Closing Balance
Financial support for the development of a self-diagnostic assessment for teachers	1,790	-	-	1,790
Financial support to DBE on establishment of broadcast and digital platforms for teacher development	50,046	-	-	50,046
Financial support to DBE on establishment of broadcast and digital platforms for teacher development	38,904	19,303	-	19,601
Skills development for public TVET Colleges	38,761	8,454	-491	29,816
Skills development support for Independent Schools associations	3,418	-	-	3,418
Skills development support for private levy paying HEIs, NGOs and TVET colleges	1,557	-	-	1,557
Skills development support for public HEIs	21,651	4,352	-	17,299
Skills development support for Teacher Union Institutes	4,325	-	-	4,325
Support for academics in research or HEIs at Master's and PhD levels (NGAP)	2,344	-	-	2,344
Teachers in public schools enrolled in ICT learnership programmes	55,368	13,870	-	41,498
Teachers in public schools enrolled in ICT skills development programmes	48,668	7,307	-	41,361
Training of GET teachers on Home Language and English First Additional Language	55,899	53,328	-	2,571
	322,732	106,614	-491	215,627

Current Year - Programme 3

	New Contracts	Expenditure	Adjustments	Closing Balance
Development of curriculum content for the Advanced Diploma in Leadership and Management Diploma (DBE Special Project)	3,674	-	-	3,674
Enrolment of government officials in public admin. and management dev. programmes	930	880	-	50
Enrolment of key and strategic government officials in public admin. and management dev. programmes	16,039	600	-	15,439
Placement of school administrators (continuation - later years)	33,906	33,028	-879	-
	54,549	34,507	-879	19,163

Current Year - Programme 4	New Contracts	Expenditure	Adjustments	Closing Balance
CDOs placed at institutions of learning or workplaces - continuation	13,340	10,406	-2,934	-
Learnership programmes for unemployed youth	65,958	21,107	-	44,851
New bursaries for unemployed youth	25,976	6,844	-	19,132
New bursaries for unemployed youth	100,000	-	-	100,000
Recognition or Prior Learning (RPL)	8,128	780	-	7,348
Renewed bursaries for unemployed youth	42,157	7,193	-	34,964
Skills programmes for unemployed youth	9,771	1,548	-	8,222
Students awarded bursaries for full qualifications	140	123	-17	-
Unemployed enrolled on the Matric Re-Write/Second Chance Project	6,604	-	-	6,604
Unemployed youth awarded internships	25,665	8,667	-	16,998
Training for people with disabilities - Skills Programmes	19,120	2,573	-	16,548
Workplace experiential learning for unemployed youth (TVET colleges)	50,670	27,569	-	23,101
Workplace experiential learning for unemployed youth (UoTs)	13,651	9,425	-66	4,160
	381,181	96,237	-3,016	281,927

Current Year - Programme 5	New Contracts	Expenditure	Adjustments	Closing Balance
Number of SGBs supported	1,040	202	-	838
Number of trade union federations supported in Skills development	600	305	-295	-
Political Parties supported - Full Qualification	390	-	-	390
Political Parties supported - Full Qualification	2,338	941	-	1,397
Semi-registered ECD centres supported and fully registered	5,791	-	-	5,791
Support cooperatives (Continuation) - Full Qualification	2,000	-	-	2,000
Support for Private Training Providers (APPETD) - Full Qualification	802	-	-	802
Support for Private Training Providers (APPETD) - Full Qualification	2,000	1,500	-	500
Support for SETA and Councils paying levies to the ETDP SETA	2,446	1,131	-	1,315
Support for Universities South Africa (USAf) - Full Qualification	1,500	112	-	1,388
Trade Union Federations supported - Full Qualification	1,910	-	-	1,910
Trade Union Federations supported - Full Qualification	364	243	-	121
	21,180	4,433	-295	16,452
Total Current Year	780,242	241,792	-4,681	533,769
Total	1,225	519,099	-91,967	613,873

Administration Commitments	Opening Balance	Expenditure	Adjustments	Closing Balance
Administration Active Contracts	32,977	13,329	-	19,648

20.2 Administration reserve

	2016/17	2015/16
	R'000	R'000
Reserve retained to cover the carrying values of property, plant and equipment/Intangible assets which will be depreciated in future years.	6,955	10,026

20.3 Total of future minimum lease payments under non-cancellable leases:

	2016/17	2015/16
	R'000	R'000
20.3.1 Operating Leases - Buildings		
Buildings		
Not later than one year	6,732	2,838
Later than one year and not later than five years	1,241	-
Later than five years		
	7,973	2,838

Details of operating lease agreements:

Geographic area	Service	Commencement date	Termination date	Option to renew	Escalation % p.a.
Bedfordview, Johannesburg	Rental	1 January 2017	31 August 2017	Yes	-
Nelspruit	Rental	1 July 2016	30 June 2018	Yes	10
Potchefstroom	Rental	1 July 2016	30 June 2018	Yes	10
Kimberley	Rental	1 July 2016	30 June 2018	Yes	10
East London	Rental	1 July 2016	30 June 2018	Yes	10
Cape Town	Rental	1 July 2016	31 March 2018	Yes	8

Durban	Rental	1 July 2016	30 June 2018	Yes	8
Polokwane	Rental	1 July 2016	30 June 2018	Yes	6
Bloemfontein	Rental	1 July 2016	30 June 2018	Yes	8
Braamfontein, Johannesburg	Rental	1 July 2016	30 June 2018	Yes	9

21. CONTINGENCIES

2016/17
R'000

2015/16
R'000

21.1 RETENTION OF CASH SURPLUSES

In terms of section 53 (3) of the PFMA, public entities listed in Schedule 3A and 3C to the PFMA may not retain cash surpluses that were realised in the previous financial year without obtaining the prior written approval of National Treasury. During May 2017, National Treasury Issued Instruction No.6 of 2017/18 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 and commitments at the end of the financial year.

As of 31 March 2017 the surplus for the year is as follows:

168,267
-
168,267

215,087
-
215,087

21.2 EXPIRED CONTRACTS WITH SERVICE PROVIDERS

The SETA has agreements with service providers which did not meet the definition of commitments in terms of the Grant Regulations, however, due to possible obligations, these amounts have been disclosed as contingencies and total NIL (Prior year: R16.8m).

21.3 LITIGATION AND CLAIMS

The SETA is involved in a labour dispute with an employee represented by NEHAWU claiming unfair labour practices. The matter is currently before the Labour Court on review and management's estimate of the financial exposure is approximately R50 000.

22. RISK MANAGEMENT

22.1 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.

22.2 Operational risk

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

22.3 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 financial liabilities into their maturity groupings as per the Statement of Financial Position. These amounts are not discounted as they are as per contracts:

	<i>Not later than one month</i>	<i>later than one month but not later than three months</i>	<i>later than three months but not later than one year</i>	<i>later than one year but not later than five years</i>
	R'000	R'000	R'000	R'000
March 2017				
Trade and other payables	127,948	9,327	8,268	-

	<i>Not later than one month</i>	<i>later than one month but not later than three months</i>	<i>later than three months but not later than one year</i>	<i>later than one year but not later than five years</i>
	R'000	R'000	R'000	R'000
March 2016				
Trade and other payables	37,367	34,042	11,024	-

22.4 Interest risk

ETDP SETA manages its interest risk by spreading its funds over the four 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 rates variations. At the reporting date, the prime rate was 10.50% (Prior year:9.25%).

	Floating rate		Non-interest bearing	
	Amount R'000	Effective interest rate % p.a.	Amount R'000	Total R'000
For the year ended 31 March 2017				
Financial assets				
Cash	954,531	6.50	17	954,548
Accounts receivable	3,650		941	4,591
Total financial assets	958,181		958	959,139
Financial liabilities				
Accounts payable	-127,948		-17,595	-145,543
Total financial liabilities	-127,948		-17,595	-145,543
For the year ended 31 MARCH 2016				
Financial assets				
Cash	740,267	6.50	30	740,297
Accounts receivable	3,262		1,060	4,322
Total financial assets	743,529		1,090	744,619
Financial liabilities				
Accounts payable	-37,367		-45,066	-82,433
Total financial liabilities	-37,367		-45,066	-82,433

22.5 Credit risk

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

The ETDP SETA management limits its treasury counter-party exposure by only dealing with well-established financial institutions approved by National Treasury through the approval of their investment policy in terms of 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.

22.6 Market risk

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

Fair values

The ETDP SETA's financial instruments consist mainly of cash and cash equivalents, account and other receivables, and account and other payables. No financial instruments were carried at an amount in excess of 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.

23. GOING CONCERN

The annual 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. Further the ETDP SETA A792 has been re-established to operate from 01 April 2017 to 31 March 2020.

24. RELATED PARTY TRANSACTIONS

24.1 Transactions with other SETAs

Inter SETA transactions arise due to the movement of employers from one SETA to another. No other transactions occurred during the year with other SETAs.

All transactions were at arm's length.

The parent entity of all SETAs is the Department of Higher Education and Training.



	2016/17 R'000		2015/16 R'000	
	Amount of the transaction	Amount receivable/ (payable)	Amount of the transaction	Amount receivable/ (payable)
Received	201	340	-	140
SERVICES SETA	144	215	-	72
FASSET	-	51	-	51
CATHSETA	3	3	-	-
W&RSETA	2	2	-	-
MERSETA	16	16	-	-
INSETA	35	35	-	-
CONSTRUCTION SETA	-	2	-	2
HEALTH & WELFARE SETA	1	16	-	15
Paid	-152	-157	-	-5
MERSETA	-9	-10	-	-1
MICTSETA	-60	-60	-	-
CETA	-65	-65	-	-
SERVICES SETA	-5	-5	-	-
W&RSETA	-10	-10	-	-
TETA	-1	-1	-	-
CATHSETA	-2	-2	-	-
FASSET	-	-2	-	-2
FP&M SETA	-	-2	-	-2
Total	49	183	-	135

24.2 Transactions with other related parties

The ETDP SETA recognises that related party transactions can present potential or actual conflicts of interest, it is therefore the policy of the ETDP SETA that 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 interests prior to start of all official meetings.

			2016/17 R'000	2015/16 R'000		
Related party	Nature of relationship	Transaction type	Amount of the transaction	Amount payable	Amount of the transaction	Amount payable
Payables						
HESA	Levy payer	Mandatory grant	22	-	25	18
SACE	Levy payer	Mandatory grant	26	-	31	21
SADTU	Levy payer	Mandatory grant	86	6	47	23
NAPTOSA	Levy payer	Mandatory grant	10	-	10	6
BANK SETA	Levy payer	Mandatory grant	63	4	40	11
FP&M SETA	Levy payer	Mandatory grant	66	4	30	18
LG SETA	Levy payer	Mandatory grant	38	-	24	26
W&R SETA	Levy payer	Mandatory grant	158	-	79	14
MICT SETA	Levy payer	Mandatory grant	76	4	40	19
MQA SETA	Levy payer	Mandatory grant	150	10	-	-
CHIETA	Levy payer	Mandatory grant	88	14	-	-
MERSETA	Levy payer	Mandatory grant	180			
HESA	Levy payer	Discretionary grant		-	956	-
Receivables						
LG SETA	Levy payer	Administration	1,124	525	-	-

24.3 Remuneration of Key Management

	2016/17 R'000	2015/16 R'000
24.3.1 Chief Executive Officer		
Basic Remuneration	2,063	1,940
Pension	167	157
Total Guaranteed Cost to Company	2,230	2,097
Performance bonus	91	118
Total Guaranteed and unguaranteed remuneration	2,321	2,215
24.3.2 Chief Risk Officer		
Basic Remuneration	219	-
Pension	11	-
Medical	6	-
Total Guaranteed Cost to Company	236	-
Performance bonus	-	-
Total Guaranteed and unguaranteed remuneration	236	-
24.3.3 Chief Operations Officer		
Basic Remuneration	1,301	1,225
Pension	62	59
Medical	25	23
Total Guaranteed Cost to Company	1,388	1,307
Performance bonus	57	27
Total Guaranteed and unguaranteed remuneration	1,445	1,334
24.3.4 Chief Financial Officer		
Basic Remuneration	1,509	476
Total remuneration	1,509	476

24.4 Remuneration of Accounting Authority Members

Name	Meeting Fees	Other Expenses	Total 2016/17	2015/16
Shirley Mabusela	44	-	44	22
Sipho Khuzwayo	17	-	17	17
Lucas Maphila	6	-	6	10
Veronica Hofmeester	39	2	41	14
John Landman	35	20	55	22
Nkosinathi Ngcobo	-	3	3	12
Bhabhali Ka Maphikela Nhlapho	13	2	15	-
Michael Cloete	16	2	18	-
Mandla Mthembu	45	8	53	21
Vusi Amos Monyela	29	2	31	12
Jonavon Rustin	50	2	52	-
Cynthia Reynders	3	-	3	-
Kim Bonaconsa	26	-	26	-

25. CHANGE IN ESTIMATES

	Note	2016/17 R'000	2015/16 R'000
In terms of the requirements of GRAP 17 the useful lives of assets were reviewed at year end. Where the remaining useful life expectations of certain assets differs from previous estimates, an adjustment for an over or underestimation is processed in the asset register. The effect of the change in the useful lives of assets in future periods could not be reasonably determined.	9, 10	934	1,628

26. EVENTS AFTER THE REPORTING DATE

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

27. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

	2016/17 R'000	2015/16 R'000
FRUITLESS AND WASTEFUL EXPENDITURE		
Opening Balance	58	-
Amount raised in the year	577	58
Amount recovered in the year	-58	-
Closing Balance	577	58

During the year it was confirmed that certain modules on the MIS system were incomplete and not functional. The amount has been disclosed as fruitless and wasteful pending discussions with the service provider.

IRREGULAR EXPENDITURE

Opening Balance	-	-
Amount raised in the year	1,348	-
Amount recovered in the year	-	-
Closing Balance	1,348	-

During the time of contracting three landlords for the leasing of properties, an impression was given that they were finalising their tax issues. As these were the only buildings available, we contracted in anticipation that we would receive the tax clearance certificates but this did not work out as anticipated. Through management efforts one landlord ultimately provided a tax clearance certificate for 2017/18 finance year. Management is in a process of ending the contracts of the two landlords should the landlords further delay submission.

28. Explanation of material variances between actual results and approved budget

Variances of 10% and above are considered material and are explained below:

Investment income

Investment income is 283% higher than the budgeted amount due to higher than expected cash balances in the current year. Process delays resulted in commitments not realising as cash payments.

Repairs and Maintenance

This expenditure is significantly less than budgeted as the planned acquisition of the building did not materialise in the current year.

Consultancy Fees

Consultancy Fees are higher than the budgeted amount as there was a reduction in the administration budget due to lower anticipated levies.

Mandatory and Discretionary Grants

The budgeted amounts are based on the portion of levies to be received during the financial year while the reported expense includes expenditure on projects carried forward from previous periods. These projects are financed through ring-fenced amounts already available from previous years and are not from the current year budget.

General Administration Expenses

Administration expenses are less than budgeted for in the current year which is expected in light of the fact that actual discretionary expenditure is less than the budgeted amount.

29. Segment Reporting

ETDP SETA reports to management on the basis of three functional segments namely: administration, mandatory and discretionary. Management uses these segments in determining strategic objectives and allocating resources. The reporting of these segments is also appropriate for external reporting purposes.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The geographical segments have not been disclosed as the necessary information required is not readily available and the cost to develop would be excessive.

Information about the the surplus, assets and liabilities reconciliations per functional segment is as follows:

2016/17	Administration R'000	Mandatory R'000	Discretionary R'000	Unallocated	Total 2016/17 R'000
Total segment revenue	186,352	102,350	595,860	-	884,562
Revenue from non-exchange transactions					
Skills development levy: income	186,352	102,350	521,679	-	810,381
Skills development levy: penalties and interest	-	-	12,969	-	12,969
Revenue from exchange transactions					
Investment income	-	-	58,559	-	58,559
Other income	-	-	2,653	-	2,653

Continued...

2016/17

	Administration R'000	Mandatory R'000	Discretionary R'000	Unallocated	Total 2016/17 R'000
Total segment expenses	150,019	69,435	519,099	-	738,552
Administration expenses	148,047	-	-	-	148,047
QCTO expense	1,971	-	-	-	1,971
Employer grants and project expenses	-	69,435	519,099	-	588,534
NSF Expense	-	-	-	-	-
Total Surplus	36,333	32,915	76,761	-	146,009
ASSETS					
Non-current assets	6,955	-	-	-	6,955
Consumables	204	-	-	-	204
Account receivables from non-exchange transactions	76	865	-	-	941
Account receivables from exchange transactions	-	3,650	-	-	3,650
Cash and cash equivalents (Unallocated asset)	-	-	-	954,548	954,548
Total assets	7,235	4,515	-	954,548	966,299
Liabilities					
Trade and other payables from non-exchange transactions	-	9,327	-	-	9,327
Trade and other payables from exchange transactions	25,493	-	102,455	-	127,948
Provision for Exempt Employers	-	-	3,835	-	3,835
Accrued employee entitlements	8,268	-	-	-	8,268
Total liabilities	33,761	9,327	106,290	-	149,378

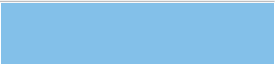
2015/16

	Administration	Mandatory	Discretionary	Unallocated	Total 2015/16 R'000
	R'000	R'000	R'000		
Total segment revenue	174,069	94,489	524,045	-	792,603
Revenue from non-exchange transactions					
Skills development levy: income	174,023	94,489	476,970	-	745,482
Skills development levy: penalties and interest	-	-	13,159	-	13,159
Revenue from exchange transactions					
Investment income	-	-	33,251	-	33,251
Other income	46	-	665	-	711
Total segment expenses	145,202	69,390	276,486	-	491,078
Administration expenses	143,868	-	-	-	143,868
QCTO expense	1,334	-	-	-	1,334
Employer grants and project expenses	-	69,390	274,486	-	343,876
NSF Expense	-	-	2,000	-	2,000
Total Surplus	28,867	25,099	247,559	-	301,525
ASSETS					
Non-current assets	9,190	-	-	-	9,190
Consumables	2,569	-	-	-	2,569
Account receivables from non-exchange transactions	100	960	-	-	1,060
Account receivables from exchange transactions	-	3,262	-	-	3,262
Cash and cash equivalents (Unallocated asset)	-	-	-	740,297	740,297
Total assets	11,859	4,222	-	740,297	756,378

Continued...

2015/16

	Administration	Mandatory	Discretionary	Unallocated	Total 2015/16 R'000
	R'000	R'000	R'000		R'000
Liabilities					
Trade and other payables from non-exchange	-	34,042	-	-	34,042
Trade and other payables from exchange transactions	7,367	-	30,000	-	37,367
TVET Infrastructure Funding Payable	-	-	3,681	-	3,681
Provision for exempt employers	-	-	3,035	-	3,035
Accrued employee entitlements	7,343	-	-	-	7,343
Total liabilities	14,710	34,042	36,716	-	85,468



NOTES

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Education, Training and Development Practices Sector Education and Training Authority

Contact Details

Eastern Cape

Waverley Office Park
3-33 Philip Frame Road
Chiselhurst
East London, 5200
Tel: (043) 726 8314
Fax: (043) 726 8302

KwaZulu-Natal

Durban Bay House
Anton Lembede Street
(333 Smith Street)
12th Floor, Suite 1203
Durban, 4001
Tel: (031) 304 5930/2
Fax: (031) 301 9313

Northern Cape

Bobby's Walk Building
6A Long Street
Kimberley, 8300
Tel: (053) 832 0051/2
Fax: (053) 832 0047

Free State

Sanlam Building
163 Nelson Mandela Drive
Bloemfontein, 9300
Tel: (051) 430 5072
Fax: (051) 430 5080

Limpopo

Kwane Chambers
29 Hans van Rensburg Street
Office No: 01
Polokwane, 0700
Tel: (015) 295 9303
Fax: (015) 295 9301

North West

Sparkling Office Park
78 Retief Street
Cnr Peter Mokaba Street
Potchefstroom, 2531
Tel: (018) 294 5280
Fax: (018) 294 5719

Gauteng

Braampark Office Park
33 Hoofd Street
Forum 4, 2nd floor
Braamfontein
Johannesburg, 2091
Tel: (011) 403 1301/2/3/6
Fax: (086) 614 8781

Mpumalanga

Streak Office Park
6 Streak Street
Block B, 1st Floor
Nelspruit, 1201
Tel: (087) 700 8113
Fax: (013) 752 2917

Western Cape

Sunbel Building
2 Old Paarl Road
Office 205, 2nd Floor
Belville, 7530
Tel: (021) 946 4022
Fax: (021) 946 4043

info@etdpseta.org.za
www.etdpseta.org.za

Hotline number:
0800 204 937