

ANNUAL REPORT

2015/2016



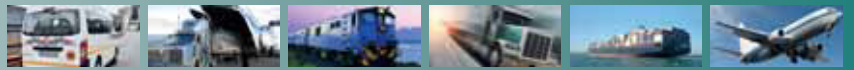
Transport Education Training Authority

Heart of Skills Innovation



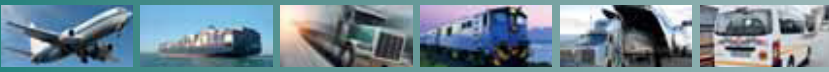
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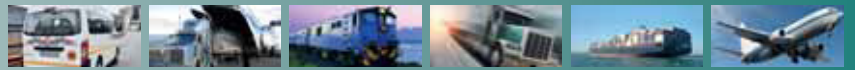
Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA



TRANSPORT EDUCATION AND TRAINING AUTHORITY

ANNUAL REPORT FINANCIAL YEAR 2015/2016





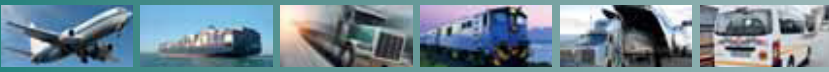
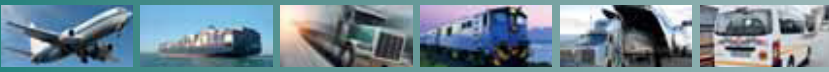
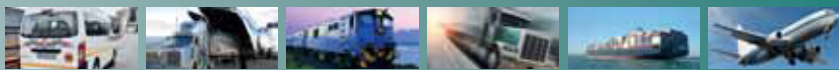




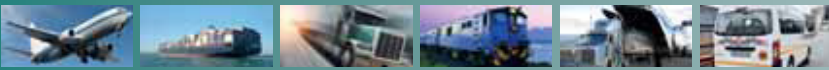
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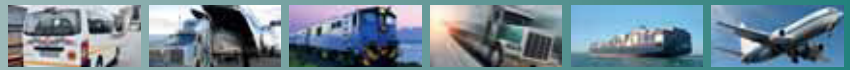
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PART A: GENERAL INFORMATION





1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME: Transport Education and Training Authority (TETA)

HEAD OFFICE:

TETA HOUSE

Physical Address: 344 Pretoria Avenue, Randburg, Gauteng
 Postal Address: Private Bag X10016, Randburg, 2125
 Telephone Number: (011) 577 7000
 Email Address: coms@teta.org.za
 Website Address: www.teta.org.za

REGIONAL OFFICES:

KWAZULU NATAL:

TETA FREIGHT HANDLING CHAMBER

Physical Address: 2nd Floor, No. 67 K E Masinga Road, Durban, 4001
 Postal Address: Postnet Suite 153, Private Bag X504, Northway, 4065
 Telephone Number: (031) 301 9614

WESTERN CAPE:

TETA MARITIME CHAMBER

Physical Address: 12 Glen Roy Road, WBHO House, Ground Floor,
 Pinelands, Cape Town, Western Cape, 7405
 Postal Address: PO Box 38134, Pinelands, 7430
 Telephone Number: (021) 531 3064

EXTERNAL AUDITORS:

Auditor General of South Africa

Physical Address: 300 Middle Street, New Muckleneuk, Pretoria, 0001
 Telephone Number: (012) 426 8000

BANKERS:

Standard Bank

Physical Address: 17th Floor, East Tower, Bedford Centre, Cnr Bradford and Smith Streets,
 Bedfordview

COMPANY/ BOARD SECRETARY

Adv. Arthur Maisela, MIBA
 B.luris; LLB; LLM (UP); ALDP (USB-ED)
 Telephone Number: (012) 577 7096
 Email Address: ArthurM@teta.org.za



Transport Education Training Authority

Heart of Skills Innovation

ABOUT THIS REPORT

This report relates activities undertaken by the Transport Sector Training Authority to advance the objectives of the national skills development strategy (NSDS III) during 2015-2016 financial year through sector-driven innovative training programmes and workplace opportunity creation.

Training programmes were implemented in accordance with the TETA Strategic and Annual Performance Plans that guide sustainable and implementable action plans to ensure long-lasting measurable impact.

This report adheres to legislative requirements and integrates governance with financial performance in accordance with King Code on Governance for South Africa.

WHO IS TETA

The Transport Education and Training Authority (TETA) was established in terms of the Skills Development Act, Act 97 of 1998.

TETA, a public entity that reports to the Minister of Higher Education and Training and operates under the oversight of National Treasury in terms of performance management and financial administration, is a Skills Education and Training Authority responsible for skills development in the Transport Sector.

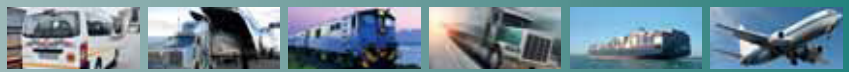
The primary functions of TETA are to develop a Sector Skills Plan; facilitate the development, registration and implementation of learnerships, skills programmes and strategic initiatives, approval of workplace skills plans, disbursement of grants to stakeholders, quality assurance of education and training that falls within the scope of the sector.

The Transport Sector is demarcated into 8 subsectors. Each subsector falls under relevant Chamber responsibility: Road Freight Chamber, Freight Handling Chamber, Forwarding and Clearing Chamber, Aerospace Chamber, Road Passenger Chamber, Taxi Chamber, Maritime Chamber and Rail Chamber.

ROAD FREIGHT

The Road Freight subsector, which represents a workforce of approximately 70,000 employees, recently experienced an increase in the volume of goods transported between production sites or ports and markets.

It is estimated that 80% of all freight in South Africa is through road. The Road Freight market accounts for about 640 million tons of freight per annum.



FREIGHT HANDLING

The Freight Handling subsector has approximately 25 000 employees.

There are eight ports serving the industry. Their operational performance has a bearing, not only on the subsector, but also on national economy as a whole. Port congestion remains a primary concern. In order to combat this, Transnet has invested in new state-of-the-art cranes aimed at improving productivity. Furthermore, Transnet has purchased the old Durban International Airport site for future use as a dug-out port.



AEROSPACE

The South African aviation industry is highly concentrated in a few large organisations. Despite this, the segment of Small Medium and Micro enterprises (SMMEs) is rapidly growing and has recently been estimated to comprise about 75% of the subsector.

The Aerospace subsector employs approximately 30 000 employees. The biggest employer-companies are state-owned enterprises, such as South African Airways, South African Airways Technical, Denel, SA Express and SA Air Link. The subsector is estimated to transport about 70% of passengers and 60% of goods in the country.



ROAD PASSENGER

The Road Passenger subsector has about 25 000 buses in South Africa, of which approximately 18 000 are involved in formal public transport activities. Approximately 6 000 buses are found in commerce industry and government institutions.

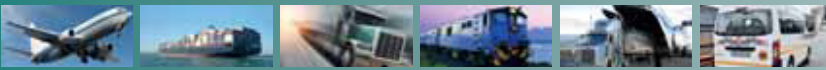
The formal public sector provides direct employment to about 30 600 people throughout the country, with about 153 000 people indirectly dependent on the subsector. Public operators transport approximately 816 million passengers per annum.



TAXI

The Taxi industry employs between 400 000 and 600 000 people.

Approximately, 95% of workers in the Taxi industry are African and less than 2% are women. 69% of households use taxis daily. There are over 300 000 taxi operators/owners in South Africa, with most of them operating as sole proprietors who may not necessarily be business tax-paying entities.



MARITIME

The subsector represents a workforce of 14 000 employees, drawn mainly from port authorities, fishing and the merchant shipping subsectors.

More than 95% of South African trade (by volume and by trade) is moved by sea through the country's seven commercial ports, thus placing South Africa in the top 12 sea-trading nations.

It is estimated that 0.3% of global carrying capacity is currently controlled by South African companies. This highlights the significant growth opportunities available in this subsector. The national demand for sea space exceeds its control of vessel supply by a ratio of about 20/1.



FORWARDING AND CLEARING

The Forwarding & Clearing subsector employs approximately 22 000 employees, including international couriers and shipping agents.

This subsector makes a major contribution to trade facilitation within South Africa and manages over 80% of South Africa's international trade within various supply chains. The subsector is recognised as the industry that influences freight management.

The estimated cost of logistics in South Africa, as a percentage of GDP, is 12.8% compared to the USA at 8.2%.

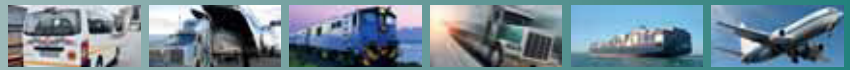
In facilitating and managing the supply chains within international trade, the cost of freight management is a major factor contributing to South Africa's GDP.



RAIL

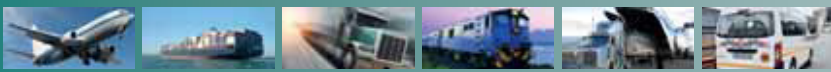
The Rail industry employs over 90 000 employees. The current rail freight capacity is 200 million tons per annum. The main companies in the subsector are Transnet SOC Limited, Passenger Rail Services South Africa (PRASA) and a number of medium-sized rail enterprises.

To improve the quality of the railway lines in South Africa, Transnet has invested R300 billion for infrastructure development and refurbishment. This investment is meant to invigorate the economy, create jobs and address poverty. On the other hand, the Prasa-Gibela project was expected to create around 8 000 indirect and 300 direct sustainable jobs when the R51 billion train manufacturing started.



2. LIST OF ABBREVIATIONS/ACRONYMS

ABET	: Adult Basic Education and Training
ATR	: Annual Training Report
BAC	: Business Against Crime
BEE	: Black Economic Empowerment
CAA	: Civil Aviation Authority
CBOs	: Community Based Organizations
DG	: Director General/Discretionary Grant
DoE	: Department of Education
DoT	: Department of Transport
Dti	: Department of trade and industry
ETQA	: Education Training Quality Assurance
FIATA	: International Federation of Freight Forwarders Association
FIETA	: Forest Industries Education and Training Authority
HET	: Higher Education and Training
ISOE's	: Institutes of Sectoral and Occupational Excellence
LGSETA	: Local Government Sector Education and Training Sector
MG	: Mandatory Grant
MoU	: Memorandum of Understanding
NGO	: Non-Governmental Organization
NLPE	: Non Levy Paying Enterprises
NLRD	: National Learner Record Database
NSDS	: National Skills Development Strategy
NVC	: New Venture Creation
QCTO	: Quality Council for Trades and Occupations
RFA	: Road Freight Association
RPL	: Recognition of Prior Learning
RTIA	: Road Traffic Infringement Agency
RTMC	: Road Traffic Management Corporation
SAA	: South African Airways
SAAFF	: South African Association of Freight Forwarders
SAAT	: South African Airways Technical
SABOA	: Southern African Bus Operators Association
SAEPA	: South Africa Express Parcel Association
SAMSA	: South African Maritime and Safety Authority
SAQA	: South African Qualifications Authority
SEDA	: Small Business Development Agency
SETA	: Sector Education Training Authority
SLA	: Service Level Agreement
SMME	: Small Micro and Medium Enterprises
SSP	: Sector Skills Plan
TETA	: Transport Education Training Authority
TVET	: Technical Vocation Education Training
WE	: Workplace Experience
WSP	: Workplace Skills Plan



MEMBERS OF THE BOARD



Mr. June Dube
Chairperson



Ms. Veronica Mesatywa



Mr. Lucky Kolobe



Ms. Trudy Sebastian



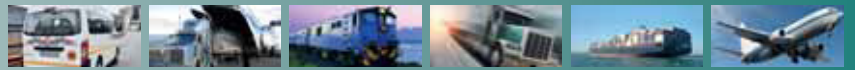
Ms. Maryna du Plessis



Mr. Saki Tlou



Mr. Macolive Oldjohn



Mr. Roland Setlako



Mr. Lionel Ritson



Mr. Japie Kruger



Mr. Thulani Mbatha



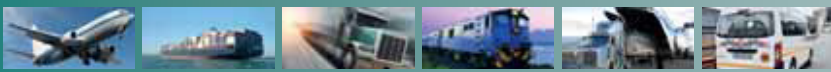
Mr. Geoffrey Jacobs

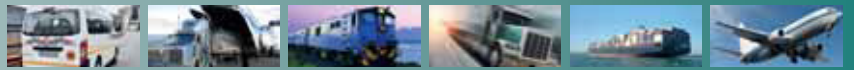


Ms. Lorraine Wentzell



Mr. Wyndham Evans





3. FOREWORD BY THE CHAIRPERSON

The Year 2015/16 gave us an opportunity to consolidate and advance our implementation of the NSDS III. At TETA, we are proud of our achievements in the face of many challenges highlighted in this report.

Through continual assimilation of Transport Sector needs into the design of skills development initiatives, we have been able to introduce innovative and relevant programmes that have made real difference to our stakeholders and to the lives of many vulnerable groups and individuals beyond the Transport Sector.

We prioritised national imperatives in the planning and implementation of our interventions, such as Road Safety, Operation Phakisa in the Ocean Economy, Strategic Infrastructure Projects, closer collaboration with the TVET colleges and workplace partnerships. To increase our reach and impact, we have created partnerships with Unemployment Insurance Fund, National Students Financial Assistance Scheme, Road Traffic Management Corporation, Road Traffic Infringement Agency and other organisations with visions similar to ours.

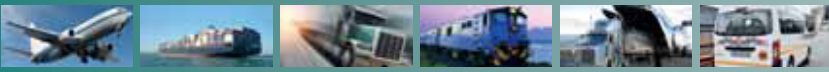
Career guidance, adoption and support of the rural and disadvantaged schools and placement of graduates in workplaces remained central to our strategy.

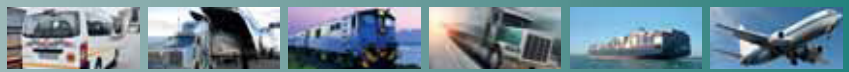
We have made significant progress in the delivery of training and giving access to youth and women through deliberate prioritisation strategy. Given the high unemployment of youth in the country, I am pleased that, under the auspices of our Small Business Development Strategy, TETA was able to reach out to small business and Non-Government Organisations in the rural and impoverished areas across the country.

We would like to make a further commitment to the Honourable Minister of Higher Education and Training, Dr. Bonginkosi Nzimande that we will continue to support the ideals, objectives and priorities of the Post School Education and Training policy as articulated by the Office of the Minister.

Mr June Dube
Board Chairperson
Transport Education and Training Authority

26 July 2016





4. OVERVIEW BY THE CHIEF EXECUTIVE OFFICER

The 2015/16 annual report gives an assessment of TETA's performance during the year under review, focusing on achievements against objectives and targets as outlined in the Annual Performance Plan. TETA has outlined its objectives and targets within its constitutional mandate of facilitating skills development, quality assurance and monitoring and evaluation.

TETA's aim remains as one of giving deserving South Africans the skills and support that will make them employable and economically active.

For the period under review, we successfully aligned our organisational resources to ensure recommitment to emerging national imperatives, such as Strategic Infrastructure Projects, Ocean Economy Operation Phakisa, Road Safety, TVET and HEI support and other similar initiatives.

Our commitment to small business support has seen the conceptualisation and collaborative partnership with UIF for the implementation of township economy revitalisation programme in the form of backyard mechanic and panel beater through Recognition of Previous Learning (RPL). This initiative, co-funded with UIF and driven from the Offices of the Premier, will affect 1 800 individual businesses and 2 700 individuals.

We are also contributing to the radical changing of the current adverse road safety paradigm on South African roads through high impact collaborations with key players; such as RTMC, RTIA, BAC, taxi associations, road transport and freight associations. To this end, and among other ground-breaking initiatives, we have partnered with the Mpumalanga Department of Community Safety, Security and Liaison in the facilitation of the Traffic Law Enforcement programme for approximately 300 newly graduated traffic officers.

In our endeavours for meaningful participation in the Ocean Economy Operation Phakisa, TETA took its place as one of the key members in the SAIMI Steering Committee and Working Groups. TETA has also adopted the University of the Western Cape's Petroleum Geoscience and Engineering Faculty as its Research Chair. TETA is also generating high-level academic skills for the Ocean Economy through its continued funding of the Post Graduate studies at the World Maritime University for 10 Maritime subsector candidates during the year under review.

Our financial performance has improved in all the important parameters. There was a revenue growth of 13% that reflects a marginal growth of our levy income,

while the combined Mandatory and Discretionary Grant expenditure increased by 9% compared to the 2014/15, affirming increased value derived by our stakeholders. Our financial discipline is demonstrated by the administration costs that remained below the legislated threshold of 10.5% at 9% for the period under review.

I extend my appreciation to all TETA staff for making 2015/16 a momentous period and I trust that the momentum developed thus far will carry the organisation forward to even better performance in the next year.

I would like to thank the TETA Board for their support and prudent guidance, without which all we have achieved would not have been possible.

At TETA we acknowledge Minister Dr. Bonginkosi Nzimande's wisdom in having laid down a skills development landscape that is conducive for effective collaboration between SETAs, TVETs, HEIs and workplaces. Further, the Minister has inspired us to develop innovative, sustainable and far-reaching training solutions that ensures the holistic empowerment of the previously disadvantaged through workplace-driven training, small business support and job opportunity creation.

Mrs Maphefo Anno-Frempong
Chief Executive Officer
Transport Education and Training Authority
Date: 26 July 2016



5. CHIEF EXECUTIVE OFFICER'S REPORT

The new grant regulations, introduced in the 2013/14 financial year, set the Discretionary Grant levies to 49.5% which resulted in a 29.5% increase in levies available to projects. In response to this change, TETA developed a Flagship project model and a Multi-Year bursaries that ensured rapid deployment of the increased funding.

Internal Controls

An improvement in TETA's internal controls was also noted by Auditor General in the prior year and interim audits. We anticipate the same review results for the 2015/16 final audit.

Risk Management

The TETA fraud hotline started operating from October 2012 and we invite stakeholders to make effective use of this facility in the quest for cleaner and more ethical business environment.

Financial Performance Summary

Our revenue grew by R 82,684 million which translates to 35%; while the expenditure in Mandatory, Discretionary Grants and administration expenses increased by R153,473 million (35%) compared to the previous year.

Expenditure, as a percentage of revenue, is 91% which is a decline compared to 102% for the previous financial year. The administration budget was 9% and within the legislated 10.5 % administration cost ceiling. Total assets balance decreased by R33,496 million as a result of the decrease in the bank balance of R63,989 million offset by an increase in property, plant and equipment owing to the renovated building and the new office furniture acquired at the cost of R20,995 million and receivables increase of R10,619 million.

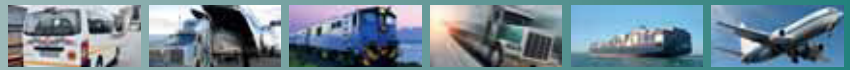
Total liabilities decreased by R 99,316 million due to the liability paid to National Skills Fund that was payable as a result of the uncommitted surplus in line with the new grant regulations with respect to the 2013/14 financial year. MG pay-out ratio remained at 82% relative to the 2014/15 financial year.

The following financial analysis highlights the areas of improvement:

- The Discretionary Grant spend has grown from R324 million in 2014/15 to R464 million in 2015/16, an increase of R140 million which represents a 43% increase; and
- TETA management is working closely with stakeholders to identify challenges in contract completions and also to expedite the implementation of these contracts.

To ensure meaningful and measurable impact of our programmes, TETA works on a multi-year funding regimen that covers the entire duration of study; this engenders continuity of study and peace of mind for the funded students.

Mrs Maphefo Anno-Frempong
Chief Executive Officer
Transport Education and Training Authority
Date: 26 July 2016



6. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of my knowledge and belief, I 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.

The Annual Report has been prepared in accordance with the guidelines on the Annual Report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the Generally Accepted Accounting Practices applicable to TETA.

The Accounting Authority is responsible for the preparation of the Annual Financial Statements and for the judgements made in this information.

The Accounting Authority is responsible for establishing and implementing a system of internal control that has 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 external auditors are engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, the Annual Report fairly reflects operational, human resources, performance information and financial affairs of TETA for the financial year ended 31 March 2016.

Yours faithfully

Chief Executive Officer
Mrs Maphefo Anno-Frempong
26 July 2016



7. STRATEGIC OVERVIEW

VISION

To be at the “Heart of Skills Innovation” in the Transport Sector

MISSION

‘We provide an innovative Quality Assurance and Skills Development Framework by our motivated competent people, in a cost effective manner to exceed stakeholder/government SLA and requirements’.

VALUES

TRUST

RESPONSIBILITY

ACCOUNTABILITY

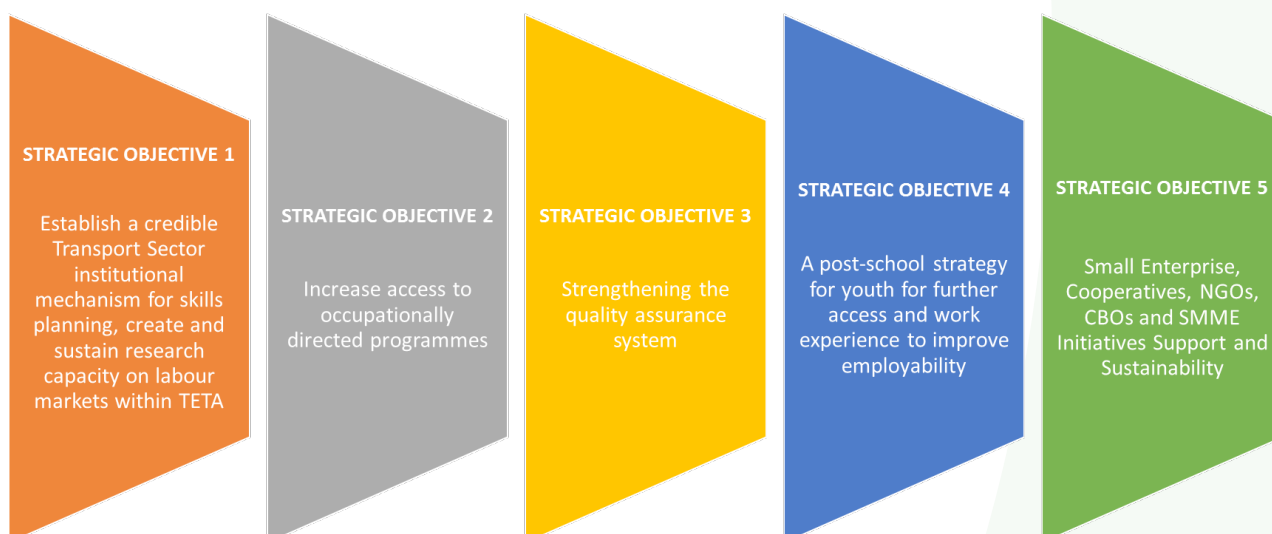
POSITIVE ATTITUDE

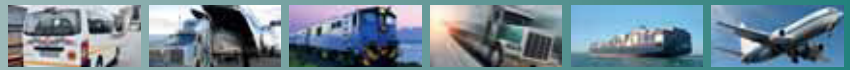
COMMITMENT

INNOVATION

As illustrated in the diagram below, our strategic priorities are driven by the skills development priority framework, drawn from the dictates of the NSDS III, contemporary national priorities, transformation agenda and Transport Sector needs. Our priorities are underpinned by the transformation imperatives of gender, youth, geography, race, class, disability and HIV-AIDS.

Our strategic priorities have informed our outcome-based strategic goals that drive all our skills development programmes as follows:





8. LEGISLATIVE AND OTHER MANDATES

The Transport SETA is established in terms of the Skills Development Act, 1998 (Act No. 97 of 1998) and is mandated to:

- Facilitate equitable skills development in the Transport Sector to ensure empowered workers.
- Ensure access to training, education and workplace for graduates and the unemployed.
- Alignment of skills development initiatives to emergent needs and national imperatives.
- Facilitation of workplace learning and partnerships between employers and educational institutions.
- Collaboration with and support for TVET capacitation.
- Collaboration with Higher Education Institutes.

Legislative Mandates

- Skills Development Act 1998 (Act No 97 of 1998) as amended
- Skills Development Levies Act, 1999 (Act No 09 of 1999)
- Regulations published in the Government Gazette, No. 35940, 03 December 2012 regarding Monies Received by a SETA and Related Matters
- South African Qualifications Authority Act, 1995 (Act No 58 of 1995)
- The National Qualifications Framework Act, (Act No. 67 of 2008)
- Public Finance Management Act (Act No 29 of 1999)
- Employment Equity Act, 1998 (Act No 55, 1998).

Constitutional Mandates

Transport SETA has the following responsibilities:

- To implement the Sector skills plan and promote learnerships in each of the sub-sectors of the SETA;
- To perform the functions of an Education and

Training Quality Assurance Body and liaise with the National Skills Authority on skills development matters;

- To conclude a service level agreement with the Director General of the Department of Higher Education and Training in terms of section 10A of the Act;
- To submit budgets, reports and financial information that are required in terms of the Public Finance Management Act, 1999 to the Director General of the Department of Higher Education and Training;
- To facilitate the involvement of relevant Government departments in the activities of the SETA to address the competency requirements for social delivery and the learning needs of the most vulnerable segments of the Transport Sector.

In executing its core functions, TETA must ensure compliance with the following:

- Public Finance Management Act 1 of 1999: Provide for the administration of State Funds by functionaries, their responsibilities and the incidental matters.
- Labour Relations Act 66 of 1995: Regulate the right of workers, employers and the trade unions.
- Basic Conditions of Employment Act 75 of 1997: Provides for the minimum conditions of employment that employers must comply with in their workplace.
- Occupational Health and Safety Act 85 of 1993: Provide for the requirements that employers must comply with in order to create a safe working environment for employees in the workplace.
- Electronic Communications and Transactions Act 25 of 2002.
- State Information and Technology Act 88 of 1998
- National Archives and Records Service Act 43 of 1996.
- Promotion of Administrative Justice Act 3 of 2000



- Amplify the constitutional provisions pertaining to administrative law by codifying it.

Other Frameworks

In developing the Transport SETA Strategic and Annual Performance Plans, the following frameworks and priorities were taken into consideration:

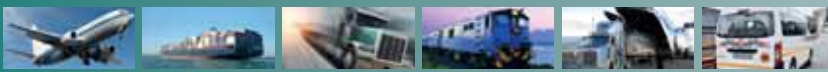
- National Transport Master Plan 2050
- Human Resources Development Strategy of South Africa 18 March 2009
- National Skills Development Strategy (NSDS III) 2011/12 – 2015/16
- Medium Term Strategic Framework (2009 – 2015)
- National Development Plan
- The Medium-Term Strategic Framework (MTSF)
- HRD Strategy

- New Growth Path (NGP)
- Industrial Policy Action Plan (IPAP)
- National Skills Accord
- Strategic Integrated Projects
- White Paper for Post School Education and Training
- Comprehensive Rural Development Programme
- Corporate Governance of Information and Communication Technology Policy Framework (CGICTPF)

These policy frameworks and programmes have one common objective of addressing the triple ills of inequality, poverty and unemployment. These policies provide good guidelines and frameworks for the TETA strategy.



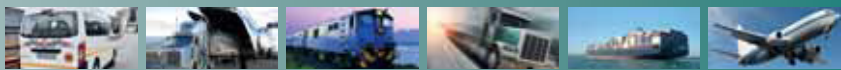




Gordon Institute of Business Science

University
of Pretoria





PART B: PERFORMANCE INFORMATION



1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The final AG audit for the 2015/2016 financial year has been finalised. Refer to the Auditor's Report for conclusions on AOPO.

2. SITUATIONAL ANALYSIS

2.1 Service Delivery Environment

The Transport Sector is dominated by a few large companies in the areas of Aerospace, Road Freight, Maritime, Rail, Road Passenger and Freight Handling. Albeit there are numerous companies in this Sector, most of them are small and contribute no levies and so TETA is always faced with the challenge of empowering these companies to encourage growth of revenues and their subsequent conversion and registration as sustainable levy-payers to TETA.

The gender disparity in the sector still presents challenges, such as the participation of women in economic activities. About 80% of the industry is male-dominated. TETA has to continually devise strategies to bridge this gap in the form of women-focused development programmes and designated participation ratios that favour girls and women over men.

Although most HEIs offer Transport-related studies, the same cannot be said of TVET colleges. This reality poses serious challenges in the promotion of transport careers because TVETs are the most accessible institutions to a large majority of South African youth based on geographic locations. There are at least 50 TVET colleges against a meagre 23 universities. A significant number of TVET colleges are found in rural areas in contrast to universities that are commonly situated in more developed urban locations, such as cities and towns.

To ensure traction in the uptake of transport studies, TETA has adopted a strategy of capacitation of lecturers, especially in TVETs, in the form of establishment of transport related curriculum, lecturer refresher training, artisan

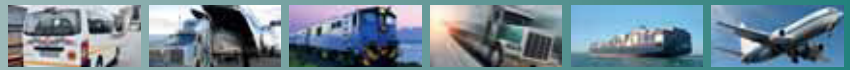
RPL capability, student bursaries, graduate work placement, etc.

Management development is a critical area for addressing and reversing both the gender and skills imbalance in the Transport Sector. Leadership development programmes delivered with local and international partners are invaluable vehicles that offer benchmarking and global exposure for our stakeholders.

In order to stimulate thought leadership, innovation and establish Sector knowledge base, TETA encourages doctoral studies in transport-related themes, such as green economy, logistics, and other related fields.

The Transport Sector needs workers who have the skills to create value through their work. To succeed in a highly competitive global market, high levels of training and skills are required. Consequently, employees need to continuously enhance their skills to stay in demand and also to ensure long-term employability. To this end, programmes such as apprenticeships and learnerships remain the backbone of our skills development offering and are key to enhancing productivity and employment growth in the Sector.

Recent years have seen an increased demand for a skilled and technologically advanced labour force in both private and public subsectors. Successful skills development initiatives in each of the Transport subsectors depends, to a large extent, on the involvement of stakeholders who are aware of the importance of human capital development in an increasingly competitive regional and global economic environment. To this end, TETA supports Strategic Infrastructure Programmes (SIP 2, 5 and 7), Ocean Economy and other strategic initiatives through collaboration with key players in the respective areas.



2.2 Organisational Environment

For optimal performance, TETA recognises the need to continually review and align its structure, processes and systems to new national policy directives and emergent trends in the following manner:

- Ongoing organisation development to ensure identification and correction of deficiencies in the structure and alignment of same to our strategic objectives;
- Enhancements and entrenchment of research, monitoring and reporting functions for proper gathering, interpretation and analysis of credible data that will feed into a robust information system to ensure quality executive decisions-making;
- In line with the outputs of TETA strategy planning sessions, stakeholder meetings and other forums, TETA has made strategic choices that will enhance delivery mechanisms and resources, such as policies and ICT systems;
- All policy formulation, review and planning will align our goals and performance measures to national socio-economic development objectives.

2.3 Key Policy Developments and Legislative Changes

During the year of assessment the Minister of Higher Education and training, after consultation with the National Skills Authority under section 9(1) (b) of the Skills Development Act, 1998 read with Government Gazette No. R.1055 of 11 November 2010, Government Gazette No. R.1057

of 11 November 2010 and Government Gazette No. R.9542 of 27 May 2011, re-established the existing twenty one (21) Sector Education and Training Authorities (SETAs) with a jurisdiction as indicated in these Government Gazettes referred to above from 1 April 2016 to 31 March 2018.

In addition, the Minister of Higher Education and Training after consultation with the National Skills Authority, under section 5(1)(a) and 22(2)(b) of the Skills Development Act, 1998, promulgated and extended the National Skills Development Strategy III (NSDS III) as indicated in schedule 1 from 1 April 2016 to 31 March 2018.

2.4 Strategic Outcome Oriented Goals

For the 2015/16 financial year, all TETA endeavours in the fulfilment of its skills development mandate, were driven by the following strategic goals:

Strategic Goal 1:

Establish a credible Transport Sector institutional mechanism for skills planning, create and sustain research capacity on labour markets within TETA.

Strategic Goal 2:

Increase access to occupationally directed programmes within the Transport Sector.

Strategic Goal 3:

Strengthening the quality assurance system.

Strategic Goal 4:

A post-school strategy for youth for further access and work experience to improve employability.

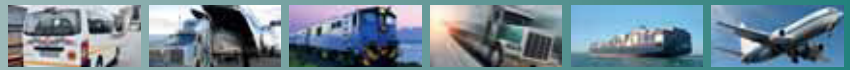
Strategic Goal 5:

Small Enterprise, Cooperatives, NGOs, CBOs and SMME Initiatives Support and Sustainability.

3. PERFORMANCE INFORMATION BY PROGRAMME/ACTIVITY/ OBJECTIVE

3.1 Programme 1: Skills Planning and Research

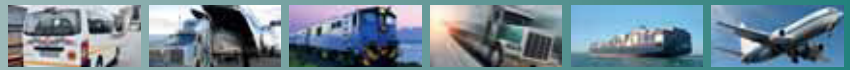
Strategic Goal 1: Establish a credible Transport Sector institutional mechanism for skills planning, create and sustain research capacity on labour markets within TETA								
Strategic objectives	Performance Indicator	Previous Year Target	Previous Year Achievement	Current Year Target	Current Year Actual Achievement		Deviation for 2015/2016	Comments on deviations
			2014/2015		2015/2016			
1.1 Research strategy review	Revised research strategy	1	0	1	1	0	None	N/A
	Research Framework developed	1	0	1	1	0	-1	The research framework has been developed, however the final document could not be approved by end of March 2016.
1.2 Researched TETA Subsector SSPs and Industry consultation through industry focus groups and SSP workshops	Number of tracer studies conducted	1	1	1	1	1	0	N/A
	Number of stakeholder research consultations	9	9	9	9	3	-6	The research consultations were conducted in three (3) Provinces namely: Eastern Cape, Western Cape and Gauteng instead of nine. However the workshops invitation letters were sent to all nine (9) Provinces. One on one interviews were conducted and surveys done in all nine Provinces.
1.3 Collaborative research partnerships with University faculties and other research Projects/ stakeholders to promote research in the Transport Sector	Number of updated Transport subsector scarce and critical skills reports.	8	8	8	8	8	0	N/A
	Approved Transport Sector SSP	1	1	1	1	1	0	N/A
	Number of partnerships established with government, development agencies and entities	3	1	3	3	3	0	N/A



3.2 Programme 2: Occupationally Directed Programmes and Workplace Training

Strategic goal 2: Increase access to occupationally directed programmes within the Transport Sector							
Strategic objectives	Performance Indicator	Previous Year Target	Previous Year Achievement	Current Year Target	Current Year Actual Achievement	Deviation for 2015/2016	Comments on deviations
		2014/2015		2015/2016			
2.1 Transport Sector companies are supported through Mandatory and Discretionary Grants to address industry skill shortages	Number of Large Firm WSPs received	230	225	230	256	26	Compliance to the new BBEE codes resulted in increased participation by employer companies.
	Number of Large Firm ATRs received	N/A	N/A	210	230	20	Increased number of ATR submission is due to efforts by TETA to continue supporting companies who are already participating.
	Number of Medium Firm WSPs received	230	233	230	280	50	Compliance to the new BBEE codes resulted in increased participation by employer companies.
	Number of Medium Firm ATRs received	N/A	N/A	200	228	28	Increased number of ATR submission is due to efforts by TETA to continue supporting companies who are already participating.
	Number of Small Firm WSPs received	240	288	245	337	92	Compliance to the new BBEE codes resulted in increased participation by employer companies.
2.2 TETA stakeholders are capacitated on the Mandatory Grants	Number of Small Firm ATRs received	N/A	N/A	240	220	-20	Fewer small companies continued to submit WSP/ATR in the current year than anticipated.
	Number of Approved WSPs	0	0	564	630	66	This was due to the overall increase in companies who submitted WSP/ATR
	Number of Stakeholder/SDF capacitation workshops conducted	9	10	9	10	1	Two workshops were held in Gauteng due to the high number of SDFs in the province.
2.3 Increased learner access to occupationally directed programmes through TVET,HEIs and other providers	Number of Bursaries For Unemployed Learners	100	79	150	574	424	Over-achievement due to bursaries contracted from prior years and implemented in the current year.
	Number of Bursaries For Employed Learners	50	81	100	92	-8	Contracting for the Employed Bursaries was done in 2015/16 financial year, however some payments and reporting will be done in 2016/17 financial year.
	Number of Employed Learners on Skills Programmes	1000	3604	500	1291	791	Over-achievement due to Skills Programmes contracted from prior years and implemented in this current year.
	Number of Unemployed Learners on Skills Programmes	500	1668	850	1260	410	Over-achievement due to Skills Programmes contracted from prior years implemented in this current year.

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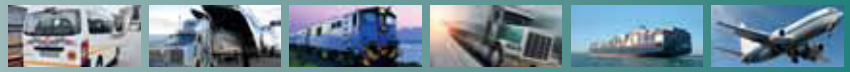
3.3 Programme 3: Quality Assurance Systems

Strategic goal 3: Strengthening the quality assurance system							
Strategic objectives	Performance Indicator	Previous Year Target		Previous Year Achievement		Current Year Target	
		2014/2015		2015/2016		2015/2016	
3.1 Approved QCTO learning materials and qualifications for the Transport Sector	Number of Learning materials developed for QCTO qualifications	8	0	8	0	-8	Delays in the finalisation of the procurement process impacted negatively on the timing of the appointment of the service providers, hence the non-achievement. However, the provider has since been appointed for materials development.
	Number of qualifications mapped to OFO codes	8	0	8	15	7	13 Qualifications were prioritised during the 2015/16 financial year. A need arose during the scoping session to map more qualifications to respond to the demands of the sector.
	Number of Service Providers capacitated on ETQA systems	100	594	100	296	196	Capacity building sessions were held in all provinces. The big turnout at the Gauteng session accounts for the over-achievement of this target.
3.2 Effective and Efficient external moderation and evaluation process	Moderation turnaround time in months	3 months	Not achieved	3 months	Not Achieved	N/A	There were 104 moderation requests received and of these, 104 (70%) were moderated within 3 months and the 30% were not conducted within 3 months. The under-achievement was due to incomplete documentation submitted.
	Programmes evaluation and registration turnaround times(months)	3 months	Not achieved	3 months	Not Achieved	N/A	There were 155 learning programme evaluations received and of these 126 (81%) were registered within 3 months and 29 (19%) of these were not attended to within 3 months due to difficulties in the appointments of learning material evaluators.
3.3 Articulation and progression programs for access to TVET and HEIs developed		0	0	100	0	-100	This could not be achieved due to lack of interest on the part of HEIs to engage in this exercise and also to some extent also due to the fact that most institutions have their own programmes already.
3.4 Capacity building for TVET colleges that are responsive to Transport Sector Skills needs	Number of Academic Staff at TVET Colleges who are trained to deliver Transport-related programmes	100	0	100	108	8	100 TVET academic staff were intended to be trained, but the provider trained more at the same cost to proactively offset any possible dropouts.
	Number of Colleges aligned to TETA quality system	0	1	5	5	0	N/A
3.5 Foundational Learning Competency training programme implemented	Number of Lecturers trained to deliver Foundational Learning Competency Programmes	100	0	100	0	-100	Training could not start due to outstanding QCTO registration of the Facilitator qualification.



3.4 Programme 4: Youth development, progression and workplace training and Experience

Strategic goal 4: A post-school strategy for youth for further access and work experience to improve employability							
Strategic objectives	Performance Indicator	Previous Year Target	Previous Year Achievement 2014/2015	Current Year Target	Current Year Actual Achievement 2015/2016	Deviation for 2015/2016	Comments on deviations
4.1 Uptake for learning programmes for Out-of-School Youth that require education & training to address skills needs	Number of youth trained through Foundational Learning Competency on Numerical skills and communication	100	0	100	0	-100	Contract signed for 100 learners with implementation to commence in 2016/17 financial year.
	Number of Matric completions for Out-of-School Youth for further access to TVET and HEI Institutions	100	0	100	0	-100	Contract signed for 100 learners with implementation to commence in 2016/17 financial year.
4.2 Youth access to TVET and HEIs through articulation and progression/bridging programmes	Number of youth identified through universities and TVET Colleges and put through bridging programmes	0	0	100	0	-100	No constructive interest on the part of TVET and HEIs.
4.3 Work-ready apprentices and graduates undergo workplace mentorship and coaching	Number of apprentices and graduates mentored and coached	0	0	282	0	-282	Procurement challenges resulted in under-achievement of this target. Contract in place for 142 learners. Implementation to commence in 2016/17 financial year.



Strategic goal 4: A post-school strategy for youth for further access and work experience to improve employability							
Strategic objectives	Performance Indicator	Previous Year Target	Previous Year Achievement	Current Year Target	Current Year Actual Achievement	Deviation for 2015/2016	Comments on deviations
		2014/2015	2014/2015		2015/2016		
4.4 Employable Youth through workplace based training	Number of Youth placed on internships	400	204	205	610	405	Over-achievement due to internships contracted from prior years implemented in the current year.
	Number of Youth placed on Work Experience Programmes	200	508	300	302	2	Over-achievement due to graduates contracted from prior years implemented in the current year
	Number of TVET college graduates placed on workplace experience	200	116	200	271	71	Over-achievement due to TVET graduates contracted from prior years implemented in the current year.
4.5 Transport Sector career guide opportunity guides/booklets with labour market information distributed	Number of career booklets printed and distributed to learners and other stakeholders	18 000	18 685	18 000	18 500	500	Over-achievement due to buffer stock carried to mitigate unplanned demands.
4.6 Career Guidance exhibitions to provide career guidance and vocational information within the Transport Sector targeting rural stakeholders	Number of career exhibitions conducted nationally	9	44	9	41	32	The increase in requests from stakeholders and Provincial departments for career workshops support & exhibitions placed significant demand on TETA resulting in over-achievement.
4.7 Career guidance experts and sector specialist coached on career guides	Number of career guidance experts capacitated on career counselling	12	28	12	40	28	The extension of the programme to TETA interns resulted in the over-achievement.
	Number of Provincial capacity building workshops for life orientation teachers	9	0	9	6	-3	Three capacitation workshop scheduled for March 2016 were moved to April 2016 pending confirmation of teacher attendance.
	Number of Adopted schools supported for their needs	54	0	54	50	-4	4 schools pulled out of the programme for various reasons, resulting in the under-achievement.



3.6 Service Level Agreement Completed Targets (2015/16)

The table below shows performance against targets for completed interventions based on the Service Level Agreement with DHET. On average, 51% of the planned targets have been achieved. The non-completion of targets is mainly due to outstanding external moderations and certification of qualifications that are outside TETA scope. Our multi-year funded programme completions, such as bursaries, are only reported in the year of graduation and consequently reflect low achievement rates before then.

COMPLETED INTERVENTIONS	CURRENT YEAR TARGET	CURRENT YEAR ACHIEVEMENT	VARIANCE	PERCENTAGE ACHIEVED
Learnerships Unemployed Completed	2 768	1 444	-1 324	52%
Learnerships Workers Completed	833	251	-582	30%
Internships Unemployed Completed	66	52	-14	79%
Bursaries Workers Completed	201	39	-162	19%
Bursary Unemployed Completed	201	38	-163	19%
Skills Programmes Unemployed Completed	2 152	1 597	-555	74%
Skills Programmes Workers Completed	3 557	1 374	-2 183	39%
Total Artisan Completed	743	366	-377	49%
University Student Placement Completed	188	294	106	156%
TVET Student Placement Completed	86	60	-26	70%
AET Programmes Completed	1 198	509	-689	42%
Lecturer Development Programmes Completed	100	108	8	108%
TOTALS	12 093	6 132	-5 961	51%

3.7 Strategies to Overcome Areas of Under-Achievement

To a large extent, the under-achievement of targets is due to several factors tabulated below and these are juxtaposed with envisaged remedial measures:

CAUSE OF UNDER-PERFORMANCE	REMEDIAL STRATEGIES
Poor contract performance by stakeholders.	<ul style="list-style-type: none"> Simplification of contracts to ensure stakeholder grasp of terms; Stakeholder training on the contract terms and deliverables.
Late contract commencement due to conclusion of contracting only in the current Financial Year.	Contracting to be finalised in the preceding Financial Year to enable early implementation in the succeeding period.
Lack of delivery capacity and competency by contracted stakeholders.	Stricter assessment and due diligence exercises to ascertain stakeholder capacity and skills to deliver on interventions applied for.
Learner dropouts.	Enhance recruitment and selection process to ensure correct learner profiles are engaged for programmes.
Poor information management.	Enhancement of information systems and validations processes.
Poor quality of submitted learner information / claims.	<ul style="list-style-type: none"> Stakeholder training on learner information compilation. Stakeholder training on information and evidence collection.
Delay in moderation and certification of qualifications that are outside of TETA scope.	<ul style="list-style-type: none"> Forge closer SETA cooperation and collaboration. Ensure more efficient inter-SETA moderation and certification processes management through mutual agreements.



3.8 Business Unit Performance (ETQA, SD&LP AND PM&E)

This section highlights individual support unit performance for the period under consideration.

3.8.1 Education and Training Quality Assurance

In line with the objectives of the Post School White Paper, TETA has focused its quality assurance on the capacitation of TVET colleges to ensure that they acquire requisite Assessor and Moderator skill sets.

Academic staff at the following TVET colleges were trained: Ekurhuleni East College (Gauteng), Gert Sibande (Mpumalanga), Umfolozi (Kwazulu Natal), Maluti (Free State), Motheo (Free State), Urban (Northern Cape), Taletso (North West), College of Cape Town (Western Cape) and False Bay College (Western Cape). TVET colleges have also been capacitated on administering Recognition of Prior Learning assessments within the Transport Sector, especially in the area of artisans.

Material development ensures that there is standardisation achieved through consultation with and input from the Transport industry. Learning material was developed for National Occupational Certificates for Railway Signal Operator, Train Driver, Train Controller, Bus Driver, Truck Driver and Taxi Driver.

TETA considers the moderation process as critical in ensuring that the assessments conducted by registered assessors are credible, valid, fair, reliable and practical. It also ensures that assessments are conducted in a consistent, accurate and well-designed manner. The credibility of learner achievements is also dependent on efficient assessment and moderation systems form an important element of the total Provisioning Framework.

To this end, TETA conducted 329 external moderations and 216 programme evaluations of which 29 were approved.

The improved moderation process has seen a related increase in the number of certificates issued by the ETQA unit.

	2014/15	2015/16
Full Qualifications	616	2 255
Statements of Results	1 025	10 154
Trade Certificates	389	1 139

ETQA conducted provider capacity building sessions in all nine provinces that affected 270 providers. The most attended workshop was in Gauteng, with more than 300 people. The sessions were aimed at capacitating providers on quality assurance matters, such as submission of learning

material for evaluation, loading of learners on SMS system, internal and external moderation and learner certification. Providers were also reminded of the obligation to adhere to National Code of Practice (NCOP) for those accredited for lifting machines qualification. Providers were also coached on the Department of Transport criteria for 'Convey Dangerous Goods'.

3.8.2 Performance Monitoring and Evaluation (PME)

Notwithstanding the delayed formalised institutionalisation of the PME discipline in the organisation, the unit has now bedded in at TETA and has championed various projects, such as the performance and impact evaluation of TETA 2015 programmes.

The unit has also played a key role in the improvement of the information validation process that will ensure accurate and credible reporting.

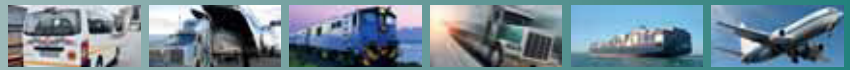
The following highlights were achieved by the PME business unit:

- Strategic Plan and Annual Performance Plan alignment to the Monitoring and Evaluation framework;
- Linking and alignment of Service Level Agreement, Annual Performance Plan and business unit plans;
- Information completeness tests;
- Process compliance evaluation.

3.8.3 Information and Communication Technology

For the best part of the period under review, the ICT unit has focused on the revamp of the telephony system, infrastructure revamp, information management processes and reporting systems as part of a drastic programme to improve the integrity of our reporting. To this end, the following initiatives were undertaken:

- Data cleaning;
- Design and development of the integrated learner database, which is now under testing;
- Installation of fibre-optic and improvement and increase of bandwidth;
- Implementation of the VOIP telephony and video conferencing;



- Specification and request for bids for the design and implementation of the organisation File Plan and Document and Records Management System.

More importantly, institutionalisation of ICT governance principles and fine-tuning of various elements of the framework were executed. To this end, the following have been achieved:

- ICT Operational and Steering Committees have been reconstituted;
- Various ICT policies and procedures have been revised in line with contemporary requirements;
- Appointment of the ICT Manager, with resultant reduction on external consultant support.

3.9 Business Units Performance

3.9.1 Aerospace Subsector

The Aerospace business unit awarded 52 contracts to the value of over R45 million. In collaboration with industry, 55 learners were put on pilot training programmes across the country.

In the endeavour to increase awareness on aviation career opportunities, the business unit actively participated in the 'Take a Girl Child to Work' programme, Air-show and International Civil Aviation Day, etc.

The business unit saw increase in the Mandatory Grant participation and reduction in the number of rejected grant applications.

For the 2016/17 financial year, the business unit will focus on the facilitation of the development and registration of sector-based occupational qualifications through the QCTO.

Paramount to the unit's outlook will be to see the finalisation of the much-awaited TETA Aviation Transformation Strategy.

3.9.2 Forwarding & Clearing Subsector

In response to the introduction of new customs legislation from the World Customs, the business unit facilitated the development of the occupational qualification for Customs Compliance Manager at NQF Level 7. This is to address the skills needs of the industry.

Bursaries and graduate placement programmes for unemployed candidates were implemented in collaboration with the Limpopo Provincial Department of Transport.

Increased capacitation of subsector stakeholders has seen 100% Mandatory Grant participation rate of the large and medium companies. However, participation of Small companies still remains low at 45%.

In collaboration with the ETQA Unit, the business unit assisted Lephalale TVET College to attain accreditation for the Professional Driving Learnership.

In collaboration with Lephalale TVET, Vhembe TVET and Capricorn TVET the chamber continued to support and maintain SETA offices within the colleges. Two interns were placed at each of these colleges to assist TETA with the operational demands of the SETA offices. Consolidation of contract management under subsector associations continues to sustain high disbursement and completion rates.

The unit will focus on benchmarking and revision of existing qualifications in line with emergent needs.

3.9.3 Freight Handling Subsector

In the reporting year, the chamber continued to broaden access to skills development and made a meaningful contribution towards improving the lives of rural communities through AET programmes in UMkhanyakude, Road Safety Awareness in UMgungundlovu and co-operative support in the rural area of Olifantshoek in the Northern Cape Province.

The chamber also implemented two memoranda of agreement with the KZN Provincial Department of Transport for the training of 25 artisans on heavy earthmoving equipment and Workplace Integrated Learning programme at Esayidi TVET.

Unfavourable economic conditions had adverse effects on the subsector leading to some company closures, staff retrenchments and diminishing training workplaces. These have impacted negatively on the implementation of training programmes and the business unit completion rate.

For the year ahead, the business unit will strengthen partnership with the Office of the Premier and other state institutions to alleviate poverty through training, small business development and job creation.



3.9.4 Maritime Subsector

During the 2015/16 period, the Maritime business unit supported 68 maritime companies through approved Mandatory Grants, ensuring that approximately 95% of the large and medium-sized levy-paying enterprises are actively participating in skills development.

The unit has facilitated development of various subsector occupational qualifications, such as Able Seafarer, Marine Motorman, Second Engineer Fishing and Chief Engineer Port Operations. The unit also supported curriculum and materials development for the New Venture Creation qualification.

Participation by the business unit in the Operation Phakisa working groups (i.e. Aquaculture, Oil & Gas Exploration, Maritime Transport & Manufacturing and Marine Protection & Governance) has established TETA as one of the leading proponents of the Ocean Economy.

In support of and in collaboration with SAIMI, 220 cadet officers and 25 seafarer ratings, formerly subsidised by TETA, were transferred over to SAIMI-funded programmes.

Strategic focus for the 2016/17 period will be on the finalisation of the development of maritime occupational qualifications, piloting of maritime studies within TVETs, increased participation of the disabled community in the maritime industry (especially boat building) and creation of decent work opportunities that are aligned to Operation Phakisa goals and establishment of pathways of learning through articulation of HET/TVET and industry programmes.

3.9.5 Rail Subsector

The Rail subsector is currently facing several daunting challenges, such as infrastructure development, re-skilling of employees on logistics, supply chain and use of technology to track goods, as well as signalling and electrification infrastructure.

The Rail business unit has established mutual partnerships with TVET colleges, such as Central University of Technology, Maluti and Motheo (both in the Free State) with the aim of providing Apprenticeship and Professional Driving training to unemployed people and creation of internship and workplace experience opportunities for graduates.

The Rail sub-sector qualification development and mapping exercises were completed for five occupations, namely Fuel Pipeline Controller, Railway Signalling Maintenance Official, Vehicle Body Builder, Rolling Stock Electrical Fitter and Diesel Electrical Fitter. These qualifications are now on

public review, after which they will be submitted for QCTO approval.

Under the auspices of Strategic Infrastructure Projects (SIPs 2 & 7), the business unit facilitated meetings between Transnet and Prasa SIPs Coordinators to identify and agree on priority skills for infrastructure projects.

As part of subsector career guidance effort, the Rail business unit took part in the Mangaung Youth Empowerment Week, collaborated with the Central University of Technology in a career fair and facilitated career guidance event for disabled learners at the Martie du Plessis School Hall in Bloemfontein.

Poor contract management by stakeholders and cancellations remain major challenges for the business unit. As a result, stricter stakeholder delivery capability assessment is now being enforced before contract awarding with more stringent due diligence and monitoring regimens to ensure proper assessment of prospective service providers.

Consistent with its mandate, the Rail business unit is positioning itself for more vigorous value-adding participation in initiatives, such as SIPs, Centres of Excellence and RPL centres.

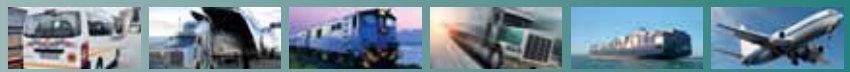
3.9.6 Road Freight Subsector

The Road Freight industry represents a workforce of approximately 70 000 employees. It is estimated that 80% of all freight transport carried in SA is by road. The road freight market totals about 640 million tonnes of traffic per annum.

Considering that 80% of the national goods are moved by road, the acute shortage of experienced and qualified drivers within the industry coupled with the impact of HIV/Aids pose a serious threat to the ability of the industry to respond efficiently to the national demand.

In a collaborative Work Experience programme with Ekurhuleni Metro and Imperial Logistics, 70% of graduates on the programme were absorbed into permanent jobs.

Barlow World Transport, in conjunction with TETA, facilitated the training of 28 unemployed disabled persons who all got permanent employment at the end of the programme.



3.9.7 Road Passenger Subsector

In collaboration with industry, the chamber managed and implemented various projects with strategic significance to the South African economy, such as Apprenticeship RPL, WIL, cooperatives and AET over and above other PIVOTAL programmes. Of significance, three cooperatives in the Eastern Cape Province were supported to sharpen their Business Operating Skills in line with the NSDS III goals.

The Chamber is proud to announce that out of the PIVOTAL programmes implemented, there are two Women Empowerment programmes for Professional Driver Qualification with Metrobus and Mphakathi Bus Service. We believe that, in the traditionally male dominated industry, we are breaking this stereotype by allowing women to play a significant role within the bus industry.

We had an opportunity to attend a number of graduation ceremonies to witness the fruits of the funding provided by TETA. Of these graduation ceremonies, 80% of the female learners trained by Metrobus have been absorbed for permanent employment at Johannesburg Metrobus. It is also important to mention the achievement of a fully qualified female artisan produced by Mayibuye Transport Corporation.

The chamber hosted provincial consultation workshops with the industry to identify Scarce and Critical Skills within the Road Passenger subsector to ensure that we remain relevant as we address these skills through our Sector Skills and Strategic Plans.

We also facilitated the development of the National Occupational Certificate for Bus Driver at NQF Level 3 with minimum credits of 120.

Partnerships still remain key drivers for implementation of our projects. To this end, the chamber has established

partnerships with Re a Vaya in Johannesburg, My City in Cape Town, as well as A Re Yeng in Pretoria.

The Chamber will continue to promote artisan development in the industry and encourage companies to collaborate and implement projects with high impact in 2016/17 financial year.

3.9.8 Taxi Subsector

The Taxi Chamber continues to drive the agenda of transformation and formalisation of the Taxi Industry through innovative skills development and training interventions in partnership with stakeholders from Government, Organised Labour, Organised Employers and accredited training providers.

Year-on-year, the chamber continues to see significant improvement in performance and overall stakeholder relations. During the year under review, the Taxi Chamber participated in the inaugural Taxi Expo held at the Sandton International Convention Centre.

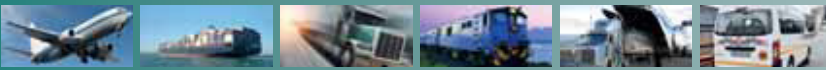
The unit has experienced increase in levy income of over 100%. Although this is of a low base, it represents an important milestone and trend indicator.

Other notable achievements of the Chamber comprise implementation of a MoU with the Northwest University (NWU) for student bursaries and workplace experience opportunities; MoU and related Service Level Agreements with Taletso and Orbit TVET Colleges and resuscitation of a MoU with the Department of Public Safety in the NW Province.

Road safety and bad driver behaviour on the roads remain nagging challenges. We are working with the RTMC, RTIA and Taxi Associations on interventions that engender road safety awareness and responsible driving behaviours.

4. REVENUE COLLECTION

Sources of revenue	2015/2016			2014/2015		
	Estimate	Actual Amount Collected	(Over)/Under Collection	Estimate	Actual Amount Collected	(Over)/Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
Revenue from non-exchange transactions	652 335	663 650	11 315	632 867	593 752	39 115
Revenue from exchange transactions	50 894	70 093	19 251	46 267	57 308	11 041
Total	703 229	733 743	30 566	679 134	651 060	28 074



Revenue from non-exchange transactions

The surplus of R15, 551 million against budget is due to additional penalties and interest received. This was offset by a deficit of R5, 382 million on levy income.

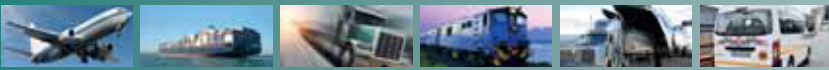
Revenue from exchange transactions

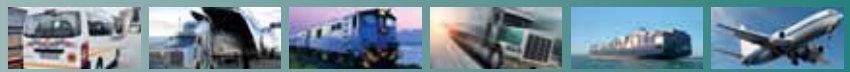
The surplus of R19, 139 million against budget in investment income is due to additional levies received with the result that additional funds were invested resulting in increased investment income. Other income comprises of rental income received, TETA does not budget for other income hence the surplus.





PART C: GOVERNANCE





1. INTRODUCTION

During the reporting year, the Board devoted a significant amount of its efforts to matters relating to strengthening governance and fostering compliance with key and relevant statutes such as the Skills Development Act (Act No 97 of 1998) and the Public Finance Management Act (Act No 1 of 1999) (PFMA).

The Board remains accountable and retains the ultimate authority to lead, control and manage the entity's business, inclusive of powers to delegate responsibilities. In striving to ensure that TETA remains a viable and effective institution, its responsibilities are facilitated by a well-developed governance structure and Board subcommittees.

2. THE ACCOUNTING AUTHORITY / BOARD

Report by the Board of the Transport and Education Training Authority (TETA) as the Accounting Authority, to the Minister of Higher Education and Training (as Executive Authority) and Members of Parliament of the Republic of South Africa.

2.1 TETA Financial Records

The Board of TETA in terms of the Public Finance Management (Act 1 of 1999), as amended, read in conjunction with the applicable Treasury Regulations, has ensured that full and proper accounting records of the financial affairs of TETA have been kept for the year ending 31 March 2016.

2.2 Corporate Governance

In order for the Board to successfully implement its mandate of providing strategic direction, determining strategies and policies, and managing performance against specific goals and business plans. New board members are thoroughly capacitated in terms of the King III Code of Corporate Governance, including the PFMA and the skills development environment within TETA. This is done via a comprehensive induction process for all Board members. All Board members participated in a self-assessment process which was completed during the year. The self-assessment process was also implemented for Board Standing Committees. The Board placed a strong emphasis on Risk Management Controls and the reviewing and implementation of investments.

2.3 General review of state of affairs

The Board is of the view that the annual financial statements for the financial year ending March 2015 fairly represent the state of affairs of TETA's financial results and that they are presented in accordance with the effective

Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

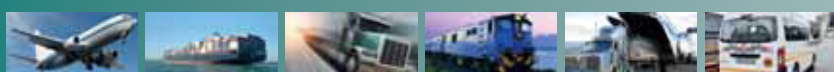
2.3.1 Levies

The improving economic situation experienced within the industry was reflected in the 11% increase in levies received compared to the 6, 31 % increase from 2013/14 to 2014/15 last year. It is expected that as the economy further improves during the forthcoming year and employment is stimulated within the transport industry a more substantial increase in levies will be reflected. The 80% levy income increased by R62 million from R582 million for the 2014/15 financial year to R645 million for the 2015/16 financial year.

2.3.2 Grants and projects

Mandatory grant expenditure increased by R13 million from R 114 million in 2014/15 to R127 million in 2015/16. This represents an 11% increase from prior year. The increase is due to the salary increases in the transport industry. The Mandatory Grant pay-out ratio remained constant at 82% during the 2015/16 financial year relative to prior year.

Discretionary Grants and projects expenditure for the 2015/16 year is R 464 million, which is 43% increase from R324 million in 2014/15. The TETA Board has approved the realignment of the Discretionary Grant funding window to the financial year. This will ensure that Discretionary Grant projects are implemented early in the financial year which will assist in expediting Discretionary Grant payments. Moreover, the Board has also approved the project management framework model as part of improving the disbursement rate.



2.3.3 Planned utilisation of surpluses

The new grant regulations have set the Discretionary Grant levies to 49.5% which has resulted in a 29.5% increase in levies that TETA utilise for projects. As a result of this, TETA developed a revised project model which has been operational since the 2013/2014 financial year. This also entails the multi-year funding principle that ensures that the impact of the projects implemented is traceable over the project lifespan.

TETA has no surplus to declare from the 2015/16 financial year.

Investments

Treasury Regulation 31.3 requires that, unless exempted by the National Treasury, TETA as a public entity listed in Schedule 3A of the Act must invest surplus funds with the Corporation for Public Deposits. In 2009/10, National Treasury set aside TETA's exemption not to invest surplus funds with the Corporation for Public Deposits.

An amount of R 986 million is currently invested with the Corporation for Public Deposits as at 31 March 2016.

2.4 Legal Costs

Legal expenses were incurred during the year under review due to normal operating activities, staff disciplinary matters and on-going legal pursuance with regards to the Fidentia Investment.

2.5 Going Concern

The Minister of Higher Education and Training re-

established SETAs from 1 April 2016 to 31 March 2018. Therefore the Accounting Authority is satisfied that TETA is a going concern.

2.6 Delegation of Authority

TETA has a comprehensive delegation of authority framework. The framework assists in ensuring effective decision-making without diluting members' accountability and responsibilities.

2.7 Board Member Assessment

During the year under review the Board went through an assessment to identify the performance gaps and develop strategies to close same. Identifying and acknowledging the strengths of the board was also identified as important to enable the board to accentuate its strong areas and sustain good performance. Pursuant to the said assessment, members of the Board attended the Wits Business School Strategic Board Leadership Development Programme. The programme was aimed at expansion of the Board's capacity to produce direction, alignment, and commitment and has proven a success.

2.8 Board and Board Committee Meeting Attendance

During the period under review, additional Board meetings were held with a view to addressing key developments as they unfolded as well as strategies embarked upon by the Board.

Name	Constituency	30 April 2015	29 July 2015	29 October 2015	19 February 2016
Mr June Dube	Board Chairperson	P	P	P	P
Mr Japie Kruger	Board Member	AP	P	P	AP
Ms Trudy Sebastian	Board Member	P	P	P	P
Mr Lionel Ritson	Board Member	P	P	P	P
Mr Macolive Oldjohn	Board Member	AB	AP	P	P
Ms Lorraine Wentzell	Board member	P	P	P	P
Mr Thulani Mbatha	Board Member	P	P	P	P
Ms Veronica Mesatywa	Board member	P	P	P	P
Mr Wyndham Evans	Board Member	AP	P	P	AP
Mr Ntebaleng Setlako	Board member	AP	P	P	P
Ms Maryna du Plessis	Board Member	P	P	P	P
Mr Geoffrey Jacobs	Board member	P	P	P	P
Mr Saki Tlou	Board member	P	P	P	P
Mr Lucky Kolobe	Board Member	P	P	P	P

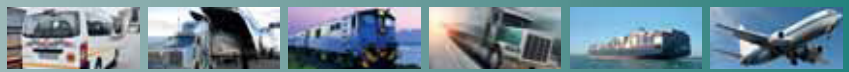
P=Present

AB = Absent

AP = Apology

R = Resigned

N/A = Not Applicable



2.9 Board Subcommittees

The following subcommittees support the Board in executing its mandate:

2.9.1 Executive Committee (ExCo)

The Committee is tasked with the review of any matters relating to the business and affairs of the organisation prior to the submission of such matters to the Board, and shall prepare or cause to be prepared and submitted to the Board such information and data as the Committee considers pertinent to assist in the consideration of such matters by the Board. Committee meetings were held in accordance with the terms of reference during the period under review.

2.9.2 Finance, Human Resources and Remuneration Committee

The Committee is tasked with assisting the TETA Board in fulfilling its financial oversight responsibility with respect to all governance aspects of financial management and financial accounting. This entails assisting the Board in fulfilling its responsibility to oversee TETA's financial position, financing plans and programs, cash management, investment management, employee retirement plans, insurance management and review of financial policies and financial risks. Committee meetings were held in accordance with the terms of reference during the period under review.

2.9.3 Audit and Risk Committee

The Committee is charged with the responsibility of monitoring internal control systems and processes to

ensure that TETA's interests and assets are protected. The Committee further reviews any accounting concerns raised by the internal and external audits and the annual financial statements. It also ensures, among other things, that TETA has an effective internal audit function in place and that the roles and functions of external audit and internal audit are sufficiently clarified and coordinated to provide an objective overview of the operational effectiveness of the entity's systems of internal control, risk management, governance and reporting. From a risk management perspective, the Committee ensures that the Board's risk management strategies and processes are aligned with best practices. Management is fully involved in the processes and in reporting to the Audit Committee on risk exposures, emerging risks etc. Committee meetings were held in accordance with the terms of reference during the period under review. They were also attended by external and internal auditors and senior executives.

2.9.4 Governance and Strategy Committee

The Committee is responsible for providing strategic guidance and policy oversight to TETA regarding the quality assurance function and obligations of the TETA in its governance and strategy imperatives. It shall also deal with such matters as may be referred to it by the Board. The Committee also has a role to develop policies, principles, criteria and guidelines that are necessary for the governance and strategy functions for TETA; promote good governance and develop the skills development strategy for the Transport Sector. Committee meetings were held in accordance with the terms of reference during the period under review.

EXECUTIVE COMMITTEE ATTENDANCE 2015/2016

Name	Constituency	29 May 2015	27 August 2015	27 November 2015	29 March 2016
Mr June Dube	Committee Chairperson	AP	AP	P	P
Mr Lionel Ritson	Committee Member	P	P	P	P
Mr Wyndham Evans	Committee member	P	P	P	P
Mr Thulani Mbatha	Committee Member	P	P	P	P
Mr Geoffrey Jacobs	Committee Member	P	P	P	P

P = Present AP = Apology



FINANCE, HUMAN RESOURCES AND REMUNERATION COMMITTEE ATTENDANCE 2015/2016

Name	Constituency	21 May 2015	21 July 2015	28 October 2015	12 February 2016
Mr Geoffrey Jacobs	Committee Chairperson	P	P	P	P
Ms Lorraine Wentzell	Committee Member	P	P	P	P
Ms Veronica Mesatywa	Committee Member	P	P	P	P
Ms Trudy Sebastian	Committee Member	P	P	P	P
Mr Lucky Kolobe ¹	Committee Member	P	P	P	P

P = Present

AUDIT AND RISK COMMITTEE ATTENDANCE 2015/2016

Name	Constituency	27 May 2015	21 July 2015	12 November 2015	04 April 2016
Mr Thiru Mudaly	Independent Chairperson	P	P	P	P
Mr Patrick Mnisi	Independent Member	AP	AP	P	P
Ms Vhonani Singo	Independent Member	P	P	P	AP
Mr Japie Kruger	Board Member	P	P	P	P
Ms Maryna du Plessis ²	Board member	P	P	p	P

P = Present AP = Apology

GOVERNANCE AND STRATEGY COMMITTEE ATTENDANCE 2015/2016

Name	Constituency	03 June 2015	21 August 2015	13 October 2015	29 October 2015	05 February 2016
Ms Trudy Sebastian	Board Member	P	P	P	P	P
Mr Lionel Ritson	Board Member	P	P	P	P	P
Mr Macolive Oldjohn	Board Member	AP	AP	AP	AP	P
Mr Thulani Mbatha	Board Member	P	P	P	P	P
Ms Maryna du Plessis	Board Member	P	P	P	P	P
Mr Saki Tlou	Board member	P	P	P	P	P
Mr Roland Setlako	Board member	AP	P	P	P	P

P=Present AP=Apology

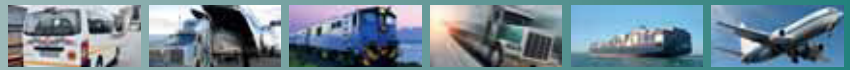
2.9.5 Risk Management

TETA has a risk management policy and strategy that is annually reviewed and approved by the Audit and Risk Committee. The Risk Management policy and strategy inform the risk assessments that are conducted by TETA. Risk assessments are conducted as an ongoing activity and formally on a quarterly basis by the internal Fraud Prevention and Risk Management Committee that comprises executives and business unit managers. The risk assessments are also conducted annually following after the external audit conducted by the Auditor General of South Africa where all managers are invited to a risk assessment workshop.

Risk management is a standard reporting item in Audit and Risk Committee meetings held quarterly to report on the progress made with regards to pressing strategic and operational risks. The Audit and Risk Committee members review documents, interrogate them and provide input on progress made since the last meeting to determine the risk management response escalation levels to guide presentation and implementation of action plans.

2.9.6 Internal Control Unit

The internal control function is that of TETA management and, as such, policies and procedures are continuously developed, reviewed and implemented to reduce and/or eliminate risk exposure in certain key functions of the



organisation. These controls are then tested for design and effectiveness by an outsourced internal audit function that functionally reports to the Audit and Risk Committee and administratively to the Chief Executive Officer.

The internal auditors have performed audits on the following areas:

- Supply Chain Management
- Pre-Determined Objectives
- Projects - learnerships
- Human Resources
- Information Technology – IT General Control
- Project visits
- Enterprise risk management
- Follow up of Prior Period Findings
- Information Technology – Application Control Review

The Audit and Risk Committee's key activities and responsibilities, as outlined in an approved charter, include but not limited to:

- Having full and free unrestricted access to the TETA Chief Executive Officer, Executive Management Team, External and Internal Auditors and the Accounting Authority;
- Initiate investigations regarding any matter it may deem necessary, and for the purpose thereof obtain legal advice and any other advice from external experts;
- Hire special counsel or expert to assist in special opinion or investigation, subject to the procurement procedures of the TETA and financial authorities as set out in the TETA's Financial Delegation;

- Review the effectiveness of Internal Audit function, and shall ensure that the roles and functions of the external auditors and internal auditors are sufficiently clarified and co-ordinated to provide an objective overview on the operational effectiveness of the TETA's systems of internal control, risk management, governance and reporting.

2.9.7 Compliance with Laws and Regulations

TETA updates internal policies and processes annually or as when appropriate to align them to new regulations and emergent trends in the industry.

2.9.8 Fraud and Corruption

To ensure their relevance and responsiveness to TETA's environment, fraud prevention and fraud response plans are reviewed annually and approved by the Audit and Risk Committee. As a fraud prevention and response mechanism, TETA has a fraud hotline administered by an independent service provider where suspected fraudulent activities perpetrated by TETA employees and stakeholders can be reported anonymously. Anyone wishing to report fraudulent activities may do so either by calling the free hotline service, reporting via the website or by scanning the QR code for those using smart phones. The service can be accessed anytime and anywhere through the above-mentioned avenues. The method of escalation for each case depends on the sensitivity and nature of the alleged perpetrator and in line with industry norms and standards as recommended by best practice. This is in order to promote transparency and to ensure that each case is handled with the strictest of confidentiality.

A report of all the cases is independently submitted to the Audit Committee by the independent service provider.



3 . AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2016.

Audit Committee Members and Attendance.

The Audit and Risk Committee consists of the members listed hereunder and is required to meet at least four times per annum as per approved terms of reference. During the current year, four meetings were held by the Audit and Risk Committee.

Audit Committee Attendance 2015/2016

Name	Constituency	27 May 2015	21 July 2015	12 November 2015	04 April 2016
Mr Thiru Mudaly	Independent Chairperson	P	P	P	P
Mr Patrick Mnisi	Independent Member	AP	AP	P	P
Ms Vhonani Singo	Independent Member	P	P	P	AP
Mr Japie Kruger	Board Member	P	P	P	P
Ms Maryna du Plessis3	Board member	P	P	p	P

P = Present AP = Apology

Audit Committee Responsibility

We report that we have adopted appropriate formal terms of reference in our charter in line with the requirements of Section 51(1) (a) of the Public Finance Management Act, No. 1 of 1999 and Treasury Regulation 27. We further report that we conducted our affairs in compliance with this charter.

The Effectiveness of Internal Control

The system of controls is designed to provide assurance that assets are safeguarded, laws are complied with, information is reliable and liabilities are efficiently managed. In line with the PFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and Management with the assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

Having considered the above, the Audit Committee has no reason to believe that any material breakdown in the functioning of these controls, procedures and systems has occurred during the period under review.

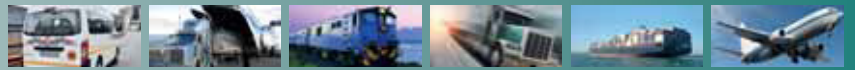
Internal Audit

We are satisfied that the Internal Audit function has operated effectively and that it has addressed the risks pertinent to the SETA in its audits.

Evaluation of Financial Statements

The Audit Committee has:

- Reviewed and discussed the audited annual financial statements and has recommended them for inclusion in the Annual Report to the Auditor-General and the Accounting Officer;
- Reviewed the Auditor-General's management letter and management's response thereto;
- Reviewed the appropriateness of accounting policies and practices adopted and;
- Reviewed significant adjustments resulting from the Audit.



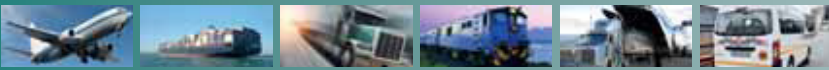
The Audit Committee, having considered the financial position of the SETA, the Report of the Accounting Authority and Audit Report of the Auditor-General, concurs that the adoption of the going concern premise in preparation of the financial statements is appropriate.

The Audit Committee accepts the Auditor-General's conclusions on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the Report of Auditor-General and has therefore recommended the adoption and approval of the annual financial statements by the Governing Board.

Appreciation

The Audit Committee expresses its sincere appreciation to the Accounting Authority Officer, Senior management team, Internal Audit and the Auditor-General of South Africa for their cooperation towards us achieving the requirements of our Charter as mandated.

Mr Thiru Mudaly
TETA Audit Committee Chairperson
22 July 2016



Gordon Institute of Business Science University Durban

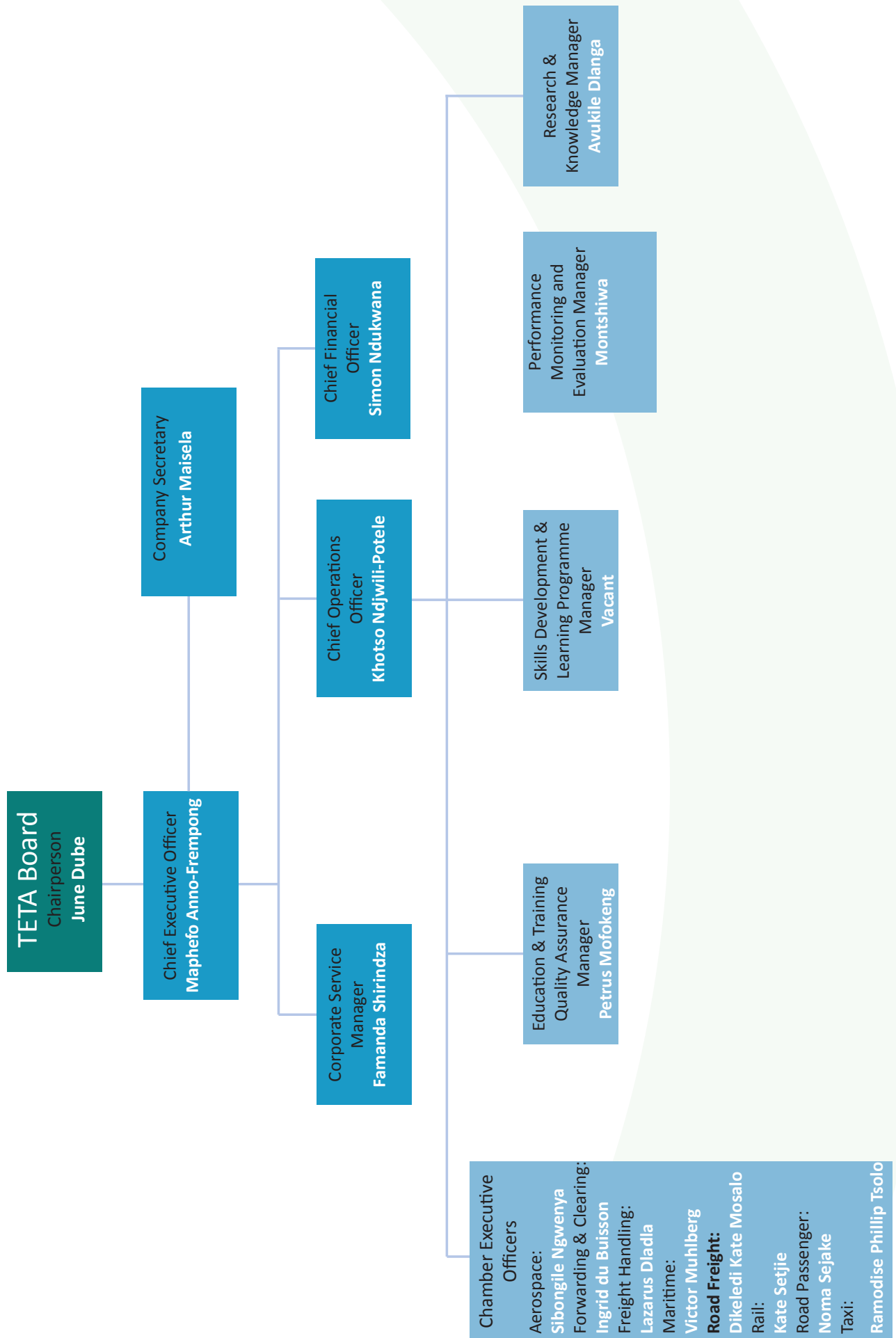


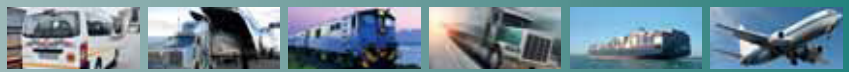
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PART D: HUMAN RESOURCE MANAGEMENT



1. TETA ORGANISATIONAL STRUCTURE





2. INTRODUCTION

Overview of HR matters at TETA

The Human Resource Department aims to implement people's processes and fair labour practices that enable a culture of excellence and best practices in support of TETA's strategic objectives. The Strategic Human Resources Management Plan is fully aligned with the TETA Strategic Plan, which in turn is integrated with all national strategic objectives and DHET planning that are implemented by the chambers and units which are supported by the Human Resources Department.

HR Priorities for the year under review and the impact of these priorities

Full utilisation of Premier HR System was prioritised in the year under review and the Employment Equity report for 2015 was successfully drawn from the system. Further, programming of the performance management system was also completed within the year under review with the aim of improving operational efficiencies.

Workforce Planning Framework and key strategies to attract and recruit a skilled and capable workforce

TETA is committed to the principles of equity, anti-discrimination and diversity, and seeks to create an organisation that reflects the diversity of South African society in which the potential of employees is maximised. As an organisation, TETA aims to create an environment that supports the attraction, development, advancement and retention of under-represented designated groups at all levels in the organisation who are skilled and meet the minimum requirements of the available positions within the organisation. In implementing its strategies, TETA prioritises the attraction of a skilled workforce through the identification and removal of employment barriers that may negatively affect employees within the designated groups.

Employee Performance Management Framework

TETA's approach to performance management embodies the principles enshrined in the South African Constitution, the Labour Relations Act, the Employment Equity Act, the Skills Development Act and the Basic Conditions of Employment Act. The organisation aligns employment

contracts and the job profiles for each position within the organisation with the above mentioned legislations.

Employee Wellness Programmes

TETA's Employee Wellness Programme (EWP) is outsourced to an external service provider to maximize on benefits such as:

- Consultations
- Telephone Counselling
- Face to face counselling
- Managerial referrals
- Financial, legal and social advices telephonically
- Health awareness, etc.

Policy development

TETA currently has 42 policies relating to Human Resource Management. These policies are reviewed and amended as and when a need arises due to continuous changes in the corporate environment and legislations.

Highlights and achievements

The key highlights of the Human Resources Department are more visible in the benefits that employees enjoy within the organisation, though not fully satisfied with the current achievements, meaningful contributions have been made through salary adjustments and alignments consistent with the job grading exercise undertaken by the organisation.

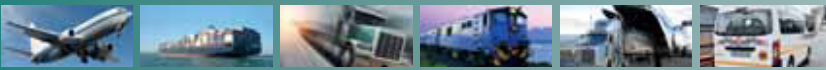
Challenges faced by TETA

TETA is currently facing a challenge in attracting the under-represented population to the organisation. However, the Employment Equity Forum has put this challenge as one of its priorities and an action plan is in place to address this in the new financial year.

Future HR Plans/goals

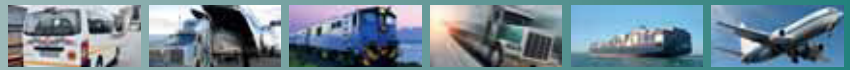
The following bullets capture the HR priorities for the year ahead:

- To ensure that HR complies with good corporate governance and embedded risk management into daily operations.
- Detailed Workforce planning which will include the following:
 - Analysis of turnover rate



- Analysis of retirement rate
- Analysis of resignation rate
- Analysis of average age
- To attract, develop and retain highly competent staff within the organisation.
- The HR department will ensure that training and development programs are aligned to the organisation's strategy.
- To develop and sustain a workplace, which values, recognises and rewards individual efforts in recognition of the contribution that employees contribute to organisational success.
- To ensure equal opportunity for all employees by eliminating discrimination in the workplace
- To develop and maintain harmonious Employee Relations and employee processes that support the management of TETA in providing a fair and flexible work environment.
- To develop a holistic suite of cutting edge employee strategies which are fully integrated and designed to mitigate the risks associated with employee behaviour.
- To Create adaptive culture that encourages values that support the organisational ability to introduce new strategies in response to changing environmental conditions.





3. HUMAN RESOURCE OVERSIGHT STATISTICS

All the financial amounts reflecting in the following tables agree to the amounts disclosed in the annual financial statements. The reasons for variances are captured, where necessary.

Personnel cost by programme/ activity/ objective

Programme/ activity/ objective	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Administration	88 027	55 776	63%	104	536

Personnel cost by salary band

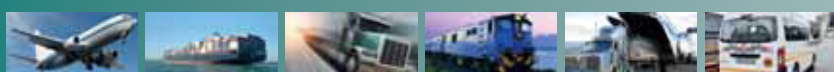
Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management	5,164	9.26%	3	1,721
Senior Management	16,540	29.65%	16	1,033
Professional qualified	17,093	30.65%	26	656
Skilled	4,550	8.16%	10	455
Semi-skilled	11,661	20.90%	44	264
Unskilled	768	1.38%	5	148
TOTAL	55,776	100%	104	535

Performance rewards

Programme/activity/objective	Performance rewards	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	300	5,164	5.80%
Senior Management	789	16,540	4.77%
Professional qualified	771	17,093	4.51%
Skilled	187	4,550	4.11%
Semi-skilled	450	11,661	3.86%
Unskilled	46	768	5.99%
TOTAL	2,542	55,776	4.56%

Training costs

Programme/ activity/objective	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Average training cost per employee
Administration	55,776	1,854	3.3%	50	37



Employment and vacancies

Programme/activity/objective	2014/2015 No. of Employees	2015/2016 Approved Posts	2015/2016 No. of Employees	2015/2016 Vacancies	% of vacancies
Top Management	3	3	3	0	0%
Senior Management	14	20	14	6	30%
Professional qualified	29	35	24	14*	40%
Skilled	10	15	10	4*	27%
Semi-skilled	56	45	42	3	7%
Unskilled	5	5	5	0	0%
TOTAL	117	123	98	25	20

Explanation: *There is a variance under the Professional qualified 2015/2016 vacancies and this is due to the following position of a Risk Officer that is not included in the approved structure for 2015/16 financial year.

*There is a variance under the Skilled 2015/16 vacancies and this is due to the position of the Assistant ETDP in the Taxi Chamber, and this position was not included in the approved structure for 2015/16 financial year.

Progressively, depending on the budget availability, critical positions have been filled and the institution continuously reviews its financial positions against its operational targets to prioritise the filling of the positions as per the approved structure.

Employment changes

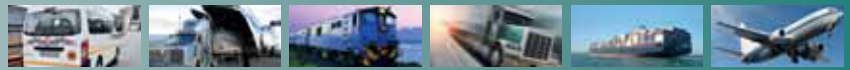
Turnover rates in the previous financial year were very low. TETA managed to fill more vacancies as compared to the number of people that were leaving the organisation.

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	3	0	0	3
Senior Management	14	1	2	13
Professional qualified	24	2	1	27
Skilled	8	2	0	10
Semi-skilled	35	9	4	40
Unskilled	5	0	0	5
Total	89	14	7	98

Reasons for staff leaving

All the employees who left the company resigned due to finding better opportunities.

Reason	Number	% of total no. of staff leaving
Death		
Resignation	6	5.77%
Dismissal	0	0
Retirement	0	0
Ill health	1	0.96%
Expiry of contract	0	0
Other	0	0
Total	7	6.73%



Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	01
Written Warning	00
Final Written warning	03
Dismissal	00

Equity Target and Employment Equity Status

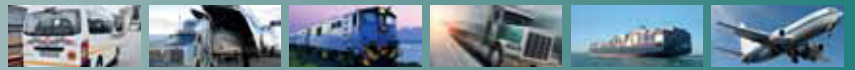
The employment equity forum was established in March 2012. The committee was able to renew the Employment Equity Plan that ended on the 31st of March 2016. The new plan is valid until 31 March 2020. The last employment equity report was submitted to the Department of Labour in January 2016 and was approved.

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	2							
Senior Management	6			1			1	
Professional qualified	11		1	1		1	1	
Skilled	3			1		1		
Semi-skilled	12							
Unskilled	1							
TOTAL	35		1	3		2	2	

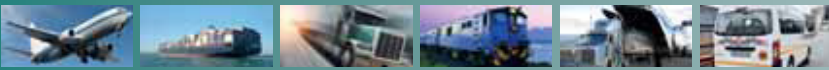
Levels	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1							
Senior Management	7			1		1	2	
Professional qualified	8		1	2	2		1	1
Skilled	6		1					
Semi-skilled	29		1				2	
Unskilled	4							
TOTAL	55		3	3	2	1	5	1

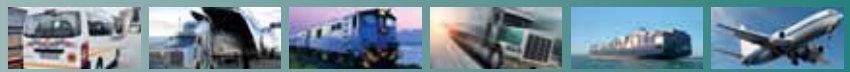
Levels	DISABLED STAFF			
	Male		Female	
	Current	Target	Current	Target
Top Management				
Senior Management				
Professional qualified	1			
Skilled				1
Semi-skilled		1		
Unskilled				
TOTAL	1	1		1





PART E: FINANCIAL INFORMATION





Report of the auditor-general to Parliament on the Transport Education and Training Authority

Report on the financial statements

Introduction

1. I have audited the financial statements of the Transport Education and Training Authority set out on pages 67 to 98, which comprise the statement of financial position as at 31 March 2016, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and 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), 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.

Auditor-general's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain

audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Transport Education and Training Authority as at 31 March 2016 and its financial performance and cash flows for the year then ended, in accordance with SA Standards of GRAP and the requirements of the PFMA and the SDA.

Report on other legal and regulatory requirements

7. 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 findings on the reported performance information against predetermined objectives for selected programmes presented in the annual report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.



Predetermined objectives

8. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2016:

- Programme 2: occupationally directed programmes and workplace training on pages 31 to 32
- Programme 3: quality assurance systems on pages 33
- Programme 4: youth development, progression and workplace training and experience on pages 34 to 35

9. I evaluated the reported performance information against the overall criteria of usefulness and reliability.

10. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's Framework for Managing Programme Performance Information (FMPPI).

11. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

12. The material findings in respect of the selected programmes are as follows:

Programme 3: quality assurance systems

Usefulness of reported performance information

13. I did not raise any material findings on the usefulness of the reported performance information for programme 3: quality assurance systems.

Reliability of reported performance information

14. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure reliable reporting of actual achievements against planned objectives, indicators and targets. The reported achievements against planned targets for 11% of the indicators were not reliable when compared to the evidence provided.

Programme 4: Youth Development, Progression and Workplace Training and Experience

Usefulness of reported performance information

15. I did not raise any material findings on the usefulness of the reported performance information for programme 4: youth development, progression and workplace training and experience.

Reliability of reported performance information

16. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure reliable reporting of actual achievements against planned objectives, indicators and targets. The reported achievements against planned targets for 17% of the indicators were not reliable when compared to the evidence provided.

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

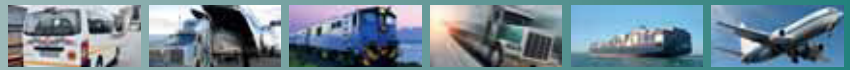
- Programme 2: occupationally directed programmes and workplace training

Additional matters

18. I draw attention to the following matters:

Achievement of planned targets

19. Refer to the annual performance report on pages 30 to 37 for information on the achievement of planned targets for the year. This information should be considered in the context of the material findings on the reliability of the reported performance information in paragraphs 14 and 16 of this report.



Adjustment of material misstatements

20. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information for programme 2: occupationally directed programmes and workplace training, programme 3: quality assurance systems, and programme 4: youth development, progression and workplace training and experience. As management subsequently corrected only some of the misstatements, I raised material findings on the reliability of the reported performance information.

Compliance with legislation

21. I performed procedures to obtain evidence that the public entity had complied with applicable legislation regarding financial matters, financial management and other related matters. I did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

Internal control

22. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report included in this report.

Leadership

23. Inadequate oversight responsibility and ineffective implementation of action plans to address audit regarding the collation and reporting of performance information resulted in recurring deficiencies that were not timeously identified for some of the indicators.

Financial and performance management

24. Schedules supporting the reported performance information were not properly reviewed to ensure the reliability and credibility of data. This resulted in misstatements that could have been prevented relating to some of the targets in the annual performance report.

Auditor-General



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Pretoria
29 July 2016



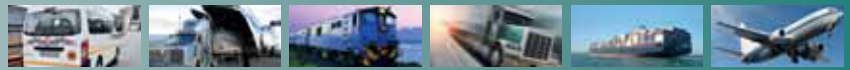
Transport Education and Training Authority Financial statements for the period ended 31 March 2016

Audited

The Annual Financial Statements FOR THE YEAR ENDED 31 March 2016, set out on pages 67 to 98, have been approved by the Accounting Authority on 26 July 2016 in terms of section 51(1) of the Public Finance Management Act (PFMA), No 1 of 1999 as amended, and are signed on their behalf by:

Maphefo Anno-Frempong
Chief Executive Officer
26 July 2016

June Dube
Board Chairperson
26 July 2016



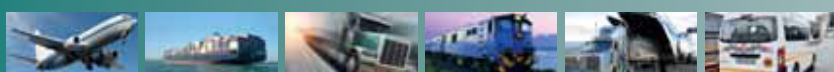
Transport Education and Training Authority

Financial Statements for the period ended 31 March 2016

Index

The reports and statements set out below comprise the financial statements presented to the provincial legislature:

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Accounting Policies	73-80
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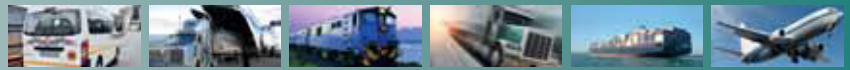


Transport Education and Training Authority

Financial Statements for the period ended 31 March 2016

Statement of Financial Position as at 31 March 2016

		2016	2015
	Note(s)	R '000	R '000
Assets			
Current Assets			
Receivables from non-exchange transactions	11	18 447	8 252
Receivables from exchange transactions	12	1 913	1 484
Inventories	13	288	376
Cash and cash equivalents	14	1 018 949	1 082 940
		1 039 597	1 093 052
Non-Current Assets			
Property, plant and equipment	9	28 170	8 212
Intangible assets	10	167	166
		28 337	8 378
Total Assets		1 067 934	1 101 430
Liabilities			
Current Liabilities			
Payables from exchange transactions	16	9 881	4 829
Payables from non-exchange transactions	15	98 260	203 302
Provisions	17	11 101	10 427
Unspent conditional grants and receipts	18	190	190
		119 432	218 748
Total Liabilities		119 432	218 748
Net Assets		948 502	882 682
Reserves			
Administration reserve		28 337	8 379
Employer grant reserve		77	54
Discretionary reserve		920 088	874 249
Total Net Assets		948 502	882 682



Transport Education and Training Authority

Financial Statements for the period ended 31 March 2016

Statement of Financial Performance

		2016	2015
	Note(s)	R '000	R '000
Revenue			
Revenue from exchange transactions			
Other income	5	60	483
Interest received - investment	3	70 033	56 825
Total revenue from exchange transactions		70 093	57 308
Revenue from non-exchange transactions			
Transfer revenue			
Other income	5	1 146	1 394
Skills Development Levy transfer	4	644 595	582 409
Skills Development Levy penalties and interest		17 909	9 948
Total revenue from non-exchange transactions		663 650	593 751
Total revenue		733 743	651 059
Expenditure			
Employee related costs	8	(44 802)	(50 498)
Grants and project expenses	6	(590 870)	(585 403)
General Expenses	7	(32 250)	(26 219)
Total expenditure		(667 922)	(662 120)
Surplus/ (deficit) for the year		65 821	(11 061)

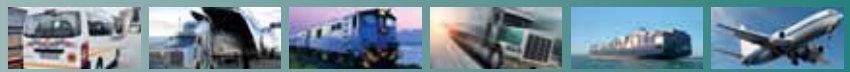


Transport Education and Training Authority

Financial Statements for the period ended 31 March 2016

Statement of Changes in Net Assets

	Administration reserve R '000	Employer grant reserve R '000	Discretionary grant reserve R '000	Accumulated surplus R '000	Total net assets R '000
Balance at 01 April 2014	6 992	17	886 735	-	893 744
Changes in net assets					
Surplus for the period	-	-	-	(11 061)	(11 061)
Allocation of unappropriated surplus	127	33 465	(33 592)	(1)	(1)
Excess reserves transferred to Discretionary reserve	1 260	(33 428)	21 106	11 062	-
Balance at 01 April 2015	8 379	54	874 249	-	882 682
Changes in net assets					
Surplus for the period	-	-	-	65 821	65 821
Allocation of unappropriated surplus	8 051	34 458	23 312	(65 821)	-
Excess reserves transferred to Discretionary reserve	11 907	(34 435)	22 527	-	(1)
Balance at 31 March 2016	28 337	77	920 088	-	948 502



Transport Education and Training Authority

Financial Statements for the period ended 31 March 2016

Cash Flow Statement

	Note(s)	2016 R '000	2015 R '000
Cash flows from operating activities			
Receipts			
Levies, interest and penalties received		658 036	590 001
Other cash receipts from Stakeholders		(3 943)	(2 218)
Interest income		70 033	56 825
		724 126	644 608
Payments			
Employee costs		(54 195)	(50 499)
Suppliers		(36 959)	(24 702)
Grants and Projects payments		(674 430)	(480 911)
Bad Debts		51	63
Loss on Disposal of Assets		229	202
Other cash item		32	-
		(765 272)	(555 847)
Net cash flows from operating activities	19	(41 146)	88 761
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(21 704)	(2 421)
Proceeds from sale of property, plant and equipment	9	(1 006)	42
Purchase of other intangible assets	10	(135)	(249)
Net cash flows from investing activities		(22 845)	(2 628)
Net increase/(decrease) in cash and cash equivalents		(63 991)	86 133
Cash and cash equivalents at the beginning of the year		1 082 940	996 807
Cash and cash equivalents at the end of the year	14	1 018 949	1 082 940



Transport Education and Training Authority

Financial Statements for the period ended 31 March 2016

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
	R '000	R '000	R '000	R '000	R '000
Statement of Financial Performance					
Revenue					
Revenue from exchange transactions					
Other income	-	-	-	60	60
Interest received - investment	50 894	-	50 894	70 033	19 139
Total revenue from exchange transactions	50 894	-	50 894	70 093	19 199
Revenue from non-exchange transactions					
Transfer revenue					
Other Income	-	-	-	1 146	1 146
Skills Development Levy transfer	607 455	42 522	649 977	644 595	(5 382)
Skills Development Levy penalties and interest	2 358	-	2 358	17 909	15 551
Total revenue from non-exchange transactions	609 813	42 522	652 335	663 650	11 315
Total revenue	660 707	42 522	703 229	733 743	30 514
Expenditure					
Personnel	(49 753)	(415)	(50 168)	(44 802)	5 366
Transfers and Subsidies	(580 979)	(36 942)	(617 921)	(590 870)	27 051
General Expenses	(29 975)	(6 631)	(36 606)	(32 250)	4 356
Total expenditure	(660 707)	(43 988)	(704 695)	(667 922)	36 773
Surplus before taxation	-	(1 466)	(1 466)	65 821	67 287
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	(1 466)	(1 466)	65 821	67 287

The approved original budget was submitted to the Executive Authority in line with the Public Finance Management Act, 1999, Chapter 6 Public Entities Part 2, Par 53. Due to large variances on Skills Development Levy Income, TETA performed a rebudgeting exercise and adjusted the initial approved budget. All changes to the approved budget were approved by the Accounting Authority.

For details regarding the variances between budget and actual refer to note 20.



Transport Education and Training Authority

Financial Statements for the period ended 31 March 2016

Accounting Policies

1. Presentation of Financial Statements

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

The financial statements have been prepared on the historical cost basis, except where adjusted for present/fair values as required by the respective accounting standards.

These accounting policies are consistent with the previous period.

1.1 Presentation currency

These financial statements are presented in South African Rand, which is the functional currency of the entity.

1.2 Revenue from non-exchange transactions

Non-exchange revenue transactions result in resources being received by the TETA, usually in accordance with a binding arrangement.

When the TETA receives resources as a result of a non-exchange transaction, it recognises an asset and revenue in the period that the arrangement becomes binding and when it is probable that TETA will receive economic benefits or service potential and it can make a reliable measure of the resources transferred.

Where the resources transferred to TETA are subject to the fulfilment of specific conditions, it recognises an asset and a corresponding liability. As and when the conditions are fulfilled, the liability is reduced and revenue is recognised.

The asset and the corresponding revenue are measured on the basis of the fair value of the asset on initial recognition.

Non-exchange revenue transactions include the receipt of levy income from the Department of Higher Education, income from the National Skills Fund, and grants from the national government."

1.3 Levy income

The accounting policy for the recognition and measurement of skills development levy income has been amended on the basis of a revised interpretation of the Skills Development Act, Act No 97 of 1998 as amended and the Skills Development Levies Act, Act No 9 of 1999 as amended.

Skills Development Levy (SDL) transfers are recognized when it is probable that future economic benefits will flow to the 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, which ever comes first, to the SETA, as required by Section 8 of Skills Development Levies Act, 1999 (Act no 9 of 1999) as amended.

In terms of section 3(1) and 3(4) of the Skills Development Levies Act, 1999 (Act No. 9 of 1999) as amended, registered member companies of the SETA pay a skills development levy of 1% of the total payroll cost to the South African Revenue Services (SARS), who collects the levies on behalf of the Department of Higher Education and Training (DHET). Companies with an Annual payroll cost less than R500 000 are exempted in accordance with Section 4 (b) of the Levies Act as amended, effective 1 August 2005.

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

Levy income is recognised on the cash basis.

Revenue is adjusted for interSeta transfers due to employers changing SETA's. Such adjustments are separately.



Transport Education and Training Authority

Financial Statements for the period ended 31 March 2016

Accounting Policies

1.3 Levy income (cont.)

disclosed as interSeta transfers. The amount of the interSeta adjustment is calculated according to the most recent Standard Operating Procedure issued by the Department. Skills Development Levy (SDL) transfers are recognised on an accrual basis when it is probable that future economic benefits or service potential will flow to the SETA and these benefits can be measured reliably. This occurs when the Department makes an allocation to the TETA, as required by Section 8 of the Skills Development Levies Act, 1999 (Act No. 9 of 1999) as amended.

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

1.4 Interest and penalties

Interest and penalties received on the skills development levy are recognised on the accrual basis.

1.5 Funds allocated by the National Skills Fund for Special Projects

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

Property, plant and equipment acquired for NSF Special Projects are capitalised in the financial statements of the SETA, as the SETA controls such assets for the duration of the project. Such assets may however only be disposed of in terms of agreement and specific written instructions by the NSF.

1.6 Government grants and other donor income

Conditional government grants and other conditional donor funding received is recorded as deferred income when they become receivable and is then recognised as and when the conditions are met. Unconditional grants received are recognised when the amounts have been received.

1.7 Revenue from exchange transactions

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

1.8 Investment income

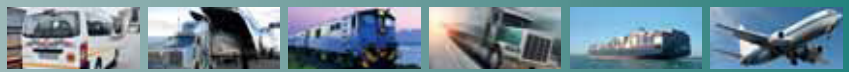
Interest income is accrued on a time proportion basis, taking into account the principal outstanding and the effective interest rate over the period to maturity.

1.9 Grants and project expenditure

A registered employer may recover a maximum of 20% of its total levy payment as a mandatory employer grant (excluding interest and penalties) by complying with the grant criteria in accordance with the Skills Development Act, 1998 as amended SETA Grant Regulations regarding monies received and related matters (The SETA Grant Regulations).

Mandatory grants

The grant expenditure is recognised when the employer has submitted an application for a grant in the prescribed form within the legislated cut off period and the application has been approved. Grants are equivalent to 20% of the total levies contributed by employers to the SETA during the corresponding financial period.



Transport Education and Training Authority

Financial Statements for the period ended 31 March 2016

Accounting Policies

Grants and project expenditure (cont.)

Discretionary project expenditure

A SETA may out of surplus monies and in accordance with criteria as defined in the SETA Grant Regulations, allocate funds to employers and other associations or organisations. The criteria for allocating funds are approved by the SETA Board. Where necessary it can be required of interested employers, associations or organisations to complete and submit a funding application for consideration and approval by the SETA.

A SETA allocates discretionary grants to employers who have submitted an application for a discretionary grant in the prescribed form within the agreed upon cut-off period. Discretionary grant expenditure is recognised as expenses in the period in which they are incurred, in which the conditions are met.

Project expenditure comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract 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 contract.

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

Retrospective adjustments by SARS

The 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 SETA is permitted to have granted to employers. A receivable relating to the overpayment to the employer in earlier periods is raised as the amount of such grant overpayment, net of bad debts and provision for irrecoverable amounts.

1.10 Irregular expenditure

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

- (a) The PFMA
- (b) The Skills Development Act (the Act), 1998 (Act No.97 of 1998) as amended

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

All irregular and fruitless and wasteful expenditure is recognised against the respective class of expense in the period in which they are incurred.

1.11 Property, plant and equipment

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



Transport Education and Training Authority

Financial Statements for the period ended 31 March 2016

Accounting Policies

1.11 Property, plant and equipment (cont.)

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Land is not depreciated as it is deemed to have an indefinite life. Property, plant and equipment (owned and leased) are stated at cost less any subsequent accumulated depreciation and adjusted for any impairments. 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.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (i.e. impairment losses are recognised.) Gains and losses on disposal of Property, plant and equipment are determined as the difference between the sale proceeds and the carrying amount and are taken into account in determining operating surplus.

The gain or loss on disposal of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount and are taken into account in determining operating profit.

In the application of the SETA's accounting policies management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at year end, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The SETA reviews the estimated useful lives of Property, plant and equipment at the end of each annual reporting period for the carrying values of Property, plant and equipment .

Management determined, consistent with the prior year, that the useful life of assets should not be limited by the SETA's establishment. Management's determination of useful life also impacts the determination of the residual value of assets.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Land	Straight line	Indefinite
Buildings	Straight line	20 years
Motor Vehicles	Straight line	5 years
Computer equipment	Straight line	3 years
Office Furniture and fixtures	Straight line	10 years
Office equipment	Straight line	5 years
Leasehold assets	Straight line	3 years



Transport Education and Training Authority

Financial Statements for the period ended 31 March 2016

Accounting Policies

1.11 Property, plant and equipment (cont.)

The SETA has reviewed the residual values used for the purposes of depreciation calculations. The review did not highlight any requirement for an adjustment to the residual values used in the current or prior periods. Residual values are reviewed annually.

1.12 Intangible assets

Intangible assets are stated at cost less any subsequent accumulated amortisation and adjusted for any impairments. Amortisation is charged so as to write off the cost of assets over their estimated useful lives, using the straight line method.

The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

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

The gain or loss on disposal of intangible assets is determined as the difference between the sale proceeds and the carrying amount and are taken into account in determining operating surplus.

Useful lives of Intangible assets

The SETA reviews the estimated useful lives of Intangible assets at the end of each annual reporting period for the carrying values of Intangible assets.

The following useful life is used in the calculation of amortisation.

Item	Useful life
Computer software	2 years

The SETA has reviewed the residual values used for the purposes of depreciation / amortisation calculations in light of the amended definition of residual value. The review did not highlight any requirement for an adjustment to the residual values used in the current or prior periods. Residual values are reviewed annually.

1.13 Leasing

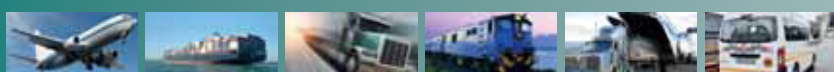
Finance leases consistent with the definition set out in the Treasury Regulations refer to a contract that transfers the risks, rewards, rights and obligations incidental to ownership to the lessee and is recorded as a purchase of equipment by means of long-term borrowing. All other leases are classified as operating leases.

Payments made under operating leases (leases other than finance leases) are charged to the Statement of Financial Performance on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

1.14 Provisions

Provisions are recognised when the 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. Long-term provisions are discounted to net present value.

The cost of employee benefits is recognised during the period in which the employee renders the related service.



Transport Education and Training Authority

Financial Statements for the period ended 31 March 2016

Accounting Policies

1.14 Provisions (cont.)

Employee entitlements are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to the Statement of Financial Position date. Provisions included in the Statement of Financial Position are provisions for leave (based on the current salary rates) and termination benefits.

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

No provision has been made for retirement benefits as the Alexander Forbes Retirement Fund is a defined contribution fund.

1.15 Grants and projects

Mandatory and Discretionary Grant Payments

A liability is recognised for grant payments once the specific criteria set out in the SETA Grant Regulation has been complied with by member companies and it is probable that the SETA will approve the payment. The liability is measured at the net present value of the expected future cash outflow as determined in accordance with the Act. This measurement involves an estimate, based on the amount of levies received.

Discretionary Projects

No provision is made for projects approved at year-end, unless the service in terms of the contract has been delivered. Where a project has been approved, but has not been accrued for or provided for, it is disclosed as approved and allocated for future projects in the notes to Annual Financial Statements. Commitments are disclosed where the SETA has, in the normal course of its operations, entered into a contractual agreement with entities related to project expenses which are yet due for payment.

1.16 Financial instruments

Recognition

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

Financial assets

Investments are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value or net of transaction cost except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets can be classified into the following specified categories: financial assets as at fair value through profit or loss (FVTPL), held to maturity investments, available for sale (AFS) financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All financial assets of the SETA were categorised as loans and receivables.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate, except for short term receivables where the recognition of interest will be immaterial.



Transport Education and Training Authority

Financial Statements for the period ended 31 March 2016

Accounting Policies

1.16 Financial instruments (cont.)

Effective interest method

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

Impairment of financial assets

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

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the surplus or deficit.

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities. Account and other payables do not bear interest and are stated at their nominal value.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

All financial liabilities of the SETA were classified as other financial liabilities.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised costs using the effective interest method, with interest expense recognised on an effective yield basis.

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

1.17 Reserves

Net Assets are classified based on the restrictions placed on the distribution of monies received in accordance with the Regulations issued in terms of the Skills Development Act, 1998 (Act 97 of 1998) as follows:

- Administration reserve
- Employer grant reserve



Transport Education and Training Authority

Financial Statements for the period ended 31 March 2016

Accounting Policies

1.17 Reserves (cont.)

- Discretionary reserve
- Unappropriated surplus

Employer 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	2015
	%	%
Administration costs of the SETA	10,50	10,50
Employer grant fund levy	49,50	49,50
Discretionary grants and projects	20,00	20,00
Received by the SETA	80,00	80,00
Contribution to the National Skills Fund	20,00	20,00
	100,00	100,00

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

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

Surplus funds in the administration and unallocated funds in the employer grant reserves are moved to the discretionary fund reserve. Provision is made in mandatory grant reserve for newly registered companies, participating after the legislative cut off date.

1.18 Comparative figures

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

1.19 Tax

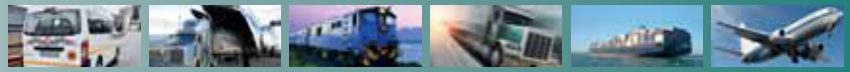
Taxation

No provision has been made for taxation, as the SETA is exempt from income tax in terms of Section 10 of the Income Tax Act, 1962 (Act 58 of 1962).

The amount reflected as VAT due to or from the South African Revenue Services is in accordance with the dispensation prescribed by the South African Revenue Service. In accordance with this, the SETA was deregistered for VAT with effect 1 April 2005.

1.20 Inventories

Consumables are recognised as an asset on the date of acquisition and it is measured at the cost of acquisition. It is subsequently recognised in surplus or deficit as it is consumed. Subsequent to initial recognition inventory is measured at lower of cost and current replacement cost.



Transport Education and Training Authority

Financial Statements for the period ended 31 March 2016

Notes to the Financial Statements

Figures in Rands thousand

2. Allocation of surplus for the current year to reserves

	Employer Grants Reserve						Discretionary Reserve		
	Total per Statement of Financial Performance	Total per Statement of Financial Performance	Administration Reserve	Mandatory Skills Grant	Discretionary Grants	Special projects	Projects		
	2015 R '000	2016 R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Total revenue									
Other income - Exchange Transactions	483	60	60	-	-	-	-	-	-
Interest received - investment	56 825	70 033	-	-	-	-	-	-	70 033
Other Income - Non Exchange Transactions	1 394	1 146	382	-	-	-	-	-	764
Levy transfer Administration (10.5%)	76 408	84 661	84 661	-	-	-	-	-	-
Levy transfer Employer Grants (69.5%)	506 002	559 934	-	160 667	399 267	-	-	-	-
Skills Development Levy penalties and interest	9 948	17 909	-	-	-	-	-	-	17 909
Total revenue	651 060	733 743	85 103	160 667	399 267	-	-	-	88 706
Total expenses									
Employee related costs	(50 499)	(44 802)	(44 802)	-	-	-	-	-	-
Transfers and Subsidies	(585 404)	(590 870)	-	(126 209)	(464 661)	-	-	-	-
General Expenses	(26 218)	(32 250)	(32 250)	-	-	-	-	-	-
Total expenses	(662 121)	(667 922)	(77 052)	(126 209)	(464 661)	-	-	-	-
Surplus per Statement of Financial Performance allocated	(11 061)	65 821	8 051	34 458	(65 394)	-	-	-	88 706



Transport Education and Training Authority

Financial Statements for the period ended 31 March 2016

Notes to the Financial Statements

	2016 R '000	2015 R '000
3. Investment income		
Interest revenue		
Bank Deposits	67 484	54 153
Accruals on bank deposits	2 549	2 672
	70 033	56 826

4. Skills Development Levy transfer from non - exchange transactions

The total levy transfer per the Statement of Financial Performance is as follows:

Levy transfer: Administration

Levies received	84 661	76 408
Levies received from DHET	84 661	76 421
Inter-seta transfers in	-	(13)

Levy transfer: Employer grants

Levies received	160 667	147 108
Levies received from DHET	160 667	147 161
Inter-seta transfers in	-	(53)

Levy transfer: Discretionary grants

Levies received	399 267	358 893
Levies received from DHET	399 267	358 887
Inter-seta transfers in	-	6
	644 595	582 409

Skills Development Levy: Penalties and Interest	17 909	9 948
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5. Other income

5.1 Other Income - Exchange Transactions

Other income comprises:

Rental income - Building	-	6
Other income	60	477
	60	483

5.2 Other Income - Non-Exchange Transactions

Income from other Government Departments is to be allocated as follows:-

Income from Government Departments

33.3% allocated to Administration	382	465
66.7% Allocated for Discretionary Grants	764	929
	1 146	1 394



Transport Education and Training Authority

Financial Statements for the period ended 31 March 2016

Notes to the Financial Statements

	2016 R '000	2015 R '000
6. Employer grant and project expenses		
Mandatory grants	126 209	113 643
Disbursed	123 160	122 561
Movement in provisions and accruals	3 049	(8 918)
Discretionary grants	405 666	284 892
Disbursed	405 216	346 308
Movement in provisions and accruals	450	(61 416)
Project expenditure	58 995	39 197
Disbursed	58 995	39 197
Unconditional Grants	-	147 671
Transfer to NSF	-	147 671
7. Administration expenses		
Internal audit fees	1 044	556
External auditor remuneration	1 936	1 989
Bank charges	74	71
Loss on Disposal of Property,plant and Equipment	257	202
Bad debt	51	63
Seminars and workshops	436	71
Consultancy and service provider fees	5 698	3 683
Lease rentals on operating lease	2 990	1 721
Repairs and Maintenance	1 550	2 748
Depreciation / Amortisation	1 588	1 038
Entertainment	-	(6)
Fuel and oil	17	10
Insurance	338	401
Advertising, marketing and promotions, communication	2 818	2 534
Postage and courier	88	180
Printing and stationery	761	551
Legal fees	382	699
Staff welfare	41	20
Subscriptions and membership fees	83	103
Staff cellphone costs	230	430
Staff training and development	1 854	1 460
Travel and subsistence	4 720	4 357
Other administration expenses	2 905	2 183
Recruitment fees	71	78
Committee catering expenses	109	131
Committee travel and subsistence costs	2 129	913
Audit Committee Costs	80	33
	32 250	26 219



Transport Education and Training Authority

Financial Statements for the period ended 31 March 2016

Notes to the Financial Statements

	2016 R '000	2015 R '000
8. Employee related costs		
Basic	39 571	44 555
UIF	131	162
WCA	130	-
SDL	436	466
Leave payments	937	1 373
Alexander Forbes Retirement Fund	2 752	2 999
Travel, motor car, accommodation, subsistence and other allowances	845	943
	44 802	50 498

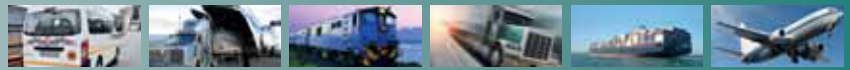
Employee cost for 2016: R 10 973 860 (2015: R Nil) has been allocated to Discretionary grant administration and is not included in the amount above.

9. Property, plant and equipment

	2016			2015		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
	R '000	R '000	R '000	R '000	R '000	R '000
Land	2 600	-	2 600	2 600	-	2 600
Buildings	20 606	(172)	20 434	3 415	-	3 415
Furniture and fixtures	6 821	(2 775)	4 046	3 503	(2 588)	915
Motor vehicles	450	(161)	289	450	(71)	379
IT equipment	2 637	(1 836)	801	2 449	(1 546)	903
Total	33 114	(4 944)	28 170	12 417	(4 205)	8 212

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Depreciation	Total
	R '000	R '000	R '000	R '000	R '000
Land	2600	-	-	-	2 600
Buildings	3415	17 322	(131)	(172)	20 434
Furniture and fixtures	915	3 944	(625)	(188)	4 046
Motor vehicles	379	-	-	(90)	289
IT equipment	903	438	(251)	(289)	801
Total	8 212	21 704	(1 007)	(739)	28 170



Transport Education and Training Authority

Financial Statements for the period ended 31 March 2016

Notes to the Financial Statements

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Disposals	Depreciation	Total
	R '000	R '000	R '000	R '000	R '000
Land	2 600	-	-	-	2 600
Buildings	2 499	966	-	-	3 415
Furniture and fixtures	1 223	156	(87)	(377)	915
Motor vehicles	-	450	-	(71)	379
IT equipment	650	849	(157)	(439)	903
Total	6 922	2 421	(244)	(887)	8 212

Depreciation Rates

Depreciation method

Average useful life

Item

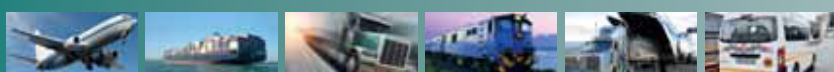
Furniture and fixtures	Straight line	10 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	5 years
IT equipment	Straight line	3 years
Computer software	Straight line	2 years

Property, plant and equipment fully depreciated and still in use (Gross carrying amount)

	2016 R '000	2015 R '000
Computer Hardware	1 064	957
Furniture & Fittings	319	1 386
	1 383	2 343

None of TETA's assets have been pledged as security.

TETA's building is located at 344 Pretoria Avenue, Ferndale, Randburg.



Transport Education and Training Authority

Financial Statements for the period ended 31 March 2016

Notes to the Financial Statements

10. Intangible assets

	2016			2015		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
	R '000	R '000	R '000	R '000	R '000	R '000
Computer software, other	734	(567)	167	599	(433)	166

Reconciliation of intangible assets - 2016

	Opening balance	Additions	Amortisation	Total
	R '000	R '000	R '000	R '000
Computer software, other	166	135	(134)	167

Reconciliation of intangible assets - 2015

	Opening balance	Additions	Amortisation	Total
	R '000	R '000	R '000	R '000
Computer software, other	69	249	(152)	166

11. Receivables from non-exchange transactions

	2016	2015
	R '000	R '000
Other Receivables	10 064	4 286
Employer receivables	8 383	3 966
	18 447	8 252
Employer Receivables		
Overpayment to employers	8 537	4 106
Allowance for doubtful debts	(154)	(140)
Net effect of retrospective adjustments on affected employers	8 383	3 966

Employer Receivables

R 8 537 000 (2015: R 4 106 000) was recognised as a receivable relating to the overpayment to the employers in earlier periods, as a result of inaccurate information received, and is based on the amount of such grant over payments. An amount of R 154 000 (2015: R 140 000) was provided for as doubtful debts. Also refer to Note 15 for Grant amounts owed to employers as a result of subsequent changes in levy information.

Other Receivables

R 9 704 000 (2015: R 3 831 000) relates to funding due from the UIF as a result of joint funding of projects.



Transport Education and Training Authority

Financial Statements for the period ended 31 March 2016

Notes to the Financial Statements

	2016 R '000	2015 R '000
12. Receivables from exchange transactions		
Employee costs in advance	63	24
Interest receivables	300	764
Other Receivables	1 457	603
Deposits	93	93
	1 913	1 484

13. Inventories

Inventory consists of stationery on hand and consumables at the end of the financial year

	288	376
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14. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	25	10
Bank balances	32 593	24 083
Short-term deposits	986 331	1 058 847
	1 018 949	1 082 940

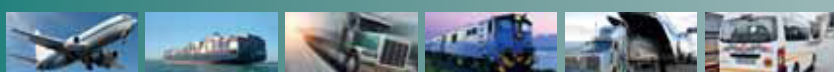
As required in Treasury Regulation 31.2, National Treasury approved the banks where the bank accounts are held. The weighted average interest rate on short term bank deposits was 2016: 6.4 % (2015: 5.6%).

The Skills Development Act Regulations state that a SETA may, if not otherwise specified by the Public Finance Management Act, invest the monies in accordance with the investment policy approved by the relevant SETA.

TETA surplus funds are invested with CPD in line with the National Treasury Regulation 31.3.

15. Trade and other payables from non exchange transactions

Skills development grants payable - mandatory	9 838	6 751
Skills development grants payable - discretionary	17 729	14 187
Inter-seta payables	-	28
Employer Payable	663	825
Levy Creditors	15 321	13 877
SARS Overpayment	54 709	54 709
NSF Payable	-	112 925
	98 260	203 302



Transport Education and Training Authority

Financial Statements for the period ended 31 March 2016

Notes to the Financial Statements

	2016 R '000	2015 R '000
16. Payables from exchange transactions		
Trade payables	8 193	3 282
Accrued leave pay	1 647	1 485
Other accrued	41	62
	9 881	4 829

17. Provisions

Reconciliation of provisions - 2016

	Opening Balance R '000	Additions R '000	Utilised during the year R '000	Total R '000
Provision for levies from exempt employers	5 571	178	(85)	5 664
Provision for Leave Pay	2 258	1 227	(2 686)	799
Provision for Performance Bonus	2 598	4 638	(2 598)	4 638
	10 427	6 043	(5 369)	11 101

Reconciliation of provisions - 2015

	Opening Balance R '000	Additions R '000	Utilised during the year R '000	Total R '000
Provision for levies from exempt employers	5 292	929	(650)	5 571
Leave Pay	1 381	2 250	(1 373)	2 258
Provision for Annual Bonus	1 722	-	(1 722)	-
Provision for Performance Bonus	983	2 598	(983)	2 598
	9 378	5 777	(4 728)	10 427

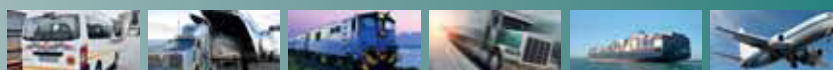
Provisions for levies received from exempt employers

An amount of R 5 664 000 (2015: R 5 571 000) relates to levies incorrectly contributed by employers, and paid over by SARS and DHET, after being exempted from contributing skills development levies due to new legislation which came into effect from 1 August 2005.

In terms of Section 190(4) of the Tax Administration Act, a person is entitled to a refund under subsection 1(b) only if the refund is claimed by a person within three years, in the case of assessment by South African Revenue Services (SARS) or five years, in the case of an assessment from the date of assessment.

Therefore, where the Skills Development Levies Act has exempted employers from paying the Skills Development Levy (SDL), if their remuneration/leviable amount does not exceed R 500 000 per annum, it will be treated in terms of Section. 190 (1)(b) in that a person is entitled to a refund by SARS of the amount erroneously paid in respect of a self assessment in excess of the amount payable in terms of the assessment.

TETA will then in terms of Section 190(4) be able to utilise the provision of R 1 196 000 (2015: R 1 073 000) levy income, which has exceeded the five year period, for discretionary grants.



Transport Education and Training Authority

Financial Statements for the period ended 31 March 2016

Notes to the Financial Statements

	2016	2015
	R '000	R '000

17. Provisions (cont.)

Provision for Leave.

An amount of R 799 000 (2015: R 2 258 000) relates to annual leave entitlements accrued to employees.

Provision for Performance Bonus.

An amount of R 4 638 000 (2015: R2 598 000) relates to provision for performance bonuses which will be paid out in August.

18. Government grants and subsidies

Special projects

Balance unspent at beginning of period	190	190
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The accounting policy to account for Special Projects is set out in the Accounting Policy note 3.5. During the year, R Nil (2015: Nil) eligible project special expenses were incurred and a corresponding amount was recognised as revenue. As at year end an amount of R 190 000 (2015: R 190 000) continues to be accounted for as a liability until the agreed contractual conditions have been met.

	2016	2015
	R '000	R '000
19. Cash (used in) generated from operations		
Surplus/ (deficit)	65 821	(11 061)
Adjustments for:		
Movements in provisions	674	1 049
Depreciation	1 423	886
Amortisation	165	152
Changes in working capital:		
Inventories	88	(181)
Receivables from exchange transactions	(4 853)	191
Other receivables from non-exchange transactions	(4 648)	(6 336)
Payables from exchange transactions	(1 330)	(43)
Taxes and transfers payable (non exchange)	(98 518)	104 146
Proceeds from Disposal of Assets	32	(42)
	(41 146)	88 761

20. Statement of comparison of budget and actual amounts

20.1. Skills Development Levy: income from non-exchange transactions

The amount budgeted by TETA for Skills development Levies is based on the average expected salary increases within the Transport Sector. Surpluses against budget are a result of higher than budgeted increases within the Sector as well as new companies.



Transport Education and Training Authority

Financial Statements for the period ended 31 March 2016

Notes to the Financial Statements

20. Statement of comparison of budget and actual amounts (cont.)

20.2. Skills Development Levy: penalties and interest from non-exchange transactions

The surplus of R15 551 000 against budget is due to additional penalties and interest received. The budget is based on an estimate of penalties and interest to be received as TETA cannot anticipate with certainty the levy payers that will incur interest and penalties due to late payment of the Skills Development Levies to SARS.

20.3. Investment income

The surplus of R 19 139 000 against budget in investment income is due to additional levies received with the result that additional funds were invested resulting in increased investment income.

20.4. Other income

Other Income comprises of rental income received, TETA does not budget for other income hence the surplus.

EXPENSES

20.5. Employer grant expenses

The Mandatory Grant budget was based on the new grant regulations of 20%.

20.6. Project Expenses

The roll out of the 2014/2015 and 2015/2016 contracts has resulted in a significant increase in disbursement from R 324 090 000 in 2014/2015 to R464 661 000 in 2015/2016. This is an increase of 43% relative to the prior year. The rollout of these contracts will continue into 2016/2017 and will result in a further increase in disbursement.

20.7. Administration expenses

Administration expenditure is limited to 10.5% of levies received. The legislation limit has not been exceeded and the savings will be utilised to fund sector skills priorities through various discretionary grants and special projects.

21. Contingencies

21.1 First Time Employer registrations

The Skills Development legislation allows for an employer, registering for the first time, 6 months to submit an application for mandatory grants. At the reporting date it is estimated that, as a result, additional mandatory grant expenditure of R 77 000 (2015: 54 000) will be payable. The amount is contingent on the number of submission received and approved.

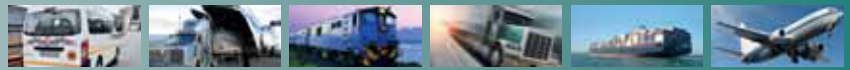
21.2 Contingent Liability

TETA is currently involved in litigation relating to the deaccreditation of one of TETA's providers. The outcome may result in TETA being liable for an amount of R 27 330 959. As at 31 March 2016 the case had not been finalised.

21.3 Request to National Treasury for Roll over of Surplus Funds

In terms of section 53(3) of the PFMA, public entities listed in Schedules 3A and 3C of the PFMA may not retain surpluses that were realised in the financial year without obtaining prior approval of the National Treasury.

Transport Education and Training Authority has no surplus to declare for the 2015/16 financial year, in terms of section 53(3) of the PFMA and National Treasury Instruction Note 3 of 2015/16.



Transport Education and Training Authority

Financial Statements for the period ended 31 March 2016

Notes to the Financial Statements

Figures in R '000

22. Commitments

Of the balance of R 920 088 000 (2015: R 874 249 000) available in the Discretionary Grant Reserve at the end of March 2016, R919 756 000 (2015: R 950 804 0000) has been approved and allocated for future projects and skills priorities as set out below.

Amounts for expenses that have already been contracted or incurred, and therefore included in grant expenses in the Statement of Financial Performance, are also indicated.

Description of Grant	Opening balance 2015	Approved by Authority & Contracted	Reallocation of Surpluses Declared	Utilised	Opening balance 2016	Approved by Authority & Contracted	Reallocation of Surpluses Declared	Utilised	Total	Contracted Funds	Admin
Contract/Project Name											
Road Passenger Chamber Y6-Y10	853	-	(539)	(226)	88	-	(82)	-	6	6	-
Forwarding and Clearing Chamber Y6 -Y10	2 812	-	(538)	(809)	1 465	-	(411)	(244)	810	810	-
Freight Handling Chamber Y6-Y	1 733	-	(859)	(339)	535	-	(396)	-	139	139	-
Maritime Chamber Y6-Y10	1 015	-	(153)	(125)	737	-	(406)	(126)	205	205	-
Rail Chamber Y6-Y10	6 054	-	(3 791)	(2 263)	-	-	-	-	-	-	-
Road Freight Y6-Y10	3 311	-	(675)	(851)	1 785	-	(973)	(589)	223	223	-
Taxi Chamber Y6-Y10	46	-	(46)	-	-	-	-	-	-	-	-
Skills development project	521	-	-	(105)	416	-	-	-	416	416	-
Project Office - Costed SLA	12 384	-	(3 555)	(5 102)	3 727	-	(2 320)	(971)	436	390	46
ETQA Projects	2 352	-	-	(1 053)	1 299	-	(241)	(1 058)	-	-	-
WSP Supported Via Contract	3	-	(3)	-	-	-	-	-	-	-	-
Costed SLA 2011/2012	30 938	(4 180)	(5 807)	(10 566)	10 385	-	(3 771)	(4 667)	1 947	1 947	-
Costed Annual Performance Plan 2012/13	43 362	(658)	(8 122)	(16 515)	18 067	-	(3 415)	(6 691)	7 961	7 909	52
Costed Annual Performance Plan 2013/14	806 563	(190 818)	(58 194)	(178 505)	379 046	-	(41 757)	(118 343)	218 946	194 208	24 738
Costed Annual Performance Plan 2014/2015	-	642 324	(1 439)	(107 631)	533 254	-	(33 311)	(205 995)	293 948	263 500	30 448
Costed Annual Performance Plan 2015/2016	-	-	-	-	-	535 483	(14 786)	(125 978)	394 719	371 565	23 155
TOTAL	911 947	446 668	(83 721)	(324 090)	950 804	535 483	(101 869)	(464 662)	919 756	841 318	78 439
	911 947	446 668	(83 721)	(324 090)	950 804	535 483	(101 869)	(464 662)	919 756	841 318	78 439



Transport Education and Training Authority

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Notes to the Financial Statements

	2016 R '000	2015 R '000
23. Operating lease asset (accrual)		
Minimum lease payments due		
Within one year	863	815
Between one year and five years	863	-
	1 726	815

The operating leases relate to building premises used for office accommodation. The lease agreements for the building premises were renewed on 1 April 2016 (Durban and Cape town) and will be operational for a period of two years. No provision was made for an option to renew the leases on expiry. Deposits totaling R93 478 have been paid and will be refunded upon termination of the lease. The deposit amount will be reduced by any outstanding costs.

24. Going concern

The Minister of Higher Education extended the licenses of the SETAs in April 2011 for an additional period of five years. 31 March 2016 will mark the end of the licence period. As at the date of this report, the Minister had announced that the licensing period has been extended to 31 March 2018.

25. Irregular expenditure

Less: Amounts not recoverable (not condoned)	34	-
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Details of irregular expenditure – current year

On recalculation of the preference points awarded to the winning supplier in respect of the procurement of an advertisement we noted that the 80/20 criteria for price and BBBEE points was not applied in calculating the points. This was due to an isolated IT system error that has since been rectified with TETA's IT service provider.

26. Financial instruments

In the course of the SETA operations it is exposed to credit, liquidity and market risk. The SETA has developed a comprehensive risk strategy in terms of TR 28.1 in order to monitor and control these risks. The risk management process relating to each of these risks is discussed under the headings below.

Liquidity risk

The SETA manages liquidity risk through proper management of working capital, capital expenditure and actual vs. forecasted cash flows and its cash management policy. Adequate reserves and liquid resources are also maintained.



Transport Education and Training Authority

Financial Statements for the period ended 31 March 2016

Notes to the Financial Statements

26. Financial instruments (cont.)

At 31 March 2016	Carrying Amount	Contractual Cashflows	6 Months	Over 5 years or Less
	R '000	R '000	R '000	R '000
Trade and other payables	(119 241)	(119 241)	(119 241)	-
At 31 March 2015				
	Carrying Amount	Contractual Cashflows	6 Months	Over 5 years or Less
Trade and other payables	(218 558)	(218 558)	(218 558)	-

In case of liquidity problems, funding resources might be available in terms of DHET and National Treasury approval for borrowing requirements in the open market.

Credit risk

Financial assets, which potentially subject the SETA to the risk of non performance by counter parties consist mainly of cash and cash equivalents and accounts receivable.

The SETA limits its treasury counter-party exposure by only dealing with well-established financial institutions approved by National Treasury. The SETA's exposure is continuously monitored by the accounting authority.

Credit risk with respect to levy paying employers is limited due to the nature of the income received. The SETA's concentration of credit risk is limited to the transport industry in which the SETA operates. No events occurred in the transport 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.

	2016		2015	
The ageing of other receivables from exchange transactions	Gross	Impairment	Gross	Impairment
	R '000	R '000	R '000	R '000
Not past due	1 975	-	5 144	-
Past due 120 - 365 days	-	-	211	-
Morethan one year	118	-	414	-
	2 093	-	5 769	-
	2016		2015	
The ageing of cash and cash equivalents	Gross	Impairment	Gross	Impairment
Not past due	1 018 950	-	1 082 939	-



Transport Education and Training Authority

Financial Statements for the period ended 31 March 2016

Notes to the Financial Statements

26. Financial instruments (cont.)

Interest rate risk

The SETA manages its interest rate risk by effectively investing SETA surplus cash in term deposits with different financial institutions according to the SETA's investment policy.

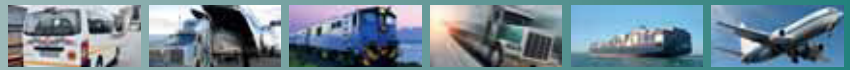
The SETA's exposure to interest rate risk and the effective interest rates on financial instruments at reporting sheet date are as follows:

	Floating rate	Non-interest bearing Amount	Total
	Amount R '000	Effective interest rate	
Year ended 31 March 2016			
Cash	1 018 950	6,40 %	1 018 950
	1 018 950	6,40 %	1 018 950
	Floating rate	Non-interest bearing Amount	Total
	Amount R '000	Effective interest rate	R '000
Year ended 31 March 2015			
Cash	1 082 939	5,60 %	1 082 939
	1 082 939	5,60 %	1 082 939

27. New standards and interpretations

27.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2016 or later periods:



Transport Education and Training Authority

Financial Statements for the period ended 31 March 2016

Notes to the Financial Statements

27. New standards and interpretations (continued)

Standard/Interpretation:

	Effective date: Years beginning on or after	Expected impact:
• GRAP 20: Related parties	01 April 2017	The impact of the amendment is not material.
• GRAP 108: Statutory Receivables	01 April 2016	Not applicable
• GRAP 17 (as amended 2015): Property, Plant and Equipment	01 April 2016	The impact of the amendment is not material.
• GRAP 21 (as amended 2015): Impairment of non-cash-generating assets	01 April 2017	Not applicable
• Directive 12: The Selection of an Appropriate Reporting Framework by Public Entities	01 April 2018	Not applicable

27.2 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2016 or later periods but are not relevant to its operations:

28. Events after the reporting date

The renovations to the TETA Head Office in Randburg were completed in the 2015/2016 Financial Year. TETA then appointed an independent valuator to complete a valuation of the renovated building. The valuation was received 13 June 2016. The current market value of the Land and buildings is R 20,750,000.



Transport Education and Training Authority

Financial Statements for the period ended 31 March 2016

Notes to the Financial Statements

29. Related parties

This standard prescribe the disclosure of information relevant to draw attention to the possibility that TETA's financial position and surplus/deficit may have been affected by the existence of related parties. It is not expected that this standard will significantly impact future disclosures.

Related party transactions

Receivables	2016		2015	
	Amount of the transaction	Amount receivable/ payables	Amount of the transaction	Amount receivable/ payable
	R '000	R '000	R '000	R '000
	-	-	(1)	-
HW SETA	-	-	-	-
SERVICES	-	-	(29)	-
SASSETA	-	-	(75)	-
W&R SETA	-	-	45	-
FIETA	-	-	-	-
FOODBEV	-	-	-	-
	-	-	(60)	-
Payables				
FOODBEV	-	-	-	(28)
Total	-	-	(60)	(28)

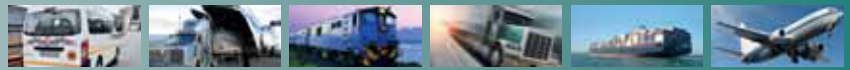
The SETA was controlled by the Department of Higher Education and Training, which is controlled by the Minister of Higher Education and Training.

Transactions with the controlling entity

The SETA receives a monthly transfer from the Department of Higher Education and Training, this transfer is from levies received from the sector. For details on transaction amounts refer to note 2. Transactions with the Department are consistent with normal operating relationships between the entities and are undertaken on terms and conditions that are normal for such transactions.

Transactions with entities under common control.

By virtue of the fact that TETA is a National Public Entity related to other entities and departments in the national sphere of government as such TETA is considered related to Telkom, Eskom, South African Airways, other SETAs and the National Skills Fund. The transactions are consistent with normal operating relationships between the entities and are undertaken on terms and conditions that are normal for such transactions. Where there were transactions and balances arising due to the movement of funds between entities under the common control of the Department, these amounts were disclosed below.



Transport Education and Training Authority

Financial Statements for the period ended 31 March 2016

Notes to the Financial Statements

	2016	2015
	R '000	R '000

29. Related parties (cont.)

Key management information

The key management personnel (as defined by IPSAS 20, Related Party Disclosures) of the SETA are: the members of the accounting authority and the members of the senior management group.

The aggregate remuneration of members of the accounting authority and the number of members receiving remuneration within this category, are:

	2016	2015
Aggregate Remuneration	972	818
Number of Persons	14	15

The senior management group consists of the SETA's Chief Executive Officer, the Chief Operations Officer and the Chief Financial Officer. The aggregate remuneration of members of the senior management group and the number of managers receiving remuneration within this category are:

	2016	2015
Aggregate Remuneration	5 436	4 651
Number of Persons	3	3



Transport Education and Training Authority

Financial Statements for the period ended 31 March 2016

Notes to the Financial Statements

Figures in R '000

30. Transaction with stakeholders represented on the Accounting Authority

The SETA has, in the normal course of its operations, entered into certain transactions with entities which had a nominated representative serving on the SETA accounting authority.

			2016 R '000	2015 R '000
Spoornet/Transnet/Transwerk	Japie Kruger	Discretionary Grants	38 313	16 310
Unitrans	June Dube	Discretionary Grants	1 023	1 071
SA Airways Technical	Sakie Tlou	Discretionary Grants	6 304	-
Sheltam	Lionel Ritson	Discretionary Grants	271	674
Safmarine	Geoff Jacobs	Discretionary Grants	2 848	1 362
SATAWU	Veronica Mesatywa, Macolive Oldjohn, Lorraine Wentzel	Discretionary Grants	1 474	3 754

The above transactions occurred under terms that were no more favourable than those available in similar arm's length dealings.

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This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and extend across the width of the page. On the right side, there is a light green curved shape that partially overlaps the white background, resembling a stylized wave or a piece of tape. The overall appearance is that of a clean, unused page from a notebook or a template for writing.

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