



Portfolio Committee on Labour

17 November 2009

Parliament of South Africa



Delegation

Mr. Ivan Molefe	–	Chairperson
Ms. Vikashnee Harbhajan	–	Deputy Chairperson
Mr. Joel Dikgole	–	Chief Executive Officer
Ms. Daphne Matloa	–	Chief Financial Officer
Dr. Hennie Zwarts	–	Chief Operating Officer



Governance Structure

- Total of 12 Board Members
- 6 members representing employers and 6 members representing labour;

Employer Constituencies:

- Retailers' Association – RA (large companies)
- Furniture Traders' Association – FTA (large companies)
- Home of Small Micro and Medium Enterprises Trust – HOST (SMMEs)
- Enterprise Mentorship Organisation of Southern Africa – EMOSA (SMMEs)

Labour Constituencies:

- South African Commercial Catering & Allied Worker's Union (SACCAWU)
- Southern African Commercial Trade Workers Union (SACTWU)
- Entertainment, Catering, Commercial & Allied Workers Union of South Africa (ECCAWUSA)
- Hotel, Liquor, Catering, Commercial and Allied Workers Union (HOTELICCA)
- Federal Council of Retail & Allied Workers (FEDCRAW)



Management Demographics

Level	Black Male	Black Female	White Male	White Female	Coloured Male	Coloured Female	Indian Male	Indian Female
Senior Management	1	1	1					
Executive Management	2	1		1	1		1	
Middle Management	3	2		2	1	1		
Total	6	4	1	3	2	1	1	



Sector Profile

Number of People Employed

Formal Sector – 2 million

Informal Sector – 1 million

Number of Companies

Over 60 000 registered companies (99% small organisations)

Levy paying Organisations – 11 380

Participating organisations – 5 036



Executive Summary

- ❑ Performance score of 4,56 out of 5.
- ❑ 17 out of 19 SLA / NSDS targets achieved except ABET & Disability;
- ❑ Unqualified Audit Report -Sound financial management and corporate governance;
- ❑ Submitted application for re-establishment as a SETA endorsed by W&R stakeholders;
- ❑ Awarded the Good Practice in Skills Development award by Min of Labour;
- ❑ Launched historic International Leadership Development Programme for 15 middle Managers from designated groups to enhance leadership skills and prospects of promotion;
- ❑ Strategic projects implemented to address needs for people living with disabilities, school learners & entrepreneurs
- ❑ Submitted first WSP to Services SETA to reinforce commitment to staff development;





Annual Financial Statements

17 November 2009



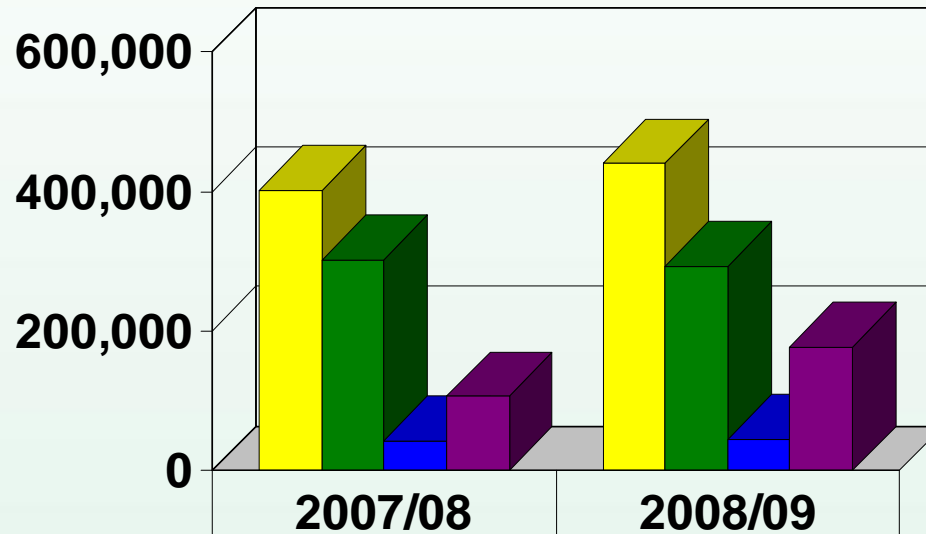
Statement of Financial Performance





31 March 2009

	2008/09	<u>Restated</u> 2007/08
	R'000	R'000
REVENUE		
<i>Skills Development Levy: income</i>	437,382	398,642
<i>Skills Development Levy: penalties and interest</i>	2,855	2,664
<i>National Skills Fund income</i>	-	-
<i>Other income</i>	-	10
TOTAL REVENUE	440 237	401 316
<i>Employer grant and project expenses</i>	(293,897)	(301,956)
<i>Administration expenses</i>	(45,795)	(43,189)
<i>National Skills Fund expenses</i>	-	-
TOTAL EXPENDITURE	(339 692)	(345 145)
SURPLUS/(DEFICIT) FROM OPERATIONS	100 545	56 171
<i>Interest Income</i>	77,364	50,446
NET SURPLUS/(DEFICIT) FOR THE YEAR	177 909	106 617



Statement of Financial Performance



	2007/08	2008/09
 Levy Income	401,316	440,237
 Mandatory Grants	301,956	293,897
 Admin	43,189	45,795
 Surplus	106617	177909



Statement of Financial Position as at 31 March 2009

	2008/09 R'000	2007/08 R'000
Assets		
Non-current Assets	3 264	3 102
Current Assets	777 396	599 107
Total Assets	780 660	602 209
Liabilities and Net Assets		
Current Liabilities	49 624	49 082
Capital and Reserves	731 036	553 127
Total net assets & Liabilities	780 660	602 209



Reasons for Variances

Statement of Financial Performance

Levy income increased by 10%

- 10% salary increases in the sector;
- Number of levy paying companies decreased by 4.4%

Employer Grants and project expenses decreased by 2.7%
vs 14% decrease in 2007/2008

- low disbursements of discretionary grants

Statement of Financial Position

Cash and Cash equivalents increased by 29%

- 53% increase in interest income
- 10% increase in Levy Income



Mandatory Grants

Mandatory Grants disbursement of R 211m – 2% increase vs 2007/08

Mandatory Grant disbursement performance

	No. of Levy-paying Companies	No. of Participating Companies	Percentage
Large	426	349	64%
Medium	1, 088	676	12%
Small	9, 866	4, 031	24%



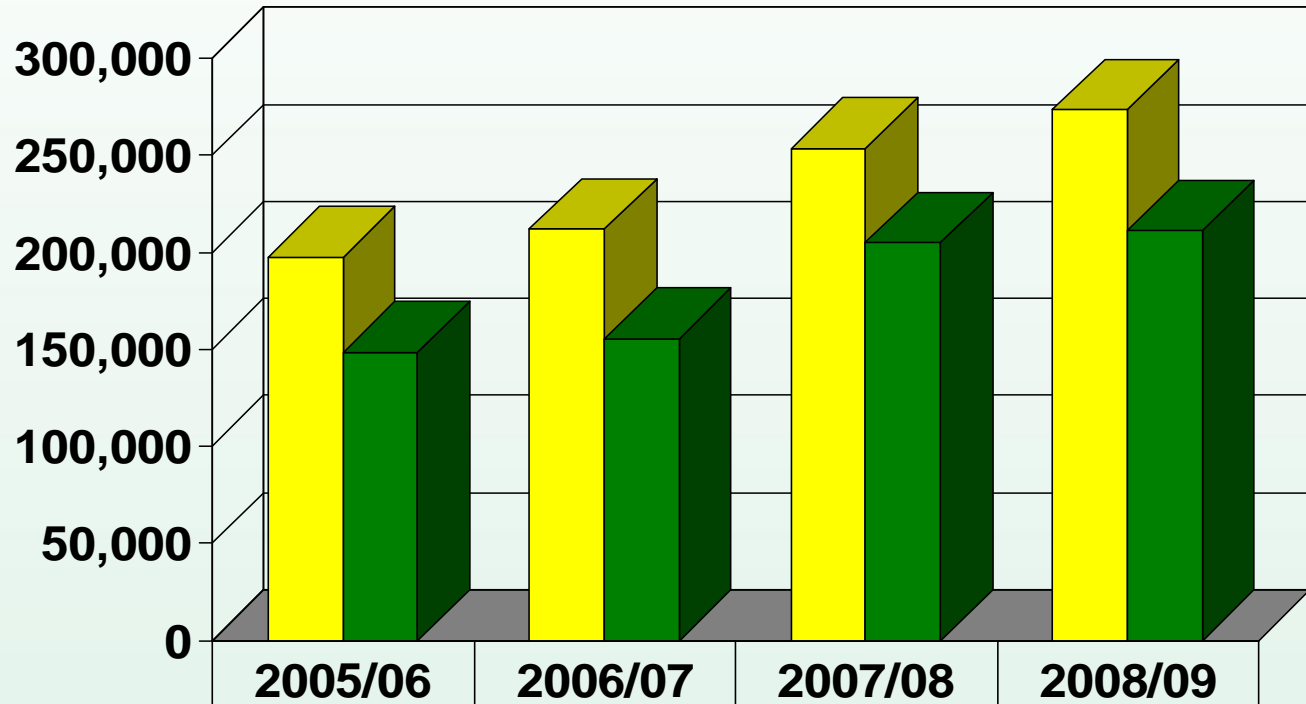
Discretionary Reserves



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Discretionary Reserve	727
Committed and Contracted	(240)
Unallocated reserves as at 31 March 2009	<u>487</u>
Reasons for accumulated reserves:	
Mandatory Grants reserves over 9 years due to low participation from organizations	487
Discretionary Reserves for the same period amount committed not disbursed	240



Mandatory Grants (Cont.)

Levy Income vs Mandatory Grants Payout for the past 4yrs



 Levy Income	197,393	211,925	253,259	273,364
 Mandatory Grants	148,455	155,596	204,691	211,040



Discretionary Reserves (Cont.)

Discretionary Grants paid out R82m

Decreased by 12% due to delays in completion of programmes.

Strategies in place to improve rate of disbursement.

Discretionary Reserves R487m allocated to the following projects:

- SMME Voucher project R 51m
- Regional projects R 85m
- Learning Programmes (including Retrenchees) R100m
- Training Lay Off Scheme R120m



2008/09 Audit Report

Unqualified Report with emphasis of matter:

- ❑ Basis of accounting – The SETA as a going concern.
- ❑ The corresponding figures for 31 March 2008 have been restated as a result of an error in the prior year financial statements.
- ❑ Fruitless and wasteful expenditure amounting to R123,000 resulting from a late submission of VAT returns relating to 2005.



Outsourced Services

Service	Budget	Exit Strategy
Information Technology	R 4.7 m	Evaluation of SLA and model will inform decision
Legal	R 830 k	Expert legal advice only sought in exceptional matters
Project Management	R 500 k	Once off Assignment
HR – review of organisational structure	R 268 k	Once off Assignment
Recruitment & Payroll Admin.	R 196 k	Ongoing





PERFORMANCE vs SLA TARGETS

17 November 2009



2008 /09 DoL SLA Scorecard

	Average Score for Current Year	Weighting of Scorecard Page for Current Year	Weighted Score for Scorecard Page for Current Year	Results
NSDS 2005 – 2010 Equity Principles (Disability)	2	5.0%	0.10	Not Achieved
NSDS 2005 – 2010 Governance	5	10.0%	0.50	Achieved
NSDS 2005 – 2010 Funds Management	5	10.0%	0.50	Achieved
NSDS 2005 – 2010 Provincial Linkages	5	5.0%	0.25	Achieved
NSDS 2005 – 2010 Service Level Agreement (SLA) Targets		70.0%	3.21	
SUB TOTAL SETA Quantative Score		100.0%	4.56	
Total percentage of scorecard pages for which SETA data is verified as current and accurate			100%	



Mandatory Grants

Number of People Trained = 328,155

Top 10 Training interventions:

- Sales Persons, Assistants and Reps.
- Retail Managers
- Cashiers – Skilled Workers;
Service Workers;
Clerical Administrative
- General Admin & Finance
- Store Persons (packer, shelve packer, driver)



Office Cashiers,

Merchandisers

Debtor's Clerk and Collector

2008/09 Discretionary grants

Beneficiaries

LEARNING PROGRAMMES	LEARNERS ENTERED	LEARNERS COMPLETED
Employed Learners	3 659	4 518
Unemployed Learners	2 442	1 014
ABET	1 168	375
Workplace Experience	465	320
New Venture Creation (NVC)	66	34
Total Beneficiaries	7 800	5 973



Learner Placement

Company name	Number of learners placed
Score	35
eDeaf	38
Smollan	302
Grassroots	22
Edcon	325
Shoprite checkers	499
Woolworths	420
TOTAL	1741



New Strategic Projects

Project	Budget	Beneficiaries
Grassroots Pre-learnership Preparatory Project	R 1m	30
SEDA New Venture Creation	R 4,5 m	100
Free State Public Works (New Venture Creation)	R 4 m	30
Fetola Mmoho SMME Crafts Project	R 2 m	90
International Leadership Development Programme	R 10 m	30
SMME Training Voucher	R 51 m	7000
Association of Accounting Technicians South Africa	R 4,97 m	50
Thabo Mbeki Development Trust for Disabled People II	R 8 m	100
eDeaf Learnership for People with hearing disabilities II	R 2, 6 m	40



W&RSETA / CTFLSETA Collaboration

Clothing, Textile, Footwear and Leather (CTFL) sector is one of the strategic & critical components of Wholesale and Retail value chain.

CTFL one of the sectors severely affected by economic recession.

Task Team composing of Board members and CEOs established to address strategic issues.

- ❑ R 5m joint learnership project on scarce & critical skills
- ❑ R 20m allocated to CTFLSETA for Training Layoff Scheme



Success Stories

Tshinelela Tshimong

10 learners from NVC project operating from JHB Fruit Produce Market. They supply fruit and vegetable hampers to the JHB Water and the community.

Pick 'n Pay – Sebokeng

Mohau Mosai and his brother operate a Pick 'n Pay Family store in Sebokeng. Mohau is one of the beneficiaries of the SETA's New Venture Creation project. The store employs 82 workers from the community and give back to the community.

Lethabile Pick 'n Pay – Brits

Neo Paka came to Johannesburg from his hometown of Kroonstad in search of a better life. He opened his business on 8 October 2009 after completing the W&RSETA NVC project.



Challenges

- SMME participation - only 50% in Mandatory Grants;
- Poor learner employment placement & workplace experience participation
- Poor ABET uptake and completion;
- High learner dropout rate-50%
- Non achievement of 4% target of people living with disabilities;
- Few Rural/Semi Urban skills development interventions
- R29m Discretionary Grants written back - under subscription on projects;
- Large cash reserves due to slow delivery and writebacks



2000 – 2009 Highlights

- ❑ Unqualified audit reports by Auditor-General since inception;
- ❑ Flagship project, RAVE benefited 10 256 retrenched and small business owners to start new businesses and improve existing businesses respectively – invited by French Development Agency to share best practice from project;
- ❑ 9 Qualifications and 20 Learnerships registered with SAQA;
- ❑ 21,000 learners completed learning programmes (learnerships and skills programmes);
- ❑ 4 489 learners currently registered in learnerships and 3 543 in skills programmes;
- ❑ 8 203 learners certificated (learnerships); 4 616 unemployed and 3 587 employed;





Graduates from the Builders' Warehouse Learnership Programme

2000 – 2009 Highlights

- Pre-learnership programme for people with disabilities -hailed by DoL Minister as ground-breaking and exemplary to SETAs and government;
- Successfully implemented first-ever SMME Training Voucher project for the sector;
- Historic International Leadership Development Programme;
- 45 Constituent and 70 Independent Training Providers accredited;
- 2, 55 out of 3 for SAQA Audit on ETQA;
- ETQA re-accredited up to 2011;
- Only SETA awarded Best Practice Award by Minister of Labour;
- Recognition as an Investor in People





Joel Dikgole, the Minister of Labour Membathisi Mdladlana and Thabo Mbeki Development Trust (TMDT) CEO Thulani Tshabalala with disabled learners at the launch of the W&RSETA sponsored project for the disabled in partnership with TMDT

2000 – 2009 Highlights

- ❑ Pioneers in accreditation BEE Training Providers (50 provisionally accredited);
- ❑ Developed Skills Programmes Matrix and Career Path for sector.
- ❑ Ikusasa Pilot Project to encourage learners to choose careers in wholesale and retail sector successfully implemented in 2008 and benefited 50 grade 12 learners;
- ❑ 390 Career Guidance Counselors nationwide capacitated on W&R careers;





First Accredited BEE Training Providers at the certification ceremony in October 2007

2000 – 2009 Highlights

- ❑ Over 60 000 registered companies; over 90% SMMEs
- ❑ 11.4K levy paying companies -5K participating
- ❑ R 2,7 billion in revenue received
- ❑ R 1, 18 bn disbursed to companies in mandatory grants
- ❑ R 566 m expenditure on projects
- ❑ R 727 m in Reserves
- ❑ R 278 m funded administration costs
- ❑ R 660 m committed for new projects including R 120 m for Training Layoff Scheme
- ❑ 270 000* average number of workers trained annually

* ATRs



Responding to the Economic Crisis

Training Layoff Scheme

Impact on W&R Sector

- 66 000 jobs lost in first quarter of 2009*
- R 100 m allocated to wholesale and retail sector;
- R 20 m allocated to clothing and textile sector which is one of the strategic value inputs of the wholesale and retail sector;
- 3 applications being processed by CCMA;
- Systems and processes are in place to implement the scheme



*Statistics South Africa - Quarterly Labour Force Survey

THANK YOU

