

SERVICES SECTOR EDUCATION & TRAINING AUTHORITY



ANNUAL REPORT 2011



higher education
& training
Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA



TABLE OF CONTENTS

PAGE

Vision	3
Mission	3
Overview	4- 5
Administrator's Report	6 - 7
Industry Team	8
Industry Chambers	9 - 12
Small Medium Enterprises Report	13
Discretionary Report	14 - 15
Disability Report	16 - 18
Ability Portal	19
Artisans Report	20 - 23
SETQAA	24 - 26
Provincial Report	27 - 31
Human Resources Report	32 - 33
Communications	34 - 35
Corporate Governance:	37
• Materiality Report	38
• Audit Committee Report	39 - 41
• Auditor-General's Report	42 - 44
Annual financial statements	45
Acronyms	82 - 83
Regional / map contacts	84

"It is my pleasure to present to you the Annual Report of the Services SETA for the financial year ended 1 April 2010 to 31 March 2011."



Dr Blade Nzimande
MINISTER OF HIGHER EDUCATION AND TRAINING

VISION

Services SETA will instil in South Africa's working communities a tangible, trainable, certifiable and accountable measure of service excellence, which it will be proud to benchmark against comparable international standards of service.

MISSION

The Stakeholders in the services sector are committed to ensuring that:

- National standards and qualifications in the sector and sub-sectors are created and registered onto the national qualifications framework, which will be used to curricula, assess, certify, and manage performance in the sector to develop targeted skills and generic service skills.
- Quality learning provision is maintained throughout the sector.
- Information is gathered and a database is created and maintained to target generic and specific skills development; engage in ongoing skills audits inside the labour market, including the unemployed and in labour pools from learnerships and skills programme activities.
- Implementation of the sector skills plan, taking the specific needs of diverse sub-sectors into account in terms of practice and law.

OVERVIEW

1. MEMBERSHIP

Member Size	Count of SDL - NO
Large	1 582
Medium	3 107
Small	139 681
Unclassified	11 139
Other	120
Grand Total	155 629

Member Status	Count of SDL - NO
Closed	7 097
Non-Paying	110 351
Paying	17 082
Paying (Under R 5 000)	21 099
Grand Total	155 629

2. QUALIFICATIONS, SKILLS PROGRAMMES AND CURRICULAR STATISTICS

Active registered qualification	97
Expired qualifications (Requested re-registration)	85
Skills programmes	30
Curricula Available	78
Curricula to be Reviewed	59
Recognition of Prior Learning Tools	40

3. STATISTICS FOR INTERNSHIP AND GAINFUL EMPLOYMENT FOR 2010/2011

	*Internships 4.2 Experiential	People with Disabilities	Gainful Employment
Target	3 870	232	3 096
Total Reported	4 206	273	3 191
Over Target	336	41	95
Total %	108.68	117.67	103.07

* An internship for graduates to gain workplace experience

4. CUSTOMER SERVICES

The Customer Service Department (CSD) has maintained its commitment to a code of service excellence to all Services SETA stakeholders. The promise is to deliver excellent service based on telecommunications, at hand service and even e-mail queries and complaints.

In order to improve on the service delivery and accurate statistics maintenance, the department constantly engages with the various Managers to ensure that:

- There is always a designated individual (a Customer Service Representative) in their departments who is responsible for departmental queries and complaints.
- The nominated Customer Service Representative (CSR) receives adequate training. This enables the Customer Service department to be in a position to hold relevant CSR accountable if there is poor service delivery.
- The CSR is well informed regarding staff movements, promotions, departmental changes etc. are communicated and relevant adjustments are applied.

This has enhanced the service delivery in terms of queries/complaints being directed to relevant staff for resolution also enabling the CSD to compile accurate statistics and determine trends and remedies.

In order to maintain stakeholder satisfaction, the following electronic mail is still available:

customercare@serviceseta.org.za

This address is used to communicate any query, complaint or compliment. This address is open and available to any person wishing to communicate directly to the Customer Service Department of the Services SETA. This is one of our most effective liaison devices. All queries/complaints coming through to this mailbox are treated as priority.

unsubscribe@serviceseta.org.za

This address is designed for members who wish to unsubscribe to one of our communication methods namely, post, fax or e-mail.

Feedback

This is a page where you as our clients may give us feedback in terms of what your perception of the Services SETA is and communicate any concerns you have.



ADMINISTRATOR'S REPORT

The Annual Report of the year ended 31 March 2011, represents an account of the financial year's activities, expenditure and crucially, the impact of such activities on the skills situation in our sector. In terms of Government Gazette No. 33756 of November 2010, the SSETA has been relicensed for a further five years, up to 31 March 2016. The new license enjoins the SSETA to set in place a five year Sector Skills Plan (SSP) and Strategic Plan that are guided by a new mandate – National Skills Development Strategy (NSDS 3). Accordingly, this Annual Report also represents a conclusion of the NSDS 2 (2005 – 2010) period, and as such, it is appropriate that we reflect (however, succinctly), on the highlights of our work in this period.

We take great pride in the inroads that we have made in a variety of areas, including the enrolment of 28 480 employed learners in various learning programmes (including learnerships, apprenticeships and skills programmes). Of these, 73% have successfully completed these programmes. We were also able to enrol 46 653 unemployed learners, 67% of these learners have successfully completed the programmes. We are particularly pleased to announce that in the period under consideration, we have trained 9 275 learners in critical skills programmes, that were covered by sector agreements from Higher Education (HE) and Further Education and Training (FET) institutions. These learners were supported in order to gain work experience locally or abroad and 50% of these learners found employment and self-employment. We trained and accredited 2 659 skills development facilitators and sector specialists. Over and above this, we disbursed funds (mandatory grants) to 2 465 large companies (151+ employees), 2 781 medium companies (50 – 150 employees), for them to conduct training and support employment equity targets. Furthermore, we supported 39 690 small companies (1 – 49 employees), to improve the skills levels of their employees.

Although we identified and made a start in the areas of transformation, focus on disability and rural penetration, we readily accept that there is massive room for improvement in all these areas. It is precisely for this reason that the SSETA will be paying attention to these areas, moving forward. Indeed, we have designed policies and set aside resources to significantly improve our performance and impact for disabled persons, rural communities and transformation in our sector and its various sub-sectors.

Although much of the period we are accounting for falls in the financial year ending 31 March 2011 (before the SSETA was placed under Administration on the 21st April and 07 July respectively), it is nonetheless the responsibility of the current Accounting Authority to account for and embrace all aspects and activities of the period under consideration (good, bad and ugly). In this regard, it is worth making a few remarks in order to set this Annual Report in perspective:

In the first instance, and as much of the report should clearly demonstrate, a great deal of very commendable work was done in this period. What is more, every attempt was made to ensure that the interventions met with the requirements and dictates of NSDS 2.

Having conducted a thorough analysis of this work, the current Accounting Authority (AA), is in the process of deepening the SSETA's responsiveness to the needs of the sector, the economy and the skills needs of our country. Indeed, quality management processes are being put in place to ensure that compliance to NSDS 3 is not tentative and innocuous, but really goes to the heart of our country's socio-economic needs. Moving forward, these interventions are going to be measured for impact on the skills situation and impact on the services sector of the South African economy.

Secondly, as much as we are not particularly pleased with the Auditor-General's (AG) report, we are confident that all the concerns identified by the AG in our finances, accountability, governance and IT security present an opportunity for all key players in the governance of the SSETA. The Auditor-General's report for the financial year ending 31 March 2011, presents difficult lessons for the AG, Internal Audit Committee and crucially, for the SSETA Board. We all recognise this and we take the lessons to heart.

"Indeed, quality management processes are being put in place to ensure that compliance to NSDS 3 is not tentative and innocuous, but really goes to the heart of our country's socio-economic needs."

ADMINISTRATOR'S REPORT

Finally, the Administration process is essentially and fundamentally overhauling the workings, operations and strategic focus of the Services SETA. This process of re-stabilising the organisation is well underway and we are confident that this will eventuate in an improved entity devoted primarily to skills development, economic growth and development and a significant reduction in poverty. For this to be achieved of course, the governance, policies, structures, procedures and systems of the SSETA is an essential starting point.

In presenting the Annual Report, we also take this opportunity to express our gratitude to the staff of the SSETA, we know that the past few months have been very traumatic and I can only imagine how difficult it must have been to survive the uncertainty of the past period. Your perseverance is truly appreciated. We also thank our stakeholders for the foresight that led to the resolution of the madness that gripped our organisation, your leadership and continued guidance is appreciated.

"This process of re-stabilising the organisation is well underway and we are confident that this will eventuate in an improved entity devoted primarily to skills development, economic growth and development and a significant reduction in poverty."



DR SIHLE MOON

SERVICES SETA
ACTING CEO AND ADMINISTRATOR





OUR GROUP INDUSTRY TEAM:

Front row: Gizelle Hutchinson, Priscilla David, Nontokozi Zondi

Back row : Shainaaz Rambehary, Nomfezeko Vendle, Joelyga Lawrence, Dharmisha Govind, Chantel Rodrigues, Naseema Haffejee, Chantal Monyane

INTRODUCTION OF CHAMBERS

The Structure of the Services SETA consists of chambers, which cover a broad range of industries within the Services Sector. Each chamber is responsible for managing skills development within the scope of its own particular sector. The main function of the industry chambers are:

- To identify organized business and labour bodies.
- To ensure that standards and qualifications are aligned with the Sector Skills plan.
- To ensure that the industry requirements are aligned with the Sector Skills plan.
- To facilitate the process of Skills development within the Services Sector.

CHAMBER MANAGERS		INDUSTRIES
Nontokozo Zondi	84202	Property management
	99053	Valuers (including auctioneers)
	84203	Estate agency
Naseema Haffejee	9024	Beauty treatment (Including nail, skin and health)
	9930	Funeral and related activities
Shainaaz Rambehary	99055	Call centre management
	88910	Labour recruitment and provision of staff
Priscilla David	99056	Event and conference management excluding the operation of convention centres
Nomfezeko Vendle	99052	Truck and plant hire
	99035	Miscellaneous item hire (video, car, etc.)
	99002	General cleaning
Chantal Monyane	99014	Quality management and related services
	88000	Other business activities including administrative and secretarial
Chantel Rodrigues	99039	Generic project management
	88141	General consulting (including management consulting code 99015)
Joelyga Lawrence	99023	Men's and ladies hairdressing
	99022	Ladies hairdressing
	75110	National postal activities
	75121	Mail handling and courier services
	95991	Labour relations/bargaining councils
	75111	Banking via post offices
Dharmisha Govind	88130	Marketing research and public opinion polling
	9001	Marketing services
	9002	Marketing communications (including public relations)
	9008	Direct marketing
Gizelle Hutchinson	88141	General business consulting
	88900	Business consulting (NEC) Commercial services
	99090	Commercial services (NEC)
	95992	Associations/federations/umbrella and professional bodies

INDUSTRY CHAMBERS

1. NUMBER OF MEMBER COMPANIES (LEVY AND NON-LEVY MEMBERS AS WELL AS SIZE)

CHAMBER	LEVY	NON-LEVY	SMALL	MEDIUM	LARGE
Communication management services chamber	459	2 097	2 476	52	28
Labour recruitment and provision of staff	530	1 946	2 035	235	205
Permanent employment services	2	2	3	0	1
Employment agencies and temporary employment services	11	4	11	2	2
Temporary employment services	1	4	3	0	2
Call centre	17	10	23	0	4
Ladies hairdressing	33	661	692	0	2
Men's and ladies hairdressing	330	5 267	5 548	36	13
Bargaining council	1	0	0	0	1
Generic project management	182	112	261	20	13
Beauty	62	799	850	10	7
Funeral	134	447	554	20	7
General consulting services	528	3 346	3 789	49	36
Associations, federations, umbrella and professional bodies	7	19	25	1	0
Business activities N.E.C	512	3 405	3 825	58	34
Commercial services	6 741	45 119	50 888	696	276
Consulting and related services	2	17	19	0	0
Other service activities N.E.C (commercial services)	1 543	9 839	11 150	156	76
Event and conference management excluding the operation of convention centres	2	8	10	0	0
Banking via post office	1	2	3	0	0
Mail handling and courier services	2	20	22	0	0
National postal activities	23	216	229	8	2
Quality management related services	880	641	400	47	21
Other business activities	508	2 256	2 762	60	12
Property management services	232	201	229	2	1
Real estate	997	9 501	0	0	10 498
Auctioneering	2	32	0	8	24
General cleaning services	231	1 299	-	-	-
Hiring services	338	1 512	-	-	-

2. NUMBER OF ACCREDITED PROVIDERS ON FULL QUALIFICATION

Communication management services chamber	21
Labour recruitment	4
Call centre	27
Hairdressing	40
Bargaining councils	6
Generic project management	24
Beauty	6
Funeral	2
General consulting services	54
General cleaning services	20
Real estate	19
Auctioneering	1
Other business services	15
Hiring services	2
Postal services	The postal industry is the only training institute within the postal sector and is accredited for all postal qualifications. The Services SETA Registrar will develop postal qualifications as soon as a consultant's contract is approved.

3. NUMBER OF CONSTITUENT ASSESSORS AND MODERATORS

CHAMBER	ASSESSOR	MODERATOR
Communication management services chamber	55	53
Labour recruitment	15	8
Call centre	28	15
Bargaining council	32	48
Generic project management	37	26
Beauty services	11	4
Funeral services	2	2
General consulting services	422	251
Real estate	68	0
General cleaning services	199	51
Hiring services	9	2
Quality management services	6	4
Other business services	183	94

INDUSTRY CHAMBERS

4. PROFESSIONAL DESIGNATION

4.1 The Communication Management Services Chamber has the following designations registered with SAQA:

- Chartered Marketer South Africa (CMSA)
- Marketing Practitioner South Africa (MPSA)

4.2 The Direct Marketing industry has identified the following four designations for their industry namely:

- Interactive and Direct Marketing Affiliate - (IDMAff)
- Interactive and Direct Marketing Practitioner - (IDMPrac)
- Interactive and Direct Marketing Professional - (IDMPro)
- Master of Interactive and Direct Marketing - (MIDM)

4.3 The PR industry also has submitted an application for professional designations for the following:

- PRP - Public Relations Practitioner
- CPRP - Chartered Public Relations Practitioner

4.4 The SSETA and Estate Agency Affair Board (EAAB) developed the following designations for the Real Estate industry:

- Chartered Practitioner in Real Estate (CPRE)
- Master Practitioner in Real Estate (MPRE)
- Professional Practitioner in Real Estate (PPRE)

In terms of the research industry, designations still need to be identified.

4.5 Two Professional designations were identified i.e. Certified Team Leader and Certified Manager. The designations to be registered once a Professional Body has been established.

4.6 Beauty Health and Skincare Designation NQF Level 5 and the Beauty Practitioner NQF Level 4.

4.7 Funeral Director NQF Level 5 and Funeral Practitioner NQF Level 4.

SMALL MEDIUM ENTERPRISES (SME) REPORT

In accordance with the NSDS 2, the SME Division is responsible for providing skills development initiatives to the following legal entities:

- Small and medium enterprises
- Non-levy paying enterprises
- Non-Governmental Organisations
- Community Based Organisations
- Cooperatives



Ria Jordaan
SME MANAGER

The strategy has been to provide a basic knowledge of the legislative requirements these entities have to comply with, as well as basic knowledge of basic business skills such as finance, marketing and risk management.

This is the second year that the SSETA has rolled out these two training projects. The training sessions have been highly praised for their efficiency and professionalism.

Interventions were held in all the regions and together with the Department of Social Health and Welfare in the Northern Cape, we also ran a successful pilot project on Capacity Building for Non-Governmental Organisations in five rural districts. This was the first training session that the people from these districts have ever attended.

The SSETA Regional Offices have performed well in reaching SME's through the Toolkits Project. Toolkits consisting of a DVD and a manual have been created to focus on SME's who are out of reach from SSETA regional offices to attend training sessions.

Below is a table with the results of the SETA Quarterly Monitoring Report received from the Sector Skills Planning Division.

NSDS INDICATOR RESULTS:

INDICATOR:	TARGET	ACHIEVEMENT	PERCENTAGE
Indicator 2.2 Levy paying SME's	6 550	9 944	152%
Indicator 3.2 Non-levy paying SME's	6 208	8 092	130%
Indicator 3.2 Non-Governmental Organisations	776	943	122%
Indicator 3.2 Community Based Organisations	388	468	121%



Rajan Naidoo
DISCRETIONARY PROJECTS
MANAGER

DISCRETIONARY REPORT

The budget allocation for discretionary grants projects is the single largest expenditure component of the Services SETA. The majority of the SETA's staff resources are dedicated toward discretionary project management activities. The discretionary grants projects derive their mandate and scope from the annual service level agreement between the Services SETA and the Department of Higher Education and Training. Consequently, every discretionary funded project is aligned to a service level agreement objective. This report focuses primarily on the state of project management in the SETA and the categories of approved projects.

STATE OF PROJECT MANAGEMENT WITHIN THE SERVICES SETA

The Services SETA has a dedicated Project Management Office (PMO) which develops policy and methodology for the implementation of projects within the organisation. The PMO also guides approximately 30 project managers and their staff in the use of the project policy and methodology framework. The methodology prescribes documents, processes, approval mandates and governance oversight of projects. The internal implementation of project management methodology, within the current structural paradigm, has reached an acceptable (85%) level of maturity. However with NSDS 3 on the horizon, a structural revision aligned to that focus is required as part of evolutionary change. The governance role within the Services SETA was executed by a committee (Discretionary Grant Committee) comprising 14 members of the SETA council. Their role included approval of projects in excess of R2.5M and reviewing of project managers' quarterly reports on current projects. The committee held project managers accountable for delivery on approved projects and made appropriate recommendations to move project implementation forward.

DISCRETIONARY PROJECT CATEGORIES WITHIN THE SERVICES SETA

The Services SETA was broadly mandated by the Department of Higher Education (DHET) through an annual service level agreement. However, the Services SETA had discretion on the exact nature and type of projects approved and executed. The Services SETA approved a total discretionary project budget of approximately R 305M and implemented 130 discretionary funded projects during the 2010/11 financial year. The following is a description of the categories of projects for the financial year of 2010/11:

Credit bearing qualifications

This type of training cuts across several delivery objectives of the DHET service level agreement. In principle, the training included any intervention which could result in the learners being awarded credits towards a qualification or part thereof on the National Qualifications Framework (NQF); or through qualifications offered by institutions accredited by the Council for Higher Education (CHE) or other such bodies. In some instances the interventions targeted specific constituencies such as labour, disabilities, youth and rural. Credit bearing training comprised approximately 83% of the total discretionary budget of the Services SETA and included learnerships, internships, skills programmes, artisans and apprenticeships undergraduate and post graduate bursaries. The training was directed at both employed and unemployed learners. The learners ranged from those at levels of basic adult education and training, through to those doing post-graduate management studies. Training that further enhanced the capacity for the delivery of education and training such as assessor, moderator and skills development facilitator training was also undertaken and competent candidates were awarded credits towards qualifications on the national qualifications framework. These projects were rolled out with specific enrolment, competence and gainful employment targets as measures of success. Most credit bearing enrolment targets were achieved to a minimum level of 95% and beyond.

Research projects

The Services SETA's DHET service level agreement mandate included research into skills development within the services sector. The research areas related to skills development in individual sector industries, small and medium business development, international best practice in skills development, labour's role in skills development, tools and techniques in cognitive development and a number of other areas. The research was intended to support the compilation of the sector skills strategy. The research comprised about 3% of the total Services SETA discretionary budget allocation. Challenges were experienced in rolling out some of the research projects as stakeholder participation did not initially meet required sample sizes, which delayed research completion. Overall however, most of the research is of high quality and has produced useful information to guide strategy.

Non-accredited short courses

The Services SETA was mandated by the DHET service level agreement to support small business, Non-Governmental Organisations (NGO's) and Non-Profit Organisations (NPO's) through improving the skills of their owners or managers. The Services SETA ran workshops on subjects common to small business, including corporate governance, basic accounting and finance, marketing, managing NGO's/NPO's, labour and payroll management and project management. This type of training comprised about 7% of the total SETA discretionary budget allocation.

The workshops were relatively successful when viewed from the requirements of small business and NGO support. Small businesses require short, intense and focussed training with minimal disruption to their operation. The impact is measured in terms of attendance interest as opposed to business performance before and after the interventions. The attendance satisfied an average of 70% - 90% of planned project targets.

Special projects

The Services SETA also embarked on special projects that moved the boundaries of traditional education and training modalities. Amongst these were interventions which improved mathematical skills in schools, cognitive teaching and thinking techniques, quality management audits of member companies, international benchmarking and training activities, mandatory grant support initiatives, industry professionalization initiatives and continuous professionalization activities, qualification generations and review initiatives, accreditation support activities and constituency support interventions. These projects comprised around 3% of the Services SETA total discretionary budget. The impact of these projects was measurable to a varying degree, specific to individual projects.

Conclusion

The Services SETA delivered on the DHET mandate in terms of the service level agreement requirements for the NSDS 2 year 6 (2011) and looks forward toward NSDS 3 and its new paradigm.

DISABILITY REPORT

DISABILITY REPORT

The Services SETA funded a learnership for 200 persons with disability nationally. ATHENA - Private FET College (ATHENA-FET) was successful in its application to run this project and was appointed both as training provider and as lead employer.

ATHENA-FET's management team chose the National Certificate: Business Administration Services NQF2 as the qualification for this learnership as it was the most enabling choice, given their decision to take this project to the most rural sites possible. The following sites were chosen for the implementation of this project:

- Ndumo Mkhuze: Mafikeng / Boitekong, North West
- Umgungundlovu Pietermaritzburg: Empangeni / Trained in Richards Bay
- Dududu Vulamehlo: Uthungulu District, Trained at Kwambonambi
Cape Town (Rural)
Johannesburg

No databases were used in the recruitment of learners. The intention was to give this opportunity to those learners who did not have the luxury of being registered on any database. This was successfully achieved by recruiting the learners from the informal settlements near the host companies and organizations who fulfilled the criteria of being persons with disabilities from rural, economically challenged communities and who had very few or no opportunities of receiving any further education.

ATHENA-FET sought individuals NOT ONLY in wheelchairs or on crutches but included all other categories of physical disabilities. Some of the disabilities that were successfully included on this learnership were Sarcoidosis, Retinal degeneration, Polio (Various / Multiple), Paraplegia, Visual Impairment (Various), Legs-unable to stand for prolonged period, Amputation / Multi-amputee, Partially paralysed, Epilepsy, Cerebral Palsy, Operations (spine, neck, stomach), Spinal cord related disability, Spastic diaphragic (arms and legs have abnormal stiffness), Albinism, Stroke, HIV/ AIDS, Rheumatic vulvar heart disease, Burn victims (leg + hand), Elephantitis, Haemophilia, Dextroposition of the heart, Glaucoma and Mobility Impaired (various).

ATHENA-FET managed to secure the commitment of the following entities to support the learners with the workplace experience component

- Office of the Premier (KZN)
- City Lodge (Umhlanga, Durban, Grand West)
- Sibaya Casino
- MassCash Cash & Carry
- Flying Ant Designs
- Independent Newspapers
- Mass Discounters (Durban, Cape Town)
- Lafarge
- Crossmoor Transport
- Ethekwini Municipality (INK)
- Vulamehlo Municipality
- Enduduzeni Centre for Disabled
- Umkhanyakude District Municipality
- ND Ngwenya (Sicabazini Community Centre)
- Independent Newspapers (Durban, Cape Town)
- The Table Bay Hotel
- Mass Discounts (Game Parrow, Game Mitchell's Plain, Game Grand Central)
- Cape Town Society for the Blind
- Sun International (Sun City, Carnival City, Grand West Casino and Entertainment World)
- DPSA (JHB)
- Standard Bank
- Mbonambi Municipality
- Leomat
- RBCT
- ZCBF
- Bell Equipment
- Vulamehlo Municipality

ASSISTIVE DEVICES

ATHENA-FET is of the conviction that assistive devices are significant in enabling a person with disability to succeed in the work environment. To support this end, ATHENA-FET researched and secured the services of professional, accredited diagnostic organizations, such as the Hellen Keller Institute, to assess learners for relevant assistive devices. ATHENA - FET then purchased the respective devices for the learners to use and to own, thereby making them more employable.

PUBLIC PRIVATE PARTNERSHIP

The success of this project lies in the relationships forged and grown between the various stakeholders both public and private. The one most worthy of mention would be the informal partnership between ATHENA-FET and the Umkhanyakude District Municipality who hosted the learners for a week every month, for the twelve months of the learnership. This was inclusive of transportation from the various local municipalities, hostel facilities and catering. Without this commitment under the leadership of the then mayor, his honourable Mayor Mthombeni, the success of this project would have been significantly curtailed.

GAINFUL EMPLOYMENT

The Business Administration NQF 2 qualification enabled ATHENA-FET learners to articulate into various areas / positions in industry. Our learners have been gainfully employed in the following organisations:

- Britec Laboratories - Durban
- Jozini Tiger Lodge
- Co-ops
- Opened own businesses
- Mosforth Hospital
- Bethesda Hospital
- Mseleni Hospital
- Mbali Clinic
- Mbumbulu Clinic
- EMRS Mkuze
- Matubatuba Municipality
- Msunduzi Municipality
- Hlabisa Municipality
- Fire Department Mkuze
- Nura Gas
- Mtuba Printing
- Department of Transport
- Build It – Mtubatuba, Cape Town
- BHP Billiton
- Richards Bay Coal Terminal
- Zululand Chamber of Business Foundation
- Bid Freight Co-Operation
- Standard Bank - Pietermaritzburg
- Umzinto Prison
- Dududu Post Office
- Eskom
- Mass Discounters (Game) Durban, Cape Town
- MassMart
- Mercedes Benz
- Toyota
- Truworths – Durban, Rosebank
- Westman
- Edcon Group
- Woolworths
- Rennie's
- Gama Classic Funeral Services (Selby)
- BOS (Exporting Company)
- Induna Security Company
- ATHENA - ITN
- Vodacom - Midrand
- Hulamin
- Department of Public Works
- Department of Health
- Ferreiras Deco-World
- Willowton Oil
- Sun International Head Office
- Sun International - The Table Bay Hotel
- Sun International - Carnival City
- Sun International - Sun City
- ABI - Mafikeng
- Builders Warehouse
- Cape Town Society for the Blind
- Shoe Manufacturer in Cape Town
- City Lodge - Durban
- Independent Newspapers

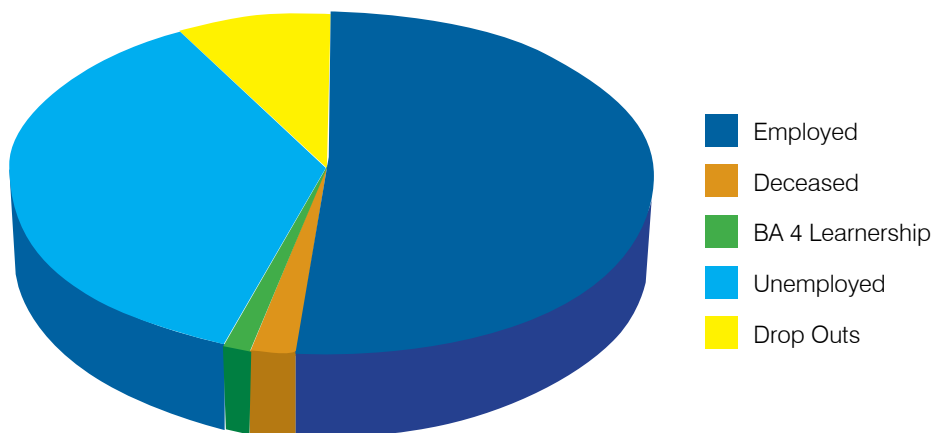
DISABILITY REPORT

LIST OF POSITIONS OCCUPIED BY SUCCESSFUL BUSINESS ADMINISTRATION NQF2 LEARNERS

- Supervisor of cashiers
- Receptionists
- Front desk – receiving guests
- Business Owners
- HR Clerks
- Expiditor
- OHS administrator
- HR Administrator / Clerks
- Assistant Administrators
- PAs to Director / HR Managers
- Surveillance in Casino Gaming
- Cashier
- Queries Clerk
- Admin Clerks
- Payroll Clerks
- IT Support Assistant
- Switchboard Operator
- Quality Control
- Security
- Bookkeeper

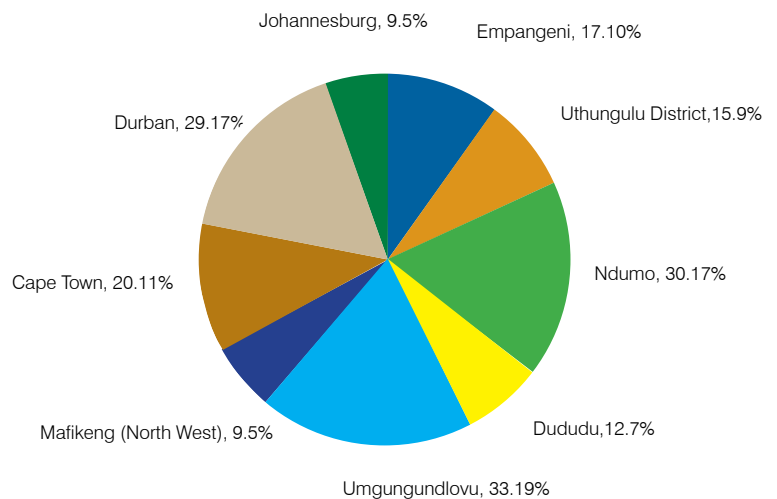
WORKING CLASSIFICATION

Employed	Unemployed	Deceased	Drop Out	BA 4 Learnership
103	73	4	18	2



REGIONAL SPREAD

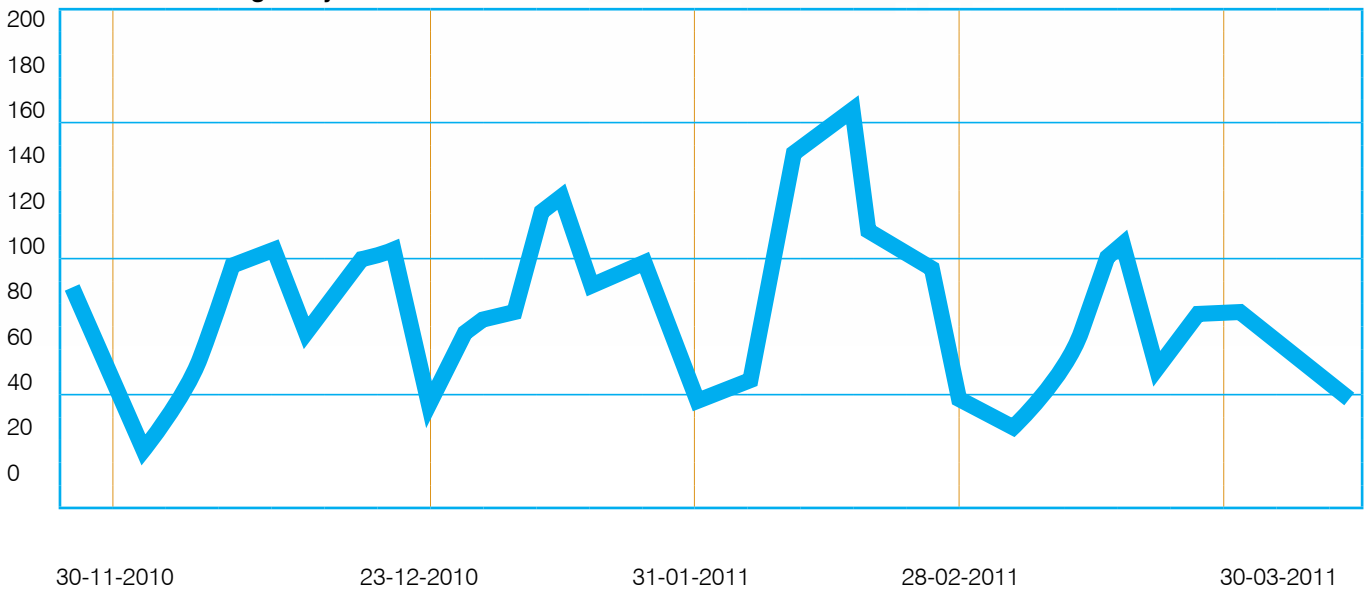
Location	Learners
Empangeni	17
Uthungulu District	15
Ndumo	30
Dududu	12
Umgungundlovu	33
Mafikeng (North West)	9
Cape Town	20
Durban	29
Johannesburg	9



IBILITY PORTAL

The Service's SETA Disability Department's flagship model, the iBility Portal (www.ibility.org.za), is in top form and has stayed true to its mission of revolutionising the way the disabled community and working worlds interact. Many aspects have been revised for the better, and exciting additions include services such as the One Stop Shop. The portal has generated national interest, boasts an impressive arsenal of prospective employers and lists over two thousand job seekers

Visitors accessing iBility Portal:



ARTISANS' REPORT



Petro Smit
ARTISAN'S MANAGER

ARTISANS' REPORT

In the financial year April 2010 to March 2011 all section 13 apprentices completed their relevant phase 1 training. Currently 508 apprentices have progressed to phase 2, and 1 299 to phase 3.

During 2010 the Services SETA scheduled 2 320 trade tests at the Trade Test Centres listed in table A below. Due to circumstances that delayed trade tests, only 850 new trade tests were captured for the reporting period. These 850 certificates exclude hairdresser candidates.

During April 2010 a directive from the Deputy Director General instructed that all Services SETA accredited trade test centres had to be audited. These audits were conducted by the Institute for the National Development of Learnership, Employment, Skills and Labour Assessment (INDLELA).

TABLE A:

Accredited trade and trade test centres that were cleared during INDLELA audits:

Trade test centre	Site	Trade
Afrojap	Witbank	Welder
Desto	Capital Park	Refrigeration mechanic
Desto	Hammanskraal	Bricklayer
		Carpenter
		Plumber
Desto	Pretoria Gardens	Electrician
Desto	Roslyn	Welder
Dragon	Estcourt	Electrician
		Fitter including machining
		Fitter and Turner
		Plater / Boilermaker
Dragon	Newcastle	Welder
		Electrician
		Fitter including machining
Dragon	Lady Smith	Plater / Boilermaker
		Welder
Eden Skills Village	George	Bricklayer
		Carpenter
		Electrician
		Plumber
		Welder
False Bay FET College	Cape Town	Electrician
		Welders
Fluor Training Centre	Secunda	Rigger
		Welder
Ikaheng Training and Development	Bloemfontein	Electricians

ARTISANS' REPORT

Industries Education and Training Institute	Cape Town - Maitland	Bricklayer Plumber Welder
Industries Education and Training Institute	Malmesbury	Bricklayer Carpenter Electrician Plumber
Industries Education and Training Institute	Port Elizabeth	Electrician Refrigeration mechanic Welder
Lira Electrical	Nelspruit	Electrician
Qualitas	Johannesburg	Electrician
SAJ Competency Training Institute	Wadeville	Welder Plater / Boilermaker Electrician Fitter Including Machining
Richards Bay Technical Training Centre	Richards Bay	Electrician Fitter including machining Millwright (Electro Mechanical) Plater / Boilermaker Welder Welder
Steel Image	Nelspruit	Welder
Tekmation Training Institute	Durban	Electrician Instrument Mechanician
Top of the World	Witbank	Plater / Boilermaker Electrician Fitter including machining
* Train Rite	Modderfontein	Instrumentation mechanic Turner including machining Fitter including machining
Umbani	Durban	Bricklayer Electrician Plumber
Umbilo	Durban	Electrician Fitter including machining Millwright Welder
Unique Training Solutions	Bloemfontein	Bricklayer Plumber Welder
West Coast FET College	Vredenburg	Welder

Note: *Trade Test Centre accredited by CHIETA

ARTISANS' REPORT

TABLE B

Lists all the trades test centres that had minor findings, but were cleared at the second audit. Certificates from these Trade Test Centres have been released.

TRADE TEST CENTRE	TRADE	COMMENT
Desto – Hammanskraal	Painter and decorator	To date no trade tests have been conducted and the facilities have been rebuilt. Awaiting INDLELA audit
Industries Education and Training Institute - Maitland	Refrigeration mechanic	Trade was cleared during the audit – Confirmation letter in process
Industries Education and Training Institute - Malmesbury	Welder	Trade was cleared in first audit - Confirmation letter in process
Linnwyn - Watervalboven	Fitter including machining Fitter and Turner	To date no trade test have been conducted. Some shortcomings were identified. INDLELA will re-audit as soon shortcomings had been corrected.
*Train Rite	Electrician	Shortcomings were identified. Awaiting for confirmation from Trade Test Centre that shortcomings had been corrected in order for INDLELA do conduct a verification audit

Note: *Trade Test Centre accredited by CHIETA.

TABLE C

Trade Test Centres listed in Table C experienced major problems. INDLELA and the Services SETA are in the process of assisting the centres remedially.

TRADE TEST CENTRE	TRADE	COMMENT / CORRECTIVE ACTIONS
Ikaheng - Bloemfontein	Diesel Mechanic Motor Mechanic Welder Plumber	The trade test centre moved to new premises. INDLELA discussed the shortcomings as well as the incorrect equipment with Ikaheng. A new audit will be conducted during early June 2011. Trade Tests Officers need to attend training sessions at INDLELA. Training of Trade Test Officers will commence during the second week of June 2011.
Industries Education and Training Institute (IETI) - Maitland	Electricians	INDLELA assisted IETI with the development and building of electrical panels. 10 Section 28 candidates need to be re-tested. The first 5 were re-tested on 16 May 2011. Re-test dates for the next group needs to be scheduled
Qualitas - Johannesburg	Carpenter	To date no trade tests were conducted as the facilities have been rebuilt. Awaiting INDLELA re-audit
	Welder Diesel Mechanic Motor Mechanic	Qualitas indicated that all shortcomings have been corrected. New audit date to be scheduled.
Sakhu Mnotho - Queenstown	Bricklayers Plasterers	Trade Test Centre moved to new premises. To date no trade test have been conducted as the facilities have been rebuilt. Awaiting INDLELA re-audit
TRADE TEST CENTRE	TRADE	COMMENT / CORRECTIVE ACTIONS
Umbani Training Centre - Durban	Fitters Including Machining	Trade Test Centre moved to new premises. Time allocated for two tasks not acceptable. 6 candidates need to be re-tested on two tasks
Northern Training Centre	Bricklayers Carpenters Tilers Plumbers	Services SETA has already withdrawn the accreditation. Desto Hammanskraal is in process of re-testing all bricklayers, carpenters and plumbers. Tilers to be re-tested at INDLELA. The Services SETA is in the process of arranging dates with INDLELA.

Vision FET College	Motor Mechanic Diesel Mechanic	Accreditation suspended by Services SETA. Services SETA met with 22 candidates on 7 June 2011 in order to explain the problem to them and to find out what their availability is to be re-tested at INDLELA.
Training Gate - Gauteng	Electrician Plumber Fitters including machining Welder	All trade testing has been suspended. Discussions between INDLELA, Services SETA and Training Gate are ongoing. The last meeting was held on 25 May 2011. Training Gate needs to submit mark sheets to Services SETA on 30 May 2011. An independent assessor will then evaluate mark sheets and compare with INDLELA mark sheets whereafter a decision will be made.
Training Gate – Cape Town	Electrician	The same problems experienced in Gauteng are applicable in Cape Town. If Gauteng is addressed, Cape Town issues will also be resolved.
Training Gate Limpopo	Electrician Plumber Fitters including machining Welder	Accreditation withdrawn
Unique Training Solutions - Humansdorp	Bricklayers	INDLELA and the Services SETA await the dates on which the candidates will be re-tested.
Umbilo	Plater / Boilermaker	Training Officer has been trained by INDLELA on how to conduct trade test. 17 Candidates need to be re-tested on development. Trade Test Centre needs to buy a new roller as their existing roller cannot roll the prescribed metal sheets

THE FOLLOWING TRADE TEST CENTRES STILL NEED TO BE AUDITED

Goldfields – Welkom
IQ-Tek – Johannesburg
Northlink FET College – Cape Town
Dragon – Limpopo (new centre)

TABLE D AND E

The below tables indicate the new entries and completions of section 13 and section 28 Artisans registered by the Services SETA related to Indicators 2.8 and 4.1.

TABLE D

New Entries for sections 13 and 28

SECTION 13 NSF (REPLACEMENTS)	SECTION 28 NSF	SECTION 13 UNFUNDED	SECTION 28 UNFUNDED	TOTALS
25,00	258,00	107,00	1 008,00	1 398,00

TABLE E

Completed

SECTION 1 3 SETA FUNDED	SECTION 28 SETA FUNDED	SECTION 13 NSF	SECTION 2 8 NSF	SECTION 13 UNFUNDED	SECTION 28 UNFUNDED	TOTALS
5,00	699,00	0,00	146,00			850,00

For the reporting period the Artisan unit registered 354 new contracts for hairdressing apprenticeships for unfunded section 13 apprentices. For the same period 356 Hairdressers successfully completed their trade tests. All expenses towards Apprenticeship / Artisan training are reflected in the financial reports

1. ACCREDITATION DIRECTORATE

The Services SETA ETQA has a total of 746 accredited providers whose accreditation will expire on 26 September 2011 due to the fact that the Services SETA's accreditation as an ETQA expires on this date. Of the 754 accredited providers, 382 providers uploaded 4 096 batches of learners, reflecting 55 705 learners to the SSETA. Of the 55 705 learners, 26 593 learners were exited on band level and 15 811 learners received statements of results for skills programmes. Compared to previous financial years, the statistics show a substantial increase in learners successfully certificated on band level as well as on skills programmes. This increase could be attributed to the fact that training providers, assessors and moderators are adhering to quality rules and are capacitated to meet all required deliverables. Fewer providers needed remedial external moderations and learners could be exited faster than in the past.

The following breakdown shows the number of providers per province:

Count of accredited providers per region:

PROVINCE DESCRIPTION	COUNT PROVIDER
Eastern Cape	53
Free State	22
Gauteng	652
Kwazulu Natal	151
Limpopo	5
Mpumalanga	23
North West	14
Northern Cape	10
Other	3
Western Cape	210
	1,143

2. ONLINE APPLICATIONS

Accreditation online applications received

MONTH	NUMBER OF APPLICATIONS RECEIVED
April 2010	59
May 2010	106
June 2010	89
July 2010	114
August 2010	85
September 2010	96
October 2010	108
November 2010	110
December 2010	66
January 2011	79
February 2011	86
March 2011	114

Total number of accreditation online applications received: 1 112

SETQAA SECTOR EDUCATION AND TRAINING QUALITY ASSURANCE AUTHORITY

RPL APPLICATIONS RECEIVED FROM 01 APRIL 2010 - 31 MARCH 2011:

NEW SUBMISSIONS	EXTENSION OF SCOPE	REMEDIAL
3	5	1

Total number of accreditation RPL applications received: 9

3. THE FOLLOWING MEMORANDUM OF UNDERSTANDING APPLICATIONS WERE RECEIVED AND PROCESSED:

MONTH - 2010	NEW *MOU APPLICATIONS		*MOU REMEDIAL		*MOU EXTENSION OF SCOPE		*MOU RPL		*MOU MONITORING SITE VISIT	
	*APP	*NYA	APP	NYA	APP	NYA	APP	NYA	APP	NYA
April	2	6	3	3	3	4	1			
May	3	6	5	1	2	2				
June	2	4	6	4	5	3	1			
July	5	4	0	1	1	3				
August	1	7	4	3	6	1				
September	1	5	3	3	2	4	1			
October	3	7	2	3	1	1				
November	1	5	10	7	1	2			2	
December	2	2	1	2	3	2			1	
January	1	3	4	3	0	2			5	
Feb	0	5	5	4	2	2			2	1
March	1	8	3	2		3				
TOTAL	22	62	46	36	26	29	3	0	10	1

* NYA: Not yet approved

* APP: Approved

* MOU Memorandum of understanding

4. THE FOLLOWING TABLE INDICATES THE NUMBER OF LEARNER UPLOADS RECEIVED AND NUMBER OF LEARNERS EXITED SUCCESSFULLY

ITEM	TOTAL
Learner data submissions	4,096
Number of providers that submitted learner achievements	382
Number of learners covered by the submissions	55,705
Number endorsed for certification	26,593 (learners)

SETQAA SECTOR EDUCATION AND TRAINING QUALITY ASSURANCE AUTHORITY

Certificates and learner achievements printed

15,811 (learners)

THE REGISTRAR DIRECTORATE

Qualifications, skills programmes and curricular statistics.

ITEM	TOTAL
Active registered qualification	97
Expired qualifications (requested re-registration)	85
Qualifications reviewed (2009 -2010)	10
Qualifications registered for SSETA - New	15
Skills programmes	30
Curricula designed (2009 -2010)	17
Curricula available	78
Curricula to be reviewed	59
FSA Tools	35
RPL Tools	40
SSETA registered learnerships with Department of Labour	73
De-registered learnerships	0
Learnerships applied for registration still awaiting confirmation	4

PROVINCIAL REPORT

The 2010/2011 financial year was arguably the busiest and most challenging year for the provincial offices of the Services SETA (SSETA).

The National focus was to ensure that activities relating to the National Skills Development Strategy 2 were successfully completed and that adequate promotion of the NSDS 3 took place. The historic and celebrated South African Soccer World Cup brought about many challenges to the operations of the provincial offices as most stakeholders shifted their focus from regular operations to support this auspicious event.

One of the challenges we faced as the SSETA, was the attraction of suitably qualified learners from the schooling system for entry into our industry registered qualifications. The SSETA took the opportunity to engage with Provincial Departments of Basic Education and enrolled 100 high school educators on the Feuerstein Instrumental Enrichment Programme. Of the 100 enrolled and trained, 63 were deemed competent.

We are however proud to announce that, in the same spirit that South Africa made Africa and the World proud with the successful Soccer World Cup event, the Provincial office structure also made the SSETA proud in achieving and exceeding targets set by the Department of Higher Education and Training (DHET) for the 2010/2011 period.

THE YEAR THAT WAS

During this last year the SSETA Provincial Office Managers were active participants in the various Provincial Skills Development Forums. The Western Cape Province office launched the country's first Provincial SETA/FET Forum where all 21 SETA's signed a collaborative agreement with 6 FET colleges in the Province. This was in support of the Department of Higher Education and Training requirements.

The promotion of the NSDS 3 took place in the form of provincial roadshows which were collectively attended by over 60% of our levy paying members. These roadshows created platforms for engagement between the SSETA, stakeholders, private and public training providers. The NSDS 3 has been met with great enthusiasm by all stakeholders and extensive discussions have and are continuing to take place on matters relating to:

- Penetration of the rural areas
- Public private partnerships between providers
- SETA/FET collaboration

THE PROVINCIAL OFFICES ARE PROUD TO ANNOUNCE THE FOLLOWING IN TERMS OF NATIONAL STATISTICS

A total of 4,150 learners were enrolled on various industry qualifications during this financial year with a 14% disability achievement across all provinces.

4,076 unemployed individuals who had previously graduated with SSETA qualifications were given employment opportunities as interns with our member companies.

3,266 (80%) of these individuals have since been gainfully employed.

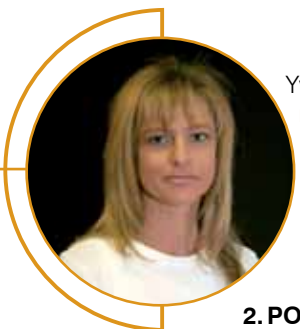
PROVINCIAL OFFICE HIGHLIGHTS AND ACHIEVEMENTS



Ntombekhaya Matyobeni
REGIONAL MANAGER

1. EAST LONDON:

The Border-Kei Region which is managed through the East-London office has established relations with the Provincial Department of Rural Development and the various municipalities within the region. This is aimed to address the issue of access to skills development by communities that are in outlying rural areas. Two projects have been identified that will assist in addressing this issue, one of which is the Accelerated and Shared Growth Initiatives of South Africa (ASGISA) – EC and SSETA collaboration; wherein 60 candidates are assisted with skills and other resources to establish 5 cooperatives in the Mquma and Mbashe municipalities in the Butterworth area.



Yvette Grobler
REGIONAL MANAGER

2. PORT ELIZABETH:

The Port Elizabeth office reported a total of 819 learners enrolled on both funded and unfunded learnerships, skills programmes and bursaries. Of these, over 241 were on funded learnerships and the balance (in excess of 550) being learners taken on by our stakeholders on unfunded learnerships. The Port Elizabeth office made a commitment to enhancing the lives of people living with disabilities; their hard-work paid off in the form of the recording of a song by the Port Elizabeth Disabled Learners' Choir with Justin Hines from Canada. The proceeds from this recording will be used to create further opportunities for these learners.



Lisa Robinson
REGIONAL MANAGER

3. FREE STATE:

The Free State Provincial office was one of the host sites for 361 learners on the Business Practice NQF Level 1, these learners have been placed in outlying areas such as Qwa-Qwa, Bethlehem and Kroonstad. 50 Interns were placed with the Provincial Department of Education with over 80% being placed in various schools in the Province.

Lerato Mbonani
REGIONAL MANAGER



4. GAUTENG:

- 1,500 Workplace Skills Plan and Annual Training Report's received
- 2,666 learners enrolled on various qualifications
- 4,852 learners placed on internship opportunities with 3,191 resulting in gainful employment opportunities.

Nerusha Beecum
REGIONAL MANAGER



5. KWA-ZULU NATAL:

- 1,500 learners enrolled in the past year graduated on the NQF Level 4 Call Centre learnership with a 60% gainful employment success rate.
- 937 Artisan certificates issued in the Province.

Thandi Ramadi
REGIONAL MANAGER



6. LIMPOPO:

Although this office has the greatest challenge in engaging with SSETA stakeholders due to the demographic lay-out (79% Rural), the Limpopo team has shown tremendous growth in their second year of operations in the Province.

- A total of 28 different skills development initiatives took place with over 300 of our levy paying members (out of a total of 320 levy paying members) and a further 93 NGO's and CBO's being supported.
- Over 90 assessors and moderators have been trained with 50 being deemed competent. 33 SDF's have been trained and registered. These SDF's are being supported by the SSETA to ensure that we get maximum engagement with our stakeholders in the Province.
- 81 learners were given internship opportunities with over 30% securing gainful employment

PROVINCIAL REPORT



Roelof Van Rooyen
REGIONAL MANAGER

7. MPUMALANGA:

The Mpumalanga office has, for the past two years, been strengthening their relationships with Provincial Government partners in the region. During this financial year period 50 learners placed with the Mbombela Local Municipality successfully completed their qualifications. A special graduation ceremony attended by Government dignitaries was hosted for these learners.

The Funeral industry, through The Funeral Association for Africa (FAFA), delivered 55 competent learners through RPL. These learners were RPL'ed against the NQF level 3 Funeral Practitioner Qualification. Over 85% of these learners are from stakeholders who operate in the rural areas of Mpumalanga.

The Provincial Office hosted over 70 skills development support initiatives and 1020 individual companies benefited from these initiatives.

- 237 RPL enrollments
- 175 candidates underwent trade testing activities with over 100 being awarded certification
- 6 fully accredited (audited by INDLELA) Trade Testing Centres in the Province



Elaine Maartens
REGIONAL MANAGER

8. NORTHERN CAPE:

The Northern Cape office is in its second year of operation and the biggest challenge has been the lack of accredited training providers in the Province. A total of 12 accredited training providers have been accredited through the efforts of the SSETA Provincial office.

- 115 Assessors and Moderators have been trained
- 101 learners enrolled on the New Venture Creation Level 4 qualification in this financial year period
- 805 companies both levy paying and non-levy paying assisted through various skills development initiatives in the Province.

Ndiphe Ntusikazi
REGIONAL MANAGER

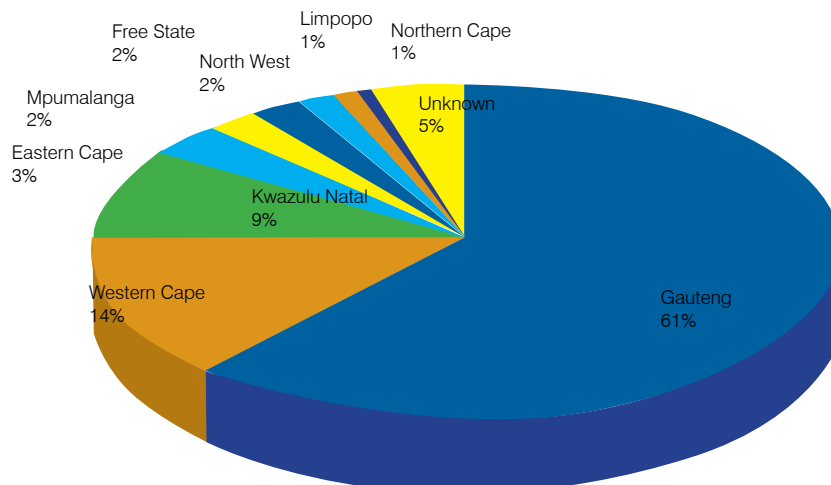


9. WESTERN CAPE:

The Western Cape Province has been the first province to enter into a collaborative agreement between 6 FET colleges and 21 SETAs:

- 904 learners were enrolled on various SSETA qualifications with 100 being enrolled on the Animation 2D qualification.
- 195 individuals were given internship opportunities with 75 of them being offered gainful employment opportunities.

STATEHOLDER DATABASE : 2010 - 2011 (PROVINCES)	GAU	WCP	KZN	ECP	MP	FS	NW	LP	NCP	UNKNOWN
Levy Paying	20 558	4 640	2 980	1 095	807	745	605	320	185	1 510
% of Regional Levy Paying members	23%	21%	21%	17%	22%	17%	18%	17%	14%	25%
Non Levy Paying	70 188	17 935	10 943	5 469	2 834	3 750	2 737	1 546	1 095	4 438
% of Regional Non Levy Paying	77%	79%	79%	83%	78%	83%	82%	83%	86%	75%
TOTAL MEMBERS	90 746	22 575	13 923	6 564	3 641	4 495	3 342	1 866	1 280	5 948



HUMAN RESOURCES REPORT

HUMAN RESOURCES DIVISIONAL STRUCTURE

The Human Resources division has restructured to incorporate the following important elements:

- Human Resources
- Industrial Relations
- Training
- Recruitment
- Health and Wellness
- Payroll

DEMOGRAPHIC PROFILE

As at 31 March 2011 we had a staff complement of 227 employees. This was two employees less than we had the previous year. The racial composition of our staff was highly representative of all racial groups of the South African population, namely 121 Africans, 44 Whites, 36 Coloureds, and 28 Indians.

Of all employees working at the Services SETA, 158 of them were females and only 69 were males indicating the commitment and drive within the organisation to the empowerment of women.

STAFF TURNOVER

During the financial year 2010 / 2011 the organization appointed thirty-eight (38) employees and lost twenty-two (22). This was the highest turnover rate in a long time within the Service SETA. Many of the terminations were resignations occasioned by the turbulence which plagued the organization in the year under review.

INDUSTRIAL RELATIONS

We have just implemented annual increases for our staff, which was determined through negotiations with the unions for the first time in the history of the Services SETA. While it is our intention to link increases to performance wherever possible, we realize that it is sometimes inevitable in a highly unionized environment like ours. This is part of our effort to maintain positive working relationships with our employee stakeholders. This and other efforts currently underway within the organization are proving to be very fruitful.

The Services SETA is also awaiting proposals from the unions regarding to how benefits, especially medical aid can be made more flexible and suitable for the different requirements of our diverse staff needs. We intend to pursue this path in order to continue creating a culture of positive engagement and collaboration between all stakeholders.

In addition, there are efforts underway to review other practices to ensure that they remain compliant to legislation and are targeted toward the creation of a constructive and mutually beneficial relationship amongst all stakeholders.

PAYROLL AND ADMINISTRATION

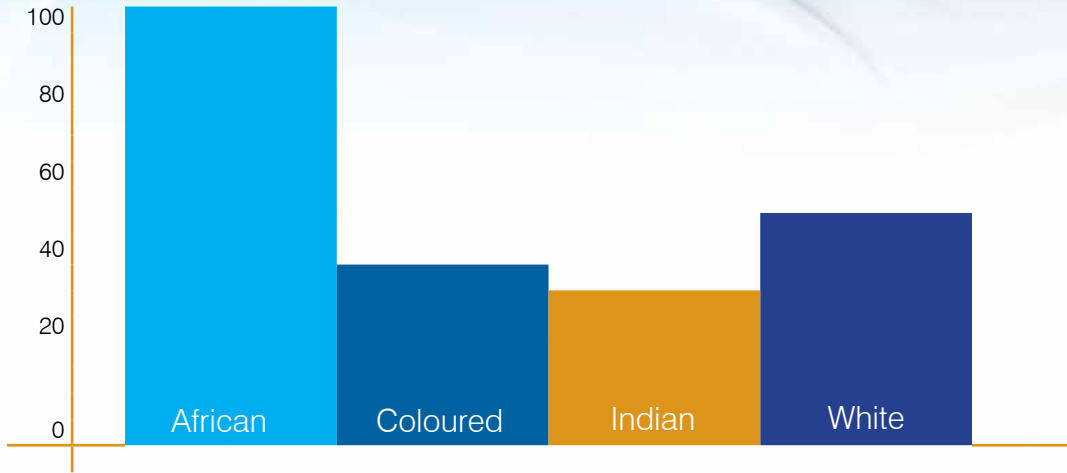
Although we have identified issues with some of our payroll processes and systems, which have tended to expose us to certain degrees of risk, we are happy to report that many of the risks are being addressed, and a lot of success has been achieved. In order to further enhance the security and efficiency of our payroll and administration function, we have identified a number of measures which are meant to improve the performance of the payroll service to our employees. For example our payroll staff members are being scheduled to attend courses that will help them to keep up to date with important developments in the payroll field.

In addition, we have secured the services of a payroll specialist / consultant to help us optimize our services and efficiency in this area.

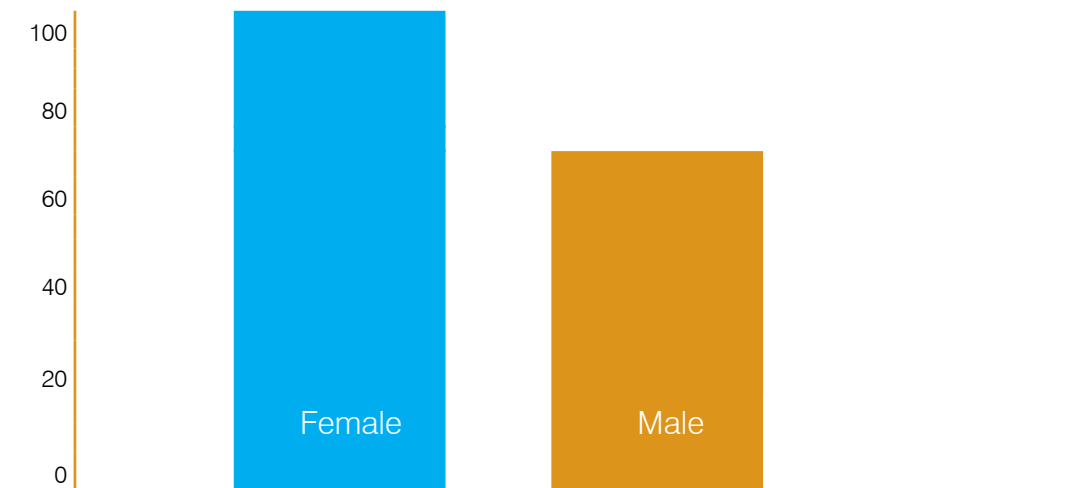


OUR OVERALL EQUITY PROFILE IS AS FOLLOWS:

RACIAL PROFILE - MARCH 2011



GENDER PROFILE - MARCH 2011



RECRUITMENT AND SELECTION

Owing to the turbulence which the organization has experienced in the previous few months, which resulted in the departure from the organization of a number senior staff and officials, staff morale was adversely affected. While this exodus was a welcome development in many ways, as it provided an opportunity for the SETA to re-engineer itself, it however also had the effect of disrupting services to the beneficiaries who were in need of the services which the organization was mandated to provide. As a start, and an effort to normalize the situation the organization is currently engaged in recruitment efforts to fill some of the key positions thought to have potential to provide greater impetus and leverage growth and recovery.

HUMAN RESOURCES PROJECTS

The arrival of the new administration in the Services SETA has signalled a new beginning for the organization. To take stock of the status of the Human Resources function and to determine what needs to be done to improve the provision of these critical services assistance has been secured from external service providers who are charged with responsibility to identify anomalies within the unit and make recommendations for improvements, as well as to keep and maintain continuity of Human Resources services within the organization.

In addition, and parallel to the above, the Human Resources unit is working on a number of projects to address some of the urgent issues identified, including the review, updating and alignment of policies and procedures.

COMMUNICATION AND CUSTOMER SERVICE

The Services SETA communicated with its stakeholders as part of its DHET service level agreement communications mandate.

Projects included roadshows, industry trade journal articles, print media articles and advertising, DVD production and distribution, television and radio broadcasts, exhibitions and conferences. The communications budget comprised about 3% of the Services SETA total discretionary budget. The objective of the communications was to inform and engage stakeholders on education and training activities.

The stakeholders that were targeted included schools, where both learners and teachers were addressed, services sector industries, training providers, small and medium enterprises, non-governmental organisations, business and labour.

The attendance at live events averaged between 60% -85% of the targeted numbers. The television and radio broadcasts were not quantified in terms of listener or viewership numbers; however these broadcasts were supported by distribution of DVD recordings and newspaper transcripts which were more measurable in terms of distributed numbers. These distributions were specifically targeted at niche audiences and exceeded 65% of those targets. Most service sector industries had journal publications and these ranged in frequency of between one and six per annum. The impact of these journal platforms has not been directly observed but rather assessed in terms of overall journal interest, which appeared favourable.

Career guidance television series

In February 2010, the Services Sector Education & Training Authority (SSETA) together with Summit TV partnered to showcase a brand new career guidance television programme, called 'Your Working World'. The show provided content that was vocationally oriented and offers practical on-the-job training advice from experts whose industries fall under the umbrella of SSETA.

The show was targeted at learners from grade 10, 11 and 12, as most learners in South African schools do not receive any professional career advice at such a critical stage in their education career. While parents of learners offer some kind of guidance on what path their children should follow, the real gap lies with learners from rural schools whose parents cannot.

Your Working World is exactly what the future needs – young people who can make informed decisions about the careers they will be choosing. Each week the focus was on a particular industry, while most of the recording were studio based, the show featured inserts with an employee or business owner in their working environment, as well as school learners who were given the opportunity to ask questions about the industry at hand.



COMMUNICATIONS

Not only was this series aired on Summit TV (DStv Channel 412, with a viewership of 400 000+) but it was also published in the form of a 3 part article on page 2 of The Star Workplace (561 000 average issue readers) every Wednesday. The SSETA embarked on a radio broadcast to 17 community radio stations throughout South Africa, totalling a listenership of 2 747 000 reached).

The primary intention of this endeavour was to distribute the entire series to all high schools (private and public, urban and rural) in South Africa. It is with great pleasure to confirm that by the end of March 2011, the SSETA had delivered to 6 105 high schools in SA. Each Career Guidance pack Part1 (Episode 1 – 20) contained a 5 DVD pack, a booklet containing The Star Workplace article, a FREEPOST envelope addressed to SSETA and a letter requesting particular information pertaining to the school including a contact person and whether or not the school had the facilities to make use of the pack.

In the last quarter of 2010, the SSETA also hosted a series called Subject Choices for grade 9's on a community radio station. This series encouraged listeners' to choose their careers and industries and the SSETA together with the community station collated a guest list which included the experts as well as the grade 9 learners.

In 2011 the SSETA will focus on the 2nd series of Your Working World. Life Orientation Teachers Workshops in each region which will allow the SETA to talk to the Life Orientation teachers and encourage them to include the Career Guidance Series into the curriculum and also how they can encourage learners to interact and embrace the information they have received. Delivering Part 1 to the remaining high schools is of utmost importance and then commencing with the deliveries of YWW Series 1 Part 2 DVD containing episode 21 to the final.



CORPORATE GOVERNANCE



TABLE OF CONTENTS	PAGE
Materiality Report	38
Audit Committee Report	39 - 41
Auditor-General's Report	42 - 44

MATERIALITY FRAMEWORK

TREASURY REGULATION 28.1.5

“For purposes of “material” [sections 50(1), 55(2) and 61(1) (c) of the Public Finance Management Act] and “significant” [section 54(2) of the Act], the accounting authority must develop and agree a framework of acceptable levels of materiality and significance with the relevant executive authority in consultation with the external auditors.

SECTION 55 (2)		MATERIAL
	<p>The annual report and financial statements must include particulars of:</p> <ul style="list-style-type: none"> (i) any material losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year; (ii) any criminal or disciplinary steps taken as a consequences of such losses or irregular expenditure or fruitless wasteful expenditure (iii) any losses recovered or written off; (iv) any financial assistance received from the state and commitments made by the state on its behalf;and (v) any other matters that may be prescribed. 	<p>Quantitative - 1% of total revenue and Quantitative – events as contained in the materiality and significance framework policy</p>
SECTION 54 (2)		SIGNIFICANT
	<p>Before a public entity concludes any of the following transactions, the accounting authority for the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its executive authority for approval of the transaction</p> <ul style="list-style-type: none"> (a) establishment or participation in the establishment of a company; (b) participation in a significant partnership, trust, unincorporated joint venture or similar arrangement (c) acquisition or disposal of a significant shareholding in a company (d) acquisition or disposal of a significant asset (e) commencement or cessation of a significant business activity; and (f) a significant change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement 	<p>All events/transaction will require disclosure -100% compliance</p>

Report of the Audit Committee – as required by Treasury Regulations 27.1.7 and 27.1.10 (b) and (c) issued in terms of sections 51(1)(a)(ii) and 76(4)(d) the Public Finance Management (PFMA) Act 1 of 1999, as amended by Act 29 of 1999

We are pleased to present our report for the financial year ended 31 March 2011.

1. AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The audit committee consists of the members listed hereunder. During the financial year under review the audit committee met 3 times and appropriate feedback was provided to the relevant Accounting Authority on matters that are within the mandate of the audit committee.

Audit committee member's name	Qualification	Membership	Constituency	Number of meetings attended
Arnold Fair	CA (SA)	Independent member		3 out of 3
Doris Dondur 1)	CA(SA) MBA	Independent member		2 out of 3
Ernst Snyman 1)	B Compt (Hons) CIA CCSA	Independent member		3 out of 3
Leon Grobler		SSETA Council Representative- non-voting member	Labour	1 out of 3
Andy Mathibe		Council Representative- non-voting member	Labour	1 out of 3
James McLuckie		Council Representative- non-voting member	Business	2 out of 3
Richard Findlay 3)		Council Representative- non-voting member	Business	3 out of 3

1. Appointed during May 2010
2. Clive Kneale was the chairperson from 01 April 2002 until 31 March 2010
3. Richard Findlay was the acting chairperson from 01 April 2010 to 31 March 2011

Two of the scheduled Audit Committee meetings 12 November 2010 and 24 March 2011 were cancelled on short notice and could not be rescheduled. In addition to the above, the audit committee also had separate closed sessions with the Administrator, the engagement director of the outsourced internal audit function, the Auditor-General and various other stakeholders.

2. AUDIT COMMITTEE RESPONSIBILITY

The Services SETA's audit committee wishes to report that it has complied with its responsibilities arising from section 51 (1)(a), as well as the by Treasury Regulations 27.1.7 and 27.1.10 (b) and (c) issued in terms of sections 51(1)(a)(ii) and 76(4)(d) the Public Finance Management Act 1 of 1999, as amended by Act 29 of 1999. The audit committee also wishes to report that it has adopted formal terms of reference as its audit committee has regulated, and continues to regulate, its work in compliance with this charter.

The audit committee is able to report that both the internal audit; which is outsourced, and the external audit; which is performed by the Auditor-General, is independent of the Services SETA.

The audit committee has discharged all its responsibilities as contained in this audit committee charter.

3. EFFECTIVENESS OF INTERNAL CONTROL

The PFMA 38(1)(a)(i) and 51(1)(a)(i) states that the accounting authority must ensure that the entity has maintained an effective, efficient and transparent system of financial and risk management and internal control.

The system of internal control and the concomitant control environment within the Services SETA was not effective as the various reports of the Auditor-General, the management representation and the placing of the Services SETA under administration with the accompanying various forensic investigations which are in process, will attest.

The audit committee is compelled to report that apparent significant non-compliance with legal and regulatory provisions and the policies and procedures of the Services SETA occurred during the financial year under review.

AUDIT COMMITTEE REPORT

The audit committee also wishes to highlight that the current forensic investigations which may indicate fraud, corruption or gross negligence are within the public domain and the executive authority and the Auditor-General are kept informed on the progress of such forensic investigations by the Administrator.

The audit committee has, as required by Treasury Regulation 27.1.12 also communicated its concerns, relating to the lack of adequate information supplied to the audit committee pertaining to the current forensic investigations, to the Administrator and the Auditor-General.

4. GOVERNANCE OF RISK

The PFMA sections 38(1)(a)(i) and 51(1)(a)(i) state that the accounting authority must ensure that the entity has maintained an effective, efficient and transparent system of financial and risk management and internal control.

The audit committee has the responsibility to ensure that a risk management process is in place at the Services SETA and as such can report that, at the meetings held during the year it was informed that risks are being managed and that over and above the strategic risk assessment carried out in October 2010 operational risks are managed on a continuous basis.

In addition, it should be noted that the Council itself provided oversight of the risks relating to the Services SETA.

The audit committee also wishes to highlight that the information communicated to the committee after 24 May 2011 revealed that certain financial events appear to have occurred due to insufficient management of certain risks. These are currently being investigated and include:

- Apparent significant internal control and financial management reporting events;
- Possible cases of fraud; and
- Possible information technology risk events as it relates to financial reporting

Additional information regarding the risk events and their effect on this annual report are detailed elsewhere in the report.

5. INTERNAL AUDIT

The audit committee is responsible for ensuring that the Services SETA, internal audit function, which is outsourced, is independent and has the necessary resources, standing and authority within the Services SETA to enable it to discharge its duties. Furthermore, the audit committee oversees cooperation between the internal and external auditors, and serves as a link between the Accounting Authority and these functions.

The audit committee considered and recommended the internal audit charter for approval by the Accounting Authority during the year under review.

6. WHISTLE BLOWING

The audit committee wishes to report that, for the financial year under review, the committee had not received and could consequently not deal with any concerns or complaints, whether from within or outside of the Services SETA, relating to the accounting practices and internal audit of the Services SETA, the content or auditing of the Services SETA's financial statements, the internal financial controls of the Services SETA and related matters.

The audit committee has been informed that a whistle blowing policy will be implemented during the financial year ending 31 March 2012.

7. THE QUALITY OF MANAGEMENT AND MONTHLY/QUARTERLY REPORTS SUBMITTED IN TERMS OF THE PFMA

The audit committee reports that, during the year under review, they were not presented with regular monthly or quarterly management reports to enable them to:

- i. Monitor the integrity, accuracy and reliability of the financial position of the Services SETA;
- ii. Review the management accounts of the Services SETA to provide the Accounting Authority with an authoritative and credible view of the financial position of the Services SETA;
- iii. Review the disclosure in the financial reports of the Services SETA and the context in which statements on the financial health of the Services SETA are made; and
- iv. Review all material information presented together with the management accounts.

The audit committee had reported this shortcoming to the management and the Accounting Authority.

8. THE QUALITY OF BUDGETS SUBMITTED IN TERMS OF THE PFMA

The audit committee reports that, during the year under review, they were not regularly presented with a budget to enable them to:

- Review and ensure that the annual budgets of the Services SETA are balanced, credible and realistic against the approved business plans; and
- Monitor and periodically review the implementation of the approved budget of the Services SETA by the Accounting Authority.

9. EVALUATION OF FINANCIAL STATEMENTS

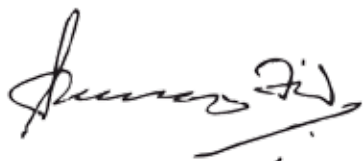
The audit committee, at its meeting held on 24 May 2011, resolved to recommend the approval of the annual financial statements to the Accounting Authority. Subsequent to this meeting the audit committee received further information, which it was not provided with during the meeting on 24 May 2011 and decided to; at a meeting held on 02 August 2011 withdraw its recommendation of the financial statements, pending an expert opinion. Such expert opinion was obtained and on 23 August 2011 the audit committee recommended the approval of the annual financial statements, with serious reservations.

The audit committee wishes to indicate that it performed a review on the annual financial statements focusing on:

- Significant financial reporting judgments and estimates contained in the annual financial statements;
- Clarity and completeness of disclosure and whether disclosures made have been set properly in context;
- Quality and acceptability of, and any changes in accounting policies and practices;
- Compliance with accounting standards and legal requirements;
- Significant adjustments and/or unadjusted differences resulting from the audit;
- Reflection of unusual circumstances or events and management's explanation for the accounting treatment adopted;
- Reasons for major year-on-year fluctuations;
- Asset valuations and revaluations;
- Calculation and levels of general and specific provisions;
- Write-offs and reserve transfers; and
- The basis for the going concern assumption.

10. CONCLUSION

The audit committee concurs with and accepts the conclusions and the qualified audit opinion of the Auditor-General on the annual financial statements and is of the view that the audited financial statements be accepted and read together with the report of the Auditor-General.



**ARNOLD FAIR
ACTING CHAIRPERSON:
SERVICES SETA AUDIT COMMITTEE**

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE SERVICES SECTOR EDUCATION AND TRAINING AUTHORITY (SERVICES SETA) REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of Services SETA, which comprise statement of financial position as at 31 March 2011, and the statement of financial performances, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and the accounting authority's report, as set out on pages 46 to 81

Accounting authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), and for such internal control as management determines 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. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and section 14(6) (a) of the Skills Development Act, 1998 (Act No. 97 of 1998), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and General Notice 1111 of 2010 issued in Government Gazette 33872 of 15 December 2010. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for qualified opinion:

Irregular Expenditure

7. Section 51 (1)(a)(iii) of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) requires the entity to implement and maintain an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective. Management override of controls resulted in payments made in contravention of the supply chain management requirements.
8. Regulation 8 of the Grant Regulations to the Skills Development Act, 1998 (Act No. 97 of 1998) (SDA), requires that the criteria for discretionary grants must be approved by the SETA board or council before funds are allocated. Management override of controls resulted in discretionary expenditure being incurred in contravention of the discretionary funding requirements.
9. These amounts were not disclosed in the financial statements of the Services SETA as irregular expenditure. I could perform alternative procedures to obtain reasonable assurance of the amount of irregular expenditure to be included in the financial statements. Consequently, I was unable to obtain sufficient audit evidence to satisfy myself as to the completeness and accuracy of R73 462 000, as disclosed in note 18 to the financial statements.

Opinion

10. In my opinion, except for the possible effects of the matters described in the Basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of Services SETA as at 31 March 2011, and its financial performance and cash flows for the year then ended in accordance with SA Standards of GRAP.

Emphasis of matter

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

Irregular Expenditure

11. As disclosed in note 18 to the financial statements, the Services SETA incurred irregular expenditure due to:

- Payment of severance packages of R37 264 000 in contravention of the PFMA; and
- The Services SETA exceeding its limit on administration expenditure by limit R36 198 000.

Report on other legal and regulatory requirements

12. In accordance with the PAA and in terms of General notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010, I include below my findings on the annual performance report as set out on pages 52 to 57 and material non-compliance with laws and regulations applicable to SERVICES SETA.

Report on Predetermined objectives

Reliability of information:

13. The reported performance information was deficient in respect of the following criteria:

- Validity: I was unable to confirm the validity of reported results included in the reported performance information.
- Accuracy: I was unable to confirm the accuracy of the reported results included reported performance information.
- Completeness: I was unable to confirm the completeness of the reported results included in the reported performance information.

14. The following audit findings relate to the above criteria:

Sufficient appropriate evidence was not submitted to support reported targets

- Sufficient appropriate evidence in relation to indicators 2.1, 2.7, 2.8 and 4.1 could not be obtained. There were no satisfactory audit procedures that I could perform to obtain the required assurance as to the validity, accuracy and completeness of the reported performance against predetermined objectives.

Compliance with laws and regulations

Expenditure management:

15. The accounting authority did not take effective and appropriate steps to prevent irregular expenditure, as per the requirements of section 51(1)(b)(iii) of the PFMA.

Annual financial statements, performance and annual report:

16. The annual financial statements submitted for audit were not approved by the accounting authority as required by section 55(1)(b) and (c) of the PFMA.

17. The financial statements submitted for audit did not comply with section 55(1)(b) of the PFMA. Material misstatements were identified during the audit, certain of these were corrected by management and those that were not are included in the basis for qualified of opinion paragraph. The material misstatements identified by the AGSA with regard to the payables from non-exchange transaction, related party disclosure note and irregular expenditure were subsequently corrected.

Procurement and contract management:

18. Sufficient appropriate audit evidence could not be obtained that goods and services with a transaction value between R10 000 and R500 000 were procured by inviting at least three written price quotations from prospective suppliers as per the requirements of TR 16A6.1 and National Treasury Practice Note 8 of 2007/08.

AUDITOR-GENERAL'S REPORT

19. Sufficient appropriate audit evidence could not be obtained that goods and services with a transaction value of over R500 000 were procured by means of a competitive bidding process as per the requirements of TR 16A6.1, TR 16A6.4 and National Treasury Practice Note 6 and 8 of 2007/08
20. Sufficient appropriate audit evidence could not be obtained that the preference point system was applied in the procurement of goods and services above R 30 000 as required by section 2(a) of the Preferential Procurement Policy Framework Act.
21. Sufficient appropriate audit evidence could not be obtained that awards were made to suppliers who provided written proof from the South African Revenue Service that their tax matters are in order as per the requirements of Preferential Procurement Regulations 16 and TR 16A9.1(d)
22. Contracts were extended or modified to the extent that competitive bidding processes were being circumvented contrary to the requirement of a fair supply chain management system in TR 16A3.2.
23. Awards were made to suppliers who did not declare their employment by the state or their connection with a person employed by the state or their relationship with persons involved in the evaluation and/or adjudication of the bids as per the requirements of Practice Note 7 of 2009/10.
24. The prospective suppliers list for procuring goods and services through quotations was not updated at least quarterly to include new suppliers that qualify for listing and prospective suppliers were not invited to apply for such listing at least once a year as per the requirements of National Treasury Practice Note 8 of 2007/08.

Other

25. The payment of the severance packages to employees earlier than agreed upon as per the severance agreement resulted in inefficient cash management as required by Treasury Regulation 31.1.2.

Internal control

26. In accordance with the PAA and in terms of General notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to significant deficiencies that resulted in findings on the annual performance report and the findings on non-compliance with laws and regulations included in this report.

Leadership

27. The incurrance of the irregular expenditure, non-compliance with supply chain management requirements and inefficient cash management was as a result of the lack of effective leadership based on a culture of honesty, ethical business practices and good governance, protecting and enhancing the best interests of the entity.

Financial and performance management

28. Financial statements were not supported and evidenced by reliable information. As a result accurate financial statements were not prepared, resulting in material corrections to the financial statements.
29. Performance information and related financial information was not easily retrievable.
30. Report on pre-determined objectives is not adequately reviewed for accuracy.

OTHER REPORTS

Investigations:

31. An investigation is being conducted to probe into certain processes and expenditure incurred by the SERVICES SETA. The investigation aims to establish whether there were any instances of fraud and financial misconduct. The investigation was still ongoing at the reporting date.

Auditor - General


AUDITOR-GENERAL
PRETORIA, 27 AUGUST 2011



AUDITOR-GENERAL



The Annual Financial Statements for the year ended 31 March 2011, set out in pages to, have been approved by the Accounting Authority in terms of section 51 (1) (f) of the Public Finance Management Act, No. 1 of 1999, as amended, and are signed on their behalf by:



Dr. Sihle Moon
ACTING CEO AND ADMINISTRATOR

(Appointed through Government Gazette No. 34440,7 July 2011)

TABLE OF CONTENTS

PAGE

Accounting Authority Report	47 - 56
Statement of Financial Performance	57
Statement of Financial Position	58
Statement Of Changes In Funds	59
Cash Flow Statement	60
Accounting Policies To The Financial Statements	61 - 67
Disclosure Notes To The Financial Statements	68 - 81

ACCOUNTING AUTHORITY REPORT FOR THE YEAR ENDED 31 MARCH 2011

REPORT OF THE ACCOUNTING AUTHORITY TO THE EXECUTIVE AUTHORITY AND PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA:

Re-establishment of the SSETA

In terms of Government Gazette No. 33756 dated 11 November 2010, the period of establishment of the SSETA has been extended to 31 March 2016. The five year term marks the commencement of the National Skills Development Strategy 3 (NSDS 3) under the Executive Authority of the Department of Higher Education and Training (DHET). As mentioned above, SSETA was placed under Administration for the first time through a Government Gazette No. 34155 dated 21 April 2011. After the legal challenges that ensued, a new Government Gazette No. 34440 was issued dated 7 July 2011 extending the term of Administration by a further six months. This report however, relates to the activities of the Accounting Authority of the SSETA prior to the Administration. The Administrator is now the Executive Authority of the SSETA and also acts as the CEO. The above also gives context to the audit finding by the Auditor-General that the financial statements of SSETA were not approved when they were submitted to the Auditor-General for audit in contravention of the Public Finance Management Act. The financial statements were due for submission by 31 May 2011 and the Administrator was appointed on 21 April 2011, and the appointment was challenged as already mentioned. It was therefore unreasonable to expect that the Administrator as the Accounting Authority to approve the financial statements within such a short period. For one thing, there was simply insufficient time for the Administrator to effectively apply his mind to the financial statements, secondly, in the little time that the Administrator had to peruse the statements, it was quite apparent that there were several elements that required further scrutiny. The Auditor-General was duly advised of these concerns, after which a process was set in motion to revise the scope and timelines of the audit.

Remuneration of Accounting Authority and Executive Management

The Accounting Authority consisted of the members listed below for the financial year ending 31 March 2011. The amounts earned are inclusive of meeting attendance and travel costs for the council and sub-committees such as the executive committee, chamber boards and remuneration committee. Some members provide their services on a voluntary basis without any remuneration hence the nil balances. All members of the Accounting Authority are non-executive members as contemplated in the provisions of the Skills Development Act.

Individual Name	Travel	Allowance	2011 Total	2010 Total	Organisation Name
Allan DM		R 30,760	R 30,760	R 13,543	Homenet
Ariefdien R		R 24,578	R 24,578	R 18,643	Extrinsic
Aucamp S		R 0	R 0	R 3,105	Equipspectives
Best R		R 30,514	R 30,514	R 15,364	Izihambi
Billington M	R 2,967	R 38,636	R 41,603	R 10,810	Capital Outsourcing
Connellen G		R 51,328	R 51,328	R 0	Eclipse Skillmatters
De Wet HC	R 350	R 11,807	R 12,157	R 17,122	Solidarity
Delpont SP	R 9,850	R 52,744	R 62,594	R 53,943	Union Association of SA
Fakir F	R 2,324	R 28,290	R 30,614	R 74,653	Beauty Health and Skin Care Employer Association
Ferguson MF	R 1,744	R 15,940	R 17,684	R 10,096	JHI Properties
Findlay VR		R 95,934	R 95,934	R 59,787	LF Consulting
Forrest	R 1,042	R 28,830	R 29,872	R 17,669	SA Payroll Association
Govender M	R 1,051	R 8,876	R 9,927	R 5,693	Rand Funerals

ACCOUNTING AUTHORITY REPORT FOR THE YEAR ENDED 31 MARCH 2011

Individual Name	Travel	Allowance	2011 Total	2010 Total	Organisation Name
Grobler LP	R 9,073	R 78,064	R 87,137	R 55,646	Union Association of SA
Heynes SM			R 0	R 0	Heynes & Son's Funeral & Undertakers
Ismail S	R 1,932	R 35,980	R 37,912	R 13,436	Union Association of SA
Jack B		R 17,574	R 17,574	R 19,145	The Kelly Group
Jaftha T	R 1,200		R 1,200	R 11,144	SA Quality Institute
Khoba SM	R 2,651	R 30,909	R 33,560	R 48,609	Afro Health & Beauty Employees Association of SA
Landey J		R 7,498	R 7,498	R 16,653	Party Design
Mabitle CN	R 5,361	R 66,163	R 71,524	R 46,484	Union Association of SA
Marais M		R 5,923	R 5,923	R 2,816	Homenet
Mathibe MA (Chairperson)	R 6,803	R 63,986	R 70,789	R 134,158	Communication Workers Union
Matthews G	R 307	R 14,000	R 14,307	R 9,168	SC Conferences
McLuckie J (Vice Chairperson)		R 159,577	R 159,577	R 52,443	Umdoni Strategic Management Services
Mdluli BM		R 0	R 0	R 0	Direct Marketing Association
Merdjan D	R 73	R 18,770	R 18,843	R 8,236	Camelot Health
Mpafa D			R 0	R 11,911	SMME Solutions
Mphuti HM	R 2,238	R 32,560	R 34,798	R 27,566	Communication Workers Union
Ndlovu BJ	R 4,298	R 12,635	R 16,933	R 24,899	SA Post Office
Nkosi PY		R 1,517	R 1,517	R 7,259	Communication Workers Union
Nosilela G	R 3,066	R 7,725	R 10,791	R 31,849	
Ntoagae L	R 1,051	R 27,333	R 28,384	R 23,662	Motor Industry Bargaining Council
Ntshuntshe L	R 7,683	R 64,496	R 72,179	R 45,203	SA Trade Allied Workers Union
Oakes P	R 292	R 42,854	R 43,146	R 13,660	Siyaya Eastern Cape
Patel H	R 2,000	R 30,279	R 32,279	R 18,499	Hareesh Patel & Associates
Phakati NM	R 2,482	R 7,861	R 10,343	R 43,864	SA Trade Allied Workers Union

ACCOUNTING AUTHORITY REPORT FOR THE YEAR ENDED 31 MARCH 2011

Individual Name	Travel	Allowance	2011 Total	2010 Total	Organisation Name
Pillay RK	R 6 689	R 58 531	R 65 220	R 29 210	Doves Funeral Services
Potgieter JJ	R 4 923	R 23 105	R 28 028	R 18 768	Ditasa
Roos D	R 3 853	R 37 171	R 41 024	R 17 364	Supercare
Shelembe S	R 3 234	R 27 367	R 30 601	R 15 310	SA Post Office
Siname HB	R 383	R 34 489	R 34 872	R 22 255	SA Trade Allied Workers Union
Sithole I			R 0	R 0	Stretegic Alliance
Stapelberg WDJ			R 0	R 21 129	National Association of Bargaining Council
Steyn JC	R 117	R 10 241	R 10 358	R 16 608	Prestige cleaning
Van Rensburg HJ			R 0	R 18 214	Protea Tyres
Wicks CE	R 3 466	R 35 888	R 39 354	R 43 154	Contractor Plant Hire Association
TOTALS	R 92 502	R 1 370,732	R 1 463 234	R 1 168 750	

The executive management consisted of the following staff who have been remunerated as follows:

Name	Position	Salary	Travel and Sub-sistence	Bonus Awards	Leave Encash-ment	Severance Package	Total 2010/11	Total 2009/10
I A Blumenthal	CEO	R1 332 802	R154 100	R430 834	R0	R7 577 810	R9 495 546	R1 518 426
M T Moshoeshoe	Deputy CEO	R1 031 792	R99 180	R227 710	R169 582	R6 419 605	R7 947 870	R1 084 148
N Naicker	Deputy CEO	R893 211	R134 828	R211 422	R167 597	R0	R1 407 058	R1 074 812
V Naidoo	Deputy CEO/CFO	R1 118 271	R18 208	R389 468	R109 681	R6 207 005	R7 842 633	R1 140 244
TOTALS		R4 376 077	R406 316	R1 259 434	R446 860	R20 204 420	R26 693 107	R4 817 630

ACCOUNTING AUTHORITY REPORT FOR THE YEAR ENDED 31 MARCH 2011

STATE OF FINANCIAL AFFAIRS:

The South African Revenue Services continued to act as the collecting agent in terms of the Skills Development Act although all SETAs were transferred from the Department of Labour to the DHET. For the financial year, the SSETA's number of levy paying member companies decreased by 10% to 33 445 members. Nevertheless, levy income increased by 0.02% to R 794 m from the previous financial year. There was a 3% variance from the budgeted levies of R 769 m.

Approximately 8 000 exempt companies continue to pay skills development levies despite the threshold for levy contribution being set at 1% of payroll and limited to at least R 500 000 per annum. For 2010/11, more than R 8 m has been received from exempt companies. At the end of March 2011, the accumulated liability for levies received from exempt companies equated to just more than R 45 m and is accounted for as a current liability. The amounts are maintained in terms of the provisions of the Prescription Act.

Mandatory grant and project expenditure amounted to R 795 m which is 13% less than the projected budget. At year-end, 4 months of levy information was not available to make disbursements on mandatory grants. These have been accrued for as current liabilities. Nevertheless, the SSETA has surpassed delivery on all performance indicators required by the DHET and NSDS 2.

FOR THE YEAR ENDING 31 MARCH 2011, SURPLUS DISCRETIONARY FUNDS AND RESERVES ARE AS FOLLOWS:

	Discretionary (R'000)	Admin (R'000)	Total (R'000)
Funds and reserves (as per Statement of Financial Position)	538.00	22.00	560.00
Less: Contractual commitments (note 18)	(251.00)		(251.00)
Carrying value of depreciable non-current assets	(2.00)	(7.00)	(9.00)
Investment income receivable	(13.00)		(13.00)
NSF project receivables	(37.00)		(37.00)
Unclaimed mandatory transfer on 31/03/2011	(87.00)		(87.00)
Uncommitted funds	149.00	15.00	163.00

The SSETA payout ratio was 97% (cash outflow of R 847 m and cash inflow of R 874 m). Short-term investments of R 624 m are invested with A-rated institutions on call deposits at fixed rates of return. All other funds are held in current accounts with Standard Bank. The investments are as follows:

	(R'000)
Standard Bank	250.00
First National Bank	188.00
Investec Bank	186.00
	624.00

ACCOUNTING AUTHORITY REPORT FOR THE YEAR ENDED 31 MARCH 2011

PERFORMANCE MANAGEMENT:

The performance of the SETA is based on a scorecard as per the service level agreement with the DHET. The Department monitors performance against the scorecard on a quarterly basis. Within the SSETA structure, documented operating practices are in place to govern the execution of deliverables. The sub-committees of council were in place, however their effectiveness cannot be ascertained by the Administrator. Corporate governance structures like the Internal Audit and Audit Committee were operational during the year, but their effectiveness were not evaluated by the council during the period.

BUSINESS ADDRESS:

The business address of the entity is as follows:

Ristone Office Park,	PO Box 3322
15 Sherborne Road,	Houghton,
Parktown	Johannesburg
Johannesburg	2193

CONCLUSION:

The Accounting Authority is accountable for the process of risk management and the system of internal control, which is regularly reviewed for effectiveness and for establishing appropriate risk and control policies and communicating these throughout the entity. The process for identifying, evaluating and managing the significant risks faced by the entity appeared not to have been effective during the year judging from the Auditor-General's audit findings as well as my observation since taking over the responsibilities of the Accounting Authority. There is no adequate system of internal control in place to mitigate significant risks faced by the entity to an acceptable level, this is the fact that has been pointed out by the Audit Committee in its report as well. To this end, I have taken steps to rectify this situation by acquiring appropriate skills to assist the organisation in this regard, working with the Internal Auditors and the Audit Committee

The Administrator as the Accounting Authority of the SSETA is of the opinion that the SSETA will be a going-concern in the foreseeable future. The legal challenges that plagued the SSETA during the first half of 2011 are things of the past as they have all been settled. SSETA is now focusing on re-building the confidence of its stakeholders and inspiring confidence of its staff. The Administrator is in a process of developing the Constitution of the SSETA, which process will lead to the appointment of the new Council to run the SSETA.

ACCOUNTING AUTHORITY REPORT FOR THE YEAR ENDED 31 MARCH 2011

SERVICES SETA NSDS 2 EXTENSION PERFORMANCE REPORT FOR YEAR ENDING 31 MARCH 2011:

NO	NSDS SUCCESS INDICATOR (NSA)	SETA SLA TARGET FOR 2010/11	SETA ACHIEVEMENTS FOR THE YEAR (accumulative)	Qualitative Achievements and Comments
1.1	Skills development supports national and sectoral growth, development and equity priorities	Qualitative	Qualitative	<ul style="list-style-type: none"> • SSP submitted to DoL and approved • Signed SLA with strategic plan approved and signed off by DoL • Dti reviewed and supports sector SSP as the national development and equity driver
1.2	Information on critical skills is widely available to learners. Impact of information dissemination researched, measured and communicated in terms of rising entry, completion and placement of learners	400	489	<ul style="list-style-type: none"> • Comprehensive career guide including scarce and critical skills and OFO and QCTO information published • 489 SDFs trained – 122% target achievement • Higher level of SDF participation linked to QCTO and of the regulatory requirements e.g. occupationally based WSP/ATR
2.1	By* March 2010, at least 80% of large firms and at least 60% of medium firms' employment equity targets must be supported by skills development. Impact on overall equity profile assessed	452 large 557 medium	545 large firms 698 medium	<ul style="list-style-type: none"> • 121% of targeted large firms submitted training plans and reports • 125% of targeted medium firms submitted training plans and reports • Although SSETA ascertains baseline of large and medium firms in setting targets, the number of employers on a month to month basis is not static, but growing, therefore performance can be above 100%
2.2	By March 2010, skills development in at least 40% of small levy paying firms must be supported and the impact of the support measured	6 550 small	9 944 small	<ul style="list-style-type: none"> • 152% performance on SME SLA target • A number of support initiatives in the form of workshops, conferences and DVDs etc. are provided to SMEs which contributed to the over-achievement of this activity • Toolkit and DVD support • Cost saving through economy of scale

* Reference to March 2010, is due to the extension of the NSDS 2 until March 2011 by the DHET

ACCOUNTING AUTHORITY REPORT FOR THE YEAR ENDED 31 MARCH 2011

	NSDS SUCCESS INDICATOR (NSA)	SETA SLA TARGET FOR 2010/11	SETA ACHIEVEMENTS FOR THE YEAR (accumulative)	Qualitative Achievements and Comments
2.3	Government budgetary process used to ensure that national and provincial departments spend at least 1% of personnel budget on training	N/A	N/A	<ul style="list-style-type: none"> N/A
2.4	By March 2010, at least 500 enterprises must have achieved a national standard of good practice in skills development approved by the Minister of Labour	N/A	N/A	In absence of national standard, EAP, Feuerstein and three-star initiatives implemented in sector
2.5	Annually increasing number of small BEE firms and BEE co-operatives supported by skills development. Progress measured through an annual survey of BEE firms and BEE co-operatives within the sector from the second year onwards. Impact of support must be measured	500	1006	<ul style="list-style-type: none"> 201% performance on BEE support target BBBEE workshops and capacity building sessions conducted for sector DVD and toolkit extended to BEE companies as well
2.6	From April 2005 to March 2010 there are an annually increasing number of people who benefit from incentivised training for re-employment in new investments and expansion initiatives. Training equity targets achieved. Of the number trained, 100% to be South African citizens	N/A	N/A	<ul style="list-style-type: none"> N/A
2.7	By March 2010, at least 700 000 workers must have achieved at least ABET level 1 to 4	1 410 Enrolments	2 089 Enrolments 1 460 Completions	<ul style="list-style-type: none"> 148% overall achievement.

ACCOUNTING AUTHORITY REPORT FOR THE YEAR ENDED 31 MARCH 2011

NO	NSDS SUCCESS INDICATOR (NSA)	SETA SLA TARGET FOR 2010/11	SETA ACHIEVEMENTS FOR THE YEAR (accumulative)	Qualitative Achievements and Comments
2.8	By March 2010, at least 125 000 unemployed people assisted to enter and at least 50% successfully complete programmes, including learnerships and apprenticeships, leading to basic entry, intermediate and high level scarce skills. Impact of assistance must be measured	5 510 Enrolments 3 857 Completions	6 191 Enrolments 4 801 Completions	<ul style="list-style-type: none"> • 112% target achievement on enrolment was possible due to an increase in levy income, therefore increasing the discretionary funds available. • Due to overflow from 2009/10 intervention still in process to 2010/11 year • Special projects with bursaries to employers
3.1	By March 2010, at least 450 000 unemployed people are trained. This training should incrementally be quality assured and by March 2010 no less than 25% of the people trained undergo accredited training. Of those 70% should at least be placed in employment, self-employment or social development programmes including (EPWP) or should be engaged in further studies. Placement categories each to be defined, measured, reported and sustainability assessed	N/A	N/A	<ul style="list-style-type: none"> • Target linked to Expanded Public Works Programme and NSF related funding.
3.2	By March 2010, at least 2000 non-levy paying enterprises, Non-governmental Organisations (NGO's), Community Based Organisations (CBOs) and community-based co-operatives must be supported by skills development. Impact of support on sustainability measured with a targeted 75% success rate	7 760	9 979	<ul style="list-style-type: none"> • 129% target achievement • Bursaries and skills workshops extended to both non levy paying and NGOs • It must be noted that some NGO's and CBO's attending were in the process of registering as such an entity. However they were accommodated in the spirit of skills development and hence the increase in participation.
3.3	By March 2010, at least 100 000 unemployed people have entered ABET level programmes, of which 70% have achieved ABET level 4	N/A	N/A	<ul style="list-style-type: none"> • Targets linked to the DOE and NSF related funding

ACCOUNTING AUTHORITY REPORT FOR THE YEAR ENDED 31 MARCH 2011

	NSDS SUCCESS INDICATOR (NSA)	SETA SLA TARGET FOR 2010/11	SETA ACHIEVEMENTS FOR THE YEAR (accumulative)	Qualitative Achievements and Comments
4.1	By March 2010, at least 125 000 unemployed people assisted to enter and at least 50% successfully complete programmes, including learnerships and apprenticeships, leading to basic entry, intermediate and high level scarce skills. Impact of assistance must be measured	4 075 Enrolments 2 853 Completions	9 567 Enrolled 5 084 Completions	<ul style="list-style-type: none"> 235% target achievement on enrolment was possible due to an increase in levy income, therefore increasing the discretionary funds available.
4.2	100% learners in critical skills programmes covered by sector agreements from Further education and Training (FET) and Higher Education and Training (HET) institutions assisted to gain work experience abroad and locally, of whom at least 70% find placement in employment or self-employment	3 225 Critical Skills 2 580 Work Experience	5 989 Critical Skills 3 191 Work Experience 2 353 Indicated for placement in the 2nd and 3rd quarter of next financial year.	<ul style="list-style-type: none"> 186% achievement was possible due to an increase in levy income, therefore increasing the discretionary funds available. Increase in demand also due to learners completing learnerships moving on to internships.
4.3	By March 2010, at least 10 000 young people must have been trained and mentored to form sustainable new ventures and at least 70% of new ventures in operation 12 months after completion of programmes	450 Entered 315 Sustained	754 Entered	<ul style="list-style-type: none"> 168% achievement on enrollements. 68% over enrolment was possible due to an increase in levy income, therefore increasing the discretionary funds available.
5.1	By March 2010, each SETA will recognise and support at least five Institutes of Sectoral or Occupational Excellence (ISOE) with public or private institutions and through Public Private Partnerships (PPPs) where appropriate, spread as widely as possible geographically for the development of people to attain identified critical occupational skills, whose excellence is measured in the number of learners successfully placed in the sector and employer satisfaction ratings of their training	5	9	<ul style="list-style-type: none"> 180% achievement SSETA has applied a provincial model for its ISOE establishment and also seeks over the next 2 years to establish industry based model.

ACCOUNTING AUTHORITY REPORT FOR THE YEAR ENDED 31 MARCH 2011

5.2	By March 2010, at least each province will have at least two provider institutions accredited to manage the delivery of new venture creation qualification. 70% of new ventures still operating after 12 months will be used as a measure of the institutions success.	18	28	<ul style="list-style-type: none"> • 156%Target overachieved • SSETA as primary ETQA for NVC to establish working forum with DoL • 3 institutions provide across all the sectors and SETAs for NVC, but are primarily accredited with the SSETA.
5.3	By March 2010, there will be measurable improvements in the quality of the Services delivered by the skills development institutions responsible for the implementation of the National Qualifications Framework (NQF) in support of the NSDS.	Qualitative	<ul style="list-style-type: none"> • Workshops conducted with industry to establish occupations related to scarce and critical skills. • New online provider accreditation established • Roadshows and workshops conducted nationally to support provider community. 	<ul style="list-style-type: none"> • Qualitative achievements were monitored by the DoL on a quarterly basis and found to be acceptable • Received green level on SAQA audit • OFO Project • OQF • CEP's • Occupational profiling • SSICTO
5.4	By March 2010, there should be an NSA constituency based assessment of an improvement in stakeholder capacity and commitment to the National Skills Development Strategy	Qualitative	<ul style="list-style-type: none"> • All stakeholders appointed to various committees, boards, forums and council advised to attend corporate governance programmes which will be funded SSETA • Capacity building sessions conducted with new stakeholder appointments 	Qualitative achievements were monitored by the DoL on a quarterly basis and found to be acceptable

STATEMENT OF FINANCIAL PERFORMANCE

SERVICES SECTOR EDUCATION AND TRAINING AUTHORITY STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2011:

	Notes	Year ended 31 Mar 11 R'000	Year ended 31 Mar 10 R'000
REVENUE:			
Skills development levy income	2	794,193	772,134
Skills development penalties and interest		12,395	12,697
Special project income	12	23,956	23,500
Investment income	3	45,389	62,940
Other income	4	921	8,074
Total revenue		876,854	879,345
EXPENDITURE:			
Employer grants and project expenses	5	(771 077)	(796 539)
Administration expenses	6	(134 986)	(92 110)
Special project expenses	12	(23 956)	(23 500)
Total expenditure		(930 019)	(912 149)
Net deficit for the year		(53 165)	(32 804)

STATEMENT OF FINANCIAL POSITION

SERVICES SECTOR EDUCATION AND TRAINING AUTHORITY STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2011:

	Notes	Year ended 31 Mar 11 R'000	Year ended 31 Mar 10 R'000
ASSETS:			
Non-current assets			
Property, plant & equipment	17	42,611	42,749
Current assets			
Inventory	7	9	9
Accounts receivable	8	50,034	46,807
Cash and cash equivalents	9	703,521	675,655
		753,564	722,471
Total assets		796,175	765,220
FUNDS AND LIABILITIES:			
<i>Funds and reserves</i>			
Administration reserve		19,832	56,126
Discretionary reserve		538,028	554,899
		557,860	611,025
Current liabilities			
*Accounts payable-non exchange transaction	10	172,064	95,033
*Accounts payable-exchange transaction	10	21,719	58,060
Provisions	11	44,532	1,102
Special project funds received in advance	12	-	-
		238,315	154,195
Total funds and liabilities		796,175	765,220

* All current payables and receivables above are non-exchange transactions with the exception of accounts payable which is reflected accordingly

STATEMENT OF CHANGES IN FUNDS

SERVICES SECTOR EDUCATION AND TRAINING AUTHORITY STATEMENT OF CHANGES IN FUNDS FOR THE YEAR ENDED 31 MARCH 2011:

	Notes	Employer Grant Reserve R'000	Administration Reserve R'000	Discretionary Reserve R'000	Revaluation Reserve R'000	Unappropriated Reserve R'000	Total R'000
Balance at 1 April 2009	1	-	53,593	590,236	2,397	-	646,226
Net surplus per the income statement						(32,804)	(32,804)
Allocation of unappropriated surplus (deficit)		237,246	2,533	(272,583)		32,804	-
Revaluation reserve to asset disposal					(2,397)		(2,397)
Excess funds transferred to discretionary		(237,246)		237,246			-
Balance at 31 March 2010	1	-	56,126	554,899	-	-	611,025
Net surplus per the income statement						(53,165)	(53,165)
Allocation of unappropriated surplus (deficit)		232,782	(34,271)	(249,653)		53,165	-
Excess/reversal of funds to discretionary		(232,782)		232,782			-
Balance at 31 March 2011		-	19,832	538,028	-	-	557,860

CASH FLOW STATEMENT

SERVICES SECTOR EDUCATION AND TRAINING AUTHORITY CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2011:

	Notes	Year ended Actual 31 Mar 11 R'000	Year ended Actual 31 Mar 10 R'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash receipts from stakeholders:			
Levies, interest and penalties received		806,588	784,831
Other cash inflows/(outflows)		762	(2,915)
Cash payments to stakeholders, suppliers and employees:			
Grants and project payments		(668,590)	(747,046)
Administrative payments		(40,361)	(21,467)
Compensation of employees		(111,563)	(63,299)
Special project funds paid		(23,956)	(23,500)
Cash generated from/(utilized in) operations	14	(37,120)	(73,396)
Investment income		55,972	71,649
Net cash inflow/(outflow) from operating activities		18,852	(1,747)
CASH FLOWS FROM/(TO) INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	17	(1,338)	(4,319)
Proceeds on disposal of property, plant and equipment		47	10,306
Net cash inflow/(outflow) to investing activities		(1,291)	5,987
CASH FLOWS FROM FINANCING ACTIVITIES:			
Grants, transfers and funds received		10,305	-
Net cash inflow from financing activities		10,305	-
<i>Net increase in cash and cash equivalents</i>		27,866	4,240
<i>Cash and cash equivalents at beginning of year</i>	9	675,655	671,415
Cash and cash equivalents at end of year	9	703,521	675,655

ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS:**1 BASIS OF PREPARATION**

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 (ASB).

In the absence of effective GRAP standards, Directive 5 dated March 2009 from the ASB provides for the continued application of International Financial Reporting Standards (IFRS). The recognition and measurement principles in the GRAP and IFRS statements do not differ or result in material differences in items presented and disclosed in the financial statements.

The financial statements have been prepared on the historical cost basis, except as modified for the revaluation of land and buildings.

2 CURRENCY

These financial statements are presented in South African rands as this is the currency in which the entity's transactions are denominated.

3 REVENUE RECOGNITION

Revenue is recognised when it is probable that future economic benefits will flow to the enterprise and these benefits can be measured reliably.

3.1 Levy income

In terms of section 3(1) and 3(4) of the Skills Development Levies Act, 1999 (Act No. 9 of 1999), registered member companies 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).

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

Levy income is recognised on the mixed basis (accrual and cash)

Skills Development Levy (SDL) income is recognised when it is probable that future economic benefits will flow to the SETA and these benefits can be measured reliably, and occurs when the DHET makes the allocation or the payment, whichever event comes first, to the SETA as required by section 8 of the Skills Development Levies Act, 1999 (Act No. 9 of 1999).

Revenue is adjusted for inter-SETA transfers due to employers changing SETA's. Such adjustments are disclosed separately as inter-SETA transfers. The amount of the inter-SETA adjustment is calculated according to the standard operating procedures of the DHET.

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.

3.1.1 Voluntary contributions

Voluntary contributions received from public service employers in the national and provincial spheres of government may be used to fund the SETA administration costs. These contributions are recognised as other income and the Accounting Authority has adopted that these funds should be utilized solely for the benefit of service industries in the form of discretionary projects.

3.2 Interest and penalties

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

ACCOUNTING POLICIES

3.3 Funds allocated by the National Skills Authority for special projects

Funds transferred by the National Skills Authority are accounted for in the financial statements of the SETA as a liability until the related eligible special project expenses are incurred at which time the liability is extinguished and revenue recognised. Property, plant and equipment acquired for the special project are capitalised in the financial statements as the SETA controls such assets for the duration of the special project. Such assets could however only be disposed of in terms of agreement and specific written instructions by the National Skills Authority.

3.4 Government grants and other donor income

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

3.5 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.

Dividend income from investments is recognised when the right to receive payment has been established.

4 GRANTS AND PROJECT EXPENDITURE

A registered company may recover a maximum of 70% of its total levy payment by complying with the grant criteria in accordance with the Skills Development Regulations issued in terms of the Skills Development Act 1999 (Act No 9 of 1999).

Mandatory grants

The grant payable and the related expenditure are recognised when the employer has submitted an application for a grant in the prescribed form within the agreed upon cut-off period and complies with all legislative requirements. The grant is equivalent to 50% of the total levies paid by the employer during the corresponding financial period for the skills planning grant.

Discretionary grants and project expenditure

The funding for discretionary grants and projects stems from the 20% of the total levies paid by the employers, levy grants that are not claimed by employers, the surplus of administration levies not utilised, investment income, and other income generated by the SETA.

A SETA may out of any surplus monies determine and allocate discretionary grants to employers, education and training providers and workers of the employers who have submitted an application for a discretionary grant in the prescribed form within the agreed upon cut-off period.

Project expenditure comprises:

- 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.

Project costs are recognised as expenses in the period in which they are incurred. A receivable is recognised net of a provision for irrecoverable amounts for incentive and other payments made to the extent of expenses not yet incurred in terms of the contract.

5 IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE

The definitions contained in the Public Finance Management Act are:

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

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 charged against income in the period in which they are incurred. The materiality and disclosure of such items are determined in terms of the materiality and significance framework of the organization.

6 PROPERTY, PLANT AND EQUIPMENT

Land is stated at fair value and is not depreciated as it is deemed to have an indefinite life. Expenditure on additions and improvements to property is capitalised on the basis of measured work completed.

Property is revalued in terms of the asset management policy of the SETA. This policy provides for the revaluation to be conducted once in a three year cycle. Surpluses arising from the professional valuations of the property are taken direct to the revaluation reserve. Valuation surpluses are realised only on disposal and are transferred from the revaluation reserve to the income statement. Any deficit arising from the professional valuation of the property is taken direct to the revaluation reserve to the extent that such deficit is regarded as temporary. Where a permanent diminution in value of the property is identified, the deficit is eliminated against the revaluation reserve in respect of the property with any excess being charged to the income statement.

Non-current assets, excluding land are stated at historical cost less accumulated depreciation and accumulated impairment. Depreciation is calculated on the straight-line method to write-off the cost of each asset over its estimated useful life. The expected useful life of assets within each class differs, since all of the assets are expected to be in use over the life of the SETA.

The SETA is a going concern until 31 March 2016 in terms of Gazette No. 33756 dated 11 November 2010 and published by the Minister of Higher Education. In light of this requirement, management determined, consistent with the prior year, that the useful life of assets should be limited to the SETA's establishment.

The following are therefore approximate useful lives if the timeframe of the SETA did not pose an impediment:

Buildings	20 years
Motor vehicles	4 - 5 years
Office furniture	5 years
Office equipment	5 years
Computer equipment	4 - 5 years
Computer software	3 - 5 years
Computer network	3 - 5 years

The depreciation charge is to depreciate the book value over the the useful life of the asset to its assessed residual value. Depreciation is calculated and provided for on an annual basis. If the residual value of an asset is at least equal to its carrying amount, depreciation will cease.

The residual value of technological assets such as computers are set at one rand, as these items are expected to have a negligible sales value at the end of its useful life.

The residual values of assets with a cost of less than R5,000 are estimated at 10% of the cost as this is approximately the maximum amount expected to be recovered on those items if they were disposed of.

Residual values of other assets are determined by considering the second hand values of similar items which are already at the age the asset is expected to be at the end of its useful life. This would be applicable especially to vehicles

ACCOUNTING POLICIES

The SETA has reviewed the residual values used for the purposes of depreciation calculations in the 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 will be reviewed annually in the future.

The depreciation of assets commences on the date that the asset is available for use, even if it is not yet in use.

The following factors were considered to determine the useful life of the asset:

- Expected usage of the asset;
- Expected physical wear and tear of the asset;
- Technical obsolescence; and
- Legal or other limits on the use of the asset.

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

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

7 FINANCE AND OPERATING LEASE AGREEMENTS

Leases of property, plant and equipment where the SETA assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other non-current liabilities. The interest element of the finance charge is expensed to the income statement over the lease period. The property, plant and equipment acquired under finance leasing contracts are depreciated over the useful life of the assets.

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement based on the straight-line method. 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 take place.

8 RETIREMENT BENEFIT COSTS

The SETA provides for retirement benefits for all its permanent employees through a defined contribution scheme that is subject to the Pension Funds Act, 1956 as amended. In terms of the Pension Funds Act, the fund is not required to be actuarially valued. Contributions are at a rate of 15% of pensionable emoluments of which members contribute 7.5%.

The SETA's contribution to the defined contribution plans is charged to the income statement in the year to which they relate and there is no further liability for the SETA beyond this.

9 PROVISIONS

Provisions are recognised when the SETA has a present legal or constructive obligation as a result of past events, 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.

9.1 Provision for employee entitlements

The cost of other employee benefits is recognised during the period in which the employee renders the related service. Employee entitlements are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to the balance sheet date. Provisions included in the balance sheet are provisions for leave (based on the current salary rates).

9.2 Provision for grants

A provision is recognised for grant payments once the specific criteria set out in the regulations to the Skills Development Act, 97 of 1998 has been complied with by member companies and it is probable that the SETA will approve the payment. The measurement of the obligation involves an estimate, based on the established pattern of past practice of approval for each type of grant.

Provisions are not made for projects approved at year-end, unless the service in terms of the contract has been delivered or the contract is of an onerous nature. Where a project has been approved, but has not been accrued for or provided for, it is disclosed as commitments in the notes to the financial statements.

9.3 Other provisions

Other provisions are recognised on the financial statements to the extent of goods received / services rendered at year-end and for which invoicing has been received subsequent to year-end.

10 FINANCIAL INSTRUMENTS

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

All "regular way" purchases and sales of financial assets are initially recognised using trade date accounting.

Financial instruments are initially measured at fair value, which includes transaction costs. Subsequent to initial recognition these instruments are measured as set out below.

10.1 Financial assets

The SETA's principle financial assets are accounts and other receivable and cash and cash equivalents.

10.1.1 Investments and loans

" The following categories of investments are measured at subsequent reporting dates at amortised cost by using the effective interest rate method if they have a fixed maturity, or at cost if there is no fixed maturity:

- Loans and receivables originated by the entity;
- Held-to-maturity investments;
- An investment that does not have a quoted market price in an active market and whose fair value cannot be measured reliably."

Cost and amortised cost are inclusive of any impairment loss recognised to reflect irrecoverable amounts. The financial assets are subject to review for impairment at each balance sheet date.

Investments other than those listed above, are classified as available-for-sale investments or investments held-for-trading and are measured at subsequent reporting dates at fair value without any deduction for transaction costs that may be incurred on sale or other disposal.

10.1.2 Accounts and other receivables

Accounts and other receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

10.1.3 Cash and cash equivalents

Cash and cash equivalents are measured at fair value.

ACCOUNTING POLICIES

10.2 Financial liabilities

The SETA's principal financial liabilities are interest bearing borrowings, accounts and other payables and bank overdraft.

All financial liabilities are measured at amortised cost, comprising original debts less principle payments and amortisations, except for financial liabilities held for trading and derivative liabilities, which are subsequently measured at fair value.

Gains and losses arising from a change in the fair value of financial instruments, other than available-for-sale financial assets, are included in net profit or loss in the period in which it arises. Gains and losses arising from a change in the fair value of available-for-sale financial assets are recognised in equity, until the investment is disposed of or is determined to be impaired, at which time the net profit or loss is included in the net profit or loss for the period.

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

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

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

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

11 RESERVES

Equity is sub-classified in the balance sheet between the following funds and reserves:

- Administration reserve
- Employer grant reserve
- Discretionary reserve
- Revaluation reserve
- Unappropriated surplus

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

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

	2010/11	2009/10
	%	%
Administration costs of the SETA	10	10
Mandatory grant fund	50	50
Discretionary grants and projects	20	20
	80	80

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

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

The net surplus/deficit is allocated to the administration reserve, the mandatory grant reserve and the discretionary fund reserve based on the above.

Surplus funds are moved to the discretionary fund reserve from the administration reserve based on unspent funds at year-end and from the mandatory grant based on unclaimed grants after the prescribed time-frames have elapsed.

12 COMPARATIVE FIGURES

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

13 RELATED PARTY TRANSACTIONS

Transactions are disclosed as related party transactions where the SETA has in the normal course of its operations, entered into transactions with entities related to the DHET or which had a nominated representative serving on the SETA Accounting Authority.

In addition, inter-SETA transactions are disclosed as related party transactions due to employers moving from one SETA to another.

14 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the 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.

Currently the policy for property, plant and equipment required management to make key assumptions concerning the future, and other sources of estimation of uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS:

1. ALLOCATION OF NET SURPLUS FOR THE YEAR TO RESERVES - 2011

	Total per Income Statement R'000	Administration Reserve R'000	Employer Grant Reserve R'000	Discretionary Reserve R'000
Total revenue	852,898	98,692	493,526	260,680
Skills development levy income				
• Admin levy income	98,692	98,692		
• Grant levy income	493,526		493,526	
• Discretionary levy income	201,975			201,975
Penalties & interest	12,395			12,395
Investment income	45,389			45,389
Other income	921			921
Total expenses	(906,063)	(134,986)	(260,744)	(510,333)
Administration expenses	(134,986)	(134,986)		
Employer grants & project expenses	(771,077)		(260,744)	(510,333)
<i>Net surplus/(deficit) per income statement allocated</i>	(53,165)	(36,294)	232,782	(249,653)

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

1. ALLOCATION OF NET SURPLUS FOR THE YEAR TO RESERVES - 2010

	Total per Income Statement R'000	Administration Reserve R'000	Employer Grant Reserve R'000	Discretionary Reserve R'000
Total revenue	855,845	94,645	473,453	287,747
Skills development levy income				
• Admin levy income	94,645	94,645		
• Grant levy income	473,453		473,453	
• Discretionary levy income	204,036			204,036
Penalties & interest	12,697			12,697
Investment income	62,940			62,940
Other income	8,074			8,074
Total expenses	(888,649)	(92,110)	(236,207)	(560,332)
Administration expenses	(92,110)	(92,110)		
Employer grants & project expenses	(796,539)		(236,207)	(560,332)
<i>Net surplus/(deficit) per income statement allocated</i>				
	(32,804)	2,535	237,246	(272,585)

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

	Year ended 31 Mar 11 R'000	Year ended 31 Mar 10 R'000
2 Skills development levy income		
<i>The total levy income per the statement of financial performance is as follows:</i>		
Levy income: Administration income (10%)	98,692	94,645
Levies received	99,689	96,272
Inter-SETA transfers	(997)	(1,627)
Levy income: Employer grants (50%)	493,526	473,453
Levies received	498,513	481,588
Inter-SETA transfers	(4,987)	(8,135)
Levy income: Discretionary grants (20%)	201,975	204,036
Levies received	203,970	207,290
Inter-SETA transfers	(1,995)	(3,254)
	794,193	772,134
3 Investment income		
Interest	45,389	62,940
4 Other income		
Conference and other income	921	8,074
5 Employer grants and project expenses		
Employer grants:		
Mandatory grants		
Disbursed	(174,983)	(183,733)
Provisions and accruals	(85,761)	(52,474)
Discretionary grants		
SMME Disbursements	(10,311)	(133,804)
Project expenditure		
Disbursed	(497,055)	(395,779)
Provisions and accruals	(2,967)	(30,749)
	(771,077)	(796,539)

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

	Year ended 31 Mar 11 R'000	Year ended 31 Mar 10 R'000
5.1 Project expenditure consists of:		
Direct project costs	(476,532)	(407,741)
Direct salaries and wages	(21,152)	(16,757)
Direct administration expenses	(2,338)	(2,030)
	(500,022)	(426,528)
Scarce & Critical Skills	(63,124)	(43,744)
Research	(5,235)	(5,083)
Constituency Capacity Building	(32,602)	(55,192)
Partnership & Skills Promotion	(7,388)	(9,391)
Skills Development Facilitators	(1,773)	(2,114)
Sector Specialist Capacity Building	(3,388)	(2,640)
Three Star Programme	(2,168)	(2,559)
BEE Charter Development & Skills Support	(876)	(4,158)
ABET	(1,388)	(7,492)
Learnership Implementation	(12,976)	(9,833)
Learning Programmes	-	(5,194)
Scarce Skills Bursary Support	(235,536)	(219,242)
Non Levy Paying Enterprises	(553)	(16,074)
FET Sector Agreement	-	(56)
HET Sector Agreement	(3,900)	(4,578)
Experiential Discretionary Grant	(108,780)	(15,081)
NVC Support	-	(3,469)
ISOE Discretionary Funding	(647)	(3,848)
Audit Reporting Funding	(14)	(3,915)
Provider & Accreditation Networking	(201)	(3,656)
ETQA Support Grant	(14,386)	(5,482)
Employee Disability Grant	(4,808)	(3,489)
Depreciation	(279)	(238)
	(500,022)	(426,528)

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

	Year ended 31 Mar 11 R'000	Year ended 31 Mar 10 R'000
6 Administration expenses		
The following items have been included in administration expenses:		
Advertising and promotion	(2,418)	(7,788)
Stakeholder participation	(3,803)	(5,159)
Audit committee expenditure	(46)	(111)
Communication costs	(1,815)	(3,888)
Computer and IT expenses	(7,018)	(7,359)
Office expenses	(6,137)	(9,039)
Operating lease costs	(2,059)	(1,792)
Staff costs (note 6.1)	(114,623)	(62,278)
Travel and subsistence	(9,209)	(5,165)
External audit fees	(1,341)	(1,440)
Professional and consulting fees	(6,282)	(4,627)
Depreciation	(1,434)	(975)
Other costs	(2,291)	(1,276)
Less: Costs allocated to project expenditure	23,490	18,787
	(134 986)	(92,110)
6.1 Staff costs		
Salaries and wages	(58,107)	(40,495)
SDL, UIF, PAYE and workman's compensation	(26,917)	(11,323)
Medical aid contributions	(2,453)	(2,786)
Pension contributions: Defined contribution plan	(5,994)	(7,674)
	(93,471)	(62,278)
Allocation of cost of employment:		
-Administration expenses	(93 471)	(45,521)
-Project expenses	(21,152)	(16,757)
	(114 623)	(62,278)
Number of employees	227	217

Refer to the report Accounting Authority for disclosure of the emoluments earned by members of the Accounting Authority and senior management. Included in salary costs, are contractual severance packages of R37,264,392 (gross) for 8 staff members which materialised in April 2011.

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

	Year ended 31 Mar 11 R'000	Year ended 31 Mar 10 R'000
7 Inventory		
Stationery	9	9
8 Accounts receivable		
Deposits	289	209
Special project funds receivable	37,068	23,417
Accrued investment income	12,586	23,169
Other receivables	91	12
	50,034	46,807
9 Cash and cash equivalents		
Cash at bank and in hand	79,521	53,446
Cash in bank	79,514	53,438
Cash in hand	7	8
Short term investments	624,000	622,209
	703,521	675,655
<p>As required in Treasury Regulations 31.2, National Treasury approved the financial institution where the bank accounts are held.</p> <p>Cash includes cash on hand and cash with banks. Cash equivalents are short term, highly liquid investments that are held with registered banking institutions with maturities of less than 1 year and that are subject to an insignificant risk of change in value. Short term investments comprise of short term fixed deposits held in banking institutions</p>		
10 Accounts payable		
Mandatory grants payable - non exchange transaction	85,761	52,474
Trade payables - exchange transaction	21,719	58,060
Other accrued expenses - non exchange transaction	86,303	42,559
	193,783	153,093
<p>Other accrued expenses includes employers who continued paying skills development levies after becoming exempt. This amounted to R43,924,050. Further to the other accrued expenses, an amount of R37 264 392 relate to contractual severance packages for 8 members of staff paid in April 2011.</p>		
11 Provisions		
Opening carrying amount	1,102	2,123
Amounts utilised	-	(1,021)
Change in estimate	43,430	-
Closing carrying amount	44,532	1,102
Reconciliation:		
Employee leave provision	2,139	1,102
Mandatory grant provision	42,393	-
	44,532	1,102

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

	Year ended 31 Mar 11	Year ended 31 Mar 10
	R'000	R'000
12 Special project funds received in advance		
Opening balance	-	543
Received during the year	23,956	22,957
Direct project costs	(23,956)	(23,500)
Closing balance	-	-

During the 2010/11 financial year, conditional funds of R15,500 were received from various sponsors in commemoration of Mandela Day. The funding was in support of under-privileged communities in Gauteng. This amount was recognised as a liability until the conditions were met. During the 2010/11 financial year, R15,500 project expenditure was incurred in support of the Takalani Homes for Physically and Mentally Challenged, and the Andries Meyer Homes for the Aged.

On 1 November 2008, the National Skills Authority (NSA) approved funding of R76,900,000 for 2000 artisans. Over the past financial year, additional project expenditure of R23,941,000 (2010 - R23,500,000) has been incurred by the SSETA using discretionary funds. A receivable of R37,608,000 (2009/10 - R23,417,000) has been accounted for at year-end (note 8).

13 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.

	Year ended 31 Mar 10	Year ended 31 Mar 11
	R'000	R'000
14 Net cash generated from/(utilised in) operating activities		
Net surplus as per income statement	(53,165)	(32,804)
Adjusted for non-cash items:		
Depreciation	1,434	975
Adjusted for items separately disclosed:		
• Investment income	(45,389)	(62,940)
• (Profit)/loss on disposal of assets	(6)	(5,816)
Working capital changes:		
Increase/(decrease) in accounts payable	40,690	40,746
Increase/(decrease) in provisions	43,430	(1,022)
Decrease in prepayments and advances	-	922
Decrease/(increase) in accounts receivable	(24,114)	(13,456)
Cash generated from operations	(37,120)	(73,395)

15 CONTINGENCIES

In terms of the PFMA, all surplus funds as at year-end must be forfeited to National Treasury. As at year-end, no formal approval has been obtained from National Treasury to retain surplus funds.

16 COMMITMENTS

16.1 Discretionary Reserves

Discretionary grants are not accrued until a contractual obligation exists, even if applications have been approved at year-end. Of the balance available in the discretionary grant reserve at the end of March 2011 and the projected unclaimed grants, R554,831,000 has been approved and allocated for future projects (multi-year plan) and skills priorities as set out below. A request for the accumulation of these funds has been submitted to National Treasury. At the time of compiling these financial statements, no reply had been received.

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

Project	Opening Balance 2009/10 R'000	Approved by Accounting Authority R'000	Utilised R'000	Opening Balance 2010/11 R'000	Approved by Accounting Authority R'000	Utilised/ Adjustment R'000	Closing Balance 2010/11 R'000
FET sector agreement	-	56	(56)	-	-	-	
Provider & accreditation networking	2,258	1,859	(3,656)	461	-	(461)	
Constituency capacity building	856	58,860	(55,192)	4,524	29,580	(32,602)	1,502
Partnership & skills promotion	3,826	12,684	(9,391)	7,119	269	(7,388)	
ISOE Funding	-	3,848	(3,848)	-	1,421	(647)	774
ETQA Support Grant	783	5,670	(5,482)	971	15,426	(14,386)	2,011
Research	244	6,303	(5,083)	1,464	4,658	(5,235)	887
Three star programme	174	2,721	(2,559)	336	3,865	(2,168)	2,033
ABET and learner bridging programme	6,011	3,796	(7,492)	2,315	-	(2,315)	
Scarce Skills Bursary Support	302,925	279,854	(219,242)	363,537	37,117	(235,536)	165,118
Small, medium, micro enterprises co-ordination	8,521	131,642	(133,804)	6,359	6,263	(10,311)	2,311
Scarce & Critical Skills	139,213	(30,850)	(43,744)	64,619	27,317	(63,124)	28,812
Non Levy Paying Enterprises	-	16,074	(16,074)	-	553	(553)	
Skills Development Facilitators	222	1,892	(2,114)	-	2,280	(1,773)	507
Learnership implementation	693	27,732	(9,833)	18,592	-	(14,800)	3,792
NVC Support	-	3,910	(3,469)	441	-	(441)	
Learning Programmes	-	5,194	(5,194)	-	4,760	-	4,760
Audit Reporting Funding	-	3,915	(3,915)	-	14	(14)	
Experiential Discretionary Grant	7,132	23,467	(15,081)	15,518	121,214	(108,780)	27,952
Sector Specialist Capacity Building	47	6,150	(2,640)	3,557	2,607	(3,388)	2,776
BEE Charter Development & Skills Support	805	5,394	(4,158)	2,041	-	(2,041)	
HET Sector Agreement	-	9,676	(4,578)	5,098	637	(3,900)	1,835
Employee Disability Grant	2,026	2,142	(3,489)	679	9,440	(4,808)	5,311
Other expenses	1,241	(777)	(238)	226	269	(279)	216
	476,977	581,212	(560,332)	497,857	267,690	(514,950)	250,597

16.2 OPERATING LEASES

Summary of operating lease commitments:

	2011 R'000	2010 R'000
Not later than one year	723	1,824
Later than one year but not later than five years	313	536
	1,036	2,360

Operating leases comprise of office rentals. There are currently 7 rental agreements with the last ending in October 2013. The average rental cost per square metre per month is R71.

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

17 PROPERTY, PLANT AND EQUIPMENT

Year ended 31 March 2011	Cost	Cost	Accumulated Depreciation	Accumulated Depreciation	Net Book Value	Net Book Value
	2011	2010	2011	2010	2011	2010
Buildings	15 711	15 711	-	-	15 711	15 711
Land	18 414	18 414	-	-	18 414	18 414
Vehicles	814	814	(267)	(201)	547	613
Office furniture	4 758	4 418	(2 599)	(2 285)	2 159	2 133
Office equipment	4 002	3 704	(2 231)	(1 901)	1 771	1 803
Computer equipment	6 522	6 131	(4 390)	(4 030)	2 132	2 101
Computer software	4 348	4 348	(3 761)	(3 644)	587	704
Computer network	4 209	3 960	(2 919)	(3 644)	1 290	1 270
Balance at end of period	58 778	57 500	(16 167)	(14 751)	42 611	42 749

Made up as follows:

Owned assets	58 778	57 500	(16 167)	(14 751)	42 611	42 749
--------------	--------	--------	----------	----------	--------	--------

Movement summary 2011	Net Book Value-2010	Additions	Disposals / Devaluation	Depreciation Charge	Accum Dep on Disposal	Net Book Value-2011
	R'000	R'000	R'000	R'000	R'000	R'000
Buildings	15,711	-	-	-	-	15,711
Land	18,414	-	-	-	-	18,414
Vehicles	613	-	-	(66)	-	547
Office furniture	2,133	340	-	(314)	-	2,159
Office equipment	1,803	307	(8)	(333)	2	1,771
Computer equipment	2,101	442	(50)	(376)	15	2,132
Computer software	704	-	-	(117)	-	587
Computer network	1,270	249	-	(229)	-	1,290
	42,749	1,338	(58)	(1,435)	17	42,611

Movement summary 2010

Buildings	15,711	-	-	-	-	15,711
Land	18,414	-	-	-	-	18,414
Vehicles	288	365	-	(40)	-	613
Office furniture	1,108	1,222	-	(197)	-	2,133
Office equipment	653	1,330	-	(180)	-	1,803
Computer equipment	1,885	535	(96)	(300)	77	2,101
Computer software	787	33	-	(116)	-	704
Computer network	578	834	-	(142)	-	1,270
	39,424	4,319	(96)	(975)	77	42,749

18 MATERIAL LOSSES THROUGH CRIMINAL CONDUCT, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

Irregular expenditure

- 18.1 The irregular expenditure amounting to R37,264,392 resulted from the payment of severance packages were made to the 8 members of staff, which were in contravention with PFMA S50(1)(b) and S51(1)(b)(ii).

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

18.2.2. The irregular expenditure amounting to R36,197,615 resulted from the SETA exceeding its 12,5% limit on administration expenditure, which is in contravention with Section 3 of the Grant regulations 713 of 18 July 2005 and no authorisation was obtained for the excess.

Incident	Disciplinary steps taken/criminal proceedings	2010/11 R'000
Severance packages payment	Under investigation	37 264
Exceeded 12,5% Administration expenditure limit	None	36 198
Total		73 462

19 FINANCIAL INSTRUMENTS

In the course of the SETA operations it is exposed to interest rate, 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.

Interest rate risk:

The SETA manages its interest rate risk in terms of its "Investment Policy" and "Cash Flow Management Policy". Amongst other controls, the following controls are exercised to ensure minimum exposure and maximum returns:

- Surpluses are invested with more than one financial institution with a credit "A" rating and as per approval from National Treasury;
- Investments are made in call deposits at a fixed rate of return thus minimising the risk of loss; -
Funds held in current account are limited ensuring maximum returns are generated by funds maintained in call deposits.

THE SETA'S EXPOSURE TO INTEREST RATE RISK AND THE EFFECTIVE INTEREST RATES ON FINANCIAL INSTRUMENTS AT BALANCE SHEET DATE ARE AS FOLLOWS:

	Floating Rate Amount R'000	Effective Interest Rate R'000	Fixed Rate Amount R'000	Effective Interest Rate R'000	Non-Interest Bearing Amount R'000	Total R'000
Year ended 31 March 2011:						
Financial assets:						
Cash and cash equivalents	79,514	3%	624,000	6%	7	703,521
Accounts receivable	12,586	3%			37,448	50,034
	92,100		624,000		37,455	753,555
Financial liabilities:						
Accounts payable					191,760	191,760
Provisions					44,532	44,532
					236,292	236,292
Year ended 31 March 2010:						
Financial assets:						
Cash and cash equivalents	53,438	5%	622,209	8%	8	675,655
Accounts receivable	23,169	5%			23,638	46,807
	76,607		622,209		23,646	722,462
Financial liabilities:						
Accounts payable					153,093	153,093
Provisions					1,102	1,102
					154,195	154,195

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

20 CREDIT RISK

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

The SETA manages to limit its treasury counter-party exposure by only dealing with well-established financial institutions approved by National Treasury through the approval of their investment policy in terms of Treasury Regulation. The SETA's exposure is regularly monitored by the Executive Committee and Audit Committee of the entity.

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

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.

Market risk

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

Fair values

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

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

The following methods and assumptions are used to determine the fair value of each class of financial instruments:

Cash and cash equivalents

The carrying amount of cash and cash equivalents approximates fair value due to the relatively short-term maturity of these financial assets.

Accounts receivable

The carrying amount of accounts receivable, net of allowance for bad debt, approximates fair value due to the relatively short-term maturity of these financial assets.

Accounts payable

The carrying amount of account and other payables approximates fair value due to the relatively short-term maturity of these financial liabilities.

Related party transactions

All related party transactions are unsecured and no guarantees have been provided. None of the transactions are considered doubtful in terms of debt collection or payment. All transactions were conducted at arm's length.

Transactions with other SETAs

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

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

THE BALANCES AT YEAR-END INCLUDED IN RECEIVABLES AND PAYABLES ARE:

	2010/11: R'000 TRANSFERS IN/ (OUT) DURING THE YEAR	R'000 AMOUNT RECEIVABLE / (PAYABLE)	2009/10: R'000 TRANSFERS IN/ (OUT) DURING THE YEAR	R'000 AMOUNT RECEIVABLE/ (PAYABLE)
Received / Receivables	556	-	1,475	-
AgriSETA	5	-	-	-
BankSETA	-	-	1	-
CETA	-	-	39	-
ETDPSETA	24	-	32	-
Fasset	12	-	404	-
FoodbevSETA	-	-	4	-
HWSETA	248	-	222	-
InSETA	2	-	24	-
Isett	28	-	43	-
MQA	34	-	-	-
MerSETA	-	-	231	-
TETA	122	-	-	-
W&RSETA	81	-	475	-
Paid / Payables	(8,535)	-	(8,178)	(6,313)
AgriSETA	(7)	-	(175)	-
BankSETA	(65)	-	(438)	-
CETA	(485)	-	(670)	-
Chieta	(50)	-	(216)	-
CTFL	(179)	-	(43)	-
ESETA	(172)	-	-	-
ETDPSETA	-	-	(5)	-
Fasset	(37)	-	(1,120)	-
Fieta	-	-	(122)	-
FoodbevSETA	(5,487)	-	(680)	(5,655)
HWSETA	-	-	(1,237)	-
InSETA	(42)	-	(21)	-
Isett	(652)	-	(1,059)	-
MappSETA	-	-	(42)	-
MerSETA	(394)	-	(406)	-
MQA	(11)	-	(247)	(658)
SASSETA	(854)	-	(190)	-
Theta	(29)	-	-	-
W&RSETA	(71)	-	(1,507)	-
Total	(7,979)	-	(6,703)	(6,313)

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

Transactions with other related parties

During the financial year members of the Accounting Authority and employees were required to disclose their interest in any contracts that the SETA is entering into with an outside party. During the year the following funds were paid to companies relating to the members of the Accounting Authority. All transactions were at arm's length:

Surname and Initials	Company	2010/11	2009/10
		R'000	R'000
Billington M	Capital Outsourcing	167	476
Connellan G	Eclipse Skillsmatters	10,808	6,427
Forrest V	SA Payroll Association	3	-
Khoba SM	Afro Health & Beauty Employees Association of SA	-	-
Landey J	Party Design	8,328	8,784
Jack B	The Kelly Group	5,299	19
McLuckie J	Umdoni Strategic Management Services	160	215
Potgieter JJ	Payment Ditasa	19,110	-
Wicks CE	Contractor Plant Hire Association	1324	1,077
Best R	Izihambi Trade & Investments	179	49
Harding P	S A Quality Institute	45	11
Allan D	Homenet	-	52
Van Rensburg HJ	Protea Tyres	731	856
De Wet H	Solidariteit	4,658	10
Mdluli BM	Direct Marketing Association	6,774	17,109

DISCLOSURE NOTES TO THE FINANCIAL STATEMENTS

21 RECONCILIATION OF THE STATEMENT OF FINANCIAL PERFORMANCE AND BUDGET

	Year ended Actual 31 Mar 11 R'000	Year ended Actual 31 Mar 10 R'000
Net deficit for the year as per statement of financial performance	(53,165)	(32,804)
Adjusted for:		
Surplus on disposal of assets	(6)	(5,816)
Decrease in provisions	-	(1,021)
Skills development levy income	(25,639)	(67,347)
Skills development penalties and interest	(12,395)	(12,698)
Investment income	(1,471)	(14,941)
Other income	(915)	(2,258)
Employer grants and project expenses	(148,638)	131,850
Administration expenses	45,453	5,035
Net deficit as per approved budget	(196,776)	-

The budgets were prepared at the end of September 2009 for the 2010/11 financial year (6 months before the commencement of the financial year as required in terms of the PFMA). The statement of financial performance is a reflection of actual income and expenditure at the end of 31 March 2011. Changes in the economy over 18 months influence the operations of stakeholders and providers (timeframe between actual and budget) and contribute significantly to the variances experienced by the SSETA.

ACRONYMS

ABET	Adult Based Education & Training
AMC	African Marketing Confederation
ATR	Annual Training Report
BCEA	Basic Conditions of Employment Act
BEE	Black Economic Empowerment
BPO	Business Plan Objectives
BUSA	Business Unity South Africa
CHE	Council of Higher Education
CIETT	International Confederation of Private Employment Agencies
COSATU	Congress of South African Trade Union
CPD	Continuous Professional Development
CPHA	Contractors Plant Hire Association
CWU	Communication Workers Union
DHET	Department of Higher Education and Training
DOE	Department of Education
DOL	Department of Labour
DTI	Department of Trade and Industry
DWP	Domestic Workers Project
EAP	Employment Assistance Programme
EMC	European Marketing Confederation

ACRONYMS (CONTINUED)

EOHCB	Employer's organisation for Hairdressing Cosmetology and Beauty
EQPC	European Professional Qualifications Committee
ETD	Electronic Theses and Dissertations
ETQA	Education and Training Qualifications Authority
EXCO	Executive Committee
FEDUSA	Federation of Unions of South Africa
FET	Further Education and Training
FSA	Formal Summative Assessment
GDS	Growth and Development Summit
GPBSPMP	Global Performance Based Standards for Project Management Personnel
HSRC	Human Sciences Research Council
IIP	Investors In People
ISO	International Standards Organisation
JIP	Joint Implementation Programme
LOI	Letter of Intent
LPS	Learnership Service Provider
MANCOSA	Management College of Southern Africa
MEC	Member of the Executive Council
MOU	Memorandum of Understanding

ACRONYMS

NEDLAC	National Economic Development and Labour Council
NGO	Non Governmental Organisation
NISOESS	National Institute of Sectoral and Occupational Excellence for the Services Sector
NPO	Non Profit Organisation
NQF	National Qualification Framework
NSA	National Skills Authority
NSDS	National Skills Development Strategy
NSF	National Skills Fund
NTB	National Training Board
PBSC	Performance-Based Competency Standards
PDI	Previously Disadvantaged Individuals
PFMA	Public Finance Management Act
QMS	Quality Management System
RPL	Recognition of Prior Learning
SAQA	South African Qualifications Authority
SARS	South African Revenue Services
SBSQ	Small Business Services Qualification
SDA	Skills Development Act
SDF	Skills Development Facilitator

ACRONYMS

SETA	Sector Education and Training Authority
SETQAA	Sector Education and Training Quality Assurance Authority
SFP	School Feeder Project
SGB	Standard Generating Body
SIC	Standard Industrial Classification
SME	Small Medium Enterprises
SMME	Small Medium Macro Enterprises
SPLP	School Pre-Learnership Project
UCT	University of Cape Town
WSP	Workplace Skills Planning
ETD	Electronic Thesis and Dissertations



JOHANNESBURG

Tel: 011 276 9600
 Fax: 011 276 9660
 15 Sherborne Road
 Parktown
 Johannesburg
 2193

BLOEMFONTEIN

Tel: 051 430 6223
 Fax: 051 430 8771
 135 -141 President Reitz Ave
 Hydro Park
 Westdene
 9324

KIMBERLEY

Tel: 053 833 7447
 Fax: 053 833 7452
 33 Long Street
 Albertynshof
 Kimberley
 8301

POLOKWANE

Tel: 015 296 4858
 Fax: 015 296 4729
 5 Neethling Street
 Hampton Court
 Bendor Avenue
 Polokwane
 0700

NELSPRUIT

Tel: 013 752 2207
 Fax: 013 752 6434
 37 Brown Street
 4th Floor, Mid City Building
 Nelspruit
 1200

DURBAN

Tel: 031 207 1761/2
 Fax: 031 207 1766
 73 Ramsay Ave
 Musgrave
 Durban
 4001

EAST LONDON

Tel: 043 743 5410
 Fax: 043 722 0587
 15 St Matthews Road
 Southernwood
 East London
 5213

PORT ELIZABETH

Tel: 041 582 2033
 Fax: 041 582 1678
 3 Edward Street
 Ground Floor
 Kalinga Linga House
 Port Elizabeth
 6001

CAPE TOWN

Tel: 021 425 0417
 Fax: 021 425 1575
 58 Strand Street
 11th Floor
 Picbel Parkade
 Cape Town
 8000

PUBLISHER

COMPILED BY
LAYOUT & DESIGN

PRINTERS

RP

ISBN

WEBSITE

SERVICES SECTOR EDUCATION & TRAINING AUTHORITY

PO BOX 3322 HOUGHTON 2041

CLARA NTHABISENG VILANKULU

AFRICA EVENT SOLUTIONS CC

NEON PRINTERS

61/2011

978-0-621-40038-0

WWW.SERVICESETA.ORG.ZA
