



TRANSPORT EDUCATION TRAINING AUTHORITY ANNUAL REPORT 2016/17



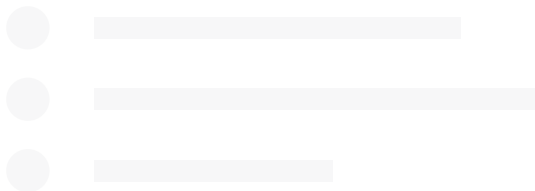
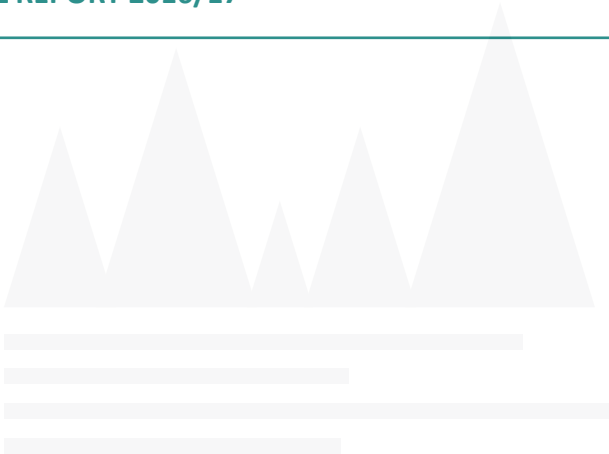
**higher education
& training**

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA



Transport Education Training Authority

Heart of Skills Innovation



TRANSPORT EDUCATION AND TRAINING AUTHORITY

**ANNUAL REPORT
FINANCIAL YEAR 2016/17**



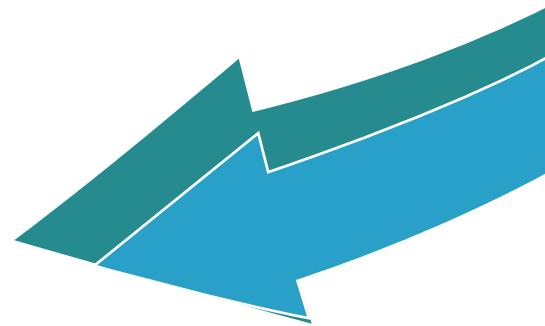


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PART A:

GENERAL INFORMATION







➔ 1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME: Transport Education and Training Authority (TETA)

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REGIONAL OFFICES:

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EDITING AND DISTRIBUTION: Marketing and Communication Department, TETA



ABOUT THIS REPORT

This report concerns activities undertaken by the Transport Education Training Authority (TETA) to advance the objectives of the National Skills Development Strategy (NSDS) during the 2016-2017 financial year, through innovation and commitment to the implementation of planned activities.

Skills programmes were implemented in accordance with the TETA Strategic Plan, which guides the organisation on sustainable action that strives to achieve long-term impact.

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

WHO IS TETA?

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

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

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

The transport sector is demarcated into eight subsectors, each falling under the relevant chamber's responsibility. These are the Road Freight Chamber, Freight Handling Chamber, Aerospace Chamber, Road Passenger Chamber, Taxi Chamber, Maritime Chamber, Forwarding and Clearing Chamber, and Rail Chamber.

ROAD FREIGHT

Within the road freight industry, employers and their employees are associated with the transportation of goods by means of vehicles; the storage of goods, including the receiving, opening, unpacking, packing, dispatching and clearing or accounting of goods; and hiring employees from temporary employment services for activities or operations which ordinarily or naturally fall within the range of transportation or storage of goods.

Unions, major associations and authorities that represent employers and employees and operate in the subsector include the South African Transport and Allied Workers' Union (SATAWU), the Motor Transport Workers' Union (MTWU), Professional Transport Workers' Union (PTWU), the Transport and Allied Workers' Union of South Africa (TAWUSA), the South African Express Parcel Association (SAEPA), the Road Freight

Association (RFA) and the National Employers' Association of South Africa (NEASA).

FREIGHT HANDLING



The freight handling industry is concerned with the handling, storage and stock control of any cargoes through sea ports, airports, distribution centres, factories and other depots.

The major employer bodies represented within the subsector are the Transport and Logistics Employers' Association (TLEA) and the National Stevedoring Association of South Africa (NASASA). Employees are represented by the following organisations: SATAWU, South African Commercial, Catering and Allied Workers Union (SACCAWU) and the United National Transport Union (UNTU).

AEROSPACE



The aerospace subsector deals with the transportation of passengers, goods (cargo/air freight) and mail by air. The industry is responsible for air transportation, including various components such as regulations, operations, design, manufacturing, maintenance, repair, overhaul and calibration. The industry also has to ensure conformity to international and national legislative regulations and standards. Employers within the subsector are represented by the following employer associations: the Commercial Aviation Association of Southern Africa (CAASA), the Airline Association of Southern African (AASA), Air Traffic and Navigation Services (ATNS), the South African Civil Aviation Authority (SACAA) and the Airports Company South Africa (ACSA).

ROAD PASSENGER



The road passenger industry's purpose is to transport its people and goods efficiently, safely, timeously and cost effectively. The scope of this chamber covers three of the Sector Industry Codes (SICs) that demarcate TETA's mandate in terms of the Skills Development Act. These are: urban, suburban and inter-urban bus and coach passenger lines; school buses; and other land transport. The bus sector includes all the entities involved in rendering passenger bus services, such as: privately owned bus operations, listed bus operations, state-owned bus operations, municipal bus services or bus operations owned by metropolitan authorities, parastatals or provincial authorities.



TAXI



In the taxi industry, employers (including taxi operators, associations and cooperatives) and employees (including drivers, queue marshals, patrollers and administrators), among others, are associated for

the purposes of transporting passengers by road for reward in vehicles other than buses. The subsector includes the following modes of transport: minibus taxis, metered taxis, scholar transport, shuttle services and chauffeur services.

The Chamber Management Committee, which is a subcommittee of the TETA Board, comprises representatives from the South African National Taxi Council (SANTACO), the South African Meter Taxi Association (SAMTA), SATAWU, Department of Transport (DoT) officials and a chairperson who is a full member of the TETA Board.

MARITIME



The maritime subsector deals with activities related to all vessels used at sea. This includes deep sea activities, ports, fishing and affiliated sectors (e.g. internal waterways and ship building and repair). The membership

of the chamber committee is comprised of employer bodies (the Marine Industry Association of South Africa [MIASA], the Seafarers Employers' Organisation, the Transport and Logistics Employers' Association and the South African Deep-sea Trawling Industry Association [SADSTIA]), employee bodies (the United Transport and Allied Workers' Union and SATAWU) and public-sector bodies like the DoT and the South African Maritime Safety Authority (SAMSA).

FORWARDING AND CLEARING

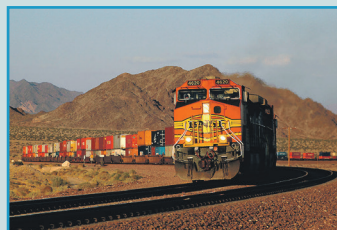


The freight forwarding industry manages international supply chains, facilitates the movement of goods and organises the movement of goods of importers and exporters (or other companies or persons)

internationally by all modes of transport. The nature of the goods and the customer's delivery requirements determine the most cost-effective method to use.

Employers within the freight forwarding industry are represented by the following employer associations: the South African Association of Freight Forwarders (SAAFF), the South African Association of Ship Operators and Agents (SAASOA) and SAEPA.

RAIL



The rail industry's purpose is the transportation of goods, passengers and livestock by rail; the control, management, accomplishment, maintenance and exploitation of railways and rail services; the maintenance, servicing,

repair, overhaul and testing of locomotives and rolling stock; and support services.

The main companies in the subsector are Transnet SOC Ltd, Passenger Rail Agency South Africa (PRASA) and a number of medium-sized rail enterprises. A number of infrastructure development projects are underway to improve the quality of the railway lines in South Africa.



➔ 2. LIST OF ABBREVIATIONS/ACRONYMS

AET:	Adult Basic Education and Training
ATR:	Annual Training Report
SACAA:	South African Civil Aviation Authority
CBOs:	Community-Based Organisations
DG:	Discretionary Grant
DoT:	Department of Transport
ETQA:	Education and Training Quality Assurance
HET:	Higher Education and Training
ISO:	International Organization for Standardization
MG:	Mandatory Grant
MoU:	Memorandum of Understanding
NGO:	Non-governmental Organisation
NSDS:	National Skills Development Strategy
QCTO:	Quality Council for Trades and Occupations
RFA:	Road Freight Association
RPL:	Recognition of Prior Learning
SAAFF:	South African Association of Freight Forwarders
SAASOA:	South African Associations of Ship Operators and Agents
SAEPA:	South African Express Parcel Association
SAMSA:	South African Maritime and Safety Authority
SANTACO:	South African National Taxi Council
SAQA:	South African Qualifications Authority
SETA:	Sector Education and Training Authority
SLA:	Service-level Agreement
SMMEs:	Small, Medium and Micro-sized Enterprises
SSP:	Sector Skills Plan
TETA:	Transport Education and Training Authority
TVET:	Technical and Vocational Education and Training
WSP:	Workplace Skills Plan
HRD:	Human Resources Development
DHET:	Department of Higher Education and Training
PFMA:	Public Finance Management Act
SATAWU:	South African Transport and Allied Workers' Union
UKZN:	University of KwaZulu Natal
UIF:	Unemployment Insurance Fund



MEMBERS OF THE BOARD



Mr June Dube



Mr Lionel Ritson



Mr Thulani Mbatha



Mr Geoffrey Jacobs



Mr Lucky Kolobe



Mr Saki Tlou



Mr Japie Kruger



Ms Maryna du Plessis



Mr Ronald Setlako



Mr Wyndham Evans



Ms Lorraine Wentzell



Ms Trudy Sebastian



Ms Veronica Mesatywa

➔ 3. FOREWORD BY THE CHAIRPERSON

Mr June Dube
Board Chairperson

The Year 2016/17 was a watershed period for TETA in that we saw a number of high-level, ground-breaking deliberations and proposals on the future landscape of skills development in South Africa. This has afforded us the opportunity to reflect on our role and preparedness to meaningfully deploy our resources in the support of the envisaged objectives.

With regard to our strategy, we took cognisance of national priorities and imperatives in the planning and implementation of our programmes. Chief among these were road safety, Operation Phakisa in the Ocean Economy, artisan development, graduate support, small business support and previously disadvantaged persons and communities.

In our endeavour to enhance our offering and reach into the transport sector and rural development destinations, we increased our support for and collaboration with Technical and Vocational Education and Training (TVET) colleges, universities and other institutions in research and human resource development.

The support TETA management has received from the Board was instrumental in the resolution of the high-profile plight of our local World Maritime University (WMU) graduates, most of whom had been languishing in unemployment owing to the lack of recognition for their degrees and a shortage of placement opportunities. By approving the TETA-UKZN bridging programme for these graduates, the Board has ensured that they will meet the South African Qualifications Authority (SAQA) requirements and receive recognition for their qualifications.

I am proud of our achievements in the areas of risk management, fraud prevention, corporate governance and increased fund disbursement to stakeholder contracts, which has enabled these businesses' viability. I would like to congratulate the TETA Executive and Management for this, as well as thank the Board for their continued guidance, without which these sterling achievements would not have been possible.

We are looking forward to fresh and exciting challenges during the impending transition to the new SETA landscape in the next period and beyond. I am confident that the TETA Board will be ready to provide robust oversight during this testing period and that the Executive and Management's commitment and capabilities will ensure they will be equal to the task ahead.

Mr June Dube
Board Chairperson
Transport Education and Training Authority
Date: 26 July 2017

➔ 4. CHIEF EXECUTIVE OFFICER'S OVERVIEW

Mrs Maphefo Anno-Frempong
Chief Executive Officer

This Annual Report for 2016/17 gives an assessment of the Transport SETA's achievements against the Annual Performance Plan.

TETA's aim remains one of giving deserving South Africans the skills and support that will make them employable and able to participate economically in an inclusive way, this being achievable through robust collaborative partnership between stakeholders.

During the period under review, TETA experienced overwhelming requests to implement various innovative projects, but financial constraints have limited our ability to honour all of them. This has impeded us from making a significant impact in some important areas of training and development in the transport sector. However, we are continually and successfully marshalling our resources to ensure the congruency of our activities to emerging national imperatives, such as Operation Phakisa, road safety, TVET and HEI support, graduate support, rural development, small business support and other similar initiatives. We are encouraged by the increase in partnerships with TVET colleges and other departments to address the skills development needs of the youth who are not in education, employment or training.

Our commitment to small business support has seen a continued collaborative partnership with the Unemployment Insurance Fund (UIF) for the implementation of the township economic revitalisation programme, in the form of recognition of prior learning (RPL) for backyard mechanics and panelbeaters. Although the chosen implementation model has presented various logistical challenges, we have taken a different approach to facilitate speedier resource procurement and delivery for the new financial year.

Road safety has remained on our radar, and we have taken a more radical approach that involves devising programmes that go beyond just awareness but yield unambiguous, tangible and measurable effects on the road carnage we are presently experiencing. The next period will see the piloting of this approach on defined routes, with a fixed population that includes taxis, the trucking industry and the bus industry nationally.

We have been consistent in our support of strategic national initiatives such as Operation Phakisa through the provision of funding and other forms of support to maritime-based institutions such as Umfolozi TVET College (for acquisition of modern simulators), the University of KwaZulu Natal (UKZN) (for the development of a bridging curriculum for WMU qualifications) and the South African International Maritime Institute (for providing resources for maritime initiatives). The next period will see the resumption of TETA-funded cohorts at WMU.

TETA played an important role in the national resolution of the recognition of foreign qualifications, especially as regards WMU qualifications. Furthermore, the Board approved a bridging programme and work placement for WMU graduates in partnership with the Dr John Langalibalele Dube Institute and UKZN. This will ensure the SAQA accreditation and recognition of WMU qualifications.



Some of the students on the programme have been placed with Transnet and Umfolozi TVET College.

For employees within the transport sector who are earmarked for talent management and leadership roles in the future, TETA continues to implement a customised international transport leadership development project characterised by collaboration between local and international business schools. For the year ahead, TETA will send a total of 45 young and talented beneficiaries to attend programmes such as the International Leadership Development Programme, and Executive International Development Programme for Women.

SETAs are on the threshold of a new landscape that will demand us to embrace new thinking and innovation, and to take on more precise roles that will ensure accuracy in the collection and processing of information on national skills needs and efficient delivery of properly targeted training solutions. At TETA we embrace the changes that will come with the new landscape and commit ourselves to mobilising all our resources to ensure its success.

I extend my appreciation to all TETA staff for making 2016/17 another successful period and I trust that the momentum developed thus far will carry the organisation forward to even better performance in the next period and beyond.

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

At TETA we acknowledge Minister Dr Bonginkosi Nzimande's wisdom in having laid down a skills development landscape that has been conducive to the effective collaboration of SETAs, training institutions and workplaces, and also for innovative and all embracing training solutions for the holistic empowerment of the previously disadvantaged populace through workplace-driven training, small business support and job creation opportunities.

Mrs Maphefo Anno-Frempong
Chief Executive Officer
Transport Education and Training Authority
Date: 26 July 2017



➔ 5. CHIEF EXECUTIVE OFFICER'S REPORT

New grant regulations have set discretionary grant (DG) levies to 49.5%, which has resulted in a 29.5% increase in the levies that TETA can utilise for projects. As a result, TETA developed a revised project model that has been operational since the 2013/14 financial year. This model also follows the multi-year funding principle, which ensures that the impact of the projects implemented is traceable over the project lifespan.

Internal Controls

An improvement in TETA's internal controls was noted by the Auditor-General in the prior year and the same was noted for the 2016/17 final audit.

Risk Management

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

Financial Analysis Summary

- Revenue grew by R6,480 million, which translates to 1% growth relative to the 2015/16 financial year;
- Expenditure in mandatory grants (MGs), discretionary grants (DGs) and administration expenses increased by R34,818 million, an increase of 5% compared to the previous year;
- Expenditure as a percentage of revenue was 95%, an increase compared to 91% for the previous financial year;
- The administration budget was 10,5%, which conforms to the legislated 10,5% administration cost ceiling;
- The total asset balance increased by R64,659 million as a result of a bank balance increase of R68,617 million;
- Total liabilities increased by R27,178 million due to DG expenses captured and paid after 31 March 2017;
- The MG pay-out ratio remained at 83%, unchanged from the 2015/16 financial year.

Based on the analysis below, TETA would like to highlight the following areas of improvement:

- The DG spend has grown from R465 million in 2015/16 to R481 million in 2016/17, an increase of R16 million (or 3%); and
- TETA management is working closely with stakeholders to identify glitches in contract completions and expedite the skills development contracts they have with TETA.

To improve the impact of our interventions in the skills development space in the transport sector, TETA continues to work on a multi-year funding principle to ensure continuity and traceability of the interventions being funded.

Mrs Maphefo Anno-Frempong
Chief Executive Officer
Transport Education and Training Authority
Date: 26 July 2017



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

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in the annual report are consistent with the annual financial statements audited by the Auditor-General.

The annual report is complete, accurate and free from any omissions.

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

The annual financial statements (Part E) have been prepared in accordance with the generally accepted accounting practices applicable to TETA.

The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made on this information.

The accounting authority is responsible for establishing and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operational, human resources, performance information and financial affairs of TETA for the financial year ended 31 March 2017.

Yours faithfully,

Mrs Maphefo Anno-Frempong
Chief Executive Officer
Date: 26 July 2017

Mr June Dube
Chairperson of the Board
Date: 26 July 2017



➔ 7. STRATEGIC OVERVIEW

VISION

To be at “The Heart of Skills Innovation” in the transport sector.

MISSION

To provide innovative Quality Assurance and Skills Development (QASD) Framework to the Transport Sector by exceeding the SLA and stakeholder requirements in a cost effective manner by our motivated and competent people.

Values

- Trust
- Respect
- Responsibility
- Accountability
- Positive Attitude
- Commitment
- Innovation

As illustrated in the diagram below, TETA's strategic priorities are driven by the skills development priority framework, drawn from the dictates of the National Skills Development Strategy (NSDS III), contemporary national priorities and transport sector needs. Our priorities are underpinned by the transformation imperatives of gender, youth, geography, race, class, disability and HIV/AIDS. Our strategic priorities have informed our outcome-based strategic goals, which drive all our skills development programmes as follows:

↓ GOAL 1

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

↓ GOAL 2

Increase access to occupationally directed programmes within the Transport Sector.

↓ GOAL 3

Strengthening the quality assurance system.

↓ Goal 4

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

↓ GOAL 5

Increased Small Enterprises Skills Development Initiatives.



➔ 8. LEGISLATIVE AND OTHER MANDATES

The Transport SETA is established in terms of the Skills Development Act (97 of 1998) and is mandated to:

- Facilitate equitable skills development in the transport sector to ensure empowered workers;
- Ensure access to training, education and workplace for graduates and the unemployed;
- Align skills development initiatives to emergent needs and national imperatives;
- Facilitate workplace learning and partnerships between employers and educational institutions;
- Collaborate with and support TVET capacitation;
- Collaborate with higher education institutes.

Legislative Mandates

- Skills Development Act (97 of 1998) as amended
- Skills Development Levies Act (9 of 1999)
- Regulations published in the Government Gazette, No. 35940, 3 December 2012 regarding monies by a SETA and related matters
- South African Qualifications Authority Act (58 of 1995)
- The National Qualifications Framework Act (67 of 2008)
- Public Finance Management Act (PFMA) (29 of 1999)
- Employment Equity Act (55 of 1998).

Constitutional Mandates

The Transport SETA has the following responsibilities:

- Implement the SSP and promote learnerships in each of the subsectors of the SETA;
- Perform the functions of an Education and Training Quality Assurance (ETQA) Body and liaise with the National Skills Authority on skills development matters;
- Conclude a service-level agreement (SLA) with the Director-General of the Department of Higher Education and Training (DHET) in terms of section 10A of the Act;
- Submit budgets, reports and financial information that are required in terms of the PFMA, 1999 to the Director-General of the DHET; and
- Facilitate the involvement of relevant government departments in the activities of the SETA to address the competency requirements for social delivery and the learning needs of the most vulnerable segments of the sector.

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

- PFMA (1 of 1999): Provide for the administration of State funds by functionaries, their responsibilities and the incidental matters;
- Labour Relations Act (66 of 1995): Regulate the right of workers, employers and trade unions;
- Basic Conditions of Employment Act (75 of 1997): Provide for the minimum conditions of employment that employers

must comply with in their workplace;

- Occupational Health and Safety Act (85 of 1993): Provide for the requirements that employers must comply with in order to create a safe working environment for employees in the workplace;
- Electronic Communications and Transactions Act (25 of 2002);
- State Information and Technology Act (88 of 1998);
- National Archives and Records Service Act (43 of 1996);
- Promotion of Administrative Justice Act (3 of 2000);
- Amplify the constitutional provisions pertaining to administrative law by codifying it.

Other Frameworks

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

- National Transport Master Plan 2050;
- Human Resources Development (HRD) Strategy for South Africa, 18 March 2009;
- National Skills Development Strategy (NSDS III) 2011/12 – 2015/16;
- National Development Plan;
- The Medium-Term Strategic Framework (MTSF);
- HRD Strategy
- New Growth Path (NGP)
- Industrial Policy Action Plan (IPAP)
- National Skills Accord
- Strategic Integrated Projects
- White Paper for Post-School Education and Training
- Comprehensive Rural Development Programme
- Corporate Governance of Information and Communication Technology Policy Framework (CGICTPF)

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



PART B:

PERFORMANCE INFORMATION



Transport Education Training Authority

Heart of Skills Innovation





➔ 1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The final AG audit for the 2016/17 financial year has been finalised, refer to the auditor's report for conclusions on AOPO from page 62 to 66.

➔ 2. SITUATIONAL ANALYSIS

2.1. Performance delivery environment

The transport sector is at the heart of South Africa's economy, growth and social development. Given the low level of tertiary education in this sector, innovative skills development solutions are critical in ensuring that the sector responds proactively and satisfactorily to national and global demands for both infrastructure and HRD.

South Africa has a modern and well-developed transport infrastructure. The air and rail networks are the largest on the continent and the roads are in good condition. The country's ports provide natural stopovers for shipping to and from Europe, the Americas, Australasia and both the East and West coasts of Africa.

The transport sector is technology driven, and as such is dynamic and has many risks associated with obsolescence of skills and technology. The Transport SETA therefore has to ensure a good understanding of this environment to be able to facilitate development of appropriate strategies that will ensure the relevance of technology and enablement of cutting-edge HRD programmes that provide the right skills at the right levels.

The Government has prioritised the development of the transport industry for job creation, social and economic development and for the competitiveness of the economy as a whole. This is embodied in the recent launch of the Operation Phakisa oceans economy initiative by the Presidency.

Demand and supply of labour in the sector are highly affected by socio-economic and policy factors such as education levels and government regulations (such as Broad-Based Black Economic Empowerment). TETA and its subsectors have a key role (as a support sector to all other sectors) to play in the country's development and growth strategy, as outlined in the National Development Plan. The WSP and Annual Training Report (ATR) surveys employ diminutive samples for skills demand estimations and lack the ability to capture emerging sectorial trends. Participation of transport companies in the WSP/ATR remains a challenge to TETA. The traditional education institutions are not adequate suppliers for the sector's skills demand. Smaller and privately owned training institutions appear better positioned to accommodate sector context in their curriculum than traditional educational institutions. The TETA SSP 2016/2017 recommends that the sector needs to work towards building the capacity of key training institutions

such as universities and TVET colleges in developing curriculums relevant to sector needs.

While TETA has a mandate to deliver services to the transport sector as a whole, challenges still remain. Some of these include the growing demand for skills and the inability to fund these skills due to budgetary constraints, as well as the high costs of training in, for example, the aviation industry. Participation levels in skills development in the taxi industry and a few other subsectors remain a challenge for TETA and require focused turnaround strategies.

In general, the levy income from the transport sector remains low and this calls for increased advocacy on the part of all management and stakeholders.

2.2 Organisational environment

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

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

2.3 Key policy developments and legislative changes

During the year of assessment, the Minister of Higher Education and Training re-established the existing twenty-one (21) SETAs from 1 April 2018 to 31 March 2020 after consultation with the National Skills Authority, with a jurisdiction indicated under section 9(1)(b) of the Skills Development Act, 1998 read with Government Gazette, No. 39260 of 06 October as amended by Government Notice, No. 336 of 18 March 2016, through Government Gazette, No. 40505 of 15 December 2016.

In addition, the Minister of Higher Education and Training after consultation with the National Skills Authority, under section 9(1)(a) and 22(2)(b) of the Skills Development Act, 1998, promulgated and extended the NSDS III as indicated in schedule 1 from 1 April 2018 to 31 March 2020.



2.4 Strategic Outcome-Oriented Goals

For the 2016/17 financial year, all TETA endeavours in the fulfilment of its skills development mandate were driven by the following strategic goals:

Strategic Goal 1:

Establish a credible transport sector institutional mechanism for skills planning; and create and sustain research capacity on labour markets within TETA.

Strategic Goal 2:

Increase access to occupationally directed programmes within the transport sector.

Strategic Goal 3:

Strengthen the quality assurance system.

Strategic Goal 4:

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

Strategic Goal 5:

Increase small enterprise skills development initiatives.





3. PERFORMANCE INFORMATION BY PROGRAMME / ACTIVITY / OBJECTIVE

3.1. Performance Information By Programme

Programme 1: Skills Planning and Research

Strategic Goal 1: Establish a credible Transport Sector institutional mechanism for skills planning; create and sustain research capacity on labour markets within TETA								
Strategic objectives	Performance Indicator	Previous Year Target	Previous Year Achievement	Current Year Target	Current Year Actual Achievement	Deviation for 2016/2017	Comments on deviations	
		2015/2016		2016/2017				
1.1 Research strategy implemented	Research agenda developed and approved	n/a	n/a	1	1	0	None	
1.2 Industry research and consultations	Number of research studies conducted	n/a	n/a	1	1	0	None	
	Number of tracer studies conducted	1	1	1	0	-1	Service provider contracted late in year and work is still in progress – to be completed in 2017/18.	
	Number of provincial stakeholder SSP research consultation workshops conducted	9	3	9	9	0	None	
1.3 Collaborative partnerships with universities or other stakeholders to support research in the transport sector	Number of transport subsector scarce and critical skills lists updated	8	8	8	8	0	None	
	Approved TETA SSP	1	1	1	1	0	None	
	Number of research partnerships established	3	3	1	1	0	None	
	TETA research chair established	n/a	n/a	1	0	-1	Engagements still in progress. To be implemented in 2017/18 financial year.	



Programme 2: Occupationally Directed Programmes and Workplace Training

Strategic Goal 2: Increase access to occupationally directed programmes within the Transport Sector							
Strategic objectives	Performance Indicator	Previous Year Target	Previous Year Achievement	Current Year Target	Current Year Actual Achievement	Deviation for 2016/2017	Comments on deviations
		2015/2016		2016/2017			
2.1 Increased stakeholder participation in the transport sector through submitted WSPs/ATRs	Number of large firm WSPs received	230	256	230	241	11	Increased support during the submission period resulted in an increase in participation by levy-paying companies.
	Number of large firm ATRs received	210	230	210	235	25	
	Number of medium firm WSPs received	230	280	230	278	48	
	Number of medium firm ATRs received	200	228	200	254	54	
	Number of small firm WSPs received	245	337	245	391	146	
	Number of small firm ATRs received	240	220	240	282	42	
	80% of the number of approved MGs	564	630	564	867	303	
	Number of provincial stakeholders' capacitation workshops conducted	9	10	9	10	1	Additional workshop held in Gauteng due to high demand in the province.
	Number of subsector SDFs capacitation workshops conducted	n/a	n/a	8	8	0	None



Strategic Goal 2: Increase access to occupationally directed programmes within the Transport Sector								
Strategic objectives	Performance Indicator	Previous Year Target	Previous Year Achievement	Current Year Target	Current Year Actual Achievement		Deviation for 2016/2017	Comments on deviations
		2015/2016		2016/2017				
2.2 Increased learner access to occupationally directed programmes through TVET, HEI and other providers	Number of bursaries for employed learners	100	92	100	104		4	Over-achievement due to bursaries contracted from prior years implemented in current year.
	Number of bursaries for unemployed learners	150	574	200	267		67	Over-achievement due to bursaries contracted from prior years implemented in current year.
	Number of employed learners trained on skills programmes	850	1 260	500	889		389	Over-achievement due to skills programmes contracted from prior years implemented in current year.
	Number of unemployed learners trained on skills programmes	500	1 291	850	861		11	Over-achievement due to skills programmes contracted from prior years implemented in current year
	Number of unemployed learners trained on learnership programmes	2 000	3 239	2 000	2 957		957	Over-achievement due to learnerships contracted from prior years implemented in current year.
	Number of employed learners trained on learnership programmes	1 500	1 307	1 500	1 594		94	Over-achievement due to learnerships contracted from prior years implemented in current year.
	Number of unemployed learners trained on Adult Basic Education and Training (AET)	500	967	500	464		-36	Recruitment process completed late in the year. Performance to be reported in 2017/18 financial year.
	Number of artisan learners trained and developed in the transport sector	743	1 513	800	1 256		456	Over-achievement due to artisans contracted in prior years implemented in current year.
	Number of learners trained and certificated through RPL/Artisan Recognition of Prior Learning (ARPL)	100	0	100	6		-94	Due to low demand, TETA belatedly appointed a service provider for this target. Performance to be reported in 2017/18 financial year.



Strategic Goal 2: Increase access to occupationally directed programmes within the Transport Sector							
Strategic objectives	Performance Indicator	Previous Year Target		Previous Year Achievement		Current Year Target	
		2015/2016	2016/2017	2015/2016	2016/2017	2016/2017	2016/2017
2.3 Transport industry candidates trained on leadership and management programmes	Number of candidates trained on leadership or management development programmes	n/a	n/a	n/a	25	0	-25
	Number of women trained in management or leadership development programmes	n/a	n/a	n/a	20	0	-20
	Number of candidates trained on master's and PhD programmes in Maritime Affairs for the maritime subsector	n/a	n/a	n/a	10	0	-10
							Due to poor response to advert, a suitable service provider could not be appointed. The tender has been re-advertised.
							Recruitment and interviews completed on 15 February 2017. Programme to be implemented in 2017/18 financial year.
							The programme was suspended due to a SAQA accreditation query. The budget was reallocated to a different intervention (Goal 1.3). The status of accreditation of the qualification has been resolved.



Strategic Goal 2: Increase access to occupationally directed programmes within the Transport Sector							
Strategic objectives	Performance Indicator	Previous Year Target		Previous Year Achievement		Current Year Actual Achievement	
		2015/2016		2016/2017		2016/2017	
2.4 TETA Strategic partnerships and support	Number of partnerships established with employers/ employer bodies through MoUs	3	5	9	9	0	None
	Number of partnerships established with TVET colleges through MoUs			9	9	0	None
	Number of partnerships established with universities through MoUs			9	3	-6	Lack of understanding of the benefits of partnerships with the SETA resulted in a slow uptake of partnership proposals. The balance of the institutions approached will sign agreements in 2017/18 financial year.
	Number of new SETA provincial offices established	n/a	n/a	3	0	-3	MoUs with Sekhukhune and Letaba TVET colleges were signed, but offices to be established in 2017/18 financial year.
	Number of current lead SETA provincial offices supported	n/a	n/a	6	2	-4	Currently, two lead SETA offices supported. Balance of support to be completed in 2017/18 financial year.
	Number of workshops to capacitate TETA stakeholders on contract management	n/a	n/a	24	24	0	None



Strategic Goal 2: Increase access to occupationally directed programmes within the Transport Sector							
Strategic objectives	Performance Indicator	Previous Year Target		Previous Year Achievement		Current Year Target	
		2015/2016		2016/2017		2016/2017	
2.5 Provincial Stakeholder Consultation	Number of provincial stakeholder consultative forums conducted	n/a	n/a	72	2	-70	Deviation for 2016/2017
							Comments on deviations
							Sector stakeholders conducted numerous workshops addressing this target in which TETA participated. Implementation of the balance of the workshops postponed to 2017/18 financial year.



Programme 3: Quality Assurance Systems

Strategic Goal 3: Strengthening the quality assurance system						
Strategic objectives	Performance Indicator	Previous Year Target	Previous Year Achievement	Current Year Target	Current Year Actual Achievement	Deviation for 2016/2017
		2015/2016		2016/2017		
3.1 Transport sector learning materials developed for the Quality Council for Trades and Occupations (QCTO)-approved occupational qualifications	Number of learning materials developed for QCTO-approved occupational qualifications	8	0	8	3	-5
3.2 Occupational qualifications developed for the Transport Sector	Number of occupational qualifications developed	8	15	8	7	-1
						Material developments for three qualifications finalised. A further six qualification material developments still in progress and will be finalised in 2017/18.
						Seven qualifications developed by the maritime sector from additional funding made available. Tender to address targeted qualifications re-advertised as there was no award.



Strategic Goal 3: Strengthening the quality assurance system						
Strategic objectives	Performance Indicator	Previous Year Target	Previous Year Achievement	Current Year Target	Current Year Actual Achievement	Deviation for 2016/2017
		2015/2016	2016/2016	2016/2017	2016/2017	
3.3 Service Providers capacitated on TETA ETQA systems	Number of training providers capacitated on TETA ETQA systems	100	296	200	340	140
	Number of trained and registered moderators	n/a	n/a	150	0	-150
	Number of trained and registered assessors	n/a	n/a	250	0	-250
	Number of TVET lecturers trained on TETA quality assurance systems, assessor and/or moderator courses	100	108	100	0	-100
3.4 Accredited RPL providers	Number of RPL providers accredited on Transport Sector-related qualifications	n/a	n/a	9	2	-7
3.5 Industries supported and accredited to offer workplace and practical training	Number of workplace mentors and/or coaches trained on mentoring and/or coaching programmes	n/a	n/a	200	176	-24
	Number of artisan workplace approvals for placement of learners	n/a	n/a	50	12	-38
	Number of learnership workplace approvals for placement of learners	n/a	n/a	140	8	-132

Comments on deviations

There was increased participation by training providers.

No award owing to lack of suitable bidder. To be re-advertised for award in 2017/18.

No award owing to lack of suitable bidder. To be re-advertised for award in 2017/18.

No award owing to lack of suitable bidder. To be re-advertised for award in 2017/18.

Service providers contracted late in the year. Two accreditations awarded and the balance to be implemented in 2017/18 financial year.

Project in progress. Balance of target to be achieved in 2017/18 financial year.

Process in place to increase capacity and performance for the 2017/18 financial year.

Process in place to increase capacity and performance for the 2017/18 financial year.



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

Strategic Goal 4: A post-school strategy for youth for further access and work experience to improve employability						
Strategic objectives	Performance Indicator	2015/2016		2016/2017		Comments on deviations
		Previous Year Target	Previous Year Achievement	Current Year Target	Current Year Actual Achievement	
4.1 Youth trained through post-school bridging programmes for further access to HEIs and TVET colleges	Number of youth trained through bridging programmes for further access to TVET colleges	100	0	50	0	-50 Suitable providers could not be found. Budget was deployed to foundational learner competency (Goal 4.1c)
	Number of youth trained through bridging programmes for further access to HEIs	100	0	50	0	-50 Budget reallocated to foundational learner competency (Goal 4.1d)
	Number of youth trained through foundational learning competency on numeracy and communication skills	100	0	100	250	150 Contracts supporting intervention from prior years completed and reported in current year.
	Number of out-of-school youth trained for Grade 12 improvement or completions	100	0	100	200	100 Contracts supporting intervention from prior years completed and reported in current year
	Number of learners placed on internship programmes	205	610	205	195	-10 Recruitment process completed; reporting to be done 2017/18.
4.2 Employable learners and graduated put on workplace-based training	Number of HET graduates placed on workplace experience programmes	300	302	300	240	-60 Recruitment process completed; reporting to be done 2017/18.
	Number of TVET graduates placed in workplace experience	200	271	200	101	-99 Recruitment process completed; reporting to be done 2017/18.
	Number of apprentices and graduates mentored and coached	282	0	200	120	-80 Recruitment process underway; reporting to be done 2017/18.



Strategic Goal 4: A post-school strategy for youth for further access and work experience to improve employability						
Strategic objectives	Performance Indicator	Previous Year Target	Previous Year Achievement	Current Year Target	Current Year Actual Achievement	Deviation for 2016/2017
		2015/2016	2015/2016	2016/2017	2016/2017	
4.3 Transport Sector career information material developed with labour market information for accessing by youth	Number of marketing materials developed for transport-related careers – Career booklets	18 000	18 500	18 000	21 000	3 000
	Number of marketing materials developed for transport-related careers – Playing cards	n/a	n/a	18 000	312 000	294 000
	Number of career promotional material packs procured	n/a	n/a	10 000	6 697	-3 303
	Number of career guidance platforms for accessing career information – Digital platform	n/a	n/a	1	0	-1
	Number of career guidance platforms for accessing career information – Audiovisual platform	n/a	n/a	4	10	6
	Number of career guidance platforms for accessing career information – Print platform	0	0	4	4	0
						None



Strategic Goal 4: A post-school strategy for youth for further access and work experience to improve employability							
Strategic objectives	Performance Indicator	2015/2016		2016/2017		Deviation for 2016/2017	Comments on deviations
		Previous Year Target	Previous Year Achievement	Current Year Target	Current Year Actual Achievement		
4.4 Exhibitions to provide career guidance and vocational information within the Transport Sector	Number of career exhibitions conducted and supported nationally to increase awareness	9	41	27	46	19	Overachievement due to ad hoc requests from stakeholders.
	Number of subsector events supported to increase TETA brand visibility	n/a	n/a	8	9	1	Overachievement due to ad hoc requests from stakeholders.
	Number of career guidance advisors capacitated in career guides	12	40	20	29	9	Overachievement resulted from interns who were included in the training provided.
	Number of provincial capacity-building workshops for life orientation teachers	9	6	9	9	0	None
4.5 Career Guidance advisers and Sector specialist coached on career guides	Number of adopted schools supported	54	50	54	49	-5	Five schools pulled out of the programme due to the number of activities they have in their schools

Programme 5: Small Enterprise, Cooperative, NGO and Small, Medium and Micro-sized Enterprise (SMME) Initiative Support

Strategic Goal 5: Small enterprise, cooperative, NGO, CBO and SMME initiative support and sustainability						
Strategic objectives	Performance Indicator	Previous Year Target	Previous Year Achievement	Current Year Target	Current Year Actual Achievement	Deviation for 2016/2017
		2015/2016		2016/2017		
5.1 Small enterprises financially supported	Number of small enterprises funded	250	217	250	514	264
	Number of cooperatives funded	14	34	20	40	20
	Number of NGOs and CBOs	16	43	20	22	2
						Partnership with UIF enabled extension of support to more small businesses.
						Partnership with UIF enabled extension of support to more small businesses.
						Partnership with UIF enabled extension of support to more small businesses.



➔ Service Level Agreement Completed Targets (2016/2017)

COMPLETED INTERVENTIONS	CURRENT YEAR TARGET	CURRENT YEAR ACHIEVEMENT	VARIANCE	PERCENTAGE ACHIEVED
Learnerships completed (unemployed)	5 141	2 000	-3 141	39%
Learnerships completed (workers)	2 179	802	-1 377	37%
Internships completed (unemployed)	725	129	-596	17%
Bursaries completed (workers)	240	48	-192	20%
Bursaries completed (unemployed)	284	142	-142	50%
Skills programmes completed (unemployed)	2 182	1282	-900	59%
Skills programmes completed (workers)	3 982	2956	-1026	74%
Total artisan programmes completed	1 055	286	-769	27%
University student placement completed	359	371	12	104%
TVET student placements completed	177	234	57	132%
AET programmes completed	1 447	480	-967	33%
Lecturer development programmes completed	75	84	9	112%

➔ 3.2. Strategies to Overcome Areas of Underachievement

CHALLENGES	REMEDIES
Poor contract performance by stakeholders.	<ul style="list-style-type: none"> Stakeholder training on contract terms and deliverables to ensure greater understanding of contract terms and greater compliance with them.
Lack of delivery capacity and competency by contracted stakeholders.	<ul style="list-style-type: none"> Stricter assessment and due diligence exercises to ascertain stakeholder capacity and skills to deliver on interventions applied for. Stricter performance requirements to ensure that performance is rewarded and non-performance is accompanied by the necessary repercussions.
Misalignment of timing between contract duration and reporting period with completions lagging behind reporting cut-off date. Most learnership programmes are concluded after the financial year end and therefore cannot be reported in the year that they relate to.	<ul style="list-style-type: none"> Speedier conclusion of contracting will ensure earlier start of projects and consequently faster delivery and conclusion within the given reporting period.
High dropout rate of learners for various reasons.	<ul style="list-style-type: none"> Introduce more bridging programmes to ensure learners are at the correct levels of knowledge to undertake high-level interventions.
Poor quality of submitted learner information/claims.	<ul style="list-style-type: none"> Stakeholder training on learner information gathering, compilation and presentation of evidence.
Delay in moderation and certification of qualifications that are outside the TETA scope.	<ul style="list-style-type: none"> Ensure more efficient inter-SETA moderation processes and certification processes through more mutual work collaborations, engagements and agreements. Minimise funding of other SETA qualifications until a more efficient and mutual inter-SETA arrangement is put into place.





➔ 3.3 Business Unit Performance

3.3.1 Skills Development and Planning

The business unit has managed to achieve clean quarterly DHET validation audits. Through improved MG process support, the unit has seen an increase of 1.6% in stakeholder participation.

The unit has successfully updated 22 OFO codes that will be in use in the next two years. The unit has improved the efficiency of the bursary funds allocation and disbursement process through an outsourced system. A total of 221 bursaries that amounted to R34 017 000 were allotted.

3.3.2 Education Training Quality Assurance (ETQA)

The ETQA unit has continued to provide capacity-building workshops across the nine provinces, focusing on quality assurance-related issues and updates on QCTO matters.

The unit has facilitated a realignment process with the aim of converting historically registered qualifications into occupational qualifications within the validity of the existing qualification. Part qualifications will also be included in this process.

In line with our strategy of creating capacity in TVET colleges for the future delivery of our programmes, the ETQA unit has initiated several lecturer RPL trainings and RPL centre development across several colleges.

Highlights of the period have included the development of QCTO-aligned learner material; the capacitation of 100 TVET college lecturers; the training of 400 assessors/moderators and 200 workplace mentors and coaches.

The target for provider accreditations was exceeded by 40%, while full qualification certification goals were exceeded by 20%. The statements of results issued exceeded the planned number by almost 200%.

3.3.3 Programmes Monitoring and Evaluation plus Research

Programme monitoring and evaluation (M&E) enables the organisation to monitor service delivery, track performance progress, identify areas of improvement and understand the issues involved.

The unit integrated monitoring and evaluation with research through workshops that evaluated the effectiveness of the strategic partnerships that will feed into the 2017/18 SSP.

The unit also played a key role in the 2016/17 SSP update process, as well as the alignment of the strategic plan and the annual performance plan to the Monitoring and Evaluation Framework.

The research unit successfully completed the TETA Research

Strategy in partnership with Wits-CLEAR. The Green Economy research project that was conducted by the University of Venda was successfully completed and results presented to TETA.

➔ 3.4 Operational Unit Performance

3.4.1 Aerospace Subsector

The Aerospace Chamber saw improved performance, with an increase in WSP/ATR submissions from 68 to 78 companies and a reduced application rejection rate.

The unit approved 34 contracts, worth over R43 million, the majority of which comprised pilot training and apprenticeships.

As is the norm every year, the chamber financially supported learner travel to the International Civil Aviation Day (ICAD) at Margate Airport during December 2016.

In conjunction with the ETQA unit, the Aerospace Chamber facilitated the development and registration of sector-based occupational qualifications through the QCTO; this will be followed by the development of learning material.

3.4.2 Forwarding and Clearing Subsector

In response to the introduction of new customs legislation from the World Customs Organization, the business unit facilitated the development of the occupational qualification for Customs Compliance Manager at NQF Level 7.

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

Increased capacitation of stakeholders in the forwarding and clearing subsector has seen a 100% MG participation rate for the large and medium-sized companies. However, participation of small companies still remains low at 45%.

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

We continued to support and maintain SETA offices in the Lephalale, Vhembe and Capricorn TVET college. Two interns per college were placed to service the public.

Consolidation of contract management under subsector associations continues to sustain high disbursement and completion rates.

In the next period, the unit will focus on benchmarking and revision of existing qualifications based on emergent needs.

3.4.3 Freight Handling Subsector



The most important successes over the 2016/17 financial year in the freight handling subsector included successful completion of the Business Administration Programme by 90 physically challenged learners in Mossel Bay, the conclusion of MoUs with Mthashana TVET College in Vryheid and Coastal TVET College in Umbumbulu, the implementation of an MoU with Esayidi TVET College for Workplace Integrated Learning and the successful completion of an AET Programme with Mevamhlophe High School in Northern Kwa-Zulu Natal.

The delay in the certification of learners outside of the TETA scope remains a serious challenge that impacts our performance negatively.

To ensure improved and sustainable performance, the unit continued forging strong partnerships with TVET colleges and universities and realigning its qualifications to the new QCTO model.

We will intensify our efforts in supporting rural road safety programmes and SMMEs to ensure their meaningful economic participation and poverty alleviation.

3.4.4 Maritime Subsector

The Maritime Chamber has a strong customer-centred service delivery model and supports the maritime subsector through the MG and DG systems within the policy environment and broader transformational agenda.

The Chamber focuses a lot of attention on the early stages of the skills pipeline, e.g. career awareness, development of maritime schools, and facilitation of access to bursaries, learnerships and cadetships.

Participation by the business unit in the Operation Phakisa working groups – namely, aquaculture; oil and gas exploration; maritime transport and manufacturing; marine protection and governance – has positioned TETA as one of the leading proponents of the Ocean Economy.

Going forward, the chamber aims to finalise the development of six maritime occupational qualifications in roles such as docking master, commercial diver and electro-technical officer. These qualifications, coupled with those from the previous period, will provide a broad qualifications platform for training and development within the Operation Phakisa framework. In addition, finding alternative pathways of learning (through articulation of higher education and industry programmes) is a recent priority, and in conjunction with other national bodies, the chamber hopes to introduce maritime occupational qualifications into two TVET colleges through a structured pilot project comprising semester studies, practical training and experiential sea time. This will result in a QCTO national qualification and an Able Seafarer certificate of proficiency with SAMSA.

3.4.5 Rail Subsector

The rail business unit established mutual partnerships with TVET colleges, such as Maluti and Motheo TVET Colleges, and Central University of Technology, with the objective of providing opportunities for unemployed people in apprenticeships, professional driving courses, internships and workplace experience.

The unit is working with the Free State Office of the Premier in the training of apprentices, support of SMMEs and career guidance. The unit supported the Mangaung Youth Empowerment Week, Central University of Technology Career Fair and career guidance for learners with disabilities at the Martie du Plessis school hall in Bloemfontein.

The development and mapping for the rail subsector were completed for qualifications in the fields of fuel pipeline controller, railway signalling maintenance official, vehicle body builder, rolling stock electrical fitter and diesel electrical fitter. These qualifications are now on public review for submission for QCTO approval.

Poor contract management by stakeholders and cancellations remain the major challenges. As a result, stricter stakeholder delivery capability assessment, due diligence and monitoring are now being enforced. The rail subsector is currently facing several daunting challenges, such as infrastructure development, re-skilling of employees on logistics and supply chain management, use of technology to track goods as well as signalling and electrification infrastructure.

3.4.6 Road Freight Subsector

Compared to the 2015/16 period, the performance of this unit improved significantly due to an aggressive and innovative contract management approach at the behest of the newly-appointed executive officer; this is evidenced by the increase in disbursement from 76% in 2015/16 to 110% in 2016/17.

Collaborations and partnerships aimed at poverty and unemployment alleviation were formed with Nkangala District Municipality.

The unit also collaborated with Barloworld Transport in the training and full employment of 40 unemployed women. The TETA-UIF partnership saw the training of 50 unemployed learners in professional driving. Subsequently, 36 of these learners were offered permanent employment by Unitrans. RTT Group trained 60 unemployed learners on owner-driver programmes, and of the 49 learners who completed the programme, 33 were offered permanent employment.

3.4.7 Road Passenger Subsector

This unit supported the Eastern Cape Disability Economic Empowerment Trust (ECDEET) and the National Council for Persons with Physical Disabilities (NCPD) through professional driving interventions.



The unit also conducted various driver training programmes in rural communities in Port St. Johns, Ingquza Hill Local Municipality in Lusikisiki and Mhlontlo Municipality in Qumbu in the Eastern Cape.

Elsies River Adult Education and Training Centre was funded in its provision of Adult Basic Education, while the Mineworkers Development Agency in Christiana and Imbila Traditional Council were awarded driver training programmes.

Rural SMME and cooperative support projects were initiated in Sterkspruit and Sharpville, respectively.

Consistent with the TETA collaborative strategy within the sector, the unit concluded MoUs with King Sabatha Dalindyebo TVET College, University of Fort Hare, Nelson Mandela Bay Municipality and Ikhala TVET College.

For the year ahead, the unit will give assistance to Bus Rapid Transit companies in Gauteng, Tshwane, Rustenburg and Cape Town.

The unit is proud of its training partnership with the Algoa Bus Company, which saw this bus company win the National Skills Development Awards at the National Skills Conference — this is testimony to their commitment to excellence in training and development.

3.4.8 Taxi Subsector

The Taxi Chamber continues to drive the agenda of transformation in the taxi industry through innovative skills development and training interventions in partnership with stakeholders that comprise government, organised labour and organised employers, including accredited training providers.

During the year under review, the Taxi Chamber participated in the annual general meeting of SANTACO KZN where, for the second successive year, TETA was awarded a trophy for supporting the taxi industry in the province. The chamber also took part in the taxi indaba hosted by SANTACO Mpumalanga. Furthermore, a memorandum of agreement that seeks to regulate our mutual relationship was signed with the National Taxi Alliance.

On matters of road safety, the chamber is participating in the development of a QCTO-compliant driving school instructor qualification under the auspices of the Road Traffic Management Corporation (RTMC). Other road safety initiatives include a pilot project in the Mahlabeng Municipality in the Free State together with the Lejweleputswa Region of SANTACO. The project seeks to investigate causes of road accidents and perform driver medical assessments to determine their fitness to be on the road; the outcome will be training interventions that improve road safety.

The chamber, in consultation with the taxi industry, developed and registered the Taxi Driver qualification with the QCTO.

The Taxi Chamber is TETA's coordinator of the North West Province. TETA's presence and performance is well maintained through the current MoUs with the following entities: The Office of the Premier, The Department of Community Safety and Road Management, North-West University, and Orbit and Taletso TVET colleges. There are various training interventions linked to MoUs actualised through a SLA, such as bursaries, learnerships, artisan development, skills programmes and small business development.





➔ 4. REVENUE COLLECTION

Sources of revenue	2016/2017			2015/2016		
	Estimate	Actual Amount Collected	Over-/Undercollection	Estimate	Actual Amount Collected	Over-/Undercollection
	R'000	R'000	R'000	R'000	R'000	R'000
Revenue from non-exchange transactions	697,999	664,215	-33,784	652,335	663,650	11,315
Revenue from exchange transactions	66,983	76,008	9,025	50,894	70,093	19,199
Total	764,982	740,223	-24,759	703,229	733,743	30,514

Revenue from non-exchange transactions.

The deficit of R33 784 000 against budget is due to lower levy income received relative to budget during the 2016/17 financial year.

Revenue from non-exchange transactions

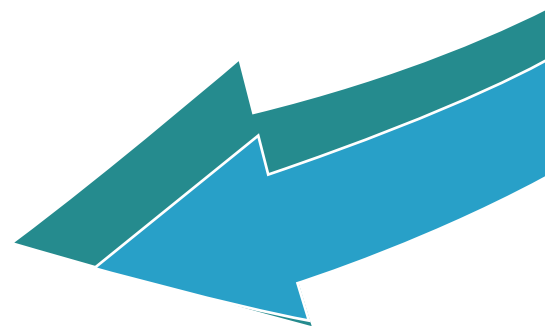
The surplus of R9 025 000 against budget in investment income is due to additional interest received resulting in increased investment income.





PART C:

GOVERNANCE







➔ 1. INTRODUCTION

During the reporting year, the TETA Board devoted significant effort to matters relating to strengthening governance and fostering compliance with key and relevant statutes such as the Skills Development Act (97 of 1998) and the PFMA (1 of 1999).

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

➔ 2. REPORT OF THE ACCOUNTING AUTHORITY

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

2.1 TETA Establishment

TETA is a Schedule 3A public entity, which was established by the Minister of Labour on 20 March 2000, and subsequently from 31 March 2005 to 31 March 2010. The Minister of Higher Education and Training then granted an extension until 31 March 2016 to all SETAs, subsequently re-establishing SETAs from 1 April 2016 to 31 March 2018. This has been even further extended to 31 March 2020. The objective of TETA is to develop skills in and for the transport industry in South Africa. The following sub-sectors fall within the scope of TETA:

- Aerospace
- Forwarding and clearing
- Freight handling
- Maritime
- Rail
- Road freight
- Road passengers
- Taxis

2.2 TETA Financial Records

In terms of the PFMA (1 of 1999), as amended, read in conjunction with the applicable Treasury Regulations, the TETA Board has ensured that full and proper accounting records of TETA's financial affairs have been kept for the financial year ending 31 March 2017.

2.3 Corporate Governance

For the Board to successfully implement its mandate of providing strategic direction, determining strategies and policies, and managing performance against specific goals and business plans, new board members are thoroughly capacitated in terms of the King III Code on Corporate Governance, including the PFMA and the skills development environment within TETA. This is done via a comprehensive induction process for all Board members. During the past financial year, all board members participated in and completed a self-assessment process, which was also implemented for board standing committees. The Board placed a strong emphasis on risk management controls and the reviewing and implementation of investments.

2.4 General Review of State of Affairs

The Board is of the view that the annual financial statements for the financial year ending March 2017 fairly represent TETA's state of affairs and its financial results, and that they are presented in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board.

2.4.1 Levies

The declining economic situation experienced within the transport industry was reflected in the 1% increase in levies received this past financial year compared to the 11% increase from 2014/15 to 2015/16. It is expected that a more substantial increase in levies will be reflected as the economy improves during the forthcoming year and employment is stimulated within the transport industry. The 80% levy income increased by R3 million, from R645 million for the 2015/16 financial year to R648 million for the 2016/17 financial year.



2.4.2 Grants and Projects

MG expenditure increased by almost R10 million, from R126 million in 2015/16 to R136 million in 2016/17 — an 8% increase. The increase is due to the salary increases in the transport industry. The MG pay-out ratio increased slightly to 83% during the 2016/17 financial year relative to the prior year.

The DG and projects expenditure for the 2016/17 financial year is R481 million, which is a 3% increase from R465 million for 2015/16. The TETA Board has approved the realignment of the DG funding window to the financial year. This will ensure that DG projects are implemented early in the financial year and assist in expediting DG payments.

2.4.3 Planned Utilisation of Surpluses

The new grant regulations have set the DG levies at 49.5% which has resulted in a 29.5% increase in levies that TETA utilises for projects. As a result, TETA developed a revised project model which has been operational since the 2013/14 financial year. This also entails the multi-year funding principle that ensures that the impact of the projects implemented is traceable over the project lifespan.

TETA has no surplus to declare for the 2016/17 financial year.

2.4.4 Investments

Treasury Regulation 31.3 requires that, unless exempted by the National Treasury, TETA as a public entity listed in Schedule 3A of the Act must invest surplus funds with the Corporation for Public Deposits. In 2009/10, the National Treasury set aside TETA's exemption in this regard.

As at 31 March 2017, R1,024 million is currently invested with the Corporation for Public Deposits.

2.5 Legal Costs

Legal expenses were incurred during the year under review due to normal operating activities, staff disciplinary matters and ongoing legal pursuance of the Fidentia Investment matter.

2.6 Going Concern

The Minister of Higher Education and Training re-established SETAs from 1 April 2016 to 31 March 2018. Thereafter, the SETA landscape has been extended to 31 March 2020, satisfying the Accounting Authority that TETA is a going concern.

2.7 Delegation of Authority

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

2.8 Board Member Assessment

During the year under review, the Board went through a self-assessment process to identify performance gaps and develop strategies to close them. Identifying and acknowledging its strengths was also identified as important to enable the Board to accentuate its strong areas and sustain good performance. The Board's Governance and Strategy Committee is tasked with recommending remedial actions to the Board vis-à-vis gaps identified. Such actions will be implemented in the 2017/2018 financial year.

2.9 Board Subcommittees

The following subcommittees support the Board in executing its mandate:

2.9.1 Executive Committee (ExCo)

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



2.9.2 Finance, Human Resources and Remuneration Committee

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

2.9.3 Audit and Risk Committee

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

2.9.4 Governance and Strategy Committee

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

2.10 Board and Board Committee Meeting Attendance

During the period under review, the Board held the following meetings in line with the approved Constitution of the TETA Board and the Board Charter:

Name	Constituency	29 April 2016	26 July 2016	27 October 2016	24 February 2017
Mr June Dube	Board Chairperson	P	P	P	P
Mr Japie Kruger	Board Member	P	P	P	P
Ms Trudy Sebastian	Board Member	P	P	P	P
Mr Lionel Ritson	Board Member	P	P	P	P
Mr Macolive Old-john	Board Member	P	P	P	P
Ms Lorraine Wentzell	Board member	P	AP	P	P
Mr Thulani Mbatha	Board Member	P	P	P	P
Ms Veronica Mesatywa	Board member	P	AP	P	P
Mr Wyndham Evans	Board Member	AP	P	AP	AP
Mr Ntebaleng Setlako	Board member	P	P	P	P
Ms Maryna du Plessis	Board Member	P	P	P	P



Name	Constituency	29 April 2016	26 July 2016	27 October 2016	24 February 2017
Mr Geoffrey Jacobs	Board member	P	P	P	P
Mr Saki Tlou	Board member	P	P	P	P
Mr Lucky Kolobe	Board Member	P	P	P	P

P=Present; AB=Absent

AP=Apology; R=Resigned; N/A=Not Applicable

EXECUTIVE COMMITTEE ATTENDANCE 2016/2017

Name	Constituency	27 May 2016	25 August 2016	23 November 2016	30 January 2017	31 March 2017
Mr June Dube	Committee Chairperson	P	P	P	P	AP
Mr Lionel Ritson	Committee Member	P	P	P	P	P
Mr Wyndham Evans	Committee member	P	P	P	P	P
Mr Thulani Mbatha	Committee Member	P	P	P	P	P
Mr Geoffrey Jacobs	Committee Member	P	P	P	P	P

Chairperson P=Present; AB=Absent

AP=Apology; R=Resigned; N/A=Not Applicable

FINANCE, HUMAN RESOURCES AND REMUNERATION COMMITTEE ATTENDANCE 2016/2017

Name	Constituency	24 May 2016	20 July 2016	14 October 2016	10 February 2017
Mr Geoffrey Jacobs	Committee Chairperson	P	P	P	P
Ms Lorraine Wentzell	Committee Member	P	P	P	P
Ms Veronica Mesatywa	Committee Member	P	P	P	P
Ms Trudy Sebastian	Committee Member	P	P	P	P
Mr Lucky Kolobe	Committee Member	AP	P	P	P

P=Present; AB=Absent

AP=Apology; R=Resigned; N/A=Not Applicable



GOVERNANCE AND STRATEGY COMMITTEE ATTENDANCE 2016/2017

Name	Constituency	22 April 2016	03 June 2016	26 August 2016	03 October 2016	27 October 2016	03 February 2017
Ms Trudy Sebastian	Committee Member	P	P	P	P	P	AP
Mr Lionel Ritson	Committee Member	P	P	P	P	P	P
Mr Macolive Oldjohn	Committee Member	P	P	P	AB	AP	P
Mr Thulani Mbatha	Committee Member	P	P	P	P	P	P
Ms Maryna du Plessis	Committee Chairperson	P	P	P	P	P	P
Mr Saki Tlou	Committee Member	P	P	P	P	P	P
Mr Roland Setlako	Committee Member	P	P	P	P	P	P

Chairperson P=Present; AB=Absent

AP=Apology; R=Resigned; N/A=Not Applicable

2.11 Risk Management

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

Risk management is a standard reporting item in all Audit and Risk Committee and Board meetings. The meetings are held quarterly to report on the progress made with regard to addressing pressing strategic and operational risks. The Audit and Risk Committee members review and interrogate the documents and provide input on the progress made since the previous meeting to determine the rate at which risk management responses are at an escalated level so as to provide guidance on presentation and implementation of action plans.

2.12 Internal Control

The internal control function belongs to TETA management and as such policies and procedures are continuously developed, reviewed and implemented to reduce and/or eliminate risk exposure in certain key functions of the organisation. These controls are then tested for design and effectiveness by an outsourced internal audit function which functionally reports to the Audit and Risk Committee and administratively to the CEO.

The following activities, as approved by the Audit and Risk Committee, have been performed by the internal auditors for the year under review:

- human capital management;
- research and sector skills planning;
- strategic plan implementation (learnerships and learning programmes);
- performance information – Phase 1 – Quarter 2;
- supply chain and expenditure management;
- quality assurance (ETQA);
- commitments;
- performance information – Phase 2 – Quarter 3;
- follow up on previous internal audit findings – IT general controls;
- follow up on previous internal audit findings – Governance and compliance; and
- follow up on findings raised by the Auditor-General.



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

- Having full and free unrestricted access to TETA's CEO; Executive Management Team, External and Internal Auditors and the Accounting Authority;
- Initiating investigations regarding any matter it may deem necessary, and for the purpose of obtaining legal advice and any other advice from external experts;
- Hiring special counsel or experts to assist in special opinion or investigation, subject to the procurement procedures of TETA and financial authorities as set out in TETA's Financial Delegation;
- Reviewing the effectiveness of the internal audit function and ensuring that the roles and functions of the external and internal auditors are sufficiently clarified and co-ordinated to provide an objective overview on the operational effectiveness of TETA's systems of internal control, risk management, governance and reporting.

2.13 Fraud And Corruption

TETA's fraud prevention and fraud response plans are reviewed annually and approved by the Audit and Risk Committee to ensure relevance and that they adequately respond to the TETA environment. As a fraud prevention and response mechanism, TETA has a fraud hotline administered by an independent service provider where suspected fraudulent activities perpetrated by TETA employees and stakeholders can be reported anonymously. Anyone wishing to report such activities may do so by calling the free hotline service, reporting via the website or by scanning a QR code, for those using smartphones. The service can be accessed anytime and anywhere through the above-mentioned avenues. Depending on the sensitivity and alleged perpetrator, each case is escalated accordingly in line with industry norms and standards and as recommended by best practices to promote transparency and ensure that each case is handled with strict confidentiality. A report of all the cases reported is independently submitted to the Audit Committee by the independent service provider.

➔ 3. AUDIT COMMITTEE REPORT

We are pleased to present our Audit Committee report for the financial year ended 31 March 2017.

3.1 Audit Committee Members and Attendance

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

Name	Constituency	25 May 2016	22 July 2016	29 September 2016	17 March 2017
Mr Thiru Mudaly	Independent Chair-person	P	P	P	P
Mr Patrick Mnisi	Independent Member	P	P	P	P
Ms Vhonani Singo	Independent Member	AB	P	P	P
Mr Japie Kruger	Board Member	P	P	AP	P
Ms Maryna du Plessis	Board member	P	P	P	P

P=Present; AB=Absent

AP=Apology; R=Resigned; N/A=Not Applicable

3.3 Audit Committee Responsibility

We have adopted appropriate formal terms of reference in our charter in line with the requirements of section 51(1)(a) of the PFMA (1 of 1999) and Treasury Regulation 27. Our affairs were conducted in compliance with this charter.



3.4 The Effectiveness of Internal Control

The system of control is designed to provide assurance that assets are safeguarded, laws are complied with, information is reliable and liabilities are efficiently managed. In line with the PFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and Management with the assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process as well as the identification of corrective actions and suggested enhancements to the controls and processes. Taking the above into consideration, the Audit Committee has no reason to believe that any material breakdown in the functioning of these controls, procedures and systems has occurred during the period under review.

3.5 Internal Audit

We are satisfied that the internal audit function operated effectively and that it addressed the risks pertinent to the SETA in its audits.

3.6 Evaluation of Financial Statements

The Audit Committee has performed the following functions:

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

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

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

3.7 Appreciation

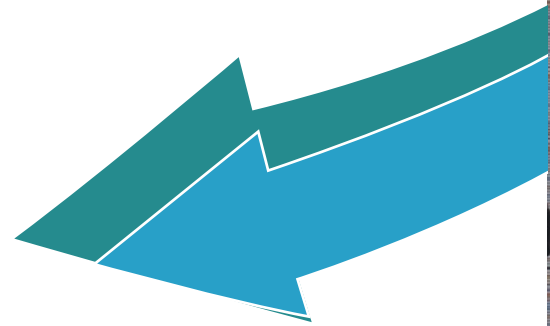
The Audit Committee expresses its sincere appreciation to the Accounting Authority Officer, Senior Management team, Internal Audit and the Auditor-General of South Africa for their efforts in assisting us in achieving our mandate.

Mr Thiru Mudaly
TETA Audit Committee Chairperson
26 July 2017



PART D:

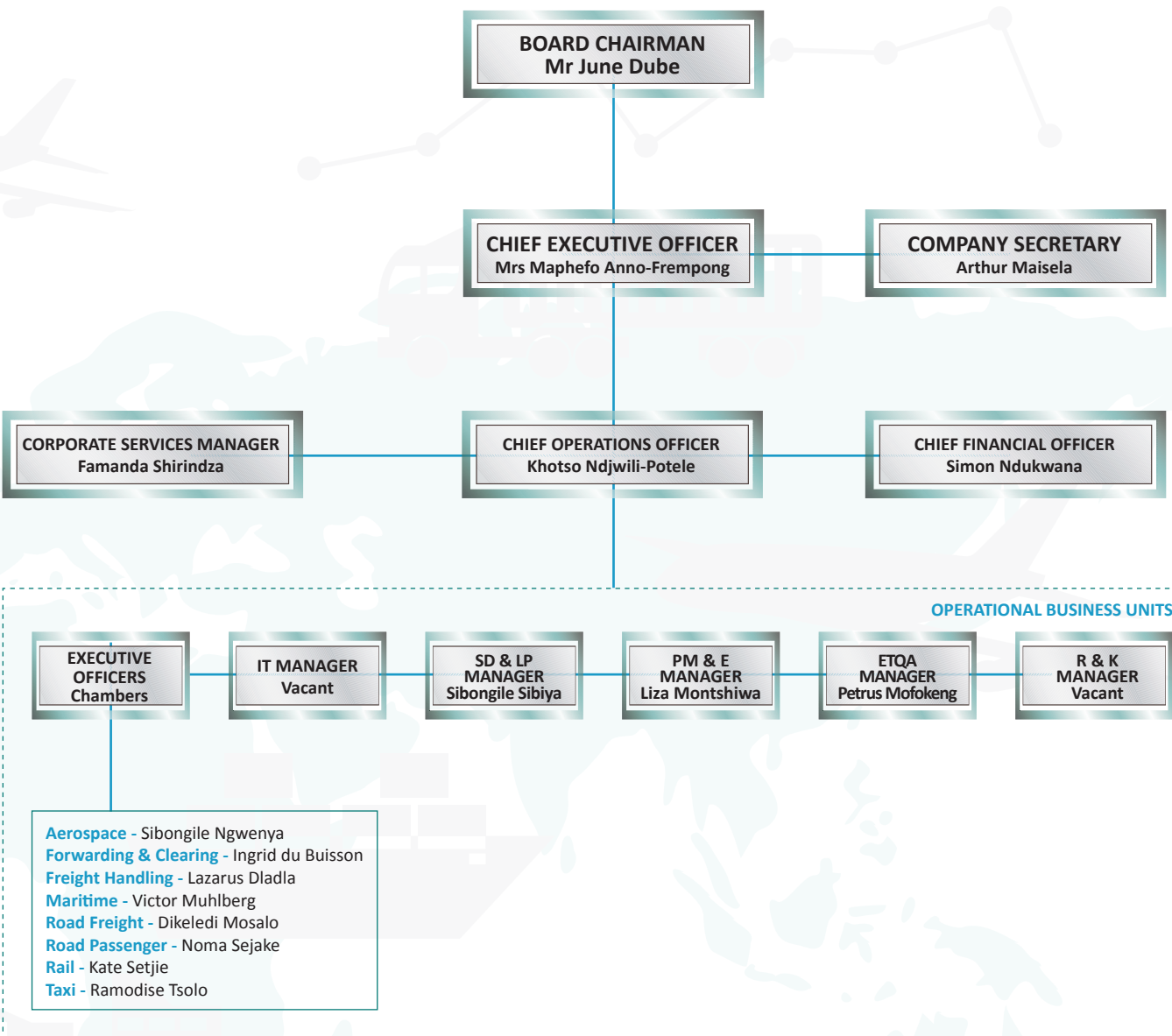
HUMAN RESOURCE MANAGEMENT







TETA ORGANISATIONAL STRUCTURE





1. INTRODUCTION

1.1 An overview of HR matters

TETA's Human Resources Department strives for smooth implementation of people processes and fair labour practices that enable a culture of excellence and best practices in support of TETA's strategic objectives. The organisation is committed to the continuous improvement of the employer-employee relationship and this has been achieved through engagement with the organised labour on HR-related matters.

Furthermore, TETA is committed to the training and development of its personnel to enable them to carry out their organisational mandate efficiently and effectively. This includes, among others, workshops and short courses for employees to attend to keep abreast of legislation changes/amendments that affect operations within the organisation.

1.2 HR priorities for the year under review and their impact

The priority of the HR Department for the year under review was to deliver more training for TETA staff members. This goal was met through the larger budget for training and development and the application of MGs from the relevant SETA. Courses that aimed to improve employees' performance in their daily operations were prioritised.

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

A strategic HR plan plays a vital role in the achievement of an organisation's overall strategic objectives. It takes a proactive strategic approach to position the people in the organisation in such a way that would maximise the organisation's competitive advantage. With that said, TETA has endeavoured to fill all vacant positions in accordance with the approved organisational structure and to do so within the confines permitted by the available budget, and thus enable the organisation to realise its short and long-term goals.

In conducting workforce planning, the HR Department took into account the projected loss of knowledge through employee exits and the projected knowledge requirements for sustaining the organisation. We thus commissioned a staff satisfaction survey to establish areas of focus in staff retention.

1.4 Employee performance management framework

TETA's performance management framework assists in setting objectives, measuring performance, constructive feedback of results, rewards (based on outcome) and amendments to objectives and activities. Each employee is contracted at his/her level for performance standards, which means every employee has targets to meet. The following classification will be made based on performance results:

- Non-performers
- Solid performers
- High performers

1.5 Employee wellness programmes

TETA has committed to developing strategies and action plans that would promote the physical, emotional and mental health of employees. The purpose of these strategies and action plans are to position the



organisation to deal with issues related to high staff turnover, high absenteeism and health. There is an Employee Assistance Programme in place to promote good health behaviour and maximise employees' well-being through counselling on financial, legal, psychological and social matters.

1.6 Policy development

The organisation has embarked on policy development and review exercise for all its HR-related policies, procedures and plans to ensure that they are aligned with TETA's strategic objectives. This will also assist with the talent forecast. All these documents comply with legislation guiding employment relationships.

1.7 Highlights and achievements

The Employee Climate Survey that was conducted during the year under review made the HR Department aware of the areas of development it needs to focus on. It also gave employees a platform to voice their views and improved communication channels in the organisation.

1.8 Challenges faced by the public entity

The HR Department is facing budget constraints that challenges them from implementing the projects that are relevant in strengthening employer-employee relationships.

1.9 Future HR plans/goals

As part of its corporate services, the HR Department strives to be a strategic partner to the chambers and units of TETA. The department aims to develop new HR strategies, methodologies and approaches that are in line with current legislation and best practices. This will ensure effective management of human resources, which will empower employees towards maximising their personal potential and deliver on or exceed organisational requirements. TETA believes that employees are the most valuable resource, as every service is ultimately created or delivered through human intervention.

➔ 2. HUMAN RESOURCE OVERSIGHT STATISTICS

The public entity must provide key information on human resources, as indicated in the tables below. All financial amounts must agree with amounts disclosed in the annual financial statements. Where considered appropriate, explanations are provided for variances.

Personnel expenditure by programme/activity/objective

Programme/ activity/objective	Total expenditure for the entity (R'000)	Personnel expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel exp. per employee (R'000)
Administration	100,489	67,612	67%	131	516



Personnel expenditure by salary band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel exp. (R'000)	No. of employees	Average personnel exp. per employee (R'000)
Top Management	5,574	8.39%	3	1,858
Senior Management	17,016	25.62%	16	1,064
Professionally qualified	20,417	30.74%	31	659
Skilled	4,721	7.1%	11	429
Semi-skilled	13,221	19.9%	65	203.4
Unskilled	827	1.24%	5	165.4
TOTAL	61,776	92.99%	131	4,378.8

Performance rewards

Programme/activity/objective	Performance rewards	Personnel expenditure (R'000)	% of performance rewards to total personnel exp. (R'000)
Top Management	617	5,574	11.07%
Senior Management	1,324	17,016	7.78%
Professionally qualified	1,645	20,417	8.06%
Skilled	379	4,721	8.03%
Semi-skilled	895	13,221	6.77%
Unskilled	82	827	9.91%
TOTAL	4,942	61,776	

Training costs

Programme/activity/objective	Personnel expenditure (R'000)	Training expenditure (R'000)	Training expenditure as a % of personnel exp.	No. of employees trained	Avg. training exp. per employee
Administration	67,345	1,089	1%	30	36,3

Employment and vacancies

Programme/activity/objective	2015/16 No. of employees	2016/17 Approved posts	2016/17 No. of employees	2016/17 Vacancies	% of vacancies
Top Management	3	3	3	0	0%
Senior Management	14	20	15	5	25%
Professionally qualified	24	35	30	11	31,43%
Skilled	10	15	11	2	13,33%
Semi-skilled	42	45	43	3	6,67%
Unskilled	5	5	5	0	0%
TOTAL	98	123	107	21	17.1%



Explanation for variances:

- The number of professionally qualified employees has a variance for the year under review due to the position of Risk Officer, which is not in the approved structure.
- The number of skilled employees has a variance for the period under review due to the position of Assistant ETD Practitioner in the Taxi Chamber, which is not in the approved structure.
- The number of semi-skilled employees has a variance for the period under review due to the temporary position of an Office Administrative Assistant, which is not in the approved structure.

Depending on budget availability, critical positions have progressively been filled and the organisation continuously reviews its financial position against its operational targets to prioritise the filling of the positions as per the approved structure.

Employment changes

Information is provided on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the public entity.

Salary Band	Employment at beginning of the period	Appointments	Terminations	Employment at end of the period
Top Management	3	0	0	3
Senior Management	15	2	1	16
Professionally qualified	29	1	1	29
Skilled	9	2	0	11
Semi-skilled	40	25	22	43
Unskilled	5	0	0	5
Total	101	30	24	107

Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	2	8.3%
Resignation	3	12.5%
Dismissal	1	4.2%
Retirement	0	0
Ill health	0	0
Expiry of contract	18	75%
Other	0	0
Total	24	100%

Explanation for variances:

Staff leaving the organisation due to the above reasons are replaced in accordance with recruitment processes and depending on budget availability for such positions.



Labour Relations: Misconduct and disciplinary action

Nature of Disciplinary Action	Number
Verbal warning	0
Written warning	2
Final written warning	0
Dismissal	1
Total	3

Equity Target and employment equity status

Explanations are provided below for major variances between target and current employment equity statuses and attempts made by the public entity to address the variances.

Level	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	2	0	0	0	0	0	0	0
Senior Management	6	0	0	1	0	1	1	0
Professionally qualified	13	0	1	0	0	1	1	0
Skilled	1	0	0	1	0	1	0	0
Semi-skilled	9	0	0	2	0	1	0	0
Unskilled	1	0	0	0	0	0	0	0
TOTAL	32	0	1	4	0	4	2	0

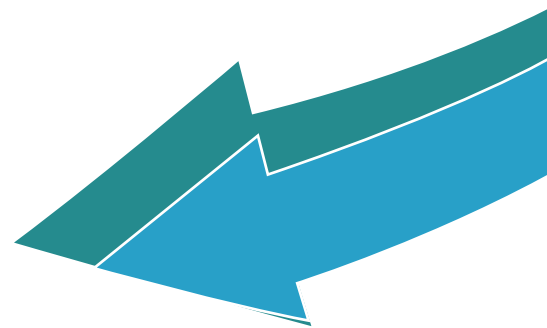
Level	FEMALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	1	0	0	0	0	0	0	0
Senior Management	6	0	0	1	0	0	2	0
Professionally qualified	11	0	1	1	2	1	1	0
Skilled	9	0	1	1	0	1	0	0
Semi-skilled	30	0	0	0	2	1	1	0
Unskilled	4	0	0	0	0		0	0
TOTAL	61	0	2	3	4	3	4	0

Level	STAFF WITH DISABILITIES			
	Male		Female	
	Current	Target	Current	Target
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professionally qualified	0	0	0	0
Skilled	0	1	0	1
Semi-skilled	0	1	0	0
Unskilled	0	0	0	0
TOTAL	0	2	0	1



PART E:

FINANCIAL INFORMATION





1. REPORT OF THE EXTERNAL AUDITOR

Report of the Auditor-General to the Parliament on the Transport Education and Training Authority

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Transport Education and Training Authority (TETA set out on pages 68 to 104, which comprise the statement of financial position as at 31 March 2017, and the statement of financial performance, statement of changes in net assets, and cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the TETA as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Skills Development Act of South Africa, 1998 (Act No. 97 of 1998) (SDA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (IESBA code) and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the accounting authority

6. The accounting authority, is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the PFMA and SDA and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, the accounting authority is responsible for assessing the Transport Education and Training Authority's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless there is an intention either to liquidate the public entity or cease operations, or there is no realistic alternative but to do so.



Auditor-general's responsibilities for the audit of the financial statements

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

Report on the audit of the annual performance report

Introduction and scope

10. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
11. My procedures address the reported performance information, which must be based on the public entity's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
12. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2017:

Programmes	Pages in the annual performance report
Programme 2 – occupationally directed programmes and workplace training	23 – 27
Programme 3 – quality assurance systems	28 – 29
Programme 4 – Youth development, progression and workplace training and experience	30 – 32
Programme 5 – small enterprise support & skills development	33

13. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.



14. The material findings in respect of the usefulness and reliability of the selected programmes are as follows:

Programme 4: Youth development, progression and workplace training and experience

Various indicators

15. The source information and evidence for achievements of the planned indicators listed below was not clearly defined, as required by the Framework for Managing Programme Performance Information (FMPPI). In addition, these indicators were combined in the annual performance report and reported as number of career exhibitions conducted and supported nationally to increase awareness while the indicators were separated in the annual performance plan. This is not in line with the requirements of treasury regulation 30.1.3(g):

Performance indicators	Reported achievement
Indicator 4.4a: Number of career exhibitions supported nationally to increase awareness (include supported)	27
Indicator 4.4b: Number of career exhibitions supported nationally to increase awareness (include supported)	27

16. I did not raise any material findings on the usefulness and reliability of the reported performance information for the following programmes:
- Programme 2: occupationally directed programmes and workplace training
 - Programme 3: quality assurance systems
 - Programme 5: small enterprise support and skills development.

Other matter

17. I draw attention to the matter below.

Achievement of planned targets

18. Refer to the annual performance report on pages 23 to 36 for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a number of targets.

Adjustment of material misstatements

19. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Programme 4: Youth development, progression and workplace training and experience. As management subsequently were unable to correct the misstatements, I raised material findings on the usefulness of the reported performance information.



Report on audit of compliance with legislation

Introduction and scope

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

Other information

- 22.** The Transport Education and Training Authority's accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report thereon and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report. .
- 23.** My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
- 24.** In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

- 25.** I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report included in this report.



Leadership

26. Performance information was not adequately reviewed to ensure that planned performance indicators are well defined and consistent with reported achievements which resulted to material findings raised on usefulness for programme 4.

Auditor-General.

Auditor-General
Pretoria
28 July 2017



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence



Annexure A – Auditor-general's responsibility for the audit

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

Financial statements

2. In addition to my responsibility for the audit of the financial statements, as described in the auditor's report, I also:
 - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control.
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors, which constitutes the accounting authority.
 - conclude on the appropriateness of the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the public entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern.
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.



Transport Education and Training Authority Financial Statements for the ended 31 March 2017

Audited

The Annual Financial Statements FOR THE YEAR ENDED 31 March 2017, set out on pages 68 to 104, have been approved by the Accounting Authority on 26 July 2017 in terms of section 51(1) of the Public Finance Management Act (PFMA), No 1 of 1999 as amended, and are signed on their behalf by:

Maphefo Anno Frempong
Chief Executive Officer

June Dube
Board Chairperson



Financial Statements for the period ended March 31, 2017

Index

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

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Financial Statements for the period ended March 31, 2017

Statement of Financial Position as at March 2017

	Note(s)	2017 R '000	2016 R '000
Assets			
Current Assets			
Receivables from non-exchange transactions	11	15 251	18 447
Receivables from exchange transactions	12	1 028	1 913
Inventories	13	301	288
Cash and cash equivalents	14	1 087 566	1 018 949
		1 104 146	1 039 597
Non-Current Assets			
Property, plant and equipment	9	27 739	28 170
Intangible assets	10	708	167
		28 447	28 337
Non-Current Assets		28 447	28 337
Current Assets		1 104 146	1 039 597
Total Assets		1 132 593	1 067 934
Liabilities			
Current Liabilities			
Payables from exchange transactions	16	6 785	9 881
Payables from non-exchange transactions	15	125 058	98 260
Provisions	17	14 577	11 101
Unspent conditional grants and receipts	18	190	190
		146 610	119 432
Total Liabilities		146 610	119 432
Net Assets		985 983	948 502
Reserves			
Administration reserve		28 447	28 337
Employer grant reserve		343	77
Discretionary reserve		957 193	920 088
Total Net Assets		985 983	948 502



Financial Statements for the period ended March 31, 2017

Statement of Financial Performance

	Note(s)	2017 R '000	2016 R '000
Revenue			
Revenue from exchange transactions			
Other income	5	141	60
Interest received - investment	3	75 867	70 033
Total revenue from exchange transactions		76 008	70 093
Revenue from non-exchange transactions			
Transfer revenue			
Other income	5	2 780	1 146
Skills Development Levy transfer	4	647 770	644 595
Skills Development Levy penalties and interest		13 665	17 909
Total revenue from non-exchange transactions		664 215	663 650
Total revenue		740 223	733 743
Expenditure			
Employee related costs	8	(52 779)	(44 802)
Grants and project expenses	6	(617 084)	(590 870)
Administration Expenses	7	(32 877)	(32 250)
Total expenditure		(702 740)	(667 922)
Surplus/ (deficit) for the year		37 483	65 821

The surplus of R 37 483 000 (2016: R 65 821 000) forms part of the Discretionary Grant Reserve.



Financial Statements for the period ended March 31, 2017

Statement of Changes in Net Assets

	Administration reserve R '000	Employer grant reserve R '000	Discretionary grant reserve R '000	Accumulated surplus R '000	Total net assets R '000
Balance at 01 April 2015	8 379	54	874 249	-	882 682
Changes in net assets					
Surplus for the year	-	-	-	65 821	65 821
Allocation of unappropriated surplus	8 051	34 458	23 312	(65 821)	-
Excess reserves transferred to Discretionary Reserve	11 907	(34 435)	22 527	-	(1)
Balance at 01 April 2016	28 337	77	920 088	-	948 502
Changes in net assets					
Surplus for the year	-	-	-	37 483	37 483
Allocation of unappropriated surplus	154	25 724	11 605	(37 483)	-
Excess reserves transferred to Discretionary Reserve	(44)	(25 458)	25 500	-	(2)
Balance at 31 March 2017	28 447	343	957 193	-	985 983



Financial Statements for the period ended March 31, 2017

Cash Flow Statement

	Note(s)	2017 R '000	2016 R '000
Cash flows from operating activities			
Receipts			
Levies, interest and penalties received		671 103	658 036
Other cash receipts from Stakeholders		(3 226)	(3 943)
Interest income		75 867	70 033
		<u>743 744</u>	<u>724 126</u>
Payments			
Employee costs		(52 779)	(54 195)
Suppliers		(30 197)	(36 959)
Grants and Projects payments		(589 920)	(674 430)
Bad Debts		450	51
Loss on Disposal of Assets			229
Other cash item		66	32
		<u>(672 380)</u>	<u>(765 272)</u>
Net cash flows from operating activities	19	71 364	(41 146)
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(2 052)	(21 704)
Proceeds from sale of property, plant and equipment	9		(1 006)
Purchase of other intangible assets	10	(695)	(135)
Net cash flows from investing activities		(2 747)	(22 845)
Net increase/(decrease) in cash and cash equivalents		68 617	(63 991)
Cash and cash equivalents at the beginning of the year		1 018 949	1 082 940
Cash and cash equivalents at the end of the year	14	1 087 566	1 018 949



Financial Statements for the period ended March 31, 2017

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual
	R '000	R '000	R '000	R '000	R '000
Statement of Financial Performance Revenue					
Revenue from exchange transactions					
Other income	-	-	-	141	141
Interest received - investment	66 983	-	66 983	75 867	8 884
Rental Income	510	(510)	-	-	-
Total revenue from exchange transactions	67 493	(510)	66 983	76 008	9 025
Revenue from non-exchange transactions					
Transfer revenue					
Other Income	-	-	-	2 780	2 780
Skills Development Levy transfer	695 476	-	695 476	647 770	(47 706)
Skills Development Levy penalties and interest	2 523	-	2 523	13 665	11 142
Total revenue from non- exchange transactions	697 999	-	697 999	664 215	(33 784)
Expenditure					
Personnel	(57 439)	200	(57 239)	(52 779)	4 460
Grant and Project Expenses	(673 701)	-	(673 701)	(617 084)	56 617
Administration Expenses	(34 352)	310	(34 042)	(32 877)	1 165
Total expenditure	(765 492)	510	(764 982)	(702 740)	62 242
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	37 483	37 483

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

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



Financial Statements for the period ended March 31, 2017

Accounting Policies

1. Presentation of Financial Statements

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

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Revenue from non-exchange transactions

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

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

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

The asset and the corresponding revenue are measured on the basis of the fair value of the asset on initial recognition. Non-exchange revenue transactions include the receipt of levy income from the Department of Higher Education, income from the National Skills Fund, and grants from the national government.



Financial Statements for the period ended March 31, 2017

Accounting Policies

1.3 Levy income

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

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

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

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

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

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



Financial Statements for the period ended March 31, 2017

Accounting Policies

1.4 Interest and penalties

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

1.5 Funds allocated by the National Skills Fund for Special Projects

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

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

1.6 Government grants and other donor income

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

1.7 Revenue from exchange transactions

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

1.8 Investment property

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.



Financial Statements for the period ended March 31, 2017

Accounting Policies

1.9 Grants and project expenditure

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

Mandatory grants

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

Discretionary project expenditure

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

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

Project expenditure comprise:

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

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



Financial Statements for the period ended March 31, 2017

Accounting Policies

Retrospective adjustments by SARS

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

1.10 Irregular expenditure

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

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

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

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



Financial Statements for the period ended March 31, 2017

Accounting Policies

1.11 Property, plant and equipment

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

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

Land is not depreciated as it is deemed to have an indefinite life. Property, plant and equipment (owned and leased) are stated at cost less any subsequent accumulated depreciation and adjusted for any impairments. Depreciation is calculated on the straight line-method to write off the cost of each asset to estimated residual value over its estimated useful life.

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

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

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

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



Financial Statements for the period ended March 31, 2017

Accounting Policies

1.11 Property, plant and equipment continued

Key sources of estimation uncertainty

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

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

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

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

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

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



Financial Statements for the period ended March 31, 2017

Accounting Policies

1.12 Intangible assets

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

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

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

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

Useful lives of Intangible assets

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

The following useful life is used in the calculation of amortisation

Item	Useful life
Computer software, other	2 years

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

1.13 Leasing

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

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



Financial Statements for the period ended March 31, 2017

Accounting Policies

1.14 Provisions

Provisions are recognised when the SETA has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be estimated reliably. Long-term provisions are discounted to net present value.

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

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

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

1.15 Grants and projects

Mandatory and Discretionary Grant Payments

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

Discretionary Projects

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



Financial Statements for the period ended March 31, 2017

Accounting Policies

1.16 Financial instruments Recognition

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

Financial assets

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

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

Loans and receivables

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

Effective interest method

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

Impairment of financial assets

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

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



Financial Statements for the period ended March 31, 2017

Accounting Policies

1.16 Financial instruments (continued) Financial liabilities

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

Financial liabilities at FVTPL

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

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

Other financial liabilities

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

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

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

1.17 Reserves

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

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

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

	2017 %	2016 %
Administration costs of the SETA	10,50	10,50
Employer grant fund levy	49,50	49,50
Discretionary grants and projects	20,00	20,00
Received by the SETA	80,00	80,00
Contribution to the National Skills Fund	20,00	20,00
	100,00	100,00



Financial Statements for the period ended March 31, 2017

Accounting Policies

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

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

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

1.18 Comparative figures

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

1.19 Tax

Taxation

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

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

1.20 Inventories

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



Financial Statements for the period ended March 31, 2017

Notes to the Financial Statements

Figures in Rand thousand

2. Allocation of surplus for the current year to reserves

Total revenue	Employer Grants Reserve			Discretionary Reserve			Total Discretionary
	Total per Statement of Financial Performance 2016 R '000	Total per Statement of Financial Performance 2017 R '000	Administration Reserve R '000	Mandatory Skills Grant R '000	Discretionary Grants R '000	Special projects R '000	
Other income Exchange Transactions	60	141	141	-	-	-	-
Interest received - investment	70 033	75 867	-	-	75 867	-	-
Other Income - Non Exchange Transactions	1 146	2 780	695	-	2 085	-	-
Levy transfer Administration (10.5%)	84 661	84 974	84 974	-	-	-	-
Levy transfer Employer Grants (69.5%)	559 934	562 796	-	162 201	400 595	-	-
Skills Development Levy penalties and interest	17 909	13 665	-	-	13 665	-	-
Total revenue	733 743	740 223	85 810	162 201	492 212	-	-
Total expenses							
Employee related costs	(44 802)	(52 779)	(52 779)	-	-	-	-
Grant & Project Expenses	(590 870)	(617 084)	-	(136 477)	(480 607)	-	-
General Expenses	(32 250)	(32 877)	(32 877)	-	-	-	-
Total expenses	(667 922)	(702 740)	(85 656)	(136 477)	(480 607)	-	-
Surplus per Statement of Financial Performance allocated	65 821	37 483	154	25 724	11 605		



Financial Statements for the period ended March 31, 2017

Notes to the Financial Statements

	2017 R '000	2016 R '000
3. Investment income		
Interest revenue		
Bank Deposits	73 079	67 484
Accruals on bank deposits	2 788	2 549
	75 867	70 033
4. Skills Development Levy transfer from non - exchange trans actions		
The total levy transfer per the Statement of Financial Performance is as follows:		
Levy transfer: Administration		
Levies received	84 974	84 661
Levies received from DHET	84 880	84 661
Inter-seta transfers in	94	-
Levy transfer: Employer grants		
Levies received	162 201	160 667
Levies received from DHET	162 014	160 667
Inter-seta transfers in	187	-
Levy transfer: Discretionary grants		
Levies received	400 595	399 267
Levies received from DHET	400 129	399 267
Inter-seta transfers in	466	-
	647 770	644 595
Skills Development Levy: Penalties and Interest	13 665	17 909
5. Other income		
5.1 Other Income - Exchange Transactions		
Other income comprises:		
Other income	141	60
5.2 Other Income - Non-Exchange Transactions		
Income from other Government Departments is to be allocated as follows:-		
Other Income		
Other Income Non-Exchange Transactions		
33.3% of levies from Government Departments allocated to Administration	695	382
66.7% of levies from Government Departments Allocated to Discretionary Grants	1 389	764
Other Income from Non-Exchange	696	
	2 780	1 146



Financial Statements for the period ended March 31, 2017

Notes to the Financial Statements

	2017 R '000	2016 R '000
6. Employer grant and project expenses		
Mandatory grants	136 477	126 209
Disbursed	133 936	123 160
Movement in provisions and accruals	2 541	3 049
Discretionary grants	427 000	405 666
Disbursed	427 450	405 216
Movement in provisions and accruals	(450)	450
Project expenditure	53 607	58 995
Disbursed	53 607	58 995
7. Administration expenses		
Internal audit fees	342	1 044
External auditor remuneration	1 955	1 936
Bank charges	92	74
Loss on Disposal of Property, plant and Equipment		257
Bad debt	450	51
Seminars and workshops	134	436
Consultancy and service provider fees	5 252	5 698
Lease rentals on operating lease	1 148	2 990
Repairs and Maintenance	3 964	1 550
Depreciation / Amortisation	2 571	1 588
Fuel and oil	16	17
Insurance	275	338
Advertising, marketing and promotions, communication	1 573	2 818
Postage and courier	244	88
Printing and stationery	691	761
Legal fees	954	382
Staff welfare	79	41
Subscriptions and membership fees	91	91
Staff cellphone costs	118	230
Staff training and development	1 089	1 854
Travel and subsistence	5 018	4 720
Other administration expenses	3 654	2 897
Recruitment fees	83	71
Committee catering expenses	80	109
Committee travel and subsistence costs	2 863	2 129
Audit Committee Costs	141	80
	32 877	32 250
8. Employee related costs		
Basic	41 934	36 635
Performance Bonus	4 380	2 936
UIF	147	131
WCA	57	130
SDL	478	436
Leave payments	1 697	937
Alexander Forbes Retirement Fund	3 116	2 752
Travel, motor car, accommodation, subsistence and other allowances	970	845
	52 779	44 802

Employee Cost for 2017: R 14 833 192 (2016: R 10 973 860) has been allocated to Discretionary grant administration and is not included in the amount above.



Financial Statements for the period ended March 31, 2017

Notes to the Financial Statements

9. Property, plant and equipment

	2017			2016		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
	R '000	R '000	R '000	R '000	R '000	R '000
Land	2 600		2 600	2 600		2 600
Buildings	21 768	(1 258)	20 510	20 606	(172)	20 434
Furniture and fixtures	6 850	(3 427)	3 423	6 821	(2 775)	4 046
Motor vehicles	450	(251)	199	450	(161)	289
IT equipment	3 424	(2 417)	1 007	2 637	(1 836)	801
Total	35 092	(7 353)	27 739	33 114	(4 944)	28 170

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Transfers	Depreciation	Total
	R '000	R '000	R '000	R '000	R '000
Land	2 600	-	-	-	2 600
Buildings	20 434	1 161		(1 085)	20 510
Furniture and fixtures	4 046	94	(66)	(651)	3 423
Motor vehicles	289	-	-	(90)	199
IT equipment	801	797		(591)	1 007
Total	28 170	2 052	(66)	(2 417)	27 739

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Depreciation	Total
	R '000	R '000	R '000	R '000	R '000
Land	2 600	-	-	-	2 600
Buildings	3 415	17 322	(131)	(172)	20 434
Furniture and fixtures	915	3 944	(625)	(188)	4 046
Motor vehicles	379	-	-	(90)	289
IT equipment	903	438	(251)	(289)	801
Total	8 212	21 704	(1 007)	(739)	28 170

Depreciation rates

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	10 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	5 years
IT equipment	Straight line	3 years
Computer software	Straight line	2 years

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

	2017 R '000	2016 R '000
Computer Hardware	1 406	1 064
Furniture & Fittings	1 367	319
Total	2 773	1 383

None of TETA's assets have been pledged as security.
TETA's building is located at 344 Pretoria Avenue, Ferndale, Randburg.



Financial Statements for the period ended March 31, 2017

Notes to the Financial Statements

10. Intangible assets

	2017			2016		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
	R '000	R '000	R '000	R '000	R '000	R '000
Computer software, other	1 429	(721)	708	734	(567)	167

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Amortisation	Total
	R '000	R '000	R '000	R '000
Computer software, other	167	695	(154)	708

Reconciliation of intangible assets - 2016

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

11. Receivables from non-exchange transactions

	2017	2016
	R '000	R '000
Other Receivables	14 186	10 064
Employer Receivables	1 065	8 383
	15 251	18 447
Employer Receivables		
Overpayment to Employers	1 313	8 537
Allowance for Doubtful Debts	(248)	(154)
	1 065	8 383

Employer Receivables

R 1 313 000 (2016: R 8 537 000) was recognised as a receivable relating to the overpayment to the employers in earlier periods, as a result of inaccurate information received, and is based on the amount of such grant over payments. An amount of R 248 000 (2016: R 154 000) was provided for as doubtful debts. Also refer to Note 15 for Grant amounts owed to employers as a result of subsequent changes in levy information.

Other Receivables

R 13 924 000 (2016: R 9 704 000) relates to funding due from the UIF as a result of joint funding of projects.



Financial Statements for the period ended March 31, 2017

Notes to the Financial Statements

	2017 R '000	2016 R '000
12. Receivables from exchange transactions		
Employee costs in advance	5	63
Interest receivables	380	300
Other Receivables	394	1
Deposits	249	93
	1 028	1 913

13. Inventories

Inventory consists of stationery on hand and consumables at the end of the financial year	301	288
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14. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	17	25
Bank balances	63 139	32 593
Short-term deposits	1 024 410	986 331
	1 087 566	1 018 949

As required in Treasury Regulation 31.2, National Treasury approved the banks where the bank accounts are held. The weighted average interest rate on short term bank deposits was 2017: 7.1 % (2016: 6.4%).

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

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

15. Payables from non exchange transactions

Skills development grants payable - mandatory	12 379	9 838
Skills development grants payable - discretionary	49 196	17 729
Employer Payable	419	663
Levy Creditors	8 355	15 321
SARS Overpayment	54 709	54 709
	125 058	98 260



Financial Statements for the period ended March 31, 2017

Notes to the Financial Statements

	2017 R '000	2016 R '000
16. Payables from exchange transactions		
Trade payables	4 805	8 193
Accrued leave pay	1 884	1 647
Other accrued	96	41
	6 785	9 881

17. Provisions

Reconciliation of provisions - 2017

	Opening Balance R '000	Additions R '000	Utilised during the year R '000	Total R '000
Provision for levies from exempt employers	5 664	2 073	(1 100)	6 637
Provision for Leave Pay	799	236	(500)	535
Provision for Performance Bonus	4 638	7 405	(4 638)	7 405
	11 101	9 714	(6 238)	14 577

Reconciliation of provisions - 2016

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

Provisions for levies received from exempt employers.

An amount of R 6 637 000 (2016: R 5 664 000) relates to levies incorrectly contributed by employers, and paid over by SARS and DHET, after being exempted from contributing skills development levies due to new legislation which came into effect from 1 August 2005.

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

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

TETA will then in terms of Section 190(4) be able to utilise the provision of R 1 162 000 (2016: R 1 196 000) levy income, which has exceeded the five year period, for discretionary grants.



Financial Statements for the period ended March 31, 2017

Notes to the Financial Statements

17. Provisions (cont.)

Provision for Leave.

An amount of R 535 000 (2016: R 799 000) relates to annual leave entitlements accrued to employees.

Provision for Performance Bonus.

An amount of R 7 405 000 (2016: R 4 638 000) relates to provision for performance bonuses which will be paid out in the next financial year.

18. Conditional grants and receipts Special projects

	2017 R '000	2016 R '000
Balance unspent at beginning of period	190	190

The accounting policy to account for Special Projects is set out in the Accounting Policy note 3.5. During the year, R Nil (2016: Nil) eligible project special expenses were incurred and a corresponding amount was recognised as revenue.

As at year end an amount of R 190 000 (2016: R 190 000) continues to be accounted for as a liability until the agreed contractual conditions have been met.

	2017 R '000	2016 R '000
19. Cash generated from (used in) operations		
Surplus/ (deficit)	37 483	65 821
Adjustments for:		
Movements in provisions	3 475	674
Depreciation	2 417	1 423
Amortisation	154	165
Transfers	66	
Changes in working capital:		
Inventories	(13)	88
Receivables from exchange transactions	885	(4 853)
Other receivables from non-exchange transactions	3 196	(4 648)
Payables from exchange transactions	(3 096)	(1 330)
Taxes and transfers payable (non exchange)	26 797	(98 518)
Proceeds from Disposal of Assets		32
	71 364	(41 146)



Financial Statements for the period ended March 31, 2017

Notes to the Financial Statements

20. Statement of comparison of budget and actual amounts

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

The amount budgeted by TETA for Skills development Levies is based on the average expected salary increases within the Transport Sector. Deficits against budget are a result of lower than budgeted increases within the Sector as well as companies that have closed and downsized.

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

The surplus of R11 142 000 against budget is due to additional penalties and interest received. The budget is based on an estimate of penalties and interest to be received as TETA cannot anticipate with certainty the levy payers that will incur interest and penalties due to late payment of the Skills Development Levies to SARS.

20.3. Investment income

The surplus of R 8 884 000 against budget in investment income is largely due to the increase in the effective interest rate.

20.4. Other income

Other Income comprises of levies received from Government departments, TETA does not budget for other income hence the surplus.

EXPENSES

20.5. Grant and Project Expenses

The Mandatory Grant budget was based on the new grant regulations of 20%. Mandatory Grant expenditure has increased by 8% from the previous year. Discretionary Grant expenditure has increased by 3% from the previous year.

20.7. Administration expenses

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



Financial Statements for the period ended March 31, 2017

Notes to the Financial Statements

21. Contingencies

21.1 First Time Employer registrations

The Skills Development legislation allows for an employer, registering for the first time, 6 months to submit an application for mandatory grants.

At the reporting date it is estimated that, as a result, additional mandatory grant expenditure of R 343 000 (2016: 77 000) will be payable. The amount is contingent on the number of submission received and approved.

21.2 Contingent Liability

TETA is currently involved in litigation relating to the deaccreditation of one of TETA's providers. The outcome may result in TETA being liable for an amount of R 27 330 959. As at 31 March 2017 the case had not been finalised.

TETA is also currently involved in litigation relating to the rental of the premises in Randburg. The outcome may result in TETA being liable for an amount of R 241,779. As at 31 March 2017 the case had not been finalised.

21.3 Request to National Treasury for Roll over of Surplus Funds

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

R 94 724 000 (2016:R 78 439 000) relates to the 7.5% Discretionary Grant Project Administration funding approved by TETA Board and DHET Minister for project management in line with Grant Regulations 2012.

Transport Education and Training Authority has applied for the retention of these funds for the 2016/17 financial year, in terms of section 53(3) of the PFMA and National Treasury Instruction Note 6 of 2017/18.



Financial Statements for the period ended March 31, 2017

Notes to the Financial Statements

Figures in Rand thousand

22. Commitments

Of the balance of R 957 193 000 (2016: R 920 088 000) available in the Discretionary Grant Reserve at the end of March 2017, R 862 469 000 (2016: R 841 317 000) has been approved and allocated for future projects and skills priorities as set out below.

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

Description of Grant	Opening balance 2016	Approved by Accounting Authority & Contracted	Reallo- cation of Surpluses Declared	Utilised	Opening balance 2017	Approved by Accounting Authority & Contracted	Reallo- cation of Surpluses Declared	Utilised	Total Contracted Funds	7,5% Admin
Contract/Project Name										
Road Passenger Chamber Y6-Y10	88	-	(82)	-	6	-	-	(6)	-	-
Forwarding and Clearing Chamber Y6 -Y10	1 465	-	(411)	(244)	810	-	(5)	(27)	778	-
Freight Handling Chamber Y6-Y	535	-	(396)	-	139	-	(53)	(86)	-	-
Maritime Chamber Y6-Y10	737	-	(406)	(126)	205	-	-	(205)	-	-
Road Freight Y6-Y10	1 785	-	(973)	(589)	223	-	(116)	(107)	-	-
Taxi Chamber Y6-Y10	-	-	-	-	-	-	-	-	-	-
Skills development project	416	-	-	-	416	-	-	-	416	-
Costed Annual Performance Plan 2010/11	3 681	-	(2 320)	(971)	390	-	(117)	(175)	98	-
ETQA Projects	1 299	-	(241)	(1 058)	-	-	-	-	-	-
Aerospace Chamber Y6-Y10	-	-	-	-	-	-	-	-	-	-
Costed Annual Performance Plan 2011/12	10 385	-	(3 771)	(4 667)	1 947	-	(657)	(957)	333	-
Costed Annual Performance Plan 2012/13	18 012	-	(3 415)	(6 688)	7 909	-	(2 927)	(2 126)	2 856	-
Costed Annual Performance Plan 2013/14	338 762	-	(31 073)	(113 481)	194 208	-	(39 490)	(58 093)	96 625	-
Costed Annual Performance Plan 2014/15	488 935	-	(26 360)	(199 075)	263 500	-	(21 353)	(94 044)	148 103	-
Costed Annual Performance Plan 2015/16	-	509 589	(13 754)	(124 271)	(371 564)	-	(20 538)	(163 991)	187 035	-
Costed Annual Performance Plan 2016/17	-	-	-	-	-	578 030	(7 945)	(143 860)	426 225	-
TOTAL	866 100	509 589	83 202	451 170	841 317	578 030	(93 201)	(463 677)	862 469	-
7,5% Administration available for Project Management by TETA	84 704	25 894	(18 667)	(13 492)	78 439	46 820	(13 602)	(16 933)		94 724



Financial Statements for the period ended March 31, 2017

Notes to the Financial Statements

Figures in Rand thousand

22. Commitments (continued)

The amount of R 94 724 000 (2016:R 78 439 000) relates to the 7.5% Discretionary Grant Project Administration funding approved by TETA Board and DHET Minister for project management in line with Grant Regulations 2012.

These amounts are to be utilised by TETA for project management and administration purposes including salaries of project related staff members. These amounts are not commitments nor contracted.

23. Operating lease asset (accrual)

Minimum lease payments due	2017 R '000	2016 R '000
Up to 1 year	1 296	863
1 to 5 years	-	863
	<u>1 296</u>	<u>1 726</u>

The operating leases relate to building premises used for office accommodation. The lease agreements for the building premises were renewed on 1 April 2016 (Durban and Cape Town) and will be operational for a period of two years. No provision was made for an option to renew the leases on expiry. Deposits totaling R 249 126 have been paid and will be refunded upon termination of the lease. The deposit amount will be reduced by any outstanding costs

24. Going concern

The Minister of Higher Education extended the licenses of the SETAs to 31 March 2020.

25. Irregular expenditure

	2017 R '000	2016 R '000
Add: Irregular Expenditure - current year	71	-
Less: Amounts not recoverable (not condoned)	-	34
	<u>71</u>	<u>34</u>

Details of irregular expenditure – current year

In the 2016/17 financial year training was undertaken by TETA staff for an amount of R 70,586 and three quotations were not obtained. The Supply Chain Management Unit has put in place measures to prevent this from recurring.

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Financial Statements for the period ended March 31, 2017

Notes to the Financial Statements

26. Financial instruments

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

Liquidity risk

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

At 31 March 2017	Carrying Amount R '000	Contractual Cashflows R '000	6 Months R '000
Trade and other payables	(146 420)	(146 420)	(146 420)
At 31 March 2016	Carrying Amount R '000	Contractual Cashflows R '000	6 Months R '000
Trade and other payables	(119 242)	(119 242)	(119 242)

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



Financial Statements for the period ended March 31, 2017

Notes to the Financial Statements

26. Financial instruments (continued) Credit risk

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

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

Credit risk with respect to levy paying employers is limited due to the nature of the income received. The SETA's concentration of credit risk is limited to the transport industry in which the SETA operates. No events occurred in the transport industry during the financial year that may have an impact on the accounts receivable that has not been adequately provided for accounts receivable are presented net of allowance for doubtful debt.

	2017		2016	
The ageing of other receivables from exchange transactions	Gross R '000	Impairment R '000	Gross R '000	Impairment R '000
Not past due	939	-	1 795	-
Morethan one year	89	-	118	-
	1 028	-	1 913	-

	2017		2016	
The ageing of cash and cash equivalents	Gross R '000	Impairment R '000	Gross R '000	Impairment R '000
Not past due	1 087 566	-	1 018 949	-

Interest rate risk

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



Financial Statements for the period ended March 31, 2017

Notes to the Financial Statements

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

	Floating rate		Non-interest bearing	Total
Year ended 31 March 2017	Amount R '000	Effective interest rate	Amount R '000	R '000
Cash	1 087 566	7,10 %	-	1 087 566
	1 087 566	7,10 %	-	1 087 566

	Floating rate		Non-interest bearing	Total
Year ended 31 March 2016	Amount R '000	Effective interest rate	Amount R '000	R '000
Cash	1 018 949	6,40 %	-	1 018 950
	1 018 949	6,40 %	-	1 018 950

27. Related parties

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



Financial Statements for the period ended March 31, 2017

Notes to the Financial Statements

27. Related parties (continued)

Related party transactions

Receivables	2017	Amount receivable/ payable R '000	2016	Amount receivable/ payable R '000
	Amount of the transaction R '000		Amount of the transaction R '000	
MERSETA	752	-	-	-
Total	752	-	-	-

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

Transactions with the controlling entity

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

Transactions with entities under common control

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



Financial Statements for the period ended March 31, 2017

Notes to the Financial Statements

Remuneration of management Executive management

2017

	Basic salary	Bonuses and performance related payments	Other short- term employee benefits	Other benefits received	Total
	R '000	R '000	R '000	R '000	R '000
Name					
Maphefo Anno-Frempong	1 892	257	72	144	2 365
Khotso Ndjwili Potele	1 337	180	134	102	1 753
Simon Ndukwana	1 337	181	81	102	1 701
	4 566	618	287	348	5 819

2016

	Basic salary	Bonuses and performance related payments	Other benefits received	Total
	R '000	R '000	R '000	R '000
Name				
Maphefo Anno Frempong	1 769	136	367	2 272
Khotso Ndjwili Potele	1 250	77	192	1 519
Simon Ndukwana	1 185	86	255	1 526
	4 204	299	814	5 317



Financial Statements for the period ended March 31, 2017

Notes to the Financial Statements

Figures in Rand thousand

27. Related parties (continued)

Included in the R 5 974 000 (2016: R 5 436 000) Aggregate Remuneration for Executive Management are travel claims and reimbursements which have not been included in the detailed breakdown of remuneration received.

28. Transaction with stakeholders represented on the Accounting Authority

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

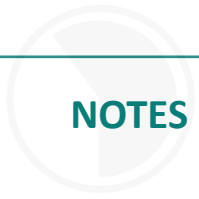
			2017 R '000	2016 R '000
Spoornet/Transnet/Transwerk	Japie Kruger	Discretionary Grants	30 284	38 313
Unitrans	June Dube	Discretionary Grants	4 955	1 023
SA Airways Technical	Sakie Tlou	Discretionary Grants	5 070	6 304
Sheltam	Lionel Ritson	Discretionary Grants	717	271
Safmarine	Geoff Jacobs	Discretionary Grants	158	2 848
SATAWU	Veronica Mesatywa, Macolive Oldjohn, Lorraine Wentzel	Discretionary Grants	567	1 474

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



NOTES

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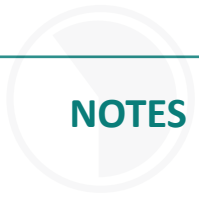
NOTES

Handwriting practice lines with a background illustration of a world map and various transport icons (airplane, train, truck, bus, ship).



NOTES

Notes section with horizontal lines for text entry.



NOTES

Lined area for notes, featuring faint background graphics including a world map, a line graph, a building, a truck, and a train.

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NOTES

- _____
- _____
- _____



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