

091117 pc labour

Theta Presentation Labour Portfolio Committee

17 November 2009

Mike Tsotetsi Chief Executive Officer



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THETA CHALLENGES

- Limited levies collected in the sector as opposed to the huge demand
- The Tourism Industry is labour intensive and pay low salaries
- The sector constitutes of about 90% SMEs
- The Theta estimated companies are 40 000
- 4291 companies pay levies (8,25%)
- 35 709 non-levy payers (91.75%)
- The sector employs over 400 000 employees
- Significant unemployed people seek jobs in the sector

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THETA CHALLENGES

- **Theta therefore requires additional funding to the value of R200m per year in order to make significant impact**
- **Inadequate funding leads to some targets not being met**
- **Extreme complaints from public seeking training funds**
- **Negative perceptions of Theta and other SETAs due to public unrealistic expectations**

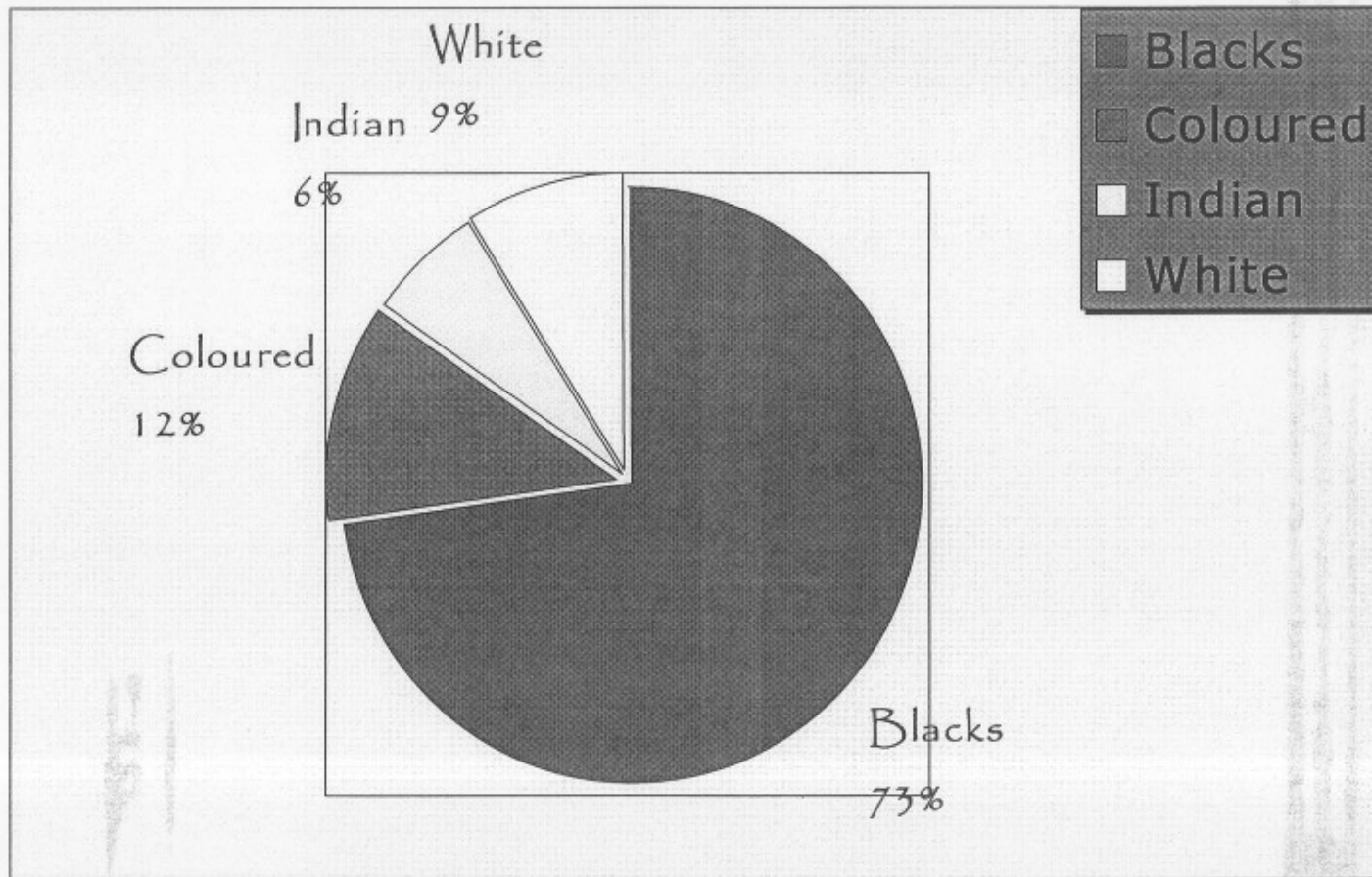
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HUMAN RESOURCES

Breakdown by Race



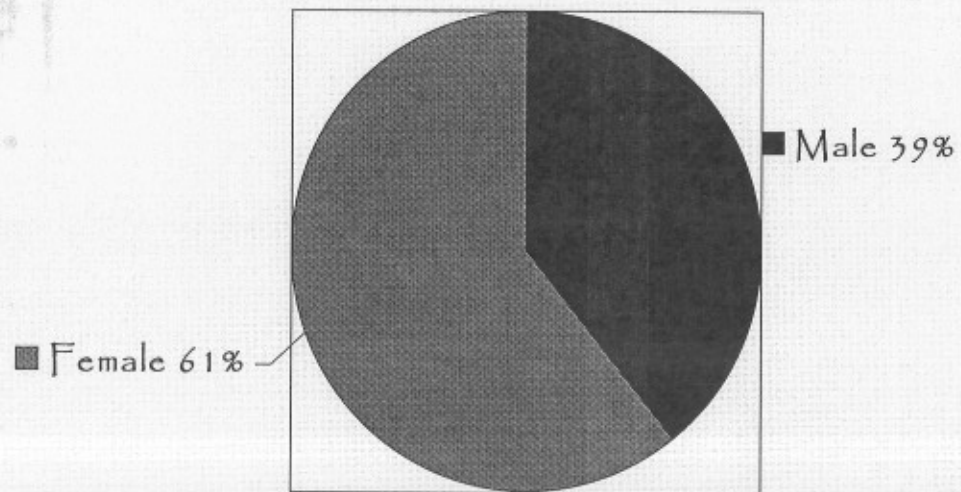
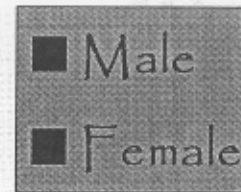
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HUMAN RESOURCES

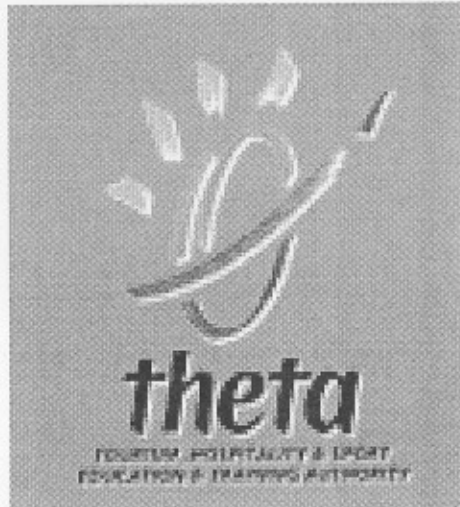
Breakdown by Gender



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Annual Financial Statements

(P 73 – P 113 AR)

2008/2009

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Annual Financial Statements

200808/2009 (P82 AR)



- SDL Income = R 140.210 million , up 12% on prior period
- Total Investment Income = R 7.6 million, interest earned on short term investments with approved banking institutions
- Total revenue = R 160.505 million, mainly driven by levy income and NSF income of R 18.9 million, revenue up 18.5% vs. prior year.
- Total expenses = R 241.144 million, mainly driven by project expenses of R 137.930 million. Project expenses up 89% vs. prior year

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Annual Financials 2008/2009

(P82 & 83 AR)



- Surplus Funds: Decreased by R73.59 million mainly due to increase in project expenditure.
- Investment income: The above decrease resulted in a 31.5% decrease in investment income.
- Cash and Cash Equivalents: Decreased by 69% to R 36.6 million due to the increase in project expenditure.
- Admin Expenses: Increased by 22% to R 16.1 million mainly caused by the legal settlement of R1.4 million, even with this increase the Board and Management of Theta was still able to limit admin expenses to well below the regulated 10% of levy income .(by R 1.9 million) (P94 & 97 AR)

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Audit Results 2008/2009 (P74 – AR)



- Un – Qualified (clean) audit opinion/report from the Auditor General for the fourth year running.

- Other Auditor General Findings
 - Overall Governance of Theta is adequate
 - No significant findings regarding performance information

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Committed Funds and Projects

(P103 – AR)

- Committed projects – R 80.864 million (P 103 of AR)
- Discretionary Reserve – R 6.205 million
- Accounting Authority as part of its strategic plan has ensured that all reserve funds of the Seta will be applied to Skills Development by the end of the current NSDS ii period 31 March 2010.
- The Board is confident that all of these commitments will be met by year end.
- Estimated budget Discretionary funds:

Discretionary Reserve (R'000)

Opening Balance

Add: Discretionary Levy Income

Transfer from admin reserve

Transfer from Mandatory Reserve

Less: Discretionary Grant & Project Expenditure

Closing balance

full year

6,205

45,513

1,337

30,240

-83,296

0



theta

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Theta Funding Model



- Perception that Setas have unlimited funds.
- Based on the 2008/2009 financial year: R'000

Total levy income		180,846
SARS Admin fee 2%	3,617	
NSF 18%	32,552	-36,169
Admin Expenses 10%		-18,085
Mandatory Grants 50%		-58,398
Balance remaining for Discretionary Projects		<u>68,194</u>

NSDS targets 2.1 & 2.2 is covered by mandatory grants all the other targets (11 in total) must be financed by this discretionary funds)(P114AR).

Questions?

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