



# Clothing

# Textiles



# Footwear



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# Annual Report 2009/2010





# higher education & training

Department:  
Higher Education and Training  
REPUBLIC OF SOUTH AFRICA



## Annual Report of the CTFL SETA 1 April 2009 to 31 March 2010

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Minister Blade Nzimande, MP,  
Minister of Higher Education  
and Training



It is my pleasure and privilege to present to you the  
Annual Report of the Clothing, Textiles, Footwear and Leather  
Sector Education and Training Authority (CTFL SETA),  
for the financial year ended 31 March 2010



PK Naicker, CTFL SETA CEO  
Durban  
6 August 2010

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## Mission & Vision

### CTFL SETA Annual Report 2009/10

For submission in terms of the Public Finance Management Act, 1999  
(Act No 1 of 1999).

#### Mission of the CTFL SETA

The Clothing, Textiles, Footwear and Leather (CTFL) SETA will develop and enlarge the skills base of all employed within the Clothing, Textiles, Footwear and Leather economic sector. It will do this through the promotion and implementation of effective learning programmes and skills planning which will advance workplace security and productivity. There will be a particular focus on skills acquisition leading to qualifications, career planning, the latent demands of small firms and the unemployed in satisfying the national skills development needs.

#### Vision of the CTFL SETA

To become the leading sector in skills development in South Africa and thereby create a highly skilled workforce that will contribute to workplace security, increased business viability and employment growth in the country.

#### CTFL SETA COUNCIL



**1st row :** Len Smart, Frans Barnard (Chairperson), Rani Naidoo (Vice-Chairperson), Cornelius Kodisang, PK Naicker (CEO)

**2nd row :** Abisha Tembo (the dti), Wayne Jacobs, Anna-Marie Hiscock, Frank Hughes, Abieda Abrahams, Tandile Maliti

**3rd row :** Mike Wood, Michael Ngwenya, Susan Khumalo, Shara Singh, Mary August, Paul Theron

**4th row :** David Bowen, Lize van Zyl, Etienne Vlok, Jacqueline Bakkes, Ray Oosthuizen

**Absent :** Graham Choice, Adeline Lipali, Johann Baard, Freda Oosthuysen, Ntombinkulu Yika, Fikiswa Pupuma (KZN DED)

### Introduction

The transfer of the executive responsibility for SETAs from the Department of Labour (DoL) to the Department of Higher Education and Training (DHET) in November 2009, in many ways influenced discussions regarding the future SETA landscape and skills development on a national and sectoral level.



### CTFL SETA re-establishment and discussions with W&RSETA

At the end of the previous financial year, the CTFL SETA submitted its application to re-establish as a stand-alone SETA. However, discussions continued with the Wholesale and Retail SETA (W&RSETA) to incorporate the CTFL SETA into their organisation. This was motivated by the expected decrease in skills development levy income as a result of steadily increasing job losses and firm closures in the CTFL sector and the value chain partnership between the sectors.

In anticipation of a possible incorporation, the CTFL SETA and W&RSETA embarked on collaboration projects, which included grants to 150 learners on learnerships in the CTFL sector totalling R3 million and a Team Leader Development Programme to the value of R1,5 million. W&RSETA also pledged R20 million towards strengthening the funding available for training layoff initiatives in the CTFL sector.

When it became apparent in the latter part of the year that the announcement of the new SETA landscape has been delayed, both SETAs agreed to put the incorporation discussions on hold until further clarity could be obtained on the future of SETAs. However, collaboration on the projects mentioned above continued as planned.

As a result of the delay in the announcement of NSDS III, the current SETA licence period was extended until March 2010. The CTFL SETA signed the Service Level Agreement (SLA) with DHET covering the additional year in December 2009 and continued to deliver against the targets as set out in the agreement (a detailed report on performance against targets is included later in this report).

### Co-operation with National and Provincial Departments

Members of the clothing and textile sub-sectors enthusiastically supported the submission of a funding application to the National Skills Fund to fund the first phase of the Skills Development Plan that formed part of the Customised Sector Programme (CSP). The application was compiled by the DTI in discussion and with the support of industry stakeholders. The outcome of the funding application, which focused on the training of unemployed people through learnerships, apprenticeships and technology programmes, was anticipated with excitement.

To our disappointment, the application was referred back to the drawing board in March 2010. The sector was requested to re-submit an application that focussed on higher end skills (at NQF levels 4 – 6) along with commitment from firms' in the sector to support these programmes. The DTI is in the process of revising the application.

On a provincial level, the CTFL SETA enjoyed a productive relationship with the KwaZulu-Natal Department of Economic Development (KZN DED). Three (3) very successful projects were put in place in the period under review, in partnership with the Technical University of Liberec (TUL) in the Czech Republic. These were a Continuous Professional Development (CPD) programme that ran for six (6) weeks at the TUL and was attended by 50 students from South Africa, a Masters programme (now in its second year) which will see the first eight (8) students graduating with internationally recognised Masters degrees at the end of June 2010 and a seminar series which were conducted in three (3) provinces and attended by delegates from local clothing and textile factories. These projects will continue in 2010.

Initial discussions have taken place in March 2010 with the Gauteng Provincial Government to establish linkages with the CTFL SETA and to initiate partnership projects in the Gauteng province. This will be pursued further in 2010.

In the Western Cape, positive relationships between CTFL SETA stakeholders and the Provincial Government continued which was evident through the government's continued support of the Clothing and Textile Competitiveness Cluster.

### Learnership Delivery model proved highly successful

One of the reasons stated by the NSF for the non-approval of the Phase I funding application, was that SETAs were mandated to fund learning programmes at NQF levels 1 – 3. This has proved to be a huge challenge for the CTFL SETA as the demand for learnership grant funding far exceeded the CTFL SETA's discretionary funding resources. In 2009/10, learnership grant applications received from firms in the sector exceeded 2 750 of which only 500 could be funded from our discretionary funding. An additional 150 were funded through the CTFL/W&RSETA collaboration project.



## Report from the Chairperson of the CTFL SETA Council

Since the launch of the Host Training Provider Institution (HTPI) model in July 2008, four (4) accredited HTPIs have linked up with 50 sites of delivery and successfully delivered learnership training across the spectrum of clothing, textiles, footwear, leather and general goods. During 2009/10, HTPIs and their sites delivered 62% of employed and 38% of unemployed learnership graduates nationally (overall 45% of a total of 649 graduates reported for the period under review).

Workplace Training Provider Institutions (WTPIs) and their registered sites of learning delivered the balance of the graduates and continued to provide quality learnership programmes to the industry.

### Challenges

The CTFL SETA applied for and received permission from the DoL/DHET to exceed the legislated 10% of income allowed for administration expenditure. This over expenditure was mainly due to the increase of 262% on the fees charged by the Auditor-General SA.

### Continued commitment of CTFL SETA stakeholders to skills development

During the period under review, the CTFL SETA pro-actively engaged with GTZ consultants to develop new qualifications for the sector that will be registered with the Quality Council for Trade and Occupations. Numerous workshops were held and the contributions of expertise and company time made by technical and training specialists working in the sector were invaluable to the process.

Employer and Labour representatives serving on the CTFL SETA's Specialist Advisory Committees (SACs) viz. ETQA, Projects and Skills Planning, contributed valuable input to decision-making bodies and gave direction to SETA staff.

Employers in the sector supported skills development interventions through the submission of workplace skills plans (WSPs) and annual training reports (ATRs), participation in SETA funded programmes such as adult basic education and training (ABET), management skills development, technologist training, technical skills programmes and learnership implementation. The over-subscription from firms on all categories of skills development grants is testimony to their continued commitment to upskill their own employees and unemployed learners in the sector.

Industry stakeholders (labour unions and employer organisations) have initiated sector based capacity building projects and have actively participated in discussions regarding the CTFL SETA's future. Post year-end announcements by the Minister of Higher Education and Training regarding the new SETA landscape would require even more debate and input from Captains of Industry to ensure continuity of skills development service delivery to the sector.

I especially want to thank the Council and Exco members who sacrificed enormous amounts of time and effort during the period under review for not only attending meetings but for applying their minds and energy to drive skills development in the sector, for entering into discussions with national role-players and government departments in order to foster relationships and facilitate collaboration.

2010/11 will hold many challenges for the CTFL SETA and its sector and we will require positive and informed input from all stakeholders in the sector to ensure a satisfactory outcome of the SETA re-establishment process for all involved and who are passionate about skills development in the CTFL sector.



FRANS BARNARD

### Introduction

CTFL SETA's performance in 2009/10 reflects not only a continuation of the momentum of the previous financial year, but a very focused strategy towards achieving the NSDS II sector targets on which we will be judged in 2011.

The global economic meltdown, that became apparent in the second quarter of the year under review, hit our sector the hardest and seems to have set the tone and pace for SETA activities – the CTFL SETA had to refocus and realign its priorities and strategies to ensure the CTFL sector could weather the storm.

In response to the global economic crisis and the “Framework for South Africa’s response to the international crisis” the DoL launched the Training Layoff Scheme in September 2009 with a view to improving the financial flow to enterprises facing strain and halting retrenchments. This is ground-breaking and heralds a new and exciting intervention by government-supported institutions. The CTFL sector was identified as one where there have been significant job losses and retrenchments and where there may be an appetite for participation in the Training Layoff Scheme. The CTFL SETA, acknowledging the need for direct intervention in the face of the global economic downturn, pledged an amount of R2 million from its discretionary fund to this scheme. Following a W&RSETA board decision, the Training Layoff Scheme in the CTFL sector was given a further boost when it announced a R20 million contribution for further training rather than retrenchments in the CTFL sector so that when the economy is revitalized workers can return to full productivity.



### Service Level Agreement (SLA) and success indicators

The draft SLA for 2010/11 was re-aligned to the ten strategic priorities of government in its medium term framework 2009 as per new guidelines received from the DHET.

Operating within a very constrained budget and resources, it gives me immense pleasure to announce that we have excelled in most success indicators, with certain areas, notably ABET and New Venture Creation, requiring a different strategy. However, new approaches are in place this year to address these key challenges for the sector.

### Sector Skills Plan (SSP)

The DHET signed-off on the CTFL SSP and emphasized the need to focus on strategies that the SETA is working on with government.

### NSDS III and new SETA landscape

The period under review was characterized by much uncertainty in the finalization of NSDSIII and the new SETA landscape. Like all other organizations, the CTFL SETA was also pondering the re-establishment of SETAs. A comprehensive application for re-establishment as a SETA was lodged with the National Skills Authority on 27 March 2009 and in its motivation expressed an intent to be merged/incorporated, a decision that was informed and underpinned by research into the financial viability of the CTFL SETA, value-chain considerations and stakeholder consultation workshops. Pre-empting the Minister’s announcement on the new SETA landscape and with a view to controlling its own destiny, the CTFL SETA was pro-active and engaged with W&RSETA to discuss collaboration and a possible incorporation, having already identified synergies with the W&RSETA.

### Extension of National Skills Development Strategy (NSDS) II

The NSDS II and current SETA license period was extended by 1 year, from 01 March 2010 to 31 March 2011.

### Transfer from the Department of Labour to Department of Higher Education and Training

As at 01 November 2009, the executive authority of SETAs was transferred from the Ministry of Labour to the Ministry of Higher Education and Training, resulting in the DHET assuming responsibility for skills development in government. It became the DHET’s responsibility to work with stakeholders to develop a policy framework for a diverse post-school education and training system. The implications are that SETAs have to perform better and have closer relationships with the Further Education and Training (FET) and Higher Education and Training (HET) sectors to produce the required human resources in scarce and critical spheres. We will thus be required to play a more fundamental and dynamic role in the upskilling of this country’s most precious resources – human resource capital.

### CTFL SETA Financial Management

CTFL SETA financial resources was well accounted for in the year under review. We are particularly pleased to have received another unqualified audit report from the Auditor-General. For this achievement singular praise and commendations must be



accorded to the very dedicated Chief Financial Officer, Ms Gina Layzell, and her staff. It must be highlighted that a point of concern was the sudden and substantial escalation of the Auditor-General's fees from the previous financial year. It is critical that we look at more efficient ways of conducting the audit within international audit standards and to bring down costs to a more acceptable level, without compromising the quality of the audit report.

### Projects

What is significant is the impact we make in the advancement of the skills revolution in the CTFL sector, more especially, its employees, through our project initiatives and innovations. The many successes we can report on this year through our flagship projects are proof of the value we are able to add to the sector.

### Collaboration with KwaZulu-Natal Department of Economic Development and Technical University of Liberec (TUL)

Our three-pronged project established in collaboration with the KZN DED and TUL in the Czech Republic, is delivered through diverse, finely focused interventions tailored to meet the real skills development needs of our stakeholders and with a view to establishing international relationships that will create an awareness of the sector internationally:

- The clothing and textiles six-week CPD programme saw 50 participants (17 textile wet process, 10 textile dry process and 23 clothing) go across to the TUL during the months of June/July 2009 to attend a CPD programme at a cost of R3,2 million.
- The Seminar Series held during the month of September 2009, funded to the tune of R1 million, had both a clothing and textile focus and was held in Johannesburg (3 days), Ladysmith (2 days), Durban (5 days) and Cape Town (5 days). The purpose of the project was to enhance the technical skills profile of the clothing and textiles industries via a series of lectures/seminars conducted by a team of lecturers from TUL. The sector was exposed to training and advisory services offered by leading academics/practitioners in specialized fields of clothing and textiles production. This intervention was to give the sector an opportunity for skills and knowledge diffusion from one of the leading Faculties of Textiles in Europe. Academics/practitioners interacted directly with and visited various companies to assist with application of principles and product/process improvement. The project reached 1 020 attendees from a number of small, medium and large clothing and textile firms, emerging businesses and higher education institutions.

We also cast our eye internationally, when a further seven (7) students from South Africa joined 18 of their compatriots in October 2009 to study towards a Masters in Textile Engineering Science at the TUL. The programme will ensure that the sector has a pool of highly qualified and talented individuals that will either engage in research or product development or join our academic institutions as lecturers to ensure the sector remains sustainable and competitive in the medium to long term.

On completion of their first year, the 18 students who enrolled for the Masters programme in October 2008, returned to South Africa in July 2009 for their "spring" break and were placed in textile companies to complete a 4-week structured experiential learning programme. Costs for the experiential learning programme were borne by KZN DED and AMTS (Advanced Manufacturing Technology Strategy).

### Collaboration with W&RSETA

During the period under review SETA synergy became a reality with the implementation of a R5 million joint collaboration project with W&RSETA that targeted workforce development in the CTFL sector through learnerships and the development of team leaders and supervisors. The objective of this project is to support the drive to increase the competitiveness of the local CTFL manufacturing industry. Training programmes will concentrate on the development of the requisite skills to ensure a pool of qualified people ready for employment in existing and future employment activities that will be beneficial to both the CTFL manufacturing and retail sectors.

### Discretionary Fund Projects

Discretionary grants and bursaries are delivered through diverse and focused funding windows, tailored to meet the real skills development needs of our stakeholders.

During the period under review the CTFL SETA Council approved discretionary grants in the following categories:

- **Learnerships** – An allocation of nearly R12,9 million was made available to fund 643 learners. The response received for the learnership funding window was overwhelming – "almost four times in excess of what we could possibly fund".
- **ABET** – Given that approximately 5,4% of the CTFL workforce has no formal schooling, 900 grants to the value of R1,8 million

## Report from the Chief Executive Officer

was allocated to companies dedicated to addressing adult basic education and training needs in the sector.

- **Management Skills Development** – In order to enhance the development of existing and emerging managers in the sector, the CTFL SETA committed an amount of R930 000 (155 grants) during the period under review.
- **Technologists training** – In order to train and retain the most precious human capital resource of technologists in the CTFL sector, the CTFL SETA Council increased the value of the bursaries to R40 000 for full-time industry-based students. 91 bursaries were allocated to students studying Textile Technology, Clothing Management and Leather Technology resulting in the CTFL SETA ring-fencing an amount of R3,1 million for a three year period.
- **Technical Skills** – More than 153 beneficiaries received technical skills grants for courses relating to patternmaking, mechanics and works study, thus addressing scarce skills in our industry.

### Regional Training Forums

During the reporting period, employers and providers were addressed at our Regional Training Forums held in Johannesburg, Cape Town, Durban, Bloemfontein, East London, Port Elizabeth, Ladysmith and Newcastle. These forums were hugely successful and well-attended and enabled stakeholders to interact with CTFL management and staff.

### Strategic Planning Workshop

In October 2009, the CTFL Council focused attention on giving strategic direction to the CTFL management at its annual strategic workshop. Some of the key strategic and critical issues brainstormed during the workshop included the implementation of occupational qualifications in the CTFL sector, promotion of strategic partnerships with other SETAs, government departments and other national agencies, a strategy to enhance learnership implementation in the sector, CTFL SETA re-establishment and the promotion of the Training Layoff Scheme in the CTFL sector. SETA management's attention and energies are now squarely focused on realizing the outcomes of the strategic planning workshop in order to take service delivery to the sector to new heights.

### Collaboration with Government

In order to support government policy regarding the prioritization of the CTFL sector, the CTFL SETA management and stakeholders ploughed their energies in seeking greater collaboration with both national and provincial governments with a view to secure government support for industrial policy intervention in order to create decent jobs and to develop a sector strategy that will result in increased competitiveness and sustainability of the sector in the medium to long term.

In an attempt to focus all possible national resources on its industrial policy, the South African Government, through the DoL, DTI, DHET and the CSIR: Clothing and Textiles Centre of Excellence, required the CTFL SETA to support the Industrial Policy Action Plan 2 (IPAP2) through alignment of its strategies. IPAP2 outlined government's approach to industrialization and initiatives and support programmes for the clothing and textiles industry aimed at upgrading competitiveness in order to recapture domestic market share and the lowering of input costs through the removal or lowering of a range of import tariffs.

Meetings between the DTI Directorate: Clothing, Textiles, Footwear and Leather, CTFL SETA management and industry stakeholders culminated in the development of a Skills Development Project Plan, which supported the pillars of the CSP, thus ensuring greater alignment of the SETA's SSP, the CSP and the various support initiatives announced by Government in IPAP2.

The DTI appointed the CSIR to establish a Textiles and Clothing Centre of Excellence in accordance with the DTI's strategic plan. The primary objective of Centre of Excellence would be to provide relevant training, guidance and technical consultation to the industry, collaborate with tertiary education institutions in relevant human capital development and attract world-class skills and capabilities aligned to the strategic plan.

During the period under review significant progress was made with DTI representatives regarding the finalization of the terms of reference of the following project proposals:

- (i) Re-curriculum of the higher education clothing and textiles technologists programmes and the development of a qualification for team leaders. The Western Cape Provincial DED will be owners of the project and has set aside R50 000 as a start-up fund for this project.
- (ii) Conducting a comprehensive skills gap analysis including the mapping of niche markets for the clothing and textile sector in South Africa, and the academic profile of staff members at various departments of clothing and textiles in SA institutes of higher learning.

The outcome of the above project interventions would result in the upskilling of existing clothing and textile workers for sustainable manufacturing in textiles and clothing, including lean and world-class manufacturing.

Another significant achievement was the drafting of the Gauteng Provincial Strategy with the Gauteng: DED. In order to foster collaboration and provincial linkages the strategy was aligned to the National Industrial Policy Framework, IPAP2 and CTFL sector priorities, as outlined in the CTFL SSP.

### Inter SETA Summit

An Inter SETA summit was held at the end of September 2009 at Gallagher Estate. Approximately 50 delegates attended on behalf of the CTFL SETA. The clarion call of the summit was to promote SETA synergy and for SETAs to galvanize and collaborate their efforts, thus speaking with a “single voice” on issues such as the finalization of the SETA landscape, the Quality Council for Trade and Occupations (QCTO) and NSDS III.

### QCTO and Qualifications Development

The launch of the Quality Council for Trades and Occupations (QCTO) on 25 February 2010 brought a new dimension to the quality assurance of learning across the education and training landscape. QCTO is envisaged to support improvement in the quality assurance for learning in and for the workplace and to be a centralized body for the development, monitoring and quality assurance of occupationally-related learning.

The CTFL SETA adopted a very pro-active approach to the development of occupationally-directed qualifications in the sector, which resulted in a series of meetings with GTZ consultants, industry stakeholders and SETA management to discuss conversion of SAQA registered NQF Level 2 CTFL Manufacturing Processes qualification to the new QCTO structure and format. A historic QCTO workshop was held in July 2009 that saw approximately 50 occupational experts from the CTFL industry take the initiative in the conversion process of occupational fields to assist with occupational profiling and developing the curriculum that directed the learning process and design of occupational qualifications. The outcome of the workshop resulted in the development of occupational profiles and job tasks for 5 occupational groups in the CTFL sector. It gives me pleasure to state that CTFL SETA submitted the second highest number of applications to the QCTO/GTZ. A GTZ occupational qualifications support team is assisting the CTFL SETA with the development of occupational curricula, assessment specifications and qualifications and is mentoring trainee curriculum and qualifications development facilitators in applying the QCTO model for the CTFL sector.

### Good Practice Awards

The NSA called for nominations for the Good Practice in Skills Development Awards 2009 at the start of the financial year. The CTFL SETA Sector Adjudication Committee evaluated applications received and recommended Aranda Textiles Mills (PTY) Ltd and Prestige Clothing cc in the category “Private Levy Paying Companies: Large Companies”, and Hosaf Fibres (Jacobs) in the category “Private Levy Paying Companies: Medium Companies”. As a result of the transfer of authority between the DHET and DoL, the final evaluation process at NSA level had been delayed and the recipients of the National Awards will only be announced during the NSDS conference at the end of 2010. In appreciation of the contribution made by the three (3) firms to skills development, sector recognition certificates were handed to company representatives during the CTFL SETA Strategic Planning Workshop held in October 2009. It must be noted that not only did these companies achieve large returns on investment from training, but many of their employees have also benefited from the skills development interventions and have achieved personal growth and promotion.

### Research

After a series of engagements with the researcher, I am pleased to announce the finalization of the Skills Audit for the CTFL sector in 2009.

### Word of Appreciation

On behalf of all the staff members of the SETA, I would like to thank the Chairperson, Deputy Chairperson and Council Members for providing excellent strategic leadership at all times. Your guidance and support, for which, we are appreciative has allowed management the space to implement our mandate without any hindrance. To the dedicated CTFL staff team, your energy and efforts have put the CTFL SETA where it is today, among the most stable, better performing SETAs. Thank you and keep up the good work!

Finally, my appreciation goes to the learners, those willing to put in the hours and effort needed to develop a meaningful career and contribute to a more competitive sector.



PK NAICKER

## Report from the ETQA Manager

### Objective of the ETQA

The primary objective of the Education, Training and Quality Assurance (ETQA) Department is to ensure quality education and training in the CTFL sector. To achieve this objective, the ETQA focuses on the following aspects:

- Accreditation and annual monitoring of training providers
- Registration of assessors and moderators
- Development and registration of new unit standards and qualifications with SAQA
- Development and registration of new learnerships with DoL
- Quality assuring and certification of all qualifications within the CTFL SETA Qualifications Framework
- Maintaining a national database of all learner achievements, as per the reporting requirements of SAQA and the National Learner Records Database (NLRD).



### New Qualifications

The CTFL ETQA was one of the few SETAs that led the way and embraced the development of occupational qualifications for the new SETA landscape. The new occupational qualifications are the result of the formation of the Quality Council for Trades and Occupations (QCTO), as promulgated by the Skills Development Amendment Act 37 of 2008. The CTFL ETQA initiated the development process in April 2009. What began as one (1) unit standard based qualification became 21 occupational qualifications. The CTFL SETA designated four (4) staff members to become QCTO occupational qualification development facilitators.

### Accredited providers in the CTFL sector

The total number of organizations that are accredited with the CTFL ETQA to offer CTFL qualifications are:

QUALIFICATION ID NUMBER	PUBLIC FET COLLEGES	PRIVATE FET COLLEGES (WTPIs & HTPIs)	APPROVED WORK EXPERIENCE PROVIDERS (Sites of Learning / Delivery of WTPIs / HTPIs)	Non-Levy Paying, Community Based, Non-Governmental Organisations
50584* (full qualification)	7	8		
50584 (skills programme)				5
58227* (full qualification)		71		
58227 (skills programme)			51	2

Note:

- 50584 GET Certificate in Clothing Manufacturing Processes at NQF level 1
- 58227 National Certificate in CTFL Manufacturing Processes at NQF level 2

### Accreditation and Re-accreditation

The ETQA conducts evaluation audits of all new applications before accreditation is granted. The process flow and criteria have been updated and posted on the CTFL SETA website.

Providers are accredited for three (3) years after which they are audited to determine whether they are eligible for re-accreditation for a further three (3) year period. Providers must complete a self-evaluation report every second year. The ETQA has standardized the report and auditing process and criteria by using the same tool for both audit and self-evaluation. The results of the ETQA audits conducted during the period under review, is as follows:

ETQA AUDITS FOR PERIOD 2009/2010				
NEW ACCREDITATIONS		RE-ACCREDITATION		
FULL ACCREDITATION	SKILLS PROGRAMME ACCREDITATION	FULL ACCREDITATION	CHANGE OF STATUS APPROVED WORKPLACE ACCREDITATION	EXTENSION OF SCOPE
4	14	5	27	33

# Report from the ETQA Manager

## ETQA Committees

The ETQA has two (2) advisory committees that meet four (4) times a year. The functions of these committees are to make recommendations on quality matters to the CTFL SETA Council.

- **Apprentice Committee**

This committee comprises industry and technical specialists that advise on and manage the textile apprenticeship program. They table their recommendations at the ETQA Committee meeting for further action.

- **ETQA Committee**

This committee has been constituted by the CTFL SETA Council, as a requirement of the SAQA Act 58 of 1995. This committee advises the CTFL SETA Council on matters pertaining to quality assurance of qualifications and service delivery of the ETQA function.

## CTFL SETA ETQA Management Information System (MIS)

The CTFL SETA ETQA finalized some of the enhancements of its MIS during the period under review. The MIS is an internet-based system, the implementation of which has increased the SETA's record keeping and reporting capacity immensely. The new enhancements of the MIS will further assist the ETQA with managing and improving turnaround times for queries and service delivery, statistical collection, analysis and strategic planning and performance improvement.

## Registration of Assessors and Moderators

With the implementation of the MIS and the implementation of qualification 58227 – National Certificate in CTFL Manufacturing Processes, the registration of assessors and moderators became imperative to ensure quality uploading of achievements to the SAQA NLRD.

The challenge faced by the ETQA in 2009/2010 was the process of registering all constituent assessors against the new qualification (58227).

The ETQA undertook a marketing strategy to drive the promotion of the assessor registration process. This process will continue into the next reporting period.

NUMBER OF CONSTITUENT ASSESSORS AND MODERATORS REGISTERED FOR PERIOD 2009/2010	
CONSTITUENT ASSESSORS	CONSTITUENT MODERATORS
280	47

## Workshops

The ETQA held various workshops during the course of the year to provide the CTFL sector with information on the latest developments in the provision of education and training.

Workshops conducted during the period 2009/2010 included:

- National workshops to promote the QCTO qualifications; and
- National workshops to promote the MIS enhancements.



LENNY PALTU



## CTFL SETA Offices



### CTFL SETA HEAD OFFICE & KZN REGIONAL OFFICE

**Front :** Lenny Paltu (ETQA Manager), Louise Anthony (KZN Administrative Assistant), PK Naicker (CEO), Gina Layzell (CFO), Timothy Canham (KZN Regional Manager)

**Back :** Ashika Benjamin (ETQA Administrator), Marcia Mothielall (Financial Administrator), Anusha Baijnath (MIS Administrator), Tarryn Fynn (Projects Administrator), Elmine Baumann (Marketing & Communications Manager), Avinash Gangoo (Assistant Accountant), Charmaine Hansraj (PA to CEO), Mayvis Madlala (General Worker), Lou Pillay (Projects Manager), Pearl Makwanazi (Grant Disbursement Assistant – Intern), Cherece Balkisson (Projects Co-ordinator)

**Absent :** Razia Iyob (Grant Disbursement Administrator), Samkeliswe Ngwira (Grant Disbursement Assistant)



### GAUTENG REGIONAL OFFICE

Ansie Nagel (Manager), Debra Kadi (Administrative Assistant)

### WESTERN CAPE REGIONAL OFFICE

Judy Porter (Administrator), Alan Taylor (Manager), Suraya Abrahams (Administrative Assistant), Bongive Skempers (General Worker)





## Performance Report of the CTFL SETA Council

### Report on Performance vs Targets

The schedule below reflects the achievements of the CTFL SETA against the targets set in its SLA with the DoL/DHET for the period April 2009 – were SETA initiatives such as bursary and grant schemes and others were sector projects implemented in partnership with private organisations or refer to page 36 for a list of new/proposed activities. For more details on discretionary grant expenditure/commitments refer to Note 19 of Notes

NSDS 2005 – 2010 Success Indicators and National Targets	CTFL SETA Target for 2009 – 2010	CTFL SETA Performance against Targets
<p><b>Indicator 1.1</b></p> <p>Skills development supports national and sectoral growth, development and equity priorities.</p>	<p>The SSP Annual Update is signed of by the SETA Board Chairperson and SETA/DoL agreed growth, development and equity strategy driver/s.</p> <p>The SSP or Annual update submitted on time as per DoL Guidelines.</p>	<p>The SSP was updated in 2009/10 through a consultative process and the updated document was signed by the relevant stakeholders and submitted as per DoL guidelines. The SETA also uploaded an updated scarce skills list to the national scarce skills database. The DHET approved the SSP update in December 2009.</p>
<p><b>Indicator 1.2</b></p> <p>Information on critical skills widely available to learners. Impact of information dissemination researched, measured and communicated in terms of rising entry, completion and placement of learners.</p>	<p>Annual guide on critical skills needs for the sector developed and available to learners.</p> <p>70 SDFs or Sector Specialists trained in the use of the guide for the sector for the year.</p>	<p>Regional Training workshops were held nationally to train 146 SDFs and Sector Specialists on the use of the CTFL SETA Careers Guide.</p> <p>The report on the National Skills Audit conducted in 2008/09 was received and will inform the development of an SSP for the period 2011 – 2016.</p>
<p><b>Indicator 2.1</b></p> <p>By March 2010 at least 80% of large firms' and at least 60% of medium firms' employment equity targets are supported by skills development.</p> <p>Impact on overall equity profile assessed.</p>	<p>Target for large firms is 176 firms. Target for medium firms is 150 firms.</p>	<p><b>154</b> large firms received mandatory grants as a result of their submission of mandatory grant applications by 30 June 2009.</p> <p><b>168</b> medium firms received mandatory grants as a result of their submission of mandatory grant applications by 30 June 2009.</p>
<p><b>Indicator 2.2</b></p> <p>By March 2010 skills development in at least 40% of small levy paying firms supported and the impact of the support measured.</p>	<p>Target for the different number of small levy paying firms receiving WSP/ATR grants, free courses and support is 327.</p>	<p><b>250</b> small firms benefited from mandatory grants.</p>

## Performance Report of the CTFL SETA Council

March 2010. A number of interventions have been undertaken during the year to address the targets and other sector skills priorities, some of these educational institutions. The projects were mainly funded from the CTFL SETA Discretionary Fund. For information on future SETA projects, kindly to the Annual Financial Statements.

Reasons for Variance	CTFL SETA Projects	Budget v Utilised R'000
No variance		Budget: NIL Utilised: NIL Committed: NIL Variance: NIL  The SSP was developed in-house and costs were absorbed in the admin budget.
Positive variance of 76	Projects linked to this indicator included: <ul style="list-style-type: none"> <li>• National skills audit to establish the state of skills in the CTFL sector and to identify scarce and critical skills.</li> </ul>	Budget: R210 Utilised: R137 <hr style="width: 50%; margin-left: auto; margin-right: 0;"/> R137  <hr style="width: 50%; margin-left: auto; margin-right: 0;"/> Committed: R73 Variance: NIL
Negative variance of 22 on large firms. Positive variance of 18 on medium firms. In 2009/10 the number of large levy paying firms in the sector reduced by approximately 10%. Medium firms reduced by 5%. The CTFL SETA made available SSFs to assist small and medium firms with the completion of their mandatory grant applications.		Budget: NIL Utilised: NIL Committed: NIL Variance: NIL  Regional office costs pertaining to the promotion of mandatory grant submissions by medium and large firms were absorbed in the admin budget.
Negative variance of 77 small firms. In 2009/10 the number of small levy paying firms in the sector reduced by approximately 7%. Although the CTFL SETA makes available the services of SSFs to assist small firms with their submissions, many small firms indicated that the grants they would receive in turn (50% of levies paid) did not make it viable for them to participate.	Projects for Small Firms including: <ul style="list-style-type: none"> <li>• Small Firms Cluster Project : Gauteng</li> <li>• Modular training – sewing machine repairs and maintenance (SITT)</li> <li>• ETDP grants for small firms</li> <li>• Workplace Skills Planning Support</li> </ul>	Budget: R4 060 Utilised: R1 379 <hr style="width: 50%; margin-left: auto; margin-right: 0;"/> R150 R150  R23 <hr style="width: 50%; margin-left: auto; margin-right: 0;"/> R1 056 Committed: R2 437 Voted: R244 Variance: NIL

## Performance Report of the CTFL SETA Council

NSDS 2005 – 2010 Success Indicators and National Targets	CTFL SETA Target for 2009 – 2010	CTFL SETA Performance against Targets
<p><b>Indicator 2.4</b></p> <p>By March 2010, at least 500 enterprises achieve a national standard of good practice in skills development approved by the Minister of Labour.</p>	<p>Target for the sector is NIL enterprises.</p>	<p>The NSA nominated 2 CTFL firms for the National Good Practice in Skills Development Awards. These awards will be finalised in 2010.</p>
<p><b>Indicator 2.5</b></p> <p>Annually increasing number of small BEE firms and BEE co-operatives supported by skills development. Progress measured through an annual survey of BEE firms and BEE co-operatives within the sector from the second year onwards. Impact of support measured.</p>	<p>Target for the sector is 30 small BEE firms.</p> <p>Target for the sector is NIL BEE co-operatives.</p>	<p>NIL achieved</p>
<p><b>Indicator 2.7</b></p> <p>By March 2010 at least 700 000 workers have achieved at least ABET Level 4.</p>	<p>Target for the sector is 900 Learners registered.</p> <p>ABET Level 1 = 225 ABET Level 2 = 270 ABET Level 3 = 225 ABET Level 4 = 180</p> <p>Target for the sector is 1769 learners completed.</p> <p>ABET Level 1 = 277 ABET Level 2 = 459 ABET Level 3 = 355 ABET Level 4 = 678</p>	<p>175 Learners registered on ABET Programmes:</p> <p>ABET Level 1 = 93 learners ABET Level 2 = 18 learners ABET Level 3 = 42 learners ABET Level 4 = 22 learners</p> <p>384 Learners Completed ABET Programmes:</p> <p>ABET level 1 = 34 learners ABET level 2 = 46 learners ABET level 3 = 200 learners ABET level 4 = 104 learners</p>

## Performance Report of the CTFL SETA Council

Reasons for Variance	CTFL SETA Projects	Budget v Utilised R'000
SETAs were not required to state targets for this indicator.	Grants for receiving the National Good Practice Award in Skills Development.	Budget: R207 Utilised: NIL Voted: R207 Variance: NIL
Negative variance of 30 small BEE firms.  Although grants have been made available for skills development in BEE firms, only a few applications were received that met the prerequisite criteria. The grants (although approved) have not yet been claimed by the applicants.	A research project to establish the BEE profile of the CTFL sector have been conducted.  Results of the study is under development and will be used to guide the CTFL SETA Council to address BEE issues in the sector.	Budget: R654 Utilised: R3 Committed: R182 Voted: R469 Variance: NIL
Registrations: Negative variance of 725  Completions: Negative variance of 1385  900 grants have been approved in December 2009. Firms were very slow in submitting claims in this regard, therefore the low registration rate.  It is hoped that the DHET's new approach to Adult Education will encourage firms to enrol more employees on shorter Adult Education programmes. Currently, learners are required to enrol for a full qualification, which can take up to 2 years to complete.	ABET Bursaries have been made available to firms at ABET levels 1 – 4.	Budget: R4 675 Utilised: R 379 Committed: R4 296 Variance: NIL

## Performance Report of the CTFL SETA Council

NSDS 2005 – 2010 Success Indicators and National Targets	CTFL SETA Target for 2009 – 2010	CTFL SETA Performance against Targets
<p><b>Indicator 2.8</b></p> <p>By March 2010 at least 125 000 workers assisted to enter and at least 50% successfully complete programmes, including learnerships and apprenticeships, leading to basic entry, intermediate and high level scarce skills. Impact of assistance measured.</p>	<p>Target for the sector is 370 workers to enter learning programmes:</p> <ul style="list-style-type: none"> <li>• 90 workers to enter learnerships.</li> <li>• 160 workers to enter bursary programmes.</li> <li>• 100 workers to enter skills programmes.</li> <li>• 20 workers to enter (MTA Section 13) Apprenticeships.</li> </ul> <p>Target for the sector is 185 workers to complete learning programmes:</p> <ul style="list-style-type: none"> <li>• 45 workers to complete learnerships.</li> <li>• 80 workers to complete bursary programmes.</li> <li>• 10 workers to complete (MTA Section 13) apprenticeships.</li> <li>• NIL workers to complete (MTA Section 28) apprenticeship equivalent learning programmes.</li> <li>• 50 workers to complete skills programmes.</li> </ul>	<p>488 workers entered learning programmes:</p> <ul style="list-style-type: none"> <li>• 310 workers were registered on learnerships.</li> <li>• 162 workers received bursaries for management skills development programmes/technology programmes.</li> <li>• 16 workers entered technical skills programmes such as mechanics training &amp; workstudy programmes.</li> <li>• NIL workers were registered on (MTA Section 13) Apprenticeships.</li> </ul> <p>315 workers completed learning programmes:</p> <ul style="list-style-type: none"> <li>• 197 workers completed their learnerships.</li> <li>• 106 workers completed their bursary programmes.</li> <li>• 3 workers completed (MTA Section 13) Apprenticeships.</li> </ul> <p>9 (MTA Section 28) candidates passed their trade tests.</p> <p>NIL workers completed their skills programmes.</p>
<p><b>Indicator 3.2</b></p> <p>By March 2010, at least 2 000 non-levy paying enterprises, NGOs, CBOs, and community-based co-operatives supported by skills development. Impact of support on sustainability measured with a targeted 75% success rate</p>	<p>Target for the sector is NIL NLPs Target for the sector is NIL NGOs Target for the sector is 4 CBOs Target for the sector is NIL CBO Co-ops Total target is 4.</p> <p>This target will be measured against the total number of enterprises as listed above.</p>	<p>4 CBOs are supported.</p>

## Performance Report of the CTFL SETA Council

Reasons for Variance	CTFL SETA Projects	Budget v Utilised R'000
<p>Positive variance of 118 workers on learning programmes:</p> <ul style="list-style-type: none"> <li>Firms in the industry have exhibited their continued support of learnership implementation.</li> <li>Grants for skills programmes such as mechanics, patternmaking and work-study were allocated in December 2009. Only a few learners have been registered against these grants. The remainder of the grants have not yet been claimed.</li> <li>The Apprenticeship grant funding has only been finalised in the latter part of the financial year. The applications will be tabled for approval in the new year.</li> </ul> <p>Positive variance of 130 workers who completed learning programmes:</p> <ul style="list-style-type: none"> <li>Completions include learners registered in previous years.</li> <li>Only 3 apprentices applied to undertake a trade test. However, 9 Section 28 trade tests were successfully completed.</li> <li>Uptake and completions of skills programmes have been very low despite the fact that firms have indicated a scarcity of these skills in the sector.</li> </ul> <p>Among other contributing factors, is a reluctance to release learners from the factory amid current economic pressures.</p>	<p>Projects for workers in the sector included:</p> <ul style="list-style-type: none"> <li>Learnership grants paid to firms to register learners.</li> <li>Technologist bursaries awarded to Clothing and Textile Technology students studying at the CTFL SETA's ISOEs.</li> <li>Management grants allocated to managers and workers earmarked for promotion.</li> <li>UCT Adult Education Programme for workers (ETDP).</li> <li>Sewing Machine Mechanics Training.</li> <li>Work study grants.</li> <li>Patternmaking grants.</li> <li>Computer-aided Patternmaking (DUT).</li> <li>Sewing Machinist Training (DUT).</li> <li>Patternmaking short course (DUT).</li> <li>Project co-funded by KZN DED : CPD programme at TUL and Clothing/ Textile seminar series.</li> <li>Masters Programme at TUL (JIPSA).</li> </ul>	<p>Budget: R24 680 Utilised: R6 403</p> <hr/> <p>R2 133</p> <p>R614</p> <p>R400</p> <p>R27</p> <p>R90</p> <p>R11</p> <p>R26</p> <p>R32</p> <p>R235</p> <p>R72</p> <p>R2 024</p> <p>R739</p> <hr/> <p>Committed: R17 256 Voted: R1 021 Variance: NIL</p>
NIL Variance.	<p>Project to assist Community Providers to become accredited (including training workshops, accreditation visits.)</p> <p>Costs were absorbed by the ETQA function that engaged with the providers and assisted them to achieve provisional accreditation.</p>	<p>Budget: R22 Utilised: NIL Committed: R22 Variance: NIL</p>



# Performance Report of the CTFL SETA Council

NSDS 2005 – 2010 Success Indicators and National Targets	CTFL SETA Target for 2009 – 2010	CTFL SETA Performance against Targets
<p><b>Indicator 4.1</b></p> <p>By March 2010 at least 125 000 unemployed people assisted to enter and at least 50% successfully complete programmes, including learnerships and apprenticeships, leading to basic entry, intermediate and high level scarce skills. Impact of assistance measured.</p>	<p>Target for the sector is 200 unemployed learners to enter programmes:</p> <ul style="list-style-type: none"> <li>• 200 unemployed people to enter learnerships.</li> <li>• NIL unemployed people to enter (MTA Section 13) apprenticeships.</li> <li>• NIL unemployed people to enter bursary programmes.</li> </ul> <p>Target for the sector is 100 unemployed learners to complete learning programmes:</p> <ul style="list-style-type: none"> <li>• 100 unemployed people to complete learnerships.</li> </ul>	<p>491 unemployed people were registered on learning programmes.</p> <ul style="list-style-type: none"> <li>• 485 unemployed learners were registered on learnerships.</li> <li>• 2 unemployed people were indentured as (MTA Section 13) apprentices.</li> <li>• 4 unemployed people entered bursary programmes.</li> </ul> <p>453 unemployed learners completed their learning programmes.</p> <ul style="list-style-type: none"> <li>• 452 learners completed learnership programmes.</li> <li>• 1 (MTA Section 13) apprentice completed a textile apprenticeship.</li> </ul>
<p><b>Indicator 4.2</b></p> <p>100% of learners in critical skills programmes covered by sector agreements from FET and HET institutions assisted to gain work experience locally or abroad, of whom at least 70% find placement in employment or self-employment.</p>	<p>Target for the number of learners assisted to gain work experience is 93 learners.</p> <p>Target for the number of learners to become self-employed or employed is 65 learners.</p>	<p>42 learners benefited from the work experience grants made available to firms/ work experience gained as part of their clothing/textile technology diploma programmes.</p> <p>NIL learners were reported as being employed or self-employed.</p>
<p><b>Indicator 4.3</b></p> <p>By March 2010, at least 10,000 young people trained and mentored to form sustainable new ventures and at least 70% of new ventures in operation 12 months after completion of programme.</p>	<p>Target for the sector is 44 young persons trained and mentored to form new ventures.</p> <p>Target for the sector is 29 young persons are still in their new ventures 12 months after the programme has been completed.</p>	<p>NIL young entrepreneurs were registered on New Venture Creation (NVC) Programmes.</p> <p>NIL New ventures have been established and are still in operation.</p>

## Performance Report of the CTFL SETA Council

Reasons for Variance	CTFL SETA Projects	Budget v Utilised R'000
<p>Positive variance of 291 on registrations of unemployed learners.</p> <ul style="list-style-type: none"> <li>Registration of unemployed learners in the sector is testimony to the sector's commitment to learnership implementation</li> <li>Applications were received from firms to indenture unemployed people on apprenticeships.</li> <li>Further bursary registrations are incorporated under Indicator 4.2.</li> </ul> <p>Positive variance of 353 on completions of unemployed learners on learning programmes:</p> <ul style="list-style-type: none"> <li>Completions include learners registered in previous years.</li> <li>Learners at HTPIs completed their learnership programmes within 12 months.</li> <li>1 previously unemployed person completed an apprenticeship.</li> </ul>	<p>Projects for unemployed people included:</p> <ul style="list-style-type: none"> <li>Technologist bursaries awarded to unemployed Clothing and Textile Technology students studying at the CTFL SETA's ISOEs and sponsored by firms in the sector.</li> <li>Learnership and apprenticeship grants allocated to firms to register unemployed learners / indenture apprentices.</li> </ul>	<p>Budget: R18 816 Utilised: R8 862</p> <hr/> <p>R1 166</p> <p>R7 696</p> <hr/> <p>Committed: R9 857 Variance: R97</p>
<p>Negative variance of 51.</p> <p>Bursaries for students to enter technology diploma programmes at the Universities of Technology and other work experience programmes were allocated in December 2009 but firms have not yet submitted their claims and student registration details to the SETA.</p> <p>Negative variance of 65.</p> <p>See comment above.</p>	<p>Work experience grants / technology bursaries allocated to firms that took on learners requiring experiential training as part of their course curriculum.</p>	<p>Budget: R2 180 Utilised: R48 Committed: R2 132 Variance: NIL</p>
<p>Negative variance of 44 on young persons trained.</p> <p>Negative variance of 29 on the number of sustainable ventures.</p> <p>The CTFL SETA allocated funding in 2009/10 for a mentorship programme to further assist learners who completed the NVC programmes in previous years, to further develop their technical production skills.</p> <p>These learners were included in previous years' statistics and were therefore not reported on in 2009/10.</p>	<p>Projects implemented in 2009/10 included:</p> <ul style="list-style-type: none"> <li>NVC Management Programme (DUT).</li> </ul>	<p>Budget: R755 Utilised: R43 Committed: R568 Vote: R144 Variance: NIL</p>

## Performance Report of the CTFL SETA Council

NSDS 2005 – 2010 Success Indicators and National Targets	CTFL SETA Target for 2009 – 2010	CTFL SETA Performance against Targets
<p><b>Indicator 5.1</b></p> <p>By March 2010 each SETA recognises and supports at least five Institutes of Sectoral or Occupational Excellence (ISOE) within public &amp; private institutions and through Public Private Partnerships (PPPs) where appropriate, spread as widely as possible geographically for the development of people to attain identified critical occupational skills, whose excellence is measured in the number of learners successfully placed in the sector and employer satisfaction ratings of their training.</p>	<p>Target for the sector is 5 institutes.</p>	<p>The SETA continued to support their ISOEs in Cape Town (CPUT) and Durban (DUT).</p> <p>An SLA was entered into with the TUL in the Czech Republic relating to various programmes:</p> <ul style="list-style-type: none"> <li>• Textile Science Masters Programmes at the TUL for SA students.</li> <li>• Continuous Professional Development Programme (6 week course) at the TUL and seminar series on clothing &amp; textiles conducted in South Africa.</li> </ul>
<p><b>Indicator 5.2</b></p> <p>By March 2010, each province has at least two provider institutions accredited to manage the delivery of the New Venture Creation qualification. 70% of new ventures still operating after 12 months will be used as a measure of the institutions' success.</p>	<p>Target for the sector is 2 institutes.</p>	<p>NIL new agreements were entered into.</p>
<p><b>Indicator 5.3</b></p> <p>By March 2010 there are measurable improvements in the quality of the services delivered by skills development institutions and those institutions responsible for the implementation of the NQF in support of the NSDS.</p>	<p>Target for the SETA is to meet SAQA Audit and SAQA NLRD upload requirements.</p>	<p>The CTFL SETA ETQA met SAQA Audit and NLRD upload requirements. A total of 1.9 out of 3 was achieved during the SAQA audit. A green rating was received in terms of NLRD upload compliance and an amber rating in terms of NLRD upload performance.</p> <p>The CTFL SETA regularly uploads learner information to the NLRD.</p>

## Performance Report of the CTFL SETA Council

Reasons for Variance	CTFL SETA Projects	Budget v Utilised R'000
Negative variance of 2 institutions.	The CTFL SETA provided financial support to the ISOEs at DUT and CPUT.	Budget: R422 Utilised: R422 Variance: NIL
Negative variance of 2.  The CTFL SETA did not have any new NVC programmes in 2009/10.  The NVC Management project run by DUT was for further development of the learners and involved training related to technical and production skills.		Budget: NIL Utilised: NIL Variance: NIL
No variance	<p>Projects to improve the quality of provision included:</p> <ul style="list-style-type: none"> <li>• Apprenticeship programme learning materials development. <span style="float: right;">R8</span></li> <li>• Learning materials development for the Footwear and Leather Sector (FITF). <span style="float: right;">R176</span></li> <li>• NQF Level I Sewing Learnership (Aranda Learnership College). <span style="float: right;">R192</span></li> <li>• Support of Textile Scientist Development: University of Stellenbosch. <span style="float: right;">R100</span></li> </ul>	<p>Budget: R3 895</p> <hr/> <p>Utilised: R476</p> <p style="text-align: right;">R8</p> <p style="text-align: right;">R176</p> <p style="text-align: right;">R192</p> <p style="text-align: right;">R100</p> <hr/> <p>Committed: R3 096</p> <p style="text-align: right;">Voted: R323</p> <p style="text-align: right;">Variance: NIL</p>

## Performance Report of the CTFL SETA Council

NSDS 2005 – 2010 Success Indicators and National Targets	CTFL SETA Target for 2009 – 2010	CTFL SETA Performance against Targets
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**Indicator 5.4**

By March 2010, there is an NSA constituency based assessment of an improvement in stakeholder capacity and commitment to the NSDS.

The CTFL SETA will continue with established projects to build the capacity of stakeholders in the sector to ensure service delivery to the sector.

The measurement criteria for this indicator have not yet been finalised.

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Special Projects (not included under NSDS Targets)

Special Projects approved and implemented in 2009/10 included:

Budget: R3 347

Utilised: R924

• CTFL SETA participation in Inter SETA summit	R211
• W&RSETA/CTFL SETA Incorporation Discussions	R43
• W&RSETA/CTFL SETA Collaboration Projects	R6
• Modular training – repairs and maintenance of sewing machines (SITT)	R200
• Cross skills training for industrial sewing machines (SITT)	R105
• QCTO Project: Conversion of current qualifications to occupational qualifications	R319
• BSC Textile Science – work experience placement (University of Stellenbosch)	R35
• Training Layoff Scheme	R5

Committed: R2 423

Variance: NIL

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## Performance Report of the CTFL SETA Council

Reasons for Variance	CTFL SETA Projects	Budget v Utilised R'000
No variance	<p>Projects aimed at increasing the capacity of the CTFL stakeholders included the following:</p> <ul style="list-style-type: none"> <li>• Cape Town Fashion Festival (Sactwu).</li> <li>• Promotion of skills development in the CTFL Sector.</li> <li>• Labour capacity building initiatives (Sactwu).</li> <li>• Annual Strategic Planning meeting.</li> </ul>	<p>Budget: R2 958 Utilised: R1 016</p> <hr/> <p>R147</p> <p>R374</p> <p>R302</p> <p>R193</p> <hr/> <p>Committed: R1 764 Voted: R178 Variance: NIL</p>

Lou Pillay,  
Projects Manager



Elmine Baumann,  
Marketing &  
Communications  
Manager





### Financial Performance

#### Income

- Levy income in the financial year under review amounted to R59 million (this was a 4% decrease from the previous year's levy income of R62 million). The substantial decrease from prior years is mainly due to closure of firms during the current financial year as a result of the recession. The loss of jobs and closure of factories negatively affected the levy income of the CTFL SETA for the 2009/10 financial year.
- Investment income mainly comprised of interest income of R3,8 million which is 34% less than the previous year (2008/09 : R5,8 million). This is due to the decrease in levy income.
- Penalties and interest have increased by 13%, from R516 000 in the previous year to R584 000 in the year under review as a result of firms delaying payment of skills levies to SARS.
- Other revenue of R77 000 in the previous financial year comprised income from unclaimed Duty Credit Certificate (DCC) funds that were lodged with the CTFL SETA of R44 000 and R33 000 which was received in sponsorships for the Women in Leadership Conference. No other income was received in the current financial year.
- R957 000 (2008/09 : R1,2 million) was received from the KZN DED for the Liberec CPD programme and clothing/textile seminar series, projects that are co-funded by the CTFL SETA and the KZN DED. This was spent on the project during 2009/10. R235 000 received from foreign exchange gains on funds spent on this project in 2008/09, was disclosed as funds received in advance on the Statement of Financial Position until the conditions are met.
- R2 million was received from W&RSETA for a joint collaboration project with the CTFL SETA. R7 000 of this amount was spent in the current financial year. The balance of R1,993 million has been disclosed as income received in advance on the Statement of Financial Position until the conditions are met.



#### Administration Expenditure

There has been a total increase of 10,5% in administration expenditure in relation to the previous financial year. Audit fees increased by 262%, which resulted in administration expenses exceeding the legislative provision of 10% of income for administration expenses by R418 000 (0,5%). Permission to exceed the legislative provision was granted by the Minister of Higher Education and Training.

#### Mandatory Grant Payments

The MIS system purchased by the CTFL SETA in 2007 has ensured that our systems and processes are more efficient and effective to offer better service delivery in terms of mandatory grant disbursements. In the current year the CTFL SETA paid mandatory grants amounting to 80% of total mandatory grant levy income to large, medium and small firms in the sector.

#### Discretionary Grant Expenses

In the financial year under review, discretionary grant expenses amounted to R20 million including the amount of R957 000 and R7 000 spent in terms of collaboration projects with KZN DED and the W&RSETA. This is 7% less than the previous year, which totalled R21,5 million. This was mainly due to the payment of discretionary grants in tranches. Although this slows down the discretionary grant disbursement process it minimises the CTFL SETA's overall risk. Tranches were structured as follows:

- HTPIs and Sites of Delivery: Five (5) tranches of 20% (first tranche on registration and remaining four (4) tranches on achievement of specified deliverables).
- Learnership payments to WTPIs and Sites of Learning: 50% upfront, 30% on midway completion, 20% on final verification. The five (5) tranche payment arrangements have been applied to all learnership grants allocated from November 2009 onwards.
- ABET, management and technical skills grants: 70% on registration of learner, 30% on completion.
- Technologist bursaries: 50% on registration and 50% on completion of first semester.

R44 million of the SETA discretionary reserves have been committed and R4,6 million has been approved to be committed in the next financial year.

A handwritten signature in dark ink, appearing to read 'Gina Layzell'.

GINA LAYZELL

# Report from the Chairperson of the Audit Committee

We are pleased to present our report for the financial year ended 31 March 2010.

## Audit Committee Members and Attendance:

The Audit Committee consists of the members listed hereunder, none of whom are employed by the CTFL SETA. Invited members of the Audit Committee are: representatives of the Auditor General, Internal Auditors (KZN Provincial Treasury) and the Chairperson of the Council, Chief Executive Officer and the Chief Financial Officer of the CTFL SETA. The Audit Committee met four times during the period under review as per its approved terms of reference.



Audit Committee Member	Number of Meetings Attended
RA Kinnear (Chairperson)	4 of 4
RJ Whiteford	4 of 4
Z Suder	4 of 4

## Audit Committee Responsibility

We report that we have adopted appropriate formal terms of reference in our charter in line with the requirements of Section 38(1)(a) of the Public Finance Management Act, No. 1 of 1999 and Treasury Regulation 3.1. We further report that we conducted our affairs in compliance with this charter.

## The Effectiveness of Internal Control

We are satisfied that the system of internal controls applied by the CTFL SETA over financial and risk management is effective, efficient and transparent.

Internal Audits, as required by the PFMA and the King II Report on Corporate Governance, are conducted according to an agreed audit plan and provides the Audit Committee and management with assurance that the internal controls are appropriate and implemented effectively. Risks are assessed and managed continuously, and action plans are put into place that contain appropriate corrective actions and recommendations for improvement.

No indication of material deficiencies in the system of internal control or any divergence from policies or procedures, was reported by the Internal Auditors or the Auditor-General of South Africa as a result of audits conducted during the period under review.

We therefore can report that the system of internal control over financial reporting for the period under review was efficient and effective.

## Evaluation of Financial Statements

We have:

- Reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General South Africa and the Accounting Officer.
- Reviewed the Auditor-General South Africa's management report and management's response thereto;
- Reviewed the CTFL SETA's compliance with legal and regulatory provisions

*We concur with and accept the Auditor-General of South Africa's report on the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted read together with the report of the Auditor-General South Africa.*

## Internal Audit

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

## Auditor-General South Africa

We have met with the Auditor-General South Africa to ensure that there are no unresolved issues.



**RICHARD KINNEAR**  
Chairperson of the Audit Committee  
Date: 6 August 2010

### INDEPENDENT AUDITOR'S REPORT TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF CLOTHING, TEXTILES, FOOTWEAR AND LEATHER SECTOR EDUCATION TRAINING AUTHORITY FOR THE YEAR ENDED 31 MARCH 2010

#### REPORT ON THE FINANCIAL STATEMENTS

##### Introduction

I have audited the accompanying financial statements of the Clothing, Textiles, Footwear and Leather Sector Education and Training Authority, which comprise the statement of financial position as at 31 March 2010, and the statement of financial performance, statement of changes in net and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 32 to 65 .

##### Accounting Authority's responsibility for the Financial Statements

The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and in the manner required by the Public Finance Management Act of South Africa (PFMA). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

##### Auditor's Responsibility

As required by section 188 of the Constitution of South Africa and section 4 of the Public Audit Act of South Africa (PAA) and section 14(6)(a) of the Skills Development Act, of South Africa (SDA), my responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with International Standards on Auditing and *General Notice 1570 of 2009 issued in Government Gazette 32758 of 27 November 2009*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

##### Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Clothing, Textiles, Footwear and Leather Sector Education and Training Authority as at 31 March 2010, and its financial performance and its cash flows for the year then ended in accordance with Standards of GRAP and in the manner required by the PFMA.

##### Additional matters

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

##### Re-licensing

The SETAs were established for a five-year period until 31 March 2010. However, this licence was renewed by the Department of Higher Education and Training until 31 March 2011. A final decision with regard to the new SETA landscape is expected later in the year.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In terms of the PAA and *General notice 1570 of 2009, issued in Government Gazette No. 32758 of 27 November 2009* I include below my findings on the report on predetermined objectives, compliance with the PFMA and the SDA, and financial management (internal control).

**Findings**

**Predetermined objectives**

No matters to report.

**Compliance with laws and regulations**

No matters to report.

**INTERNAL CONTROL**

I considered internal control relevant to my audit of the financial statements and the report on predetermined objectives and compliance with the PFMA and SDA, but not for the purposes of expressing an opinion on the effectiveness of internal control. The matters reported are limited to the deficiencies identified during the audit.

No matters to report

*Auditor - General.*

Pretoria  
30 July 2010



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

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# Statement of Responsibility by the CTFL SETA Council

## Statement of Responsibility by the CTFL SETA Council for the period ending 31 March 2010

It is the CTFL SETA Council's responsibility to oversee the preparation of the SETA's annual financial statements and to ensure that the financial statements fairly present the SETA's financial position at 31 March 2010 and the financial transactions conducted during the period under review. The financial statements have been prepared in accordance with the Statement of Generally Accepted Accounting Practice (GAAP) and Generally Recognised Accounting Practice (GRAP) as prescribed in the Treasury Regulations and the Public Finance Management Act, 1999 (Act No 1 of 1999) and relevant guidelines issued by the National Treasury.

Policies and procedures are in place to direct the conduct of Council, Committee and staff members and to set parameters in which to operate in order to implement sector and national skills development priorities. The Council regularly evaluates the policies and procedures to ensure alignment with good corporate governance principles. The implementation of the policies and procedures are continuously monitored to ensure ethical conduct, fair practice and sound financial management across all governance structures and SETA departments. Regular internal audits are conducted to keep the Council informed of any risks and to monitor compliance. The CTFL SETA Council is confident that the financial management of the CTFL SETA has been conducted in accordance with the SETA Financial Policies and Procedures that comply with the Public Finance Management Act, 1999 (Act No 1 of 1999).

The Council deems the CTFL SETA to be a going concern in the following financial year and therefore adopts the going concern basis in preparing the annual financial statements. The current license period for SETAs expires in March 2011.

The CTFL SETA Council is not aware of any matters or circumstances arising since the end of the financial year not otherwise dealt with in the Annual Financial Statements, which will have a significant effect on the operations or financial position of the SETA.

The CTFL SETA annual financial statements for the year ending 31 March 2010 as set out on page 32 to 65 were approved by the CTFL SETA Council on 26 May 2010 and signed on its behalf by:



**FRANS BARNARD**  
Chairperson



**PK NAICKER**  
Chief Executive Officer



### Report of the Accounting Authority of the CTFL SETA to the Department of Higher Education and Training and Parliament of the Republic of South Africa for the year ended 31 March 2010

The Clothing, Textiles, Footwear and Leather Sector Education and Training Authority (CTFL SETA) has been established in terms of Section 9(1) of the Skills Development Act, 1998 (Act No 97 of 1998) as amended, as a Sector Education and Training Authority with effect from 1 April 2000 to March 2005. It was re-established by the Minister of Labour for the period April 2005 – March 2010 in March 2005. The Minister of Higher Education and Training has in terms of Notice 52 of 2010, published in Government Gazette No 32917 of 5 February 2010, extended the period of establishment of all SETAs to 31 March 2011.

#### Business Address

3rd Floor, Umdoni Centre, 28 Crompton Street, Pinetown, 3601 or PO Box 935, Pinetown, 3600.

#### The CTFL SETA is governed by:

1. Section 9 of the Skills Development Act, 1998 (Act No 97 of 1998) as amended;
2. Skills Development Amendment Act, 2008 (Act No 37 of 2008);
3. The South African Qualifications Authority Act, 1995 (Act No 58 of 1995);
4. The Skills Development Levies Act, 1999 (Act No 09 of 1999);
5. The Public Finance Management Act, 1999 (Act No 01 of 1999) as amended);
6. Treasury Regulations for departments, constitutional institutions and public entities; and
7. The Preferential Procurement Policy Framework Act, 2000 (Act No 05 of 2000)

#### General review of the state of financial affairs

The total income received by the SETA comprised R64 million which was 7% lower than the amount of R69 million received in 2008/09.

Administration expenses exceeded the legislative provision of 10% levy income received. The CTFL SETA obtained permission from the DHET to exceed the provision.

Mandatory grants amounting to 80% (2008/09 : 80%) of total mandatory levy income were paid to large, medium and small firms in the sector during the year. This is in line with the previous year. Discretionary grant expenses for the year totalled R20 million (2008/09 : R21.5 million).

Total reserves in the Statement of Financial Position amounted to R49 million (2008/09 : R42 million) of which R136 000 has been set aside in the administration reserve. R34 000 has been set-aside for new firms that joined the SETA after the cut off date for WSP submissions. R49 million (2008/09 : R41 million) of discretionary reserved has been allocated (R44 million already contractually committed) to various discretionary projects.

#### Any other material matters – Soccer, World Cup, Clothing and Tickets

CTFL SETA did not purchase any world cup tickets or apparel.

#### Services rendered by the CTFL SETA

- Promote the concepts of strategic planning for training, linked to company workplace skills plans.
- Develop and implement an effective and efficient Sector Skills Strategy.
- Promote and register Learnerships.
- Promote high quality technologist level learning for the Sector.
- Specifically promote skills training and development in small firms through a skills strategy and an implementation plan focused upon their particular needs.
- Ensure the most effective and efficient disbursement of grants from the Skills Development Levies to the Sector.
- Provide an efficient accreditation and quality assurance service to the Sector, via the ETQA process.
- Develop and strengthen links with provinces, providers, professional bodies and NGO's.

#### Corporate Governance

The CTFL SETA Council supports the principle of good corporate governance as contained in the King II report.

The SETA professional staff executes their duties in line with SETA policies and procedures and acceptable practices and is assisted by the SETA Council and Committee members in matters where additional expertise is required.

## Report of the Accounting Authority of the CTFL SETA

The policies and procedures of the CTFL SETA have been designed to deal with issues such as segregation of duties, delegation of powers, reporting and accountability and the implementation of these policies and procedures are monitored by the governance structures, the independent audit committee and internal auditors.

The CTFL SETA Council and Committees are governed by its Constitution (the term of which was also extended to March 2011). Meetings are conducted in line with the procedures set out in the Constitution and duties are carried out in a fair and responsible manner.

The Code of Conduct contained in the Constitution guides the conduct of members of Council, Committees and professional staff and provides an ethical framework for the functioning of the CTFL SETA Council and Committees. Policies and procedures for disclosure of interest and gifts are in place.

The CTFL SETA complies with the relevant laws and regulations of the country as constituted.

### Risk Management and Fraud Prevention

The CTFL SETA has a comprehensive Risk Management Framework in place, which ensures early identification of risk and risk management through the implementation of effective internal controls.

Risk assessment exercises are conducted regularly to identify new inherent and external factors that could pose a threat to the organisation. Action plans have been developed and implemented to address perceived risks.

A Fraud Prevention Plan is in place to protect the SETA's revenue, expenditure, assets and reputation from attempts by any person to gain financial or other benefit in an unlawful, dishonest or unethical manner.

### Internal Auditors

KZN Treasury, the appointed Internal Auditors of the SETA, has conducted regular internal audits at the SETA's premises. The Internal Auditors attend Audit Committee meetings and report to the Audit Committee who oversee the financial management of the SETA to ensure that adequate and consistent financial controls are in place and implemented.

The CTFL SETA Audit Committee operated independently from other governance structures (a report from the Chairperson of the Committee is included in this report).

### Governance Structures

The CTFL SETA Council and Committees has been established in line with the CTFL SETA Constitution as approved by the Minister of Labour in September 2005.

The CTFL SETA Council comprise of 12 employer representatives (four (4) from each sub-sector and regionally representative) and 12 labour representatives (11 from Sactwu and one (1) from Nulaw – also regionally representative). The Council is the Accounting Authority and governs the SETA on a strategic level. The CTFL SETA Council met four (4) times during the period under review.

An Executive Committee (Exco), appointed from members of the Council, oversees operational matters related to the day-to-day functioning of the CTFL SETA. The Exco comprises six (6) employer representatives (two (2) from each sub-sector) and six (6) labour representatives (five (5) from Sactwu and one (1) from Nulaw). The CTFL SETA Exco met twice during the period under review (See Annexure 1 for an equity profile of Council and Exco members).

Three (3) Specialist Advisory Committees (SACs) namely – Skills Planning, ETQA and Projects - met regularly during the period under review to discuss issues related to their fields of expertise. An Apprentice Committee oversaw the management and implementation of apprenticeship training in the sector. The SACs gave direction to SETA staff and made recommendations to Council and Exco for consideration.

### Remuneration of Accounting Authority and Key Management

Constituency representatives served on the SETA governance structures without receiving remuneration. In the case of the Audit Committee (which operated independently from the other structures), the Chairperson of the Audit Committee and individual Audit Committee members who are retired and are serving in their personal capacity and not as firm representatives, received remuneration.

In the period under review, two (2) members of the Audit Committee received remuneration and the total amount paid in this regard was R6 544 (2008/09 : R8 876).

## Report of the Accounting Authority of the CTFL SETA

Name	Date of meeting	Total
R Kinnear	20 May 2009	R1 145
R Kinnear	22 July 2009	R1 145
R Kinnear	28 October 2009	R1 145
R Kinnear	18 March 2010	R1 145
R Whiteford	20 May 2009	R491
R Whiteford	22 July 2009	R491
R Whiteford	28 October 2009	R491
R Whiteford	18 March 2010	R491
<b>TOTAL 2009/10</b>		<b>R6 544</b>
<b>TOTAL 2008/09</b>		<b>R8 876</b>

The CTFL SETA made most of the flight and accommodation arrangements when members of the Council/Committees were required to travel for SETA meetings and strategic planning workshops. In some cases, members made their own travel arrangements and the SETA reimbursed them or their organisations for these expenses.

Member	Date	Meeting	Amount paid	Details
M Ngwenya	30 September 2009	Inter SETA Forum	R300	Travel re-imburement
M Ngwenya	28 October 2009	Strategic Planning Workshop	R300	Travel re-imburement
Cape Clothing Association (J Baard, G Choice)	27 May 2009	Council	R3 290	Flight costs re-imburement
Cape Clothing Association (J Baard)	9 June 2009	W&RSETA Incorporation Discussions	R3 744	Flight costs re-imburement
Cape Clothing Association (J Baard, G Choice)	12 August 2009	Council	R3 622	Flight costs re-imburement
Cape Clothing Association (J Baard)	10 March 2010	Council	R1 614	Flight costs re-imburement
<b>Total 2009/10</b>			<b>R12 870</b>	
<b>Total 2008/09</b>			<b>R22 088</b>	

The CTFL SETA Staff operated successfully in this year under the guidance of the Council and leadership of key management. The key managers, being the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) have been remunerated on a cost to company basis as follows:

	Basic Salary	13th Cheque	Contributions: Pension Fund, Medical Aid, UIF, Insurance	Leave pay	Allowances: Car, Computer	Total 2009/10	Total 2008/09
PK Naicker CEO*	R445 194	R36 797	R53 708	–	R40 454	R576 153	R450 760
PK Naicker ETQA Manager*	–	–	–	–	–	–	R37 734
G Layzell CFO	R386 232	R29 805	R47 825	–	R22 147	R486 009	R466 781
<b>Total 2009/10</b>	<b>R831 426</b>	<b>R66 602</b>	<b>R101 533</b>	<b>–</b>	<b>R62 601</b>	<b>R1 062 162</b>	
<b>Total 2008/09</b>	<b>R768 362</b>	<b>R56 681</b>	<b>R72 320</b>	<b>–</b>	<b>R57 913</b>		<b>R955 275</b>

Note\*: PK Naicker was promoted from ETQA Manager to CEO in 2008/09.

## Report of the Accounting Authority of the CTFL SETA

The CTFL SETA did not outsource any of its core functions to consultants. Consultants were utilised for specialist services such as payroll and audit consulting services. The total amount paid to consultants was R35 445 (2008/09 : R39 946).

### Safety, health and environmental management policies and practices

The Council and management of the SETA remain committed to the protection of all its assets, both human and material, from exposure to risk that could arise from sub-standard practices, procedures or conditions. This is managed through the implementation of comprehensive health (including HIV Aids), safety and security policies and procedures, the training and education of staff to prevent exposure to risk and the maintenance of procedures to ensure the safety of staff and assets.

### Social investment prioritisation and spending

The CTFL SETA Supply Chain Management Policies and Procedures encompass the maintenance of good corporate governance through compliance to the relevant legislation and regulations, the promotion of procurement from BEE and SMME suppliers, the application of procurement to achieve the strategic objectives as stipulated in the strategic plan and the SSP and ensuring value for money when procuring goods and services.

### Human capital development

The CTFL SETA promotes equality in the workplace and is committed to the implementation of employment equity, the elimination of unfair discrimination and the creation of a diverse team in line with the demographic realities of South Africa. This is achieved by recruiting, training, developing and accelerating the promotional opportunities of employees from designated groups.

The senior management is responsible for ensuring equal employment opportunity and realising affirmative action objectives. The CTFL SETA established an Employment Equity Steering Committee, representative of all groupings, to address issues pertaining to employment equity.

A Skills Development Committee analyzes the skills development needs of the organisation and individual staff members and develops a workplace skills plan to align and address the needs effectively. The Skills Development Committee is responsible for the submission of the SETA's mandatory grant application to ETDP SETA. The CTFL SETA has successfully accessed mandatory and discretionary grants during the period under review.

A detailed report on Human Resources has been included as Annexure 2 on pages 67 to 70.

### Discontinued Activities

#### Projects that were successfully concluded during 2009/10

Description	Actual Beneficiaries	Conducted in conjunction with:
Financial support to students studying towards a Masters degree in Textile and Polymer Science	2	University of Stellenbosch
Funding of modular training course: Repair & Maintenance of Industrial Sewing Machines at NQF Level 4 (Phase 1 & 2)	70	Sewing Industry Technical Training
Funding of GET Certificate in Clothing Manufacturing Processes at NQF Level I	17	Aranda Learnership College
Co-funding of Cape Town Fashion Festival 2009 (annual event)	N/A	SACTWU
Funding of short course: Computer Aided Patternmaking	8	DUT
Funding of short course: Patternmaking	17	DUT
Funding of short course: Sewing Machinist Training	60	DUT
Collaboration projects with KZN DED: Continuous Professional Development 2009	50	KZN DED / TUL
Collaboration projects with KZN DED: Clothing & Textiles Seminar Series 2009	1 080	KZN DED / TUL

## Report of the Accounting Authority of the CTFL SETA

### New and proposed projects / activities to commence in 2010/11

Description	Planned Beneficiaries	Planned in conjunction with:
Funding of short course: Patternmaking	20	DUT
Funding of cluster training: Work study	40	DUT
Funding of technical training for textile firms in Atlantis, Western Cape: Certificate in Textiles at NQF level 4	15	CPUT
Funding of GET Certificate in Clothing Manufacturing I Processes at NQF Level	25	Aranda Learnership College
Support for firms accessing the Training Layoff Scheme	N/A	NSF and CCMA
Co-funding of Cape Town Fashion Festival 2010	N/A	SACTWU
Collaboration projects with W&RSETA: Learnership grants for unemployed learners	150	W&RSETA
Collaboration projects with W&RSETA: Team Leader Skills Development programme at NQF level 3	150	W&RSETA
Collaboration projects with KZN DED: Continuous Professional Development 2009	50	KZN DED / TUL
Collaboration projects with KZN DED: Clothing & Textiles Seminar Series 2009	1 000	KZN DED / TUL

### Continuing Projects

Description	Beneficiaries	Conducted in conjunction with:
Funding of New Venture Creation Management Programme	48	DUT
Funding of Cluster Training project for small firms in Gauteng	130	Sew Africa
Funding of short course on Absenteeism for firms in the Western Cape	N/A	Cape Clothing Association and SACTWU

### Events after reporting date

The proposed new SETA landscape was announced by the Minister of Higher Education and Training on 29 April 2010. Public comment has been invited and public hearings are scheduled for June 2010. The DHET has also released the Framework for NSDS III (2011 – 2015).

It is expected that the SETA landscape and NSDS III will be finalized during July – September 2010 and that it will be formally introduced at the NSDS conference scheduled for September/October 2010.

The proposed SETA landscape will entail fundamental changes for the CTFL SETA. It is proposed that a new Manufacturing SETA be established that will consist of the CTFL sector, the furniture, timber products, paper and pulp sectors (previously located in FIETA) and the printing, packaging and publishing sectors (previously located in MAPPP SETA).

### Performance Information

The CTFL SETA has made grants, bursaries and skills development support available to firms in the CTFL Sector in line with its Strategic Plan and in an effort to reach its agreed upon targets. A detailed report on the CTFL SETA's performance against NSDS targets have been included on pages 14 to 25.

### SCOPA resolutions

None

## Annual Financial Statements

### STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2010

	Notes	2009/10 R'000 Actual	2008/09 R'000 Actual
<b>REVENUE</b>			
Non Exchange Skills Development Levy Revenue	2.1	59 039	61 772
Non Exchange Skills Development Levy Revenue: Penalties and Interest	2.2	584	516
Kwazulu Natal Department of Economic development: Special project	15	957	1 193
W&RSETA – joint collaboration project		7	–
Investment income	3	3 793	5 793
Other Revenue	4	–	77
<b>Total revenue</b>		<b>64 380</b>	<b>69 351</b>
<b>EXPENSES</b>			
Employer grant and project expenses	5	(48 578)	(51 088)
Administration expenses	6	(7 798)	(7 001)
KwaZulu-Natal Department of Economic development: Special project	15	(957)	(1 193)
W&RSETA – joint collaboration project – Funds expensed		( 7)	–
<b>Total expenses</b>		<b>(57 340)</b>	<b>(59 282)</b>
<b>NET SURPLUS FOR THE PERIOD</b>		<b>7 040</b>	<b>10 069</b>

## Annual Financial Statements

### STATEMENT OF FINANCIAL POSITION

as at 31 March 2010

	Notes	2009/10 R'000	2008/09 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	131	231
Intangible Assets	8	5	7
		136	238
<b>Current assets</b>			
Receivables from non-exchange transactions	9.1	324	1,834
Receivables from exchange transactions	9.2	73	140
Inventories	10	28	30
Cash and cash equivalents	11	59 363	50 505
		59 788	52 509
		59 924	52 747
<b>TOTAL ASSETS</b>			
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and Other Payables non-exchange transactions	14.1	8 531	10 588
Trade and Other Payables – exchange transactions	14.2	418	451
KZN DED project funds received in advance	15	235	–
W&RSETA funds received in advance	16	1 993	–
		11 177	11 039
<b>Total Liabilities</b>			
		48 747	41 708
<b>NET ASSETS</b>			
<b>NET ASSETS</b>			
Administration reserve		136	238
Employer grant reserve		34	273
Discretionary reserve		48 577	41 197
		48 747	41 708
<b>TOTAL NET ASSETS AND LIABILITIES</b>			
		48 747	41 708



## Annual Financial Statements

### STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2010

	Notes	Administration reserve R'000	Employer grant reserve R'000	Discretionary reserve R'000	Unappropriated surplus R'000	Total R'000
<b>Balance at 31 March 2007</b>		<b>415</b>	<b>54</b>	<b>24 811</b>	<b>–</b>	<b>25 280</b>
Errors	23.2	–	–	254	–	254
Errors	23.5	–	–	5	–	5
Restated balance		415	54	25 070	–	25 539
Net surplus/(deficit) per Income Statement		–	–	–	6 101	6 101
Allocation of unappropriated surplus	I	1 051	5 451	(401)	(6 101)	–
Excess reserves transferred to Discretionary reserve		(1 121)	(5 471)	6 592	–	–
Excess reserves transferred to Discretionary reserve		–	–	–	–	–
<b>Balance at 31 March 2008</b>		<b>345</b>	<b>34</b>	<b>31 261</b>	<b>–</b>	<b>31 638</b>
Net surplus per Statement of Financial performance		–	–	–	10 069	10 069
Allocation of unappropriated surplus	I	717	7 691	1 661	(10 069)	–
Excess reserves transferred to Discretionary reserve		(827)	(7 452)	8 279	–	–
Excess reserves transferred to to Discretionary reserve – prior year error	23.5	3	–	(3)	–	–
<b>Balance at 31 March 2009</b>		<b>238</b>	<b>273</b>	<b>41 198</b>	<b>–</b>	<b>41 707</b>
Net surplus per Statement of Financial performance		–	–	–	7 040	7 040
Allocation of unappropriated surplus	I	(418)	7 461	(3)	(7 040)	–
Excess reserves transferred to Discretionary reserve		316	(7 700)	7 384	–	–
<b>Balance at 31 March 2010</b>		<b>136</b>	<b>34</b>	<b>48 579</b>	<b>–</b>	<b>48 747</b>

### CASH FLOW STATEMENT

for the year ended 31 March 2010

	Notes	2009/10 R'000	2008/09 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Operating activities</b>			
Cash receipts from stakeholders		64 378	61 159
Levies, interest and penalties received	2	60 413	62 617
Other cash receipts from stakeholders		3 965	(1 458)
VAT received		–	–
Cash paid to stakeholders, suppliers and employees		(59 294)	(60 127)
Grants and project payments		(51 545)	(52 971)
Special projects		( 964)	–
Compensation of employees		(4 179)	(3 630)
Unappropriated surplus paid to National Treasury		–	–
Payments to suppliers and other		(2 606)	(3 526)
Cash generated from/(utilised in) operations	17	5 084	1 032
Investment income	3	3 793	5 793
Movement on reserves		–	–
<b>Net cash inflow/(outflow) from operating activities</b>		<b>8 877</b>	<b>6 825</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment and Intangibles	7 & 8	(19)	(85)
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(19)</b>	<b>(85)</b>
<b>Net cash inflow/(outflow) from financing activities</b>		<b>–</b>	<b>–</b>
Net increase/(decrease) in cash and cash equivalents		8 858	6 740
Cash and cash equivalents at beginning of year	11	50 505	43 765
Cash and cash equivalents at end of year	11	59 363	50 505

**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2010

**I. Basis of preparation**

The annual financial statements have been prepared on a going concern and on the historical basis unless otherwise stated in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board and the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999).

**Standard of GRAP**

- GRAP 1: Presentation of annual financial statements
- GRAP 2: Cash flow statements
- GRAP 3: Accounting policies, changes in accounting estimates and errors
- GRAP 4: Effects of changes in Foreign Exchange Rates
- GRAP 5: Borrowing Costs
- GRAP 9: Revenue from Exchange Transactions
- GRAP 12: Inventories
- GRAP 13: Leases
- GRAP 14: Events after the reporting Date
- GRAP 17: Property Plant and Equipment
- GRAP 19: Provisions, Contingent Liabilities and Contingent Assets
- GRAP 100: Non-current Assets held for sale and Discontinued Operations
- GRAP 102: Intangible assets

**Replaced Statement of GAAP**

- ACI01: Presentation of annual financial statements
- ACI18: Cash flow statements
- ACI03: Accounting policies, changes in accounting estimates and errors

Currently the recognition and measurement principles in the above GRAP and GAAP Statements do not differ or result in material differences in items presented and disclosed in the annual financial statements. The implementation of GRAP 1, 2 & 3 has resulted in the following changes in the presentation of the annual financial statements:

**Standard of GRAP**

- GRAP 1: Presentation of Annual Financial statements
- GRAP 2: Cash flow statements
- GRAP 3: Accounting policies, changes in accounting estimates and errors

**Replace statement of GAAP**

- ACI01: Presentation of Annual Financial statements
- ACI18: Cash flow statements
- ACI03: Accounting policies, changes in accounting estimates and errors

**1. Terminology differences:**

**Standard of GRAP**

- Statement of financial performance
- Statement of financial position
- Statement of changes in net assets
- Net assets
- Surplus/deficit
- Accumulated surplus/deficit
- Contributions from owners
- Distributions to owners
- Reporting Date

**Replaced Statement of GAAP**

- Income statement
- Balance sheet
- Statement of changes in equity
- Equity
- Profit/loss
- Retained earnings
- Share capital
- Dividends
- Balance Date

- 2. The cash flow statement can only be prepared in accordance with the direct method.
- 3. Specific information has been presented separately on the statement of financial position such as:
  - (a) receivables from non-exchange transactions, including taxes and transfers;
  - (b) taxes and transfers payable;
  - (c) trade and other payables from non-exchange transactions

**4. Amount and nature of any restrictions on cash balances is required.**

The principal accounting policies adopted in the preparation of the annual financial statements are set out below and are, in all material respects, consistent with those of the previous year, except as otherwise indicated.

### 2. Currency

The annual financial statements are presented in South African Rands since that is the currency in which the majority of the entity transactions are denominated.

### 3. Revenue recognition

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

#### 3.1 Levy income

In terms of section 3(1) and 3(4) of the Skills Development Levies Act, 1999 (Act No. 9 of 1999), registered member companies of the SETA pay a skills development levy of 1% of the total payroll cost to the South African Revenue Services (SARS).

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

Levy income is recognised on the accrual basis.

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 at the amount of such grant over payment, net of bad debts and provision for irrecoverable amounts. Revenue is adjusted for Inter SETA transfers due to employers changing SETA's. Such adjustments are separately disclosed as Inter SETA transfers. The amount of the Inter SETA adjustment is calculated according to the Standard Operating Procedure issued by the Department of Labour issued 15 May 2007.

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. The SDL transfer is measured at the fair value of the consideration received.

Skills Development Levy (SDL) income is 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 Labour (DOL) either makes an allocation or payment, whichever comes first, to the SETA, as required by section 8 of the Skills Development Levies Act, 1999 (Act No. 9 of 1999)

#### 3.2 Interest and penalties

Interest and penalties on the skills development levy is recognised on the earlier of the time the Department of Labour makes the allocation or payment of the funds in the bank account of the SETA.

#### 3.3 Funds allocated by the KwaZulu-Natal Department of Economic development: SPECIAL PROJECTS

Funds transferred by the KwaZulu-Natal Department of Economic development are accounted for in the annual financial statements of the SETA as a liability until the related eligible special projects expenses are incurred, when the liability is extinguished and revenue recognised.

#### 3.4 Government grants and other donor income

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

#### 3.5 Investment income

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

### 4. Grants and project expenditure

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

#### Mandatory grants

The grant payable and the related expenditure are recognised when the employer has submitted an application for a grant in the prescribed form within the agreed upon cut-off period and the application has been approved as the payment then becomes probable. The grant is equivalent to 50% (2008/09 : 50%) of the total levies paid by the employer during the corresponding financial period for the skills grant respectively.

### Discretionary grants

A SETA may out of any surplus monies determine and allocate discretionary grants to employers, education and training providers and workers of the employers who have submitted an application for a discretionary grant in the prescribed form within the agreed upon cut-off period. The grant payable and the related expenditure are recognised when the application has been approved to the extent that the conditions of the grant have been met.

### Project expenditure

Project expenditure comprises:

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

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

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

### Commitments

Commitments are disclosed where the SETA has in the normal course of its operations, entered into a contractual agreement with entities either related to discretionary grants or project expenses which have not yet become due for payment.

## 5. Irregular and fruitless and wasteful expenditure

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

- The PFMA,
- The Skills Development Act,
- Skills Development Levies Act

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

All irregular and fruitless and wasteful expenditure is charged against income in the period in which it is incurred.

## 6. Property, plant and equipment

Property, plant and equipment are stated at historical cost less any subsequent accumulated depreciation and adjusted for any impairment. An impairment, residual and useful life review is done annually. The cost model is used as the basis of measurement after initial recognition of the asset. 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 as follows:

- |                                 |           |
|---------------------------------|-----------|
| – Computer equipment            | 20% – 33% |
| – Office furniture and fittings | 20% – 33% |
| – Office equipment              | 20% – 33% |

The estimated useful life of the assets are limited to the remaining period of the licence issued to the SETA by the Minister of Labour. For the current year the remaining period is 1 years (2008/09 : 2 year).

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

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

## 7. Intangible assets

### Computer Software and Licences

Acquired computer software and licences are carried at cost less any accumulated amortisation and any impairment losses. Amortisation on these costs is provided to write down the intangible assets, on a straight-line basis, over their useful life.

Software	End of CTFL SETA licence – 2011
Licence	Term of licence

## 8. Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business less any costs of completion and costs to be incurred in marketing, selling and distribution. Cost is determined on the following basis: Inventory is valued on invoiced cost.

## 9. 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. There were no provisions accounted for in the annual financial statements.

## 10. Accruals for employee entitlements

Bonus and leave accruals are recognised during the period in which the employee renders the related service. Bonus and leave accruals are recognised when they accrue to employees. An accrual is made for the estimated liability as a result of services rendered by employees up to the reporting date.

## 11. 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.

All ordinary purchases and sales of financial assets are initially recognised on transaction date.

### Measurement

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

### Financial assets

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

### Accounts and other receivables

Accounts and other receivables are stated at amortised costs and reduced by appropriate allowances for estimated irrecoverable amounts which are written off.

### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and subjected to an insignificant risk of changes in value, these are initially and subsequently recorded at fair value.

### Financial liabilities

The SETA's principal financial liabilities are accounts payables. Financial liabilities are measured initially at fair value but subsequently at amortised cost.

## 12. Reserves

Equity are sub-classified in the Statement of Financial position between the following funds and reserves:

- Administration reserve
- Employer grant reserve
- Discretionary reserve

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

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

	2009/10 %	2008/09 %
Administration costs of the SETA	10	10
Employer Grant Fund Levy	50	50
Discretionary grants and projects	20	20
	80	80

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

Interest and penalties received from SARS are utilised for discretionary grants. Other income received is utilised in accordance with the original source of the income.

The net surplus/deficit is allocated to the administration reserve, the mandatory grant reserve and the discretionary fund reserve based on the above. The amount retained in the administration reserve equates to the net book value of property plant and equipment and intangible assets. Excess cash reserves are transferred to the discretionary reserve.

Surplus funds in the employer grant reserve are transferred to the discretionary reserve at the end of the financial year. An amount is retained in the employer grant reserve, after consideration is given to new companies, which in term of the regulations, has six months after joining to submit their work place skills plan.

### 13. Comparative figures

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

### 14. 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.

### 15. Operating Leases

Payments made under operating leases are deducted in arriving at net profit/loss on the straight line basis over the period of the lease.

### 16. Contingencies

In terms of the PFMA, all surplus funds as at year-end may be forfeited to National Treasury, should an application for retention of surplus funds be denied. We have on the 31 May 2010 submitted an application to the department of labour for retention of surplus funds.

In terms of the PFMA, all new companies which have registered with SARS in the last six months of the financial year were still able to submit a work place skills plan and receive mandatory grants, this resulted in a contingency liability of R34 000 in the mandatory grant reserves on the statement of Financial position.

### 17. Related Party transactions

Transactions are disclosed as other related party transactions where the SETA has in the normal course of its operations, entered into certain transactions with entities either related to the Department of Labour (DoL) or which had a nominated representative serving on the SETA accounting authority.

Transactions are disclosed as other related party transactions where Inter SETA transactions arise due to the movement of employees from one SETA to another.

## Notes to the Financial Statements

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2010

#### I. ALLOCATION OF NET SURPLUS FOR THE YEAR TO RESERVES:

2009/10	Note	Total per	Administration	Employer	Discretionary			
		Statement of	Reserve	Reserve	Reserve			
		Performance			Mandatory	Discretionary	Special	Total
					Grants	Grants	Projects	Discretionary
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Total revenue</b>		<b>64 380</b>	<b>7 380</b>	<b>36 912</b>	<b>19 124</b>	<b>964</b>	<b>20 088</b>	
Skills development levy: income								
Administration levy income (10%)		7 380	7 380	–	–	–	–	–
Grant levy income (70%)		51 659	–	36 912	14 747	–	–	14 747
Skills development levy: penalties and interest		584	–	–	584	–	–	584
KZN DED & CTFL SETA project	15	957	–	–	–	–	957	957
W&RSETA – joint collaboration project		7	–	–	–	–	7	7
Investment income		3 793	–	–	3 793	–	–	3 793
Other revenue		–	–	–	–	–	–	–
<b>Total expenses</b>		<b>57 340</b>	<b>7 798</b>	<b>29 451</b>	<b>19 127</b>	<b>964</b>	<b>20 091</b>	
Administration expenses		7 798	7 798	–	–	–	–	–
Finance costs		–	–	–	–	–	–	–
KZN DED & CTFL SETA project	15	957	–	–	–	–	957	957
W&RSETA – joint collaboration project		7	–	–	–	–	7	7
Employer grants and project expenses		48 578	–	29 451	19 127	–	–	19 127
<b>Net surplus per Statement of Performance allocated</b>		<b>7 040</b>	<b>(418)</b>	<b>7 461</b>	<b>(3)</b>	<b>–</b>	<b>(3)</b>	

# Approval was granted by the Minister of Higher Education and Training to exceed the 10% administration income due to the decrease in skills levies and the high increase in Audit fees

2008/09

2008/09	Note	Total per	Administration	Employer	Discretionary			
		Statement of	Reserve	Reserve	Reserve			
		Performance			Mandatory	Discretionary	Special	Total
					Grants	Grants	Projects	Discretionary
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Total revenue</b>		<b>69 351</b>	<b>7 718</b>	<b>38 559</b>	<b>21 881</b>	<b>1 193</b>	<b>23 074</b>	
Skills development levy: income								
Administration levy income (10%)		7 718	7 718	–	–	–	–	–
Grant levy income (70%)		54 054	–	38 559	15 495	–	–	15 495
Skills development levy: penalties and interest		516	–	–	516	–	–	516
KZN DED & CTFL SETA project	15	1 193	–	–	–	–	1 193	1 193
Investment income		5 793	–	–	5 793	–	–	5 793
Other revenue		77	–	–	77	–	–	77
<b>Total expenses</b>		<b>59 282</b>	<b>7 001</b>	<b>30 869</b>	<b>20 219</b>	<b>1 193</b>	<b>21 412</b>	
Administration expenses		7 001	7 001	–	–	–	–	–
Finance costs		–	–	–	–	–	–	–
KZN DED & CTFL SETA project	15	1 193	–	–	–	–	1 193	1 193
Employer grants and project expenses		51 088	–	30 869	20 219	–	–	20 219
<b>Net surplus/(deficit) per Statement of Performance allocated</b>		<b>10 069</b>	<b>717</b>	<b>7 690</b>	<b>1 662</b>	<b>–</b>	<b>1 662</b>	



## Notes to the Financial Statements

### 2. NON-EXCHANGE SKILLS DEVELOPMENT LEVY REVENUE AND INTEREST AND PENALTIES

#### 2.1 NON-EXCHANGE SKILLS DEVELOPMENT LEVY REVENUE

The total levy revenue, excluding interest and penalties, per the Statement of Performance is as follows:

	2009/10 R'000	2008/09 R'000
<b>Levy Revenue: Administration</b>	7 380	7 718
Levies received	7 479	7 759
Levies received from SARS	7 486	7 710
Inter SETA transfers in	5	52
Inter SETA transfers out	(12)	(3)
<b>Levies accrued for levies and Inter SETA transfers</b>	<b>(99)</b>	<b>(41)</b>
<b>Levy revenue: Employer Grants</b>	36 912	38 559
Levies received	37 406	38 768
Levies received from SARS	37 441	38 523
Inter SETA transfers in	27	258
Inter SETA transfers out	(62)	(13)
<b>Levies accrued for levies and Inter SETA transfers</b>	<b>(494)</b>	<b>(209)</b>
<b>Levy revenue: Discretionary Grants</b>	14 747	15 495
Levies received	14 944	15 574
Levies received from SARS	14 952	15 476
Inter SETA transfers in	11	103
Inter SETA transfers out	(19)	(5)
<b>Levies accrued for levies and Inter SETA transfers</b>	<b>(197)</b>	<b>(79)</b>
	<b>59 039</b>	<b>61 772</b>
<b>2.2 NON-EXCHANGE SKILLS DEVELOPMENT LEVY REVENUE: PENALTIES AND INTEREST</b>		
<b>Interest and Penalties</b>		
Interest and Penalties received	584	516
	<b>584</b>	<b>516</b>
<b>3. INVESTMENT INCOME</b>		
Interest income	3 793	5 793
Interest income received	3 777	5 696
Accrued Interest	16	97
	<b>3 793</b>	<b>5 793</b>
<b>4. OTHER REVENUE</b>		
Other	–	77
Duty Credit Certificate (DCC)	–	44
Women in leadership sponsorships	–	33
	<b>–</b>	<b>77</b>

## Notes to the Financial Statements

	Note	2009/10 R'000	2008/09 R'000
<b>5. EMPLOYER GRANT AND PROJECT EXPENSES</b>			
Mandatory grants		29 451	30 869
Disbursed		28 607	30 746
Movement in provisions and accruals		844	123
Discretionary grants		19 127	20 219
Disbursed		22 937	22 226
Prior year error	23.2	–	137
Prior year error	23.3	–	7
Movement in provisions and accruals		(3 810)	(2 151)
		48 578	51 088
<b>6. ADMINISTRATION EXPENSES</b>			
Depreciation		102	179
Amortisation		12	10
Prior year error – amortisation	23.5	–	2
Loss on disposal of property, plant and equipment		6	5
Operating lease rentals (minimum lease payments)	19	868	821
Buildings		868	821
Maintenance, repairs and running costs		2	5
Advertising, marketing and promotions, communication		3	21
Consultancy and service provider fees		37	43
Legal fees		–	–
Cost of employment	6.1	4 179	3 630
Travel and subsistence		272	587
Prior year error – Travel and subsistence		–	7
Staff training and development	6.2	(15)	21
Research and development costs		520	495
Remuneration to members of the audit committee		7	9
External auditor's remuneration		1 304	360
Audit fees		1 304	360
Bad debts written off		13	155
Other		488	651
Workshops and Functions		43	63
Sundry		272	403
Computer Expenses		12	20
Staff workshops		27	29
Electricity		16	13
Bank Charges		32	29
Insurance		35	38
Motor expenses		17	25
Office Expenses		23	27
Postages		24	24
Printing and Publications		32	43
ETQA		23	104
Stationary		18	40
Subscriptions and Memberships		13	11
Telephone		173	185
		7 798	7 001

## Notes to the Financial Statements

	Note	2009/10 R'000	2008/09 R'000
<b>6.1 Cost of employment</b>			
Salaries and wages		3 743	3 263
Basic salaries		3 769	3 258
Leave payments/adjustment of accruals		(26)	5
Leave payments/adjustment of accruals		(26)	88
Prior year adjustment : leave accrual	23.1	–	(83)
Social contributions		436	367
Medical aid contributions		37	37
Provident fund contributions: defined contribution plans	12	262	196
UIF		25	22
Insurance		55	55
Other salary related costs		57	57
		<u>4 179</u>	<u>3 630</u>
<i>Allocation of cost of employment</i>			
Administration expenses	6	4 179	3 630
		<u>4 179</u>	<u>3 630</u>
Average number of employees		19	19
<b>6.2 Staff Training and Development</b>			
Grants Received from ETDP SETA		(34)	–
Staff Training expenditure		19	21
		<u>(15)</u>	<u>21</u>

## 7. PROPERTY, PLANT AND EQUIPMENT

	Cost R'000	Accumulated depreciation/ impairment R'000	Closing Carrying Amount R'000
<b>For the year ended 31 March 2010</b>			
Computer equipment	330	(281)	49
Office furniture and fittings	297	(246)	51
Office equipment	261	(230)	31
Balance at end of March 2010	<u>888</u>	<u>(757)</u>	<u>131</u>
<b>For the year ended 31 March 2009</b>			
Computer equipment	412	(317)	95
Office furniture and fittings	296	(220)	76
Office equipment	339	(279)	60
Balance at end of March 2009	<u>1 047</u>	<u>(816)</u>	<u>231</u>

## Notes to the Financial Statements

	Note	Carrying Amount 2010 R'000	Additions R'000	Disposals R'000	Depreciation/ Amortisation charge R'000	Accumulated Depreciation on Disposals R'000	Marketing Discretionary Depreciation exp R'000	Carrying Amount 2009 R'000
<b>Movement summary 2010</b>								
Computer equipment		95	5	(87)	(49)	86	(1)	49
Office furniture and fittings		76	1	–	(26)	–	–	51
Office equipment		60	3	(81)	(26)	75	–	31
Balance at end of March 2010		231	9	(168)	(101)	161	(1)	131

	Note	Carrying Amount 2009 R'000	Additions R'000	Disposals R'000	Depreciation/ Amortisation charge R'000	Accumulated Depreciation on Disposals R'000	Marketing Discretionary Depreciation exp R'000	Carrying Amount 2009 R'000
<b>Movement summary 2009</b>								
Computer equipment	23.4 & 24	149	36	(19)	(84)	14	(1)	95
Office furniture and fittings	23.4 & 24	101	24	–	(49)	–	–	76
Office equipment	23.4 & 24	90	16	(2)	(46)	2	–	60
Balance at end of March 2009		340	76	(21)	(179)	16	(1)	231

There were no fixed assets on the fixed asset register with a nil value.

### 8. INTANGIBLE ASSETS

	Note	Cost R'000	Accumulated amortisation R'000	Closing carrying amount R'000
<b>For the year ended 31 March 2010</b>				
Computer software		12	(8)	4
Software licences		29	(28)	1
		41	(36)	5

	Note	Cost R'000	Accumulated amortisation R'000	Closing carrying amount R'000
<b>For the year ended 31 March 2009</b>				
Computer software	23.5	12	(7)	5
Software licences		19	(17)	2
		31	(24)	7

	Note	Carrying amount 2009 R'000	Additions R'000	Amortisation charge R'000	Carrying amount 2010 R'000
<b>Movement summary 2010</b>					
Computer software		5	–	(1)	4
Software licences		2	10	(11)	1
Balance at end of March 2010		7	10	(12)	5

	Note	Carrying amount 2008 R'000	Additions R'000	Amortisation charge R'000	Carrying amount 2009 R'000
<b>Movement summary 2009</b>					
Computer software note	23.5	6	1	(2)	5
Software licences		4	8	(10)	2
Balance at end of March 2009		10	9	(12)	7

There were no intangible assets on the intangible asset register with a nil value.

## Notes to the Financial Statements

	Note	2009/10 R'000	2008/09 R'000
<b>9. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS AND EXCHANGE TRANSACTIONS</b>			
<b>9.1 Receivables from non-exchange transactions</b>		324	1 834
Inter SETA debtors	22.1	63	100
Employer receivables overpayments due to SARS Reversals KZN DED & CTFL SETA project	9.1.1	261 –	541 1 193
		324	1 834
<b>9.1.1 Employer receivable</b>			
Overpayment to employers		476	870
		476	870
Allowance for doubtful debts		(215)	(329)
Open carrying amount		(329)	(240)
Increase/(decrease) in current year provision		114	(89)
Net effect of SARS retrospective adjustments on affected employers R261 000 (2008/09 : R541 000) was recognised as a receivable relating to the overpayment to the employer in earlier periods and is based on the amount of such grant over payments.		261	541
<b>9.2 Receivables from exchange transactions</b>			
Deposits		13	12
Interest receivable		16	97
Staff advances		–	3
Prepaid expenses		12	–
Other receivables		32	28
Sanlam/staff training		32	28
		73	140
<b>10. INVENTORIES</b>			
Opening carrying amount		30	37
Purchases		38	62
Amounts utilised		(40)	(69)
		28	30
Inventories comprises a bulk purchase of photostat paper for office use.			
<b>11. CASH AND CASH EQUIVALENTS</b>			
Cash at bank		59 358	50 500
Cash on hand		5	5
Cash and cash equivalents at end of year		59 363	50 505

As required in Treasury Regulation 31.2, National Treasury approved the banks where the bank accounts are held.

Cash includes cash on hand and cash with banks. Cash equivalents are short term, highly liquid investments that are held with registered banking institutions with maturities of three months or less and that are subject to an insignificant risk of change in value. For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand and deposits held at call with banks.

## Notes to the Financial Statements

	Note	2009/10 R'000	2008/09 R'000
<b>12. DEFINED CONTRIBUTION PLAN</b>			
Contributions Made		262	196
<p>CTFL SETA specifies that not more than 10% of the employees' salary package be contributed to Sanlam Investments pertaining to the staffs' provident fund. The employees future benefits depend on the operating efficiency and investment earnings of the fund. Returns of the fund was between 13% and 32% for the current year (2008/09 : 13% – 32%) No obligation for any post retirement benefits exists in the future.</p>			
<b>13. SURPLUS FUNDS TRANSFERABLE TO NATIONAL TREASURY</b>			
Open carrying amount			
Transfers of excess funds from:			
SDL: Administration reserve		–	–
SDL: Employer Grant reserve		34	273
Discretionary reserve		48 577	41 197
Amounts transferred to Administration reserve		136	238
Application for approval for accumulation		(48 747)	(41 708)
Closing carrying amount		–	–
<b>14. TRADE AND OTHER PAYABLES NON-EXCHANGE AND EXCHANGE TRANSACTIONS</b>			
<b>14.1 Trade and Other Payables non-exchange transactions</b>		8 531	10 588
Trade and Other Payables non-exchange transactions:			
Mandatory Grants		4 281	3 717
Trade and Other Payables non-exchange transactions:			
Discretionary Grants		976	4 786
Prior year error – Trade and Other Payables non-exchange transactions: Discretionary Grants	23.2	–	(391)
Sars Payable	14.3	2 889	2 037
Inter SETA payables	22.1	2	174
Duty Credit Certificate (DCC) Holdings Account		383	265
<b>14.2 Trade and Other Payables – exchange transactions</b>		418	451
Sundry payables		308	316
Bonus and leave payable		110	218
Prior year error : leave payable	23.1	–	(83)
		8 949	11 039
<b>14.3 SARS Payables</b>			
<b>For the year ended 31 March 2010</b>			
Levies incorrectly received		2 037	852
		2 037	2 889
<b>For the year ended 31 March 2009</b>			
Levies incorrectly received		1 784	253
		1 784	2 037

## Notes to the Financial Statements

	2009/10 R'000	2008/09 R'000
<b>15. KWAZULU-NATAL DEPARTMENT OF ECONOMIC DEVELOPMENT: PROJECT FUNDS RECEIVED IN ADVANCE</b>		
Opening balance	1 192	1 193
Receivable during the year		
Committed to KZN DED & CTFL SETA project-seminar & CPD programmes	957	1 193
Forex Gain/Loss	235	–
	1 192	1 193
Course fees	(957)	(1 193)
Closing Balance	235	–
During the current year conditional funds of R235 000 (2008 : nil) were earned on funds received from the DED in the form of a foreign exchange gain. This amount was recognised as a liability until the conditions attached are met.		
DED Accrued income	–	1 193
Accrued expense	–	(1 193)
	–	–
<b>16. W&amp;RSETA PROJECT – FUND RECEIVED IN ADVANCE</b>		
Opening balance	–	–
Received during the year	2 000	–
W&RSETA joint collaboration project – learnership	2 000	–
Utilised and recognised as revenue – conditions met:	(7)	–
Closing balance	1 993	–
During the current year conditional funds of R2000 000 (2008 : nil) were received from W&RSETA. This amount was recognised as a liability until the conditions attached are met.		
<b>17. RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES TO NET SURPLUS/(DEFICIT)</b>		
Net surplus/(deficit) as per Statement of Financial performance	7 040	10 069
Adjusted for non-cash items:		
Depreciation and Amortisation	114	189
Restatement of Reserves	–	–
(Profit)/loss on disposal of property, plant and equipment	6	5
Bad debts written off	13	155
Investment income	(3 793)	(5 793)
Adjusted for working capital changes:		
(Increase)/decrease in receivables	1 563	(1 205)
Increase/(decrease) in payables	139	(2 396)
(Increase)/decrease in Inventory	2	8
Cash generated from/(utilised in) operations	5 084	1 032

## Notes to the Financial Statements

### 18. COMMITMENTS

Of the balance of R48 577 million available in the Discretionary reserve at the end of March 2010, R43 958 million has been approved and contractually committed. 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. A formal letter of approval has been obtained from National Treasury to retain these accumulation of funds for 2009/10.

#### COMMITMENTS

Funded from Discretionary Funds Reserves

	Note	Closing balance of Prior year commitments 2008/09 R'000	Prior year Error R'000	New commitments Voted & Approved by Accounting Authority R'000	Adjustments to Project Commitments R'000	Balance after Reallocation R'000	Expenditure 2009/10 R'000	Voted & Contractually Committed 2009/10 R'000
<b>NSDS 2 PROJECTS</b>								
Indicator 1.2								
Ind 1.2A : Design and print critical skills guide and distribute to learners.								
		73	–	–	–	73	–	73
	23.3	119	16	–	2	137	(137)	–
<b>SUBTOTAL OBJECTIVE 1</b>								
		192	16	–	2	210	(137)	73
<b>OBJECTIVE 2:</b>								
Ind 2.2A : Skills Development Projects for small companies								
		140	–	3 653	(3 606)	187	–	187
		30	–	–	–	30	–	30
		–	–	–	–	–	–	–
		297	–	–	–	297	(150)	147
		53	–	–	–	53	–	53
Project 10 : SITT modular training course on sewing machine repairs & maintenance of industrial machines								
		–	–	200	–	200	(150)	50
		–	–	–	148	148	–	148
	23.2	263	18	100	(240)	141	(23)	118
		400	–	400	40	840	–	840
		120	–	120	(30)	210	–	210
		711	–	999	–	1 710	(1 056)	654
		–	–	–	–	–	–	–
		474	–	180	(469)	185	(3)	182
	23.2	2 752	123	1 800	–	4 675	(379)	4 296
	23.2	7 899	18	1 800	–	9 717	(2 133)	7 584
		870	–	1 440	–	2 310	(614)	1 696
	23.3	4 831	18	996	(268)	5 577	(400)	5 177
		61	–	–	(34)	27	(27)	–
		258	–	500	(15)	743	(90)	653
	23.3	94	30	100	10	234	(11)	223



## Notes to the Financial Statements

### COMMITMENTS continued

Note	Closing balance of prior year commitments 2008/09 R'000	Prior year Error R'000	New commitments Voted & Approved by Accounting Authority R'000	Adjustments to Project Commitments R'000*	Balance after Reallocation R'000	Expenditure 2009/10 R'000	Voted & Contractually Committed 2009/10 R'000
Ind 2.8G : Textile Apprentices	873	–	1 152	(982)	1 043	–	1 043
Ind 2.8H : Liberec (jipsa) masters programs	809	–	–	–	809	(739)	70
Ind 2.8I : Pattermaking Grants	–	–	320	(20)	300	(26)	274
Ind 2.8I : Project 1a Computer Pattermaking – DUT	–	–	32	–	32	(32)	–
Ind 2.8I : Project 1b Pattermaking Short Course	72	–	–	–	72	(72)	–
Ind 2.8I : Project 2 DUT Sewing Machinist training	235	–	–	–	235	(235)	–
Ind 2.8I : Project 3 Aunde Operator Training	97	–	–	(97)	–	–	–
Ind 2.8I : Project 4 CPUT High Level Operator	9	–	–	–	9	–	9
Ind 2.8I : Project 5 CPUT Atlantis Cluster	–	–	100	–	100	–	100
Ind 2.8I : Project 6 Disabled Learners	2	–	–	(2)	–	–	–
Ind 2.8I : Project 7 : Liberec Bursary Fund	500	–	–	(500)	–	–	–
Ind 2.8I : Project 8 : Special Bursary Fund	100	–	–	(100)	–	–	–
Ind 2.8I : Project 9 : KZN DED @ CTFL SETA project – seminar & CPD programs	378	–	1 915	–	2 293	(2 024)	269
<b>SUBTOTAL OBJECTIVE 2</b>	<b>22 228</b>	<b>207</b>	<b>15 807</b>	<b>(6 065)</b>	<b>32 177</b>	<b>(8 164)</b>	<b>24 013</b>
<b>OBJECTIVE 3:</b>							
Ind 3.2 : Support to NLPs, CBOs and NGOs (accreditation & grant support)	14	–	8	–	22	–	22
<b>SUBTOTAL OBJECTIVE 3</b>	<b>14</b>	<b>–</b>	<b>8</b>	<b>–</b>	<b>22</b>	<b>–</b>	<b>22</b>
Ind 4.1A : Technologist Bursaries for Unemployed learners	2 230	–	–	–	2 230	(1 166)	1 064
Ind 4.1B : Learnership grants for unemployed learners (18.2 Learners)	6 619	2 150	4 000	3 720	16 489	(7 696)	8 793
Ind 4.1D : Project 1 : Aunde Operator Training	96	–	–	(96)	–	–	–
Ind 4.2 : Work experience grants (includes technologist bursaries for R1635 000)	362	12	1 800	6	2 180	(48)	2 132
Ind 4.3 : New venture creation grants	291	–	220	(144)	367	–	367
Ind 4.3 : Project 1 : DUT NVC Mgt Programme	240	–	4	–	244	(43)	201
<b>SUBTOTAL OBJECTIVE 4</b>	<b>9 838</b>	<b>2 162</b>	<b>6 024</b>	<b>3 486</b>	<b>21 510</b>	<b>(8 953)</b>	<b>12 557</b>
<b>OBJECTIVE 5:</b>							
Ind 5.1 : Recognise and Support ISOEs (CoEs)	–	–	1 405	(983)	422	(422)	–
Ind 5.3 : Improve quality of service delivered by institutions							
Project 2 : Apprenticeship Project Proposal : Unit Standards Project	21	–	–	–	21	(8)	13
Project 6 : Learnership Verification	15	–	–	–	15	–	15
Ind 5.3D : Improve training provision for the F & L Sector (FITF)	3 142	(2 000)	1 750	–	2 892	(176)	2 716
Project 8 : Leather Busary Fund	85	–	–	–	85	–	85
Ind 5.3E : Implement NQF level I learnerships at identified FET Colleges	–	–	–	–	–	–	–
Project 1: ETQA NOF Level I	10	–	–	–	10	–	10
Aranda – NQF I clothing qualification	–	–	207	–	207	(192)	15
Project 3 : FET College : NQF Level I Rollout – Thekweni College	92	21	–	(113)	–	–	–
Project 4 : FET College : NQF Level I Rollout – Umgungundlovu College	113	–	–	–	113	–	113
Ind 5.3F : Stellenbosch Textile Scientist Development	100	–	–	–	100	(100)	–
Ind 5.3G : NI Apprenticeship Programme : Exams	–	–	–	–	–	–	–
Ind 5.3H : Tracer Study	129	–	–	–	129	–	129
Ind 5.4 : Promoting Skills Development	–	–	–	–	–	–	–
Ind 5.4A : Cape Town Fashion Festival	–	–	1 347	–	1 347	(147)	1 200
Ind 5.4B : Marketing	61	(9)	547	–	599	(374)	225

## Notes to the Financial Statements

### COMMITMENTS continued

#### OBJECTIVE 5 continued

	Closing balance of Prior year commitments 2008/09 R'000	Prior year Error R'000	New commitments Voted & Approved by Accounting Authority R'000	Adjustments to Project Commitments R'000'	Balance after Reallocation R'000	Expenditure 2009/10 R'000	Voted & Contractually Committed 2009/10 R'000
Project 1: SACTWU : Monthly Payment : Labour support	108	–	203	–	311	(302)	9
Project 5 : NBC for clothing absenteeism	340	–	–	–	340	–	340
Ind 5.4D : Capacity Building of Stakeholders : Employers	–	–	–	–	–	–	–
Project 2 : CMA IR Project	–	–	–	–	–	–	–
Ind 5.4E : Capacity Building of Stakeholders : Council & Committee Members	–	–	225	(225)	–	–	–
Project 1: UNISA financial management	–	–	–	–	–	–	–
Project 2 : Strategic Planning	157	–	113	(77)	193	(193)	–
SITT modular training – repairs and maintenance of sewing machine	–	–	200	–	200	(200)	–
SITT Cross skills training for industrial sewing machines (NQF2)	–	–	250	–	250	(105)	145
QCTO Conversion of unit stds (R175000 special proj R200000 – FITF FUND)	–	–	375	–	375	(319)	56
Intersecta summit	–	–	300	–	300	(211)	89
W&RSETA merger	–	–	180	–	180	(43)	137
Enhancement of skills Development BSC Textile science	–	–	35	–	35	(35)	–
Project administration costs	–	–	–	–	–	–	–
Training Layoff Scheme	–	–	–	2 000	2 000	(4)	1 996
W&RSETA learnership funds still to be received	–	–	–	–	–	–	–
W&RSETA learnership funds to be allocated to companies	–	–	–	7	7	(7)	–
<b>SUBTOTAL OBJECTIVE 5</b>	<b>4 373</b>	<b>(1 988)</b>	<b>7 137</b>	<b>609</b>	<b>10 131</b>	<b>(2 838)</b>	<b>7 293</b>
<b>TOTAL COMMITMENTS NSDS 2</b>	<b>36 645</b>	<b>397</b>	<b>28 976</b>	<b>(1 968)</b>	<b>64 050</b>	<b>(20 092)</b>	<b>43 958</b>
<b>TOTAL COMMITMENTS NSDS 1 &amp; NSDS 2</b>	<b>36 645</b>	<b>397</b>	<b>28 976</b>	<b>(1 968)</b>	<b>64 050</b>	<b>(20 092)</b>	<b>43 958</b>

2009/10 R'000	2008/09 R'000
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#### 19. OPERATING LEASES

Total of future minimum lease payments under non-cancelable leases:

Not later than one year

Later than one year and not later than five years

868	821
–	–
<b>868</b>	<b>821</b>

The operating leases relates to building premises used as office accommodation. The current lease agreements in Durban, for 2nd and 3rd floor office premises in Umdoni Centre, Pinetown, expire on 31 March 2011. The Cape Town office lease in Premier Center, Mainroad Observatory, expires on the 31 March, 2011. The Gauteng office lease in Sewafrica House, expires on the 31 March 2011.

#### 20. MATERIAL LOSSES THROUGH CRIMINAL CONDUCT, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

To the best of our knowledge, no material losses through criminal conduct, or irregular, fruitless and wasteful expenditure occurred during the period ended 31 March 2010.

## Notes to the Financial Statements

### 21. FINANCIAL INSTRUMENTS

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

#### Interest rate risk

The SETA manages its interest rate risk by investing in the financial institutions approved by National Treasury. The SETA's exposure to interest rate risk and the effective interest rates on financial instruments at Statement of Financial Position date are as follows:

	Floating rate		Non-interest bearing	TOTAL R'000
	Amount R'000	Effective Interest rate	Amount R'000	
<b>Year ended 31 March 2010</b>				
<b>Assets</b>				
Cash and cash equivalents	59 358	8%	5	59 363
Receivables from non-exchange transactions	–	–	324	324
Receivables from exchange transactions	–	–	73	73
<b>Total financial assets</b>	<b>59 358</b>	<b>8%</b>	<b>402</b>	<b>59 760</b>
<b>Liabilities</b>				
Borrowings	–	–	–	–
Trade and Other Payables non – exchange transactions	–	–	(8 531)	(8 531)
Trade and Other Payables – exchange transactions	–	–	(418)	(418)
KZN DED project funds received in advance	–	–	(235)	(235)
W&RSETA funds received in advance	–	–	(1 993)	(1 993)
Bank overdraft	–	–	–	–
<b>Total financial liabilities</b>	<b>–</b>	<b>–</b>	<b>(11 177)</b>	<b>(11 177)</b>
<b>Year ended 31 March 2009</b>				
Total financial assets	50 500	8%	1 979	52 479
Total financial liabilities	–	–	(11 039)	(11 039)
Note 23.7	50 500	8%	(9 060)	41 440

#### Credit Risk

Financial assets, which potentially subject the SETA to the risk of non performance by counter parties and thereby subject to credit concentrations of credit risk, consist mainly of cash and cash equivalents, investments and accounts receivable. The maximum exposure to credit risk is equal to the carrying amount of the financial instruments.

#### The ageing of Trade & Other Receivable from non-exchange transactions:

Not past due  
Past due 0 – 30 days  
Past due 31 – 120 days  
More than one year

	2009/10 Gross	2008/09 Gross
Not past due	–	–
Past due 0 – 30 days	–	1 193
Past due 31 – 120 days	325	641
More than one year	–	–

#### The ageing of Trade & Other Receivable from exchange transactions:

Not past due  
Past due 0 – 30 days  
Past due 31 – 120 days  
More than one year-deposits

	2009/10 Gross	2008/09 Gross
Not past due	–	–
Past due 0 – 30 days	16	98
Past due 31 – 120 days	33	30
More than one year-deposits	13	12

## Notes to the Financial Statements

### Cash and Cash Equivalents:

Not past due  
 Past due 0 – 30 days  
 Past due 31 – 120 days  
 More than one year

	2009/10 Gross	2008/09 Gross
	59 358	50 500
	–	–
	–	–
	–	–

The SETA manage limits its treasury counter-party exposure by only dealing with well-established financial institutions approved by National Treasury through the approval of their investment policy in terms of Treasury Regulation. The SETA's exposure is continuously monitored by the Executive Committee.

Credit risk with respect to levy paying employers is limited due to the nature of the income received. The SETA does not have any material exposure to any individual or counter-party. The SETAS concentration of credit risk is limited to the industry in which the SETA operates. No significant events occurred in the 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.

### Liquidity Risk

The SETA manages liquidity risk through proper management of working capital, capital expenditure. Adequate reserves and liquid resources are maintained.

#### 2009/10

Trade and other Payables from exchange transactions

Carrying Amount	Contractual Cash Flows	6 months or less	1 – 2 years	More than 2 years
-----------------	------------------------	------------------	-------------	-------------------

418	418	308	109	–
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#### 2008/09

Trade and other Payables from exchange transactions

Carrying Amount	Contractual Cash Flows	6 months or less	1 – 2 years	More than 2 years
-----------------	------------------------	------------------	-------------	-------------------

(509)	(509)	(331)	–	(178)
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### Market risk

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

### Fair values

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

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

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

#### Cash and cash equivalents

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

#### Accounts receivable

The carrying amount of accounts receivable, net of allowance for impairment, approximates fair value due to the relatively short-term maturity of these financial assets. Interest is levied at the prescribed rate as determined by the Act should Employers pay Skills Development Levy late. This interest is then transferred to the SETA via DoL.

#### Accounts payable

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

## Notes to the Financial Statements

### Foreign Exchange Risk

The SETA is exposed to foreign exchange risks arising from contracts with the KZN DED project where payments are made to the University of Liberiac.

## 22. RELATED PARTY TRANSACTIONS

### 22.1 Transactions with other SETAs

Inter SETA transactions and balances arise due to the movement of employers from one SETA to another. No other transactions occurred during the year with other SETAs. The parent entity of all SETAs is the Department of Labour.

The balances at year-end included in receivables and payables are:

	note	2009/10 R'000		2008/09 R'000	
		Amount of the transaction	Amount receivable/ (payable)	Amount of the transaction	Amount receivable (payable)
<b>Receivables</b>	<b>9</b>	<b>142</b>	<b>63</b>	<b>658</b>	<b>100</b>
Services SETA		133	–	(70)	90
W&RSETA		–	62	683	–
MAPPP SETA		–	1	(5)	1
MERSETA		9	–	20	9
THETA		–	–	15	–
CETA		–	–	15	–
<b>Payables</b>	<b>14</b>	<b>(266)</b>	<b>(2)</b>	<b>(145)</b>	<b>(174)</b>
MERSETA		(8)	–	–	(8)
MAPPP SETA		–	(2)	–	–
W&RSETA		(32)	–	–	(21)
FIETA		–	–	–	–
FASSET		–	–	–	–
CHIETA		(216)	–	(145)	(145)
THETA		–	–	–	–
MQA		(10)	–	–	–
CETA		–	–	–	–
<b>Total</b>		<b>(124)</b>	<b>61</b>	<b>513</b>	<b>(74)</b>

## Notes to the Financial Statements

### 22.2 Transactions with other related parties

During the year members of the accounting authority and employees were required to disclose their interest in any contracts that the SETA is entering into with an outside party. As a result the SETA entered into the following transactions with related parties:

Related party	Nature of relationship	Transaction type	2009/10 R'000		2008/09 R'000	
			Amount of the transaction	Amount receivable/payable	Amount of the transaction	Amount receivable/payable
<b>Payables</b>			<b>8 231</b>	<b>561</b>	<b>11 024</b>	<b>851</b>
Frame Textiles	D Bowen (Authority Member)	Discretionary Grant	195	—	1 500	258
Frame Textiles	D Bowen (Authority Member)	Mandatory Grants	887	57	1 098	86
Associated Spinners & Aranda	F Barnard (Chairman)	Discretionary Grant	3 110	30	1 189	185
Associated Spinners & Aranda	F Barnard (Chairman)	Mandatory Grants	220	18	227	20
Zenzeleni	A Kriel (Authority Member)	Discretionary Grant	68	—	—	—
Zenzeleni	A Kriel (Authority Member)	Mandatory Grants	—	—	31	2
Sactwu	A Kriel (Authority Member)	Discretionary Grant	147	—	1 053	—
Feltex	C Stevens (Authority Member)*	Mandatory Grants	—	—	277	18
Da Gama Textiles	E Milne (Authority Member)*	Discretionary Grant	—	—	240	—
Da Gama Textiles	E Milne (Authority Member)*	Mandatory Grants	—	—	443	35
Sans Fibres	A Taylor (Authority Member)*	Discretionary Grant	—	—	300	—
Sans Fibres	A Taylor (Authority Member)*	Mandatory Grants	—	—	353	—
Prestige Clothing	G Choice (Authority Member)	Discretionary Grant	68	—	236	86
Prestige Clothing	G Choice (Authority Member)	Mandatory Grants	114	7	98	6
Eddels Shoes	J Deepnarain (Authority Member)	Mandatory Grants	64	—	123	5
Eddels Shoes	J Deepnarain (Authority Member)	Discretionary Grant	180	130	271	—
Nulaw	M Ngwenya (Authority Member)	Discretionary Grant	—	—	500	—
Bibette (Seardel Group)	D Bowen/J Baard (Authority Member)**	Mandatory Grants	158	17	180	11
Bibette (Seardel Group)	D Bowen/J Baard (Authority Member)**	Discretionary Grant	130	—	150	—
Cape Underwear (Seardel Group)	D Bowen/J Baard (Authority Member)**	Mandatory Grants	315	33	77	7
Cape Underwear (Seardel Group)	D Bowen/J Baard (Authority Member)**	Discretionary Grant	90	—	150	—
Bonwit (Seardel Group)	D Bowen/J Baard (Authority Member)**	Mandatory Grants	290	21	340	22
Bonwit (Seardel Group)	D Bowen/J Baard (Authority Member)**	Discretionary Grant	370	—	390	—
Desiree Quilted (Seardel Group)	D Bowen/J Baard (Authority Member)**	Mandatory Grants	2	—	42	2
Monviso Knitwear (Seardel Group)	D Bowen/D Arends/J Baard (Authority Member)**	Mandatory Grants	289	14	264	17
Monviso Knitwear (Seardel Group)	D Bowen/D Arends/J Baard (Authority Member)**	Discretionary Grant	208	165	366	—
Charmfit (Seardel Group)	D Bowen (Authority Member)	Mandatory Grants	13	—	88	7
Charmfit (Seardel Group)	D Bowen (Authority Member)	Discretionary Grant	—	—	—	15
Cygnat (Seardel Group)	D Bowen (Authority Member)	Mandatory Grants	17	—	131	8
Romatem (Seardel Group)	D Bowen/J Bakkes (Authority Member)	Mandatory Grants	243	20	280	22
Prestige Lingerie (Seardel Group)	D Bowen (Authority Member)	Mandatory Grants	315	35	358	34
Promo Bag	S Singh (Authority Member)	Mandatory Grants	12	1	8	—
Promo Bag	S Singh (Authority Member)	Discretionary Grant	6	7	17	—
Siyaphambili	R Govender (Authority Member)	Mandatory Grants	—	—	11	—
Midlands Weaving (Zorbatex Group)	M Wood (Authority Member)	Mandatory Grants	19	2	39	2
Midlands Weaving (Zorbatex Group)	M Wood (Authority Member)	Discretionary Grant	12	—	105	—
Nambithi Dyehouse (Zorbatex Group)	M Wood (Authority Member)	Discretionary Grant	6	—	6	—
Neat Packaging (Zorbatex Group)	M Wood (Authority Member)	Mandatory Grants	20	2	61	1

/cont

## Notes to the Financial Statements

### Transactions continued

#### Payables

Related party	Nature of relationship	Transaction type	2009/10 R'000		2008/09 R'000	
			Amount of the transaction	Amount receivable/payable	Amount of the transaction	Amount receivable/payable
Panga Techserve (Zorbatex Group)	M Wood (Authority Member)	Mandatory Grants	19	2	22	2
Mario Levi	A Hiscock (Authority Member)	Mandatory Grants	53	—	—	—
DB Apparel	L van Zyl (Authority Member)	Discretionary Grant	42	—	—	—
DB Apparel	L van Zyl (Authority Member)	Mandatory Grants	310	—	—	—
Prima Toys	D Bowen (Authority Member)	Mandatory Grants	216	12	—	—
Brits Textiles	D Bowen (Authority Member)	Mandatory Grants	23	—	—	—
			<b>6 500</b>	<b>—</b>	<b>9 048</b>	<b>—</b>
<b>Levies</b>						
Frame Textiles	D Bowen (Authority Member)	Levies	1 512	—	1 895	—
Associated Spinners & Aranda	F Barnard (Chairman)	Levies	381	—	395	—
Zenzeleni	A Kriel (Authority Member)	Levies	33	—	54	—
Feltex	C Stevens (Authority Member)*	Levies	—	—	471	—
Da Gama Textiles	E Milne (Authority Member)*	Levies	—	—	766	—
Sans Fibres	A Taylor (Authority Member)*	Levies	—	—	1 865	—
Prestige Clothing	G Choice (Authority Member)	Levies	194	—	169	—
Pals Clothing	G Choice (Authority Member)	Levies	158	—	159	—
Eddels Shoes	J Deepnarain (Authority Member)	Levies	160	—	207	—
Bibette(Seardel Group)	D Bowen/J Baard (Authority Member)**	Levies	281	—	307	—
Cape Underwear (Seardel Group)	D Bowen/J Baard (Authority Member)**	Levies	561	—	135	—
Bonwit(Seardel Group)	D Bowen/J Baard (Authority Member)**	Levies	497	—	551	—
Desiree Quilted (Seardel Group)	D Bowen/J Baard (Authority Member)**	Levies	4	—	70	—
Monviso Knitwear (Seardel Group)	D Bowen/D Arends/J Baard (Authority Member)**	Levies	485	—	451	—
Charmfit(Seardel Group)	D Bowen (Authority Member)	Levies	32	—	141	—
Cygnnet(Seardel Group)	D Bowen (Authority Member)	Levies	39	—	209	—
Romatem(Seardel Group)	D Bowen/J Bakkes (Authority Member)	Levies	421	—	454	—
Prestige Lingerie (Seardel Group)	D Bowen (Authority Member)	Levies	560	—	609	—
Promo Bag	S Singh (Authority Member)	Levies	18	—	14	—
Siyaphambili	R Govender (Authority Member)	Levies	14	—	19	—
Midlands Weaving (Zorbatex Group)	M Wood (Authority Member)	Levies	34	—	37	—
Neat Packaging (Zorbatex Group)	M Wood (Authority Member)	Levies	34	—	34	—
Panga Techserve (Zorbatex Group)	M Wood (Authority Member)	Levies	35	—	36	—
Mario Levi	A Hiscock (Authority Member)	Levies	86	—	—	—
DB Apparel	L van Zyl (Authority Member)	Levies	491	—	—	—
Prima Toys	D Bowen (Authority Member)	Levies	347	—	—	—
Brits Textiles	D Bowen (Authority Member)	Levies	113	—	—	—
SA Clothing	D Bowen (Authority Member)	Levies	10	—	—	—

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

The authority members marked with an asterisk (\*) served on the CTFL SETA Council during the previous reporting period (2008/09) but not during the 2009/10 reporting period. Mr Johann Baard (\*\*\*) was no longer employed by the Seardel Group during the period under review (2009/10).



## Notes to the Financial Statements

### 22.3 Transactions with other Government departments within National sphere

		2009/10 R'000		2008/09 R'000	
		Amount of the transaction	Amount receivable/ payable	Amount of the transaction	Amount receivable/ payable
<b>Payables</b>		154	–	166	–
Ethekekwini Municipality	Supply electricity	16	–	13	–
Telkom	Telephone usage	138	–	153	–
<b>Total</b>		<b>154</b>	<b>–</b>	<b>166</b>	<b>–</b>

### 23. PRIOR YEAR ERROR

		2009/10 R'000	2008/9 R'000
<b>23.1</b>	In the prior year the leave provision was incorrectly calculated		
	<b>EFFECT</b>		
	Statement of Financial Performance	–	–
	Leave payments/adjustment of accruals	–	(83)
	Statement of Financial Position	–	–
	Trade and Other Payables – exchange transactions	–	–
	Bonus and leave payable	–	83
		–	–
<b>23.2</b>	In prior years the discretionary accrued expenses were incorrectly calculated		
	<b>EFFECT</b>		
	Statement of Financial Performance		
	Project expenses – Discretionary grants	–	137
	Statement of Financial Position		
	Discretionary reserves	–	254
	Trade and Other Payables – non exchange transactions	–	(391)
		–	–
<b>23.3</b>	In the prior year part of the discretionary grants were misallocated		
	<b>EFFECT</b>		
	Statement of Financial Performance		
	Project expenses – Discretionary grants	–	–
	Ind 1.2C : Skills Audit	–	(16)
	Ind 2.8C : Management Bursaries for workers	–	(30)
	Ind 2.8F : Work Study Bursaries	–	30
	Ind 4.1B : Learnership grants for unemployed learners (18.2 Learners)	–	2 000
	Ind 5.3D : Improve training provision for the F & L Sector (FITF)	–	(2 000)
	Ind 5.4B : Marketing	–	9
	Travel and subsistence	–	7
		–	–
<b>23.4</b>	In prior year fixed assets were incorrectly stated		
	<b>EFFECT</b>		
	Statement of Financial Position		
	Office Equipment- carrying amount 2009	–	1
	Office Furniture and fittings – carrying amount 2009	–	(1)
	Computer Equipment – additions	–	1
	Office Equipment -additions	–	(1)
		–	–

## Notes to the Financial Statements

	2009/10 R'000	2008/9 R'000
<b>23.5</b> In prior years intangible assets for website development was expensed to the discretionary expense-marketing instead of intangible assets		
<b>EFFECT</b>		
Statement of Financial Position		
Amortisation	–	2
Statement of Financial position		
Accumulated amortisation	–	(7)
Intangible assets – Software	–	10
Discretionary reserves	–	(5)
Discretionary reserves	–	(3)
Administration reserve	–	3
	–	–
<b>23.6</b> In prior year fixed assets were incorrectly allocated between computer equipment and office equipment		
Statement of Financial Position		
Computer equipment – cost	–	(69)
Computer equipment – accumulated depreciation	–	59
Office Equipment – cost	–	69
Office Equipment-accumulated depreciation	–	(59)
	–	–
<b>23.7</b> In prior year the financial instrument note was incorrectly stated note : 21		
Total financial assets	–	1 834
Total financial liabilities	–	(10 505)
	–	(8 671)

### 24. CHANGE IN ACCOUNTING ESTIMATES

During the year CTFL SETA's licence was extended until 31 of March 2011, the remaining useful life of the property, plant and equipment was revised in the current financial year resulting in a change of accounting estimate for depreciation.

#### EFFECT

Depreciation	(93)	–
Accumulated depreciation – Computer equipment	43	–
Accumulated depreciation – Office furniture	26	–
Accumulated depreciation – Office Equipment	24	–
	–	–

### 25. RELICENSING

The CTFL SETA submitted its application for re-establishment and re-certification on 27 March 2009. The licence was renewed by the Department of Higher Education and Training until the 31 of March 2011. Changes to the SETA Landscape were publically announced in May 2010 and Public hearings are still to take place.

### 26. EVENTS AFTER REPORTING DATE

In terms of the PFMA, all surplus funds as at year-end may be forfeited to National Treasury. A formal letter has been obtained from National Treasury to retain the surplus for 2009/10.

Management is not aware of any other post balance sheet events that may affect the Annual Financial Statements.

Administration Reserve	136	238
Employer Grants Reserve	34	273
Discretionary Grants Reserve	48 577	41 197
Unappropriated surplus	–	–
Total Funds as per Statement of Financial position	48 747	41 708

## Notes to the Financial Statements

### 27. BUDGET VERSES ACTUAL FIGURES

The financial statements and the budget were prepared on the same basis of accounting.  
CTFL SETA budget comparison with actual figures

Note	2009/10 Actual R'000	2009/10 Budget R'000	2009/10 Variance R'000
<b>Statement of Financial Performance</b>			
Skills Development Levies	59 039	59 511	(472)
Admin income	7 380	7 439	(59)
Mandatory grant income	36 912	37 194	(282)
Discretionary grant income	14 747	14 878	(131)
Interest & Penalties	584	460	124
Investment income	3 793	3 600	193
DED income	957	957	–
W&RSETA – joint collaboration project	7	–	7
<b>Total</b>	<b>64 380</b>	<b>64 528</b>	<b>(148)</b>
Mandatory grant expenses	(29 451)	(29 756)	305
Discretionary expenses	(19 127)	(66 356)	47 229
Kwazulu-Natal Department of Economic development :			
Special project	(957)	(957)	–
W&RSETA – joint collaboration project-Funds expensed	(7)	–	(7)
Administration expenses	(7 798)	(8 355)	557
Depreciation	(102)	(198)	96
Amortisation	(12)	(12)	–
Loss on disposal of property, plant and equipment	(6)	(7)	1
Operating lease rentals (minimum lease payments)	(868)	(879)	11
Maintenance, repairs and running costs	(2)	(5)	3
Advertising	(3)	(5)	2
Consultancy and service provider fees	(36)	(38)	2
Legal fees	–	(1)	1
Cost of employment	(4 179)	(4 179)	–
Travel and subsistence	(272)	(424)	152
Staff training and development	15	5	10
Remuneration to members of the audit committee	(7)	(13)	6
Possible Audit committee investigations	–	(1)	1
Audit fees	(1 304)	(1 395)	91
Bad Debts	(13)	(105)	92
Bank Charges	(32)	(36)	4
Computer expenses	(12)	(15)	3
Staff workshops	(27)	(30)	3
Electricity	(16)	(17)	1
Work shops & Functions	(43)	(75)	32
Insurance	(35)	(35)	–
Motor Expenses	(17)	(18)	1
Office Expenses	(23)	(27)	3
Postage	(24)	(24)	–
Printing and Publications	(32)	(32)	–
Research and development	(520)	(520)	–
Stationary	(18)	(28)	10
Subscriptions and Memberships	(13)	(13)	–
Telephone	(173)	(180)	7
ETQA expenses	(23)	(48)	25
<b>Net surplus</b>	<b>7 040</b>	<b>(40 896)</b>	<b>47 936</b>

## Notes to the Financial Statements

### Statement of Financial Position

	Note	2009/10 Actual R'000	2009/10 Budget R'000	2009/10 Variance R'000
<b>Non-current assets</b>				
Property, plant and equipment and intangible assets	2	136	54	82
<b>Current assets</b>				
Receivables from non-exchange transactions		324	803	(479)
Receivables from exchange transactions		73	112	(39)
Inventories		28	30	(2)
Cash and cash equivalents	3	59 363	14 045	45 318
<b>Total assets</b>		<b>59 924</b>	<b>15 044</b>	<b>44 880</b>
<b>Funds and reserves</b>				
Administration reserve		136	54	82
Employer grant reserve		34	219	(185)
Discretionary reserve		48 577	66	48 511
<b>Current liabilities</b>				
Trade and Other Payables non – exchange transactions	4	8 531	14 494	(5 963)
Trade and Other Payables – exchange transactions		418	212	206
KZN DED project funds received in advance		235	–	235
W&RSETA funds received in advance		1 993	–	1 993
<b>Total equity and liabilities</b>		<b>59 924</b>	<b>15 045</b>	<b>44 879</b>

**Note 1.** The budget was calculated on the assumption that all discretionary reserves would be spent by year end, this was not achieved due to slow submission of documentation from companies and tranche payments.

**Note 2.** Budgeted fixed assets were calculated based on the SETA licence ending on the 31 of March 2010, towards the end of the financial year the licence was extended until March 2011 and this resulted in a recalculation of the useful life of the fixed assets.

**Note 3.** The budget was calculated on the assumption that all discretionary reserves would be spent by year end, this was not achieved due to slow submission of documentation from companies and tranche payments of various funding windows which resulted in the difference between actual cash and cash equivalents and budgeted cash and cash equivalents.

**Note 4.** The variance is due to fewer invoices received for payment after the financial year end.

### SUPPLEMENTARY SCHEDULE

#### Any other material matters – Soccer World Cup clothing and tickets

##### World Cup Expenditure

	Quantity	2009/10 R'000	2008/09 R'000
Tickets acquired	–	–	–
Purchase of other world cup apparel	–	–	–
<b>Total world cup expenditure</b>	<b>–</b>	<b>–</b>	<b>–</b>

Tickets acquired after year-end (30 June 2010)

–      –

CTFL SETA did not purchase any world cup tickets or apparel during or after the financial year ending 31 of March 2010.

## Annexures

### Governance Structures

Annexure I

CTFL SETA COUNCIL MEMBERS	CONSTITUENCY	RACE & GENDER	MEETINGS ATTENDED
Abrahams, Abieda	Labour (Sactwu)	Coloured Female	4 of 4
Arends, Debbie (Resigned Oct 09) / Bakkes, Jacqueline (Appointed Nov 09)	Employers (Textiles)	Coloured Female/ White Female	2 of 2 1 of 2
August, Mary	Labour (Sactwu)	Coloured Female	3 of 4
Baard, Johann	Employers (Clothing)	White Male	4 of 4
Barnard, Frans – Chairperson	Employers (Textiles)	White Male	3 of 4
Bowen, David	Employers (Textiles)	White Male	4 of 4
Cronje, Amanda (Resigned June 09) / Choice, Graham (Appointed Aug 09)	Employers (Clothing)	White Female White Male	0 of 1 3 of 3
Deepnarain, Jai	Employers (Footwear)	Indian Male	2 of 4
Govender, Ronnie (resigned May 09)	Employers (Clothing)	Indian Male/ White Female	0 of 1 1 of 2
Van Zyl, Lize (appointed Nov 09)			
Hiscock, Anna-Marie	Employers (Leather)	White Female	2 of 4
Kodisang, Cornelius	Labour (Sactwu)	African Male	3 of 4
Kriel, Andre (resigned Oct 09)	Labour (Sactwu)	Coloured Male	2 of 2
Vlok, Etienne (appointed Oct 09)		White Male	3 of 3
Theron, Paul	Employers (Footwear)	White Male	4 of 4
Lipali, Adeline	Labour (Sactwu)	African Female	1 of 4
Maliti, Tandile	Labour (Sactwu)	African Male	3 of 4
Wood, Mike	Employers (Textiles)	White Male	4 of 4
Naidoo, Devarani (Vice-Chairperson)	Labour (Sactwu)	Indian Female	3 of 4
Ngwenya, Michael	Labour (Nulaw)	African Male	4 of 4
Oosthuysen, Freda	Labour (Sactwu)	Coloured Female	4 of 4
Singh, Shara	Employers (General Goods)	Indian Female	4 of 4
Smart, Len	Employers (Clothing)	White Male	3 of 4
Jacobs, Wayne	Labour (Sactwu)	Coloured Male	4 of 4
Yika, Ntombinkulu	Sactwu (Labour)	African Female	2 of 4
<b>Invited Members</b>			
Pupuma, Fikiswa	KZN DED	African Female	3 of 4
Tembo, Abisha	Department of Trade and Industry	African Male	1 of 1

EXECUTIVE COMMITTEE MEMBERS	CONSTITUENCY	RACE & GENDER	MEETINGS ATTENDED
Abrahams, Abieda	Labour (Sactwu)	Coloured Female	2 of 2
Barnard, Frans (Chairperson)	Employers (Textiles)	White Male	2 of 2
Bowen, David	Employers (Textiles)	White Male	2 of 2
Choice, Graham	Employers (Clothing)	White Male	1 of 2
Hiscock, Anna-Marie	Employers (Leather)	White Female	1 of 2
Kodisang, Cornelius	Labour (Sactwu)	African Male	2 of 2
Naidoo, Devarani	Labour (Sactwu)	Indian Female	2 of 2
Ngwenya, Michael	Labour (Nulaw)	African Male	1 of 2
Freda Oosthuysen	Labour (Sactwu)	Coloured Female	1 of 2
Smart, Len	Employers (Clothing)	White Male	1 of 2
Theron, Paul	Employers (Footwear)	White Male	1 of 2
Vlok, Etienne	Labour (Sactwu)	White Male	1 of 2

## Annexures

### Human Resources Report

Annexure 2

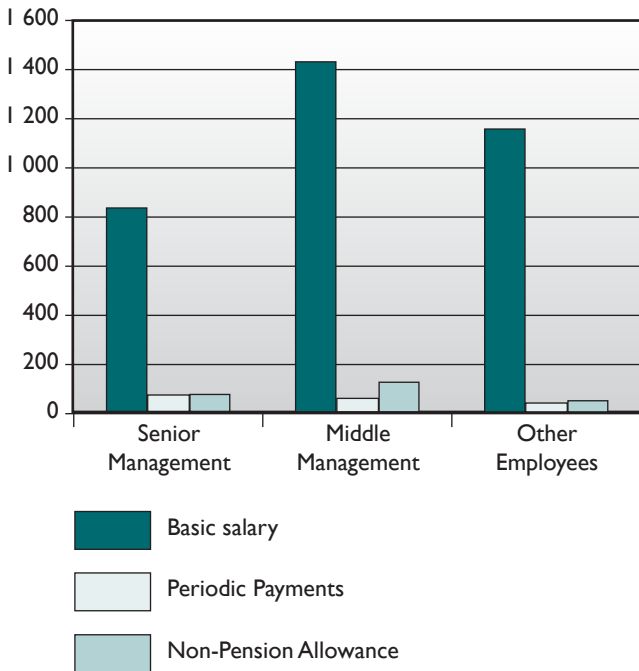
#### CTFL SETA ORGANISATIONAL STRUCTURE AS AT 31 MARCH 2010

DEPARTMENT	SENIOR MANAGEMENT	MIDDLE MANAGEMENT	OTHER EMPLOYEES			
Head Office:	Chief Executive Officer	Marketing & Communications Manager		PA to the CEO		General Worker
Head Office: Finance	Chief Financial Officer		Assistant Accountant	Financial Administrator		
				Grant Disbursement Administrator	Grant Disbursement Assistant	
Head Office: ETQA		ETQA Manager		MIS Administrator		
				ETQA Administrator		
Head Office: Projects		Projects Manager		Projects Administrator		
Regional Office: Gauteng		Regional Manager			Administrative Assistant	
Regional Office: KZN		Regional Manager			Administrative Assistant	
Regional Office: Western Cape		Regional Manager		Administrator	Administrative Assistant	General Worker

Remuneration of CTFL SETA Staff

	R'000
<b>TOTAL EXPENDITURE APRIL 2009 – MARCH 2010</b>	<b>4 179</b>
<b>Senior Management</b>	<b>961</b>
Basic salaries	831
Periodic payments	67
Other non-pensionable allowance	63
<b>Middle management</b>	<b>1 596</b>
Basic salaries	1 419
Periodic payments	56
Other non-pensionable allowance	121
<b>Other employees</b>	<b>1 212</b>
Basic salaries	1 139
Periodic payments	31
Other non-pensionable allowance	42
<b>Social contributions</b>	<b>327</b>
Termination Benefits	–
Medical aid contributions	37
Pension contributions	262
Unemployment contributions	25
Funeral Insurance	55
Bonus Provision	5
Leave Provision	-31
Workman's Compensation	15
Skills Development Levies	41

Expenditure: Salaries excluding social contributions (R'000)



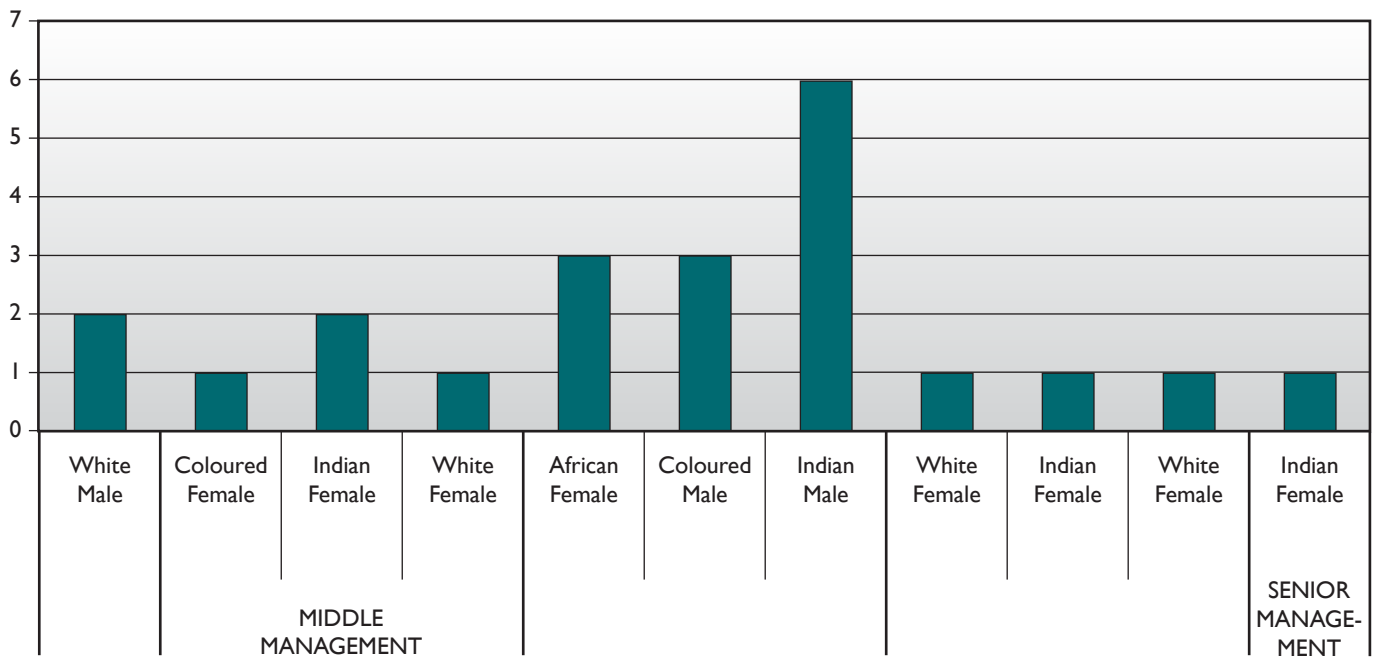
SALARY BANDS (R)	NUMBER OF STAFF at 31 March 2010
400 000 – 600 000	2
300 000 – 399 000	3
200 000 – 299 000	3
100 000 – 199 000	4
60 000 – 99 000	5
0 – 59 000	5



Employment and vacancies as at 31 March 2010

- 22 Posts on the establishment (including 3 fixed term contracts).
- 22 Employees employed at year end.
- NIL Vacancies.
- NIL Vacancy Rate.
- 1 Staff member additional to establishment assisting with data-capturing – short term contract.
- 10 Part time contract staff : Sector Skills Facilitators are appointed on a contract basis.

Equity breakdown of employees at 31 March 2010



Employment changes : April 2009 – March 2010

Resignations

- 1 Middle Management      The KZN Regional Manager resigned in April 2009.
- 2 Other Employees      The Western Cape Regional Administrative Assistant resigned at the end of April 2009.  
The Projects Administrator resigned in June 2009.  
The Gauteng Regional Administrative Assistant resigned at the end of August 2009.

Appointments

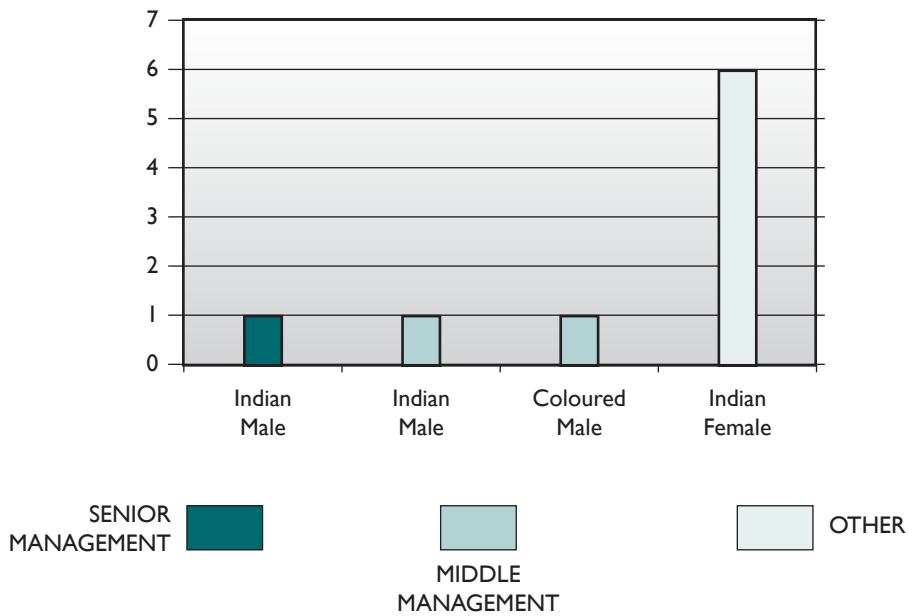
- 2 Middle Management      The KZN Regional Manager’s post was filled in April 2009.
- 4 Other Employees      Four new appointments were made in this category namely:
  - Financial Administrator April 2009
  - Projects Administrator (September 2009)
  - Gauteng Regional Administrative Assistant (October 2009)
  - Western Cape Regional Administrative Assistant (November 2009)

**Skills Development**

The CTFL SETA submitted their mandatory grant application, which included a WSP and ATR to the ETDP SETA in 2008/09, giving structure to staff training and development plans. We have a wealth of human capital in our organization and staff members are offered training according to his or her aptitude and career ambitions. A variety of skills development interventions were undertaken to upskill CTFL SETA staff during the period relating to information technology, financial administration, supply chain management and education seminars. See breakdown of staff that benefit from the interventions below.

The CTFL SETA was awarded 4 discretionary grants/bursaries from ETDP SETA.

**Beneficiaries of skills development interventions during 2009/10**



**Other HR Matters**

- Job Evaluation** Job and performance evaluations are conducted twice a year to ensure alignment with individual job profiles and annual SETA and NSDS targets.
- Disciplinary Action** None during the period under review.
- Performance Rewards** Performance based salary increments were applied.
- HIV/AIDS & Health Promotion Programmes** HIV/AIDS policy in place.
- Labour Relations** No incidents were reported.
- Injury on Duty** There was no injury on duty reported during the period under review.

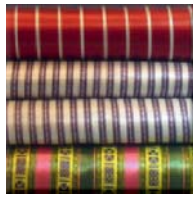
## Acronyms

## Annexure 3

ABET	Adult Basic Education and Training
ATR	Annual Training Report
BEE	Black Economic Empowerment
CBO	Community Based Organisation
CPD	Continuous Professional Development
CPUT	Cape Peninsula University of Technology
CSIR	Council for Scientific and Industrial Research
CSP	Customised Sector Programme
CTFL	Clothing, Textiles, Footwear and Leather
DCC	Duty Credit Certificate
DED	Department of Economic Development
DHET	Department of Higher Education and Training
DoL	Department of Labour
DUT	Durban University of Technology
ETDP	Education, Training and Development Practices
ETQA	Education and Training Quality Assurance
EXCO	Executive Committee
FET	Further Education and Training
FITF	Footwear Industry Technology Fund
GET	General Education and Training
HET	Higher Education and Training
HTPI	Host Training Provider Institution
IPAP2	Industrial Policy Action Plan 2
ISOE	Institute of Sectoral or Occupational Excellence
KZN	KwaZulu-Natal
MIS	Management Information System
NGO	Non-Governmental Organisation
NLRD	National Learner Record Database
NSDS	National Skills Development Strategy
NULAW	National Union of Leather and Allied Workers
PFMA	Public Finance Management Act, 1999 (Act No 1 of 1999).
QCTO	Quality Council for Trade and Occupations
SACTWU	Southern African Clothing and Textile Workers Union
SAQA	South African Qualifications Authority
SDL	Skills Development Levy
SETA	Sector Education and Training Authority
SLA	Service Level Agreement
SMME	Small, Medium and Micro Enterprises
SSP	Sector Skills Plan
TUL	Technical University of Liberec in Czech Republic
W&RSETA	Wholesale and Retail SETA
WSP	Workplace Skills Plan
WTPI	Workplace Training Provider Institution



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