

# ANNUAL REPORT

2011/12



higher education  
& training


Department:  
Higher Education and Training  
REPUBLIC OF SOUTH AFRICA

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

### ANNUAL REPORT 2011/12

To the Minister of Higher Education and Training, Dr Blade Nzimande, MP.

I have the honour of submitting the Annual Report of the Department of Higher Education and Training for the period 1 April 2011 to 31 March 2012.

A handwritten signature in black ink, consisting of a large, stylized 'Q' followed by a horizontal line and a small flourish.

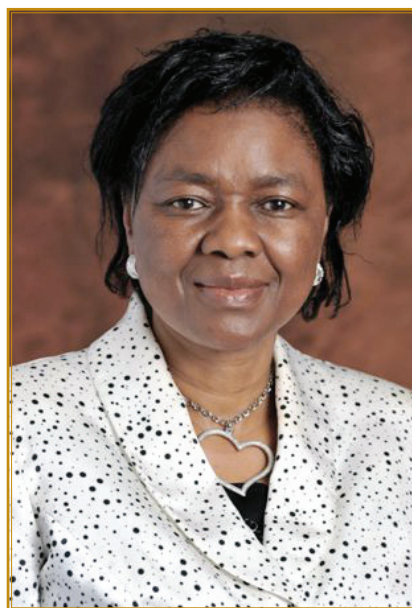
**Mr GF Qonde**

**Director-General: Higher Education and Training**

**31 May 2012**



**DR BLADE NZIMANDE**  
MINISTER:  
HIGHER EDUCATION AND TRAINING



**PROF. HLENGIWE MKHIZE**  
DEPUTY MINISTER:  
HIGHER EDUCATION AND TRAINING



**MR GWEBINKUNDLA QONDE**  
DIRECTOR-GENERAL:  
HIGHER EDUCATION AND TRAINING



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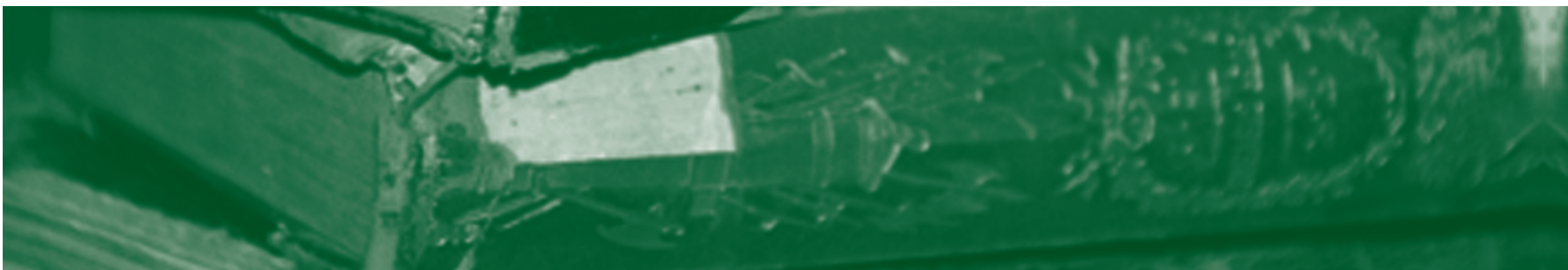
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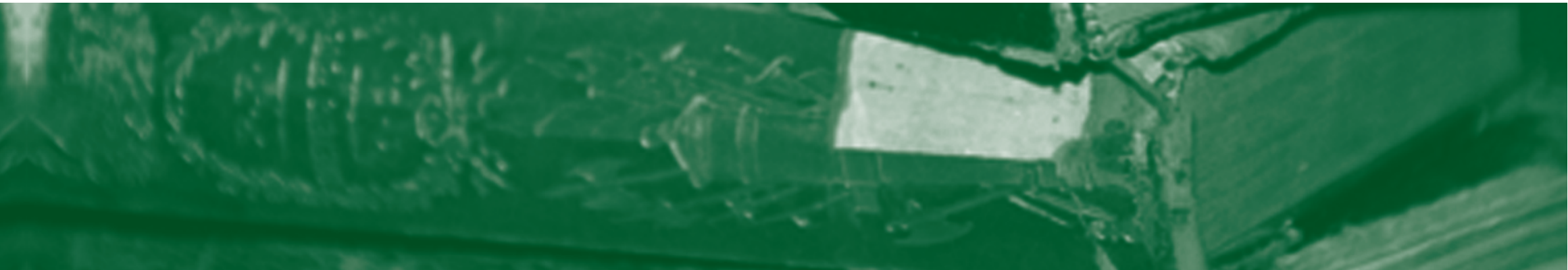
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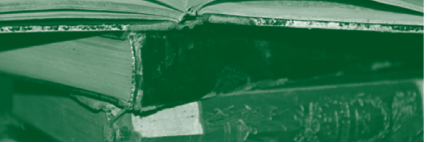


# SECTION 1

## GENERAL INFORMATION







# SECTION 1

## GENERAL INFORMATION

- 1.1 Vision, Mission and Value Statement
- 1.2 Organisational Structure
- 1.3 Legislative Mandate
- 1.4 Entities Reporting to the Minister
- 1.5 Statement from the Minister
- 1.6 Accounting Officer's Overview

# 1. GENERAL INFORMATION

## 1.1 VISION, MISSION AND VALUES

### 1.1.1 Vision

Our Vision is of a South Africa in which we have a differentiated and fully inclusive post-school system that allows all South Africans to access relevant post-school education and training, in order to fulfil the economic and social goals of participation in an inclusive economy and society.

### 1.1.2 Mission

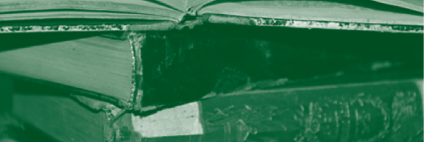
It is the Mission of the Department of Higher Education and Training to develop capable, well educated and skilled citizens who are able to compete in a sustainable, diversified and knowledge-intensive international economy, which meets the developmental goals of our country.

The Department will undertake this mission by reducing the skills bottlenecks, especially in priority and scarce skills areas; improving low participation rates in the post-school system; correcting distortions in the shape, size and distribution of access to post-school education and training and improving the quality and efficiency in the system, its sub-systems and its institutions.

### 1.1.3 Value statement

The Department is committed to:

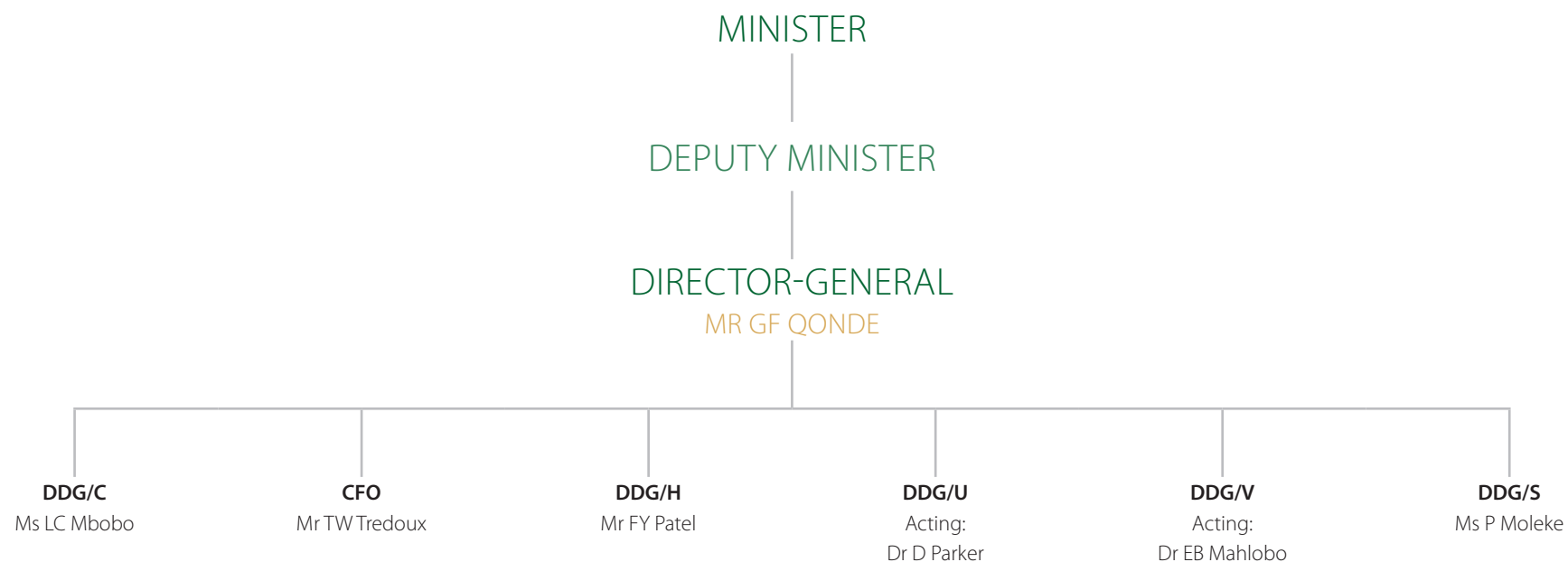
- Distinction and excellence in all our work efforts to develop a skilled and capable workforce for the country
- Honesty, perseverance and commitment in providing differentiated education and training opportunities for all the people of South Africa
- Efficiency of work habits and proficiency of all departmental employees in fulfilling the mandate of the department
- Teamwork, cooperation and solidarity in working with our partners in higher education and training to achieve the shared goals
- Transformation imperatives by addressing social inequality, race, gender, age, geography, HIV/Aids and disability issues in all our higher education and training institutions in order to normalise our institutions



## 1.2 ORGANISATIONAL STRUCTURE

The Department of Higher Education and Training consists of the office of the Director-General and five branches namely:

- Director-General: Mr GF Qonde
- Branch: Corporate Services/Administration  
Deputy Director-General: Ms LC Mbobo (DDG: C)
- Branch: Human Resource Development, Planning and Monitoring Coordination  
Deputy Director-General: Mr FY Patel (DDG: H)
- Branch: University Education  
Acting Deputy Director-General: Dr D Parker (Acting DDG: U)
- Branch: Vocational and Continuing Education and Training  
Acting Deputy Director-General: Dr EB Mahlobo (Acting DDG: V)
- Branch: Skills Development  
Deputy Director-General: Ms P Moleke (DDG: S)

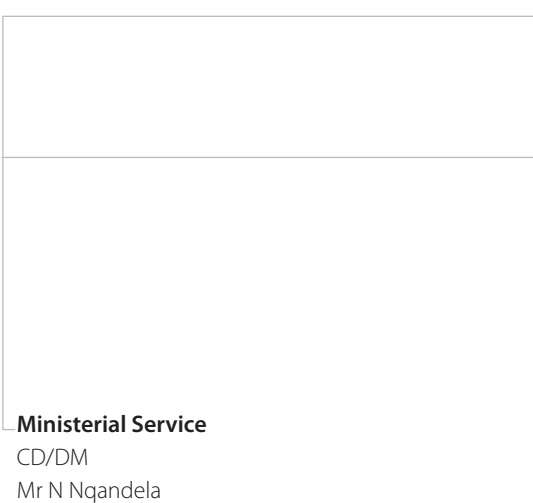


## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

## BRANCH

**DG:**        **Director-General**  
 DG  
 Prof. ME Metcalfe  
 Acting DG: Mr GF Qonde

## CHIEF DIRECTORATE



## DIRECTORATE

**Internal Audit**

D/DI

Mr P du Toit

**Office of the DG (Administration)**

D/DD

Mr IZ Hlongwane

Mr M Sithebe (Call Centre)

Additional

CD: Vacant

D: Vacant

**Director in Ministry**

Ms VQ Vika (CD)

Ms S Mncwabe

**Deputy Ministry**

Ms PNN Kananda

**Additional in Ministry**

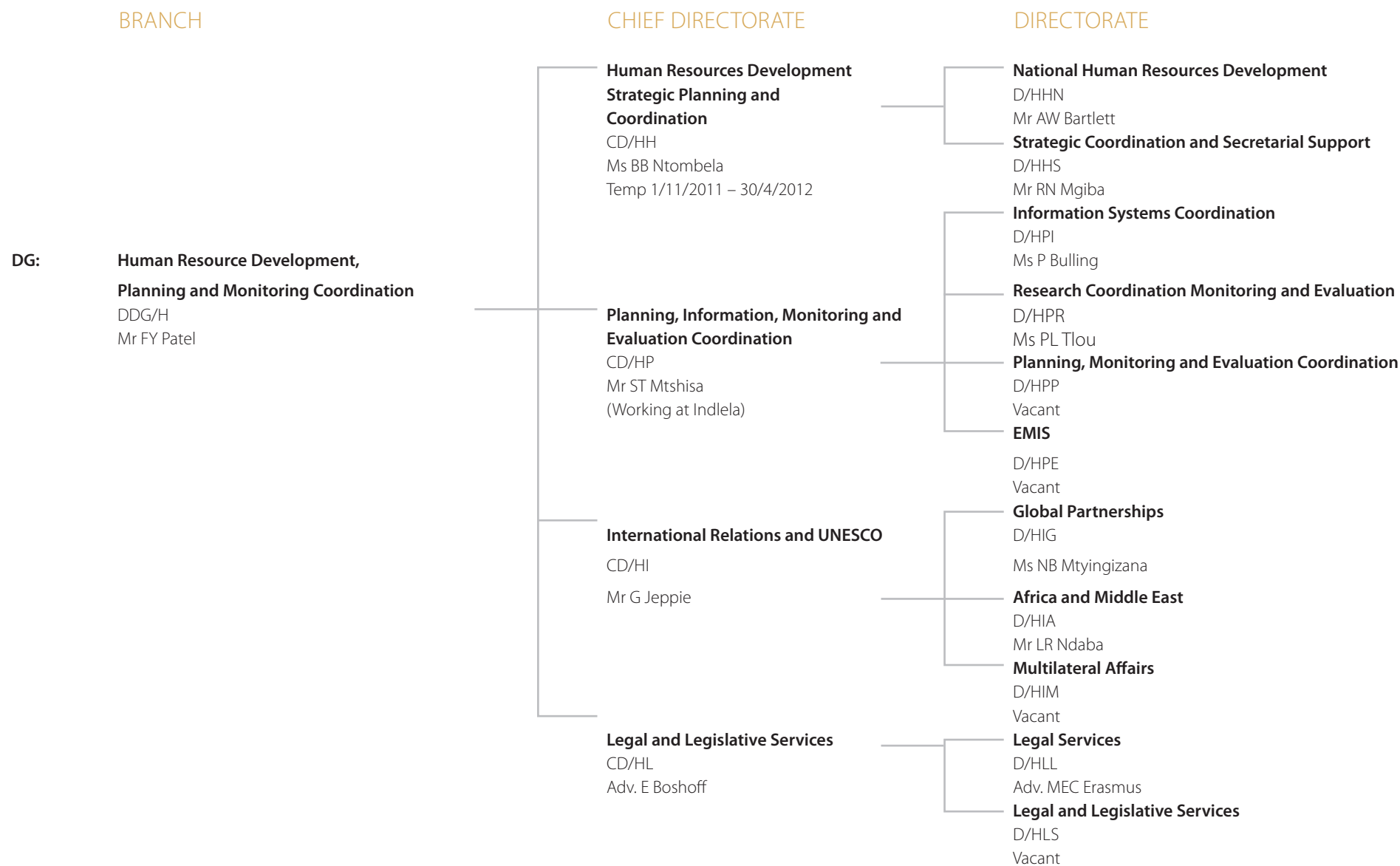
Mr J Pampallis: Special Advisor

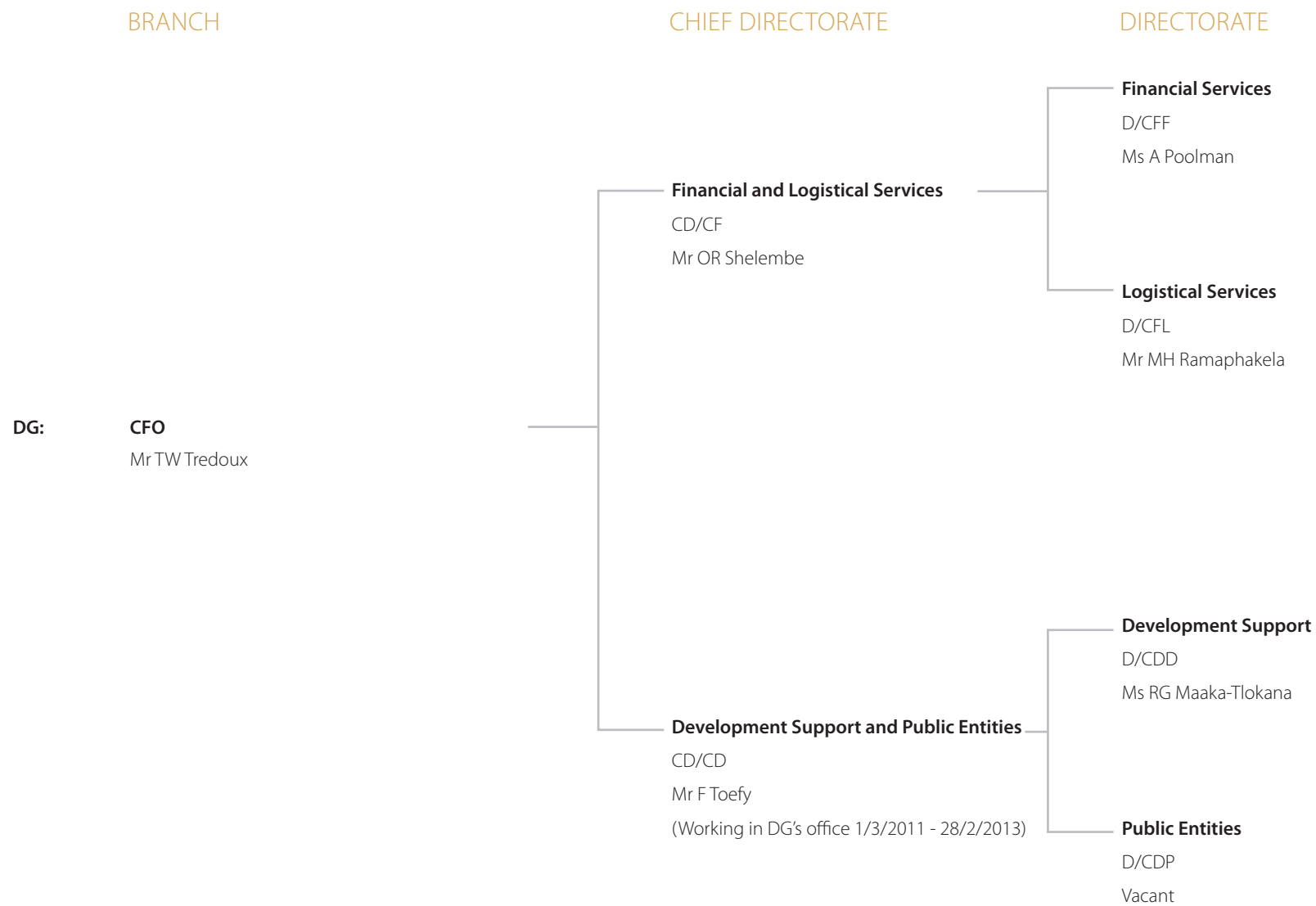
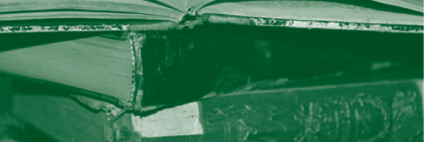
Additional: Dr T Coombe (CD)

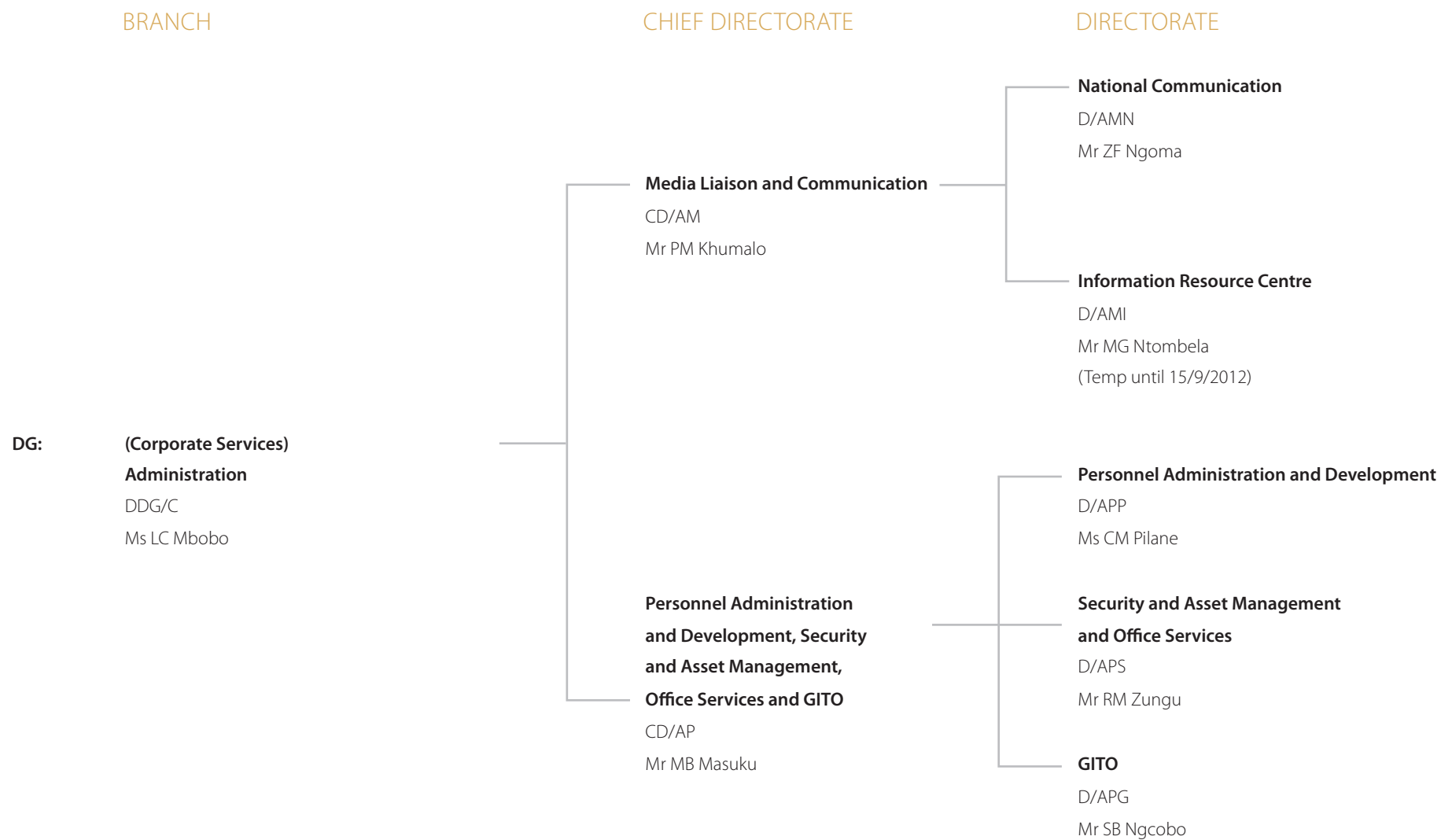
DHET Attaché to Paris: Ms NY Vukuza-Linda (CD) in DG's office

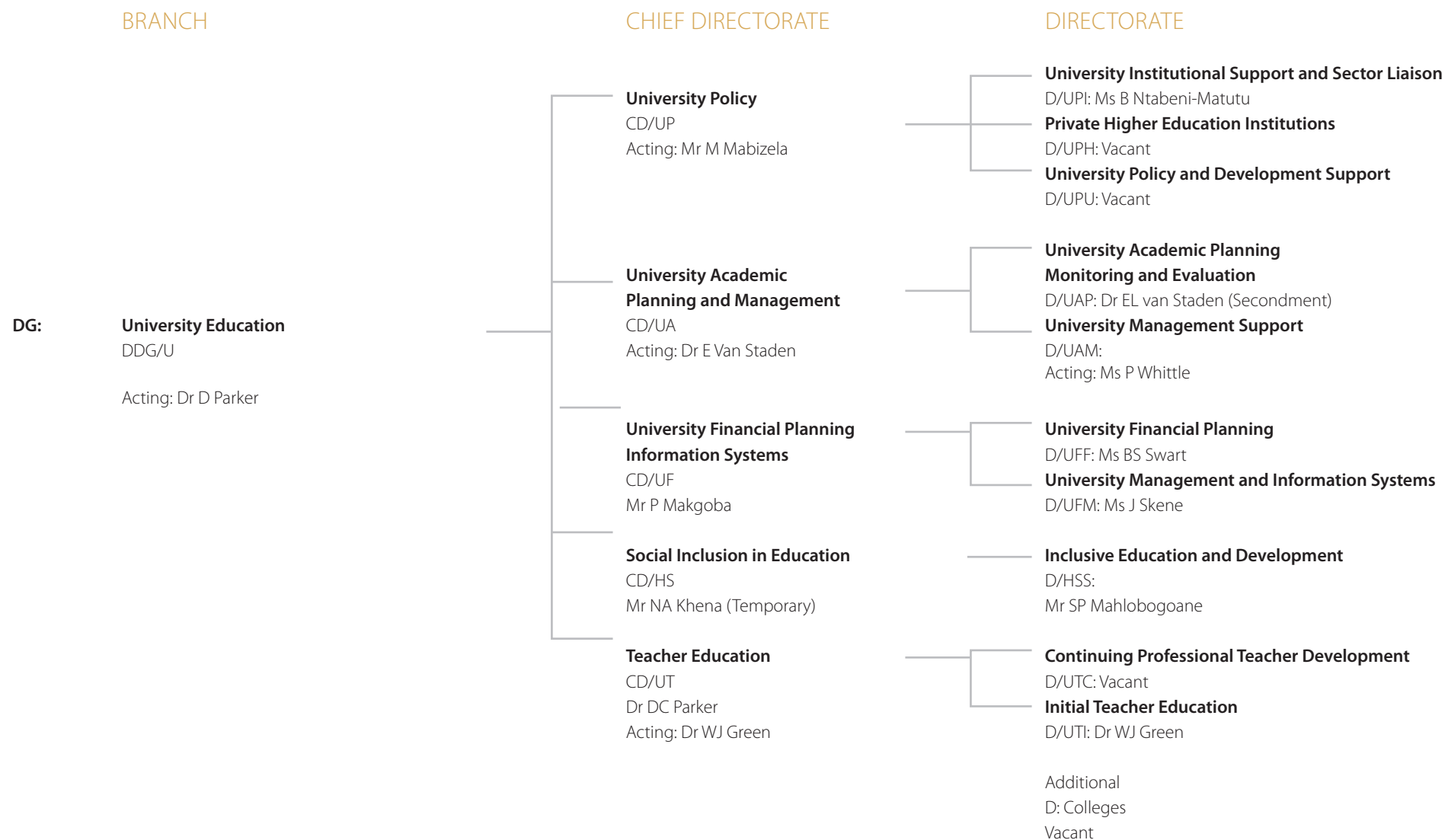
Mr V Mathonsi (Ministry) D: Special Projects

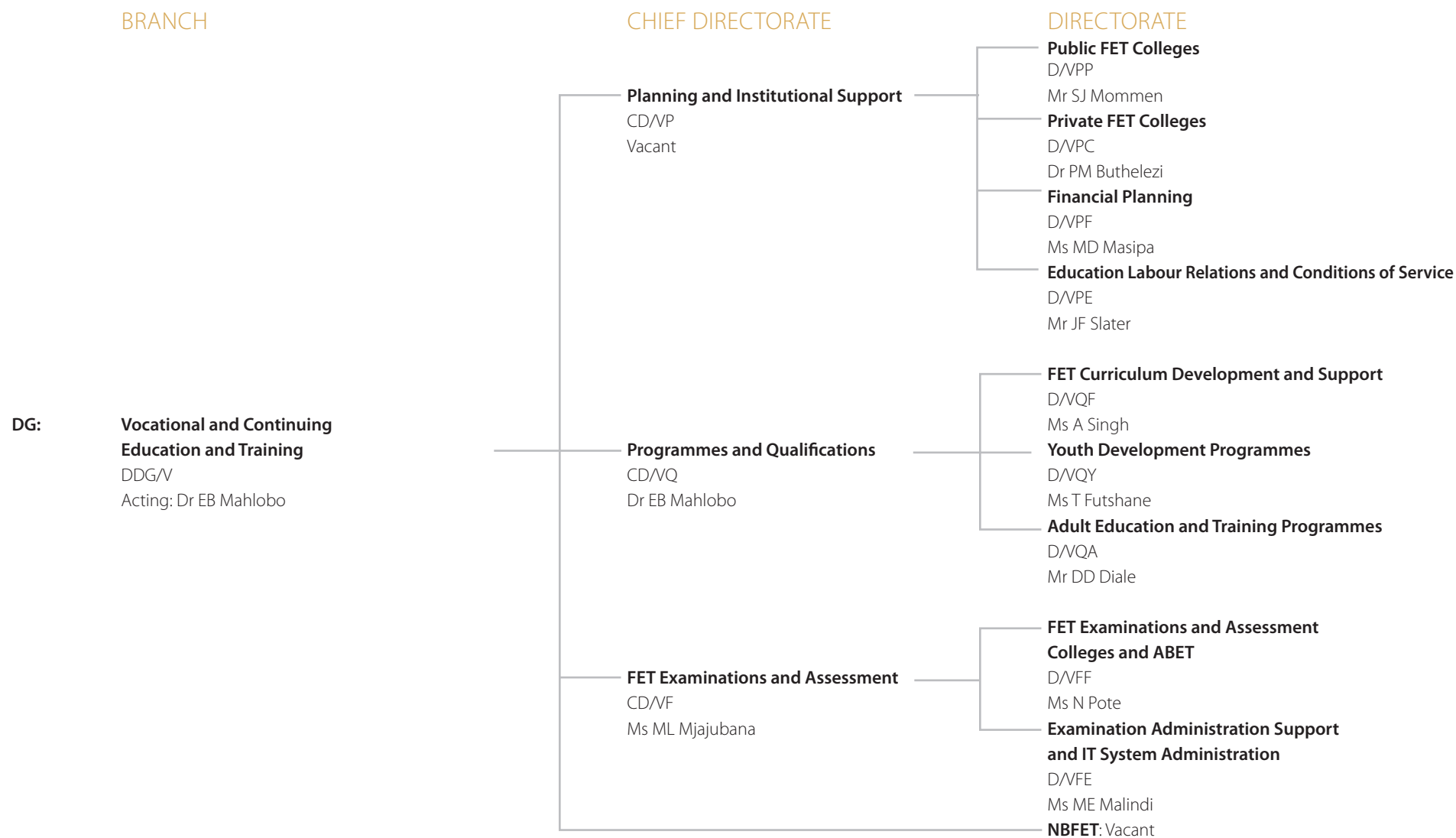




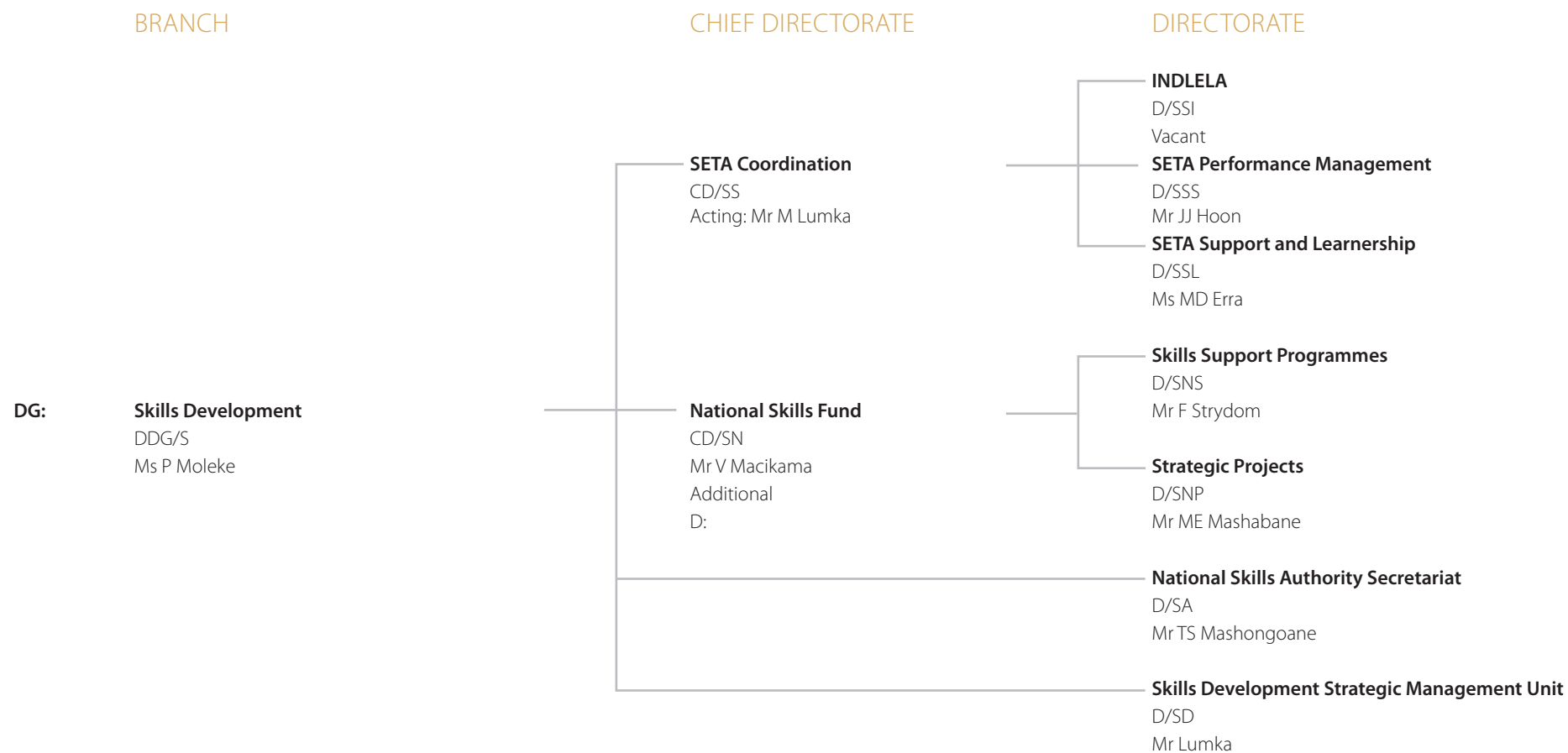










**Additional**

Work Integrated Learning and Placement: CD: Vacant

Dr FP Prinsloo: CD until 31/10/2012

NSF Finance: D: Vacant

Ms A Bird acting CEO for QCTO until 31/3/2012

Mr MG Ntombela: Skills Branch Placed in Information Resource Centre post: 16/3/2011 - 15/9/2012

## 1.3 LEGISLATIVE MANDATE

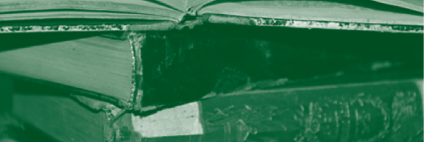
### 1.3.1 Legislative Mandate

The Department derives its legislative mandate from the supreme law of the Republic, the Constitution, within the purport of section 29, read with Schedule 4, which lists education at all levels, excluding tertiary education as a functional area of concurrent national and provincial legislative competence, whereas section 29 states as follows:

- (1) Everyone has the right-
  - (a) to a basic education, including adult basic education; and
  - (b) to further education, which the state, through reasonable measures, must make progressively available and accessible.
- (2) Everyone has the right to receive education in the official language or languages of their choice in public educational institutions where that education is reasonably practicable. In order to ensure the effective access to, and implementation of, this right, the state must consider all reasonable educational alternatives, including single medium institutions, taking into account-
  - (a) equity;
  - (b) practicability; and
  - (c) the need to redress the results of past racially discriminatory laws and practices.
- (3) Everyone has the right to establish and maintain, at their own expense, independent educational institutions that-
  - (a) do not discriminate on the basis of race;
  - (b) are registered with the state; and
  - (c) maintain standards that are not inferior to standards at comparable public educational institutions.
- (4) Subsection (3) does not preclude state subsidies for independent educational institutions.

Within the context of Higher Education and Training, key policies and legislation were developed and can be summarised as follows:

1. The Higher Education Act, 1997 (Act 101 of 1997), (HEA), provides for a unified and nationally planned system of higher education. It furthermore established the green light for a statutory Council on Higher Education, (CHE) which advises the Minister while being responsible for quality assurance and promotion. The Higher Education Act and Education White Paper 3: A Programme for the Transformation of Higher Education (1999), formed the basis for the transformation of the higher education sector with implementation being guided by the National Plan for Higher Education (2001).
2. The National Student Financial Aid Scheme Act, 1999 (Act 56 of 1999), provides for the granting of loans and bursaries to eligible students attending public higher educational institutions, as well as for the administration of such loans and bursaries.



3. The Adult Education and Training Act, 2000 (Act 52 of 2000), (AET), provides for the establishment of public and private adult learning centres, funding for AET, the governance of public centres, as well as for quality assurance mechanisms for the sector.
4. The Further Education and Training Colleges Act, 2006 (Act 16 of 2006), provides for the regulation of further education and training, the establishment of governance bodies and the funding of public FET colleges, the registration of private FET colleges and the promotion of quality in further education and training.
5. The National Qualifications Framework Act, 2008 (Act 67 of 2008), provides for the National Qualifications Framework, the South African Qualifications Authority and the Quality Councils. The National Qualifications Framework is the principal instrument through which national education and training qualifications are recognised and quality assured.
6. The administration powers and functions originally entrusted to the Minister of Labour by the Skills Development Levies Act and the Skills Development Act, with the exception of provisions dealing with Productivity South Africa and employment services, were transferred to the Minister of Higher Education and Training, effective from 1 November 2009, by way of Presidential Proclamation 56 of 2009. However, the provisions dealing with Productivity South Africa and employment services have since been repealed.
7. The Skills Development Levies Act, 1999 (Act 9 of 1999), provides for the imposition of the skills development levy and matters connected therewith.
8. The Skills Development Act, 1998 (Act 97 of 1998), provides for an institutional framework to devise and implement national, sector and workplace strategies to develop and improve the skills of the South African workforce, to integrate those strategies within the National Skills Framework contemplated in the South African Qualifications Authority Act; to provide for learnerships that lead to the recognition of occupational qualifications; to provide for the financing of skills development by means of a levy as well as the financing of skills and the National Skills Fund.

#### **Shared legislation**

9. The National Education Policy Act, 1996 (Act No. 27 of 1996), (NEPA), insofar as the administration, powers and functions pertaining to the determination of policy for public and private centres offering adult education and training, established as envisaged in the Adult Education and Training Act, 2000 and public and private colleges providing further education as envisaged in the FETC Act, 2006, were transferred to the Minister of Higher Education and Training. The NEPA was designed to inscribe in law the policies, as well as the legislative and monitoring responsibilities of the Minister of Education and to formalise the relations between national and provincial authorities. It laid the foundation for the establishment of the Council of Education Ministers (CEM), as well as for the Heads of Education Departments Committee (HEDCOM), as inter-governmental forums to collaborate in developing a new education system. As such, it provides for the formulation of national policies in general and further education and training, for curriculum assessment and language policy as well as quality assurance. NEPA embodies the principle of co-operative governance, as elaborated on in Schedule 3 of the Constitution.

10. The Employment of Educators Act, 1998 (Act 76 of 1998) (EEA), insofar as the administration, powers and functions pertain to adult education centres; the South African Council for Educators Act, 2000 (Act 31 of 2000), insofar as the administration, powers and functions pertain to the powers and functions of the South African Council for Educators in relation to adult learning centres; the General and Further Education and Training Quality Assurance Act, 2001 (Act 58 of 2001) insofar as the administration, powers and functions pertain to the powers and functions entrusted to Umalusi in relation to public and private centres offering adult education and training as envisaged in the Adult Education and Training Act, 2000; and public and private FET colleges are legislation that were partially transferred to the Minister of Higher Education and Training.
11. The applicable provisions of the NEPA, the EEA and the SACE Act have already been incorporated in the principal Acts by way of the Higher Education Laws Amendment Act, 2010 (Act 26 of 2010) (HELA).

#### **List of non-entity-specific legislation**

1. The Constitution of the Republic of South Africa (Act 108 of 1996)
2. Public Services Act, 1994 (Act 103 of 1994)
3. Public Finance Management Act, 1999 (Act 1 of 1999)
4. Basic Conditions of Employment Act, 1997 (Act 75 of 1997)
5. Labour Relations Act, 1995 (Act 66 of 1995)
6. Employment Equity Act, 1998 (Act 55 of 1998)
7. Promotion of Access to Information Act, 2000 (Act 2 of 2000)
8. Promotion of Administrative Justice Act, 2000 (Act 3 of 2000)
9. Promotion of Equality and Prevention of Unfair Discrimination Act, 2000 (Act 4 of 2000)
10. Intergovernmental Relations Framework Act, 2005 (Act 13 of 2005)

#### **List of all legislation tabled in Parliament and promulgated during the 2011/12 financial year**

1. Skills Development Amendment Act, 2011 (Act 26 of 2011)
2. Higher Education Laws Amendment Act, 2011 (Act 21 of 2011)
3. Further Education and Training Colleges Amendment Act, 2012 (Act 3 of 2012)



### **Key policy developments and legislative changes**

1. Skills Development Amendment Act, 2011 (Act 26 of 2011)
2. Higher Education Laws Amendment Act, 2011 (Act 21 of 2011)
3. Further Education and Training Colleges Amendment Act, 2012 (Act 3 of 2012)

These amendments to the existing legislation as enacted by the abovementioned Amendment Acts, reflect purely technical amendments.



## 1.4 ENTITIES REPORTING TO THE MINISTER

The following entities report to the Minister of Higher Education and Training:

Name of entity	Legislation	Nature of business
Agriculture Sector Education and Training Authority (AGRISETA)	Skills Development Act 97 of 1998	Provision of relevant, quality and accessible education, training and development in both primary and secondary agriculture sectors
Banking Sector Education and Training Authority (BANKSETA)	Skills Development Act 97 of 1998	Provision of relevant, quality and accessible education, training and development in the banking and microfinance sector
Construction Sector Education and Training Authority (CETA)	Skills Development Act 97 of 1998	Provision of relevant, quality and accessible education, training and development in the construction industry
Council on Higher Education (CHE)	Higher Education Act 101 of 1997	It advises the Minister of Higher Education and Training on all higher education policy matters, implements the system of quality assurance for all higher education, monitor the state of higher education system and contribute to the development of higher education through intellectual engagement
Chemical Industries Education and Training Authority (CHIETA)	Skills Development Act 97 of 1998	Provision of relevant, quality and accessible education, training and development in the chemical industries sector
Energy and Water Sector Education and Training Authority (EWSETA)	Skills Development Act 97 of 1998	Provision of relevant, quality and accessible education, training and development in the energy and water sector
Education, Training and Development Practices (ETDPSETA)	Skills Development Act 97 of 1998	Provision of relevant, quality and accessible education, training and development in the education, training and development sector
Financial and Accounting Services Sector Education and Training Authority (FASSET)	Skills Development Act 97 of 1998	Provision of relevant, quality and accessible education, training and development in the financial and accounting services sector
Food and Beverages Sector Education and Training Authority (FOODBEV)	Skills Development Act 97 of 1998	Provision of relevant, quality and accessible education, training and development in the food and beverages sector
Health and Welfare Sector Education and Training Authority (HWSETA)	Skills Development Act 97 of 1998	Provision of relevant, quality and accessible education, training and development in the health and welfare sector

Name of entity	Legislation	Nature of business
Media, Information and Communication Technologies SETA (MICTS)	Skills Development Act 97 of 1998	Provision of relevant, quality and accessible education, training and development in the information system, electronics and telecommunications technologies sector
Insurance Sector Education and Training Authority (INSETA)	Skills Development Act 97 of 1998	Provision of relevant, quality and accessible education, training and development in the insurance sector
Local Government Sector Education and Training Authority (LGSETA)	Skills Development Act 97 of 1998	Provision of relevant, quality and accessible education, training and development in the local government sector
Manufacturing, Engineering and Related Services Sector Education and Training Authority (MERSETA)	Skills Development Act 97 of 1998	Provision of relevant, quality and accessible education, training and development in the manufacturing, engineering and related services sector
Mining Qualifications Authority (MQA)	Skills Development Act 97 of 1998	Provision of relevant, quality and accessible education, training and development in the mining and minerals sector
National Student Financial Aid Scheme (NSFAS)	NSFAS Act 56 of 1999	It is responsible for administering loans and bursaries and allocating these to eligible students, developing criteria and conditions for the granting of loans and bursaries to eligible students in consultation with the Minister of Higher Education and Training, raising funds, recovering loans, maintaining and analysing a database, undertaking research for the better utilisation of financial resources and advising the Minister on matters relating to student financial aid
Public Services Sector Education and Training Authority (PSETA)	Skills Development Act 97 of 1998	Provision of relevant, quality and accessible education, training and development in the public service sector
Qualification Council for Trades and Occupations (QCTO)	NQF Act 2008 and Skills Development Act of 2008	To develop and quality assure occupational qualifications that are responsive to labour market and developmental state initiatives
Safety and Security Education and Training Authority (SASSETA)	Skills Development Act 97 of 1998	Provision of relevant, quality and accessible education, training and development in the safety and security sector
Services Sector Education and Training Authority (SERVICES SETA)	Skills Development Act 97 of 1998	Provision of relevant, quality and accessible education, training and development in the services sector

Name of entity	Legislation	Nature of business
South African Qualifications Authority (SAQA)	SAQA Act 58 of 1995	SAQA focuses on upholding the principles of the National Qualification Forum, including ensuring access, quality, redress and development for all learners, through an integrated national framework of learning achievements
Transport Education and Training Authority (TETA)	Skills Development Act 97 of 1998	Provision of relevant, quality and accessible education, training and development in the transport sector
Culture, Arts, Tourism, Hospitality and Sport Education and Training Authority (CATHSSETA)	Skills Development Act 97 of 1998	Provision of relevant, quality and accessible education, training and development in the tourism, hospitality and sport sector
Wholesale and Retail Sector Education and Training Authority (W&R SETA)	Skills Development Act 97 of 1998	Provision of relevant, quality and accessible education, training and development in the wholesale and retail sector
Fibre Processing and Manufacturing Sector Education and Training Authority (FP&MSETA)	Skills Development Act 97 of 1998	Facilitate, coordinate and monitor the implementation of the NSDS in the Fibre Processing and Manufacturing sector

## 1.5 STATEMENT FROM THE MINISTER

The Ministry of Higher Education and Training is aimed at achieving far-reaching outcomes and bringing about changes to improve the provision of post-school education opportunities, especially for the youth, but also for adults. There is a window of opportunity for crafting a system that provides a myriad of opportunities and to have a meaningful impact on the lives of individuals, the economy and society.

Job creation has become one of the key priorities of Government and education and training is a critical component of this priority.

Our broad mandate is clear. On the demand side, the system must ensure that the skills needed to drive the country's economic growth and social development is delivered at an increasing rate, since available quality skills will enhance both investment and service delivery. On the supply side, the system must serve a growing number of both youth and adults. It must provide quality learning wherever learning takes place – be it at FET colleges, universities, adult education and training centres or in the workplace. Importantly, it must provide easy pathways across all learning sites.

As the Ministry we have to develop *a skilled and capable workforce to support an inclusive growth path* in terms of Outcome 5 of Government's Programme of Action. To this end, the mandate, vision and mission of the Department are focused on developing an integrated and diverse post-school education system with a constantly improving educational quality for all, with increased and improved access to post-school education and training opportunities for youths and adults in South Africa. One of our key initiatives to improve access is to ensure the establishment of universities in Mpumalanga and the Northern Cape. Major progress has been made during 2011/12 and key announcements will be made during 2012/13 on these institutions. The expansion of the FET college system, including the establishment of colleges and campuses, is another top priority. Over the past two financial years we have increased bursary funds for poor students at FET colleges fourfold.

In January 2012, a Green Paper on Post-School Education and Training was released, which sets out a vision for a single, coherent, differentiated and articulated post-school education and training system. Through this vision we will not only expand access to education and training opportunities but also overcome inequalities in education and achieve high levels of excellence and innovation. We also strive towards closer cooperation between universities, FET colleges and levy-grant institutions and aim to improve the cooperation between these institutions and the labour market.

The basis of any good education system is the quality of its teachers and we continue to strengthen teacher education. Particular attention is being paid to the development of Foundation Phase teachers, especially for African language mother-tongue speakers. Substantial progress has been made to open dedicated teacher training colleges in Mpumalanga, KwaZulu-Natal and Limpopo. In this regard the former Ndebele College Campus in Mpumalanga for foundation phase teacher education will be opened in 2013. A major new thrust of the Department is the development and expansion of initial professional training as well as continuous professional development of lecturers for FET colleges.

The Department has held discussions with various professional bodies and continues to do so with a view to producing sufficient graduates and providing them with work experience and support to ensure that they become registered professionals. We want to eliminate any possible impediments in the production of professionals.

Some universities remain weak and require considerable effort and resources to be strengthened. Some of them have had to be placed under administration with a view to strengthen their governance and management and consequently their academic capabilities.

NSFAS loans and bursaries to poor students have been expanded substantially over the last few years. The National Student Financial Aid Scheme should, however, become more responsive to the students it supports. I trust that the newly adopted student-centric model will build relationships with students even before they enroll at higher education institutions. We are glad to report on a growing demand for FET college education among the youth. One of the principal reasons is the 100% bursary allocation for all students with a family income of under R122 000 per annum. The Career Advice Campaign that we launched with SAQA is also starting to have an impact.

We have taken a number of measures to strengthen governance and management of the SETAs. These are starting to improve their performance, although there is still room for improvement to fulfill the objectives of the current National Skills Development Strategy. The year also marked the establishment of the National Artisan Moderating Body (NAMB) and reflects an increase on the number of artisans produced through the entire system.

An important aim of the Department is – in cooperation with employers in the public, private, cooperative and NGO sectors – to ensure that all students who need practical experience as part of their training get an opportunity to get this experience in an actual workplace. We also aim to ensure that all university and college graduates get post-study workplace experience which can consolidate their knowledge and give them relevant practical experience. We call on all employers to make every workplace a training space.

Despite the achievements of the Department that is highlighted in this Annual Report, numerous efforts are still required to make a difference in the lives of many of our young citizens. We endeavour to realise our vision and mission through the many planned activities in order to address the needs of the post-school education system. We would like to acknowledge the contribution made by the Director-General, Mr Gwebinkundla Qonde, the senior management and staff in the Department. We would like to extend our gratitude to all of them for the achievements made during the past financial year.

I hereby present this final Annual Report of the Department of Higher Education and Training to Parliament.



**Dr Blade Nzimande**

**Minister of Higher Education and Training**



## 1.6 ACCOUNTING OFFICER'S OVERVIEW

This report provides the highlights and challenges faced by the Department of Higher Education and Training in fulfilling its objectives as reflected in the 2010/11 to 2014/15 strategic plan and operational plans for the 2011/12 financial year and is the 2<sup>nd</sup> annual report since the establishment of the Department in April 2010. Whilst the first year of establishment focused on setting up the necessary administrative systems, policies and procedures and to provide core capacity for the smooth running of the Department, the focus for the year under review shifted towards the practical implementation of our strategic objectives to ensure service delivery to all post-school learners in the areas of Higher Education, Further Education and Training, Adult Education and Training and Skills Development.

In relation to legislative issues, the Higher Education Laws Amendment Bill, 2011 and the Skills Development Amendment Bill, 2011 were promulgated, whilst the Further Education and Training Colleges Amendment Bill, 2011 was approved by both houses of Parliament. To provide a range of learning options to meet the demands of those who have matric but who do not meet the requirements for university entrance, the Department introduced the National Senior Certificate for Adults (NASCA), which was gazetted for public comment on 26 March 2012.

Progress has been made in terms of enrolling adult learners for Adult Education and Training levels 1-4 with 229 068 adult learners enrolled for 2011. This is an important milestone for increasing the employability of those without matric.

A particular focus of this Department is to address youth unemployment through vocational education and training to enhance their employability. The Department's policy intent is to grow the Further Education and Training College system. The Department has increased access to higher education programmes, by expanding spaces and options available at FET colleges and universities. Access into FET colleges was significantly expanded through the R1.27 billion bursary allocation awarded to 165 273 students enrolled in state-subsidised programmes offered in colleges. The introduction of the National Certificate (Vocational) in the system in 2011 created alternative avenues for skill development. Enrolment rates for National Certificate (Vocational) and Report 191 programmes rose by 34% from 2011 to 2012 together with an increase in success rates. The Department will continue to intensify its efforts to improve the quality of service provided by the FET colleges, to ensure that graduates have the skills required by business.

A total of 45 318 unemployed learners and workers entered into learnerships, with 13 168 artisan learners achieving competence for 2011/12. This is the highest number of artisan learners completing training nationally since April 2007. The national trade test pass rate also increased from 45% in 2010 to 56% in 2011.

Since 1994 and the demise of the apprenticeship system, a key challenge has been finding workplace experiential learning opportunities for learner artisans, Further Education and Training and University of Technology learners in order for them to obtain their qualifications. In 2011, 20 155 Further Education and Training and Universities of Technology learners were placed by Sector Education and Training Authorities (SETAs) in workplace learning opportunities. The recent signing of the National Skills Accord between government, business and labour is a major breakthrough as it includes a commitment by business to absorb these learners and increase the provision of such workplace experience opportunities.

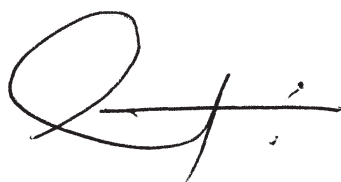
Significant progress has been made towards the establishment of the two new universities in Mpumalanga and the Northern Cape. The Task Team reports on the establishment of new universities in Mpumalanga and the Northern Cape were completed and a project steering committee established to oversee the work towards the establishment of the universities. It is expected that the seats of learning will be announced in mid-2012.

The Department had a significantly successful year and has risen to the challenge of creating a differentiated and fully inclusive post-school system that allows all South Africans to access relevant post-school education and training, in order to fulfill the economic and social goals of participation in an inclusive economy and society.

This annual report demonstrates the extensiveness and quality of work of a dedicated team of officials supported our social partners in creating a vibrant and responsive post-school education and training system that will contribute to a growing, appropriately transformed economy.

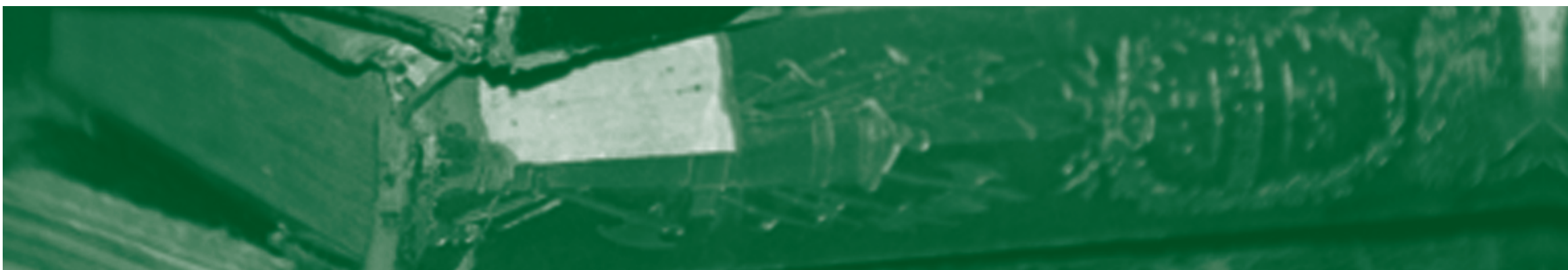
Finally, I wish to thank the Minister of Higher Education and Training, Dr Blade Nzimande, MP and Deputy Minister of Higher Education and Training, Prof. Hlengiwe Mkhize, MP, for their political supportive leadership and guidance in addressing the challenges that we as a Department face in serving the needs of all South African citizens.

I hereby present this report to the Minister of Higher Education and Training, Dr Blade Nzimande, MP and Minister of Higher Education and Training, Prof. Hlengiwe Mkhize, MP and invite them to table it in Parliament.



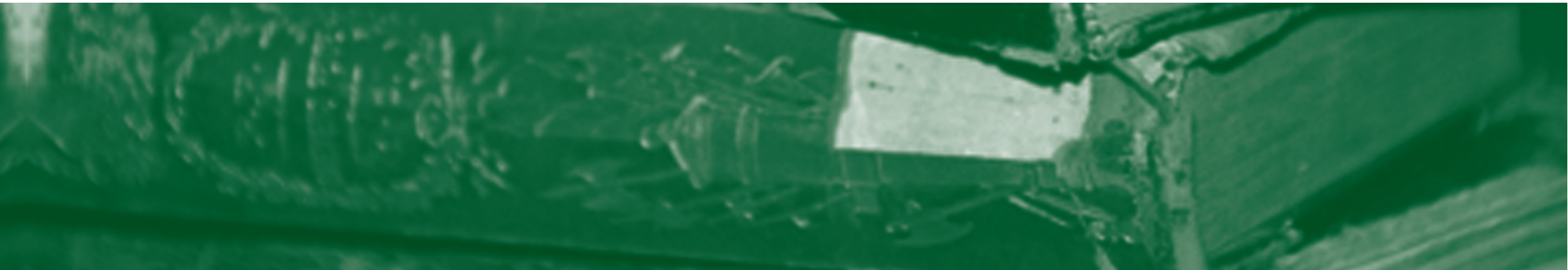
**Gwebinkundla Qonde**

**Director-General: Higher Education and Training**



## SECTION 2

### INFORMATION ON PREDETERMINED OBJECTIVES



## SECTION 2

### INFORMATION ON PREDETERMINED OBJECTIVES

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## 2.1 OVERALL PERFORMANCE

### 2.1.1 Voted Funds

	Main Appropriation	Adjusted Appropriation	Actual Amount Spent	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000
Amount to be appropriated	28 228 589	28 299 514	28 281 697	17 817
Direct charge against the National Revenue Fund	9 148 712	10 095 113	10 025 251	69 862
Executive authority	Minister of Higher Education and Training			
Administering Department	Department of Higher Education and Training			
Accounting officer	Director-General of Higher Education and Training			

### 2.1.2 Aim of Vote

The aim of the Department of Higher Education and Training is to develop and support a quality higher and vocational education sector and promoting access to higher and vocational education and skills development training opportunities.

### 2.1.3 Strategic Outcome Oriented Goals

The Department has identified the following key goals from the Medium Term Strategic Framework and for Outcome 5 (A skilled and capable workforce to support an inclusive growth path).

STRATEGIC GOAL	GOAL STATEMENT	PROGRAMME	STRATEGIC OBJECTIVE	STRATEGIC TARGET
<b>Strategic Goal 1: Increase the number of skilled youth by expanding access to education and training for the youth</b>	<b>Goal Statement:</b> Increase access to programmes leading to intermediate and high level learning in FET colleges and to high level occupationally-directed programmes in the university sector for needed areas such as Engineering Sciences, Animal and Human Health Sciences, Teacher Education and Natural and Physical Sciences by 2014	<b>Programme 3: University Education</b>	Expand the higher education sector in order to increase equitable access by 2014	<ul style="list-style-type: none"> <li>• 961 932 Students enrolled in higher education studies at universities</li> <li>• Total headcount enrolment over population 20-24 years to reach 18.1%</li> <li>• 198 081 First time enrolments at universities</li> <li>• 2 Public higher education institutions established</li> <li>• 21 Higher education institutions involved in foundation phase teacher education</li> <li>• A policy document on FET lecturer qualifications developed and universities supported to develop programmes in line with the policy</li> <li>• 15 800 Students in foundation provisioning programmes at universities</li> <li>• 626 836 African students at universities</li> <li>• 587 176 Female students at universities</li> </ul>
			Improve success rates in higher education studies at public institutions and therefore increase graduate outputs by 2014	Improved use of foundation provisioning funds <ul style="list-style-type: none"> <li>• 78% Success rate</li> <li>• 537 357 Graduates from universities</li> <li>• 36 929 Graduates in engineering sciences from universities</li> <li>• 32 541 Graduates in human health and animal health from universities</li> <li>• 18 439 Graduates in natural and physical science from universities</li> <li>• 32 373 Graduates in initial teacher education from universities</li> </ul>
		<b>Programme 4: Vocational and Continuing Education and Training</b>	Increase access to and improve success in programmes leading to intermediate and high-level learning by 2014	<ul style="list-style-type: none"> <li>• 300 000 Learners enrolled in AET level 1-4</li> <li>• 800 000 Headcount enrolments in public Further Education and Training (FET) Colleges programmes</li> <li>• 535 161 FET College students awarded bursaries</li> <li>• National Senior Certificate for Adults (NASCA) developed</li> <li>• 10 000 Adults enrolled for NASCA by 2014</li> <li>• 12 Colleges offering NQF level 5-6 programmes</li> </ul>

STRATEGIC GOAL	GOAL STATEMENT	PROGRAMME	STRATEGIC OBJECTIVE	STRATEGIC TARGET
				<p>Certification rates in the VET qualification increasing to:</p> <p>GETC 4:0%</p> <p>NC(V)L2:54%</p> <p>NC(V)L3:55%</p> <p>NC(V)L4:57%</p> <p>N1-N3:50%</p> <p>N4-N6:50%</p> <p>NASCA:50%</p> <p>Pass rate in Maths and Maths Literacy:</p> <p>Maths:</p> <p>NC(V) L2:52%</p> <p>NC(V) L3:46%</p> <p>NC(V) L4:46%</p> <p>Maths Literacy:</p> <p>NC(V) L2:59%</p> <p>NC(V) L3:57%</p> <p>NC(V) L4 67%</p> <p>Ce Certification rates of bursary recipients:</p> <p>NC(V) L2:50%</p> <p>NC(V) L3:50%</p> <p>NC(V) L4:50%</p> <p>N1-N3: 55%</p> <p>N4-N6: 55%</p>



STRATEGIC GOAL	GOAL STATEMENT	PROGRAMME	STRATEGIC OBJECTIVE	STRATEGIC TARGET
<b>Strategic Goal 2: Adequately capacitated individual institutions for effective provision or facilitation of learning</b>	<b>Goal Statement:</b> Build the capacity of individual institutions that provide or facilitate learning by improving and strengthening the alignment of the information, finance governance and management areas in institutions in the post-school learning system through direct support and policy frameworks by 2014	<b>Programme 3: University Education</b>	Monitor good governance and management of the Higher Education system in order to build capacity and efficiency	<ul style="list-style-type: none"> <li>• 88 % of public higher institutions with good governance and management</li> <li>• 100% of registered private higher education institutions complying to regulatory criteria</li> <li>• 100% of statutes of universities reviewed published in government gazette</li> <li>• 25 Council of universities with five Ministerial appointees appointed</li> <li>• Three Governance training workshops for Ministerial appointees</li> </ul>
		<b>Programme 4: Vocational and Continuing Education and Training</b>	Strengthen the institutional capacity of VET institutions to improve their performance and efficiency	<ul style="list-style-type: none"> <li>• 380 Personnel in vocational education and training institutions trained to support curriculum delivery in AET Colleges</li> <li>• 644 Personnel in vocational education and training institutions trained in financial management</li> <li>• 50 Fully constituted college councils</li> <li>• 50 Colleges implemented reviewed Human Resource Management and Planning Framework</li> </ul>

STRATEGIC GOAL	GOAL STATEMENT	PROGRAMME	STRATEGIC OBJECTIVE	STRATEGIC TARGET
<b>Strategic Goal 3: Increase the number of students successfully entering the labour market upon completion of training</b>	<b>Goal Statement:</b> Promote employability and sustainable livelihoods through skills development undertaken by the Sector Education and Training Authorities and through the funded projects of the National Skills Fund by 2014	<b>Programme 5: Skills Development</b>	To provide a dynamic interface between the workplace and learning institutions and promote quality learning at work and for work by 2014	<ul style="list-style-type: none"> <li>• 10 000 Artisan candidates found competent nationally per annum</li> <li>• 45 500 Graduates receiving Work Integrated Learning (WIL)</li> <li>• System for management of trade test tasks implemented at all test centres</li> <li>• Policy framework for ISOE and SDI Agencies developed and implemented</li> <li>• 100% SETAs implementing NSDS III with approved Services Level Agreement</li> </ul>
			Promote the alignment of skills development outputs to the need of the workplace and to the broader growth needs of the country's economy	<ul style="list-style-type: none"> <li>• 21 Strategic plans analysed in relation to the sector Skills plan and approved</li> <li>• Improved communication with SETAs through 4 SETA or annually</li> <li>• 4 Quarterly NSDS implementation reports produced annually</li> <li>• 1 Review Report produced annually</li> </ul>
			Provide funds to support projects that are national priorities in the National Skills Development Strategy, that advance the Human Resource Development Strategy (HRDS) of South Africa and that support the National Skills Authority in its work	<ul style="list-style-type: none"> <li>• R5.8 Billion is earmarked to support projects that are of national priority</li> <li>• 400 Projects supported by National Skills Fund</li> <li>• 117 179 Learners trained in NSF projects</li> </ul>

STRATEGIC GOAL	GOAL STATEMENT	PROGRAMME	STRATEGIC OBJECTIVE	STRATEGIC TARGET
<b>Strategic Goal 4: Expand research, development and innovation capacity for economic growth and social development</b>	<b>Goal Statement:</b> Expand research, development and innovation capacity for economic growth and social development by increasing the number of post-graduate students in higher education and by increasing support to industry-university partnerships by 2014	<b>Programme 2: Human Resource Development, Planning and Monitoring Coordination</b>	Pursue and strengthen bilateral relations with priority countries in Africa, Middle East, South and North as well as with multilateral agencies such as COMEDAF, SADC, UNESCO, ILO, OECD and the Commonwealth by 2014	<ul style="list-style-type: none"> <li>• International relations operational framework strategy developed and implemented</li> <li>• Implementation plans with priority countries and multilateral agencies developed</li> </ul>
		<b>Programme 3: University Education</b>	To develop and enhance the research capacity and productivity of universities by 2014	<ul style="list-style-type: none"> <li>• 142 325 Post graduates</li> <li>• 15 838 Masters graduates</li> <li>• 5 772 Doctoral graduates</li> <li>• 34 613 Publications</li> <li>• Ratio of research output units per instructional/research output units per instructional / research staff 1:4:2</li> </ul>
<b>Strategic Goal 5: A college curriculum that is responsive to the demands of the market place and can transform and adapt quickly and effectively to changing skills needs, with a special emphasis on artisan training</b>	<b>Goal Statement:</b> Ensure that a full range of vocational programmes is offered at FET Colleges including the re-introduction of Report 191 (N4 to N6) courses for artisan training by 2014	<b>Programme 4: Vocational and Continuing Education and Training</b>	Increase access to and improve success in programmes leading to intermediate and high-level learning by 2012	<ul style="list-style-type: none"> <li>• New programmes consulted with the industry introduced per college</li> <li>• 1 800 Lecturers trained to support new curriculum delivery</li> <li>• 189 Provincial Education Department officials trained to support new curriculum delivery</li> <li>• Business Management Standard, Qualification review, NC (V) Selected subjects review and Student Support Services intervention implemented to selected FET Colleges through donor funding and reported on quarterly</li> <li>• 388 Lectures, SSS managers and PDE/Regional offices officials trained to implement the comprehensive student support services framework</li> </ul>

STRATEGIC GOAL	GOAL STATEMENT	PROGRAMME	STRATEGIC OBJECTIVE	STRATEGIC TARGET
<b>Strategic Goal 6: A credible institutional mechanism for skills planning to support an inclusive economic growth path</b>	<b>Goal Statement :</b> Provide accurate information on the supply of skills in the country by linking the data sets of all the service providers in the post-school system into an integrated information system and by building capacity for research in skills demand in partnership with the HSRC by 2014	<b>Programme 2: Human Resource Development, Planning and Monitoring Coordination</b>	Establish and maintain an integrated education and training management information system, linking all providers of education and training into a single system, to provide accurate data on skills supply and demand in the country by 2014	<ul style="list-style-type: none"> <li>• 100% public institutional data integration into education and training management information system (Public FET and HE institutions and SETA's)</li> </ul>
			Establish and maintain a coherent career management and career information system for the post-school sector by 2014	<ul style="list-style-type: none"> <li>• A coherent career management and information system established (module based)</li> <li>• Total number of users reached by career guidance services radio, exhibition, helpline and web portal:</li> <li>• Radio 3 million</li> <li>• Exhibitions' 30 000</li> <li>• Helpline 18 000</li> <li>• Web Portal 15 000</li> </ul>
			Manage and maintain credible planning and budgeting processes for the DHET annually	<ul style="list-style-type: none"> <li>• A five year strategic plan and Annual Performance Plan developed and maintain</li> <li>• Annual MTEF bid developed</li> <li>• Quarterly performance reports for the implementation of the strategic plan and the APP produced annually</li> <li>• Education and training investment reports annually</li> </ul>
			Monitor and support actions needed to implement the statutory functions assigned to the Minister, DG, SAQA, CHE, Umalusi and QCTO in terms of the National Qualifications Act annually	<ul style="list-style-type: none"> <li>• A monitoring and evaluation report compiled annually</li> <li>• Ministerial policy guidelines developed annually</li> <li>• 100% advice provided by SAQA</li> </ul>

STRATEGIC GOAL	GOAL STATEMENT	PROGRAMME	STRATEGIC OBJECTIVE	STRATEGIC TARGET
			Support, advise and monitor the implementation of the post-school education system legislative framework	<ul style="list-style-type: none"> <li>• 100% legislation and regulations drafted and amended</li> <li>• 100% of litigations dealt with</li> <li>• 100% legal opinions and agreements drafted</li> </ul>
		<b>Programme 3: University Education</b>	To maintain and enhance the Higher Education Management Information System (HEMIS)	<ul style="list-style-type: none"> <li>• Two updates on the HEMIS for audited student and staff data annually</li> <li>• One update on the HEMIS system for final building space data from the Universities annually</li> </ul>
		<b>Programme 4: Vocational and Continuing Education and Training</b>	Provide support for the implementation of monitoring, evaluation and research for the improvement of the vocational education and training subsystem	<ul style="list-style-type: none"> <li>• All colleges implement Business Management Standards</li> <li>• 3 133 Surveys conducted and reported on</li> </ul>

STRATEGIC GOAL	GOAL STATEMENT	PROGRAMME	STRATEGIC OBJECTIVE	STRATEGIC TARGET
<b>Strategic Goal 7: A highly effective, professional, efficient administration informed by good corporate governance practice</b>	<b>Goal Statement:</b> To provide an efficient and effective corporate professional management services for a sustained achievement of Departmental objectives.	<b>Programme 1: Corporate Services</b>	Ensure adherence to policies and standards on logistical services	<ul style="list-style-type: none"> <li>• 100% compliance to supply chain management and logistical policies and standards</li> <li>• 30 Days to pay invoices from services providers</li> </ul>
			To improve efficiency by implementing the necessary information technology infrastructure and systems	<ul style="list-style-type: none"> <li>• ICT governance maturity level 3 achieved</li> <li>• 99.9% network connectivity uptime</li> <li>• IT services available 24/7</li> </ul>
			To provide effective and efficient human resource planning and management services	<ul style="list-style-type: none"> <li>• Four months to fill a vacancy</li> <li>• Vacancy rate in the Department reduced to between 5-7%</li> <li>• 90 Days to resolve disciplinary cases</li> <li>• 100% compliance with the Human Resource Strategic Planning framework</li> <li>• 100% compliance with performance management framework</li> </ul>
			To provide effective communication services and events management.	<ul style="list-style-type: none"> <li>• Functional DHET website with quarterly newsletters</li> <li>• 100% response to queries via call centre</li> <li>• 24 Exhibitions and public relations events</li> </ul>
			To ensure a safe and health physical environment	100% compliance with Occupational Health and Safety Act (OHS)
			To prevent fraud and corruption	Fraud and anti-corruption strategy developed and implemented
			To ensure an efficient and effective system of financial, asset management, governance and controls in the Department and in relation to its public entities	<ul style="list-style-type: none"> <li>• Transfer and payments processed within five days</li> <li>• Approved financial statements</li> <li>• 100% compliance to PFMA,</li> <li>• 10 Agreements concluded and projects supported annually</li> <li>• Less than 1% of assets lost and /or unauthorised movements</li> </ul>

## 2.1.4 Overview of the service delivery environment for 2011/12

### Introduction

The Department of Higher Education and Training is responsible for service delivery to all learners in the post-school education and training sector. Whilst the provision of post-school education and training to learners in Higher Education, Further Education and Training, Adult Education and Training and Skills Development is managed by the Department, it should be noted that the Department itself does not provide direct services to the public.

The service delivery environment for the year ending March 2012 is discussed under the core delivery sectors below.

### Higher Education

During the year under review the Higher Education landscape was subjected to changes through various policy announcements related to the development of an integrated post-school system and the expansion of higher education opportunities.

The Department has had to put processes in place to respond to the imminent need to establish two new universities in Mpumalanga and the Northern Cape Provinces. The call for a funded higher education for the poor and demands for increased capacity in teacher education also required the Department's intervention.

Regarding the establishment of the two new universities in Mpumalanga and the Northern Cape, progress includes:

- The establishment of a project steering committee to oversee the process;
- Appointment of a project management team with expertise in a range of required disciplines;
- Initial assessment of 18 possible sites in order to identify the seats of each new institution;
- The first draft of the academic architecture for each institution.

To address the plight of the poor, the Ministerial Working Group on Fee-Free Higher Education was established to investigate various models and costs involved in progressively enabling free higher education for the poor.

The Ministerial Statement on university funding for 2012/13 and 2013/14 was released during this financial year. Through the envisaged funding, universities are expected to deliver the high level professional and occupational skills, research and innovation required for economic growth and development. The Ministerial Committee appointed to review the provision of student housing submitted its report to the Minister in September 2011, which was subsequently published in the Government Gazette in February 2012. The report forms the basis for the development of a comprehensive infrastructure plan to ensure adequate student housing to enhance the quality of university education. In the 2012/13 financial year a national policy on minimum standards for student housing will be developed to inform the evaluation of infrastructure proposals and the monitoring of student housing across the system. The Department has initiated an exploration of various options of leveraging additional resources to ensure that the provision of student accommodation is effectively addressed including the Public Investment Corporation (PIC).

The Strengthening Foundation Phase Teacher Education Programme was launched at the seminar held at the University of Johannesburg in July 2011. This marked a significant change in the approach to the development of programmes, research and human resources capability at universities and has resulted in the development of a systemic and cooperative programme that will result in significant improvement in the delivery of foundation phase teachers.

In this financial year the Department also gave the necessary attention to governance and management issues at universities. This resulted in independent assessments of institutions and the Minister appointing Administrators for Tshwane University of Technology and Walter Sisulu University. This required the Department to heighten its monitoring systems and work proactively with institutions to improve the governance and management of institutions in general. This will be the focus of the work ahead.

### **Vocational and Continuing Education and Training**

In the further education and training sector, the Department managed to result and issue individual statements of results for all FET College examinations during 2011. Not all certification could be completed due to the exam resulting system not being fully functional and some technicalities with the quality assessor. Ongoing engagements between the Department and SITA are being held to resolve the matter and to ensure availability of proper systems for the future.

The amendment of the FET Colleges Act 16 of 2006 has gone through the Parliament process and has been assented to by the President. This has paved the way for the migration of FET Colleges and Adult Education and Training functions from Provincial Education Departments to the Department. A plan detailing the management of the migration of functions was developed. The Department has appointed Regional Coordinators in some provinces to deal with post-school matters at regional level.

In 2011/12 the review of five selected NC (V) subjects was also undertaken to improve the content, teaching and assessment of these curricula. The NC (V) delivery was further strengthened by the development of the Internal Continuous Assessment (ICASS) guidelines, which were implemented in January 2012.

In regard to the expansion of AET, comments on the new National Senior Certificate for Adults (NASCA) qualification have been received following the Minister's call for public comments and are being analysed.

### **Skills Development**

During the year under review, the Skills Development Amendment Act 2011 was promulgated by the President. This legislation will most importantly, enable a better fulfilling of the oversight role that the Department has over the SETAs.

The establishment of the Public Service Education and Training Authority (PSETA) was extended for another period of four years with the expectation that it will lead the development of the Public Service as a Training Space initiative. However, both the Construction and the Services SETAs remained under administration in 2011.



As part of the Department's oversight role on SETAs, the focus during the past year was on ensuring greater alignment between SETA strategic plans, the Sector Skills Plans and the NSDS III. The aim was to ensure that SETAs direct their efforts towards meeting delivery targets as stipulated by the Minister. This became a prerequisite for the Minister to approve the strategic plan of each SETA.

Service Level Agreement regulations, as well as regulations for the conditions of service and the appointment of SETA accounting authorities and CEOs were amended to foster improvement in SETA governance and in the performance of SETA CEOs. Proposed amendments to grant regulations, in order to improve the flow of funds from the SETAs to facilitate efficient and effective funding of skills development initiatives, were also published for public comment and were thereafter submitted to the Minister for consideration.

The repositioning of the National Skills Authority (NSA) to enable it to effectively fulfill its mandate as outlined in the Skills Development Act has been initiated. Significant developments in the skills development programme include the signing of the National Skills Accord by all social partners. The National Skills Funding framework was also finalised and approved by the Minister during 2011. The Framework promotes and positions NSF as a catalytic fund that should address most of the national priorities in relation to skills needs, complementing the work of the SETAs.

In regard to skills for rural development, funding to the amount of R190.5 million was awarded to the Department of Rural Development and Land Reform for the National Rural Youth Service Corps (NARYSEC) programme. R200 million was awarded to the National Department of Public Works for the Expanded Public Works Programme.

The 2011/12 financial year saw good progress in building partnerships with business and organised labour in regard to the skilling of artisans. Organised labour was also brought on board to join the Artisans and Technician Development Technical Task Team of the Human Resource Development Council or ATD-TTT.

The National Artisan Moderation Body (NAMB) that was established in the Department in November 2010 has continued to develop and implement processes to set up the single national artisan development system. The most significant of these processes that will be completed by July 2012, is the formal publication in the Government Gazette by the Minister of a list of occupations that are Artisan Trades, clearly identifying for the public in particular which career choices to make if their children want to become artisans.

The NAMB also signed a Service Level Agreement with the Quality Council for Trades and Occupations (QCTO) in July 2011 to become the first formally appointed Assessment Quality Partner to the QCTO. In terms of the service level agreement, the NAMB and thus the Department, is responsible for all quality assurance processes related to artisan development. NAMB thus becomes a one stop shop for artisan development to improve service delivery.

#### **Outcome 5: A skilled and capable workforce to support an inclusive growth path**

The democratic government has inherited a fragmented education system which differed in quality and effectiveness. Since 1994, Government has focused on unifying the disparate systems of education and developing and implementing policies that seek to respond to the need to increase skills and life chances of all South Africans while much was achieved between 1994 and 2009 in unifying the system at policy level, skills formation remained limited with the economy struggling to find the skills it needs for its growth.

In diagnosing the causes of the problem in 2009, it was recognised that poverty was still the biggest predictor of learner performance and the weakness of the basic education system affected the post school training arena. Fewer learners reach matric and fewer still achieve a Bachelor's pass in Mathematics. The many who exit without a pass are unprepared for the world of work and have limited opportunities for further education and training. Many of the learners who reach Grade 12 operate at literacy levels below Grade 12.

The skewed enrolment in universities which sees more learners in Humanities meant universities produce fewer graduates with the skills required by the economy. Low throughput rates at universities and Further Education and Training (FET) colleges were also inhibiting work opportunities for young people and the development of skills for the economy. Besides efficiency issues, these institutions were lacking in capacity to respond to the needs of the economy.

To tackle the high number of unemployed youth who are not at school and are without skills, Government committed itself to increasing Adult Education and Training (AET) level 1-4 entrants to 300 000 by 2014, increase the National Certificate Vocational (NCV) pass rate to 50% and increase the range of post-matric learning options to meet the demand of those with matric but who do not meet the university entrance requirements.

To meet the skills requirement of a changing economy, Government committed itself to increasing the number of learnerships to 20 000 per annum and the number of trade tests passes to 10 000 per annum at a pass rate of 60% by 2014.

At tertiary level Government committed itself to producing 51 460 Engineering, 51 747 Animal and Human Health and 40 607 Teacher graduates for the period 2011-2014. To support knowledge development in the country, Government committed itself to increasing the numbers of Honours graduates to 76 545, Masters graduates to 17 241 and Doctoral graduates to 5 356.

The Department of Higher Education and Training is responsible for Outcome 5 of the Government's Performance Monitoring and Evaluation system.

The service delivery targets for Outcome 5 relate to increasing access to programmes leading to intermediate and high level learning, increasing access to occupationally directed programmes in needed areas (thereby expanding the availability of intermediate level skills with a special focus on artisan skills) and increasing the access to high level occupationally-directed programmes in needed areas.

During the year under review the following particular successes were recorded for the service delivery related aspects of the delivery agreement:

**Output 5.1:** Establishment of a credible institutional mechanism for skills planning

An important service delivery milestone was the development of the framework for cooperation on the provision of career development services in the country. The framework was developed in collaboration with a wide variety of delivery partners, consisting of government departments, government entities and statutory bodies. The framework promotes the provision of quality based career development services for learners of all ages and aims to develop sustainable structures for career services in the country, to ensure that all learners have access to reliable career information and are

therefore able to make better and more informed career choices. The vision is to specifically empower those who have traditionally been excluded from the economy of the country, such as women, those with disabilities and citizens in rural areas, by ensuring that they have access to quality-driven career information and career services. The framework will be implemented during 2012/13.

**Output 5.2:** Increase access to programmes leading to intermediate and high level learning

The Department was able to expand access to programmes leading to intermediate and high level learning during the year under review. The increased enrolment targets in Adult Education and Training of Learner targets for 2011/12 of 233 000 were met by 229 068 learners in AET levels 1-4 and 85 796 learners beyond AET level 4. The Department has also formed a partnership with the Department of Correctional Services for increasing access to intermediate and high level learning programmes. The N4 to N6 expansion in Further Education and Training colleges continued in the 2012 registrations. The breakdown of the enrolment remains similar to 2011 with 32% of the enrolments in Engineering and 68% in Non-Engineering. However, the actual enrolment numbers have improved from 2011 by just more than 34%.

**Output 5.3:** Increase access to occupationally directed programmes in needed areas and thereby expand the availability of intermediate level skills (with a special focus on artisan skills). All the expansion targets for occupationally directed programmes were met. INDLELA managed to assess a total of 9 012 artisan candidates for the 2011/12 financial year and a total of 24 378 new artisan learners were registered nationally. In addition a total of 13 168 artisan learners completed their learning and entered the labour market as qualified and competent artisans. This is the highest figure in the last five years.

The following enrolments were achieved in relation to the different learning programmes:

EMPLOYED PERSONS ENTERING LEARNING PROGRAMMES		
Learning Programme	Target	Enrolment Achieved
Learnerships	11 708	17 795
Bursaries	1 846	2 761
Internships	175	827
Skills Programmes	57 698	64 980
Total	71 427	86 363

UNEMPLOYED PERSONS ENTERING LEARNING PROGRAMMES		
Learning Programme	Target	Enrolment Achieved
Learnerships	14 375	27 523
Bursaries	3 212	5 603
Internships	3 230	2 993
Skills Programmes	9 150	15 165
Total	29 967	51 284

**Output 5.4:** Access to high level occupationally-directed programmes in needed areas

The Department continued to work with the public universities to improve the enrolment and graduation rates in needed areas. Enrolment planning meetings were held with all institutions and this culminated in a Ministerial Statement on Enrolment Planning where targets were determined for each University for their overall enrolment and graduate numbers, as well as in the focused PME areas. Their performance in these areas will be monitored using the HEMIS audited data each year.

**Output 5.5:** Research development and innovation in human capital for a growing knowledge economy

The number of students in post-graduate studies is steadily increasing and targets for these areas have been met. In addition, the Department of Science and Technology (DST) has indicated that under the *Technology and Human Resource for Industry Programme* (THRIP), the number of participating industrial partners in the 2011/12 financial year was 328 of which 227 were small, medium and micro enterprises (SMMEs). Collaborative agreements were signed with Microsoft, Nokia, SAP and ABSA. The DST, through the National Research Foundation, is placing interns in the industrial host institutions and supports the Technology Top 100 Innovation Awards.

## 2.1.5 Overview of the organisational environment for 2011/12

### Overview of the organisational environment for 2011/12

The Department has a total of 1 077 posts in its establishment of which 895 are funded and 843 filled; one hundred were filled by Interns; a vacancy rate of 21.73. The filling of the 114 posts contributed to the reduction of the vacancy rate by 13% and ongoing work of identifying and filling other critical vacancies will lead to further reduction. The Department has filled 80% (114 of 143) of vacant positions that were identified as critical in 2011 resulting in the reduction of staff vacancy rate by 13%.

Additional critical vacancies have been identified for filling in 2012/13 with the additional funding from the Departmental savings. In addition to these, the Department managed the filling of seven vacancies for the QCTO. Cabinet approved the appointment of the Director-General in September 2011 and there were 10 new appointments at salary level 13-15. This brought stability in the management of the Department. There were no significant resignations except for one Chief Director who acted as DDG in the Universities branch.

The specialised nature of work in most of the areas of the Department necessitates the use of highly skilled people who are at some stages not readily available for permanent appointment and have to be appointed on contract for periods as may be required. The Department also seconded highly skilled professionals from tertiary institutions and other organisations to address specific needs that arise. These people are appointed against posts on the fixed staff establishment of the Department for short periods.

The Department retained 27 Interns by offering them contract appointments and 13 Interns were able to secure permanent employment within the Department and with other organisations as a result of the intense programme of mentorship given to them during their appointment as Interns.

The Director-General approved 16 Human Resource policies and all personnel were trained on the nine policies approved in the second quarter of 2011/12. An additional six policies on Supply Chain and Logistical Services were developed. All above policies were tabled at the Departmental Bargaining Chamber for adoption. This will contribute towards standardising the application of policies and procedures across the Department.

The Department has been able to improve internal capacity on Labour Relations by training Labour Relations Officers and line managers on disciplinary procedures including prosecuting and presiding over disciplinary hearings. The Department dealt with 12 disciplinary cases, three of which led to dismissals and the rest are continuing. No strike action took place in 2011/12.

In line with the Strategic Framework on Human Resource Development, the Human Resource and Employment Equity Plans were developed and approved. For effective monitoring of implementation, an independent Human Resource Assessment Panel and the Employment Equity Forum were established.

Fifty three posts were evaluated during the period under review including seven of the Department's posts and 46 QCTO posts.

The Organisational restructuring process progressed well as the macro organisational structure was developed and finalised by October 2011 and approved by the Minister in January 2012. It was submitted to the Minister for the Public Service and Administration for his concurrence in February 2012. The final macro-organisational structure would be finalised during the first quarter of 2012. The process of breaking down the macro organisational structure to micro level started in earnest at the beginning of March 2012 after the Minister's sign-off and all branches conducted consultative meetings.

The Department complied with the SCM framework during the period under review and logistical support services were provided timeously despite capacity constraints. The Department is currently accommodated in offices that are not suitable for a conducive and healthy work environment. Attempts by the Department of Public Works to secure an alternative building failed and as a result the Department has had to look at an option of building to specifications.

There have been a number of Communication activities in 2011/12. These include the Nelson Mandela Day Career Festival in Lusikisiki, opportunities in the post-school system, the re-opening of post-school institutions, Ministerial Road Shows in Kwazulu Natal, Eastern Cape, Mpumalanga and Limpopo and the Education Indaba in Nongoma, Communication on the Green Paper process and the

Humanities and Social Sciences Conference. The Call Centre dealt with a number of queries from the Presidential Hotline with a performance rate of 95% on resolved queries in March 2012. The absence of a Communication and Marketing strategy as well as unavailability of funding for related activities has impacted negatively on the ability of the Department to communicate on its successes and achievements. The unprecedented death of a parent at the University of Johannesburg which became a big media issue is one case in point which is external but affected the Department negatively as the Department becomes the first point of call to the public. This means that the Department must always be combat-ready to deal with any incident that would be viewed as the Department's responsibility by the public.

Policies were developed including the information security policy, disaster recovery plan and change management policy as well as the ICT strategy. Governance structures were established including the ICT Strategy Committee and ICT Steering Committee. The capacity of the IT directorate was improved for effective LAN and desk-top maintenance and support by absorbing the three former SITA employees. Procurement of ICT equipment for regional office staff and pool-laptops for newly appointed staff members and other devices was done within the existing budget.

Findings detected during the follow up audit conducted by the Auditor-General in 2011 could be resolved with large financial investment (e.g. disaster recovery, operating system upgrade). As part of the ICT infrastructure development, the server room was revamped, improved air conditioning, physical cabling redone, uninterruptible power supply upgraded and access control to be improved during May 2012 by the Department's security services in line with AGSA recommendations. A Share-Point is currently running as a pilot with the end result being the strategy implementation document for the full rollout of SharePoint. The transfer of FETBMS planning for the move has been completed and hardware will be required. The business decision is currently being sought out via submission. The server, storage, backups at INDLELA is completed.

During the consultation period the Department was advised to appoint a Departmental Occupational Health and Safety Officer, a 16(2) appointment; this was done. The draft policy will again be forwarded for consultation before final approval. This policy aims to create a positive and safe working environment for all staff and visitors to the Department.

### **Most significant challenges and responses**

Some identified critical vacancies could not be filled due to limited funding. The prescribed time frame of four months for the filling of vacancies in some instances is not met or adhered to due to work pressure caused by the staff shortage in the HR section. We have identified a need for staff training and development and a request for the creation of additional posts was approved for filling in the new financial year.

Some disciplinary cases such as those of INDLELA could not be finalised as expected due to insufficient human capacity in the Labour Relations unit and as a result of the protracted nature of disciplinary procedures and processes. Training of managers and labour relations practitioners will be intensified in the new financial year.

There is a lack of internal resources at the GITO unit that contributes to slow external connectivity at SITA, a number of challenges on LAN desktop support SLA, delays in addressing user calls and transfer of the SAP system. The budget for infrastructure projects is inadequate. A funding bid for ICT infrastructure has been made.



The inability to provide a national coverage of media monitoring and analysis remains a challenge. To mitigate these challenges, the communication unit is looking at using service providers to extend our coverage to national scale and strengthening of significant professional areas like journalism and website design pending the approval of the proposed micro-organisational structure. A Communication Strategy will be developed in the first quarter of 2012 with an integrated planning and budgeting approach as opposed to the current ad-hoc communication and media approach.

In respect to security there is on-going work towards the improvement of security which includes the installation of access control system, video intercom system in the Ministry's office and the Director-General's office, additional CCTV cameras at 123 Francis Baard Street, Examination offices at 222 Struben Street and INDLELA. A draft security policy has been developed for consultation.

**Issues requiring ongoing attention**

In respect of communication there should be extensive and marketing of key DHET programmes, strengthening of critical areas within the unit and continued skills development and closer coordination between Ministry and line functions as well as Communication.

**Summary of disciplinary cases**

The Department has been able to improve internal capacity on Labour Relations by training Labour Relations Officers and line managers on disciplinary procedures, including prosecuting and presiding over disciplinary hearings.

A total of 13 disciplinary cases was reported and managed by the Labour Relations sub directorate. Of these 13 cases the department managed to finalise 4 cases. 9 Cases could not be finalised due to adjournments and prolonged appeal processes and have overlapped to the next financial year. Letters of intent to charge 25 officials at INDLELA directorate who had been implicated by forensic investigation during 2010 were sent to officials.

**Conclusion**

Tremendous progress has been made in ensuring the full functionality of the Department. It must be noted that Corporate Services has been operating with half the capacity required to provide an effective service for the past twenty four months and that is unsustainable as staff is under severe pressure, will suffer burn-out and compromise the image of the entire Department as a consequence. Additional resources will go a long way in addressing most of the challenges.

### 2.1.6 Key policy developments and legislative changes

The following amendments were made to existing legislation:

- The Further Education and Training (FET) colleges Amendment Bill was drafted to provide for the FET colleges to become the responsibility of the Department and no longer of the Provincial Education Departments.
- Specific sections of the Skills Development Act, 1998 were amended to improve the governance of the Sector Education and Training Authorities (SETAs).
- The public comment phase on the occupations to be listed as trades in terms of section 26B of the Skills Development Act (SDA), was completed and it is projected that the listing process will be finalised in 2012/13.

The following amendments were made to existing policy:

- The Education Information Policy was updated to make it relevant to the post-school education system and the mandate of the Department.
- The Green Paper for Post-School Education and Training process provided significant direction specifically to expand the system through distance education. This will require policy changes.
- A social inclusion policy framework and three qualification sub-frameworks were developed. A Monitoring Instrument and Ministerial Guidelines on strategy and priorities for the National Qualifications Framework were also developed in the year under review.
- Regulations to the conditions of service and appointment of the Chief Executive Officers (CEOs) of SETAs were approved in order to provide a uniform framework to recruitment and selection. Sector Skills Plans were assessed to ensure alignment with SETA strategic plans.
- SETA Grant Regulations were amended and issued for public comment. This will provide important policy amendments to guide the disbursement of grants in accordance with the Skills Development Levies Act.
- Draft guidelines for SETA grants and draft Learning Programme Regulations that are aligned to the draft Occupational Qualification sub-framework were developed.
- Draft Agency Regulations was also finalised.
- The Strategic Framework and Criteria for Allocation of Funds from the National Skills Fund (NSF) was approved by the Minister. The document paves the way for the NSF to commence funding activities under the National Skills Development Strategy III (NSDSIII).
- The draft trade test regulations were developed and discussed within the stakeholder forums to be ready for publication for public comment and finalisation in 2012/13.



## 2.1.7 Departmental revenue, expenditure and other specific topics

### Collection of departmental revenue

#### *Departmental receipts*

Sales of goods and services produced by Department

Sales of scrap, waste and other used current goods

Interest, dividends and rent on land

Sale of capital assets

Transactions in financial assets and liabilities

#### **Total**

2011/12 Target	2011/12 Actual	% Deviation from target
R'000	R'000	R'000
3 358	3 906	16.31
15	39	160.00
3 577	3 382	(5.45)
-	7	100.00
1 699	2 796	64.56
<b>8 649</b>	<b>10 130</b>	<b>17.12</b>

Increases in revenue are mainly attributable to better than the projected collection of revenue in respect of trade test fees.

## 2.1.8 Departmental expenditure

The total expenditure excluding direct charges for the 2011/12 financial year amounts to R28 281.697 million which represents a spending rate of 99.9%. The main reason for under-expenditure on the vote was due to goods delivered but not paid for, claims not received in respect of examiners and moderators, under-spending on the INDLELA security system because of transitional arrangements and the extent of the project, as well as cost containment measures that were put in place to ensure that the Department would not overspend on its budget. The savings on the vote did not impact on service delivery within the Department.

## 2.1.9 Transfer payments

R27 817.203 million (98.29%) of the total allocation of R28 299.514 million excluding direct charges, has been allocated to transfers and subsidies on the Department's vote. Direct charges amount to R10 095.113 million.

Transfer payments from voted funds were in respect of the FET Colleges Conditional Grant, subsidies to 23 universities and universities of technology as well as public entities (National Student Financial

Aid Scheme, South African Qualifications Authority, Council on Higher Education and Training, the National Skills Fund and the Quality Council for Trades and Occupations), international organisations (Commonwealth of Learning and the India-Brazil-South Africa Trilateral Commission), non-profit institutions (Higher Education South Africa for the HEAIDS project) and the Education, Training and Development Practices SETA.

Transfer payments from the direct charges of the National Revenue Fund were made to 21 Sector Education and Training Authorities (SETAs) and the National Skills Fund for levies received from the South African Revenue Service.

With regard to the monitoring of expenditure, the Department is receiving expenditure reports on the spending of the FET Colleges Conditional Grant on a monthly basis from Provincial Education Departments. For all public entities, including the SETAs, quarterly reports are obtained as legally required. With regards to universities and universities of technology, annual reports are evaluated by the Department. The transfers to international organisations and the Education, Training and Development Practices SETA are annual member contributions and no monitoring of this expenditure is taken place.

#### 2.1.10 Public Entities

The Department did receive written assurance in terms of section 38(1)(j) certificates from all public entities that the entities implemented effective, efficient and transparent financial management and internal control systems during 2011/12. With regards to the Quality Council for Trades and Occupations, conditional transfer payments were made.

**Sector Education Training Authorities (SETA)**

SETA	
1.	Agriculture Sector Education and Training Authority (AGRISETA)
2.	Banking Sector Education and Training Authority (BANKSETA)
3.	Construction Education and Training Authority (CETA)
4.	Energy and Water Sector Education and Training Authority (EWSETA)
5.	Education, Training and Development Practices (ETDP)
6.	Financial and Accounting Services Sector Education and Training Authority (FASSET)
7.	Food and Beverages Sector Education and Training Authority (FOODBEV)
8.	Health and Welfare Sector Education and Training Authority (HWSETA)
9.	Chemical Industries Education and Training Authority (CHIETA)
10.	Transport Education and Training Authority (TETA)
11.	Public Service Sector Education and Training Authority (PSETA)
12.	Insurance Sector Education and Training Authority (INSETA)
13.	Media, Information and Communication Technologies SETA (MICTS)
14.	Manufacturing, Engineering and Related Services Sector Education and Training Authority (MERSETA)
15.	Mining Qualifications Authority (MQA)
16.	Safety and Security Education and Training Authority (SASSETA)
17.	Service Sector Education and Training Authority (SERVICES SETA)
18.	Culture, Arts, Tourism, Hospitality and Sport Education and Training (CATHSSETA)
19.	Wholesale and Retail Sector Education and Training Authority (W&R SETA)
20.	Local Government Education and Training Authority (LGSETA)
21.	Fibre Processing and Manufacturing Sector Education and Training Authority (FP&MSETA)

**SETAs are responsible to:**

1. Establish a credible institutional mechanism for skills planning
2. Increase access to occupationally-directed programmes
3. Promoting the growth of a public FET college system
4. Addressing the low level of youth and adult language and numeracy skills
5. Supporting cooperatives, small enterprises, worker initiated, NGO and community training

Most of the SETAs have entered into agreements with institutions including other public entities such as QCTO and SAQA for ETQA, occupational training and qualification in order to intensify, broaden and improve their research capacity on the Sector Skills Plans, of which some were outsourced to the Universities. Research has been conducted in consultation with stakeholders. Partnerships with the FETs have been entered into for the purposes of implementing learnerships. Overall the SETAs meet the NSDSIII goals as agreed in the Service Level Agreement with the Department.

**Quality Council for Trades and Occupations (QCTO)****The QCTO is responsible for:**

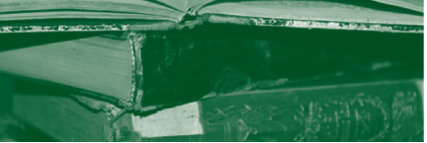
1. Establishing and maintaining occupational standards and qualifications
2. Quality assurance of occupational standards and qualifications and learning in the workplace
3. Designing and developing of occupational standards and qualifications and submitting them to the South African Qualifications Authority for registration on the National Qualifications Framework
4. Ensuring the quality of occupational standards and qualifications and learning in the workplace
5. Liaising with the National Skills Authority on the suitability and adequacy of occupational standards and qualifications and on the quality of learning in the workplace
6. Liaising with the South African Qualifications Authority, other Quality Councils and professional bodies responsible for establishing standards and qualifications

The qualification sub framework for Trades and Occupations was finalised with inputs from SAQA and was also released for public comments.

The inputs provided and continued participation in the NQF forum which include N- Courses debates, criteria and guidelines for the professional bodies as well as designations and the revision of the Skills Development Act. The joint project with Umalusi emerged on curriculum revision for N-Courses included subjects such as language, mathematics, science and drawing for trades.

An Occupation Qualification Development guide has been developed. There are 23 trade occupational qualifications under development and this process takes into consideration the involvement of the National Artisan Moderation Body as AQP.

Concluded Service Level Agreements with seventeen (17) Development Quality Partners (DQPs) and 122 qualifications are currently under development; SAQA has also agreed that other occupational qualifications with them will have to be re-registered unless replaced by new qualifications.



A provisional Service Level Agreement with the National Artisan Moderating Body signed for 19 priority trades, however, the ETQA arrangement still continues.

The appointment of a Chief Executive Officer was finalised. A Memorandum of Understanding was signed with the Department on the utilisation of corporate services policies and procedures.

The Department transferred an amount of R26.889 million to QCTO during 2011/12.

### **South African Qualifications Authority (SAQA)**

SAQA is a statutory body originally established in terms of the South African Qualifications Act, 1995. As from 1 June 2009, SAQA exists under the National Qualifications Framework (NQF) Act, 2008, which has replaced the SAQA Act under the NQF Act. SAQA continued to focus on upholding the principles of the NQF, including ensuring access, quality, redress and development for all learners, through an integrated national framework of learning achievements. The Department transferred an amount of R41.435 million to SAQA during 2011/12.

In managing the transition to the NQF Act and in assuming its new role SAQA has, in collaboration with the Department and the QCs, continued with the following work:

- Developing the policies and criteria that are required in the new architectures.
- Level descriptors for the ten levels of the NQF were approved and gazetted, and were presented to the education and training sector during public road shows.
- The draft policy and criteria for recognising a professional body and registering a professional designation was finalised. Following road shows to explain the policy and criteria and the procedure to apply for recognition and for registration of designations, a pilot phase to test the readiness of the system commenced. Ten professional bodies participated in the pilot phase.
- Development of the policy and criteria for the development, registration and publication of qualifications and part qualifications commenced. During the year under review the interim policy and criteria, which remained in place, were utilised to register qualifications on the NQF.
- Engaging with key partners to develop a common understanding and to establish the NQF as a framework for communication, collaboration and coordination across education, training and workplaces.
- Supporting the QCTO to become fully operational.

In working towards the advancement of lifelong learning, SAQA regards the establishment of a national strategy for RPL and the provision of a career advice service as important elements. Significant progress was made as follows:

- A Ministerial Task Team was established to develop a national strategy for the wide-scale implementation of RPL in the post-school education and training system. SAQA renders substantive support to the activities of this Task Team.
- A SAQA RPL Reference Group was established and assisted with the development of a concept paper on Lifelong Learning, RPL and CAT, which has been used as a basis for the first draft of the RPL policy which has also been completed.
- SAQA commissioned research into RPL, is currently preparing and distributing publications on RPL, and is assisting with implementation of various RPL initiatives.

SAQA is working closely with the Department to ensure a quality national NQF and Career Advice Helpline. The helpline is now well established and more than 2 000 calls per month are being dealt with by the helpline advisors.

SAQA has also supported the Department in developing a draft Careers Advice Framework in line with Outcome 5.1. A second draft of this Framework is available.

The DHET-SAQA-SABC radio campaign, broadcasting in the nine official African languages is still continuing, and from 2012 also includes Afrikaans. In order to develop a consistent and appropriate message, the SABC was engaged so that sister organisations can be encouraged to take up advertising space during these programmes.

Through the commissioned research it was established that the target audience, namely the marginalised and deep rural communities, is largely being reached. There are however a number of improvements that we are working on that will expand the reach, e.g. Community Radio.

In addition SAQA is also managing the Mandela Day Career Festival (which spans over a week) and also participated in 47 other exhibitions over the last financial year.

SAQA has continued to build the capacity and credibility of its research programme, and worked towards enhancing its information systems. The building of international networks were successful to the extent that SAQA has received a number of requests to assist other countries in the development of their NQFs (notably SADC countries, Ethiopia, and Tanzania).

A Cabinet decision was taken during the previous financial year, mandating SAQA as the only organisation to verify the qualifications of all public service employees (national and provincial; existing and applicants). During the reporting period, 3 611 individuals verified their own transcripts of achievement. A total of 20 684 third-party records concerning 12 396 people were received. Of these, 17 288 records were completed (16 489 confirmed, and 188 not, thus 1.1% misrepresentation).

In order to support the international mobility of learners and workers, SAQA is maintaining strategic liaison and is networking with international peer organisations. Through these liaisons, SAQA is not only able to obtain information regarding international qualifications and to stay abreast of international leading practice, but is also able to advise and guide both South African and international clients in need of the recognition of their qualifications. Furthermore, research on the recognition of South African Qualifications elsewhere in the world is underway.

Short-term research was conducted, and articles on degree mills (bogus institutions) were published to provide guidance to the public. A list of unaccredited institutions was created in the DFQEAS database and is updated regularly. This serves as a source of information to the public.

As at 31 March 2012, a total 19 934 of the 23 693 new applications for evaluation of foreign qualifications have been completed.

**Council on Higher Education (CHE)**

The CHE is an independent statutory body, established in terms of the Higher Education Act, 1997. The passing of the Higher Education Amendment Act, 2008 and the National Qualifications Framework Act, 2009, denoted a significant change for the CHE. By virtue of this legislation the CHE functions as a quality council for higher education. It advises the Minister of Higher Education and Training on all higher education policy matters, implements the Higher Education Qualifications Framework (HEQF) by generating and setting standards via the Higher Education Qualifications Council, performs quality assurance and quality promotion functions, and it monitors and evaluates the achievement of policy goals and objectives. An amount of R36.772 million was transferred to the CHE in 2011/2012.

Key achievements during the 2011/12 financial year under report include:

- Revised the Higher Education Qualifications Framework (HEQF), which was gazetted by the Minister for public comment.
- Released a draft standards setting framework for consultation with higher education institutions.
- Completed the first stage in the Higher Education Qualifications Framework (HEQF) alignment process.
- Provided advice to the Minister at his request on the following issues:
  - The Establishment of a National Higher Education Information and Applications System (NHEIAS).
  - The Establishment of a new Public Higher Education Institution and the Incorporation of the Medunsa Campus of the University of Limpopo into the new Public Higher Education Institution.
  - The Establishment of new Universities in Mpumalanga and the Northern Cape.
  - The Role of the CHE in Strengthening Teaching and Learning at Higher Education Institutions.

**National Student Financial Aid Scheme (NSFAS)**

NSFAS was established in terms of the National Student Financial Aid Scheme Act, 1999. It is responsible for administering loans and bursaries and allocating these to eligible students; developing criteria and conditions for the granting of loans and bursaries to eligible students in consultation with the Minister of Higher Education and Training; raising funds; recovering loans; maintaining and analysing a database; undertaking research aimed at better utilisation of financial resources and for advising the Minister on matters relating to student financial aid. An amount of R3 956.849 million was transferred to the NSFAS in 2011/12. Other sources of revenue comprise of donor funds, money repayable on study loans and interest on investments.

During 2011/12, the number of students who received NSFAS financial assistance increased from 191 372 in 2010/11 to 289 172 in 2011/12, which include FET Colleges bursary recipients.

**The National Skills Fund (NSF)**

The NSF was established in 1999 in terms of the Skills Development Act, 1998. It is funded by 20% of the skills development levies collected by the South African Revenue Service (SARS). The Fund's key functions include the funding of national skills development priority projects as identified in the NSDS; funding projects related to achieving the purpose of the Act, as determined by the Accounting Authority and the payment of skills development collection costs incurred by SARS; as well as the administration of the fund. The Department transferred an amount of R19.934 million from voted funds, and R2 003.843 million from direct charges to the NSF during 2011/12.

### 2.1.11 Conditional grants and earmarked funds

The Further Education and Training (FET) Colleges conditional grant was allocated to the Department during the period under review. The purpose of the grant was to ensure the successful transfer of the FET colleges function to the Department. Outputs for the grant included: the enrolment of NC(V) Programmes as set out in college enrolment target planning; enrolments in Report 191 Programmes in line with the Report 191; expanding Information and Communication Technology (ICT) for teaching and learning, using connectivity norms; continued implementation of the MIS systems for the delivery of transversal MIS services; implementation of the Funding Norms for FET colleges and refurbishment; maintenance and repairs of infrastructure and equipment to support the delivery of approved programmes; and new infrastructure development.

Transfer payments were made as originally scheduled. However, there was one incident whereby there was an instruction that all supplier details to be verified on Safetynet must be exactly the same word to word on BAS, as a result payments were rejected and had to be recaptured after the modification.

The Department did not retain any portion of the conditional grant for administration costs.

Amounts consisted of the allocations for Higher Education Subsidies, the National Student Financial Aid Scheme, the Higher Education HIV and Aids Programme and the establishment of universities in Mpumalanga and the Northern Cape. All these amounts were utilised for the purpose originally earmarked.

#### **Conditional grants**

In terms of Section 13 (1) and (2) of the Division of Revenue Act, 2011, the following information should be disclosed:

##### ***Overview of the FET Colleges Conditional Grant***

The FET Colleges Conditional Grant allocation is an allocation made in terms of schedule 4 of the Division of Revenue Act, 2011. The grant is intended to supplement the funding of programmes or functions funded from provincial allocation in support of skills development according to the Norms and Standards for Funding FET Colleges (NSF-FET Colleges). The allocation was ring-fenced from 2010/11 as a conditional grant until such time that the transfer of FET College's functions to a national competency is finalised.

In 2011/12, R4.325 billion was allocated for this purpose. During the 2011/12 adjusted estimate an additional allocation of R49.3 million to cater for the increase in salaries of FET College lecturing and support staff was made. The total adjusted budget for 2011/12 is R4.375 billion. The total amount was transferred to the provinces as per the approved payment schedule. The Department did not retain any portion of the grant for administration costs.



***Outline of the purpose and expected output***

The purpose of the FET Colleges Conditional Grant is to ensure a successful transfer of the FET Colleges' function to the national Department. The outputs as listed in the conditional grant framework are as follows:

- Student Enrolment of NC (V) Programmes as set out in college enrolment target planning.
- Student Enrolment in Report 191 Programmes in line with the college enrolment target planning.
- Expanding Information and Communication Technology (ICT) for teaching and learning utilising connectivity norms.
- Continue implementing Management Information Systems (MIS) for the delivery of transversal MIS services.
- Implementation of the NSF-FET Colleges.
- Refurbishment, maintenance and repairs of infrastructure and equipment to support the delivery of approved programmes.
- New Infrastructure.

***Analysis of spending trends***

The total adjusted budget allocation for the FET Colleges Conditional Grant for the 2011/12 financial year amounts to R4.375 billion and the total preliminary expenditure as at 31 March 2012 is R4.592 billion. The total transfer of funds to Provincial Departments of Education is R4.375 billion which represent 100% of the total adjusted budget allocation. The total spent as a percentage of the total adjusted budget is 105%. The spending is 5% more than the ideal spending of 100% as at March 2012. Over-expenditure in three provinces (i.e. Eastern Cape, Free State and Gauteng) is a result of the spending on the roll-over of funds from 2010/11 approved by the Provincial Treasuries. The roll-over budget is not accounted for in the total adjusted budget because the roll-over process was approved through a provincial budget process. Overspending for the Kwa-Zulu Natal Province of 9% is the result of additional allocation of an amount of R6 million allocated by the Province to FET Colleges. The additional funding is not accounted for as a FET Colleges Conditional Grant and it is not included in the adjusted budget allocation. Overspending for the Limpopo Province is due to overspending on Persal payments.

Under-spending for the North West Province is as the result of a delay in the processing of a payment of R4 million which was not transferred to Taletso FET College. A request for roll-over of the amount was submitted by the Province for approval. The Northern Cape Province also under-spent on Persal payments and provincial goods and services. The Province requested that the unspent funds be shifted to transfers and subsidies. A roll-over request was made with the Provincial Treasury.

***Achievements during the 2011/12 financial year include the following***

- 2 645 college staff members trained towards improved subject knowledge
- 3 499 college staff members trained towards improved classroom practice
- 469 college staff members trained towards improved lecturer access to workplace exposure
- 168 workshop/practical rooms upgraded for the delivery of teaching and learning
- 382 classrooms upgraded for the delivery of teaching and learning

- 446 workshops/practical rooms equipped with modern equipment
- 579 classrooms equipped with modern equipment.

#### **Overall assessment of compliance with the Division of Revenue Act, 2011**

Before funds were transferred to the Provincial Departments of Education, the Department ensured that all the requirements in respect of management, monitoring and reporting of the FET Conditional Grant, in terms of the Division of Revenue Act, 2011, had been met. All Provincial Departments conformed to the requirements of the Division of Revenue Act in terms of the monthly and quarterly submission of financial and non-financial reports. No amount was withheld and stopped.

The Department submitted the FET Colleges Conditional Grant quarterly reports as well as the Annual Evaluation Report. The Provincial Accounting Officers are however responsible to ensure that FET Colleges comply with the requirements of the Division of Revenue Act.

Delays in the transfer of funds were however experienced in some provinces due to the non submission of the Audited Financial Statements by some of the FET Colleges.

### **2.1.12 Capital investment, maintenance and asset management plan**

#### **Capital investment**

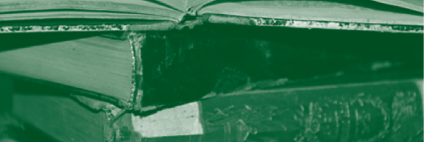
None

#### **Asset Management**

The acquisition of IT equipment and furniture for incumbents and new posts and to replace obsolete assets to be disposed of is an ongoing process. All obsolete furniture was sold in accordance with the rules and regulations of National Treasury. In order to ensure that the Department's asset register remained up to date during the period under review, assets were bar-coded immediately when received and the asset register was updated accordingly. Monthly reconciliations were also performed between the asset register and BAS. The current state of the Department's capital stock is that 54% is in a good condition, 30% is in a fair condition and 16% is in a bad condition. The replacement of assets is done through life cycle management and needs analysis by recommendations made for every purchase.

For the 2011/12 financial year the Department was in its first year of operation and received all its assets as a transfer from the Department of Education. All the redundant and obsolete furniture was donated to schools during the year and all obsolete computer equipment was destroyed as per approval from National Treasury.

The transfer of assets from the Department of Labour based on the function shift of the Skills Development component is still in process.



### Maintenance

The Department does not have its own property. The maintenance of the existing accommodation is for the account of the lessor.

#### **The User Immovable Management Plan in accordance with Government Immovable Assets Management Act (GIAMA).**

1. No major maintenance project was undertaken by the Department directly.
2. No facilities were closed down.
3. There will be no new projects for this financial year; the only project to be carried forward is the Security Upgrading Project at INDLELA which the Department of Public Works (PWD) will oversee.
4. The PWD will advertise the tender once funding has been made available.
5. The Department did fewer transfers during the financial year as the Security Upgrading Project did not commence as planned.
6. The Department is in consultation with the PWD to continue with the project. The project is planned for completion during the next two financial years.

## 2.2 PROGRAMME PERFORMANCE

### 2.2.1 Introduction

For the year ending March 2012, the Department of Higher Education and Training had five Programmes as follows:

- 2.2.2 Programme 1: Administration
- 2.2.3 Programme 2: Human Resource Development, Planning and Monitoring Coordination
- 2.2.4 Programme 3: University Education
- 2.2.5 Programme 4: Vocational and Continuing Education and Training
- 2.2.6 Programme 5: Skills Development

## 2.2.2 Programme 1: Administration

<b>Purpose:</b>	Conduct the overall management of the Department and provide centralised support services.
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There are four budget sub-programmes:

- *Ministry*
- *Department Management*
- *Corporate Services*
- *Office Accommodation*

### Strategic Objectives

The following key strategic objectives were managed under the Administration programme:

- To improve efficiency in the Department by implementing the necessary information technology infrastructure;
- To ensure a safe and healthy physical environment;
- To provide effective communication services and events management;
- To serve as an entry point for all the Department's clients/stakeholders;
- To serve as an important point of contact for students in distress;
- To gain stakeholders' trust as a reliable source of information on post-school opportunities.

### Key Achievements

The focus of the Administration programme was to build on the work that had commenced in the 2010/11 financial year to put the necessary administrative systems, policies and procedures into place, as well as to provide the core capacity for the smooth running of the Department.

During the year under review, the following policies were developed to improve the information and communication technology services in the Department namely:

- The information security policy;
- The disaster recovery plan; and
- The change management policy.

In addition, ICT governance structures such as the ICT Strategy Committee and the ICT Steering Committee was established and the capacity of the IT directorate to provide effective LAN and desktop maintenance and support services to the Department, was enhanced by absorbing the three former SITA employees. The procurement of ICT equipment for regional office staff and laptops for newly appointed staff was also completed.

A Director for Security Advisory Services was appointed in October 2011 and designated by the Director-General as the Departmental 16(2) – Occupational Health and Safety representative. All security staff were issued with uniforms and additional security equipment was purchased. The security at the examinations section was improved by the installation of additional CCTV cameras. The Department Security Policy, the Occupational Health and Safety Policy and the Contingency Plan were drafted and will be finalised in the 2012/13 financial year.

The branding and marketing of the Department with its own corporate identity continued to progress well and the following events were successfully organised in 2011/12:

- An Education Indaba in Ulundi;
- Two skills information road shows and bursary hand-overs in the Eastern Cape and the Northern Cape;
- Two ministerial road shows in Mpumalanga and KwaZulu-Natal;
- The Mandela Day Career Festival in Lusikisiki, Eastern Cape;
- Exhibitions in Nkandla, KZN and Kuruman, Northern Cape;
- A career guidance event in Limpopo.

The Department has worked on improving the public image and perception of the Department and the increasing number of calls to the call centre confirms that the call centre is providing a meaningful service to citizens. The language proficiency of the call centre agents covers almost all eleven official languages. Working with the University Registrars and SETA marketing managers almost 95% of the Presidential Hotline queries have been resolved.

The Department embarked on an organisational review process during 2011/12 and the final output, subject to consultation with the Minister for the Public Service and Administration, was the approved macro-organisational structure of the Department. The development of a micro-organisational structure started in earnest to be finalised by June 2012. The Department developed sixteen policies on human resource management and a further eight on supply chain management and logistical services. Training on nine policies was conducted for all staff in the Department. The vacancy rate was reduced from 39.7% in 2011 to 26.6% in March 2012, which is an improvement of 13%. Out of 1 077 posts in the establishment, 843 posts are filled, of which 133 were filled in 2011/12. With regards to the regional offices, 12 posts were advertised, three filled and the remainder will be filled in 2012/13.

54 Posts were evaluated through job evaluation and 13 disciplinary cases were managed, with four of these being finalised. The supply chain management function was successfully transferred from INDLELA to head office, in order to deal with the irregular expenditure that had occurred at INDLELA in the past.

### Challenges

There are still some challenges being experienced with regard to the ICT services in the Department. The LAN desktop support service was slow in addressing user calls and the appointment of an external service provider for LAN support will be finalised early in the 2012/13 financial year. As indicated above, three former SITA employees were absorbed into the Department to assist with improving the capacity of the IT Directorate.

On issues relating to security advisory services, the training levels of the security staff needs to improve in 2012/13. In addition, staff members need to be made more security conscious and security awareness programmes need to be conducted. Theft in offices remains a challenge. There is a need to appoint and train staff members as fire/first-aid and evacuation officers and OH&S representatives. A Security/Emergency Committee still needs to be established.

Challenges in the call centre include the lack of modern call centre technology and software and inadequate facilities for the call centre operators. The toll free line (0800 87 22 22) unfortunately does not cater for mobile cell phone users and this remains a challenge, as the majority of young people only have cell phone access with limited land line access.

The Department was not able to procure new office space via a tender for the acquisition of alternative office accommodation through the Department of Public Works. The Department has therefore decided that a build-to specification process will be followed.

### 2.2.3 Programme 2: Human Resource Development, Planning and Monitoring Coordination

<b>Purpose:</b>	Strategic direction in the development, implementation and monitoring of Departmental policies. Coordinate activities in relation to the human resource development strategy for South Africa.
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There are five budget sub-programmes:

**Human Resource Development, Strategic Planning and Coordination:** provides strategic direction in the development, implementation and monitoring of Departmental policies and coordinates activities in relation to the national human resource development strategy.

**Planning, Information, Monitoring and Evaluation Coordination:** monitors and evaluates policy outputs of the Department and coordinates research in the fields of higher education and training. It also ensures that education policies, plans and legislation are developed into well functioning systems through the ongoing monitoring of the implementation of policies, plans and legislation.

**International Relations:** develops and promotes international relations and supports the activities of various multilateral agencies dealing with education and training. It also manages, monitors and reports on international donor grant funding.

**Legal and Legislative Services:** manages the legal and legislative services of the Department.

**Social Inclusion in Education:** promotes access to and participation by all learners in higher education and training programmes.

### Strategic Objectives

During the year under review, the following strategic objectives were managed in the Programme:

- To ensure that there is an Integrated Education and Training Management Information System, linking all providers of education and training into a single system, so that there is a learning record and occupation category for each and every person resident in South Africa;
- To support the development of a coherent career guidance and information system for the higher education and training sector;
- To support the development of open and distance e-learning opportunities as part of the post-school system;
- To ensure credible planning processes and evaluation capabilities in the Department that will achieve the required outcomes and provide an early warning system to correct any deviations from structured plans;
- To promote and support the Department budgeting processes and to monitor and evaluate the utilisation of resources in the higher education and training sector;
- To develop a monitoring and evaluation framework and indicators for the Department and to coordinate research functions in the Department;
- To ensure that the strategic planning for the Department is well coordinated and supported within the education sector, government and society at large;
- To provide effective and efficient secretarial support functions to Ministerial and Director-General structures;
- To pursue African advancement and enhanced international cooperation in education and training;
- To strengthen South-South, North-South and multilateral cooperation in education and training;
- Provide effective legal advice to the Ministry and the Department on higher education and training legislation and law;
- Manage any litigation concerning the Ministry and the Department;
- Advising on all agreements pertaining to the Department/Ministry;
- Managing requests for information and other human rights related matters;
- Manage the drafting of all Departmental legislation and regulations;
- Establish well-functioning social inclusion, equity and transformation services within the Department and its entities that will focus on policy research, monitoring and evaluation in matters relating to race, class, gender, age, disability, HIV/Aids and on career information services and counseling;
- To develop and maintain policies, guidelines and frameworks for social inclusion and equity in the higher education and training system;
- To support the development of coherent career guidance information and counseling services for the higher education and training system;
- To assess the responsiveness of citizenship and values education curricular and extra-curricular programmes in the higher education and training sector;
- To render strategic support to inter-departmental initiatives related to youth, gender and disability;
- To pay focused attention to the enhancement of rural education, languages and grounding programmes in the higher education and training sector, through monitoring and evaluation. To coordinate social cohesion in the higher education and training system through the observance of key national and international calendars (days) and through arts, culture and sport;
- To manage the Department's national, regional and international reporting obligations particularly in human rights education, disability, gender and HIV/Aids;
- Monitor the adherence of relevant policies, guidelines and legislation pertaining to the NQF and QCTO;
- Provide input to the strategic planning, budgeting processes and reporting of SAQA, QCTO, HEQC and Umalusi;

- Manage the NQF Interdepartmental Steering Committee and related activities and implement its Terms of Reference;
- Monitor and support actions needed to implement the statutory functions assigned to the Minister, Director-General, SAQA, CHE, Umalusi and QCTO in terms of the National Qualifications Framework Act;
- Develop a framework for articulation through the NQF and Recognition of Prior Learning (RPL).

### Key Achievements

The work on the integrated information system for the Department continued. The Department is building three integrated strategic information systems; namely the Higher Education and Training Management Information System, the Labour Market Intelligence System and the Career Advice System, to be fully completed by March 2014. To underpin these systems, the information framework and the career advice services framework were developed during 2011/12 in collaboration with key delivery partners. In addition, the Education Information Policy of 2004 was updated to be relevant to the mandate of the Department of Higher Education and Training and has been recommended to the Minister by the Education Information Standards Committee. This policy supports the integrated information system that the Department is developing.

In terms of development work, the technical requirements for the Career Advice System were developed with SAQA and the tender for the system development was published and awarded. The Human Sciences Research Council was engaged to undertake the research for the Labour Market Intelligence System. The data collections of the FET and Artisan sectors were strengthened and electronic web based data collection systems were developed. A UNESCO data mission was hosted in July 2011 and the data plan for South Africa was developed. Departmental staff also participated in SADC and UNESCO events during the year, with specific reference to open and distance learning.

The Department hosted the IBSA Academic Forum on the margins of the IBSA Summit hosted by South Africa. Academics and representatives from higher education institutions and science councils participated. Study visits were undertaken for the accessing and sharing of best practice, to enhance cooperation and review collaboration with the following countries: Switzerland, Finland, Sweden, Denmark, Germany, Norway, Oman, Cuba, Rwanda and Burundi. Agreements of cooperation were signed with Cuba, Rwanda and Burundi.

A new trilateral cooperation project supported by USAID was approved. The project will be implemented by the University of Pretoria Law Institute and will focus on building research and teaching capacity at universities in Ethiopia, Kenya, South Sudan and Uganda.

With regard to legal and legislative issues, the Higher Education Laws Amendment Bill, 2011 and the Skills Development Amendment Bill, 2011 were promulgated, whilst the Further Education and Training Colleges Amendment Bill, 2011 was approved by both houses of Parliament and will soon be signed by the President for enactment. Three sets of Regulations and eight Notices were drafted and published. 42 Legal opinions were drafted or vetted. 60 Agreements were drafted and/or vetted. 24 Court cases were administered to.

On issues of social inclusion and equity, the development of the draft social inclusion policy framework and the framework for career advice services were the key achievements during the year under review. With regards to the National Qualifications Framework, the Department supported the establishment of the Ministerial Task Team on Recognition of Prior Learning and received public submissions on the proposed qualifications sub-frameworks.





### Challenges

There were no major challenges experienced in the programme. All programmes operated on a reduced and constrained budget, which was further stretched by the additional international visits to Denmark, Sweden, Norway and Germany, which had not originally been planned for, but were extremely fruitful.

The translation of the Further Education and Training Colleges Amendment Bill, 2011 by the Office of the Leader of the House, was a challenge regarding issues of legal and legislative services.

### 2.2.4 Programme 3: University Education

<b>Purpose:</b>	Develop and coordinate policy and regulatory frameworks for an effective and efficient university education system. Financial support to universities, the National Student Financial Aid Scheme and the National Institute for Higher Education.
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There are five budget sub-programmes:

**Academic Planning and Management Support** plans and monitors the university sub-system through analysing institutional and national plans and by ensuring the maintenance of programmes and qualification mixes. Other outputs over the medium term include developing a framework for increased enrolment, throughput and graduates in scarce and critical skills with an initial focus on the health and animal sciences, natural and physical sciences, engineering sciences and teacher education.

**Financial Planning and Information Systems** coordinates and manages the development and maintenance of universities' information systems and an appropriate funding framework for a diverse university sub-system. Outputs over the medium term include a new policy framework for funding health sciences professionals' clinical training and reviewing the Higher Education Management Information System (HEMIS).

**University Subsidies** sub-programme transfers payments to universities. The bulk of this sub-programme's budget is used for unconditional block grant transfers, who are divided among all 23 universities and are based on research outputs, teaching inputs and outputs and contextual factors, such as the number of disadvantaged students enrolled at an institution.

**Policy and Development** registers private universities and provides governance support, responds to public queries and monitors transformation, including through liaising with stakeholders in the university sub-system. In August 2011, research publications by all 23 public higher education institutions in the form of books and conference proceedings were evaluated and awarded credits. Outputs over the medium term include implementing improvements to the research outputs policy, reporting on the first phase of the university transformation indicators monitoring process and an operational private higher education institutions data management system.

**Teacher Education** develops a responsive and comprehensive national teacher education and development system as a sub-system of the higher education and training system. It develops and maintains academic policy for teacher education qualifications, in line with the higher education qualifications framework, monitors institutions for adherence to policy and supports policy implementation to ensure relevant curricula and a sufficient supply of well qualified teachers for all education sub-systems. Outputs over the medium term include: finalising and implementing policies on teacher education qualifications for the different education sub-sectors including early childhood development (birth – four years), schooling, vocational education and training, adult education and university education; and implementing the Department's responsibilities with respect to the *Integrated Strategic Planning Framework for Teacher Education and Development in South Africa, 2011-2025*.

### Strategic Objectives

During the year under review, the following strategic objectives were managed in the Programme:

- To strengthen academic and enrolment planning in supporting the output of quality graduates;
- To enhance the national Programme Qualification Mix (PQM) grid by refining and aligning universities PQMs with the National Plan for Higher Education;
- To provide financial management and management support to universities and relevant public entities;
- To improve access to post-school education in Mpumalanga and the Northern Cape;
- To improve access to universities via the establishment of a Central Application Service;
- To support the improvement of the structure and efficacy of the National Student Financial Aid Scheme (NSFAS);
- To reflect on best practices and challenges in implementing the mergers of universities;
- To monitor the progress with regard to outputs 4 and 5 of the Minister's PME;
- To provide appropriate policy frameworks for the improvement of teaching and learning;
- To ensure the effective use of earmarked funds by universities for the intended purposes;
- To review the funding of the university education system as a whole and particularly the funding formula and the entire framework;
- To ensure that the Higher Education Management Information System (HEMIS) meets the needs for management information across the sector and that it is maintained properly with the required data from universities;
- To provide support to universities with regard to statutes, councils and student queries;
- To support the universities in enhancing student governance and leadership;
- To support universities in accelerating the process of transformation;
- To support universities in improving governance;
- To support the enhancement of research output and the academic performance of universities;
- To provide an appropriate policy framework for programmes and qualifications in higher education;
- To support universities in managing the impact of HIV and Aids;
- To promote the internationalisation of the university education system, of the African continent in particular and to support student exchanges;
- To ensure the appropriate regulation and registration of private higher education institutions;

- To monitor the compliance of private higher education institutions with the legislation and regulations;
- To maintain accurate records and data on private higher education institutions;
- To provide information on registration and amendment procedures in private higher education institutions;
- To monitor the production and development of lecturers and practitioners for the post-school system through qualification programmes in order to inform planning and determine enrolment and graduation targets;
- To strengthen the capacity for the provision of post-school teacher education in universities in order to provide and develop sufficient teachers for the post-schooling sector (Adult Education and Training Centres/institutions, Colleges, and Universities) over time;
- To monitor, evaluate and develop Departmental policies to improve the use of teaching development grants to strengthen teaching and learning in universities;
- To monitor the production of initial teachers and the development of practicing teachers for the pre-school and school system through qualification programmes in order to inform planning and determine enrolment and graduation targets;
- To strengthen the capacity and capability for the provision of pre-school and school teacher education in universities in order to produce and develop sufficient quality teachers for the pre-school and school system in line with Ministerial targets;
- To maintain and develop policy for practitioner/teacher/lecturer qualifications that is in line with the HEQF and needs of the education system;
- To evaluate, monitor and regulate practitioner/teacher/lecturer qualification programmes to ensure that they are aligned with academic policy and teacher education policy, accredited by the HEQC and approved for inclusion on the PQM of universities;
- To provide a service to organisations employing practitioners, teachers and lecturers to evaluate individual qualifications, local and foreign, for recognition for employment (through determining the relative education qualification value – REQV – of the individual qualification).

### Key Achievements

With regard to the Ministerial Statement on Enrolment Planning in Universities (2011/12 – 2013/14), a national three-year enrolment planning view was finalised, approved by the Minister and communicated to all universities. Significant progress has been made towards the establishment of the two new universities in Mpumalanga and the Northern Cape. The task team reports on the establishment of the new universities were completed in July 2011 and subsequently submitted to the CHE for advice. The Minister approved a project plan, project management team and a project steering committee that will oversee the work towards the establishment of the universities and significant progress towards this goal has been achieved. It is expected that the seat of learning will be announced in mid 2012 and that by the end of the year fully costed, campus, physical space and academic architectural plans will have been completed and building of new infrastructure required for each institution will begin in 2013, subject to all legal issues being attended to and sufficient funding being made available. The R300 million allocated over the 2011/12 – 2014/15 MTEF will not be sufficient to fully fund the new institutions; however it is sufficient to begin the process, while further funds are sought.

The final draft of the *Policy Framework for the Provision of Distance Higher Education in South Africa* was completed and submitted to the Minister for approval to publish in a Government Gazette for public comment. It is expected that the policy will be published and implemented in the 2012/13 financial year. The final decision was made to establish a National Central Application Service after advice was received from the CHE. A project plan has been developed and work has started towards the establishment of the service over the short to medium term. The finalisation and launch of the *Report of the*

*Ministerial Committee for the Review of the provision of Student Housing at South African Universities* (February 2012) was completed. The report provides the baseline for a comprehensive infrastructure plan for ensuring decent student housing at universities over the next fifteen-year period. New policy on minimum standards for student accommodation will be developed in the 2012/13 financial year based on this report.

Phase III of the Higher Education HIV and Aids Programme (HEAIDS) is being implemented. The First-things-First HIV Counselling and Testing Campaign, a new project in Phase III of HEAIDS, was launched in 2011. The campaign is run in partnership with the Department of Health, the Foundation for Professional Development and Innovative Medicines South Africa. Seventeen universities participated in the campaign in 2011 and all 23 universities are expected to participate during 2012.

A National Transformation Seminar was held in October 2011 as a follow up to the Higher Education Stakeholder Summit held in 2010 and the launch of the Ministerial Panel on African Languages.

The Integrated Strategic Planning Framework for Teacher Education and Development in South Africa (2011-2025) was launched in April 2011 and published in the form of a Planning Framework, a Technical Report and FAQ booklet. The first phase of implementation of activities has started. A new qualifications policy for professionals working in the schooling sector was published: *The Minimum Requirements for Teacher Education Qualifications, 2011* (Government Gazette, Vol. 553, No. 34467, 15 July 2011). Universities are being supported to implement the new policy. A new qualifications policy for professionals working in the FET College sector, *The Minimum Requirements for FET College Lecturer Qualifications*, was completed and is ready for publishing in the Government Gazette for public comment.

Significant progress has been made with respect to the *Strengthening Foundation Phase Teacher Education Programme* (SFTE) which is now in its second year of implementation. Currently 20 universities (up from 13 in 2009) are involved in Foundation Phase Teacher Education, 14 are offering programmes and six are preparing to offer programmes by 2014. Significant teacher education staff development and research and programme development is taking place. A research organisation and a journal focusing on childhood education, including foundation phase teacher education has been established. Two editions of the Journal were published in 2011/12.

### Challenges

During 2011/12 three universities were placed under administration (University of Zululand, Tshwane University of Technology and Walter Sisulu University) and independent assessments in two other universities (Vaal University of Technology and Central University of Technology) were undertaken. These developments have highlighted the importance of monitoring the system more effectively. In this regard new draft reporting regulations have been developed in collaboration with the University sector and the Auditor-General. Once implemented, these will enable the Department to proactively identify problems in the system and to deal with them before they require drastic action.

Staff shortages in the programme remain the biggest internal challenge. The high volume of work, the short turnaround time that is required and the number of additional projects and requests for responsive action, in relation to the staff complement, have been challenges for most sections. In some cases this has meant that planned activities could not be carried out and in other cases that the turnaround time was longer than anticipated. An analysis of staffing for the programme is underway and the Branch will work with the Human Resources section of the Department in an attempt to resolve the challenges.

## 2.2.5 Programme 4: Vocational and Continuing Education and Training

<b>Purpose:</b>	Plan, develop, evaluate, monitor and maintain national policy, programmes and systems for vocational and continuing education and training, including further education and training colleges and post-literacy adult education.
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Programme 4 is made up of three sub-programmes namely: Programmes and Qualifications, Planning and Institutional Support and National Examinations and Assessment.

**Planning and Institutional Support** provides the framework, coordination and support to further education and training colleges for the efficient and effective management, governance and delivery of vocational and occupational programme and manages the further education and training colleges' conditional grant to provinces. It also regulates the provision of education and training by private education institutions offering qualifications in the further education and training band of the national qualifications framework.

**Programmes and Qualifications** develops and maintains high quality vocational education and training programmes, provides for implementing the student support services framework and provides leadership and support for training and developing lecturers to ensure quality delivery of programmes in colleges. In addition it supports the education of post-school adults pursuing general education and training certificates and the national senior certificate qualifications.

### Strategic Objectives

During the year under review, the following strategic objectives were managed in the Programme:

- To increase access to programmes leading to intermediate and high level learning by supporting the development of college institutional capacity in order to achieve transparency, enhanced performance, accountability and efficiency;
- To ensure participation by and involvement of relevant role-players in processes that decides on the strategic direction of the FET College sub-system;
- To effectively manage and support the transition of colleges to an exclusive national legislative competence;
- To develop and support the implementation of a monitoring, evaluation and research framework that must inform continuous improvement in the sub-system;
- To provide support for the progressive improvement in Conditions of Service of college employees;
- To ensure sustained labour peace, staff commitment and productivity;
- To develop and maintain a human resource planning framework for the FET College and AET sub-systems;
- Plan and monitor the equitable distribution of funding to increase access to a variety of approved programmes in public FET Colleges and public Adult Learning Centres;
- To develop policies that will facilitate the securing of complementary funding to increase access to and for development support of the VCET sub-system;
- To develop and maintain a range of quality responsive vocational programmes for colleges;
- To train and support lecturers to ensure a skilled and capable college workforce;
- To assess the quality of curriculum delivery and impact of the intervention strategies to improve quality of curriculum delivery;

- To initiate and support interventions aimed at addressing the challenges affecting students particularly in regard to academic performance, programme choices, governance and leadership, extra-curricular activities and students' general welfare;
- To strengthen the capacity of FET Colleges to provide effective student support services;
- To provide strategic coordination, support and management for partnerships and donor-funded projects aimed at FET College development support;
- To expand access to AET programmes for adults and out of school youth;
- To develop and maintain a range of quality responsive programmes for adults and out of school youth;
- To develop and support the implementation of assessment policies for AET programmes to ensure quality and credibility of learner achievements;
- To provide institutional support to ensure quality, efficiency and improved performance of public Adult Learning Centres;
- To provide administrative and IT support to all examination processes at FET Colleges and personnel;
- To provide credible examinations (Report 190/191) at FET Colleges;
- To provide and support quality assessment practices for vocational and adult education;
- To coordinate and administer credible resulting and certification processes for vocational and adult education.

#### Key Achievements:

The strengthening of public Adult Learning Centres posed a major challenge in the light of expanded access into AET. In response, draft guidelines on management and governance were developed as part of improving the efficiency and monitoring performance of the AET centres. To ensure an expanded and appropriate policy and institutional delivery environment, a task team was established to make proposals on an appropriate model for the delivery of AET. The draft report of the task team proposes the establishment of Community Education and Training Centres (CETCs), currently being consulted with stakeholders. The CETCs as well as the conversion of FET Colleges into VCET institutions, has been gazetted as delivery institutions for the VCET sector, following the release of the Green Paper for Post-School Education and Training. In addition, the expansion agenda for AET delivery was strengthened with the publication of the National Senior Certificate for Adults (NASCA) for public comment.

In an attempt to make FET Colleges more responsive and relevant regarding the programmes that they offer, an additional National Certificate (Vocational) [NC(V)] programme, *Transport and Logistics*, was offered from January 2012 and the curriculum for an additional programme, *Primary Health*, was completed in partnership with the HWSETA and the Department of Health. The *Primary Health* programme will be implemented in 2013, in support of government's implementation of the National Health Insurance (NHI) programme.

A Ministerial Task Team (MTT) was established to review the NC(V) qualifications at levels 2-4. The final report containing recommendations for improvement and amendment of the NC(V) policy was submitted and paves the way for further engagement and deliberations by the Ministry on the review of the NC(V) qualifications.

Parallel to the qualifications review process, the review of five selected NC(V) subjects was also undertaken to improve the content, teaching and assessment of these curricula. The NC(V) delivery was further strengthened by the development of the Internal Continuous Assessment (ICASS) guidelines, which were implemented in January 2012. The 826 units of lecturer training delivered in the last

financial year supported the implementation of the ICASS guidelines in all 50 colleges, as well as the sharing of best practices and the delivery of new and revised NC(V) subject curricula. Notable improvements in student performance in Mathematics and Mathematical Literacy, as well as significant improvements in the NC(V) certification rates across all three levels, demonstrate the gains of the quality improvement initiatives targeting the NC(V) qualifications.

The draft AET assessment regulations gazetted for public comment are intended to improve assessment practices in AET centres. The release of the draft regulations was coupled with provincial curriculum support workshops to facilitate improvements in the conduct of learner assessments. An additional seven provinces carried out interventions in terms of educator development, but this area of performance continues to show the systemic weaknesses of the AET sector on many fronts, but particularly in terms of the professionalisation of teaching practice.

Access into FET colleges was significantly expanded through the R1.270 billion bursary allocation awarded to 165 273 students enrolled in the state-subsidized programmes offered in colleges. The overall improvement in student performance in the November 2011 examinations may well be attributable to the substantial coverage of travel and accommodation costs for many indigent students, made possible by the substantial increase in bursary awards in the 2011 academic year. The improvement in certification rates across all three NC(V) levels and some Report 191 programmes suggests that access provided through discreet but comprehensive financial support contributes to increased measures of success. Aligned to the issue of access, the 3<sup>rd</sup> edition of the *Opportunities* booklet, distributed at Ministerial Road Shows, of which three have been hosted in the last financial year, serves as a valuable instrument for advocacy of the FET Colleges sector with the aim of improving access for many young people and particularly for those in rural locations.

The quality assurance for N4 to N6 including the N Diploma in Report 191 has been resolved. The Quality Council for Trades and Occupations (QCTO) has assumed this role. The ICASS Guidelines was completed and distributed to FET Colleges. A support workshop for the implementation of the Guidelines was conducted for each province. On-site training of NC (V) Level 4 and ABET-GETC Level panelists in setting of question papers and site-based assessment tasks was held. This has improved the quality of the question papers. Due to additional funding allocated for the remuneration of panelists and markers, it was possible to review the tariffs and to gazette new tariffs. This translated into payment of all the examination officials who were dealing with examination processes accordingly and within the same financial year.

Nine national examination cycles were held during 2011/12, of which seven were for the FET College sector and two for AET. During each of the nine cycles, the following was achieved in respect of national examinations and assessment:

- Registration of 866 491 candidates for national examinations;
- Monitoring and registration of 382 public and private examination centres;
- Setting and moderation of 1417 question papers and 65 site-based assessment tasks;
- Printing, packing and distribution of question papers for the FET College sector;
- Marking of 2.5 million scripts for the FET College sector;
- Capturing of 5.08 million marks for the FET College candidates;
- Monitoring of examination centres during the conduct of examinations and marking sessions throughout the year;

- Standardisation of all examination marks as per the quality assessor for all examination cycles;
- Resulting and certification of candidates for the FET College sector.

The colleges were converted to SA-GAAP as a means of establishing a single accounting standard for the sector and to ensure that the analysis of the Annual Financial Statements (AFS's) could be undertaken.

The monitoring of college success rates and participation rates commenced in 2011. The process focused on the NC(V) and Report 191 programmes. The enrolment rates rose by 34% from 2011 to 2012. The success rates (based on the November 2011 results) show a dramatic improvement in the success rates, which average at 40% across levels. These results are significantly higher than the targets set. It must also be noted that the results are of the November 2011 examinations and consider only candidates who sat for examinations in all subjects in a programme and/or those candidates who sat for one of more subject examination in order to complete the programme for certification.

The Department has been actively pursuing a standardised Business Management System and reporting indicator system for the colleges. This is to provide the sector with a more relevant FET Management Information System (FETMIS) reporting capability and also to improve decision making at all levels. There are two components of this initiative:

- i) The development of annual indicators and the use thereof in the colleges. This has been completed and implemented at the 50 colleges for 2011/12. It is integrated into the quarterly reporting cycle and the monthly financial reporting cycle.
- ii) The conversion of colleges to the BMS, a standardised operational application that colleges utilise for their MIS. This was expanded to Boland, Buffalo City, Port Elizabeth and South Cape FET Colleges.

The support by Workstream 1 provided a boost of additional resources to support the design of the monitoring and evaluation tool, support the implementation thereof, support colleges in operational planning and provided some analytical support for various research activities.

In regulating and supporting private FET colleges as a means of expanding the institutional base for providing quality post-school education and training opportunities, the following was achieved:

- i) Registration of 501 private colleges;
- ii) Registration of 123 private colleges as examination centres;
- iii) Compliance and performance reports on 384 provisionally registered colleges; and
- iv) Identification of 28 illegally operating private colleges and the arrest of their managers.



The following activities were also successfully concluded in the year under review:

- The process of consultation with stakeholders on the proposed review of the National Norms and Standards for Funding FET Colleges was initiated.
- There was successful participation in the bargaining at the PSCBC level for the improvement of salaries for all the employees within the General Public Service Sector. All state employees benefitted.
- The FET Colleges Employer Organisation (FETCEO) was advised to implement the same improvements for College-paid staff as above, who then also benefitted from the general increase in salaries received by the Public Sector employees.
- The Department participated in the Section 100 (b) Intervention in the Limpopo Province and ensured that all employees were paid their outstanding pay progression for 2010.
- FET College staff data in 2011 was verified and validated in preparation for negotiations for Improvement of Conditions of Service for FET Colleges' staff, both PERSAL and non-PERSAL. The data has been used for planning purposes for the financial year 2012/13.
- An investigation into the organisational structures of a sample of 20 FET Colleges was successfully conducted and a generic baseline organisational structure developed. Senior management still has to discuss and give further direction on the proposed structure.
- A Human Resources and Labour Relations register of needs was developed.
- There was successful intervention which averted strikes by employees in two colleges in the Eastern Cape.
- A proposal for the Improvement of Conditions of Service for AET educators was developed. HEDCOM agreed to the proposal in principle. The Council of Education Ministers (CEM) still has to give the go ahead on the negotiations for the proposed Conditions of Service Improvement.

### Challenges

Curriculum development and review, both for FET Colleges and AET, is adversely impacted by the fact that the draft sub-frameworks of both Umalusi and the QCTO claim this responsibility. Until this issue is resolved, progress on the development of curriculum for the NASCA, as well as the review of the outdated Report 191 programmes, is hampered. The Interdepartmental NQF Steering Committee has attempted to provide an interim solution and this will be further explored in the 2012/13 financial year. At the moment, initiatives regarding the professional development of the current (educator) incumbents in VCET institutions and the development of learner materials to support quality teaching and learning, are funded by external stakeholder support.

With regard to the examination function, capacity constraints were experienced in the areas of on-site security, staff allocation and budget allocation. The Branch will work with the Human Resources section of the Department in an attempt to resolve the staffing challenges.

Other challenges experienced by the programme in the year under review:

- i) There were delays in securing the National Treasury Technical Assistance Unit (TAU) to provide technical expertise in scoping and supporting the move of the provincial VCET functions, budgets and personnel to the Department. The migration of FET Colleges and Adult Education and Training functions from Provincial Education Departments to the Department will receive additional attention in 2012/13. The establishment of a unit responsible for the management of the function shift as well as the appointment of a dedicated project manager is being considered.
- ii) The continued operation of unregistered private institutions remains a challenge as the public do not always consult the Departmental list of registered institutions before enrolling for programmes. The Department will look for additional ways to manage this issue.
- iii) There is still a lack of readiness across the AET sub-system to implement the funding norms for public Adult Learning Centres and this will need to be reviewed again in 2012/13.

## 2.2.6 Programme 5: Skills Development

Purpose:	Promote and monitor the National Skills Development Strategy.
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There are three budget sub-programmes:

**SETA Coordination** supports, monitors and reports on implementation of the National Skills Development Strategy at sectoral level through establishing and managing the performance of service level agreements with sector education and training authorities (SETAs). INDLELA manages and coordinates national artisan development including monitoring the improvement of artisan trade assessment and moderation and the development of trade assessment practitioners. INDLELA is also responsible for the operationalisation of the National Artisan Moderation Body (NAMB).

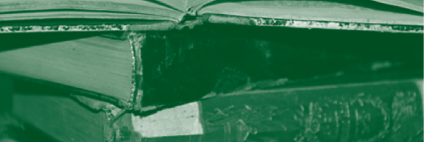
**National Skills Development Services** transfers funds to the National Skills Fund (NSF) and manages projects identified in the National Skills Development Strategy (NSDS) as national priorities and other projects related to achieving the purposes of the Skills Development Act (1998) as determined by the Director-General of the Department.

**Quality Development and Promotion** coordinates the work of the Quality Council for Trades and Occupations to develop, register and quality assure the implementation of qualifications and standards for occupationally based learning across all sectors of the economy.

### Strategic Objectives

During the year under review, the following strategic objectives were managed in the Programme:

- Provide a dynamic interface between the workplace and learning institutions and to promote quality learning at work and for work;
- To actively promote alignment of skills development outputs to the needs of the workplace and to the broader growth needs of the country's economy;
- To steer and support the developmental and internal and external structures and systems that effectively enables the achievement of the NSDS goals;
- To monitor and evaluate the implementation of the NSDS;
- To provide funds for identified priorities that advances the Human Resource Development Strategy (HRDS);
- To provide funds for priorities identified by the Minister after consultation with the NSA and that support the NSA in its advisory work and building the capacity of the social partners constituencies to strengthen their role in and delivery of the NSDS;
- To provide funds to support projects identified as national priorities in the context of the National Skills Development Strategy and in support of the strategic objectives of government;
- To provide funds to support other projects that are pertinent to the achievement of the purposes of the Skills Development Act, as determined by the Director-General;
- To provide funds for the operation of the NSF;
- Support the development of credible NSA and sub-committee work plans;
- Consolidate and manage NSA process of providing advice on the National Skills Development policies to the Minister;



- To steer the development of internal and external structures and systems that effectively enable the achievement of the NSA goals;
- Ensure effective secretarial services for all NSA processes;
- Support the NSA with monitoring and evaluation during the implementation of NSDS;
- Support and coordinate the work of the Branch;
- Oversee and manage the skills conference processes;
- Coordinating and commissioning research to enable the Authority to best fulfil its advisory functions;
- Monitor and evaluate the implementation of NSDS III;
- To ensure coordination, integration, alignment and facilitation with relevant policies, strategies and stakeholders with regard to the Human Resource Development Strategy for South Africa (HRDSA);
- To maintain the HRDSA by supporting, monitoring, evaluating and reviewing the HRDSA two-year work plan via reports and periodic summits.

### Key Achievements

The following key achievements were reached by the programme during the year under review:

- The National Artisan Moderation Body (NAMB) was partly operationalised and appointed as the first Assessment Quality Partner for the Quality Council for Trades and Occupations;
- Agreement was reached in principle with all social partners, inclusive of Human Resource Development Council Technical Task Team and SETAs, that a single national system for artisan development is to be implemented;
- The highest number of artisan learners (13 168) completed training nationally since April 2007;
- A Skills Conference on the deepening of understanding on the NSDSIII was successfully convened;
- NSA supported and advised the Minister on the new regulatory framework for the SETAs including the Constitution of SETAs, Conditions of Employment for the CEOs, the Skills Development Bill, etc.;
- An amendment to the Skills Development Act was effected;
- Draft Learning Programme Regulations were developed and aligned to the draft OQF Sub-framework and submitted to the Minister;
- QCTO was supported to become operational and the draft OQF sub-framework was submitted;
- The SETA Levies were managed and disbursed on a monthly basis in line with the provisions of the Skills Development Levies Act;
- The scarce skills information as detailed in the Sector Skills Plans (SSP) was aggregated;
- The OFO codes and guidelines were updated;
- The SETAs were supported in the development and alignment of their Sector Skills Plans through the SSP Framework and Strategic Plan Framework;
- The new SETA landscape and establishment of SETAs were published in Government Gazette No. 33756.

### Challenges

The constraints and challenges in the programme are similar to those of other programmes, in that the Department is still experiencing some staff vacancies and budgetary constraints. The vacancies at INDLELA relate specifically to technical persons who are able to carry out testing, due to the scarcity of qualified artisans who are also assessors. The full operationalisation of NAMB is still being addressed. Ongoing support and capacity to NAMB and QCTO to become operational is provided by Departmental officials. The regular breakdown of IT services, often due to cable theft, severely limits the efficiency of INDLELA Operations.

The main challenge experienced by the NSA secretariat is its positioning in relation to the rest of the Department. Repositioning the NSA will better enable the NSA to fulfill its mandate more effectively as outlined in the Skills Development Act. Advice on the annual performance against the NSDSIII could not be provided by the NSA in time due to delays in compiling such a report. The lack of the report results in delays in evaluating/monitoring performance.

The legislative requirements pertaining to the submission and approval of SETA SLAs, Sector Skills Plans and Strategic Plans are not aligned and should be addressed (Amendment of SLA Regulations). This will be undertaken in the 2012/13 financial year.

The monitoring and reporting framework document for SETAs has still not been finalised due to the shift from NSDS II and III. This means that SETAs are still reporting within the NSDS II objective framework. This will be rectified in the 2012/13 financial year.

## 2.3 ANNUAL PERFORMANCE ACHIEVEMENTS

PROGRAMME 2: HUMAN RESOURCE DEVELOPMENT PLANNING AND MONITORING COORDINATION				
Strategic Objective	Performance Indicator	Annual Target (2011/12)	Actual Performance/Achievement	Comment
<b>Sub Programme: Planning, Information, Monitoring and Evaluation Coordination</b>				
<b>To ensure that there is an Integrated Education and Training Management Information System, linking all providers of education and training into a single system so that there is a learning record and occupation category for each and every person resident in South Africa</b>	Number of Integrated Information Management System Frameworks developed, i.e. Skills Provisioning, Skills demand, skills Usage	Three information framework documents developed	The three information framework documents have been developed and compiled into a consolidated information framework document for the DHET	
	A single reporting system incorporating Higher Education, FET and AET information developed	Single reporting system for FET and AET data	The reporting system for the FET and AET data is in place	
	Number of data interfaces for the integrated system developed	Three data interface format specification documents developed	Three data interface format specification documents have been developed for the integrated system	
	Number of data capture tools (Snap and Annual Surveys) developed for the FET, AET and HEI sectors	Seven data capture tools developed and distributed for use to Institutions and Provinces	Nine data capture tools developed and distributed for use to Institutions and Provinces	In regard to this target the following specifics were delivered: <ul style="list-style-type: none"> <li>• AET Annual 2011 and AET Snap 2012</li> <li>• Private FET Annual 2011</li> <li>• Private FET Snap 2010</li> <li>• Public FET Annual 2011</li> <li>• Private HE 2011</li> <li>• Public FET M&amp;E tool</li> <li>• Public FET Funding survey tool</li> <li>• Public FET Integration tool</li> </ul>
	Number of Heads of Education Departments Subcommittee meetings on Information and Planning held and Annotation to HEDCOM	Three meetings completed with provinces	Three meetings completed with provinces	The three meetings with provincial representatives were held on 23 June 2011, 3 November 2011 and 15 March 2012
	Number of Information Standards Committee meetings held and report to Director-General compiled	Three meetings completed	Three meetings completed	The three meetings were held on 6 July 2011, 27 October 2011 and 8 March 2012

PROGRAMME 2: HUMAN RESOURCE DEVELOPMENT PLANNING AND MONITORING COORDINATION				
Strategic Objective	Performance Indicator	Annual Target (2011/12)	Actual Performance/Achievement	Comment
<b>To support the development of a coherent career guidance and information system for the Higher Education and Training Sector</b>	National Career Guidance System Framework developed	National Career Guidance System Framework developed	National Career Guidance System Framework was developed	The National Career Guidance System Framework was developed and distributed to stakeholders in March 2012
	National Career advice and information portal specifications document developed	National Career advice and information portal specifications document developed	The specification for the National Career advice and information portal has been developed	The tender for the development of the system has been advertised and evaluated
<b>To support the development of Open and Distance e-Learning Opportunities as part of the Post School System</b>	Framework for e-Learning Opportunities for Post School Learners developed and approved	Framework for e-Learning Opportunities for Post School Learners developed and approved	The framework for e-Learning Opportunities for Post School Learners has been developed, but is not yet approved	
<b>To ensure credible planning processes and evaluation capabilities in the Department that will achieve the required outcomes and provide an early warning system to correct any deviations from structured plans</b>	Number of quarterly FET Provincial Performance Analysis Reports compiled and approved	Four quarterly FET Provincial Performance analysis reports compiled and approved	Four reports compiled, approved and submitted to National Treasury	
	Number of quarterly AET provincial performance analysis reports compiled and approved	Four quarterly AET provincial performance analysis reports compiled and approved	Four reports compiled and approved at the HEDCOM Subcommittee on Information and Planning	

PROGRAMME 2: HUMAN RESOURCE DEVELOPMENT PLANNING AND MONITORING COORDINATION				
Strategic Objective	Performance Indicator	Annual Target (2011/12)	Actual Performance/Achievement	Comment
<b>To develop a monitoring and evaluation framework and indicators for the Department and to coordinate research functions in the Department</b>	Higher Education and Training System Monitoring and Evaluation Framework developed	Develop indicators for the PME reporting framework for the Department in line with Outcome 5	PME indicators were developed and used for reporting to DPME and Cabinet	Improvements to the Outcome 5 PME performance measures and indicators were submitted to DPME after the special meeting of the Technical Implementation Forum held with key delivery partners on 1 November 2011
		Four summary programme of action progress reports for Outcome 5	Four programme of action and summary progress reports were prepared and submitted to DPME and Cabinet within the required timeframes for each quarter	
	Research Information Repository	DHET research repository	The DHET research repository has been established	The repository concept note has been developed and the repository is ready to operate from 1 April 2012
	Number of University Library Partnership agreements secured	10 Partnership agreements	23 Partnerships in the inter-library loan agreement	The setting up of library partnerships with 23 university libraries was managed through the inter-library loan agreement that the DHET has invested in. Additional partnerships for resource sharing have been set up with the Commonwealth of Learning (CoL) and the Organisation for Economic Co-Operation and Development (OECD)
	Report on the coordinated research in the department.	Annual Research Report	Report on research coordinated for the year has been completed	Five research requests were processed in 2011/12
	Number of data analysis reports compiled	Five data analysis reports compiled	Five data analysis reports compiled	
	Number of data analysis reports published	Two published	Two data reports published: FET data report (analysis of exam data) and AET report	

PROGRAMME 2: HUMAN RESOURCE DEVELOPMENT PLANNING AND MONITORING COORDINATION				
Strategic Objective	Performance Indicator	Annual Target (2011/12)	Actual Performance/Achievement	Comment
<b>Sub Programme: International Relations</b>				
<b>To pursue African advancement and enhanced international cooperation in education and training</b>	Number of reports on all African Union Conferences attended	One report on all African Union Conferences attended	No report on African Union Conference was compiled	AU COMEDAF conference was postponed by the AU Secretariat from March 2012 to April 2012
	Number of reports on all SADC Conferences attended	One report on all SADC Conferences attended	A report on all SADC meetings attended has been compiled	
	Number of reports on all ADEA Conferences attended	One report on all ADEA Conferences attended	A report on participation in the ADEA 2 <sup>nd</sup> Conference on the inter-country Quality Node on Technical and Vocational Skills development has been compiled	The Department did not participate in the ADEA Triennial Conference, however a report on the outcomes of the conference has been obtained
	Number of reports on all bilateral engagements compiled	One report on all bilateral engagements compiled	A report on all bilateral engagements with countries in Africa has been compiled	
<b>To strengthen South-South, North-South and multilateral cooperation in education and training</b>	Number of reports on all IBSA Trilateral Commission Forum meetings	One report on all IBSA Trilateral Commission Forum meetings	A report on all IBSA meetings and activities compiled	
	Number of reports on IBSA Education Working Group meetings and Academic Forum hosted	One IBSA Education Working Group meeting and Academic Forum hosted and report compiled	A report on IBSA Academic Forum compiled	Invitations were sent to counterparts in India and Brazil to attend an Education Working Group meeting. They were unable to attend and the meeting therefore could not take place
	Number of progress reports on China Cooperation Agreement compiled	One progress report on China Cooperation Agreement compiled	Report on engagement with China has been compiled	
	Number of progress reports on all Middle East engagements	One progress report on all Middle East engagements compiled	A report on all Middle East engagements has been compiled	



PROGRAMME 2: HUMAN RESOURCE DEVELOPMENT PLANNING AND MONITORING COORDINATION				
Strategic Objective	Performance Indicator	Annual Target (2011/12)	Actual Performance/Achievement	Comment
	Number of reports on all structured bilateral engagements	One report on all structured bilateral engagements	Report on all bilateral commissions and official international visit has been compiled	
	Number of reports on all Annual Conferences the Department is involved in	One report on all Annual Conferences the Department is involved in	Report on participation in international annual conferences has been compiled	
	Number of reports on the amount of International Funds accessed	One report on the amounts of International Funds accessed	Matrix of all donor projects and funding negotiated by the Department has been compiled	
	Number of Trilateral programme Reports compiled	One Trilateral programme Report compiled	A report on the progress of the Trilateral programmes has been compiled	
	Number of ODA reports compiled	One report on ODA compiled	Report on relations with donors and a project progress report has been compiled	
	Number of reports on project agreements concluded	One report on project agreements concluded	Report on all project agreements for ODA negotiated by the Department has been compiled	
	Number of internationalisation reports compiled	Three internationalisation reports compiled	Two Internationalisation reports have been compiled (one for universities and one for SETAs)	Activities for the 3 <sup>rd</sup> report (FET Colleges) are underway and will be completed in the next financial year
	Collaboration Database developed	Collaboration Database developed	Database has been developed	

PROGRAMME 2: HUMAN RESOURCE DEVELOPMENT PLANNING AND MONITORING COORDINATION				
Strategic Objective	Performance Indicator	Annual Target (2011/12)	Actual Performance/Achievement	Comment
<b>Sub Programme: Legal and Legislative Services</b>				
<b>Providing effective legal advice to the Ministry and the Department on higher education and training legislation and law</b>	% of Advice requests fulfilled for the Minister and the DHET legislation and education law	100% of all requests responded to	100% of all requests responded to	
<b>Manage any litigation concerning the Ministry and the Department</b>	% of court cases administered regarding litigation against the Department or the Minister	100% of all cases administered to	100% of all cases administered to	
<b>Advising on all agreements pertaining to the Department and the Ministry</b>	% of agreements on which legal advice is provided when requested	100% of all requests responded to	100% of all requests responded to	
<b>Managing requests for information and other human rights related matters</b>	% of requests managed and responded to by making a decision on whether to make information available to the requester or not	100% of all requests responded to	100% of all requests responded to	
<b>Manage the drafting of all DHET legislation and regulations</b>	Number of amendment bills processed	Three amendment bills were processed	Higher Education Laws Amendment Bill, 2011 and the Skills Development Amendment Bill, 2011 were processed and enacted. Further Education and Training Colleges Amendment Bill, 2011 was processed	Further Education and Training Colleges Amendment Bill, 2011 was approved by both houses of Parliament and once signed by President will be promulgated as the Further Education and Training Colleges Amendment Act

PROGRAMME 2: HUMAN RESOURCE DEVELOPMENT PLANNING AND MONITORING COORDINATION				
Strategic Objective	Performance Indicator	Annual Target (2011/12)	Actual Performance/Achievement	Comment
<b>Sub Programme: Social Inclusion and Equity</b>				
<b>To establish a well functioning social inclusion, equity and transformation unit within DHET that will focus on policy, research, monitoring and evaluation in matters relating to race, class, gender, age, disability, HIV/ Aids and on career guidance information services and counseling</b>	A document scoping the functions of the Social Inclusion , Equity and transformation Unit compiled and approved	A document scoping the functions of the Social Inclusion , Equity and transformation Unit compiled and approved	A document scoping the functions of the Social Inclusion , Equity and transformation Unit has been compiled and approved	
	Database on social partners developed	Database of social partners developed	Database of social partners developed	
	A social inclusion equity and transformation unit established	A social inclusion, equity and transformation unit established	A social inclusion, equity and transformation unit has been established	
<b>To develop and maintain policies, guidelines and frameworks for Social Inclusion and equity in the higher education and training system</b>	Approved Social Inclusion Policies Framework	Approved Social Inclusion Policies Framework	Draft Social Inclusion Policies Framework developed	Draft Social Inclusion Policies Framework is in the process of being consulted with stakeholders
	Approved Social Inclusion Policies Guideline compiled	Approved Social Inclusion Policies Guideline compiled	Social Inclusion Policies Guideline covered in draft Social Inclusion Policies Framework	
	Approved Social Inclusion Policies Guideline	Approved Social Inclusion Policies Guideline	Social Inclusion Policies Guideline covered in draft social inclusion policies framework	
<b>To support the development of coherent career guidance information and counseling service for the higher education and training system</b>	Approved Higher Education Career Guidance and Information Services Plan	Approved Higher Education Career Guidance and Information Services Plan	Draft Career Guidance Framework has been developed together with the Information Services Plan	

PROGRAMME 2: HUMAN RESOURCE DEVELOPMENT PLANNING AND MONITORING COORDINATION				
Strategic Objective	Performance Indicator	Annual Target (2011/12)	Actual Performance/Achievement	Comment
<b>To assess the responsiveness of citizenship and values education curricular and extra-curricular programmes in the Higher Education and Training Sector</b>	Citizenship and Values Education in the Higher Education and Training Sector Monitoring Framework developed and approved	Citizenship and Values Education in the Higher Education and Training Sector Monitoring Framework developed and approved	Draft framework document has been developed	
<b>To render strategic support to inter-departmental initiatives related to youth, gender and disability</b>	Number of reports on departmental initiatives related to youth, gender and disability on youth development compiled	Three reports on departmental initiatives related to youth, gender and disability on youth development	Three reports on departmental initiatives related to youth, gender and disability on youth development	
<b>To pay focused attention to the enhancement of rural education, languages and grounding programmes in the higher education and training sector, through monitoring and evaluation</b>	Report on desktop research on existing policies compiled and Action Plan developed	Report on desktop research on existing policies compiled and Action Plan developed	Conducted desktop research and literature review on existing policies and report developed	This is partly achieved because an action plan has not been done
<b>To coordinate social cohesion in the higher education and training system through the observance of key national and international calendars and through arts, culture and sport</b>	Approved Advocacy Plan with a calendar of events	Approved Advocacy Plan with a calendar of events	Calendar of events has been compiled and approved	Advocacy Plan could not be finalised during the 2011/12
<b>To manage the DHET's national, regional and international reporting obligations, particularly in human rights education, disability, gender and HIV/Aids</b>	Framework for Collecting Information for reporting on National, Regional and International Protocols developed	Framework for Collecting Information for reporting on National, Regional and International Protocols developed	Framework for Collecting Information on National, Regional and International Protocols was developed	

PROGRAMME 2: HUMAN RESOURCE DEVELOPMENT PLANNING AND MONITORING COORDINATION				
Strategic Objective	Performance Indicator	Annual Target (2011/12)	Actual Performance/Achievement	Comment
Directorate : NQF				
<b>Monitor and support actions needed to implement the statutory functions assigned to the Minister, Director-General, SAQA, CHE, Umalusi and QCTO in terms of the National Qualifications Act</b>	Developed Monitoring Instrument	Monitoring Instrument	No monitoring instrument had been finalised. However, there has been consultations with SAQA and QCs	
	% of inputs provided as requested	Inputs provided	All requested inputs (100%) were provided	
	% of minutes and action plans for Meetings	Minutes and action plans	Minutes and action plans for meetings compiled for all meetings	

PROGRAMME 3: UNIVERSITY EDUCATION				
Strategic objective	Performance indicators	Target for 2011/12 as per Annual Performance Plan (APP)	Actual Performance/Achievement	Comment
<b>Sub-Programme: Academic Planning and Management</b>				
<b>To strengthen academic and enrolment planning in supporting the output of quality graduates</b>	Framework for Increased Expansion of the Post School Education System developed	Framework for Increased Expansion of the Post School Education System developed	Draft Framework has been developed	First draft is available. It should be completed in the first quarter of 2012/13
	<p>Approved Ministerial Statement on the following enrolment targets for 2013:</p> <ul style="list-style-type: none"> <li>• 15 737 First time under graduate Engineering enrolments</li> <li>• 10 877 Engineering graduates</li> <li>• 9 656 First time under graduate Animal and Human Sciences enrolments</li> <li>• 11 010 Animal and Human Sciences graduates</li> <li>• 7 010 First time under graduate Natural Science and Physical Sciences enrolments</li> <li>• 5 215 Natural Science and Physical Sciences graduates</li> <li>• 49 081 First time under graduate Educator enrolments</li> <li>• 8 442 Educator graduates</li> <li>• 52 922 Honours enrolments</li> <li>• 18 289 Honours graduates</li> <li>• 51 104 Research Masters enrolments</li> <li>• 4 124 Research Masters graduates</li> <li>• 10 850 Doctoral enrolments</li> <li>• 1 328 Doctoral graduates</li> <li>• 577 Post Doctorals</li> </ul>	<p>Approved Ministerial Statement on the following enrolment targets for 2013:</p> <ul style="list-style-type: none"> <li>• 15 737 First time under graduate Engineering enrolments</li> <li>• 10 877 Engineering graduates</li> <li>• 9 656 First time under graduate Animal and Human Sciences enrolments</li> <li>• 11 010 Animal and Human Sciences graduates</li> <li>• 7 010 First time under graduate Natural Science and Physical Sciences enrolments</li> <li>• 5 215 Natural Science and Physical Sciences graduates</li> <li>• 49 081 First time under graduate Educator enrolments</li> <li>• 8 442 Educator Graduates</li> <li>• 52 922 Honours enrolments</li> <li>• 18 289 Honours graduates</li> <li>• 51 104 Research Masters enrolments</li> <li>• 4 124 Research Masters graduates</li> <li>• 10 850 Doctoral enrolments</li> <li>• 1 328 Doctoral graduates</li> <li>• 577 Post Doctorals</li> </ul>	The Ministerial Statement was prepared, approved by the Minister and communicated to all institutions	Ministerial Statement; approved submissions and letters to institutions are available

PROGRAMME 3: UNIVERSITY EDUCATION				
Strategic objective	Performance indicators	Target for 2011/12 as per Annual Performance Plan (APP)	Actual Performance/Achievement	Comment
	Approved Infrastructure Funding Support Analysis Report for 2012/13 onwards compiled from 2011/12 enrolment plan	Approved Infrastructure Funding Support Analysis Report for 2012/13 onwards compiled from 2011/12 enrolment plan	No formal analysis report was developed, however information from enrolment planning was incorporated into the Ministerial Funding Statement, which has been released	Ministerial Statement is available
	Number of progress reports on Ministerial Institutional Targets for 2010 to 2013 compiled	Four progress reports on Ministerial Institutional Targets for 2010 to 2013 compiled	Four reports on institutional targets for 2010 to 2013 have been compiled	Reports available
	Policy on Distance Education Provision in South Africa developed and approved by Minister	Policy on Distance Education Provision in South Africa developed and approved by Minister	Policy on Distance Education Provision in South Africa developed and submitted to the Minister for approval	The Minister is considering the policy and the recommendation to publish for public comment
	Number of reports on future space capacity and enrolment growth compiled	One report on future space capacity and enrolment growth compiled	Report not finalised	First reports have been submitted by institutions and are being assessed; consolidated report will be completed during the 2012/13 financial year
	Number of campus enrolment reports compiled	One campus enrolment report compiled	Report not compiled	This required a change in the reporting form of the VALPAC programme within the HEMIS reporting tables; this was only incorporated and tested during 2011 and therefore data on individual Campuses will be captured during the 2012 academic year which will yield audited reports by October 2013

PROGRAMME 3: UNIVERSITY EDUCATION				
Strategic objective	Performance indicators	Target for 2011/12 as per Annual Performance Plan (APP)	Actual Performance/Achievement	Comment
	Number of reports on drop outs and throughput compiled	One report on drop outs and throughput compiled	Data on drop outs and throughput compiled	Data available and report will be completed during the 2012/13 financial year
<b>To enhance the national Programme Qualification Mix (PQM) grid by refining and aligning universities' PQMs with the National Plan for Higher Education</b>	PQM Tracking System developed and approved	PQM Tracking System developed and approved	PQM Tracking System approved and functional	Tracking System in place
	Approved Ministerial PQM process	Ministerial approval document	An approved Ministerial PQM document has not been completed	An interim PQM process has been agreed upon between the CHE and the DHET at an operational level and communicated to all institutions. The finalisation of the process is dependent on the final date of implementation of the HEQF which was expected in the first quarter. However, the CHE undertook a review of the HEQF and the policy will not be finalised in this financial year. Once the policy is finalised then the HEQF implementation date can be announced by the Minister and an aligned process can be approved and announced
	Institutional PQMs aligned to the HEQF approved	Institutional PQMs aligned to the HEQF approved	Each institution has an updated approved institutional PQM that incorporates new programmes aligned with the HEQF	PQM database is available for inspection



PROGRAMME 3: UNIVERSITY EDUCATION				
Strategic objective	Performance indicators	Target for 2011/12 as per Annual Performance Plan (APP)	Actual Performance/Achievement	Comment
	Spatial Representation of HEI landscape developed	Spatial Representation of HEI landscape developed	Not yet completed	To be continued during the 2012/13 financial year
	Policy Framework for Foundation Programmes developed	Policy Framework for Foundation Programmes developed	Policy Framework for Foundation Programmes not finalised	The Policy Framework is being developed. A reference team is working towards completing the policy framework during the next financial year
<b>Sub-Programme: University: Management Support</b>				
<b>To provide financial management oversight and management support to universities and relevant public entities</b>	Approved revised Annual Reporting Regulations compiled	Approved revised Annual Reporting Regulations compiled	Draft revised Regulations finalised and submitted to key stakeholders for comment	After the consultation process it will be submitted for approval
	Number of reports on the assessment of the universities' annual reports compiled	One report on the assessment of the universities' annual reports compiled	A report on the assessment of the 23 universities' annual reports compiled and submitted to the Minister	Report on assessment of 23 universities
	Approved strategic plans and budgets for CHE, NSFAS and SAQA	Approved strategic plans and budgets for CHE, NSFAS and SAQA	All strategic plans and budgets for CHE, NSFAS and SAQA finalised and submitted and approved	
<b>To improve access to post-school education in Mpumalanga and the Northern Cape</b>	Approved report on future universities submitted to the Minister for approval	Approved report on future universities submitted to the Minister for approval	Draft report on future universities submitted to the Minister for approval	Consolidated report on future universities submitted in September 2011 to the Minister for approval and submitted to the CHE for advice. Consolidated task team report available

PROGRAMME 3: UNIVERSITY EDUCATION				
Strategic objective	Performance indicators	Target for 2011/12 as per Annual Performance Plan (APP)	Actual Performance/Achievement	Comment
<b>To improve access to universities via the establishment of a Central Application Services</b>	Approved framework and appropriate model for a Central Applications Service is available	Approved framework and appropriate model for a Central Applications Service is available	Framework and appropriate model for a Central Applications Service could not be finalised	Advice was received from the CHE, and work towards this outcome has begun and will be completed in the next financial year. A project and management plan has been approved; a project manager is appointed and a steering committee comprising of experts from across the sector is in place. The methodology and scope of the project is in the process of being finalised
<b>To support the improvement of the structure and efficacy of the National Student Financial Aid Scheme (NSFAS)</b>	Approved Implementation Plan based on the recommendation by the NSFAS	Approved Implementation Plan based on the recommendation by the NSFAS	Draft Implementation Plan developed and submitted for approval	Cabinet memorandum and implementation plan available
<b>To reflect on best practices and challenges in implementing the mergers of universities</b>	Approved Report on Best Practices and Challenges of Implementing the Restructuring of Higher Education	Approved Report on Best Practices and Challenges of Implementing the Restructuring of Higher Education	Report not developed	An analysis of the final report of the Merger process was done, however a full investigation on the current status of merged institutions to identify best practices and challenges has not been undertaken as yet
<b>To monitor the progress with regard to outputs 4 and 5 of the Minister's PME</b>	Number of progress reports on output 4 and 5 compiled and approved	Four quarterly reports on output 4 and 5 compiled and approved	Four reports (4 <sup>th</sup> , 1 <sup>st</sup> , 2 <sup>nd</sup> and 3 <sup>rd</sup> quarters) on output 4 and 5 were compiled and approved	

PROGRAMME 3: UNIVERSITY EDUCATION				
Strategic objective	Performance indicators	Target for 2011/12 as per Annual Performance Plan (APP)	Actual Performance/Achievement	Comment
<b>Sub Programme: University- Financial Planning and Information Systems</b>				
<b>To provide appropriate policy frameworks for improvement of teaching and learning</b>	New policy for the utilisation of Teaching and Research Development Grants developed and approved	New policy for the Utilisation of Teaching and Research Development Grants developed and approved	Draft policies developed but not yet approved; some aspects of the recommendations of the task team reports implemented through the Ministerial Statement on Funding	Ministerial Statement on Funding; criteria for the use of research development and teaching development funds and letters communicating the criteria to all institutions
	Policy and Framework for a CAT system and transcript supplements in HE developed and approved	Policy and Framework for a CAT system and transcript supplements in HE developed and approved	Not yet completed	
	Approved implementation plan and Guidelines for the Funding of Health Professionals Training and Development	Implementation plan and Guidelines for the Funding of Health Professionals Training and Development developed and approved	Draft Guidelines for the Funding of Health Professionals Training and Development developed	
<b>To ensure the effective use of earmarked funds by universities for intended purposes</b>	Number of reports on the usage of earmarked funds compiled	One report on the usage of earmarked funds compiled	Individual reports on all earmarked grants for universities compiled. Consolidated report to be finalised	Submissions approved, all funds released, site visit reports compiled; all work is completed however one consolidated report as described in the indicator was not yet compiled

PROGRAMME 3: UNIVERSITY EDUCATION				
Strategic objective	Performance indicators	Target for 2011/12 as per Annual Performance Plan (APP)	Actual Performance/Achievement	Comment
<b>To review the funding of the university education system as a whole and particularly the funding formula and the entire framework</b>	Number of reports on the review of the funding framework compiled and approved	One report on the review of the funding framework compiled and approved	Report could not be finalised	The work of the Ministerial Committee commenced in August and progress has been made, however due to the complexity of the work involved and the research required, the final report is only expected by November 2012. Work stream reports and research; records and minutes of meetings
	Number of reports on the review of the provision of Student Housing compiled	One report on the review of the provision of student housing compiled	One report on the review of the provision of student housing compiled	
	New input funding strategy developed and approved by Minister	New input funding strategy developed and approved by Minister	Not achieved	This can only be developed after the review of the funding framework is completed
<b>Sub-Programme: University Management and Information Systems</b>				
<b>To ensure that the Higher Education Management Information System (HEMIS) meets the needs for management information across the sector and that it is maintained properly with the required data from Universities</b>	HEMIS Management Information updated with 2010 student, staff and space data as well as 2011 student preliminary data and dataset produced	HEMIS Management Information updated with 2010 student, staff and space data as well as 2011 student preliminary data and dataset produced	The National database has been updated with 2010 student, staff and space data as well as the preliminary 2011 data. 2010 staff and student reports are on the DHET website. Space reports are available upon request similarly the preliminary 2011 headcount enrolments	Reports available; data loaded on the DHET website

PROGRAMME 3: UNIVERSITY EDUCATION				
Strategic objective	Performance indicators	Target for 2011/12 as per Annual Performance Plan (APP)	Actual Performance/Achievement	Comment
<b>Sub Programme: University- Policy and Development</b>				
<b>To provide support to universities with regard to statutes, councils and student queries</b>	% of queries received from the public, institutions, and the Presidential hotline responded	100% of queries received from the public, institutions and the Presidential hotline responded to	100%. A total of 450 queries and complaints were received and responded to. Of these only 39 were not resolved positively	Records of queries and complaints and actions taken to resolve them available for inspection
<b>To support universities in enhancing student governance and leadership</b>	Training workshops for 24 student governance bodies conducted	Training workshops for 24 student governance bodies conducted	No training workshops were held	While no training workshops were organised and held by the Department, it did participate in some workshops and meetings with student leadership. Records of participation are available
	Number of reports on SRC elections held on all campuses compiled	One report on SRC elections held on all campuses compiled	One consolidated report on SRC elections at all university campuses compiled	
<b>To support universities in accelerating the process of transformation</b>	Transformation indicators and Monitoring Framework developed and approved	Transformation indicators and Monitoring Framework developed and approved	Transformation indicators and monitoring framework not developed	A transformation seminar was held in the third quarter and a decision was made to establish a transformation oversight committee. The oversight committee would develop the indicators and monitor transformation in the system. Therefore the process was delayed until the oversight committee has been established; Terms of Reference for an Oversight Committee to monitor transformation have been drafted and are available
	Proposal for the establishment of an Ombuds Office for discrimination in higher education developed	Proposal for the establishment of an Ombuds Office for discrimination in higher education developed	Proposal not developed	

PROGRAMME 3: UNIVERSITY EDUCATION				
Strategic objective	Performance indicators	Target for 2011/12 as per Annual Performance Plan (APP)	Actual Performance/Achievement	Comment
<b>To support universities in improving governance</b>	Database of Ministerial Appointees updated	Database of Ministerial Appointees updated	Database of Ministerial Appointees updated	
	A report on the recommendations for improving efficacy of institutional forums compiled	Report on the recommendations for improving efficacy of institutional forums compiled	Report was not developed	
<b>To support the enhancement of research output and the academic performance of universities</b>	A compliance report on the improved and efficient handling of the research output cycle by individual institutional research offices compiled	A compliance report on the improved and efficient handling of the research output cycle by individual institutional research offices compiled	Individual compliance reports on the improved and efficient handling of the research output cycle by individual institutional research offices were compiled and distributed to institutions	
	Number of institutional visits for purposes of exchanging information and empowering institutional research offices undertaken	Two institutional visits for purposes of exchanging information and empowering institutional research offices undertaken	Two presentations on research outputs were made; one at each of the Universities of Witwatersrand and KwaZulu- Natal	
	A report on the increased number of quality research publications by institutions	A report on the increased number of quality research publications by institutions	A report on the increased number of quality research publications by institutions completed, submitted to the Minister and distributed to Universities	

PROGRAMME 3: UNIVERSITY EDUCATION				
Strategic objective	Performance indicators	Target for 2011/12 as per Annual Performance Plan (APP)	Actual Performance/Achievement	Comment
<b>To provide an appropriate policy framework for programmes and qualifications in Higher Education</b>	Policy on research outputs approved for implementation	Policy on research outputs approved for implementation	Draft Policy improvements prepared and submitted to the Minister and the CHE for advice before final processing for implementation	The CHE informed the Minister that it would not provide advice at this time and that this should be considered as part of the funding review process
	Policy on Research Development Grants approved	Policy on Research Development Grants approved	Draft Policy on Research Development prepared and submitted to the Minister and the CHE for advice before final processing for implementation	The CHE informed the Minister that it would not provide advice at this time and that this should be considered as part of the funding review process
	Policy for Creative Arts developed and approved	Policy for Creative Arts developed and approved	Policy for Creative Arts has not been developed	A report from the working group on Creative Arts is still being developed. Once that is received then the policy will be developed
<b>To support universities in managing the impact of HIV and Aids</b>	A Report on the implementation of HEAIDS Phase 2 programme compiled	A report on the implementation of HEAIDS Phase 2 Programme compiled	Report on HEAIDS Phase 2 compiled	
	Implementation Plan for HEAIDS Phase 3 programme developed	Implementation Plan for HEAIDS Phase 3 programme developed	Implementation plan for HEAIDS Phase 3 developed and implementation started	

PROGRAMME 3: UNIVERSITY EDUCATION				
Strategic objective	Performance indicators	Target for 2011/12 as per Annual Performance Plan (APP)	Actual Performance/Achievement	Comment
<b>To promote the internationalisation of the university education system, of the African continent in particular and support student exchanges</b>	Policy on Internationalisation of Higher Education finalised and approved	Policy on Internationalisation of Higher Education finalised and approved	Policy on Internationalisation of Higher Education could not be finalised	
	A report on graduate students and partnership arrangements between and amongst institutions	A report on graduate students and partnership arrangements between and amongst institutions	A report on graduate students and partnership arrangements between and amongst institutions could not be finalised	
	Number of proposals for Scholarship Opportunities for South African Students developed	Three proposals for Scholarship Opportunities for South African Students developed	No proposals for scholarships opportunities were developed	
<b>To ensure the appropriate regulation and registration of private higher education institutions</b>	Registration of private institutions in compliance with the Act	Registration of private institutions in compliance with the Act	In 2011/12, nine institutions were registered and the registration of seven institutions was cancelled	Submissions and letters available; Register of private institutions on the DHET website
	Approved improved regulations on private higher education institutions	Approved improved regulations on private higher education institutions	Draft document on the improvement of regulations has been developed	Draft document on the improvement of regulations ready for discussion
<b>To monitor the compliance of private higher education institutions with the legislation and regulations</b>	Annual reports of all registered private higher education institutions analysed	Annual reports of all registered private higher education institutions analysed	Annual reports of all registered private higher education providers were analysed	
<b>To maintain accurate records and data on private higher education institutions</b>	A reporting tool developed and communicated	A reporting tool developed and communicated	A reporting tool (questionnaire) was developed and sent to registered private higher education institutions	Questionnaire and data collected available. Joint team set up with DHET and CHE to take this work forward
<b>To provide information on registration and amendment procedures in private higher education institutions</b>	Accurate and timeous responses to public and provider requests for information and support	Accurate and timeous responses to public and provider requests for information and support	All queries (100%) received were responded to accurately and timeously. 375 Written queries and 767 telephonic/oral queries were processed in 2011/12	Record of calls and correspondence available



PROGRAMME 3: UNIVERSITY EDUCATION				
Strategic objective	Performance indicators	Target for 2011/12 as per Annual Performance Plan (APP)	Actual Performance/Achievement	Comment
<b>Sub Programme: Teaching Development (previously teacher education)</b>				
<b>To monitor the production and development of lecturers and practitioners for the post-school system through qualification programmes in order to inform planning and determine enrolment and graduation targets</b>	A report produced on programmes offered for AET practitioners, higher education lecturers and college lecturers in order to inform planning and development of the sector	Report produced on programmes offered for AET practitioners, higher education lecturers and college lecturers in order to inform planning and development of the sector	Report produced on programmes offered for AET practitioners, higher education lecturers and FET college lecturers	Report based on data collected from universities as well as collated from existing databases available
<b>To strengthen the capacity for the provision of post-school teacher education in universities in order to provide and develop sufficient teachers for the post schooling sector (Adult Education and Training centres/institutions, Colleges and Universities) over time</b>	Planning framework developed and approved	Planning framework developed and approved	Planning framework not developed	
<b>To monitor, evaluate and develop Departmental policies to improve the use of teaching development grants to strengthen teaching and learning in universities</b>	Report on the qualitative use of teaching development grants at public universities compiled with recommendations and presented to the Minister	Report on the qualitative use of teaching development grants at public universities compiled with recommendations and presented to the Minister	No progress has been made	.

PROGRAMME 3: UNIVERSITY EDUCATION				
Strategic objective	Performance indicators	Target for 2011/12 as per Annual Performance Plan (APP)	Actual Performance/Achievement	Comment
<b>To monitor the production of initial teachers and the development of practicing teachers for the pre-school and school system through qualification programmes in order to inform planning and determine enrolment and graduation targets</b>	A report on the Trends in School Teacher Education 2010/11 published	A report on the Trends in School Teacher Education 2010/11 published	Report on Trends in School Teacher Education 2010/11 finalised for publication	
<b>To strengthen the capacity and capability for the provision of preschool and school teacher education in universities in order to produce and develop sufficient quality teachers for the pre-school and school system in line with Ministerial targets</b>	Number of universities involved in research for the foundation phase programmes increased to strengthen the foundation phase teacher production system	Universities involved in research for the foundation phase programmes increased from 13 to 15	Universities involved in research for the foundation phase programmes increased from 13 to 16	
	Number of bursaries to cover four years of study, awarded to African Language foundation phase students enrolling in 2012 for first-year studies	200 bursaries to cover four years of study, awarded to African Language foundation phase students enrolling in 2012 for first-year studies	100 African language first year students have been granted full cost bursaries to study B Ed Foundation Phase. A further 100 students will receive bursaries to begin studies in 2013	Confirmed bursary list for 100 bursars submitted to NSFAS to initiate payment. Consideration was given to supporting students to enroll for the new Foundation Phase B Ed programme to be introduced at the former Ndebele College of Education site in Mpumalanga in 2013 and therefore 100 bursaries were earmarked for this purpose

PROGRAMME 3: UNIVERSITY EDUCATION				
Strategic objective	Performance indicators	Target for 2011/12 as per Annual Performance Plan (APP)	Actual Performance/Achievement	Comment
<b>To maintain and develop policy for practitioner /teacher/lecturer qualifications that is in line with the HEQF and needs of the education system</b>	A policy on minimum requirements for FET college lecturer qualifications selected from the HEQF developed	Policy on minimum requirements for FET college lecturer qualifications selected from the HEQF developed	Policy developed, and ready for publication for public comment	
	A policy on the minimum requirements for ECD practitioners developed	A policy on the minimum requirements for ECD practitioners developed	A research paper to underpin the development of the policy has been developed	
	A policy on minimum requirements for AET practitioners developed	A policy on minimum requirements for AET practitioners developed	No progress	
<b>To evaluate, monitor and regulate practitioner/ teacher/ lecturer qualification programmes to ensure that they are aligned with academic policy and teacher education policy, accredited by the HEQC and approved for inclusion on Programme Qualification Mix (PQM) of universities</b>	Percentage of programmes submitted evaluated to ensure compliance with teacher education policy, the HEQF and PQM approval as and when institutions submit programmes for evaluation	100% new programmes submitted evaluated to ensure compliance with teacher education policy, the HEQF and PQM approval as and when institutions submit programmes for evaluation	100% new programmes submitted evaluated to ensure compliance with teacher education policy, the HEQF and PQM approval	Eight new teacher education programmes has been received and evaluated in the 4 <sup>th</sup> quarter. Annual total is 12 programmes evaluated. Copies of evaluation letters sent to institutions

PROGRAMME 3: UNIVERSITY EDUCATION				
Strategic objective	Performance indicators	Target for 2011/12 as per Annual Performance Plan (APP)	Actual Performance/Achievement	Comment
<b>To provide a service to organisations employing practitioners, teachers and lecturers to evaluate individual qualifications, local and foreign, for recognition for employment (through determining the relative education qualification value (REQV) of the individual qualification)</b>	Number of individual qualifications evaluated	6 000 Individual qualifications evaluated	7 776 Individual qualifications evaluated	Agenda of evaluation committee meetings; letters to individuals
	Number of certificates issued	4 000 Certificates issued	No certificates have been issued	7 776 Evaluation letters have been issued and of these approximately 5 000 were issued with successful REQV evaluations; Record and copies of letters issued; In 2010 a major risk was identified regarding fraudulent recognition of employment in education letters issued by the Department. At the time it was decided that the Department would begin to issue REQV certificates with security features to mitigate the risk of fraudulent letters being provided to employers. Special certificates were procured. To implement the project an electronic form had to be designed and a dedicated printer purchased for the purpose
	An e-training programme developed on CD and distributed to provinces	An e-training programme developed on CD and distributed to provinces	E-training programme not fully developed. Examples of evaluations have been selected for the development of the training manual	Database of examples is available and will be used for training in the next financial year

PROGRAMME 4: VOCATIONAL AND CONTINUING EDUCATION AND TRAINING			
Strategic Objective	Annual Target (2011/12)	Actual Performance/Achievement	Comment
<b>Sub Programme: Planning and Institutional Support</b>			
<b>Increase access to programmes leading to intermediate and high level learning by supporting the development of college institutional capacity in order to achieve transparency, enhanced performance, accountability and efficiency</b>	36 Colleges with unqualified audit reports	33 Colleges received unqualified audits	Only 37 colleges submitted their 2010 Annual Financial Statements
	A report on student participation and success rates in FET Colleges	Report not compiled	Report not yet compiled as examination statistics for some examinations in 2011 are not yet finalised
	BMS indicators and data requirements for use by colleges developed	Completed the indicators for 2011/12 and implemented them in colleges within the new M&E framework	
	Standard BMS expanded to an additional four FET Colleges	The Standard BMS has been expanded to four additional FET Colleges	Four additional colleges have access to BMS
<b>To ensure participation by and involvement of relevant role-players in processes that decides on the strategic direction of the FET College sub-system</b>	A report on statutory and non-statutory stakeholder structures monitored, supported and evaluated	A report on statutory and non statutory stakeholder structures has not been developed, monitored, supported and evaluated	Report not developed
<b>Effectively manage and support the transition of colleges to an exclusive national legislative competence</b>	Report on "mopping up" operations on outstanding implementation of technical aspects of the "Function Shift" plan	Report not developed	The process of the transition is ongoing. A Memorandum of Agreement with the Technical Assistance Unit has been approved by Senior Management and the services of the TAU approved by the DHET's Bid Adjudication Committee (BAC)
<b>Develop and support the implementation of a Monitoring, Evaluation and Research Framework that must inform continuous improvement in the sub-system</b>	FET Monitoring, Evaluation and Research Framework developed	FET Monitoring, Evaluation and Research Framework developed	Monitoring and Evaluation and Research Framework available

PROGRAMME 4: VOCATIONAL AND CONTINUING EDUCATION AND TRAINING			
Strategic Objective	Annual Target (2011/12)	Actual Performance/Achievement	Comment
<b>To provide support for the progressive improvement in Conditions of Service of College Employees</b>	An agreement on the improvement of remuneration for college employees concluded	GPSSBC FETC BU Task Team has drafted the collective agreement	
	Career path model for lecturers finalised and implemented	Draft career path model developed	
	20 Colleges on the PERSAL system	Only three colleges in Mpumalanga have access to the PERSAL system	
<b>To ensure sustained labour peace, staff commitment and productivity</b>	A report compiled on the implementation of the reviewed bargaining strategy	Report compiled	
<b>To develop and maintain a human resource planning framework for the FET College and AET sub-systems</b>	An approved organisational structure model	The Model Organisational Structure developed for consultation	Draft Model Organogram to be presented to Senior Management
	Norms and standards in line with programme funding developed	Draft norms and standards and the Model Organisational Structure developed for consultation	
	Register of HRM needs developed	Draft Register of HRM needs developed	Register of needs submitted to Senior Management
<b>Plan and monitor the equitable distribution of funding to increase access to a variety of approved programmes in public FET Colleges and public Adult Learning Centres</b>	Appointment of service provider to revise the costing model for FET Colleges programmes	Service provider not yet appointed	A request for proposals was sent out in March 2012 and the due date for submission is 3 April 2012. The project is funded by AUSAID via the World Bank
	Report on readiness for implementation	The report has been finalised and comments received from the Minister	

PROGRAMME 4: VOCATIONAL AND CONTINUING EDUCATION AND TRAINING			
Strategic Objective	Annual Target (2011/12)	Actual Performance/Achievement	Comment
<b>To develop policies that will facilitate the securing of complementary funding to increase access to and for development support of the VCET sub- system</b>	Amended national Norms and Standards for Funding FET Colleges	National Norms and Standards for Funding FET Colleges not amended	Consultation with relevant stakeholders started in March 2012 and this is in progress. A workshop was held with the HEDCOM sub-committee on FET Colleges and AET on 01 March 2012. A consultative meeting was held with the Task Team on monitoring implementation of the funding norms on 29 March 2012
	Amended national Norms and Standards for Funding FET Colleges	Amended national Norms and Standards for Funding FET Colleges not yet finalised	Consultation with relevant stakeholders started in March 2012 and this is in progress. A workshop was held with the HEDCOM sub-committee on FET Colleges and AET on 01 March 2012. A consultative meeting was held with the Task Team on Monitoring implementation of the funding norms on 29 March 2012
	One monitoring and compliance report on total student enrolments, total staff employed graduation rates and degree of compliance	Comprehensive monitoring and compliance report compiled and submitted to Senior Management	
	A list of names of all registered Colleges published in the Government Gazette	A list of 501 names of registered Colleges is available	To be gazetted during the 2012/13 financial year
	Master list of private colleges registered as examination centres is developed	Master list with 123 private Colleges registered as examination centres developed	

PROGRAMME 4: VOCATIONAL AND CONTINUING EDUCATION AND TRAINING			
Strategic Objective	Annual Target (2011/12)	Actual Performance/Achievement	Comment
<b>Sub Programme: Programmes and Qualifications</b>			
<b>To develop and maintain a range of quality responsive vocational programmes for colleges</b>	NC(V) qualification policy document revised	Policy document not yet revised	
	Curricula for three new NC(V) subjects developed and guidelines distributed to colleges and posted on DHET website	Curricula for three new NC(V) subjects developed and guidelines distributed to colleges and posted on DHET website	
	Curriculum documents in four existing NC(V) subject curricula updated and distributed to colleges	Draft revised curriculum documents in four existing NC(V) subject curricula and distributed to colleges	Feedback on draft in process
	An evaluation report with recommendations as feedback support to colleges for improvement of internal exam papers at least for six subjects compiled	Reports compiled for 6 subject question papers evaluated	Report on each subject question paper available
<b>To train and support lecturers to ensure a skilled and capable college workforce</b>	750 lecturers trained in vocational and occupational programmes	826 lecturers trained in vocational and occupational programmes	
<b>To assess the quality of curriculum delivery and impact of the intervention strategies to improve quality of curriculum delivery</b>	Internal assessment (ICASS) guidelines developed for College NC(V) programmes	Guidelines developed and workshops conducted	ICASS guideline document available
	A report on College implementation of ICASS guidelines	Report not compiled	Implementation only commenced in January 2012
	New textbooks evaluated for new programmes to be offered in Colleges in 2013	Catalogues updated with 14 new textbook titles	New text books evaluated. Updated catalogues on website
	Three textbooks approved for new programmes to be offered in Colleges in 2013	Three textbooks approved for new programmes	



PROGRAMME 4: VOCATIONAL AND CONTINUING EDUCATION AND TRAINING			
Strategic Objective	Annual Target (2011/12)	Actual Performance/Achievement	Comment
<b>To initiate and support interventions aimed at addressing the challenges affecting students particularly in regard to academic performance, programme choices, governance and leadership, extracurricular activities and students' general welfare</b>	Average pass rate for Mathematics, Mathematics Literacy and English improved by 10%	Average pass rate for Mathematics, Mathematics Literacy and English improved by 10%	
	FET College study opportunities/booklet developed and distributed to colleges	Booklets updated and distributed to colleges and the public during exhibitions and Ministerial road shows	
	A monitoring report on retention rates and success rates available	Draft report developed	
	50 Colleges implementing the DHET FET Colleges Bursary Scheme	50 FET Colleges successfully implemented the Bursary Scheme	Bursary claims report available
	169 000 Learners benefiting from the FET Colleges Bursary Scheme	165 273 Eligible students benefitted from the FET Colleges Bursary Scheme	Report on bursaries awarded available
	A Report compiled on the degree of financial need of FET college students	Draft report compiled but not yet finalised	
	Revised Student Support Services Framework developed	Student Support Services Framework not yet revised.	
	25 Colleges implementing Phase II and III of the SSS Framework	25 Colleges implementing Phase II and III of the SSS Framework	
	Implementation report on improved pass, certification and throughput rates achieved compiled	Report not developed	

PROGRAMME 4: VOCATIONAL AND CONTINUING EDUCATION AND TRAINING			
Strategic Objective	Annual Target (2011/12)	Actual Performance/Achievement	Comment
<b>To strengthen the capacity of FET Colleges to provide effective student support services</b>	50 SSS officers/managers trained on the administration of the DHET FET colleges Bursary Scheme	120 Student Support Services staff trained on the implementation of academic support interventions	
	50 SSS officers/managers trained on the implementation of academic support interventions	120 Student Support Services staff trained on the implementation of academic support interventions	
	Certification rates of bursary beneficiaries in both programme types per level improved by 5%	Report on improvement in certification rates not finalised	This report can only be finalised once the required data becomes available
	A report on DHET participation in youth Annual development initiatives compiled	A report on DHET participation in youth Annual development initiatives has been compiled	
<b>To provide strategic coordination, support and management for partnerships and donor-funded projects aimed at FET College Development support</b>	Three project plans with Terms of Reference developed	Three project plans with Terms of Reference were developed	Project Plans and Terms of Reference available
	Annual report on the achievements of each project	Annual Report not compiled	Quarterly reports on the achievements of each project have been compiled
<b>To expand access to AET programmes for adults and out-of-school youth</b>	Increased enrolments in AET programmes to 275 000 for 2011/12	229 068 learners have been enrolled in AET levels 1-4 and 85 796 beyond AET level 4	
<b>To develop and maintain a range of quality responsive programmes for adults and out-of-school youth</b>	Approved policy on AET programmes	Policy not yet developed	
	Approved curriculum for the NASCA	Draft qualification – National Senior Certificate for Adults was approved by the Minister for gazetting for public comments	The development of curriculum can commence once the qualification is finalised
	Four subject statements developed in Languages, Mathematics, Mathematics Literacy and Life Orientation	Not achieved	Pending finalization of the GENFETQF. The Curriculum statements and Assessment Guidelines cannot be finalised until the sub-framework standards have been finalised

PROGRAMME 4: VOCATIONAL AND CONTINUING EDUCATION AND TRAINING			
Strategic Objective	Annual Target (2011/12)	Actual Performance/Achievement	Comment
<b>To develop and support the implementation of assessment policies for AET programmes to ensure quality and credibility of learner achievements</b>	Increased performance of learners on the GETC examinations by 10%	Performance of learners improved by 59%	Preliminary 2011 exams report. 7 884 Full GETC certification were recorded in the November 2010 exams. In the November 2011 exams the number of full certification GETC was 13 294
	All PALCs comply with the assessment policy	No PALCs are complying with the new policy as the policy has not been finalised	Assessment Regulations were developed and approved for public comments. Public comments have been received from stakeholders
	Report on the implementation of and compliance with the assessment policy	Report on the implementation of and compliance with the assessment policy compiled	
	Report on training interventions in English, Natural Science, Mathematics and Agriculture compiled	Collated report done on training interventions in English, Natural Science, Mathematics and Agriculture compiled for seven provinces	Two provincial reports on training are still outstanding. Completed reports on training and monitoring available

PROGRAMME 4: VOCATIONAL AND CONTINUING EDUCATION AND TRAINING			
Strategic Objective	Annual Target (2011/12)	Actual Performance/Achievement	Comment
<b>To provide institutional support to ensure quality, efficiency and improved performance of public adult learning centres</b>	Report on the quality, efficiency and performance of public adult learning centres	Report not compiled	
<b>Sub Programme: National Examinations and Assessment</b>			
<b>To provide administrative and IT support to all examination processes at FET Colleges and personnel</b>	50 Colleges and examination centres provided with examination material for April and June examination	50 Colleges and examination centres were provided with examination material for April and June examination	
	Database of approved and registered centres operating as examination centres	Database of approved and registered centres operating as examination centres available	Database up to date
<b>To provide credible examinations (Report 190/191) at FET Colleges</b>	1 023 Examiners and 400 moderators as well as 3 000 marking officials appointed	1 023 Examiners and 400 moderators as well as 3 000 marking officials were appointed	
	Timetables and instructions published	Timetables and instructions were published	
	A report on compliance to policy on the conduct of examinations as well as management of irregularities compiled	A report on compliance to policy on the conduct of examinations as well as management of irregularities has been compiled	
	45 Marking officials trained and report compiled	45 Marking officials were trained and a report has been compiled	
	100% of candidates resulted and certificates/ diplomas issued	100% of candidates resulted	Certification delayed due to technicalities in the recognition of the programme

PROGRAMME 4: VOCATIONAL AND CONTINUING EDUCATION AND TRAINING			
Strategic Objective	Annual Target (2011/12)	Actual Performance/Achievement	Comment
<b>To provide and support quality assessment practices for vocational and adult education</b>	475 Quality assured question papers ready for printing and distribution to examination centres for NC(V) Level 2-4 November and supplementary examinations	475 NC(V) levels 2 to 4 question papers for November and supplementary examinations were quality assured, printed and distributed	
	16 Programmes and 34 subject NC(V) Level 2-4 quality assured ISATs	16 Programmes and 34 subject NC(V) Level 2-4 quality assured ISATs	Partly completed due to quality issues that needed to be addressed
	46 Quality assured question papers for AET GETC Level 4 June and November examinations	46 Quality assured question papers for AET GETC Level 4 June and November examinations	
	12 AET GETC Level 4 quality assured SBAs for implementation in 2012 distributed	12 AET GETC Level 4 quality assured SBAs for implementation in 2012 distributed	
	Report compiled on credible examinations conducted within the parameters of national policy at all NC(V) and AET examination centres	Report compiled on credible examinations conducted within the parameters of national policy at all NC(V) and AET examination centres	
	Report compiled on irregularities and actions taken	Report compiled on irregularities and actions taken	
<b>To coordinate and administer credible resulting and certification processes for vocational and adult education</b>	A report on coordinated marking process implemented at all marking centres for all NC(V) examinations as per the strategy compiled	Report on coordinated marking process implemented at all marking centres for all NC(V) examinations as per the strategy compiled	
	100% resulting and certification completed for of NC (V) and AET candidates per examination session	100% resulting	Partially completed due to SITA system not being fully functional. Certification delayed due to technicalities with the Quality Assuror
	National reports published on NC(V) and AET examinations	Provisional report compiled.	Awaiting statistical function from SITA
	Approved service level agreement in place with SITA	Approved service level agreement with SITA signed and in place	

PROGRAMME 5: SKILLS DEVELOPMENT				
Strategic Objectives	Performance Indicator	Annual Target	Actual Performance/Achievement	Comments / Challenges
<b>SUB PROGRAMME: SETA COORDINATION</b>				
To provide a dynamic interface between workplaces and learning institutions and to promote quality learning at work and for work	Learning Programme regulations developed	Learning Programme regulations developed	Draft Learning Programme regulations were developed in line with draft OQF	There are current learnership regulations in place in line with the NQF. The proposed amendments to the Learning Programme regulations seek to align to the Occupational Qualification Framework as a sub framework of the NQF which is yet to be determined
	Best practice framework and criteria developed	Best practice framework and criteria developed	NSA endorsed best practice framework and criteria developed	
	Number of reports on the levy transfers to SETAs	Four reports on the levy transfers to SETAs	Four reports on levy transfers produced	
	Approved ISOE framework and criteria	Approved ISOE framework and criteria	Approved ISOE framework and criteria	
	A report compiled on support provided to the operational QCTO (Transitional arrangement)	Report compiled on support provided to the operational QCTO (Transitional arrangement)	Report compiled on QCTO Business Case and Interim Policy and report to interdepartmental NQF Steering Committee. 12 DHET staff seconded to QCTO to provide support and a DHET/QCTO Memorandum of Agreement in place to support QCTO. SETAs have been delegated to perform quality assurance activities and proposed Development Quality Partner Agreements	

PROGRAMME 5: SKILLS DEVELOPMENT				
Strategic Objectives	Performance Indicator	Annual Target	Actual Performance/Achievement	Comments / Challenges
	Number of SLA with SETAs signed off for 2011/12	All SLAs with SETAs signed off for 2011/12	All approved SLA with SETAs implemented and reported on as required	The legislative requirements pertaining to the submission and approval of SETA SLAs and Strategic Plans are not aligned and should be addressed (Amendment of SLA Regulations)- SLA is an annexure to Strategic Plan
	Number of performance analysis reports produced	Four performance analysis reports produced	Not achieved	Due to lack of established Central branch reporting systems. A process of establishing the system has been initiated
<b>To actively promote alignment of skills development outputs to the needs of the workplace and to the broader growth needs of the country's economy</b>	Scarce skills lists for each IPAP produced and approved	Scarce skills lists for each IPAP produced and approved	Draft scarce skills lists for each IPAP produced	SETAs to partner with relevant research institutions, Universities and FET Colleges to strengthen the empirical base of Sector Skills Plans
	A framework on scarce and critical skills information developed	A framework on scarce and critical skills information developed	A draft framework on scarce and critical skills information developed	
	Number of Sector Skills Plans for 2011/16 finalised	20 Sector Skills Plans for 2011/16 finalised	20 Sector Skills Plans for 2011/16 finalised	
<b>To steer and support the developmental and internal and external structures and systems that effectively enables the achievement of the NSDS goals</b>	Government Gazette notice for the new SETA landscape developed	Government Gazette notice for the new SETA landscape developed	Government Gazette notice for the new SETA landscape developed	Published Government Notice in Government Gazette No. 33756
	Amalgamated SETAs certificated by April 2011 and amalgamation processes finalised	Amalgamated SETAs certificated by April 2011 and amalgamation processes finalised by June 2011	Amalgamated SETAs certificated by April 2011 and amalgamation processes was finalised by June 2011	

PROGRAMME 5: SKILLS DEVELOPMENT				
Strategic Objectives	Performance Indicator	Annual Target	Actual Performance/Achievement	Comments / Challenges
To monitor and evaluate the implementation of the NSDS	Number of monitoring reports produced	Four quarterly reports on the implementation of NSDS produced	Four quarterly reports from the SETAs finalised	Reporting timelines between DHET and SETAs. Monitoring and reporting framework document still not finalised due to the shift from NSDS II and III. This results in SETAs still reporting within the objectives
		One annual report on the implementation of NSDS produced	No annual report produced	
SUB PROGRAMME: NATIONAL SKILLS AUTHORITY SECRETARIAT				
Support the development of credible NSA and sub-committee work plans	Approved work plans of NSA and Subcommittees.	Approved work plans of NSA and Subcommittees	Approved work plans of NSA and Subcommittees	
Consolidate and manage NSA process of providing advice on the National Skills Development policies to the Minister	Number of policy advice reports on seven Key Developmental and Transformation Imperatives produced	Four policy advice reports on seven Key Developmental and Transformation Imperatives produced	<ul style="list-style-type: none"><li>• Advice on grants regulations were provided</li><li>• Inputs into the Green Paper on post school education, NQF sub frameworks and the FET Bill were made</li><li>• Advice on the outcomes of the skills conference were made</li><li>• Advice on the Constitution of the SETAs</li><li>• Advice on the Skills Development Bill</li><li>• Advice on the Conditions of Employment for SETA CEO</li></ul>	



PROGRAMME 5: SKILLS DEVELOPMENT				
Strategic Objectives	Performance Indicator	Annual Target	Actual Performance/Achievement	Comments / Challenges
<b>To steer the development of internal and external structures and systems that effectively enable the achievement of the NSA goals</b>	Approved communication strategy	Approved communication strategy	Draft NSA communication strategy developed	
	A report on capacity building	A report on capacity building	No report produced	
	Number of monitoring reports on funds allocated to constituencies for training in accordance with the contract provision	Four monitoring reports on funds allocated to constituencies for training in accordance with the contract provision produced	NSA received progress report on the allocation and approval of funding for constituencies	
	A report of completed workshops and information sessions held	A report of completed workshops and information sessions held	No report produced	
<b>Ensure effective secretarial services for all NSA processes</b>	Approved schedule of 10 workshops and information sessions	Approved schedule of 10 workshops and information sessions	Schedule not compiled	Pending the finalisation and approval of the NSA communication strategy.
	Record of meetings kept and approved minutes	Record of meetings kept and approved minutes	Records of all meetings are approved and kept (including special meetings and a workshop). Minutes of all meetings were approved and kept and all logistical services were procured and paid for	
	Records of all bookings (venue, room, transport and accommodation done in time) kept	Records of all bookings (venue, room, transport and accommodation done in time) kept	Bookings for all eight meetings were successfully made	

PROGRAMME 5: SKILLS DEVELOPMENT				
Strategic Objectives	Performance Indicator	Annual Target	Actual Performance/Achievement	Comments / Challenges
<b>Support the NSA with monitoring and evaluation during the implementation of NSDS</b>	Number of reports produced according to schedule and signed off by EO/Chairperson(s)	Four reports produced according to schedule and signed off by EO/Chairperson(s)	All four subcommittees and Exco presented reports as per the work plans on NSDS	
	Number of NSDS implementation reports prepared and presented to the NSA	Four NSDS implementation reports prepared and presented to the NSA	Partially achieved	<ul style="list-style-type: none"> <li>• A summary report on the Sector Skills Plan was reported to the NSA</li> <li>• Reports from SETA Co-ordination and NSF were presented by skills experts in the subcommittee for consideration and advice</li> <li>• SETA Financials quarterly reports tabled to the NSA</li> <li>• NSF quarterly and annual reports tabled to the NSA</li> </ul>
		One annual NSDS implementation reports prepared and presented to the NSA	Verbal progress report on the NSDS III monitoring was presented to the NSA but full report on the skills accord was made	
SUB PROGRAMME: STRATEGIC MANAGEMENT UNIT				
<b>Support the work of the branch</b>	Plans and reports that indicate the work of the secretariat and the NSA submitted in time	Plans and reports that indicate the work of the secretariat and the NSA submitted in time	<ul style="list-style-type: none"> <li>• Secretariat workplan was developed to guide all activities of the Directorate</li> <li>• Inputs from the Directorate were regularly made to the branch</li> <li>• Quarterly reports were done</li> </ul>	
<b>Oversee and manage the skills conference processes</b>	Skills conference successfully convened	Skills conference successfully convened	Skills conference was successfully convened	
	Number of skills awards to organisations	10 Skills awards to organisations	No awards made	Awards were put on hold until 2012

PROGRAMME 5: SKILLS DEVELOPMENT				
Strategic Objectives	Performance Indicator	Annual Target	Actual Performance/Achievement	Comments / Challenges
<b>Coordinating and commissioning research to enable the Authority to best fulfill its advisory functions</b>	Signed Memorandum of Agreement with DHET research agent	Signed Memorandum of Agreement with DHET research agent	No Memorandum of Agreement signed	
<b>Monitor and evaluate the implementation of NSDS III</b>	Number of Implementation reports compiled	Four implementation reports compiled	Not achieved	
	Annual report compiled	Annual report compiled	Annual report not complete	Annual report is in a consultative process with various branches
<b>Coordinate the work of the branch</b>	Number of implementation reports compiled	Quarterly implementation reports compiled	Four quarterly reports compiled	
		Annual implementation report compiled	Annual implementation report compiled	
SUB PROGRAMME: HUMAN RESOURCE DEVELOPMENT				
<b>To ensure coordination, integration, alignment and facilitation with relevant policies, strategies and stakeholders with regard to the Human Resource Development Strategy for South Africa (HRDSA)</b>	HRDSA 5 Year Medium Term Strategic Framework (MTSF) finalised	HRDSA 5 Year Medium Term Strategic Framework (MTSF) finalised	The Minister approved the broad HRDSA 5-Year Implementation Plan as well as the One-Year Operational Plan on 26 May 2011	
	HRDSA 2 Year Work Plan finalised	HRDSA 2 Year Work Plan finalised	A HRD Secretariat Organisational Development Plan has been developed and is awaiting approval from the Minister	A funding proposal for the Secretariat and Council has been approved by the Minister as well as R55.2 million from the National Skills Fund (NSF)
	List of resources identified to achieve the deliverables contained in the HRDSA (Human, Financial and Infrastructure)	List of resources identified to achieve the deliverables contained in the HRDSA (Human, Financial and Infrastructure)	List of resources were identified to achieve the deliverables contained in the HRDSA (Human, Financial and Infrastructure)	

PROGRAMME 5: SKILLS DEVELOPMENT				
Strategic Objectives	Performance Indicator	Annual Target	Actual Performance/Achievement	Comments / Challenges
<b>To maintain the HRDSA by supporting, evaluating and reviewing the HRDSA 2-Year Work Plan via reports and periodic monitoring summits</b>	HRDSA 5 Year MTSF and 2 Year Work Plan indicators finalised	HRDSA 5 Year MTSF and 2 Year Work Plan indicators finalised	Indicators in line with the Council's 5-Point Plan have been finalised with Provincial HRD Coordinating Forum members	The indicators for the four national departments are in the process of being finalised
	Number of monitoring reports produced	Four monitoring reports produced	Four monitoring reports produced	
<b>SUB PROGRAMME: INDLELA</b>				
<b>Provide a dynamic interface between the workplace and learning institutions and to promote quality learning at work and for work</b>	Number of candidates assessed at INDLELA	10 000 Candidates assessed at INDLELA	7 750 Candidates assessed at INDLELA	
	An e-based system for screening developed and piloted	An e-based system for screening developed and piloted	System development commenced	
	Number of provinces where a secure national screening system would be implemented	A secure national screening system will be implemented in two provinces	System development commenced	
	Number of Assessment centres supported	12 Assessment centres supported on artisan development and assessment advice	36 Assessment centres supported on artisan development and assessment advice	
	Number of FET campuses assisted	Eight FET campuses assisted	Four FET campuses assisted	
	Number of college campuses, workplaces and training centers supported per quarter	Eight College campuses, workplaces and training centers supported per quarter	60 College campuses, workplaces and training centers supported per quarter	Skills Development Providers assisted in preparation of accreditation audits to be conducted in collaboration with the QCTO, NAMB and P-SETA

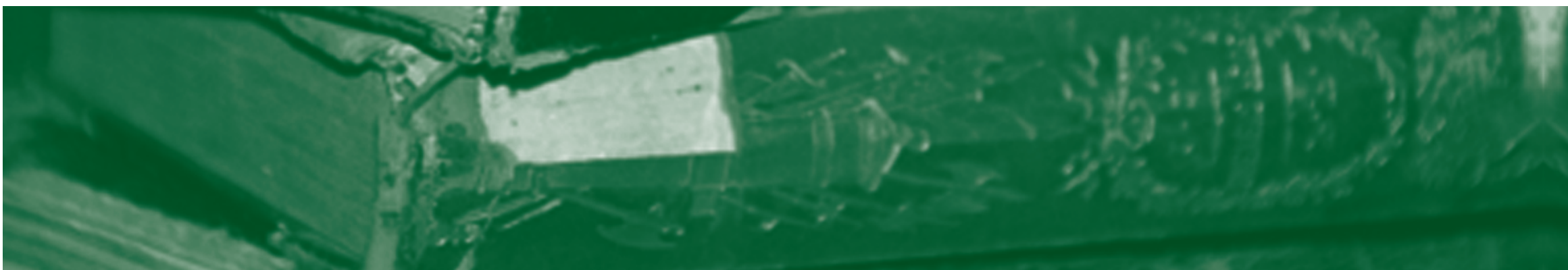
PROGRAMME 5: SKILLS DEVELOPMENT				
Strategic Objectives	Performance Indicator	Annual Target	Actual Performance/Achievement	Comments / Challenges
	Number of Trade tests revised and updated	10 Trade tests revised and updated	22 Trade qualifications in process of development	On track but integrated into QCTO processes. This is part of the operationalisation of NAMB and implementation of service level agreement with QCTO
	Number of SETA accredited test centres audited	20 SETA accredited trade test centres audited		
	Capacity audits conducted at a number of accredited trade testing centers	Capacity audits conducted at 20 SETA accredited trade testing centres	35 Capacity audits conducted at 20 SETA accredited trade testing centres	
	Number of Artisans produced through the National 7 Step Program	10 000 Artisans produced through the National 7 Step Programme	13 168 Artisans completed training through the current programmes that will be integrated into the National 7 Step Programme	
<b>Actively promote the alignment of skills development outputs with the needs of the workplace and with the broader growth needs of the country's economy</b>	Artisan Development Technical Task Team established	Artisan Development Technical Task Team established	Artisan Development Technical task team (ADTTT) consisting of business, state and organized labour has been established	ADTTT had bi-monthly meetings discussing artisan development related issues, targets, and funding proposals
	Artisan development constraints forwarded to the HRD for resolution	Artisan development constraints forwarded to the HRD for resolution	Three key constraints of lack of data, funding and administration of learners and recognition of prior learning identified for tabling with HRD	These key constraints are in process of being tabled with HRDC in June 2012

NATIONAL SKILLS FUND					
Strategic Objective	Activity No.	Performance Indicator	Activities	Performance Results (2011-12)	Reasons for variance
<b>1. To provide funds for identified priorities that advances the Human Resource Development Strategy (HRDS)</b>	1.1	List of approved prioritised HRDS projects	List of approved prioritised HRDS projects	The list of HRDSA funding areas have been approved by the Minister	
	1.2	Minimum number of projects funded	A minimum of one project is funded	Although funding has been provided for in the NSF budget, projects were slow to get of the ground due to protracted procurement processes	HRDSA in process of appointing a Fund Management institution. Only concluded in May 2012
<b>2. To provide funds for priorities identified by the Minister after consultation with the NSA and that support the NSA in its advisory work and building the capacity of the social partners (constituencies) to strengthen their role in and delivery of the NSDS</b>	2.1	List of NSF funding priorities approved by Minister	List of NSF funding priorities approved by Minister	After detailed consultation the NSF Framework and Criteria for the allocation of funds was approved by the Minister. This includes priority areas for which funding will be allocated for the period of the NSDSIII	
	2.2	A framework developed in conjunction with the NSA on building the capacity of the social partners (constituencies) to strengthen their role in the delivery of the NSDS	A framework developed in conjunction with the NSA on building the capacity of the social partners (constituencies) to strengthen their role in the delivery of the NSDS	The framework for building the capacity of NSA constituencies has been endorsed by the NSA. This has since been translated into application guidelines and criteria that allowed NSA constituencies to access NSF funding	
<b>3. To provide funds to support projects identified as national priorities in the context of the National Skills Development Strategy (NSDS) and in support of the strategic objectives of government</b>	3.1	A report on the wrap up of 224 NSDS II projects	Closure of NSDS II projects	The original target of NSDS II projects to be closed was 224. This target was determined during March 2011 and was a preliminary estimation. After the final audit commitment list of 2010/11 it was found that the total remaining open NSDS II projects were 206. Of the 206 projects, 179 (87%) could be successfully closed	15 of the projects were moved to NSDS III as a result of these projects long contract duration and contributing to the results of the NSDS III, and the necessary interventions are in process to close the remaining 12 projects
	3.2	5-Year NSF funding report compiled	5-Year NSF funding report compiled	5-Year NSF funding report is available. In process to compile 6-year period report (extended NSDS III period, April 2005 – March 2011), but not yet completed	

NATIONAL SKILLS FUND					
Strategic Objective	Activity No.	Performance Indicator	Activities	Performance Results (2011-12)	Reasons for variance
	3.3	Impact study commissioned on NSF funding during NSDS II period	Impact study commissioned on NSF funding during NSDS II period	The report on the impact of NSF funding under NSDSII is incorporated into the 5-year funding report compiled by the HSRC	
	3.4	A Strategic Framework & Criteria for allocation of funds under NSDS III developed	A Strategic Framework & Criteria for allocation of funds under NSDS III developed and approved by Minister	NSF Strategic Funding Framework & Criteria was approved by the Minister on 4 August 2011	
	3.5	Grant regulations published by the Minister	Grant regulations published by the Minister	Not achieved	Capacity challenges within the NSF. NSF currently engaged with DHET legal section to resolve the matter
	3.6	Approved guidelines	Application guidelines and operational manuals developed and approved	These guidelines to be based on the NSF Strategic Funding Framework have not been developed	Capacity challenges within the NSF. NSF to explore possibilities for sourcing additional capacity
	3.7	Number of Skills for Green projects supported	10 Skills for Green projects supported	Not achieved. Much of the work has centred around discussions with relevant partners to finalise implementation policy and mechanisms	Renewable energy project in process – targeting 2012/13.
	3.8	Number of Industrial Policy Action Plan projects supported	10 Industrial Policy Action Plan projects supported	A total of 16 projects have been supported	
	3.9	Number of New Growth Path projects supported	10 New Growth Path projects supported	A total of 17 projects have been supported	
	3.10	Number of Skills for Rural Development projects supported	Four skills for Rural Development projects	A total of 22 projects have been supported	
	3.11	Number of Education and Health projects supported	Four education and Health projects supported	A total of 4 projects were approved under this programme	

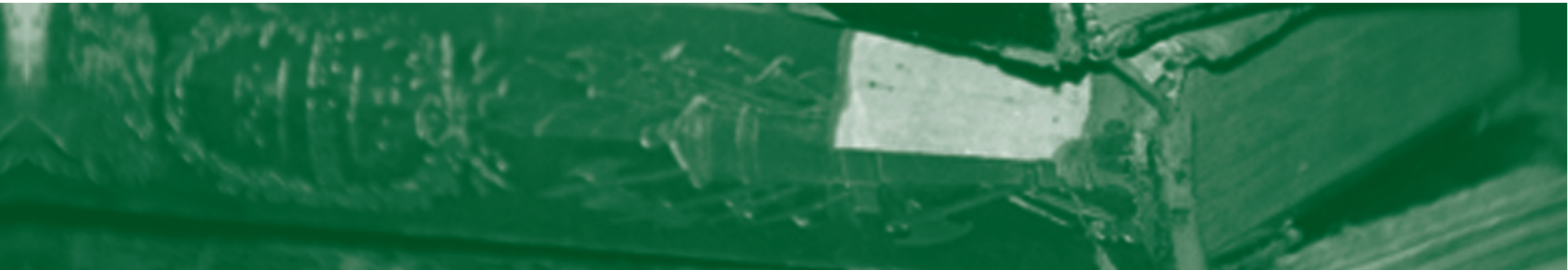
NATIONAL SKILLS FUND					
Strategic Objective	Activity No.	Performance Indicator	Activities	Performance Results (2011-12)	Reasons for variance
<b>4. To provide funds to support other projects that are pertinent to the achievement of the purposes of the Skills Development Act, as determined by the Director-General</b>	4.1	List of other SDA priorities approved	List of other SDA priorities approved	This list has been incorporated into the broader NSF Framework. It is reported under the funding programme DG priorities	
	4.2	Number of implementation reports produced	Four implementation reports produced	A detailed implementation report has not been compiled owing to slow take off of projects in this area	The NSF will work with relevant DHET units to ensure a comprehensive implementation regime is instituted
<b>5. To provide funds for the operations of the NSF</b>	5.1	Monthly records of financial transactions, assets and liabilities maintained and available	Monthly records of financial transactions, assets and liabilities maintained and available	Monthly NSF Financial reports are compiled. These include detailed income & investment reports as well as expenditure reports from key programme activities	
	5.2	Staff development programme approved	Staff development programme approved	List of NSF staff attending skills development interventions available	
	5.3	Systems audit report with recommendations compiled	Systems audit report with recommendations compiled	Noticeable progress achieved. To date a detailed analysis of our Information System has been compiled	The NSF still requires to conclude analysis of systems to support M&E and applications processing
	5.4	Number of Programme funding reports	Four programme funding reports compiled	BAS Programme funding reports for quarterly disbursements available	

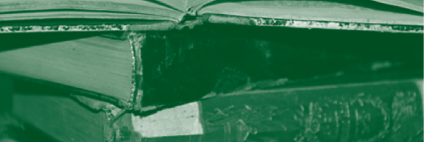




## SECTION 3

### ANNUAL FINANCIAL STATEMENTS





## SECTION 3

### ANNUAL FINANCIAL STATEMENTS

- 3.1. DEPARTMENT OF HIGHER EDUCATION AND TRAINING
- 3.2. DEPARTMENT OF EDUCATION
- 3.3. NATIONAL SKILLS FUND

### 3.1 DEPARTMENT OF HIGHER EDUCATION AND TRAINING

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## REPORT OF AUDIT COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2012.

### AUDIT COMMITTEE MEMBERS AND ATTENDANCE:

As per its approved terms of reference the Audit Committee should meet at least two times per annum. During the current year five meetings were held.

Name of Member	Number of meetings attended
Dr DP van der Nest (Chairperson)	5
Ms S Padayachy	5
Ms G Maaka-Tlokana	4
Mr C Mtshisa	4
Mr S Makhubu	3 *
* Appointed 1 August 2011	

### AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee reports that it has carried out its responsibilities in terms of section 38(1) (a) of the PFMA and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter, and discharged the responsibilities as contained therein.

### THE EFFECTIVENESS OF INTERNAL CONTROL

#### Department of Higher Education and Training

The system of internal control was effective for the year under review although several instances of non compliance were reported by internal and external auditors. The Committee will monitor the implementation of the action plans to improve the internal controls in the areas where shortcomings have been identified.

#### National Skills Fund

The system of internal control was not entirely effective for the year under review, as compliance with prescribed policies and procedures were lacking in certain instances. During the year under review, several deficiencies in the system of internal control and deviations there-from were reported by the external auditors. Significant control weaknesses have been reported by the Auditor-General in the management letter. The Committee will monitor the implementation of the action plans to improve the internal controls in the areas where shortcomings have been identified.

## THE QUALITY OF THE MANAGEMENT AND QUARTERLY REPORTS SUBMITTED IN TERMS OF THE PUBLIC FINANCE MANAGEMENT ACT AND THE DIVISION OF REVENUE ACT

The Audit Committee is satisfied with the content and quality of quarterly reports prepared and issued by the Accounting Officer of the Department during the year under review with the exception for the matters reported in the Auditor-General's report.

### EVALUATION OF FINANCIAL STATEMENTS

The Audit Committee has

- reviewed and discussed the audited annual financial statements to be included in the annual report with the Auditor-General and the Chief Financial Officer;
- reviewed the Auditor-General's management letter and management's response thereto.

The Audit Committee concurs and accepts the Auditor-General's conclusions on the annual financial statements and is of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General.

### INTERNAL AUDIT

The Audit Committee is satisfied that the internal audit function is operating effectively as they have performed all audits as per approved Internal Audit plan. The Audit Committee is however concerned that the lack of staff capacity prevents the Internal Audit function to cover all the high risk areas in the department.

### AUDITOR-GENERAL SOUTH AFRICA

The Audit Committee has met with the Auditor-General South Africa to ensure that there are no unresolved issues.

### CLOSURE

The committee wishes to congratulate the Director-General with the unqualified opinion for the year under review. The Committee wishes to thank the CFO and his staff, as well as the Auditor-General for their contribution



**Chairperson of the Audit Committee**

**Date: 31/7/2012**

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

## VOTE 17

REPORT OF THE ACCOUNTING OFFICER  
for the year ended 31 March 2012

## Report by the Accounting Officer to the Executive Authority and the Parliament of the Republic of South Africa.

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

The original allocation to the Department, excluding direct charges, which was included in the Estimates of National Expenditure 2011, increased by 19% from R23 720.698 million in 2010/11 to R28 228.589 million. This included R19 352.723 million for higher education institutions (HEIs) and R3 956.849 million for the National Student Financial Aid Scheme (NSFAS) (82.6% of the Department's total budget for 2011/12, compared to 81.9% in 2010/11). The Department's allocation increased by an amount of R70.925 million in the Adjusted Estimates for 2011/12, amounting to a total of R28 299.514 million. The increase was made up as follows:

	R'000
• Roll-overs	18 241
• Other adjustments for the increase in improvement of conditions of service in respect of Further Education and Training (FET) colleges' personnel.	52 684
<b>Total</b>	<b>70 925</b>

The total expenditure, excluding direct charges for the 2011/12 financial year, increased by 19.1% from R23 752.354 million in 2010/11 to R28 281.697 million in 2011/12, which represents a spending rate of 99.9% (99.9% in 2010/11). The expenditure was made up as follows (in R'000):

	2010/11	2011/12	Increase/ (Decrease)
Compensation of employees	258 205	305 598	47 393
Departmental operations	106 923	139 657	32 734
Departmental earmarked funds	25 460	22 309	(3 151)
Subsidies to HEIs	17 516 740	19 354 159	1 837 419
NSFAS	1 909 359	3 956 849	2 047 490
Subsidies to public entities	129 112	125 030	(4 082)
Conditional grants to the provinces for FET colleges	3 803 958	4 375 311	571 353
Other transfers	2 597	2 784	187
<b>Total expenditure</b>	<b>23 752 354</b>	<b>28 281 697</b>	<b>4 529 343</b>

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

## VOTE 17

REPORT OF THE ACCOUNTING OFFICER  
for the year ended 31 March 2012

The surplus on the vote for the financial year, excluding direct charges, amounted to R17.817 million (R23.848 million in 2010/11) and was made up as follows (in R'000):

	2010/11	2011/12
Compensation of employees	1 870	4 570
Departmental operations	21 625	13 176
Departmental earmarked funds	91	1
Other transfers	262	70
<b>Total savings</b>	<b>23 848</b>	<b>17 817</b>

The total expenditure on direct charges in the 2011/12 financial year amounted to R10 025.251 million (R8 379.259 million in 2010/11), and was made up as follows (in R'000):

	2010/11	2011/12
Sector Education and Training Authorities (SETAs)	6 704 103	8 021 408
National Skills Fund	1 675 156	2 003 843
<b>Total expenditure</b>	<b>8 379 259</b>	<b>10 025 251</b>

The outstanding balances in the books of account of the Department of Education that were transferred to the Department during the 2011/12 financial year are included in the Annual Financial Statements.

**Important policy decisions and strategic issues**

The Department embarked on an organisational review process during the year and the final output was an approved macro-organisational structure for the Department which still requires consultation with the Minister of Public Service and Administration. The development of a micro-organisational structure started in earnest after the Minister's sign-off for finalisation during the 2012/13 financial year. The Department finalised its delegation of authority, developed 16 policies on human resource management and a further eight on supply chain management and logistical services. Training on nine policies was given to all staff in the Department.

The Department went out on tender for the acquisition of alternative office accommodation through the Department of Public Works. Suitable office accommodation could not be secured through this process and it was decided that a build-to-specification process would be followed.

During 2011/12, the Education Information Policy was updated to make it relevant to the post-school-education system and the mandate of the Department. Delivery agreement data and reporting requirements were managed via the quarterly meetings of the Technical Implementation Forum and the data forum with the Department of Public Monitoring and Evaluation.



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Critical decisions during the 2011/12 financial year with regard to university education, include the following:

- the expansion of the public higher education sector through the establishment of two new universities, one in Mpumalanga and one in the Northern Cape;
- the 'unbundling' of the University of Limpopo following the *Task Team Review Report of the University of Limpopo Merger (March 2011)*;
- the expansion of medical education through the establishment of a new Medical and Allied Health Sciences University into which the former MEDUNSA campus would be incorporated, and the development of a new medical school at the University of Limpopo in Polokwane attached to a new tertiary hospital. Work on this will commence in the 2012/13 financial year.

The weighting in the funding formula for research outputs was amended to ensure that substantial funds for research development would be made available in the 2012/13 financial year, specifically to support academic staff at historically disadvantaged institutions in masters' and doctoral programmes.

During the period under review, a decision was taken to accelerate the implementation of the Integrated Strategic Planning Framework for Teacher Education and Development in South Africa (2011 to 2025) that was launched in April 2011, specifically to open up new campuses for the delivery of foundation phase teacher education as a second step to the implementation of the plan. In this regard, the former Ndebele College of Education Campus in Mpumalanga will be opened in 2013 for an intake of 100 foundation phase teacher students in a partnership between the Department, the University of Johannesburg and the National Institute of Higher Education in Mpumalanga. It was also decided to identify two additional campuses, one in KwaZulu-Natal and one in the Eastern Cape, which would be opened in partnership with existing universities. Work has also begun to identify campuses in other provinces.

The Department is committed to:

- invest more in historically black/disadvantaged institutions in the future and has decided to earmark a large proportion of the next cycle of infrastructure and efficiency funds (2012/13 to 2013/14) for projects to be undertaken by these institutions;
- the development of human and social sciences, as recommended in the *Report Commissioned by the Minister of Higher Education and Training For the Charter for Humanities and Social Sciences* (June 2011) specifically to develop an Institute for Humanities.
- strengthening the study of African languages in universities and developing indigenous languages to become languages of teaching and learning; a Ministerial panel on African languages was appointed for this purpose.
- progressively rolling out funded higher education to the poor. The first step towards this commitment is the implementation of the Final Year Programme through the NSFAS. The programme consists of a once-off bursary that offers students full funding if they pass all their courses during their final year of study for their first qualification (diploma or degree). Should a student not be successful, normal NSFAS rules are applied.

The Green Paper process provided significant strategic direction for the Department, specifically the proposal to expand the system through distance education. This will require policy changes and significant investment to ensure quality distance higher education. Another significant decision is the commitment to a planned and rational differentiation of the system.

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At the beginning of the 2012 academic year, the lack of space in universities for young matriculants was evident. The rush for late applications led to the loss of life of a parent at the University of Johannesburg. This highlighted the need not only to expand the system, but also to improve the management of applications and admissions across the system. To this end, a national central applications service will be developed and implemented.

A framework for career guidance services for the country was developed with key delivery partners including other government departments, Higher Education South Africa, the National Youth Development Agency and South African College Principals Organisation (SACPO). Support was also provided to the open and distance education initiatives of both the South African Development Cooperation (SADC) and the Commonwealth of Learning at regional conferences held in South Africa. The Department pledged its support for Open and Distance Learning (ODL) and the use of Open Education Resources. A framework for ODL has been developed and a national plan of action will be set up in 2012/13.

During 2011, the Further Education and Training (FET) colleges Amendment Bill was drafted to provide for the FET colleges to become the responsibility of the Department and no longer that of the Provincial Education Departments.

A social inclusion policy framework and three qualification sub-frameworks were developed. A monitoring instrument and Ministerial guidelines on strategy and priorities for the National Qualifications Framework were also developed in the year under review.

Because of the negative reports regarding the status of the Eastern Cape FET colleges, the Department intervened and introduced the Eastern Cape FET colleges Capacity Improvement project. The aim of the project is to develop and implement a college by college turnaround strategy. At the same time, in view of the poor financial and human resource management capacity in the FET colleges, the Department contracted the South African Institute of Chartered Accountants (SAICA) to recruit and deploy retired Chartered Accountants to act as Chief Financial Officers (CFOs), and to build capacity of the existing CFOs in colleges. SAICA has also been contracted to recruit and deploy human resource practitioners in FET colleges to strengthen the human resource functions which has been identified as one of the weakest links.

With regard to skills development, specific sections of the Skills Development Act, 1998 were amended to improve the governance of the Sector Education and Training Authorities (SETAs). Regulations for the conditions of service and appointment of the Chief Executive Officers (CEOs) of SETAs were approved in order to provide a uniform framework for recruitment and selection. Sector Skills Plans were assessed to ensure alignment with SETA strategic plans. The SETA Grant Regulations were amended and issued for public comment. This will provide important policy amendments to guide the disbursement of grants in accordance with the Skills Development Levies Act. Draft guidelines for SETA grants and draft Learning Programme Regulations that are aligned to the draft Occupational Qualification sub-framework were developed. A set of draft Agency Regulations was also finalised. The Strategic Framework and Criteria for Allocation of Funds from the National Skills Fund (NSF) was approved by the Minister. This document paves the way for the NSF to commence funding activities under the National Skills Development Strategy III (NSDSIII).

The public comment phase on the occupations to be listed as trades in terms of section 26B of the Skills Development Act (SDA), was completed and it is projected that the listing process will be finalised in 2012/13. Furthermore, draft trade test regulations were developed and discussed within stakeholder forums to be ready for publication for public comment and finalisation in 2012/13.

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The Department hosted Nelson Mandela Day in Lusikisiki in July 2011 and more than 3 000 students attended the festival. In January 2012, as part of the promotion of post-school opportunities to the new matriculants, the Department released an information brochure on post-school opportunities. Ministerial road shows were conducted in three provinces - KwaZulu-Natal, Mpumalanga and the Northern Cape.

During 2011, work on the integrated information system continued. The Department aims to build three integrated strategic information systems by March 2014, namely the Higher Education Management Information System, the Labour Market Intelligence System and the Career Advice System. To support these systems, the information framework and the career advice services framework were developed with key delivery partners. The specifications for the career advice system were developed with the South African Qualifications Authority. The HSRC was engaged to undertake the research on the Labour Market Intelligence System and the Education Information Policy of 2004 was updated to be relevant to the mandate of the Department and has been recommended to the Minister for publication by the Education Information Standards Committee. Data collections of the Further Education and Training and Artisan sectors were strengthened and electronic data collection are in place. The Department hosted the UNESCO mission in July 2011 and a data plan for South Africa was developed.

The system plan for the fully integrated Higher Education and Training Management Information System (HETMIS) has been completed and the formal development of the system will commence in 2012/13. The following preparatory work for the integrated system was completed in 2011/12: the development of a framework for standardised information for the HETMIS, a project implementation strategy and the establishment of a forum with the Council on Higher Education and representatives of the private higher education sector to integrate private education data into the system. The following sub-projects have commenced: the development of an online data capture system for FET colleges for quarterly capturing of data for monitoring and evaluation purposes (fourth quarter 2011/12 data captured by colleges online); artisan data project for developing the individual data records for all learners undertaking artisan training and an integrated artisan information system; national skills fund project information system for developing the standards; data interface formats for the reporting of individual learner data on skills development projects and discussions with Sector Education and Training Authorities (SETAs) on an integrated SETA Skills Monitoring and Evaluation Information System.

With regard to ensuring access, equity and quality of the education and training system, monitoring and evaluation indicators for the higher education and training system were developed and have been monitored quarterly in all the sub-sectors within the higher education and training system. A social inclusion, equity and transformation unit was established to serve all sub-systems in the higher education and training landscape and a database on all social partners was developed. The Green Paper for Post-School Education and Training was released for public comment at a media conference during January 2012.

A total of 8 ongoing court cases were instituted against the Minister and the Department and responses to them are ongoing. Numerous agreements and legal opinions have been drafted.

As part of ensuring credible planning processes and the provisioning of early warning systems to correct any deviations from structured plans, progress in relation to provincial performance on adult education and training as well as further education and training was analysed. A budget analysis report was compiled on the basis of resources required for the 2012/13 annual deliverables.

The Career Advice Services project that provides for multi-channel career advice services via radio, print media, exhibitions, web technologies, call help line and walk in centres, was undertaken in collaboration with SAQA.

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Responses from universities to the survey on their international activities were collected and a database to capture information on the international activities of all post-school institutions was developed.

In order for the Department to strengthen and promote closer collaboration with its institutional base, visits were undertaken to all universities, universities of technology and the SETAs. Visits were also undertaken to 14 FET colleges.

During the year under review, the 2011/12 Annual Performance Plan of the Department was revised on the basis of the requirements of the Framework for Strategic Plans and Annual Performance Plans and to address specific needs of Parliament. A framework on departmental procedures and measures for monitoring and reporting performance against annual performance plans was developed and approved for implementation in 2012/13.

A new qualifications policy for professionals working in the schooling sector: *The Minimum Requirements for Teacher Education Qualifications, 2011*, was published during July 2011.

During 2011/12, the *South African Journal for Childhood Education* was launched and the publication of two issues of this journal took place. The Department also launched the *Strengthening Foundation Phase Teacher Education Programme (SFPTE)* and conducted a Literacy Week conference funded through the SFPTE programme, at the University of Johannesburg.

A national Transformation Seminar was held in October 2011 as a follow-up to the Higher Education Stakeholder Summit held in 2010.

Task team reports on the establishment of new universities in Mpumalanga and the Northern Cape were completed in July 2011 and combined into a single report for consideration by the Minister, and subsequently submitted to the CHE for advice. The reports have been used to provide baseline information for the technical work that is being carried out in this regard. Some 18 geographical sites identified by the task teams across the two provinces have been assessed and appropriate sites have been selected as possible seats for the new institutions.

During 2011/12 the draft *Policy Framework for the Provision of Distance Higher Education in South Africa* was completed and the *Report of the Ministerial Committee for the Review of the Provision of Student Housing at South African Universities* was released. This report provided the baseline for a comprehensive infrastructure plan for ensuring decent student housing at universities over the next 15 years.

Three universities, University of Zululand, Tshwane University of Technology and Walter Sisulu University, were placed under administration. Independent assessments in two other universities, Vaal University of Technology and Central University of Technology, were undertaken in 2011/12. These developments have highlighted the importance of monitoring the system more effectively. In this respect, new draft reporting regulations have been developed in collaboration with the university sector and the Office of the Auditor-General. The implementation of these regulations will enable the Department to proactively identify problems in the system and to solve it before drastic action is required. It will also enable closer monitoring of universities and ensure public accountability.

During 2011/12, allocations were made to institutions to expand equitable access and success of foundation programmes, teaching development and infrastructure development. Improved monitoring and oversight systems have been put in place. All institutions were visited to monitor the utilisation of infrastructure funds and the progress with approved infrastructure projects.

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Student data have been updated on HEMIS and audited data for the 2010 academic year have been finalised and uploaded onto the Department's website. The data were used to finalise the national enrolment plan for the cycle 2012/13 to 2014/15. The annual reports of all 23 institutions were analysed and a consolidated report indicating areas of strengths and weakness was produced.

The Department also undertook an analysis of the past utilisation of research development funds which showed that despite satisfactory progress reports, institutions did not necessarily utilise these funds in line with the aim to improve the research qualifications and capabilities of their academics. Consequently new criteria were developed and communicated to the system for 2012/13, against which new proposals will be evaluated and monitored. The system did, however, show an improvement in the number of masters' and doctoral graduates. Masters graduates increased from 4 179 in 2009 to an estimated 4 641 graduates in 2011, while doctoral graduates increased from 1 373 to an estimated 1 637 graduates over the same period.

The Strengthening Foundation Phase Teacher Education Programme continues to be rolled out as part of the overall European Union funded Primary Sector Policy Support Programme. Through this, the number of institutions involved in foundation phase teacher education increased from 13 institutions in 2009 to 20 institutions in 2011, of which 15 are already offering the programme and five are preparing to offer programmes by 2014. The number of teacher education graduates increased from 6 315 graduates in 2009 to an estimated 8 500 graduates in 2011.

Other major projects undertaken by university education are:

- The Ministerial Committee for the Review of the Funding of Universities commenced work in August 2011. Submissions have been submitted by stakeholders with Universities and Higher Education South Africa making presentations to the committee.
- The Ministerial Working Group on Fee-Free Higher Education has been appointed to investigate and make proposals on the progressive roll-out of free (state-funded) education for the poor.
- Phase III of the Higher Education HIV and Aids Programme (HEAIDS) was launched during April 2011 and continues to implement projects that started during Phase II, such as the zero-prevalence study and the 'First things first' campaign.

The strengthening of public adult learning centres posed a major challenge in the light of expanded access into Adult Education and Training (AET). In response, draft guidelines on management and governance were developed as part of improving the efficiency and monitoring performance of the AET centres, notwithstanding the very fluid provincial support environment as a result of the function shift to the Department.

To ensure an expanded with appropriate policy and institutional delivery environment, a task team was established to make proposals on an appropriate model for the delivery of AET. The draft report of the task team proposes the establishment of Community Education and Training Centres (CETCs), and stakeholders are currently being consulted on this. The CETCs, as well as the conversion of FET colleges into VET institutions, has been gazetted as delivery institutions for the VCET sector, following the release of the Green Paper for Post-School Education and Training. In addition, the expansion agenda for AET delivery was strengthened with the publication of the National Senior Certificate for Adults (NASCA), for public comment.

In an attempt to make programmes offered by the FET colleges more responsive and relevant, an additional NC(V) programme, *Transport and Logistics*, was offered from January 2012. In addition the curriculum for an additional programme, *Primary Health*, was completed in partnership with the HWSETA and the Department of Health for implementation in 2013, in support of government's implementation of the National Health Insurance (NHI) programme.

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As the key offering in colleges, a Ministerial Task Team (MTT) was established to review the National Certificate (Vocational) (NC(V)) qualifications at levels 2 to 4. The final report containing recommendations for improvement and amendment of the NC(V) policy was submitted and paves the way for further engagement and deliberation by the Ministry on the review of the NC(V) qualifications.

Parallel to the qualifications review process, a review of five selected NC(V) subjects was undertaken to improve the content, teaching and assessment of these curricula. The NC(V) delivery was further strengthened by the development of the Internal Continuous Assessment (ICASS) guidelines, which were implemented in January 2012. The 826 units of lecturer training delivered in the 2010/11 financial year supported the implementation of the ICASS guidelines in all 50 FET colleges, the sharing of best practices and the delivery of new and revised NC(V) subject curricula. Notable improvements in student performance in Mathematics and Mathematical Literacy, as well as in the NC(V) certification rates across all three levels, demonstrate the gains of the quality improvement initiatives targeting the NC(V) qualifications.

The draft AET assessment regulations gazetted for public comment are intended to improve assessment practices in AET centres. The release of the draft regulations was coupled with provincial curriculum support workshops to facilitate improvements in the conduct of learner assessments. Seven provinces indicated their interventions in terms of educator development. However there are still systemic weaknesses in the AET sector on many fronts, particularly in terms of the professionalisation of teaching practices.

Access into FET colleges was significantly expanded through the R1.270 billion bursary allocation awarded to 165 273 students enrolled in the state-subsidised programmes offered in colleges. The overall improvement in student performance in the November 2011 examinations may well be attributable to the substantial coverage of travel and accommodation costs for many indigent students, made possible by the substantial increase in bursary awards in the 2011 academic year. The improvement in certification rates across all three NC(V) levels and some Report 191 programmes suggests that access provided through discreet but comprehensive financial support contributes to increased success. The third edition of the *Opportunities* booklet, distributed at Ministerial road shows serves as a valuable instrument for promoting the FET colleges sector to improve access for many young people, particularly those in rural locations.

The quality assurance for N4 to N6, including the N Diploma in Report 191, has been resolved. The Quality Council for Trades and Occupations (QCTO) has assumed this role.

On-site training of NC(V) Level 4 and AET-GETC Level panellists in the setting of question papers and site-based assessment tasks took place. This has improved the quality of the output. As a result of additional funding allocated for the remuneration of panellists and markers, the Department was able to review the tariffs and gazette them. This translated to payment of all examination officials who were dealing with examination processes.

The Department delivered nine national examination cycles during 2011/12, of which seven were for the FET college sector and two for AET. During each of the nine cycles, the Department engaged in and achieved the following:

- Registration of 866 491 candidates for national examinations
- Monitoring and registration of 382 public and private examination centres
- Setting and moderation of 1 417 question papers and 65 site-based assessment tasks

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- Printing, packing and distribution of question papers for the FET college sector
- Marking of 2.5 million scripts for the FET college sector
- Capturing of 5.080 million marks for the FET college candidates
- Monitoring of examination centres during the conduct of examinations and marking sessions throughout the year
- Standardisation of all examination marks as per the quality assessor for all examination cycles
- Resulting and certification of candidates for the FET college sector.

The following task teams were set up to investigate matters relating to the Vocational and Continuing Education and Training Sector and to advise the Department and the Minister accordingly:

- Review of the National Certificate (Vocational)
- Explore the possibility of creating a new institutional form called a Community Education and Training Centre
- Investigate the challenges confronting the examination function
- Establishment of Mathematics and Science Foundation Programmes.

With regard to skills development, the following significant events took place:

- A National Skills Conference was hosted in October 2011
- 21 SETAs were re-certified, their constitutions were approved and members of the Boards were appointed
- The National Skills Accord was signed and implemented by the representatives of the relevant constituencies
- A monthly reporting process of artisan registration and completion of artisan training was implemented; of the 24 378 new artisan learners that were registered, 13 168 completed their artisan training.

Indlela assessed a total of 7 750 candidates, of which 3 367 passed their trade tests, representing a pass rate of 43%. Stakeholder forums to co-ordinate artisan development matters were established and service level agreements were signed between the National Artisan Moderating Body (NAMB) as an AQP for trade occupations and the Quality Council for Trades and Occupations (QCTO) for the development of trade qualifications.

During 2011/12 the Department concluded an investigation into the repositioning of the National Skills Authority (NSA).

A collaborative project that will enable the 50 public FET colleges to access funds from the National Skills Fund (NSF) to undertake skills development interventions was launched during 2011/12. A total of R1.5 billion is ring-fenced for this project.

Audits were conducted in collaboration with SETAs at Trade Test Centres across the country to address quality concerns and to finalise the certification of artisans that were assessed within these centres.

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**Spending trends**

The under-expenditure of R17.817 million (R23.848 million in 2010/11) on the Department's programmes, measured against the allocations after virement, is as follows, in R'000:

	2010/11		2011/12	
	Under-expenditure	Percentage	Under-expenditure	Percentage
1. Administration	3 735	2.98%	3 284	2.11%
2. Human Resource Development, Planning and Monitoring Coordination	864	3.52%	660	1.70%
3. University Education	1 870	0.01%	635	0.00%
4. Vocational and Continuing Education and Training	3 583	0.09%	4 625	0.10%
5. Skills Development	13 796	9.68%	8 613	6.59%
<b>Total</b>	<b>23 848</b>	<b>0.10%</b>	<b>17 817</b>	<b>0.06%</b>

The under-expenditure did not impact negatively on the Department's programmes and service delivery. Factors that contributed to under-expenditure included goods delivered but not paid for, claims not received in respect of examiners and moderators, under-spending on the Indlela security system because of transitional arrangements and the extent of the project, as well as cost containment measures put in place to ensure that the Department would not overspend on its budget.

Expenditure is monitored on a monthly basis, whereby the responsible managers are requested to provide progress reports on projects. The Minister is also informed on a monthly basis of the spending levels in terms of the Public Finance Management Act. The reprioritisation of activities within the objectives of the Department is also considered when necessary.

For more information on under-expenditure or savings, please refer to the Notes to the Appropriation Statement.

**Virement**

The virement applied within the Department, is as follows in R'000:

Shifted from	Shifted to	Amount
4: Vocational and Continuing Education and Training	1: Administration	5 015
4: Vocational and Continuing Education and Training	2: Human Resource Development, Planning and Monitoring Coordination	2 869
4: Vocational and Continuing Education and Training	3: University Education	875
5: Skills Development	1: Administration	2 132



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The Department effected deliberate savings on various projects in order to address unforeseen and unavoidable expenditure in respect of the upgrading of the computer systems of the Department, the higher than projected legal and legislative fees as a result of court cases in respect of the SETAs; and various intensified interventions pertaining to the FET colleges, as well as the Universities and Universities of Technology. Treasury approval, with reference number 9/4/4/4/13 dated 29 March 2012, was obtained to introduce a transfer payment to Higher Education South Africa (HESA) for the implementation of the Higher Education Aids project. Funds were also shifted between programmes within compensation of employees, in order to accommodate possible over-expenditure on compensation of employees on some of the programmes.

The virement was approved by the Director-General in accordance with the Public Finance Management Act and reported to National Treasury and the Minister.

## **2. Services rendered by the Department**

### **2.1 Services rendered**

The Department was in the main responsible for the formulation of national higher education and training policy and for monitoring and evaluating the implementation of policy. Revenue collected was for services that were rendered on a national basis in respect of FET college examinations and certificates; the registration of private HEIs; revenue generated by the Institute for the National Development of Learnerships, Employment Skills and Labour Assessments from fees for trade tests, boarding and rentals. The total revenue collected in this regard for the period under review amounted to R3.680 million (R3.238 million in 2010/11).

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Tariffs for the services rendered in respect of the National Technical Examinations were as follows:

	Tariff in R
<b>Examination fees</b>	
a) Enrolment fees per subject/instructional offering	20.00
b) Enrolment fees per instructional offering Report 191 (N4 – N6)	27.00
c) Concessions, amanuenses and additional time per subject/instructional offering	51.00
d) Remarking per subject/instructional offering	81.00
e) Rechecking per subject/instructional offering	14.50
f) Reissuing of/changes to/amendments of statement results	19.00
g) National Senior Certificate (Technical), National Certificate (Vocational), National N3 Certificate and Subject Certificate	90.00
h) Applications for the reissuing of the National Senior Certificate (Technical), National Certificate (Vocational), National N3 Certificate and Subject Certificate	90.00
i) Confirmation document issued prior to the certificate (system-generated document)	15.00
j) Letter to embassies (work/study abroad)	20.00
k) Teacher certificates	30.00
l) Statements for teacher qualifications	15.00
m) Transfer of examination entries	25.00
n) Exemption for, or recognition of subjects passed with other examining bodies	50.00
o) Postage	
• Africa	117.00
• Overseas (diplomatic bag)	140.00
• Overseas via the Post Office	200.00
p) Verification of qualifications prior to 1992 for government organisations	15.00
q) Verification of qualifications prior to 1992 for non-government organisations	35.00
r) Late entry or amendments penalty	21.00
s) Syllabuses (only applicable to examining bodies that supplied syllabuses to other examining bodies)	1.00

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**Private Further Education and Training colleges**

The tariffs for the services rendered in respect of private Further Education and Training colleges were as follows:

	<b>Tariff in R</b>
a) Application for registration	500.00
b) Amendments	500.00

**Private higher education institutions**

The tariffs for the services rendered in respect of the Registrar of Private Higher Education Institutions were as follows:

	<b>Tariff in R</b>
a) Application for registration	550.00
b) Amendments	550.00
c) Conversions	550.00

**Trade test tariffs**

Trade test fees were charged as published in the *Government Gazette* No. 343 of 23 March 2009.

**2.3 Free services**

None

**2.4 Inventories**

The inventories on hand at year end amounted to R222 517.

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### 3. Capacity constraints

Of the 1 077 posts on the approved staff establishment, 843 posts were filled, leaving 234 vacancies. During 2011/12, a total of 133 appointments were made. However, the high number of vacancies inevitably had a negative impact on human capacity and therefore also on implementation. The staff turnover rate for the Department remains high at 7.63% in 2011/12 (11.95% in 2010/11).

The Department has never been fully resourced since its inception as a result of financial constraints. During the split of functions, Corporate Services, Finance and Planning were only resourced at 48%. The Human Resources Directorate is the hardest hit, which results in additional delays and pressure to fill critical vacancies timeously. There is no capacity for facilities management in the Department and this is impacting negatively on the Department's ability to acquire alternative accommodation. The ICT infrastructure management directorate was severely under-staffed until the absorption of the three SITA employees into the Department.

The University Education Branch has severe capacity constraints which impact on the delivery of services. The most significant capacity problem is at a high level professional end. The post of Deputy Director-General remains unfilled. Of the nine director posts, only four are filled. In addition, some sections with high workloads have insufficient staff to cope with these. Certain targets, such as the Ministerial Committee for the Review of the Funding of Universities, needed extra capacity for research work, and contract researchers have been appointed. In some cases overtime work was performed in order to manage backlogs, but this is not sustainable.

Curriculum development and review, both for FET colleges and AET centres remain a concern, especially in relation to the responsibility of these functions. This is impacting on the development of curricula for the National Senior Certificate for Adults (NASCA), as well as the review of the outdated Report 191 programmes. Although the Interdepartmental NQF Steering Committee has attempted to provide an interim solution, there has been no material progress on either the funding of or direct responsibility for curriculum development and review across the VCET sector.

With regard to the examination function, capacity constraints were experienced for on-site security, staff vacancies and funding; this limits moderation and monitoring activities and impacts on the integrity of the entire examination cycle.

During the year under review, the lack of a SETA reporting system including a levy grant system hampered activities. A system has now been developed and the Department is currently engaging with a service provider to install it.

Capacity constraints for the operationalisation of the NAMB were addressed through a NSF funding request. Capacity within the assessment sub-directorate remained a challenge for optimising the use of existing infrastructure to maximise service delivery in key trade and led to backlogs on trade testing. Furthermore, sector skills plan sectoral capacity and expertise is not adequate and is cross-cutting.

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for the year ended 31 March 2012**4. Utilisation of donor funds**

The Department received new donations totalling R6.487 million in cash from foreign donors during the 2011/12 financial year. Expenditure of R6.487 million was incurred against funds held in the Reconstruction and Development Programme (RDP) Fund. The balance of the funds available to the Department in the RDP Fund, as at 31 March 2012, was R38.314 million.

Donor funds were mainly used as follows:

- The utilisation of R141 million over three years, from the European Union Primary Education Sector Policy Support Programme, was approved early in 2010 and continues to be rolled out. 2011/12 Represented the second year of the three year roll-out programme. The project is proceeding well with indicators set for the programme in the financing agreement have already been met and exceeded. The activities include research, programme development and materials development for Foundation Phase teacher education, post-graduate scholarships, bursaries for initial teacher education, and seeding the establishment of an academic journal and a research association for this sector. A large component of the remaining funds has been earmarked to support the establishment of a new Foundation Phase programme at the former Ndebele College of Education site. An amount of R22.747 million from the total available funds was utilised.
- The closure period for Phase 2 of the Higher Education HIV and Aids (HEAIDS) Programme ended on 30 September 2010 with the compilation of a report and financial auditing. The administration of the programme closed on 31 March 2012. A final amount of R6.487 million was used in 2011/12.
- The Department co-ordinated the USAID Partnership for Skills Development Programme during 2011/12. No funds or activities impacted directly on the Department, since the programme was implemented at twelve selected FET colleges in the Northern Cape, Mpumalanga and Limpopo. An amount of R4.741 million was spent on this project during 2011/12.
- Netherlands government: The co-ordination of the Netherlands Initiative for Capacity Development in Higher Education (NICHE) resulted in the signing of a contract between the Department and Nuffic for two four-year projects on the FET colleges Business Management Systems and the Strengthening of the National Certificate Vocational Programmes in 2010/11. During 2011/12 the review of the NC(V) curriculum to align it with the needs of the labour market (which includes the funding of the Task Team for the Review of the NC(V) qualifications and the roll-out of the standardised business management system in four additional colleges) took place. The total amount committed during 2011/12 amounts to R4.2 million.
- The EU's Erasmus Mundus Scholarship Programme (Window for South Africa), is valued at three million Euros over a period of five years, and is a mobility scheme for South African masters' and doctoral students, as well as for academics and other staff members to spend part of their studies, research or working time at a European university. Interested South African universities have to form consortia together with their European counterparts, and compete for one of the three projects that will be funded to the amount 1.6 million Euros each. The proposal for the Erasmus Mundus Higher Education Cooperation Programme, South Africa Window has gone through the technical checks at the European Commission Headquarters in Brussels.
- Belgian Development Agency: A project was initiated to identify and analyse key information gaps in the FET colleges' sub-systems that impact on planning at a national level. A consultant has been appointed to do research work across selected FET colleges. R350 000 was spent on this project during 2011/12.
- The Chinese government supported South Africa with the refurbishment of four FET colleges. R2 million was committed during 2011/12.
- Danish government: Support for Education and Skills Development III (SESDIII): Build capacity for student exit support in FET colleges in twelve colleges. An amount of R27.420 million is available over three years for this project. A total amount of R889 000 was spent on this project during 2011/12.
- Technical assistance was received from Deutsch Gesellschaft für International Zusammenarbeit (GIZ) for the skills conference as well as the German study visit by one National Skills Authority (NSA) member in December 2011.
- The Japanese International Cooperation sponsored the international study tour for a NSA secretariat official in February 2012.
- SSACI: A project was initiated to create a single database of all artisan-related data from data sources at SETAs, Indlela, the Department and other sources identified by the consultants and/or NAMB for the period 1 April 2011 to 31 March 2012.

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

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REPORT OF THE ACCOUNTING OFFICER  
for the year ended 31 March 2012**5. Public entities**

There were 25 public entities that reported to the Minister of Higher Education and Training, namely:

**5.1 Council on Higher Education (CHE)**

The CHE is an independent statutory body, established in terms of the Higher Education Act, 1997. The passing of the Higher Education Amendment Act, 2008 and the National Qualifications Framework Act, 2009, denoted a significant change for the CHE. By virtue of this legislation the CHE functions as a quality council for higher education. It advises the Minister of Higher Education and Training on all higher education policy matters, implements the Higher Education Qualifications Framework (HEQF) by generating and setting standards via the Higher Education Qualifications Council, performs quality assurance and quality promotion functions, and it monitors and evaluates the achievement of policy goals and objectives. An amount of R36.772 million was transferred to the CHE in 2011/12.

During 2011/12, the CHE:

- revised the Higher Education Qualifications Framework, which was gazetted for public comment;
- released a draft standards setting framework for consultation with higher education institutions;
- completed the first stage in the Higher Education Qualifications Framework alignment process; and
- provided advice to the Minister on the following matters:
  - the establishment of a National Higher Education Information and Applications System;
  - the establishment of a new Public Higher Education Institution and the Incorporation of the Medunsa Campus of the University of Limpopo into the new Public Higher Education Institution;
  - the establishment of new universities in Mpumalanga and Northern Cape; and
  - the role of the CHE in strengthening teaching and learning at higher education institutions.

**5.2 National Student Financial Aid Scheme (NSFAS)**

NSFAS was established in terms of the National Student Financial Aid Scheme Act, 1999. It is responsible for administering loans and bursaries and allocating these to eligible students; developing criteria and conditions for the granting of loans and bursaries to eligible students in consultation with the Minister of Higher Education and Training; raising funds; recovering loans; maintaining and analysing a data base; undertaking research aimed at better utilisation of financial resources; and for advising the Minister on matters relating to student financial aid. An amount of R3 956.849 million was transferred to the NSFAS in 2011/12. Other sources of revenue are donor funds, money repayable on study loans and interest on investments.

During 2011/12, the number of students who received NSFAS financial assistance increased from 191 372 in 2010/11 to 289 172, which includes FET colleges bursary recipients.

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REPORT OF THE ACCOUNTING OFFICER  
for the year ended 31 March 2012**5.3 South African Qualifications Authority (SAQA)**

SAQA is a statutory body, originally established in terms of the South African Qualifications Act, 1995. As from 1 April 2009, SAQA has operated in terms of the National Qualifications Framework (NQF) Act, 2008, which replaced the former SAQA Act. In terms of the new NQF Act, SAQA continued to focus on upholding the principles of the NQF by, *inter alia*, ensuring access, quality, redress and development for all learners via an integrated national framework of learning achievements. The Department transferred an amount of R41.435 million to SAQA during 2011/12.

During the 2011/12 financial year, SAQA presented ten level descriptors of the NQF to the education and training sector during public road shows. The draft policy and criteria for recognising professional body and registering professional designation was finalised. The SAQA RPL Reference Group was established and assisted with the development of a concept paper on Lifelong Learning, RPL and CAT. SAQA is working closely with the Department to ensure a quality national NQF and Career Advice Helpline. In addition, SAQA managed the Mandela Day Career Festival and participated in 47 other exhibitions over the past financial year; 3 611 individuals verified their own transcripts of achievement with SAQA during 2011/12. Of the 23 693 new applications for evaluation of foreign qualifications, 19 934 were completed.

**5.4 The National Skills Fund (NSF)**

The NSF was established in 1999 in terms of the Skills Development Act, 1998. Although the NSF is not a listed public entity, it complies with the framework set for Schedule 3A public entities. It is funded by 20% of the skills development levies collected by the South African Revenue Service (SARS). The fund's key functions include the funding of national skills development priority projects as identified in the NSDS; funding projects related to achieving the purpose of the Act, as determined by the Accounting Authority and the payment of skills development collection costs incurred by SARS, as well as the administration of the fund. The Department transferred an amount of R19.934 million from voted funds, and R2 003.843 million from direct charges to the NSF during 2011/12.

**5.5 Sector Education and Training Authorities (SETAs)**

During 2011/12, there were 21 SETAs that were mandated by section 9 of the Skills Development Act, 1998 to provide skills development across various economic sectors. Their main objectives are to implement sector skills plans aimed at developing the appropriate skills; to develop and register learning programmes; and to distribute skills development levy funds. The SETAs meet the NSDS targets by means of a legislated service level agreement with the Department. These annual agreements are determined by the NSDS' five-year target, which is also calculated in annual terms. The Department transferred an amount of R8 021.408 million from direct charges to the SETAs during 2011/12.

The operations of all SETAs were refocused via NSDS III. During 2011/12, SETAs developed and implemented sector skills plans within the framework for the National Skills Development Strategy and other relevant strategies in order to develop appropriate skills developed and registered learning programmes and distributed skills development levies as required.

**5.6 The Quality Council for Trades and Occupations (QCTO)**

The QCTO was established in February 2010 in order to accommodate the unique learning requirements for building occupational competence. The QCTO is responsible for standards generation and quality assurance of all work-based qualifications, from NQF Level 1 to 10.

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The main objective of QCTO is to develop and quality-assure occupational qualifications that are responsive to both the labour market and developmental state initiatives, resulting in a skilled, productive and employable citizenry. The Department transferred an amount of R26.889 million to the QCTO during 2011/12.

During 2011/12, the QCTO:

- submitted the amended draft Occupational Qualifications Sub-framework to the Minister and published it in a *Gazette* together with the sub-frameworks of the other quality councils for public comments;
- approved the first set of policies for implementation, namely:
  - QCTO Curriculum and Assessment Policy
  - policy on delegation of Qualification Design and Assessment to Development Quality Partners and Assessment Quality Partners
  - policy on Qualification Development Facilitators
  - Occupational Qualification Development Facilitator Guide;
- entered into agreements with 15 Development Quality Partners on 20 July 2011 to develop 107 qualifications or part qualifications which include qualifications for 19 trades;
- entered into an agreement with the National Artisan Moderating Body to be the Assessment Quality Partner for trades;
- published its first official newsletter to inform stakeholders about the QCTO;
- appointed the Chief Executive Officer of the QCTO;
- advertised senior posts.

## 6. Other organisations that receive transfer payments from the Department

### 6.1 Higher Education Institutions (HEIs)

Funds were transferred in order to support the HEIs (Universities and Universities of Technology) and enable them to perform their core functions – lecturing and research – efficiently and effectively. This is linked to the broader policy goals and objectives outlined in the National Plan for Higher Education, which is underpinned by the need to ensure the sustainability, affordability and responsiveness of the higher education system, and to enable it to contribute to the social and economic development of South Africa. A total amount of R19 354.159 million was transferred to HEIs.

### 6.2 Sector Education and Training Authorities (SETAs)

In terms of the Skills Development Act, 1998, and the Skills Development Levies Act, 1999, an amount of R157 384 was transferred to the Education, Training and Development Practices SETA.



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**6.3 Other transfers**

- **Commonwealth of Learning**

An amount of R2 million was transferred to the Commonwealth of Learning, being the membership fee for South Africa as member country.

- **India-Brazil-South Africa**

The India-Brazil-South Africa Trilateral Commission Dialogue Forum was established in 2003 by these three developing countries, in order to work towards a common vision for enhanced South-South co-operation. An amount of R379 425 was transferred to the Commission via the non-profit institution Higher Education South Africa (HESA) (Treasury approval reference number 9/4/4/13 dated 9 December 2011).

**6.4 Conditional grants to Provincial Education Departments (PEDs)**

The FET colleges conditional grant was allocated to the Department during the period under review. Before funds were transferred to the provinces, the Department ensured that all the requirements of the Division of Revenue Act, 2011, were met.

The total allocation for the conditional grant for 2011/12 (in R'000) is as follows:

Conditional grant	Total allocation	Amount transferred	Total amount spent by PEDs	% spent on allocation
FET colleges	4 375 311	4 375 311	4 615 996	105.50
<b>Total</b>	<b>4 375 311</b>	<b>4 375 311</b>	<b>4 615 996</b>	<b>105.50</b>

The apparent over-expenditure is as a result of the allocation of roll-over funds within the budgetary processes of the provinces.

**6.4.1 Further Education and Training (FET) colleges**

The main objective of the FET colleges Conditional Grant is to ensure the successful transfer of the function of FET colleges to the Department of Higher Education and Training.

The following constituted the outputs of the grant, as per the agreed grant framework:

- Enrolment of NC(V) Programmes, as specified in college enrolment target planning
- Enrolments in Report 191 Programmes, in line with the Report 191
- Expanding information and communication technology (ICT) for teaching and learning, using connectivity norms
- Continued implementation of MISs for the delivery of transversal MIS services
- Implementation of the Funding Norms for FET colleges
- Refurbishment, maintenance and repairs of infrastructure and equipment to support the delivery of approved programmes
- New infrastructure development.

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

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Achievements during the 2011/12 financial year included:

- Approximately 2 147 lecturing staff were trained for the delivery of NC(V) Programmes, and approximately 1 746 NC(V) lecturers received training towards improved classroom practice for core NC(V) programmes.
- Approximately 1 854 support staff were trained to provide improved administrative and student services.
- A total of 222 new workshops, 289 new classrooms, modern equipment were installed in 446 workshops and in 579 classrooms.

**6.4.2 Compliance with the Division of Revenue Act (DoRA)**

In terms of section 12(2) of DoRA, 2011, the duties of the receiving officer include submitting quarterly reports to the Department not later than 30 days after the end of each quarter. This obligation was not satisfactorily adhered to by PEDs as some colleges submitted late reports to the Department. The transferring national officer submitted these reports, after consolidating all provincial reports according to the requirement of the grant framework, to the National Treasury, the Portfolio Committee on Higher Education and the National Council of Provinces.

**6.4.3 Performance evaluation of conditional grants**

In terms of Section 9(1) of DoRA, 2011, the transferring national officer must evaluate the performance of programmes that are funded or partially funded by the allocation, and submit the evaluation report to the National Treasury within four months after the end of the financial year. This obligation was satisfactorily adhered to. The 2010/11 annual performance evaluation of the FET Schedule 4 conditional grant was conducted and the Report on the Annual Performance Evaluation of the FET Sector Conditional Grant for the 2010/11 financial year was submitted to National Treasury on 29 July 2011.

**7. Public private partnerships (PPPs)**

None.

**8. Corporate governance arrangements****8.1 The Department's Risk Assessment and Fraud Prevention Plan**

During the period under review, risk assessment workshops were conducted with all the branches in the Department to identify and assess the risks that could negatively affect the achievement of objectives. The Department's establishment does not provide for a risk management unit. A Fraud Prevention Plan was developed and approved as required by the Treasury Regulations.

**DEPARTMENT OF HIGHER EDUCATION AND TRAINING****VOTE 17****REPORT OF THE ACCOUNTING OFFICER  
for the year ended 31 March 2012****8.2 Internal Audit Unit**

The role of Internal Audit Unit is to provide management and the Audit Committee with independent, objective assurance and consulting services, designed to add value and improve the Department's operations. It is furthermore aimed at assisting the Department to accomplish its objectives by establishing a systematic, disciplined approach to evaluating and improving the effectiveness of governance, risk management and control processes.

The Internal Audit Unit operates with skilled personnel and functions as required by the Treasury Regulations and the Public Finance Management Act (PFMA). An audit plan was developed from the risk assessment conducted in the Department and approved by the Audit Committee. During the year under review, internal audit engagements were performed in accordance with the Audit Plan. Due to a lack of staff to execute all the work on the audit plan, the Department decided to make use of consultants to provide co-sourcing in 2012 to assist with the audits.

**8.3 The Audit Committee**

The Audit Committee is in place and functions effectively, as required by the Treasury Regulations and the PFMA. The Audit Committee held five meetings during the period under review, and was assisted by Internal Audit, which provides secretarial services.

**8.4 Management processes for minimising conflict of interest**

All senior managers in the Department are compelled to declare their financial interests to the Minister on an annual basis. Furthermore, all employees of the Department are compelled to request permission from the Director-General before they do any work outside the Department that generates additional remuneration for them. All senior managers signed performance agreements.

**8.5 Implementation of a Code of Conduct**

The Code of Conduct for Public Servants, developed by the Public Service Commission to promote a high standard of professional ethics in the public service, was implemented in the Department and managers ensure that all staff members adhere to it. Copies of the two Codes of Conduct for Public Servants were distributed to every official in the Department and have been fully implemented.

Employees who violated the Codes of Conduct were disciplined in terms of the Disciplinary Code and Procedures for the Public Service.

**8.6 Safety, health and environmental issues facing the Department**

An Occupational Health and Safety Officer was appointed. The draft policy will be forwarded for consultation before final approval. This policy will aim to create a positive and safe working environment for all staff and visitors to the Department.

**8.7 Other governance structures**

- **Bid Adjudication Committee (BAC)**

The BAC is responsible to review the terms of reference for bids as proposed by the Bid Specification Committee (BSC), and make recommendations on these to the Director-General for approval, advertising, single-source appointments, emergency and urgent appointments. The BAC also considers the results/outcomes of the evaluation processes of the Bid Evaluation Committee (BEC) and

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recommends to the Director-General to award, extend or cancel bids. The Committee adjudicates whether the bidding processes are fair, equitable, transparent, competitive and cost-effective, and ensures that these processes comply with the PFMA, other relevant legislation and Treasury Regulations. The members of the Committee consist of senior managers of the various branches in the Department and are appointed annually by the Director-General. The Committee is scheduled to meet at least twice a month, but *ad hoc* meetings are arranged if necessary.

- **Information Technology Committee (ITC)**

The purpose of the ITC, which meets once a month, is to review and endorse ICT plans, policies and standards. The ITC co-ordinates and endorses compliance of the Department's ICT architecture, configuration and initiatives with the strategic directions of the Government Information Technology Officer Council (GITOC), as well as government policies and standards. The ITC regulates the acquisition, deployment, use and disposal of all Information and Communications Technology, Information Systems and Information Management Systems (ICT/IS/IM) in the Department. This is done in terms of standardisation, need, quantity required, frequency of use, as well as the potential impact on work outcomes and cost advantages.

- **Budget Review Advisory Committee (BRAC)**

BRAC advises the Accounting Officer on the allocation of departmental funds, conditional grants and donor funds, and ensures that allocations and reallocations are in line with the educational priorities for a particular financial year. BRAC is made up of the Department's senior management programme managers.

## 9. Discontinued activities/activities to be discontinued

None.

## 10. New/proposed activities

None. The Department embarked on an organisational review process for the whole of 2011/12 and the result was the approved macro-organisational structure of the Department subject to consultation with the Minister of Public Service and Administration. The development of a micro-organisational structure started in earnest after the Minister signed it off for finalisation during 2012/13. This could result in new/proposed activities over the medium term.

New activities that may have severe budgetary implications on the operations of the Department are:

- the construction of offices for the Department which will provide suitable accommodation for the entire Department (R476 million over the MTEF);
- the establishment of regional offices to provide access to services of the Department and place staff from FET college units in provincial education departments as per the amendment bill of the FET Colleges Act of 2006 (R315 million over the MTEF);
- the ICT Infrastructure roll-out to improve internal efficiency and to create connectivity with FET colleges (R2.070 billion over the MTEF).

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for the year ended 31 March 2012**11. Asset management****11.1 Progress with regard to capturing assets in a register**

All assets, including the assets transferred from the Department of Labour, as well as newly acquired assets, were captured on the asset register.

**11.2 Indication of the extent of compliance with the minimum requirements**

The asset register complies with the minimum requirements.

**11.3 Indication of the extent of compliance with the Asset Management Reform Milestones**

All assets were recorded in the asset register and a policy was developed on the reconciliation of assets between the asset register and the basic accounting system.

**11.4 Indication of problems experienced with the Asset Management Reform**

The recording of assets in the asset register takes place according to component accounting, while the recording of the payments for assets on the financial systems is treated as a unit. This results in reconciliation discrepancies between minor and major assets. A policy on the reconciliation between the asset register and the basic accounting system was therefore developed and implemented.

**12. Events after the reporting date**

None.

**13. Information on predetermined objectives**

The Department was responsible for the development of policy on educational and skills-related matters in relation to monitoring and evaluating policy implementation. The information on predetermined objectives is included under Chapter 2 of this report.

**14. Standing Committee on Public Accounts (SCOPA) resolutions**

None.

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

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for the year ended 31 March 2012

**15. Prior modifications to audit reports**

None.

**16. Exemptions and deviations received from the National Treasury**

None.

**17. Interim Financial Statements**

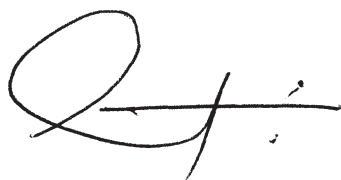
Interim Financial Statements were compiled according to the Treasury guidelines and submitted to National Treasury during the 2011/12 financial year.

**18. Other**

None.

**19. Approval**

The Annual Financial Statements, set out on pages 159 to 227, were approved by the Accounting Officer.

A handwritten signature in black ink, consisting of a large, stylized 'Q' followed by a horizontal line and a small flourish.

**Mr GF Qonde**  
**Director-General**  
**Date: 31 July 2012**

## REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON VOTE NO.17: DEPARTMENT OF HIGHER EDUCATION AND TRAINING

### REPORT ON THE FINANCIAL STATEMENTS

#### Introduction

1. I have audited the financial statements of the Department of Higher Education and Training set out on pages 159 to 214 which comprise the appropriation statement, statement of financial position as at 31 March 2012 statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

#### Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation of these financial statements in accordance with the departmental financial reporting framework prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and Division of Revenue Act of South Africa, 2011 (Act No. 6 of 2011) (DoRA) and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the General Notice issued in terms thereof and International Standards on Auditing. 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.
4. 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 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.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Higher Education and Training as at 31 March 2012, and its financial performance and cash flows for the year then ended in accordance with the departmental financial reporting framework prescribed by the National Treasury, the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and Division of Revenue Act of South Africa, 2011 (Act No. 6 of 2011) (DoRA).

**Emphasis of matter**

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

**Significant uncertainties**

8. As disclosed in disclosure note 19 to the financial statements, the department is the defendant in law suits and is opposing the claims. The ultimate outcome of the matter cannot be presently determined.

**Restatement of corresponding figures**

9. As disclosed in disclosure notes 20 and 23 to the financial statements, the corresponding figure for commitments and lease commitment for 31 March 2011 has been restated as a result of a classification error discovered during the 31 March 2012 financial year in the financial statements of the department at, and for the year ended, 31 March 2011.

**Additional matter**

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

**Basis of accounting**

10. The financial reporting framework prescribed by the National Treasury and applied by the department is a compliance framework. The wording of my opinion on a compliance framework should reflect that the financial statements have been prepared in accordance with this framework. Section 20(2)(a) of the PAA, however, requires me to express an opinion on the fair presentation of the financial statements. The wording of my opinion therefore reflects this requirement.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

11. In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.



**Predetermined objectives**

12. I performed procedures to obtain evidence about the usefulness and reliability of the information in the report on pre-determined objectives as set out on pages 32 to 120 of the annual report.
13. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the *National Treasury Framework for managing programme performance information*.

The reliability of the information in respect of the selected programmes is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

14. The material findings are set out below.

**Usefulness of information****Presentation****Reasons for major variances not supported by sufficient appropriate evidence**

15. The *National Treasury Guide for the preparation of the annual report* requires that explanations for major variances between the planned and reported (actual) targets should be provided in all instances and should also be supported by adequate and reliable corroborating evidence. Adequate and reliable corroborating evidence could not be provided for 29% of the major variances for programmes 2, 3 and 4 as disclosed in the annual performance report. The institution's records did not permit the application of alternative audit procedures. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the validity, accuracy and completeness of the reasons for major variances.

**Additional matter**

16. I draw attention to the following matters below. These matters do not have an impact on the predetermined objectives audit findings reported above.

**Achievement of planned targets**

17. Of the total number of planned targets, 134 were achieved during the year under review. This represents 29% of total planned targets that were not achieved during the year under review. This was mainly due to the fact that indicators and targets were not suitably developed during the strategic planning process.

**Compliance with laws and regulations**

18. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the *General Notice* issued in terms of the PAA are as follows:

**Annual financial statements**

19. The financial statements submitted for audit purposes did not comply with section 40(1)(a) of the PFMA. The material misstatements identified by the AGSA with regards to the commitment, lease commitments, contingent liabilities and provisions disclosure notes were subsequently corrected.

**Expenditure management**

20. Money owing by the department was not always paid within 30 days of receiving an invoice or statement, as required by section 38(1)(f) of the PFMA and Treasury Regulation 8.2.3.

**Internal audit**

21. The internal audit function did not submit reports, detailing the performance against the annual internal audit plan, to the audit committee every quarter, as required by Treasury Regulation 3.2.7(d).

**Human resource management and compensation**

22. The verification process for new appointments did not always take place and did not cover criminal record checks/citizenship verifications/financial record checks/qualification verifications/reference checks as required in terms of Public Service Regulations 1/VII/D.8.
23. There were no job descriptions for the selected employees as required by the Public Service Regulations 1/III/11.

**Financial misconduct**

24. Disciplinary hearings were not held for financial misconduct committed by 25 out of 31 officials that were identified by a forensic investigation finalised during 2010, as required by Treasury Regulation 4.1.1.

**Other**

25. The Sector Education and Training Authorities' revised strategic plans were not approved before the end of the financial year by the Minister as required by Treasury Regulation 30.1.

**Internal control**

26. I considered internal control relevant to my audit of the financial statements, report on pre-determined objectives and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in findings on the annual performance report and the findings on compliance with laws and regulations.

**Leadership**

27. Management developed action plans to address previously reported root causes resulting from previous year's findings late in the year. This resulted in some of the actions being implemented too late to resolve the prior year's finding and some actions not being implemented at all.
28. Policies and procedures in the department were not reviewed and revised by management resulting in material misstatements corrected in the financial statements.

**Financial and performance management**

29. The department does not have appropriate means of monitoring compliance with relevant laws, regulations and policies.

**Governance**

30. The internal audit function was not effective throughout the period due to lack of resources.

**OTHER REPORTS****Performance audits**

31. During the year under review a performance audit on the Adult Basic Education and Training (ABET) programme was conducted. The audit focused on the economic, efficient and effective use of resources in the ABET programme. The audit is currently in the reporting phase and the findings will be reported in a separate report.



Auditor-General

Pretoria

31 July 2012



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

## VOTE 17

APPROPRIATION STATEMENT  
for the year ended 31 March 2012

Appropriation per programme									
	2011/12							2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>1. Administration</b>									
Current payments	146 775	-	4 971	151 746	149 632	2 114	98.6	111 546	109 601
Transfers and subsidies	196	-	72	268	267	1	99.6	407	394
Payments for capital assets	1 570	-	2 104	3 674	2 426	1 248	66.0	5 924	4 447
Payments for financial assets	-	-	-	-	79	(79)	0.0	-	-
	148 541	-	7 147	155 688	152 404	3 284		117 877	114 442
<b>2. Human Resource Development, Planning and Monitoring Coordination</b>									
Current payments	33 176	-	2 828	36 004	35 419	585	98.4	24 281	23 568
Transfers and subsidies	2 443	-	-	2 443	2 379	64	97.4	2 329	2 082
Payments for capital assets	246	-	41	287	276	11	96.2	171	119
	35 865	-	2 869	38 734	38 074	660		26 781	25 769
<b>3. University Education</b>									
Current payments	38 713	-	(2 125)	36 588	36 005	583	98.4	36 141	34 361
Transfers and subsidies	23 389 215	-	3 000	23 392 215	23 392 215	-	100.0	19 503 480	19 503 480
Payments for capital assets	188	-	-	188	119	69	63.3	171	71
Payments for financial assets	-	-	-	-	17	(17)	0.0	-	2
	23 428 116	-	875	23 428 991	23 428 356	635		19 539 792	19 537 914
<b>4. Vocational and Continuing Education and Training</b>									
Current payments	178 248	-	(8 853)	169 395	164 994	4 401	97.4	142 099	138 530
Transfers and subsidies	4 375 311	-	94	4 375 405	4 375 403	2	100.0	3 803 963	3 803 962
Payments for capital assets	663	-	-	663	441	222	66.5	436	378
	4 554 222	-	(8 759)	4 545 463	4 540 838	4 625		3 946 498	3 942 870

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

## VOTE 17

APPROPRIATION STATEMENT  
for the year ended 31 March 2012

Appropriation per programme									
	2011/12							2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>5. Skills Development</b>									
Current payments	76 923	-	(1 322)	75 601	74 713	888	98.8	87 988	79 146
Transfers and subsidies	46 859	-	13	46 872	46 869	3	100.0	51 852	51 848
Payments for capital assets	8 988	-	(823)	8 165	443	7 722	5.4	5 414	365
	132 770	-	(2 132)	130 638	122 025	8 613		145 254	131 359
<b>Subtotal</b>	<b>28 299 514</b>	<b>-</b>	<b>-</b>	<b>28 299 514</b>	<b>28 281 697</b>	<b>17 817</b>	<b>99.9</b>	<b>23 776 202</b>	<b>23 752 354</b>
<b>Statutory Appropriation</b>									
Transfers and subsidies	10 095 113	-	-	10 095 113	10 025 251	69 862	99.3	8 424 228	8 379 259
<b>TOTAL</b>	<b>38 394 627</b>	<b>-</b>	<b>-</b>	<b>38 394 627</b>	<b>38 306 948</b>	<b>87 679</b>	<b>99.8</b>	<b>32 200 430</b>	<b>32 131 613</b>
<b>Reconciliation with Statement of Financial Performance</b>									
<b>Add:</b>									
Departmental receipts				10 130				8 902	
Aid assistance				6 487				10 966	
<b>Actual amounts per Statement of Financial Performance (Total Revenue)</b>				<b>38 411 244</b>				<b>32 220 298</b>	
<b>Add:</b> Aid assistance					6 487				11 194
<b>Actual amounts per Statement of Financial Performance (Total Expenditure)</b>					<b>38 313 435</b>				<b>32 142 807</b>

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

## VOTE 17

APPROPRIATION STATEMENT  
for the year ended 31 March 2012

Appropriation per economic classification									
	2011/12							2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>									
Compensation of employees	324 253	-	(14 085)	310 168	305 598	4 570	98.5	260 075	258 205
Goods and services	149 582	-	9 584	159 166	155 165	4 001	97.5	141 980	127 001
<b>Transfers and subsidies</b>									
Provinces and municipalities	4 375 311	-	-	4 375 311	4 375 311	-	100.0	3 803 958	3 803 958
Departmental agencies and accounts	14 177 149	-	9	14 177 158	14 107 295	69 863	99.5	10 462 840	10 417 861
Universities and technikons	19 354 159	-	-	19 354 159	19 354 159	-	100.0	17 516 740	17 516 740
Foreign governments and international organisations	2 443	-	-	2 443	2 379	64	97.4	2 329	2 082
Non-profit institutions	-	-	3 000	3 000	3 000	-	100.0	-	-
Households	75	-	170	245	240	5	98.0	392	384
<b>Payments for capital assets</b>									
Buildings and other fixed structures	-	-	-	-	-	-	0.0	171	-
Machinery and equipment	11 555	-	1 307	12 862	3 591	9 271	27.9	10 708	5 326
Software and other intangible assets	100	-	15	115	114	1	99.1	1 237	54
<b>Payments for financial assets</b>	-	-	-	-	96	(96)	0.0	-	2
<b>Total</b>	<b>38 394 627</b>	<b>-</b>	<b>-</b>	<b>38 394 627</b>	<b>38 306 948</b>	<b>87 679</b>	<b>99.8</b>	<b>32 200 430</b>	<b>32 131 613</b>

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

## VOTE 17

APPROPRIATION STATEMENT  
for the year ended 31 March 2012

Statutory Appropriation									
Direct charge against the National Revenue Fund	2011/12							2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Sector Education and Training Authorities (SETAs)	8 077 297	-	-	8 077 297	8 021 408	55 889	99.3	6 739 382	6 704 103
National Skills Fund	2 017 816	-	-	2 017 816	2 003 843	13 973	99.3	1 684 846	1 675 155
<b>Total</b>	<b>10 095 113</b>	<b>-</b>	<b>-</b>	<b>10 095 113</b>	<b>10 025 251</b>	<b>69 862</b>	<b>99.3</b>	<b>8 424 228</b>	<b>8 379 258</b>

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

VOTE 17

## APPROPRIATION STATEMENT

Detail per programme 1 - Administration  
for the year ended 31 March 2012

Detail per sub-programme	2011/12							2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>1.1 Ministry</b>									
Current payments	25 722	-	3 473	29 195	28 967	228	99.2	1 696	1 683
Payments for capital assets	459	-	677	1 136	951	185	83.7	-	-
<b>1.2 Department Management</b>									
Current payments	23 162	-	365	23 527	23 056	471	98.0	33 641	32 359
Transfers and subsidies	-	-	72	72	70	2	97.2	266	269
Payments for capital assets	323	-	(38)	285	224	61	78.6	2 499	2 364
<b>1.3 Corporate Services</b>									
Current payments	71 257	-	8 457	79 714	78 300	1 414	98.2	50 658	50 099
Transfers and subsidies	196	-	-	196	197	(1)	100.5	141	125
Payments for capital assets	788	-	1 465	2 253	1 251	1 002	55.5	3 425	2 083
Payments for financial assets	-	-	-	-	79	(79)	0.0	-	-
<b>1.4 Office Accommodation</b>									
Current payments	26 634	-	(7 324)	19 310	19 309	1	100.0	25 551	25 460
<b>Total</b>	<b>148 541</b>	<b>-</b>	<b>7 147</b>	<b>155 688</b>	<b>152 404</b>	<b>3 284</b>	<b>97.9</b>	<b>117 877</b>	<b>114 442</b>



## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

## VOTE 17

## APPROPRIATION STATEMENT

Detail per programme 1 - Administration  
for the year ended 31 March 2012

Programme 1 per economic classification	2011/12							2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>									
Compensation of employees	69 232	-	1 509	70 741	70 023	718	99.0	48 809	48 457
Goods and services	77 543	-	3 462	81 005	79 609	1 396	98.3	62 737	61 144
<b>Transfers and subsidies</b>									
Departmental agencies and accounts	157	-	-	157	157	-	100.0	141	131
Households	39	-	72	111	110	1	99.1	266	263
<b>Payments for capital assets</b>									
Machinery and equipment	1 470	-	2 089	3 559	2 312	1 247	65.0	4 687	4 393
Software and other intangible assets	100	-	15	115	114	1	99.1	1 237	54
<b>Payments for financial assets</b>	-	-	-	-	79	(79)	0.0	-	-
<b>Total</b>	<b>148 541</b>	<b>-</b>	<b>7 147</b>	<b>155 688</b>	<b>152 404</b>	<b>3 284</b>	<b>97.9</b>	<b>117 877</b>	<b>114 442</b>

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

## VOTE 17

## APPROPRIATION STATEMENT

Detail per programme 2 - Human Resource Development Planning and Monitoring Coordination  
for the year ended 31 March 2012

Detail per sub-programme	2011/12							2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>2.1 Programme Management: Human Resource Development, Planning and Monitoring Coordination</b>									
Current payments	3 038	-	3	3 041	2 970	71	97.7	2 225	2 081
Payments for capital assets	15	-	(15)	-	-	-	0.0	14	10
<b>2.2 Human Resource Development, Strategic Planning and Coordination</b>									
Current payments	9 000	-	1 027	10 027	9 996	31	99.7	6 533	6 439
Payments for capital assets	35	-	1	36	34	2	94.4	48	45
<b>2.3 Planning, Information, Monitoring and Evaluation Coordination</b>									
Current payments	5 350	-	(273)	5 077	4 786	291	94.3	2 938	2 670
Payments for capital assets	79	-	(9)	70	68	2	97.1	71	44
<b>2.4 International Relations</b>									
Current payments	7 220	-	350	7 570	7 511	59	99.2	5 390	5 294
Transfers and subsidies	2 443	-	-	2 443	2 379	64	97.4	2 329	2 082
Payments for capital assets	49	-	(17)	32	30	2	93.8	13	-
<b>2.5 Legal and Legislative Services</b>									
Current payments	6 107	-	757	6 864	6 754	110	98.4	4 984	4 913
Payments for capital assets	-	-	86	86	83	3	96.5	15	13
<b>2.6 Social Inclusion in Higher Education and Training</b>									
Current payments	2 461	-	964	3 425	3 402	23	99.3	2 211	2 171
Payments for capital assets	68	-	(5)	63	61	2	96.8	10	7
<b>Total</b>	<b>35 865</b>	<b>-</b>	<b>2 869</b>	<b>38 734</b>	<b>38 074</b>	<b>660</b>	<b>98.3</b>	<b>26 781</b>	<b>25 769</b>

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

## VOTE 17

## APPROPRIATION STATEMENT

Detail per programme 2 - Human Resource Development Planning and Monitoring Coordination  
for the year ended 31 March 2012

	2011/12							2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Programme 2 per economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>									
Compensation of employees	26 593	-	1 030	27 623	27 507	116	99.6	20 628	20 207
Goods and services	6 583	-	1 798	8 381	7 912	469	94.4	3 653	3 361
<b>Transfers and subsidies</b>									
Foreign governments and international organisations	2 443	-	-	2 443	2 379	64	97.4	2 329	2 082
<b>Payments for capital assets</b>									
Machinery and equipment	246	-	41	287	276	11	96.2	171	119
<b>Total</b>	<b>35 865</b>	<b>-</b>	<b>2 869</b>	<b>38 734</b>	<b>38 074</b>	<b>660</b>	<b>98.3</b>	<b>26 781</b>	<b>25 769</b>

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

## VOTE 17

## APPROPRIATION STATEMENT

Detail per programme 3 - University Education  
for the year ended 31 March 2012

Detail per sub-programme	2011/12							2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>3.1 Programme Management: University Education</b>									
Current payments	1 830	-	35	1 865	1 843	22	98.8	1 863	1 856
Payments for capital assets	20	-	(20)	-	-	-	0.0	10	9
<b>3.2 University – Academic Planning and Management</b>									
Current payments	7 824	-	1 410	9 234	9 109	125	98.6	11 782	10 546
Transfers and subsidies	4 035 056	-	-	4 035 056	4 035 056	-	100.0	1 986 740	1 986 740
Payments for capital assets	76	-	(16)	60	32	28	53.3	46	21
<b>3.3 University – Financial Planning and Information Systems</b>									
Current payments	9 310	-	(1 310)	8 000	7 824	176	97.8	5 853	5 631
Payments for capital assets	50	-	(12)	38	31	7	81.6	29	-
<b>3.4 University – Policy and Development</b>									
Current payments	13 730	-	(2 882)	10 848	10 688	160	98.5	11 294	11 113
Transfers and subsidies	-	-	3 000	3 000	3 000	-	100.0	-	-
Payments for capital assets	10	-	48	58	39	19	67.2	46	12
Payments for financial assets	-	-	-	-	17	(17)	0.0	-	-
<b>3.5 Teacher Education</b>									
Current payments	6 019	-	622	6 641	6 541	100	98.5	5 349	5 215
Payments for capital assets	32	-	-	32	17	15	53.1	40	29
Payments for financial assets	-	-	-	-	-	-	0.0	-	2
<b>3.6 University Subsidies</b>									
Transfers and subsidies	19 354 159	-	-	19 354 159	19 354 159	-	100.0	17 516 740	17 516 740
<b>Total</b>	<b>23 428 116</b>	<b>-</b>	<b>875</b>	<b>23 428 991</b>	<b>23 428 356</b>	<b>635</b>	<b>100.0</b>	<b>19 539 792</b>	<b>19 537 914</b>

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

## VOTE 17

## APPROPRIATION STATEMENT

Detail per programme 3 - University Education  
for the year ended 31 March 2012

	2011/12							2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Programme 3 per economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>									
Compensation of employees	28 410	-	620	29 030	28 804	226	99.2	28 373	28 010
Goods and services	10 303	-	(2 745)	7 558	7 201	357	95.3	7 768	6 351
<b>Transfers and subsidies</b>									
Departmental agencies and accounts	4 035 056	-	-	4 035 056	4 035 056	-	100.0	1 986 740	1 986 740
Universities and technikons	19 354 159	-	-	19 354 159	19 354 159	-	100.0	17 516 740	17 516 740
Non-profit institutions	-	-	3 000	3 000	3 000	-	100.0	-	-
<b>Payments for capital assets</b>									
Machinery and equipment	188	-	-	188	119	69	63.3	171	71
<b>Payments for financial assets</b>	-	-	-	-	17	(17)	0.0	-	2
<b>Total</b>	<b>23 428 116</b>	<b>-</b>	<b>875</b>	<b>23 428 991</b>	<b>23 428 356</b>	<b>635</b>	<b>100.0</b>	<b>19 539 792</b>	<b>19 537 914</b>

**DEPARTMENT OF HIGHER EDUCATION AND TRAINING**  
**VOTE 17**  
**APPROPRIATION STATEMENT**  
 Detail per programme 4 - Vocational and Continuing Education and Training  
 for the year ended 31 March 2012

Detail per sub-programme	2011/12							2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>4.1 Programme Management: Vocational and Continuing Education and Training</b>									
Current payments	1 418	-	(100)	1 318	1 266	52	96.1	368	330
Transfers and subsidies	-	-	2	2	2	-	100.0	-	-
Payments for capital assets	28	-	-	28	12	16	42.9	20	14
<b>4.2 Planning and Institutional Support</b>									
Current payments	14 895	-	909	15 804	15 438	366	97.7	14 894	14 524
Transfers and subsidies	4 375 311	-	-	4 375 311	4 375 311	-	100.0	3 803 958	3 803 958
Payments for capital assets	52	-	-	52	26	26	50.0	287	272
<b>4.3 Programmes and Qualifications</b>									
Current payments	161 935	-	(9 662)	152 273	148 290	3 983	97.4	126 837	123 676
Transfers and subsidies	-	-	92	92	90	2	97.8	5	4
Payments for capital assets	583	-	-	583	403	180	69.1	129	92
<b>Total</b>	<b>4 554 222</b>	<b>-</b>	<b>(8 759)</b>	<b>4 545 463</b>	<b>4 540 838</b>	<b>4 625</b>	<b>99.9</b>	<b>3 946 498</b>	<b>3 942 870</b>

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

VOTE 17

## APPROPRIATION STATEMENT

Detail per programme 4 - Vocational and Continuing Education and Training  
for the year ended 31 March 2012

Programme 4 per economic classification	2011/12							2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>									
Compensation of employees	133 549	-	(14 459)	119 090	116 040	3 050	97.4	97 181	96 462
Goods and services	44 699	-	5 606	50 305	48 954	1 351	97.3	44 918	42 068
<b>Transfers and subsidies</b>									
Provinces and municipalities	4 375 311	-	-	4 375 311	4 375 311	-	100.0	3 803 958	3 803 958
Departmental agencies and accounts	-	-	2	2	2	-	100.0	-	-
Households	-	-	92	92	90	2	97.8	5	4
<b>Payments for capital assets</b>									
Machinery and equipment	663	-	-	663	441	222	66.5	436	378
<b>Total</b>	<b>4 554 222</b>	<b>-</b>	<b>(8 759)</b>	<b>4 545 463</b>	<b>4 540 838</b>	<b>4 625</b>	<b>99.9</b>	<b>3 946 498</b>	<b>3 942 870</b>

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

## VOTE 17

## APPROPRIATION STATEMENT

Detail per programme 5 - Skills Development  
for the year ended 31 March 2012

Detail per sub-programme	2011/12							2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>5.1 Programme Management: Skills Development</b>									
Current payments	5 306	-	(1 027)	4 279	4 211	68	98.4	2 725	2 632
Payments for capital assets	22	-	18	40	39	1	97.5	30	23
<b>5.2 SETA Coordination</b>									
Current payments	66 082	-	(392)	65 690	64 941	749	98.9	68 310	67 962
Transfers and subsidies	-	-	42	42	40	2	95.2	105	103
Payments for capital assets	8 749	-	(841)	7 908	382	7 526	4.8	4 798	247
<b>5.3 National Skills Development Services</b>									
Current payments	5 535	-	97	5 632	5 561	71	98.7	7 234	6 950
Transfers and subsidies	19 970	-	(29)	19 941	19 940	1	100.0	51 747	51 745
Payments for capital assets	217	-	-	217	22	195	10.1	173	68
<b>5.4 Quality Development and Promotion</b>									
Current payments	-	-	-	-	-	-	0.0	9 719	1 602
Transfers and subsidies	26 889	-	-	26 889	26 889	-	100.0	-	-
Payments for capital assets	-	-	-	-	-	-	0.0	413	27
<b>Total</b>	<b>132 770</b>	<b>-</b>	<b>(2 132)</b>	<b>130 638</b>	<b>122 025</b>	<b>8 613</b>	<b>93.4</b>	<b>145 254</b>	<b>131 359</b>



## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

VOTE 17

## APPROPRIATION STATEMENT

Detail per programme 5 - Skills Development  
for the year ended 31 March 2012

	2011/12							2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
Programme 5 per economic classification	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>									
Compensation of employees	66 469	-	(2 785)	63 684	63 224	460	99.3	65 084	65 069
Goods and services	10 454	-	1 463	11 917	11 489	428	96.4	22 904	14 077
<b>Transfers and subsidies</b>									
Departmental agencies and accounts	46 823	-	7	46 830	46 829	1	100.0	51 731	51 731
Households	36	-	6	42	40	2	95.2	121	117
<b>Payments for capital assets</b>									
Buildings and other fixed structures	-	-	-	-	-	-	0.0	171	-
Machinery and equipment	8 988	-	(823)	8 165	443	7 722	5.4	5 243	365
<b>Total</b>	<b>132 770</b>	<b>-</b>	<b>(2 132)</b>	<b>130 638</b>	<b>122 025</b>	<b>8 613</b>	<b>93.4</b>	<b>145 254</b>	<b>131 359</b>

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

## VOTE 17

## APPROPRIATION STATEMENT

Details per programme 6 - Direct Charges  
for the year ended 31 March 2012

Detail per economic classification	2011/12					Variance	2010/11		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure		Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		%	R'000	R'000
<b>Transfers and Subsidies</b>									
Departmental agencies and accounts	10 095 113	-	-	10 095 113	10 025 251	69 862	99.3	8 424 228	8 379 259
<b>Total</b>	<b>10 095 113</b>	<b>-</b>	<b>-</b>	<b>10 095 113</b>	<b>10 025 251</b>	<b>69 862</b>	<b>99.3</b>	<b>8 424 228</b>	<b>8 379 259</b>

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

## VOTE 17

NOTES TO THE APPROPRIATION STATEMENT  
for the year ended 31 March 2012**1. Detail of transfers and subsidies as per Appropriation Act (after Virement):**

Detail of these transactions can be viewed in the note on Transfers and Subsidies, disclosure notes and Annexure 1 (A-E) to the Annual Financial Statements.

**2. Detail of specifically and exclusively appropriated amounts voted (after Virement):**

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.

**3. Detail on payments for financial assets**

Detail of these transactions per programme can be viewed in the note to Payments for financial assets to the Annual Financial Statements.

**4. Explanations of material variances from Amounts Voted (after virement):****4.1 Per programme:**

	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation %
<b>Administration</b>	155 688	152 404	3 284	2.11
The under-expenditure is due mainly to the slow filling of vacant positions within the Department and the concomitant savings on machinery and equipment. A saving was realised on Audit Fees charged.				
<b>Human Resource Development, Planning and Monitoring Coordination</b>	38 734	38 074	660	1.70
There were no material variances on this programme.				
<b>University Education</b>	23 428 991	23 428 356	635	0.00
There were no material variances on this programme.				
<b>Vocational and Continuing Education and Training</b>	4 545 463	4 540 838	4 625	0.10
There were no material variances on this programme.				
<b>Skills Development</b>	130 638	122 025	8 613	6.59
The under-expenditure is due mainly to under-spending on the Indlela security system due to the amount of consultation time required as a result of the nature of the project.				

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

## VOTE 17

NOTES TO THE APPROPRIATION STATEMENT  
for the year ended 31 March 2012

## 4.2 Per economic classification:

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
<b>Current expenditure</b>				
Compensation of employees	310 168	305 598	4 570	1.47
Goods and services	159 166	155 165	4 001	2.51
<b>Transfers and subsidies</b>				
Provinces and municipalities	4 375 311	4 375 311	-	0.00
Departmental agencies and accounts	14 177 158	14 107 295	69 863	0.49
Universities and technikons	19 354 159	19 354 159	-	0.00
Foreign governments and international organisations	2 443	2 379	64	2.62
Non-profit institutions	3 000	3 000	-	0.00
Households	245	240	5	2.04
<b>Payments for capital assets</b>				
Machinery and equipment	12 862	3 591	9 271	72.08
Software and other intangible assets	115	114	1	0.87
<b>Payments for financial assets</b>	-	96	(96)	-100.00

The under-expenditure is due mainly to the following:

- Goods and services: All the subsistence and travel claims for examiners and moderators and task teams had not yet been received.
- Machinery and equipment: Under-spending on the Indlela security system due to the amount of consultation time required as a result of the nature of the project.

A saving was realised on the transfer payments to foreign governments and international organisations (Commonwealth of Learning and India-Brazil Trilateral Commission) as a result of the favourable Rand/Dollar exchange rate.

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

## VOTE 17

STATEMENT OF FINANCIAL PERFORMANCE  
for the year ended 31 March 2012**REVENUE**

Annual appropriation  
Statutory appropriation  
Departmental revenue  
Aid assistance

**TOTAL REVENUE****EXPENDITURE****Current expenditure**

Compensation of employees  
Goods and services  
Aid assistance

**Total current expenditure****Transfers and subsidies**

Transfers and subsidies  
Aid assistance

**Total transfers and subsidies****Expenditure for capital assets**

Tangible capital assets  
Software and other intangible assets

**Total expenditure for capital assets****Payments for financial assets****TOTAL EXPENDITURE****SURPLUS FOR THE YEAR****Reconciliation of Net Surplus for the year**

Voted Funds  
Annual appropriation  
Departmental revenue and NRF receipts  
Aid assistance

**SURPLUS FOR THE YEAR**

	2011/12	2010/11
Note	R'000	R'000
1	28 299 514	23 776 202
2	10 095 113	8 424 228
3	10 130	8 902
4	6 487	10 966
	<b>38 411 244</b>	<b>32 220 298</b>
5	305 598	258 205
6	155 165	127 001
4	-	10 701
	<b>460 763</b>	<b>395 907</b>
8	37 842 384	31 741 025
4	6 487	493
	<b>37 848 871</b>	<b>31 741 518</b>
9	3 591	5 326
9	114	54
	<b>3 705</b>	<b>5 380</b>
7	96	2
	<b>38 313 435</b>	<b>32 142 807</b>
	<b>97 809</b>	<b>77 491</b>
	87 679	68 817
	87 679	68 817
15	10 130	8 902
4	-	(228)
	<b>97 809</b>	<b>77 491</b>

## VOTE 17

## as at 31 March 2012

### Current Assets

- Cash and cash equivalents
- Prepayments and advances
- Receivables
- Loans
- Aid assistance receivable

## Loans

**LIABILITIES**

Voted funds to be surrendered to the Revenue Fund  
 Departmental revenue to be surrendered to the Revenue Fund  
 Payables

## NET ASSETS

Capitalisation reserve  
Recoverable revenue

## TOTAL

	2011/12	2010/11
Note	R'000	R'000
	<b>93 727</b>	<b>74 627</b>
10	18 520	59 971
11	2 224	1 269
12	70 928	11 199
13	2 055	1 953
4	-	228
	<b>26 376</b>	<b>28 431</b>
13	26 376	28 431
	<b>120 103</b>	<b>103 058</b>
	<b>91 364</b>	<b>72 669</b>
14	87 652	68 817
15	579	10
16	3 133	3 842
	<b>91 364</b>	<b>72 669</b>
	<b>28 739</b>	<b>30 389</b>
	28 431	30 389
	308	
	<b>28 739</b>	<b>30 389</b>

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

## VOTE 17

STATEMENT OF CHANGES IN NET ASSETS  
for the year ended 31 March 2012**Capitalisation Reserves**

Opening balance

Transfers:

Other movements

Closing balance

**Recoverable revenue**

Opening balance

Transfers:

Debts raised

Closing balance

**TOTAL**

	2011/12	2010/11
Note	R'000	R'000
	30 384	-
	(1 953)	30 384
	<b>28 431</b>	<b>30 384</b>
	-	-
	<b>308</b>	-
	308	-
	<b>308</b>	-
	<b>28 739</b>	<b>30 384</b>

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

## VOTE 17

CASH FLOW STATEMENT  
for the year ended 31 March 2012**CASH FLOWS FROM OPERATING ACTIVITIES**

## Receipts

Annual appropriated funds received  
Statutory appropriated funds received  
Departmental revenue received  
Aid assistance received

Net (increase)/ decrease in working capital

Surrendered to Revenue Fund

Surrendered to RDP Fund/Donor

Current payments

Payments for financial assets

Transfers and subsidies paid

**Net cash flow available from operating activities**

**CASH FLOWS FROM INVESTING ACTIVITIES**

Payments for capital assets

Proceeds from sale of capital assets

(Increase)/ decrease in loans

**Net cash flows from investing activities**

**CASH FLOWS FROM FINANCING ACTIVITIES**

Increase/ (decrease) in net assets

**Net cash flows from financing activities**

Net increase/ (decrease) in cash and cash equivalents

Cash and cash equivalents at beginning of period

**Cash and cash equivalents at end of period**

	2011/12	2010/11
Note	R'000	R'000
	<b>38 411 210</b>	<b>32 220 298</b>
1.1	28 299 487	23 776 202
2	10 095 113	8 424 228
3	10 123	8 902
4	6 487	10 966
	(61 397)	(8 622)
	(78 378)	(8 892)
	228	-
	(460 763)	(395 907)
	(96)	(2)
	(37 848 871)	(31 741 518)
17	<b>(38 067)</b>	<b>65 357</b>
9	(3 705)	(5 380)
3.3	7	-
	1 953	(30 384)
	(1 745)	(35 764)
	(1 645)	30 384
	(1 645)	30 384
	(41 457)	59 977
	59 977	-
18	<b>18 520</b>	<b>59 977</b>



**DEPARTMENT OF HIGHER EDUCATION AND TRAINING****VOTE 17  
ACCOUNTING POLICIES  
for the year ended 31 March 2012**

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 6 of 2011.

**1. Presentation of the Financial Statements****1.1 Basis of preparation**

The Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid.

**1.2 Presentation currency**

All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.

**1.3 Rounding**

Unless otherwise stated all financial figures have been rounded to the nearest one thousand Rand (R'000).

**1.4 Comparative figures**

Prior period comparative information has been presented in the current year's Financial Statements. Where necessary figures included in the prior period Financial Statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's Financial Statements.

**1.5 Comparative figures - Appropriation Statement**

A comparison between actual amounts and final appropriation per major classification of expenditure is included in the Appropriation Statement.

**2. Revenue****2.1 Appropriated funds**

Appropriated funds comprises of departmental allocations as well as direct charges against revenue fund (i.e. statutory appropriation).

Appropriated funds are recognised in the financial records on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

**DEPARTMENT OF HIGHER EDUCATION AND TRAINING**

VOTE 17  
ACCOUNTING POLICIES  
for the year ended 31 March 2012

Unexpended appropriated funds are surrendered to the National Revenue Fund. Any amounts owing to the National Revenue Fund at the end of the financial year are recognised as payable in the Statement of Financial Position.

Any amount due from the National Revenue Fund at the end of the financial year is recognised as a receivable in the Statement of Financial Position.

**2.2 Departmental revenue**

All departmental revenue is recognised in the Statement of Financial Performance when received and is subsequently paid into the National Revenue Fund, unless stated otherwise.

Any amount owing to the National Revenue Fund at the end of the financial year is recognised as a payable in the Statement of Financial Position.

No accrual is made for amounts receivable from the last receipt date to the end of the reporting period. These amounts are however disclosed in the disclosure note to the Annual Financial Statements.

**2.3 Direct Exchequer receipts**

All direct exchequer receipts are recognised in the Statement of Financial Performance when the cash is received and is subsequently paid into the National Revenue Fund, unless stated otherwise.

Any amount owing to the National Revenue Funds at the end of the financial year is recognised as a payable in the Statement of Financial Position.

**2.4 Direct Exchequer payments**

All direct exchequer payments are recognised in the Statement of Financial Performance when final authorisation for payment is effected on the system.

**2.5 Aid assistance**

Local and foreign aid assistance is recognised in the books of the Department when notification of the assistance is received from the National Treasury and recorded as revenue when funds are withdrawn from the RDP account or when the Department directly receives the cash from the donor(s).

All in-kind local and foreign aid assistance are disclosed at fair value on the date of receipt in the annexures to the Annual Financial Statements.

The cash payments made during the year relating to local and foreign aid assistance projects are recognised as expenditure in the Statement of Financial Performance when final authorisation for payments is effected on the system.

**DEPARTMENT OF HIGHER EDUCATION AND TRAINING****VOTE 17**  
**ACCOUNTING POLICIES**  
for the year ended 31 March 2012

The value of the assistance expensed prior to the receipt of the funds is recognised as a receivable in the Statement of Financial Position.

Inappropriately expensed amounts using local and foreign aid assistance and any unutilised amounts are recognised as payables in the Statement of Financial Position.

**3. Expenditure****3.1 Compensation of employees****3.1.1 Salaries and wages**

Salaries and wages are expensed in the Statement of Financial Performance when the final authorisation for payment is effected on the system.

Other employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the Financial Statements at its face value and are not recognised in the Statements of Financial Performance or Position.

**3.1.2 Social contributions**

Employer contributions to post employment benefit plans in respect of current employees are expensed in the Statement of Financial Performance when the final authorisation for payment is effected on the system.

No provision is made for retirement benefits in the Financial Statements of the Department. Any potential liabilities are disclosed in the Financial Statements of the National Revenue Fund and not in the Financial Statements of the employer department.

Employer contributions made by the Department for certain of its ex-employees (such as medical benefits) are classified as transfers to households in the Statement of Financial Performance.

**3.2 Goods and services**

Payments made during the year for goods and/or services are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system.

The expense is classified as capital if the goods and services were acquired for a capital project or if the total purchase price exceeds the capitalisation threshold (currently R5 000). All other expenditures are classified as current.

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

VOTE 17  
ACCOUNTING POLICIES  
for the year ended 31 March 2012

Rental paid for the use of buildings or other fixed structures is classified as goods and services and not as rent on land.

**3.3 Payments for financial assets**

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or under-spending of appropriated funds. The write-off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but an estimate is included in the disclosure notes to the Financial Statements.

All other losses are recognised when authorisation has been granted for the recognition thereof.

**3.4 Transfers and subsidies**

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system.

**3.5 Unauthorised expenditure**

When confirmed, unauthorised expenditure is recognised as an asset in the Statement of Financial Position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written-off as irrecoverable in the Statement of Financial Performance.

Unauthorised expenditure approved with funding is derecognised in the Statement of Financial Position when the unauthorised expenditure is approved and the related funds are received.

Where the amount is approved without funding it is recognised as expenditure in the Statement of Financial Performance on the date of approval.

**3.6 Fruitless and wasteful expenditure**

Fruitless and wasteful expenditure is recognised as expenditure in the Statement of Financial Performance according to the nature of the payment and not as a separate line item on the face of the statement. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written-off as irrecoverable in the Statement of Financial Performance.

**3.7 Irregular expenditure**

Irregular expenditure is recognised as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written-off as irrecoverable.

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

VOTE 17  
ACCOUNTING POLICIES  
for the year ended 31 March 2012

**4. Assets****4.1 Cash and cash equivalents**

Cash and cash equivalents are carried in the Statement of Financial Position at cost.

Bank overdrafts are shown separately on the face of the Statement of Financial Position.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

**4.2 Prepayments and advances**

Amounts prepaid or advanced are recognised in the Statement of Financial Position when the payments are made and are derecognised as and when the goods/services are received or the funds are utilised.

Pre-payments and advances outstanding at the end of the year are carried in the Statement of Financial Position at cost.

**4.3 Receivables**

Receivables included in the Statement of Financial Position arise from cash payments made that are recoverable from another party and are derecognised upon recovery or write-off.

Receivables outstanding at year-end are carried in the Statement of Financial Position at cost plus any accrued interest. Amounts that are potentially irrecoverable are included in the disclosure notes.

**4.4 Loans**

Loans are recognised in the Statement of Financial Position when cash is paid to the beneficiary. Loans that are outstanding at year-end are carried in the Statement of Financial Position at cost plus accrued interest.

Amounts that are potentially irrecoverable are included in the disclosure notes.

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

VOTE 17  
ACCOUNTING POLICIES  
for the year ended 31 March 2012

**4.5 Inventory**

Inventories that qualify for recognition must be initially reflected at cost. Where inventories are acquired at no cost, or for nominal consideration, their cost shall be their fair value at the date of acquisition.

All inventory items at year-end are reflected using the weighted average cost or FIFO cost formula.

**4.6 Capital assets****4.6.1 Movable assets****Initial recognition**

A capital asset is recorded in the asset register on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the movable capital asset is stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

All assets acquired prior to 1 April 2002 are included in the register at R1.

**Subsequent recognition**

Subsequent expenditure of a capital nature is recorded in the Statement of Financial Performance as "expenditure for capital assets" and is capitalised in the asset register of the Department on completion of the project.

Repairs and maintenance is expensed as current "goods and services" in the Statement of Financial Performance.

**4.6.2 Immovable assets****Initial recognition**

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the immovable capital asset is stated at R1 unless the fair value for the asset has been reliably estimated.

**Subsequent recognition**

Work-in-progress of a capital nature is recorded in the Statement of Financial Performance as "expenditure for capital assets". On completion, the total cost of the project is included in the asset register of the Department that is accountable for the asset.

Repairs and maintenance is expensed as current "goods and services" in the Statement of Financial Performance.

**DEPARTMENT OF HIGHER EDUCATION AND TRAINING**

VOTE 17  
ACCOUNTING POLICIES  
for the year ended 31 March 2012

**4.6.3 Intangible assets****Initial recognition**

An intangible asset is recorded in the asset register on receipt of the item at cost. Cost of an intangible asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the intangible asset is stated at fair value. Where fair value cannot be determined, the intangible asset is included in the asset register at R1.

All intangible assets acquired prior to 1 April 2002 can be included in the asset register at R1.

**Subsequent expenditure**

Subsequent expenditure of a capital nature is recorded in the Statement of Financial Performance as "expenditure for capital asset" and is capitalised in the asset register of the department.

Maintenance is expensed as current "goods and services" in the Statement of Financial Performance.

**5. Liabilities****5.1 Payables**

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are carried at cost in the Statement of Financial Position.

**5.2 Contingent liabilities**

Contingent liabilities are included in the disclosure notes to the Financial Statements when it is possible that economic benefits will flow from the Department, or when an outflow of economic benefits or service potential is probable but cannot be measured reliably.

**5.3 Contingent assets**

Contingent assets are included in the disclosure notes to the financial statements when it is probable that an inflow of economic benefits will flow to the entity.

**5.4 Commitments**

Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the disclosure notes.

**5.5 Accruals**

Accruals are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the disclosure notes.

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

VOTE 17  
ACCOUNTING POLICIES  
for the year ended 31 March 2012

**5.6 Employee benefits**

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the Financial Statements. These amounts are not recognised in the Statement of Financial Performance or the Statement of Financial Position.

**5.7 Lease commitments****Finance lease**

Finance leases are not recognised as assets and liabilities in the Statement of Financial Position. Finance lease payments are recognised as an expense in the Statement of Financial Performance and are apportioned between the capital and interest portions. The finance lease liability is disclosed in the disclosure notes to the Financial Statements.

**Operating lease**

Operating lease payments are recognised as an expense in the Statement of Financial Performance. The operating lease commitments are disclosed in the disclosure notes to the Financial Statements.

**5.8 Impairment**

The Department tests for impairment where there is an indication that a receivable, loan or investment may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. An estimate is made for doubtful loans and receivables based on a review of all outstanding amounts at year-end. Impairments on investments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows / service potential flowing from the instrument.

**5.9 Provisions**

Provisions are disclosed when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

**6. Receivables for departmental revenue**

Receivables for departmental revenue are disclosed in the disclosure notes to the Annual Financial Statements.



## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

VOTE 17  
ACCOUNTING POLICIES  
for the year ended 31 March 2012

**7. Net Assets****7.1 Capitalisation reserve**

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the Statement of Financial Position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National Revenue Fund when the underlying asset is disposed and the related funds are received.

**7.2 Recoverable revenue**

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National Revenue Fund when recovered or are transferred to the Statement of Financial Performance when written-off.

**8. Related party transactions**

Specific information with regards to related party transactions is included in the disclosure notes.

**9. Key management personnel**

Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

## VOTE 17

NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 20121. Annual appropriation  
1.1 Annual appropriation

	2011/12			
	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Appropriation Received 2010/11
	R'000	R'000	R'000	R'000
<b>Programmes</b>				
Administration	155 688	155 688	-	117 877
Human Resource Development, Planning and Monitoring Coordination	38 734	38 734	-	26 781
University Education	23 428 991	23 428 991	-	19 539 792
Vocational and Continuing Education and Training	4 545 463	4 545 463	-	3 946 498
Skills Development	130 638	130 611	27	145 254
<b>Total</b>	<b>28 299 514</b>	<b>28 299 487</b>	<b>27</b>	<b>23 776 202</b>

During the 2011/12 financial year, the programme structure of the Department was changed as instructed by National Treasury to be in line with all government Departments budget vote structures whereby the management component of each programme was shifted away from Programme 1 to the respective programmes. As a result and for comparison purposes, the amounts per programme were adjusted accordingly. The total amounts for the Department does agree with the total amounts included in the 2010/11 Appropriation Statement.

## 2. Statutory appropriation

Sector Education and Training Authorities (SETAs)  
National Skills Fund

**Total**

Actual statutory appropriation received

	2011/12	2010/11
Note	R'000	R'000
	8 077 297	6 739 382
	2 017 816	1 684 846
	<b>10 095 113</b>	<b>8 424 228</b>
	<b>10 095 113</b>	<b>8 424 228</b>

## 3. Departmental revenue

Sales of goods and services other than capital assets  
Interest, dividends and rent on land  
Sales of capital assets  
Transactions in financial assets and liabilities  
Transfer received  
Total revenue collected

**Departmental revenue collected**

3.1	3 945	3 512
3.2	3 382	3 565
3.3	7	-
3.4	2 796	1 792
3.5	-	33
	10 130	8 902
	<b>10 130</b>	<b>8 902</b>

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

## VOTE 17

NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2012

**3.1 Sales of goods and services other than capital assets**

Sales of goods and services produced by the department

Sales by market establishment

Administrative fees

Other sales

Sales of scrap, waste and other used current goods

**Total**

**3.2 Interest, dividends and rent on land**

Interest

**Total**

**3.3 Sales of capital assets**

**Tangible assets**

Machinery and equipment

**Total**

**3.4 Transactions in financial assets and liabilities**

Other receipts including recoverable revenue

**Total**

**3.5 Transfers received**

Foreign governments

**Total**

	2011/12	2010/11
Note	R'000	R'000
3		
	<b>3 906</b>	<b>3 468</b>
	390	240
	2 756	2 544
	760	684
	39	44
	<b>3 945</b>	<b>3 512</b>
3		
	3 382	3 565
	<b>3 382</b>	<b>3 565</b>
3		
	<b>7</b>	-
29	7	-
	<b>7</b>	-
3		
	2 796	1 792
	<b>2 796</b>	<b>1 792</b>
3		
	-	33
	-	<b>33</b>

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

## VOTE 17

NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2012**4. Aid Assistance****4.1 Aid assistance received in cash from RDP****Foreign**

Opening Balance

Revenue

Expenditure

Current

Transfers

Surrendered to the RDP

**Closing Balance****4.2 Total**

Opening Balance

Revenue

Expenditure

Current

Transfers

Surrendered / Transferred to retained funds

**Closing Balance****4.3 Analysis of balance****Aid assistance receivable**

RDP

**Closing balance**

<i>Note</i>	<b>2011/12</b>	<b>2010/11</b>
	<b>R'000</b>	<b>R'000</b>
	(228)	-
	6 487	10 966
	<b>(6 487)</b>	<b>(11 194)</b>
	-	(10 701)
	(6 487)	(493)
	228	-
	<b>-</b>	<b>(228)</b>
	(228)	-
	6 487	10 966
	<b>(6 487)</b>	<b>(11 194)</b>
	-	(10 701)
	(6 487)	(493)
	228	-
	<b>-</b>	<b>(228)</b>
	-	<b>(228)</b>
	-	(228)
	<b>-</b>	<b>(228)</b>

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

## VOTE 17

NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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## 5. Compensation of employees

## 5.1 Salaries and wages

<i>Note</i>	<b>2011/12</b>	<b>2010/11</b>
	<b>R'000</b>	<b>R'000</b>
Basic salary	159 410	136 409
Performance award	6 509	6 182
Service based	228	99
Compensative/circumstantial	63 260	52 581
Periodic payments	2 396	1 883
Other non-pensionable allowances	44 982	35 583
<b>Total</b>	<b>276 785</b>	<b>232 737</b>

## 5.2 Social contributions

## Employer contributions

Pension	19 395	16 874
Medical	9 373	8 553
Bargaining council	44	40
Official unions and associations	1	1
<b>Total</b>	<b>28 813</b>	<b>25 468</b>

## Total compensation of employees

<b>305 598</b>	<b>258 205</b>
----------------	----------------

Average number of employees

808	793
-----	-----

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

## VOTE 17

NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2012**6. Goods and services**

	<i>Note</i>	<b>2011/12</b>	<b>2010/11</b>
		<b>R'000</b>	<b>R'000</b>
Administrative fees		94	85
Advertising		4 269	1 749
Assets less than R5 000	6.1	670	452
Bursaries (employees)		475	409
Catering		4 105	2 178
Communication		6 058	4 425
Computer services	6.2	31 350	20 309
Consultants, contractors and agency/outsourced services	6.3	8 157	4 324
Entertainment		106	55
Audit cost – external	6.4	6 191	4 507
Fleet services		683	320
Inventory	6.5	17 933	18 049
Operating leases		5 567	4 889
Property payments	6.6	20 205	26 868
Rental and hiring		86	-
Transport provided as part of the departmental activities		-	48
Travel and subsistence	6.7	38 378	29 881
Venues and facilities		3 440	1 389
Training and staff development		1 629	874
Other operating expenditure	6.8	5 769	6 190
<b>Total</b>		<b>155 165</b>	<b>127 001</b>

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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**6.1 Assets less than R5 000****Tangible assets**

Machinery and equipment

**Intangible assets****Total****6.2 Computer services**

SITA computer services

External computer service providers

**Total****6.3 Consultants, contractors and agency/outsourced services**

Business and advisory services

Legal costs

Contractors

Agency and support/outsourced services

**Total****6.4 Audit cost – external**

Regularity audits

Performance audits

Computer audits

**Total****6.5 Inventory**

Learning and teaching support material

Food and food supplies

Fuel, oil and gas

Other consumable materials

Materials and supplies

Stationery and printing

**Total**

Note	2011/12	2010/11
	R'000	R'000
6		
	<b>653</b>	<b>452</b>
	653	452
	17	-
	<b>670</b>	<b>452</b>
6		
	30 304	19 322
	1 046	987
	<b>31 350</b>	<b>20 309</b>
6		
	451	414
	3 899	689
	1 315	618
	2 492	2 603
	<b>8 157</b>	<b>4 324</b>
6		
	4 938	3 442
	791	272
	462	793
	<b>6 191</b>	<b>4 507</b>
6		
	150	21
	798	1 209
	25	83
	927	855
	1 930	3 441
	14 103	12 440
	<b>17 933</b>	<b>18 049</b>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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	<i>Note</i>	<b>2011/12</b>	<b>2010/11</b>
		<b>R'000</b>	<b>R'000</b>
<b>6.6 Property payments</b>	6		
Municipal services		-	1
Property management fees		19 331	25 512
Property maintenance and repairs		382	552
Other		492	803
<b>Total</b>		<b>20 205</b>	<b>26 868</b>
<b>6.7 Travel and subsistence</b>	6		
Local		32 144	25 829
Foreign		6 234	4 052
<b>Total</b>		<b>38 378</b>	<b>29 881</b>
<b>6.8 Other operating expenditure</b>	6		
Resettlement costs		2 237	624
Other		3 532	5 566
<b>Total</b>		<b>5 769</b>	<b>6 190</b>
<b>7. Payments for financial assets</b>			
Debts written off	7.1	96	2
<b>Total</b>		<b>96</b>	<b>2</b>
<b>7.1 Debts written off</b>	7		
<b>Nature of debts written off</b>			
Other debt written off			
Halaletsang Trading		-	2
No shows by non-officials – debt taken over from Department of Education		79	-
No show: The Airport Grand Hotel		17	-
<b>Total</b>		<b>96</b>	<b>2</b>
<b>Total debt written off</b>		<b>96</b>	<b>2</b>



## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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**8. Transfers and subsidies**

Provinces and municipalities  
Departmental agencies and accounts  
Universities and technikons  
Foreign governments and international organisations  
Non-profit institutions  
Households

**Total**

Unspent funds transferred to the above beneficiaries

<i>Note</i>	<b>2011/12</b>	<b>2010/11</b>
	<b>R'000</b>	<b>R'000</b>
32	4 375 311	3 803 958
<i>Annex 1A</i>	14 107 295	10 417 861
<i>Annex 1B</i>	19 354 159	17 516 740
<i>Annex 1C</i>	2 379	2 082
<i>Annex 1D</i>	3 000	-
<i>Annex 1E</i>	240	384
	<b>37 842 384</b>	<b>31 741 025</b>

**9. Expenditure for capital assets****Tangible assets**

Machinery and equipment

	<b>3 591</b>	<b>5 326</b>
29	3 591	5 326

**Software and other intangible assets**

Computer software  
Patents, licences, copyright, brand names, trademarks

	<b>114</b>	<b>54</b>
30	-	54
30	114	-

**Total**

<b>3 705</b>	<b>5 380</b>
--------------	--------------

**9.1 Analysis of funds utilised to acquire capital assets - 2011/12****Tangible assets**

Machinery and equipment

<b>Voted funds</b>	<b>Aid assistance</b>	<b>Total</b>
<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>3 591</b>	-	<b>3 591</b>
3 591	-	3 591

**Software and other intangible assets**

Patents, licences, copyright, brand names, trademarks

<b>114</b>	-	<b>114</b>
114	-	114

**Total**

<b>3 705</b>	-	<b>3 705</b>
--------------	---	--------------

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

## VOTE 17

NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2012

## 9.2 Analysis of funds utilised to acquire capital assets - 2010/11

**Tangible assets**

Machinery and equipment

**Software and other intangible assets**

Computer software

**Total**

Voted funds	Aid assistance	Total
R'000	R'000	R'000
5 326	-	5 326
5 326	-	5 326
54	-	54
54	-	54
5 380	-	5 380

**10. Cash and cash equivalents**

Consolidated Paymaster General Account

Cash receipts

Cash on hand

**Total**

Note	2011/12	2010/11
	R'000	R'000
	18 445	59 918
	52	36
	23	23
	18 520	59 977

**11. Prepayments and advances**

Travel and subsistence

Prepayments

**Total**

80	63
2 144	1 206
2 224	1 269

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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	2011/12					2010/11
	Less than one year	One to three years	Older than three years	Total		Total
Note	R'000	R'000	R'000	R'000		R'000
<b>12. Receivables</b>						
Claims recoverable	12.1 Annex 3	17 387	202	51 516	69 105	8 155
Recoverable expenditure	12.2	706	20	81	807	3 008
Staff debt	12.3	928	-	16	944	32
Other debtors	12.4	71	1	-	72	-
<b>Total</b>		<b>19 092</b>	<b>223</b>	<b>51 613</b>	<b>70 928</b>	<b>11 195</b>

	2011/12		2010/11
	Note	R'000	R'000
<b>12.1 Claims recoverable</b>	12		
National departments		1 093	821
Provincial departments		51 513	50
Public entities		16 383	7 109
Private enterprises		49	175
Universities and technikons		67	-
<b>Total</b>		<b>69 105</b>	<b>8 155</b>

	2011/12		2010/11
	Note	R'000	R'000
<b>12.2 Recoverable expenditure (disallowance accounts)</b>	12		
Dishonoured cheques		10	2
Salaries		251	32
National Skills Fund		-	2 773
Miscellaneous		546	201
<b>Total</b>		<b>807</b>	<b>3 008</b>

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

## VOTE 17

NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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	2011/12	2010/11
Note	R'000	R'000
<b>12.3 Staff debt</b>		
Motor accidents	29	17
Other	82	15
Pension Fund	524	-
Salary overpayment	309	-
<b>Total</b>	<b>944</b>	<b>32</b>
<b>12.4 Other debtors</b>		
Debt taken over from the Department of Education	35	-
Pension recoverable	15	-
Tax debt	22	-
<b>Total</b>	<b>72</b>	<b>-</b>
<b>13. Loans</b>		
Universities and technikons	28 431	30 384
<b>Total</b>	<b>28 431</b>	<b>30 384</b>
<b>Analysis of balance</b>		
Opening balance	30 384	-
New Issues	-	32 149
Repayments	(1 953)	(1 765)
<b>Closing balance</b>	<b>28 431</b>	<b>30 384</b>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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Cape Peninsula University of Technology  
Durban Institute of Technology  
Nelson Mandela Metropolitan University  
Tshwane University of Technology  
Vaal University of Technology  
University of Johannesburg  
University of Stellenbosch

	2011/12	2010/11
Note	R'000	R'000
	4 025	4 365
	7 514	7 879
	362	458
	7 851	8 323
	2 913	3 083
	5 008	5 293
	758	983
	<b>28 431</b>	<b>30 384</b>

Current portion of loans

2 055 1 953

*Current portion of loans: 2010/11: R1.953 million (was published as R1.927 million in 2010/11)*

#### 14. Voted funds to be surrendered to the Revenue Fund

Opening balance  
Transfer from Statement of Financial Performance  
Voted funds not requested/not received  
Paid during the year

	68 817	-
	87 679	68 817
1.1	(27)	-
	(68 817)	-
	<b>87 652</b>	<b>68 817</b>

**Closing balance**

#### 15. Departmental revenue and NRF receipts to be surrendered to the Revenue Fund

Opening balance  
Transfer from Statement of Financial Performance  
Paid during the year

	10	-
	10 130	8 902
	(9 561)	(8 892)
	<b>579</b>	<b>10</b>

**Closing balance**

#### 16. Payables - current

Clearing accounts  
Other payables

16.1	2 224	3 527
16.2	909	315
	<b>3 133</b>	<b>3 842</b>

**Total**

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

## VOTE 17

NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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	2011/12	2010/11
Note	R'000	R'000
<b>16.1 Clearing accounts</b>		
Tax RSA	1 865	3 524
Other	359	3
<b>Total</b>	<b>2 224</b>	<b>3 527</b>
<b>16.2 Other payables</b>		
Unidentified deposits	543	260
Other	366	55
<b>Total</b>	<b>909</b>	<b>315</b>
<b>17. Net cash flow available from operating activities</b>		
Net surplus/(deficit) as per Statement of Financial Performance	97 809	77 491
Add back non cash/cash movements not deemed operating activities	(135 876)	(12 134)
(Increase)/decrease in receivables – current	(59 733)	(11 423)
(Increase)/decrease in prepayments and advances	(955)	(1 269)
Increase/(decrease) in payables – current	(709)	3 842
Proceeds from sale of capital assets	(7)	-
Expenditure on capital assets	3 705	5 380
Surrenders to Revenue Fund	(78 378)	(8 892)
Surrenders to RDP Fund/Donor	228	-
Voted funds not requested/not received	(27)	-
Other non-cash items	-	228
<b>Net cash flow generated by operating activities</b>	<b>38 067</b>	<b>65 357</b>
<b>18. Reconciliation of cash and cash equivalents for cash flow purposes</b>		
Consolidated Paymaster General account	18 445	59 918
Cash receipts	52	36
Cash on hand	23	23
<b>Total</b>	<b>18 520</b>	<b>59 977</b>

**DEPARTMENT OF HIGHER EDUCATION AND TRAINING**  
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**19. Contingent liabilities and contingent assets****19.1 Contingent liabilities****Liable to****Nature**

Motor vehicle guarantees

Employees

Housing loan guarantees

Employees

Other guarantees

Claims against the department

**Total**

	2011/12	2010/11
Note	R'000	R'000
Annex 2A	122	194
Annex 2A	317	572
Annex 2A	19 822	32 653
Annex 2B	5 890	16 927
	<b>26 151</b>	<b>50 346</b>

**19.2 Contingent assets****Nature of contingent assets**

Director-General Labour vs Ethekeini Technical

Director-General Labour vs Farmers Development Agency

Minister of Labour vs Bodubelo Hospitality

**Total**

-	69
-	195
-	259
<b>-</b>	<b>523</b>

*These cases are for the National Skills Fund.*

**20. Commitments****Current expenditure**

Approved and contracted

Approved but not yet contracted

6 072	7 531
619	-
<b>6 691</b>	<b>7 531</b>

**Capital expenditure (including transfers)**

Approved and contracted

1 043	261
1 043	261
<b>7 734</b>	<b>7 792</b>

**Total Commitments**

*Approved and contracted commitments: 2010/11: R7.531 million (was published as R34.618 million in 2010/11, which included an amount of R27.087 million as lease commitments since it was regarded as a normal contract).*

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**21. Accruals****Listed by economic classification**

Goods and services

Capital assets

Other

**Total**

2011/12			2010/11
30 days	30+ days	Total	Total
R'000	R'000	R'000	R'000
2 393	755	3 148	3 943
13	-	13	-
-	2 843	2 843	-
<b>2 406</b>	<b>3 598</b>	<b>6 004</b>	<b>3 943</b>

**Listed by programme level**

Programme 1: Administration

Programme 2: Human Resource Development, Planning and Monitoring Coordination

Programme 3: University Education

Programme 4: Vocational and Continuing Education and Training

Programme 5: Skills Development

**Total**

2011/12	2010/11
R'000	R'000
1 803	2 921
130	13
399	367
3 345	423
327	219
<b>6 004</b>	<b>3 943</b>

*Reasons for material accruals:**Claims in respect of examiners and moderators were not received before closure of financial year.***22. Employee benefits**

Leave entitlement

Service bonus (Thirteenth cheque)

Performance awards

Capped leave commitments

Other

**Total**

8 961	6 499
6 290	5 967
1 459	-
11 165	10 508
142	-
<b>28 017</b>	<b>22 974</b>

**22.1 Negative leave balances**

Differences in the reporting cycle for leave

326	563
-----	-----



**DEPARTMENT OF HIGHER EDUCATION AND TRAINING**  
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**23. Lease commitments****23.1 Operating leases expenditure****2011/12**

Not later than 1 year

Later than 1 year and not later than 5 years

**Total lease commitments**

Buildings and other fixed structures	Machinery and equipment	Total
R'000	R'000	R'000
16 080	9 830	25 910
-	46 155	46 155
<b>16 080</b>	<b>55 985</b>	<b>72 065</b>

**2010/11**

Not later than 1 year

Later than 1 year and not later than 5 years

**Total lease commitments**

Buildings and other fixed structures	Machinery and equipment	Total
R'000	R'000	R'000
16 642	3 706	20 348
-	25 870	25 870
<b>16 642</b>	<b>29 576</b>	<b>46 218</b>

*Total lease commitments for machinery and equipment: 2010/11: R29.576 million (was published as R2.489 million and did not include an amount of R27.087 million which was included under commitments since it was regarded as commitments.)*

**DEPARTMENT OF HIGHER EDUCATION AND TRAINING**  
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**24. Receivables for departmental revenue**

Other

**Total**

	2011/12	2010/11
Note	R'000	R'000
	10 091	-
	<b>10 091</b>	<b>-</b>

*Funds received in the ABSA bank account on 31 March 2012, not yet reflected in the Department's PMG account.*

**24.1 Analysis of receivables for departmental revenue**

Opening balance

Less: Amounts received

Add: Amounts recognised

Less: Amounts written-off/reversed as irrecoverable

**Closing balance**

-	-
-	-
10 091	-
-	-
<b>10 091</b>	<b>-</b>

**25. Irregular expenditure****25.1 Reconciliation of irregular expenditure**

Opening balance

Add: Irregular expenditure – relating to prior year

Add: Irregular expenditure – relating to current year

Less: Amounts condoned

Less: Amounts recoverable (not condoned)

Less: Amounts not recoverable (not condoned)

**Irregular expenditure awaiting condonation**

4 023	-
-	-
485	4 023
(3 950)	-
-	-
-	-
<b>558</b>	<b>4 023</b>

**Analysis of awaiting condonation per age classification**

Current year

Prior years

**Total**

485	4 023
73	-
<b>558</b>	<b>4 023</b>

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

## VOTE 17

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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Correct procurement procedures were not followed  
Contract expired

**Disciplinary steps taken/criminal proceedings**

Under investigation  
Under investigation

2011/12

R'000

448

37

**485****25.3 Details of irregular expenditure condoned****Incident**

Correct procurement procedures were not followed  
Contract expired

**Condoned by (condoning authority)**

Accounting Authority  
Accounting Authority

3 875

75

**3 950****25.4 Details of irregular expenditure under investigation****Incident**

Irregular expenditure reported in 2010/11 for contracts expired

75

**75**

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

## VOTE 17

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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List related party relationships

**Ministerial Portfolio**

Higher Education and Training

**Departmental  
Schedule**

3A

3A

3A

3A

3A

**Public Entity**

Council on Higher Education and Training

National Student Financial Aid Scheme

South African Qualifications Authority

Quality Council for Trades and Occupations

Sector Education and Training Authorities (SETAs):

Agriculture Sector Education and Training Authority

Banking Sector Education and Training Authority

Construction Sector Education and Training Authority

Energy and Water Sector Education and Training Authority

Education, Training and Development Practices SETA

Financial and Accounting Services SETA

Food and Beverages Manufacturing Industry

Health and Welfare Sector Education and Training Authority

Chemical Industries Education and Training Authority

Transport Education and Training Authority

Public Service Sector Education and Training Authority

Insurance Sector Education and Training Authority

Media, Advertising, Publishing, Printing and Packaging SETA

Manufacturing, Engineering and Related Services SETA

Mining Qualifications Authority

Safety and Security Sector Education and Training Authority

Services Sector Education and Training Authority

Culture, Arts, Tourism, Hospitality and Sport Sector Education and Training Authority

Wholesale and Retail Sector Education and Training Authority

Local Government Sector Education and Training Authority

Fibre Processing and Manufacturing SETA

National Skills Fund

**DEPARTMENT OF HIGHER EDUCATION AND TRAINING**  
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**27. Key management personnel**

Political office bearers

Officials:

Level 15 to 16

Level 14 (incl CFO if at a lower level)

**Total**

Minister: 2011/12: R1.937 million; 2010/11: R1.729 million.

Deputy Minister: 2011/12: R1.612 million; 2010/11: R0.580 million.

<i>Note</i>	<b>2011/12</b>	<b>2010/11</b>
	<b>R'000</b>	<b>R'000</b>
<b>No. of Individuals</b>		
2	3 550	2 309
6	9 644	3 997
21	18 474	11 292
	<b>31 668</b>	<b>17 598</b>

**28. Provisions***Potential Irrecoverable Debt*

Claims recoverable

**Total**

-	-
-	-

**29. Movable Tangible Capital Assets****MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012**

	<b>Opening balance</b>	<b>Current year adjustments to prior year balances</b>	<b>Additions</b>	<b>Disposals</b>	<b>Closing balance</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>MACHINERY AND EQUIPMENT</b>	<b>25 744</b>	<b>1 802</b>	<b>3 740</b>	<b>1 671</b>	<b>29 615</b>
Transport assets	3 705	-	801	-	4 506
Computer equipment	13 354	1 650	2 138	1 576	15 566
Furniture and office equipment	7 839	240	467	65	8 481
Other machinery and equipment	846	(88)	334	30	1 062
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>25 744</b>	<b>1 802</b>	<b>3 740</b>	<b>1 671</b>	<b>29 615</b>

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**29.1 Additions****ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012**

	Cash	Non-cash	(Capital work-in-progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>3 591</b>	<b>-</b>	<b>-</b>	<b>149</b>	<b>3 740</b>
Transport assets	643	-	-	158	801
Computer equipment	2 126	-	-	12	2 138
Furniture and office equipment	474	-	-	(7)	467
Other machinery and equipment	348	-	-	(14)	334
<b>TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>3 591</b>	<b>-</b>	<b>-</b>	<b>149</b>	<b>3 740</b>

**29.2 Disposals****DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012**

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash received Actual
<b>MACHINERY AND EQUIPMENT</b>	<b>75</b>	<b>1 596</b>	<b>1 671</b>	<b>7</b>
Computer equipment	-	1 576	1 576	-
Furniture and office equipment	65	-	65	7
Other machinery and equipment	10	20	30	-
<b>TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>75</b>	<b>1 596</b>	<b>1 671</b>	<b>7</b>

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**29.3 Movement for 2010/11****MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011**

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	<b>107</b>	<b>26 686</b>	<b>1 049</b>	<b>25 744</b>
Transport assets	-	3 705	-	3 705
Computer equipment	113	13 888	647	13 354
Furniture and office equipment	17	7 945	123	7 839
Other machinery and equipment	(23)	1 148	279	846
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>107</b>	<b>26 686</b>	<b>1 049</b>	<b>25 744</b>

**29.4 Minor assets****MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012**

	Intangible assets	Machinery and equipment	Total
	R'000	R'000	R'000
Opening balance	52	5 056	5 108
Current year adjustments to prior year balances	-	(416)	(416)
Additions	13	564	577
Disposals	-	96	96
<b>TOTAL MINOR ASSETS</b>	<b>65</b>	<b>5 108</b>	<b>5 173</b>

	Intangible assets	Machinery and equipment	Total
Number of R1 minor assets	-	20 355	20 355
Number of minor assets at cost	25	2 705	2 730
<b>TOTAL NUMBER OF MINOR ASSETS</b>	<b>25</b>	<b>23 060</b>	<b>23 085</b>

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**MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011**

	<b>Intangible assets</b>	<b>Machinery and equipment</b>	<b>Total</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Opening balance	-	-	-
Current year adjustments to prior year balances	-	-	-
Additions	52	5 659	5 711
Disposals	-	603	603
<b>TOTAL MINOR ASSETS</b>	<b>52</b>	<b>5 056</b>	<b>5 108</b>

	<b>Intangible assets</b>	<b>Machinery and equipment</b>	<b>Total</b>
Number of R1 minor assets	-	7 158	7 158
Number of minor assets at cost	20	2 662	2 682
<b>TOTAL NUMBER OF MINOR ASSETS</b>	<b>20</b>	<b>9 820</b>	<b>9 840</b>

**30. Intangible Capital Assets****MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012**

	<b>Opening balance</b>	<b>Current year adjustments to prior year balances</b>	<b>Additions</b>	<b>Disposals</b>	<b>Closing balance</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>COMPUTER SOFTWARE</b>	665	-	-	-	665
<b>PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS</b>	141	(38)	114	-	217
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>806</b>	<b>(38)</b>	<b>114</b>	<b>-</b>	<b>882</b>



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**30.1 Additions****ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012**

	Cash	Non-cash	(Development work-in-progress current costs)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	-	-	-	-	-
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	114	-	-	-	114
<b>TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS</b>	<b>114</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>114</b>

**30.2 Movement for 2010/11****MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011**

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	(44)	709	-	665
PATENTS, LICENCES, COPYRIGHT, BRAND NAMES, TRADEMARKS	130	11	-	141
<b>TOTAL INTANGIBLE CAPITAL ASSETS</b>	<b>86</b>	<b>720</b>	<b>-</b>	<b>806</b>

**31. TRANSFER OF FUNCTIONS****Outstanding balances of the Department of Education**

Since the Department of Education is still listed in Schedule 1 of the Public Service Act, it is not yet abolished. Certain balances remained in the books of account of the Department of Education which could not be transferred to the newly created Departments of Basic Education and Higher Education and Training. These accounts relate to, amongst others, the outstanding debt of the provincial departments of education in the Eastern Cape and Gauteng. These balances amounted to R118.248 million as at 31 March 2011.

Based on the uncertainties regarding the legal position of the Department and the identification of the successor in right of the Department, the balances were not transferred to the two new Departments by the end of March 2011. However, during 2011/12 an agreement has been reached between the two new Departments in collaboration with the National Treasury and the Office of the Auditor-General that the outstanding balances of the Department of Education will be transferred to the two new Departments during the 2011/12 financial year.

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Based on an agreement signed by the accounting officers of the two newly created Departments, the transfer of the balances is based on the following principles:

- Balances that are applicable specifically to any of the two new Departments will be transferred to that Department; and
- Balances that cannot specifically be linked to any of the two new Departments will be split between the two Departments in the ratio 52:48 (Basic: Higher Education and Training)

Besides an outstanding amount of R21 753.53 all the outstanding balances of the Department of Education was transferred to the two Departments as indicated above by 31 March 2012.

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**32. STATEMENT OF CONDITIONAL GRANTS PAID TO THE PROVINCES**

NAME OF PROVINCE/GRANT	GRANT ALLOCATION				TRANSFER			SPENT			2010/11
	Division of Revenue Act	Roll-Overs	Adjustments	Total Available	Actual Transfer	Funds Withheld	Re-allocations by National Treasury or National Department	Amount received by department	Amount spent by department	% of available funds spent by department	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000		%	R'000	R'000	%	R'000
<b>FET COLLEGES CONDITIONAL GRANT</b>											
Eastern Cape	627 611	-	6 398	634 009	634 009	-	-	634 009	681 634	108	559 963
Free State	291 772	-	3 303	295 075	295 075	-	-	295 075	325 967	110	257 074
Gauteng	1 012 089	-	11 133	1 023 222	1 023 222	-	-	1 023 222	1 113 617	109	894 567
KwaZulu-Natal	754 793	-	10 744	765 537	765 537	-	-	765 537	834 146	109	649 177
Limpopo	490 395	-	5 171	495 566	495 566	-	-	495 566	500 870	101	442 127
Mpumalanga	320 378	-	1 462	321 840	321 840	-	-	321 840	321 840	100	286 097
Northern Cape	65 656	-	984	66 640	66 640	-	-	66 640	65 247	98	52 297
North West	236 178	-	2 573	238 751	238 751	-	-	238 751	238 014	100	215 613
Western Cape	527 117	-	7 554	534 671	534 671	-	-	534 671	534 661	100	447 043
	<b>4 325 989</b>	<b>-</b>	<b>49 322</b>	<b>4 375 311</b>	<b>4 375 311</b>	<b>-</b>	<b>-</b>	<b>4 375 311</b>	<b>4 615 996</b>		<b>3 803 958</b>

The Department hereby certify that all transfers were deposited into the primary bank account of the provinces for the 2011/12 financial year. No conditional grant funds were utilised for the administration of this grant by the Department of Higher Education and Training. The total amount surrendered by Provincial Education Departments to the Department amounts to R356 573.93.

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## ANNEXURE 1A

## STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/AGENCY/ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2010/11
	Adjusted Appropriation Act	Roll overs	Adjustments	Total available	Actual transfer	% of Available funds transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Education Training and Development Practices	157	-	-	157	157	100.0	141
Council on Higher Education	36 772	-	-	36 772	36 772	100.0	36 046
National Skills Fund	19 934	-	-	19 934	19 934	100.0	51 731
National Student Financial Aid Scheme	3 956 849	-	-	3 956 849	3 956 849	100.0	1 909 359
South African Qualifications Authority	41 435	-	-	41 435	41 435	100.0	41 335
Direct Charge: Sector Education and Training Authority	7 318 967	-	758 330	8 077 297	8 021 408	99.3	6 739 382
Direct Charge: National Skills Fund	1 829 745	-	188 071	2 017 816	2 003 843	99.3	1 684 846
Claims against the State	-	-	-	-	8	-	-
Quality Council for Trades and Occupations	26 889	-	-	26 889	26 889	100.0	-
<b>Total</b>	<b>13 230 748</b>	<b>-</b>	<b>946 401</b>	<b>14 177 149</b>	<b>14 107 295</b>		<b>10 462 840</b>

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## ANNEXURE 1B

## STATEMENT OF TRANSFERS TO UNIVERSITIES AND TECHNIKONS

UNIVERSITY/TECHNIKON	TRANSFER ALLOCATION				TRANSFER			2010/11
	Adjusted Appropriation Act	Roll overs	Adjustments	Total available	Actual transfer	Amount not transferred	% of Available funds transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000
Cape Peninsula University of Technology	764 538	-	123 949	888 487	888 487	-	100.0	798 761
Central University of Technology, Free State	268 670	-	8 793	277 463	277 463	-	100.0	277 980
Durban Institute of Technology	564 276	-	62 189	626 465	626 465	-	100.0	571 205
Mangosuthu University of Technology	208 224	-	81 437	289 661	289 661	-	100.0	239 374
Nelson Mandela Metropolitan University	592 680	-	100 375	693 055	693 055	-	100.0	628 522
North West University	933 622	-	103 352	1 036 974	1 036 974	-	100.0	987 387
Rhodes University	252 952	-	33 953	286 905	286 905	-	100.0	258 913
Tshwane University of Technology	1 119 041	-	206 756	1 325 797	1 325 797	-	100.0	1 216 335
University of Cape Town	950 138	-	144 723	1 094 861	1 094 861	-	100.0	987 248
University of Fort Hare	240 450	-	42 055	282 505	282 505	-	100.0	306 938
University of Free State	723 523	-	118 945	842 468	842 469	(1)	100.0	777 920
University of Johannesburg	1 078 206	-	210 314	1 288 520	1 288 520	-	100.0	1 072 438
University of KwaZulu-Natal	1 281 281	-	205 403	1 486 684	1 486 684	-	100.0	1 309 798
University of Limpopo	546 750	-	166 980	713 730	713 729	1	100.0	682 442
University of Pretoria	1 476 701	-	231 622	1 708 323	1 708 323	-	100.0	1 477 777
University of South Africa	1 523 975	-	263 397	1 787 372	1 787 372	-	100.0	1 650 010
University of Stellenbosch	921 243	-	137 298	1 058 541	1 058 541	-	100.0	911 876
University of Venda	248 029	-	16 289	264 318	264 318	-	100.0	303 066
University of Western Cape	529 872	-	118 561	648 433	648 433	-	100.0	580 894
University of Witwatersrand	997 240	-	260 040	1 257 280	1 257 280	-	100.0	1 109 619
University of Zululand	283 415	-	73 262	356 677	356 677	-	100.0	316 626
Vaal University of Technology	392 518	-	36 252	428 770	428 770	-	100.0	390 825
Walter Sisulu University of Technology and Science	480 621	-	230 249	710 870	710 870	-	100.0	660 786
Higher Education Institutions: Other Grants	2 956 557	-	(2 956 557)	-	-	-	-	-
University Subsidies: Infrastructure Grants	19 637	-	(19 637)	-	-	-	-	-
<b>Total</b>	<b>19 354 159</b>	<b>-</b>	<b>-</b>	<b>19 354 159</b>	<b>19 354 159</b>	<b>-</b>		<b>17 516 740</b>

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## ANNEXURE 1C

## STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

FOREIGN GOVERNMENT / INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE		2010/11
	Adjusted Appropriation Act	Roll overs	Adjustments	Total available	Actual transfer	% of Available funds transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
<b>Transfers</b>							
Commonwealth of Learning	2 015	-	-	2 015	2 000	99.3	1 901
India-Brazil-South Africa Trilateral Commission	428	-	-	428	379	88.6	428
<b>Total</b>	<b>2 443</b>	<b>-</b>	<b>-</b>	<b>2 443</b>	<b>2 379</b>		<b>2 329</b>

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## ANNEXURE 1D

## STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

NON-PROFIT INSTITUTIONS	TRANSFER ALLOCATION				EXPENDITURE		2010/11
	Adjusted Appropriation Act	Roll overs	Adjustments	Total available	Actual transfer	% of Available funds transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
<b>Transfers</b>							
Higher Education South Africa (HESA)	-	-	3 000	3 000	3 000	100.0	-
<b>Total</b>	-	-	<b>3 000</b>	<b>3 000</b>	<b>3 000</b>		-

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## ANNEXURE 1E

## STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2010/11
	Adjusted Appropriation Act	Roll overs	Adjustments	Total available	Actual transfer	% of Available funds transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
<b>Transfers</b>							
Employee Social Benefits	75	-	170	245	240	98.0	392
<b>Total</b>	<b>75</b>	<b>-</b>	<b>170</b>	<b>245</b>	<b>240</b>		<b>392</b>



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## ANNEXURE 1F

## STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2011/12	2010/11
		R'000	R'000
<b>Received in kind</b>			
British Council	Attendance of Going Global Conference in the United Kingdom	50	-
Council on Higher Education and Training	Attendance of Differentiation Seminar in Cape Town	27	-
<b>Total</b>		<b>77</b>	<b>-</b>

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## ANNEXURE 1G

## STATEMENT OF AID ASSISTANCE RECEIVED

NAME OF DONOR	PURPOSE	OPENING BALANCE	REVENUE	EXPENDITURE	CLOSING BALANCE
		R'000	R'000	R'000	R'000
<b>Received in cash in the PMG Account</b>					
Tabeisa	Tabeisa Programme	-	6 487	6 487	-
<b>Total</b>		-	<b>6 487</b>	<b>6 487</b>	-
<b>Received in cash in the RDP Fund</b>					
European Union	HEAIDS project	38 314	-	-	38 314
<b>Total</b>		<b>38 314</b>	-	-	<b>38 314</b>
<b>Reconciliation of the PMG account</b>					
Opening balance				(228)	-
Transferred from the RDP Fund				228	10 966
Paid during the year				-	(11 194)
Closing balance				-	<b>(228)</b>
<b>Foreign aid assistance receivable/recoverable from the RDP Fund</b>					
European Union				-	(228)
				-	<b>(228)</b>
<b>Analysis of balance</b>					
Amounts receivable from the RDP Fund				-	(228)
<b>Closing balance</b>				-	<b>(228)</b>

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## ANNEXURE 1G (continue)

**Received in cash through the Department of Basic Education (Claims recoverable basis)**

European Union EU Foundation Phase Project

**Subtotal**

-	22 746	22 746	-
-	<b>22 746</b>	<b>22 746</b>	-

**Received in kind**

Netherlands Capacity building in Higher Education through Nuffic: Implementation of standardised Business Management System in 3 pilot FET Colleges

Norwegian South African Norway Tertiary Education Development Programme (SANTED)

Belgian Development Agency Identify key information gaps in FET College sub-systems

Chinese Government Refurbishment of 4 FET Colleges

Danish Government Support for Education and Skills Development III (SESDIII)

USAID USAID Partnership for Skills Development Programme

**Total**

2011/12	2010/11
R'000	R'000
4 200	2 000
-	24 910
350	-
2 000	-
889	-
4 741	-
<b>12 180</b>	<b>26 910</b>

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## ANNEXURE 1H

## STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE

NATURE OF GIFT, DONATION OR SPONSORSHIP	2011/12	2010/11
	R'000	R'000
<b>Made in kind</b>		
Gifts to hosts in Cuba	-	1
Printing numbers on T-shirts of sport teams of the Department	-	6
Sport kit and equipment for sport teams of the Department	-	33
T-Shirts for Skills Summit	-	6
Gifts to hosts in USA	1	-
<b>Total</b>	<b>1</b>	<b>46</b>

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## ANNEXURE 2A

## STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2012 – LOCAL

GUARANTOR INSTITUTION	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2011	Guarantees draw downs during the year	Guaranteed repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2012	Guaranteed interest for year ended 31 March 2012	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	<b>Motor vehicles</b>								
Employees	Motor Finance Scheme	284	194	-	72	-	122	-	-
	Subtotal	284	194	-	72	-	122	-	-
	<b>Housing</b>								
Employees	Housing	572	572	-	255	-	317	-	-
	Subtotal	572	572	-	255	-	317	-	-
	<b>Other</b>								
Cape Peninsula University of Technology	Tertiary Institutions	-	839	-	839	-	-	-	-
Nelson Mandela Metropolitan University	Tertiary Institutions	3 050	1 345	-	1 174	-	171	2	-
North West University	Tertiary Institutions	8 764	1 649	-	954	-	695	19	-
Rhodes University	Tertiary Institutions	7 000	232	-	158	-	74	-	-
Tshwane University of Technology	Tertiary Institutions	25 154	6 035	-	1 913	-	4 122	-	-
University of Cape Town	Tertiary Institutions	4 000	819	-	720	-	99	-	-
University of Free State	Tertiary Institutions	9 376	1 431	-	962	-	469	16	-
University of Johannesburg	Tertiary Institutions	32 144	7 507	-	271	-	7 236	71	-
University of KwaZulu-Natal	Tertiary Institutions	60 860	1 428	-	819	-	609	64	-
University of Pretoria	Tertiary Institutions	1 250	212	-	118	-	94	4	-
University of South Africa	Tertiary Institutions	21 644	949	-	632	-	317	11	-
University of Stellenbosch	Tertiary Institutions	5 738	1 341	-	1 047	-	294	2	-
University of Venda	Tertiary Institutions	54 752	709	-	96	-	613	15	-
Witwatersrand University	Tertiary Institutions	23 108	5 506	-	2 294	-	3 212	126	-
Walter Sisulu University for Technology and Science, Eastern Cape	Tertiary Institutions	29 952	2 553	-	1 083	-	1 470	17	-
	Subtotal	286 792	32 555	-	13 080	-	19 475	347	-
	<b>Total</b>	<b>287 648</b>	<b>33 321</b>	<b>-</b>	<b>13 407</b>	<b>-</b>	<b>19 914</b>	<b>347</b>	<b>-</b>

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

## VOTE 17

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2012

## ANNEXURE 2B

## STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2012

Nature of Liability	Opening Balance 1 April 2011	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Liabilities recoverable	Closing balance 31 March 2012
	R'000	R'000	R'000	R'000	R'000
<b>Claims against the department</b>					
Damaged Cars	-	8	8	-	-
Team Renovate vs the Minister of Labour *	1 238	-	1 238	-	-
Tjantjelo Training vs the Minister of Labour *	50	-	50	-	-
Regent Factor vs the Minister of Labour *	139	-	139	-	-
Vital vs Vista University	4 000	-	-	-	4 000
Masisi vs North West University	8 500	-	8 500	-	-
Motaung vs Department of Higher Education and Training	3 000	-	2 960	-	40
Welile Ndunge vs Department of Higher Education and Training	-	50	-	-	50
Johann Raath vs Minister of Higher Education and Training	-	1 800	-	-	1 800
<b>Total</b>	<b>16 927</b>	<b>1 858</b>	<b>12 895</b>	<b>-</b>	<b>5 890</b>

\* These cases are for the National Skills Fund (NSF) and have been included in the books of the account of the NSF.

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

## VOTE 17

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2012

## ANNEXURE 3

## CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2012	31/03/2011	31/03/2012	31/03/2011	31/03/2012	31/03/2011
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Department</b>						
Department of Basic Education	-	-	806	742	806	742
Department of Health	-	-	6	-	6	-
Department of International Relations	-	-	-	30	-	30
Department of Justice	-	-	8	-	8	-
Department of Labour	-	-	19	29	19	29
Department of Tourism	-	-	-	9	-	9
South African Revenue Service	-	-	102	-	102	-
Eastern Cape Provincial Administration	-	-	-	1	-	1
Free State Public Works	-	-	3	-	3	-
Gauteng Department of Education	-	-	51 416	49	51 416	49
Gauteng Department of Finance	-	-	35	-	35	-
Gauteng Health and Social Development	-	-	12	-	12	-
Government Printers	-	-	2	-	2	-
Mpumalanga Provincial Government	-	-	13	-	13	-
Mpumalanga Social Development	-	-	9	-	9	-
National Treasury Pensions	-	-	145	-	145	-
North West Provincial Administration	-	-	22	-	22	-
The Presidency	-	-	-	11	-	11
Western Cape Provincial Administration	-	-	3	-	3	-
Department of Roads and Public Works	-	-	5	-	5	-
	-	-	52 606	871	52 606	871
<b>Other Government Entities</b>						
National Skills Fund	-	-	4 824	7 107	4 824	7 107
MERSETA	-	-	1	1	1	1
SERVICES SETA	-	-	6	1	6	1
Quality Council for Trades and Occupations	-	-	11 522	-	11 522	-
SITA	-	-	30	-	30	-
	-	-	16 383	7 109	16 383	7 109
<b>Total</b>	<b>-</b>	<b>-</b>	<b>68 989</b>	<b>7 980</b>	<b>68 989</b>	<b>7 980</b>

## DEPARTMENT OF HIGHER EDUCATION AND TRAINING

## VOTE 17

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2012

## ANNEXURE 4

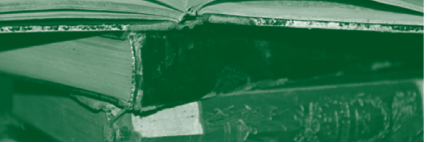
## INVENTORY

**Inventory**

Opening balance  
 Add: Additions/Purchases – Cash  
 Add: Additions – Non-cash  
 (Less): Disposals  
 Add/(Less): Adjustments  
 Closing balance

2011/12		2010/11	
Quantity	R'000	Quantity	R'000
8	276	-	-
197	7 945	274	9 806
-	-	10	116
(197)	(7 998)	(276)	(9 652)
-	-	-	6
<b>8</b>	<b>223</b>	<b>8</b>	<b>276</b>





## 3.2 DEPARTMENT OF EDUCATION

### CONTENTS

Report of the Accounting Officer  
Appropriation Statement  
Statement of Financial Performance  
Statement of Financial Position  
Statement of Changes in Net Assets  
Cash Flow Statement  
Accounting Policies  
Notes to the Annual Financial Statements  
Disclosure notes to the Annual Financial Statements  
Annexures

**DEPARTMENT OF EDUCATION**

REPORT OF THE ACCOUNTING OFFICER  
for the year ended 31 March 2012

**REPORT BY THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY AND PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA.****1. General review of the state of financial affairs**

The Department of Education closed down on 31 March 2010 as part of the restructuring process. No funds were therefore allocated to the Department during the 2010/11 and 2011/12 financial years. The books of account of the Department remained open during the 2010/11 and 2011/12 financial years due to outstanding balances that could not be cleared or transferred to the newly established Departments of Basic Education as well as Higher Education and Training as at the end of March 2010.

Since the Department of Education is still listed in Schedule 1 of the Public Service Act, it is not yet abolished. Certain balances remained in the books of account of the Department which could not be transferred to the newly created Departments of Basic Education and Higher Education and Training. These accounts relate to, amongst others, the outstanding debt of the Provincial Departments of Education in the Eastern Cape and Gauteng.

Based on the uncertainties regarding the legal position of the Department and the identification of the successor in right of the Department, the balances were not transferred to the two new Departments by the end of March 2011. However, during 2011/12 an agreement has been reached between the two new Departments in collaboration with the National Treasury and the Office of the Auditor-General that the outstanding balances of the Department of Education will be transferred to the two new Departments during the 2011/12 financial year.

Based on an agreement signed by the accounting officers of the two newly created Departments, the transfer of the balances is based on the following principles:

- Balances that are applicable specifically to any of the two new Departments will be transferred to that Department; and
- Balances that cannot specifically be linked to any of the two new Departments will be split between the two Departments in the ratio 52:48 (Basic: Higher Education and Training)

Besides one outstanding matter to the value of R21 753.53 all the outstanding balances of the Department was transferred to the two Departments as indicated above by 31 March 2012.

**Important policy decisions and strategic issues**

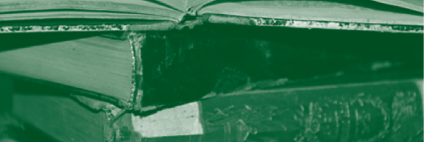
None.

**Significant events that have taken place and major projects undertaken or completed during the year**

None.

**Spending trends**

None.

**DEPARTMENT OF EDUCATION**

REPORT OF THE ACCOUNTING OFFICER  
for the year ended 31 March 2012

**Virement**

None.

**2. Services rendered by the Department****2.1 Services rendered**

None.

**2.2 Tariff policy**

None.

**2.3 Free services**

None

**2.4 Inventories**

None.

**3. Capacity constraints**

None.

**4. Utilisation of donor funds**

None.

**5. Public entities**

None.

**DEPARTMENT OF EDUCATION**

REPORT OF THE ACCOUNTING OFFICER  
for the year ended 31 March 2012

**6. Other organisations to whom transfer payments have been made****6.1 Higher Education Institutions (HEIs)**

None.

**6.2 Other transfers**

None.

**6.3 Conditional grants to provincial education departments**

None.

**7. Public private partnerships (PPP)**

None.

**8. Corporate governance arrangements****8.1 The risk assessment and fraud prevention plan of the Department**

None.

**8.2 Internal Audit Unit**

None.

**8.3 The Audit Committee**

The Audit Committee of the Department of Higher Education and Training is also responsible for the activities of the Department of Education.

**8.4 Management processes for minimising conflict of interest**

None.

**8.5 Implementation of a Code of Conduct**

None.

**DEPARTMENT OF EDUCATION**

REPORT OF THE ACCOUNTING OFFICER  
for the year ended 31 March 2012

**8.6 Safety, health and environmental issues facing the Department**

None.

**8.7 Other governance structures**

None.

**9. Discontinued activities/activities to be discontinued**

None.

**10. New/proposed activities**

None. The Department closed on 31 March 2010 as part of the restructuring process of Government.

**11. Asset management**

None.

**12. Events after the reporting date**

None.

**13. Performance information**

None.

**14. Standing Committee on Public Accounts (SCOPA) resolutions**

None.

## DEPARTMENT OF EDUCATION

REPORT OF THE ACCOUNTING OFFICER  
for the year ended 31 March 2012

## 15. Prior modifications to audit reports

None.

## 16. Exemptions and deviations received from the National Treasury

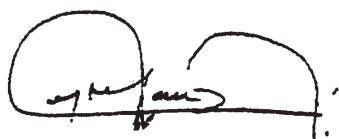
None.

## 17. Other

None.

## 18. Approval

The Annual Financial Statements set out on pages 234 to 264 have been approved by the Accounting Officer.



Mr TW Tredoux  
Accounting Officer  
Date: 31 May 2012

## DEPARTMENT OF EDUCATION

APPROPRIATION STATEMENT  
for the year ended 31 March 2012

Appropriation per programme									
	2011/12							2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>1. Administration</b>									
Current payments	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
<b>2. System Planning and Monitoring</b>									
Current payments	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
<b>3. General Education</b>									
Current payments	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
<b>4. Further Education and Training</b>									
Current payments	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
<b>5. Social and School Enrichment</b>									
Current payments	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
<b>6. Higher Education</b>									
Current payments	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-
<b>7. Auxiliary and Associated Services</b>									
Current payments	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payments for capital assets	-	-	-	-	-	-	-	-	-

## DEPARTMENT OF EDUCATION

APPROPRIATION STATEMENT  
for the year ended 31 March 2012

Appropriation per programme									
	2011/12							2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Total</b>	-	-	-	-	-	-	-	-	-
<b>Reconciliation with Statement of Financial Performance</b>									
<b>Add:</b>									
Departmental receipts				-	-			13	-
Aid assistance				-	-			5	-
<b>Actual amounts per Statement of Financial Performance (Total Revenue)</b>				-				<b>18</b>	
<b>Add:</b> Aid assistance					-				-
<b>Actual amounts per Statement of Financial Performance (Total Expenditure)</b>					-				-



## DEPARTMENT OF EDUCATION

APPROPRIATION STATEMENT  
for the year ended 31 March 2012

Appropriation per economic classification									
	2011/12							2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>									
Compensation of employees	-	-	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>									
Provinces and municipalities	-	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-	-
Universities and technikons	-	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
<b>Payments for capital assets</b>									
Machinery and equipment	-	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-	-

## DEPARTMENT OF EDUCATION

STATEMENT OF FINANCIAL PERFORMANCE  
for the year ended 31 March 2012**REVENUE**

Departmental revenue

Aid assistance

**TOTAL REVENUE****EXPENDITURE****Current expenditure**

Compensation of employees

Goods and services

Aid assistance

**Total current expenditure****Transfers and subsidies**

Transfers and subsidies

Aid assistance

**Total transfers and subsidies****Expenditure for capital assets**

Tangible capital assets

Software and other intangible assets

**Total expenditure for capital assets****Payments for financial assets****TOTAL EXPENDITURE****SURPLUS FOR THE YEAR****Reconciliation of Net Surplus for the year**

Voted Funds

Departmental revenue and NRF Receipts

Aid assistance

**SURPLUS FOR THE YEAR**

<i>Note</i>	<b>2011/12</b>	<b>2010/11</b>
	<b>R'000</b>	<b>R'000</b>
<i>1</i>	-	13
<i>2</i>	-	5
	<b>-</b>	<b>18</b>
	-	-
	-	-
	-	-
	<b>-</b>	<b>-</b>
	-	-
	-	-
	<b>-</b>	<b>-</b>
	-	-
	-	-
	<b>-</b>	<b>-</b>
	-	-
	<b>-</b>	<b>18</b>
	-	-
<i>7</i>	-	13
<i>2</i>	-	5
	<b>-</b>	<b>18</b>

## DEPARTMENT OF EDUCATION

STATEMENT OF FINANCIAL POSITION  
as at 31 March 2012

## ASSETS

## Current Assets

Prepayments and advances	
Receivables	
Loans	
Aid assistance receivable	

## Non-Current Assets

Loans	
-------	--

## TOTAL ASSETS

## LIABILITIES

## Current Liabilities

Voted funds to be surrendered to the Revenue Fund	
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	
Bank overdraft	
Payables	
Aid assistance unutilised	

## TOTAL LIABILITIES

## NET ASSETS

## Represented by:

Capitalisation reserve	
Recoverable revenue	

## TOTAL

Note	2011/12 R'000	2010/11 R'000
	<b>22</b>	<b>119 248</b>
3	-	275
4	22	118 973
5	-	-
2	-	-
	-	-
5	-	-
	<b>22</b>	<b>119 248</b>
	<b>22</b>	<b>119 234</b>
6	-	-
7	-	13
8	22	117 874
9	-	1 347
2	-	-
	<b>22</b>	<b>119 234</b>
	<b>-</b>	<b>14</b>
	-	-
	-	14
	<b>-</b>	<b>14</b>

## DEPARTMENT OF EDUCATION

STATEMENT OF CHANGES IN NET ASSETS  
for the year ended 31 March 2012**Capitalisation Reserves**

Opening balance

Transfers:

Movement in Operational Funds

Other movements

Closing balance

**Recoverable Revenue**

Opening balance

Transfers:

Debts recovered (included in departmental receipts)

Debts raised

Closing balance

**TOTAL**

<i>Note</i>	<b>2011/12</b>	<b>2010/11</b>
	<b>R'000</b>	<b>R'000</b>
	-	32 149
	-	-
	-	(32 149)
	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
	14	14
	(14)	-
	(14)	-
	-	-
	<u>-</u>	<u>14</u>
	<u>-</u>	<u>14</u>
	<u>-</u>	<u>14</u>

## DEPARTMENT OF EDUCATION

CASH FLOW STATEMENT  
for the year ended 31 March 2012**CASH FLOWS FROM OPERATING ACTIVITIES**

## Receipts

- Departmental revenue received
- Aid assistance received

Net (increase)/ decrease in working capital

Surrendered to Revenue Fund

Surrendered to RDP Fund/Donor

Current payments

Payments for financial assets

Transfers and subsidies paid

**Net cash flow available from operating activities****CASH FLOWS FROM INVESTING ACTIVITIES**

(Increase)/ decrease in loans

**Net cash flows from investing activities****CASH FLOWS FROM FINANCING ACTIVITIES**

Increase/ (decrease) in net assets

**Net cash flows from financing activities**

Net increase/ (decrease) in cash and cash equivalents

Cash and cash equivalents at beginning of period

**Cash and cash equivalents at end of period**

<i>Note</i>	<b>2011/12</b>	<b>2010/11</b>
	<b>R'000</b>	<b>R'000</b>
	-	<b>18</b>
<i>1</i>	-	13
<i>2</i>	-	5
	117 879	(2 489)
	(13)	(487 953)
	-	(1 325)
	-	-
	-	-
	-	-
<i>10</i>	<b>117 866</b>	<b>(491 749)</b>
	-	32 149
	-	<b>32 149</b>
	(14)	(32 149)
	<b>(14)</b>	<b>(32 149)</b>
	117 852	(491 749)
	(117 874)	373 875
<i>11</i>	<b>(22)</b>	<b>(117 874)</b>

**DEPARTMENT OF EDUCATION**ACCOUNTING POLICIES  
for the year ended 31 March 2012

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999) and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 6 of 2011.

**1. Presentation of the Financial Statements****1.1 Basis of preparation**

The Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid.

**1.2 Presentation currency**

All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the Department.

**1.3 Rounding**

Unless otherwise stated all financial figures have been rounded to the nearest one thousand Rand (R'000).

**1.4 Comparative figures**

Prior period comparative information has been presented in the current year's Financial Statements. Where necessary figures included in the prior period Financial Statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's Financial Statements.

**1.5 Comparative figures - Appropriation Statement**

A comparison between actual amounts and final appropriation per major classification of expenditure is included in the Appropriation Statement.

**DEPARTMENT OF EDUCATION**

ACCOUNTING POLICIES  
for the year ended 31 March 2012

**2. Revenue****2.1 Appropriated funds**

Appropriated funds comprise of departmental allocations as well as direct charges against revenue fund (i.e. statutory appropriation).

Appropriated funds are recognised in the financial records on the date the appropriation becomes effective. Adjustments made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

Unexpended appropriated funds are surrendered to the National Revenue Fund. Any amounts owing to the National Revenue Fund at the end of the financial year are recognised as payable in the Statement of Financial Position.

Any amount due from the National Revenue Fund at the end of the financial year is recognised as a receivable in the Statement of Financial Position.

**2.2 Departmental revenue**

All Departmental revenue is recognised in the Statement of Financial Performance when received and is subsequently paid into the National Revenue Fund, unless stated otherwise.

Any amount owing to the National Revenue Fund at the end of the financial year is recognised as a payable in the Statement of Financial Position.

No accrual is made for amounts receivable from the last receipt date to the end of the reporting period. These amounts are however disclosed in the disclosure note to the Annual Financial Statements.

**2.3 Direct Exchequer receipts**

All direct exchequer receipts are recognised in the Statement of Financial Performance when the cash is received and is subsequently paid into the National Revenue Fund, unless stated otherwise.

Any amount owing to the National Revenue Funds at the end of the financial year is recognised as a payable in the Statement of Financial Position.

**2.4 Direct Exchequer payments**

All direct exchequer payments are recognised in the Statement of Financial Performance when final authorisation for payment is effected on the system.

**DEPARTMENT OF EDUCATION**ACCOUNTING POLICIES  
for the year ended 31 March 2012**2.5 Aid assistance**

Local and foreign aid assistance is recognised in the books of the Department when notification of the assistance is received from the National Treasury and recorded as revenue when funds are withdrawn from the RDP account or when the Department directly receives the cash from the donor(s).

All in-kind local and foreign aid assistance is disclosed at fair value on the date of receipt in the annexures to the Annual Financial Statements.

The cash payments made during the year relating to local and foreign aid assistance projects are recognised as expenditure in the Statement of Financial Performance when final authorisation for payments is effected on the system.

The value of the assistance expensed prior to the receipt of the funds is recognised as a receivable in the Statement of Financial Position.

Inappropriately expensed amounts using local and foreign aid assistance and any unutilised amounts are recognised as payables in the Statement of Financial Position.

**3. Expenditure****3.1 Compensation of employees****3.1.1 Salaries and wages**

Salaries and wages are expensed in the Statement of Financial Performance when the final authorisation for payment is effected on the system.

Other employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the Financial Statements at its face value and are not recognised in the Statements of Financial Performance or Position.

**3.1.2 Social contributions**

Employer contributions to post employment benefit plans in respect of current employees are expensed in the Statement of Financial Performance when the final authorisation for payment is effected on the system.

No provision is made for retirement benefits in the Financial Statements of the Department. Any potential liabilities are disclosed in the Financial Statements of the National Revenue Fund and not in the Financial Statements of the employer department.

Employer contributions made by the Department for certain of its ex-employees (such as medical benefits) are classified as transfers to households in the Statement of Financial Performance.



**DEPARTMENT OF EDUCATION**ACCOUNTING POLICIES  
for the year ended 31 March 2012**3.2 Goods and services**

Payments made during the year for goods and/or services are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system.

The expense is classified as capital if the goods and services were acquired for a capital project or if the total purchase price exceeds the capitalisation threshold (currently R5 000). All other expenditures are classified as current.

Rental paid for the use of buildings or other fixed structures is classified as goods and services and not as rent on land.

**3.3 Payments for financial assets**

Debts are written-off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or under-spending of appropriated funds. The write-off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but an estimate is included in the disclosure notes to the Financial Statements.

All other losses are recognised when authorisation has been granted for the recognition thereof.

**3.4 Transfers and subsidies**

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system.

**3.5 Unauthorised expenditure**

When confirmed, unauthorised expenditure is recognised as an asset in the Statement of Financial Position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written-off as irrecoverable in the Statement of Financial Performance.

Unauthorised expenditure approved with funding is derecognised in the Statement of Financial Position when the unauthorised expenditure is approved and the related funds are received.

Where the amount is approved without funding it is recognised as expenditure in the Statement of Financial Performance on the date of approval.

**3.6 Fruitless and wasteful expenditure**

Fruitless and wasteful expenditure is recognised as expenditure in the Statement of Financial Performance according to the nature of the payment and not as a separate line item on the face of the statement. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the Statement of Financial Performance.

**DEPARTMENT OF EDUCATION**ACCOUNTING POLICIES  
for the year ended 31 March 2012**3.7 Irregular expenditure**

Irregular expenditure is recognised as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written-off as irrecoverable.

**4. Assets****4.1 Cash and cash equivalents**

Cash and cash equivalents are carried in the Statement of Financial Position at cost.

Bank overdrafts are shown separately on the face of the Statement of Financial Position.

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

**4.2 Prepayments and advances**

Amounts prepaid or advanced are recognised in the Statement of Financial Position when the payments are made and are derecognised as and when the goods/services are received or the funds are utilised.

Pre-payments and advances outstanding at the end of the year are carried in the Statement of Financial Position at cost.

**4.3 Receivables**

Receivables included in the Statement of Financial Position arise from cash payments made that are recoverable from another party and are derecognised upon recovery or write-off.

Receivables outstanding at year-end are carried in the Statement of Financial Position at cost plus any accrued interest. Amounts that are potentially irrecoverable are included in the disclosure notes.

**4.4 Loans**

Loans are recognised in the Statement of Financial Position when cash is paid to the beneficiary. Loans that are outstanding at year-end are carried in the Statement of Financial Position at cost plus accrued interest.

Amounts that are potentially irrecoverable are included in the disclosure notes.

## DEPARTMENT OF EDUCATION

ACCOUNTING POLICIES  
for the year ended 31 March 2012**4.5 Inventory**

Inventories that qualify for recognition must be initially reflected at cost. Where inventories are acquired at no cost, or for nominal consideration, their cost shall be their fair value at the date of acquisition.

All inventory items at year-end are reflected using the weighted average cost or FIFO cost formula.

**4.6 Capital assets****4.6.1 Movable assets*****Initial recognition***

A capital asset is recorded in the asset register on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the movable capital asset is stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

All assets acquired prior to 1 April 2002 are included in the register at R1.

***Subsequent recognition***

Subsequent expenditure of a capital nature is recorded in the Statement of Financial Performance as "expenditure for capital assets" and is capitalised in the asset register of the Department on completion of the project.

Repairs and maintenance is expensed as current "goods and services" in the Statement of Financial Performance.

**4.6.2 Immovable assets*****Initial recognition***

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the immovable capital asset is stated at R1 unless the fair value for the asset has been reliably estimated.

***Subsequent recognition***

Work-in-progress of a capital nature is recorded in the Statement of Financial Performance as "expenditure for capital assets". On completion, the total cost of the project is included in the asset register of the Department that is accountable for the asset.

Repairs and maintenance is expensed as current "goods and services" in the Statement of Financial Performance.

## DEPARTMENT OF EDUCATION

ACCOUNTING POLICIES  
for the year ended 31 March 2012**4.6.3 Intangible assets*****Initial recognition***

An intangible asset is recorded in the asset register on receipt of the item at cost. Cost of an intangible asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the intangible asset is stated at fair value. Where fair value cannot be determined, the intangible asset is included in the asset register at R1.

All intangible assets acquired prior to 1 April 2002 can be included in the asset register at R1.

***Subsequent expenditure***

Subsequent expenditure of a capital nature is recorded in the Statement of Financial Performance as “expenditure for capital asset” and is capitalised in the Asset Register of the Department.

Maintenance is expensed as current “goods and services” in the Statement of Financial Performance.

**5. Liabilities****5.1 Payables**

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are carried at cost in the Statement of Financial Position.

**5.2 Contingent liabilities**

Contingent liabilities are included in the disclosure notes to the Financial Statements when it is possible that economic benefits will flow from the Department, or when an outflow of economic benefits or service potential is probable but cannot be measured reliably.

**5.3 Contingent assets**

Contingent assets are included in the disclosure notes to the financial statements when it is probable that an inflow of economic benefits will flow to the entity.

**5.4 Commitments**

Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the disclosure notes.

**5.5 Accruals**

Accruals are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the disclosure notes.

**DEPARTMENT OF EDUCATION**

ACCOUNTING POLICIES  
for the year ended 31 March 2012

**5.6 Employee benefits**

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the Financial Statements. These amounts are not recognised in the Statement of Financial Performance or the Statement of Financial Position.

**5.7 Lease commitments*****Finance lease***

Finance leases are not recognised as assets and liabilities in the Statement of Financial Position. Finance lease payments are recognised as an expense in the Statement of Financial Performance and are apportioned between the capital and interest portions. The finance lease liability is disclosed in the disclosure notes to the Financial Statements.

***Operating lease***

Operating lease payments are recognised as an expense in the Statement of Financial Performance. The operating lease commitments are disclosed in the disclosure notes to the Financial Statements.

**5.8 Impairment**

The Department tests for impairment where there is an indication that a receivable, loan or investment may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. An estimate is made for doubtful loans and receivables based on a review of all outstanding amounts at year-end. Impairments on investments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows / service potential flowing from the instrument.

**5.9 Provisions**

Provisions are disclosed when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

**6. Receivables for departmental revenue**

Receivables for departmental revenue are disclosed in the disclosure notes to the Annual Financial Statements.

## DEPARTMENT OF EDUCATION

ACCOUNTING POLICIES  
for the year ended 31 March 2012

**7. Net Assets****7.1 Capitalisation reserve**

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the Statement of Financial Position for the first time in the current reporting period. Amounts are recognised in the capitalisation reserves when identified in the current period and are transferred to the National Revenue Fund when the underlying asset is disposed and the related funds are received.

**7.2 Recoverable revenue**

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the National Revenue Fund when recovered or are transferred to the Statement of Financial Performance when written-off.

**8. Related party transactions**

Specific information with regards to related party transactions is included in the disclosure notes.

**9. Key management personnel**

Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.

## DEPARTMENT OF EDUCATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2012

**1. Departmental revenue**

Transactions in financial assets and liabilities

Total revenue collected

Less: Own revenue included in appropriation

**Departmental revenue collected**

**1.1 Transactions in financial assets and liabilities**

Other receipts including recoverable revenue

**Total**

<i>Note</i>	<b>2011/12</b>	<b>2010/11</b>
	<b>R'000</b>	<b>R'000</b>
<i>1.1</i>	-	13
	-	13
	-	-
	<b>-</b>	<b>13</b>
<i>1</i>	-	13
	<b>-</b>	<b>13</b>

**2. Aid Assistance****2.1 Aid assistance received in cash from RDP****Foreign**

Opening Balance

Revenue

Expenditure

Current

Capital

Transfers

Surrendered to the RDP

**Closing Balance**

-	1 320
-	5
-	-
-	-
-	-
-	-
-	<b>(1 325)</b>
-	-

## DEPARTMENT OF EDUCATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2012**2.2 Total assistance**

Opening Balance
Revenue
Expenditure
Current
Capital
Transfers
Surrendered/Transferred to retained funds

**Closing Balance****Analysis of balance**

Aid assistance receivable
RDP
Aid assistance unutilised
RDP

**Closing balance****3. Prepayments and advances**

Staff advances
Travel and subsistence
Prepayments

**Total**

<i>Note</i>	<b>2011/12</b>	<b>2010/11</b>
	<b>R'000</b>	<b>R'000</b>
	-	1 320
	-	5
	-	-
	-	-
	-	-
	-	(1 325)
	-	-
	-	-
	-	-
<i>Annex 1G</i>	-	-
	-	-
<i>Annex 1G</i>	-	-
	-	-
	-	1
	-	93
	-	181
	-	<b>275</b>



## DEPARTMENT OF EDUCATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2012

## 4. Receivables

Claims recoverable

Recoverable expenditure

Staff debt

Other debtors

**Total**

	2011/12				2010/11
	Less than one year	One to three years	Older than three years	Total	Total
Note	R'000	R'000	R'000	R'000	R'000
4.1					
Annex 3	22	-	-	22	117 449
4.2	-	-	-	-	727
4.3	-	-	-	-	422
4.4	-	-	-	-	375
	<b>22</b>	<b>-</b>	<b>-</b>	<b>22</b>	<b>118 973</b>

## 4.1 Claims recoverable

National departments

Provincial departments

Public entities

Private enterprises

**Total**

Note	2011/12	2010/11
	R'000	R'000
11		
	22	265
	-	117 001
	-	152
	-	31
	<b>22</b>	<b>117 449</b>

## 4.2 Recoverable expenditure (disallowance accounts)

Dishonoured cheques

Miscellaneous

**Total**

11		
	-	7
	-	720
	<b>-</b>	<b>727</b>

## 4.3 Staff debt

Motor accidents

Bursaries

Other

**Total**

11		
	-	337
	-	4
	-	81
	<b>-</b>	<b>422</b>

## DEPARTMENT OF EDUCATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2012

	<i>Note</i>	<b>2011/12</b>	<b>2010/11</b>
		<b>R'000</b>	<b>R'000</b>
<b>4.4 Other debtors</b>	<b>11</b>		
Cheque fraud		-	6
Out of service debt		-	90
Other debtors		-	279
<b>Total</b>		<b>-</b>	<b>375</b>
<b>5. Loans</b>			
Universities and technikons		-	-
<b>Total</b>		<b>-</b>	<b>-</b>
<b>Analysis of balance</b>			
Opening balance		-	32 149
Repayments		-	-
Write-offs		-	(32 149)
<b>Closing balance</b>		<b>-</b>	<b>-</b>
<b>6. Voted funds to be surrendered to the Revenue Fund</b>			
Opening balance		-	487 647
Transfer from Statement of Financial Performance		-	-
Paid during the year		-	(487 647)
<b>Closing balance</b>		<b>-</b>	<b>-</b>
<b>7. Departmental revenue to be surrendered to the Revenue Fund</b>			
Opening balance		13	306
Transfer from Statement of Financial Performance		-	13
Paid during the year		(13)	(306)
<b>Closing balance</b>		<b>-</b>	<b>13</b>

## DEPARTMENT OF EDUCATION

NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2012

	Note	2011/12 R'000	2010/11 R'000
<b>8. Bank overdraft</b>			
Consolidated Paymaster General Account		22	117 874
<b>Total</b>		<b>22</b>	<b>117 874</b>
<b>9. Payables - current</b>			
Clearing accounts	9.1	-	337
Other payables	9.2	-	1 010
<b>Total</b>		<b>-</b>	<b>1 347</b>
<b>9.1 Clearing accounts</b>	9		
Other		-	337
<b>Total</b>		<b>-</b>	<b>337</b>
<b>9.2 Other payables</b>	9		
UNESCO National Commission		-	972
Other		-	38
<b>Total</b>		<b>-</b>	<b>1 010</b>
<b>10. Net cash flow available from operating activities</b>			
Net surplus/(deficit) as per Statement of Financial Performance		-	18
Add back non cash/cash movements not deemed operating activities		117 866	(491 767)
(Increase)/decrease in receivables – current		118 951	1 009
(Increase)/decrease in prepayments and advances		275	903
Increase/(decrease) in payables – current		(1 347)	(5 721)
Proceeds from sale of capital assets		-	-
Expenditure on capital assets		-	-
Surrenders to Revenue Fund		(13)	(487 953)
Surrenders to RDP Fund/Donor		-	(1 325)
<b>Net cash flow generated by operating activities</b>		<b>-</b>	<b>1 320</b>
		<b>117 866</b>	<b>491 749</b>
<b>11. Reconciliation of cash and cash equivalents for cash flow purposes</b>			
Consolidated Paymaster General account		(22)	(117 874)
<b>Total</b>		<b>(22)</b>	<b>(117 874)</b>

## DEPARTMENT OF EDUCATION

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2012

## 12. Provisions

## Potential irrecoverable debts

Claims recoverable

Total

2011/12	2010/11
R'000	R'000
-	117 203
<u>-</u>	<u>117 203</u>

## 13. Movable Tangible Capital Assets

## MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012

	Opening balance	Current year adjustments to prior year balances	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	-	-	-	-	-
Transport assets	-	-	-	-	-
Computer equipment	-	-	-	-	-
Furniture and office equipment	-	-	-	-	-
Other machinery and equipment	-	-	-	-	-
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

## DEPARTMENT OF EDUCATION

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2012

## 13.1 Additions

## ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012

	Cash	Non-cash	(Capital work-in-progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	-	-	-	-	-
Transport assets	-	-	-	-	-
Computer equipment	-	-	-	-	-
Furniture and office equipment	-	-	-	-	-
Other machinery and equipment	-	-	-	-	-
<b>TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS</b>	-	-	-	-	-

## 13.2 Disposals

## DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash received Actual
	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	-	-	-	-
Transport assets	-	-	-	-
Computer equipment	-	-	-	-
Furniture and office equipment	-	-	-	-
Other machinery and equipment	-	-	-	-
<b>TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS</b>	-	-	-	-

## DEPARTMENT OF EDUCATION

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2012

## 13.3 Movement for 2010/11

## MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	58 887	-	58 887	-
Transport assets	4 567	-	4 567	-
Computer equipment	32 873	-	32 873	-
Furniture and office equipment	9 563	-	9 563	-
Other machinery and equipment	11 884	-	11 884	-
<b>TOTAL MOVABLE TANGIBLE CAPITAL ASSETS</b>	<b>58 887</b>	<b>-</b>	<b>58 887</b>	<b>-</b>

## 13.4 Minor assets

## MINOR ASSETS OF THE DEPARTMENT AS AT 31 MARCH 2012

	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000
Minor Assets	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000
Number of R1 minor assets	-	-	-	-	-
Number of minor assets at cost	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## DEPARTMENT OF EDUCATION

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2012

## MINOR ASSETS OF THE DEPARTMENT AS AT 31 MARCH 2011

	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Minor Assets	287	-	9 467	-	9 754
Disposals	287	-	9 467	-	9 754
<b>TOTAL</b>	-	-	-	-	-

	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of minor assets	-	-	-	-	-
<b>TOTAL</b>	-	-	-	-	-

## 14. Intangible Capital Assets

## 14.1 Movement for 2010/11

## MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
COMPUTER SOFTWARE	8 093	-	8 093	-
<b>TOTAL</b>	<b>8 093</b>	<b>-</b>	<b>8 093</b>	<b>-</b>

## DEPARTMENT OF EDUCATION

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2012**15. Outstanding balances of the Department of Education**

The Department of Education is still listed in Schedule 1 of the Public Service Act which means that the Department is not yet abolished. Certain balances remained in the books of account of the Department as at 31 March 2011 which could not be transferred to the newly created Departments of Basic Education and Higher Education and Training by the end of March 2011. These accounts relate to, amongst others, the outstanding debt of the provincial departments of education in the Eastern Cape and Gauteng.

Based on the uncertainties regarding the legal position of the Department and the identification of the successor in right of the Department, the balances could not be transferred to the two new Departments as at the end of March 2011. Agreement has been reached in the 2011/12 financial year between the two new Departments in collaboration with the National Treasury that the outstanding balances of the Department of Education will be transferred to the two new Departments during 2011/12.

The transfer will be based on the following principles:

- Balances that are applicable specifically to any of the two new Departments will be transferred to that Department; and
- Balances that cannot specifically be linked to any of the two new Departments will be split between the two Departments in the ratio 52:48 (Basic: Higher Education and Training)

Of the outstanding balance of R119,248 million, an amount of R21 753.53 remained in the books of the Department as at 31 March 2012. The balance is due mainly to outstanding claims not paid by 31 March 2012.



## DEPARTMENT OF EDUCATION

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2012

## ANNEXURE 1A

## STATEMENT OF AID ASSISTANCE RECEIVED

NAME OF DONOR	PURPOSE	OPENING BALANCE	REVENUE	EXPENDITURE	CLOSING BALANCE
		R'000	R'000	R'000	R'000
<b>Received in cash</b>					
<b>Received in cash in the PMG Account</b>					
Finland	Special Needs Education - Inclusive Education	-	-	-	-
Irish	Dinaledi Schools Project	-	-	-	-
Taiwanese	National Curriculum Statement	-	-	-	-
<b>Subtotal</b>		-	-	-	-
<b>Reconciliation of the PMG account</b>					
Opening balance				2011/12	2010/11
				R'000	R'000
Opening balance				-	1 320
Transferred from the RDP Fund				-	5
Paid during the year				-	(1 325)
Closing balance				-	-

## DEPARTMENT OF EDUCATION

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2012

## ANNEXURE 2A

## STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2012– LOCAL

GUARANTOR INSTITUTION	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2011	Guarantees draw downs during the year	Guaranteed repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2012	Guaranteed interest for year ended 31 March 2012	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	<b>Motor vehicles</b>								
Employees	Motor Finance Scheme	-	372	-	372	-	-	-	-
	Subtotal	-	-	-	-	-	-	-	-
	<b>Housing</b>								
Employees	Housing Loans	-	689	-	689	-	-	-	-
	Subtotal	-	-	-	-	-	-	-	-
	<b>Other</b>								
Cape Peninsula University of Technology	Tertiary Institutions	-	3 100	-	3 100	-	-	-	-
Central University of Technology, Free State	Tertiary Institutions	-	1 560	-	1 560	-	-	-	-
Durban Institute of Technology	Tertiary Institutions	-	143	-	143	-	-	-	-
Nelson Mandela Metropolitan University	Tertiary Institutions	-	3 154	-	3 154	-	-	-	-
North West University	Tertiary Institutions	-	3 551	-	3 551	-	-	-	-
Rhodes University	Tertiary Institutions	-	503	-	503	-	-	-	-
Tshwane University of Technology	Tertiary Institutions	-	7 857	-	7 857	-	-	-	-
University of Cape Town	Tertiary Institutions	-	1 933	-	1 933	-	-	-	-
University of Free State	Tertiary Institutions	-	3 581	-	3 581	-	-	-	-
University of Johannesburg	Tertiary Institutions	-	13 217	-	13 217	-	-	-	-
University of KwaZulu-Natal	Tertiary Institutions	-	4 223	-	4 223	-	-	-	-
University of Pretoria	Tertiary Institutions	-	349	-	349	-	-	-	-

## DEPARTMENT OF EDUCATION

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2012

## ANNEXURE 2A (continue)

## STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2012– LOCAL

GUARANTOR INSTITUTION	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2011	Guarantees draw downs during the year	Guaranteed repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2012	Guaranteed interest for year ended 31 March 2012	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
University of South Africa	Tertiary Institutions	-	1 649	-	1 649	-	-	-	-
University of Stellenbosch	Tertiary Institutions	-	3 183	-	3 183	-	-	-	-
University of Venda	Tertiary Institutions	-	3 266	-	3 266	-	-	-	-
University of Witwatersrand	Tertiary Institutions	-	8 252	-	8 252	-	-	-	-
Vaal University of Technology	Tertiary Institutions	-	4 586	-	4 586	-	-	-	-
Walter Sisulu University for Technology and Science, Eastern Cape	Tertiary Institutions	-	3 223	-	3 223	-	-	-	-
	Subtotal	-	67 330	-	67 330	-	-	-	-
	<b>Total</b>	<b>-</b>	<b>68 391</b>	<b>-</b>	<b>68 391</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Financial Guarantees was transferred to the Department of Higher Education and Training.

## DEPARTMENT OF EDUCATION

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2012

## ANNEXURE 3

## CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2012	31/03/2011	31/03/2012	31/03/2011	31/03/2012	31/03/2011
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Department</b>						
Department of Justice	-	-	-	8	-	8
Eastern Cape Department of Education	-	-	-	65 615	-	65 615
Gauteng Department of Education	-	-	-	51 346	-	51 346
Gauteng Department of Health	-	-	-	-	-	-
GG Transport	-	-	-	2	-	2
North West Provincial Administration	-	-	-	23	-	23
Department of Health and Social Development	-	-	-	6	-	6
Government Printers	-	-	-	2	-	2
Mpumalanga Department of Education	-	-	-	13	-	13
National Treasury Pensions	-	-	-	223	-	223
Department of Rural Development and Land Reform	-	-	-	24	-	24
Department of Science and Development	-	-	-	-	-	-
Limpopo Department of Education	-	-	-	1	-	1
Western Cape Department of Education	-	-	-	3	-	3
Department of Higher Education and Training	-	-	22	-	22	-
	-	-	22	117 266	22	117 266
<b>Other Government Entities</b>						
SITA	-	-	-	102	-	102
South African Revenue Services (VAT)	-	-	-	50	-	50
	-	-	-	152	-	152
<b>Total</b>	-	-	22	117 418	22	117 418

## DEPARTMENT OF EDUCATION

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2012

## ANNEXURE 4

### INVENTORY

**Inventory**

Opening balance  
(Less): Disposals  
Closing balance

2011/12		2010/11	
Note	Quantity	Quantity	R'000
	-	13	364
	-	(13)	(364)
	-	-	-

### 3.3 NATIONAL SKILLS FUND

#### CONTENTS

Report of the Accounting Authority  
Report of the Auditor-General  
Statement of Financial Performance  
Statement of Financial Position  
Statement of changes in Net Assets  
Cash Flow Statement  
Accounting Policies  
Notes to the Annual Financial Statements

**NATIONAL SKILLS FUND**

REPORT OF THE ACCOUNTING AUTHORITY  
for the year ended 31 March 2012

**REPORT OF THE ACCOUNTING AUTHORITY****NATIONAL SKILLS FUND****1. General review of the state of affairs**

The National Skills Fund was established in 1999 in terms of the Skills Development Act, 1998. The primary objective of the National Skills Fund is stipulated in the Skills Development Act, namely that the money in the NSF may be used only for the projects identified in the National Skills Development Strategy (NSDS) as national priorities or for such other projects related to the achievement of the purposes of the Act as the Director-General of the Department of Higher Education & Training (DHET) determines.

The report marks the first year of implementation under the new NSDSIII where the fund was primarily engaged in phasing out NSDSII projects or at best aligning them to priorities of the NSDSIII and putting together policies, structures and procedures to support phasing in of NSDSIII projects. The fund also engaged other DHET institutions such as Universities and Further Education and Training colleges to forge closer ties and collaboration that should realise the DHET goals of an integrated post school system.

Revenue for the financial year ended 31 March 2012 rose by 16% to R2.4 billion (R2.1 billion in 2010/11). The main driver was levy collection which increased by 20%. Total capital and reserves rose 17% to R7.7 billion (R6.6 billion in 2010/11).

Total expenditure for the period rose by 107% to R1.3 billion compared to R633 million in the previous financial year.

**Key Policy Development and Legislative changes**

During this reporting period the Minister published a Green Paper on Post School Education whose purpose is to set out a vision for a single, coherent, differentiated and articulated post education and training system. The Green Paper will have implications for future mandates and objectives of the NSF and the broader skills levy institutions. Following publication of the National Skills Development Strategy for 2011-2016 (NSDSIII), the fund engaged the National Skills Authority to develop the Strategic Framework and Criteria for the allocation of funding to support NSDSIII. This Strategic Framework document was approved by the Minister paving the way for the fund to begin its funding activities for projects under the NSDSIII.

**Legislation**

The National Skills Fund (NSF) was established in 1999 in terms of the Skills Development Act, 1998. The revenue sources for the Fund are:

- 20 Percent of the skills development levies as contemplated in the Skills Development Levies Act;
- The skills development levies collected and transferred to the Fund, in terms of the Skills Development Levies Act, in respect of those employers or sectors for which there are no SETA's;
- Money appropriated by Parliament for the Fund;
- Interest earned on investments;

**NATIONAL SKILLS FUND**

REPORT OF THE ACCOUNTING AUTHORITY  
for the year ended 31 March 2012

- Donations to the Fund; and
- Money received from any other source.

**Reason for under-spending**

The current year's expenditure of R1.3 billion represents under-expenditure of 40% against budgeted income of R2.2 billion. Compared to the past financial year the fund has significantly reduced its level of under expenditure. Overall there was significant improvement in the level of disbursements for contracted projects. Disbursed funds rose 119% from R564m to R1.2 billion largely due to increased contributions for bursaries for scarce and critical skills across all institutions of higher learning.

The first year of the NSDSIII was marked by lower volumes of projects as the development of operational and other application documents limited the extent to which the fund can invite applications. Under-spending was recorded in the following key programmes:

- HRDSA programme which supports the work of the Secretariat for the HRDSA could not spend its allocated budget of R55 million due to protracted procurement procedures
- Ministerial Priorities & NSA programme could only spend R2.9 million (5%) of its allocated budget of R56 million. Delays in finalising capacity building projects for NSA constituencies accounted for the large part of the under spending. Spending in this regard has started in earnest in 2012/13.
- NSDS III programme which support the national priorities for the NSF under the NSDS under-spent its budget by 62% by recording only R367 million expenditure against a budget of R967 million. Key projects for the New growth Path, IPAP, Rural development could not achieve reasonable levels of expenditure due to low activity in the projects funded and a delayed start of the NSDS III rollout process.
- Other areas of under-spending were in the skills infrastructure programme where a large part of the budget was relatively unspent. This is as a result of skills infrastructure programmes requiring detailed planning and costing before funds could be committed.

**2. Services rendered by the National Skills Fund**

The NSF primarily provides funding and policy development in order to meet objectives of the National Skills Development Strategy (NSDS) for 2011-2016 as well as other priorities set by the DG as the Accounting Authority of the fund. The key programmes of the NSF as set out in the Strategic Framework for the allocation of funding are the following:

**Human Resource Development Strategy for South Africa (HRDSA) Priorities**

This programme supports priorities agreed by the Human Resource Development (HRD) Council which oversees the implementation of the Human Resource Development Strategy for South Africa for 2030. The priorities agreed by the Council relate to the following

- To strengthen and support the expansion of FET access;
- The production of intermediate skills (in particular artisans) and professionals;
- The production of academics and stronger industry-university partnerships in research and development;



**NATIONAL SKILLS FUND**

REPORT OF THE ACCOUNTING AUTHORITY  
for the year ended 31 March 2012

- Strengthening foundational learning; and
- Address worker education.

The primary focus of this programme is to support research related activities of the Secretariat to the Council, which are intended to limit/remove obstacles and blockages in the implementation of the HRD strategy. Due to a slow start in activities of the Secretariat the budgeted amount of R55.2 million could not be utilised for the reporting period.

**Priorities of the Minister in consultation with NSA**

The successful delivery of the NSDS III relies on the role played by social partners in the delivery of skills. In consultation with the NSA, the Minister has identified a number of priorities that are to support the NSA in its advisory work and build the capacity of the social partners in the implementation of the NSDS III. These are

- Review the skills development legislative framework to support the integration of education and training with the national priorities of government (inclusive of the NSF framework).
- Develop frameworks on the mobilisation of business, government, community and labour to take full ownership of the NSDS III.
- Post school education and training that encourages society to support and build a developmental state focusing on rural development and state owned entities.
- Strengthen the monitoring and evaluation functions particularly on the NSDSIII performance and governance.
- Research, development and innovation to promote beneficiation and business enterprise development opportunities.
- Revitalisation of the academic profession.

The NSF allocated an amount of R55.6 million for activities under this programme. Due to the late approval of the NSF framework, the fund could not release the budget in time, affecting the execution of a number of projects. Spending of R2.9 million was limited to the Skills Summit recently convened by the National Skills Authority while the NSF launched a capacity building programmes inviting the 18 NSA constituencies to apply for funding to undertake programmes to advocate the new NSDSIII among its member constituencies. Delays in finalising applications could only see the NSF committing the allocated funding of R30 million with spending expected to happen in the following year.

**National Skills Development Strategy III Priorities**

This programme supports skills required for the achievement of the Medium Term Strategic Framework of government. Areas prioritised include the following:

- New Economic Growth Path;
- Industrial Policy Acting Plan;
- Skills to support rural development;
- Skills for a green economy;
- Skills for education and health; and
- Skills to support the justice sector.

## NATIONAL SKILLS FUND

### REPORT OF THE ACCOUNTING AUTHORITY for the year ended 31 March 2012

Interventions under this category include skills programmes, learnerships, internships, apprenticeships, bursaries and others considered necessary to advance policy objectives of the above priorities. A total budget of R967 million was set aside for this programme. Total spending was R366 million (38%) supporting 38 projects, benefiting 25,600 learners.

A further 6,804 learners have benefitted under projects emanating from the old NSDS (2005-2011). These could not be completed in time before the phasing in of the NSDSIII due to the contract periods that extended beyond the life-span of the old preceding strategy.

#### **Priorities identified by the Director-General supporting the Skills Development Act**

This programme supports initiatives determined by the Director-General in line with section 28 of the Skills Development Act. In the NSF Strategic Framework for fund allocation the following are prioritised:

- Worker Education;
- Skills System Institution Capacity Building;
- Training Layoff Scheme; and
- Academic profession, research and development.

A number of projects were initiated for the current reporting period. These include the WITS Education Policy Unit and HSRC projects designed to assist the DHET to establish a credible mechanism for skills planning (Goal 1 of the NSDS). The NSF further funded projects to stabilise the FET sector (dysfunctional colleges) and sectors of the University system (Humanities faculties, Accounting Sciences faculties).

In the last quarter of the year the Fund launched a dedicated project to collaborate with the 50 FET colleges on expansion of their current interventions (NCV and Report 191) as well as new interventions such as learnerships, internships and skills programmes. A total budget of R1.5 billion to be spent over a three year period has been set aside for this project.

Support was further extended to the Higher Education sector through substantial investment in bursaries for both undergraduate and post-graduate students. The expenditure of R675 million supported 5,969 and 405 undergraduate and postgraduate students respectively.

#### **Priorities to address Skills Infrastructure**

The programme is intended to contribute to the building and revitalisation of skills infrastructure that will lead to expanded access and delivery of skills funded through the levy system. The following areas have been prioritised:

- Recapitalisation of public delivery infrastructure;
- Community Education Centres;
- Skills Development Institutes; and
- State-owned enterprises.

**NATIONAL SKILLS FUND**REPORT OF THE ACCOUNTING AUTHORITY  
for the year ended 31 March 2012

Projects under this area are still at a planning stage. The fund has however finalised funding commitments to the University of Pretoria School of Medicine which will see the university expanding its intake of medical student in the academic year beginning 2013. The fund is in discussion with State-Owned Companies to revitalize their training centers in order to increase the intake of artisans as per commitments in the Skills Accord.

**3. Capacity constraints**

The DHET has not finalised the development of its organisational structure although noticeable progress has been made. This has a bearing on how the NSF will expand its capacity as its structure is part of the department under a branch called Skills Development. The fund has however addressed capacity in the areas of Financial Management and plans are afoot to increase capacity in the area of Monitoring and Evaluation.

**4. Utilisation of donor funds**

None

**5. Trading entities/public entities**

None

**6. Organisations to who transfer payments have been made**

None

**7. Public private partnerships**

None

**NATIONAL SKILLS FUND**REPORT OF THE ACCOUNTING AUTHORITY  
for the year ended 31 March 2012**8. Corporate governance arrangements**

The Director-General: DHET is the Accounting Authority of the Fund in terms of the Public Finance Management Act, 1999 (PFMA) and the accounting authority in terms of the Skills Development Amendment Act, 2008, and must:

- Control the Fund;
- Keep a proper record of all financial transactions, assets and liabilities of the Fund; and
- Prepare financial statements for the Fund in the prescribed form.
- Subject to laws governing the public service appoint an Executive Officer of the NSF who will upon such appointment be in the employment of the public service.

The Director-General is thus ultimately responsible and accountable to the Minister and Parliament for money spent by the NSF. Within the framework of the Director-General's delegation of authority, the day to day operations of the NSF are managed by the Chief Director.

The NSF further reports through various governance structures set by the Department. These include the Branch Management Meeting, Senior Management Meeting and the Minister's Management Meeting.

Although the process of listing the NSF has been under discussion for a while, the Department's position is that the NSF should remain a sub-programme of the DHET. In this respect the process of listing the NSF has been halted to allow for further engagement with the Treasury department on this matter.

**Risk management**

The activities of the NSF are covered within the comprehensive risk assessment performed by the Directorate: Internal Audit of the Department of Higher Education and Training.

**Irregular Expenditure**

During the year under review the fund has recorded irregular expenditure totalling R174 million arising primarily from its project related activities. The current year irregular expenditure of R126 million (2011: R48 million) consist of payments made relating to projects that were awarded contracts in which not all the criteria approved by the Accounting Authority were evaluated. The Accounting Authority granted condonement for the irregular expenditure amounting to R174 million on 25 June 2012.

**Fraud prevention**

The activities of the NSF are covered within the Good Governance Policy, which includes fraud prevention, compiled by the Directorate: Internal Audit of the Department of Higher Education and Training.

**NATIONAL SKILLS FUND**REPORT OF THE ACCOUNTING AUTHORITY  
for the year ended 31 March 2012**Internal Audit and Audit Committee**

The internal audit function for the NSF is provided by the Directorate: Internal Audit of the Department of Higher Education and Training.

The established audit committee of the Department of Higher Education and Training also addresses the activities related to the National Skills Fund.

**Financial management**

The NSF's financial management is sound and compliant to PFMA and National Treasury regulations. The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

**Other PFMA requirements**

The NSF forms part of the Programme: Skills Development Services of the Department of Higher Education and Training and as such reports through the structures and processes of the Department of Higher Education and Training in so far as compliance with the PFMA, is concerned, namely:

- Basis of Accounting- The Accountant General recommended that the financial statements of the NSF be prepared on an accrual basis as the entity fulfils the description of a public entity. The statements for the 2011/12 financial year were prepared on an accrual basis.
- NSF Strategic Plan – is derived from the Strategic Plan of the Department of Higher Education and Training. The Strategic Plan and Annual performance Plan for the Department of Higher Education and Training have been approved by the Executive Authority.
- Quarterly reporting – forms part of the quarterly reporting process on performance against the strategic plan of the Department of Higher Education and Training. Furthermore the NSF submits quarterly reports on its cash-flow to National Treasury in the prescribed format and timeframes.
- Actual revenue and expenditure projections – the relevant information that forms part of the MTEF & ENE processes are submitted to the Chief Financial Officer of the Department of Higher Education and Training in the prescribed format and timeframes.
- Annual financial statements – these statements are compiled by the National Skills Fund and have been submitted timeously for audit purposes.
- Annual report – information with regard to the NSF are covered within the Annual Report of the Department of Higher Education and Training.
- Completeness of revenue - Skills Development Levy (SDL) transfers are recognized when it is probable that future economic benefit can be measured reliably. This occurs when the Department of Higher Education and Training (DHET) either makes an allocation or payment, whichever comes first, to the SETA/NSF, as required by Section 6 (5) of the Skills Development Levies Act, 1999 (Act No.9 of 1999).

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

DHET is responsible for the first high-level verification to detect any material occurrences of levy payment variances, which is communicated to the NSF and SARS for further investigation and rectification.

**NATIONAL SKILLS FUND**REPORT OF THE ACCOUNTING AUTHORITY  
for the year ended 31 March 2012

As a control measure, the NSF verifies the 20% levy allocation based on the monthly certificate issued by SARS on receipt of funds in its banking account.

The monthly allocations are tested for consistency with prior period trends and variances are further investigated. Any unjustified variances are communicated to the Department of Higher Education and Training for further investigation with SARS, being the appointed levy collection agent.

**9 Discontinued activities**

The NSF is finalising activities to close off projects under the previous NSDS (2005-2010). These projects emanate from the following discontinued funding windows:

- Social Development Initiatives Funding Window;
- ABET Funding Window;
- Industry Support Funding Window;
- Informal Support Funding Window;
- Constituency Capacity Building and Advocacy Funding Window;
- Special Projects Funding Window;
- Strategic Projects Programme; and
- Critical Skills Support Funding Window.

**10. New/proposed activities**

None

**11. Asset Management**

The NSF does not own assets as it is a sub-programme under the Department of Higher Education and Training.

**NATIONAL SKILLS FUND**

REPORT OF THE ACCOUNTING AUTHORITY  
for the year ended 31 March 2012

**12. Events after the reporting date**

The President has signed into law the FET Colleges Act and the Skills Development Amendment Act. Both pieces of legislation provide the Minister for Higher Education with wider powers to discharge of mandates within the higher education sphere.

**13. Performance Information**

The NSF is currently a sub-programme (Chief Directorate) within the Department of Higher Education and Training and its performance information is provided within the framework of the DHET:

- Quarterly monitoring of performance is derived from the annual work plan of the NSF and ENE targets and reported via Department of Higher Education and Training reports.
- Reports of the NSF are discussed in the Department's senior management meetings at various levels including a dedicated review session with the Executive Authority. The NSF is also part of the Annual Review and planning workshops, where annual performance is discussed and planning of the new financial year is undertaken.
- A committee of the National Skills Authority also provides monitoring with respect to the contribution of the NSF to the targets of the National Skills Development Strategy.

The NSF Performance Information has been reported separately in Part 2.2.6 of the annual report. For the year under review the NSF undertook limited verification processes on the reports submitted by third parties contracted to implement training projects. Due to the size and spatial distribution of the projects, the NSF could not perform additional procedures to confirm the reliability of performance information submitted. The Fund is however building the necessary capacity to ensure all reported performance information is verified.

**14 SCOPA resolutions**

The fund has addressed all the SCOPA resolutions issued during its existence at the Department of Labour. There were no new SCOPA resolutions affecting the fund during the reporting period.

**15. Exemptions and deviations received from National Treasury**

None

**16. Other**

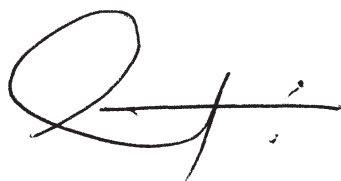
None

**NATIONAL SKILLS FUND**

REPORT OF THE ACCOUNTING AUTHORITY  
for the year ended 31 March 2012

**17. Approval**

The Annual Financial Statements have been approved by the Accounting Authority.

A handwritten signature in black ink, consisting of a large, stylized 'Q' followed by a horizontal line and a small flourish.

**Mr. G Qonde**

Director-General: Department of Higher Education and Training

Date: 31 July 2012



## REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE NATIONAL SKILLS FUND

### REPORT ON THE FINANCIAL STATEMENTS

#### Introduction

1. I have audited the financial statements of the National Skills Fund (NSF) set out on pages 280 to 345, which comprise the statement of financial position as at 31 March 2012, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended and the notes, comprising a summary of significant accounting policies and other explanatory information.

#### Accounting authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the General Notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.
4. 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.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the National Skills Fund as at 31 March 2012 and its financial performance and cash flows for the year then ended in accordance with the SA Standards of GRAP and the requirements of the PFMA.

**Emphasis of matters**

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

**Restatement of corresponding figures**

8. As disclosed in note 26 to the financial statements, the corresponding figures for 31 March 2011 have been restated as a result of an error discovered on 31 March 2012 in the financial statements of the NSF at, and for the year ended, 31 March 2011.

**Material underspending of the budget**

9. The NSF has materially underspent its budget. At the date of this report, underspending amounted to R877 488 575 (40%). (2011: R2 391 961 000 (79%) and (2010: R1 119 525 000 (56%). This underspending relates mainly to grant disbursements.

**Additional matter**

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

**National Skills Fund listing as a public entity**

11. The NSF has not been listed as a public entity by the National Treasury, although the NSF does comply with all the requirements for a public entity.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

12. In accordance with the PAA and the General Notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

**Predetermined objectives**

13. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages 121 to 123 of the annual report.
14. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury Framework for managing *programme performance information*.

The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

15. There were no material findings arising from the audit of the annual performance report concerning the usefulness and reliability of the information.

#### **Additional matters**

I draw attention to the matters below. These matters do not have an impact on the predetermined objectives audit findings reported above.

#### **Achievement of planned targets**

16. As disclosed in the annual performance, of the total number of planned targets of 21, only 14 targets were achieved during the year under review. This represents 33% of total planned targets that were not achieved during the year under review. Refer to the annual performance report for the reasons of non-achievement of the targets.

#### **Material adjustments to the annual performance report**

17. Material audit adjustments in the annual performance report were identified during the audit for one of the three objectives selected for audit purposes (36% of indicators and 27% of targets materially misstated within the objective), of which all were corrected by management.

#### **Compliance with laws and regulations**

18. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the *General notice* issued in terms of the PAA are as follows:

#### **Annual financial statements, performance and annual report**

19. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1)(a) and (b) of the PFMA.  
20. Material misstatements of deferred expenses, trade and other payables, provisions and commitments identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

#### **Assets and liabilities**

21. Bank reconciliations were not performed on a weekly basis, as required by Treasury Regulation 31.1.2(j).

#### **Internal audit unit**

22. The internal audit unit did not evaluate the effectiveness and efficiency of controls and did not make recommendations for its enhancement and improvement, as required by Treasury Regulation 27.2.10.  
23. The internal audit unit did not evaluate the reliability and integrity of financial and operational information, as required by Treasury Regulation 27.2.10(b).  
24. The internal audit unit did not evaluate compliance with laws and regulations, as required by Treasury Regulation 27.2.10(e)

**Internal control**

25. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the findings arising from the audit of compliance with laws and regulations included in this report.

**Leadership**

26. Lack of appropriate policies and procedures which resulted in management and the accounting authority not exercising oversight responsibilities over financial and performance reporting, implementation of proper and effective internal controls and compliance with rules and regulations. Furthermore, action plans to address prior year audit findings were not developed timeously.

**Financial and performance management**

27. Management and the accounting authority did not implement proper and complete record keeping to support financial and performance reporting in a timely manner. Furthermore, they did not prepare regular, accurate and complete financial and performance reports and this resulted in material adjustments and non compliance with laws and regulations identified during the audit.

**Governance**

28. The accounting authority did not ensure that there is an adequately resourced and functioning internal audit unit that identifies internal control deficiencies and recommends correction action effectively.

*Auditor-General*

Pretoria

31 July 2012



AUDITOR - GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

**NATIONAL SKILLS FUND**  
 ANNUAL FINANCIAL STATEMENTS  
 STATEMENT OF FINANCIAL PERFORMANCE  
 for the year ended 31 March 2012

	Notes	2011/12	2010/11
		R'000	Restated R'000
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>		<b>2 032 771</b>	1 732 871
Skills development levies	2	2 012 837	1 681 140
State contribution	3	19 934	51 731
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>		<b>418 321</b>	382 873
Finance income	4	409 601	379 488
Other income	5	8 720	3 385
<b>TOTAL REVENUE</b>		<b>2 451 092</b>	2 115 744
<b>EXPENSES</b>		<b>1 315 992</b>	633 184
Grant disbursements	6	1 233 318	564 373
Employee costs	7	14 051	12 892
Operating expenses	8	18 266	5 165
Management fees and bank charges	9	2 018	1 665
Collection costs to SARS		48 339	49 089
<b>NET SURPLUS FOR THE YEAR</b>		<b>1 135 100</b>	1 482 560

**NATIONAL SKILLS FUND**  
ANNUAL FINANCIAL STATEMENTS  
STATEMENT OF FINANCIAL POSITION  
for the year ended 31 March 2012

**ASSETS****Current assets**

Deferred expenditure
Cash and cash equivalents
Financial assets at fair value through surplus / (deficit)
Trade and other receivables from non-exchange transactions

**TOTAL ASSETS****Current liabilities**

Cash and cash equivalents
Trade and other payables from non-exchange transactions
Trade and other payables from exchange transactions
Provisions

**TOTAL LIABILITIES****TOTAL NET ASSETS****FUNDS CONTRIBUTED BY:****Capital and reserves**

Accumulated surplus
---------------------

**TOTAL CAPITAL AND RESERVES**

Notes	2011/12	2010/11 Restated
	R'000	R'000
	<b>8 699 277</b>	6 792 080
<b>10</b>	<b>1 380 991</b>	114 787
<b>11</b>	<b>117 801</b>	-
<b>12</b>	<b>7 196 658</b>	6 568 782
<b>13.1</b>	<b>3 827</b>	108 511
	<b>8 699 277</b>	6 792 080
	<b>981 955</b>	209 858
<b>11</b>	<b>-</b>	5 697
<b>14.1</b>	<b>788 687</b>	93 244
<b>14.2</b>	<b>6 921</b>	15 579
<b>15</b>	<b>186 347</b>	95 338
	<b>981 955</b>	209 858
	<b>7 717 322</b>	6 582 222
	<b>7 717 322</b>	6 582 222

**NATIONAL SKILLS FUND**  
 ANNUAL FINANCIAL STATEMENTS  
 STATEMENT OF CHANGES IN NET ASSETS  
 for the year ended 31 March 2012

**Balance at 01 April 2010 as previously stated**

Prior period correction

**Restated balance as at 01 April 2010**

Net surplus per Statement of Financial Performance

As originally stated

Prior period correction

**Balance at 31 March 2011**

Net surplus per Statement of Financial Performance

**Balance at 31 March 2012**

Notes	Accumulated surplus R'000
	5 131 931
<b>26.2</b>	(32 269)
	5 099 662
	1 482 560
	1 476 575
<b>26.2</b>	5 985
	6 582 222
	<b>1 135 100</b>
	<b>7 717 322</b>

**NATIONAL SKILLS FUND**  
ANNUAL FINANCIAL STATEMENTS  
CASH FLOW STATEMENT  
for the year ended 31 March 2012

**CASH FLOWS FROM OPERATING ACTIVITIES****Operating activities**

Cash receipts from stakeholders

Levies, interest and penalties received

Other cash receipts from stakeholders

Cash paid to stakeholders, suppliers and employees

Project payments

Employee costs

Payments to suppliers and other

Net (increase) / decrease in working capital

*Cash generated from operations*

Finance income

**Net cash inflow from operating activities****CASH FLOW FROM INVESTING ACTIVITIES**

Additions to financial assets at fair value through surplus / (deficit)

**Net cash outflow from investing activities****Net increase in cash and cash equivalents****Cash and cash equivalents at beginning of year****Cash and cash equivalents at end of year**

Notes	2011/12	2010/11 Restated
	R'000	R'000
	<b>2 032 493</b>	1 730 271
	<b>2 012 559</b>	1 678 540
	<b>19 934</b>	51 731
	<b>(1 214 620)</b>	(619 813)
	<b>(1 133 310)</b>	(547 763)
	<b>(13 683)</b>	(12 890)
	<b>(67 627)</b>	(59 160)
	<b>(476 100)</b>	(104 604)
<b>16</b>	<b>341 773</b>	1 005 854
	<b>409 601</b>	379 488
	<b>751 374</b>	1 385 342
	<b>(627 876)</b>	(1 394 227)
	<b>(627 876)</b>	(1 394 227)
	<b>123 498</b>	(8 885)
	<b>(5 697)</b>	3 188
<b>11</b>	<b>117 801</b>	(5 697)



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## 1.1 Basis of preparation

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

The Accounting Framework of the entity, based on the preceding paragraph, is therefore as follows:

**Standards of GRAP approved and effective:**

- GRAP 1: Presentation of financial statements (revised);
- GRAP 2: Cash flow statements (revised);
- GRAP 3: Accounting policies, changes in accounting estimates and errors (revised);
- GRAP 4: The effects in changes in foreign exchange rates (revised);
- GRAP 5: Borrowing costs ;
- GRAP 6: Consolidated and separate financial statements (revised);
- GRAP 7: Investments in associates (revised);
- GRAP 8: Investments in joint ventures (revised);
- GRAP 9: Revenue from exchange transactions (revised);
- GRAP 10: Financial reporting in hyperinflationary economies (revised);
- GRAP 11: Construction contracts (revised);
- GRAP 12: Inventories (revised);
- GRAP 13: Leases (revised);
- GRAP 14: Events after reporting date (revised);
- GRAP 16: Investment property (revised);
- GRAP 17: Property, plant and equipment (revised);
- GRAP 19: Provisions, contingent liabilities and contingent assets (revised);
- GRAP 100: Non-current assets held for sale and discontinued operations (revised);
- GRAP 101: Agriculture; and
- GRAP 102: Intangible assets.

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**Directives issued and effective:**

- Directive 1: Repeal of existing transitional provisions in , and consequential amendments to, standards of GRAP.
- Directive 2: Transitional provisions for the adoption of standards of GRAP by Public Entities, Municipal Entities and Constitutional Institutions.
- Directive 5: Determining the GRAP reporting framework.
- Directive 7: The application of deemed cost on the adoption of standards of GRAP.

**Interpretations of the Standards of GRAP approved:**

- IGRAP 1: Applying the probability test on the initial recognition of exchange revenue.
- IGRAP 2: Changes in existing decommissioning, restoration and similar liabilities.
- IGRAP 3: Determining whether an arrangement contains a lease.
- IGRAP 4: Rights to interest arising from decommissioning, restoration and environmental rehabilitation funds.
- IGRAP 5: Applying the restatement approach under the standard of GRAP on financial reporting in hyperinflationary economies.
- IGRAP 6: Loyalty programmes.
- IGRAP 8: Agreements for the construction of assets from exchange transactions.
- IGRAP 9: Distributions of non-cash assets to owners.
- IGRAP 10: Assets received from customers.
- IGRAP 13: Operating leases - Incentives.
- IGRAP 14: Evaluating the substance of transactions involving the legal form of a lease.

**Approved guidelines of standard of GRAP:**

- Guide 1: Guideline on Accounting for Public Private Partnerships.

**Effective accrual based IPSASs:**

- IPSAS 20: Related parties disclosure.
- IPSAS 21: Impairment of non-cash generating assets.

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**Effective IFRSs and IFRICs that are applied:**

- IFRS 4 (AC 141): Insurance contracts.
- IFRS 6 (AC 143): Exploration for and evaluation of mineral resources.
- IFRS 7 (AC 144): Financial instruments: Disclosures.
- IAS 12 (AC 102): Income taxes.
- IAS 19 (AC 116): Employee benefits.
- IAS 32 (AC 125): Financial instruments: Presentation.
- IAS 36 (AC 133) Impairment of assets.
- IAS 39 (AC 133): Financial instruments: Recognition and measurement.
- SIC - 21 (AC 421): Income taxes: Recovery of revalued non-depreciable assets.
- SIC - 25 (AC 425): Income taxes: Changes in the tax status of an entity or its shareholders.
- SIC - 29 (AC 429): Service concession arrangements: Disclosures.
- IFRIC 12 (AC 445): Service concession arrangements.

## 1.2 Changes in accounting policies, estimates and errors

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise.

The entity changes an accounting policy only if the change:

- Is required by a standard of GRAP; or
- Results in the Annual Financial Statements providing reliable and more relevant information about the effects of transactions, other events or conditions, on the performance or cash flow.

Changes in accounting policies that are affected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the entity restated the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the Annual Financial Statements where applicable.

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Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the entity shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

### 1.3 Critical judgements, estimations and assumptions

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Refer to note 24 for more detail.

### 1.4 Presentation currency

These financial statements are presented in South African rand which is the functional currency of the entity. Figures have been rounded off to the nearest thousand Rand (R'000).

### 1.5 Going concern assumption

These financial statements have been prepared on the going concern basis. In assessing whether the NSF is a going concern, the Accounting Authority has considered the fact that the power to collect skills development levies will enable the NSF to be considered as a going concern for at least the next twelve months.

### 1.6 Offsetting

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by the standard of GRAP, IPSAS or GAAP.

### 1.7 Comparative information

Budget information in accordance with GRAP 1 has been provided in the notes to the financial statements for the current financial year only, and forms part of the audited annual financial statements. (Refer to note 25 for more detail).

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When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

## 1.8 Events after reporting date

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Events after reporting date that are classified as adjusting events have been accounted for in the annual financial statements. Events after reporting date that have been classified as non-adjusting events have been disclosed in the disclosure notes to the annual financial statements.

## 1.9 Revenue recognition

Revenue is recognised when it is probable that future economic benefits or service potential will flow to the entity, and the entity can measure the benefits reliably.

Accounting policy 1.9.1 on revenue from non-exchange transactions and accounting policy 1.9.2 on revenue from exchange transactions describes the conditions under which revenue will be recorded by the management of the entity.

In making their judgement, the management considered the detailed criteria for recognition of revenue as set out in GRAP 9 (revenue from exchange transactions). The management of the entity is satisfied that recognition of the revenue in the current year is appropriate.

### 1.9.1 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the entity received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no obligation or condition to repay the amount.

#### 1.9.1.1 Skills development levy (SDL) income

Skills development levy (SDL) transfers are recognised when it is probable that future economic benefits can be measured reliably, and occurs when the Department of Higher Education and Training (DHET) makes the allocation or the payment, whichever event comes first, to the National Skills Fund (NSF) as required by section 8 of the Skills Development Levies Act, 1999 (Act No.9 of 1999). SDL income is measured at fair value of the consideration received and is based on the information supplied by DHET.

In terms of section 3(1) and 3(4) of the Skills Development Levies Act, 1999 (Act No. 9 of 1999), registered member companies pay a skills development levy of 1% of the total payroll cost to the South African Revenue Services (SARS), who collects the levies on behalf of the Department of Higher Education and Training.

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20% of the skills development levies are paid over to the NSF and 80% to the SETA's.

National Skills Fund SDL income is set aside in terms of the Skills Development Act, 1998 (Act No. 97 of 1998) as amended for the purpose of:

	<b>2011/12</b>	<b>2010/11</b>
<b>Employee costs and other operating expenditure of the NSF</b>	10%	10%

#### **1.9.1.2 State contributions**

State contributions represents unconditional grants received from the Department of Higher Education and Training (DHET) and are measured at fair value of the consideration received.

#### **1.9.2 Revenue from exchange transactions**

Revenue from exchange transactions refers to revenue that accrued to the entity directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

##### **1.9.2.1 Finance income**

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

##### **1.9.2.2 Other income**

Other income represents interest received by the training providers on the advance payments affected by NSF based on the approved memorandum of agreement entered into between the parties. This interest received by the training providers are utilised to incur project expenditure on behalf of NSF.

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

### **1.10 Expenditure**

#### **1.10.1 Collection costs paid to SARS**

In terms of section 10(2) of the Skills Development Levies Act, 1999 (Act. No. 9 of 1999), the Accounting Authority must, on a monthly basis as may agreed between SARS and the Accounting Authority, settle the costs of collection by SARS from the levies paid into the National Skills Fund. The total amount of the collection costs, may not exceed 2% of the total amount of the levies collected by SARS.

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### **1.10.2 NSF 10% employee costs and other operating expenses**

According to section 28(2) of the Skills Development Act, 1998, the Accounting Authority approved the utilisation of 10% of the money allocated to the fund in terms of section 8(3)(a) of the Skills Development Levies Act to administer the fund. The utilisation of the 10% allocation may be applied for short term employee benefits as well as other operating expenses.

### **1.10.3 Short term employee benefits**

Short term employee benefits comprise of salaries, paid annual leave, paid sick leave, thirteenth cheques, performance bonuses and non-monetary benefits such as medical care, housing and car allowances. The cost of short term employee benefits are charged to the Statement of Financial Performance as employee cost in the year to which they relate, except for non-accumulating benefits which are only recognised when the specific event occurs.

Short term employee benefits that give rise to a present legal or constructive obligation are included in the Statement of Financial Position as accruals in the year to which they relate.

### **1.10.4 Grant disbursements**

Grant disbursements comprise:

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

Grant disbursements are recognised as expenses in the period in which they are incurred.

Grant disbursements includes the following:

#### **1.10.4.1 Payments for training of unemployed people**

The training of unemployed people is undertaken by selected training contractors on a basis of a predetermined course fee per day. Upon completion of the training, certified claims are submitted by training contractors upon which payments are made.

#### **1.10.4.2 Funds allocated to training providers for skills development training**

The NSF allocates funds in respect of skills development to training providers in terms of approved memorandum of agreements entered into between the parties. Funds not spend by the training providers at year are accounted for as pre-paid expenditure in the financial statements of the NSF until the related eligible project expense are incurred by the training providers and the relating expenditure recognised. If eligible expenses are not incurred, the amount allocated to the training providers should be refunded to the NSF including any accrued interest.

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**1.10.5 Fruitless and wasteful expenditure**

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

Fruitless and wasteful expenditure is recognised as expenditure in the Statement of Financial Performance according to the nature of the payment and not as a separate line item on the face of the statement. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the Statement of Financial Performance.

**1.10.6 Irregular expenditure**

Irregular expenditure comprises expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including: the Public Finance Management Act 1 of 1999 (as amended by Act 29 of 1999); the State tender Board Act, 1968 (Act No. 86 of 1968, or any regulation made in terms of that Act); or any provincial legislation providing for the procurement procedures in that provincial government.

Irregular expenditure is recognised as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

**1.10.7 Unauthorised expenditure**

Unauthorised expenditure is the overspending of a vote or a main division within a vote; or expenditure that was not made in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

When unauthorised expenditure is discovered it is recognised as an asset in the Statement of Financial Position until such time that the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the Statement of Financial Performance.

Unauthorised expenditure approved with funding is recognised in the Statement of Financial Performance when the unauthorised expenditure is approved and the related funds are received. Where the amount is approved without funding it is recognised as expenditure, subject to the availability of savings, in the Statement of Financial Performance on the date of approval.

**1.11 Assets**

**1.11.1 Property, plant and equipment**

The Director-General of the Department of Higher Education and Training is the Accounting Authority of the fund in terms of the PFMA and must control the fund. No property, plant and equipment has been recognised by NSF as all property, plant and equipment utilised are owned, controlled and disposed of by the Department of Higher Education and Training.



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**1.11.2 Property, plant and equipment acquired by project implementing agencies for NSF special projects**

Property, plant and equipment acquired by project implementing agencies for NSF special projects are capitalised in the financial statements of the respective agencies, as the agencies control such assets for the duration of the project. Such assets could however, only be disposed of in terms of an agreement and specific written instructions by the NSF.

**1.11.3 Deferred expenditure**

Deferred expenditure represents grant disbursement made in advance to training providers based on the signed memorandum of agreement between the parties. Deferred expenditure can be classified as either paid (cash flow payments were made) or incurred based on the stipulations contained in the memorandum of agreements. Deferred expenditure paid reflects the outstanding capital amounts as well as accrued interest received by the training providers at financial year end. NSF will only be entitled to the unspent funds, including any accrued interest, at the end of the project term.

Deferred expenditure is initially recognised at cost and subsequently measured at fair value less any provision for impairment.

**1.11.4 Advances**

Amounts advanced are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The provision is made in accordance with IAS 39.64 whereby the recoverability of the outstanding advance is assessed individually and then collectively after grouping the assets in financial assets with similar credit risks characteristics.

**1.11.5 Cash and cash equivalents**

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

In terms of section 29(2) of the Skills Development Act, 1998 (Act No.97 of 1998) any money in the fund not required for immediate use should be invested with the Public Investment Corporation (PIC). Cash and cash equivalents are measured at fair value.

For purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks and investments in financial instruments.

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## 1.12 Liabilities

### 1.12.1 Defined contribution plans

A defined contribution plan is a plan under which the entity pays fixed contributions into a separate entity. The entity has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The NSF provides for retirement benefits for all its permanent employees through a defined contribution scheme that is subject to the Pension Funds Act, 1956 as amended. In terms of the Pension Funds Act, the fund is not required to be actuarially valued. Contributions are at a rate of 13% of pensionable emoluments. The entity's contributions to the defined contribution scheme are established in terms of the rules governing the scheme.

Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The entity has no further payment obligations once the contributions have been paid.

### 1.12.2 Leave and bonus accruals

The entity has opted to treat its provision for leave and bonus pay as an accrual.

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service. Employee entitlements are recognised when they accrue to employees. An accrual is recognised for the estimated liability as a result of services rendered by employees up to the reporting date. Accruals related to employee benefits included in the Statement of Financial Position includes annual leave, capped leave, thirteenth cheque as well as performance bonus commitments at year end (based on current salary rates).

The liability for leave pay is based on the total accrued leave days at year end and is shown as an accrual in the Statement of Financial Position. The entity recognises the expected cost of performance bonuses only when the entity has a present legal or constructive obligation to make such payment and a reliable estimate can be made. No accrual is made for post retirement benefits, as the NSF does not provide for such benefits for its employees.

### 1.12.3 Accrual for projects

No accrual is made for projects approved at year-end, unless the service in terms of the contract has been delivered or the contract is of an onerous nature. Where a project has been approved, but has not been accrued for or provided for, it is disclosed as commitments in the notes to the financial statements.

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#### 1.12.4 Provision for projects

In terms of GRAP 19 a provision is defined as a liability of uncertain timing or amount. Provisions can be distinguished from other liabilities such as payables and accruals because there is uncertainty about the timing or amount of the future expenditure required in settlement. Due to the nature of the NSF operations, numerous contracts exist that require management estimation and judgement to determine the provision amount at financial year end relating to possible services rendered on these contracts not yet invoiced / claimed by the training providers.

Provision for projects are estimated on an annual basis. These estimates and underlying assumptions are reviewed on an ongoing basis. For purposes of the provision calculations management deems the training to be rendered equally over the original contract term. These estimates are based on the remaining portion of the contract for a specific year that has not been invoiced / claimed by the training providers. Actual results may differ from these estimates. Provisions recognised for the relevant financial year is deducted from the remaining contract commitment.

### 1.13 Financial instruments

The entity has various types of financial instruments and these can be broadly categorised as either financial assets or financial liabilities. The classification of financial assets and liabilities, into categories, is based on judgement by management.

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

Financial instruments are initially measured at fair value. Subsequent to initial recognition these instruments are measured as set out below.

#### 1.13.1 Financial assets - classification

A financial asset is any asset that is a cash or contractual right to receive cash. The entity's principal financial assets as reflected on the face of the Statement of Financial Position are classified as follows:

- Cash and cash equivalents;
- Financial assets at fair value through surplus / (deficit); and
- Trade and other receivables.

In accordance with IAS 39.09 the financial assets of the entity are classified as follows into the categories as allowed by the standard:

Type of financial asset	Classification in terms of IAS 39.09
Cash and cash equivalents	Loans and receivables
Financial assets at fair value through surplus or deficit	Held at fair value through surplus or deficit
Trade and other receivables	

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Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks and investments in financial instruments. The entity categorises cash and cash equivalents as financial assets: Loans and receivables.

Financial assets at fair value through surplus or deficit are financial assets that meet either of the following conditions:

- They are classified as held for trading; or
- Upon initial recognition they are designated as at fair value through the Statement of Financial Performance.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months, which are classified as non-current assets. Loans and receivables are initially measured at cost which represents fair value. After initial recognition financial assets are measured at amortised cost, using the effective interest method less provision for impairment.

### **1.13.2 Financial liabilities - classification**

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The entities principal financial liabilities relates to accounts payable which are classified as follows on the face of the Statement of Financial Position:

- Trade and other payables.

There are two main categories of financial liabilities, the classification based on how they are measured. Financial liabilities may be measured at:

- Fair value through profit or loss; or
- At amortised cost using the effective interest method.

Financial liabilities that are measured at fair value through profit or loss are financial liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of financial instruments where there is recent actual evidence of short-term profiteering or are derivatives). Financial liabilities that are measured at fair value through profit or loss are stated at fair value, with any resulted gain or loss recognised in the Statement of Financial Performance.

Any other financial liabilities are classified as Other Financial Liabilities and are initially measured at fair value. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

In accordance with IAS 39.09 the Financial Liabilities of the entity are all classified as other financial liabilities.

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### 1.13.3 Initial and subsequent measurement

#### 1.13.3.1 *Financial Assets: Financial assets at fair value through surplus / deficit*

Held for trading financial instruments are initially and subsequently measured at fair value. It is the policy of NSF to account for changes in the fair value of monetary securities classified as held for trading through the Statement of Financial Performance. The fair value adjustment is calculated between the difference of the market value at the end of the reporting period and the cost of the investment. These investments are revaluated once a year at the end of the reporting period.

#### 1.13.3.2 *Financial Assets: Trade and other receivables*

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

#### 1.13.3.3 *Financial liabilities: Trade and other payables*

Trade and other payable financial instruments are measured at amortised cost using the effective interest rate method. Accruals represent goods/services that have been received together with an accompanied invoice but final authorisation to affect payment has not been effected. Accruals are recognised in the Statement of Financial Position as trade and other payables.

### 1.13.4 Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with IAS 39.

Accounts receivable are initially valued at cost, which represents fair value, and subsequently carried at amortised cost using the effective interest rate method. An estimate is made for a provision for impairment based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of accounts receivable is established when there is objective evidence that NSF will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is based on long outstanding non-active supplier contracts where the recovery of the outstanding amount is uncertain as no new contracts exist for the recovery of the outstanding balance. Based on past default experience it is the policy of the entity to provide for 50% of non-active contracts between 180 days and 270 days outstanding and 100% of non-active contracts exceeding 270 days.

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

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**1.13.5 Impairment and gains and losses from subsequent measurement**

With the exception of Available-for-Sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Financial Performance to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

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

**1.13.6 Derecognition of financial assets**

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

If the entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the entity recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**1.13.7 Derecognition of financial liabilities**

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

**1.13.8 Fair value considerations**

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

**1.13.9 Risk management of financial assets and liabilities**

It is the policy of the entity to disclose information that enables the user of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed on the reporting date.

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Risks and exposure are disclosed as follows:

**1.13.9.1 Credit risk:**

- Each class of financial instrument is disclosed separately.
- Maximum exposure to credit risk not covered by collateral is specified.
- Financial instruments covered by collateral are specified.

**1.13.9.2 Liquidity risk:**

- A maturity analysis for financial assets and liabilities that shows the remaining contractual maturities.
- Liquidity risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.
- A maturity analysis for financial liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in note 19 to the annual financial statements.

## 1.14 Related parties

### 1.14.1 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

Related party transactions are classified by the entity as those transactions between related parties other than transactions that would occur within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those which it is reasonable to expect the entity would have adopted if dealing with that individual or entity at arm's length in the same circumstances. Only transactions with related parties not at arms length or not in the ordinary course of business are disclosed.

### 1.14.2 Key management personnel

Key management personnel is defined as being individuals with the authority and responsibility for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions. Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

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The Chief Executive Officer (CEO) of NSF on post level 14 is currently regarded as being at key management level including employees on level 13 or below acting in the position of the CEO. Transactions conducted with key management, as well as with close family members of key management, is regarded as related party transactions. Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

### 1.15 Commitments

Commitments include expenditure approved and contracted as well as expenditure approved but not yet contracted. Approved and contracted commitments includes expenditure that has been approved and the contract has been awarded at the reporting date. Approved but not yet contracted commitments includes expenditure that has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.

### 1.16 Contingent assets and contingent liabilities

Management judgement is applied when measuring and recognising contingent assets and liabilities. The probability that an inflow or outflow of economic resources will occur due to past events, which will only be confirmed by the occurrence or non-occurrence of one or more future events as well as any possible financial impact is disclosed based on management estimation in the disclosure notes.

### 1.17 Comparative figures

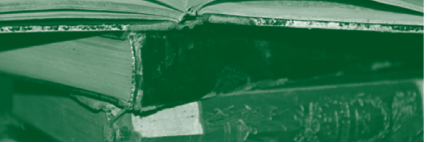
Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current financial year.

### 1.18 Standards and amendments to standards issued but not yet effective

**The following GRAP standards are effective and have not been early adopted by the entity:**

- GRAP 21: Impairment of non-cash generating assets (Effective date: 01 April 2012);
- GRAP 23: Revenue from non-exchange transactions (Effective date: 01 April 2012);
- GRAP 24: Presentation of budget Information in financial statements (Effective date: 01 April 2012);
- GRAP 26: Impairment of cash-generating assets (Effective date: 01 April 2012);
- GRAP 103: Heritage assets (Effective date: 01 April 2012); and
- GRAP 104: Financial instruments (Effective date: 01 April 2012).





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**The following GRAP standards have been issued but are not yet effective and have not been early adopted by the entity:**

- GRAP 18: Segment reporting;
- GRAP 25: Employee benefits (Effective date: Not announced);
- GRAP 105: Transfer of functions between entities under common control (Effective date: Not announced);
- GRAP 106: Transfers of functions between entities not under common control (Effective date: Not announced); and
- GRAP 107: Mergers (Effective date: Not announced).

Application of all of the above GRAP standards will be effective from the date as announced by the minister of finance. Currently not all of these dates have been announced.

Management has considered all of the above-mentioned GRAP standards issued (both effective and not effective) and anticipates that the adoption of these standards will not have a significant impact on the financial performance, financial position or cash flows of the entity since the principals are similar to those already applied under the equivalent Statements of SA GAAP and embodied into the financial statements.

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**2. SKILLS DEVELOPMENT LEVIES (NON-EXCHANGE REVENUE)**

Notes	2011/12	2010/11 Restated
	R'000	R'000

In terms of the Skills Development Act and the Skills Development Levies Act, the total levy income per the Statement of Financial Performance is as follows:

Percentage of payroll payable as Skills Development Levy

1% 1%

**Skills Development Levies received from SARS (20%):**

**As previously stated**

Skills Development Levies collected by SARS

2 003 839 1 675 155

10 037 394 8 375 777

**Less:** Amount withheld by the Department of Higher Education and Training and paid to the SETA's (80%)

(8 033 555) (6 700 622)

Movement in Provision for levies less than threshold

8 998 -

Prior period correction

26.2 - 5 985

**Total**

2 012 837 1 681 140

**3. STATE CONTRIBUTION (NON-EXCHANGE REVENUE)**

Transfer payments received from the Department of Higher Education and Training (DHET)

19 934 51 731

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**4. FINANCE INCOME (EXCHANGE REVENUE)**

Interest income

Investments - Public Investment Corporation (PIC)

Interest - other

**Total**

Notes	2011/12	2010/11
	R'000	R'000
12	409 252	378 998
	349	490
	<u>409 601</u>	<u>379 488</u>

Finance income from the Public Investment Corporation (PIC) is disclosed net of realised fair value profits of R0,00 million (2011: R6,544 million) relating to financial assets that matured during the current financial year.

**5. OTHER INCOME (EXCHANGE REVENUE)**

Other income

Interest received - Advance payments

8 720	3 385
<u>8 720</u>	<u>3 385</u>

Other income represents interest received on advance payments made by the NSF to training providers in terms of the agreed Memorandum of Agreements between the parties. In terms of these agreements the interest may be applied to incur training expenditure on behalf of the Fund. On contract finalisation, any remaining accrued interest should be returned to the Fund.

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**6. GRANT DISBURSEMENTS**

**NSA Ministerial**

National Public Dialogue and Advocacy

**Government Priorities**

New Growth Path

Industrial Policy Action Plan

Rural Development

Education and Health

Justice and Crime Prevention

Co-operatives and Small Enterprises

**DG Priorities**

Worker Education

Skills System Capacity Building

Training Lay-off

Academia, Research and Development

Bursaries

**Skills Infrastructure**

Community Education Centres

Notes	2011/12	2010/11
	R'000	R'000
	<b>2 922</b>	-
	2 922	-
	<b>366 726</b>	-
	166 347	-
	2 154	-
	82 310	-
	26 524	-
	50 439	-
	38 952	-
	<b>706 045</b>	-
	1 789	-
	10 793	-
	10 336	-
	7 706	-
	675 421	-
	<b>1 068</b>	-
	1 068	-

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**NSDSII**

Critical Skills Support

Industry Support Programme

Informal Sector Support

Discretionary and Innovation

Strategic Projects

ABET \*

Constituency Capacity Building and Advocacy \*

Social Development \*

**Total**

Notes	2011/12	2010/11
	R'000	R'000
	51 186	287 909
	2 597	32 060
	12 156	22 966
	30 736	9 166
	66 384	163 876
	(476)	4 153
	(2 699)	12 330
	(3 327)	31 913
	<b>1 233 318</b>	<b>564 373</b>

\* These negative amounts refer to over provisions relating to projects during the previous 2010/11 financial year.

Included in the amount for the current financial year is an amount of R2,152 million (2011: R9,046 million) affected through a change in an accounting estimate. Refer to note 24 for more detail.

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**7. EMPLOYEE COSTS**

**Salaries and wages**

Basic salaries
Performance awards
Service bonuses
Other non-pensionable allowances
Net movement: Leave accrual
Net movement: Service bonus accrual

**Social contributions**

Provident fund contributions: defined contribution plans
Medical aid contributions
Bargaining council

**Total**

Average number of employees

Notes	2011/12	2010/11
	R'000	R'000
	12 094	11 067
	9 781	8 964
	445	373
	739	693
	1 184	1 035
	(88)	43
	33	(41)
	1 957	1 825
23	1 356	1 160
	599	663
	2	2
	<b>14 051</b>	<b>12 892</b>
	37	39

Included in the amount for the current financial year is an amount of R0,00 (2011:R1,000.00) affected through a change in an accounting estimate. Refer to note 24 for more detail.

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**8. OPERATING EXPENSES**

	Notes	2011/12	2010/11
		R'000	R'000
Consultancy and service provider fees *		5 757	3 552
External auditor's remuneration:			
Audit fees		3 846	3 614
Provision for impairment	13.5	995	(3 241)
Telephone and Fax		500	19
Travel and subsistence		2 606	981
Printing and Publications		8	48
Entertainment		-	16
Operating Leases		107	97
Catering		194	5
Venues and Facilities		3 919	2
Stationery		259	72
Office furniture purchases <R5,000		46	-
Computer equipment purchases <R5,000		13	-
Cleaning services		2	-
Training and development		14	-
<b>Total</b>		<b>18 266</b>	<b>5 165</b>

\*The current year increase of 62% in consulting and service provider fees relates to the reappointment of a service provider to assist with the execution of the cash to accrual conversion, including the implementation of an accrual accounting system. Included in the current year expenditure are payments made to the National Treasury Technical Assistance Unit (TAU) for the development and implementation of project management, monitoring and evaluation processes for the NSF.

Included in the amount for the current financial year is an amount of R0,00 (2011: R1000.00) affected through a change in an accounting estimate. Refer to note 24 for more detail.

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**9. MANAGEMENT FEES AND BANK CHARGES**

Bank charges - commercial banks

Management fees - Public Investment Corporation (PIC)

**Total**

Notes	2011/12	2010/11
	R'000	R'000
	7	8
	2 011	1 657
	<u>2 018</u>	<u>1 665</u>

**10. DEFERRED EXPENDITURE**

**10.1** SETA Deferred expenditure - paid

SETA Deferred expenditure - incurred

Other project deferred expenditure - paid

Other project deferred expenditure - incurred

<b>10.2</b>	<b>43 335</b>	9 240
<b>10.3</b>	<b>3 994</b>	-
	<b>621 265</b>	105 547
	<b>712 397</b>	-
	<u><b>1 380 991</b></u>	<u>114 787</u>

Deferred expenditure represents grant disbursement made in advance to training providers based on the signed memorandum of agreement between the parties. Deferred expenditure can be classified as either paid (cash flow payments were made) or incurred based on the stipulations contained in the memorandum of agreements.

Deferred expenditure paid reflects the outstanding capital amounts as well as accrued interest received by the training providers at financial year end. NSF will only be entitled to the unspent funds, including any accrued interest, at the end of the project term.



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**10.2 SETA Deferred expenditure at financial year end - paid**

Notes	2011/12	2010/11
	R'000	R'000
MERSETA - Artisan Project	-	9 240
MERSETA - Training lay-off	35 403	-
FP&M SETA	1 260	-
MICT SETA	348	-
AGRISETA & Commissioner for Land Rights Restitution	1 643	-
PSETA	4 681	-
<b>Total</b>	<b>43 335</b>	<b>9 240</b>

**10.3 SETA Deferred expenditure at financial year end - incurred**

FP&M SETA	514	-
MERSETA - Artisan Project	3 480	-
<b>Total</b>	<b>3 994</b>	<b>-</b>

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**11. CASH AND CASH EQUIVALENTS**

Cash at bank: Asset / (Overdraft)

Notes	2011/12	2010/11
	R'000	R'000
	117 801	(5 697)
<b>Cash and cash equivalents at year end</b>	<b>117 801</b>	<b>(5 697)</b>

As required in Treasury Regulation 31.2, National Treasury approved the banks where the NSF bank accounts are held. The weighted average interest rate on short term bank deposits was 5.79% for the financial year (2011: 6.54%).

Cash includes cash with commercial 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 purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, net of bank overdrafts.

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Notes	2011/12	2010/11
	R'000	R'000

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH SURPLUS / (DEFICIT)

It is the policy of NSF to account for changes in the fair value of monetary securities classified as held for trading through the Statement of Financial Performance. The fair value adjustment is calculated as the difference between the market value at the end of the reporting period and the cost of the investment. These investments are revalued once a year at the end of the reporting period by the Public Investment Corporation (PIC). The latest revaluation was performed on 31 March 2012.

### Composition at fair value

Investments with the Public Investment Corporation (PIC)

<b>7 196 658</b>	<b>6 568 782</b>
------------------	------------------

### Financial assets at fair value through surplus / (deficit) can be reconciled as follows:

Balance at the beginning of the year	<b>6 568 782</b>	5 174 555
Invested during the year	<b>1 868 624</b>	1 725 229
Interest received and capitalised	<b>4</b>	378 998
Withdrawal	<b>(1 650 000)</b>	(710 000)

### Closing balance end of year (None of the financial assets are impaired)

<b>7 196 658</b>	<b>6 568 782</b>
------------------	------------------

NSF assesses at each reporting date whether there is objective evidence that a financial asset or group financial assets are impaired. None of the financial assets at fair value through surplus / (deficit) are impaired on reporting date.

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

Treasury Regulation 31.3 requires that, unless exempted by the National Treasury, the NSF as a potential public entity that will be listed in Schedule 3A of the Act must invest surplus funds with the Corporation for Public Deposits. (Approval for the listing has not yet been approved by the Department of Higher Education and Training).

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**13. TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS****Current****13.1 The carrying and fair value of trade and other receivables are as follows:**

SETA debtors

Carrying amount

**Less:** Provision for impairment

Advances to training providers for payment of allowances

Carrying amount

**Less:** Provision for impairment

EPWP debtor

Trade debtors

**Total**

Notes	2011/12	2010/11
	R'000	R'000
<b>13.2</b>	<b>1 388</b>	5 338
	<b>29 604</b>	33 554
<b>13.6</b>	<b>(28 216)</b>	(28 216)
<b>13.4</b>	-	1 244
	<b>5 180</b>	5 429
<b>13.6</b>	<b>(5 180)</b>	(4 185)
<b>13.3</b>	-	99 549
<b>13.3</b>	<b>2 439</b>	2 380
	<b>3 827</b>	108 511

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**13.2 SETA debtors at financial year end**

	Notes	2011/12 R'000	2010/11 R'000
MQA		1 085	-
MERSETA (Artisan project)		4	-
ETDP SETA		54	-
FOODBEV		245	245
CHIETA		-	1 105
FASSET		-	226
FIETA		-	1 263
HWSETA		-	1
PSETA		-	2 498
<b>Total</b>	<b>13.4</b>	<b>1 388</b>	<b>5 338</b>

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### 13.3 AGEING OF TRADE AND OTHER RECEIVABLES

Trade and other receivables are all considered for impairment. Based on past default experience it is the policy of the entity to provide for 50% of non-active contracts between 180 days and 270 days outstanding and 100% of non-active contracts exceeding 270 days. At 31 March 2012, R69,00 thousand (2011:R0,00 million) were more than 180 days past due but not impaired due to the immateriality of the amounts as well as the possibility of recovery of these debtors. The ageing is stipulated as follows:

	2012	2012	2012	2012	2012
	Current	31 to 180 days	181 to 270 days	Over 270 days	Total
	R'000	R'000	R'000	R'000	R'000
Trade debtors	2 369	-	27	43	2 439
<b>Total</b>	<b>2 369</b>	<b>-</b>	<b>27</b>	<b>43</b>	<b>2 439</b>

	2011	2011	2011	2011	2011
	Current	31 to 180 days	181 to 270 days	Over 270 days	Total
	R'000	R'000	R'000	R'000	R'000
EPWP debtor	99 549	-	-	-	99 549
Trade debtors	2 380	-	-	-	2 380
<b>Total</b>	<b>101 929</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>101 929</b>

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**13.4 AGEING OF TRADE AND OTHER RECEIVABLES IMPAIRED**

As at 31 March 2012, gross trade and other receivables of R34,783 million (2011:R38,983 million) were impaired and provided for. The amount of the provision is R33,396 million as at 31 March 2012 (2011:R32,401 million). The ageing of the impaired trade and other receivables (net R1,388 million, 2011: R6,582 million) are stipulated as follows:

	2012	2012	2012	2012	2012
	Current	31 to 180 days	181 to 270 days	Over 270 days	Total
	R'000	R'000	R'000	R'000	R'000
SETA debtors	1 143	-	-	245	1 388
<b>Total</b>	<b>1 143</b>	<b>-</b>	<b>-</b>	<b>245</b>	<b>1 388</b>

	2011	2011	2011	2011	2011
	Current	31 to 180 days	181 to 270 days	Over 270 days	Total
	R'000	R'000	R'000	R'000	R'000
SETA debtors	-	2 498	245	2 595	5 338
Advances to training providers for payment of allowances	2	24	209	1 009	1 244
<b>Total</b>	<b>2</b>	<b>2 522</b>	<b>454</b>	<b>3 604</b>	<b>6 582</b>

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**13.5 RECONCILIATION OF PROVISION FOR IMPAIRMENT**

	Notes	2011/12 R'000	2010/11 R'000
Opening balance		32 401	35 642
(Utilised) / Provided during the year	8	995	(3 241)
<b>Total</b>	<b>13.6</b>	<b>33 396</b>	<b>32 401</b>

**13.6 CURRENT YEAR PROVISION ATTRIBUTABLE TO:****Social Development Training Allowances:**

Opening balance		4 185	4 928
(Utilised) / Provided during the year		995	( 743)
Balance at year end	13.1	5 180	4 185

**SETA Debtors: PSETA**

Opening balance	13.1	28 216	28 216
(Utilised) / Provided during the year		28 216	30 714
		-	(2 498)
<b>Total</b>		<b>33 396</b>	<b>32 401</b>

Trade and other receivables are individually impaired when there is objective evidence that the asset is impaired. The creation and release of the provision for impaired receivables have been included in operating expenses in the Statement of Financial Performance (Note 8). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable as mentioned above.

**Credit quality of trade and other receivables**

Management considers that all of the above financial assets are of good credit quality. The maximum exposure to credit risk at reporting date is the fair value of each class of receivables as mentioned above.



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**14. TRADE AND OTHER PAYABLES****14.1 TRADE AND OHER PAYABLES FROM NON-EXCHANGE TRANSACTIONS**

Notes	2011/12	2010/11
	R'000	R'000
Trade payables	720 631	41 882
SETA payables	14.3 68 056	51 362
	<u>788 687</u>	<u>93 244</u>

**14.2 TRADE AND OHER PAYABLES FROM EXCHANGE TRANSACTIONS**

Trade payables	1 536	693
SARS Payable	-	4 022
Other payables due to Department of Labour (DoL)	661	443
Other payables due to Department of Higher Education and Training (DHET)	3 410	9 477
Leave and bonus accruals	14.4 1 314	944
<b>Total</b>	<u>6 921</u>	<u>15 579</u>

**14.3 SETA payables at financial year end**

SERVICES SETA	37 068	37 068
FP&M SETA	1 543	-
MERSETA - Training Lay-off	27 907	-
MICT SETA	145	-
AGRISETA & Commissioner for Land Rights Restitution	1 314	426
ETDPSETA	79	-
MQA	-	1 140
THETA	-	12 728
<b>Total</b>	14.1 <u>68 056</u>	<u>51 362</u>

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**14.4 LEAVE AND BONUS ACCRUALS**

Balance at the beginning of the year  
 Amounts utilised during the year  
 Change in estimate

**Closing carrying amount**

Notes	2011/12	2010/11
	R'000	R'000
	944	942
	( 88)	( 41)
	458	43
14.2 & 14.5	<u>1 314</u>	<u>944</u>

**14.5 LEAVE AND BONUS ACCRUAL COMPOSITION****Current**

Leave accrual  
 Bonus accrual (Thirteenth cheque)  
 Performance bonus accrual

**Total**

550	638
339	306
425	-
<u>1 314</u>	<u>944</u>

Leave is calculated based on leave days outstanding at year end and quantified in terms of total cost of employment per employee. The bonus accrual relates to thirteenth cheque commitments owed to NSF employees at financial year end.

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**15. PROVISIONS**

Contract expenditure provisions  
 Provision for levies less than threshold  
 As originally stated  
 Prior period correction

**Total**

Notes	2011/12	2010/11 Restated
	R'000	R'000
15.1 & 15.2	169 061	69 054
	17 286	26 284
	17 286	-
26.2	-	26 284
	<u>186 347</u>	<u>95 338</u>

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**15.1 Objectives (2011/12)**

**NSDS III**

**Government Priorities**

New Growth Path  
Industrial Policy Action Plan  
Rural Development  
Education and Health  
Justice and Crime prevention  
Co-operatives and Small Enterprises

**DG Priorities**

Worker Education  
Skills System Capacity Building  
Training lay-off  
Academia, Research and Development

**Skills Infrastructure**

Community Education Centres

**NSDS II**

Social Development Funding Window  
ABET Funding Window  
Critical Skills Support  
Industry Support Programme  
Informal Sector Support  
Constituency Capacity Building and Advocacy  
Discretionary and Innovation  
Strategic Projects

**Total**

Carrying value at the beginning of year	Additional provisions	Utilised during the year	Carrying value at the end of year
R'000	R'000	R'000	R'000
-	<b>115 311</b>	-	<b>115 311</b>
-	74 537	-	74 537
-	1 156	-	1 156
-	27 675	-	27 675
-	1 060	-	1 060
-	3 390	-	3 390
-	7 493	-	7 493
-	<b>11 335</b>	-	<b>11 335</b>
-	6	-	6
-	6 617	-	6 617
-	1 871	-	1 871
-	2 841	-	2 841
-	<b>68</b>	-	<b>68</b>
-	68	-	68
<b>69 054</b>	<b>42 347</b>	<b>(69 054)</b>	<b>42 347</b>
9 105	-	(9 105)	-
476	-	( 476)	-
-	2 707	-	2 707
3 727	3 340	(3 727)	3 340
3 684	-	(3 684)	-
2 804	-	(2 804)	-
-	1 402	-	1 402
49 258	34 898	(49 258)	34 898
<b>69 054</b>	<b>169 061</b>	<b>(69 054)</b>	<b>169 061</b>

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**15.2 Objectives (2010/11)**

**NSDS II**

Social Development Funding Window

Abet Funding Window

Critical Skills Support

Industry Support Programme

Informal Sector Support

Constituency Capacity Building and Advocacy

Discretionary and Innovation

Strategic Projects

Total

Carrying value at the beginning of year	Additional provisions	Utilised during the year	Carrying value at the end of year
R'000	R'000	R'000	R'000
7 090	9 105	(7 090)	9 105
3 677	476	(3 677)	476
572	-	( 572)	-
31 759	3 727	(31 759)	3 727
365	3 684	( 365)	3 684
-	2 804	-	2 804
-	-	-	-
8 981	49 258	(8 981)	49 258
<u>52 444</u>	<u>69 054</u>	<u>(52 444)</u>	<u>69 054</u>

As at 31 March 2012, contract expenditure provisions amounting to R169,061 million (2011: R69,054 million) were recognised. Provisions for projects are estimated on an annual basis. For purposes of the provision calculations management deems the training to be rendered equally over the original contract term. These estimates are based on the remaining portion of the contract for a specific year which has not been invoiced / claimed by the training providers. Provisions recognised for the relevant financial year are deducted from the remaining contractual commitments.

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**16. RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES TO NET SURPLUS / (DEFICIT)**

Notes	2011/12	2010/11 Restated
	R'000	R'000
<b>Net surplus / (deficit) as per Statement of Financial Performance</b>	<b>1 135 100</b>	1 482 560
Adjusted for non-cash items:		
Increase / (decrease) in provisions:		
Relating to employment	<b>370</b>	2
Relating to impairment	<b>995</b>	(3 241)
Relating to grant disbursement provisions	<b>100 007</b>	16 610
Relating to levy provisions	<b>1 &amp; 26.2 (8 998)</b>	(5 985)
Adjusted for items separately disclosed		
Finance income	<b>(409 601)</b>	(379 488)
Adjusted for working capital changes:	<b>(476 100)</b>	(104 604)
(Increase) / decrease in trade and other receivables	<b>4 140</b>	(99 149)
(Increase) / decrease in deferred expenditure	<b>(1 166 656)</b>	(44 041)
Increase / (decrease) in trade and other payables	<b>686 416</b>	38 586
<b>Cash generated from operations</b>	<b>341 773</b>	1 005 854
<b>17. COMMITMENTS</b>		
Approved and contracted	<b>17.1 876 157</b>	
Approved but not yet contracted	<b>2 191 918</b>	
<b>Total future expenditure</b>	<b>3 068 075</b>	

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**17.1** Expenditure contracted for at balance sheet date, which will be financed through ordinary trading operations, but not recognised in the Financial Statements is as follows:

**Objective (2011/12)**

**NSDS III**

**Government Priorities**

New Growth Path

Industrial Policy Action Plan

Rural Development

Education & Health

Justice and Crime Prevention

Co-operatives, Small Enterprises and NGO's

**DG - Priorities**

Worker Education

Skills System Capacity Building

Training Lay-off

Academia, Research & Development

Bursaries

**Skills Infrastructure**

Community Education Centres

Carrying value at the beginning of year	New Contracts and contract adjustments	Net movement in provisions	Net movement in accruals and payments	Carrying value at the end of year
R'000	R'000	R'000	R'000	R'000
<b>516 024</b>	<b>531 774</b>	<b>(115 311)</b>	<b>(276 704)</b>	<b>655 783</b>
465 914	128 046	(74 537)	(127 914)	391 509
-	73 650	(1 156)	(27 985)	44 509
-	106 930	(27 675)	(2 179)	77 076
50 110	(9 344)	(1 060)	(29 234)	10 472
-	166 644	(3 390)	(54 877)	108 377
-	65 848	(7 493)	(34 515)	23 840
<b>162 452</b>	<b>1 815 437</b>	<b>(11 335)</b>	<b>(1 855 027)</b>	<b>111 527</b>
-	18 779	(6)	(1 986)	16 787
-	46 945	(6 617)	(4 172)	36 156
-	48 144	(1 871)	(44 743)	1 530
-	81 255	(2 841)	(21 360)	57 054
162 452	1 620 314	-	(1 782 766)	-
<b>-</b>	<b>14 008</b>	<b>(68)</b>	<b>(1 000)</b>	<b>12 940</b>
-	14 008	(68)	(1 000)	12 940

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**Objective (2011/12)****NSDS II**

Social Development Funding Window

ABET Funding Window

Critical Skills Support

Industry Support Programme

Informal Sector Support

Discretionary and Innovation

Strategic Projects

Constituency Capacity Building and Advocacy

**Administrative commitments****Total**

Carrying value at the beginning of year	New Contracts and contract adjustments	Net movement in provisions	Net movement in accruals and payments	Carrying value at the end of year
R'000	R'000	R'000	R'000	R'000
<b>660 356</b>	<b>(439 440)</b>	<b>26 708</b>	<b>(158 253)</b>	<b>89 371</b>
3 294	(6 075)	9 106	(6 325)	-
-	(476)	476	-	-
108 527	(44 257)	(2 707)	(32 782)	28 781
69 754	(65 009)	387	(2 985)	2 147
4 386	(3 880)	3 684	(4 190)	-
100 939	388	(1 402)	(41 482)	58 443
371 587	(315 571)	14 360	(70 376)	-
1 869	(4 560)	2 804	(113)	-
<b>2 514</b>	<b>8 976</b>	<b>-</b>	<b>(4 954)</b>	<b>6 536</b>
<b>1 341 346</b>	<b>1 930 755</b>	<b>(100 006)</b>	<b>(2 295 938)</b>	<b>876 157</b>

**Notes:**

The expenditure for the Social Development Funding Window excludes the payments of allowances to trainees.



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**18. IRREGULAR EXPENDITURE**

	Notes	2011/12 R'000	2010/11 R'000
<b>Reconciliation of irregular expenditure</b>			
Opening balance - Previous year		48 406	652 925
<b>Add:</b> Irregular expenditure - Current year	18.1	125 629	48 242
<b>Less:</b> Amounts condoned		-	(652 761)
<b>Less:</b> Amounts not recoverable (not condoned)		-	-
<b>Irregular expenditure awaiting condonation</b>	18.2	<u>174 035</u>	<u>48 406</u>
<b>18.1 Analysis of irregular expenditure per age classification</b>			
Current year		125 629	48 242
Prior years		48 406	164
<b>Total</b>	18.2	<u>174 035</u>	<u>48 406</u>

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			2011/12	2010/11
			R'000	R'000
<b>Details of irregular expenditure</b>				
<b>Incident</b>	<b>Disciplinary steps taken</b>	<b>Number of cases</b>		
18.2 Non-compliance to requirements of supply chain management				
<b>Opening balance - Previous year</b>		<b>39 087</b>	<b>48 406</b>	648 570
<b>Add:</b> Irregular expenditure - 2010/11	n/a	<b>60</b>	-	48 242
<b>Less:</b> Amounts condoned - 2010/11		<b>(38 752)</b>	-	(648 406)
<b>Add:</b> Irregular expenditure - 2011/12		<b>26</b>	<b>125 629</b>	-
<b>Less:</b> Amounts condoned - 2011/12		-	-	-
<b>Total</b>		<b>421</b>	<b>174 035</b>	48 406

**Allocation of bids:**

Current year irregular expenditure of R126 million (2010/11: R48 million) consist of payments made relating to bids that were awarded in contravention of the request for proposal criteria that was approved by the Accounting Authority in terms of section 51(1)(a)(i) of the PFMA and in terms of par 29 of Skills Development Act 1997.

**Condonement of irregular expenditure:**

The Accounting Authority granted condonement amounting to R174 million (2010/11: R648 million) on 25 June 2012.

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**19. FINANCIAL INSTRUMENTS**

**Categories of financial instruments**

Except as detailed in the following table, NSF management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values:

**Current financial assets**

**Carrying amount**

Cash and cash equivalents

Financial assets at fair value through surplus / (deficit)

Trade and other receivables

Notes	2011/12	2010/11
	R'000	R'000

	<u>7 318 286</u>	<u>6 677 293</u>
11	117 801	-
12	7 196 658	6 568 782
13.1	3 827	108 511

**Current financial liabilities**

**Carrying amount**

Cash and cash equivalents

Trade and other payables

	<u>795 608</u>	<u>114 520</u>
11	-	5 697
14.1 & 14.2	795 608	108 823

**Current financial assets**

**Fair value**

	<u>7 318 286</u>	<u>6 677 293</u>
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	Notes	2011/12 R'000	2010/11 R'000
Cash and cash equivalents	11	117 801	-
Financial assets at fair value through surplus / (deficit)	12	7 196 658	6 568 782
Trade and other receivables	13.1	3 827	108 511
<b>Current financial liabilities</b>			
<b>Fair value</b>		<b>795 608</b>	<b>114 520</b>
Cash and cash equivalents	11	-	5 697
Trade and other payables	14.1 & 14.2	795 608	108 823

**Fair values**

As indicated above NSF's financial instruments consist mainly of cash and cash equivalents, investments held for trade, trade and other receivables and trade and other payables. No financial instruments were carried at an amount in excess of its fair value and fair values could be reliably measured for all financial instruments.

Financial assets and financial liabilities are recognised on the entities Statement of Financial Position when the entity becomes party to the contractual provisions of the instrument. The following methods and assumptions are used to determine the fair value of each class of financial instruments:

**Cash and cash equivalents**

Cash and cash equivalents comprise of cash on hand and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value. The carrying amount of cash and cash equivalents approximate fair value due to the relatively short-term maturity of these financial assets.

**Financial assets at fair value through surplus / (deficit)**

Held for trading financial instruments are initially recorded at fair value plus transaction costs and subsequently measured at fair value through surplus or deficit.

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**Accounts receivable**

Trade and other receivables are subsequently measured at amortised cost using the effective interest rate method, less any impairment losses. The carrying amount of accounts receivable, net of allowances for bad debt, approximates fair value due to the relatively short-term maturity of these financial assets.

**Accounts payable**

Trade and other payables are stated at amortised cost, which approximates their fair value due to the relatively short-term maturity of these financial liabilities.

**Financial instrument risk**

In the course of the NSF operations it is exposed to market, interest rate, credit and liquidity risk. Due to the conversion process to a potential Public Entity, NSF developed a comprehensive risk strategy in order to monitor and control these risks. The risk management process relating to each of these risks are discussed under the headings below:

**Market risk**

***Foreign exchange risk***

NSF does not initiate any transactions with international parties and is therefore not exposed to any exchange risk due to currency fluctuations. All transactions are denominated in South African Rand with local vendors.

***Price risk***

NSF is exposed to equity securities price risk because of investments held and classified as financial assets at fair value through surplus / (deficit) on the Statement of Financial Position. These financial assets are classified as held for trade. NSF is not exposed to commodity price risk.

To manage its price risk arising from equity securities NSF diversifies its portfolio with the Public Investment Corporation (PIC). Diversification of the portfolio is done in accordance with limits set and agreed with PIC.

***Cash flow and fair value interest rate risk***

As NSF has significant interest bearing assets, the revenue and operating cash flows are substantially depended on changes in market interest rates. As NSF does not have significant interest bearing liabilities, the expenses and cash flows are not substantially dependent on changes in market interest rates.

The NSF exposure to interest rate risk and effective interest rates on financial instruments at reporting date are as follows:

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**Year ended 31 March 2012****Current financial assets**

Cash and cash equivalents

Financial assets at fair value through surplus / (deficit)

Trade and other receivables

**Current financial liabilities**

Trade and other payables

**Year ended 31 March 2011****Current financial assets**

Financial assets at fair value through surplus / (deficit)

Trade and other receivables

**Current financial liabilities**

Cash and cash equivalents

Trade and other payables

Effective interest rate	Subject to interest rate movement: Floating	Non-interest bearing	Total
	R'000	R'000	R'000
5.79%	7 196 658	121 628	7 318 286
N/A	-	117 801	117 801
5.79%	7 196 658	-	7 196 658
N/A	-	3 827	3 827
N/A	-	795 608	795 608
N/A	-	795 608	795 608
6.54%	6 568 782	108 511	6 677 293
6.54%	6 568 782	-	6 568 782
N/A	-	108 511	108 511
N/A	-	114 520	114 520
N/A	-	5 697	5 697
N/A	-	108 823	108 823

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***Interest rate sensitivity***

NSF is sensitive to the movements in the money market repo rate which is the primary rate to which the investment portfolios are exposed. The rates of sensitivity are based on management's assessment of possible changes to the interest rates and is formulated on a 100 basis point movement. If the Money Market Repo increased and decreased at year end by 100 basis points (2011:100 basis points) respectively, then the income from investments would have increased by R70,630 million (2011: R58,628 million) and decreased by R 70,630 million (2011: R58,628 million) respectively.

***Credit risk***

Financial assets, which potentially subject NSF to concentrations of credit risk, consist primarily of cash and cash equivalents, investments and accounts receivable. Credit risk arises from the risk that a counterparty may default or not meet its obligations timeously.

NSF management 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 the Treasury Regulations.

Credit risk with respect to levy paying employers is limited due to the nature of the income received. NSF does not have any material exposure to any individual or counter-party. NSF's concentration of credit risk is limited to the industry in which the NSF operates. No events occurred in the industry during the financial year that may have an impact on the recovery of trade and other receivables.

Before training advances are paid to service suppliers, provider vetting, as well as site visits, are conducted by the NSF. A list of successful providers are compiled and approved by the Bid Adjudication Committee (BAC) prior to the disbursement of any funds. The risk of non-performance by these counter parties are also mitigated through the application of a reconciliation process which initiates the clearing of an outstanding provider advance before a second advance will be granted.

The fund's maximum exposure to credit risk is equal to the total value of the following assets:

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**2012**

Cash and cash equivalents  
 Financial assets at fair value through surplus / (deficit)  
 Trade and other receivables

**Total**

<b>Rated</b>	<b>Non-rated</b>	<b>Total</b>
<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
-	117 801	117 801
7 196 658	-	7 196 658
3 827	-	3 827
<b>7 200 485</b>	<b>117 801</b>	<b>7 318 286</b>

**2011**

Cash and cash equivalents  
 Financial assets at fair value through surplus / (deficit)  
 Trade and other receivables

**Total**

<b>Rated</b>	<b>Non-rated</b>	<b>Total</b>
<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
-	(5 697)	(5 697)
6 568 782	-	6 568 782
108 511	-	108 511
<b>6 677 293</b>	<b>(5 697)</b>	<b>6 671 596</b>

**Liquidity risk**

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



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**Forecast liquidity reserve as of 31 March 2012 is as follows:**

	2013	2014	2015
	R'000	R'000	R'000
Opening balance for the period	7 314 459	7 231 856	6 941 264
Operating proceeds	1 921 233	2 026 901	2 148 515
Operating outflow	(2 382 018)	(2 716 475)	(3 259 767)
Cash flow from investments	378 182	398 982	424 449
<b>Closing balance for the period</b>	<b>7 231 856</b>	<b>6 941 264</b>	<b>6 254 461</b>

The table below analyses the financial liabilities that will be settled on a net basis into the relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date:

**At 31 March 2012**

Trade and other payables

Less than 1 year	Total
R'000	R'000
795 608	795 608

**At 31 March 2011**

Trade and other payables

Less than 1 year	Total
R'000	R'000
108 823	108 823

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**20. CONTINGENT LIABILITIES**

*The following contingent liabilities exist:*

Legal claims instituted against the NSF

Application to retain net surplus for the year

SERVICE SETA creditor

ESETA creditor

FOODBEV creditor

Notes	2011/12	2010/11
	R'000	R'000
<b>20.1</b>	<b>1 882</b>	1 601
<b>20.2</b>	<b>1 135 100</b>	1 482 560
<b>20.3</b>	<b>11 312</b>	-
<b>20.4</b>	<b>1 236</b>	1 236
<b>20.5</b>	-	3 487
	<b><u>1 149 530</u></b>	<b><u>1 488 884</u></b>

- 20.1** The legal claims instituted against the NSF relates to nine cases instituted by service providers who rendered skills development training on behalf of the NSF. These claims have been lodged against the department for failing to grant the service providers permission to proceed with training, breach of contracts as well as alleged inadequate training provided by the service providers. All claims are being investigated by the relevant state attorney.
- 20.2** The NSF will be applying for the retention of the 31 March 2012 net surplus in terms of section 53 (3) of the PFMA from National Treasury during the first quarter of the 2012/13 financial year. The net surplus for the year is therefore disclosed as a contingent liability until the approval has been obtained.
- 20.3** Services Seta submitted a close-out report on 29 May 2012 in relation to the Artisan project that was approved during 2008. This report is claiming for an additional amount of R11,312 million (2011: R37,068 million included in SETA Payables refer to note 14.3). To date, the NSF has not received any corroborative documentation to effect payment on the initial payable recognised, nor supporting documentation to substantiate the additional claim. The NSF will only recognise the additional amount as an accrual as soon as the claim has been verified during the new 2012/13 financial year.
- 20.4** An amount of R1,236 million is disclosed by ESETA as an contingent asset relating to expenditure incurred for the execution of the critical skills support project for unemployed learners which expired on 31 December 2007. At the reporting date the NSF has not received any formal communication, supporting documentation or any quarterly reports from ESETA supporting this claim. ESETA was in process of re-evaluation of the NSF project as part of the applied administration process. This claim will only be recognise as an accrual as soon as the claim has been substantiated and verified by the NSF.
- 20.5** The memorandum of agreement between the National Skills Fund and FOODBEV with regards to the training of unemployed learners as part of the Critical Skills Support Funding Window lapsed on 31 August 2009. During the previous 2010/11 financial year an application for contract extension and scope variation was submitted by FOODBEV to the National Skills Fund, but due to a lack of corroborative documentation and explanatory information the scope variation was not approved. No further correspondence to this matter was received during the current 2011/12 financial year.

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**21. CONTINGENT ASSETS**

*The following contingent assets exists:*

Legal claims instituted by NSF

**Total**

Notes	2011/12	2010/11
	R'000	R'000
21.1	526	523
	<u>526</u>	<u>523</u>

- 21.1** The legal claims instituted by the National Skills Fund relates to five cases against services providers who rendered skills development training on behalf of the Fund. These claims relates to service providers failing to deliver the service / training as per contract. The relevant state attorneys have issued summons to the respective service providers and are in the process of being collected.

**22. RELATED PARTY TRANSACTIONS****22.1 KEY MANAGEMENT PERSONNEL****Short term employee benefits****Post level 14**

Chief Director \*

Basic salary and social contributions

Bonuses and performance related payments

Other short term employee benefits

**Total**

Number of individuals	2011/12	2010/11
	R'000	R'000
1		
	565	698
	24	287
	<u>227</u>	<u>27</u>
	<u>816</u>	<u>1 012</u>

Personnel remuneration is paid by the Department of Higher Education and Training and claimed back as part of the 10% administration fee. No transactions were conducted with any family members of key management personnel during the current or previous period under review.

\*During the previous 2010/11 financial year, this Chief Director position was vacant for eleven months and permanently filled on 01 March 2011. An Executive Manager on post level 13 acted in the position for the period it was vacant.

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**23. DEFINED CONTRIBUTION PLAN**

The NSF provides for retirement benefits for all its permanent employees through a defined contribution scheme to the GEPP that is subject to the Pension Funds Act, 1956 as amended. In terms of the Pension Funds Act, the fund is not required to be actuarially valued.

The NSF's liability is limited to its considerations made. There are 37 employees who are members of the GEPP in which the NSF contribute 13% in every Rand contributed by the employees towards the GEPP.

Notes	2011/12	2010/11
	R'000	R'000
<b>Contributions for the year included in employee cost</b>	<b>7</b>	<b>1 356</b>
		<b>1 160</b>

**24. CHANGE IN ACCOUNTING ESTIMATE**

As defined in GRAP 3 a change in an accounting estimate is an adjustment of the carrying amount of an asset or liability, or the amount of periodic consumption, resulting from reassessing the present status of, and the expected future benefits and obligations associated with, the asset or the liability. Changes in accounting estimates result from new information or new developments and accordingly are not corrections of errors.

- 24.1** Due to the nature of NSF operations, registered project claims undergo a verification process before the actual payments are made. During the verification process the validity and accuracy of the claims are confirmed, recalculated and communicated with the training providers. Changes identified through this process are accounted for as a change in accounting estimate in terms GRAP 3 in relation to previous year registered accruals included in trade and other payables.

The impact of these adjustments on the Statement of Financial Performance and the Statement of Financial Position for the year ending 31 March 2012 are as follows:

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	Notes	2011/12 R'000	2010/11 R'000
<b>GRANT DISBURSEMENTS</b>	<b>6</b>	<b>(2 152)</b>	<b>(9 046)</b>
Social Development		(709)	(8 565)
Industry Support Programme		(1 219)	(96)
Informal Sector Support		(224)	-
Critical Skills Support		-	(385)
<b>EMPLOYEE COSTS</b>	<b>7</b>		
Salaries and wages		-	(1)
<b>OPERATING EXPENSES</b>	<b>8</b>		
Travel and subsistence		-	(1)

The effect of the changes have no impact on the opening balance of deferred expenditure (2011: R70,746 million to R71,131 million), no impact on the opening balance of trade and other receivables (2011: R0,00 million), a decrease in the opening balance of trade and other payables from non-exchange transactions from R93,244 million to R91,093 million (2011: R70,235 million to R61,574 million) as well as a decrease in project expenditure as indicated above.

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**25. COMPARISON OF BUDGETED AND ACTUAL AMOUNTS**

Budgeted information is provided in accordance with GRAP 1 for the current financial year as a reconciliation between the budgeted surplus and the net surplus per the Statement of Financial Performance as stated below:

		2011/12 Budgeted amounts R'000	2011/12 Actual amounts R'000	2011/12 Variances R'000
Notes				
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>				
		<b>1 849 679</b>	<b>2 032 771</b>	<b>(183 092)</b>
	2	1 829 745	2 012 837	(183 092)
	3	19 934	19 934	-
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>				
	4&5	<b>343 802</b>	<b>418 321</b>	<b>(74 519)</b>
<b>Total revenue</b>		<b>2 193 481</b>	<b>2 451 092</b>	<b>(257 611)</b>
<b>EXPENSES</b>				
		<b>2 193 481</b>	<b>1 315 992</b>	<b>877 489</b>
<b>Grants Disbursements</b>	6	<b>2 019 349</b>	<b>1 233 318</b>	<b>786 031</b>
<b><u>NSDS III</u></b>		<b>1 418 383</b>	<b>1 076 761</b>	<b>341 622</b>
<b><u>HRDSA</u></b>		<b>55 226</b>	<b>-</b>	<b>55 226</b>
Research		27 613	-	27 613
Dialogue		11 045	-	11 045
Capacity Development		16 568	-	16 568

**NATIONAL SKILLS FUND**  
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**NSA Ministerial**

Constituency Capacity Building  
National-Public Dialogue & Advocacy  
Skills Marketing and Communication  
Provincial Skills Development Forums  
NSA Capacity Building  
Good Practice in Skills Development  
Skills Legislation Research and Review

**Government Priorities**

New Growth Path  
Industrial Policy Action Plan  
Rural Development  
Education and Health  
Justice and Crime Prevention  
Co-operatives and Small Enterprises

**DG Priorities**

Worker Education  
Skills System Capacity Building  
Training Lay-off  
Academia, Research and Development  
Bursaries

	2011/12	2011/12	2011/12
	Budgeted	Actual	Variances
	amounts	amounts	
Notes	R'000	R'000	R'000
	<b>55 612</b>	<b>2 922</b>	<b>52 690</b>
	11 122	-	11 122
	5 561	2 922	2 639
	16 684	-	16 684
	11 122	-	11 122
	5 561	-	5 561
	2 781	-	2 781
	2 781	-	2 781
	<b>967 000</b>	<b>366 726</b>	<b>600 274</b>
	290 100	166 347	123 753
	193 400	2 154	191 246
	145 050	82 310	62 740
	96 700	26 524	70 176
	96 700	50 439	46 261
	145 050	38 952	106 098
	<b>300 545</b>	<b>706 045</b>	<b>(405 500)</b>
	6 011	1 789	4 222
	12 022	10 793	1 229
	6 011	10 336	(4 325)
	6 011	7 706	(1 695)
	270 490	675 421	(404 931)

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**Skills Infrastructure**

Public Delivery Infrastructure  
Community Education Centres  
Skills Development Institutes  
State-Owned Enterprises

**NSDS II**

Social Development Funding Window  
ABET Funding Window  
Critical Skills Support  
Industries Support Programme  
Informal Sector Support  
Constituency Capacity Building and Advocacy  
Discretionary and Innovation  
Strategic Projects

**Employee costs**

Salaries and wages  
Performance awards  
Service bonuses  
Other non-pensionable allowances  
Leave accrual  
Service bonus accrual  
Social contributions  
Medical aid contributions  
Bargaining Council

	2011/12	2011/12	2011/12
	Budgeted amounts	Actual amounts	Variances
Notes	R'000	R'000	R'000
	<b>40 000</b>	<b>1 068</b>	<b>38 932</b>
	16 000	-	16 000
	4 000	1 068	2 932
	8 000	-	8 000
	12 000	-	12 000
	<b>600 966</b>	<b>156 557</b>	<b>444 409</b>
	8 270	(3 327)	11 597
	3 243	(476)	3 719
	164 995	51 186	113 809
	78 313	2 597	75 716
	10 283	12 156	(1 873)
	5 534	(2 699)	8 233
	102 439	30 736	71 703
	227 889	66 384	161 505
<b>7</b>	<b>26 188</b>	<b>14 051</b>	<b>12 137</b>
	16 000	9 781	6 219
	35	445	(410)
	1 000	739	261
	5 000	1 184	3 816
	100	(88)	188
	50	33	17
	3 000	1 356	1 644
	1 000	599	401
	3	2	1



**NATIONAL SKILLS FUND**  
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**Operating expenses**

Consultancy and service provider fees  
 Audit fees - External  
 Audit fees - Internal  
 NSF Risk management  
 Provision for impairment  
 Telephone and Fax  
 Travel and Subsistence  
 Printing and Publications  
 Entertainment  
 Operating Lease  
 Operational Cost  
 Catering  
 Venues and Facilities  
 Stationary  
 Office furniture purchases <R5,000  
 Computer equipment purchases <R5,000  
 Cleaning services  
 Training and development  
 Inventory  
 Financial management

	2011/12	2011/12	2011/12
	Budgeted	Actual	Variances
Notes	R'000	R'000	R'000
<b>8</b>	<b>33 129</b>	<b>18 266</b>	<b>14 863</b>
			-
	8 100	5 757	2 343
	10 000	3 846	6 154
	2 000	-	2 000
	7 000	-	7 000
	-	995	(995)
	240	500	(260)
	3 735	2 606	1 129
	80	8	72
	15	-	15
	80	107	(27)
	205	-	205
	80	194	(114)
	60	3 919	(3 859)
	300	259	41
	94	46	48
	120	13	107
	20	2	18
	50	14	36
	50	-	50
	900	-	900

**NATIONAL SKILLS FUND**  
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**Management fees and bank charges**

**Collection cost to SARS**

**Capital expenditure**

IT System development

Security Equipment

**NET SURPLUS / (DEFICIT) FOR THE YEAR**

	2011/12	2011/12	2011/12
	Budgeted amounts	Actual amounts	Variances
Notes	R'000	R'000	R'000
9	2 011	2 018	(7)
	98 791	48 339	50 452
	14 013	-	14 013
	14 000	-	14 000
	13	-	13
	-	1 135 100	(1 135 100)

**NATIONAL SKILLS FUND**  
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**26. PRIOR PERIOD CORRECTION**

**26.1 Cashflow Statement Correction**

During the previous 2010/11 financial year, the net movement in provisions relating to projects was not added back as a non-cashflow item to derive at the cash generated from operations in the notes to the financial statements. This correction has been recognised and comparative figures restated were required.

**26.2 Provision for levies received from employers below threshold**

In terms of section 6 of the Skills Development Act, any interest, levy or penalty paid by an employer to the Commissioner that was not leviable or payable, or was in excess of the amount leviable in terms of the Act, should be refunded by the Commissioner to the employer. In terms of the Act, employers are exempt from paying Skills Development levies if their annual payroll does not exceed the R500,000 threshold.

Based on the requirements of the Act, the NSF has calculated the impact of the levies received from employers that are contributing levies below the R500,000 threshold and recognised a provision (retrospectively) to this effect.

**26.3 Impact of prior period corrections on the financial statements**

The impact of the cash flow correction as stated above does not render any impact on the Statement of Financial Performance nor the Statement of Financial Position for the year ending 31 March 2011. This correction only effects the cashflow statement as well as the notes to the financial statements.

The impact of the provision correction as stated above does render an impact on the Statement of Financial Performance as well as the Statement of Financial Position for the year ending 31 March 2011. This corrections and the relevant impact is indicated below:

**NATIONAL SKILLS FUND**  
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**CASHFLOW STATEMENT****CASH FLOWS FROM OPERATING ACTIVITIES**

Cash paid to stakeholders, suppliers and employees

As originally stated

Prior period correction

Notes	2010/11
	R'000
	<b>(619 813)</b>
	(636 423)
26.1	16 610

Project payments

As originally stated

Prior period correction

Notes	2010/11
	R'000
	<b>(547 763)</b>
	(564 373)
26.1	16 610

Net (increase) / decrease in working capital

As originally stated

Prior period correction

Notes	2010/11
	R'000
	<b>(104 604)</b>
	(87 994)
26.1	(16 610)

**NOTES TO THE FINANCIAL STATEMENTS****RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES TO NET SURPLUS / (DEFICIT)**

Increase / (decrease) in trade and other payables

As originally stated

Prior period correction

Notes	2010/11
	R'000
	<b>38 585</b>
	55 195
26.1	(16 610)

**NATIONAL SKILLS FUND**  
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**STATEMENT OF FINANCIAL PERFORMANCE**

**REVENUE FROM NON-EXCHANGE TRANSACTIONS**

Skills development levies

**1 681 140**

As originally stated

1 675 155

Prior period correction

**26.2**

5 985

**TOTAL REVENUE**

**2 115 744**

As originally stated

2 109 759

Prior period correction

**26.2**

5 985

**NET SURPLUS FOR THE YEAR**

**1 482 560**

As originally stated

1 476 575

Prior period correction

**26.2**

5 985

**STATEMENT OF FINANCIAL POSITION**

**CURRENT LIABILITIES**

**209 858**

As originally stated

183 574

Prior period correction

**26.2**

26 284

**PROVISIONS**

**95 338**

As originally stated

69 054

Prior period correction

**26.2**

26 284

**NATIONAL SKILLS FUND**  
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**TOTAL LIABILITIES**

As originally stated

Prior period correction

**CAPITAL AND RESERVES**

As originally stated

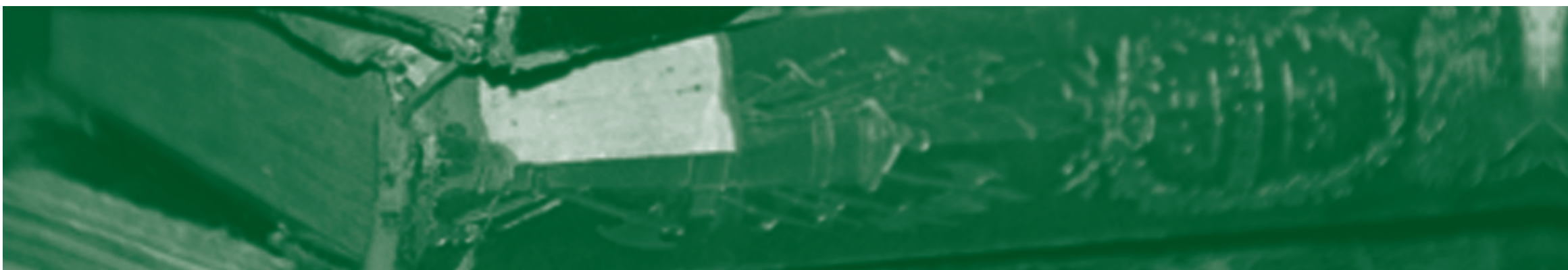
Prior period correction

**ACCUMULATED SURPLUS**

As originally stated

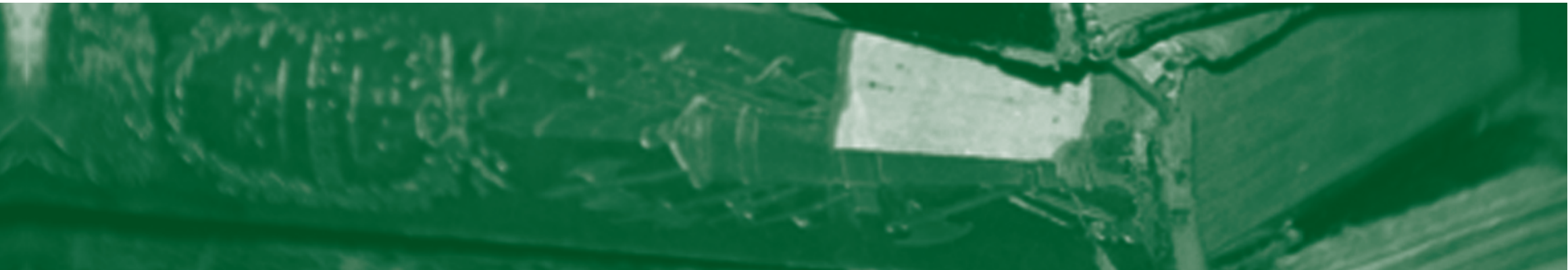
Prior period correction

Notes	2010/11
	R'000
	<b>209 858</b>
	183 574
<b>26.2</b>	26 284
	<b>6 582 222</b>
	6 608 506
<b>26.2</b>	(26 284)
	<b>6 582 222</b>
	6 608 506
<b>26.2</b>	(26 284)
	<b>6 582 222</b>



## SECTION 4

### HUMAN RESOURCE MANAGEMENT







## SECTION 4

### HUMAN RESOURCE MANAGEMENT

## Oversight Report

The statistics and information published in this part of the annual report are required in terms of Chapter 1, Part III J.3 of the Public Service Regulations, 2001 and have been prescribed by the Minister for the Public Service and Administration for all departments within the Public Service.

The statistical tables provide high-level information on key human resource issues. The information aims to empower legislatures, the media, the public and other key stakeholders to monitor whether the Department of Higher Education and Training:

- is exercising the powers granted under Public Service and Public Finance legislation in a responsible manner,
- is achieving national transformation priorities established by the Cabinet, for example, affirmative action.

Annual reports are produced after the end of the financial year. This is aimed at strengthening the accountability of departments to key stakeholders.

### 1 – Expenditure

**Note:** During 2011/12 a total of R60.431 million was spent on remuneration for examiners and moderators. This amount is excluded from the personnel expenditure tables as these officials are remunerated on a claim per task basis. The inclusion of this in the following tables would give a false reflection on the personnel numbers and cost in the tables.

Below the Department's budget is set out in terms of clearly defined programmes. The following tables summarise final audited expenditure by programme (Table 1.1) and by salary bands (Table 1.2). In particular the tables provide an indication of the amount spent on personnel costs in terms of each of the programmes or salary bands within the Department.

Table 1.1 – Personnel costs by programme, 1 April 2011 to 31 March 2012

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Professional and Special Services (R'000)	Training expenditure (R'000)	Personnel cost as a % of total expenditure	Average personnel cost per employee (R'000)	Number of employees
1	152 404	70 023	1 125	1 599	45.95	285.81	245
2	38 074	27 507	145	7	72.25	423.18	65
3	23 428 356	28 803	567	12	0.12	423.57	68
4	4 540 838	55 610	13	5	1.22	312.42	178
5	122 025	63 224	1 092	6	51.81	244.11	259
<b>Sub total</b>	<b>28 281 697</b>	<b>245 167</b>	<b>2 942</b>	<b>1 629</b>	<b>0.87</b>	<b>300.82</b>	<b>815</b>
NSF	1 692 252	16 154	6 949	14	0.95	448.72	36
QCTO	11 389	4 796	4 765	38	42.11	368.92	13
<b>Total</b>	<b>29 985 338</b>	<b>266 117</b>	<b>14 656</b>	<b>1 681</b>	<b>0.89</b>	<b>308.01</b>	<b>864</b>

Table 1.2 – Personnel costs by salary bands, 1 April 2011 to 31 March 2012

Salary band	Personnel expenditure (R'000)	% of total personnel cost	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	5 141	1.93	395.468
Skilled (Levels 3-5)	43 461	16.34	132.101
Highly skilled production (Levels 6-8)	46 648	17.53	222.134
Highly skilled supervision (Levels 9-12)	108 370	40.72	444.138
Senior Management (Levels 13-16)	62 497	23.48	919.069
<b>Total</b>	<b>266 117</b>	<b>100</b>	<b>308.006</b>

The following tables provide a summary per programme (Table 1.3) and salary bands (Table 1.4), of expenditure incurred as a result of salaries, overtime, home owner's allowance and medical assistance. In each case, the table provides an indication of the percentage of the personnel budget that was used for these items.

**Table 1.3 – Salaries, Overtime, Home Owner's Allowance and Medical Assistance by programme, 1 April 2011 to 31 March 2012**

Programme	Salaries			Overtime		Home Owner's Allowance		Medical Assistance	
	Personnel costs (R'000)	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical assistance as a % of personnel cost
1	70 023	43 896	62.69	2 071	2.96	1 464	2.09	2 353	3.36
2	27 507	18 276	66.44	6	0.02	241	0.88	581	2.11
3	28 803	18 114	62.89	18	0.06	492	1.71	747	2.59
4	116 041	37 405	32.23	1 361	1.17	1 460	1.26	2 200	1.90
5	63 224	41 719	65.99	1 867	2.95	2 166	3.43	3 492	5.52
<b>Sub total</b>	<b>305 598</b>	<b>159 410</b>	<b>52.16</b>	<b>5 323</b>	<b>1.74</b>	<b>5 823</b>	<b>1.91</b>	<b>9 373</b>	<b>3.07</b>
NSF	16 154	11 345	70.23	0	0.00	25	0.15	707	4.38
QCTO	4 796	3 243	67.62	0	0.00	92	1.92	205	4.27
<b>Total</b>	<b>326 548</b>	<b>173 998</b>	<b>53.28</b>	<b>5 323</b>	<b>1.63</b>	<b>5 940</b>	<b>1.82</b>	<b>10 285</b>	<b>3.15</b>

**Table 1.4 – Salaries, Overtime, Home Owner's Allowance and Medical Assistance by salary bands, 1 April 2011 to 31 March 2012**

Salary band	Salaries			Overtime		Home Owner's Allowance		Medical Assistance	
	Personnel costs (R'000)	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical assistance as a % of personnel cost
Lower skilled (Levels 1-2)	5 141	3 806	74.03	182	3.54	120	2.33	141	2.74
Skilled (Levels 3-5)	43 461	24 259	55.82	2 881	6.63	2 424	5.58	3 643	8.38
Highly skilled production (Levels 6-8)	46 648	28 094	60.23	1 665	3.57	1 444	3.10	2 799	6.00
Highly skilled supervision (Levels 9-12)	108 370	72 112	66.54	595	0.55	1 352	1.25	3 095	2.86
Senior Management (Levels 13-16)	62 497	45 727	73.17	0	0.00	600	0.96	607	0.97
<b>Total</b>	<b>266 117</b>	<b>173 998</b>	<b>65.38</b>	<b>5 323</b>	<b>2.00</b>	<b>5 940</b>	<b>2.23</b>	<b>10 285</b>	<b>3.86</b>

## 2 – Employment and Vacancies

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate and whether there are any staff that are additional to the establishment. This information is presented in terms of three key variables:- programme (Table 2.1), salary band (Table 2.2) and critical occupation (Table 2.3). Departments have identified critical occupations that need to be monitored. Table 2.3 provides establishment and vacancy information for the key critical occupations of the Department.

The vacancy rate reflects the percentage of posts that are not filled.

**Table 2.1 – Employment and vacancies by programme, 31 March 2012**

Programme	Number of posts	Number of posts filled	Vacancy rate %	Number of posts filled additional to the establishment
1	253	229	9.49	16
2	96	62	35.42	3
3	108	67	37.96	1
4	225	178	20.89	0
5	395	307	22.28	1
<b>Total</b>	<b>1 077</b>	<b>843</b>	<b>21.73</b>	<b>21</b>

**Note:** Due to the fact that the Department was only created in 2010 it was necessary to implement additional posts to the staff establishment in which to appoint officials to perform the related tasks. Once the vacant posts have been filled the posts will be removed from the establishment.

**Table 2.2 – Employment and vacancies by salary bands, 31 March 2012**

Salary band	Number of posts	Number of posts filled	Vacancy rate %	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2)	13	13	0	0
Skilled (Levels 3-5)	379	319	15.83	10
Highly skilled production (Levels 6-8)	270	209	22.59	1
Highly skilled supervision (Levels 9-12)	340	241	29.12	3
Senior Management (Levels 13-16)	75	61	18.67	7
<b>Total</b>	<b>1 077</b>	<b>843</b>	<b>21.73</b>	<b>21</b>

**Table 2.3 – Employment and vacancies by critical occupation, 31 March 2012**

Critical occupation	Number of posts	Number of posts filled	Vacancy Rate %	Number of posts filled additional to the establishment
Educators (Level 9-12)	17	17	0	0
<b>Total</b>	<b>17</b>	<b>17</b>	<b>0</b>	<b>0</b>

The information in each case reflects the situation as at 31 March 2012. For an indication of changes in staffing patterns over the year under review, please refer to section 5 of this report.

**Note:** The Department was created with effect from 1 April 2010. During 2010/11 and 2011/12 the Department was in a process of filling critical posts. The main functions of the Department are policy formulation and implementation where different kinds of skills are necessary at different stages. The specialised nature of work in most of the areas of the Department necessitates the use of highly skilled people who are at some stages not readily available for permanent appointment and have to be appointed on contract for periods as may be required. The Department also seconds highly skilled professionals from tertiary institutions and other organisations to address specific needs that arise. These people are appointed against posts on the fixed staff establishment of the Department for short periods, for example three to six months. The above practice might create the impression of a higher than normal staff turnover which is in fact not the case.

### 3 – Job Evaluation

The Public Service Regulations, 1999 introduced job evaluation as a way of ensuring that work of equal value is remunerated equally. Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in their organisations. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled.

The following table (Table 3.1) summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

**Table 3.1 – Job Evaluation, 1 April 2011 to 31 March 2012**

Salary band	Number of posts	Number of jobs evaluated	% of posts evaluated by salary bands	Posts upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower skilled (Levels 1-2)	13	1	7.69	3	300	0	0
Skilled (Levels 3-5)	379	6	1.58	18	300	0	0
Highly skilled production (Levels 6-8)	270	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	340	0	0	0	0	0	0
Senior Management Service Band A (Level 13)	49	0	0	0	0	0	0
Senior Management Service Band B (Level 14)	19	0	0	0	0	0	0
Senior Management Service Band C (Level 15)	6	0	0	0	0	0	0
Senior Management Service Band D (Level 16)	1	0	0	0	0	0	0
<b>Total</b>	<b>1 077</b>	<b>7</b>	<b>0.65</b>	<b>21</b>	<b>1.95</b>	<b>0</b>	<b>0</b>



The following table provides a summary of the number of employees whose salary positions were upgraded due to their posts being upgraded.

**Table 3.2 – Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2011 to 31 March 2012**

Beneficiaries	African	Indian	Coloured	White	Total
Female	2	0	0	0	2
Male	19	0	0	0	19
<b>Total</b>	<b>21</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21</b>

<b>Employees with disabilities</b>	<b>0</b>
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The following table summarises the number of cases where remuneration levels exceeded the grade determined by job evaluation.

**Table 3.3 – Employees whose salary level exceeds the grade determined by job evaluation, 1 April 2011 to 31 March 2012 (in terms of PSR 1.V.C.3)**

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
-	0	0	0	0
Total number of employees whose salaries exceeded the level determined by job evaluation in 2011/12				0
<b>Percentage of total employment</b>				<b>0</b>

Table 3.4 summarises the beneficiaries of the above in terms of race, gender, and disability.

**Table 3.4 – Profile of employees whose salary level exceeds the grade determined by job evaluation, 1 April 2011 to 31 March 2012 (in terms of PSR 1.V.C.3)**

Beneficiaries	African	Indian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Employees with a disability					0

#### 4 - Employment Changes

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the Department. The following tables provide a summary of turnover rates by salary band (Table 4.1) and by critical occupations (Table 4.2). (These "critical occupations" should be the same as those listed in Table 2.3)

**Table 4.1 – Annual turnover rates by salary band for the period 1 April 2011 to 31 March 2012**

Salary band	Number of employees per band as on 1 April 2011	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate %
Lower skilled (Levels 1-2)	29	7	2	6.90
Skilled (Levels 3-5)	292	48	17	5.82
Highly skilled production (Levels 6-8)	178	20	12	6.74
Highly skilled supervision (Levels 9-12)	219	34	15	6.85
Senior Management Service Band A (Level 13)	36	10	6	16.67
Senior Management Service Band B (Level 14)	14	12	5	35.71
Senior Management Service Band C (Level 15)	4	1	1	25
Senior Management Service Band D (Level 16)	1	1	1	100
<b>Total</b>	<b>773</b>	<b>133</b>	<b>59</b>	<b>7.63</b>

**Table 4.2 – Annual turnover rates by critical occupation for the period 1 April 2011 to 31 March 2012**

Occupation	Number of employees per occupation as on 1 April 2011	Appointments and transfers into the Department	Terminations and transfers out of the Department	Turnover rate %
Educators (Level 9-12)	16	1	0	0
<b>Total</b>	<b>16</b>	<b>1</b>	<b>0</b>	<b>0</b>

Table 4.3 identifies the major reasons why staff left the Department.

**Table 4.3 – Reasons why staff are leaving the Department**

Termination Type	Number	% of total
Death	3	5.08
Resignation	15	25.42
Transfers to other Public Service Departments	11	18.65
Expiry of contract	23	38.98
Employee initiated severance packages	0	0
Discharge due to ill health	0	0
Dismissal – misconduct	2	3.39
Retirement	5	8.48
<b>Total</b>	<b>59</b>	<b>100</b>
Total number of employees who left as a % of the total employment		6.99

**Table 4.4 – Promotions by critical occupation**

Occupation	Employees as on 1 April 2011	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progressions as a % of employees by occupation
Educators (Level 9-12)	17	0	0	16	0
<b>Total</b>	<b>17</b>	<b>0</b>	<b>0</b>	<b>16</b>	<b>0</b>

**Table 4.5 – Promotions by salary band**

Salary band	Employees as on 1 April 2011	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progressions as a % of employees by salary band
Lower skilled (Levels 1-2)	29	16	55.17	11	37.93
Skilled (Levels 3-5)	292	12	4.11	213	72.95
Highly skilled production (Levels 6-8)	178	19	10.67	124	69.66
Highly skilled supervision (Levels 9-12)	219	19	8.68	181	82.65
Senior Management (Levels 13-16)	55	3	5.45	30	54.54
<b>Total</b>	<b>773</b>	<b>69</b>	<b>8.93</b>	<b>559</b>	<b>72.32</b>

## 5 – Employment Equity

The tables in this section are based on the formats prescribed by the Employment Equity Act, 55 of 1998.

**Table 5.1- Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2012**

Occupational category (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Managers (Level 13-16)	25	5	1	5	15	0	2	8	61
Educators and Middle Managers (Level 9-12)	96	5	5	28	78	3	1	25	241
Officers and Senior Clerks, Machine Operators (Level 4-8)	136	4	0	8	180	6	2	48	384
Elementary occupations (Cleaners, Messengers, Food Services Aids, Security) (Level 1-3)	84	2	0	2	69	0	0	0	157
<b>Total</b>	<b>341</b>	<b>16</b>	<b>6</b>	<b>43</b>	<b>342</b>	<b>9</b>	<b>5</b>	<b>81</b>	<b>843</b>
Employees with disabilities	4	0	0	2	2	0	0	2	10

**Table 5.2- Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2012**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management (Level 15-16)	1	0	1	0	1	0	0	0	3
Senior Management (Level 13-14)	24	5	0	5	14	0	2	8	58
Educators and Middle Managers (Level 9-12)	96	5	5	28	78	3	1	25	241
Skilled and academically qualified workers (Level 6-8)	47	4	0	7	102	5	1	42	208
Semi-skilled and discretionary decision making (Level 3-5)	168	2	0	3	139	1	1	6	320
Unskilled and defined decision making (Level 1-2)	5	0	0	0	8	0	0	0	13
<b>Total</b>	<b>341</b>	<b>16</b>	<b>6</b>	<b>43</b>	<b>342</b>	<b>9</b>	<b>5</b>	<b>81</b>	<b>843</b>

**Table 5.3- Recruitment for the period 1 April 2011 to 31 March 2012**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management (Level 15-16)	1	0	0	0	0	0	0	0	1
Senior Management (Level 13-14)	5	0	0	0	5	0	0	0	10
Educators and Middle Managers (Level 9-12)	13	0	1	0	9	0	0	0	23
Skilled and academically qualified workers (Level 6-8)	2	0	0	0	14	0	0	0	16
Semi-skilled and discretionary decision making (Level 3-5)	2	0	0	0	9	0	0	0	11
Unskilled and defined decision making (Level 1-2)	4	0	0	0	0	0	0	0	4
<b>Total</b>	<b>27</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>37</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>65</b>
Employees with disabilities	0	0	0	0	0	0	0	0	0

**Table 5.4- Promotions for the period 1 April 2011 to 31 March 2012**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management (Level 15-16)	0	0	0	0	0	0	0	0	0
Senior Management (Level 13-14)	2	0	0	0	0	0	0	2	4
Educators and Middle Managers (Level 9-12)	8	0	1	0	7	0	0	3	19
Skilled and academically qualified workers (Level 6-8)	2	0	0	0	17	0	0	0	19
Semi-skilled and discretionary decision making (Level 3-5)	21	0	0	0	7	0	0	0	28
Unskilled and defined decision making (Level 1-2)	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>33</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>31</b>	<b>0</b>	<b>0</b>	<b>5</b>	<b>70</b>
Employees with disabilities	1	0	0	0	0	0	0	1	0

**Table 5.5 Terminations for the period 1 April 2011 to 31 March 2012**

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management (Level 15-16)	0	0	0	0	1	0	0	1	2
Senior Management (Level 13-14)	3	1	0	0	5	0	0	2	11
Educators and Middle Managers (Level 9-12)	3	0	0	2	5	0	1	4	15
Skilled and academically qualified workers (Level 6-8)	2	0	0	0	8	0	0	2	12
Semi-skilled and discretionary decision making (Level 3-5)	8	0	0	0	9	0	0	0	17
Unskilled and defined decision making (Level 1-2)	0	1	0	0	1	0	0	0	2
<b>Total</b>	<b>16</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>29</b>	<b>0</b>	<b>1</b>	<b>9</b>	<b>59</b>
Employees with disabilities	0	0	0	0	0	0	0	0	0

Table 5.6- Disciplinary action for the period 1 April 2011 to 31 March 2012

Type of disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Final written warning	2	0	0	0	1	0	0	0	3
Suspension with pay	2	0	0	0	0	0	0	0	2
Dismissal	1	1	0	0	1	0	0	0	3
<b>Total</b>	<b>5</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8</b>

Table 5.7-Skills development for the period 1 April 2011 to 31 March 2012

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Managers (Level 13-16)	5	2	1	2	5	0	1	2	18
Educators and Middle Managers (Level 9-12)	29	3	1	8	26	0	1	9	77
Officers and Clerks (Level 4-8)	36	0	0	2	35	1	1	7	82
Elementary occupations (Cleaners, Messengers, Food Services Aids, Security) (Level 1-3)	2	0	0	0	4	0	0	0	6
Interns	12	0	0	0	29	0	0	0	41
<b>Total</b>	<b>84</b>	<b>5</b>	<b>2</b>	<b>12</b>	<b>99</b>	<b>1</b>	<b>3</b>	<b>18</b>	<b>224</b>
Employees with disabilities	0	0	0	0	0	0	0	0	0



## 6 –Signing of Performance Agreements by SMS Members

The following tables indicate the numbers and percentages of SMS members who signed performance agreements as on 31 July 2011 (Table 6.1), reasons for not having concluded performance agreements (Table 6.2) and disciplinary steps taken against SMS members for not having concluded performance agreements (Table 6.3).

**Table 6.1 – Signing of performance agreements by SMS members as on 31 July 2011**

SMS Level	Total number of funded SMS posts per level	Total number of SMS members per level	Total number of signed performance agreements per level	Signed performance agreements as % of total number of SMS members per level
Director-General (Level 16)	1	1	0	0
Deputy Director-General (Level 15)	6	4	1	25
Chief Director (Level 14)	19	15	11	73.33
Director (Level 13)	49	39	34	87.18
<b>Total</b>	<b>75</b>	<b>59</b>	<b>46</b>	<b>77.97</b>

**Table 6.2 – Reasons for not having concluded performance agreements for all SMS members as on 31 July 2011**

1. The Senior Management System Member's job descriptions were changed and redefining the responsibilities was not finalised as at 31 July 2011

**Table 6.3 – Disciplinary steps taken against SMS members for not having concluded performance agreements as on 31 July 2011**

1. None

## 7 – Filling of SMS posts

The following tables indicate the number of SMS posts filled and vacant as on 31 March 2012 (Table 7.1), as on 30 September 2011 (Table 7.2), advertising and filling of SMS posts as on 31 March 2012 (Table 7.3), reasons for not having filled vacant posts (Table 7.4) and disciplinary steps taken for not complying .

**Table 7.1 – SMS posts information as on 31 March 2012**

SMS Level	Total number of funded SMS posts per level	Total number of SMS posts filled per level	% of SMS posts filled per level	Total number of SMS posts vacant per level	% of SMS posts vacant per level
Director-General (Level 16)	1	1	100.00	0	0.00
Deputy Director-General (Level 15)	6	3	50.00	3	50.00
Chief Director (Level 14)	19	14	73.68	5	26.32
Director (Level 13)	49	39	79.59	10	20.40
<b>Total</b>	<b>75</b>	<b>57</b>	<b>76.00</b>	<b>18</b>	<b>24.00</b>

**Table 7.2 – SMS posts information as on 30 September 2011**

SMS Level	Total number of funded SMS posts per level	Total number of SMS posts filled per level	% of SMS posts filled per level	Total number of SMS posts vacant per level	% of SMS posts vacant per level
Director-General (Level 16)	1	1	100.00	0	0.00
Deputy Director-General (Level 15)	6	4	66.66	2	33.33
Chief Director (Level 14)	19	15	78.95	4	21.05
Director (Level 13)	49	41	83.67	8	16.33
<b>Total</b>	<b>75</b>	<b>61</b>	<b>81.33</b>	<b>14</b>	<b>18.67</b>

**Table 7.3 – Advertising and filling of SMS posts as on 31 March 2012**

SMS Level	Advertising	Filling of posts	
	Number of vacancies per level advertised in 6 months of becoming vacant	Number of vacancies per level filled in 6 months after becoming vacant	Number of vacancies per level not filled in 6 months but filled in 12 months
Director-General (Level 16)	1	1	0
Deputy Director-General (Level 15)	0	0	0
Chief Director (Level 14)	8	6	0
Director (Level 13)	4	2	0
<b>Total</b>	<b>13</b>	<b>9</b>	<b>0</b>

**Table 7.4 – Reasons for not having complied with the filling of funded vacant SMS posts – advertised within 6 months and filled within 12 months after becoming vacant**

Reasons for vacancies not being advertised within 6 months:
1. Candidates were short-listed and interviewed but were not found to be suitable for the particular posts. The posts were readvertised.
Reasons for vacancies not being filled within 12 months:
1. None

**Table 7.5 – Disciplinary steps taken for not complying with the prescribed timeframes for filling SMS posts within 12 months**

1. None
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## 8 – Performance Rewards

To encourage good performance, the Department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, and disability (Table 8.1), salary bands (Table 8.2) and critical occupations (Table 8.3).

**Table 8.1 – Performance rewards by race, gender, and disability, 1 April 2011 to 31 March 2012**

Race	Beneficiary Profile			Cost	
	Number of beneficiaries	Total number of employees in group	% of total within group	Cost (R'000)	Average cost per employee (R'000)
<b>African</b>					
Male	194	341	56.89	2 014	10
Female	200	342	58.48	2 075	10
<b>Indian</b>					
Male	2	6	33.33	157	79
Female	3	5	60.00	141	47
<b>Coloured</b>					
Male	10	16	62.50	330	33
Female	5	9	55.55	148	29
<b>White</b>					
Male	33	43	76.74	692	21
Female	47	81	58.02	947	20
<b>Total</b>	<b>494</b>	<b>843</b>	<b>58.60</b>	<b>6 504</b>	<b>13</b>

**Table 8.2 – Performance rewards by salary bands for personnel below Senior Management Service, 1 April 2011 to 31 March 2012**

Salary band	Total personnel expenditure for level (R'000)	Beneficiary profile			Cost		
		Number of beneficiaries	Number of employees	% of total within salary bands	Total cost (R'000)	Average cost per employee (R'000)	Total cost as a % of the total personnel expenditure
Lower skilled (Levels 1-2)	5 141	13	13	100	55	4	1.07
Skilled (Levels 3-5)	43 461	218	320	68.13	876	4	2.02
Highly skilled production (Levels 6-8)	46 648	114	208	54.81	1 415	12	3.03
Highly skilled supervision (Levels 9-12)	108 370	124	241	51.45	2 961	24	2.73
<b>Total</b>	<b>203 620</b>	<b>469</b>	<b>782</b>	<b>60</b>	<b>5 307</b>	<b>11</b>	<b>2.61</b>

**Table 8.3 – Performance related rewards (cash bonus), by salary band, for Senior Management Service**

*Note: This task has not been finalised for the 2011/12 assessment year and only the following figures are currently available.*

Salary band	Total personnel expenditure for level (R'000)	Beneficiary profile			Cost		
		Number of beneficiaries	Number of employees	% of total within band	Total cost (R'000)	Average cost per employee (R'000)	Total cost as a % of the total personnel expenditure
(Level 13- 16)	62 497	24	54	44.4	1 243	52	1.99
<b>Total</b>	<b>62 497</b>	<b>24</b>	<b>54</b>	<b>44.4</b>	<b>1 243</b>	<b>52</b>	<b>1.99</b>

## 9 – Foreign Workers

The tables below summarise the employment of foreign nationals in the Department in terms of salary bands and by major occupation. The tables also summarise changes in the total number of foreign workers in each salary band and by each major occupation.

**Table 9.1 – Foreign workers, 1 April 2011 to 31 March 2012, by salary band**

	1 April 2011		31 March 2012		Change	
Salary band	Number	% of total	Number	% of total	Number	% change
Total	0	0	0	0	0	0

**Table 9.2 – Foreign workers, 1 April 2011 to 31 March 2012, by major occupation**

	1 April 2011		31 March 2012		Change	
Major occupation	Number	% of total	Number	% of total	Number	% change
Educators	0	0.00	0	0.00	0	0.00
Total	0	0.00	0	0.00	0	0.00

**10 - Leave utilisation for the period 1 January 2011 to 31 December 2011**

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave (Table 10.1) and disability leave (Table 10.2). In both cases, the estimated cost of the leave is also provided.

**Table 10.1 – Sick leave, 1 January 2011 to 31 December 2011**

Salary band	Total days	% days with medical certification	Number of employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated cost (R'000)	Total number of days with medical certification
Lower skilled (Levels 1-2)	180	134.5	47	6.4	12	35	119
Skilled (Levels 3-5)	1 909	138.7	260	35.7	12	576	1 484
Highly skilled production (Levels 6-8)	1 520	113.9	183	25.1	12	906	1 193
Highly skilled supervision (Levels 9-12)	1 353	75.7	194	26.7	7	1 887	1 024
Senior Management (Levels 13-16)	286	179.4	43	5.9	11	835	228
<b>Total</b>	<b>5 248</b>	<b>77.1</b>	<b>727</b>	<b>100</b>	<b>7</b>	<b>4 239</b>	<b>4 048</b>

**Table 10.2 – Disability leave (temporary and permanent), 1 January 2011 to 31 December 2011**

Salary band	Total days taken	% days with medical certification	Number of employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated cost (R'000)	Total number of days with medical certificate
Lower skilled (Levels 1-2)	0	0	0	0	0	0	0
Skilled (Levels 3-5)	197	99.5	8	27.6	25	57	196
Highly skilled production (Levels 6-8)	156	99.4	14	48.3	11	104	155
Highly skilled supervision (Levels 9-12)	257	99.6	6	20.7	43	270	256
Senior Management (Levels 13-16)	14	100	1	3.4	14	39	14
<b>Total</b>	<b>624</b>	<b>99.5</b>	<b>29</b>	<b>100</b>	<b>22</b>	<b>470</b>	<b>621</b>

Table 10.3 summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC, requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

**Table 10.3 – Annual leave, 1 January 2011 to 31 December 2011**

Salary band	Total days taken	Average per employee	Number of Employees who took leave
Lower skilled (Levels 1-2)	966	11	86
Skilled (Levels 3-5)	6 656	20	323
Highly skilled production (Levels 6-8)	4 442	21	207
Highly skilled supervision (Levels 9-12)	4 958	20	239
Senior Management (Levels 13-16)	1 390	19	74
<b>Total</b>	<b>18 412</b>	<b>20</b>	<b>929</b>

**Table 10.4 – Capped leave, 1 January 2011 to 31 December 2011**

Salary band	Total days of capped leave taken	Average number of days taken per employee	Number of employees who took capped leave
Lower skilled (Levels 1-2)	0	0	0
Skilled (Levels 3-5)	40	6	7
Highly skilled production (Levels 6-8)	52	9	6
Highly skilled supervision (Levels 9-12)	44	4	10
Senior Management (Levels 13-16)	8	3	3
<b>Total</b>	<b>144</b>	<b>6</b>	<b>26</b>



**Table 10.5 – Leave payouts for the period 1 April 2011 to 31 March 2012**

The following table summarises payments made to employees as a result of leave that was not taken.

Reason	Total amount (R'000)	Number of employees	Average payment per employee
Leave payout due to non-utilisation of leave and termination of service	193	20	9 650
Capped leave payout on termination of service	0	0	0
<b>Total</b>	<b>193</b>	<b>20</b>	<b>9 650</b>

## 11. HIV and Aids and Health Promotion Programmes

**Table 11.1 – Steps taken to reduce the risk of occupational exposure**

Units/categories of employees identified to be at high risk of contracting HIV and related diseases (if any)	Key steps taken to reduce the risk
None	Education awareness and prevention programmes
	Distribution of universal precautions
	First aid kits installed on all floors of the building
	Condom distribution

**Table 11.2 – Details of Health Promotion and HIV and Aids Programmes (tick the applicable boxes and provide the required information)**

Question	Yes	No	Details, if yes
1. Has the Department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	Yes		Ms C M Pilane: Director:HRM
2. Does the Department have a dedicated unit or has it designated specific staff members to promote the health and well-being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	Yes		One official
3. Has the Department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	Yes		To assist employees with task- related and personal problems.
4. Has the Department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	Yes		Each Branch is represented in the committee.
5. Has the Department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	Yes		Leave Policy Employee Assistance Programme Policy Recruitment Policy
6. Has the Department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	Yes		HIV and Aids and TB management Policy HIV and Aids Workplace programme Condom distributions
7. Does the Department encourage its employees to undergo Voluntary Counseling and Testing? If so, list the results that you have achieved.	Yes		Through HCT campaign the uptake of officials that underwent pre-test counseling was 177 and those who tested were 99. HCT campaign is conducted quarterly, which will ensure that the status of officials does not deteriorate and ensure that they are able to live a healthy life.

Question	Yes	No	Details, if yes
8. Has the Department developed measures/indicators to monitor and evaluate the impact of its health promotion programme? If so, list these measures/indicators.	Yes		Training in First Aid Programmes Distribution of condoms Protective gloves distribution Awareness campaign Information session Distribution of booklets and pamphlets on HIV and Aids Introduced wellness programmes i.e.soccer, and netball

## 12 – Labour Relations

The following collective agreements were entered into with trade unions within the Department.

**Table 12.1 – Collective agreements, 1 April 2011 to 31 March 2012**

Subject matter	Date
None	-

The following table summarises the outcome of disciplinary hearings conducted within the Department for the year under review.

**Table 12.2 – Misconduct and disciplinary hearings finalised, 1 April 2011 to 31 March 2012**

Outcome of disciplinary hearings	Number	% of total
Correctional counselling	0	0
Verbal warning	0	0
Written warning	0	0
Final written warning	3	50
Suspended without pay	0	0
Fine	0	0
Demotion	0	0
Dismissal	3	50
Not guilty	0	0
Case withdrawn	0	0
<b>Total</b>	<b>6</b>	<b>100</b>

**Table 12.3 – Types of misconduct addressed at disciplinary hearings for the period 1 April 2011 to 31 March 2012**

Type of misconduct	Number	% of total
Mismanagement of funds	3	50
Negligently cause loss of state property	3	50
<b>Total</b>	<b>6</b>	<b>100</b>

**Table 12.4 – Grievances lodged for the period 1 April 2011 to 31 March 2012**

	Number	% of total
Number of grievances resolved	6	54.55
Number of grievances not resolved	5	45.45
<b>Total number of grievances lodged</b>	<b>11</b>	<b>100</b>

**Table 12.5 – Disputes lodged with Councils for the period 1 April 2011 to 31 March 2012**

	Number	% of total
Number of disputes upheld	1	50
Number of disputes dismissed	0	0
Number of dispute outstanding	1	50
<b>Total number of disputes lodged</b>	<b>2</b>	<b>100</b>

**Table 12.6 – Strike actions for the period 1 April 2011 to 31 March 2012**

Total number of person working days lost	n/a
Total cost (R'000) of working days lost	n/a
Amount (R'000) recovered as a result of no work no pay	n/a

**Table 12.7 – Precautionary suspensions for the period 1 April 2011 to 31 March 2012**

Number of people suspended	2
Number of people whose suspension exceeded 30 days	1
Average number of days suspended	139
Cost (R'000) of suspensions	39

**13 - Skills development**

This section highlights the efforts of the Department with regard to skills development.

**Table 13.1- Training needs identified 1 April 2011 to 31 March 2012**

Occupational category	Gender	Number of employees as at 1 April 2011	Training needs identified at start of reporting period			
			Number of employees identified for training	Skills Programmes and other short courses	Other forms of training	Total number of courses
Senior Managers (Level 13-16)	Female	22	3	<ul style="list-style-type: none"> <li>• Project Khaedu</li> <li>• Project Management</li> <li>• Strategic Management and Leadership</li> <li>• Supply Chain Management</li> </ul>		4
	Male	33	2	<ul style="list-style-type: none"> <li>• Public Financial Management Act</li> <li>• Project Khaedu</li> <li>• Strategic Management and Leadership</li> <li>• Supply Chain Management</li> </ul>		4

Occupational category	Gender	Number of employees as at 1 April 2011	Training needs identified at start of reporting period			
			Number of employees identified for training	Skills Programmes and other short courses	Other forms of training	Total number of courses
Educators and Middle Managers (Level 9-12)	Female	98	27	<ul style="list-style-type: none"> <li>• Business Writing Skills</li> <li>• Mentoring and Coaching</li> <li>• Presentation Skills</li> <li>• Policy Management, Implementation and analysis</li> <li>• Public Financial Management Act</li> <li>• Advanced Management Development Programme</li> <li>• Public Financial Management for Non-Financial Managers</li> <li>• Policy Development</li> <li>• Performance Monitoring and Evaluation</li> <li>• Risk and Control Assessment</li> <li>• Project Management</li> <li>• Electronic Editing</li> <li>• Labour Relations</li> <li>• Health and Safety Representative</li> <li>• Economic Analysis</li> </ul>	Shop Stewards Training	15
	Male	121	37	<ul style="list-style-type: none"> <li>• Mentoring and Coaching</li> <li>• Public Financial Management for Non-Financial Managers</li> <li>• Outcomes-based Monitoring and Evaluation</li> <li>• Policy Management, Implementation and analysis</li> <li>• Auditing Performance Information</li> <li>• Supply Chain Management</li> <li>• Advanced Management Development</li> <li>• Presentation Skills</li> <li>• Project Management</li> <li>• Risk and Control Assessment</li> <li>• Security and Asset Management</li> <li>• Electricity Course</li> </ul>	Shop Stewards Training  Public Service Trainers Forum	12

Occupational category	Gender	Number of employees as at 1 April 2011	Training needs identified at start of reporting period			
			Number of employees identified for training	Skills Programmes and other short courses	Other forms of training	Total number of courses
Officers, Clerks and Machine Operators (Level 3-8)	Female	264	78	<ul style="list-style-type: none"> <li>• Project Management</li> <li>• Outcomes-based Monitoring and Evaluation</li> <li>• Presentation Skills</li> <li>• Business Writing Skills</li> <li>• Policy Management, Implementation and analysis</li> <li>• Supply Chain Management</li> <li>• Office Management</li> <li>• Mentoring and Coaching</li> <li>• Advanced Management Development</li> <li>• Excellent Customer Care</li> <li>• Fire Fighting</li> <li>• Micro Soft</li> <li>• Office package</li> </ul>	Shop Stewards Training  Public Service Trainers Forum	13
	Male	206	38	<ul style="list-style-type: none"> <li>• Protocol and Diplomacy</li> <li>• Outcomes-based Monitoring and Evaluation</li> <li>• Mentoring and Coaching</li> <li>• Policy Management, Implementation and analysis</li> <li>• Business Writing Skills</li> <li>• Supply Chain Management</li> <li>• Office Management</li> <li>• Public Financial Management Act</li> <li>• Advanced Management Development</li> <li>• Micro-Soft 2010</li> <li>• Plumbing course</li> </ul>		11



Occupational category	Gender	Number of employees as at 1 April 2011	Training needs identified at start of reporting period			
			Number of employees identified for training	Skills Programmes and other short courses	Other forms of training	Total number of courses
Elementary occupations (Cleaners, Messengers, Food services Aids, Security, Interns) (Level 1-2)	Female	12	21	<ul style="list-style-type: none"> <li>Office Management</li> <li>Business Writing Skills</li> <li>Project Management</li> <li>Micro Soft 2010</li> <li>Public Financial Management Act</li> </ul>		5
	Male	17	57	<ul style="list-style-type: none"> <li>Public Financial Management Act</li> <li>Business Writing Skills</li> <li>Office Management</li> <li>Excellent Customer Care</li> <li>Project Management</li> </ul>		5
<b>Sub Total</b>	Female	396	129			37
	Male	377	134			32
<b>Total</b>		773	263			69

TABLE 13.2- Training provided 1 April 2011 to 31 March 2012

Occupational category	Gender	Number of employees as at 1 April 2011	Training provided within the reporting period			
			Number of employees identified for training	Skills Programmes and other short courses	Other forms of training	Total
Senior Managers (Level 13-16)	Female	22	8	<ul style="list-style-type: none"> <li>• Job Evaluation</li> <li>• Disciplinary Hearing</li> <li>• Project Khaedu</li> <li>• Project Management</li> </ul>		4
	Male	33	10	<ul style="list-style-type: none"> <li>• Public Financial Management Act</li> <li>• Auditing Performance Information</li> <li>• Project Khaedu</li> <li>• Job Evaluation</li> <li>• Disciplinary Hearing</li> </ul>		5
Educators and Middle Managers (Level 9-12)	Female	98	35	<ul style="list-style-type: none"> <li>• Business Writing Skills</li> <li>• Mentoring and Coaching</li> <li>• Presentation Skills</li> <li>• Policy Management, Implementation and analysis</li> <li>• Public Financial Management Act</li> <li>• Advanced Management Development Programme</li> <li>• Public Financial Management for Non-Financial Managers</li> </ul>	Shop Stewards Training	7
	Male	121	42	<ul style="list-style-type: none"> <li>• Job Evaluation</li> <li>• Mentoring and Coaching</li> <li>• Public Financial Management for Non-Financial Managers</li> <li>• Outcomes-based Monitoring and Evaluation</li> <li>• Policy Management, Implementation and analysis</li> <li>• Auditing Performance Information</li> <li>• Supply Chain Management</li> <li>• Advanced Management Development</li> <li>• Disciplinary Hearing Training</li> <li>• Presentation Skills</li> <li>• Project Management</li> </ul>	Shop Stewards Training  Public Service Trainers Forum	11

Occupational category	Gender	Number of employees as at 1 April 2011	Training provided within the reporting period			
			Number of employees identified for training	Skills Programmes and other short courses	Other forms of training	Total
Officers, Clerks and Machine Operators (Level 3-8)	Female	264	52	<ul style="list-style-type: none"> <li>• Project Management</li> <li>• Outcomes-based Monitoring and Evaluation</li> <li>• Presentation Skills</li> <li>• Business Writing Skills</li> <li>• Policy Management, Implementation and analysis</li> <li>• Supply Chain Management</li> <li>• Office Management</li> <li>• Mentoring and Coaching</li> <li>• Advanced Management Development</li> <li>• Micro Soft 2010</li> <li>• Excellent Custer Care</li> </ul>	Shop Stewards Training  Public Service Trainers Forum	11
	Male	206	36	<ul style="list-style-type: none"> <li>• Pneumatics</li> <li>• Outcomes-based Monitoring and Evaluation</li> <li>• Mentoring and Coaching</li> <li>• Policy Management, Implementation and analysis</li> <li>• Business Writing Skills</li> <li>• Supply Chain Management</li> <li>• Office Management</li> <li>• Public Financial Management Act</li> <li>• Advanced Management Development</li> <li>• Micro Soft 2010</li> </ul>		10

Occupational category	Gender	Number of employees as at 1 April 2011	Training provided within the reporting period			
			Number of employees identified for training	Skills Programmes and other short courses	Other forms of training	Total
Elementary occupations (Cleaners, Messengers, Food Services Aids, Security, Interns) (Level 1-2)	Female	12	29	<ul style="list-style-type: none"> <li>• Office Management</li> <li>• Business Writing Skills</li> <li>• Project Management</li> <li>• Micro Soft 2010</li> <li>• Public Financial Management Act</li> </ul>		5
	Male	17	12	<ul style="list-style-type: none"> <li>• Public Financial Management Act</li> <li>• Business Writing Skills</li> <li>• Office Management</li> <li>• Excellent Customer Care</li> <li>• Project Management</li> </ul>		5
Sub total	Female	396	124			27
	Male	377	100			31
Total		773	224			58

**14 – Injury on duty**

The following table provides basic information on injuries on duty.

**Table 14.1 – Injury on duty, 1 April 2011 to 31 March 2012**

Nature of injury on duty	Number	% of total
Required basic medical attention only	14	100
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
<b>Total</b>	<b>14</b>	<b>100</b>

**15 – Employee initiated severance packages**

The Minister for the Public Service and Administration (MPSA) has with effect from 1 January 2006 in terms of section 3(3)(c) of the Public Service Act, 1994, as amended, issued a determination on the introduction of an employee initiated severance package (EISP) for employees. The procedure relevant to the granting of an EISP to an employee entails that the comments of the MPSA must first be obtained before departments make a final decision in this regard. The following table provides information in respect of EISP granted during the period 1 April 2011 to 31 March 2012.

**Table 15.1- Granting of employee initiated severance packages, 1 April 2011 to 31 March 2012**

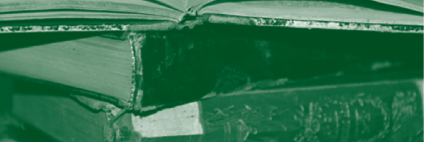
Salary band	Number of applications received	Number of applications referred to the MPSA	Number of applications supported by MPSA	Number of packages approved by Department
Lower skilled (Levels 1-2)	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0
Senior Management (Levels 13-16)	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 16. Utilisation of Consultants

**Table 16. 1- Report on consultant appointments using appropriated funds for the period 1 April 2011 to 31 March 2012**

**Note:** In cases where companies were granted the tender, the number of consultants and duration of work days spent on the tasks is unknown and is indicated as unknown in the following tables.

Project title/ description of task	Total number of consultants that worked on the project	Duration: Work days	Contract value In Rand (R,000)
To finalise the drafting of the Distance Education Policy	Unknown (SAIDE)		239 928.00
QCTO: Opening and managing bank account	Unknown (ABSA)		
QCTO: Foundational learning Communication registered as a part qualification on the NQF	Unknown (M A King Consultants cc)		102 600.00
Layout, design and printing	Unknown (Shereno Printers)		279 254.40
Layout, design and printing	Unknown (Shereno Printers)		255 495.12
Implementation of Pastel Partner Accrual Accounting System and month-end close process	Unknown (PWC cc)	01/11/2011 – 31/07/2013	9 107 234.98
QCTO: Recruitment Agency to assist with the selection and recommendation to appoint CEO for QCTO	Unknown (Siyaya Placement)		245 000.00
QCTO: Foundational learning Communication registered as a part qualification on the NQF	Unknown (Project Literacy Education Centre)		90 000.00
Conversion of data from basis of accounting to accrual for 2010/11	Unknown (PWC cc)	7 months	385 080.99
Risk assessment in the Department of Higher Education and Training	Unknown (PWC cc)	22/06/2011-22/09/2011	292 681.20

**Table 16.2: Report on consultant appointments using Donor funds**

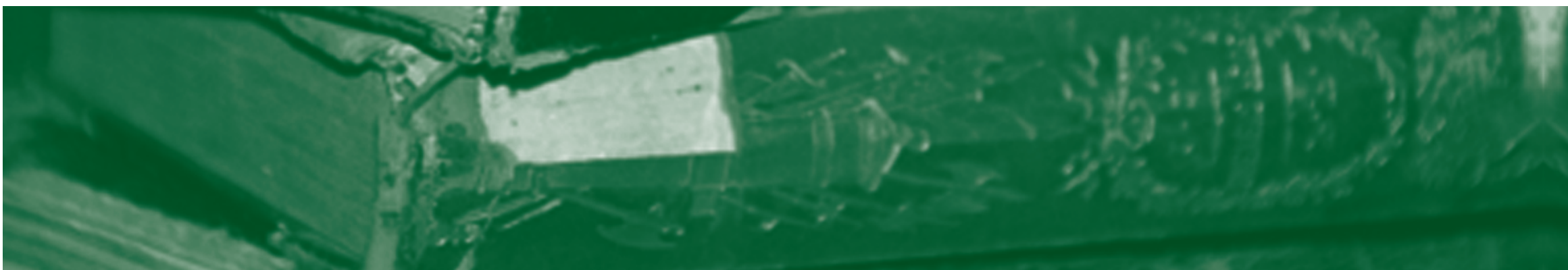
Project title	Total number of consultants that worked on the project	Duration: Work days	Donor and Contract value in Rand (R,000)
None			

**Table 16.3: Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs)**

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
None			

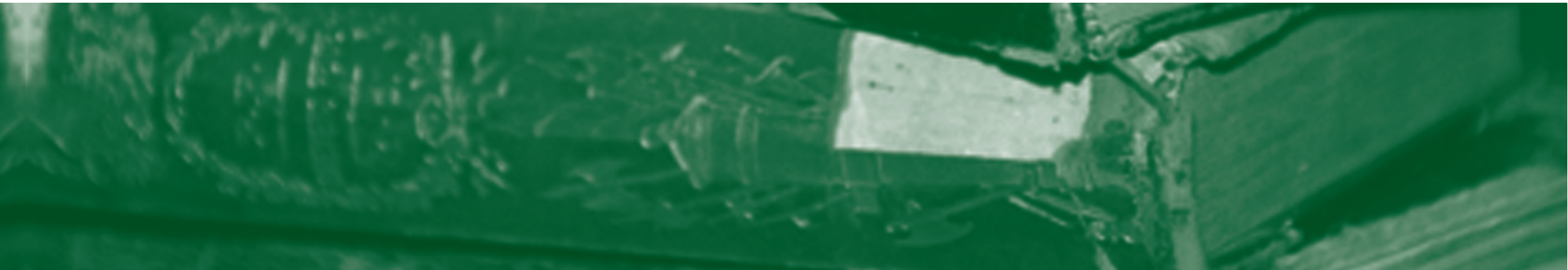


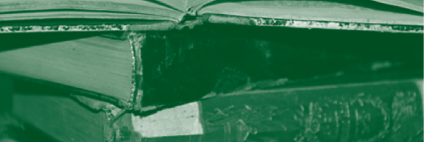




## SECTION 5

### OTHER INFORMATION





## SECTION 5: OTHER INFORMATION

ACRONYMS

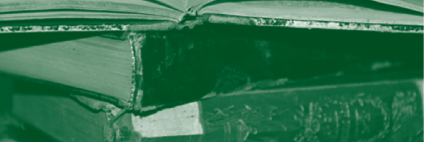
LIST OF CONTACT DETAILS

## ACRONYMS

ABET	Adult Basic Education and Training
ADEA	Association for the Development of Education in Africa
ADTTT	Artisan Development Technical Task Team
AET	Adult Education and Training
AG	Auditor-General
ALCs	Adult Learning Centres
BAS	Basic Accounting System
BNC	Bi-National Commission
CA	Collective Agreement
CAO	Centralised Applications Office
CC	Closed Corporation
CD	Chief Director
CEO	Chief Executive Officer
CEPD	Centre for Education Policy Development
CESM	Classification of Educational Subject Matter
CETA	Construction Education and Training Authority
CFO	Chief Financial Officer
CEM	Council of Education Ministers
CHE	Council of Higher Education
COL	Commonwealth of Learning
COSE	Collaboration for Occupational Skills Excellence
CPIX	Consumer Price Index
CPUT	Cape Peninsula University of Technology
CSIR	Council for Scientific and Industrial Research
CUT	Central University of Technology
D	Director
DBE	Department of Basic Education
DDG	Deputy Director-General
DG	Director-General
DHET	Department of Higher Education and Training
DIRCO	Department of International Relations and Cooperation
DST	Department of Science and Technology
DTI	Department of Trade and Industry
ECM	Enterprise Content Management
EFA	Education for All
ELRC	Education Labour Relations Council
ENE	Estimate of National Expenditure

ETQA	Education and Training Quality Assurance
EXCO	Executive Council
FET	Further Education and Training
FETMIS	Further Education and Training Management Information System
FMS&G	Financial Management Systems and Guidelines
FETCBU	Further Education and Training Colleges Bargaining Unit
GENFETQA	General and Further Education and Training Quality Assurance
GETC	General Education and Training Certificate
GIS	Geographical Information System
GITO	Government Information Technology Office
GPSSBC	General Public Service Sector Bargaining Council
HE	Higher Education
HEAIDS	Higher Education HIV/Aids Programme
HEDCOM	Heads of Education Departments Committee
HEI	Higher Education Institutions
HEMIS	Higher Education Management Information System
HEQF	Higher Education Qualifications Framework
HESA	Higher Education South Africa
HIV/Aids	Human Immunodeficiency Virus / Acquired Immunodeficiency Syndrome
HRD	Human Resource Development
HRDSA	Human Resource Development Strategy for South Africa
HRMIS	Human Resource Management Information System
IBSA	India-Brazil-South Africa
ICASS	Internal Continuous Assessment
ICT	Information and Communication Technology
IEC	Independent Electoral Commission
ILO	International Labour Organisation
INDLELA	Institute for the National Development of Learnerships, Employment Skills and Labour Assessments
IPAP	Industrial Policy Action Plan
LAN	Local Area Network
MIS	Management Information System
MMM	Minister's Management Meeting
MTSF	Medium Term Strategic Framework
NAMB	National Artisan Moderation Body
NASCA	National Senior Certificate for Adults
NATED	National Accredited Technical Diploma
NC(V)	National Certificate (Vocational)
NGP	New Growth Path
NIPF	National Industrial Policy Framework

NMOS	National Macro Organisation of the State
NQF	National Qualifications Framework
NRF	National Research Foundation
NSA	National Skills Authority
NSDS III	National Skills Development Strategy III
NSF	National Skills Fund
NSF ALC	National Norms and Standards for Funding Adult Learning Centres
NSF DIS	National Skills Fund Disbursement Information System
NSF FET	National Norms and Standards for Funding Further Education and Training Colleges
NSFAS	National Student Financial Aid Scheme
ODA	Overseas Development Assistance
OECD	Organisation for Economic Cooperation and Development
OFO	Organising Framework for Occupations
PALCs	Public Adult Learning Centres
PCs	Personal Computers
PEDs	Provincial Education Departments
PERSAL	Personnel Salary System
PIVOTAL Prog.	Professional, Vocational and Technical, as well as Academic Learning Programmes
PME	Performance Management Evaluation
PQM	Programme Qualification Mix
QCTO	Quality Council for Trades and Occupations
SACE	South African Council of Educators
SADC	Southern African Development Community
SAIDE	South African Institute of Distance Education
SAQA	South African Qualifications Authority
SARS	South African Revenue Service
SAUS	South African Union of Students
SDA	Skills Development Act (No. 97 of 1998)
SDL	Skills Development Levy
SETA	Sector Education and Training Authority
SIC	Standard Industrial Classification
SITA	State Information Technology Agency
SSP	Sector Skills Plan
SRC	Student Representative Council
SSS	Student Support Services
TWG	Technical Working Group
UN	United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organisation
VCET	Vocational and Continuing Education and Training



VPN Virtual Private Network  
WAN Wide Area Network  
WITS Witwatersrand University  
WSU Walter Sisulu University

## LIST OF CONTACT DETAILS

### PRETORIA OFFICE

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**Fax:** 012 323 0291

### CAPE TOWN OFFICE

**Postal Address:**

Private Bag X9192, Cape Town, 8000

**Physical Address:**

103 Plein Street, Cape Town, 8001

**Tel:** 021 469 5175

**Fax:** 021 461 4761

### OTHER USEFUL CONTACTS

**Career advice helpline:** 0860 111 673

**Website:** [www.careerhelp.org.za](http://www.careerhelp.org.za)

**Presidential hotline:** 17737

**National fraud hotline:** 0800 801 801

**DHET call centre - Toll Free:** 0800 872 222

**Website:** [www.dhet.gov.za](http://www.dhet.gov.za)



## This image shows a blank sheet of white paper with horizontal ruling lines. The lines are evenly spaced and extend across the width of the page. There are no margins, text, or other markings on the paper.

