

THE TOURISM HOSPITALITY
& SPORT EDUCATION & TRAINING AUTHORITY

ANNUAL REPORT 2008



01 APRIL 2007 – 31 MARCH 2008



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Department:
Labour
REPUBLIC OF SOUTH AFRICA



theta

TOURISM, HOSPITALITY & SPORT
EDUCATION TRAINING AUTHORITY

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Annual Report of the THETA 1 April 2007 to 31 March 2008

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Minister MMS Mdladlana, MP
Minister of Labour

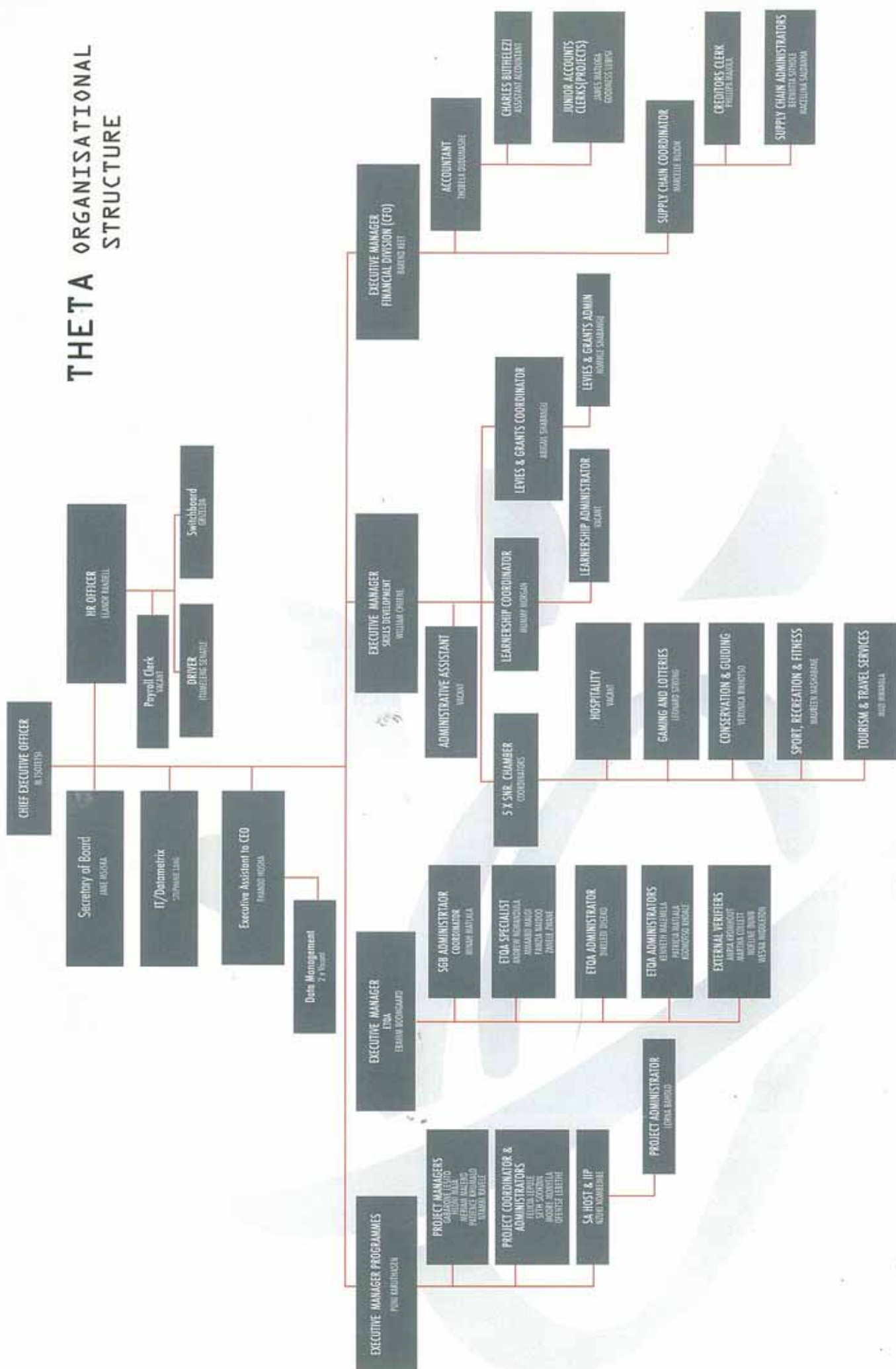
Department of Labour
Laboria House
Pretoria

It is my pleasure and privilege to
present to you the Annual Report
of the THETA for the financial year
ended 31 March 2008.



CEO - Mike Tsotetsi
Sandton
July 2008

THETA ORGANISATIONAL STRUCTURE



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CHAIRPERSON'S REPORT MR CHRIS JOHNSON



The period under review in this Annual Report is characterised by growth and improved performance by THETA; a studious and successful effort to meet the mandate as defined for THETA by the Department of Labour. More than ever before we have felt the pressing need for improved alignment to government's economic growth strategy, understanding that tourism appears prominently as a potential contributor to South Africa's improved GDP. The resultant and human resources demands made on the tourism sector have presented to THETA the mammoth task of up-skilling a nation to improve the country's tourism competitiveness; championing 'investing in people' and providing lasting solutions to the provision of critical and scarce skills across the five (5) chambers serviced by THETA. Of even more importance, is the ever-present imperative to transform the economy as we build it. In its interventions, THETA has not been spared from this political mandate and has successfully factored it in its interventions. Admittedly, this task has proven to be more elusive in certain sectors than in others.

The following are some of the key highlights that have characterized the period under review:

Projects: THETA is proud to announce that in recognition of the critical and scarce skills required generally in football, and more specifically in preparation for the 2010 Soccer World Cup we have now signed a Memorandum of Understanding with the South African Football Association (SAFA), focusing on skills development interventions for administrative and technical staff in professional football, and the players themselves. The relationship with SAFA has been further enhanced by a stronger relationship with the 2010 Local Organizing Committee (LOC), with THETA taking a leading role in co-convening the 2010 Skills Development Partnership with the LOC. This partnership has managed to bring on board all other SETA's directly affected by the 2010 Soccer World Cup, plus other organizations that have a role in contributing to the skills development challenges presented by South Africa's hosting of this event.

THETA has further formalized relations with Boxing SA through the signing of a Memorandum of Understanding, focusing on a skills development project that seeks to build capacity and increase skills and knowledge in the boxing fraternity. The project is aimed at promoting boxers, trainers and referees within the boxing fraternity with the main focus on national and international events

THETA has in this year also made public its plan to contribute 28 000 workers – through an ABET intervention – as a contribution towards 700 000 workers as a National Skills Development target. The innovative approach that THETA has adopted to reach the target set in the service level agreement with Department of Labour is to avail a cash grant to employees within all chambers. It is expected that this project will be launched in July 2008.

Financials: Due to improved efficiencies, better service delivery and more companies participating in skills development, THETA has managed to disburse a majority of the monies recieved as levy income. THETA now has the capacity to have all projects spend as per their budget.



CHAIRPERSON'S REPORT

Corporate Governance: As a public entity, THETA remains firmly committed to adherence to the PFMA and the King II Report on Corporate Governance, ensuring clear lines between governance and management responsibilities. The Board has established various committees with clearly defined terms of reference. These committees meet on a regular basis and report to the Board on all matters in their scope of operations.

Challenges and Successes: THETA was honoured to participate and witness the successful 2010 FIFA World Cup preliminary draw held in November 2007 in preparation for the World Cup; a true spectacle in testimony of South Africa's capacity to successfully host international events. Of more significance to THETA was the ability to provide trained volunteers, whose service orientation made the experience a hospitable one for all visitors, local and international. It is expected that THETA will play a similar role at the draw to be held in Johannesburg in November 2008. The Soccer World Cup remains the single biggest challenge for South Africa, with THETA located squarely in the eye of the storm in the expectation to deliver the relevant critical and scarce skills. It is my considered view that more than ever before, THETA is geared for this task.

Finally I wish to acknowledge the contribution of the Chief Executive Officer Mike Tsotetsi and his entire team, whose commitment and dedication to THETA has ensured that we close yet another reporting year with much success. On behalf of the Board I wish to express our heartfelt condolences on the passing on of one of our Board members Mr Tom Pringle, whose valuable inputs to Board deliberations is sorely missed. I also wish to thank all my colleagues on the Board, whose concise knowledge and understanding of good governance principles has ensured that we navigate THETA towards more prosperous and successful times.



Christopher P. Johnson
THETA Chairman



CORPORATE GOVERNANCE



BOARD REPORT: CORPORATE GOVERNANCE

In THETA, risk management is a well-defined, logical and methodical process. Instilling a risk-conscious culture throughout our organisation is a continual focus as we strive to reach our goal of maximizing opportunities and minimizing exposures to risk.

STATEMENT OF COMPLIANCE

THETA is committed to the highest standards of corporate governance. In 2008 financial year, THETA complied fully with the provisions of the Skills Development Act, 1997, Skills Development Levies Act, 1999 and Public Finance Management Act, 1999 and materially with the Code of Corporate Practices and Conduct (the code) recommended by the King II report on Corporate Governance.

The Board has also considered the provisions of the Public Finance Management Act of 1999. Subsequent to the promulgation of this Act, the Chairman of the Audit Committee, Parblo (employed by the City Lodge Group, a significant stakeholder in THETA) resigned his position on this committee. His replacement is being sought by the Audit Committee.

ROLE OF THE BOARD

The committee of Board Members is accountable in stakeholder for the performance of the THETA. Its role includes:

- the establishment, review and monitoring of strategic objectives
- oversight of THETA's systems of internal control, governance and risk management

While all Board Members have equal responsibility for managing THETA's affairs, it is the role of the Chief Executive and Executive Committee to run the business of THETA within parameters laid down by the Board and to produce clear, accurate and timely reports to enable the Board to make informed decisions. The Board has, through its charter and THETA- delegated authority framework, set aside matters which it cannot delegate. The following matters are reserved for the Board:

- reviewing the strategic direction of THETA and adopting business plans proposed to achieve THETA's objectives.
- approving specific financial objectives, including budgets, and non-financial objectives and policies proposed by management.
- overseeing THETA's performance against agreed targets and objectives.
- reviewing the process for management of business risk.
- reviewing processes for ensuring compliance by THETA with its key legal obligations.
- delegating appropriate authority to the Chief Executive Officer for capital expenditure and reviewing investment, capital and funding proposals reserved for Board approval in terms of the delegation policy set out in its charter.
- approving succession planning for key positions within THETA.
- providing leadership and vision in a way that will enhance value and ensure the long-term organizational health of THETA.
- appointing the Chief Executive Officer.

BOARD COMPOSITION

In keeping with the recommendations of the code, the THETA Board comprises a majority of independent Board Members. Board Members are considered to have the skill and experience to bring balanced and independent judgment to bear on THETA business. The Board currently comprises, in addition to the Chairman, one executive and twenty four non-executive Board Members.

The Board is chaired by Chris Johnson, who is responsible for leading the Board and for its effectiveness. The Chief Executive Officer, Mike Tsotetsi, is responsible for executing strategy and day-to-day management of THETA, supported by the Executive Committee which is chaired by the Chairperson of the Board.



BOARD MEMBERS' ATTENDANCE

Names	Representing	7 June 2007	20 June 2007	30 July 2007	20 August 2007	21 February 2008
Thabo Mahlangu	Labour	Yes	Yes	Yes	Yes	Yes
Chris Johnson	Business	Yes	Yes	Yes	Apology	Apology
Michael Tsotetsi	CEO	Yes	Yes	Yes	Yes	Yes
Leela Reddy	Labour	Yes	Yes	Yes	Yes	Yes
Brian Magqaza	Independent	Yes	Yes	Yes	Yes	Yes
Joseph Maqhekeni	Labour	Apology	Yes	Yes	Yes	Yes
Mmatšatsi Marobe	Business	Apology	Apology	Yes	Apology	Apology
Luvuyo Tyikwe	Labour	Apology	Yes	Yes	Absent	Absent
Buhle Mthethwa	Business	Absent	Absent	Absent	Absent	Absent
Brian Ward	Business	Yes	Yes	Yes	Yes	Yes
Doctor Nkosi	Business	Yes	Yes	Yes	Yes	Yes
Alison Burchell	Government	Not appointed	Yes	Yes	Apology	Apology
Steve Pila	Government	Yes	Resigned	Resigned	Resigned	Resigned
Bulelwa Seti	Government	Apology	Absent	Yes	Yes	Apology
Caleb Mabaso	Business	Yes	Yes	Yes	Apology	Yes
Peter Kirchhoff	Labour	Yes	Apology	Yes	Yes	Yes
Phillemon Sito	Labour	Yes	Yes	Yes	Yes	Yes
Marion McPherson	Business	Yes	Apology	Yes	Absent	Resigned
Robyn Christie	Business	Not appointed	Not appointed	Not appointed	Not appointed	Yes
Boniswa Mbovane	Independent	Not appointed	Not appointed	Not appointed	Not appointed	Apology
Tempele Matshili	Labour	Not appointed	Not appointed	Not appointed	Not appointed	Yes
Donald Chiloane	Independent	Not appointed	Not appointed	Not appointed	Not appointed	Yes
Sipho Ndzuvo	Labour	Apology	Yes	Yes	Yes	Yes
Sydney Zimba	Business	Apology	Apology	Yes	Yes	Yes
Themba Zulu	Labour	Yes	Yes	Absent	Yes	Yes
Tom Pringle	Business	Absent	Deceased	Deceased	Deceased	Deceased

FREQUENCY AND ATTENDANCE OF MEETINGS

During the review period, the Board met five (5) times, the Executive Committee five (5) times, the Audit Committee three (3) and Remco two (2) times. The attendance of Board Members is set out in the table.





BOARD EVALUATION

In November 2007, the Board concluded a self-assessment exercise by individually completing a questionnaire prepared by the Department of Labour. Responses were collated and results reported to the Board. A board plan for 2008 was prepared focusing on areas for improvement identified in the responses.

INDUCTION AND TRAINING

The THETA Board Secretary arranges an appropriate induction programme for Board Members when required or when a new member is appointed. The programme includes visiting operations, and interviews with operational management to facilitate an understanding of the business. Corporate governance training, including an explanation of Board Members' fiduciary duties. The CEO provides Board Members with updates on legislative developments. Non-executive Board Members can, where necessary, obtain independent professional advice at the expense of the THETA.

The THETA Board Secretary provides the Board as a whole and the Board Members individually with guidance on discharging their responsibilities. Subject to those matters reserved for its decision, the Board delegates certain responsibilities to a number of standing committees, Executive committee, Audit committee; Remuneration committee, Operations committee and ETQA committee

The terms of reference for each committee are published on the THETA website.

Remuneration committee

REMUNERATION REPORT: for the year ended 31 March 2008

THETA's remuneration philosophy

The committee ensures that the principles of accountability and transparency are applied and that remuneration is linked to performance and that they support the business strategy.

The following remuneration philosophy is applied by THETA:

- Motivates and reinforces performance of individuals.
- Attracts and retains talented people.
- Competes in the marketplace with the intention of being a preferred employer.
- Supports the implementation of THETA's business strategy.
- Is applied equitably, fairly and consistently in relation to job responsibility, the employment market and personal performance.

The Board Members and members of the THETA Executive Committee are appointed. The purpose of the policy on Board Members' fees and remuneration is to ensure that executive Board Members and senior managers receive remuneration that is appropriate to their scope of responsibility and contribution to the THETA overall performance.

The Remuneration committee is responsible for making recommendations to the Board on appointments and the remuneration policies. The Committee then makes recommendations to the board on the salaries, conditions of employment and board allowances. The Remuneration committee normally meets twice each year and presently comprises Joseph Maqhekeni (Chairman), Michael Tsotetsi (CEO), Sydney Zimba, Hugo Lambrechts, Antonio Hercules, Sipho Ndzuzo and Robyn Christie.



Audit Committee (AC)

The Audit Committee is responsible for developing policies and guidelines on risk and internal control. The primary role of the committee is to ensure the integrity of financial reporting and the audit process and that a sound risk management process and effective systems of internal control are maintained. In pursuing these objectives, the committee oversees relations with external auditors and reviews the effectiveness of the internal audit function, including its annual plan. The committee also monitors developments in corporate governance to ensure that THETA continues to apply high and appropriate standards.

In fulfilling its responsibility of monitoring the integrity of financial reports to the Board, the committee has reviewed accounting principles, policies and practices adopted in the preparation of public financial information and has examined documentation relating to the annual report, annual review, preliminary announcements and related public reports.

The committee is reviewing its terms of reference to ensure that it complies with the requirements of the Public Finance Management Act. The committee will present its audit committee report as required by the Act in the 2008 annual report.

EXECUTIVE COMMITTEE

Names	Organisation	Representing	Race & gender	12 Sept 2007	6 Dec 2007	1 Feb 2008	19 Mar 2008
Thabo Mahlangu	SACCAWU	Labour	Black Male	Yes	Yes	Yes	Yes
Chris Johnson	HILG	Business	White Male	Apology	Apology	Yes	Yes
Michael Tsotetsi	THETA	CEO	Black Male	Yes	Yes	Yes	Yes
Leela Reddy	HIAWU	Labour	Indian Female	Yes	Yes	Yes	Yes
Brian Ward	CATRA	Business	White Male	Yes	Yes	Yes	Yes
Sydney Zimba	CASA	Business	Black Male	Yes	Yes	Yes	Yes
Alison Burchell	SRSA	Government	White Female	Yes	Apology	Apology	Apology
Luvuyo Tyikwe	FAWU	Labour	Black Male	Apology	Absent	Resigned	Resigned
Bulelwa Seti	DEAT	Government	Black Male	Yes	Yes	Yes	Apology



Executive Committee

The Executive Committee is a standing committee of the Board. It is responsible for implementing the strategies and policies determined by the Board, managing the business and affairs of THETA. The Executive Committee is also responsible for senior management appointments and monitoring their performance and acts as THETA's finance committee for the purpose of reviewing and monitoring THETA's financial performance.

RISK MANAGEMENT

Risk philosophy

THETA maintains an integrated, enterprise-wide, risk management programme (IRM). THETA applies a logical, systematic and repetitive methodology to identify, analyse, assess, treat and monitor all risks, whether or not insurable.

The effectiveness of the IRM process is measured by how well it aligns the key fundamentals of governance, business objectives, ethics, policies, standards, strategies and compliance. THETA recognizes the complexity and diversity of risks that face all its operational activities and integrates all efforts to maximize opportunities and minimize exposures to risk and to reduce them, where necessary, to levels commensurate with its risk appetite.

Risk culture

THETA's policy is zero- tolerance for compliance failures and its aim is to identify and rectify any deviation speedily. Promoting a risk-conscious culture is a constant focus throughout THETA and this culture proactively supports achieving THETA's strategic business objectives. Each risk owner is responsible for continuously monitoring the existing and ever-changing risk profile of THETA.

Quality risk reviews that cover internal and external risks take place, with findings reported to the executive committee.

Risk management objectives

The risk management process is continuous, with well-defined steps that support better decision-making by contributing greater insight into risks and their impacts. Risks from all sources are identified and once they pass the materiality threshold, a formal process begins in which causal factors and consequences are identified and the correlation with other risks and the current risk-mitigating strategy is reviewed. One of the challenges is to ensure that mitigating strategies are geared to deliver reliable and timely risk information to support better decision-making.

Statement of internal control

The Audit committee is responsible for establishing a system of internal control to manage significant THETA risks. The Board's approach to risk management encompasses all significant business risks to the THETA, including financial, operational and compliance risk, which could undermine achieving business objectives.

There is clear accountability for risk management, which is a key performance area for line managers throughout the group. The requisite risk and control capability is assured through the Board challenge, and appropriate management selection and skills development. Managers are supported in fulfilling their risk responsibilities through an integrated risk management policy and guidelines on risk and control management.



CEO'S OVERVIEW MR MIKE TSOTETSI



It was not so long ago when we took resolutions that we shall put THETA on the map for significant achievements. An air of vibrancy and dynamism is sweeping across South Africa. It is almost impossible not to be caught up in the spirit of enthusiasm and positivity. Developments are taking shape with; infrastructure being improved on every corner, in particular the preparations for the 2010 Soccer World Cup. The question in every body's mind is: are we ready? If so, how far?

Yes, we have problems. These problems are not insurmountable particularly if we use our collective wisdom. Albeit we also have great opportunities to overcome. Skills, of course, will continue to play a fundamental role in all aspects of life - there is general consensus about this, from top government down.

I am happy to report that, in the skills insurgency scenario to which Deputy President Phumzile Mlambo-Ngcuka, in her capacity as Jipsa head, constantly refers, THETA enjoyed another extremely constructive year, characterised by increased sector participation, improved processes and systems and some significant skills development achievements.

To further position ourselves more effectively to deliver on the ambitious targets we have set ourselves, we resolved to accelerate our efforts during the year. By streamlining their activities, we have strengthened the organisation and consolidated its service to stakeholders.

The success of our projects over the last year speaks for itself - more than 20 000 individuals and enterprises developed and empowered. To guarantee relevance, each project was finely focused to address one or more NSDS objectives.

Overall, our performance against NSDS objectives for 2007/8 was heartening with many targets being exceeded. Plans have been put in place to address the shortfalls. The development of the new qualifications framework continued to be a priority for the ETQA team and 56 qualifications were submitted to SAQA for evaluation and registration. As at the end of the year under review, 20 qualifications had been registered.

During the year, we were privileged to have celebrated the Ukusisa Award where we took time to celebrate the accreditation of training providers who amongst others benefited from the training capacity programme embarked upon last year.



CEO OVERVIEW

FINANCE

It was a good year all round in finance. Details appear in the accounting authority report on page 50. This can be attributed to a rigorous cost-cutting exercise and tighter control over administrative spending. The move from our old offices in Rivonia to smaller offices in Sandton paid dividends quite significantly. Savings of course were also made in a number of areas, including external consulting fees.

Efforts are being made to increase the administrative income of the SETA by encouraging government departments and related public entities to participate in their line function SETA and contribute 10% of the 1% dedicated to training on their behalf by the National Treasury. We are proud to report that we have registered at least 11 government departments and related public entities in the year under review. The expectation on THETA to accelerate delivery of high-quality and relevant skills is a given.

LOOKING AHEAD

It's going to be an exciting year. There are a number of events to highlight, which will bring focus to the implementation of our projects which we are to roll-out.

APPRECIATION

Skills development is all about people and we have some of the best. I am taking this opportunity to thank THETA staff for their continued resolve to the shared goal of helping THETA make a real difference in South African society. Our employers have done sterling work this year in meeting their own targets and enabling us to meet ours – your efforts are greatly appreciated.

By this time next year, we will have a new Chairperson in place, so I take this opportunity to acknowledge the wonderful contribution made by our Chairperson Mr Chris Johnson, Deputy Chairperson Thabo Mahlangu and our current Board members. Our chamber committees have made it possible for us to implement meaningful projects and see them through efficiently for the good of all in the sector. The committees are integral to our success. To members of all our very important structures, a sincere thanks you for your input in the last financial year.



Mike Tsotetsi
Chief Executive Officer



HUMAN RESOURCES REPORT

CHIEF EXECUTIVE OFFICER REPORT

HUMAN RESOURCES

Recruitment and Terminations

Recruitment during this period saw a smaller volume of positions being filled that were vacant from the previous financial year. All interviews are conducted by the Human Resources Department and the respective Department Manager. All positions are advertised internally and should a suitable candidate not be placed, the position is then advertised externally. Two staff members were promoted following the internal recruitment process. In addition, a larger volume of terminations were experienced in this quarter compared to the previous year.

New Appointments

Administration	Driver
	Business Analyst
Education Training Quality Assurance	Learner Support Officer
	2 X Quality Assurors
Finance Department	Chief Financial Officer
Skills Development & Learnership Department	Chamber Coordinator – Conservation & Tour Guiding

Promotions & Transfers

Education Training Quality Assurance	Administrative Assistant to SGB Administrator
Skills Development & Learnership Department	Call Centre Agent to Learnership Coordinator

Terminations

Education Training Quality Assurance	ETQA Advisor
	Learner Support Officer
Administration	Driver
Skills Development	Chamber Coordinator – Hospitality
	Learnership Administrator



HUMAN RESOURCES REPORT

HUMAN RESOURCES SYSTEM

THETA has upgraded their payroll system. One of the key features of this product is that it is quick to implement in comparison to similar solutions. The product is easy to use and reliable and the information produced is accurate and complies with all statutory requirements.

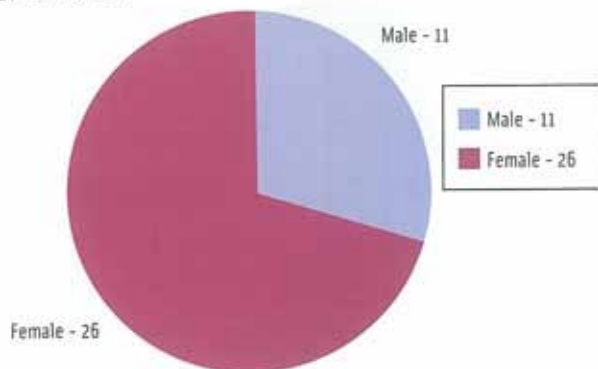
An additional module has also been added to the payroll called Employee Self Service. This system empowers staff to maintain their personal details, apply for leave and view payslips and IRP5's in a paperless environment. Self Service is a Web-based application that is fully integrated with the payroll system. In the ever-changing environment of managing staff, the employee self service application has proven to be an asset in reducing labour intensive capturing of leave transactions and personal details.

EMPLOYMENT EQUITY

Our employment equity figures show that THETA is committed to ensuring that people from historically disadvantaged groups are provided with equal opportunities for advancement within the SETA.

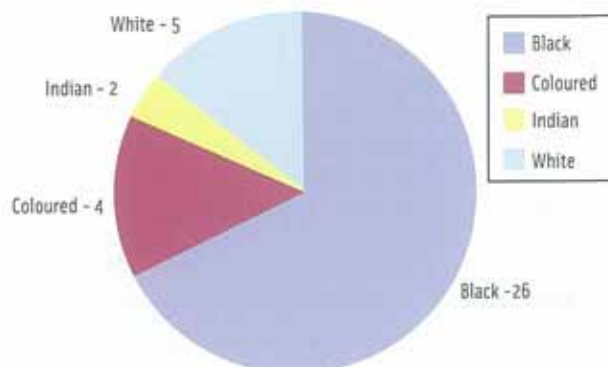
Breakdown by Gender

37 EMPLOYEES



Breakdown by Race

37 EMPLOYEES



SALARY BENCHMARKING AND JOB EVALUATION

In line with compensation practice guidelines emanating from Theta's Remuneration Policy, THETA undertakes a benchmarking exercise once a year in February before the April increases and presents its finding to the Remuneration Committee. This very necessary exercise ensures that THETA staff is paid in line with market related salaries based on cost to company. THETA uses the Hay Group PayNet system to benchmark salaries and grade and evaluate new or existing positions. Any anomalies picked up during this exercise are addressed and the necessary adjustments made.

LABOUR RELATIONS

Theta had two dismissals in the last financial year. The first was for unauthorised leave of absence and the second case for gross misconduct and breach of contract. Both employees were dismissed due to the severity of the transgression. First written warnings were also issued to four staff members during the year for various offenses. During this process Theta followed the Human Resources Policy and procedures manual and the relevant Labour Legislation.



HUMAN RESOURCES REPORT

Remuneration: Annual salary brackets

SALARY BRACKET	Executive Management	Line & Senior Staff	Administration & Other	Total
R600 001 - 800 000	2			2
R401 000 - R600 00	3			3
R201 000 - R400 00		14	1	15
R200 000 & BELOW			17	17
	5	14	18	37

Figures are based on cost to company and do not include bonuses

Staff Composition

EXECUTIVE MANAGEMENT	Male	Female	Total
Blacks			
Africans	2		2
Coloureds	1		1
Indians		1	1
Whites	1		1
	4	1	5

LINE & JUNIOR STAFF	Male	Female	Total
Blacks			
Africans	2	6	8
Coloureds		2	2
Indians		1	1
Whites	1	2	3
	3	11	14

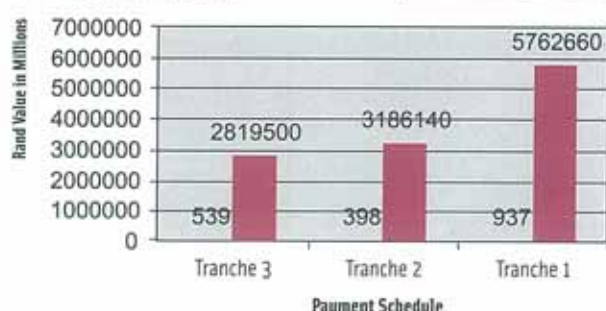
OTHER	Male	Female	Total
Blacks			
Africans	4	12	16
Coloureds		1	1
Indians			
Whites		1	1
	4	14	18
TOTAL	11	26	37



THETA SKILLS DEVELOPMENT REPORT

Learnership Throughput as measured by Tranche 3 Payment

LEARNERSHIP THROUGHPUT



The pertinent questions the above scenario begins to ask could be as follows:

1. Is 58% the best value we could derive from the 100% that claimed Tranche 1 at the inception of the rollout?
2. how meticulous, stringent and yet empowering is the Learnership allocation process
3. What happens to the 42% that is presumably not yet competent at the time of reporting?
4. To what extent is the policy environment encouraging or discouraging a higher than average throughput and providing some form of return on investment?

POSSIBLE ANSWERS:

1. 58% is clearly not the highest and best value to be derived from the 100% that claimed from Tranche 1. 75% – 85% of the 100% should be an ideal throughput threshold measured by Tranche 3 claimed given the experiential nature of the Learnership as opposed to the theory-only model in traditional education and training.
2. It is noble at this stage to concede that the process could not pass the acid test. The establishment of a Learnership committee will bolster credibility of the process
3. The 42% constitutes a medley of those terminated before the programme ends due to a myriad of reasons and those who went the full stretch of the program yet come out not so victorious. (do applicants – training providers and employers alike, select the best material into the Learnership program). To what extent are training providers sticking to quality practices as documented in their pledge for same in their accreditation application or program approval requests? How effective (and by extension reliable) is the moderation exercise conducted by the seta (THETA and other seta's)

4. There are numerous loopholes and murky areas in the policy environment of the Learnership administration which lends itself to corrupt practices and unintentional mediocre end result. These include but not limited to – inductions, start and end dates (including shut-downs!) in a particular Learnership rollout, monitoring & evaluation visits (Learnership history or track record) versus re-application and allocation of learnerships to a particular applicant, qualification switching, NQF level upgrades and learner replacement.

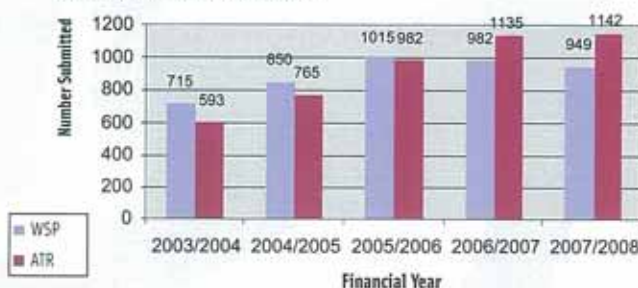
WHAT DOES THE FUTURE HOLD?

The answers above begin to signal future Learnership rollout implications (issues to be on the radar screen) as follows:

1. Workplace readiness determined timeously (#1)
2. Establishment of a properly constituted Learnership Committee (#2)
3. The value of the SPEAKS Test from the Department of Labour (DoL) on recruiting Learners into the Learnership program to be determined (#3)
4. Real-time management of Learnership termination and concurrent recording on SMS (MIS) to align with budget spent or Tranche payments (#3)
5. Linking of M & E Reports to throughput rates (#3)
6. Linking certification rate to money spent per roll-out (#3)
7. Spruced up Learnership policy (#4)
8. Introduction of a contract between THETA and whosoever (Employer or Training Provider) receives Learnership grant into their account (#4).

Facilitate Skills Planning including Levies and Grants Notwithstanding the push factors such mergers and acquisitions, closures and repatriations of various companies, Theta has observed a steady growth in the number of companies contributing a levy and claiming such. This has shown a nominal increase from 1% last year to 1142 this year. The graph below presents that scenario

WSP & ATR SUBMISSION TRENDS



One event that has got the industry congratulating and indeed reiterating their incessant appeal for THETA visibility, was the Skills Development Facilitator (SDF) Workshops. These took place in the month of March. They were received with so much positivity. What we observed was that the two workshops in both Durban and Cape Town had a presence of the Association of SDFs.

THETA SKILLS DEVELOPMENT REPORT

STAKEHOLDER MANAGEMENT

One of the five Key Responsibility Areas (KRA) of the SLA is the extent to which the seta interacts with the industry with an emphasis on the geographic orientation of such an interaction. This is where THETA attempts to reach as far as possible places we would not otherwise reach given our infrastructural limitations due to the budget that we command as a seta.

In fulfilling the obligations of this performance management imperative, THETA ensures that a degree of presence is maintained through structures such as the Chamber Committees and Provincial Growth & Development Strategy (PGDS) or Provincial Skills Development Forum (PSDF) including seta clusters. THETA is proud to report that we are now enjoy an official strategic presence in five (5) Provinces as follows: Eastern Cape, Free State, Limpopo, North West & Western Cape.

GOVERNMENT DEPARTMENTS

Government Departments and related public entities in the sector continue to be an area that still needs more attention from the seta. We have however, been able to build areas of co-operation between Theta and line function departments including the various parastatals. The relations between both THETA and the Department of Environmental Affairs and Tourism and Sport & Recreation South Africa had improved and communication has been better than any other time. There has been an improved relationship with the Department of Labour across Provinces in particular Limpopo, North West, Free State and Eastern Cape (through Office of the Premier). We have eleven (11) State Departments that are paying an admin fee thus far.

CHAMBER COMMITTEES

The Chambers which are stakeholder-driven structures in THETA were instructed in laying a foundation for a number of projects such as the flagship Management Development Programme and Foreign Language Training. These structures were hamstrung by the approval process of the THETA constitution and therefore could not re-launch into their second life cycle. We are happy to report that they have since launched on the 30th July 2007 with a budget of R5m allocated to assist the industry in conceptualising training interventions.

CHAMBER COMMITTEE MEMBERSHIP

The Chamber Committees are fully constituted as with the following membership & where applicable, activities:

Sport, Recreation & Fitness activities in the period spanning April 2007 – March 2008

Title	Names	Province	Organisation
Ms	Ntombise Mene	Gauteng	SRSA
Ms	Denise Arendse	W P	W P Rugby
Mr	Nkosi Molala	Gauteng	70/80 Football Legends
Mr	Alfred Mzizi	Gauteng	Technogym
Ms	Franciska Venter	W P	Virgin Active
Ms	Beryl Acres	Gauteng	CMSA
Mr	Thulaganyo Gaoshubelwe	Gauteng	SAFPU
Mr	Hennie Le Roux	Gauteng	SARPA
Mr	Doctor Nkosi	Gauteng	SASCOC
Ms	Lynne Lourens	Gauteng	SGB
Mr	Gronie Hluyo	Gauteng	SAFA
Mr	Simphiwe Valela	EC	SACCAWU



THETA SKILLS DEVELOPMENT REPORT

STAKEHOLDER MANAGEMENT AND OUTREACH ACTIVITIES:

The following activities were undertaken successfully:

- **The 5th Annual Vitality Fitness Convention:** the event took place at VodaWorld, Midrand on 27 February to 1st March 2008. THETA played a key role by providing support and advice on matters of skills development and provided a learning opportunity to the selected beneficiaries, i.e. unemployed graduates, small gyms owners and learners that are currently doing a Learnership qualification in Fitness.
- **Boxing SA Convention:** THETA participated in the event held in Bloemfontein on the 16th to 17th February 2008. The idea was to share ideas with boxers, promoters, managers and BSA board members.
- **SRSA – ETD Conference:** The event was held on the 12th of February 2008. At this conference a steering committee – National Skills Development Forum – was formed and THETA is part of this committee.
- **High Performance Sport Seminar:** The seminar discussed the challenges facing sport in Gauteng and explored possible solutions. THETA delivered a presentation outlining its mandate on skills development, its current and future projects. The seminar took place in Pretoria, CSIR on the 27th to 28th March 2008.

Gaming & Lotteries (G&L) major activities in the period spanning April 2007 – March 2008

GAMING & LOTTERIES

Names	Surnames	Organisation	Province	Interest
Stephen	Quinn	Sun International	Gauteng	Employer
Olga	Hadebe	GGB	Gauteng	Government
Sandra	Faulkner	Tsogo Sun	Gauteng	Employer
Megan	Thulukanam	Gold Circle	Gauteng	Employer
Elaine	Sampson	Ngikwazi	Gauteng	Employer
Phumla	Mnganga	Gold Circle	KZN	Employer
Loren	Human	Gambling	Western Cape	Government
Simon	Teke	SACCAWU	North West	Labour
Sydney	Zimba	Tsogo Sun	Gauteng	Employer
Paula*	Bell	Sun International	KZN	Employer
Sam*	Chakela	Gold Reef	Gauteng	Employer
Meleshni*	Thulukanam	Gold Circle	KZN	Employer

KEY* = PROXY MEMBERS

The Gaming & Lotteries Chamber has had the following activities that highlight the year in the Chamber.

RACING AND EQUESTRIAN ACADEMY ACCESS PROJECT

This Project continues to grow from strength to strength with THETA's ongoing commitment to assist previously disadvantaged communities to gain access to the Racing and Equestrian Academy, to reduce illiteracy in the horse racing industry and ensure that there is a pool of skilled previously disadvantaged individuals in the occupations of assistant trainers, grooms, stable employees, work riders and jockeys.



THETA SKILLS DEVELOPMENT REPORT

In the previous financial year, 38 apprentices entered into the jockey programme and 108 grooms entered in ABET programmes. The learners in both the jockey and grooms programmes are 92% black. The future of the project holds lots of promise as the numbers of both the apprentice jockeys and grooms entered into the programme are planned to be increased.

Tourist Guiding & Conservation major activities
in the period spanning April 2007 – March 2008

Names	Surnames	Organization	Province	Interest
Arno	Smit	Sondela	Limpopo	Employer
Arrie	Horn	Are yeng Africa	Limpopo	Employer
Marianna	Lourens	PHASA	Gauteng	Industry Association
Boyce	Dabula	SANPARKS	Gauteng	Government
Chris	Nghenabo	Dept. of Tourism	Limpopo	Government
Peter	Kirchoff	Gauteng Tourist Guides Association	Gauteng	Industry Association
Sinegugu	Zukulu	Jhb Zoo	Gauteng	Labour
Dr Joe	Raputsoe	DEAT	Gauteng	Government
Grant	Hine	FGASA	Gauteng	Industry Association
Nigel	Daniels	Robben Island Museum	Western Cape	Employer

The Conservation & Tourist Guiding Chamber has had the following activities for the year under review:

Tourism & Travel Services
in the period spanning April 2007 – March 2008

First Name	Last Name	Organisation	Interest
Ms Jacqui	McKnight	SATA	Employers
Ms Peta	Thomas	SAACI	Employers
Ms Val	vd Bergh	SAVRALA	Employers
Ms Jacqueline	Obando	TBCSA	Employers
Mr Paki	Mathebula	DEAT	Government
Mr Thabo	Mahlangu	THETA	THETA Board
Mr Thulani	Mbatha	SACCAWU	Employee Ass'ns
Mr Steve	Rakolle	SACCAWU	Employee Ass'ns
Mr Boitshoko	Pheleu	TOURVEST	Employers* Industry Expert
Mr Chris	Ramoshaba		Government Agency
Mr Dimitri	Tassiopoulos	THETA SGB	SGB Expert
Mr Muzi	Mwandla	THETA	THETA



THETA SKILLS DEVELOPMENT REPORT

GDP – TOURISM & TRAVEL CHAMBER

- ✓ About 140 Unemployed Graduates have been provisionally placed in the sub-sector at a cost of R3, 220, 000
- ✓ Currently there about 17 participating employers and this number is expected to increase.

GRADUATE DEVELOPMENT PROJECT

- ✓ About 90 Unemployed Graduates have been provisionally placed in the sub-sector at a cost of R2 070 000
- ✓ Currently there about 10 participating employers and this number is expected to increase.

GDS TRAINING PROGRAMME

- ✓ This project is in a pilot stage and about 30 learners in Gauteng are involved.
- ✓ More then 3000 learners are expected to benefit
- ✓ This programme is further supporting new entrants joining the industry through the Graduate Development Programme

CHAMBER GROWTH

- ✓ With the reassignment of SIC Codes and revision of the OFO, THETA has gained the MICE sub-sector. Since the qualifications already are already located in this chamber it is only logical to place this sub-sector within the chamber.

LEARNERSHIP GRANTS FOR 2007 HAVE BEEN ALLOCATED AS FOLLOWS:

- ✓ 155 General Travel Learnerships requested and 85 granted
- ✓ 9 Wholesale and Retail Learnership (Cross-Seta) requested and 9 granted
- ✓ 18 Tourist Guiding Learnership requested and 18 granted
- ✓ A total of 112 (75%) out of 155 Learnerships granted to the Chamber
- ✓ A total of 1499 of Learnership grants has been allocated across all chambers and the Travel chamber share is only 7 percent
- ✓ It appears that intake of Learnerships by the sub-sector is very low and this can be attributed to the following:
 - Accreditation status of training providers
 - Lack of accredited training providers, especially for the Car hire Learnership and General Travel
 - Lack of accredited training providers in other provinces

SMALL TOUR OPERATOR SKILLS SUPPORT PROGRAMME

- ✓ A consultative workshop held on the 24 April 2007, in the process of identifying similar projects in the sector and negotiating possible partnerships.
- ✓ THETA in the process of signing an MOU with TEP and this programme to be part of the deliverables
- ✓ More than 100 small tour operators to benefit from this project



THETA SKILLS DEVELOPMENT REPORT

Hospitality Chamber

The following are Chamber members

NAME	Last Name	ORGANISATION	PROVINCE
Nikki	Akanbi	Fedhasa	Gauteng
Alfred	Plaatjie	Hotellica	NC
Annemarie	Stilwell	Naa-SA	Gauteng
Annette	Weaver	Pitseng Catering services	Gauteng
Cedrick	Shezi	HIAWU	Kzn
Simone	Lobetti	HASA	Gauteng
Stephen	Billingham	SACA	Gauteng
Phillip	Nkosi	SACCAWU	
Brian	Magqaza	Bargaining Council	Gauteng
Caleb	Mabasa	FEDHASA	Gauteng
Arlene	Wilson-Max	Tourism BEE	Gauteng

GRADUATE DEVELOPMENT PROJECT – HOSPITALITY CHAMBER

- ✓ About 280 Unemployed Graduates have been provisionally placed in the sub-sector at a cost of R6, 440,000
- ✓ Currently there about 24 participating employers and this number is expected to increase.

THE FUTURE

What does the future envisage?

- ✓ Increased Learnership stipend for disabled learners
- ✓ A window for Learnership application will be opened much earlier towards year end to allow for timeous planning for employers and providers.
- ✓ Deeper scrutiny on NQF-aligned training during WSP validation
- ✓ Registration of Learnerships or Skills Programmes in the Gaming and Lotteries sector to facilitate access into skills development.
- ✓ Continued opportunities in preparation for 2010 and beyond
- ✓ Large scale ABET programme roll-out
- ✓ SDF workshop on scarce and critical skills guide usage
- ✓ Provincial presence through participation on various provincial skills forums
- ✓ Learner Tracker: as an offshoot of the SSP and Knowledge Base Task Team, and a centralised database will be developed system will be developed with a learner tracker functionality.
- ✓ Strategy for assisting unemployed graduates
- ✓ Focused and forward looking yet user-friendly policies
- ✓ On-going research on sector training needs and impact thereof
- ✓ Impact assessment studies
- ✓ Chambers deliberating on matters related to industry growth and skills required to match such growth.



THETA PERFORMANCE REPORT

THETA PERFORMANCE FOR PERIOD 01 APRIL 2007 – 31 MARCH 2008

THETA has submitted its reports against the 2007/08 SLA's targets. The table below indicates the progress of the NSDS II success indicators as reported on by THETA for the period of 2007/08 incorporating all the 4 quarters:

GOAL	KEY PERFORMANCE INDICATOR	TARGETS	PERFORMANCE RESULTS	REASONS FOR VARIANCE	%
1. Prioritising and communicating skills for sustainable growth, development and equity	1.1. Skills development supports national & sectoral growth development and equity priorities.	A signed and an updated SSP sent to DoL by 31st August 2007	The Sector Skills Plan was successfully launched in the various 9 Provinces	The DoL capacity building workshops assisted to submit a properly documented SSP timeously	100
	1.2 Information on critical & scarce skills widely available to learners. Impact of information dissemination researched, measured and communicated in terms of rising entry, completion and placement of learners	410 SDF to be trained	588 Sector Specialist received training	A Skills Guide and a Career Guide have been developed and approved. SDF workshops have benefited immensely from it.	143.41
2. Promoting and accelerating quality training for all in the workplace	2.1. By March 2010 at least 80% of large firms and at least 60% of medium firm's employment equity targets are supported by skills development. Impact on overall equity profile assessed	134 large firms 176 medium firms to be supported through skills development	419 large firms 190 medium firms are supported through skills development	The Seta Jurisdiction Change has yielded results however; more could be achieved by opening up the system for the newcomers.	107%



THETA PERFORMANCE REPORT

THETA PERFORMANCE FOR PERIOD 01 APRIL 2007 – 31 MARCH 2008

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2.2. By March 2010 skills development in at least 40% of small levy paying firms supported and the impact of the support measured	823 Small levy paying firms supported through skills development	533 small levy paying firms were supported	An SME support strategy is beginning to yield results in a more focused manner	107.95%
2.3. By March 2010 at least 80% of Government Departments spend at least 1% of personnel budget on training and impact of training on service delivery measured and reported (Applicable to PSETA only).	4 of Government Departments spent at least 1% of personnel budget on training	11 admin fees received from Government Departments)	The relationship of the Seta and State Departments has improved and these numbers are a testimony to that. NOTE This indicator does not form part of the service level agreement with DOL and is only included as a additional disclosure to users of this report	270%
2.5. Annually increasing number of small BEE firms and BEE co-operatives supported by skills development. Progress measured through an annual survey of BEE firms and BEE co-operatives within the sector from the second year onwards. Impact of support measured	50 of small BEE firms and 25 BEE co-operatives to be supported	392 Small BEE and BEE co-operatives have been supported	An improvement in the number of BEE firms could be attributed to stakeholder relations exercise in place. NOTE Although the SLA with DOL indicates no target the targets set for Theta in the SSP is 50 Small BEE firms and 25 BEE co-operatives	392%



THETA PERFORMANCE REPORT

THETA PERFORMANCE FOR PERIOD 01 APRIL 2007 – 31 MARCH 2008

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	2.7. By March 2010 at least 700 000 workers have achieved at least ABET level four	The following number of workers have been REGISTERED for ABET against respective targets at levels 1-4 as follows:			The following number of workers have been ACHIEVED for ABET against respective targets at level 1-4 as follows:			The following number of workers have been ACHIEVED for ABET against respective targets at level 1-4 as follows: Note on ABET: The original targets set in the SSP were for achievement of ABET level 4 only as DOL realized that ABET is a more than one year training period the targets were changed to accommodate targets for registered and achieved on the different levels,	16% 270% % Registered = 34% % Achieved = 0%
		LEVEL	TARGET	REGISTERED	LEVEL	TARGET	ACHIEVED		
		1	3600	1763	1	2800	0		
		2	1000	115	2	800	0		
		3	1000	7	3	800	0		
		4	0	5	4	5	0		
		TL	5600	1890	TL	4405	0		



THETA PERFORMANCE REPORT

THETA PERFORMANCE FOR PERIOD 01 APRIL 2007 – 31 MARCH 2008

THETA has submitted its reports against the 2007/08 SLA's targets. The table below indicates the progress of the NSDS II success indicators as reported on by THETA for the period of 2007/08 incorporating all the 4 quarters:

	2.8. By March 2010, at least 125 000 workers assisted to enter and at least 50% successfully complete programmes, including Learnerships and Apprenticeships, leading to basic entry, intermediate and high levels scarce skills, impact of assistance measured	The following number of workers have been REGISTERED for PROGRAMES against respective targets in those specific programs as follows:	The following number of workers have been ACHIEVED for PROGRAMS against respective targets in those specific programs as follows:	The introduction of the two diverse projects on ABET will assist in creating better access for the sector and hopefully an increased throughput to meet the target. The improvement of the policy environment will introduce a better alignment between Learnership application and throughput rates.	% Entered																														
					124%																														
					%Achieved =																														
					84%																														
<table><tr><td>PROGRAM</td><td>TARGET</td><td>REGISTERD</td><td>PROGRAM</td><td>TARGET</td><td>ACHIEVED</td></tr><tr><td>Lship</td><td>413</td><td>521</td><td>Lship</td><td>293</td><td>0</td></tr><tr><td>Internship</td><td>50</td><td>0</td><td>Internship</td><td>50</td><td>0</td></tr><tr><td>Skills Prog</td><td>712</td><td>1035</td><td>Skills Prog</td><td>244</td><td>490</td></tr><tr><td>TL</td><td>1175</td><td>1556</td><td>TL</td><td>587</td><td>490</td></tr></table>						PROGRAM	TARGET	REGISTERD	PROGRAM	TARGET	ACHIEVED	Lship	413	521	Lship	293	0	Internship	50	0	Internship	50	0	Skills Prog	712	1035	Skills Prog	244	490	TL	1175	1556	TL	587	490
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THETA PERFORMANCE REPORT

THETA PERFORMANCE FOR PERIOD 01 APRIL 2007 – 31 MARCH 2008

THETA has submitted its reports against the 2007/08 SLA's targets. The table below indicates the progress of the NSDS II success indicators as reported on by THETA for the period of 2007/08 incorporating all the 4 quarters:

3. Promoting employability and sustainable livelihoods through skills development	3.2 By March 2010 at least 2000 non-levy paying enterprises, NGO's, CBO's and community based co-operatives were supported with skills development. Impact of support on sustainability was measured against a targeted 70% success rate	1054 Organisations to be supported by SETA	54 Organisations supported by THETA	The introduction of an electronic registration system of SMMEs, CBO, NGOs and Co-ops is taking place and the next roll-out would be smoother with a justifiable baseline.	5%																																				
4. Assisting designated groups, including new entrants to participate in accredited work – integrated learning and work – based programmes to acquire critical skills to enter the labour market and self employment	4.1. By March 2010 at least 125 000 unemployed people were assisted to enter and at least 50% successfully complete programmes, including learnerships and apprenticeships, leading to basic entry, intermediate and high level scarce skills. Impact of assistance measured.	The following number of Unemployed Learners have been REGISTERED for PROGRAMS against respective targets in those specific programs as follows:	The following number of Unemployed Learners have been ACHIEVED for PROGRAMS against respective targets in those specific programs as follows:	The learners have not as yet exited the system. The policy environment including employer and provider contracts to be included in the following roll-out will impose tighter control and greater throughput	% Registered = 59% % Achieved = 185%																																				
<table border="1"> <thead> <tr> <th>PROGRAM</th><th>TARGET</th><th>REGISTERED</th><th>PROGRAM</th><th>TARGET</th><th>ACHIEVED</th></tr> </thead> <tbody> <tr> <td>Lship</td><td>413</td><td>881</td><td>Lship</td><td>0</td><td>0</td></tr> <tr> <td>Bursaries</td><td>0</td><td>586</td><td>internship</td><td>50</td><td>0</td></tr> <tr> <td>Internship</td><td>50</td><td>0</td><td>Skills Prog</td><td>0</td><td>324</td></tr> <tr> <td>Skills Prog</td><td>712</td><td>1396</td><td></td><td></td><td></td></tr> <tr> <td>TL</td><td>1 175</td><td>2 863</td><td>TL</td><td>50</td><td>324</td></tr> </tbody> </table>						PROGRAM	TARGET	REGISTERED	PROGRAM	TARGET	ACHIEVED	Lship	413	881	Lship	0	0	Bursaries	0	586	internship	50	0	Internship	50	0	Skills Prog	0	324	Skills Prog	712	1396				TL	1 175	2 863	TL	50	324
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THETA PERFORMANCE REPORT

THETA PERFORMANCE FOR PERIOD 01 APRIL 2007 – 31 MARCH 2008

THETA has submitted its reports against the 2007/08 SLA's targets. The table below indicates the progress of the NSDS II success indicators as reported on by THETA for the period of 2007/08 incorporating all the 4 quarters:

	4.2. 100% of learners in critical skills programmes covered by sector agreements from Further Education and Training (FET) and Higher Education and Training (HET) institutions assisted to gain work experience locally or abroad, of whom at least 70% find placement in employment or self-employment.	1500 learners to be assisted to gain workplace experience grants 1050 learners to become self employed or employed	518 learners assisted so far 0 have been either self employed or employed thus far	This is a cross year project which resulted in poor results this financial year that will increase and be on target on the following year Contracts are now starting to trickle in due to the appointment of a project manager The program has just started but is being tracked in this regard	35% 0%
	4.3. By March 2010, at least 10 000 young people trained and mentored to form sustainable new ventures and at least 70% of new ventures in operation 12 months after completion of programmes	100 young persons to be trained and mentored in to form and run new ventures 70 ventures formed must be sustainable 12 months after the completion of the program	12 young persons assisted 0 ventures still in business after the program Only completed theory will now start venture	The combination of both theory and practice in one contract posed challenges leading to this minimal achievement. The situation will be rectified going forward in the next procurement and contract management cycle.	12%



THETA PERFORMANCE REPORT

THETA PERFORMANCE FOR PERIOD 01 APRIL 2007 – 31 MARCH 2008

THETA has submitted its reports against the 2007/08 SLA's targets. The table below indicates the progress of the NSDS II success indicators as reported on by THETA for the period of 2007/08 incorporating all the 4 quarters:

5. Improving the quality and relevance of provision	5.1. By March 2010 each SETA recognises and supports at least five Institutes of Sectoral or Occupational Excellence (ISOE) within public or private institutions and through Public Private Partnership (PPP's) where appropriate, spread as widely as possible geographically for the development of people to attain identified critical occupational skills, whose excellence is measured in the number of learners successfully placed in the sector and employer satisfaction ratings of their training	1 Institute of Sectoral and Occupational Excellence (ISOE) recognised and supported by the SETA's	1 Institute has been recognised and supported	The criteria to recognise prospective ISOEs is in the process of being finalised upon which industry will have an opportunity to apply for consideration.	100%
	5.2. By March 2010 each province has at least two provider institutions accredited to manage the delivery of the new venture creation qualification, 70% of new ventures still operating after 12 months will be used as a measure of the institution's success	1 provider institution accredited to manage the delivery of the new venture creation qualification	3 provider institutions have been recognised and supported	Accreditation to Services Seta which is the Seta responsible for this qualification is the criteria for successful achievement 3 providers achieved this standard.	300%



1.1 Skills development supports national & sectoral growth development and equity priorities.

In line with the country's identified areas for potential economic growth – which include tourism – and the sector's interpretation of how best to contribute to SA's skills gaps and challenges in this regard, theta spearheaded the process of developing a Sector Skills Plan (SSP) and an accompanying Career Guide. Following extensive consultations with sector stakeholders, both in the public and private sectors, the SSP represents the most authoritative narration of the skills gaps, challenges and responses to the challenge of increasing SA's tourism and sport competitiveness through skills development, thus hopefully putting SA on a positive economic growth and social development trajectory. To this effect the SSP was launched nationally, and in various provinces across the country.

1.2 Information on critical & scarce skills widely available to learners. impact of information dissemination researched, measured and communicated in terms of rising entry, completion and placement of learners

The skills revolution has been propelled with the help of the skills development facilitators who are constantly bringing the training provision and the workplaces together. In order to enable accurate reporting of the progress made in skills development, this cadre of men and women need to be supported by the seta. To this effect, there were workshops for skills development facilitators held across provinces in line with the SSP Launches. These workshops have capacitated the SDFs particularly enabling them to deal effortlessly with the newly introduced Organizing Framework of Occupations (OFO). The Project below assisted in realizing the goal as stated above:

Skills Development Facilitators Project

THETA has embarked on a project to assist resolve the challenges SDFs face and also update them on new developments. Workshops were held from the 4th March 2008 to the 31st March 2008 in all nine (9) provinces. It was the first time in three (3) years that SDF Capacity Building workshops have been run, and the overwhelming consensus from SDFs who attended was positive.

Throughout the duration of the workshops, there was commitment from the Skills Development Manager that these workshops would be ongoing and would not be an isolated occurrence. In addition, this was very well received by all SDFs. The first SDF Handbook was produced and distributed along with the Scarce Skills Guide and SSP. For many SDFs this was the first time that such information was disseminated to them and they were highly impressed and grateful to receive such information.

The Organizing Framework for Occupations and the new Workplace Skills Plans & Annual Training reports were tabled and explained to all SDFs.

SDFs were pleased to make a face-to-face contact with THETA staff; it is difficult to place a value on such face-to-face interactions. Going forward, attendance at future SDF workshops will be much enhanced as word of mouth spreads between the SDFs who attended. 189 out of 595 SDFs attended the workshops.

2.1 By march 2010 at least 80% of large firms and at least 60% of medium firm's employment equity targets are supported by skills development. Impact on overall equity profile assessed

In recognition of the challenges of transformation facing the tourism sector in general, there has to be a direct link between skills development efforts and the quest for employment equity in the workplace. Furthermore, in response to the paucity of a skilled workforce from previously disadvantaged groups, theta espouses an approach that not only seeks to up skill the identified groups, but further ensures that the newly-skilled labour force achieves upward mobility within the sector. The performance of theta in this regard as reported in the performance report indicates great strides in this regard, while acknowledging that there is still a significant challenge to increase the number of firms participating in this endeavor. Mandatory grants continue to be paid out to support training undertaken by these companies.



2.2 By march 2010 skills development in at least 40% of small levy paying firms supported and the impact of the support measured In avoidance of the tendency to focus purely on large and medium enterprises, theta has adopted a deliberate strategy to not only encourage the growth of the SMME sector, but to also further incentivize this sector to invest in people through skills development. This would ensure that out of this initiative emerges a skilled labour force that can sustain these SMMEs, thus contributing meaningfully to SA's economic growth. Theta has further endeavored to measure the impact of this investment, ensuring respectable and congruent returns on a substantial investment. Mandatory grants continue to be paid out to support training undertaken by these companies in this instance.

2.3 By march 2010 at least 80% of government departments spend at least 1% of personnel budget on training and impact of training on service delivery measured and reported

The focus on private enterprises has not dissuaded theta from focusing on government departments' need to also invest substantially in skills development; investing in the thousands of men and women who dedicate their working lives to public service. The response of government departments to this call – compared to what had been forecast – has been overwhelming, bearing testimony to theta's persuasiveness in its interactions with government and government's willingness to accede to this call. Although an impressive 11 administration fees were received from government departments in this reporting year, there still remains the challenge of increasing the percentage spend per department. There is an amicable working relationship build with state departments and an on-going effort to work closer is envisaged for the future.

2.5 Annually increasing number of small bee firms and bee co-operatives supported by skills development.

Progress measured through an annual survey of bee firms and bee co-operatives within the sector from the second year onwards. Impact of support measured as part of the government's strategy of increasing Broad Based Black Economic Empowerment thus widening economic participation in SA, there has been a dramatic increase in the number of small BEE firms and co-operatives. This growth has often been coupled with support from finance institutions for initial capital investment, while lacking in support

for skills development or general training and development. In recognition of this, and the role of these enterprises in broadening meaningful economic participation, THETA targets these firms and cooperatives by giving them support in skills development, ensuring their excellence and sustainability. THETA further measures the impact of this support, ensuring a direct link between skills development and the profitability. There is a need to increase this net to cover those establishments in the far flung areas of the country.

2.7 By march 2010 at least 700 000 workers have achieved at least abet level four THETA's approved five year strategic plan has an ABET intervention target of 28 000 workers as a contribution towards 700 000 workers as a National Skills Development target.

As indicated in the performance report, theta has targeted 5600 learners to enter into the level 1 to 4 project in the current reporting year. Theta has in the past been involved in the provisioning of ABET on a small scale and as such a strategy has been adopted that will allow the SETA to reach this target within the agreed timeframe and the intended outcome. This ABET level 1–4 qualification is situated in the General Education and Training band and the learner will receive a General Education and Training certificate on completion. This qualification is quality assured by Umalusi. In order to fast track the process, management came up with two stage pronged approach, which will ensure that the target is achieved. So far, 4405 learners have been registered in the project, making it feasible to meet the target by 2010. The first approach is theta-driven training with THETA-appointed training service provider for each of the theta sub-sectors for purposes of customization of learner material in order to address the issue of learner drop-out rate that could be attributed to material that is of no relevance to the context of the work environment the learner resides in and also for purposes of capacity. The second approach would be with employer driven training with special ABET Cash grant made available. The following Project was instituted in order to address the above goal:

ABET Programme

THETA's approved five year strategic plan has an ABET intervention target of 28 000 workers with an annual target of 5600 workers to enter ABET at level 1, 2, 3 or 4 for numeracy and literacy. This ABET level 1–4 qualification is situated in the General Education and Training band and the learner will receive a General Education and Training certificate on completion. This qualification is quality assured by Umalusi.



THETA has in the past been involved in the provisioning of ABET, on a small scale, and such a strategy has been adopted in order to allow SETA to reach this target within the agreed timeframe and with the intended outcome. THETA has adopted two methodologies, one of which is an ABET grant limited to the conservation sector, where there appears to be a great demand. The second being the ABET project, which is targeted at employees in Hospitality, Travel & Tourism, Gambling & Lotteries, Sports, Recreation & Fitness sectors.

ABET Access Project at the Racing and Equestrian Academy
THETA's ongoing intention is to assist previously disadvantaged communities in gaining access to the Racing and Equestrian Sector, to reduce illiteracy in the racing industry, and to ensure that there is a pool of skilled Previously Disadvantaged Individuals (PDI), grooms, work riders, stable employees and assistant trainers. Beneficiaries have the ability to access the career, commercial, and developmental opportunities available in the industry both locally and internationally. This programme has an ABET component. The groom development division assist the grooms to provide a career path for disadvantaged individuals without the benefit of an education. This division offers ABET, practical grooming and work riding and advanced training for stable employees. The learners that have completed these initiatives are 100% employable.

In the next financial year, 400 Grooms will undergo ABET training programme from Level 1 to 4, and 150 learners will undergo capacity building within rural harness racing. However, the groom segment of the project is about taking members of the community, who have been previously disadvantaged, and giving them that opportunity so that they may progress within the industry and pursue higher careers.

2.8 By march 2010, at least 125 000 workers assisted to enter and at least 50% successfully complete programmes, including learnerships and apprenticeships, leading to basic entry, intermediate and high levels scarce skills, impact of assistance measured

In view of the enormity of skills gaps and challenges in the sector, there has had to be a strategic move to create several points of entry for potential employees ranging from unskilled to highly skilled, creating a constant stream of learnerships and

apprenticeships that would allow basic entry into the sector. The skills development challenges represented by this strategic shift in recruitment practices has necessitated that theta makes a significant contribution to the assistance of workers to attain learnerships and apprenticeships by incentivizing employers to create these practical learning spaces while also measuring the impact of this investment in improving the demographics of the sector and improving the tourism competitiveness of the country. This intervention has further ensured a bias towards the accrual of scarce skills through these learnerships and apprenticeships, ensuring the introduction of a labour force whose skills are relevant to the needs of the SA economic growth trajectory. To this effect, a host of Chamber Projects have been formulated as captured under "future projects". Learnerships also play a huge role in translating the above goal into its material equivalent as per the Learnership report under the Skills Development Department Report.

3.2 By march 2010 at least 2000 levy paying enterprises, ngos, community based organisations and community based co-operatives supported by skills development. Impact of support on sustainability measured with a targeted 70% success rate.

Having recognized the important role played by SMME's, CBO's, NGO's & CO-OPS. THETA has devised an on-line registration facility for this category of the economy. This electronic registration does not only offer an accessible and remote registration opportunity but systematically provides an incremental base line upon which theta would direct it's interventions for this market. A close co-operation with industry associations and sport federations is on the cards going forward. The following Project seeks to assist the various SMMEs, NGOs and CBO to participate meaningfully in the economic mainstream:

SMME Capacity Building

This project will build capacity amongst employers and equip them with the skills and knowledge to be able to deal with all the relevant Acts in their relevant sector.

The project is aimed at promoting and protecting the interest of employers and employees in the hospitality, travel, tourism conservation and gaming and lotteries sector by assisting them to provide better services to the industry.

A total of 3000 SMME are to be trained by the end of 2010. During this reporting period 243 SMME's have successfully completed the programme for the hospitality sector in the Gauteng regions. This intervention is reported in the performance report against the following N.S.D.S targets 2.2, 2.5 and 3.2



4.1 By March 2010 at least 125 000 unemployed people assisted to enter and at least 50% successfully complete programme, including learnerships and apprenticeships, leading to basic entry, intermediate and high level scarce skills. Impact of assistance measured.

THETA prides itself on achieving 185% on this target in its endeavor to enhance the skills of the unemployed citizenry. The skill programs remain the highest learning program achieved in with total of 1396 for this financial year. There is an acknowledgement however, that the internship or unemployed graduate program could yield better than it currently does. The following Projects intend to intervene in a manner that contributes to both economic development and social cohesion:

Foreign Language Training

The development of foreign language skills for tourist guides seeks to empower qualified and registered tourist guides with appropriate skills and knowledge to speak and write both French and German. An objective of the project was to train 24 registered tourist guides in the Northern Cape in French and German, as requested by Department of Tourism and Environment and Conservation in the Northern Cape. These tour guides entered the programme and 18 are currently completing the final phase of learning. Graduation is to take place in July 2008, in Kimberley.

Youth/Talent Development

The project aims at equipping young professionals with the necessary soccer skills in preparation for the 2010 soccer event and future sporting events.

The initiative seeks to identify and nurture future soccer talent.

- To training 1200 young people in soccer to enhance their technical and soft skills necessary for the game over a 3-year period;
- To identify 400 youngsters annually for the next three years;
- To identify a facility that can accommodate the learners and give them access to the world-class soccer pitch for training and classrooms for contact learning;
- To identify stakeholder organisations and members (technical staff and soccer administrators) that need to benefit from this training intervention;
- Mentor and coach the youth on the necessary life skills;
- It is intended that 80% of the learners be between the ages 15 and 23; and
- 85% should be black and 54% women.

Mokopane Sport Academy in Limpopo has been selected as the school of excellence for the project. In 2007, 326 learners enrolled received bursaries for the academic year and in the current year, 316 learners are receiving bursaries from THETA.

Jockeys Access Project at the Racing and Equestrian Academy
THETA's ongoing intention is to assist previously disadvantaged communities in gaining access to the Racing and Equestrian Academy, to ensure that there is a pool of skilled Previously Disadvantaged Individuals Jockeys, a bursary access fund which substantially increases the number of black and female jockeys. In this regard, the academy has to ensure that it has the capacity and academic support infrastructure for an increase in the number of learners from previously disadvantaged backgrounds.

In the current reporting period 38 learners participated in the apprentice jockey programme through a bursary scheme. In the next financial year 50 will be trained as apprentice jockeys; a partnership of significant importance for the future of the South African horseracing industry was concluded at a function, at the Racing and Equestrian Academy in Shongweni, on the 12th March 2008 between THETA and the Academy. The Jockey's Academy bursaries are essentially about ensuring that the throughput of jockeys at the Academy is racially representative.

4.3 By March 2010, at least 10 000 young people trained and mentored to form sustainable new ventures and at least 70% of new ventures in operation 12 months after completion of programmes
Following on the above, THETA further set a target to focus on venture creation by the youth. This project seeks to invest in skills development for venture creation, using accredited service providers as indicated in the section above. This support would not only offer training but be coupled with sustained support for the young owners of these ventures, ensuring that they are able to sustain profitable ventures thus creating job opportunities for other South Africans. The initial conceptualization of this project has meant including both the theoretical aspects of venture creation and the practical aspects to bear, a combination that has proved to be unwieldy. It is planned that the next application of the project, will seek to separate these two (2) aspects into distinct and measurable components, lessening the "learning" burden on the young venture owners by spreading the training components over a reasonable time period.



Nevertheless, the project has yielded twelve (12) youth-owned ventures that continue to be in business. The section below provides clarity:

New Venture Creation Learnership

The intention of this project is to capacitate youth, enabling the creation of self-owned businesses, in order to complete the New Venture Creation learnership at NQF level four. The objective of this programme is to provide skills and knowledge to the selected 450 learners, which would enable them to establish businesses in the tourism sector through the venture creation Learnership, registered by Services SETA.

Completion of this project will ensure that a minimum of 80% of the learners would have established their own SMME businesses. There are currently 180 learners registered with the programme whilst an additional 280 are scheduled to commence training in the 2009 financial year.

Youth Coaching Clinic

The project aims in providing a football development programme on coaching clinics, which will prepare 450 learners, consisting of former and current football players. These 450 learners will then provide coaching clinics and impart soccer skills and knowledge to 2700 scholars that are between the ages of 8 and 17, in all 9 provinces.

To date 133 ex-professional football players and 516 learners have been enrolled on this project from the following provinces, North West, North Cape, Gauteng. It is anticipated that more ex-professional football players and learners will be attracted as the project rolls-out to the rest of the provinces. The project will be completed by March 2009.

Boxing Project

The project aims to increase capacity, skills and knowledge within the boxing fraternity. This project's target is to capacitate 160 boxing managers, promoters, boxers, trainers and ring officials, i.e. timekeepers, referees, judges and ringmasters and 10 Boxing South Africa management personnel.

Training commenced in the pilot regions (Limpopo and Eastern Cape) during November and December 2007.

The 297 beneficiaries have been trained to date on the following programmes: -

- Wrapping of Hands
- Boxing South Africa Rules and Regulations
- Communication Skills
- Financial Management
- Financial Literacy

4.2 100% of learners in critical skills programmes covered by sector agreements from further education and training (fet) and higher education and training (het) institutions assisted to gain work experience locally or abroad, of whom at least 70% find placement in employment or self-employment.

The successful recruitment of learners into critical skills programmes in FET and HET institutions registers more results if it is coupled with the successful entry of these learners upon completion of the academic programmes into formal workplaces to garner experience necessary for full-time employment or self-employment later. It is however the experience of FET and HET institutions that many of their graduates struggle to gain meaningful work experience and hence employment once they complete these qualifications. In response to this theta has launched a project that seeks to actively place these learners in formal workplaces – in SA and abroad. This has been made possible by theta's pioneering outreach to employers, bringing them into the fold of stakeholders whose participation in this project has ensured that so far 518 learners have been assisted.

The intervention further seeks to ensure that FET and HET institutions produce a cadre of graduates that are poised for self-employment and are placed in workplaces that encourage venture creation. The description below provides a detail in this regard:

Graduate Development Project

This project aims to offer unemployed graduates internship opportunities, and afford workplace experience to the FET and HET learners in order to fulfil their qualification requirements by offering incentives to THETA employers through a grant payment system. The project's target is 7500 graduates by the end of the financial year 2010. Between January and March 2008 THETA embarked on a national road show to ensure that the sector and the HET AND FET was made aware of the intervention. This has yielded positive results. Currently 518 have been placed and a further 1134 will be placed in April 2008. Of the total placed, 260 have been employed by the employers or employed by other organizations. More than 50 employers have indicated interest to participate from April 2008.



5.1 By March 2010 each seta recognizes and supports at least five institutes of sectoral or occupational excellence (isoe) within public or private institutions and through public private partnership (ppp's) where appropriate, spread as widely as possible geographically for the development of people to attain identified critical occupational skills, whose excellence is measured in the number of learners successfully placed in the sector and employer satisfaction ratings of their training.

NSDS 2005-2010 makes provision for the recognition and support of an ISOE; allowing for education and training providers to deliver quality, relevant education and training programmes to the scale required within the sector. In terms of regulation 7 (1) (g) of the Regulations regarding monies received by a SETA and related matters (GN R 713, GG27801 of 18 July 2005) provides the legal basis for SETAs to support ISOE's. This regulation provides for SETAs to allocate discretionary grants to fund ISOE's.

THETA has since the previous the financial year recognized and supported 1 ISOE. There has been a lesson learned in manner in which this ISOE was supported. These lessons learned backed by the revised Criteria for supporting potential ISOE's will assist in Emphasizing excellence in the potential ISOE to be supported in the next coming financial year.

5.2 By March 2010 each province has at least two provider institutions accredited to manage delivery of the new venture creation qualification, 70% of new ventures still operating after 12 months will be used as a measure of the institution's success

In line with government's emphasis on job creation, THETA has sought to support venture creation by ensuring that there is training capacity in each province to ensure skills development in venture creation, thus encouraging the survival and sustainability of new ventures.

It is envisaged that this training capacity and expertise would be owned by theta-accredited training providers, with the requisite rigor and attention to detail applied by theta during the accreditation process. These training providers are then expected to impart the necessary venture creation skills, and further provide support to new ventures, with 70% of the ventures still in operation after 12 months of opening. It was planned that this process would then yield at least two (2) provider institutions per province per province by 2010. Theta's performance in this regard indicates great success, with theta having managed to register 3 providers this reporting year against a target of only 1 in the first year.

THE FUTURE

THETA wishes to assure the stakeholders that it will continue to roll-out projects in aid of industry growth and development of a balanced society through interventions that take into account which direction industry is going as reflected by the following future projects:

Chamber Projects

These are a combination of industry-led, beneficiary driven projects looking to address skills development priority areas within the sector thus, increasing the pool of skilled employees. The objectives of the project are as follows:

- To increase the number of employees equipped with the necessary skills required for upward mobility.
- To enhance the quality and professionalism of services provided in the industry.
- To improve productivity and efficiencies within the workplace
- To mitigate the entrenchment of the existing status quo of racial inequality in line and operational management
- To fast track transformation through skills training

• Computer Literacy Training

A chamber specific project across all sectors will commence to train employees that require upgrading their current skill in computer literacy. The programme is ICDL (International Computer Drivers License) within the following categories Beginner, core and advanced training. The aim of the project is to establish a computer literate employee base at junior level all the way to an advanced level.

• Horse Racing Black Managers Acceleration Programme

A chamber specific project for the Horse Racing Industry is designed to capacitate Horse Racing employees (specifically prospective managers) in generic management subjects at NQF level 5, industry. These programmes fall within the Agri-SETA scope. This programme was initiated to amongst other things accelerate transformation at management level.





• Gaming Regulatory Programme

This is a chamber specific project, limited to the Gaming Boards employees. This programme is made up of the following subject: PFMA, Project Management and Auditing controls

• Guest House Assistance Training Programme

This is a THETA-registered Skills Programme for guest house assistants at NQF level 4, or a cluster of appropriate Unit Standards to be presented to so-called 'domestic workers' employed by Guest Houses, Bed and Breakfasts, Home Stays and small lodging establishments. This will ensure that the candidates benefit from the enhancement and recognition of their technical hospitality skills.

• Management Development Programme

This programme comprises of 3 levels of management programmes at or equivalent to NQF level 5, 6 and 7 that is New Management Programme, Management Development Programme and Advanced Management Programme, for employees either entering into management or are in management for career progression purposes for new entrants into management, middle managers and senior managers

• Foreign Language Project

Foreign language training in German, French and Italian for tour guides and front desk staff.

• Customer Care

A generic customer care programme for junior level employees to improve service standards in the industry through training.

OTHER SECTOR-SPECIFIC FUTURE PROJECTS:

Cooperative Capacity Building

The project aims at capacitating the co-operatives in the THETA sector, to effectively run their own businesses. The project aims at training 30 organisations nationally, with a minimum of 300 learners (thus 10 learners from each co-op). This project will assist in identifying the critical skills in the co-operative sector of the THETA industry, 80% of the learners should be black, 54% women and 8% disabled; and Facilitate partnerships and financial

assistance between the Cooperative Capacity Building and funding agencies like the National Development Agency and Provincial Development Agencies, etc

• Administration and Technical Officials Capacitation

With 2010 approaching, the importance of the recognition of skills, within the soccer fraternity, for this event and all other future international events is of extreme importance. The project looks at the skills transfer to soccer professionals and practitioners. This intervention will seek to provide training which is essential to supporting administration, technical and coaching skills. The main thrust of the project is the building of capacity and increasing the administration, technical and coaching skills and knowledge in the soccer fraternity.

The project aims to achieve the following:

- To provide a training intervention that will increase knowledge base in the soccer sector;
- To train a total of 1040 learners over a two year period;
- Train learners as per the equity ratio of 85% black, 54% women and 4% people with disability;
- To train in all provinces and SAFA regions with a target of 60% urban and 40% rural;
- To get buy in from industry on the project concept;
- To identify stakeholder organisations and members that need to benefit from this training intervention;

The South African Football Association is conducting the nationwide training, as they are the accredited service provider.



• **Sports Facility Management**

The enhancement of the management skills of operational and supervisory staff in Sports Facilities is a source of concern as more facilities are being built across the country. Not only that, but there are underdeveloped facilities that are being upgraded and refurbished on an ongoing basis. The implementation of this initiative will assist in increasing the pool of skilled and technically competent human resources within the Sports, Recreation and Fitness (SRF) industry, fast-tracking the transformation of the SRF industry and improving productivity and efficiencies within the workplace.

The project aims to achieve the following:

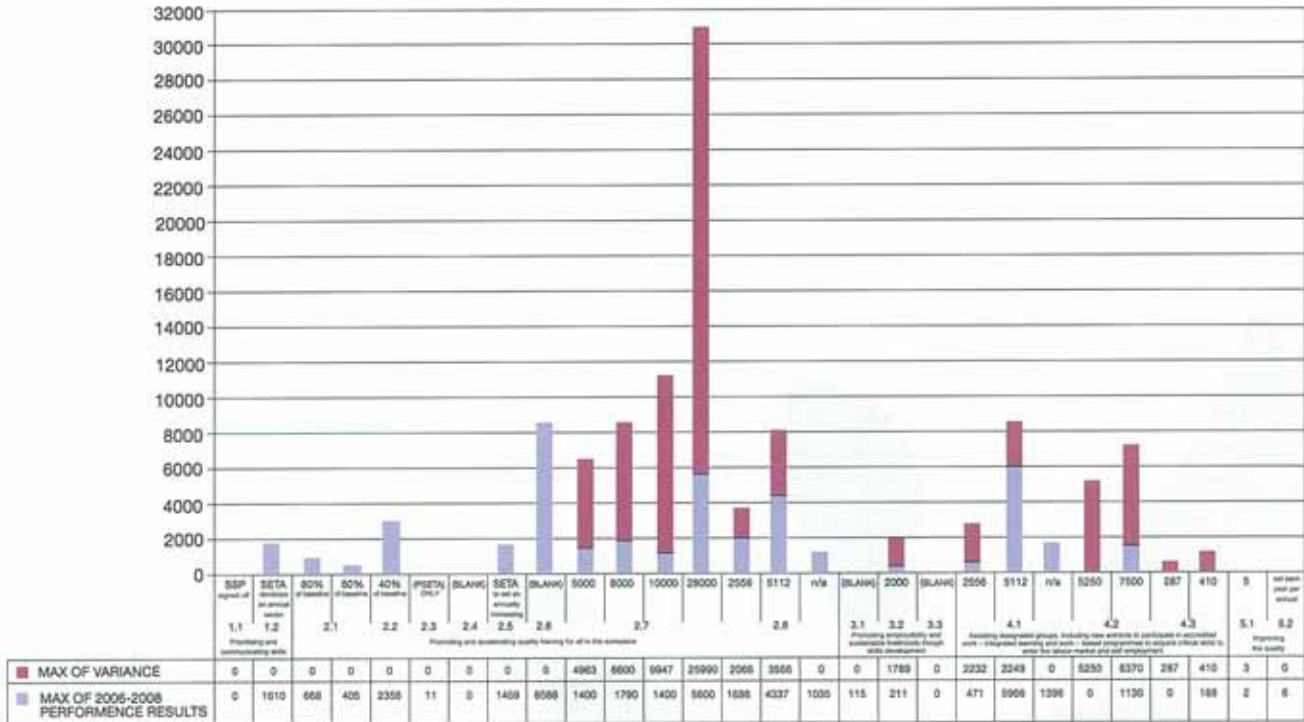
- Develop the management and technical skills of beneficiaries to increase their prospects of upward mobility;
- The project will focus on developing the management, and other related skills needed from a manager of a sports facility; and
- 150 Historically Disadvantaged selected learners to be trained nationally (85% Black, 54% Female and 4% disabled) per annum, thus 450 over three years.

Overall Comment

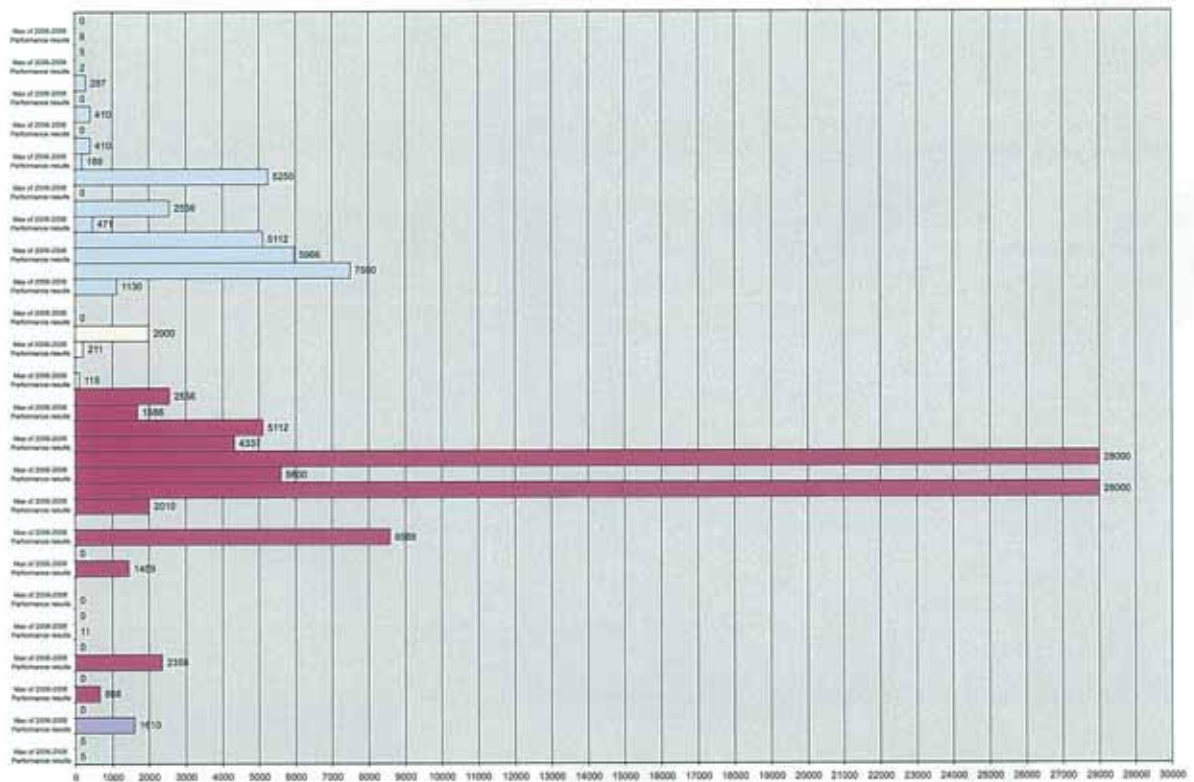
THETA within the project will continuously strive to provide skills to people for sustainable future and commit to its values to provide service excellence, efficiency, equity, integrity, partnership, quality and accessibility.



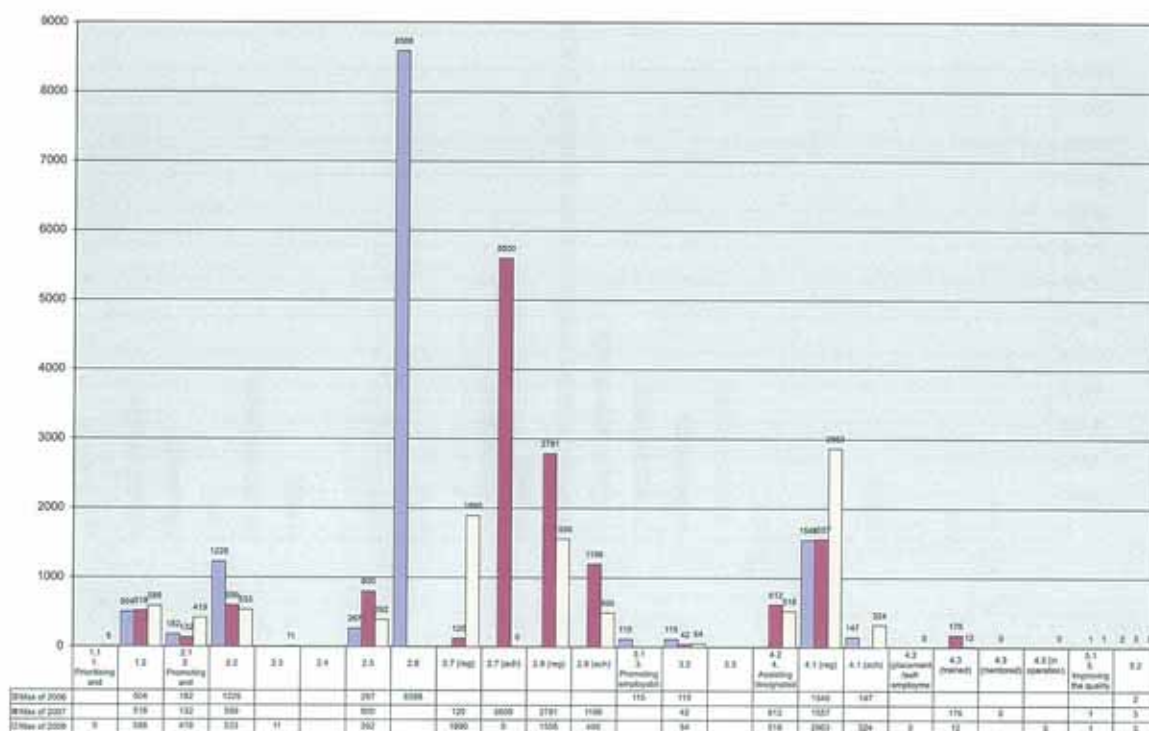
NSDS Performance: 2006-2008



2006 - 2008 Performance vs 2005 - 2010 Targets



Annual Performance Trend: 2006 -2008



EDUCATION TRAINING QUALITY ASSURANCE (ETQA)

In terms of the Skills Development Act, every SETA must be accredited as an ETQA (Education Training Quality Assurance body).

The main function of the SETA as an ETQA is to ensure quality of provision through compliance to the ETQA Regulatory provisions 1127. To ensure that this function is carried out effectively, THETA is required to:

- accredit providers,
- register assessors and moderators,
- evaluate programmes aligned to the National Qualifications Framework (NQF) registered qualifications
- monitor and audit providers
- certificate learners
- maintain a database
- facilitate standard setting and qualification scoping

To ensure that the above functions are carried out in accordance with legal requirements, but still add value to the tourism sector and related sub-sectors at large, the ETQA has performed the following function over the past year:

CAPACITY BUILDING & ACCREDITATION

In order to assist emerging training providers to meet the requirements of accreditation as legislated, THETA decided that the provider capacity building project which had reasonable success in 2006/7 financial year should be continued. Lessons learnt from the first phase of this project were as follows;

- 1) Having a single training provider conduct the entire project proved unwieldy and also meant that the entire intervention was exposed to the risk of a single implementation agent.
- 2) That the learners (potential providers) who attended the sessions were not always ideally suited and did not possess the necessary attributes to become accredited training providers.
- 3) The time allocated to the different interventions was in some cases not sufficient to allow for detailed facilitation and enhanced understanding by the attendees. The learning programme design and development intervention in particular comes to mind.
- 4) Those trained in many cases did not complete the requisite portfolio of evidence to ensure that they could be assessed and found competent giving them the chance to qualify and register as assessors or moderators or be counted as qualified facilitators, coaches or mentors.
- 5) It is unfortunate that a few of the companies who attended the training interventions did not complete the process by completing

the Phase B portfolio required to become an accredited training provider.

The statistics for the first phase of this intervention appear later in this report.

The Provider Capacity Building Phase Two took into account the lessons learnt indicated above and the entire second phase has taken a different approach.

- The tender process allocated the project to different training providers to ensure that the risk is spread and that we are not dependant on only one supplier for such a big intervention.

- A due diligence and selection process was followed to ensure that those companies selected to participate in the capacity building project interventions have the requisite expertise in terms of relevant subject matter expertise as well as some ability as education and training development exponents.

- Selected companies have to sign a commitment contract that the requirements of the project would be completed. This refers to individual learner portfolios as well as the Phase B application portfolio.

- Time allocated for the learning programme design and development intervention has been increased to allow for in depth facilitation as well as sufficient time and opportunity for learners to develop capacity in this area which is often seen as the most difficult facet of accreditation.

The project deliverable requires that 150 companies and a minimum of 300 individuals on each of the interventions (assessor, facilitator, coach, mentor, quality management system design and development, learning programme design and development as well as computer skills development) receive facilitation and be found competent. Every effort is being made to meet this deliverable and we hope that by the end of the intervention we will indeed have an extra 150 accredited training providers which will allow for the THETA vision and targets to be realized.

The intervention is scheduled to be concluded in March 2009.

CAPACITY BUILDING PROJECT - STATISTICS

During Phase ONE of this project to capacity build training providers which was completed in September 2007, THETA has seen to fruition, 141 learners qualified as assessors, 101 as moderators, 72 as coaches and mentors and 131 as facilitators, as well as 163 companies capacitated on the development and implementation of ETD Quality Management Systems and the Design and Development of learning programmes. Through these



interventions, we have had 20 training providers achieve accreditation and a further 40 submit the Phase B application form.

It is hoped that with the different methodology being followed with Phase Two of this project, we will see many more attendees meet the requirements and submit accreditation applications and actually meet the requirements for accreditation.

ACCREDITATION OF PROVIDERS

160 Phase A applications for accreditation were received and these were mostly providers who were registering to attend the Capacity Building Project.

70 Phase B applications were received and reviewed. More providers have started utilizing the option of buying learning programmes from providers who have already attained full approval and this has meant that we have seen a significant increase in the number of accredited training providers during this financial year. This trend of transferring scope is tightly regulated and THETA insists that proper contracts are entered into before the transfer is done to avoid any complications in future. The seller and buyer have clear rights and obligations thus ensuring learners are not short changed in the process. Sports and Recreation South Africa have also assisted quite a few training providers in the Sport sector by allowing them to utilize the two skills programmes developed by them and approved by THETA in 2006. A number of SMME and PDI training providers have benefited from this initiative. This has also ensured that credit bearing training has become more easily available and popular amongst the sporting fraternity.

At this time THETA has 85 providers, who have 81 Full Accreditation, 2 Provisionally Accredited and 40 registered training providers who have accreditation with another ETQA but have applied for and received approval to offer learning programmes in the THETA scope. The THETA database has also been updated to more accurately reflect the number of training providers who have applied against the number who have an accreditation status.

ASSESSOR REGISTRATION

In the period under review 203 new assessors were registered and a further 253 assessors whose registration had expired, were re-registered after submitting the required information. The re-registration process will continue this year as more assessors reach the end of their current three year registration period. With the Provider Capacity Building Project now completed, it is anticipated that there will be numerous assessors wanting to register. In the period under review 65 moderators were also registered.

PROGRAMME EVALUATION

The ETQA department received and evaluated 195 programmes in the year. 53 of the programmes received were not auditable and were returned to providers with extensive recommendations on the areas which were outstanding and also with offers of capacity building from the External Verifiers. Of the programs reviewed 95 were approved and the rest were sent comprehensive reports outlining the areas to be remediated. A total of 65 additional information submissions were received, against programmes that did not previously meet the requirements. These were reviewed and feedback sent to applicants. Unlike in previous years, the THETA ETQA can proudly announce that there are no backlogs in the programme department and providers receive feedback well within the 90 day turnaround time. The ETQA has internally reduced the turnaround time to 60 days for all evaluations due to its ability to evaluate programmes and accreditation applications.

LEARNING INFRASTRUCTURE ENHANCEMENT

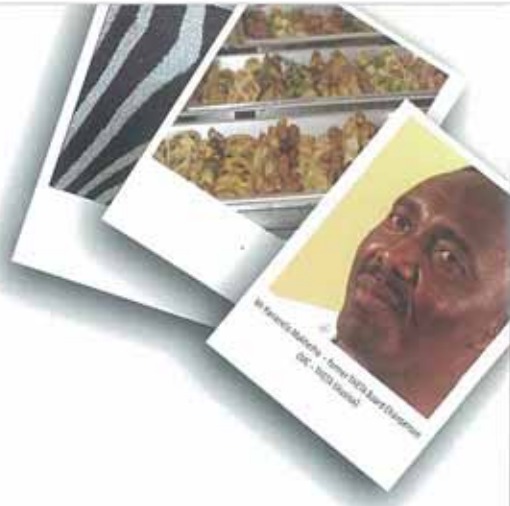
Materials development of Generic Fundamental Unit Standards

The purpose of this project is to create a standardised policy and system of fundamental unit standard provision, and access to fundamental standards training through selected, appointed providers. At the conclusion of the project two deliverables would have been addressed, namely a Benchmark study would have been concluded to determine other SETA's policy and practice of the RPL (Recognition of prior learning) of generic fundamental unit standards. Secondly a Standard programme packages (including Base-line assessment, Curriculum, Learner Guide (learning material), Facilitators Guide Assessment strategy and battery of assessment instruments developed for generic fundamental unit standards in the new THETA qualifications framework at NQF levels 2,3 and 4. Policy on the implementation of generic fundamental unit standards has been developed and applied. The project will conclude by ensuring that workshops are conducted in the selected provinces for the service providers to ensure that they are capacity build in the usage of the materials.

PROVIDER MONITORING AND AUDITING

The team conducted 50 site visits for monitoring, auditing and accreditation purposes, and also attended 8 capacity building sessions conducted by OLG on the Provider Development Project. The Quality Assurors have also been at all sessions which have thus far been conducted as per the Capacity Building Phase Two project.





CERTIFICATE LEARNERS

A total of 7467 learner certificates were issued to providers across the THETA constituency to distribute to learners during this period and the THETA total to date stands at an impressive 30 500 certificates issued to learners in the THETA sector. Certification is no longer the problem it was at THETA and the turnaround time is now two months if all requirements are in order. Some outstanding certificates from information on the old HITB system have still not been printed and this is due to data integrity and also the inability of our service provider to extract some of the information. The matter is receiving urgent attention and we are confident that we will resolve this matter in the next year.

MAINTAIN A DATABASE

The THETA database continues to be fully operational and providers are actively using the system and provide constant feedback to THETA on the system. Updates and changes to enhance the efficiency of the database are constantly sought and the contracted service provider is constantly challenged to deliver a better service to the end user, our clients. The THETA database provides uploads to the National Learner Registration Database (NLRD) and **THETA has maintained the Green Status in this regard which is the highest status possible.** THETA will seek to ensure that this status is maintained and improved upon going forward.

FACILITATE STANDARD SETTING AND QUALIFICATION SCOPING

THETA's original accreditation scope was increased by 2 qualifications from 42 qualifications to 44 qualifications, and a total of 56 registered skills programmes are currently registered at the SETA. In order to ensure that THETA providers have qualifications available to offer to learners in the sector, SAQA re-registered the entire THETA qualifications framework whilst we are busy developing and registering the new qualifications. The new qualifications as soon as registered replace the current qualification where relevant but the replaced (current) qualification has a teach out period of two years thus ensuring that learners registered can complete and that the provider has time to develop and submit for approval the new qualification.

SGB & QUALIFICATIONS FRAMEWORK PROJECT

To date 20 new qualifications have either been registered and there are 16 in the public comment phase. The contracted SGB coordinator has worked tirelessly and is constantly in contact with SAQA to assist the process.

41 qualifications have been reviewed and a further 11 new qualifications have been developed. This development and review has been completed with extensive consultation with experts and industry representatives to ensure relevance and suitability.

GOVERNANCE MATTERS

In addition to the 26 Memorandum of Understanding THETA has signed with other ETQA's and Education departments, THETA also signed with the South African Football Association, Sports and Recreation South Africa (SRSA) and Boxing South Africa thereby ensuring that we develop relationships with key stakeholders as we seek to achieve our targets and leave an indelible footprint on the South African landscape. In late 2006 the Annual Tourism Conference determined that various task teams would be established to respond to the call by industry to make THETA a more efficient organisation which better serves the industry. The issue of accreditation was one of the areas which had to be looked at as a number of attendees indicated the process was bureaucratic, cumbersome and took too long to complete. The Accreditation Task Team held numerous meetings where the accreditation system was discussed and the ETQA arranged that a representative from SAQA address the group to explain the legislative requirements of accreditation and also give a view as to whether THETA followed this system and point out possible areas where changes could be effected without compromising the adherence to legislation. An accreditation survey developed by people outside of THETA was circulated to a wide variety of training providers who had applied for accreditation with THETA. Some had accreditation, some had only submitted the Phase A application form and others had submitted Phase B whilst only after had others had been on the capacity building project. The feedback received revealed a very different view to what had been expressed at the Conference and the majority listed that they had few problems with the process but that it did require that you apply yourself and spend a lot of time initially in developing the systems and programmes. Many indicated that learning programmes presented the largest challenge in the process. A smaller number also indicated that they still had problems with developing a quality management system. A workshop was held after the surveys were received back and analysed to establish what the workshop should focus on. The workshop was well attended and robust interaction ensued with those present asking the questions they have had based on experiences and perceptions. ETQA staff presented on the different accreditation aspects and those present were all in agreement that the workshop was very informative and that THETA should have such sessions on a more regular basis.



EDUCATION TRAINING QUALITY ASSURANCE (ETQA)



The accreditation task team ultimately resolved that the following changes should be made to THETA's accreditation system.

- Guideline documents should be developed and made available to those wanting to become accredited.
- The time period for evaluating applications be decreased from three months to two.
- Capacity building workshops should be hosted by THETA to assist applicants.
- Additional staff and in particular External Verifiers be appointed to ensure more capacity to assist.
- THETA encourages scope transfer to assist where learning programme design and development was proving to be a huge hurdle.
- That the timelines for submission of the Phase B portfolio be reduced from 12 months to three

THETA ETQA wishes to advise that in all areas we have implemented the recommendations of the Task Team other than with the employment of four additional External verifiers which is currently still in the process. We do however wish to indicate that we have employed an additional two Quality Assurors who will ensure that the capacity of the ETQA to serve its clients is enhanced.

SAQA AUDIT

In August 2007, SAQA conducted a performance audit on THETA ETQA the purpose of which was to establish to what extent THETA are implementing the systems created to ensure its accreditation with SAQA as an Education and Training Quality Assurance Authority. This was a new audit system as SAQA previously evaluated whether ETQA's were complying with the legislation and with this audit actual performance (conformance) was being tested.

It is with pride that THETA can announce that the ETQA audit result was scored at 2 out of 3 indicating that THETA ETQA was acceptable and doing what is required as per the mandate it has and the systems it has developed.

UKUSISA AWARDS

Ukusisa is a practise in isiZulu that refers to the rich lending part of their wealth - cattle - to the poor to allow them to build their own wealth. At some stage in the future cattle so given would have to be returned, but not their offspring, which became the property of the borrower. And so the wealth was spread and shared.

In this regard, THETA recognises the role played by Training Providers in sharing and imparting skills thus allowing individual South Africans to be able to further empower themselves for a better life for themselves and a better life for the country. In recognition of the efforts of Training Providers that managed to meet the requirements for accreditation, THETA hosted the inaugural Ukusisa Awards on the 13th of March 2008. The gala event was held at the Emperor's Palace, with an impressive attendance by Training Providers from across the country, who received certificates of recognition. The guest speaker was MEC for Tourism, Environmental and Economic Affairs in the Free State, Mr. NH Masithela.

Also at the event the Executive Officer of SAQA, Mr. Samuel Isaacs, praised the THETA ETQA for the positive contribution it was making to the education and training landscape of South Africa and spoke highly of the processes and procedures and staff of this division. At this event all fully accredited training providers received their accreditation certificates. Those who attended were in unison in their praise of the initiative and the progress THETA has made in respect of the functions of the ETQA.



Guests having fun at the THETA Ukusisa Awards at Emperor's Palace

REPORT OF THE AUDIT COMMITTEE

Tourism, Hospitality and Sport Education and Training Authority

Report of the Audit Committee for the year ended 31 March 2008.

Report of the Audit Committee has been prepared in accordance with the Treasury Regulations for Public Entities 27.1.7 and 27.1.10 (b) and (c) issued in terms of the Public Finance Management Act 1 of 1999, as amended by Act 29 of 1999.

We are pleased to present our report for the financial year ended 31 March 2008.

Audit Committee Members and Attendance

The audit committee consists of the members listed hereunder and meets several times per annum as per its approved terms of reference. During the current year 3 meetings were held.

Summary of meetings attended per member:

NAME		18 May 2007	17 August 2007	12 February 2008
Chris Johnson	Chairperson	Yes	Yes	Yes
Michael Tsotetsi		Yes	Yes	Yes
Joseph Maqhekeni		Apology	Yes	Yes
John Davis		Yes	Yes	Yes
Naynesh Parboo		Absent	Resigned	
Tom Pringle	Vice Chair	Apology	Deceased	
Caleb Mabaso		Yes	Apology	Yes
Luvuyo Tjikwe		Yes	Absent	Resigned

Audit Committee Responsibility

The Audit Committee 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 has discharged all its responsibilities as contained therein.



REPORT OF THE AUDIT COMMITTEE



THE EFFECTIVENESS OF INTERNAL CONTROL

The system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the PFMA and the King II Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes.

Based on the discussion above we believe that the system of internal controls was effective during the year under review. This is also supported by the reports of the internal auditor and the final audit report from the Auditor-General.

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 Accounting Officer;
- Reviewed the Auditor-General's management letter and the management's reply thereto;
- Reviewed significant adjustments resulting from the audit.

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

Joseph Maqhekeni
Chairperson of the Audit Committee
Date



REPORT OF THE AUDITOR GENERAL

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF TOURISM, HOSPITALITY AND SPORT EDUCATION TRAINING AUTHORITY FOR THE YEAR ENDED 31 MARCH 2008

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Tourism, Hospitality and Sport Education Training Authority (THETA) which comprise the statement of financial position as at 31 March 2008, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out from page 62.

Responsibility of the accounting authority for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting determined by the National Treasury of South Africa, as described in note 1 to the financial statements and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA). This responsibility includes:
 - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
 - selecting and applying appropriate accounting policies
 - making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and section 14(6)(a) of the Skills Development Act, 1998 (Act No. 97 of 1998), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing and General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.



6. An audit also includes evaluating the:

- appropriateness of accounting policies used
- reasonableness of accounting estimates made by management
- overall presentation of the financial statements.

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

Basis of accounting

8. The Tourism, Hospitality and Sport Education Training Authority (THETA) policy is to prepare financial statements on the basis of accounting determined by the National Treasury, as set out in note 1 to the financial statements.

Opinion

9. In my opinion the financial statements present fairly, in all material respects, the financial position of the Tourism, Hospitality and Sport Education Training Authority as 31 March 2008 and its financial performance and cash flows for the year then ended, in accordance with the basis of accounting determined by the National Treasury of South Africa, as described in note 1 to the financial statements, and in the manner required by the Public Finance Management Act, 1999 (Act No 1 of 1999).

Emphasis of matter

10. Without qualifying my audit opinion, I draw attention to the following matter(s):

Restatement of corresponding figures

11. As disclosed in note 22 and note 1 to the annual financial statements the accounting policy for the recognition and measurement of skills development levy income has been amended by National Treasury and the Department of Labour on the basis of a revised interpretation of the Skills Development Act, Act no 97 of 1998 and the Skills Development Levies Act, Act no 9 of 2001. The corresponding figures for 31 March 2007 have been restated as result of revised interpretation



REPORT OF THE AUDITOR GENERAL

OTHER MATTERS

12. Without qualifying my audit opinion, I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

Matters of governance

12.1 The PFMA tasks the accounting authority with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of certain key governance responsibilities, which I have assessed as follows:

Matter of governance	Yes	No
Audit committee		
• The SETA had an audit committee in operation throughout the financial year.	✓	
• The audit committee operates in accordance with written terms of reference.	✓	
• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 77 of the PFMA.	✓	
Internal audit		
• The SETA had an internal audit in operation throughout the financial year.	✓	
• The internal audit function operates in terms of an internal audit plan.	✓	
• The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 3.2/27.2.	✓	
Other matters of governance	✓	
The annual financial statements were submitted for audit as per the legislated deadlines section 55 of the PFMA for public entities.	✓	
The financial statements submitted for audit were not subject to any material amendments resulting from the audit.		✓
No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the unavailability of senior management.	✓	
The prior year's external audit recommendations have been substantially implemented.	✓	



Tourism, Hospitality and Sport Education and Training Authority ANNUAL FINANCIAL STATEMENTS

REPORT OF THE ACCOUNTING AUTHORITY

The Accounting Authority of THETA hereby presents its report for the year ended 31 March 2008

1. INTRODUCTION

THETA is a schedule 3A listed public entity established in terms of an act of Parliament that receives funds through national legislation. THETA is the SETA established under the Skills Development Act, 1998 (Act No. 97 of 1998) for the Tourism, Hospitality and Sport Economic Sector.

The main function of a SETA is to contribute to the raising of skills and to bring skills to the employed, or those wanting to be employed. They have to do this by ensuring that people learn skills that are needed by employers and communities. There is no value in training people if they cannot use the skills they have learnt. Training and skills development is important for people of all ages, especially those starting their first jobs. The skills of people already in jobs must also be enhanced.

Training must meet agreed standards with a national framework, wherever possible. It must be ensured that the qualifications awarded are acceptable across the country. It is not ideal for one employer to increase the skills of his/her staff if another employer does not recognise them. All training should be subject to quality control and in line with the best international standards.

To achieve these objectives a SETA must:

- Develop a sector skills plan
- Implement the sector skills plan
- Develop and administer learnerships
- Support the implementation of the National Qualifications Framework
- Undertake quality assurance
- Disburse levies collected from employers in their sector
- Report to the minister and to the SAQA

2. SCOPE

THETA conducts its activities within the tourism, hospitality and sport economic sector, which comprises the following subsections

- Tourism and Travel Services
- Hospitality
- Gambling and Lotteries
- Conservation and Guiding
- Sport, Recreation and Fitness



REPORT OF THE ACCOUNTING AUTHORITY

Tourism, Hospitality and Sport Education and Training Authority ANNUAL FINANCIAL STATEMENTS

REPORT OF THE ACCOUNTING AUTHORITY

3. OBJECTIVES

In terms of its constitution, THETA aims to:

- Encourage employers in the sector to train their employees, provide opportunities for work experience and employ new staff
- Encourage workers to participate in learnership and other training programmes
- Improve the employment prospects of disadvantaged people
- Ensure the quality of education and training in and for the sector workplaces
- Assist work seekers to find work and employers to find qualified employees
- Encourage providers to deliver education and training in and for the sector workplaces
- Cooperate with the SAQA

4. FUNCTIONS AND DUTIES

To achieve its objectives, THETA must carry out a range of functions and duties. Its operations will be focused on:

- Performing its statutory obligations
- Providing excellent, responsive skills development services to the industry sector in general and its constituent employers and employees in particular

To do this THETA will

- Develop sector skills plans in the framework of the national skills development strategy
- Develop annual business plans and budgets to regulate its operations
- Implement its sector skills plans by establishing learnerships, approving workplace skills plans, allocating grants to employers, providers and workers
- Monitor education and training provision
- Promote learnerships and register learnership agreements
- Perform the functions of an ETQA body
- Receive or collect skills development levies and disburse them in terms of the Skills Development Levy Act
- Report to the Director-General of the Department of Labour on its operations and achievements
- Cooperate with the National Skills Authority and other SETA's on skills development policy and strategy, and on inter-sectoral education and training provision
- Cooperate with employment services and education bodies to improve information about employment opportunities
- Appoint staff necessary for the performance of its functions
- Promote and facilitate education and training provision for small, micro and medium enterprises and their employees in the sector.



Tourism, Hospitality and Sport Education and Training Authority ANNUAL FINANCIAL STATEMENTS

REPORT OF THE ACCOUNTING AUTHORITY

5. AUTHORITY AS LEGAL ENTITY

The Minister has, in terms of section 9 of the Act, established a Tourism, Hospitality & Sport Education & Training Authority and has, in terms of section 13(1) approved its Constitution on 31 August 2005.

THETA is in terms of section 48 read with section 1 of the PFMA, regarded as a 'national public entity' being an entity which –

- is established in terms of national legislation (Act no. 97 of 1998);
- operates a system of financial administration separate from national government;
- is substantially funded from levies imposed in terms of national legislation; and
- is accountable to Parliament.

6. ACCOUNTING AUTHORITY

The Board is in terms of section 49(2) (a) of the PFMA the accounting authority for THETA and is accountable for the purposes of that Act.

The accounting authority shall, in terms of section 50 of the PFMA, have the following fiduciary duties to ensure reasonable protection of the assets and records of THETA;

- act with fidelity, honesty, integrity and in the best interest of THETA in managing its financial affairs;
- on request, disclose to the Minister all material facts, including those reasonably discoverable, which in any way may influence the decisions or actions of the Minister; and
- prevent any prejudice to the financial interests of the State.

In terms of section 51 of the PFMA, the THETA must ensure that it has and maintains –

- effective, efficient and transparent systems of financial and risk management and internal control;
- a system of internal audit under the control and direction of an audit committee complying with and operating in accordance with prescribed regulations and instructions; and
- an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective;

THETA must take effective and appropriate steps to:

- collect all revenue due to THETA;
- prevent irregular expenditure, fruitless and wasteful expenditure
- losses resulting from criminal conduct and expenditure not complying with the operational policies of THETA; and
- manage available working capital efficiently and economically;



Tourism, Hospitality and Sport Education and Training Authority ANNUAL FINANCIAL STATEMENTS

REPORT OF THE ACCOUNTING AUTHORITY

THETA is responsible for the management, including the safeguarding of the assets and for the management of the revenue, expenditure and liabilities of THETA;

- must comply with any tax, levy, duty, pension and audit commitments as required by legislation;
- must take effective and appropriate disciplinary steps against any employee of THETA who commits an act of financial misconduct in terms of section 83 of the PFMA;
- is responsible for the submission by THETA of all reports, returns, notices and other information to Parliament and to the Minister or Treasury, as may be required by the PFMA; and
- must comply, and ensure compliance by THETA, with the provisions of the PFMA, Treasury Regulations, the Act, the Levies Act and any other legislation applicable to THETA.

7. APPLICABLE PRESCRIPTS

- Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996)
- Skills Development Act, 1998 (Act No. 97 of 1998)
- Skills Development Levies Act, 1999 (Act No. 9 of 1999)
- South African Qualifications Authority Act, 1995 (Act No. 58 of 1995)
- Education and Training Quality Assurance Bodies Regulations, 1998 (GNR. 1127 of 8 September 1998)
- Labour Relations Act, 1995 (Act No. 66 of 1995)
- Employment Equity Act, 1998 (Act. No 55 of 1998)
- Occupational Health and Safety, 1993 (Act. No 85)
- The Public Finance Management Act, 1999 (Act No. 1 of 1999 & National Treasury Regulations)
- Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000)

8. GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS

The financial results for THETA during this financial year speaks for itself, Levy income increased from R 115,244 million to R 130,695 million or 13,40%. Administration expenses decreased from R 18,268 million to R 13,150 million mainly attributed to the legal settlement of R4.5 million in the previous year, excluding this payment, admin expenses decreased by R 618 thousand. Theta's administration expenses is comfortably under the administration expense threshold, not only due to the welcome change in regulations regarding the allocation of Discretionary Project admin expenses, but also the determination of the CEO and his whole team to curtail costs and operate the Seta within the prescripts of the regulations.

Employer grant, discretionary grant and discretionary project disbursements increased from R118.629 million to R 131.577 million mainly due to 10,97% increase in Mandatory Employer Grants paid and a 5.10% increase in Discretionary Grant Project expenditure, this indicates a more positive reaction by the employers in our industry to the training and development of their own staff. A concerted effort is planned in the following financial year to ensure an increase in participation and subsequent workplace training of all the players in the industry



Tourism, Hospitality and Sport Education and Training Authority ANNUAL FINANCIAL STATEMENTS

REPORT OF THE ACCOUNTING AUTHORITY

Overall the surplus funds/reserves decreased from R104.895 million to R79.790 million and the overall strategy of Theta is to distribute and utilise these funds as quickly as possible, within the parameters set, to ensure not only achievement of the National Skills Development Strategy targets by 2010 but an increase in skills levels in the industry.

9. OBJECTIVES ACHIEVEMENTS AGAINST TARGETS

A detailed schedule of THETA performance against NSDS targets are discussed in the Annual Report under the heading CEO's Report.

10. CORPORATE GOVERNANCE ARRANGEMENTS

- THETA is committed to the objectives and principles of transparency, accountability and integrity explained in the King Code of Corporate Governance. Detailed discussion of the application and results of Corporate Governance in the organisation is discussed under the heading CEO's report Corporate Governance in the Annual Report.
- Full disclosure of risk items and policies are discussed under note 1 and 20 in the Annual Financial Statements, disclosure of all conflict of interest and transactions with related parties are done under note 21 in the Annual Financial Statements.

11. AUDIT COMMITTEE

The Audit Committee meets on a regular basis and ensures that management adheres to internal control and accounting policies and procedures. During the year BGO/Gobodo (the appointed internal auditors) completed a Risk analysis as well as a three and one year strategic internal audit plan to address the risk issues identified in the risk assessment. This is an ongoing process and will eventually ensure the effective implementation of internal audit, control procedures and adherence of management thereto.

The Audit Committee has adopted a formal terms of reference and the Committee is satisfied that its responsibilities for the year was in compliance with its term of reference. (Refer to Report of the Audit Committee in the Annual Report).

12. NEW ACTIVITIES

New approved and on-going Discretionary projects are discussed and disclosed in Note 17.1 to the Annual Financial Statements. An additional amount of R 60,407 million relegated to these projects was approved by the Accounting Authority. R 72.824 million was utilised during this financial year and R 79,113 million was carried forward to the following financial year. The on-going projects are financed out of surplus funds and income received during previous financial periods, therefore no financial implications will result due to these new and on-going projects.



REPORT OF THE ACCOUNTING AUTHORITY

Tourism, Hospitality and Sport Education and Training Authority ANNUAL FINANCIAL STATEMENTS

REPORT OF THE ACCOUNTING AUTHORITY

13. EVENTS AFTER THE REPORTING DATE

Permission was granted by National Treasury for the accumulation of surplus funds and the Net Deficit for the year on 4 July 2008.

14. QUARTERLY REPORTING

The PFMA requires that within thirty days of the end of each quarters THETA submit the following information to the Executive Authority:

- Actual revenue and expenditure;
- Extent of compliance with to the PFMA and Regulations;
- Performance reports against preset targets.

The Accounting Authority can report that all the above-mentioned quarterly reports were submitted to the Executive Authority within the deadline set by the PFMA.

15. INVESTMENTS

The current policy is to invest short term funds in three of the big five banks in South Africa namely NEDBANK; FNB; and Investec, with an equal split between the three, the investment vehicle is 50% call accounts and the balance at best interest rate for not longer than a three month period. The Accounting Authority assesses the credit and risk rating of these banks from three different international rating agencies. Note 20 in the financial statements disclose detailed information regarding Theta's risk exposure, management and mitigation thereof.

DISCLOSURE OF REMUNERATION TO:

- Members of the Accounting Authority;
- Members of the Audit Committee;
- Members of the Remuneration Committee;
- Chief Executive Officer;
- Chief Financial Officer;
- Senior Management and
- Memnbers of the Executive Authority
- The Vice Chairperson has the use of a laptop computer and cell phone during the year.



REPORT OF THE ACCOUNTING AUTHORITY

Tourism, Hospitality and Sport Education and Training Authority ANNUAL FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2008

	Designation	Basic Salary	Allowances	Travel & Accommodation	Bonus	Social Contribution	2008	2007
M Tsotetsi	CEO	598 313	75 668			43 330	717 331	759 705
P Karuthasen	Programme Manager	436 921			32 067	44 032	513 020	480 304
E Boomgard	ETQA Manager	312 341	73 268		28 065	35 312	448 986	323 046
L Whateley	ETQA Manager: Resigned 30/09/2006						-	240 853
W Chuene	SDD & Learnership Manager	412 248	26 400		32 067	42 305	513 020	480 304
BJ Keet	CFO	370 835	100 000		106 148	981	577 964	517 793
Total Manager		2 130 658	275 336	-	198 347	165 960	2 770 301	2 802 005
A Harris	Member Acc Auth April 06 - Oct 07						-	600
B Ward	Member Acc Auth		12 000	2 120			14 120	9 989
B Magqaza	Member Acc Auth		7 000	5 109			12 109	13 952
C Cairns	Member Acc Auth April 06 - Oct 07						-	3 000
C Johnson	Chair Acc Auth		38 400	136 174			174 574	138 808
C Mabaso	Member Acc Auth		12 900	9 550			22 450	7 332
D Nkosi	Member Acc Auth		22 400	12 618			35 018	5 181
G Sam	Member Acc Auth April 06 - Oct 07						-	3 600
J Davis	Member Acc Auth Committee		8 500	125			8 625	10 217
J Maqhekeni	Chair Audit Committee		18 400	32 707			51 107	35 015
L Reddy	Member Acc Auth		16 600	68 072			84 672	50 324
L Tyikwe	Member Acc Auth		5 600	1 602			7 202	14 511
M De Witt	Member ACC Auth April 06 - Oct 07						-	17 797
M Marobe	Member Acc Auth		2 800	-			2 800	4 242
M MCPHERSON	Member Acc Auth		9 300	869			10 169	3 402
M Pila	Member Acc Auth		2 800	1 476			4 276	33 368
P Kirchhoff	Member Acc Auth		13 000	11 688			24 688	8 775
P Sito	Member Acc Auth		9 400	8 602			18 002	10 732

REPORT OF THE ACCOUNTING AUTHORITY

	Designation	Basic Salary	Allowances	Travel & Accommodation	Bonus	Social Contribution	Cell phone	2008	2007
P Thompson	Member Acc Auth April 06-Oct 07							-	23 307
S Ndzuzo	Member Acc Auth		24 000	17 030				41 030	1 283
S Zimba	Member Acc Auth		12 700	1 316				14 016	5 739
T Pringle	Member Acc Auth		3 200	596				3 796	5 800
T Mahlangu	Vice Chair Auth		43 000	31 282			17 651	92 633	26 347
T Skenjane	Member Acc Auth							-	6 088
MD Chillione	Member Acc Auth		6 600	4 795				11 395	-
B Mbovane	Member Acc Auth		1 000	176				1 176	-
A Hercules	Member Acc Auth		4 500	243				4 743	-
T Machili	Member Acc Auth		3 200	15 371				18 571	-
T Zulu	Member Acc Auth		6 200	2 265				8 465	2 289
Total Members		-	284,200	363,786	-	-	17 651	665 637	441 698

The vice chairperson had the use of a laptop computer during the year.

18. Statement of responsibility

The financial statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practice (GAAP) including any interpretations of such Statements issued by the Accounting Practices Board, with the effective Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standard Board replacing the equivalent GAAP Statement and the requirements of the Department of Labour, where practical, and include amounts based on judgements and estimates made by management. The board also prepared the other information included in the annual report and is responsible for both its accuracy and consistency with the financial statements. The going concern basis was adopted when preparing the financial statements. The board has no reason to believe that THETA will not be a going concern in the foreseeable future based on forecasts and available cash resources. The financial statements support the viability of THETA.



ANNUAL FINANCIAL STATEMENTS

Tourism, Hospitality and Sport Education and Training Authority ANNUAL FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2008

	Note	2008 R'000	Restated 2007 R'000
REVENUE			
Non- Exchange Revenue		130 695	115 244
Skills Development Levy: Income Transfer	3.1	125 180	111 918
Skills Development Levy: Penalties and interest	3.2	1 282	1 370
National Skills Fund and Donor Funding	13	4 233	1 956
Exchange Revenue		11 186	10 013
Investment income	4	11 186	9 999
Other income	5	-	14
Total revenue		141 881	125 257
EXPENSES			
Employer grant and project expenses	6	(131 577)	(118 928)
Administration expenses	7	(13 149)	(18 267)
Bad Debts		(1 791)	-
National Skills Fund and Donor expenses	13	(4 233)	(1 956)
Loss on sale of property, plant and equipment		(67)	-
Total expenses		(150 817)	(139 151)
NET DEFICIT FOR THE YEAR		(8 936)	(13 894)



ANNUAL FINANCIAL STATEMENTS

Tourism, Hospitality and Sport Education and Training Authority ANNUAL FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2008

	Note	2008 R'000	Restated 2007 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	8	1 824	1 236
Current assets			
Inventory		695	-
Trade and other receivables		2 870	5 032
From Non-Exchange transactions	9.1	977	3 206
From Exchange transactions	9.2	1 893	1 826
Cash and cash equivalents	10	117 523	121 195
Total Current Assets		121 088	126 227
TOTAL ASSETS		122 912	127 463
NET ASSETS AND LIABILITIES			
Non - current liabilities			
Finance lease obligations	11	243	374
Current liabilities			
Trade and other payables from exchange transactions	12.1	7 775	4 548
Grants and transfers payable from non-exchange transactions	12.2	12 080	8 161
National Skills Fund and donor funding received in advance	13	20 378	8 072
Current Portion of Finance lease obligations	11	252	171
Provisions	14	534	305
Total current liabilities		41 019	21 257
NET ASSETS		81 650	105 832
Net assets			
Administration reserve		1 329	691
Employer grant reserve		531	246
Discretionary reserve		79 790	104 895
TOTAL NET ASSETS		81 650	105 832



ANNUAL FINANCIAL STATEMENTS

Tourism, Hospitality and Sport Education and Training Authority ANNUAL FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH 2008

	Administration reserve R'000	Employer grant reserve R'000	Discretionary reserve R'000	Accumulated deficit R'000	Total R'000
Balance at 31 Mach 2006	768	2 230	128 464	-	131 462
Errors (Prior period errors)	(2 128)	(5 269)	(4 339)	-	(11 736)
Levy income restated	(2 098)	(10 492)	(4 195)		(16 785)
Assets overstated	(30)				(30)
Employer grants restated		5 223			5 223
Penalties and interest restated			(144)		(144)
Restated balance as at 31 March 2006	(1 360)	(3 039)	124 125	-	119 726
Net deficit for the year				(13 894)	(13 894)
Balance at 31 March 2007	(1 360)	(3 039)	124 125	(13 894)	105 832
Allocation of Accumulated deficit	(3 492)	19 319	(29 721)	13 894	-
Excess reserves transferred to/(from) Discretionary	5 543	(16 034)	10 491		-
Restated balance	691	246	104 895	-	105 832
Net deficit for the year				(8 936)	(8 936)
Transfer of NSF ring fenced funds to Donor funding			(15 246)		(15 246)
Allocation of Accumulated deficit	2 400	30 638	(41 974)	8 936	-
Excess reserves transferred to/(from) Discretionary	(1 762)	(30 353)	32 115		-
Balance at 31 March 2008	1 329	531	79 790	-	81 650

NOTES

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ANNUAL FINANCIAL STATEMENTS

Tourism, Hospitality and Sport Education and Training Authority
ANNUAL FINANCIAL STATEMENTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2008

		2008 R'000	Restated 2007 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating activities			
Cash receipts from stakeholders	NOTES	134 176	110 520
Levies received		132 894	109 150
Interest and penalties	3.2	1 282	1 370
Cash paid to stakeholders, suppliers and employees		(147 379)	(145 615)
Grants and project payments		(58 086)	(58 274)
Discretionary grants and project expenses		(72 825)	(68 686)
Special project expenses		(4 232)	(1 956)
Compensation of employees		(6 320)	(7 872)
Payments to suppliers and other		(5 916)	(8 827)
Cash utilised in operations	15	(13 203)	(35 095)
Interest received		9 421	9 999
Net cash outflow from operating activities		(3 782)	(25 096)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and investment properties	8	(981)	(715)
Proceeds from disposal of property, plant and investment properties			14
Net cash outflow from investing activities		(981)	(701)
CASH FLOW FROM FINANCING ACTIVITIES			
Grants, transfers and funds received		1 295	5 057
Repayment of finance lease obligations		(204)	
Net cash inflow from financing activities		1 091	5 057
Net decrease in cash and cash equivalents		(3 672)	(20 740)
Cash and cash equivalents at beginning of year	10	121 195	141 935
Cash and cash equivalents at end of year	10	117 523	121 195



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1. ACCOUNTING POLICIES Note 1

The financial statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practices (GAAP) including any interpretations of such Statements issued by the Accounting Practices Board, with the effective Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board replacing the equivalent GAAP Statement as follows:

Standard of GRAP

GRAP 1: Presentation of financial statements

GRAP 2: Cash flow statements

GRAP 3: Accounting policies, changes in accounting estimates and errors

Replaced Statement of GAAP

AC101: Presentation of financial statements

AC118: Cash flow statements

AC103: Accounting policies, changes in accounting estimates and errors

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

1. Terminology differences:

Standard of GRAP

Statement of financial performance

Statement of financial position

Statement of changes in net assets

Net assets

Surplus/deficit

Accumulated surplus/deficit

Contributions from owners

Distributions to owners

Replaced Statement of GAAP

Income statement

Balance sheet

Statement of changes in equity

Equity

Profit/loss

Retained earnings

Share capital

Dividends



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2. The cash flow statement can only be prepared in accordance with the direct method.
3. Specific information has been presented separately on the statement of financial position such as:
 - a. Receivables from non-exchange transactions, including taxes and transfers;
 - b. Taxes and transfers payable;
 - c. Trade and other payables from non-exchange transactions;
4. Amount and nature of any restrictions on cash balances is required.

Paragraph 11 – 15 of GRAP 1, has not been implemented due the fact that the budget reporting standard has not been developed by the local standard setter and the international standard is not effective for this financial year. Although the inclusion of budget information would enhance the usefulness of the financial statements, non-disclosure will not affect the objective of the financial statements.

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

1.1 Basis of preparation Note 1.1

The financial statements have been prepared on the historical cost basis. To comply with they accounting standards as set out in note 1 the use of certain critical accounting estimates is necessary. It also requires management to exercise its judgment in the process of applying the seta's accounting policies. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

1.2 Presentation Currency Note 1.2

These financial statements are presented in South African rand since that is the currency in which the majority of the entity's transactions are denominated. At each Statement of Financial Position date monetary items denominated in foreign currency are retranslated at the rates prevailing at that date. Exchange differences are recognised as profit or loss in the period in which they arise.

1.3 Revenue Recognition Note 1.3

Skills Development Levy (SDL) transfers are recognised when it is probable that future economic benefit will flow to the SETA, and these benefits can be measured reliably. This occurs when the Department of Labour (DOL) either makes an allocation or payment, whichever comes first, to the SETA, as required by Section 8 of the Skills development Levies Act, 1999, Act 9 of 2001.

Revenue is measured at the fair value of the consideration received and is based on the information as provided by DOL.

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1.3.1 Levy income transfer

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

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

In the event that the abovementioned employers deregister or subsequently do not contribute Skills Development Levies for a continuous period of six months, the amount is written off as bad debts.

From 1 August 2005 employers with a wage/salary bill of less than R500 000 per annum were exempted from the payment of the 1% skills levy. Some employers continued contributing the levy payments, as the Skills Levy Act makes provision for the repayment of levies not due, the entity provides for these levies received as a creditor. This estimate is calculated using a yearly average to ascertain employers who should be exempted from paying levies.

Revenue is adjusted for Inter-Seta transfers due to employers changing Setas. Such adjustments are separately disclosed as Inter-Seta transfers. The amount of the inter-Seta adjustment is calculated according to the standard operating procedure issued by the Department of Labour in 2007.

Voluntary contributions received from public service employers in the national and provincial spheres of government may be used to fund the SETA administration costs. These contributions are recognised as revenue when received. When a new employer is transferred to the Seta, the levies transferred by the former Seta are recognised as revenue and allocated to the respective category to maintain its original identity.

1.3.2 Interest and penalties

Interest and penalties on the skills development levy is recognised on the same bases as levy income, on receipt thereof in the bank account of the SETA.



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1.3.3 Funds allocated by the National Skills Fund for Special Projects

Funds transferred by the National Skills Fund (NSF) are accounted for in the financial statements of the Seta as a liability until the related eligible special project expenses are incurred, then the liability is extinguished and revenue recognised. Property, plant and equipment acquired for NSF Special Projects are capitalised in the financial statements of the Seta, as the Seta controls such assets for the duration of the project. Such assets can however be disposed of only by agreement and specific written instructions from the NSF.

Whenever a joint training venture is undertaken by the SETA and the NSF all funds contributed by THETA is transferred from the Discretionary reserve to NSF funding and accounted for as a liability until the related eligible special project expenses are incurred. This is done to ensure that the Seta does not over commit surplus funds.

1.3.4 Government grants and other donor income

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

1.3.5 Investment income

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

1.4 Grants and project expenditure

A registered company may recover a maximum of 50% of its total levy payment by complying with the grant criteria in accordance with the Skills Development Regulations issued in terms of the Skills Development Act 1999 (Act No 9 of 1999).

1.4.1 Mandatory grants

The grant payable and the related expenditure are recognised when the employer has submitted an application for a grant in the prescribed form, within the agreed upon cut-off period, and the application has been approved as the payment then becomes probable. The grant is equivalent to 50% (2007: 50%) of the total levies paid by the employer during the corresponding financial period for the skills planning grant.

1.4.2 Discretionary grants

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

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1.4.3 Discretionary grant project expenditure

Project expenditure comprises:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the project;
- general costs for the use of facilities and other services rendered to or on behalf of the project; and
- such other costs as are specifically chargeable to the Seta under the terms of the contract.

- salary costs directly related to projects

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

Project costs are recognised as expenses in the period in which they are incurred.

1.5 IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE

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

- The PFMA,
- The Skills Development Act,

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

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

1.6 PROPERTY, PLANT AND EQUIPMENT

As per the requirements of IAS 16 Property, Plant and Equipment THETA now reviews the estimated useful life and residual value of all property, plant and equipment annually and accounts for any resulting changes as a change in accounting estimate in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors. As these estimates were not reviewed after initial recognition in the past, the accumulated depreciation was recalculated in line with the policy of annual review as stated above.

The basis of depreciation to be provided on property, plant and equipment is as follows

Number of years over which to be written off

Computer equipment	4-16
Office furniture and equipment	5-18
Motor vehicles	11
Software	5-19

The estimated useful life of the assets are limited to the remaining period of the license issued to the Seta by the Minister of Labour. For the current year the remaining period is 2 years (2007: 3 years).

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

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

The assets residual value and useful lives are reviewed, and adjusted if appropriate, at each statement of position date. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of financial performance. All other repairs and maintenance are charged to the statement of financial performance during the financial period in which they are incurred.

1.6.1 IMPAIRMENT

At each year end, the entity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered impairment. If any such indications exist, the recoverable amount of the asset is estimated in order to determine the extent of the impairment. If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment losses are recognised as an expense immediately. Management is of the opinion that there were no indication of impairment of assets for the year under review.

1.7 LEASING

Assets held under finance leases are initially recognised as assets of the organisation at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

Theta entered into a rental agreement regarding seven photo copy machines and a PABX system, as the risk, rewards and obligations is transferred to THETA these rental agreements were treated as finance leases.

Operating lease payments are recognised as an expense on a straight-line basis over the term of the lease, except where another systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

The operating lease relates to office premises, the lease agreement was entered into on 1 August 2007 until 31 January 2010. The previous lease came to an end on 31 July 2007 and all operational lease payments relating to the previous lease was disclosed on a actual payment basis in this financial year. Any financial changes regarding the change in operation lease was accounted for in this financial year.



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1.8 RETIREMENT BENEFIT COSTS

The entity operates defined contribution benefit plans, the assets of which are generally held in separate trustee-administered funds. The plan is generally funded by payments from the entity and employees, taking account of the recommendations of independent qualified actuaries.

1.9 PROVISIONS

Provisions are recognised when the Seta has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be estimated reliably.

1.9.1 PROVISION FOR EMPLOYEE ENTITLEMENTS

The cost of other employee benefits (not recognised as retirement benefits - see note 8 above) is recognised during the period in which the employee renders the related service. Employee entitlements are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to the Statement of Financial Position date. Provisions included in the Statement of Financial Position are provisions for leave (based on the current salary rates), bonuses and termination benefits.

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

Defined contribution plans

Defined contribution plans are those where the Group pays fixed contributions into various defined contribution retirement plans, on behalf of employees, and recognise the contributions to the defined contribution pension plans when an employee has rendered services in exchange for those contributions.

Contributions are recognised as an expense in the income statement.

THETA has no liability to these defined contribution retirement plans other than the payment of its share of the contribution in terms of the agreement with the funds and employees concerned.



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1.9.2 PROVISIONS FOR GRANTS

Grant payments

A provision is recognised for grant payments once the specific criteria set out in the regulations to the Skills Development Act, 97 of 1998 has been complied with by member companies and it is probable that the Seta will approve the payment. The measurement of the obligation involves an calculation of the actual levy payments by a members company and only paid after confirmed receipt of the original Skills Development Levies in the bank account of the Seta.

PROJECTS

No provision 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.

1.10 FINANCIAL INSTRUMENTS

Recognition and de-recognition

A financial asset or liability is recognised when, and only when, THETA becomes a party to the contractual provisions of the financial instrument.

THETA derecognises a financial asset when, and only when:

- The contractual rights to the cash flows arising from the financial assets have expired or been forfeited by Theta; or
- It transfers the financial asset including substantially all the risks and rewards of ownership of the asset; or
- It transfers the financial asset, neither retaining nor transferring substantially all the risks and rewards of ownership of the asset, but no longer retains control of the 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 surplus for the period.

THETA derecognises a financial liability when, and only when:

- The liability is extinguished, that is, 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 unamortized costs, and the amount paid for it is included in surplus or deficit for the period.



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FINANCIAL INSTRUMENTS

Financial instruments recognised in the Theta balance sheet include cash and cash equivalents, trade and other receivables, trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, demand deposits and investments in money market instruments with an original maturity of less than three months.

The carrying amount of cash and cash equivalents is stated at cost, which approximates fair value

TRADE AND OTHER RECEIVABLES

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Trade and other receivables are initially measure at fair value net of transaction costs. Loans and receivables are measures at amortised cost using the effective interest rate method, less any impairment. Interest income is recognised by applying the effective interest rate.

1.11 RESERVES

Equity is sub-classified in the Statement of financial position between the following funds and reserves:

- Administration reserve -The balance of this reserve is based on the net value of assets, all net income is transferred to the Discretionary Reserve, net deficit is transferred from the Discretionary Reserve. These transfers are done in compliance with the Skills Development Act and Regulations.
- Employer grant reserve- This reserve is for the payment of newly registrated levy payers whose registration date still allows the completion of a WSP. Submission of the WSP will result in Grant payments. All reserves of levy payers who did not complete and submit WSP's are transferred to the Discretionary Reserve.
- Discretionary reserve- This reserve is for the purpose of Discretionary Grants and Projects in compliance with the Skills Development Act and Regulations.



REPORT OF THE ACCOUNTING AUTHORITY

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This sub-classification is made based on the restrictions placed on the distribution of monies received in accordance with the Regulations issued in terms of the Skills Development Act, 1988 (Act No. 97 of 1988).

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

	2008 %	2007 %
Administration costs of the Seta	10	10
Employer Grant Fund Levy		
Mandatory Workplace Skills Planning / Implementation Grant	50	50
Mandatory Workplace Skills Implementation Grant		
Discretionary grants and projects	20	20
	80	80

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

Interest and penalties received from SARS as well as interest received on investments are utilised for discretionary grants and projects. Other income received are utilised for discretionary grants.

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

Surplus funds is moved to the discretionary fund reserve from the mandatory grant reserve of grant levies that has not been utilised by submission of a Workplace Skills Plan and Annual Training Report by the deadline set in accordance with the Regulations issued in terms of the Skills Development Act, 1998 (Act No. 97 of 1998) 2008 = 30 June (2007 = 30 June) and the excess after the provision for mandatory grants for the current year has been made.

1.12 COMPARATIVE FIGURES

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



1.13 TAXATION

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

1.14 VALUE ADDED TAXATION (VAT)

The Revenue Laws Amendment Act, 2003 (Act No. 45 of 2003) commenced on 22 December 2003. Previously, the definition of enterprise placed Theta as listed in Schedule 3A within the scope of VAT. The Amendment Act, however, has amended this definition of enterprise and effectively places the public entity outside the scope of VAT. The amended definition of enterprise came into operation with effect 1 April 2005.

1.15 INVENTORY

Inventory consists of stationery, promotional materials and other consumables and are stated at lowest of cost, determined on a first in first out basis, or estimated net realisable value. All items are kept in inventory and disclosed as an expense in the period of actual usage. Net realisable value represents the estimated selling price for inventories less all estimated cost of completion and costs necessary to make the sale.



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2. ALLOCATION FROM RESERVES

	2008 R'000	2008 R'000	2008 R'000	2008 R'000	2008 R'000
	Total per Statement of Financial Performance	Administration reserve	Employer grants reserve	Discretionary reserve	Special projects
Total revenue	141 881	15 616	81 153	40 879	4 233
Skills development levy: Levy income transfer					
Admin levy income (10%)	15 616	15 616			
Mandatory grant levy income (50%)	81 153		81 153		
Discretionary grant levy income (20%)	28 411			28 411	
Skills development levy: penalties and interest	1 282			1 282	
Special project income	4 233				4 233
Investment income	11 186			11 186	
Total expenses	(150 817)	(13 216)	(50 515)	(82 853)	(4233)
Administration expenses	(13 149)	(13 149)			
Bad debts	(1 791)			(1 791)	
Special project expenditure	(4 233)				(4 233)
Employer grants and project expenses	(131 577)		(50 515)	(81 062)	
Loss on sale of fixed assets	(67)	(67)			
Net deficit for the year	(8 936)	2 400	3 0638	(41 974)	-

	Restated 2007 R'000	Restated 2007 R'000	Restated 2007 R'000	Restated 2007 R'000	Restated 2007 R'000
	Total per Statement of Financial Performance	Administration reserve	Employer grants reserve	Discretionary reserve	Special projects
Total revenue	125 257	14 775	69 562	38 964	1 956
Skills development levy: Levy income transfer					
Admin levy income (10%)	14 775	14 775			
Grant levy income (70%)	97 143		69 562	27 581	
Skills development levy: penalties and interest	13 70			1 370	
National Skills Fund income	1 956				1 956
Investment income	9 999			9 999	
Other income	14			14	
Total expenses	(139 151)	(18 267)	(50 243)	(68 685)	(1 956)
Administration expenses	(18 267)	(18 267)			
National skills fund expenses	(1 956)				(1 956)
Employer grants and project expenses	(118 928)		(50 243)	(68 685)	
Net deficit for the year	(13 894)	(3 492)	19 319	(29 721)	-

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3 LEVY INCOME

3.1 Skills development levy income

The total levy income transfer per the Statement of financial Performance follow:

Levy income

Levies income transfers received from SARS
SARS Reversals
Intersetra transfers in
Transfers received
Provision reversed 2007
Intersetra transfers out
Transfers paid
Provision reversed 2007

Total levy income

2008 R'000	2008 R'000	2008 R'000	2008 R'000
Administration	Employer Grants	Discretionary Grants	Total
15 616	81 251	28 199	125 066
26	30	263	319
(33)	(161)	(64)	(258)
12	64	26	102
(45)	(225)	(90)	(360)
7	33	13	53
-	-	-	-
7	33	13	53
15 616	81 153	28 411	125 180

Levy income

Levies income transfers received from SARS
Government levies received
SARS Reversals
Intersetra transfers in
Transfers received
Movement in accrual
Intersetra transfers out
Transfers paid
Movement in accrual

Total levy income

Restated 2007 R'000	Restated 2007 R'000	Restated 2007 R'000	Restated 2007 R'000
Administration	Employer Grants	Discretionary Grants	Total
14 075	67 938	26 932	108 945
829	-	-	829
(354)	500	199	345
247	1 238	496	1 981
172	861	345	1 378
75	377	151	603
(22)	(114)	(46)	(182)
(17)	(88)	(35)	(140)
(5)	(26)	(11)	(42)
14 775	69 562	27 581	111 918



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	2008 R'000	Restated 2007 R'000
3.2 Penalties and Interest		
Penalties	926	515
Interest	356	855
	1 282	1 370

4. INVESTMENT INCOME

Interest received on investments included under cash and cash equivalents	11 186	9 999
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5. OTHER INCOME

Other income comprises:

Profit on disposal of property, plant and equipment	-	14
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6. EMPLOYER GRANT AND PROJECT EXPENSES

Mandatory grants

Disbursed	50 515	46 403
Movement in provisions and accruals	49 701	60 634
	814	(14 231)

Discretionary grants

Disbursed	8 238	3 840
Movement in provisions and accruals	6 250	2 991
	1 988	849

Project expenditure

6.1

	72 824	68 685
	13 1577	118 928

6.1 Project expenditure consist of:

Direct project costs

Direct administration expenses	64 334	64 172
Advertising and promotions	8 490	4 513
Salaries	932	148
Travel and accommodation	2 439	-
Internal audit fees	3 272	1 896
Maintenance and repairs	81	139
Rent paid	110	94
Telephone	782	969
Printing, postage and stationery	114	128
Internet costs	368	498
Cleaning	353	496
	39	145
	72 824	68 685

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	2008 R'000	Restated 2007 R'000
7. ADMINISTRATION EXPENSES		
Depreciation	480	218
Operating lease rentals (minimum lease payments)	354	1003
Buildings	263	924
Operating lease payments	750	971
Change in estimate: straight line recalculation	(487)	(47)
Plant, machinery and equipment	91	79
Maintenance, repairs and running costs	303	174
Property and buildings	185	81
Machinery and equipment	77	39
Fuel and Oil Motor Vehicles	41	54
Advertising, marketing and promotions, communication	627	445
Entertainment expenses	75	47
Consultancy and service provider fees	565	240
Internal audit fees	376	152
Other	189	88
Legal fees	731	5 435
Interest Paid Finance lease	63	30
Cost of employment	6 549	7 786
Travel and subsistence	176	162
Staff training and development	87	76
Remuneration to members of the accounting authority	732	653
Remuneration as member of the Board	199	187
Remuneration as Exco members	19	14
Travel Expenses, Accommodation and refreshments	386	260
Remuneration as members of other committees	30	5
Secretarial fees	-	51
Board members indemnity insurance	98	136
Remuneration to members of the audit committee	34	35
External auditor's remuneration	508	445

7.1



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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2008

	2008 R'000	Restated 2007 R'000
Other Administration Expenses	1 865	1 518
System costs	669	691
Printing, stationery and postage	338	218
Telephones	158	162
Staff recruitment	81	27
Water and lights	255	189
Insurances	166	77
Bank charges	56	31
Cleaning	61	77
Subscriptions	81	46
	13 149	18 267
7.1 Cost of employment		
Salaries and wages	5 902	7 130
Basic salaries	4 302	5 520
Performance awards	690	540
Other non-pensionable allowance	428	443
Temporary staff	452	643
Leave payments	30	(16)
Social contributions	648	656
Medical aid contributions	204	229
Pension contributions: defined contribution plans	403	388
UIF	41	39
	6 549	7 786
Average number of employees	36	36

Refer to the report by the Accounting Authority for disclosure concerning the emoluments of members of the accounting authority, the Chief Executive Officer; the Chief Financial Officer and Senior Managers.



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8. PROPERTY, PLANT AND EQUIPMENT

Year ended 31 March 2008

Computer equipment
Office furniture and fittings
Motor vehicles
Balance at end of period

Cost R'000	Accumulated depreciation R'000	Closing carrying amount R'000
2 179	(675)	1 504
733	(428)	305
67	(52)	15
2 979	(1 155)	1 824

Made up as follows:

- Owned assets
- Lease assets

2 254	(911)	1343
725	(244)	481

Restated

Year ended 31 March 2007

Computer equipment
Office furniture and fittings
Motor vehicles
Balance at end of period

Cost R'000	Accumulated depreciation R'000	Closing carrying amount R'000
1362	(379)	983
644	(411)	233
66	(46)	20
2 072	(836)	1 236

Made up as follows:

- Owned assets
- Lease assets

1 501	(804)	697
571	(32)	539



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Movement summary 2008

	Carrying amount beginning of year R'000	Additions R'000	Disposals R'000	Depreciation R'000	Carrying amount end of year R'000
Computer equipment	983	945	(44)	(380)	1 504
Office furniture and fittings	233	190	(23)	(95)	305
Motor vehicles	20			(5)	15
Balance at end of period	1 237	1 135	(67)	(480)	1 824

Movement summary 2007

	Carrying amount beginning of year R'000	Additions R'000	Disposals R'000	Depreciation R'000	Carrying amount end of year R'000
Computer equipment	410	715	-	(142)	983
Office furniture and fittings	305		-	(72)	233
Motor vehicles	24		-	(4)	20
Balance at end of period	739	715	-	(218)	1 236

9. TRADE AND OTHER RECEIVABLES

9.1. From non exchange transactions

Note	2008 R'000	Restated 2007 R'000
Inter - seta debtors	13	561
Employer receivables	9.3	2645
	<u>977</u>	<u>3,206</u>

9.2. From exchange transactions

Sundry Debtors	<u>1893</u>	<u>1826</u>
----------------	-------------	-------------



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	2008 R'000	2007 R'000
9.3. Employer receivable		
Overpayment to employers	<u>964</u>	<u>2645</u>

During the year under review an amount of R964 thousand was recognised as a receivable relating to overpayment to employers in previous periods,

10. CASH AND CASH EQUIVALENTS

Cash at bank and in hand	1 506	2 893
Cash at bank	<u>1 505</u>	<u>2 892</u>
Cash on hand	<u>1</u>	<u>1</u>
Short term investments/instruments	<u>116 017</u>	<u>118 302</u>
Cash and cash equivalents at end of year	<u>117 523</u>	<u>121 195</u>

As required in Treasury Regulation 31.2, National Treasury approved the banks where the bank accounts are held. The weighted average interest rate on short term bank deposits was 9.00% (2007: 8.65%).

An investment amount of R 235 000 is subject to a Bank Guarantee issued on behalf of THETA as security for the outstanding operational rental commitments of the office premises.

An amount of R 1 263 000 is held in a euro account at Nedbank, these funds are earmarked for the Spanish language project taking place in Spain. As all service providers will be paid in euros and in order to alleviate foreign exchange fluctuations these funds are kept in euros.

11. FINANCE LEASE OBLIGATIONS

Reconciliation between the total of the minimum lease payments and the present value:

Future minimum lease payments	560	649
No later than 1 year	<u>291</u>	<u>229</u>
Later than 1 year and no later than 5 years	<u>269</u>	<u>420</u>
Future finance charges of finance leases	<u>(65)</u>	<u>(104)</u>
Present value of finance lease liabilities	<u>495</u>	<u>545</u>

Analysed for financial reporting purposes:

Non-current finance lease liability (recoverable after 12 months)	<u>243</u>	<u>374</u>
Current finance lease liability (recoverable within 12 months)	<u>252</u>	<u>171</u>
Finance lease liability	<u>495</u>	<u>545</u>



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	2008 R'000	Restated 2007 R'000
12 TRADE AND OTHER PAYABLES		
12.1 Trade and Other Payable from exchange transactions		
Service provider fees outstanding	7 775	4 548
12.2 Grants and transfers payable from non-exchange transactions		
Skills development grants payable	7 146	4 344
SMME SARS reversal grant payable	4 898	3 472
Inter - Seta payable	36	345
Closing balance	12 080	8 161

	R'000	R'000	R'000	R'000
	Mandatory Grants	Discretionary Grants	2007 / 08	2006 / 07
Opening carrying amount	3 432	912	4 344	17 726
Amount utilised	(3 432)	(912)	(4 344)	(17 726)
Change in estimate	4 246	2 900	7 146	4 344
Closing carrying amount	4 246	2 900	7 146	4 344

12.2.1 SMME / SARS reversal grant payable

Opening balance	3 472	4 175
Net effect SARS adjustments for the current year	1 426	(703)
	4 898	3 472

SMME grant payables includes an amount of R 1 415 326 that relates to a change in estimate (increase in payables) on SMME payables provided during 2007. The change arose as a result of change in the base calculation formula utilised for estimation.



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13. NATIONAL SKILLS FUND AND DONOR FUNDING RECEIVED IN ADVANCE

Opening balance	8 072	4 971
Received/(refunded) during the year	16 539	5 057
INTAC		(285)
SATI		(206)
NSF	15 246	
SA Host		491
Graduate support		5 057
Spanish Language	1 293	
Utilised and recognised as revenue-conditions met	(4 233)	(1 956)
DOE		(1 187)
SATI		(196)
NSF	(3 860)	
Spanish	(424)	
SA Host DEAT		(179)
SA Host Other	51	(394)
Closing Balance	20 378	8 072

During the current year conditional funds of R15 246 000 were ring fenced from surplus funds for the purposes of The Graduate Support Project. This amount was recognised as a liability until the conditions attached were met. During the year, R 4 233 00 eligible project special expenses were incurred and a corresponding amount was recognised as revenue. At year end, R20 378 000 continues to be accounted for as a liability until the remaining conditions attached have been met.



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13.1 National Skills Fund and donor funding received in advance: Per project

Opening Balance 2006
Received during the year
Inter company
Utilised and recognised as
Income - conditions met
Closing Balance 2007
Received during the year
Utilised and recognised as
income - conditions met
Closing Balance 2008

R'000	R'000	R'000	R'000	R'000	R'000	R'000
DOE	SPANISH	INTAC	SATI	SA HOST	NSF	Total
1 180	-	285	206	3 301	-	4 972
					5 056	5 056
8		(285)	(11)	288		-
(1 188)			(195)	(573)		(1 956)
-	-	-	-	3 016	5056	8 072
	1 293				15246	16 539
	(424)			51	(3860)	(4 233)
-	869	-	-	3 067	16 442	20 378

14. PROVISIONS FROM EXCHANGE TRANSACTIONS

Opening carrying amount
Amount utilised
Change in estimate
Closing carrying amount (current)

R'000	R'000	R'000	R'000
Employee bonus provision	Employee leave provision	2007 / 08	2006 / 07
109	196	305	391
(109)	(196)	(305)	(391)
312	222	534	305
312	222	534	305

Employee leave provision is calculated on total cost to company bases. Bonus provisions is calculated based on the conditions as stipulated in the contract of employment.



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15. RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES TO NET DEFICIT

	2008 R'000	2007 R'000
Net deficit as per Statement of Financial Performance	(8 936)	(13 894)
Adjusted for non-cash items:		
Depreciation	480	218
Rental	487	47
Inter Seta transfers	205	(1 799)
Doubtful debts	1 791	
Surplus/deficit on disposal of property, plant and equipment	67	(14)
Provisions	(229)	87
Grant provisions	(2 802)	7 812
Lease additions to property plant and equipment	(1 54)	
Special project income recognised	(4 233)	(1 956)
Adjusted for items separately disclosed		
Investment income	(9 421)	(9 999)
Adjusted for working capital changes:		
Increase in inventory	(695)	
Decrease/(Increase) in receivables	370	(3)
Increase/(Decrease) in payables	9 867	(15 594)
Cash utilised in operations	(13 203)	(35 095)

16. CONTINGENCIES

In terms of the PFMA, all surplus funds as at year-end may be forfeited to National Treasury. As at the reporting date National Treasury has approved the rollover of the amount of R 90 899 000 being the previous year surplus funds. Approval to retain current year surplus funds has been requested.

16.1 Legal cases

Tourism Learnership Project (TLP) - Theta Board has taking legal action against a service provider for learnerships. The dispute resolves around the performance of implementation of learnerships with an estimated value of R9 million and estimated future legal fees of R500,000.

A service provider for the INTAC project has issued summons against THETA to the amount of R3.5 million, regarding a cancelled contract. THETA issued a counter claim to the amount of R 8.3 million. No loss regarding this case is estimated and future legal fees to the amounting to R350,000 is estimated.

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17 COMMITMENTS

17.1 Discretionary reserve: Committed Funds

Of the balance of R79.790 million available in the Discretionary reserve at the end of March 2008, R62.224 million has been approved and allocated for future projects and skills priorities as set out below. These amounts are contractually committed to other parties. Amounts for expenses that have already been contracted or incurred, and therefore included in grant expenses in the Statement of Financial Performance, are also indicated. A request for the accumulation for these funds has been submitted to National Treasury. At the time of compiling the financial statements, no reply had been received. Of the balance of R17 566 million R16.889 million has been approved and allocated for future projects and skills priorities as set out below.

COMMITMENTS Funded from Discretionary Funds Reserves NSDS 2 PROJECTS	SETA Board Approved Funds Committed to Projects as at 01 April 06	Project Committed Funds Disbursed to Date	New commitments Approved by Accounting Authority	Closing balance of Prior year commitments 31 March 07	New commitments Approved by Accounting Authority	Funds Committed to Signed Contracts	Actual Expenditure 2007/2008	Closing balance 31 March 2008
OBJECTIVE 1:								
Indicator 1.1								
SSP & Research	188	(5 075)	5 158	201	2 000		(1 755)	446
Indicator 1.2								
SDF Capacity Building	34	(3)		31	1 100		(379)	752
SUBTOTAL OBJECTIVE 1	152	(5 078)	5 158	232	3 100		(2 134)	1 198
OBJECTIVE 2:								
Indicator 2.5								
SMME Catra & Pca	3 369	(1 518)		1 851	8 538	5 000	(4 880)	5 509
IIP	162	(350)	2 915	2 727			(102)	2 625
Indicator 2.7								
Racing Jockey					3 100	1 500	(1 530)	1 570
Abet phase 1					7 600	7 806	(2 692)	4 908
Indicator 2.8								
Agritourism	8 143	(8 624)	2 438	1 957			(1226)	731
Life skills soccer			7 583	7 583		7 500	(45)	7 538
Technical Officials		(2)	3 600	3 598	800	5 850	(4305)	93
Capacity Building OD; QMS; DD					5 800	2 629	(2833)	2 967
Boxing Development					3 000	2 200	(722)	2 278
Sports Coaches & Facility management	4 975	(3090)		1885	870		(2748)	
SUBTOTAL OBJECTIVE 2	16 649	(13584)	16 536	19 601	29 708	32 485	(21 083)	28 226
OBJECTIVE 3:								
Indicator 3.2								
Coops capacity building		(248)	3 333	3 085			(66)	3 019
2010 Volunteers					2 300		(1 474)	8 26
Youth Coaching					2 400	750	(1 602)	7 98
SUBTOTAL OBJECTIVE 3		(248)	3 333	3 085	4 700	750	(3 142)	4 643

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COMMITMENTS Funded from Discretionary Funds Reserves NSDS 2 PROJECTS

OBJECTIVE 4:

Indicator 4.1

Youth Talent

Foreign Language

Development Service Providers

Management Development

Leadership

Indicator 4.2

Graduate Development Phase 2

Indicator 4.3

New Venture

SUBTOTAL OBJECTIVE 4

OBJECTIVE 5:

Indicator 5.3

Curriculum/SBFG/Qualif scope

Indicator 5.4

Capacity Building NSA constituents

SUBTOTAL OBJECTIVE 5

Specific Projects Not NSDS aligned
2010 Co ordination and Liaison

TOTAL COMMITMENTS

SETA Board Approved Funds Committed to Projects as at 01 April 06	Project Committed Funds Disbursed to Date	New commitments Approved by Accounting Authority	Closing balance of Prior year commitments 31 March 07	New commitments Approved by Accounting Authority	Funds Committed to Signed Contracts	Actual Expenditure 2007/2008	Closing balance 31 March 2008
	(7 106)	10 000	2 894	11 800	5 744	(10 327)	4367
			-	680		(648)	32
11 620	(4 367)	-	7 253	6 000		(2 482)	10 771
			-	3 500		(276)	3 224
48 528	(18 477)	9 000	39 051		1 7132	(21 919)	1 7132
			-	550		(514)	36
2 128	(1 925)	9 000	9 203		5 258	(3 945)	5 258
62 276	(31 875)	28 000	58 401	22 530	28 134	(40 111)	40 820
5 285	(2 155)	2 150	5 280	-	855	(2 960)	2 320
2 996	(3 926)	5 230	4 300	-		(2 446)	1 854
8 281	(6 081)	7 380	9 580	-	855	(5 408)	4 174
			-	1 000		(948)	52
87 358	(56 866)	60 407	90 899	61 038	6 2224	(72 824)	79 113

17.2 Operating Leases

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

	2008 R'000	2007 R'000
Not later than one year	1 513	2 153
Later than one year and not later than five years	1 349	1 924
	<u>2 862</u>	<u>4 077</u>

The operating lease relates to building premises used for office accommodation and equipment rental. The building lease agreement was entered into effective 1 August 2007 and will be operational for a period of two years, expiring on 31 January 2010. No provision was made for an option to renew the lease on expiry. The rental escalates annually on 1 February by 10%.

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

No material losses through criminal conduct, irregular, fruitless and wasteful expenditure were incurred during the year ended 31 March 2008:

19. EVENTS AFTER STATEMENT OF FINANCIAL POSITION DATE

On 4 July 2008 National Treasury informed THETA of its approval of the deficit for the 2007/8 financial year and the approval to accumulate all surpluses at the end of the financial year.

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20. FINANCIAL INSTRUMENTS

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

20.1 Capital Risk Management

THETA manages its capital to ensure that the projects of the organisation will be able to continue as a going concern while maximising the return on investments of surplus funds and ensuring continuous benefits for all stake holders. THETA's overall strategy remains unchanged from the previous financial

The capital structure of THETA consists of short term debt in the form of accounts payable and accounts receivable and cash and cash equivalents

20.2 Categories of Financial Instruments

The Seta's exposure to interest rate risk and the effective interest rates on financial instruments at Statement of Financial Position date are as follows:

	2008 R'000			2007 R'000	
	Interest Bearing	Effective Interest Rate	Non-interest Bearing	Total	Effective Interest Rate
Year ended 31 March 2008					
Cash	117 523	9.00%		117 523	8.60%
Accounts receivable			1 893	1 893	
Total financial assets	117 523		1 893	119 416	
Liabilities					
Accounts Payable			(7 775)	(7 775)	
Finance Lease Obligations	(495)	12.50%		(495)	
Total financial liabilities	(495)		(7 775)	(8 270)	
Year ended 31 March 2008					
Total financial assets	117 523	9.00%	1 893	119 416	8.60%
Total financial liabilities	(495)	12.50%	(7 775)	(8 270)	
	117 028		(5 882)	111 145	



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20.3 Financial Risk Management

THETA's management monitors and manages the financial risk relating to operations of the organisation through internal risk reports which analyse exposure of risks. These risks include market risks including currency risk, fair value rate risk and price risk. Credit risk, liquidity risk and cash flow interest rate risk.

20.3.1 Foreign Currency Risk

Theta has exposure to currency risk in the form of the Spanish Language project which is financed by the Spanish Government through a grant. As all the payments made out of this project will be to service providers based in Spain the decision was made to keep the funds in a Euro account therefore deleting any currency risk exposure. Any changes in currency resulting in profit or loss are disclosed at the statement of Financial Position date at the rate on that date in the expenses of the project.

20.3.2 Interest rate risk management

Theta is exposed to interest rate risk as all surplus funds are invested in short term cash vehicles. Although changes in the current interest rate effect the income from these investments all income received from these investments are deemed to be income to the Discretionary Reserve and would not effect the productivity or existence of THETA directly. Further the bulk of the surplus funds are invested in fixed term fixed rate investment vehicles and are therefore not sensitive to interest changes.

20.3.3 Price Risk

As Theta has no investments in any form of equity there are no exposure to price risk

20.4 Credit risk

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

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

	F2007/8		F2006/7	
	Gross	Impairment	Gross	Impairment
Not past due	-	-	-	-
Past due 0 - 30 days	1893	-	1826	-

Cash and Cash Equivalents:

	F2007/8		F2006/7	
	Gross	Impairment	Gross	Impairment
Not past due	1506		2893	
Past due 0 - 30 days	116017		118302	

The Seta 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 Treasury Regulation. The THETA's exposure is continuously monitored by the Accounting Authority. Further the organization has adopted a policy of only dealing with creditworthy counterparts. THETA only transact with Bank that are part of the "big five" registered banks in South Africa and which is approved by National Treasury as per the PFMA, the credit and investment ratings of the mentioned bank are monitored on a continuesly basis with international credit rating agencies to ensure the mitigation of any risks involved. THETA's has developed a comprehensive Investment Policy in compliance with the PFMA which ensures that all the surplus fund investments are invested between at least three registered banks and that each bank no more than 50% is invested in up to maximum three month fixed deposit with balance in money market or call account.

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20.5 Liquidity risk

Ultimate responsibility for the liquidity risk management rest with the board of Theta, which has built an appropriate liquidity risk management framework for the management of Theta's short, medium and long term funding and liquidity management requirements. THETA manages liquidity risk by maintaining adequate reserves, continuously monitoring forecast and actual cash flow.

F2007/8	Carrying Amount	Contractual Cash Flows	6 month or less	6 -12 month	1 -2 years	More than years
Trade and other Payables from exchange transactions	7775		7775			
Finance lease obligations	495	560	146	146	269	

F2006/7	Carrying Amount	Contractual Cash Flows	6 month or less	6 -12 month	1 -2 years	More than years
Trade and other Payables from exchange transactions	4548		4548			
Finance lease obligations	545	649	115	115	229	203

20.6 Fair values

Recognised Financial Instruments

Financial instruments recognised in the Theta Statement of Financial Position includes cash and cash equivalents, trade and other receivables, trade and other payables . The particular recognition methods adopted are disclosed in Note 1 to the financial statements



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21 RELATED PARTY TRANSACTIONS

Transactions with other Setas

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

	2008	2008	2008	2008	2008	2008
	Transfer		Transfer out		(Payable) / Receivable	
HWSETA	44	50				1
W&R Seta		1				(14)
Merseta						(4)
Services SETA	233	1569		(140)		541
Food & Bev SETA		186				14
Agri SETA	18				(15)	(44)
Health SETA						
FASSET	10				9	54
TETA	53					12
Fieta					3	3
Inseta						(5)
LGSETA						3
MQA	11					11
SASSETA						(13)
ISSET SETA					(21)	
MAPPP						(9)
	369	1806	-	(140)	(24)	550

Transactions with other related parties

Government Departments

		2008 R'000	2007 R'000
Department of Environment and Tourism	Voluntary Government Levy	-	532
Department of Sport & Recreation	Voluntary Government Levy	84	47
Department of Sport, Arts & Culture	Voluntary Government Levy	144	-
Department of Labour (NSF)	Joint Venture	-	5056

Other National Public Entities

South African Airways	Airfares	1755	1186
Telkom	Telecommunications	196	204
Auditor General	Audit Fees	508	445

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Transactions with Accounting Authority Members: Payments				2008 R'000	2007 R'000
Accounting Authority Member	Related Position	Organisation Payment to	Reason	Amount	Amount
B Ward	Member	Ichibi Trading / CATRA	Grants	4 880	2 281
C Johnson	Member	Three Cities	Grants	151	166
CA Cairns	SDF/Member	SDF / MEMBER	Grants	-	797
T Mahlangu	Saccawu	Saccawu	Grants	440	-
S Ndzuzo	Member	SAFPU	Grants	1 500	-
C Mabaso	Member	Hospitaly Professionals	Grants	3 668	-
M Marobe	Member	TBCSA	membership	37	36
B Seti	Member	DEAT	Grants	-	5 000
S Zimba	Member	Tsogo Sun	Grants	41	128
S Pila	Member	SRSA	Grants	-	60
				10 717	8 468

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

The Related Party transactions disclose any payments made by THETA to organisations that employ persons who are also Board Members of Theta. The payments are made directly to the organisations and the individual persons are not involved in the transactions save for their dual role as employee of a Theta member organisation and a Theta Board Member. These payments are defined as "Grants" is Employer Grants and Discretionary Grants and Memberships is membership fees for the year.

Transactions with Accounting Authority Members: Receipts				2008 R'000	2007 R'000
Accounting Authority Member	Related Position	Organisation Payment to	Reason	Amount	Amount
C Johnson	Member	Three Cities	Levies	232	217
CA Cairns	SDF/Member	SDF / MEMBER	Levies	-	1 276
S Zimba	Member	Tsogo Sun	Levies	92	256
				324	1 749



22 PRIOR PERIOD ERRORS

During the current year, SETAs and their respective legislative stakeholders, as a collective, realised that they misinterpreted various legislations governing revenue flowing from skills development levies. This results in an error to prior year financial statements as defined in GRAP 3 Accounting policies, changes in accounting estimates and errors. During prior years the Seta recognized revenue when the employers submitted the EMP201 to SARS, while it should have been recognised when there was an allocation from the Department of Labour or when the funds were received, whichever occurred first. Comparative financial information has been restated to correct this error.

The effect of the adjustment of this error on the results of 2007 was as follows:

	2007 R'000
Decrease in - Skills Development Levy: Income	(4 646)
Decrease in - Skills Development Levy: penalties and interest	(459)
Increase in - Employer grant and project expenses	(1 390)
Increase in deficit for the year	(6 495)
Decrease in - Property Plant and equipment	30
Decrease in - Trade and other Receivables From non exchange transactions	22 034
Decrease in - Trade and other Payables From non exchange transactions	(3 833)
Decrease in net assets	18 231
Decrease in accumulated reserves as at 31 March 2006	11 736
	18 231

23. NEW ACCOUNTING PRONOUNCEMENTS

At the date of the authorisation of these statements, there are standards and interpretations in issue, but not yet effective. These include the following standards which are applicable to the SETA and may have an impact on the future financial statements.

GRAP 09	Revenue from exchange transactions
GRAP 12	Inventories
GRAP 13	Leases
GRAP 17	Property, plant and equipment
GRAP 100	Non-current assets held for sale and operations
GRAP 102	Intangible assets

GRAP 09

GRAP 09 - Revenue from Exchange Transactions. The standard provides additional information for the South African public sector and specific examples of revenue transactions. However, it does not significantly differ from IAS 29 (AC 111) - Revenue. It is not expected that this standard will significantly impact future disclosure due to the limited nature and volume of exchange transactions for which a Seta is expected to account.

GRAP 12

GRAP 12 - Inventories. The standard provides essential guidance and the recognition and the initial measurement of inventories including recognising inventories acquired at no cost, or for a nominal consideration, as at the date of acquisition. It is not expected that this standard will significantly impact the future disclosure of inventories, due to the similarity to the current treatment under IAS 2 and secondly, the limited nature and volume of inventory for which a Seta is expected to account.

GRAP 13

GRAP 13 - Leases. The standard clarifies that the leases standard should still be applied even where legislation may prohibit an entity from entering into certain types of lease agreements, provided that the entity had in effect contravened such legislation. It further adds an additional requirement to disclose the depreciation and finance charge relating to the leased asset accounted for as a finance lease by the lessee. No material impact to the annual financial statements is expected.

GRAP 17

GRAP 17 - Property, Plant and Equipment. On initial application the standard requires that assets acquired be accounted for at cost, were acquired at no cost or for a nominal cost it should be accounted for at its fair value as at the date of acquisition. In relation to the property, plant and equipment owned and disclosed by the SETA under IAS 16, no significant impact to disclosure is expected.

GRAP 100

GRAP 100 - The Standard of GRAP on Non-Current Assets Held for Sale and Discontinued Operations is equivalent to the International Financial Reporting Standard on Non-Current Assets Held for Sale and Discontinued Operations (IFRS 5). The main differences between the Standard of GRAP on Non-Current Assets Held for Sale and Discontinued Operations and the IFRS on Non-Current Assets Held for Sale and Discontinued Operations are as follows:

- This Standard has incorporated consequential amendments to be consistent with other Standards of GRAP
- The examples have been changed to make it public sector specific.
- The Standard has been amended to refer to non-cash-generating assets that are relevant to the public sector
- Definitions of 'management, non-cash-generating units, recoverable service amount and value in use of a non-cash-generating asset' have been included in the Standards as the definitions are relevant to the understanding of the standard.

GRAP 102

GRAP 102 - Intangible assets. This standard is drawn primarily from the International Accounting Standards on Intangible Assets (IAS 38). The main differences between the Standard of GRAP on Intangible Assets and the IAS on Intangible Assets are the amendment for the utilisation by specific reference of the public sector.



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ACRONYMS

Abet	Adult basic education and training	NLRD	National Learners' Records Database
Asgisa	Accelerated Shared Growth Initiative for South Africa	NQF	National Qualifications Framework
Asata	Association of South African Travel Agents	NSA	National Skills Authority
ATR	Annual training report	NSB	National Standards Body
Barsa	Board of Airline Representative of South Africa	NSDS	National Skills Development Strategy
BEE	Black economic empowerment	NSF	National Skills Fund
BSA	Boxing South Africa	NTSS	National Tourism and Sports Skills
Catra	Restaurant and Food Services Association of South Africa	OLG	Open learning group
CBC	Community-based cooperative	PDI	Previously disadvantaged individuals
CBO	Community-based organisation	PFMA	Public Finance Management Act
CEO	Chief executive officer	PPP	Public Private Partnerships
CFO	Chief financial officer	PPPA	Preferential Procurement Policy Framework Act
DEAT	Department of Environmental Affairs and Tourism	QMS	Quality management system
DoE	Department of Education	RPL	Recognition of prior learning
DoL	Department of Labour	Saca	South African Chefs Association
Eccawusa	Entertainment, Catering Commercial and Allied Workers Union of South Africa	Saccawu	South African Commercial Catering and Allied Workers Union
EE	Employment equity	SAFA	South African Football Association
ESDLE	Employment and skills development lead employer	SAQA	South African Qualifications Authority
Eta	Education and training authority	SARS	South African Revenue Services
ETD	Education, training and development	SASC	South African Sports Commission
ETDP	Education, training and development practitioners	Satsa	Southern African Tourism Service Association
ETQA	Education and training quality assurance body	SDA	Skills Development Act
FAWU	Food and Allied Workers Union	SDD	Skills development department
Fedhasa	Federated Hospitality Association of South Africa	SDF	Skills development facilitator
FET	Further education and training	Seta	Sector education and training authority
GAAP	Generally accepted accounting practice	SFM	Sports facility management
GDS	General distribution systems	SGB	Standards generating body
GNR	Government National Regulations	SIC	Standard Industrial Classification
GRAP	Generally recognised accounting practice	SLA	Service level agreement
HET	Higher education and training	SMME	Small, medium and micro enterprises
Hiawu	Hospitality Industry and Allied Workers Union	SRF	Sports, Recreation and Fitness
HILG	Hotel Industry Liaison Group	SRSA	Sports and Recreation South Africa
HITB	Hospitality Industries Training Board	SSP	Sector skills plan
IAS	International Accounting Standards	TBCSA	Tourism Business Council of South Africa
IiP	Investors in People	TD	Training development
INTAC	Integrated Nature-Based Tourism and Conservation	Theta	Tourism, Hospitality and Sport Education and Training Authority
ISOE	Institute of sectoral or occupational excellence	TLP	Tourism Learnership Project
Jipsa	Joint Initiative on Priority Skills Acquisition	TR	Training report
Mice	Meetings, incentives, conferences and exhibitions	UIF	Unemployment Insurance Fund
MoU	Memorandum of understanding	VAT	Value added tax
Nactu	National Council of Trade Unions	WSP	Workplace skills plan
Nafcoc	National Africa Federated Chamber of Commerce and Industry		
NBI	National Business Initiative		
NGO	Non-governmental organisation		



labour
Department:
Labour
REPUBLIC OF SOUTH AFRICA



P.O. Box 1329, Rivonia, 2128, South Africa
3rd Floor, Block E, Sandhurst Office Park, cnr Katherine & Rivonia Road, Sandton, 2128
Tel: 011 217 0500 • Fax: 011 783 7745 • eMail: theta@theta.org.za • Website: www.theta.org.za