



Fibre Processing & Manufacturing (FP&M) SETA

ANNUAL REPORT

2013/2014 FINANCIAL YEAR

Contents

PART A: GENERAL INFORMATION	5
1. PUBLIC ENTITY'S GENERAL INFORMATION	6
2. LIST OF ABBREVIATIONS/ACRONYMS	7
3. FOREWORD BY THE CHAIRMAN	10
4. CHIEF EXECUTIVE OFFICER'S OVERVIEW	13
5. Statement of responsibility and confirmation of accuracy for the annual report	20
6. STRATEGIC OVERVIEW	21
1. Vision	21
2. Mission	21
3. Values	21
7. LEGISLATIVE AND OTHER MANDATES.....	22
PART B: PERFORMANCE INFORMATION	24
1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES	25
2. SITUATIONAL ANALYSIS	25
1. Service Delivery Environment	25
2. Organisational environment	25
3. Key policy developments and legislative changes.....	26
4. Strategic Outcome Oriented Goals.....	27
4. PERFORMANCE INFORMATION BY PROGRAMME/ ACTIVITY/ OBJECTIVE.....	29
1. Programme 1: Establishing a credible institutional mechanism for skills planning	29
2. Programme 2: Increasing access to occupationally directed programmes.....	31
3. Programme 3: Promoting the growth of a responsive public TVET college system	47
4. Programme 4: Addressing the low level of youth and adult language and numeracy skills to enable additional training.....	53
5. Programme 5: Encouraging better use of workplace-based skills development	59
6. Programme 6: Encouraging and supporting cooperative, small enterprises, worker initiated, NGO and community training initiatives.....	63
7. Programme 8: Building career and vocational guidance.....	66
5. Revenue collection	71
1. Capital investment	72
PART C: GOVERNANCE	73
1. INTRODUCTION	74
2. PORTFOLIO COMMITTEES	74
3. EXECUTIVE AUTHORITY	74

4.	THE ACCOUNTING AUTHORITY / BOARD	74
5.	RISK MANAGEMENT	81
6.	INTERNAL AUDIT AND AUDIT COMMITTEES	83
7.	COMPLIANCE WITH LAWS AND REGULATIONS	85
8.	FRAUD AND CORRUPTION	85
9.	MINIMISING CONFLICT OF INTEREST	86
10.	CODE OF CONDUCT	86
11.	HEALTH SAFETY AND ENVIRONMENTAL ISSUES	86
12.	SOCIAL RESPONSIBILITY.....	87
13.	AUDIT COMMITTEE REPORT.....	88
	PART D: HUMAN RESOURCE MANAGEMENT	90
1.	INTRODUCTION	91
2.	HUMAN RESOURCE OVERSIGHT STATISTICS	93
	PART E: FINANCIAL INFORMATION.....	101
1.	REPORT OF THE EXTERNAL AUDITOR	102
2.	ANNUAL FINANCIAL STATEMENTS	102

PART A: GENERAL INFORMATION

1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME:	Fibre Processing and Manufacturing (FP&M) SETA
PHYSICAL ADDRESS:	Forum 1B, Second Floor, Braampark Office Park, 33 Hoofd Street Braamfontein, Johannesburg 2001
POSTAL ADDRESS:	PO Box 31276 Braamfontein 2017
TELEPHONE NUMBER/S:	027 11 403 1700
FAX NUMBER:	027 11 403 1718
EMAIL ADDRESS:	info@fpmseta.org.za
WEBSITE ADDRESS:	www.fpmseta.org.za
EXTERNAL AUDITORS:	Auditor-General of South Africa (AGSA) 2 nd Floor, Lefika House, 300 Veale Street, Brooklyn, Pretoria, 0011
BANKERS:	First National Bank 8 Rydall Vale Park, Douglas Saunders Drive, La Lucia, 4051 Nedbank, 90 Bram Fischer Road, Kingsmead, Durban, 4001 Standard Bank 51 Old Main Road, Pinetown, 3601 Corporation for Public Deposits (CPD) c/o South African Reserve Bank 370 Helen Joseph Street Pretoria, 0002

2. LIST OF ABBREVIATIONS/ACRONYMS

ACRONYM	FULL DESCRIPTION
AET	Adult Education and Training
AGSA	Auditor General of South Africa
AFS	Annual Financial Statements
APP	Annual Performance Plan
ATR	Annual Training Report
CBO	Community Based Organisation
CE	Chief Executive
CEPPWAWU	Chemical Energy Paper Printing Wood and Allied Workers Union
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIPC	Commission for Intellectual Property and Companies
COO	Chief Operations Officer
COSATU	Congress of South African Trade Unions
CPD	Corporation for Public Deposits
CPUT	Cape Peninsula University of Technology
CTFL	Clothing, Textiles, Footwear and Leather
DAFF	Department of Agriculture, Forestry and Fisheries
DEDT	Department of Economic Development and Tourism
DHET	Department of Higher Education and Training
DTI	Department of Trade and Industry
DUT	Durban University of Technology
ETQA	Education and Training Quality Assurance
EXCO	Executive Committee
FIETA	Forestry Industries Education and Training Authority
FP&M	Fibre Processing & Manufacturing
GRAP	Generally Recognised Accounting Practice

HET	Higher Education and Training
HR	Human Resources
IPAP2	Industrial Policy Action Plan 2
IT	Information Technology
KZN	KwaZulu-Natal
MAPPP	Media, Advertising, Publishing, Printing and Packaging
MIS	Management Information System
MOA	Memorandum of Agreement
MOU	Memorandum of Understanding
NAMB	National Artisan Moderating Body
NEET	Not in employment, education or training
NGO	Non-Governmental Organisation
NOPF	National Occupational Pathing Framework
NPO	Non-Profit Organisation
NQF	National Qualifications Framework
NSA	National Skills Accord
NSDS	National Skills Development Strategy
NSFAS	National Student Financial Aid Scheme
NVC	National Certificate Vocational
OFO	Organising Framework for Occupations
PASA	Publishers Association of South Africa
PFMA	Public Finance Management Act, 1999 (Act No 1 of 1999).
PIVOTAL	Professional, Vocational, Technical and Academic Learning
PPPF	Preferential Procurement Policy Framework Act of 2000
QCTO	Quality Council for Trade and Occupations
RPL	Recognition of Prior Learning
SACTWU	Southern African Clothing and Textile Workers Union
SAQA	South African Qualifications Authority

SARS	South African Revenue Service
SATU	South African Typographical Union
SCM	Supply Chain Management
SDL	Skills Development Levy
SETA	Sector Education and Training Authority
SIP	Strategic Infrastructural Programme
SLO	SETA Liaison Officer
SMME	Small, Medium and Micro Enterprises
SSP	Sector Skills Plan
TVET	Technical and Vocational Education and Training
UIF	Unemployment Insurance Fund
W&R SETA	Wholesale and Retail Sector Education and Training Authority
WIL	Work Integrated Learning
WSP	Workplace Skills Plan

3. FOREWORD BY THE CHAIRMAN

Photo of Chairman of the Board

Name: Mr Siphon Ngidi

Title: Chairman of the FP&M SETA Board

The FP&M SETA's vision "to be a credible and effective skills development partner ensuring the delivery of service excellence that will produce a highly-skilled world-class workforce through various skills development interventions" has been the driving force behind the activities of the FP&M SETA during the period under review.

The FP&M SETA's endeavours during 2013/14 were aimed at increasing the level of credibility of the FP&M SETA as an organisation and the effectiveness of service delivery to its stakeholders in order to promote skills development at FP&M sector level and nationally.

The appointment of the new CEO in May 2013 in the dynamic and experienced person of Ms Felling Yende, was a positive step in the direction of establishing a customer orientated environment and from the word go, Ms Yende emphasized the importance of establishing strong relationships with the constituent stakeholders of the FP&M SETA. Several targeted interactions during the course of the year between Ms Yende and FP&M SETA stakeholders (including one-on-one sessions and broader stakeholder engagement sessions) paved the way for open communication between the SETA and its constituent stakeholders to address issues of mutual interest such as qualifications development and strategic project implementation as well as issues of contention. These interventions were further strengthened by interaction between stakeholders and FP&M SETA staff during workshops held nationally to address issues pertaining to mandatory and discretionary grant opportunities, sector skills planning and quality assurance.

Another initiative that was employed to increase the effectiveness of the FP&M SETA was the implementation of a new management information system (MIS). This new integrated MIS was introduced to streamline the FP&M SETA's operational activities and (while still in its infancy) the system is proving to be an effective tool to increase productivity and effectively manage information. We are envisioning that once the MIS is fully functional, FP&M SETA staff would be able to further increase current service delivery turn-around times and more effectively deal with customer queries.

The FP&M SETA worked hard during the period under review to establish meaningful strategic relationships with other role players in the skills development arena.

A highlight of 2013/14 was the launch of the Lead SETA collaboration project in the Western Cape which resulted in the forging of an agreement between the FP&M SETA and three

technical and vocational education and training (TVET) colleges in the Western Cape (College of Cape Town, False Bay College and South Cape College). As a result of this agreement, the FP&M SETA has appointed SETA Liaison Officers (SLOs) in the Western and Southern Cape to facilitate collaboration between the colleges and the FP&M SETA specifically with regards to the placement of learners / graduates from the colleges in work integrated learning (WIL) programmes in partnership with employers in the area.

Other significant partnerships resulted from discretionary grant interventions involving government departments such as the Department of Agriculture, Forestry and Fisheries (DAFF) for the implementation of Adult Basic Education and Training in rural areas, skills development providers (including workplace providers and public and private training institutions) for the implementation of scarce and critical skills learning interventions at firm and institutional level and community based organisations (CBOs) providing skills training aimed at assisting previously disadvantaged individuals and communities.

Qualifications development was placed high on the FP&M sector's list of priority interventions and partnerships were formed during 2013/14 between the FP&M SETA and employer and labour organisations active in the FP&M sector to facilitate the development of occupationally directed qualifications in line with Quality Council for Trades and Occupations (QCTO) requirements.

The DHET placed specific emphasis in 2013/14 on the establishment of partnerships between industry, public education and training institutions and SETAs to facilitate the placement of graduates in WIL programmes. The FP&M SETA took the lead in this initiative not only by facilitating partnerships with ten (10) TVET colleges for the placement of their graduates in FP&M firms but also by entering into agreements with Central Johannesburg College (in Gauteng), Elangeni College (in KZN) and the SA Graduate Development Association (SAGDA) and providing placement opportunities to graduates from TVET Colleges in our offices in Gauteng, KZN and the Western Cape.

I am confident that stakeholders are beginning to experience the benefits of partnering with the FP&M SETA on issues pertaining to skills development. Industry stakeholders are also starting to realise the benefits of collaboration with other industry partners - higher and further education and training institutions, private training providers and government organisations.

As an organisation, we faced many challenges during the period under review.

Addressing the root cause of the Auditor-General SA's audit finding reported in the previous Annual Report proved to be a greater task than expected. However, the management of the FP&M SETA persisted in their efforts to address the issue and we are confident that the matter has been addressed satisfactorily.

During the period under review, suspected fraudulent behaviour was reported to the Board via the FP&M SETA's fraud hotline. In response to the allegations and in line with the FP&M SETA's Fraud Prevention Plan, the Board appointed a Task Team to oversee a forensic investigation in this regard. The investigation, although still underway, has provided the Board with essential information to address and further prevent fraudulent transactions. In instances where unequivocal evidence of fraudulent behaviour was found, the Board has taken disciplinary action against the relevant individuals and if proved necessary, further action will be taken.

During the latter part of 2013/14, the CEO, Ms Yende, compiled a new business model for implementation in the FP&M SETA in order to streamline operations, increase customer service and enhance the performance of the organisation. The business model has been

presented to stakeholders including the Board and Advisory Committees and has elicited a very positive response.

The Business model will require restructuring of the organisation, the implementation of innovative operational processes and new funding models and will require the cooperation of all stakeholders in order to ensure its successful implementation. We look forward to its implementation during the next financial year.

I have to thank my fellow Board members, the members of the advisory committees and the Audit Committee for their valuable input during this year. Your knowledge and skills have contributed greatly to the successes that the organisation have achieved. And your wisdom and leadership has steered us through some very challenging times. I appreciate your dedication to the FP&M SETA and to skills development in general.

I would also like to thank the FP&M SETA CEO, management and staff for their continuous efforts to establish the FP&M SETA as a credible and effective skills development partner to the FP&M sector.

One cannot think back on 2013/14 without remembering that while in many respects it was a good year for our SETA, for our sector and for our nation, it was also a year in which a nation was united in grief as a result of the loss of our beloved Madiba. As an organisation focussed on the provision of skills for everyone employed and wanting to be employed in our sector we shall remember the words of Nelson Mandela that “education is the most powerful weapon which you can use to change the world.” May we go forth and bring about the change that our sector require.

Mr Sipho Ngidi
FP&M SETA
31 May 2014

4. CHIEF EXECUTIVE OFFICER'S OVERVIEW



Introduction

The FP&M SETA, now entering its 4th year of existence, has grown into a mature organisation with the establishment of strategic partnerships and the provision of excellent customer service to our clients, at the top of our agenda.

When I joined the FP&M SETA as CEO at the beginning of May 2013, I realised that the potential growth of the organisation was being hampered by historical issues inherited from the ex-SETAs. This was also eminent from the qualified audit opinion that was issued by the AGSA which related to the management of projects inherited from the ex-SETAs.

In order to address the inherited inefficiencies, an organisational review was conducted to identify the pressure points in the organisation that needed to be addressed. The organisational review as well as vigorous interaction with prominent stakeholders in the FP&M sector provided valuable insights into the workings of the organisation, the strengths that should be further developed and the weaknesses that should be addressed.

From these insights, I have compiled a new business model which among others responds to the implementation of the white paper on Post School Education and Training emphasising SETA and Industry relationship harnessing and strengthening to facilitate the placement of learners either through work integrated learning interventions such as; internships, learnerships and apprenticeships. This model was approved by the FP&M SETA Board and will be implemented in the new financial year. The business model will require new and innovative thinking from staff members in order to adapt to a reorganised workplace and new business processes and it will also require support from our stakeholders to ensure successful implementation of new funding models and partnerships.

During this first year of my tenure, I have come to the realisation that the FP&M SETA is only as strong as its partnerships – without partnerships between the SETA, employer and labour organisations active in the sector, public and private providers, community based organisations, national and provincial government departments and of course our levy paying employers, the SETA would be unable to deliver on its mandate to facilitate skills development in the FP&M sector and to make available learning and placement opportunities to all employed in the sector and the unemployed youth aspiring to be employed in the FP&M sector.

During 2013/2014, these partnerships resulted in the delivery of learning programmes (including learnerships, apprenticeships, skills programmes and higher and further education qualifications), the placement of learners and graduates in work integrated learning programmes, the development of occupationally qualifications and the implementation of sector skills development projects including research projects.

To ensure that these partnerships lead to the successful implementation of projects, the FP&M SETA had to ensure that sound financial and administrative processes were in place to manage the numerous discretionary grant projects allocated for implementation during the financial year as well as the mandatory grants due to levy paying companies that submitted their applications in this regard.

To achieve this, we revised some operational processes and implemented regular management performance meetings to ensure that our performance met and in some instances exceeded the targets that were agreed on in our service level agreement (SLA) with the DHET.

I am confident that our organisational performance is in the upward trend evidenced by the current financial year's performance and the SETA is en route to realising its vision of a credible and effective skills development partner to our stakeholders in the FP&M sector.

General financial review of the public entity

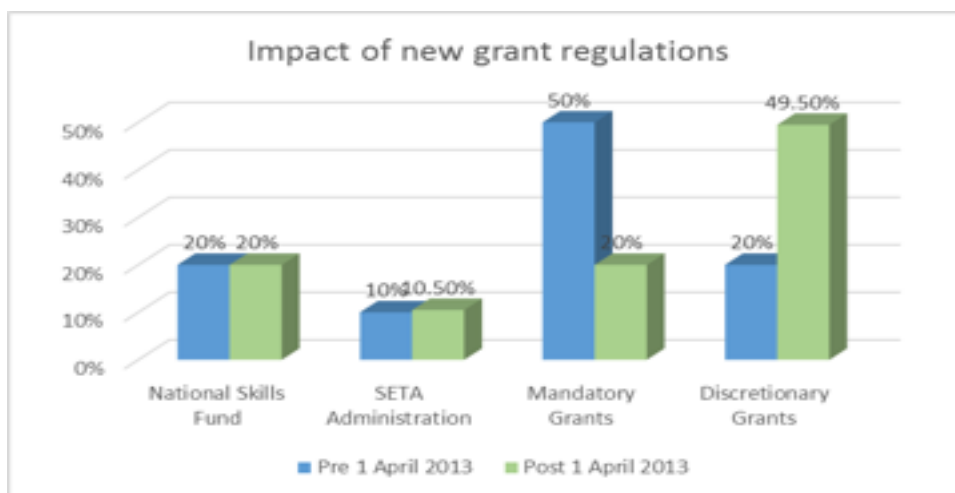
The FP&M SETA has sufficient financial and administrative controls in place to provide reasonable assurance that all transactions are conducted within the parameters of generally accepted business practices and that approved policies and procedures are strictly adhered to.

The Finance Division is responsible for the processing of all financial transactions and reassuring the Accounting Authority of the integrity of financial data and reporting (including the preparation of financial statements, annual budgets and monthly and quarterly financial reports). The division also manages the organisation's cash flow and investments in accordance to the approved investment policy.

Revenue

The revenue for the FP&M SETA amounted to R316 million (2012/13 : R293,7 million) for the third year of its licence, R274,7 million (2012/13 : R263,4 million) was received for Skills development levies which was split into R35,7 million (2012/13 : R32,8 million) for administration levies, R86,9 million (2012/13 : R164,7 million) for mandatory grant levies and R152,1 million (2012/13 : R65,8 million) for discretionary grant levies.

The significant difference between the income allocation for 2013/14 vs 2012/13 relating to mandatory and discretionary grants were as a result of the implementation of the new grant regulations published in December 2012, which came into effect on 1 April 2013 – see graph below.



R 4, 1 million

(R2, 3 million 2012/13) was received by FP&M SETA for interest and penalties on skills development levies paid over to SARS. FP&M SETA received, R9, 4 million (R6, 4 million 2012/13) in donor funding for which the conditions were met. Investment income totalled R27 million (R21, 3 million 2012/13).

Investment Strategy

The FP&M SETA has invested its excess funds with the CPD in line with its investment policy. The average interest rate for the year totalled 5,2%.

Spending trends of the public entity

Administration Expenses

The financial resources of the entity have been utilised prudently during the period under review and disbursements (in terms of both administrative and grant expenditure) were executed in line with the budget approved by the Board. The administration budget was frequently reviewed and where necessary, line items were adjusted with permission of the Board.

The total administrative expenditure totalled R37, 7 million (R32, 7 million 2012/13).

Irregular expenditure totalling R2,4 million (2012/13 : R3,7million) due to non-compliance to the PPPF regulations 2011 was incurred during the previous financial year. The irregular expenditure incurred in 2013/14 was due to expenses incurred for service fees paid to a travel agent and expenses incurred for the internal audit function. The appointment of a travel agent via a tender process, will become effective from 1 May 2014. The irregular expenditure incurred in 2012/13 was not condoned by National Treasury.

Administration expenditure was well contained in accordance with the budget approved by the Board for the 2013/14 financial year which totaled R 41,8 million. Actual expenditure on administrative expenses has been R 37,4 million. During the financial year, actual skills levies received were lower than the budgeted skills levy income due to prior levies for levy paying companies which have recently been transferred to FP&M SETA not being paid over to FP&M SETA. This has resulted in the administration expenses exceeding the total skills levy income by R1,7 million. The SETA received approval from DHET to exceed the 10.5% administration levy income by R2,1 million administration expenses.

Mandatory and Discretionary Grant Expenses

The mandatory grant expenses totalled R48 million (R106 million 2012/13). Disbursements totalled R98,9 million, however, over payments of R22 million were incurred due to prior year SARS reversals which were deducted by SARS. These mandatory grant payments were paid out in previous financial years prior to the amalgamation.

Discretionary grants and special projects expenses totalled R94,8 million (2012/13 : R55 million).

The approval of funding allocations only at the end of October 2013 and as late as March 2014 hampered the timeous signing of MoAs and as a result, beneficiaries were unable to effectively implement and report progress on projects before the financial year-end on 31 March 2014. This impacted negatively on discretionary grant spending.

The practice of allocating funding to beneficiaries only in the third and fourth quarter of the financial year, was identified as a performance risk to the FP&M SETA. The new business model (which will be implemented with effect from 1 April 2014), makes provision for a new discretionary grant disbursement model whereby the allocation of discretionary grants (fixed funding windows and special projects) will be finalised in the first quarter of the financial year in order for beneficiaries to be able to commence with the implementation of programmes by the second quarter (July onwards).

During the fourth quarter of the year, FP&M regional staff made a robust effort to address all outstanding commitments relating to funding allocated in 2012/13 and by year-end approximately 79% of discretionary funding allocated in 2012/2013 had been committed via signed contractual agreements and approximately 69% of discretionary funding allocated from the 2013/14 discretionary budget had been committed.

Committed funds

The Grant regulations state: At the end of each financial year it is expected that a SETA must have spent or committed (through actual contractual obligations) at least 95% of discretionary funds available to it by the 31 March of each year and a maximum of 5% of uncommitted funds may be carried over to the next financial year. 'Surplus' means a favourable residual balance in the statement of financial performance for the financial year ending on 31 March less commitments to training of learners in programs funded from discretionary funds; 'commitments' in this context mean that contractual obligations exist at the end of the financial year that will oblige the SETA to make a payment or agreement (written with specific terms between a SETA and third party whereby the third party undertakes to perform something in relation to a discretionary project for which a SETA will be obliged to make payment against the discretionary grant. It is under this definition that FP&M SETA will need to raise a liability for the 95% of the "surplus portion" where funds from the 2013/14 have been committed and all uncommitted funds from prior year surpluses will be requested for roll over to the next financial year. This request will be sent to National Treasury.

At the end of March 2014, discretionary reserves totalled R575 million of which R390 million was contractually committed and R31 million was allocated to internal projects. R154 million was uncommitted at year-end and approval to retain these funds have been submitted to National Treasury.

Capacity constraints and challenges facing the public entity

The FP&M SETA's administrative budget was severely under strain during the 2013/2014 financial year due to revenue (in the form of skills development levies (SDL)) that came in significantly below budget. This was largely due to the misallocation of SDL paying employers that should have been allocated to the FP&M SETA during the amalgamation process that took place in 2011. These employers were considered as "unclassified" and was incorrectly allocated to SETA 99. The FP&M SETA has continuously engaged with SARS and the DHET on the matter and while most of the employers have now been transferred to the FP&M SETA, the levies paid by these entities in prior years have still not been received.

As a result of the lower income stream, the administrative budget had to be revised and drastic cost cutting measures had to be implemented (including an embargo on travel and accommodation) which impacted on performance of divisions where regular travel is required in order to monitor and evaluate progress and performance on projects and learning

programme delivery. To further save on flight and accommodation costs, video conferencing equipment was installed. The video conferencing facility was used fairly successfully to conduct management and staff meetings. However, an upgrade in internet connectivity is required to maximise the potential savings.

Due to the reduced revenue, the FP&M SETA exceeded the legislated 10,5% threshold for administrative expenditure and the SETA submitted an application to the DHET to exceed the threshold R 2,1 million. Permission was received from the DHET in this regard.

During the year under review, suspected fraudulent activities was reported to the FP&M SETA Board via the fraud hotline. Considering the seriousness of the allegations and in line with the FP&M SETA's fraud prevention strategy, a full forensic investigation was launched. At the time of this report, the investigation had not yet been concluded. However, interim findings lead to the instigation of disciplinary action against three staff members. By year-end, the disciplinary process in one of the cases had been concluded and the staff member had been dismissed. The cost of the investigation and other related activities further impacted on the FP&M SETA's administration budget.

Discontinued activities / activities to be discontinued

Details of projects that have been completed and projects due to be completed during the next financial year are included in Note ___ of the AFS.

Performance in this regard has been reported in the Performance Information Report on page XX to page XX.

New or proposed activities

Details of new projects are included in Note ___ of the AFS.

Requests for roll over of funds

A request to roll over funding was submitted to National Treasury on 31 May 2014. The FP&M SETA applied to roll over funding to the amount of R154 million. A response from National Treasury is awaited.

Supply Chain Management (SCM)

The SCM division of the FP&M SETA operated effectively during the year under review. Activities of the division was governed by the FP&M SETA SCM policy as approved by the Board. The SCM policy and procedures are aligned to current legislation and regulations applicable to the procurement of goods and services. The policy makes provision for the application of good corporate governance principles, the inclusion of BEE compliant and SMME suppliers and the pursuit of good value for money when procuring goods and services.

The policy further makes provision for the segregation of duties and disclosure of interest.

During the year under review successful tenders were concluded as follows:

- New office premises in Gauteng (Braamfontein), KZN (Pinetown) and Western Cape (Woodstock)
- Integrated Management Information and Financial Reporting System

Challenges experienced with regards to SCM

In the absence of an integrated and electronic procurement system, all SCM processes had to be conducted manually. Records were captured in spreadsheets and it was difficult to track transactions to ensure that all invoices were processed within the specified timeframes.

In order to address the above capacity constraints, the FP&M SETA procured an integrated MIS that will, once fully developed and functional, make provision for an electronic procurement system linked to the financial payment and reporting system. The system will also make provision for the effective maintenance of an approved supplier database.

Audit report matters in the previous year

In the previous year, the AGSA qualified its opinion and reported that the FP&M SETA did not have adequate systems in place to maintain accurate and complete records of contractual grant commitments. This resulted in contractual grant commitments being overstated. The AGSA could also not obtain sufficient appropriate audit evidence for the amounts disclosed as contractual grant commitments and could therefore not confirm the disclosures.

The FP&M SETA Board regarded the matter very seriously and tasked the Projects division under leadership of the COO to address the finding and to ensure that an integrated commitments register be compiled based on relevant audit evidence that would correctly present the contractual commitments of the FP&M SETA as well as the ex-SETAs (CTFL SETA, FIETA and MAPPP-SETA).

Staff in the Projects and Finance division worked tirelessly during the year to consolidate the evidence and finalise the integrated commitments register as contained in Note of the Annual Financial Statements (AFS).

Outlook/ Plans for the future to address financial challenges

National Treasury has instructed all public entities (including SETAs) to reduce their administration budgets progressively over the next three years. This coupled with the SDL payments due to the organisation by SARS will place the FP&M SETA administration budget under tremendous strain.

The FP&M SETA will adhere to the cost cutting regulations that were introduced by National Treasury in January 2014 and will introduce further cost cutting measures in an effort to manage expenditure within the limits of the available administration budget.

Events after the reporting date

The FP&M SETA Board and management are not aware of any post balance sheet events that may affect the AFS.

Economic Viability

All SETA's are established for a period of five years ending the 31 of March 2016 and are required to apply for re-establishment during the course of the financial year ending 2016. The Act required in Section 9A (4) that when FP&M SETA was established, all the assets, rights, liabilities and obligations of the amalgamating SETA's namely FIETA, CTFL SETA and part of the MAPPP SETA would dissolve upon and vest in the FP&M SETA. The Annual Financial Statements for FP&M SETA have therefore been prepared as a going concern.

Acknowledgements

I have been with the FP&M SETA now for just over a year and it has been a great privilege for me to get to know the FP&M sector with its diverse sub-sectors and dynamic stakeholder groupings. I have come to realise that despite the obvious differences between the sub-sectors, stakeholders in the FP&M sector share one common passion: to effectively implement skills development to the betterment of their own enterprises and constituencies, the communities they work and live in and the country as a whole.

It is this passion for skills development that motivates the FP&M SETA management and staff to provide world-class skills development services that empower each of its 13 sub-sectors to work effectively together in order to positively impact the lives of all South Africans.

I would like to thank the FP&M industry role players for welcoming me into their fold and for sharing their vast knowledge and experience with me during our many fruitful interactions.

I would like to thank the Board and Committee members for their support during the year and for their leadership and wisdom. Special mention must be made of the Chairman of the Board, Mr Siphon Ngidi, for his tireless and sterling leadership during this year.

To the management and staff of the FP&M SETA, I thank you for your efforts and enthusiasm. Your loyalty to the organisation and your commitment to skills development in the FP&M sector are highly appreciated.

Ms Felling Yende
Chief Executive Officer
FP&M SETA
Date: 31 May 2014

5. Statement of responsibility and confirmation of accuracy for the annual report

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

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

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

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

The Annual Financial Statements (Part E) have been prepared in accordance with the GRAP standards applicable to the public entity.

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

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

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

In our opinion, the annual report fairly reflects the operations, the performance information, the HR information and the financial affairs of the public entity for the financial year ended 31 March 2014.

Yours faithfully

Chief Executive Officer
Ms Felleng Yende
Date: 31 May 2014

Chairman of the Board
Mr Siphon Ngidi
Date: 31 May 2014

6. STRATEGIC OVERVIEW

1. Vision

“To be a credible and effective skills development partner ensuring the delivery of service excellence that will produce a highly-skilled world-class workforce through various skills development interventions.”

2. Mission

“To establish a credible institutional mechanism that facilitates an efficient and effective skills development process, through a range of quality services and partnerships, to contribute to the achievement of sector competitiveness, transformation and economic growth.”

3. Values

FP&M SETA is committed to living its values which are:

- *Integrity - Honouring our mandate and doing what is right;*
- *Accountability – Clarifying and accepting responsibility and delivering on our commitments*
- *Respect – Driving delivery with respect towards all our stakeholders, embracing openness, trust, teamwork, diversity and relationships that are mutually beneficial.*
- *Service Excellence – Striving for the best service and delivering it with pride*
- *Inclusive, Sustainable Socio Economic Transformational Interventions – Driving interventions that are meaningful and will impact positively on our communities. These interventions will be specifically designed to deliver on inclusive economic growth and realization of economically independent individuals and communities collectively, with a concerted effort placed on youth, people with disabilities, rural development and women*

7. LEGISLATIVE AND OTHER MANDATES

Legislation:

The FP&M SETA is a Public Entity under Schedule 3A of the Public Finance Management Act (PFMA), 1999 (Act No 01 of 1999).

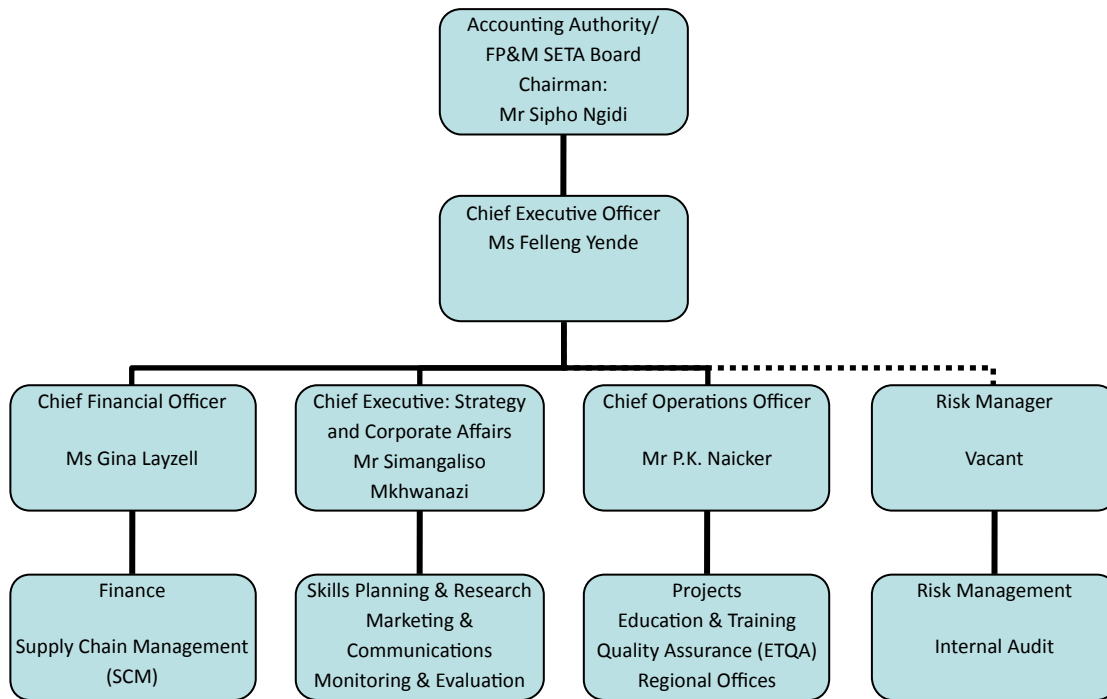
The FP&M SETA is governed by:

- The Constitution of the Republic of South Africa, 1996 (Act No.108 of 1996)
- Section 9 of the Skills Development Act, 1998 (Act No. 97 of 1998) as amended in 2008
- Skills Development Amendment Act, 2008 (Act No. 37 of 2008)
- Skills Development Amendment Act, 2011 (Act No. 26 of 2011)
- Skills Development Levies Act of 1999, (Act No. 9 of 1999), as amended in 2010 (Act 24 of 2010),
- The National Qualifications Framework Act, 2008 (Act No. 67 of 2008)
- The South African Qualifications Authority Act, 1995 (Act No.58 of 1995)
- The Public Finance Management Act, 1999 (Act No.01 of 1999) as amended)
- Treasury Regulations for Departments, Constitutional Institutions and Public Entities
- Sector Education and Training Authorities (SETAs) Grant Regulations Regarding Monies Received by a SETA and Related Matters (Regulation No. 990 of 3rd December 2012).

Other mandates:

- National Skills Development Strategy III (NSDS III)
- Medium Term Strategic Framework of Government (MTSF 2009-2014)
- Medium Term Expenditure Framework of Government
- New Growth Path
- Industrial Policy Action Plan II (IPAP2)
- Human Resource Development Strategy
- National Development Plan
- National Skills Accord
- Integrated Growth and Development Plan
- Youth Development Strategy
- Rural Growth and Development Strategy
- Provincial Growth and Development Strategy

ORGANISATIONAL STRUCTURE (as at 31 March 2014)



PART B: PERFORMANCE INFORMATION

1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the *Predetermined Objectives* heading in the *Report on other legal and regulatory requirements* section of the auditor's report.

Refer to page XXXX of the Report of the Auditors Report, published as Part E: Financial Information.

2. SITUATIONAL ANALYSIS

1. Service Delivery Environment

The FP&M SETA's performed well against the pre-determined objectives of set out in Annual Performance Plan for the financial period 2013-2014. The overall performance of the SETA was 81.63%, resulting in the SETA meeting 40 out of a total of 49 strategic objectives and targets.

The organisation has made a positive impact in areas of rural development, poverty alleviation and youth development and partnerships with TVET/HET institutions to facilitate work-integrated-learning in FP&M SETA workplaces, government departments and municipalities produced positive results.

In addressing the vision and mission of the FP&M SETA, the majority of skills development interventions was directed towards producing a highly skilled and world-class workforce to ensure FP&M sector industries are competitive and sustainable in the medium to long term. These strategic interventions was implemented with a view to promote transformation and economic growth.

In order to promote credible skills planning practices, the FP&M SETA management engaged with industry stakeholders through workshops, interviews and focus group discussions in order to compile an accurate and credible Sector Skills Plan that accurately reflects the scarce and critical skills of the various sub-sectors. Service delivery was also enhanced by the empowerment of stakeholders to address their scarce skills needs aligned to the development practices of QCTO occupationally-directed qualifications.

Strategic Planning sessions held by the FP&M SETA Board with the SETA management enhanced the understanding of skills needs within industrial sub-sectors and improved skills development implementation and operational strategies. This led to an improved and updated Sector Skills Plan, Strategic Plan and Annual Performance Plan being submitted to DHET within the required timeframes.

The absence of industry growth and development strategies aligned to a customised sector skills development programme continues to pose challenges for the SETA to support these industries to address industry competitiveness and sustainability.

2. Organisational environment

The FP&M SETA continued to operate within the approved organisational structure and staff carried out their duties in line with their agreed job descriptions. Changes that occurred during the year due to terminations were managed in line with approved policies and procedures. During the period under review, the FP&M SETA conducted an independent organisational

review and the input obtained from this process was used to develop a new business model to ensure cost-effective and efficient service delivery to the FP&M sector. Performance management and the continuous professional development of staff contributed markedly to the organisation meeting its strategic objectives. 2013/14 also saw the implementation of a new integrated management information system (MIS) aligned to the operational business processes of the SETA. Development of the MIS commenced in August 2014 and the system will be fully functional by the middle of the next financial year. The system includes web-based mandatory and discretionary grant application and management modules which will enhance service delivery in the skills planning and projects divisions.

3. Key policy developments and legislative changes

Treasury Instruction 01 of 2013/14

Treasury Instruction 01 of 2013/14 pertaining to Schedule 2 and 3 Public Entities circulated on 19 December 2013, prescribes cost containment measures for accounting officers of departments and constitutional institutions and accounting authorities of public entities listed in Schedule 2 and 3 PFMA.

The following new policies and regulations had implications for the implementation of occupationally-directed qualifications, more especially apprenticeships, in the FP&M sector:

DHET Trade Test Regulations, 2013

The intent of these regulations published by the DHET is to implement a single national artisan trade testing and certification system across all economic sectors and to improve access to and the quality of trade testing to provide industry with suitably qualified artisans. This policy addresses application to undergo a trade test, pre-trade test evaluations, trade testing fees, exemptions, credit accumulation, trade testing monitoring, reporting & certification, complaints & appeals and transitional arrangements.

National Standardised Artisan Learner Workplace and/or Site Approval Criteria and Guideline.

The National Artisan Moderation Body (NAMB) has released the National Standardised Artisan Learner Workplace and / or Site Approval Criteria and Guideline (Version 3) for interim implementation on a provisional basis with effect from 21 October 2013. The purpose of this policy is to establish a set of single, national standardized criteria and guidelines for all listed trades to allow for the approval of workplaces and/or sites to deliver the structured work experience component of relevant artisan trades.

Occupational Qualifications Sub-Framework [OQSF] Policy

The Occupational Qualification Sub-framework (OQSF Policy as approved by the Minister of Higher Education and Training (Notice 1040 of 2012; Government Gazette No. 36803 of 30 August 2013) in terms of the National Qualifications Act, 2008 (Act No. 67 of 2008) and as contemplated in the Skills Development Act, 1998 (Act No. 97 of 1998) addresses the implementation of the OQSF as well as transitional arrangements with regards to pre-existing occupational qualifications.

Apprenticeship Contracts

An instruction received from the Director-General of Higher Education and Training determined that with effect from 1 April 2014, all apprentices should solely be contracted under the Skills Development Act utilising the Learnership Agreement included as Annexure B of the Learnership Regulations as published in Government Gazette 30010 dated 28 June 2007.

4. Strategic Outcome Oriented Goals

Listed below are the strategic outcome oriented goals of the FP&M SETA which are aligned to the NSDS III.

4.1 Establishing a credible institutional mechanism for skills planning

The FP&M SETA has established sufficient research and skills planning capacity for this strategic objective in order to ensure that projections for the demand and supply of skills are coordinated and integrated.

4.2. Increasing access to occupationally-directed programmes

The FP&M SETA identified the middle level skills needs of its 13 sub-sectors and addressed them through partnerships with public TVET colleges and Universities of Technology working in partnership with employers providing workplace-based training. Relevant and appropriate occupational directed qualifications and curriculum aligned to industry needs are registered with QCTO and NAMB. Discretionary grants have been allocated in support of the implementation of learning programmes to address the identified scarce and critical skills of the sub-sectors.

4.3. Promoting the growth of a public TVET college system that is responsive to sector, local, regional and national skills needs and priorities

MOUs have been concluded with Public TVET colleges to deliver occupational programmes that meet industry needs, including those supporting apprenticeships and N-course. The FP&M SETA has partnered with TVET colleges to promote WIL and the placement of unemployed TVET graduates in government entities, municipalities and FP&M workplaces.

4.4. Addressing the low level of youth and adult language and numeracy skills to enable additional training

Discretionary grants have been made available to provide unemployed youth with foundational learning qualifications and basic occupational skills in order to provide unemployed youth with the necessary skills to access the FP&M sector's occupationally directed qualifications.

4.5. Encouraging better use of workplace-based skills development

In order to promote skills development in workplaces, the FP&M SETA has addressed the training of employed workers aligned to the scarce and critical skills needs as identified in the FP&M SSP ensuring improved productivity, economic growth and promoting career pathing for the workforce. The FP&M SETA has successfully disbursed mandatory grants to increase employer participation in skills development at firm level and have encouraged the implementation of PIVOTAL programmes aligned to the SETA grant regulations published in December 2012.

4.6. Encouraging and supporting cooperatives, small enterprises, worker-initiated, NGO and community training initiatives

Community based organisations are supported through FP&M SETA's discretionary grant strategy in order to expand and contribute to sector economic and employment growth through interventions addressing key areas of critical skills demands that impacts on the efficacy and sustainability of these ventures.

4.8. Building career and vocational guidance

Career and vocational guidance are crucial to school leavers and unemployed youth wanting to gain access to the FP&M sector. The FP&M SETA has networked with potential job seekers during various interactive career exhibitions and have shared information on available learning and career opportunities in the FP&M sector. Special projects designed to promote the FP&M sector as an employer of choice have been funded by the FP&M SETA and a major undertaking to establish an integrated web-based career portal and a Gauteng based career centre has been approved by the FP&M SETA Board for implementation in the new financial year.

The above strategic outcome oriented goals informed the predetermined objectives as set out in the Annual Performance Plan of the FP&M SETA for 2013/14 and performance against these goals are reported on in detail in the performance report on predetermined objectives included on page XX to page XX.

**4. PERFORMANCE INFORMATION BY PROGRAMME/ ACTIVITY/
OBJECTIVE**

**1. Programme 1: Establishing a credible institutional mechanism for skills
planning**

The intention of this programme is to establish a credible institutional mechanism for skills planning and partnerships with key delivery partners amongst the provider community, employers, labour unions and interested organised learner communities to enhance skills planning holistically in the FP&M sector. The rationale is that any human resource/skills planning should be complemented with better data and improved labour market analysis. The FP&M SETA has to establish its own mechanism that is aligned and fully compliant with the reporting requirements of the DHET to enhance skills planning in the sector. It is important for the FP&M SETA to develop its research capacity in order to make accurate labour market projections to inform the FP&M SETA Sector Skills Plan. This would ensure that information sources, with regards to the demand and supply of skills, are co-ordinated.

Strategic objectives, performance indicators, planned targets and actual achievements

Programme Name: 4.1. Establishing a credible institutional mechanism for skills planning
--

Strategic Objectives	Actual Achievement 2012/13	Planned Target 2013/14	Actual Achievement 2013/14	Deviation from Planned Target to Actual Achievement for 2013/14	Comment on Deviations
4.1.1: A skills matrix is developed for each sector in the FP&M SETA.	<p>i. Completed a Labour market survey including a matrix covering both horizontal and vertical skills requirements per sector.</p> <p>ii. Conducted firm level surveys, focused group workshops and one-one interviews with industry experts covering horizontal and vertical skills – June/July 2012.</p> <p>iii. Updated Scarce & Critical Skills List and included skills priorities in the updated Sector Skills Plan submitted to DHET by 30 November 2012.</p>	<p>4.1.1 (a) A matrix covering both horizontal and vertical skills is completed by the 3rd 2013.</p> <p>- Updated SSP, Strategic Plan, Annual Performance Plan submitted to DHET by 31 August 2013.</p>	<p>A skills matrix to identify scarce and critical skills was implemented – this was used to identify skills challenges within an organization. The objective of the skills matrix was for industry to correlate the different findings so that the outcome from the assessments would contribute to the value add of the SSP update.</p>	<p>Target achieved – no deviation.</p>	<p>Improved skills planning strategies and research (more baseline surveys, skills audits, tracking and tracing studies and training intervention impact studies in the sector) to be implemented in the new financial year to further improve on this strategic objective.</p>

Key performance indicators, planned targets and actual achievements

Programme/Sub-programme Name: 4.1. Establishing a credible institutional mechanism for skills planning

Performance Indicator	Actual Achievement 2012/13	Planned Target 2013/14	Actual Achievement 2013/14	Deviation from Planned Target to Actual Achievement for 2013/14	Comment on Deviations
4.1.2 Pilot an assessment instrument to evaluate employees in 4 sub-sectors against the matrix to identify skills gaps.	i. Updated Scarce & Critical Skills List and included a matrix of horizontal and vertical skills in the updated SSP submitted to DHET by 30 November 2013.	4.1.2 (b)(i) Vertical skills are benchmarked locally to help establish a norm for the South African Landscape. 4.1.2 (b)(ii) Updated SSP incorporating findings on horizontal skills submitted to DHET by 31 August.	i. Assessment instrument (matrix) implemented during focus group sessions held with industry stakeholders from 19 - 21 August 2013. ii. Updated FP&M SETA Sector Skills Plan, incorporating outputs from focused group workshops submitted to DHET within required timeframes.	Target achieved – no deviation.	The FP&M SETA Board approved a tender in 2013 for the training of approximately 120 skills development facilitators in the sector nationally in the new financial year. Training to include the development of an organisational training needs assessment instrument to analyse vertical and horizontal skills needs of organizations within the FP&M sector.

2. Programme 2: Increasing access to occupationally directed programmes

The aim of this programme is to establish projects and partnerships to enable the relevant number of artisans to be trained, to qualify and become work ready. Many South African learners are poorly prepared to undertake further learning when they leave school and cannot access post-school education and training opportunities. A large number of youth and adults are not in employment, education or training (NEET).

The objective of this programme is to provide access (and funding) to adults and youth to access education and training opportunities that will enable them to acquire a minimum qualification at level 4 of the National Qualifications Framework (NQF).

This will include access to foundational learning programmes as well as adult education & training programmes (AET).

Strategic objectives, performance indicators, planned targets and actual achievements

Programme Name: 4.2 Increasing access to occupationally directed programmes

Strategic Objectives	Actual Achievement 2012/13	Planned Target 2013/14	Actual Achievement 2013/14	Deviation from Planned Target to Actual Achievement for 2013/14	Comment on Deviations
<p>4.2.1 Establish occupational levels in each sector complete with their respective proficiency/development standards.</p>	<p>i. A list of FP&M S E T A occupations qualifying as artisan trades was published in the Government Gazette on 31 August 2012.</p> <p>ii. Occupationally directed qualifications (learnerships and skills programmes) that fell within the FP&M SETA primary scope were re-registered with SAQA and the QCTO for a period of three years with a further two- year teach-out period.</p> <p>iii. Discretionary Grant Funding Strategy (funding windows) aligned to meet this strategic objective.</p>	<p>(a) The following programmes, which meet QCTO requirements and support key action programmes of industrial strategies are put in place for each FP&M sub-sector:</p> <ul style="list-style-type: none"> • i. An intermediary programme to cater for employees with less than a Grade 12 qualification. • ii. A standard programme for matric and equivalent learnership. <p>iii. An artisanal level programme.</p>	<p>i. FP&M SETA artisan trades are nationally recognized by NAMB and all occupationally-directed qualifications that fall within the primary scope of the FP&M SETA have been registered in 2012 with SAQA and the QCTO for a period of three years with a further two year teach out period.</p> <p>ii. Occupationally-directed qualifications development establishing occupational levels with minimum proficiency standards have being undertaken in 6 sub-sectors (Printing, Clothing, Textiles, Footwear, Leather, General Goods)</p> <p>iii. FP&M SETA submitted Development Quality Partner (DQP) applications for</p>	<p>Target achieved – no deviation.</p> <p>Occupationally directed learning programmes are registered with the QCTO and NAMB for implementation.</p>	<p>In addition to meeting the target, the following activities to review the registered programmes commenced:</p> <p>i. Completed scoping of Organising Framework for Occupations (OFO) version 2013 for Printing, Packaging and Forestry sub-sectors and submitted amendments to DHET for the printing sub-sector to by end March 2014.</p> <p>ii. In March 2014 the FP&M SETA Board approved discretionary grant funding to address QCTO qualifications development for the printing and packaging, clothing, furniture and forestry sub-sectors for various occupations aligned to the OFO.</p>

Strategic Objectives	Actual Achievement 2012/13	Planned Target 2013/14	Actual Achievement 2013/14	Deviation from Planned Target to Actual Achievement for 2013/14	Comment on Deviations
<p>4.2.2 Conduct comprehensive Recognition of Prior Learning (RPL) of employees with no minimum education entry qualifications.</p>	<p>i Draft RPL Policy and Operational Strategy in place –to be finalised in the new year.</p> <p>ii. 4 QCTO qualifications submitted for registration with DHET, which make provision for RPL assessments.</p> <p>iii. In November 2012 the FP&M SETA approved the RPL fixed funding window and special projects to address the strategic objective.</p>	<p>4.2.2 (a) Develop & Approve RPL strategy</p> <p>(b) RPL assessments that are electronic and easy to use at the workplace and which test education as well as occupational standards are rolled out.</p> <p>(c) Market & Promote RPL – national roll-out,</p> <p>(d) Establish RPL pilot projects with employers</p>	<p>i. RPL Policy & Operational Strategy approved by FP&M SETA Board in July 2013.</p> <p>ii. RPL assessments for trades and occupational qualifications are available electronically for use in workplaces.</p> <p>iii. Promotion and marketing of RPL Projects included in Discretionary Grant Marketing Brochure of July/August 2013</p> <p>iv. In October 2013 the FP&M SETA approved the RPL fixed funding window and special projects to address this strategic objective.</p>	<p>i. Target achieved – no deviation.</p> <p>ii. QCTO qualifications need to be developed for every sector-specific occupation making provision for RPL processes.</p> <p>iii. QCTO External Summative Assessments to be developed in electronic format for use in workplaces to support pilot RPL projects that test education as well as occupational standards.</p>	<p>i. Development of QCTO qualifications making provision for RPL methodologies and QCTO External Summative Assessment is critical to support RPL strategy for the sector in order to fast track the upskilling of the FP&M sector workforce through RPL methodologies.</p>

Key performance indicators, planned targets and actual achievements

Programme Name: 4.2 Increasing access to occupationally directed programmes

Sub-Programme: 4.2.1 Establish occupational levels in each sector complete with their respective proficiency/ development standards. 4.2.1 (b)(i) The following learning programmes, which meet QCTO requirements and support key action programmes of industrial strategies are put in place for each FP&M industry:

Performance Indicator	Actual Achievement 2012/13	Planned Target 2013/14	Actual Achievement 2013/14	Deviation from Planned Target to Actual Achievement for 2013/14	Comment on Deviations
Adult Education and Training (AET) programmes: Entered.	459 employed learners entered AET programmes	AET 200 learners entered AET programmes	200 learners entered AET programmes.	Target achieved – no deviation.	This indicator was largely addressed through projects conducted by private providers as workplaces focussed on the training of employed learners. AET sector projects in collaboration with the Department of Agriculture, Forestry and Fisheries (DAFF) boosted the performance for this indicator.
Adult Education and Training (AET) programmes: Completed		AET 100 learners completed AET programmes	100 learners completed AET programmes.	Target achieved – no deviation.	

Performance Indicator	Actual Achievement 2012/13	Planned Target 2013/14	Actual Achievement 2013/14	Deviation from Planned Target to Actual Achievement for 2013/14	Comment on Deviations
Section 13 (1) Apprenticeships: Workers entered.	79 employed learners entered Section 13 (1) Apprenticeship programmes.	200 employed learners entered Section 13 (1) Apprenticeship programmes.	55 employed learners entered Section 13 (1) Apprenticeship programmes.	-145	<p>Negative variance: 27,5% of target achieved. Slow uptake of apprenticeship grants approved by the FP&M SETA Board in October 2013 and March 2014 contributed to the negative variance.</p> <p>The FP&M SETA must implement a targeted and focused marketing strategy to promote apprenticeship training within the FP&M sector. This strategy must include partnerships with public TVET colleges and Strategic Infrastructural Programmes (SIPS) to support training for the generic engineering trades aligned to FP&M SETA sectoral needs.</p>
Section 13 (1) Apprenticeships: Workers completed.	122 employed apprentices on Section 13 (1) Apprenticeship programmes certificated.	100 employed apprentices certificated on completion of Section 13 (1) apprenticeship programmes.	100 employed apprentices on Section 13 (1) Apprenticeship programmes completed.	Target achieved – no deviation.	<p>Apprenticeship programmes range between two to three years in duration. In order to ensure successful throughput rates, greater uptake and more apprenticeship registrations for this training intervention would be required from FP&M SETA constituents.</p>

Performance Indicator	Actual Achievement 2012/13	Planned Target 2013/14	Actual Achievement 2013/14	Deviation from Planned Target to Actual Achievement for 2013/14	Comment on Deviations
Section 13 (1) Apprenticeships: Unemployed entered.	180 unemployed learners entered Section 13 (1) Apprenticeship programmes.	320 unemployed learners entered Section 13 (1) Apprenticeship programmes.	216 unemployed learners entered Section 13 (1) Apprenticeship programmes.	-104	<p>Negative variance. 67,5% of target achieved.</p> <p>The current economic crisis and retrenchments within the FP&M sector impacted negatively on discretionary grant uptake for companies approved by the Board for this training intervention in the 2013/14 financial year.</p> <p>The FP&M SETA must implement a targeted and focused marketing strategy to promote apprenticeship training within the FP&M sector. This strategy must include partnerships with public TVET colleges and SIPS to support training for the generic engineering trades aligned to FP&M SETA sectoral needs.</p>

Performance Indicator	Actual Achievement 2012/13	Planned Target 2013/14	Actual Achievement 2013/14	Deviation from Planned Target to Actual Achievement for 2013/14	Comment on Deviations
Section 13 (1) Apprenticeships: Unemployed completed.	64 unemployed learners on Section 13 (1) Apprenticeship programmes certificated.	160 unemployed learners certificated on completion of Section 13 (1) Apprenticeship programmes.	152 unemployed learners on Section 13 (1) Apprenticeship programmes completed.	-8	<p>Negative variance: 95% achievement recorded.</p> <p>Apprenticeship programmes range between two to three years in duration.</p> <p>An apprenticeship advocacy strategy must be implemented to increase apprenticeship registrations and throughput rates in the FP&M sector.</p>
Learnerships: Workers entered.	343 employed learners entered learnership programmes.	1000 employed learners entered learnership programmes.	<p>751 employed learners entered learnership programmes.</p> <p>Funded learners = 703</p> <p><u>Unfunded learners = 48</u></p> <p>Total = 751</p>	-249	<p>Negative variance: 75,1% of the target was achieved.</p> <p>The economic crisis, closure of companies and retrenchments in the FP&M sector resulted in decreased production demand and consequently slow / no uptake of learnership grants approved by the FP&M SETA Board in 2013/14, which contributed to the negative variance.</p>

Performance Indicator	Actual Achievement 2012/13	Planned Target 2013/14	Actual Achievement 2013/14	Deviation from Planned Target to Actual Achievement for 2013/14	Comment on Deviations
Learnerships: Workers certificated.	356 employed learners on learnership programmes certificated.	500 employed learners on learnership programmes certificated on completion of programmes.	581 employed learners on learnership programmes certificated on completion of programmes.	81	Positive variance: 116.2% achievement recorded against target. Some of these learnerships completions relate to learnerships that commenced in the previous year. These achievements have been added to current year achievements.
Learnerships: Unemployed entered.	1,235 unemployed learners entered learnership programmes.	1,500 unemployed learners entered learnership programmes.	2,200 unemployed learners entered learnership programmes.	700	Positive variance: 146,7% achievement recorded against target. The additional learnerships registrations relate to grants approved in the previous financial years.
Learnerships: Unemployed certificated.	711 unemployed learners on learnership programmes certificated.	750 unemployed learners on learnership programmes certificated on completion of programmes.	1,008 unemployed learners on learnership programmes certificated on completion of programmes.	258	Positive variance: 134,4% achievement recorded against target. Some of these learnerships completions relate to learnerships that commenced in the previous year. These achievements have been added to current year achievements.

Performance Indicator	Actual Achievement 2012/13	Planned Target 2013/14	Actual Achievement 2013/14	Deviation from Planned Target to Actual Achievement for 2013/14	Comment on Deviations
Skills Programmes (Management / Technical Skills / Entrepreneurship / Life Skills): Workers entered.	619 employed learners entered skills programmes.	1,600 employed learners entered skills programmes.	2,178 employed learners entered skills programmes. Funded learners = 2,015 <u>Unfunded learners = 163</u> Total = 2,178	578	Positive variance: 136,1% achievement recorded against target. In addition to grants allocated in terms of the fixed grant funding windows, the FP&M SETA Board also approved funding for special projects relating to skills programmes for workers employed in the industry. A number of training layoff scheme projects to cross-skill or multi-skill workers to improve their employment opportunities were also approved by the Board and implemented. This boosted the performance for skills programmes.

Performance Indicator	Actual Achievement 2012/13	Planned Target 2013/14	Actual Achievement 2013/14	Deviation from Planned Target to Actual Achievement for 2013/14	Comment on Deviations
Skills Programmes: (Management / Technical Skills / Entrepreneurship / Life Skills): Workers completed.	411 employed learners on skills programmes certificated.	800 employed learners on skills programmes certificated.	1,299 employed learners on skills programmes certificated. Funded learners = 1,136 <u>Unfunded learners = 163</u> Total = 1,299	499	Positive variance: 162,4% achievement recorded against target. In addition to grants allocated in terms of the fixed grant funding windows, the FP&M SETA Board also approved funding for special projects and training layoff scheme relating to skills programmes for workers employed in the industry. This boosted the throughput rates for skills programmes.
Skills Programmes: (Management / Technical Skills / Entrepreneurship / Life Skills): Unemployed entered.	326 unemployed learners entered skills programmes.	900 unemployed learners entered skills programmes.	807 unemployed learners entered skills programmes. Funded learners = 753 <u>Unfunded learners = 54</u> Total = 807	-93	Negative variance: 89,7% of target achieved. New projects relating to skills programmes for unemployed learners were only approved by the FP&M SETA Board in March 2014 and will be rolled out in the new financial year. A decreased allocation of grants to SMMEs and non-levy paying entities negatively impacted on this target.

Performance Indicator	Actual Achievement 2012/13	Planned Target 2013/14	Actual Achievement 2013/14	Deviation from Planned Target to Actual Achievement for 2013/14	Comment on Deviations
Skills Programmes: (Management / Technical Skills / Entrepreneurship / Life Skills): Unemployed completed.	134 unemployed learners on skills programmes certificated.	450 unemployed learners certificated on completion of skills programmes	699 unemployed learners certificated on completion of skills programmes	249	Positive variance: 155,3% of target achieved. This target was boosted by quicker and increased throughput rates by SMMEs and informal skills development providers (CBOs, NGOs, NLPEs).
Bursary Programmes: Workers entered.	22 employed learners entered bursary programmes.	90 employed learners entered bursary programmes at TVET / HET institutions.	117 employed learners entered bursary programmes.	27	Positive variance: 130% of target was achieved. Increased uptake by workplaces on bursary grants approved in 2013/14 by the FP&M SETA Board.

Performance Indicator	Actual Achievement 2012/13	Planned Target 2013/14	Actual Achievement 2013/14	Deviation from Planned Target to Actual Achievement for 2013/14	Comment on Deviations
Bursary Programmes: Workers completed.	NIL employed learners on bursary programmes certificated.	45 employed learners completed bursary programmes at TVET / HET institutions.	23 employed learners on bursary programmes certificated.	-22	<p>Negative variance: 51,1% of target achieved.</p> <p>The FP&M SETA has only been in existence for three (3) years. The duration of these bursary programmes range between two to four years.</p> <p>Constituent employers, who are beneficiaries of bursary grants must address quicker turnaround of these grants to improve throughput rates. Time-off work and study leave for full time employees would assist in improving completion rates.</p>
Bursary Programmes: Unemployed entered.	199 unemployed learners entered bursary programmes.	220 unemployed learners entered bursary programmes at TVET / HET institutions.	442 unemployed learners entered bursary programmes.	222	<p>Positive variance: 200,9% of target achieved.</p> <p>The FP&M SETA Board approved a partnership with the National Student Financial Aid Scheme (NSFAS) in 2013/14, which significantly boosted the performance on against this target.</p>

Performance Indicator	Actual Achievement 2012/13	Planned Target 2013/14	Actual Achievement 2013/14	Deviation from Planned Target to Actual Achievement for 2013/14	Comment on Deviations
Bursary Programmes: Unemployed completed.	8 unemployed learners on bursary programmes certificated.	110 unemployed learners completed bursary programmes at TVET / HET institutions.	120 unemployed learners completed bursary programmes.	10	Positive variance: 109,1% of target achieved. The partnership with NSFAS supported the meeting of this strategic objective.
Post- Graduate Bursary Programmes: Workers / Unemployed entered.	5 workers entered post-graduate programmes.	10 employed / unemployed learners enter post-graduate bursary programmes	10 unemployed learners entered post-graduate programmes.	Target achieved – no deviation.	A high level skills strategy in collaboration with higher education institutions must be developed.
Post-Graduate Bursary Programmes: Workers / Unemployed completed.	NIL	5 employed / unemployed learners complete post-graduate bursary programmes	5 unemployed learners completed post-graduate bursary programmes	Target achieved – no deviation.	A high level skills` strategy in collaboration with higher education institutions must be developed.
Workplace Experience / Internships: Entered	27 unemployed learners placed in work experience programmes.	333 unemployed learners entered structured work integrated learning (WIL) programmes	343 unemployed learners entered structured WIL programmes.	10	Positive variance: 103% of target achieved. Increased uptake of work experience grants by FP&M workplaces, governments, municipalities and TVET colleges contributed to the positive variance of this target.

Performance Indicator	Actual Achievement 2012/13	Planned Target 2013/14	Actual Achievement 2013/14	Deviation from Planned Target to Actual Achievement for 2013/14	Comment on Deviations
Workplace Experience / Internships: Completed	Not applicable	166 unemployed learners complete structured WIL programmes	20 unemployed learners complete structured WIL programmes	-146	<p>Negative variance. 12% of the target achieved.</p> <p>To further improve on this target, the FP&M SETA must foster closer collaboration between workplaces and learning institutions through a goal-oriented Work-Integrated-Learning Strategy. Placement of TVET/HET graduates at FP&M SETA workplaces is integral to this strategy to ensure a knowledgeable and skilled workforce for the sector.</p>
Internships: WIL (Universities / UOTs / TVET graduate placement): Entered.	43 unemployed learners entered internship programmes.	150 unemployed learners entered work integrated internship programmes post completion of qualification	220 unemployed learners entered work integrated internship programmes post completion of qualification	70	<p>Positive variance: 146,7% achievement recorded.</p> <p>Focussed engagement with FP&M workplaces, government institutions, municipalities and TVET/HET institutions resulted in an overachievement against this target.</p> <p>Work-Integrated-Learning and work placement for HET/ TVET graduates is a prioritised training intervention within FP&M sub-sectors, e.g. Print Media.</p>
Sub-programme: 4.2.2 Conduct comprehensive Recognition of Prior Learning (RPL) of employees with no minimum education entry qualifications					

Performance Indicator	Actual Achievement 2012/13	Planned Target 2013/14	Actual Achievement 2013/14	Deviation from Planned Target to Actual Achievement for 2013/14	Comment on Deviations
RPL skills programmes.	18 workers entered and completed RPL skills programmes.	250 employed learners entered on skills programmes and assessed through RPL methodology.	80 employed learners entered on skills programmes and assessed through RPL methodology.	-170	<p>Negative variance: 32% of target achieved.</p> <p>Although the FP&M SETA opened a dedicated skills programme (RPL) funding window with an approved budget, there was low uptake by organizations within the FP&M sector. Only 3 RPL special projects were implemented.</p> <p>The FP&M SETA Board further approved 288 skills programme grants for employed learners in the 2013/14 financial year to improve the performance of this target.</p>

Performance Indicator	Actual Achievement 2012/13	Planned Target 2013/14	Actual Achievement 2013/14	Deviation from Planned Target to Actual Achievement for 2013/14	Comment on Deviations
4.2.1 RPL Apprenticeship programmes (Section 28).	NIL	50 employed learners registered for Apprenticeship Trade Test.	58 workers entered Section 28 apprenticeship programmes.	8	<p>Positive variance: 116% of target achieved.</p> <p>Much improved interest by FP&M workplaces to qualify employees through Section 28 apprenticeship routes led to sufficient uptake of available grants.</p> <p>Further collaboration between workplaces, labour unions and the SETA will be required to improve on this target.</p> <p>The Board approved a fixed funding window for Apprenticeship RPL projects in October 2013 to further address this target.</p>
4.2.1 RPL Apprenticeship programmes (Section 28).	28 workers completed Section 28 apprenticeship programmes.	25 workers certificated on completion of apprenticeship trade test (RPL route) .	25 workers certificated on completion of apprenticeship trade test (RPL route)	Target achieved – no deviation.	<p>Limited interest by FP&M workplaces to qualify employees through Section 28 apprenticeship routes led to insufficient uptake of available grants.</p> <p>Further collaboration between workplaces, labour unions and the SETA will be required to address this target.</p> <p>The Board approved special projects in November 2012 to further address this target.</p>

3. Programme 3: Promoting the growth of a responsive public TVET college system

NSDS III emphasises partnerships between DHET, SETAs, employers, private providers and public TVET colleges to create increased capacity to meet industry needs throughout the country. The National Certificate Vocational (NCV) and N-courses are recognised by employers as important base qualifications through which young people are obtaining additional vocational skills and work experience, entering the labour market with marketable skills, and obtaining employment.

The FP&M SETA is in the process of identifying TVET colleges with relevant programmes and will put in place partnerships to offer vocational courses and work experience for TVET college learners. A TVET research study will be conducted in the new financial year to inform the SETA's TVET strategy going forward.

Strategic objectives, performance indicators, planned targets and actual achievements

Programme Name: 4.3 Promoting the growth of a responsive public TVET college system

Strategic Objectives	Actual Achievement 2012/13	Planned Target 2013/14	Actual Achievement 2013/14	Deviation from Planned Target to Actual Achievement for 2013/14	Comment on Deviations
<p>4.3.1 Draw up a geographic profile of each sector in the FP&M SETA and link this to the TVET college representation.</p>	<p>i .TVET research survey questionnaire and terms of reference for TVET research finalised.</p> <p>ii. TVET research survey and budget to be approved by FP&M SETA Executive Committee (EXCO)</p>	<p>4.3.1 (b) Information on the enrolment capacity of each TVET colleges together with its programme offering is compiled and verified.</p>	<p>i. TVET research survey questionnaire was forwarded to all TVET colleges and the research exercise was conducted internally.</p> <p>ii. 7 TVET colleges responded to the questionnaire – 14% of total population of TVET Colleges.</p> <p>iii. TVET research report and findings on geographical mapping exercise to determine the profile of TVET colleges and their capacity to deliver on FP&M sector learning programmes was presented to Quality Assurance Committee in March 2014.</p>	<p>Target achieved – no deviation.</p>	<p>Internal Research Unit to be capacitated to undertake further TVET research given the low participation of TVET Colleges in the initial research exercise.</p>

Strategic Objectives	Actual Achievement 2012/13	Planned Target 2013/14	Actual Achievement 2013/14	Deviation from Planned Target to Actual Achievement for 2013/14	Comment on Deviations
<p>4.3.2 Establish geographic representation in geographic areas where sector is economic and establish relations with the TVET colleges.</p>	<p>Discretionary grant budget aligned to TVET targets approved.</p> <p>Four generic and three sector – specific Memoranda of Understanding (MOUs) signed with public TVET colleges to address linkages and partnerships with TVET colleges.</p> <p>Bursary agreements between FP&M SETA, workplaces and TVET institutions are available.</p> <p>TVET Collaboration Framework Model finalised and approved.</p> <p>Draft ISOE Strategy to be approved in new financial year.</p> <p>i. SETA-driven workplace agreements between TVET colleges /HEIs and employers.</p> <p>ii. TVET/HEI – employer / lecturer exchange programmes.</p> <p>iii. Work Experience / Internships: The</p>	<p>3.2 (a) Strong working relationships with TVET colleges deemed relevant to FP&M sectors need to be established and assistance with the design of programmes that suit the needs of the SETA provided to these TVET colleges.</p> <p>-Finalize TVET/HEI Strategy:</p> <p>i. SETA-driven workplace agreements between TVET colleges / HEIs and employers</p> <p>ii. TVET/HEI – employer/ lecturer exchange programmes</p> <p>iii. Work Experience / Internships</p> <p>iv. Re-tooling & re-skilling of unemployed TVET/HEI graduates</p>	<p>Discretionary grant budget aligned to TVET targets approved.</p> <p>Four generic and three sector – specific Memoranda of Understanding (MOUs) signed with public TVET colleges to address linkages and partnerships with TVET colleges.</p> <p>Bursary agreements between FP&M SETA, workplaces and TVET institutions were concluded.</p> <p>TVET Collaboration Framework Model/ Strategy implemented.</p> <p>ISOE/Centre of Excellence Strategy approved by Board in March 2014</p> <p>i. SETA-driven workplace agreements for work experience and internships concluded between SETA/ TVET colleges/ HEIs and employers.</p> <p>ii. TVET colleges/ HEI – employer/ lecturer exchange</p>	<p>Target achieved – no deviation.</p>	<p>ISOE/Centre of Excellence strategy to be implemented in the new financial year. Accredited Centres of Excellence to be certificated.</p>

Strategic Objectives	Actual Achievement 2012/13	Planned Target 2013/14	Actual Achievement 2013/14	Deviation from Planned Target to Actual Achievement for 2013/14	Comment on Deviations
<p>4.3.3 Work with TVET colleges in all geographic areas to promote the selection of TVET qualifications amongst schools in the respective geographic areas.</p>	<p>The DHET appointed the FP&M SETA as the lead SETA in the Western Cape to open SETA offices in TVET colleges in rural areas. The FP&M SETA Board has approved an internal project of R550,000 to implement the lead SETA TVET model with West Coast Public TVET College, Boland Public TVET College, South Cape Public TVET College, Northlink College, College Of Cape Town, False Bay Public TVET College.</p> <p>ii. FP&M SETA has been clustered with other SETAs. Expansion of national SETA presence in rural areas & townships through TVET colleges through support of lead SETA TVET model.</p> <p>- Marketing and Promotion of FP&M programmes delivered via TVET colleges.</p> <p>Collaboration agreements and projects developed</p>	<p>Expansion of national SETA presence in rural areas & townships through TVET colleges through support of lead SETA TVET model</p>	<p>The DHET appointed the FP&M SETA as the lead SETA in the Western Cape to open SETA offices in TVET colleges in townships and rural areas. This collaboration project was launched on 12 September 2013 to promote TVET colleges as learning institutions and to facilitate work placement opportunities for TVET college graduates. The FP&M SETA Board has approved a further internal project of R 1 200,000 to implement the lead SETA TVET model with South Cape Public TVET College, College Of Cape Town and False Bay Public TVET College.</p> <p>ii. FP&M SETA has been clustered with other SETAs. Expansion of national SETA presence in rural areas & townships through FETs through support of lead SETA TVET model.</p>	<p>Target achieved – no deviation.</p>	<p>Target achieved – no deviation.</p> <p>FP&M Lead SETA / TVET project to be further extended in the new financial year.</p>

Key performance indicators, planned targets and actual achievements

Programme: 4.3 Promoting the growth of a responsive public TVET college system

Sub-programme: 4.3.2 Establish geographic representation in geographic areas where sector is economic and establish relations with the TVET colleges

Performance Indicator	Actual Achievement 2011/12	Planned Target 2012/13	Actual Achievement 2012/13	Deviation from Planned Target to Actual Achievement for 2012/13	Comment on Deviations
<p>TVET colleges accredited and/ or supported through project collaboration.</p>	<p>11 Public TVET colleges supported</p> <p>Generic Collaboration TVET MOUs</p> <ul style="list-style-type: none"> • Elangeni TVET College • Thekwini TVET College • Ungungundlovu TVET College • Ekurhuleni East TVET College. <p>Lead SETA TVET Partnership</p> <ul style="list-style-type: none"> • Boland TVET College • South Cape TVET College • False Bay TVET College • College of Cape Town. <p>Project Specific MOAs</p> <ul style="list-style-type: none"> • Western FET College (WESTCOL) – Textile Artisan Programme • Umfolozi FET College –Pulp & Paper N-Course & NCV <p>Accreditation Support</p> <p>Waterberg FET College - Extension of Scope.</p>	<p>10 Public TVET colleges supported.</p>	<p>11 Public TVET colleges supported</p> <p>Collaboration TVET MOUs</p> <ul style="list-style-type: none"> • Elangeni TVET College –WIL / QCTO Qualifications Development • Thekwini TVET College – QCTO Qualifications Development & WIL • Ekurhuleni East TVET College. <p>Lead SETA TVET Partnership</p> <ul style="list-style-type: none"> • South Cape TVET College – SLO appointed • False Bay TVET College- SLO appointed • College of Cape Town – SLO appointed & WIL implemented. <p>Project Specific MOAs</p> <ul style="list-style-type: none"> • Western TVET College (WESTCOL) – Textile Artisan Programme • Umfolozi TVET College –Pulp & Paper N-Course & NCV • Umgungundlovu FET College – Furniture Making Learnerships 	<p>1</p>	<p>Positive variance: 110% achievement of target.</p> <p>Marketing and roll-out of collaboration and partnerships projects resulted in an over-achievement against this objective.</p> <p>The Research Unit must conduct an expanded geographical mapping exercise to determine the profile of TVET colleges and their capacity to deliver on FP&M sector occupationally directed programmes.</p>

4. Programme 4: Addressing the low level of youth and adult language and numeracy skills to enable additional training

Many South African learners are poorly prepared to undertake further learning when they leave school and cannot access post-school education and training opportunities. A large number of youth and adults are “not in employment, education or training” (NEET).

This programme is focused on assisting unemployed adults and youth (including primary and secondary school learners) to have access to education and training opportunities that will enable them to acquire a minimum qualification at level 4 of the NQF.

Included are foundational learning programmes and AET programmes, as well as teacher training initiatives to enhance the quality of education provided at school level.

Strategic objectives, performance indicators, planned targets and actual achievements

<p>Programme Name: 4.4 Addressing the low level of youth and adult language and numeracy skills to enable additional training</p>
--

Strategic Objectives	Actual Achievement 2012/13	Planned Target 2013/14	Actual Achievement 2013/14	Deviation from Planned Target to Actual Achievement for 2013/14	Comment on Deviations
<p>4.4.1 .An analysis of the scale of young and adult low language and numeracy levels conducted and an action plan developed.</p>	<p>i. Informed by:</p> <ul style="list-style-type: none"> - DHET NEET statistical reports on young and adult low language numeracy levels - Quarterly Labour Force Surveys from Stats SA - Newspaper Reports on youth unemployment. <p>ii. Discretionary grant budget approved to meet this strategic objective.</p>	<p>1 (a) A detailed report on the scale of young and adult low language and numeracy levels compiled.</p>	<p>i. Informed by:</p> <ul style="list-style-type: none"> -Discretionary Grant Application statistical reports on young and adult low language numeracy levels - Quarterly Labour Force Surveys from Stats SA - Newspaper Reports on youth unemployment. <p>ii. In October 2013 & March 2014, the FP&M SETA Board approved AET Discretionary grants to meet this strategic objective.</p> <p>ii. Detailed report and recommendations on AET in certain sub-sectors included in FP&M SETA Sector Skills Plan 2011-2016</p>	<p>Target achieved – no deviation.</p>	<p>Internal Research Unit to be capacitated to undertake a broader research survey on the scale of adult literacy and numeracy levels for more sub-sectors aligned to this strategic objective.</p>

Strategic Objectives	Actual Achievement 2012/13	Planned Target 2013/14	Actual Achievement 2013/14	Deviation from Planned Target to Actual Achievement for 2013/14	Comment on Deviations
	<p>i. Career guidance and vocational information on FP&M careers and occupations available.</p> <p>ii. Career guidance booklet developed and available on website.</p> <p>lii .Foundational Learning programmes and adult education and training workplace and entrepreneurship programmes promoted in the FP&M sector.</p> <p>iv. Discretionary Grant funding strategy addressed target and budget for this strategic intervention.</p>	<p>1 (b) An Action Plan linked to a budget for addressing the low levels of language and numeracy levels compiled.</p>	<p>i. Career guidance and vocational information/ brochure on FP&M careers and occupations available.</p> <p>ii. Career guidance booklet developed and available on website.</p> <p>lii. Special projects addressing implementation of AET / Foundational Learning programmes and adult education and training workplace and entrepreneurship programmes (General Education and Training Certificate: Clothing Manufacturing Processes & Bridging Module programmes) were approved and implemented by the FP&M SETA Board in the FP&M sector.</p> <p>iv. Discretionary Grant funding strategy addressed target and budget for this strategic intervention.</p> <p>vi. Foundational Learning Certificate (FLC) is a compulsory requirement for access to most</p>	<p>Target achieved – no deviation.</p>	

Strategic Objectives	Actual Achievement 2012/13	Planned Target 2013/14	Actual Achievement 2013/14	Deviation from Planned Target to Actual Achievement for 2013/14	Comment on Deviations
4.4.2 Working partners identified and collaborative partnerships forged.	<p>Partnership agreements were facilitated through the approval of special pilot projects to address numeracy and literacy skills amongst the youth and adults. These projects were approved in November 2012:</p> <p>i. Partnership project with Mangaung Municipality (Youth Unit) -20 learners: R500,000.</p> <p>ii. Singisi Forrests - To educate primary school children with regards to protecting and conserving our natural indigenous forests – R22,230.</p> <p>iii. Nkungumathe Youth Development Forum (NPO) - Providing for a post-matric bridging certificate to allow learners to boost their academic performances in the sciences, language and</p>	2 (a) Partnerships agreements put in place.	<p>Partnership agreements were facilitated through the approval of AET fixed funding window applications for workplaces and special pilot projects to address numeracy and literacy skills amongst the youth and adults. These projects were approved in October 2013 and March 2014:</p> <p>i. AET fixed funding window: Approximately R3,132, 000 to benefit 1,044 learners</p> <p>ii. Partnership project with Department of Agriculture Forestry and Fisheries - 200 learners: R1,500,000.</p> <p>iii. Bidvest Paperplus (Pty) Ltd-National Senior Certificate for Adults (NaSCA) and Advancement from AET for 70 learners – R350,000.</p> <p>iv. Numeracy Academy: Gauteng/ Western Cape for 150 learners: R450,000.</p> <p>v. Educare: Support</p>	Target achieved - no deviation.	

Key performance indicators, planned targets and actual achievements

Programme Name: 4.4 Addressing the low level of youth and adult language and numeracy skills to enable additional training

Sub-programme: 4.4.2 Working partners identified and collaborative partnerships forged

Performance Indicator	Actual Achievement 2012/13	Planned Target 2013/14	Actual Achievement 2013/14	Deviation from Planned Target to Actual Achievement for 2013/14	Comment on Deviations
1 (b) An action plan linked to a budget for addressing the low levels of language and numeracy levels compiled.	320 unemployed learners entered AET programmes.	800 unemployed learners entered AET programmes.	856 unemployed learners entered AET programmes.	56	<p>Positive Variance: 107% of target achieved.</p> <p>AET sector projects in collaboration with the Department of Agriculture, Forestry and Fisheries (DAFF) boosted the performance for this indicator.</p> <p>The FP&M SETA Board also approved a number of special projects for NQF level 1 (clothing manufacturing) occupationally directed AET programmes.</p>
	140 unemployed learners completed AET programmes	400 unemployed learners completed AET programmes.	270 unemployed learners completed AET programmes.	-130	<p>Negative variance – 67,5% of the target achieved.</p> <p>In future, the SETA must investigate partnerships with Public Adult Learning Centres to address this target.</p>

5. Programme 5: Encouraging better use of workplace-based skills development

The FP&M SSP identified a number of key areas of critical skills demand in the FP&M sector, all of which affect the efficacy and developmental competitiveness of the sector. These include leadership and management skills. There is a clearly expressed need for enhancing leadership - not only in terms of supply, but also in terms of continuity of leadership. Therefore, the FP&M sector should focus their workplace-based skills development more strategically and should address the re-skilling and updating of capacity in key areas where critical skills needs were identified. In addition, workplaces must develop 'new' skills (relating to new processes and technology) to increase their competitiveness and remain sustainable.

Strategic objectives, performance indicators, planned targets and actual achievements

Programme Name: 4.5 Encouraging better use of workplace-based skills development
--

Strategic Objectives	Actual Achievement 2012/13	Planned Target 2013/14	Actual Achievement 2013/14	Deviation from Planned Target to Actual Achievement for 2013/14	Comment on Deviations
<p>4.5.1 Plan for optimum usage of workplaces formulated in collaboration with stakeholders.</p>	<p>i. The FP&M SETA have put systems in place to cater for comparative reporting and accurate capturing of employment statistics in the next financial year.</p> <p>ii. WSP/ATR statistical analysis on submissions per region and sector submitted to FP&M SETA Board.</p> <p>ii. Sector Skills Advisor Model developed to support this strategic objective.</p> <p>iv. Approved discretionary grant budget to broaden WSP/ATR Strategy.</p> <p>v. Regional workshops held to promote mandatory grant submissions. This was complimented by company consultation visits.</p>	<p>4.5.1 (b) Increased rates of WSP and ATR submission and disbursement of mandatory grants.</p> <p>TARGETS</p> <p>40% small firms.</p> <p>60% medium firms.</p> <p>80% large firms.</p>	<p>i. Mandatory and Discretionary Grant Policies reviewed and updated to address this strategic objective.</p> <p>ii. The FP&M SETA has implemented a functional Management Information System and a specific mandatory grant module to cater for comparative reporting and accurate capturing of employer biographical information, employment statistics and profiling per sub-sector and per company size in the new financial year.</p> <p>ii. WSP/ATR statistical analysis on submissions per region and sector submitted to FP&M SETA Board.</p> <p>ii. Sector Skills Advisor Model aligned to mandatory grant administration budget implemented to support this strategic objective by broadening employer participation.</p> <p>iv. Regional workshops held to promote mandatory grant submissions. This was</p>	<p>Target achieved – no deviation.</p>	<p>In addition, the FP&M SETA will develop and implement WSP/ATR & PIVOTAL Report Management strategy and a functional electronic MIS module, to ensure mandatory grant targets are met and broadened within the FP&M sector in the new financial year</p>

Strategic Objectives	Actual Achievement 2012/13	Planned Target 2013/14	Actual Achievement 2013/14	Deviation from Planned Target to Actual Achievement for 2013/14	Comment on Deviations
4.5.2 Career Management promoted at workplaces.	<p>i. WSP/ATR analysis report on vertical and horizontal skills requirements per sub-sector completed in June/July 2012.</p> <p>ii. QCTO qualification submissions make provision for national occupational pathing framework (NOPF) aligned to workplace requirements.</p> <p>iii. Career paths are mapped to qualifications and communicated effectively through the FP&M SETA career guidance booklet contributed to improved relevance of training and greater mobility and progression.</p> <p>iv. Discretionary Grant MOAs, Learnership, Apprenticeship & Skills Programme Agreements make provision for career orientation and discussion of learning pathways with</p>	4.5.2 (a) Career Management Implementation Agreements put in place.	<p>i. WSP/ATR analysis report on vertical and horizontal skills requirements per sub-sector completed in June/July 2013.</p> <p>ii. QCTO qualification submissions make provision for national occupational pathing framework (NOPF) aligned to workplace requirements.</p> <p>iii. Career paths are mapped to qualifications and communicated effectively through the FP&M SETA career guidance booklet, which contribute to improved relevance of training and greater mobility and progression.</p> <p>iv. Discretionary Grant MOAs, Learnership, Apprenticeship & Skills Programme Agreements make provision for career orientation and discussion of learning pathways with learners.</p> <p>iv. Discretionary grant funding for skills programmes (management, supervisory, team leader and technical programmes) target the implementation of</p>	Met target	The FP&M SETA Board approved a R4,000,000 tender in 2013 to improve ETDP capacity within the FP&M sector. ETDP SETA accredited skills development providers were procured to train 150 assessors, 120 moderators and 90 coaches & mentors for FP&M SETA constituent organizations nationally.

Key performance indicators, planned targets and actual achievements

Programme Name: 4.5 Encouraging better use of workplace-based skills development
Sub-programme: 4.5.1 Plan for optimum usage of workplaces formulated in collaboration with stakeholders

Performance Indicator	Actual Achievement 2012/13	Planned Target 2013/14	Actual Achievement 2013/14	Deviation from Planned Target to Actual Achievement for 2013/14	Comment on Deviations
4.5.1 (b) Increased rates of WSP and ATR submission and disbursement of mandatory grants.	340 small companies. 371 medium companies. 330 large companies	40% of small companies. 60% of medium companies. 80% of large companies.	526 small companies. 428 medium companies. 333 large companies. Total number of submissions: 1,287	Target not achieved.	Due to insufficient baseline data and the unreliability of SARS data relating to the number of employees per levy paying firm, the FP&M SETA was unable to establish the breakdown of levy paying entities per size category and therefore we were unable to make a performance determination. The FP&M SETA has put systems in place to cater for comparative reporting and accurate capturing of levy paying entities and employment statistics in the next financial year. Research plans are also in place to conduct a detailed baseline study for the FP&M sector.

6. Programme 6: Encouraging and supporting cooperative, small enterprises, worker initiated, NGO and community training initiatives

The FP&M SSP identified a number of key areas of critical skills demand for cooperatives, small enterprises, worker-initiated, NGO and community training initiatives, all of which affect the efficacy and sustainability of these enterprises.

This programme aims to provide support to cooperatives, NGOs, community based organisations (CBOs) and small enterprises (SMMEs) through the funding of skills development and training projects to expand the business and technical skills capacity of these organisations and to contribute to sector economic and employment growth by creating opportunities for the creation of new ventures.

Strategic objectives, performance indicators, planned targets and actual achievements

Programme Name: 4.6 Encouraging and supporting cooperative, small enterprises, worker initiated, NGO and community training initiatives

Strategic Objectives	Actual Achievement 2011/12	Planned Target 2012/13	Actual Achievement 2012/13	Deviation from Planned Target to Actual Achievement for 2012/13	Comment on Deviations
<p>4.6.1 A plan put in place for identifying and supporting cooperatives, small enterprises, worker initiated, NGOs and community initiatives within the FP&M sector.</p>	<p>i. 10% of Discretionary Grant budget allocated to rural development.</p> <p>ii. Collaborative clustering model of SMMEs finalised.</p> <p>iii. Discretionary Grant funding window addresses training and skills development capacity in co-operatives, small businesses, NGOs, community and worker education initiatives contributing to effective training of youth and adults.</p> <p>iv. In November 2012 the FP&M SETA Board approved special project funding for six small businesses (SMMEs), seven community based organisations (CBOs), nine co-operatives and five non-governmental organisations (NGOs)</p>	<p>4.6.1 (a) Cooperative , small enterprise, worker initiated NGO and community training initiatives eligible for funding are identified and provided with the necessary support.</p> <p>i. 8% of DG budget (20%) allocated to disability development promoting technical skills and new venture creations.</p> <p>ii. Rural development strategy to be reviewed for closer alignment with Government and sector priorities.</p> <p>iii. 20 of DG budget (20%) allocated to rural development and poverty</p>	<p>i. 20% of Discretionary Grant budget allocated to rural development / poverty alleviation programmes & 8% of the budget to address the disability mandate of the FP&M sector – Special Projects Non-Pivotal Budget.</p> <p>ii. Collaborative clustering model of SMMEs finalised.</p> <p>iii. Discretionary Grant funding windows addresses training and skills development capacity in co-operatives, small businesses, NGOs, community and worker education initiatives contributing to effective training of the disabled, youth and adults.</p> <p>iv. In October 2013 and March 2014 the FP&M SETA Board approved special project funding for 34 small businesses (SMMEs), 5 community-based organisations (CBOs), 20 co-operatives and 14 non-governmental organisations (NGOs) and 23 non-levy paying entities (NLPEs).</p>	<p>Target achieved – no deviation.</p>	<p>Target achieved – no deviation.</p>

Key performance indicators, planned targets and actual achievements

Programme Name: 4.6 Encouraging and supporting cooperative, small enterprises, worker initiated, NGO and community training initiatives

Sub-programme: 4.6.1 A plan put in place for identifying and supporting cooperatives, small enterprises, worker initiated, NGOs and community initiatives within the FP&M sector

Performance Indicator	Actual Achievement 2012/13	Planned Target 2013/14	Actual Achievement 2013/14	Deviation from Planned Target to Actual Achievement for 2013/14	Comment on Deviations
4.6.1 (a) Cooperatives, small enterprises, worker initiated, NGO and community training initiatives eligible for funding are identified and provided with the necessary support.	87 organisations supported of which: 27 were co-operatives	20 co-operatives / worker organizations	20 co-operatives	Target achieved – no variance.	The organisations were assisted through the allocation of Discretionary Fund allocations for the implementation of special projects. An overwhelming number of applications were received and the SETA allocated project funding to those projects that were aligned to its strategic objectives. A Department of Trade and Industry (DTI) partnership to work with DTI registered co-operatives must be implemented in the new financial year.
	31 were small businesses	20 small enterprises,	34 small businesses (SMMEs)	14	Positive variance. 170% achievement recorded.
	29 were CBOs / NGOs	11 NGOs, CBOs and NLPEs	42 NGOs, CBOs and NLPEs	31	Positive variance. 381,8% achievement recorded.

7. Programme 8: Building career and vocational guidance

For FP&M sector learners to succeed they need to be guided prior to enrolment on both best match of their interest and their abilities to occupational requirements, as well as best prospects for employment and decent remuneration. Information gathered and support services generated need to be synchronised centrally and made available nationally. To this end, the FP&M SETA has participated in identified career exhibitions across the provinces and has made information available on career opportunities in the FP&M sector.

Strategic objectives, performance indicators, planned targets and actual achievements

Programme Name: 4.8 Building career and vocational guidance

Strategic Objectives	Actual Achievement 2012/13	Planned Target 2013/14	Actual Achievement 2013/14	Deviation from Planned Target to Actual Achievement for 2013/14	Comment on Deviations
<p>4.8.1 A career management and vocational guidance strategy is developed.</p>	<p>Discretionary Grant funding strategy aligned to meet this strategic objective.</p> <p>Special projects were approved by the Board in November 2012 to support this strategic objective in collaboration with stakeholders</p> <p>The following special projects were approved by the Board in November 2012 to support this strategic objective:</p> <p>i. FP&M SETA: Chairman's Bursary - career guidance initiative targeting one rural school per year to raise awareness of career opportunities in the FP&M sector and to establish linkages between the learners and the industry / employers: R500,000.</p>	<p>4.8.1 (a) Increased interest in FP&M SETA training programmes shown by young people through an increased demand for support by constituent stakeholders.</p>	<p>Discretionary Grant funding strategy aligned to meet this strategic objective.</p> <p>Dedicated fixed funding windows for Work Experience and Internships opened to support FP&M sector workplaces as organizations of choice:</p> <p>Work Experience: Approximately 81 FP&M SETA constituent organizations</p> <p>Internships: Approximately 43 FP&M SETA constituent organizations.</p> <p>Special projects were approved by the Board in October 2013 and March 2014 to support this strategic objective in collaboration with stakeholders:</p> <p>i. SAGDA: Career Management and placement of 350 unemployed graduates in FP&M sector constituent</p>	<p>Target achieved – no deviation.</p>	<p>Target achieved – no deviation.</p> <p>In order to further broaden its vocational guidance strategy, the SETA Board approved a R 2,000,000 project that would realize the following outputs:</p> <p>i. A customized FP&M SETA career centre in partnership with Central Johannesburg public TVET college.</p> <p>ii. A web-based FP&M SETA Ketha Career Portal that would make provision for assessment of skills and competencies of learners aligned to profiles of FP&M SETA occupations.</p>

Key performance indicators, planned targets and actual achievements

Programme Name: 4.8 Building career and vocational guidance

Sub-programme: 4.8.2 Life Orientation educators of schools target for the pipeline project and SDFs trained.
--

Performance Indicator	Actual Achievement 2012/13	Planned Target 2013/14	Actual Achievement 2013/14	Deviation from Planned Target to Actual Achievement for 2013/14	Comment on Deviations
<p>Career information made available to secondary schools during identified career exhibitions.</p>	<p>Learners in 79 secondary schools reached through participation in the following seven career exhibitions:</p> <ul style="list-style-type: none"> • Mandeville Career Expo for Disabled Learners, Johannesburg, Gauteng • Career Expo - Merebank, Durban KZN • DHET Career Exhibition - Taung, North West • DHET Career Expo - Mitchells Plain Western Cape • Tswane University Expo - Mamelodi Campus, Pretoria, Gauteng • DHET / Deputy President Career Day, Ndwedwe, KZN • Limpopo University Career Expo, Polokwane, Limpopo. 	<p>Career information made available to 1 secondary school.</p> <p>FP&M SETA to participate in 2 identified career exhibitions</p>	<p>Learners in 179 schools reached through participation in the following 12 career exhibitions:</p> <ul style="list-style-type: none"> • Government Career Exhibition Emalahleni, 5 April 2013 • DHET Career Exhibition at Mbizana United Methodist Church, 31 May 2013 • Soshanguve Career Exhibition (Giant Stadium) 9 June 2013 • MEC for Education Youth Expo at Ratanda, 15 June 2013 • Mandela Day Celebrations and Career Exhibition at Maluti TVET College in Phuthaditjaba, 18 - 20 July 2013 • False Bay TVET Career Expo at Mitchell's Plain, 26 & 27 July 2013 • KZN Public Services Career Exhibition in Ladysmith, 30 July to 1 August 2013 • DoL Jobs Fair for People with 	<p>178 secondary schools and 10 career exhibitions / events.</p>	<p>Positive variance.</p> <p>The FP&M SETA prioritized rural interventions by DHET to address this strategic objective.</p> <p>The SETA was inundated with requests from communities, private organisations and government departments to participate in career information events.</p>

Note: Detailed financial information relating to the above performance report is included in Note 26 of the Annual Financial Statements (AFS), on page XX of this report.

5. Revenue collection

Sources of revenue	2013/2014			2012/2013		
	Estimate	Actual Amount Collected	(Over) / Under Collection	Estimate	Actual Amount Collected	(Over) / Under Collection
	R'000	R'000	R'000	R'000	R'000	R'000
SDL levies	R324,143	R274,903	R49,240	R312,708	R263,471	R49,237
Penalties and Interest	R3,049	R4,108	R(1,059)	R2,876	R2,348	R528
Investments	R17,000	R27,055	R(10,055)	R16,798	R21,295	R(4,497)
Donor Funding (TLS)	-	R9,409	R(9,409)	R4,717	R6,441	R(1,724)
Other Revenue	-	R614	R(614)	-	R171	R(171)
Total	R344,192	R316,089	R28,103	R337,099	R293,726	R43,373

During the current financial year the FP&M SETA received R274,903,000 in skills development levy (SDL) income. Revenue was anticipated to be much higher during the year. The lower income resulted from the misallocation of SDL paying companies during the SETA amalgamation process. During the amalgamation of the SETA some SDL income was not transferred to SETA 04 (FP&M SETA) as the companies contributing the SDL were considered as 'unclassified' by the DHET and as a result were lodged in 'SETA 99'. This has been reported to the DHET and SARS on numerous occasions. However, these companies remain unclassified and have not yet been transferred to the FP&M SETA.

SDL income were monitored against budget on a monthly basis. The lower than expected revenue negatively impacted on the administration budget and as a result, the FP&M SETA applied to DHET for permission to exceed its 10.5% administration threshold. Permission was granted to FP&M SETA to exceed the threshold by R 2,1 million. In addition to this, the FP&M SETA implemented cost saving measures to curb administration expenditure.

SDL income was further increased by R6,741,000 due to the reversal of the provision in the current financial year for an overpayment made by SARS in the prior year which included Unemployment Insurance Fund (UIF) payments.

Penalties and interest amounting to R4,1 million were received by the FP&M SETA as a result of late payment of SDL by employers to SARS.

Investment income exceeded budget, which was based on the assumption that the majority of discretionary funding would be spent during the period under review. However, this did not materialise due to a delay in the signing of MOAs between the project beneficiaries and the FP&M SETA.

Donor funding amounting to R9,4 million was received to fund training interventions approved in terms of the Training Layoff Scheme. The funding was received from the DHET, UIF and the Wholesale and Retail (W&R) SETA.

Other revenue of R614,000 was generated from fees paid by learners to re-write examinations relating to apprenticeship programmes, duty credit certificate scheme income and income received from DAFF.

1. Capital investment

The following progress was made with regards to implementing the FP&M SETA's capital, investment and asset management plan:

- During the reporting period, all excess funds were transferred on a monthly basis to the SETA's CPD account held with the Reserve Bank. The excess funds were based on monthly cash flow reports. All interest has been capitalised on a monthly basis.
- In terms of the asset management plan, redundant or broken assets were identified and written-off during the year.

Listed below are details of how asset holdings have changed over the period under review, including information on disposals, scrapping and loss due to theft:

- During the year assets valued at a cost of R1,121,906 and accumulated depreciation of R1,025,586 were written-off as they were redundant.

The following measures were taken to ensure that the FP&M SETA's asset register remained up-to-date during the period under review:

- The asset register was updated on a regular basis, taking into account all redundant assets and any additions to assets. All assets were assigned an asset number and assets were also insured immediately upon delivery.

The current state of the FP&M SETA's capital assets is as follows:

- 98% of assets are in a good condition while the rest of the assets (2%) are in a fair state.

PART C: GOVERNANCE

1. INTRODUCTION

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling legislation, and the Companies Act, corporate governance with regard to public entities is applied through the precepts of the Public Finance Management Act (PFMA) and run in tandem with the principles contained in the King's Report on Corporate Governance.

Parliament, the Executive Authority (DHET) and the Accounting Authority of the public entity (the FP&M SETA Board) are responsible for corporate governance.

2. PORTFOLIO COMMITTEES

The FP&M SETA was not called to appear in front of any of the Parliamentary Portfolio Committees during 2013/14.

3. EXECUTIVE AUTHORITY

During the period under review, the FP&M SETA submitted the following documentation, within the stipulated timeframes, to the DHET and Parliament (where applicable):

- Four (4) SETA Quarterly Monitoring Reports (SQMR)
- FP&M SETA Annual Report 2013/14
- FP&M SETA Strategic Plan for 2011-2016 (as updated)
- Annual Performance Plan for 2014/15
- Service Level Agreement for 2014/15
- Materiality Framework for 2014/15
- Sector Skills Plan (Annual Update) for 2014/15

4. THE ACCOUNTING AUTHORITY / BOARD

Introduction

The FP&M SETA is governed by its constitution which was amended and signed on 23 April 2013. The FP&M SETA constitution is aligned to the standard constitution provided to SETAs by the DHET. The members of the FP&M SETA Board are appointed in terms of this constitution.

The structure of the FP&M SETA Board, according to the constitution, is as follows:

- One (1) independent chairperson;
- Six (6) employer representatives;
- Six (6) labour representatives; and
- Two (2) independent members

During the year under review, 13 members regularly participated in the meetings and activities of the FP&M SETA Board. Two (2) vacancies existed during the year under review (one (1) labour representative and one (1) independent member).

The Board met five (5) times during the period under review and participated with the FP&M SETA executive management team in a two-day workshop on 14 and 15 October 2013 to provide input into the 2014/15 strategic and annual performance plans of the FP&M SETA.

The FP&M SETA Board operated according to the policies of the FP&M SETA as approved by the Board from time to time and the meetings of the Board were conducted in line with the

procedures detailed in the Constitution. The FP&M SETA subscribed to the principles of good governance as set out in the King III report and duties were carried out objectively and conscientiously. The FP&M SETA Board took into consideration the input and advice of the standing committees appointed by the Board, i.e. Executive, Governance and Strategy, Finance and Projects, Quality Assurance and HR and Remuneration Committees. An independent Audit Committee played an oversight role to ensure the implementation of sound financial policies and procedures and good corporate governance.

The role of the FP&M SETA Board is as follows:

- govern and manage the SETA in accordance with the PFMA, the Act and any other applicable legislation
- ensure that the SETA achieves its predetermined objectives and other targets
- provide effective leadership and ensure that the SETA implements the goals of the NSDS and the Performance Agreement with the Minister
- provide strategic direction for the SETA
- liaise with stakeholders
- ensure that the SETA complies with the relevant statutory requirements and the requirements of its constitution
- manage institutional risk
- monitor the performance of the SETA
- ensure that its members and the members of the committees established by the Board comply with the Code of Conduct set out in Annexure 2 of the FP&M SETA Constitution.

Composition of the Board

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
Siphon Ngidi	Independent Chairman	1 April 2011	Not applicable	Bachelor of Administration Industrial Relations Development Programme Bachelor of Commerce (Honours) Economics	Finance HR Management Industrial Relations	Ithala Limited Ithala Limited HR and Remuneration Committee Reatile Timrite Social and Ethics Committee	Governance & Strategy Committee Executive Committee	4 of 5

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
Frans Barnard	Non-Executive Member	13 August 2013	Not applicable	Masters Degree in Industrial Relations Master HR Professional, South African Board for People Practices (SAPPP).	Strategic HR Management, HR Risk Management, Talent Management, Workforce Planning, Learning and Development, Industrial Relations, HR Technology and Safety / Wellness.	South West Gauteng TVET College, WESTCOL TVET, Aranda Textile Mills, Aranda Learnership College and National Textile Bargaining Council.	HR & Remuneration Committee	3 of 3
David Bowen	Non-Executive Member	1 October 2011	Not applicable	Bachelor of Arts (Education) Advanced Diploma in Education Masters in Education	Training & Development Finance Management	N/A	Executive Committee Finance & Projects Committee	5 of 5
Daphne Erasmus	Non-Executive Member	1 October 2011	Not applicable	Bachelor of Arts (Law) Masters in Security Studies Management Development Programme	HR Management Black Economic Empowerment Skills Development and Training Employment Equity	SATU Board of Trustees Pension and Provident Funds	Not applicable	5 of 5

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
Derick Fredericks	Non-Executive Member	1 October 2011	Not applicable	Printers Mechanic Flexible Packaging Machine Minder Diploma in Industrial Relations Certificate in Audit Learning in the Workplace	HR Management Industrial Relations	N/A	Executive Committee HR & Remuneration Committee Governance & Strategy Committee Finance & Projects Committee	5 of 5
Roger Godsmark	Non-Executive Member	1 October 2011	Not applicable	Bachelor of Science (Honours) Agricultural Economics	Economics Finance	N/A	Governance & Strategy Committee Audit Committee	3 of 5
Susan Khumalo	Non-Executive Member	1 October 2011	Not applicable	Grade 12	Labour Relations	N/A	Governance & Strategy Committee Finance & Projects Committee	4 of 5
Andre Kriel	Non-Executive Member	1 October 2011	Not applicable	Bachelor of Social Science	Labour Relations HR Management	Not applicable	Executive Committee	2 of 5
Thamsanqa Mhlongo	Non-Executive Member	13 August 2013	Not applicable	To be confirmed	Labour Relations	Wood and Paper Bargaining Council Furntech COSATU Central Executive Committee	Not applicable	1 of 3
Devaranie Naidoo	Non-Executive Member	1 October 2011	Not applicable	Grade 10	Labour Relations	Clothing Bargaining Council (KZN)	Quality Assurance Committee	5 of 5

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
Michelle Odayan	Non-Executive Member (Ministerial Appointee)	1 October 2011	Not applicable	Bachelor of Arts (Law) LLB Advocate of High Court of South Africa	Law Finance Strategy Governance Project Management HR Development Organisational Development Gender Mainstreaming	Court-Consult Africa (PTY) Ltd Indiba-Africa Group (PTY) Ltd MTR Investments (PTY) Ltd	Not applicable	5 of 5
Mike Truelock	Non-Executive Member	1 October 2011	Not applicable	National Diploma in Organisation & Work study National Diploma in Personal Management Industrial Relations Diploma Programme Management Development Programme	Organisational Development HR Management Management Learning and Development	Santa Barbara Home Owners Association Truelock Adventures cc	HR & Remuneration Committee Executive Committee Finance & Projects Committee	4 of 5
Brian Wafawarowa	Non-Executive Member	1 October 2011	Not applicable	Bachelor of Arts (Honours) Masters in Literature Executive Masters in Business Administration Masters of Business Leadership	Management Publishing	N/A	Governance & Strategy Committee Finance & Projects Committee	3 of 5

The following alternates attended the Board meeting on 27 March 2014

- For labour –
 - o Ms. Abieda Abrahams
 - o Mr. Esther Puqana
 - o Mr. Glen Leshabane
- For employers –
 - o Mr. Mpuka Radinku

Committees

The following standing committees functioned during the year under review and provided advice to the Board on matters pertaining to their areas of expertise.

Committee	No. of meetings held	No. of members	Name of members
Executive Committee -	7	5	Sipho Ngidi (Chairman) David Bowen Derick Fredericks Andre Kriel Mike Truelock
Governance & Strategy Committee	1	9	Sipho Ngidi (Chairman) Abieda Abrahams Derick Fredericks Roger Godsmark Susan Khumalo Jane Molony Paul Theron Brian Wafawarowa Vacancy (Labour)
Finance & Projects Committee	3	9	Derick Fredericks (Chairman) Roshan Barath David Bowen Susan Khumalo Patrick Lacy Jerry Makhanya Devaranie Naidoo Mike Truelock Brian Wafawarowa
HR & Remuneration Committee	4	8	Mike Truelock (Chairman) Johann Baard Frans Barnard Derick Fredericks Syriana Maesela Rashnee Rambajan Mymoena Williams Vacancy (Labour)
Quality Assurance Committee	4	10	Devaranie Naidoo (Chairperson) Abieda Abrahams Jai Deepnarain Lance Faul Jerry Makhanya Matseliso Masimula Pam Naidoo Theresa Otto Rashnee Rambajan Tania Rhode

Remuneration of board members

The FP&M SETA bases its Board remuneration structure on the National Treasury guidelines communicated to the SETAs in 2011. Remuneration is reviewed on an annual basis.

Board members qualifying for remuneration are classified as follows:

- Independent Board members appointed by the Minister

- Board members not directly employed by the employer or labour constituencies they represent.

All Board members, including those qualifying for remuneration, are re-imbursed for out-of-pocket expenses incurred in fulfilling their duties as Board members in line with the FP&M SETA Financial Policies and Procedures.

During the period under review, the following Board members received remuneration / reimbursements:

Name	Remuneration	Other re-imbursments	Total
Sipho Ngidi	R314,528	R13,528	R328,056
Michelle Odayan	R119,609	R4,743	R124,352
Derick Fredericks	R5,023	R12,391	R17,414
			R469,822

5. RISK MANAGEMENT

The following risk management strategies are in place at the FP&M SETA:

- A dedicated Risk Division with the mandate to manage risk and oversee the implementation of risk management strategies;
- A Risk Management Policy defining the risk appetite and tolerance levels ;
- A comprehensive Risk Register reflecting both strategic and operational risks with clear actions that need to be taken by assigned risk champions;
- An internal Risk Management Committee which meets regularly to monitor the implementation of risk strategies and reports to the Board / EXCO and the Audit Committee on the progress made to address the Top 10 Strategic Risks, Top 10 Operational Risks and Top 10 Fraud Risks;
- Risk Assessment workshops are held regularly to identify emerging risks and to compile mitigating measures to address the identified risks; and
- Internal Audit plays an oversight role by evaluating the effectiveness of the risk management process in place and recommending areas of improvement to ensure efficient realisation of strategic and operational goals. The Internal Audit Coverage Plan is risk-based and address high risk areas identified in terms of the FP&M SETA's Risk Profile.

Progress made in addressing identified risks

Identified risks were addressed through the implementation of risk mitigating measures and action plans which paved the way for improved regulatory compliance, tangible cost saving and increased operational effectiveness during the year under review.

After the resignation of the Risk Manager at the end of 2013, the Office of the CEO took over custodianship of the Risk Management function and ensured the effective functioning of the division during the 4th quarter.

The Audit Committee monitored the effectiveness of the Risk Management Committee and the Risk Management function and provided guidance to staff in the implementation of risk management strategies.

6. INTERNAL AUDIT AND AUDIT COMMITTEES

Internal Audit Function

The Internal Auditors appointed by the FP&M SETA during the previous financial year continued with the implementation of their three-year internal audit plan. The internal audit function reported functionally to the Audit Committee in line with the Internal Audit Charter and provided objective assurance regarding the state of internal control, risk management and governance processes at the FP&M SETA. The input received from the Internal Auditors and the risks identified as a result of the extensive internal audits conducted at the FP&M SETA contributed to the effectiveness of the organisation and strengthened its internal control systems.

Key activities and objectives of the internal audit

- Review the adequacy and effectiveness of internal control, risk management and governance processes
- Provide reasonable assurance on the integrity of financial and operational information
- Evaluate the adequacy of management controls for the prevention and detection of fraud
- Provide a source of information, as appropriate, regarding instances of fraud, corruption, unethical behaviour and irregularities
- Evaluate the effectiveness of the entire system of risk management and provide recommendations for improvement.

Audit work carried out

The Internal Auditors conducted audits in line with their 2013/14 internal audit plan and operational areas that were scrutinized included human resources & payroll, mandatory grants, governance, projects/discretionary grants, supply chain management, monitoring and evaluation, and risk management. An information technology review and audit of predetermined objectives were also carried out.

Audit Committee

The independent Audit Committee of the FP&M SETA carried out their duties during the period under review according to its Audit Charter. The Audit Committee met six (6) times during the year and was chaired by an independent chairman appointed by the FP&M SETA Board.

The Audit Committee plays a valuable role in ensuring that the organisation embodies ethical conduct, fair practice and good corporate governance. The Audit Committee, working with the Board and SETA staff, oversees the implementation of relevant and up to date policies and procedures across all governance structures and SETA departments to ensure the implementation of sound financial management, effective risk management and legal compliance.

Key activities and objectives of the Audit Committee

- Monitor performance of the Internal Audit function

- Review the Annual Risk Assessment process and prioritisation of major risks identified
- Monitor the implementation of checks and balances to ensure compliance with pertinent laws and regulations
- Assist the Board in reviewing the integrated reporting and disclosure (sustainability reporting)
- Review the financial statements included in the integrated report and regard all factors and risks that may impact on the integrity of the integrated report.

The table below discloses relevant information on the audit committee members.

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
Trevor Boltman	Certified Internal Auditor (CIA) Certified Government Auditor Certification in Control Self Assessment (CCSA) Certificate in Forensic Investigation	External – Independent	-	November 2011	Not applicable	6 of 6
Karien de Villiers	Chartered Accountant Bachelor of Accounting Science (B Compt) (Honours) and CTA	External – Independent	-	February 2014	Not applicable	1 of 1
Roger Godsmark	Bachelor of Science (Honours) Agricultural Economics	External – Employer Representative	-	November 2011	Not applicable	4 of 6
Motseoa Lugemwa	Masters in Business Administration Chartered Management Accountant Bachelor of Commerce	External – Independent	-	January 2012	May 2013	1 of 1

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
Sithembiso Ngwenya	Chartered Accountant Bachelor of Commerce Accounting (Honours)	External – Independent	-	February 2014	Not applicable	1 of 1
Zakariya Suder	Bachelor of Commerce	External – Labour Representative	-	January 2012	Not applicable	3 of 6

7. COMPLIANCE WITH LAWS AND REGULATIONS

The FP&M SETA have developed policies and procedures to guide financial management, HR management and the implementation of operational activities at the entity. These documents are reviewed from time to time to ensure compliance with the relevant laws and regulations. The Internal Auditors continually reviews the compliance state of the SETA in terms of the approved Internal Audit Coverage Plan. Additional assurance is provided via compliance audits conducted by other government institutions such as SAQA / QCTO and the DHET.

The FP&M SETA complies with the reporting requirements as prescribed by National Treasury and DHET and has submitted the entity's strategic and annual performance plans, the sector skills plan and SETA quarterly management reports timeously.

Internally, the FP&M SETA has identified areas where further capacity building is required in order to meet all compliance criteria and have undertaken training interventions to strengthen the capacity of staff in this regard.

Externally, the FP&M SETA has communicated new developments and changes pertaining to skills development legislation to its broader stakeholder base through workshops, bulk email and its website to equip stakeholders with the necessary information to meet regulatory requirements thereby encouraging compliance.

8. FRAUD AND CORRUPTION

The FP&M SETA has a Fraud Prevention Plan in place to guide the entity in its efforts to curb fraudulent behaviour that could lead to financial loss and reputational damage to the SETA.

The FP&M SETA has a dedicated toll free number, managed by an independent service provider that is accessible to internal and external stakeholders to report suspicious behaviour. The independent service provider sends monthly reports to the SETA according to the protocols approved by the Board.

Claims regarding suspected fraudulent behaviour that were submitted via the fraud line during the period under review, were investigated. As a result, the FP&M SETA launched a forensic investigation lead by a Task Team appointed by the FP&M SETA Board to investigate the allegations.

Fraud Awareness Training was conducted internally during the period under review to increase awareness of the processes to engage in order to identify and report fraudulent behaviour.

9. MINIMISING CONFLICT OF INTEREST

The FP&M SETA has 'Declaration of Interest' practices in place at all levels of the organisation. Staff members are required to disclose their financial interest annually and staff in the SCM Division also declares any interest in relation to transactions entered into with service providers – the declaration is printed on the purchase order.

Board and Committee members are required to annually declare any financial interest or commercial activities that may be in conflict with their functions.

10. CODE OF CONDUCT

The Code of Conduct contained in the Constitution guides the conduct and performance of members of the Board and committees and provides an ethical framework for the functioning of the FP&M SETA governance structures. The Code of Conduct is supported by policies and procedures relating to the disclosure of interest and gifts as well as confidentiality of information.

The Code of Conduct stipulates that Board members must:

- Stand in a fiduciary relationship with the FP&M SETA
- comply with all applicable laws and regulations that regulate the activities of the SETA
- perform their functions fairly, honestly and in good faith, giving full effect to the obligations and spirit of the Act and the Constitution
- protect and promote the reputation of the SETA and promote goodwill towards it
- perform their duties conscientiously and in the best interest of the SETA
- conduct themselves ethically and in accordance with the principles of good governance.

Serious or continuous neglect of duties or any misconduct may result in a member being removed from office or his or her termination of membership of a committee of the SETA.

11. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The FP&M SETA has a moral obligation to safeguard its employees, customers and any other person who may be effected by the organisation's activities, by ensuring a safe working environment that comply at the very minimum with all relevant legislation and approved codes of practice.

The Board and management of the SETA are committed to the protection of all its assets, both human and material, from exposure to risk that could arise from sub-standard practices, procedures or conditions.

Comprehensive health (including HIV Aids) policies and procedures have been developed to provide adequate control of health and safety risks arising from work activities. Safety and security policies and procedures have been implemented to ensure the safety of staff and assets.

The FP&M SETA is committed to provide necessary training to ensure employees are competent to do their work thus minimising the exposure to risk and to engage and consult with employees on day-to-day health and safety conditions.

12. SOCIAL RESPONSIBILITY

Social responsibility is an important element of good corporate governance and the FP&M SETA Board and Management are committed to invest in and assist with skills development projects and training interventions that help advance the communities in which the FP&M SETA and sector operate.

It is with this in mind that the FP&M SETA Board and management have designed a discretionary funding strategy that is not solely focused on the provision of grant funding to its levy paying constituent members for the provision of training to their current workforce.

The FP&M SETA discretionary grant strategy also facilitates the allocation of grant funding specifically aimed at upskilling unemployed youth (through learnerships, apprenticeships and skills programmes) and assisting designated groups (people with disabilities, youth and women) through the implementation of skills interventions that will provide these beneficiaries with the necessary skills to become employable or self-sustainable through the creation of new ventures. The FP&M SETA annually allocates 8% of its special projects budget towards the implementation of skills interventions aimed at assisting people with disabilities and 20% of the special projects budget towards the implementation of skills interventions in rural areas. These skills interventions, in many cases, are provided by small businesses (accredited training providers) and community based organisations (NGOs and NPOs) who have a passion for skills development and for the promotion of social justice in previously disadvantaged communities.

The FP&M SETA realizes that it cannot operate in isolation to the community, and that social responsibility necessitate the allocation of funding in such manner that will provide fair opportunity to all to share in the benefits of skills development.

13. AUDIT COMMITTEE REPORT

We are pleased to present our report for the financial year ended 31 March 2014.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 51 (1)(a) (ii) of the Public Finance Management Act and Treasury Regulation 27.1. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein, except that we have not reviewed changes in accounting policies and practices.

The Effectiveness of Internal Control

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the public entity revealed certain weaknesses, which were then raised with the public entity.

The following internal audit work was completed during the year under review:

- Human Resource Management
- Mandatory Grants
- Governance
- Projects / Discretionary Grants
- Supply Chain Management
- Information Technology Review
- Audit of Predetermined Objectives
- Monitoring and Evaluation
- Risk Management

The following were areas of concern:

- Management of Projects / Discretionary Grants
- Monitoring and Evaluation
- Predetermined Objectives
- Supply Chain Management

In-Year Management and Monthly/Quarterly Report

The public entity has reported monthly and quarterly to the Treasury as is required by the PFMA.

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 Authority;
- Management letter and management's response thereto; and
- Reviewed significant adjustments resulting from the audit.

- The Audit Committee concurs and accepts the Auditor-General South Africa's conclusions on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements be accepted and read together with the report of the Auditor-General and has recommended these to the Board for adoption.

Auditor's Report

We have reviewed the entity's implementation plan for audit issues raised in the prior year and we are satisfied that the matters have been adequately resolved except for the following:

- Projects / Discretionary Grants
- Predetermined Objectives

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

Mr Trevor Boltman

Chairperson of the Audit Committee

Fibre Processing Manufacturing Sector Education and Training Authority

31 May 2014

PART D: HUMAN RESOURCE MANAGEMENT

1. INTRODUCTION

Overview of HR matters at the public entity

The FP&M SETA is a service delivery organisation with the mandate to provide skills development advice and facilitation to a diverse range of stakeholders. In order to successfully meet and exceed stakeholder expectations in terms of service delivery, the organisation requires competent and dedicated staff. The FP&M SETA's most valuable assets are its human resources and the FP&M SETA has taken great care during the year under review to manage its staff successfully.

Through the effective deployment of critically skilled people in areas of need, the FP&M SETA has ensured increased productivity and efficiency across the organisation. Policies and procedures guiding the behaviour of staff as well as the performance of the organisation have been implemented during year and the implementation thereof has been monitored by the dedicated HR Division.

The HR Division was supported in the execution of its function by the HR & Remuneration Committee, who played an advisory role and generously made available their time and expertise to assist the Division.

In the financial year under review the staff complement was 74.

HR priorities for the year under review and the impact of these priorities

With her appointment as CEO in May 2013, Ms Felleng Yende identified the need for an organisational review in order to increase the productivity and efficiency of the organisation. This review was carried out during 2013 and the results thereof were incorporated into a comprehensive report to the Board. Ms Yende further conducted interviews with key stakeholders in order to determine the SETA's perceived strengths and weaknesses.

Based on the findings of the review, research conducted by the CEO and input from management discussions, the CEO compiled a new business model designed to streamline the organisational structure and processes. The model presented a clear picture of current operations vs. a future state that will allow for increased efficiencies, effectiveness and economy resulting in a more productive organisation that is goal driven and able to deliver on time and to standard on its commitments as set out in the Annual Performance Plan.

The ultimate goal of the organizational structure and processes review is to create a best practice organisation, able to meet and exceed agreed targets as well as stakeholder expectations while exercising prudent financial management and good corporate governance.

After broad consultation with stakeholders that resulted in general support of the new model, the business model was approved for implementation at the FP&M SETA Board meeting held in March 2014.

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

The FP&M SETA takes into account strategic operational and skills development requirements of the organisation and the principles of employment equity in all recruitment and selection processes.

Recruitment and selection are undertaken in terms of the FP&M SETA's value system, which is based on fair and equitable principles and are utilized to support aims of employment equity and workforce planning.

Recruitment, selection, transfer, promotion, training and advancement are based on criteria which relate to the inherent requirements of the job and the ability of the employee to perform the job adequately and satisfactorily according to objective predetermined criteria.

FP&M SETA complies at all time with applicable legislation and regulations.

Employee performance management framework

The FP&M SETA implemented a performance management system and employees' performance was evaluated during the year under review. Eligible employees were recognised and awarded a motivational reward.

Employee wellness programmes

Regular interaction with staff during staff and management meetings ensured that staff were kept up to date with new developments, organisational requirements and changes in the policy environment.

Staff was also given the opportunity to celebrate occasions such as Women's Day and Heritage Day.

Policy development

HR policies and procedures are in place and are reviewed regularly by the HR & Remuneration Committee to ensure alignment with local legislation and international trends. Policies are approved by the Board for implementation.

Achievements

In line with its Internship policy, the SETA successfully partnered with two TVET Colleges (Elangeni TVET College in KZN and Central Johannesburg College in Gauteng) and the South African Graduate Development Association (SAGDA) to place interns within its regional offices in order to provide them experiential learning opportunities and exposure to world of work. The interns have been successfully assimilated into the organisation and are working closely with their mentors and coaches. The interns receive stipends during their internships.

Overall, the FP&M SETA has a healthy workforce with a low staff turn-over. Staff is dedicated to the organisation and to the delivery of service excellence and subscribe to the organisational values outlined earlier in the document.

Challenges faced by the public entity

The FP&M SETA relocated its Gauteng head office and Western Cape regional office to new premises. Bid process were followed to identify new offices and these new offices were operational effective 1 July 2013. The move caused a transitory disruption to SETA operations however, due to careful planning and well-timed execution, the disruptions did not significantly impact on service delivery to our stakeholders. The applicable lease agreements are effective until 2016 which is in line with the FP&M SETA's operating license.

As a result of ongoing forensic investigations undertaken at the FP&M SETA, three employees were placed on special leave. Subsequently two major disciplinary processes were conducted which resulted in the dismissal of one of the employees during the financial year and one in April of the following year. The two cases have been referred to the CCMA for conciliation, mediation and arbitration.

Future HR plans /goals

The implementation of the new business model will provide an opportunity for the FP&M SETA to review the current organisational structure and increase employee capacity to enable the

SETA to perform optimally. This will necessitate the re-scoping of certain roles and the revision of current job descriptions. The new organisational structure will give employees an opportunity to operate in a more challenging, target-driven but exciting environment.

A team building initiative to build a fully motivated functional workforce will be held to ensure proper understanding of the new model and buy-in from all employees.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

The HR tables below are still being verified and will be forwarded to Board / Audit Committee members on Monday, 26 May 2014.

Personnel cost by salary band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
T o p Management				
S e n i o r Management				
Professional qualified				
Skilled				
Semi-skilled				
Unskilled				
TOTAL				

Note: 74 staff members were paid during the period under review. This include staff that joined/left the organisation during the period under review.

Note: A table depicting personnel cost by division vs total expenditure is not included as the current financial reporting format does not make provision for the reporting on total expenditure per division.

Incumbent as at 31 March 2014	Basic salary (R'000)	Allowances (R'000)	Statutory and Company Contributions (R'000)	Bonus (R'000)	Back Pay (R'000)	Leave Pay	Other	Total Cost to Company (R'000)
Felleng Yende (CEO)	R 1,444	R 16	R 18	R 0	R 56	R 0	R 0	R 1,534
Bheki Zulu (Acting CEO)	R 104	R 2	R 2	R 0	R 8	R 20	R 8	R 143
Simangalis Mkhwanazi (CEO: Strategy & Corporate Affairs)	R 926	R 83	R 12	R 7	R 34	R 0	-R 7	R 1,054
PK Naicker (COO)	R 757	R 56	R 10	R 6	R 8	R 0	R 59	R 896
Gina Layzell (CFO)	R 777	R 30	R 10	R 7	R 3	R 0	R 50	R 875
TOTAL	R 4,008	R 185	R 52	R 19	R 109	R 20	R 110	R 4,502

Note: Ms Felleng Yende was appointed as the CEO of the FP&M SETA with effect from 1 May 2013. Mr Bheki Zulu, Acting CEO, left the FP&M SETA at the end of May 2013.

Performance Rewards

Level	Performance rewards (R'000)	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	R19		
Senior Management	R51		
Professional qualified	R34		
Skilled	R36		
Semi-skilled	-		
Unskilled	R5		
TOTAL	R145		

Note: This reward was not performance based but was allocated as a motivational reward to eligible employees.

Training Costs

Division	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Avg training cost per employee (R'000)
Office of the CEO		R 20,305		2	R 10,152.50
Strategy & Corporate Affairs		R 9,588		1	R 9,588
Operations		R 9,774		2	R 4,887
ETQA		R 31,649		2	R 15,825
Finance		R 7,500		2	R 3,750
HR		R 17,628		2	R 8,814
Marketing & Communications		R 1,500		1	R 1,500
Monitoring & Evaluation		R 31,365		3	R 10,455
Projects		R 26,862		4	R 6,716
SCM		R 32,272		3	R 10,757
Skills Planning & Research		R 2,300		2	R 1,150
Gauteng Region		R 25,386		5	R 5,077
KZN Region		R 4,412		2	R 2,206
Western Cape Region		R 4,412		2	R 2,206
TOTAL		224,953		33	R 6,817

Note: Training was provided for Board Members which is not included in the training costs above

Employment and vacancies

Division	2012/2013 No. of Employees At 31 March 2013	2013/2014 Approved Posts	2013/2014 No. of Employees At 31 March 2014	2013/2014 Vacancies	% of vacancies
Office of the CEO	3	3	2	1	33,3%
Corporate Affairs	2	2	2		
Operations	1	2	2		
ETQA	6	4	*5		
Finance	8	6	6		
HR	5	5	5		
Marketing & Communications	4	4	4		
Monitoring & Evaluation	3	3	2	1	33,3%
Projects	8	6	5	1	16,6%
SCM	3	3	3		
Skills Planning & Research	4	6	6		
Gauteng Region	6	6	6		
KZN Region	7	7	7		
Western Cape Region	7	8	**10		
TOTAL	67	65	65	3	

Note:

* One staff member in the ETQA division was appointed on a fixed term contract.

**2 SETA Liaison Officers were appointed on fixed term contract in the Western Cape.

Level	2012/2013 No. of Employees At 31 March 2013	2013/2014 Approved Posts	2013/2014 No. of Employees At 31 March 2014	2013/2014 Vacancies	% of vacancies
T o p Management	4	4	4		
S e n i o r Management	11	12	11	1	8,3%
Professional qualified	24	24	**26	1	3,7%
Skilled	20	20	*20	1	
Semi-skilled	1	***			
Unskilled	7	4	4		
TOTAL	67	65	65	3	

Note:

* One skilled staff member in the ETQA division was appointed on a fixed term contract.

**2 SETA Liaison Officers were appointed on fixed term contract in the Western Cape.

***The staff member reported in the previous year as semi-skilled were moved into a skilled position during the period under review. A number of internal appointments (facilitating both horizontal and vertical progression) were made during the period under review.

Filling posts at senior management level

The position of Risk Manager was vacant for 3 months. The Risk Manager resigned at the end of November 2013 and the position was advertised in January 2014. The first round of recruitment was not successful and the position was re-advertised at which time a suitable incumbent was recruited and appointment. The incumbent will commence duty in the new financial year.

Measures taken to successfully retain staff

The FP&M SETA through its Remuneration Policy & Talent Retention Strategy offer market related salaries and recognizes high performers through the discretionary performance and motivational bonuses.

Employment changes

Level	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	4	1	1	4
Senior Management	12	-	1	11
Professional qualified	25	3	2	26
Skilled	20	3	3	20
Semi-skilled	-	-	-	-
Unskilled	6	-	2	4
Total	67	7	9	65

Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	-	-
Resignation	1	11%
Dismissal	1	11%
Retirement	-	-
Ill health	-	-
Expiry of contract	6	67%
Other	1	11%
Total	9	100%

Note: The majority of terminations were due to the expiry of fixed term contracts. The services of the staff members were no longer required and the FP&M SETA exercised the option not to renew their contracts.

Pending the finalisation and implementation of the new business model some vacancies may not be filled.

Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	0
Written Warning	0
Final Written warning	1
Dismissal	1

Equity Target and Employment Equity Status

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
T o p Management	2	1	0	0	1	1	0	-
S e n i o r Management	2	2	0	0	1	1	1	1
Professional qualified	5	4	0	0	1	-	2	1
Skilled	3	3	0	1	0	-	0	1
Semi-skilled	-	-	-	-	0	-	0	-
Unskilled	1	1	0	-	0	-	0	-
TOTAL	13	12	0	1	3	2	3	3

Levels	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
T o p Management	1	1	-	-	-	-	1	1
S e n i o r Management	3	3	-	-	1	1	4	4
Professional qualified	14	7	2	2	1	1	3	1
Skilled	9	12	3	3	6	6	2	3
Semi-skilled	-	-	-	-	-	-	-	-

Unskilled	4	-	1	-	-	-	-	-
TOTAL	31	23	6	5	8	8	10	9

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top Management	-	-	-	-
Senior Management	-	-	-	-
Professional qualified	-	-	1	1
Skilled	-	-	-	-
Semi-skilled	-	-	1	1
Unskilled	-	-	-	-
TOTAL	-	-	2	2

PART E: FINANCIAL INFORMATION

1. REPORT OF THE EXTERNAL AUDITOR

This is the audit report as issued by the external auditor.

2. ANNUAL FINANCIAL STATEMENTS

Insert the public entities audited annual financial statements