



Annual Report
2007/08



inseta
INSURANCE SECTOR EDUCATION
AND TRAINING AUTHORITY



Our Vision

“INSETA promotes and enables quality skills development through funding education and training in South Africa to meet the national skills agenda and contributes to transformation in the sector”



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Department:
Labour
REPUBLIC OF SOUTH AFRICA



inseta

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AND TRAINING AUTHORITY

Annual Report of the INSETA

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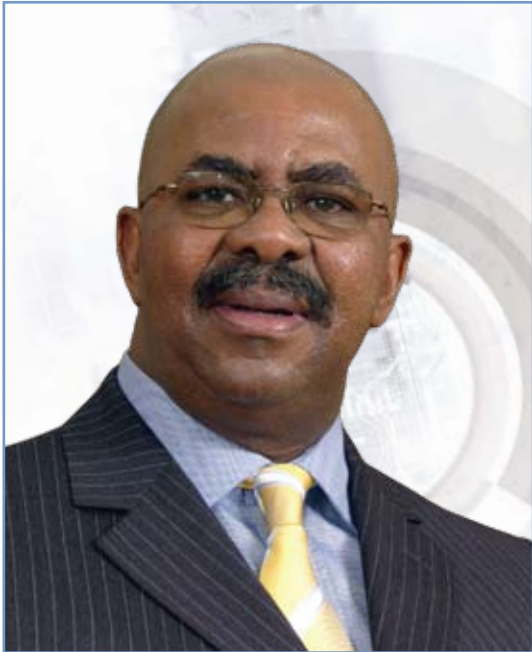
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Minister MMS Mdladana, MP
Minister of Labour

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



Mike Abel
Chief Executive Officer



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Chairperson's Report



I am pleased to report, that once again, INSETA has met all targets in terms of the Service Level Agreement signed with the Department of Labour. Through the dedication and commitment of its personnel, our Council and Council sub-committees, INSETA is making lasting impacts upon the insurance sector. Over 100 000 people are employed in the sector and within this environment INSETA is promoting quality skills development, through funding education and training to meet the national skills agenda and contributing towards transformation in the sector.

The insurance sector, like other sectors, is facing many challenges, one of which is a shortage of skills and a loss of experienced people. INSETA is working with the sector to help overcome these challenges and, to date, has released over R697 million into the sector in various forms of grants and training projects to tackle the skills shortage. Another strategic focus has been the need to support our sector to achieve the Financial Sector Charter and the DTI transformation agenda, and in this regard, 85% of all INSETA's spending is directed towards Black people, 54% women and 4% to people with disabilities. This clearly illustrates the SETA's commitment to transformation.

We have seen a 40% increase in learner enrollment over the past three years, and a growth in the demand for funding of skills by way of learnerships from employers in the sector. Learnerships are flexible and as global demands alter, the qualifications can be changed accordingly. In this regard, INSETA signed a Joint Implementation Plan (JIP) with the South African Qualifications Authority, where experts analyse research findings and develop appropriate qualifications and unit standards for the sector. Through the support and funding of the National Skills Fund, our Critical Skills Project is progressing extremely well. Five hundred and thirty nine unemployed Black Learners are participating in a Wealth Management Learnership aimed at National Qualifications Framework (NQF) Level 5. Learners are currently at places of employment completing their work-based experience learning.

Our FAIS project remains a top priority and two INSETA staff members have been employed to work full-time on this project. A National Assessment was conducted in November 2007 where 729 financial advisors registered for the assessment and a pass rate of 75,6% was achieved. The second phase of this project is currently underway where development of curricula and learning material is being developed, together with the development of Recognition of Prior Learning (RPL) tools for experienced financial advisors. National assessments are also being planned for June and November in 2008 and 2009.

Two institutions were the proud recipients of INSETA's Institute of Sectoral Excellence (ISOE) grants, namely the PC Training and Business College and the College of Cape Town.

Governance

Good corporate governance remains a top priority for our Council and the Management of INSETA. As part of its commitment to a good corporate governance culture, the INSETA Council participated in a Board Effectiveness Evaluation/Assessment exercise, which was conducted by UNISA. This exercise will be conducted on an annual basis. The Council is assisted in discharging its duties by the Audit Committee, the Finance, IT & Administration Committee and the HR/Remuneration Committee.

We are pleased to report that INSETA has again received an unqualified Audit report for this reporting period. This confirms that the SETA is a well run organisation, with the necessary controls and procedures in place to ensure risk is minimised.

"INSETA is making lasting impacts in the skills development arena. Through promotion and funding of education and training initiatives, meeting the needs of the national skills agenda and contributing significantly towards transformation in the insurance sector"

Appreciation

My heartfelt appreciation must be extended to all the INSETA Council Members and the members of the Council Sub-Committees, for their time, support and commitment to INSETA. I am humbled by the strong support that I have enjoyed as Chairperson.

To Mike Abel and his team, well done on another excellent year! Your tireless efforts are recognised in the achievements highlighted in this year's report. Thank you to all of our stakeholders for continuing to support the work of our SETA and to the Department of Labour and the South African Qualifications Authority for your guidance and partnership.



Tetiwe Jawuna
Chairperson

Chief Executive Officer's Report



"We believe that the key to growth in our nation is education and training and as such INSETA is crucial to our industry"

We are pleased to report that, during our eighth year of operations as a SETA, we have delivered on our mandate and increased our rate of delivery to stakeholders. A SETA must ease the challenges that face the sector in which it operates and through good corporate governance and our undertaking to advance skills development within the insurance sector, we are proud to report that we have made great strides in this regard during the year under review.

Changes on the horizon for skills development

Skills Development Amendment Bill 2008

Earlier this year, the draft Skills Development Amendment Bill 2008 was published for public comment by the Department of Labour. These proposed amendments, once legislated, will result in a more flexible and broad policy framework, which will result in the acceleration of the delivery of scarce and critical skills in South Africa. The main features of the Bill include: the promotion and development of artisans, the transfer of the provisions of the Manpower Training Act, 1981 in respect of apprenticeships, strengthening the further implementation of Employment Services, the establishment of the Quality Council for Trade and Occupations and the listing of the National Skills Fund as a Public Entity.

All SETAs will be affected by certain of the new changes in the amendment Bill and INSETA views the proposed changes in a positive light. The amendments will impact the way that SETAs function in that the establishment of a Quality Council for Trade and Occupations (QCTO) will be responsible to oversee the development of the sub-framework for Occupational and Trade Qualifications and will oversee a national standard for quality assurance and assessment in these qualifications. SETA ETQAs will be closely aligned to the QCTO.

Constitutions of SETAs

The Department of Labour is currently reviewing the Constitution of all SETAs and prepared a draft Constitution, which it provided to all SETAs for dissemination to their respective stakeholders for comment. Thank you to all of our stakeholders who provided comment on the draft, all of which has been communicated to the Department of Labour for their further consideration.

Council and council sub-committees

The year under review saw changes to the composition of our Council. Our current Council comprises of eleven Councillors representing constituencies from labour, business and state, all of whom have extensive knowledge of the SETA environment and the insurance sector at large. We welcome new Councillors namely Rama Govenden, Eugene Ebersohn, Isaac Ramputa and Keneiloe Selamolela to our Council. At the same time appreciation must be expressed to Councillors who resigned or whose tenure ended during the period and in this regard we thank

Audrey Mothupi, Reone Kerr, Charles Wells, Laetitia van Dyk and Blum Khan.

Our gratitude must also be extended to the Chairpersons and members of our Council Sub-Committees, namely our Audit Committee, chaired by Chris Kemp, our Finance, IT & Administration Committee, chaired by Johan van Greuning and our HR/Remuneration Committee, chaired by Margie Naidoo, for their expertise and time that they make available to our organisation.

Policies and procedures

Several policies and procedures were reviewed and approved by our Council during the year, including our:

- Learnerships Funding Policy
- Internships and Work-Based Experience Grants Funding Policy
- Bursary Fund/Voucher Policy
- Mandatory Grant Policy
- Human Resources Policy
- Discretionary Grant Policy
- Procedure document for Strategic Planning and Performance Management
- Policy on acceptable use of INSETA trademarks by stakeholders

Other policies that were implemented include our Travel Policy and Communications Policy.

Supply chain management

Our preferred supplier database was reviewed during the year where we called for expressions of interest by service providers. We are pleased to report that our current database has 157 suppliers of which 60% are from historically disadvantaged communities.

Reviews were also undertaken on the process flow protocols for invoice processing and payment on the electronic order system to achieve higher efficiency with regard to payments.

A contract register was compiled for all operational and project related contracts, which is continually updated. New contract templates were designed and implemented for all operational contracts.

Risk management

Our Risk Assessment Framework is reviewed on a regular basis and is presented as a standard item on the agenda of our Audit Committee and is also provided to our Council for their consideration.

Human resources

During the period of reporting, INSETA had a permanent personnel compliment of 26, with the position of Public Relations Officer being vacant. INSETA's Management is committed to transformation and the table on the next page illustrates delivery against this commitment.



Our Council approved the creation of a Chief Operations Officer position and we are pleased to report that this position was filled in November 2007. Several staff members were also promoted during the year, including Shirley Steenekamp to the position of Senior Manager: Quality Assurance and Learnerships and Tumi Peele to the position of Learnerships Manager.

Our Staff Performance Management Policy and procedure review process was initiated and included personnel development planning. Staff members have attended courses ranging from data capturing to project management. Monthly training sessions were introduced where work related topics are discussed to increase productivity and sustain staff morale.

Salary Bands for INSETA Personnel:

Salary Band	Position
R801k and above	Chief Executive Officer ¹
R501k – R600k	Senior Manager
R401k – R500k	Chief Operating Officer and Managers
R301k – R400k	Managers and Senior Consultants
R201k – R300k	Specialists, Consultants, Personal Assistant and Support Services
R100k – R200k	Administrators, Junior Specialists, Secretarial and Support Services

¹ Details of the Chief Executive Officer's remuneration are illustrated in the Accounting Authority Report

INSETA Personnel as at 31 March 2008:

Name	Position	Gender	Race
Mike Abel	Chief Executive Officer	Male	Indian
Sharon Snell	Chief Operating Officer	Female	Coloured
Shirley Steenekamp	Senior Manager: Quality Assurance & Learnerships	Female	White
Phakama Nkosi	Corporate Services Manager	Male	Black
Tumi Peele	Learnerships Manager	Female	Black
Dumisani Kweyama	Skills Development Manager	Male	Black
Glen Edwards	FAIS Manager	Male	White
Neesha Naidoo	ETQA Senior Consultant	Female	Indian
Tamara Ntombela	ETQA Specialist	Female	Black
Nomonde Mandla	Learnerships Consultant	Female	Black
Adeline Singh	ETQA Specialist	Female	Coloured
Vuyo Diniso	Learnerships Administrator	Female	Black
Derene Breytenbach	FAIS Coordinator	Female	Coloured
William Fisher	Junior Specialist: ETQA	Male	Coloured
Viola James	Junior Specialist: Skills Development	Female	Coloured
Tebogo Mathopa	Junior Specialist: Corporate Services	Female	Black
Bongiwe Ramaboea	Junior Specialist: Learnerships	Female	Black
Lavem Ogle	Junior Administrator: Learnerships	Female	Coloured
Kim Pretorius	Skills Development Administrator	Female	White
Ella Matshikiza	Personal Assistant to the Chief Executive Officer	Female	Black
Sebolelo Malebye	Marketing and Public Relations Administrator	Female	Black
Kgomotso Mogami	Corporate Services Secretary/Office Administrator	Female	Black
Itumeleng Motaung	ETQA Secretary	Female	Black
Zodwa Motloun	Receptionist	Female	Black
Jabu Mabaso	Housekeeper/Administration Assistant	Female	Black
Vacant	Public Relations Officer	-	-

Financial management

As was the case in previous years, levy paying stakeholders achieved a very high rate of compliance to receive the mandatory grants. The grant payout percentage is currently 86% (2006/07 – 87%). Furthermore, the mandatory grants and discretionary project expenses increased to R140.6 million for the 2006/07 financial year.

Of the R98.7 million cumulative surplus available for the allocation to projects, R104.0 million has been approved and allocated for future projects and skills priorities as set out in the Annual Financial Statements, refer note 16. The total amount spent on these approved projects amounted to R48.8 million, which is equal to a cumulative spend rate of 66% (2006/07 – 65%) on allocated funds.



Of the funds received, according to the Skills Development Act, 10% may be utilised for administration purposes. INSETA ended the year with an administration surplus of R2.5 million (2006/07 – R1.6 million) for the current financial year, i.e. unspent administration income. This surplus was subsequently transferred to the discretionary reserve for future sector-related projects.

INSETA implemented the revised interpretation on revenue recognition by National Treasury and the Department of Labour relating to how all SETAs should account for its Levy Income. This resulted in the restatement of prior year audited amounts, further detail is provided in note 18 to the Annual Financial Statements. The Auditor General has also in the Audit Report highlighted the necessity of users of the financial statements to keep this fact in mind.

Cost of consultants and technical advisors

INSETA's main service partners have not changed during the year and are:

- Deloitte responsible for IT and financial management, whose contract ends on 31 March 2010
- PricewaterhouseCoopers responsible for project management, whose contract is renewed annually
- Ngubane & Company responsible for internal audit, whose contract ends on 31 March 2010
- Auditor-General's Office (External Auditors)

During the year under review the cost of engaging the services of the above mentioned consultants and technical advisors was R14.3 million.

Investments policy

INSETA's Investment Policy requires that funds are invested on a 30 day call/short-term fixed deposit with the big four South African Banks. Not more than 40% of the total fixed deposits may be invested with a single bank.

INSETA had R105.4 million invested as at 31 March 2008.

Stakeholder relations and marketing

The marketing and communications function is handled in-house with the marketing division being responsible for sustaining INSETA's reputation as one of the leading sector education and training authorities. The INSETA brand is now well established and respected. We are pleased to report that research conducted on the SETA indicates that stakeholders perceive us to be a professional, cutting-edge organisation.

Media coverage

Special emphasis was placed on maintaining a presence in the media during the year. As a result we received positive media coverage nationally and were requested to contribute editorial material and articles to a number of publications.

Customer satisfaction survey

A customer satisfaction survey was conducted in 2007 to determine stakeholder perceptions of satisfaction with INSETA. The survey revealed that INSETA's strengths lie in the high performance of service and products, which in turn contributes to the considerable levels of trust and commitment among stakeholders. The relevance of INSETA and its consequent performance in terms of creating awareness, empowering trainers and adding value to the insurance sector is clearly recognised and appreciated by our stakeholders.

Newsletter

We continued to publish our monthly newsletter to all stakeholders through our website. The newsletter keeps the sector abreast of the events and happenings at INSETA and in the skills development arena and is regarded as an invaluable resource by our stakeholders.

Call centre

Another vital communication tool is our outsourced call-centre whose agents are equipped to handle all queries and boast a proud record of a 100% resolution on all basic queries made.

Website

Our website is reviewed on a regular basis and updated with information relevant for our stakeholders. The readily accessible information on our website is increasingly being used by our stakeholders. The total number of visitors to the website in the financial year was 161 159 visitors. The annual customer satisfaction survey revealed that 82% of the people surveyed used the website as a communication channel with INSETA.

Skills development

Research and production of Sector Skills Plan

Each SETA is required to annually update the Sector Skills Plan (SSP). These Plans form the basis for the strategic planning of SETAs and for the service level agreements that are signed between SETAs and the Department of Labour (DoL). These plans are essentially research documents that monitor and analyse the labour market situations in their respective sectors and are based, among other things, on a thorough analysis of labour market conditions and skills needs in each sector.

The research indicates that almost half (49.5%) of the workforce is White, 28.0% is African, 15.0% is Coloured and 7.5% is Indian. More than half (59.4%) of the employees in the sector are women. In the Survey of Employment, Scarce and Critical Skills employers reported that 0.5% of their employees are disabled.

Mandatory grant payments: Submission of Workplace Skills Plans and Annual Training Reports

The skills development division evaluates the Workplace Skills Plans (WSPs) and Annual Training Reports (ATRs) received from employer companies to determine the allocation of mandatory grants. The WSP and ATR template was revised and updated after consultation with the sector. INSETA received 403 workplace skills plans for the financial year.



INSETA bursary fund

The table below illustrates bursaries and vouchers, which funded skills programmes for the period under review, as well as the demographic ratio based upon race and gender, on applications received:

Voucher Issued For	Applications Received During Period Under Review	Amount Per Type
ABET Level 4 SUPPORT	908	R908,000
Skills Programmes (FAIS)	2559	R2,559,000
Skills Programmes (General)	2394	R2,394,000
Skills Development Facilitators	16	R48,000
Customer Relations Skills	390	R1,950,000
Financial Management	127	R1,270,000
Leadership and Management	344	R6,880,000
Legislative Compliance Skills	814	R1,628,000
Selling and Marketing	417	R1,251,000
Total	7969	R18,888,000

Demographic ratio: Race and Gender on bursary and voucher applications received:

Race	Male %	Female %
African	17.44%	17.41%
Coloured	13.02%	16.73%
Indian	4.55%	4.07%
White	10.04%	16.74%
Male Total	45.05%	
Female Total		54.95%

National Skills Fund Critical Skills (NSF) project

We are pleased to report that the National Skills Fund (NSF) approved funding to the value of R13,475,000 to train 539 unemployed Black learners on a Wealth Management Learnership (NQF Level 5). INSETA also committed funding to the value of R17,393,949. The key objective of the project is to assist qualified but unemployed Black learners with a post grade 12 qualification to gain permanent employment opportunities within the sector. The project, initiated in June 2007, is anticipated to end in July 2008. All learners currently on the programme are at places of employment completing their work-based experience learning.

Discretionary Grant projects

Discretionary Grants are for specific Sector Skills Plan initiatives. Based upon comprehensive research, INSETA determines the criteria for these initiatives as well as the amount of the Grant, dependant upon the funds available. Our Council approved funding to the value of R68.2 million during the period under review.

All projects are linked to a particular National Skills Development Strategy (NSDS) Indicator. The table below provides a summary of INSETA's projects:

Project Title	Project Intent	Project Description	Project Delivery
Skills Development Facilitator (SDF) Training	This training program is aimed at the SDFs in the Insurance Sector.	SDFs have undergone basic ETDP occupationally-directed programmes to ensure understanding and implementation of skills development in their organisation. This project focuses on the return on Investment (ROI) on education and Training.	A Service provider will deliver 5 one-day workshops to 100 SDFs, spread across 5 provinces.
ABET	The Sector Skills plan (SSP) indicates that the formal sector has 1170 employees that do not have an ABET level 3 or 4.	This project is aimed at employees who need this training to provide them with the requisite knowledge, skills and competence, which will enhance their ability to be successful in obtaining their NQF level 2 credits for FAIS Fit and Proper.	A minimum of 500 black employed learners in the Insurance sector will receive level 3 & 4 ABET training.
Better Business Toolkit For SMME Brokerages	This project will provide SMMEs with support to become feasible and sustainable business entities. Since SMMEs are central to the Government's economic transformation agenda, this project will have direct transformation impact.	This project will assist INSETA to identify the potential number of toolkits to be developed and distributed. The toolkit has an initial face-to-face intervention and establishes the concept of a business councillor/ advisor. Its guidelines are user friendly.	A service provider will develop the toolkit, available in 4 South African languages, and run provincial seminars with 1000 identified BBBEE SMMEs. A sample of participating SMMEs will be evaluated.



Project Title	Project Intent	Project Description	Project Delivery
FAIS Fit and Proper	INSETA will set up a dedicated FAIS unit to enable Brokers and Financial Advisors employed in the Insurance industry, to obtain the credits they require to retain or become licenced with the FSB.	INSETA will provide an assessment opportunity for Brokers and Financial Advisors to be assessed. The currently accredited providers will receive a basic curriculum and learning material as well as a guide to setting an assessment tool and a Recognition of Prior Learning assessment tool.	Approximately 30 000 Brokers and Financial Advisors, need either 30 or 60 credits. This project is to assist these people with being assessed in line with the minimum acceptable standards required by INSETA.
Internships	This project aims to facilitate new entrants to participate in accredited work, integrated learning and work-based programmes to acquire critical skills to enter the labour market or self employment.	This project offers unemployed graduates the opportunity of enhancing scarce and critical skills and improving their candidacy for employment.	The project will assist 470 learners to gain work-based experience as interns.
Leamerships	This project aims to assist employed and unemployed learners to successfully complete learnerships leading to basic entry, intermediate and high-level scarce skills.	This project is similar to previous Learnership projects and is a key offering of INSETA.	The project will fund Learnerships for 400 employed and 400 unemployed learners across a range of qualifications throughout the sector and across provinces.
Training of Black Actuaries, Financial Managers and Advisors	Research has shown that the Insurance industry has a critical shortage of specialist skills in certain areas or domains. This project is therefore aimed at training black actuaries, financial managers and investment advisors.	The project makes provision for either sourcing learners that are currently engaged in achieving one of the identified qualifications, or new learners currently employed in the industry.	The project will make available bursaries for 10 black actuaries, 20 financial managers and 30 investment advisors.
Insurance Leadership Programme for Black Graduates	This project will contribute to the transformation agenda to stem the exit of black graduates from, and attract other graduates to the Insurance industry.	INSETA will identify and engage mentors (retired senior executives of the companies) to mentor black graduate employees.	The project will place 20 candidates under the mentorship of 10 mentors for 8 months.
Career Guidance	This project is to promote Insurance as a career among black matriculants, to ensure a pipeline of new suitable black entrants into careers in the industry, particularly in the area of scarce skills.	The Financial Sector Charter (FSC) requires companies to employ 4.5% of its junior staff, as new entrants from unemployed black matriculants.	To provide career guide booklets to 500 000 matriculants, 50 000 university and technikon graduates, through centres of learning, career guidance counsellors and through 50 SDFs.
Capacity Building of Black Training Providers	There are insufficient black education and training providers in a position to successfully tender for education and training projects, or who can effectively and efficiently provide education and training to the industry.	The programme will be integrated with action learning in the workplace, to accelerate capacity building and opportunities for skill and knowledge transfer to happen.	This project is aimed at addressing the shortage, through a focused capacity building programme, for 40 potential participants.
New Venture Creation For Black Brokers	The project aims to assist designated groups, including new entrants, to participate in accredited work-integrated learning and work-based programmes to acquire critical skills to enter self-employment.	This project will provide participants with the knowledge and skill needed to start their own black brokerages. They will also be mentored by the host companies to operate as independent brokers, aligned to Insurance Houses.	This project will train and mentor 20 young people to establish viable new ventures.
New Venture Institution Support	The aim of this project is to identify two institutions in provinces where such institutions have not yet been recognised, to deliver new venture creation training and qualifications to 54 learners (85% black; 54% women; 4% disabled).	These new ventures need not be brokerages but can be any new venture identified in the SSP as a viable business from which the sector will procure services. 70% of the new ventures should still be operational after 12 months.	Potentially 54 new ventures can be created, to become sustainable businesses, and in turn, provide employment for other people.



Adult Basic Education and Training (ABET)

As the custodian responsible for Adult Basic Education and Training (ABET) in the insurance sector we commissioned research into ABET training. The main objective of the research study was to provide INSETA with reliable information on the number and profile of people who need ABET training in the sector. This information will enable the SETA to develop targeted ABET interventions for the sector.

All SETAs are required to raise the literacy and numeracy levels of people working in their sectors and to raise the number of workers who hold an NQF Level 1 or higher educational qualification.

Institutes of Sectoral Excellence (ISOE)

Two institutions met the criteria and received INSETA's annual Institutes of Sectoral Excellence (ISOE) grants, they are the PC Training and Business College and the College of Cape Town.

Quality assurance

Quality assurance of education and training provision is an essential part of ensuring that the learning which happens in companies, workplaces, and formal places of education and training accords with a national standard, and is internationally benchmarked.

The ETQA does not work in isolation, but is part of the larger extended education and training "family" which comprises Higher Education, and the ETQA for Higher Education (HEQC), Further Education and Training (FET) and the ETQA for FET (UMALUSI), and other ETQAs of SETAs and Professional bodies. The INSETA ETQA is very mindful of the need to ensure the quality processes are aligned to the best practice across the ETQA spectrum.

South African Qualifications Authority (SAQA) Audit

The ETQA function of the INSETA was audited by the South African Qualifications Authority (SAQA) in September 2007. INSETA was 1 of only 12 of 33 ETQAs that were deemed to be compliant with all SAQA criteria, in order to be audited. This audit was a performance audit, based on the total compliance status of INSETA's ETQA. We are very pleased to report that INSETA received a very positive audit report.

Signing of Memorandums of Understanding (MOUs) with other ETQAs

INSETA is in process of reviewing the currently signed MOUs with other ETQAs to ensure they meet the needs of the current learning delivery happening across the sector, and to accommodate cross-sector Learnerships in a more efficient way.

The MoU with South African Board of Personnel Practice (SABPP) has recently been reviewed and signed.

Verification of assessment and moderation of learning achievements

In this reporting period, 257 providers' assessments and moderation of learning achievements have been verified. The work of 2 563 employed and unemployed learners has been verified and credits granted or certificates allowed.

Accreditation, monitoring and auditing of providers

Eleven new providers were awarded primary accreditation and 10 new providers were awarded secondary accreditation through MoUs with other SETAs for INSETA unit standards and/or qualifications during the period under review.

The ETQA division conducted monitoring visits through its Regional Advisors, to 25 of INSETA's primary accredited providers. These monitoring visits guide the ETQA in terms of where capacity building and developmental programmes need to be initiated to support quality learning programme delivery throughout the accredited education and training provider base.

Register of Qualifications and Unit Standards on the National Qualifications Framework (NQF)

The insurance sector has a Joint Implementation Plan (JIP) with SAQA, through which qualifications and unit standards are designed with the sector, under the direct support and coordination of the SAQA standard setting division.

The current comprehensive suite of insurance qualifications that have been registered, together with their unit standards, are available on the SAQA website.

Register of assessors and moderators on the INSETA database

During the year under review 212 assessors were registered for the range of qualifications and unit standards registered on the NQF. The qualifications registered on the NQF require assessors to have a qualification at a level higher than what they are assessing, and this has been addressed in one of the circulars sent out in August 2007. This is improving the quality of assessment significantly, which is evidenced in the verification work the INSETA ETQA division conducts across all providers.

47 moderators have been registered. They also need to comply with the stipulated qualification requirements for assessors.

INSETA FAIS project

The INSETA FAIS project was born out of a decision to support the Industry to obtain the necessary FAIS compliance as per the requirements of the FAIS Fit and Proper Determination. The support that was given through the INSETA FAIS project was a national Recognition of Prior Learning (RPL) assessment, and funding support in the form of vouchers to offset some of the costs that the learners would have to pay to obtain their credits. The initial project was launched in 2004 and over 17 000 people wrote the assessment to obtain their credits for first round of compliance. An equivalence map was also developed and remains in place today.

Progress to date

With the deadline for December 2008 approaching, our FAIS Project Office was re-established in 2007. The Independent Institute of Education and their subsidiary Imfundo were appointed to assist with the project.

The first National Assessment was conducted in November 2007. 729 Advisors registered for the assessment, and a pass rate of



75.6% (551 people) was achieved. It should be noted that there was not a single outright failure, and all the other learners achieved credits in one or two of the three sections available in the papers. 69% (503 people) of the 729 were from historically disadvantaged communities.

Phase II of this project involves:

- Development of curricula for all categories of business
- Development of learning material to support curricula and National Assessments
- National Assessments for all categories of business planned for June and November of 2008 and 2009
- Development of Recognition of Prior Learning (RPL) tools for experienced Advisors

As previously done, historically disadvantaged communities will be subsidised. 3 566 Advisors have registered for the June 2008 assessment.

INSETA Funding

Apart from the project items listed above, funding has also been allocated for:

- Extensive advertising and the promotion of participation by Advisors in Fit and Proper
- Use of our website to do the same
- Development and distribution of brochures
- Contribution to FSB Fit and Proper Forum and workshops
- Certification of learners
- Nationwide roadshows
- Availability of project staff and our call-centre to deal with thousands of queries

To date our Council has approved funding to the value of R7.6 million for the FAIS Project.

Leamerships

Demand for funding

We have seen a growth in the demand for funding for development of skills by way of leamerships from companies within the Insurance sector. It is comforting to note that the bulk of the demand for funding to develop skills and hence, active participation in skills development, came from our smaller employers who employ 49 or less employees. The same applies for Internships where learners are given the opportunity to gain work-based experience for the purpose of obtaining qualifications or to enhance their employability after obtaining such qualifications.

Our Council approved funding to the value of R11.0 million for leamerships and R2.8 million for internships during the period under review, as well as approving changes to both our Leamerships' and Internships' policies which related to tranche payment percentages.

Re-registering of Wealth Management Leamership (NQF Level 5)

The Wealth Management Leamership (NQF Level 5) was re-registered in 2007 in time for the commencement of our NSF Critical Skills Project.

Leamership Applications and Agreements

Leamership Applications:

Leamership Applications received (excluding the NSF Critical Skills Project applications) during the year under review	156
Number of Leamership Applications approved	117
Number of Leamers per Leamership Applications	821

Leamership Agreements:

Number of Leamership Agreements approved during the year under review.	573
Number of Employed Leamers	98
Number of Unemployed Leamers	437
Number of Unemployed, Disabled Leamers	38

Since the establishment of INSETA 7 474 learners have completed their leamerships.

Types of Leamerships applied for by employers

Through the Leamership Applications received there is a clear indication for the demand of skills needed in the following disciplines: short-term insurance, financial administration, long-term insurance and wealth management, especially by small employers, whilst the large and medium sized companies indicated a need for skills development for wealth managers and financial administrators.

Internships

Currently we have 210 unemployed learners participating in 37 internships. During the period of reporting a need to encourage employers to increase their participation in internships was identified and a plan to effect this has been implemented.

Appreciation

I would like to express my deepest appreciation to our Chairperson and Deputy Chairperson, Tetiwe Jawuna and Ivan Mzimela and all the members of Council for their guidance, wisdom, support and time that they make available to our organisation. To my managers and staff, thank you for your commitment, passion and dedication. Well done on your sterling efforts! To all of our stakeholders – thank you, this incredible journey of skills development that we embarked upon would just not be possible without your active participation and support. It is indeed a privilege to be part of such a dynamic sector and organisation.



Mike Abel
Chief Executive Officer





Report of the Audit Committee

Report of the Audit Committee to the INSETA Council for the year ended 31 March 2008

Introduction

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

Audit Committee Members and Attendance

The Audit Committee consists of the members listed below and meets at least twice per annum as per its approved Charter. At the date of this Report the Audit Committee consisted of the following members:

CP Kemp (Chairperson)

MJ Botha

N Molope

B Khan¹

Audit Committee responsibility

The Audit Committee reports that it has adopted appropriate formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the PFMA and the King II Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the Annual Financial Statements (AFS), and management letter of the Auditor-General, it was noted that no significant or material non-

compliance with prescribed policies and procedures have been reported. Accordingly, we can report that the systems of internal control for the year under review were effective and efficient.

Evaluation of Annual Financial Statements

The Audit Committee has:

- Reviewed the results of the risk assessment
- Reviewed and approved the internal audit coverage plan and budget
- Obtained and considered periodic assurances regarding INSETA's continued compliance with the PFMA and other legislation
- Reviewed and discussed the audited AFS to be included in the Annual Report with the Auditor-General and the Accounting Officer
- Reviewed the Auditor-General management letter and management's response thereto
- Reviewed changes in accounting policies and practices
- Reviewed significant adjustments resulting from the audit

Conclusion in respect of the year under review

The Audit Committee wishes to report to Council that in its opinion:

- The respective charters of the Audit Committee and internal audit continue to be appropriately aligned to the PFMA Regulations and corporate governance practices in force during the year
- The Audit Committee has effectively carried out its responsibilities and functions in accordance with the statutory requirements and its charter
- The internal auditors (Ngubane and Co.) have operated objectively and independently. Their mandate includes providing independent assurances on the effectiveness of controls in terms of an Internal Audit Coverage Plan approved by the Audit Committee. This Plan is reviewed annually by the Committee so as to ensure that all significant functions, business processes and systems will be afforded internal audit coverage within the 3 year internal audit cycle required by the PFMA

¹ Mr B Khan resigned from the Audit Committee in May 2008.

- The external auditors (Auditor-General) have identified no impediments to conducting their audit of the AFS of INSETA without any restrictions
- The continued adequacies of the methodology to more comprehensively identify, assess and document the risks are being given appropriate attention from management, the Audit Committee and internal audit
- The effectiveness of measures taken to mitigate identified risks is continuously being assessed by management and internal audit
- Control weaknesses identified and recommendations for control enhancements identified by internal audit receive adequate management attention
- The Committee is satisfied that the SETA's overall system of internal control operated satisfactorily during the year under review

The Audit Committee concurs and accepts the Auditor-General conclusions on the AFS. The Audit Committee recommended that audited AFS be accepted together with the report of the Auditor-General.



CP Kemp
Chairperson of the Audit Committee
May 2008





Report of the Auditor-General

Report of the Auditor-General to Parliament on the Financial Statements and Performance Information of the Insurance Sector Education and Training Authority for the year ended 31 March 2008

Report on the Financial Statements

Introduction

1. I have audited the accompanying financial statements of the Insurance Sector Education and Training Authority which comprise the statement of financial position as at 31 March 2008, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 18 to 45.

Responsibility of the accounting authority for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting determined by the National Treasury, as set out in accounting policy note 1 to the financial statements and in the manner required by the Public Finance Management Act, Act No. 1 of 1999 (PFMA). This responsibility includes:

- designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, Act No. 25 of 2004 (PAA) and section 14(6) (a) of the Skills Development Act, Act No. 97 of 1998,

my responsibility is to express an opinion on these financial statements based on my audit.

4. I conducted my audit in accordance with the International Standards on Auditing and *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
6. An audit also includes evaluating the:
 - appropriateness of accounting policies used
 - reasonableness of accounting estimates made by management
 - overall presentation of the financial statements
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis of accounting

8. The public entity's policy is to prepare financial statements on the basis of accounting determined by the National Treasury, as set out in accounting policy note 1 to the financial statements.

Opinion

9. In my opinion the financial statements present fairly, in all material respects, the financial position of the Insurance Sector Education and Training Authority as at 31 March 2008 and its financial performance and cash flows for the year then ended, in accordance with the basis of accounting determined by the National Treasury, as set out in accounting policy note 1 to the financial statements and in the manner required by the Public Finance Management Act, Act No. 1 of 1999.

Emphasis of matter

Without qualifying my audit opinion, I draw attention to the following matter:

Restatement of corresponding figures

10. As disclosed in accounting policy note 3 and in note 18 to the annual financial statements, the accounting policy for the recognition and measurement of skills development levy income has been amended by National Treasury and the Department of Labour on the basis of a revised interpretation of the Skills Development Act, Act No. 97 of 1998 and the Skills Development Levies Act, Act No. 9 of 2001. The corresponding figures have been restated as a result of the revised interpretation.

Other matter

Without qualifying my audit opinion, I draw attention to the following matter that relates to my responsibility in the audit of the financial statements:

Matters of governance

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

Matter of Governance	Yes	No
Audit committee		
• The public entity had an audit committee in operation throughout the financial year.	✓	
• The audit committee operates in accordance with approved, written terms of reference.	✓	
• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 77 of the PFMA and Treasury Regulation 3.1.10/27.1.8	✓	
Internal audit		
• The public entity had an internal audit function in operation throughout the financial year.	✓	
• The internal audit function operates in terms of an approved internal audit plan.	✓	
• The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 27.2	✓	
Other matters of governance		
The annual financial statements were submitted for audit as per the legislated deadlines (section 55 of the PFMA).	✓	
The financial statements submitted for audit were not subject to any material amendments resulting from the audit.	✓	
No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the unavailability of senior management.	✓	
The prior year's external audit recommendations have been substantially implemented.	✓	

Other reporting responsibilities

Report on performance information

12. I have reviewed the performance information as set out on pages 53 to 56.

Responsibility of the accounting authority for the performance information

13. The accounting authority has additional responsibilities as required by section 55(2)(a) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the public entity.

Responsibility of the Auditor-General

14. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*.

15. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

16. I believe that the evidence I have obtained is sufficient and appropriate to report that no findings have been identified as a result of my review.

Appreciation

17. The assistance rendered by the staff of the Insurance Sector Education and Training Authority during the audit is sincerely appreciated.

Auditor-General.

Pretoria
31 July 2008





Annual Financial Statements

for the year ended 31 March 2008

The Annual Financial Statements for the year ended 31 March 2008, set out on pages 18 to 45, have been approved by the Accounting Authority in terms of section 51(1) (f) of the Public Finance Management Act (PFMA), No. 1 of 1999 as amended, on 30 May 2008, and are signed on their behalf by:



Mike Abel - Chief Executive Officer, INSETA



Tete Jawuna - Chairperson, INSETA

Insurance Sector Education and Training Authority

Annual Financial Statements

31 March 2008

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Report of the Accounting Authority

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

As the INSETA Accounting Authority, it is Council's responsibility to prepare Annual Financial Statements that fairly represent INSETA's Financial Position as at 31 March 2008 and also the Financial Performance and Summary Cash Flow Activities for the year ended 31 March 2008. We are of the opinion that appropriate Accounting Policies, supported by reasonable and prudent judgements and estimates, have been applied on a consistent basis. The Annual Financial Statements comply with Generally Accepted Accounting Practice (GAAP), including any interpretations of such Statements issued by the Accounting Practices Board and with the prescribed Standards of Generally Recognised Accounting Practice (GRAP).

Corporate Governance

From the outset both INSETA and INSETA's Management identified good corporate governance, as one of its critical success factors, by setting the highest standards that comply with best practice and this stance remains unchanged as the SETA ends its eighth year of operations. The Council is supported in its functions and duties by the Audit Committee, the Finance, IT & Administration Committee and the HR/Remuneration Committee, all of which have been functional since the establishment of INSETA.

The Audit Committee is governed by a Charter, which outlines its roles and responsibilities. The Finance, IT & Administration Committee and HR/Remuneration Committee abide by a Terms of Reference.

INSETA has compiled a Fraud Prevention Plan and a high-level risk profile has been developed to identify, manage and control the business risks of the SETA. Numerous divisional policies have also been implemented to manage the day-to-day operations of the SETA. These policies are approved by Council and are reviewed from time to time.

General review of the state of affairs

The Insurance Sector Education and Training Authority promotes and represents the training and development interests of the Insurance Sector of the economy in terms of the skills development legislation. INSETA's mission is "to promote and enable quality skills development through funding education and training in South Africa to meet the national skills agenda and contribute to transformation in the sector".

INSETA's constituents cover the following sub-sectors of the Insurance Sector:

- Short-Term Insurance
- Life Insurance
- Insurance and Pension Funding
- Risk Management
- Health Care Benefits Administration
- Collective Investments
- Funeral Insurance
- Reinsurance
- Pension Funding
- Activities auxiliary to Financial Intermediation

The Insurance Sector is a rapidly evolving, growing and developing major player in the South African economy. Approximately 9 832 employers have registered with the South African Revenue Services within the Insurance Sector, with 1 357 classified as levy contributors. INSETA represents a sector with a diverse range of employers, ranging from very small (10 employees) to very large (in excess of 12 000 employees). The majority of the workforce represents skilled and highly skilled employees. The sector employs over 100 000 people (excluding people employed in micro-enterprises and informal businesses).

The Council, which comprises Business, Labour and State representatives, governs the affairs of INSETA. INSETA itself is managed by Chief Executive Officer, Mike Abel and has a permanent staff compliment of 26 as at 31 March 2008. Regional Advisors have been appointed in Gauteng, Western Cape, Eastern Cape and KwaZulu-Natal to assist, support and guide small employers in terms of the skills development legislation.

INSETA has adopted a learning strategy, which is aimed at all levels of employment in the sector and is aligned to the National Skills Development Strategy.

INSETA's 80% levy income increased by R15.2 million from R149.4 million for the 2006/7 financial year to R164.6 million for the 2007/8 financial year. Changes in levy income estimates relating to prior years are included in the current year balances. The administration surplus for 2007/8 was R2.5 million (2006/7 R1.6 million). The actual administration expenditure for the current financial year was R18.1 million (2006/7 R17.0 million). Total project and grant expenditure for the current financial year amounted to R140.6 million (2006/7 R122.1 million).

Going concern

We have every reason to believe that INSETA will continue to operate as a going concern in the foreseeable future.

Allowances paid to council members and council sub-committee members

Council and Council Sub-Committee members' employers are remunerated for their attendance at Council and Council Sub-Committee meetings. Disclosure of the allowances paid is in accordance with Treasury Regulation 28.1.2 and is as follows:

Chairperson	R1,000 per meeting
Deputy Chairperson	R900 per meeting
Ordinary Committee Member	R800 per meeting

Name of Councillor	Committee Meeting Attended During Period Under Review	Total Amount Paid
Artwell Hlengwa	Council	R4,000
Audrey Mothupi ¹	Council	R1,600
Barry Scott	Council Finance, IT & Administration Committee	R2,400 R1,600
Blum Khan	Council Finance, IT & Administration Committee Audit Committee	R1,600 R1,600 R800
Charles Wells ²	Council	R2,400
Eugene Ebersohn ³	Council Finance, IT & Administration Committee	R1,600 R800
Eugene Zeeman	Council	R4,000
Ivan Mzimela	Council (Deputy Chairperson) HR/Remuneration Committee	R3,600 R800
Laetitia van Dyk ⁴	Council	R2,400
Lindani Ndlovu ⁵	Council	R1,600
Margie Naidoo	Council HR/Remuneration Committee (Chairperson) * Ad-hoc Consultation ⁶	R4,000 R1,000 R500
Nosipho Molope	Council Audit Committee	R4,000 R2,400
Rama Govenden ⁷	Council	R1,600
Reone Kerr ⁸	Council	R1,600
Tetiwe Jawuna	Council (Chairperson) HR/Remuneration Committee	R5,000 R800
Total		R51,700

Notes

¹ Resigned from Council after June 2007 meeting.

² Tenure as Councillor ended in September 2007.

³ Appointed at AGM in September 2007.

⁴ Resigned from Council in February 2008.

⁵ Resigned from Council in October 2007.

⁶ Payment paid to individual.

⁷ Appointed at AGM in September 2007.

⁸ Resigned from Council in June 2007.

Note: The payments indicated above are paid to the nominating organisation and not to the individual representative (except where indicated otherwise).



Remuneration of the Chief Executive Officer

As required by Treasury Regulation 28.1.2 of the Public Finance Management Act, the remuneration of the Chief Executive Officer during the period of reporting consisted of the following components:

	2006/07	2007/08
Basic Salary	R1,030,500	R1,102,388
Bonuses	R85,866	R353,182
Travel Expenses and Allowances	R18,720	R74,880
Other	R38,836	R38,992
Total	R1,173,921	R1,569,442

The Chief Executive Officer also acts as the Chief Financial Officer of INSETA.

Business address

The Insurance Sector Education and Training Authority is situated on the Ground Floor, North Wing, Oakhurst, 11 St. Andrews Road, Parktown, Johannesburg. The postal address is P O Box 32035, Braamfontein, 2017.



Tetiwe Jawuna
Chairperson, INSETA



Mike Abel
Chief Executive Officer, INSETA



Statement of Financial Performance

for the year ended 31 March 2008

	Notes	2007/08 R'000	2006/07 R'000
Revenue			
Skills Development Levy: income from non-exchange transactions	2	164,631	149,400
Skills Development Levy: penalties and interest from non-exchange transactions		887	813
National Skills Fund income	11	8,843	-
Donations for special projects	12	167	-
Investment income	3	10,719	7,215
Total revenue		185,247	157,428
Expenses			
Employer grant and project expenses	4	(140,601)	(122,077)
Administration expenses	5	(18,095)	(17,046)
National Skills Fund expenses	11	(8,843)	-
Special project expenditure	12	(167)	-
Total expenses		(167,706)	(139,123)
Net surplus for the year	1	17,541	18,305



Statement of Financial Position

as at 31 March 2008

	Notes	2007/08 R'000	2006/07 R'000
Assets			
Non-current assets			
Property, plant and equipment	6	1,531	1,055
Current assets			
Accounts receivable	7	453	194
Accounts receivable from non-exchange transactions	8	1,459	15,300
Consumables		147	-
Cash and cash equivalents	9	139,585	99,948
Total current assets		141,644	115,442
Current liabilities			
Trade and other payables from exchange transactions	10	38,123	25,814
National Skills Fund received in advance	11	3,909	6,775
Government Grants and donor funding received in advance	12	9	176
Provisions	13	746	885
Total current liabilities		42,787	33,650
Total net assets		100,388	82,847
Funds and Reserves			
Funds and Reserves			
Administration reserve		1,531	1,055
Employer grant reserve		112	340
Discretionary reserve		98,745	81,452
Total funds and reserves		100,388	82,847



Statement of Changes in Net Assets

for the year ended 31 March 2008

	Notes	Admini- stration reserve R'000	Employer grant reserve R'000	Discretionary reserve R'000	Un- appropriated surplus R'000	Total R'000
Balance at 1 April 2006 as previously reported		1,000	170	76,861	-	78,031
Effect of change in interpretation of legislation	18		-	(13,489)	-	(13,489)
Balance at 1 April 2006 as restated		1,000	170	63,372	-	64,542
Net surplus per Statement of Financial Performance		-	-	-	18,305	18,305
Allocation of unappropriated surplus		1,616	13,393	3,296	(18,305)	-
Excess reserves transferred to Discretionary reserve		(1,561)	(13,223)	14,784	-	-
Balance at 31 March 2007 as restated		1,055	340	81,452	-	82,847
Net surplus per Statement of Financial Performance			-	-	17,541	17,541
Allocation of unappropriated surplus	1	2,472	11,576	3,493	(17,541)	-
Excess reserves transferred to Discretionary reserve		(1,996)	(11,804)	13,800	-	-
Balance at 31 March 2008		1,531	112	98,745	-	100,388

An amount of R1,531,000 (2007: R1,055,000) is retained in the administration reserve equal to the carrying value of property, plant and equipment.

An amount of R112,000 (2007: R340,000) is disclosed in the employer grant reserve for newly registered member companies, participating after the legislative cut-off date.



Cash Flow Statement

for the year ended 31 March 2008

	Notes	2007/08 R'000	2006/07 R'000
Cash Flows from Operating Activities			
Operating activities			
Cash receipts from stakeholders		179,828	136,775
Levies, interest and penalties received		179,684	135,808
Other cash receipts from stakeholders		144	967
Cash paid to stakeholders, suppliers and employees		(156,076)	(140,376)
Grants and project payments		(132,435)	(124,856)
Special projects expenses paid		(9,010)	-
Compensation of employees		(7,570)	(6,863)
Payments to suppliers and other		(7,061)	(8,657)
Cash generated from/(utilised in) operations	14	23,752	(3,601)
Investment income	3	10,719	7,215
Special projects receipts	11	5,977	3,540
Net cash inflow from operating activities		40,448	7,154
Cash Flow from Investing Activities			
Purchase of property, plant and equipment	6	(811)	(351)
Net cash outflow from investing activities		(811)	(351)
Net increase in cash and cash equivalents		39,637	6,803
Cash and cash equivalents at beginning of year	9	99,948	93,145
Cash and cash equivalents at end of year	9	139,585	99,948



Accounting Policies to the Annual Financial Statements

for the year ended 31 March 2008

I Basis of preparation

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

Standard of GRAP

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

Replaced statement of GAAP

AC101: Presentation of financial statements
AC118: Cash flow statements
AC103: Accounting policies, changes in accounting estimates and errors

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

Terminology differences:

Statement of GRAP

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

Replaced statement of GAAP

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

The cash flow statement can only be prepared in accordance with the direct method.

Specific information has been presented separately on the statement of financial position such as:

- (a) Receivables from non-exchange transactions, including taxes and transfers
- (b) Taxes and transfers payable
- (c) Trade and other payables from non-exchange transactions

The amount and nature of any restrictions on cash balances is required.

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

2 Currency

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

3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised when it is probable that future economic benefits will flow to the enterprise and these benefits can be measured reliably.

3.1 Levy income

The accounting policy for the recognition and measurement of skills development levy income has been amended on the basis of a revised interpretation of the Skills Development Act, Act No. 97 of 1998 and the Skills Development Levies Act, Act No. 9 of 1999.



Skills Development Levy (SDL) transfers are recognised when it is probable that future economic benefits will flow to the SETA and these benefits can be measured reliably. This occurs when the Department of Labour (DoL) either makes an allocation or payment, whichever comes first, to the SETA, as required by Section 8 of the Skills Development Levies Act, Act No. 9 of 1999. The new policy is effective from 1st April 2007.

80% of skills development levies are paid over to the SETA (net of the 20% contribution to the National Skills Fund). The SETA was not in a position to verify that SARS has collected all potential skills levy income.

Levy income is recognised on the accrual basis.

Revenue is adjusted for interSETA transfers due to employers changing SETAs. Such adjustments are separately disclosed as interSETA transfers. The amount of the interSETA adjustment is calculated according to the most recent Standard Operating Procedure issued by the Department of Labour.

When a new employer is transferred to the SETA, the levies transferred by the former SETA are recognised as revenue and allocated to the respective category to maintain its original identity.

3.2 Interest and penalties

Interest and penalties received on the skills development levy are recognised on the accrual basis.

3.3 Funds allocated by the National Skills Fund for Special Projects

Funds transferred by the National Skills Fund (NSF) are accounted for in the financial statements of the SETA as a liability until the related eligible special project expenses are incurred, when the liability is extinguished and revenue recognised.

Property, plant and equipment acquired for NSF Special Projects are capitalised in the financial statements of the SETA, as the SETA controls such assets for the duration of the project. Such assets may however only be disposed of in terms of agreement and specific written instructions by the NSF.

3.4 Government grants and other donor income

Conditional Government grants and other conditional donor funding received are recorded as deferred income when they become receivable and are then recognised as and when the conditions are met. Unconditional grants received are recognised when the amounts have been received.

3.5 Investment income

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

4 Grants and project expenditure

A registered employer may recover a maximum of 50% of its total levy payment as mandatory employer grant (excluding interest and penalties) by complying with the criteria in accordance with the Skills Development Act, Act No. 97 of 1998: SETA Grant Regulations regarding monies received and related matters (the SETA Grant Regulations).

Mandatory grants

Grants are equivalent to 50% of the total levies contributed by employers during the corresponding financial period.

Discretionary grant and project expenditure

A SETA may out of any surplus monies and in accordance with criteria as defined in the SETA Grant Regulations allocate funds to employers, and other associations or organisations when the conditions have been met. The criteria for allocating funds are approved by the SETA Board. Where necessary it can be required of interested employers, associations or organisations to complete and submit a funding application for consideration and approval by the SETA.



Project expenditure comprise:

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

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

Discretionary grant and project costs are recognised as expenses in the period in which they are incurred.

Retrospective adjustments by SARS

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

5 Irregular and fruitless and wasteful expenditure

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

- The PFMA, as amended
- The Skills Development Act (the Act), Act No. 97 of 1998 as amended

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

All irregular and fruitless and wasteful expenditure is recognised against the respective class of expense in the period in which they are incurred.

6 Property, plant and equipment

Property, plant and equipment is stated at cost less any subsequent accumulated depreciation and adjusted for any impairments. Depreciation is charged so as to write off the costs of assets over their estimated useful lives, using the straight line method.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

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

The gain or loss on disposal of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount and are taken into account in determining operating surplus.

7 Leasing

Finance leases, consistent with the definition set out in the Treasury Regulations refer to a contract that transfers the risks, rewards, rights and obligations incidental to ownership to the lessee and are recorded as a purchase of equipment by means of long-term borrowing. All other leases are classified as operating leases.

Payments made under operating leases (leases other than finance leases) are charged to the Statement of Financial Performance on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

8 Provisions

Provisions are recognised when the SETA has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be estimated reliably. Long-term provisions are discounted to net present value.



The cost of employee benefits is recognised during the period in which the employee renders the related service. Employee entitlements are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to the Statement of Financial Position date. Provisions included in the Statement of Financial Position are provisions for leave (based on the current salary rates) and termination benefits.

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

No provision has been made for retirement benefits as the SETA does not provide for retirement benefits for its employees.

9 Grants and projects

Mandatory and discretionary grant payments

A liability is recognised for grant payments once the specific criteria set out in the SETA Grant Regulations has been complied with by member companies and it is probable that the SETA will approve the grant application for payment. The liability is measured at the present value of the expected future cash outflow as determined in accordance with the Act. The measurement involved an estimate, based on the amount of levies received.

Discretionary projects

No provision is made for projects approved at year-end, unless the service in terms of the contract has been delivered. Where a project has been approved, but has not been accrued for or provided for, it is disclosed as commitments in the notes to the financial statements.

10 Financial instruments

Recognition

Financial assets and financial liabilities are recognised on the SETA's Statement of Financial Position when the SETA becomes a party to the contractual provisions of the instrument.

Financial assets

Investments are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit and loss, which are initially measured at fair value.

Financial assets can be classified into the following specified categories: financial assets as 'at fair value through profit or loss' (FVTPL), 'held to-maturity investments', 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

All financial assets of the SETA were categorised as loans and receivables.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate except for short-term receivables where the recognition of interest would be immaterial.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.



The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the surplus or deficit.

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Account and other payables do not bear interest and are stated at their nominal value.

Financial liabilities at FVTPL

Financial liabilities are classified as FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

All financial liabilities of the SETA were classified as other financial liabilities.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

11 Reserves

Net assets are classified based on the restrictions placed on the distribution of monies received in accordance with the Regulations issued in terms of the Skills Development Act, Act No. 97 of 1998 as amended as follows:

- Administration reserve
- Employer grant reserve
- Discretionary reserve
- Unappropriated surplus

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

	2007/08 %	2006/07 %
Administration costs of the SETA	10	10
Employer Grant Fund Levy	50	50
Discretionary grants and projects	20	20
Received by the SETA	80	80
Contribution to the National Skills Fund	20	20
	100	100

In addition, contributions received from public service employers in the national or provincial spheres of Government may be used to fund the SETA's administration costs.

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

Surplus funds in the administration reserve and unallocated funds in the employer grant reserve are moved to the discretionary fund reserve. Provision is made in mandatory grant reserve for newly registered companies, participating after the legislative cut-off date.



12 Comparative figures

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

13 Taxation

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

14 Consumable inventory

Consumables are recognised as an asset on the date of acquisition and it is measured at the cost of the acquisition and it is subsequently recognised in surplus or deficit as it is consumed.



Notes to the Annual Financial Statements

for the year ended 31 March 2008

I Allocation of net surplus for the year to reserves:

	Total per Statement of Financial Performance 2006/07 R'000	Total per Statement of Financial Performance 2007/08 R'000	Admini- stration reserve R'000	Employer grants reserve R'000	Discretionary reserve		
					Discretionary grants R'000	Projects R'000	Total discretionary R'000
Total revenue	157,428	185,247	20,567	103,015	41,049	20,616	61,665
Skills Development Levy: income from non- exchange transactions							
Admin levy income (10%)	18,662	20,567	20,567	-	-	-	-
Grant levy income (70%)	130,738	144,064	-	103,015	41,049	-	41,049
Skills Development Levy: penalties and interest from non-exchange transactions	813	887	-	-	-	887	887
National Skills Fund income	-	8,843	-	-	-	8,843	8,843
Donations for special projects	-	167	-	-	-	167	167
Investment income	7,215	10,719	-	-	-	10,719	10,719
Total expenses	139,123	167,706	18,095	91,439	316	57,856	58,172
Administration expenses	17,046	18,095	18,095	-	-	-	-
Finance costs	-	-	-	-	-	-	-
National Skills Fund expenses	-	8,843	-	-	-	8,843	8,843
Donations for special projects	-	167	-	-	-	167	167
Employer grants and project expenses	122,077	140,601	-	91,439	316	48,846	49,162
Net surplus per Statement of Financial Performance allocated	18,305	17,541	2,472	11,567	40,733	(37,240)	3,493



Notes to the Annual Financial Statements

for the year ended 31 March 2008

	Notes	2007/08 R'000	2006/07 R'000
2 Skills development levy income from non-exchange transactions			
The total levy income per the Statement of Financial Performance is as follows:			
Levy income: Administration		20,567	18,662
Levies received		22,339	16,912
Levies received from SARS		22,321	16,686
InterSETA transfers in		29	270
InterSETA transfers out		(11)	(44)
Levies accrued		(1,772)	1,750
Levy income: Employer Grants		103,015	93,596
Levies received		111,868	84,779
Levies received from SARS		111,787	83,496
InterSETA transfers in		135	1,505
InterSETA transfers out		(54)	(222)
Levies accrued		(8,853)	8,817
Levy income: Discretionary Grants		41,049	37,142
Levies received		44,590	33,304
Levies received from SARS		44,551	33,011
InterSETA transfers in		55	382
InterSETA transfers out		(16)	(89)
Levies accrued		(3,541)	3,838
		164,631	149,400
3 Investment income			
Interest income - bank deposits		10,719	7,215



Notes to the Annual Financial Statements

for the year ended 31 March 2008

	Notes	2007/08 R'000	2006/07 R'000
4 Employer grant and project expenses			
Mandatory grants		91,439	80,203
Disbursed		84,996	87,269
Movement in provisions and accruals		6,443	(7,066)
Discretionary grants		316	(289)
Disbursed		316	(289)
Project expenditure		48,846	42,163
Disbursed		47,123	37,876
Movement in provisions and accruals		1,723	4,287
		140,601	122,077

5 Administration expenses

Depreciation		335	296
Operating lease rentals (minimum lease payments) - Buildings		955	936
Maintenance, repairs and running costs - Property and buildings		485	135
Advertising, marketing and promotions, communication		736	459
Entertainment expenses		217	74
Consultancy and service provider fees		5,854	4,449
Legal fees		(457)	1,668
Cost of employment	5.1	7,570	6,863
Travel and subsistence		541	423
Staff training and development		107	60
Remuneration to members of the accounting authority		70	48
Remuneration to members of the audit committee		8	9
External auditor's remuneration		364	361
Allowance for doubtful debts		190	97
Other		1,120	1,168
Stationery		152	77
Internal audit fees		293	357
Professional Indemnity Insurance		175	175
Telephone costs		285	261
Sundry expenses		215	298
		18,095	17,046



Notes to the Annual Financial Statements

for the year ended 31 March 2008

	Notes	2007/08 R'000	2006/07 R'000
5 Administration expenses (continued)			
5.1 Cost of employment			
Salaries and wages		7,530	6,835
Basic salaries		6,181	6,202
Performance awards		821	494
Temporary staff		369	-
Leave payments		159	139
Social contributions		40	28
UIF		31	28
SDL		9	-
		7,570	6,863
Allocation of cost of employment			
Administration expenses	5	7,570	6,863
Average number of employees		23	24

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

6 Property, plant and equipment

	Cost R'000	Accumulated depreciation R'000	Closing carrying amount R'000
Year ended 31 March 2008			
Computer equipment	826	(682)	144
Computer software	73	(72)	1
Office furniture and fittings	1,196	(464)	732
Office equipment	382	(138)	244
Office fixtures	1,047	(637)	410
Balance at end of the year	3,524	(1,993)	1,531
Year ended 31 March 2007			
Computer equipment	713	(538)	175
Computer software	73	(72)	1
Office furniture and fittings	790	(360)	430
Office equipment	293	(116)	177
Office fixtures	844	(572)	272
Balance at end of the year	2,713	(1,658)	1,055



Notes to the Annual Financial Statements

for the year ended 31 March 2008

6 Property, plant and equipment (continued)

	Carrying amount 2007 R'000	Additions R'000	Disposals R'000	Depreciation charge R'000	Carrying amount 2008 R'000
Movement summary 2008					
Computer equipment	175	113	-	(144)	144
Computer software	1	-	-	-	1
Office furniture and fittings	430	406	-	(104)	732
Office equipment	177	89	-	(22)	244
Office fixtures	272	203	-	(65)	410
Balance at end of the year	1,055	811	-	(335)	1,531

	Carrying amount 2006 R'000	Additions R'000	Disposals R'000	Depreciation charge R'000	Carrying amount 2007 R'000
Movement summary 2007					
Computer equipment	187	100	-	(112)	175
Computer software*	1	-	-	-	1
Office furniture and fittings	374	130	-	(74)	430
Office equipment	86	121	-	(30)	177
Office fixtures	352	-	-	(80)	272
Balance at end of the year	1,000	351	-	(296)	1,055

* The balance included under computer software are intangible assets.



Notes to the Annual Financial Statements

for the year ended 31 March 2008

	Notes	2007/08 R'000	2006/07 R'000
7 Accounts receivable			
Other accounts receivable			
Deposits		167	156
Prepayments		15	-
Interest receivable		259	-
Sundry receivables		12	38
		453	194

8 Accounts receivable from non-exchange transactions

Skills development levy debtors		-	14,166
Admin levy debtors		-	1,772
Employer grant levy debtors		-	8,853
Discretionary grant debtors		-	3,541
InterSETA receivables	21	361	336
Bad debts written off		-	-
Employer receivable	8.1	1,476	987
Allowance for doubtful debts		(378)	(189)
		1,459	15,300

8.1 Employer receivable

Employer receivable			
Overpayment to employers		1,476	987
Allowance for doubtful debt		(378)	(189)
Net effect of retrospective adjustments on affected employers		1,098	798

R1,476,000 (2007: R987,000) was recognised as a receivable relating to the overpayment of grants to the employer in earlier periods, and is based on the amount of such grant over payments. An amount of R378,000 (2007: R189,000) was provided for as doubtful debt as attempts to recover any overpayment has not yet been successful.

9 Cash and cash equivalents

Cash at bank and on hand		34,207	17,982
Cash at bank		34,202	17,978
Cash on hand		5	4
Short term investments		105,378	81,966
Cash and cash equivalents at end of year		139,585	99,948



Notes to the Annual Financial Statements

for the year ended 31 March 2008

As required in Treasury Regulation 31.2, National Treasury approved the banks where the bank accounts are held. The weighted average interest rate on short term bank deposits was 11.71% (2007: 7.85%).

The Skills Development Act Regulations state that a SETA may, if not otherwise specified by the Public Finance Management Act, invest moneys in accordance with the investment policy approved by the relevant SETA.

Treasury Regulation 31.3 requires that, unless exempted by the National Treasury, the SETA as a public entity that is listed in Schedule 3A of the Act must invest surplus funds with the Corporation of Public Deposits.

As the SETA was exempted by the National Treasury from the requirement of Treasury Regulation 31.3 to invest surplus funds with the Corporation for Public Deposits, surplus funds were invested in line with an investment policy as required by Treasury Regulation 31.3.5.

10 Accounts payable

	Notes	2007/08 R'000	2006/07 R'000
Skills development grants payable - mandatory		23,916	16,397
Project creditors		6,336	4,613
InterSETA payables	21	51	346
Service provider fees outstanding		1,630	489
Provision for incorrect receipts	10.1	2,312	1,394
Sundry payables		3,878	2,575
Trade creditors		2,163	737
Other accrued expenses		1,201	1,037
Employer payables		514	801
		38,123	25,814

10.1 Provision for incorrect receipts

	Opening Balance R'000	Change in Estimate R'000	Addition R'000	Closing balance R'000
2007/08				
Provision for levies from exempt employers	1,231	-	1,081	2,312
Provision for identified variances	163	-	(163)	-
	1,394	-	918	2,312
2006/07				
Provision for levies incorrectly received	884	(8)	355	1,231
Provision for identified variances	-	-	163	163
	884	(8)	518	1,394

An amount of R2,312,000 (2007: R1,231,000) relates to levies incorrectly contributed by employers, and paid over by SARS and DoL, after being exempted from contributing skills development levies due to new legislation which came into effect 1 August 2005. An amount of RNil (2007: R163,000) relates to levies identified as being incorrectly received by the SETA.



Notes to the Annual Financial Statements

for the year ended 31 March 2008

	Notes	2007/08 R'000	2006/07 R'000
11 National Skills Fund: Special projects			
Opening balance		6,775	3,235
Draw down received during the year		5,581	3,473
Leamership project		5,581	6,738
Leamership project prior year refund		-	(3,265)
Interest received		396	67
Utilised and recognised as revenue conditions met: Leamership Project		(8,843)	-
		3,909	6,775

During the current year conditional funds of R5,581,000 (2007: R6,738,000) was received from the National Skills Fund for the purposes of a Leamership project. This amount was recognised as a liability until the conditions attached were met. During the year, R8,843,000 (2007: RNil) eligible project special expenses were incurred or recognised as revenue. At year end, R3,909,000 (2007: R6,775,000) continues to be accounted for as a liability until the remaining conditions attached have been met. RNil (2007: R3,265,000), which amount includes interest was paid back to the NSF on closure of the project.

12 Government grants and donor funding received in advance

Opening balance		176	176
Utilised and recognised as income conditions met		(167)	-
Leamerships		(167)	-
		9	176

During the year conditional grants funds of Rnil (2007: RNil) was received from DoL for the purposes of Leamerships. During the year, R167 000 (2007: RNil) eligible project special expenses were incurred.

13 Provisions

	Employee leave provision	Employee bonus provision	2007/08 R'000	2006/07 R'000
Open carrying amount	392	493	885	669
Amounts utilised	(158)	(528)	(686)	(216)
Additional provision	159	353	512	-
Change in estimate	-	35	35	432
	393	353	746	885
Current	393	353	746	885
Total	393	353	746	885

Leave provision is calculated based on the number of leave days outstanding at year end and the total cost of employment. Bonus provision is calculated using the total cost of employment and is based on performance evaluation conducted by the CEO of the SETA and the remunerations committee as appropriate.



Notes to the Annual Financial Statements

for the year ended 31 March 2008

Notes	2007/08 R'000	2006/07 R'000
14 Reconciliation of Net Cash Flow from Operating Activities to Net Surplus		
Net surplus as per Statement of Financial Performance	17,541	18,305
Adjusted for non-cash items:		
Depreciation	335	296
Allowance for doubtful debts	190	97
Increase in provisions relating to employment	(139)	216
Special project income recognised	(9,010)	-
Adjusted for items separately disclosed:		
Investment income	(10,719)	(7,215)
Adjusted for working capital changes:		
Decrease/(increase) in receivables from non-exchange transactions	13,651	(14,119)
(Increase)/decrease in receivables	(259)	171
Increase in consumables	(147)	-
Increase/(decrease) in payables	12,309	(1,352)
Cash generated from/(utilised) in operations	23,752	(3,601)

15 Contingencies

In terms of the PFMA, all surplus funds as at year-end may be forfeited to National Treasury should an application for retention of surplus funds be denied. We will submit an application to National Treasury via the DoL for the retention of surplus funds. As in the previous year INSETA expects that National Treasury will approve the retention of surplus funds.

16 Commitments

16.1 Discretionary reserve

Of the balance of R98,745,000 available in the discretionary reserve at the end of March 2008, R103,960,000 has been approved and allocated for future projects and skills priorities as set out below. Amounts for expenses that have already been contracted or incurred, and therefore included in grant expenses in the Statement of Financial Performance, are also indicated. A request for the accumulation of these funds will be submitted to National Treasury via the DoL. At the time of compiling the financial statements, no reply had been received.

The allocation, indicated above, in excess of available reserves was as a result of the effect of the change in interpretation of legislation (refer note 18). Despite this over allocation as a result of the natural delay in the contracting and spending of allocated funding management is confident in their ability to meet the financial obligations at year end. The internal process for allocation of project funding will be revised appropriately to take into account the effect of this change.



Notes to the Annual Financial Statements

for the year ended 31 March 2008

16 Commitments (continued)

	Opening balance 2006/07 R'000	Approved by Account- ing Authority R'000	Utilised R'000	Opening balance 2007/08 R'000	Approved by Account- ing Authority R'000	Utilised R'000	Total R'000
ABET level 4 support	300	1,150	11	1,439	530	2	1,967
Black Business training support	500	1,886	95	2,291	-	-	2,291
Black Brokers - Running a brokerage	-	780	37	743	-	312	431
Bursaries and voucher project	2,000	10,093	6,286	5,807	8,436	11,373	2,870
Business School Bursaries for Leadership and Management studies	2,400	-	-	2,400	-	-	2,400
Capacity building seminar	-	-	-	-	550	-	550
Career Guide	421	190	173	438	1,100	1,020	518
Charter Implementation Support	272	(184)	88	-	-	-	-
Coaching and Mentoring	807	-	574	233	-	180	53
Corporate Social Investment	-	600	75	525	-	438	87
CPD	4,500	-	3,352	1,148	-	672	476
Curriculum Development	(21)	30	183	(174)	-	-	(174)
ELDP/LAP	3,084	(2,000)	163	921	-	-	921
Employment Equity	184	1,820	554	1,450	-	492	958
FAIS Act Support Project	4,939	(1,968)	1,033	1,938	2,346	1,972	2,312
Financial Sector Charter Learnerships	260	(260)	-	-	-	-	-
Funeral assistance training	-	-	-	-	1,134	514	620
Funeral services sub-committees	50	-	-	50	-	36	14
HIV/AIDS materials development	225	-	225	-	-	-	-
Impact study	-	-	-	-	915	27	888
IIP Implementation Support	342	(317)	25	-	-	-	-
Institute of Sectoral Excellence	1,000	1,140	2,038	102	1,065	1,045	122
Insurance leadership programme	-	-	-	-	920	-	920
Insurance Standards Generating Body	335	(281)	53	1	-	-	1
International Research	334	-	334	-	-	-	-
Internships	3,381	11,126	2,036	12,471	11,310	2,807	20,974
Learnerships	30,939	20,625	12,836	38,728	16,050	11,000	43,778
LMP Portal	4	(4)	-	-	-	-	-
Materials Development (INSMAT)/ Learning Implementation Guides	507	-	1	506	-	-	506
Maths Upliftment in the Insurance Sector	1,106	(1,106)	-	-	-	-	-
New Venture Creation Black Brokers	-	-	-	-	550	105	445
New Venture Development	1,000	-	1,000	-	-	-	-
New venture DoL SLA	-	-	-	-	1,650	174	1,476
New Venture Institutional Support	700	1,400	386	1,714	-	1,003	711
NSF Critical Skills Project	-	7,563	703	6,860	9,831	6,657	10,034
Provider Capacity Building	-	310	9	301	495	342	454



Notes to the Annual Financial Statements

for the year ended 31 March 2008

	Opening balance 2006/07 R'000	Approved by Account- ing Authority R'000	Utilised R'000	Opening balance 2007/08 R'000	Approved by Account- ing Authority R'000	Utilised R'000	Total R'000
PwC Management fees (Project office service provider)	18	3,236	2,967	287	3,385	3,360	312
QMS Manual	-	-	-	-	792	212	580
Research	708	555	560	703	913	911	705
Research studies	-	380	2	378	-	145	233
SAQA/INSETA Joint implementation	500	-	250	250	500	15	735
SMME Better business toolkit	-	-	-	-	3,050	30	3,020
SMME Support (RAs)	7,114	618	4,757	2,975	-	2,361	614
Standards Writing Consultancy	469	(73)	396	-	-	(22)	22
Social Development project	-	-	-	-	1,090	717	373
Supply Chain Management Project	40	(40)	-	-	-	-	-
Training of black actuaries	-	-	-	-	1,430	674	756
Train the Trainer: OBE Materials Development	377	-	307	70	-	154	(84)
Trustee Training Skilling Program	583	-	571	12	-	3	9
Workshops for SDFs	-	-	-	-	184	115	69
WIN - Woman in Insurance	65	31	83	13	-	-	13
Total project expenditure	69,443	57,300	42,163	84,580	68,226	48,846	103,960

16.2 Operating Leases

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

	2007/08 R'000	2006/07 R'000
Not later than one year	550	495
Later than one year and not later than five years	812	2,044
	1,362	2,539

The operating lease relates to building premises used for office accommodation. The lease agreement was entered into effective 1 August 2005 and will be operational for a period of five years, expiring on 31 July 2010.



Notes to the Annual Financial Statements

for the year ended 31 March 2008

17 Financial Instruments

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

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

	Floating rate		Non-interest bearing		Total
	Amount R'000	Effective interest rate	Amount R'000	Weighted average period until maturity in years	
Year ended 31 March 2008					
Assets					
Cash	139,585	11.71%		0.83	139,585
Accounts receivable			1,476	0.17	1,476
Total financial assets	139,585		1,476		141,061
Liabilities					
Accounts payable			11,381	0.83	11,381
Total financial liabilities	-		11,381		11,381
Year ended 31 March 2007					
Total financial assets	99,948	7.85%	194		100,142
Total financial liabilities	-		6,876		6,876

Credit risk

Financial assets, which potentially subject the SETA to the risk of non performance by counter parties consist mainly of cash and cash equivalents and accounts receivable.

The SETA limits its counter-party exposure by only dealing with well-established financial institutions approved by National Treasury. The SETA's exposure is continuously monitored by the accounting authority.

Credit risk with respect to levy paying employers is limited due to the nature of the income received. The SETAs concentration of credit risk is limited to the Insurance industry in which the SETA operates. No events occurred in the Insurance industry during the financial year that may have an impact on the accounts receivable that has not been adequately provided for. The SETA is exposed to a concentration of credit risk, as significant amounts is owed by the SARS to the DoL. This concentration of risk is limited as both entities are Government entities with sound reputations.

Liquidity risk

The SETA manages liquidity risk through proper management of working capital, capital expenditure and actual vs. forecasted cash flows and its cash management policy. Adequate reserves and liquid resources are also maintained.

Market risk

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

Fair values

The SETA's financial instruments consist mainly of cash and cash equivalents, account and other receivables, and account and other payables. No financial instruments were carried at an amount in excess of its fair value. No financial asset was carried at an amount in excess of its fair value and fair values could be reliably measured for all financial instruments.

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

Cash and cash equivalents

Cash and cash equivalents comprise cash held by the SETA and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.



Notes to the Annual Financial Statements

for the year ended 31 March 2008

Accounts receivable

The carrying amount of accounts receivable is net of the allowance for any doubtful debt, estimated by the accounting authority based on prior experience. The carrying amount of these assets approximates their fair value.

Accounts payable

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

18 Effect of Change in Interpretation of Legislation

The accounting policy for the recognition and measurement of Skills Development Levy income has been revised in line with the revised interpretation of the Skills Development Act, Act No. 97 of 1998 and the Skills Development Levies Act, Act No. 9 of 1999. The effect of the restatement on the financial statements is summarised below. (Also refer note 16.1).

	R'000
Decrease in opening Discretionary reserves at 1 April 2006	13,489
Decrease in Skills Development Levy: income from non-exchange transactions	(3,719)
Decrease in Skills Development Levy: penalties and interest from non-exchange transactions	(136)
Decrease in Employer grant and project expenses	3,760
Increase in surplus for the year	(95)
Decrease in Accounts receivable from non-exchange transactions	30,810
Decrease in Trade and other Payables	(17,226)
Decrease in Discretionary reserves	13,584

19 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the SETA's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives of property, plant and equipment

The SETA reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period, refer note 6 for the carrying values of property, plant and equipment. The SETA is currently established until 31 March 2010 and in terms of the Act read with Government Notice No. R.1082 of 7 September 1999 a SETA is required to apply to the Minister for a renewal of its certificate of establishment by 1 April 2009.

In the light of the requirement to apply for a renewal of a SETA's certificate of establishment, management was required to consider how it impacts the period over which assets are expected to be available for use by the SETA. Management determined, consistent with the prior year, that the useful life of assets should not be limited by the SETA's establishment until 31 March 2010. Management's determination of useful life also impacts the determination of the residual value of assets.

The following useful lives are used in the calculation of depreciation:

- Computer equipment	3 years
- Computer software	2 years
- Office furniture and fittings	10 years
- Office equipment	5 years
- Office fixtures	over the lease term



Notes to the Annual Financial Statements

for the year ended 31 March 2008

20 New Accounting Pronouncements

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

		Effective date, commencing on or after
GRAP 9	Revenue from Exchange Transactions	01 April 2009
GRAP 12	Inventories	01 April 2009
GRAP 13	Leases	01 April 2009
GRAP 17	Property Plant and Equipment	01 April 2009
GRAP 24	Presentation of Budget Information in Financial Statements	01 April 2009
GRAP 100	Non-current Assets held for Sale and Discontinued Operations	01 April 2009
GRAP 102	Intangible Assets	01 April 2009

An entity shall apply Standards of GRAP for Annual Financial Statements covering periods beginning on or after a date to be determined by the Minister of Finance in a regulation to be published in accordance with section 91(1)(b) of the PFMA.

GRAP 9

GRAP 9 - Revenue from Exchange Transactions. The Standard provides additional South African public sector specific examples of revenue transactions however it does not significantly differ from IAS 29 (AC 111) - Revenue. It is not expected that this Standard will significantly impact future disclosure due to the limited nature and volume of exchange transactions for which a SETA is expected to account.

GRAP 12

GRAP 12 - Inventories. The Standard provides additional guidance on the recognition and the initial measurement of inventories including recognising inventories acquired at no cost, or for nominal consideration, at fair value as at the date of acquisition. It is not expected that this Standard will significantly impact future disclosure due to the limited nature and volume of inventory for which a SETA is expected to account.

GRAP 13

GRAP 13 - Leases. The Standard clarifies that the leases standard should still be applied even where legislation may prohibit and entity from entering into certain types of lease agreements. It further adds an additional requirement to disclose the depreciation and finance charge relating to the leased asset under accounted for as a finance lease by the lessee.

GRAP 17

GRAP 17 - Property, plant and equipment. On initial application the Standard requires that assets which were acquired at no cost, or for a nominal cost, are accounted for at their fair value as at the date of acquisition. This treatment is different to the current treatment which accounts for such assets at cost. We do not expect this to significantly impact the carrying value of assets.

GRAP 100

GRAP 100 - Non-current Assets held for Sale and Discontinued Operations. The Standard provides public sector specific examples and refer to non-cash-generating assets that are relevant to the public sector however it does not significantly differ from IFRS 5 - Non-Current Assets Held for Sale and Discontinued Operations. It is not expected that this Standard will significantly impact future disclosure due to the limited nature and volume of such transactions for which a SETA is expected to account.

GRAP 102

GRAP 102 - Intangible Assets. This standard is drawn primarily from the International Accounting Standard on Intangible Assets (IAS 38). The Standard does provide additional public sector specific examples it also expands the identifiability criterion in the definition of an intangible asset to include contractual rights arising from binding arrangements, and to exclude rights granted by statute. The Standard will also require where an intangible asset is acquired at no cost or for a nominal consideration, that its cost is recorded as its fair value as at the date it is acquired.



Notes to the Annual Financial Statements

for the year ended 31 March 2008

21 Related party transactions

Transactions with other SETAs

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

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

	2007/08 R'000		2006/07 R'000	
	Amount of the transaction	Amount receivable/ payable	Amount of the transaction	Amount receivable/ payable
Receivables	145	361	2,147	336
Fasset	(5)	51	54	53
Health & Welfare SETA	-	68	12	68
ISETT	-	21	21	21
BANKSETA	20	20	1	-
SASSETA	-	2	-	2
Services SETA	130	194	2,054	187
THETA	-	5	5	5
Payables	7	51	345	346
Fasset	7	51	7	7
Services SETA	-	-	338	339
Total	138	310	1,802	(10)

Transactions with other related parties

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

Receivables			5,581	-	3,473	-
NSF income	Related to DoL	Funding	5,581	-	3,473	-
Payables			-	(3,918)	-	(6,951)
DoL	Executive Authority	Funding	-	(3,909)	-	(6,775)
DoL	Executive Authority	Funding	-	(9)	-	(176)
Total			5,581	3,918	3,473	6,951

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



INSETA Council



Tetiwe Jawuna
(Chairperson)
Business Representative
FIA



Ivan Mzimela
(Deputy Chairperson)
Labour Representative
IBSA



Artwell Hlengwa
Business Representative
Black Brokers Council



Barry Scott
Business Representative
SAIA



Eugene Ebersohn
Labour Representative
SASBO



Eugene Zeeman
Labour Representative
IBSA



*Isaac Ramputa**
Labour Representative
SASBO



*Keneiloe Selamolela**
Business Representative
SAIA



Margie Naidoo
Labour Representative
IBSA



Nosipho Molope
State Representative
FSB



Rama Govenden
Business Representative
LOA

* Appointed February 2008

+ Appointed May 2008

INSETA Council: Composition and attendance at meetings

Name of Councillor	Constituency	Dates of Meetings				
		12 April 2007	14 June 2007	13 September 2007	25 October 2007	28 February 2008
Artwell Hlengwa	Business Representative	Present	Present	Present	Present	Present
Audrey Mothupi	Business Representative	Present	Present	Apology	Resigned from Council	
Barry Scott	Business Representative	Present	Present	Present	Apology	Apology
Blum Khan	Labour Representative	Apology	Apology	Present	Apology	Present
Charles Wells	Labour Representative	Present	Present	Present	Tenure as Councillor ended	
Eugene Ebersohn	Labour Representative	Appointed at AGM in September 2007			Present	Present
Eugene Zeeman	Labour Representative	Present	Present	Present	Present	Present
Ivan Mzimela ¹	Labour Representative	Present	Present	Apology	Present	Present
Laetitia van Dyk	Labour Representative	Present	Present	Present	Apology	Resigned from Council
Lindani Ndlovu	Business Representative	Present	Present	Apology	Resigned from Council	
Margie Naidoo	Labour Representative	Present	Present	Present	Present	Present
Nosipho Molope	State Representative	Present	Present	Present	Present	Present
Rama Govenden	Business Representative	Appointed at AGM in September 2007			Present	Present
Reone Kerr	Business Representative	Present	Present	Resigned from Council		
Tetiwe Jawuna ²	Business Representative	Present	Present	Present	Present	Present

Notes

¹ Deputy Chairperson of INSETA

² Chairperson of INSETA

Allowances paid to councillors and representatives of Council Committees:

Chairperson	R1000 per meeting
Deputy Chairperson	R900 per meeting
Ordinary Representative	R800 per meeting

Note: Payments are made to either the nominating organisation in the case of Councillors or the employer in terms of specialists and not to the individual representative.

Council Committees

Audit Committee

During the period under review the Audit Committee met three times. The Committee comprises of Messrs. C. Kemp (Chairperson), M.J. Botha, B. Khan and Ms. N. Molope.

Finance, IT & Administration Committee

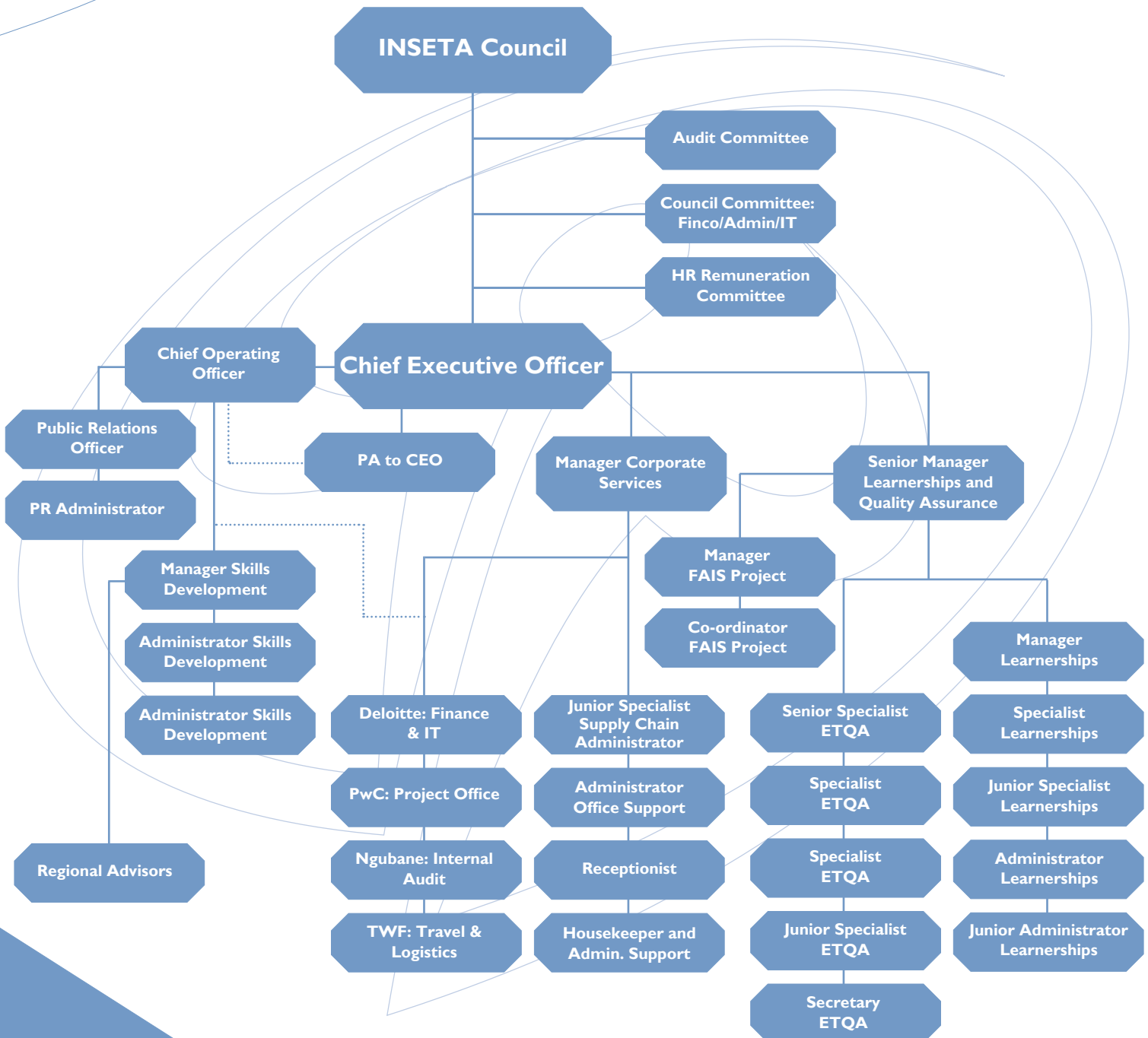
During the period under review the Finance, IT & Administration Committee met three times. The Committee comprises of Messrs. J. van Greuning (Chairperson), B. Scott, B. Khan and E. Ebersohn.

HR/Remuneration Committee

During the period under review, the HR/Remuneration Committee met once. The Committee comprises of Mesdames M. Naidoo (Chairperson), T. Jawuna (Council Chairperson), D. Nyamane and Mr. I. Mzimela (Council Deputy Chairperson).



INSETA Organogram



INSETA Team



Corporate Services Division

*Back: Zodwa Motloung, Phakama Nkosi and Jabu Mabaso
Front: Tebogo Mothapo and Kgomotso Mogami*



Learnerships Division

*Back: Vuyo Diniso, Nomonde Mandla, Lavern Ogle and Bongive Ramaboea
Front: Tumi Peele and Shirley Steenekamp*



Skills Development Division

*Back: Dumisani Kweyama
Front: Kim Pretorius and Viola James*

INSETA Team (continued)



ETQA Division

Back: Adeline Singh, William Fisher and Itumeleng Motaung

Front: Neesha Naidoo and Shirley Steenekamp

** absent Tamara Ntombela*



FAIS Project Office

Back: Glen Edwards

Front: Derene Breytenbach and Shirley Steenekamp



CEO's Office

Back: Ella Matshikiza

Front: Sebolelo Malebye and Sharon Snell



Statements of Support



Wilhelm van Zyl
Chief Executive Officer
Metropolitan

Metropolitan Holdings Limited is proud to be part of the drive to enhance the skill levels of the South African population and to be contributing to the eradication of the skills shortage in our industry. We are committed to creating prosperity for all Africa's people and our partnership with INSETA has gone a long way in helping us fulfil this vision.

In line with our corporate values and in support of our Investors in People (IiP) initiatives, we firmly believe in expanding our business through growing our people. This is difficult to do without the willingness of INSETA to fund the much needed training and development initiatives. We have consistently received support from them with regards to our FSC learnership programmes and in the form of support for the Metropolitan Senior Leadership Programme.

As part of our ongoing commitment to skills development in the industry we have provided opportunities for unemployed youth to obtain work-based experience. This learnership programme was enabled and supported by INSETA, and assisted us in also giving opportunities to people with disabilities.

We have built a good working relationship with the team from INSETA and are looking forward to strengthening this partnership in future.



Ian Kirk
Chief Executive Officer
Santam Limited

Since the inception of INSETA 8 years ago, the business environment has changed dramatically. INSETA has shown that they have the ability to adapt to these changes and has shown a willingness to work with stakeholders to confront the challenges facing the industry.

This past year has once again proven how committed INSETA is to the development and transformation of our industry by focusing their attention and efforts on meaningful projects that promotes professionalism. Santam shares this commitment and by accessing INSETA funding in the various projects and growing the relationship we have with INSETA, we are able to continue our focus on the development of the talent both at Santam and in our industry. This is evident through two very successful projects we embarked on this year, with the support of INSETA, being the implementation of learnerships for people with disabilities and the new development project for black brokers.

Over the recent years a true partnership has developed between Santam and INSETA and I would like to take this opportunity to thank Mike Abel and his team for the ongoing support and assistance we have received towards the implementation of the projects we initiated thus far.

Statements of Support (continued)



Anton Roux
Chief Executive Officer
Aon South Africa



Simon Chikumba
Managing Director
Aon Re Africa

INSETA has a tough task ahead of them and so do the rest of us if we are all going to stand together to address the skills shortage that our country is experiencing - specifically in our sector. At Aon we are grateful for the guidance and education that INSETA provide on an ongoing basis, whether it is an email on a change of legislation or the newsletter that keeps us informed, we are always kept up to date.

We are specifically grateful for the workshops, road shows and follow up reminders that are addressed professionally and in an easy to read and understand format. The outlines that are provided go a long way to ensure that we all do our part in an exercise that is greater than any one of us.

Aon South Africa has over the past two years had the pleasure of accepting 23 learners and these learners come to us through an accredited INSETA provider. After completing their INSETA accredited unit standards, they complete their work based experience in our offices and we are very proud of their achievements.

We value our relationship with INSETA and are excited about the future. Together with the rest of the industry, we can develop a strong pool of talent and ensure that our technical human capital is maintained and grown. We look forward to the changing and challenging future where risk becomes opportunity.



Anton Ossip
Chief Executive Officer
Risk and Insurance Services
Alexander Forbes

Alexander Forbes is proud of the accomplishments that INSETA has made to advance skills levels in the insurance industry. As a large employer we work closely in Partnership with INSETA to ensure our training plans and objectives tie in with their objectives.

Over the past year the recently launched Alexander Forbes Training and Development Academy was designed with this in mind and we appreciate the support that INSETA provides us. We currently employ 10 learners who are supported and sponsored by INSETA and we intend to increase this in the future. I have no doubt that this will provide our company with a wealth of new talent which will contribute to our continued growth in the future.

Alexander Forbes is passionate in our desire to ensure that our skills levels are constantly being raised and is committed to developing talent from disadvantaged communities. We also believe that as a sector, it is incumbent upon all industry parties to invest in skills development for the benefit of our country and of the industry.

As a business, we are further appreciative of the knowledge/ skills transfer by the Seta through its SDF workshops that are run periodically for the individuals who are tasked with the function of ensuring a skilled workforce.

On behalf of Alexander Forbes I pledge my commitment to our continued support of INSETA and wish Mike and his management team all the best in the future.



National Skills Development Strategy (NSDS) II Targets and Achievements

NSDS Indicator		INSETA 2007-2008 Target	Achievement	Reason for Deviation from Target
NSDS Objective 1: Prioritising critical skills for growth and development and equity				
1.1	Skills development supports national and sectoral growth, development and equity priorities.	Timeous research, updating and submission of SSP.	SSP research completed, signed off and submitted on due date. All SETA projects are informed by the SSP including the allocation of learnerships and internships funding.	No deviation.
1.2	Information on critical skills widely available to learners. Impact of information dissemination researched, measured and communicated in terms of rising entry, completion and placement of learners.	50 SDFs trained on use of career guide and for the guide to be widely distributed in the majority of the provinces.	96 SDFs trained and capacitated through the career guide, which is published each year and was distributed in six provinces. Additionally all INSETA's interventions are advertised through the INSETA Call Centre, website, newspapers, magazines and various sector and Government exhibitions which INSETA participates in.	The SETA identified additional opportunities to expose additional stakeholders to education and training on scarce skills.
NSDS Objective 2: Stimulating quality training for all in the workplace				
2.1	80% of large firms' and 60% of medium firms' EE targets, supported by skills development. Impact on overall equity profile assessed.	Number of large firms receiving WSP/ATR grants: 50. Number of medium firms receiving WSP/ATR grants: 60.	92 large firms submitted WSPs and ATRs and received grants. 66 medium firms submitted WSPs and ATRs and received grants. According to the analysis of the ATR report submissions and research conducted for the SSP, the employee profile still reflects large imbalances in terms of race.	An increase in the participation rate from firms. Both the 80% and 60% indicators were achieved.

	NSDS Indicator	INSETA 2007-2008 Target	Achievement	Reason for Deviation from Target
2.2	Skills development in at least 40% of small levy-paying firms supported and the impact of the support measured.	1 382 small firms receive skills support.	232 SMMEs received support, some through mandatory grants and others through skills programmes vouchers, learnerships and bursaries funding.	There has been a significant decrease in the number of levy paying SMEs due to the R500,000.00 payroll threshold as well as the impact of the FAIS legislation in the sector.
2.5	Number of small BEE firms and BEE co-operatives supported by skills development. Impact of support measured.	50 BEE firms and BEE co-operatives supported by skills development.	65 SMME BEE firms received skills development support during the year through projects, vouchers and bursaries.	INSETA supported more SMME BEE firms as a result of the FAIS Act requirements for the sector.
2.7	Number of workers have achieved ABET level 4.	<p>Target for INSETA for the period 2007/08 for ABET registered learners is:</p> <p>Level 4: 250 Level 3: 250 Level 2: n/a Level 1: n/a</p> <p>Target for INSETA for the period 2007/08 for ABET achieved learners is:</p> <p>Level 4: 200 Level 3: 200 Level 2: 0 Level 1: 0</p>	<p>Total achieved for INSETA on ABET registered learners is:</p> <p>Level 4: 433 Level 3: 399 Level 2: n/a Level 1: n/a</p> <p>Total achieved for INSETA on learners who achieved is:</p> <p>Level 4: 484 Level 3: 399 Level 2: 0 Level 1: 0</p> <p>Because financial support is being given on a continual basis by means of vouchers, the number of employees doing ABET increases as each group of employees completes the training.</p>	<p>Increased participation and buy-in from employers led to the over-achievement against this target.</p> <p>Some ABET learners that achieved in this period were registered in previous periods. ABET learners registered in this period will complete in subsequent periods.</p>
2.8	Number of workers assisted to enter and at least 50% successfully complete learning programmes. Impact of assistance measured.	<p>Target for INSETA for the period 2007/08 for workers that have entered learning programmes is 625.</p> <p>156 for learnerships. 156 received bursaries. 156 entered internships. 156 entered unit standard based skills programmes.</p> <p>Target for INSETA for the period 2007/08 for workers to have completed learning programmes is 313.</p> <p>266 learnerships. 78 studies in bursaries. 78 completed internships. 78 completed unit standard based skills programmes.</p>	<p>7 186 workers entered learning programmes.</p> <p>690 received learnerships grants. 2 435 received bursaries. 0 entered internships. 4 061 entered unit standard based skills programmes.</p> <p>3 853 workers completed learning programmes. 347 completed learnerships. 263 participated in bursaries. 0 completed internships. 2 980 completed unit standard based skills programmes.</p>	<p>Increased participation and buy-in from employers lead to the over-achievement against this target. The 50% completion target was achieved as a result of the FAIS legislation and FSC requirements within the sector.</p>



NSDS Indicator	INSETA 2007-2008 Target	Achievement	Reason for Deviation from Target
NSDS Objective 3: Promoting employability and sustainable livelihoods through skills development			
3.2	2 000 non-levy paying enterprises, NGOs, CBOs and community-based co-operatives supported by skills development. Impact of support on sustainability measured with a targeted 75% success rate.	<p>Target for INSETA for the period 2007/08 is for 10 non-levy paying entities (NLPs), NGOs and CBOs supported through skills development funding.</p> <p>INSETA supported 93 NLPs, NGOs and CBOs financially to develop the skills of their employees.</p> <p>Visits to the NGOs and CBOs were conducted before and during the project to monitor the use of the grant. These NGOs and CBOs were given a directive by INSETA on where the grants must be used and a report requested on regular intervals and also at the end of the project.</p> <p>Impact of the support is determined from the reports and the visits by INSETA. INSETA's Council has approved a project to measure the impact of all its interventions going forward.</p>	No deviation.
NSDS Objective 4: Assisting new entrants into the labour market and self-employment			
4.1	Number of unemployed people assisted to enter learning programmes and at least 50% successfully completed. Impact of assistance measured.	<p>Target for total number of unemployed people that have entered learning programmes is 675.</p> <p>156 unemployed people entered learnerships.</p> <p>156 unemployed people received bursaries.</p> <p>156 unemployed people entered internships.</p> <p>156 unemployed people entered unit standard based skills programmes.</p> <p>Target for total number of unemployed people that have completed learning programmes is 313.</p> <p>78 unemployed people successfully completed learnerships.</p> <p>78 unemployed people successfully completed studies in bursaries.</p> <p>78 unemployed people successfully completed internships.</p> <p>78 unemployed people successfully completed unit standard based skills programmes.</p>	<p>1 857 unemployed people entered learning programmes.</p> <p>1 841 unemployed people entered learnerships.</p> <p>0 received bursaries.</p> <p>0 entered into internships.</p> <p>16 unemployed people entered unit standard based skills programmes.</p> <p>1 491 unemployed people completed learning programmes.</p> <p>1 461 unemployed people successfully completed learnerships.</p> <p>0 unemployed people successfully completed studies in bursaries.</p> <p>0 unemployed people successfully completed internships.</p> <p>30 unemployed people successfully completed unit standard based skills programmes.</p> <p>Increased participation and buy-in from employers lead to the over-achievement against this target. The 50% completion target was achieved as a result of the FAIS legislation and FSC requirements within the sector.</p>



	NSDS Indicator	INSETA 2007-2008 Target	Achievement	Reason for Deviation from Target
4.2	Number of learners in critical skills programmes covered by sector agreements from FET and HET institutions assisted to gain work experience, of whom at least 70% successfully find placement in employment or self employment.	Target for INSETA for the period 2007/08 is 470 learners to gain work experience. Target for INSETA for the period 2007/08 is 329 learners to be placed.	208 learners gained work experience.	Whilst employing the learners is a matter, which is not within our control, we hold constant meetings with employers to solicit opportunities of employing the interns. There hasn't been sufficient sector buy in to achieve this target.
4.3	Number of young people trained and mentored to form new ventures and at least 70% of new ventures in operation 12 months after completion of programme.	Target for INSETA New Venture Creation entered for the period 2007/08 is 54. Target for INSETA New Venture Creation to be sustained for the period 2007/08 is 38.	179 learners received New Venture Creation support. 0 new ventures in operation.	Whilst employing the learners is a matter, which is not within our control, we hold constant meetings with employers to solicit opportunities of employing the learners. Establishing a new venture is an intricate process which is outside of INSETA's control.
NSDS Objective 5: Improving the quality and relevance of provision				
5.1	The SETA recognises and supports Institutes of Sectoral or Occupational Excellence (ISOEs) within public and private institutions, spread as widely as possible geographically, whose excellence is measured in the number of learners successfully placed in the sector and employer satisfaction ratings of their training.	Target for INSETA is 1 Institute.	3 ISOEs are recognised and supported.	Increased participation, buy-in and support from workplace providers resulted in the positive deviation.
5.2	Each province has at least two provider institutions accredited to manage the delivery of the New Venture Creation qualifications and 70% of new ventures still operating after 12 months.	Target for INSETA is 2 Institutions.	2 institutions have been accredited.	No deviation.
5.3	There are measurable improvements in the quality of services delivered by skills development institutions and those institutions responsible for the implementation of the NQF in support of the NSDS.	The SETA is to meet SAQA Audit and NLRD upload requirements.	The SAQA Audit and NLRD upload requirements were met.	No deviation.

NOTES:

1. Targets are based on the definitions provided by the Department of Labour during the period.
2. Only the indicators that are applicable to INSETA (as per the Department of Labour Service Level Agreement) have been included.





Glossary of terms

ABET	Adult Basic Education and Training
ATR	Annual Training Report
BEE	Black Economic Empowerment
CBO	Community Based Organisation
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operations Officer
CPD	Continuous Professional Development
DoL	Department of Labour
EE	Employment Equity
ETQA	Education and Training Quality Assurance
FAIS Act	Financial Advisory and Intermediary Services Act
FET	Further Education and Training
FSC	Financial Sector Charter
INSETA	Insurance Sector Education and Training Authority
ISOE	Institute of Sectoral Excellence
JIP	Joint Implementation Plan
MoUs	Memorandums of Understanding
NGO	Non-Government Organisation
NLPE	Non-levy paying entity
NQF	National Qualifications Framework
NSA	National Skills Authority
NSDS	National Skills Development Strategy
NSF	National Skills Fund
OBE	Outcomes Based Education
PFMA	Public Finance Management Act
QMS	Quality Management System
RA	Regional Advisor
RPL	Recognition of Prior Learning
SAQA	South African Qualifications Authority
SD	Skills Development
SDF	Skills Development Facilitator
SETA	Sector Education and Training Authority
SLA	Service Level Agreement
SMMEs	Small, Medium and Micro Enterprises
SSP	Sector Skills Plan
WBE	Work-based Experience
WSP	Workplace Skills Plan





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