

CHAIRPERSON'S REMARKS

PSETA Annual General Meeting held at Accolades Boutique Hotel on Tuesday, 14 November 2017

PSETA Accounting Authority members and Audit Committee Members
PSETA Acting CEO, Executive Management Team and staff
Representatives from the Auditor General South Africa
Esteemed Stakeholders
Distinguished Guests
Ladies and gentlemen
All protocol observed

Introduction

Good morning and welcome to the 7th Annual General Meeting of the Public Service Sector Education and Training Authority. A very warm welcome to you all.

The PSETA Accounting Authority and Executive management are hereby presenting to you today the state of our organisation, in relation to its performance and annual financial statements for the financial year ended 31 March 2017. We will also be reflecting on the future opportunities and challenges..

Strategy and Operational Performance

The PSETA five-year Strategic Plan covering the period 2015/16 to 2019/20 was updated during the year under review. The development of the Strategic Plan was informed by the organisation's strategic challenges, situational analysis and consideration of the performance environment in order to meet the needs of our constituencies and beneficiaries. The 2016/17 Annual Performance Plan (APP) was produced based on the strategic plan and submitted in terms of the set legislative requirements. This is the plan within which the annual report for 2016/17 is based on.

The PSETA's audited performance for the financial year under review is 51%, down from 73% from the previous financial year 2015/16. The drop in performance is attributed to two critical events:

- A budget cut of 43% during the budget adjustment period in October 2016; and
- The 2015/16 Discretionary Grant process, which was suspected to be irregular thus preventing management from making decisions to allocate grants for 2016/17 in order to avoid possible recurrence. It is now public knowledge that the PSETA applied for a Presidential Proclamation that SIU conduct an investigation into the 2015/16 and the Proclamation was signed on 23 October 2017. We await the outcome of the SIU investigation.

Owing to the fact that the matter is already in public space, I wish to take this opportunity and set the record straight. The SIU was approached by the PSETA to conduct a preliminary investigation which culminated into the Proclamation issued by the President. The former Minister of Higher Education and Training supported the process. The current Minister of Higher Education and Training is been kept in the loop on this matter too. The investigation started internally early in 2016 until the AA at the advise of the AC took a resolution to approach the SIU to conduct an investigation into the 2015/16 DG Process.

PSETA is glad to have received an unqualified audit opinion for the period under review, albeit with findings. This is for the first time in the history of the PSETA to achieve such a milestone., The CFO as well as ACEO are putting systems in place to ensure that a clean audit is received for the 2017/18 financial year.

Notwithstanding the challenges mentioned, PSETA achieved the following:

- Sector Skills Plan (SSP) for 2017/18 was updated, approved by the DHET and is being implemented. The 2018/19 iteration of the SSP has also been finalised and submitted to the DHET in August 2017;
- Built internal research capacity, produced ten research reports and five impact assessment reports;
- 32 Skills Development Facilitators capacity building sessions conducted on Workplace Skills Plan (WSP) training and SSP feedback;

- SAQA green status maintained;
- Eight strategic partnerships entered into;
- Strategic learning interventions in partnership with National Treasury, Department of Planning, Monitoring and Evaluation (DPME), TVET colleges (artisan development), Offices of the Premier (see page 26 to 28 for details); and
- An improved risk management maturity level was attained.

STRATEGIC RELATIONSHIPS

The Ministerial outcomes are published as annexures to the 2014 – 2019 Medium Term Strategic Framework of Government. Within the 14 Outcomes identified by the Government and monitored through the DPME, PSETA supports outcomes Outcome 5: ‘A skilled and capable workforce to support an inclusive growth path’, and Outcome 12: ‘An efficient, effective and development oriented public service’.

In order to realise these Outcomes, the PSETA continues to work with and build strategic partnerships with key organs of the State. During the period under review, PSETA partnered with international partners such as Botswana Directorate of Corruption Crime (DCEC) and the European Union Dialogue Facility Programme (EU-D).

In June 2016, the PSETA hosted officials from the Botswana Directorate on Corruption Crime and the purpose of the visit was for the DCEC to get insight of the South African approach to training; the legislative work that governs training in SA; the context within which the PSETA operates; curriculum development; and the accreditation processes.

From 30 November to 2 December 2016, the PSETA, in collaboration with the European Union, successfully hosted a dialogue for the South African public entities and their European country counterparts. This international collaboration was necessitated by the realisation that the public entities that PSETA services, have very unique and specialised skills needs that may not be sufficiently addressed by existing systems in South Africa.

PSETA depends on its strategic partnerships with the Public Service Sector to collaborate and facilitate the achievement of its strategic objectives as contained in the Annual Performance Plan. During the financial year, a number of Memoranda of Agreement were entered into, particularly with the National Treasury to further the skills interventions on Public Finance, the Department of Planning, Monitoring and Evaluation on planning, monitoring and evaluation capabilities of the State.

This is in pursuit of the Strategic goal 2: Sector capabilities to lead capacity-building interventions through partnerships are improved.

In this respect, PSETA issued 55 bursaries to officials from various Government departments to study for postgraduate diplomas in monitoring and evaluation at Wits School of Governance.

A critical challenge experienced within the sector, is the duration that Government departments take to approve and sign-off both MoUs (for strategic partnerships) and the MoAs (grant disbursements) which poses a significant risk to PSETA achieving its targets. Measures have been put in place to mitigate this risk in the reviewed Discretionary Grants Policy. We are making an appeal to stakeholders present here today to assist in this regard.

CHALLENGES FACED BY THE ACCOUNTING AUTHORITY

The SETA landscape

The uncertainty of the SETA landscape remains a challenge as it poses a challenge in attracting talent for crucial vacant positions. The former Minister of Higher Education and Training has extended the licensing of the SETAs until 31 March 2020As a result we are obliged to keep employment contracts of staff for the period. We therefore look forward to the finalisation of the SETA Landscape by the Minister, with advice from the National Skills Authority.

The term of office of AA members ending on 31 March 2018. The process to recruit and appoint new members is already underway and outlined as follows:

- Section 11(5) of the Skills Development Act, 1998 (Act No. 97 of 1998) as amended (herein called SDA), states that at least three (3) months before the expiry of the term of office of the Accounting Authority, the Chief Executive Officer must invite nominations for members of the forthcoming term of office in the Sector referred to in Section 11(2) (b) of the Act;
- The former Minister, Dr B.E Nzimande issued a directive on the 24th of May 2017 to the PSETA stating that the invitation for the nominations must commence earlier than stipulated in the SDA;
- The PSETA, on behalf of the former Minister issued a call for the nominations of suitably qualified and experienced individuals from Public Service Employers, recognised Trade Unions, Interested Professional Bodies, Bargaining Councils; and Organisations of Community within the Sector to serve as members of the Accounting Authority (Board) for the period 01 April 2018 until 31 March 2020;
- On the 25th of July 2017, the former Minister issued another directive to all SETAs extending the submission deadline for the nominations of members of Accounting Authority (Board) to the 29th of September 2017;
- We have ensured that our call for the nominations reaches the national and provincial departments, public entities and provincial legislatures within our scope as prescribed in Annexure 4 (4) (a) of the PSETA Constitution enabling our submission to DHET on the 29th September 2017;
- All nominations received have been forwarded to the Ministry for consideration and approval; and
- The Minister by notice in the gazette will publicise the PSETA new Accounting Authority before 01 April 2018.

Funding

The most significant factor which has affected the performance of the SETA is the budget cut of 43% during the latter part of the year. This forced PSETA to re-assess its approach in the disbursement of discretionary grant funds through the traditional funding window.

Attempts were made at implementing a scaled-down discretionary grant process which was not successful due to external challenges with the strategic partners, specifically their non-readiness to implement projects. The need to explore and finalise a long-term funding model and other potential sources of income for PSETA, remains a challenge. It is essential that we pursue a sustainable funding model urgently in collaboration with our Executive Authority to redress the root cause of budget cut instability.

Organisational environment

Capacity within the SETA has been turbulent over the period. There has been a high turnover in critical positions such as the Chief Operations Officer, Chief Financial Officer and Finance Manager, leading to capacity constraints on the operations of the organisation. This has negatively affected the PSETA. We were, in particular, faced with serious challenges to attract and retain competent Chief Financial Officers, which impacted on the preparation of accurate and complete financial statements. It should however, be noted that to date we have filled those vacancies of chief operations officer, chief financial officer and finance manager. In addition we also filled the corporate service executive position, which became vacant in July this year. This shows that we are serious about ensuring that the organisation is fully capacitated to discharge its legislative mandate.

Highlights 2011 – 2017

- In 2012 The PSETA launched its flagship Colloquium, providing us with a platform from which to open up dialogue with stakeholders. This level of engagement was essential for us to find and activate mechanisms through which to address the HRD challenges faced by the sector. In addition, the Colloquium declarations and recommendations, together with DHET's FET College strategic document, proved to be invaluable in the development of the final strategy of opening up the sector as a training space;
- Finalised two research projects on Recognition of Prior Learning (RPL) implementation and on the state of trades artisans in the sector. Both research projects provided valuable lessons on how the RPL and Trades should be conducted in the Public Service;

- The PSETA placed a number of graduates within various Government departments and municipalities, a handful of which have since found employment;
- In the 2013/14 financial year 39% of interns were absorbed into employment, as opposed to the 5% required by the State as Employer (DPSA Directive);
- The PSETA successfully hosted its 2nd Skills and Research Colloquium on the 26-27 March 2015 under the theme “*Towards Building Skills and Capabilities to Meet the Strategic Priorities of the National Development Plan (NDP)*”
- The Colloquium was attended by the former Minister of Higher Education and Training, Dr B.E Nzimande who impressed on the PSETA’s critical role in the Public Service sector, to build the talent pipeline through workplace based learner opportunities for graduates and Technical Vocational Education and Training (TVET) learners exiting the post school system. He congratulated the PSETA for its achievements and executing its r mandate, given the financial constraints;
- A noteworthy achievement in opening up the Public Service as a training space, is articulated in the sector’s declaration of **13 988** placement opportunities during 2014/15 (an achievement of 93% of the total target of 15 000);
- PSETA partnered with the Public Affairs Research Institute (PARI) to produce a credible and evidence led Sector Skills Plan. We have used a wide range of data sources and both quantitative and qualitative methodologies to identify the skills gaps and appropriately articulate the priority skills in the Public Service, which are:
 - Management skills;
 - Supply Chain Management skills;
 - Human Resource Management /Development;
 - Professional and Technical Skills; and
 - E-learning as a supply side priority and training platform to massify roll out training interventions.
- PSETA’s SSP was recommended for approval by the Minister after evaluation by the SETA Panel committee and the DHET internal committee; and
- The PSETA received the first ever unqualified audit opinion with findings for the 2016/17 financial year, however, Material misstatements on commitments, provisions, grant expenditure, NSF project realised income, NSF project expenses, deferred income liability – NSF, irregular expenditure, prior year errors, budget

reconciliation and allocation of net surplus/deficit to reserves identified by the auditors in submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

- We need to demonstrate why we are listing these as highlights, what value add has this been to the sector and how has this addressed the two Ministerial Outcomes within our scope. Otherwise it will seem we are just throwing statements around without validating them

ACKNOWLEDGEMENTS AND APPRECIATION

As the tenure of the Accounting Authority nears its end on 31 March 2018, I wish to express my sincerest gratitude to former and current serving members of the Accounting Authority and its committees, for the stewardship and commitment demonstrated throughout the 6 years in office. This term was marked by turbulences, however your firm belief and commitment that as a collective, we shall steer the PSETA ship, challenges notwithstanding, is commendable. This period was marked with unprecedented painful realities, yet as Members of the AA you understood that when you accepted the noble honour and privilege of serving PSETA, you do so without favour and prejudice. I am the first to admit that we probably could have done more to exercise oversight and provided more strategic leadership. However I am grateful for your wealth of knowledge and expertise which has contributed to make PSETA what it is today. My wish is that history judges us fairly on the legacy we are leaving behind. I am hopeful that we will use the remaining months of our tenure to do more to enhance and strengthen our oversight role.

I also wish to extend my sincerest gratitude to the outgoing CEO Mrs Shamira Huluman, for her sterling leadership and steering the PSETA ship under extremely challenging times. She really left an indelible mark, and the AA wishes her well in her new endeavours.

To the Acting CEO, Mr Marks Thibela, as the AA we are extremely grateful that you hit the ground running. You are already making inroads and bringing the necessary interventions to build staff morale and improve performance at PSETA. The AA is fully behind you, you are on the right track and we firmly trust that you will build on the foundation laid by your

predecessor to ensure PSETA leads in the development of skilled and competent human capital in the sector.

To PSETA management and staff, there is still more that needs to be done to enhance our internal control environment in order to improve the overall performance of PSETA. I therefore urge you to double your efforts to ensure that we achieve a clean audit for the 2017/18 financial year.

A heartfelt thank you to our constituencies, stakeholders and beneficiaries of our programmes, for the support you have provided.

I THANK YOU

PRESENTATION OF ANNUAL REPORT AND AFS AND AG' REPORT

I now call upon the Acting CEO and CFO to present on PSETA's performance during the 2016/17 financial year.

ADOPTION OF ANNUAL REPORT

Ladies and Gentlemen, you have had the highlights of the PSETA 2016/17 Annual Report presented on to you by the Acting CEO and CFO. Soft copies of the annual report with detailed information have been included in your packs for review.

I would now like to call for the adoption of this Annual Report. Can I get a mover and a seconder to this motion?

Is there any objection to the adoption of the Annual Report?

I now confirm that the 2016/17 PSETA Annual Report has been adopted by the congregation gathered here today.

Thank you, Ladies and Gentlemen.

VOTE OF THANKS

CLOSING

Wish them a blessed Christmas/ Festive season and a happy new year and declare the meeting closed.