

CHAIRPERSON

Hon. SK Mashilo

MEMBERS

**Hon. D Dube
Hon. P Ngobeni
Hon. WT Madileng
Hon. JL Nghondzweni
Hon. AL Skhosana
Hon. C Maunye
Hon. RJ Sithole**

ALTERNATE MEMBERS

**Hon. BV Nkuna
Hon. SJ Masango**

REPORT OF THE PORTFOLIO COMMITTEE ON EDUCATION; CULTURE, SPORT AND RECREATION OF THE 2014/15 ANNUAL REPORT: MPUMALANGA REGIONAL TRAINING TRUST (MRTT)

1. INTRODUCTION

The Mpumalanga Provincial Legislature is empowered by Sections 114(2)(a)(b) and 115 (a)(b) of the Constitution of the Republic of South Africa [Act 108 of 1996] to oversee the performance and expenditure of public resources by provincial organs of state. Section 133 of the Constitution compels provincial organs of state to be accountable to the Legislature for the performance of their functions.

The consideration of the 2014/15 Annual Report of the Mpumalanga Regional Training Trust (MRTT) was to assess the entity's performance in line with its 2014/15 Annual Performance Plan (APP) and transferred funds from Vote 07 of the Department of Education, as approved by the Legislature.

2. METHOD OF WORK

The MEC for Education tabled the 2014/15 Annual Report in the Legislature, in accordance with Section 65(a) of the Public Finance Management Act. Subsequently, the Speaker referred the report to the Committee in terms of Rule 219(4) of the Rules and Orders of the Mpumalanga Provincial Legislature, 2013.

On 28 October 2015 the Committee was briefed by the administrative staff of the Legislature on the analysis of the annual report; updated progress report on the 2013/14 House Resolutions and SCOPA House Resolutions relevant to the department. The Committee interacted with the MEC, the HOD, the Acting CEO and the senior management of the entity on 12 November 2015 and then adopted its draft report on 18 November 2015.

3. PART A: GENERAL INFORMATION

3.1. REMARKS BY THE BOARD CHAIRPERSON

The Board Chairperson, Ms FD Mthembu thanked the Committee for the opportunity to present the 2014/15 annual report. The new Board of Directors was appointed by the Hon MEC with effect from 1 June 2015 for a period of three years.

The entity's vision is to be recognized as an accredited sustainable skills development agency throughout Southern Africa. To fulfill this vision, its mission is to provide quality customized training interventions, practical workplace training, placement and after-care in accordance with market demands for job creation and poverty alleviation.

3.2. BROAD OVERVIEW OF THE STRATEGIC GOALS OF THE ENTITY

MRTT is responsible for Outcome 5 of the Provincial Outcomes (a skilled and capable workforce to support an inclusive growth path).

The strategic goals of the entity were achieved through the following achievements:

- **Providing access to skills development: Target:** 1100 learners. **Achieved:** 1 157 learners trained on construction, manufacturing and engineering skills development.
- **Proving an effective support system:** The entity reported to have had inadequate ICT systems during the year under review. Currently, a new server was purchased with windows server 2012 operating system and 32 gigabyte RAM memory and a 4 terabyte hard disk. A service provider was appointed to provide virtual private network which allows private connection between the three sites (Head Office, Emalahleni Training Centre and Hotel and Tourism Academy at Mbombela). The network also allows daily cloud back up and internet access. The entity will also introduce the full implementation of the procurement system (Pastel and Remote Net) to enhance effective support.
- **Marketing of products and services: Target:** (9) Nine learner recruitment advertisements place in print or electronic media. **Achieved:** 11 learner recruitment

adverts, which turned out to be quite effective in that, out of the planned targets for the reporting period to train 2 760 learners, a total of 2 765 learners were trained.

The following achievements were also made in terms of the strategic goal Marketing of products and services:

Target	: Twelve (12) Career and Stakeholder exhibition
Achieved	: 19 Career Guidance & Stakeholders exhibitions attended.
Target	: Conduct twelve (12) school visits
Achieved	: 12 Schools presentations were conducted.
Target	: Four (4) Service Level Agreement training projects
Achieved	: Three (3) SLA training projects
Target	: Six (6) corporate advertising
Achieved	: Seven (7) MRTT corporate advertising placed in relevant print and electronic media.

Other achievements included: 08 Outdoor Billboards Advertising campaign also in place in increasing awareness of MRTT products and services; 10 000 MRTT Training programmes promotional brochures were developed for distribution during School visits and career exhibitions and other relevant events that provides a platform to market MRTT products.

In terms of the Strategic Goal “Providing workplace training, coaching and mentoring”

Target: 2 374 learners to be trained in the workplace

Achieved: 153 learners were trained in the workplace.

There are currently 642 learners on workplace training, coaching and mentoring. The output was far below the targeted amount of learners.

Plans put in place to achieve this strategic goal:

The entity is renovating schools projects and sanitation projects for the Department of Education. The entity has also been approved to serve as a host employer by CETA; MOA's (Memorandums of Agreement have been signed with municipalities and other government initiatives partnerships such as ESKOM and SASOL.

3.3. Budget Expenditure Overview

Total budget comprises the departmental transfer and additional income of the entity. The total budget reported on for the year under review was **R 111 179 000.00** but the total reported expenditure at the end of the year was R 129 483 000.00 (116.5%) equating to 16.5% overspending.

The government transfer from the Department of Education accounted for only **R87 627 000.00** of the total budget of the entity. Thus the entity generated R23 552 000.00 own revenue from its operations. The government grant decreased from R98 000 000.00 in 2013/14 (R10 373 000.00 less) but the department confirmed that the entity had been assisted to implement its 2014/15 APP with the allocated budget.

The entity's expenditure over the past (2) two financial years is reflected below:

	2013/14			2014/15			
	Budget	Actual expenditure	Over/under expenditure	Budget	Actual expenditure	Over/under expenditure	% spent
Programme	R' 000	R' 000	R' 000	R' 000	R' 000	R' 000	
Hospitality and Tourism	13 456	12 723	733	17 289	19 462	(2 173)	(112.6%)
Technical Training Services	68 277	60 890	7 387	58 229	67 966	(9 737)	(116.7%)
Corporate Services	32 339	38 230	(5 891)	35 661	42 055	(6 394)	(117.9%)
Total	114 072	111 843	2 229	111 179	129 483	(18 304)	(116.4%)

The entity consulted with the Department of Education and the Provincial Treasury in March and April 2015 respectively to work on the planning and format of its strategic documents.

The entity has started to account separately for projects that come during the financial year thereby eliminating over expenditure resulting from unbudgeted expenses from the projects.

The Select Committee on Public Accounts (SCOPA) has also advised the entity to use the previous year's outputs as a baseline for planning for the next financial year which the entity has adopted and this will be incorporated in the 2016/17 Annual Performance Plan.

3.4. Audit opinion

MRTT has regressed from the unqualified audit opinion in 2013/14 financial year to a qualified audit opinion in the year under review due to assets, which could not meet the satisfaction of the Auditor General of South Africa (AG).

The entity informed the Committee that management had met with the AG on 21 August 2015 with a view to find a way to provide evidence to support the assumptions made by the Property Valuator in re-valuing land and buildings as at 31 March 2015.

The meeting unanimously resolved that the Property Valuator (represented by Mr. Johan Roos of the Valuator Group) would modify the reports on all MRTT's properties that were re-valued in March 2015, in order to provide more information and documents to support assumptions made by the Valuator and thereby also provide his working papers to the AG.

MRTT was awaiting the modified report from the Property Valuator, which was expected on or before 30 November 2015.

3.5. Compliance with the National Treasury Guide

The entity has fully complied with the National Treasury Guide for preparation of annual reports for the year ended 31 March 2015.

The layout and print quality of the annual report was well done. The entity is urged to keep this up and continue striving for excellence.

3.6. Compliance with 2014/15 Annual Performance Plan and Strategic Plan

The entity's annual report is aligned to its approved Annual Performance Plan (APP) including the Strategic Objectives as outlined in the 2014/15 APP. Performance indicators were not changed during the period under review.

- **Of the 75 planned targets for the 2014/15 financial year, 61 targets were achieved (81.3%).**

3.7. Service delivery environment

The entity's service delivery takes place largely in deep rural areas in the Province. The Committee noted that MRTT had also established a mobile sub-programme with an aim to reach out mainly to rural areas of the Province. MRTT offers construction-related trades in the eight (8) CRDP local municipalities (Bushbuckridge, Chief Albert Luthuli, Dipaleseng, Dr. J.S. Moroka, Mkhondo, Nkomazi, Dr Pixley ka Isaka Seme and Thembisile Hani).

The Hon MEC for Education had indicated in her budget speech that the department, through MRTT, would endeavor to skill the out of school youth through the provision of scarce and critical skills in technical knowledge, hospitality, tourism and entrepreneurial and life skills training. The contribution of the provincial department of Education would also be towards programmes aimed at reducing unemployment rate in the Province.

To this effect, 713 out of school youth from CRDP communities were trained in the relevant skills.

The entity is accredited with the following SETAs which regulate its operations and training programmes:

- Construction Education and Training Authority (No 6P5112);
- Manufacturing Engineering and related Services SETA MERSETA;
- Energy and Water Sector Education and Training Authority (EWSETA); and
- Culture Arts, Tourism Hospitality & Sports SETA (CATHSSETA)

4. UPDATED PROGRESS REPORT ON THE IMPLEMENTATION OF THE 2013/14 ANNUAL REPORT HOUSE RESOLUTIONS

The Committee considered the updated progress report on the 2013/14 Annual Report House Resolutions. The progress made by the entity as at 15 October 2015 is captured on Annexure (A) on pages 21-23 of this Committee report.

Out of the (7) seven House Resolutions, (3) were achieved, but with inadequate information provided; (3) three were in progress and (1) one was not achieved.

5. PART B: PERFORMANCE INFORMATION

PROGRAMME 1: HOSPITALITY AND TOURISM

The programme is mandated to provide overall capacity building in Hospitality and Tourism as per CATHSETA identified scarce skills audit within prescribed standards, in accordance with sound business principles to attain financial sustainability by 2014. The programme delivers its mandate through the 3 sub-programmes which are (1) Academic (2) Rooms (3) Food and Beverage.

The programme achieved 15 out of the 16 planned targets (93.8%). The planned target 20 learners receive training in approved unit standards for the National Certificate in Accommodation Services was not achieved (19 learners were trained).

Below is the budget and expenditure breakdown for programme 1:

Sub-programme	Budget R'000	Actual Expenditure R'000	(over)/under expenditure R'000	% expenditure
Academic	5 174	4 004	1 170	77.4%
Rooms	5 828	8 146	(2 318)	139.8%
Food and Beverage	6 287	7 313	(1 025)	116.7%
Total	17 289	19 462	(2 173)	112.6%

The Committee made the following observations on programme 1:

- The entity has an expenditure pattern linked to revenue and self-generated income, therefore expenses will increase as self-generated income increases, which will appear to be overspending.
- The entity informed the Committee that it has acquired and implemented a budget module in Pastel Evolution in August 2015; the approved budget for 2015/16 has been inputted and this would enhance the budget control(s) than previously done under the manual system.
- The Committee noted that the entity was yet to indicate how the Provincial Treasury has assisted to align the expenditure reporting of the entity in a way that clearly links the budget with the set targets of each sub-programme and also distinguish between the government grant and the own revenue of the entity.

- During the year under review, the sub-programme Academic trained 169 learners in Food Production; 24 learners in Food and Beverage service; 19 learners in Accommodation services. The Hospitality and Tourism Academy in KaNyamazane also managed to retain its 3 star grading during the year under review.
- Challenges faced by the sub-programme Academic related to inadequate resources for infrastructure upgrade; not always meeting the quarterly targets to recruit learners for training; revision of the Curriculum and Learning Programmes to meet new challenges in the SETA (Sector Education Training Authority); and learners dropping out when they get more lucrative employment offers.
- Efficiency of the sub-programme can be improved through more funding for infrastructure upgrade; more capacity and resources; and timeous facilitation of learner marketing and recruitment.

PROGRAMME 2: TECHNICAL TRAINING OPERATIONS

The programme is mandated to develop skills in technical and other areas, quality training through mobile units and provide workplace experiential training. The programme has (4) four sub-programmes which are: Training Centres, Mobile Training, Comprehensive Rural Development and Technical Products.

The programme managed to achieve (7) seven of the 15 planned targets at the end of the financial year (46.7%). This was a regression as the programme achieved 12 out of 15 planned targets last year (80%).

Below is the budget and expenditure breakdown for programme 2:

Sub-programme	Budget R'000	Actual Expenditure R'000	(over)/under expenditure R'000	% expenditure
Training Centres	14 477	18 244	(3 767)	126.0%
Mobile Training	20 764	19 577	1 187	94.3%
CRDP	20 442	23 712	(3 270)	114.2%
Technical Production	2 547	6 433	(3 886)	253.0%
Total	58 229	67 966	(9 737)	116.7%

The Committee observed the following on programme 2:

- a. The 46.7% low performance on planned targets could not be achieved because some of the registered learners dropped out of the training programmes due to finding employment; death and other personal reasons.
- b. A further reason was that the process of the renewal of accreditation of the trade test centre, which requires a compliance audit by the relevant SETA and the National Artisan Moderation Body (NAMB), took longer than anticipated. Another challenge that the programme was faced with during the year under review, was the late commencement of the programme due to unresolved matters with the training provider.
- c. The overspending in the sub-programme Training was due to input costs of training.
- d. The overspending in sub-programme CRDP was also due to input costs of training, as well as the inclusion of the 8th municipality (Dipaliseng) while the budget remained the same.

Artisan Development Programme

The Hon Premier announced in his 2014 State of the Province Address that 5 000 young people would be trained over the next five years in artisan skills. In response to the pronouncement, the Hon MEC in her budget and policy speech for 2014/15 announced that the Province will train at least 1000 out-of-school youth towards artisanship in the 2014/15 financial year.

- The Committee noted that 329 young people for Artisan development programme; they are currently doing practical training with **Hydro Arc**.
- The Committee was not satisfied with the slow progress of the entity in reaching the target of 1000 learners trained in artisan development, as pronounced by the Hon MEC at the beginning of the 2014/15 reporting period.
- The entity submitted a detailed report on the Hydro Arc programme to the Committee for further scrutiny.

Placement of trained learners

In the progress report on 2013/14 House Resolutions, the entity indicated that 1041 learners were placed in the 2014/15 financial year. For the 1st and 2nd quarters of 2015/16 there were 325 and 317 learners placed respectively totaling 642 learners.

The entity further indicated that it had finalised and signed additional MOUs with the following employers and municipalities for workplace integrated learning:-

- Easy Mechanical
- Mvelaphanda
- B & T Steel
- Dr J.S. Moroka Local Municipality
- Thembisile Hani Local Municipality
- Bushbuckridge Local Municipality
- Nkomazi Local Municipality
- Pixley ka Isaka Seme Municipality
- Dipaleseng Local Municipality
- Mkhondo Local Municipality

The challenge was that some companies delayed to sign the MOUs due to their internal processes that they must comply with. However, the entity indicated that they are in constant interaction with such employers. Another challenge was IT related but the entity was still in the process of resolving these issues with the service provider.

PROGRAMME 3: CORPORATE SERVICES

The aim of the programme is to provide administrative support, coordination of quality processes, an oversight role over financial functions and sound marketing strategies for the entity. The programme consists of the following sub-programmes: Quality Assurance, Finance, Marketing Administration, Human Resource Management, Corporate Services and Performance Information Division.

44 targets were planned and at the end of the financial year, 39 targets were achieved (88.6%).

Below is the budget and expenditure breakdown for programme 3:

Sub-programme	Budget R'000	Actual Expenditure R'000	(over)/ under expenditure R'000	% expenditure
Quality assurance	5 225	3 663	1 562	70%
Finance	6 201	12 488	(6 281)	201.4%
Marketing	3 241	2 538	703	78.3%
Administration	9 286	10 189	(903)	109.7%
Human Resource Management	4 440	5 768	(1 328)	129.9%
Chief Executive Office	7 262	7 409	(147)	102.0%
Total	35 661	42 055	(6 394)	117.9%

The Committee made the following observations on programme 3:

- a. The planned target 80% of MRTT revenue to be collected was not achieved, only 72% was achieved. This had a negative impact on the entity's cash flow.
- b. It was noted that MRTT has sought approval from the construction SETA to serve as a host employer that will provide learners the opportunity for workplace integrated learning (placement for on-job training) which was subsequently approved. Various municipalities in the province have already been approached for workplace integrated learning and some have signed the commitment letters.
- c. The entity has enforced its credit control measures for learners by ensuring that an upfront payment is made for tuition fees and monthly tuition is collected from learners on or before the 7th of the following month in order to avoid the accumulation of debt that result in not collecting and/or recovering of the outstanding tuition fees. The Service Level Agreement between the ETDP SETA and MRTT has been signed by both parties.

6. PART C: GOVERNANCE

The board of directors of Mpumalanga Regional Training was initially appointed on 26 June 2002. Their term of office has been renewed by the Hon MEC for three years, as from July 2015. The entity explained that the usual term of office of the Board is three (3) years; however the previous Board was requested by the Office of the Honourable MEC of Education to continue serving while the Department was busy with the legal establishment of MRTT.

As at 01 June 2015, the MRTT Board consisted of the following members:

Name	Designation
Mrs. F.D. Mthembu	Chairperson
Ms. M.E. Letsoalo	Board member
Mr. J. Sibiya	Board member
Mr. N.D. Moropane	CEO

The entity indicated that the Members of the Board are remunerated according to SARS and Treasury Regulations. The annual remuneration is reflected as follows:

R 420 689.00 for the Chairperson

R 359 689.00 for one Board member

R 243 949.00 for the other Board members

The Committee deliberated on this briefly, noting that extra responsibilities of board members and the chairperson were remunerated accordingly. The entity explained that the remuneration of Board members was calculated as follows:

- The number of meetings that the Board member attends;
- The Board tariffs payable as prescribed in the annual circular from the National Treasury (Board sitting and hourly rates).
- The Board Chairperson and members are paid a board sitting fee for an ordinary board meeting; special board meeting; and for any other meeting attended by the Chairperson or Board member on behalf of the entity,
- A preparation fee equal to the Board tariff is payable for all board and special board meetings.
- The Board Chairperson and members are further reimbursed for travelling to board meetings or other activities using the prevailing AA rates.
- The reasons the Board Chairperson was remunerated above her fellow Board members is due to her attending Portfolio Committee Meetings; SCOPA; EXCO Lekgotla, State of the Province address and any other invitations by the Provincial Government in addition to the Board meetings.

Outsourcing of the audit function

On page 57 of the annual report there is an indication that the internal audit function was outsourced to SS Sithole Auditors.

The Committee deliberated on this matter of outsourcing the audit function, as opposed to having in-house capacity. Since seeing that the entity obtained a qualified audit opinion for the 2014/15 financial year, the Committee asked the entity to justify the work done and paid for. The entity indicated to the Committee that due to its small size, the establishment of an in-house internal audit unit would be more than the cost of outsourcing.

The entity further explained that the poor performance on the audit resulted from the outgoing Internal Audit firm (Sizwe Ntsaluba Gobodo) focusing more on their clients from bigger institutions; in addition, their contract had ended six (6) months before the end of the 2014/15 financial year and was not renewed.

Fraud Prevention

Page 59 of the annual report indicated that a fraud prevention plan was adopted and recommended by the Audit Committee and was subsequently approved by the Board. This process was undertaken late in the financial year 2014/15 due to the changing of the Internal Auditors during the financial year. Hence some action plans are in the future.

On reporting fraud and other cases the entity indicates that a toll free number is available. The MRTT uses its own toll free number (**0800 204 570**) for reporting of all fraud and potential fraud case(s). The frequency of usage of the toll-free number is on "need to report" fraud or potential fraud case basis. No cases of fraud were reported on the toll free number during the year under review.

Occupational Health and Safety issues

On page 59 of the annual report, the entity did not report on employee wellness issues. The Committee engaged the entity in this regard and noted that the entity has employee wellness programmes in place to address socio-economic challenges faced by the employees. These programmes include employee counseling and support, financial wellness and HIV/AIDS programmes.

7. PART D: HUMAN RESOURCE OVERSIGHT

The Committee engaged the entity on its Human Resource (HR) information for the 2014/15 financial year. The following observations were made:

Organisational structure

The organizational structure of the entity was revised and approved by the Board of Directors on 25 March 2015.

There were (10) ten vacant funded posts on the revised structure but cannot be filled due to the moratorium. The Committee noted that these 10 posts would enable the entity to respond to its mandate.

The staff complement of the entity was 104 in the year under review; the current staff complement is 101 employees.

The entity had a 14% vacancy rate in the year under review, which was higher than the expected norm. The high vacancy rate had a negative impact on the execution of services and performance of the entity however the entity could not proceed with the filling of vacant positions due to budgetary constraints.

Currently the vacancy rate is 9%. The post levels affected by the vacancy rate, especially in programmes 2 and 3 are levels from P8 to P18 consisting of Supervisory and Support Staff. The entity indicated that the organisational structure will be continuously reviewed to ensure that critical positions are filled when funds become available.

Staff turnover rate for the 2014/15 financial year was 4.6% and the salary budget for the same period was R58 235 846.00.

Performance bonus

The annual report on page 68 indicates that performance bonuses were not paid to employees in the financial year under review. The reason given was the transition of intensifying implementation of the performance management system. The entity clarified to the Committee that performance bonuses were not paid because in terms of its Performance Management Policy, bonuses are paid after completion and assessment of the employees

for the (4) four quarters of the financial year. The performance bonuses were paid after the 4th quarter assessments were done in the new financial year 2015/16 (May 2015).

Employment Equity Act, 1998

The entity did not comply with the Employment Equity Act. The staff establishment at the entity is dominated by African male employees (72%). There were two (02) employees with disabilities out of the staff complement of 104, which is 1.9%.

The entity stated that there was minimal response from people with disabilities as and when the entity advertises vacant positions, even though it is always stated in the adverts that people with disabilities are encouraged to apply.

The Committee noted that the entity has a recruitment plan for employees with disabilities, as outlined in the Employment Equity Plan's numerical goals. The entity has set clear numerical targets for employees with disabilities for 2015/ 2016 financial year.

The entity has also established relationships with the disability desk located at the Department of Social Development in order to accelerate the recruitment and placement of employees with disabilities.

8. FINDINGS

After the deliberations on the 2014/15 Annual Report of the MRTT, the Committee made the following findings:

- 8.1 The new Board of the MRTT was appointed by the Hon MEC of Education on 01 June 2015 for a term of three years but the position of CEO is still vacant, after the retirement of the former CEO. Currently there is an acting CEO.
- 8.2. MRTT regressed from the unqualified audit opinion in 2013/14 financial year to a qualified audit opinion in the year under review due to assets (property and building re-valuation), which could not meet the satisfaction of the Auditor General (AG). The entity is currently awaiting the modified report from the Property Valuator, which is expected on or before 30 November 2015 and will then engage the AG again.

- 8.3. The entity outsourced the audit function during the year under review, yet still obtained a qualified audit opinion from the Auditor-General.
- 8.4. Of the 75 planned targets for the 2014/15 financial year, 61 targets were achieved (81.3%), which is acceptable performance, but it can be improved.
- 8.5. During the year under review, the entity experienced IT related challenges with uploading learner details onto the database for them to be placed in workplaces. The problem continued into the new financial year 2015/16. As at 19 October 2015, the IT Technician was finalizing the exact date with the Service Provider for the installation of the restrictions on access control and to install system compatibility features. The entity will resume the process of uploading learners towards the finalization of the database. The envisaged completion of uploading is February 2016.
- 8.6. Various municipalities in the province have already been approached for workplace integrated learning and some have signed the commitment letters. There are currently 642 learners on workplace training, coaching and mentoring. The output in 2014/15 was far below the targeted amount of learners.
- 8.7. The vacancy rate of the entity decreased from (14%) in 2014/15 to (9%) in the current financial year, although the moratorium instituted late in the 2014/15 financial year did not allow for the entity to appoint more staff. The entity indicated that it had a revised structure which indicated (10) vacant funded posts. The entity further indicated that they will continue to review the organizational structure with an aim to fill critical and compliance positions.
- 8.8. In the year under review, Programme 1 Hospitality and Tourism Academy experienced challenges such as inadequate funding to do infrastructure upgrade; not always meeting the quarterly targets to recruit learners for training; revision of the Curriculum and Learning Programmes to meet new challenges in the SETA (Sector Education Training Authority); and learners dropping out when they get more lucrative employment offers.
- 8.9. Programme 2 Technical Training Operations experienced a high vacancy rate and other operational challenges during the year under review. This was a concern as it is one of the main service delivery programmes of the entity.

- 8.10. In the year under review the entity employed 1.9% of people with disabilities. This was just shy of the legal 2% requirement as per the Employment Equity Act, 1998. However, the entity indicated that it had a recruitment plan and clear targets for the 2015/16 financial year to address this issue. The disability desk at the Department of Social Development has also been engaged to accelerate the entity's goals in appointing people with disability.
- 8.11. The Committee was not satisfied with the slow progress of the entity in reaching the target of 1000 learners trained in artisan development, as pronounced by the Hon MEC at the beginning of the 2014/15 reporting period. The Committee noted that only 329 young people had been enrolled on the Artisan development programme; they are currently doing practical training with Hydro Arc. The entity submitted a report on Hydro Arc programme to the Committee for further scrutiny.

9. RECOMMENDATIONS

Based on the above findings, the Committee made the following recommendations for the Mpumalanga Regional Training Trust:

- 9.1 The newly appointed Board must fast track the appointment of the CEO before the end of the 2015/16 financial year (31 March 2016).
- 9.2 The entity must engage the AG again on the matter of their qualification on assets, after the 30 November 2015 when the modified report is received from the independent Property Valuator. Submit a progress report before 31 December 2015.
- 9.3 The entity must submit a costed motivation to the Committee that it is a better use of resources to outsource the audit function rather than establishing its own internal audit unit.
- 9.4. The entity must improve its performance on planned targets to more than 85% in the next financial year, 2015/16.
- 9.5. The existing IT challenges relating to the database for the placing of trained learners must be resolved and the process of uploading must be fast tracked and completed

by 29 February 2016. Of critical importance is that these skilled learners be placed so that they do not miss out on work opportunities due to technical matters. Submit a progress report as at 29 February 2016 and include the list of learners placed at institutions.

- 9.6. Follow-up efforts with municipalities and private companies to ensure that all MOU's are signed and commitment letters are fulfilled, must be intensified. Provide a progress report by 29 February 2016.
- 9.7. In the event that vacant critical positions are hampering service delivery, the Board must make the necessary submissions to the Hon MEC for Education, for approval by the Executive Council.
- 9.8. The Board must engage the Hon MEC in the development of a strategy and funding model to overcome the challenges experienced by Programme 1 Hotel and Tourism Academy. Provide a progress report by 29 February 2016. Programme 1 is a very important programme and has great potential to contribute to the economic growth of the Province and in particular the region.
- 9.9. The Board must develop a business model to incorporate all the trained learners and the MOU's that the entity has entered into with private sector companies. The Board must address the challenges experienced by Programme 2 Technical Operations. Provide a progress report by 29 February 2016.
- 9.10. Submit the recruitment plan and the 2016 targets to ensure compliance with the Employment Equity Act, 1998 (employing 2% people with disability). Submit a progress report as at 29 February 2016 on the discussions with the Department of Social Development to assist with employment of people with disabilities.
- 9.11. Fast track the implementation of the Artisan development programme in support of the 2014/15 pronouncements made by the Hon Premier and the Hon MEC. The target to train and skill 1000 young people must be met by the end of the 2015/16 financial year (31 March 2016).

10. CONCLUSION

The Chairperson expresses his gratitude to the Honourable Members of the Committee for their participation in the 2014/15 annual report deliberations with the **Mpumalanga Regional Training Trust**. The Committee's support staff was also thanked for their assistance.

The Committee commended the Hon MEC for Education, the MRTT Board Chairperson, the HOD of the Department of Education and the Acting CEO of MRTT, with his senior management team, for all the achievements of the MRTT in the 2014/15 financial year.

The Committee appreciated the ongoing efforts of the MRTT to skill the out of school youth of the Province, specifically the Artisan Development Programme as pronounced by the Hon Premier to train 5 000 young people over the next 5 years.

Lastly, the Committee recommends that the House adopts this Committee report with its recommendations. MRTT must implement the House Resolutions contained in this report and provide a progress report to the Legislature by **29 February 2016 (unless otherwise stated)**.



HON SK MASHILO
CHAIRPERSON: PORTFOLIO COMMITTEE
ON EDUCATION; CULTURE, SPORTS AND RECREATION

18/11/2015

DATE

ANNEXURE (A)

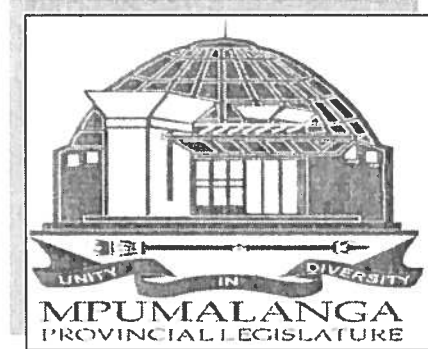
MRTT – 2013/14 ANNUAL REPORT HOUSE RESOLUTIONS – UPDATED PROGRESS REPORT	
Resolution	Reported Progress as at 28 October 2015
<p>1. Ensure that its database is updated regularly and used effectively in the placement of all qualified learners. MRTT must ensure that MOU's are signed with relevant and key stakeholders and that they maintain a close working relationship with them.</p>	<p>The total number of learners uploaded on the system to date is 10 551. The slow progress of uploading was due to the following:</p> <p>Relocation of the service provider: The service provider was hosting the system as per the Service Level Agreement for the training purpose of the end users and during the process the Service Provider relocated to the new premises. The network system in the new premises was not functioning properly and subsequently affected the uploading process negatively.</p> <p>System compatibility and security access rights: The MRTT management did not want the service provider to gain access into confidential and restricted information hence the installation had to be stopped for a while to allow the IT Technician to put the restrictions on access control and install system compatibility features.</p> <p>The IT Technician is currently finalizing the exact date with the Service Provider for the installation of the system for internal hosting since the training has been concluded and the entity will resume the process of uploading learners towards the finalisation of the database. The envisaged completion of uploading is February 2016.</p> <p>The total number of learners placed in the 2014/15 financial year is 1041 and for the 2015/16 1st and 2nd quarters is 325 and 317 learners respectively totaling 642 learners.</p> <p>The entity has finalised and signed additional MOUs with the following employers and municipalities for workplace integrated learning:-</p> <ul style="list-style-type: none"> • Easy Mechanical • Mvelaphanda • B & T Steel • Dr J.S. Moroka Local Municipality • Thembisile Hani Local Municipality • Bushbuckridge Local Municipality • Nkomazi Local Municipality • Pixley ka Isaka Seme Municipality • Dipaleseng Local Municipality • Mkhondo Local Municipality <p>There are delays in signing MOUs by some employers that the entity is in discussions with due to their internal processes that they must comply with. The entity is in constant interaction with such employers.</p>
<p>2. The entity must ensure that their planned targets in the next financial year are achievable and that mechanisms are in place to achieve maximum</p>	<p>The reduction of training costs has assisted the fee paying learners and the total achieved for the training centres was 1157 from the target of 1100 however the challenge of learner dropouts is still continuing (particularly in training programmes where learners are not paying) and the entity will, moving forward, include a binding clause in the learner contracts to complete their training programmes. The contract of the service provider for placement of</p>

<p>planned targets.</p>	<p>learners was not renewed because in the five (5) months that they were contracted they could not place even a single learner. The entity then applied to the Construction SETA for approval to be recognised as a host employer to alleviate the challenge of non-placement of learners, this was subsequently granted/ approved. It is envisaged that this initiative will assist more learners to receive workplace integrated learning.</p>
<p>3. Intensify support for Programme 2 in the next financial year 2014/15, so that challenges are addressed systematically with the aim to improve its performance.</p>	<p>The reduction of training costs has assisted the fee paying learners and the total achieved for the training centres was 1157 from the target of 1100 however the challenge of learner dropouts is still continuing (particularly in training programmes where learners are not paying i.e. CRDP and NYS) and the entity will, moving forward, include a binding clause in the learner contracts to complete their training programmes.</p> <p>The Provincial Government has also allocated R128 354 000 towards Artisan Development programme and a total of 1000 learners have been targeted for 2015/16 financial year for the programme.</p>
<p>4. Ensure that the new Board is representative of all districts of the Province. The mandate of the Board must always remain clear and effective.</p>	<p>The new Board of Directors has been appointed and assumed duty with effect from 1st June 2015 for a duration of 3 years. The members of the new Board of Directors were trained on the roles and responsibilities of the Board in terms of legislation.</p>
<p>5. Submit to the Committee a comprehensive report and analysis of how the current remuneration package of the CEO was arrived at. Submit the Di Flamingo report and the job evaluation report for executive managers.</p>	<p>The CEO was appointed in 1999 on the 1st of November for a company known as Regional Training Trust at a salary of R490 000 per annum. This company was established after the provincial government dismantled the then Mpumalanga Development Corporation (MDC). The RTT was later registered as Mpumalanga Regional Training Trust which absorbed and appointed all the employees, including the CEO on permanent contract.</p> <p>The total remuneration package commenced at R490 000.00 (four hundred and ninety thousand rand) and contract of employment provided for an annual bonus of which was a negotiated percentage of annual salary. The salary of the CEO was increased over the years through negotiated annual increments. In 2010, the CEO was translated from being a permanent employee to a fixed term performance based employment contract. Mpumalanga Regional Training Trust (MRTT) underwent a job evaluation and grading process, and salary remuneration benchmarking in 2004. Since then there were significant changes in the actual duties and responsibilities of most of the employees. This was as a result of increased scope of Training Operations; restructuring of</p>

	<p>the Training Operations in response to Provincial Human Resources Development Strategy; changes in technology, acquisition of new business and the implementation of government sponsored projects. In order for the entity to respond to the above mentioned developments, the entity had to undergo a transformation process to appropriately execute its mandate by developing the right organisational structure and systems that will respond to the needs of the company, employees, customers and stakeholders.</p> <p>The Di Flamingo report and the job evaluation report for executive managers was not submitted.</p>
<p>6. Ensure compliance with the Employment Equity Act, specifically relating to employment of 2% people with disabilities and to ensure that there is a gender balance in the workforce.</p>	<p>The entity has, in 2014/15 financial year, appointed three female employees for Senior and Management positions. Ms. Mabel Makibelo has been appointed as General Manager: Technical Training Operations, Ms. Kedibone Mohlala has been appointed Company Secretary and Legal Services Manager; and Ms Christine Botha has been appointed as Academic Manager: Hotel and Tourism Academy. The entity has also appointed nine women in professional positions and four candidates with disability were appointed as practitioners. Women and people with disabilities are targeted during recruitment and MRTT will continue to fill vacant positions with women and people with disabilities.</p> <p>The entity did not appoint any new personnel, since the last report, in line with the Provincial Moratorium on filling of vacant positions as well as budgetary constraints.</p>
<p>7. Ensure that the high vacancy rate is addressed urgently.</p>	<p>The entity has reviewed the organisational structure to ensure that only critical positions are filled. MRTT management has identified critical positions and non-critical positions have been removed from the structure.</p> <p>The reviewed organisational structure will be presented to the MRTT Board of Directors for approval on 04 March 2015. The structure will remain with critical positions that the entity is in a process of filling. The entity has to date appointed twenty candidates (sixteen permanent and four fixed term contracts). The revised structure currently has 120 posts of which 109 are filled and 5 have been advertised and at approval stage of appointment with only 6 posts vacant. Upon appointment of the 5 posts, the vacancy rate will stand at 5% from 16%.</p> <p>The entity did not fill the six (6) vacant positions due to the Provincial Moratorium and budgetary constraints. As interim, the entity identified staff members who will undergo retraining to resume new roles of responsibility to curb the challenge of staff shortage.</p>

SUPPORT STAFF

Social Cluster Manager : Ms EF Thabane
Committee Co-ordinator : Ms MN Varda
Committee Researcher : Mr MM Mhlanga
Committee Secretary : Ms C Koekemoer
Legal Services : Advocate T Mosoetsa



CONTACT DETAILS:

Private Bag X11289
Nelspruit, 1200
Building No 1, Mpumalanga Government Complex
NELSPRUIT

Tel +27 013 766 1402/ 1117
Fax +27 13 766 1458

Website: www.mpuleg.gov.za

Email:
marilyn@mpuleg.gov.za