

Mr Mabuza Ngubane  
Director: SETA Performance Management  
Department of Higher Education and Training  
23 Francis Baard  
PRETORIA  
0002

By E-mail: [Ngubane.M@dhet.org.za](mailto:Ngubane.M@dhet.org.za)

Dear Mr Ngubane

**RE: W&RSETA and DHET Infrastructure Project Status update**

1. On 18 October 2019 the National Treasury approved the retention of R666.7 Million surplus for the period ending 31 March 2019. This approval was in line with the SETA Accounting Authority decision of 29 July 2019 which approved the partnership between W&RSETA and DHET for the purpose of supporting infrastructure projects.
2. The SETA had indicated in the surplus retention request that the surplus will be utilised for DHET & W&RSETA joint infrastructure projects. The proposed projects were as follows:
  - 2.1. R 703 000 000 (seven hundred and three million rand) to be allocated towards W&RSETA-DHET Partnership for Infrastructure Development Support; and
  - 2.2. R 102 581 395.35 (one hundred and two million, five hundred and eighty-one thousand three and ninety-five rand and thirty-five cents) for W&RSETA-DHET Partnership for Infrastructure Development Support; and
  - 2.3. R 60 418 604.65 (sixty million four hundred and eighteen thousand, six hundred and four rand and sixty-five cents) allocated to the W&RSETA for its 7.5% project administration cost.
3. The project initiation resumed in November 2019 which included infrastructure delivery model and contracting. Meetings were held with all branches of the Department of Higher Education and Training which were earmarked to benefit from the infrastructure projects.

Board: Reggie Sibya (Chairperson), Sibusiso Busane, Thandeka Ntshangase, Themba Mthembu, Mzinwaseki Silimandela, Lerato Molhllil, David Makua, Lucas Kamathodi, Ross Rayners, Margaret Bango, Zinile Tyikwe, Nonkululeko Bogopa, Zibele Sokabo, Sebe Kasebitse



higher education  
& training  
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Tom Mkhwanazi, Chief Executive Officer

4. On 26 February 2020 the Director-General of the Higher Education and Training wrote to the SETA, requesting that R 100 Million which was allocated for Community Education Colleges (R60 Million for Free State CET & R40 Million for Ntabankulu CET) be contracted with Ekurhuleni TVET College which was to assist in the management of procurement of the projects. The W&RSETA Accounting Authority did not approve this request during its meeting held on 20 March 2020.
5. This led to the SETA contracting only R603 Million as at 31 March 2020 as depicted in Table 1.1

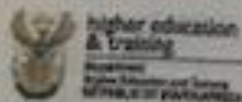
Table 1.1. Contracted W&RSETA-DHET Infrastructure Projects.

DHET INSTITUTION	DELIVERY SITE	AMOUNT	CONTRACTED
<b>TVET COLLEGES</b>			
South Cape TVET College (George Campus)	1	R250 000 000,00	Yes
Sedibeng TVET College (Orange Farm)	1	R250 000 000,00	Yes
		<u>R500 000 000,00</u>	
<b>ARTISAN DEVELOPMENT</b>			
INDLELA Olifantsfontein	1	R53 000 000,00	Yes
		<u>R53 000 000,00</u>	
<b>CET COLLEGES</b>			
Eastern Cape	5	R4 629 625,00	Yes
Kwa-Zulu-Natal	5	R4 629 625,00	Yes
Limpopo	5	R4 629 625,00	Yes
Mpumalanga	5	R4 629 625,00	Yes
Northern Cape	5	R4 629 625,00	Yes
North West	5	R4 629 625,00	Yes
Free State	6	R5 555 550,00	Yes
Western Cape	6	R5 555 550,00	Yes
Gauteng	12	R11 111 100,00	Yes
		<u>R49 999 950,00</u>	
<b>Total Amount Contracted</b>		<b>R602 999 950,00</b>	

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6. On 24 March 2020 the president announced the 4-month holiday of non-payment of skills development levies. The payment of stipends during lockdown was also communicated to SETAs via Directive 04/2020 and Directive 05/2020 which has resulted in financial constraints.
7. The reasons mentioned in paragraph 6 above necessitated W&RSETA to reprioritize all its plans including the Annual Performance Plan (APP) 2020/21 and SETA Budget to respond to the COVID-19 pandemic. The reprioritization included W&RSETA-DHET Infrastructure Projects.
8. On 11 May 2020 the SETA requested the Minister of Higher Education and Training to allow the SETA to rescind the R602 999 950.00 contracted on infrastructure projects.
9. On 13 May 2020 the Minister of Higher Education and Training gave approval for the SETA to rescind the infrastructure projects contracted, but added that SETAs were still expected to support CETs in future.
10. The SETA decided to rescind the contracted Infrastructure Projects as approved by the Minister with the exclusion of R49 999 950.00 which is contracted with 9 CET Colleges at 54 sites.
11. The SETA is currently engaged in a process of terminating the contracts with the contracted parties and the process is expected to be finalized by 30 June 2020.
12. In the meantime the W&RSETA has received an appeal from Free State CET (REITZ) to reconsider its decision not to continue with funding of the R60 Million for Infrastructure based on paragraph 4. The W&RSETA considered this appeal on 28 May 2020 and resolved that the CEO should write to the Minister regarding the Free State CET College letter of appeal and find a joint response to resolve their request. The Minister should also be informed that the Reitz Community College was not included in the R60 million commitment and allow the Minister to provide guidance on the matter, to ascertain whether the W&RSETA should continue supporting the CET College Infrastructure Development project in accordance with the letter from the Minister.
13. The SETA will update the Department on the process until it is finalized.

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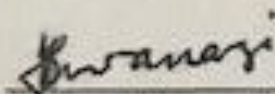
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Tom Mkhwanazi, Chief Executive Officer

14. The following information is attached for your information:

- Letter from the Director General
- Letter of appeal from Reitz
- Response to Reitz (1<sup>st</sup> response)
- Response to Reitz (2<sup>nd</sup> response)
- Response letter from the Minister on Rescindment request

Yours sincerely



Mr Tom Mkhwanazi  
Chief Executive Officer (CEO)

Date: 9 June 2020