

SCHEDULE

STANDARD CONSTITUTION REGULATIONS

AS CONTEMPLATED IN SECTION 13(1) OF THE

SKILLS DEVELOPMENT AMENDMENT ACT

ACT 26 OF 2011

OF THE

HEALTH AND WELFARE SECTOR EDUCATION AND TRAINING AUTHORITY

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1. DEFINITIONS

In this Constitution, any word or expression to which a meaning has been assigned in the Act, bears that meaning and unless the context indicates otherwise—

- (a) "Accounting Authority" means the Accounting Authority of the HWSETA;
- (b) "alternate" means a person contemplated in item 8(8);
- (c) "Chairperson" means the Chairperson of the Accounting Authority contemplated in item 14;
- (d) "Chief Executive Officer" means the Chief Executive Officer of the HWSETA contemplated in item 16;
- (e) "committee" means any permanent, ad hoc or subcommittee of the HWSETA established by the Accounting Authority in terms of this constitution.
- (f) "constituency" means organised labour, organised employers, government departments, professional bodies, bargaining councils and organisations contemplated in section 11(2) of the Act and listed in Annexure 4; "constitution" includes the Annexures to this constitution;
- (g) "designated groups" means black people, women and people with disabilities;
- (h) "Executive Authority" means the Minister of Higher Education and Training, who, in terms of the Act, is accountable to Parliament for skills development;
- (i) "Executive Committee" means the Executive Committee established in terms of item 9;
- (j) "member" means a natural person appointed as a member of the Accounting Authority or any of its chambers or committees
- (k) "NQF Act" means the National Qualification Framework Act, 2008 (Act No. 67 of 2008);
- (l) "NSA" means the National Skills Authority established by section 4 of the Act.
- (m) "NSDS" means the national skills development strategy referred to in section

5(1)(a)(ii) of the Act;

(n) "organised employers"—

- (i) means any employers' organisation in the Sector that is registered in terms of the Labour Relations Act, 1995 (Act No. 66 of 1995), and any other association of employers in that Sector that represents the interests of its members as employers; and
- (ii) includes a State Department referred to in Schedule 1 of the Public Service Act, 1994 (Proclamation No. 103 of 1994), as an employer in that Sector;

(o) "organised labour" means any trade union or federation of trade unions in the Sector that is registered in terms of the Labour Relations Act, 1995 (Act No. 66 of 1995), and any other association of employees in the Sector that represents the interests of its members as employees;

(p) "PFMA" means the Public Finance Management Act, 1999 (Act No. 1 of 1999);

(q) "SDLA" means the Skills Development Levies Act, 1999 (Act No. 9 of 1999);

(r) "Sector" means the [insert name] Sector determined by the Minister in terms of section 9(2) of the Act;

(s) "HWSETA" means the Health and Welfare Sector Education and Training Authority, established by the Minister in terms of section 9(1)(a) of the Act or re-established by the Minister in terms of section 9(1)(b) of the Act and referred to in item 4(1);

(t) "SLA" means the service level agreement contemplated in section 10A of the Act;

(u) "the Act" means the Skills Development Act, 1998 (Act No. 97 of 1998).

2. BACKGROUND AND PURPOSE OF CONSTITUTION

(1) The Act makes provision for the establishment or re-establishment of SETA for each national economic sector. The Minister determined the discrete Sector of the HWSETA in terms of section 9 of the Act.

- (2) This constitution was drawn up in accordance with the requirements of the Act and provides an institutional framework for the HWSETA to develop and implement national, sectoral and work-place strategies in order to develop and improve the skills of the South African workforce.
- (3) The HWSETA pursues the development of a skilled workforce in order to provide an improved service to the people of South Africa. The HWSETA is inspired by the vision of an appropriately skilled workforce, who is empowered to render quality services, which are comparable with world-class standards.

3. EXECUTIVE AUTHORITY

- (1) The Executive Authority must exercise its powers and responsibilities in order to ensure that the implementation of the objectives and execution of the functions of the HWSETA comply with both the Act and the policies of the Executive Authority.
- (2) In executing its accountability and responsibility functions, the Executive Authority must exercise its powers in terms of the Act, the PFMA, this constitution and any other relevant legislation.

4. IDENTIFICATION OF SETA

(1) Name

The name of this SETA is the Health and Welfare Sector Education and Training Authority, situated at 17 Bradford Road, Bedfordview and referred to in this constitution as the HWSETA.

(2) Scope of coverage

The national economic sector for which the SETA is established is the Health and Social Development Sector. Its scope of coverage, determined by the Minister in terms of section 9(2) of the Act, is recorded in Annexure 1, as amended from time to time.

(3) Constituencies in Sector

Organised labour, organised employers, government departments, professional bodies, bargaining councils and organisations contemplated in section 11(2) of the Act are listed in Annexure 4.

(4) Legal status

- (a) The HWSETA is a statutory body and juristic person.
- (b) The HWSETA, through the Accounting Authority, may authorise any person or persons to act on its behalf, to sign all documents and to take any steps that may be necessary in connection with any legal proceedings brought by or against the Authority.
- (c) The HWSETA and its Accounting Authority are governed by the Act, the PFMA, the SDLA, this constitution and any other relevant legislation.

5. OBJECTIVES OF HWSETA

In performing its functions contemplated in the Act and in this constitution, the HWSETA must seek to promote the objectives contemplated in sub items (1) to (3).

(1) General objectives

The general objectives of the HWSETA are to—

- (a) facilitate, coordinate and monitor the implementation of the NSDS in the Sector;
- (b) identify skills shortages in the Sector;
- (c) support the development of the skills of employees in the Sector;
- (d) support the improvement of the quality of life and labour market prospects of employees in the Sector;
- (e) strengthen the institutional capacity of the HWSETA, in order to improve productivity and the quality of the services it provides to its stakeholders;
- (f) through the skills development levy, increase the levels of investment

in skills development and improve returns on such investment;

- (g) support improved performance and productivity in the work-places in the Sector, as well as the competitiveness of employers;
- (h) support the improvement of the employment prospects of persons previously disadvantaged by unfair discrimination;
- (i) in liaison with employment services, assist work seekers to gain access to work experience;
- (j) in liaison with employment services, assist retrenched workers to re-enter the labour market;
- (k) liaise with employers in respect of skills development programmes;
- (l) promote the development of skills aimed at self-employment;
- (m) support skills development in the informal sector, cooperatives and other income- generating initiatives for the unemployed;
- (n) support and promote the development of artisans, technicians, professionals and persons in other categories;
- (o) support, facilitate and promote the quality of occupation-based learning in the Sector;
- (p) promote effective communication between, and participation by bodies involved in skills development – both inside and outside the Sector;
- (q) co-operate with and support the QCTO in matters relating to QCTO functions and operations referred to in section 10 of the Act; and
- (r) to cooperate with and support the functions of other agencies in matters related to skills development.

(2) Objectives in relation to employers in Sector

The objectives of the HWSETA in relation to employers are to encourage them to—

- (a) identify skills needs in the work-place;
- (b) provide employees with opportunities to acquire new skills;

- (c) use their work-places and facilities to create active learning environments;
- (d) develop their capacity to manage and provide occupation-based learning;
- (e) facilitate new entrants to the labour market by providing them with opportunities to learn through exposure to work experience during learnerships, internships, apprenticeships and other programmes that provide learning in the work-place;
- (f) support occupation-based learning interventions, linked to the objectives and mechanisms of the Employment Equity Act, 1998 (Act No. 55 of 1998);
- (g) ensure occupation-based learning of quality in the work-place; and
- (h) to develop appropriate partnerships with other public, private and non-governmental organisations in promoting skills development.

(3) Objectives in relation to employees in Sector

The objectives of the HWSETA in relation to employees are to encourage them to—

- (a) participate in learnerships, apprenticeships, professional training, skills development programmes and other learning programmes;
- (b) take responsibility for their learning by utilising the learning opportunities offered to them; and
- (c) to provide input into, and feedback on occupation-based learning programmes that they undertake.

6. POWERS AND FUNCTIONS OF HWSETA

(1) HWSETA functions

The HWSETA must perform its functions in accordance with the Act, the SDLA, the PFMA, any other relevant legislation and this Constitution.

The HWSETA must, in accordance with any prescribed requirements—

- (a) develop a Sector Skills Plan within the NSDS framework;
- (b) implement its Sector Skills Plan by—
 - (i) establishing learning programmes;
 - (ii) approving work-place skills plans and annual training reports;
 - (iii) allocating grants, in the prescribed manner and in accordance with any prescribed standards and criteria, to employers, skills development providers and workers, and
 - (iv) by monitoring the quality of occupation-based learning in the Sector;
- (c) promote occupation-based learning programmes that include work experience by—
 - (i) identifying workplaces for practical work experience;
 - (ii) supporting the development of learning materials;
 - (iii) improving the facilitation and assessment of learning; and
 - (iv) by assisting with conclusion of agreements for learning programmes;
- (d) perform any function delegated to it by the QCTO in terms of section 261 of the Act;
- (e) support and form partnerships with other agencies on matters related to skills development;
- (f) when required to do so, as contemplated in section 7(1) of the SDLA, collect and disburse the skills development levies, allocated to it in terms of sections 8 and 9 of the SDLA, in its Sector;
- (g) liaise with the National Skills Authority on—
 - (i) the national skills development policy;
 - (ii) the national skills development strategy; and
 - (iii) its sector skills plan;
- (h) liaise with the provincial offices of the Department, the provincial skills development forums and any relevant education bodies, established in

terms of any law regulating education and training in the Republic, to improve information about placement opportunities and between skills development providers and the labour market;

- (i) formulate policies and procedures of the HWSETA;
- (j) appoint the employees necessary for the performance of its functions;
- (k) promote the national standard, established in terms of section 30B of the Act; and
- (l) perform any other functions—
 - (i) imposed on it by the Act, the SDLA, any other relevant legislation and this constitution, or
 - (ii) that are consistent with the purposes of the Act, the SDLA, any other relevant legislation and this constitution.

(2) **HWSETA powers**

The HWSETA has the powers referred to in section 10(2) of the Act and such other powers conferred on the HWSETA by the SDLA and this constitution.

7. SERVICE LEVEL AGREEMENT AND STRATEGIC PLAN OF HWSETA

- (1) The HWSETA must conclude an SLA for every financial year with the Director- General in accordance with section 10A of the Act, concerning—
 - (a) the HWSETA's performance of its functions in terms of the Act and the NSDS;
 - (b) the HWSETA's annual Strategic Plan;
 - (c) any assistance that the Director-General is to provide to the HWSETA in order to enable it to perform its functions;
 - (d) any assistance that the HWSETA is to provide in terms of the Act to assist the Minister in complying with his or her responsibility in accordance with the policy determined by the President relating to service delivery and relating to the functions of the relevant HWSETA; and

- (e) any other prescribed matters.
- (2) The SLA must be concluded in the prescribed manner and within the prescribed period.
- (3) If the HWSETA and the Director-General are unable to agree on the contents of the SLA within the prescribed period, the Minister must determine the contents of the SLA after consulting the NSA.
- (4) The HWSETA must submit a Strategic Plan in terms of Regulation 30 of the Treasury Regulations.

8. ACCOUNTING AUTHORITY

- (1) Duties of Accounting Authority.

The Accounting Authority must—

- (a) govern and manage the HWSETA in accordance with the PFMA, the Act and any other applicable legislation;
- (b) ensure that the HWSETA achieves the objectives contemplated in item 5 and performs the functions contemplated in item 6;
- (c) provide effective leadership and to ensure that the HWSETA implements the goals of the NSDS and the Performance Agreement with the Minister;
- (d) provide a strategic direction for the HWSETA;
- (e) liaise with stakeholders;
- (f) ensure that the HWSETA complies with the relevant statutory requirements and the requirements of this constitution;
- (g) manage institutional risk;
- (h) monitor the performance of the HWSETA;
- (i) ensure that its members and the members of the committees established by it, comply with the Code of Conduct set out in Annexure 2.

- (2) Powers of Accounting Authority The Accounting Authority may—

- (a) exercise all the powers necessary in order to enable it to perform its functions in terms of the Act, this constitution and any other relevant legislation;
- (b) exercise any other powers conferred on it by the Act, the PFMA, the SDLA, any other relevant legislation and this constitution;
- (c) take decisions on any matter related to the performance of its functions in terms of the Act and this constitution;
- (d) establish committees of the HWSETA to assist it in performing its functions; and
- (e) establish chambers of the HWSETA contemplated in section 12 of the Act.

(3) **Delegation of functions**

- (a) The Accounting Authority may delegate any of its functions to—
 - (i) the Executive Committee;
 - (ii) the Chief Executive Officer; or
 - (iii) to any other committee or chamber of the HWSETA.
- (b) A delegation by the Accounting Authority is subject to such conditions as the Accounting Authority may impose and must be in writing, must state the terms and conditions of the delegation and must be recorded.
- (c) Subject to any rights that may have vested as a consequence of the delegation, a delegation under paragraph (a)—
 - (i) does not divest the Accounting Authority of the function delegated and the Accounting Authority may at any time review, amend or set aside any decision made under the delegation;
 - (ii) does not prevent the performance of the function by the Accounting Authority itself; and
 - (iii) may be revoked by the Accounting Authority at any time.

(4) **Size of Accounting Authority**

- (a) Except if the Minister approved a deviation to the number of members in accordance with section 13 of the Act, the composition of the Accounting Authority may not exceed 15 persons.
- (b) The Accounting Authority consists of a chairperson and 14 members.

(5) Composition of Accounting Authority

- (a) (i) The Minister, after consultation with the NSA, must appoint a person as Chairperson of the Accounting Authority of the HWSETA.
- (ii) The Chairperson has no voting rights, but in the case of an equality of votes the Chairperson has a casting vote.
- (b) (i) Subject to subparagraph (ii) and section 13(2) of the Act, the Minister must appoint 14 persons as members of the Accounting Authority of the HWSETA.
- (ii) The members referred to in subparagraph (i) have full voting rights and
 - (aa) six persons nominated by organised labour;
 - (bb) six persons nominated by organised employers including small business or government departments that are employers; and
 - (cc) two persons nominated by—
 - (a) government departments that have an interest in the sector but the departments are not an employer as contemplated in subsection (2)(b);
 - (b) any interested professional body;
 - (c) any bargaining council with jurisdiction in the sector; or
 - (d) organisation of community which have an identifiable interest in skills development in the sector.
- (c) Each constituency represented on the Accounting Authority must be

represented by persons who are sufficiently representative of designated groups.

- (d) The members of the HWSETA are listed in item 2(4) of Annexure 4.
- (e) The Accounting Authority may, on good cause shown, recommend to the Minister the removal of any trade union or employer organisation listed in item 2(4) of Annexure 4.

(6) Nomination and appointment of members of Accounting Authority

- (a) At least three months before the expiry of the term of office of the members of the Accounting Authority, the Chief Executive Officer must invite nominations for members for the forthcoming term of office, from organised labour, organised employers and the categories of role-players referred to in section 11(2)(b) of the Act within the Sector.
- (b) Any person nominating another person for appointment as a member of the Accounting Authority must take into account the provisions of section 14(4) of the Act set out in item 3 of Annexure 5.
- (c) The Minister must by notice in the Gazelle invite nominations for the position of Chairperson of the Accounting Authority of the HWSETA from interested parties in the Sector.
- (d) The Chief Executive Officer must provide members appointed to the Accounting Authority with formal letters of appointment on the HWSETA letterhead and must set out in the letter the duties and responsibilities of the members.
- (e) Members must accept their appointment and declare in writing that they accept, and will be bound by, the Code of Conduct of the HWSETA on or before the induction date referred to in sub item (10).

(7) Consultation on proportional representation

- (a) Organised employers must, by means of consultation, endeavour to reach agreement on the proportional division of members to represent

the organised employers on the Accounting Authority.

- (b) Organised labour must, by means of consultation, endeavour to reach agreement on the proportional division of members to represent organised labour on the Accounting Authority.
- (c) If organisations cannot reach agreement on the proportional allocation of members then the principle of proportionality must be applied on the basis of the formula provided in item 4 of Annexure 4.

(8) Alternates for members of Accounting Authority

- (a) The organisations contemplated in sub item (5)(b) may nominate an alternate for each member in the same manner as nominations for members.
- (b) The number of alternates at any meeting may be no more than one third of the number of members contemplated in Annexure 4.
- (c) A member and his or her alternate may not attend the same meeting.
- (d) An alternate for a member has voting rights in the absence of the member he or she represented.
- (e) HWSETA may nominate the alternate members contemplated in paragraph (a) by nominating—
 - (i) one alternate for each member; or
 - (ii) such number of alternates per category of members contemplated in section 11(3)(a) to (c) of the Act as the HWSETA may determine and any of the alternates identified in a specified category may represent any member in that category who cannot attend a meeting.

(9) Term of office of members of Accounting Authority

- (a) Subject to sub item (13), the term of office of a member of the Accounting Authority is five years.

(b) A member is eligible for reappointment upon expiry of that member's term of office but the reappointed members may not exceed one third of the members of the Accounting Authority in any one term.

(10) **Induction and capacity building of members and alternates** The Accounting Authority must ensure that—

- (a) within one month of taking office, the appointed members and alternates of the Accounting Authority attend an induction session that covers the purpose, mandate, management structures and processes, operations and governance practices of the Accounting Authority;
- (b) within three months of taking office, members attend a training session that covers the role and responsibilities of—
 - (i) the Accounting Authority; and
 - (ii) the role and responsibilities of Members and how to discharge their duties;
- (c) members receive training on an ongoing basis to enhance or update their understanding of the operations of the Accounting Authority and matters relevant thereto

(11) **First meeting at each new term of office of Accounting Authority**

- (a) The Chief Executive Officer must set a date for the first meeting of the term of office of a new Accounting Authority, which must be convened within two months of the establishment of the Accounting Authority.
- (b) The Chief Executive Officer must notify the members of the Accounting Authority, in writing, of the date, time, venue and agenda of the first meeting.
- (c) At that meeting, the members must—
 - (i) set the dates for forthcoming meetings during that year; and
 - (ii) take such other decisions as are necessary in order to ensure the

prompt and effective functioning of the HWSETA.

(d) In the event that the Chairperson has not yet been appointed, the Chief Executive Officer presides over the first meeting of the Accounting Authority, where after the members must choose a chairperson from their own ranks, for each meeting convened until such time as the Chairperson has been appointed by the Minister.

(12) Suspension of members of Accounting Authority

The Accounting Authority may, on reasonable grounds and subject to sub item (13)(c),(d) and (e), recommend to the Minister the suspension of a member.

(13) Vacant of office by members of Accounting Authority

(a) A member of the Accounting Authority vacates office if that member—

- (i) resigns by written notice, addressed to the Accounting Authority and the Minister;
- (ii) no longer satisfies the eligibility requirements contemplated in Annexure 4;
- (iii) is removed from office in terms of paragraph (b).

(b) On the recommendation of the Accounting Authority, the Minister may remove a member—

- (i) upon the written request of the organisation represented by that Member;
- (ii) who is absent from three consecutive meetings of the Accounting Authority without prior and written permission of the Accounting Authority, unless the member shows good cause why he or she should not be removed;
- (iii) due to permanent incapacity;
- (iv) for serious misconduct;

- (v) for failure to comply with any provision in the Code of Conduct contained in Annexure 2;
- (vi) for conduct that undermines the Accounting Authority or brings the Accounting Authority or any of its members into disrepute; or
- (vii) on good cause shown.

(c) Before recommending the removal of a member, the Accounting Authority must—

- (i) give notice of its intention to do so to that member;
- (ii) give reasons for the intention to recommend removal; and
- (iii) give the member reasonable opportunity under the circumstances to make representations to the Accounting Authority.

(d) The Chairperson must inform the member in writing and in sufficient detail of—

- (i) the allegations against the member; and
- (ii) refer the matter to the Minister for an inquiry.

(e) The member must be given adequate time to prepare for the inquiry and may be represented at the inquiry by a person of his or her choice.

(14) Filling vacancies in Accounting Authority

- (a) Subject to paragraph (b), if a member of the Accounting Authority dies or vacates office before the expiry of that member's term of office in accordance with sub item (13), the procedure contained in sub item (6) applies with the necessary changes.
- (b) The replacement member must be from the same sector of the constituency from which the original member was appointed.

(15) Application to Accounting Authority by new organisation

- (a) Any organisation that meets the criteria stated in sub item (5)(a) and that

are not listed in Annexure 4, may apply to the Accounting Authority to be so listed.

(b) The Accounting Authority must list the organisation if the Minister has determined that that organisation belongs in the Sector.

9. EXECUTIVE COMMITTEE OF ACCOUNTING AUTHORITY

(1) Establishment of Executive Committee of Accounting Authority

(a) The Accounting Authority must establish an Executive Committee with the approval of the Minister.

(b) The Executive Committee may not consist of more than five members and must include the Chairperson.

(2) Composition of Executive Committee

Organised labour and organised employers must have equal representation in the Executive Committee.

(3) Term of office of members of Executive Committee

A member of the Executive Committee holds office for the period of that member's term of office as a member of the Accounting Authority.

(4) Functions of Executive Committee

(a) Subject to the directions of the Accounting Authority, the Executive Committee must oversee the management of the HWSETA.

(b) Without limiting its functions contemplated in paragraph (a), the Executive Committee must—

(i) supervise the proper management of all financial matters;

(ii) coordinate and supervise the implementation of the Accounting Authority's policies;

(iii) monitor national policy issues and developments and must make recommendations regarding the adoption of policies by the Accounting Authority;

- (iv) coordinate the functioning of committees, chambers and structures of the HWSETA and must monitor their activities, in order to ensure that they act within the terms of any powers delegated to them by the Accounting Authority;
- (v) oversee staff employment issues;
- (vi) determine budgets and business plans;
- (vii) monitor the relations and interactions of the HWSETA with other SETAs and other agencies on matters related to skills development; and
- (viii) perform any other function, delegated to it by the Accounting.

10. AUDIT COMMITTEE OF SETA

- (1) Establishment, composition and accountability of Audit Committee
 - (a) The Accounting Authority must establish an Audit Committee as an independent committee, which reports to the Accounting Authority.
 - (b) The Audit Committee must be constituted in terms of section 77 of the PFMA, read with Chapter 9 of the Treasury Regulations made in terms of the PFMA.
 - (c) The Accounting Authority must compile written Terms of Reference that describe the membership, authority and duties of the Audit Committee.
 - (d) The Audit Committee must be constituted in terms of the requirements of sound corporate governance and it must operate within that framework.
 - (e) The chairperson of the Audit Committee must—
 - (i) be an independent person and may not be the Chairperson; and
 - (ii) be knowledgeable about the status of the position and must have the requisite financial, business, leadership and communication skills.
 - (f) (i) The majority of the members of the Audit Committee must be independent persons and must be financially literate.

- (ii) One member of the Audit Committee must be nominated by members representing organised employers and one member must be nominated by members representing organised labour.
- (g) The Chairperson, the members of the Executive Committee and the Chief Executive Officer may not be members of the Audit Committee but they may attend Audit Committee meetings by invitation, if this is considered necessary by the chairperson of the Audit Committee.
- (h) The Audit Committee has explicit authority to investigate any matter within its Terms of Reference, and it must be provided with the required resources to access required information.
- (i) The Audit Committee may not perform any management functions or assume any management responsibilities.
- (j) The Accounting Authority must periodically review and evaluate the Audit Committee's decisions and effectiveness and must review and confirm the Audit Committee's Terms of Reference on an annual basis.

(2) Functions of Audit Committee

- (a) The Audit Committee must perform the functions of an audit committee in terms of the PFMA.
- (b) The Audit Committee must monitor and reinforce the effectiveness of both the internal control system and the internal audit function.
- (c) The Audit Committee must review and make recommendations in respect of—
 - (i) the functioning and overall efficiency and effectiveness of the internal control system;
 - (ii) the functioning of the internal Audit Department;
 - (iii) the risk areas of the HWSETA's operations, which are to be covered by the scope of internal and external audits;

- (iv) the adequacy, reliability and accuracy of the financial information provided to the Accounting Authority;
- (v) the scope and results of the external audit and its cost-effectiveness, as well as the independence and objectivity of the external auditors;
- (vi) the cooperation and coordination between the internal and external audit functions, and their cooperation and coordination pertaining to the management of the HWSETA;
- (vii) any accounting or auditing concerns identified through internal and external audits and by the Auditor-General;
- (viii) the adequacy and effectiveness of the risk management processes followed and the development, maintenance and enhancement of fraud prevention plans;
- (ix) the effectiveness of the system for monitoring compliance with laws, regulations and policies, and the results of management's investigation and follow-up action (including disciplinary action) of any instance of non-compliance; and
- (x) the HWSETA's compliance with relevant legal and regulatory requirements and its Code of Conduct and the action taken to address any violations.

(d) The Audit Committee must review the annual financial statements and establish whether the statements have been prepared in accordance with the PFMA and related Treasury Regulations, including the applicable accounting framework.

(e) The Audit Committee must review and confirm the Internal Audit Department's Charter and the Internal Audit Plan and must review and confirm the resources required to implement such plan.

(f) The Audit Committee must develop a direct, strong and candid relationship

with the external auditors and its communication with the external auditors must facilitate independence from the management of the HWSETA and encourage the external auditors to speak freely, regularly and confidentially with the Audit Committee.

- (g) The Audit Committee must draw up a recommendation for the Accounting Authority regarding the appointment and removal of the internal and external auditors.
- (h) The Audit Committee must recommend such measures as may be necessary to ensure the reliability, integrity and objectivity of the HWSETA.

11. FINANCE COMMITTEE

(1) Establishment and composition of Finance Committee

The Accounting Authority must establish a Finance Committee consisting of a suitable number of persons with the knowledge and skills needed to perform the functions of the Committee.

(2) Functions of Finance Committee

- (a) The Finance Committee must perform all functions delegated to it by the Accounting Authority in order to ensure that the HWSETA meets the requirements of the Act, the SDLA, PFMA and the Treasury Regulations that relate to finance and the remuneration of the Chief Executive Officer, members, committee members and staff.
- (b) The Finance Committee must evaluate and must make recommendations to the Accounting Authority in respect of—
 - (i) the budget, cash flow and financial statements of the HWSETA;
 - (ii) the financial policies of the HWSETA;
 - (iii) actions to implement the recommendations of the Auditor-General's Report and the internal and external audit reports of the HWSETA;
 - (iv) the execution of the legally mandated financial functions of the

HWSETA; and

- (v) the financial implications of policies, decisions and changes to the budget and Business Plan of the HWSETA.

12. REMUNERATION COMMITTEE

(1) Establishment and composition of Remuneration Committee

The Accounting Authority must establish a Remuneration Committee consisting of a suitable number of persons with the knowledge and skills needed to perform the functions of the Committee.

(2) Functions of Remuneration Committee

(a) The Remuneration Committee must advise the Accounting Authority on any matter relating to remuneration in order to enable the Accounting Authority to develop consistent, fair and impartial strategies, policies, procedures and processes for the compensation of its members and staff so as to attract, motivate and retain talented people.

(b) The Remuneration Committee must evaluate and must make recommendations to the Accounting Authority in respect of the following issues relating to the remuneration of both the staff and the Chief Executive Officer of the HWSETA:

- (i) Developing guidelines for, and reviewing the compensation and performance of staff members of the organisation.
- (ii) Reviewing and approving corporate goals that are relevant to the compensation of the Chief Executive Officer.
- (iii) Determining the Chief Executive Officer's compensation in accordance with applicable rules and regulations.
- (iv) Evaluating the Chief Executive Officer's performance against the goals and objectives contemplated in this paragraph.
- (v) Reviewing and reassessing the adequacy of the remuneration policy annually and recommending changes, if any, to the Accounting

Authority for approval.

- (vi) Ensuring that the members' and committee members' remuneration is in accordance with the requirements of the PFMA and the Treasury Regulations that relate to finance and the remuneration of those members.
- (c) The Finance and Remuneration Committee must present the Audit Committee with quarterly and annual financial statements.

13. GOVERNANCE AND STRATEGY COMMITTEE

- (1) Establishment and composition of Governance and Strategy Committee
The Accounting Authority must establish a Governance and Strategic Committee consisting of a suitable number of persons with the knowledge and skills needed to perform the functions of the Committee.
- (2) Functions of Governance and Strategy Committee
The Governance and Strategy Committee must—
 - (a) development policies, principles, criteria and guidelines that are necessary for the governance and strategy function for the HWSETA;
 - (b) promote good governance;
 - (c) report to the Accounting Authority on such matters as it deems necessary; and
 - (d) develop the skills development strategy for the Sector.

14. CHAIRPERSON OF ACCOUNTING AUTHORITY

- (1) Appointment of Chairperson of Accounting Authority
 - (a) Only the Minister may appoint the Chairperson.
 - (b) The Chairperson may not be a member of the Audit Committee.
- (2) Term of office of Chairperson
 - (a) The term of office of the Chairperson is five years.
 - (b) The person appointed as Chairperson may only serve one term of office in a particular HWSETA.

(3) Functions of Chairperson

The Chairperson of the Accounting Authority—

- (a) must preside at meetings of both the Accounting Authority and the Executive Committee;
- (b) must conduct such meetings in accordance with item 11; and
- (c) may perform such other functions as are generally associated with the position of chairperson.

(4) Temporary absence or incapacity of Chairperson

If the Chairperson is temporarily absent or incapacitated, the meeting ordinarily presided over by the Chairperson must appoint a person from its own ranks to preside over such meeting.

(5) Vacating of office of Chairperson

- (a) The Chairperson must vacate office if he or she—
 - (i) is removed as a member in terms of item 8(13);
 - (ii) is unable to attend meetings or business of the Accounting Authority and Executive Committee for a consecutive period of six months; or
 - (iii) if the Minister, on good cause shown, decides to terminate his or her appointment.
- (b) If the Chairperson has vacated office, the same process followed to appoint the Chairperson applies to the appointment of a new chairperson.

15. MEETING PROCEDURES

(1) Meetings of Accounting Authority

- (a) The Accounting Authority must meet at least once every three months;
- (b) The business of the Accounting Authority includes—(numbering changed)
 - (i) the discussion of any matter referred to it or arising from the financial statements or reports;
 - (ii) the discussion of any matter of which notice has been given to

the Chairperson at least 10 days before the date of notice regarding the meeting;

- (iii) the transaction of such other business as is required to be transacted by the Accounting Authority in terms of the Act, the PFMA, the SDLA or this Constitution; and
- (iv) the delegation of its functions to members, employees or committees.

- (c) An Annual General Meeting must be held and must be advertised in the media at least 30 days before the meeting.

- (d) The business of the Accounting Authority at the Annual General Meeting must include consideration of—

- (i) the annual financial statements of the Accounting Authority;
- (ii) an Annual Report on the Accounting Authority's affairs;
- (iii) the report of the Auditor-General on the Accounting Authority; and
- (iv) acceptance, for recommendation to the Director-General, of the HWSETA's annual budget and business plan.

(2) Meetings of Executive Committee

- (a) The Executive Committee must meet at least once a month or may meet more when necessary.
- (b) Meetings of the Executive Committee must comply with the procedures contemplated in item 11.

(3) Special meetings of Accounting Authority, Executive Committee and other committees

- (a) The Chairperson may, on grounds of urgency, call a special meeting of the Accounting Authority or Executive Committee on at least 48 hours' notice, whether in the form of a physical meeting or by using any electronic medium.
- (b) If the Chairperson receives a request for a meeting, signed by at least 50 percent of the members of the Accounting Authority or the Executive

Committee, the Chairperson must, as soon as is practicable, give notice of a special meeting of the Accounting Authority or the Executive Committee, as the case may be, and that special meeting must be held within 15 working days of receiving such request.

- (c) The chairpersons of any committee of the Accounting Authority may, on grounds of urgency, call a special meeting on at least 48 hours' notice, whether in the form of a physical meeting or by using any electronic medium.

(4) Meeting procedures for all committees

- (a) In respect of meetings of the Executive Committee or any other committee established by the Accounting Authority listed in Annexure 5, whether in the form of a physical meeting or by using any electronic medium, the relevant chairperson must—
 - (i) give at least 10 working days written notice of the proposed meeting to members; and
 - (ii) include an agenda with such notice.
- (b) A quorum at a meeting, whether in the form of a physical meeting or by using an electronic medium, consists of at least 50 per cent of the total number of members plus one member provided that at least 50 per cent of the members representing organised labour and at least 50 per cent of the members representing organised employers are present.
- (c) If, within one hour of the time fixed for the meeting, a quorum is not formed—
 - (i) that meeting must stand adjourned to another day; and
 - (ii) the members present at the follow-up meeting held within 14 days thereafter will constitute a quorum for the purposes of that meeting.
- (d) When a Member is unable to attend a meeting, that member must inform

the relevant chairperson accordingly no later than 48 hours before the meeting takes place but in unforeseen circumstances the relevant chairperson must be informed as soon as possible.

(e) The voting procedures and decision-making procedures at meetings are as follows:

- (i) Each member present has a single vote on any matter serving before a meeting for its decision.
- (ii) Votes by proxy are not allowed.
- (iii) Any decision at a meeting requires the support of at least 50 per cent plus one of the members present.
- (iv) Decisions must be taken by way of a show of hands or, if at least 50 per cent of the members present so require, by way of a closed ballot.

In the event of an equality of votes, the chairperson has a casting vote.

(f) The chairperson must ensure that—

- (i) the minutes of each meeting are taken;
- (ii) the minutes are forwarded to the members within two weeks of the meeting;
- (iii) the minutes are tabled at the next meeting for approval by the members; and
- (iv) the minutes that are approved, are retained in a record system.

(g) The chairperson must sign the approved minutes as confirmation of their approval.

16. CHIEF EXECUTIVE OFFICER AND OTHER EMPLOYEES

(1) Appointments by Accounting Authority (numbering changed)

(a) The Accounting Authority must—

- (i) within six months of taking office, after following a transparent process, recommend to the Minister the names of three

suitable qualified candidates for appointment to the position of Chief Executive Officer; and

(ii) consider the suitable qualified candidates in accordance with fair and reasonable criteria acknowledged in labour law before making the recommendation in terms of subparagraph (i).

(b) Subject to paragraph (c), the appointment of the Chief Executive Officer is linked to the term of office of the Accounting Authority.

(c) The Chief Executive Officer may be retained for a further six months in the event that the HWSETA is re-established in accordance with section 9(1)(b) of the Act.

(5) Duties of Chief Executive Officer

The Chief Executive Officer must—

- (a) implement the decisions of the Accounting Authority;
- (b) execute the strategic and management operations of the HWSETA;
- (c) attend the meetings of the Accounting Authority and the Executive Committee;
- (d) promote strategic planning and policy development;
- (e) ensure strict and responsible control of the finances of the HWSETA, in compliance with the financial management requirements of the PFMA;
- (f) supervise and direct the other employees of the HWSETA; and
- (g) perform such other functions as determined by the Accounting Authority or the Executive Committee.

17. FINANCES

(1) Sources of finance

The sources of finance for funding the activities of the HWSETA as set out in section 14(1) of the Act are—

- (a) 80 per cent of the skills development levies, interest and penalties

collected in respect of the HWSETA, allocated in terms of sections 8(3)(b) and 9(b) of the SDLA;

- (b) grants, donations and bequests received;
- (c) income earned on surplus money deposited or invested;
- (d) income earned on services rendered; and
- (e) money received from any other legitimate source.

(2) Investments

The money received by the HWSETA in terms of section 14(2) of the Act must be paid into a bank account at any registered bank and may only be invested in—

- (a) savings accounts, permanent shares or fixed deposits in any registered bank or other financial institution provided for in terms of the PFMA; and
- (b) any other manner approved by the Minister.

(3) Purpose for which funds may be used

The money received by the HWSETA may be used only in accordance with section 14(3) of the Act in order to—

- (a) fund the performance of its functions; and
- (b) pay for its administration.

(4) Financial records of HWSETA

- (a) The Accounting Authority must—

- (i) prepare annual budgets, Annual Reports and financial statements in accordance with Chapter 6 of the PFMA;
 - (ii) furnish the Director-General with copies of all budgets, reports and statements contemplated in this Constitution and any other information that the Accounting Authority must submit in terms of the PFMA;
 - (iii) keep full and proper records of the HWSETA's financial affairs;

- (iv) prepare financial statements for each financial year in accordance with generally accepted accounting practices and in line with the requirements of the Auditor-General;
- (v) submit the financial statements referred to in item 13(4)(a)(iv) within two months after the end of the financial year to the Auditor-General for auditing; and
- (vi) within five months of the end of a financial year and after adoption by the Accounting Authority, submit to the Minister the Annual Report on its activities during that financial year, the financial statements for that financial year after the statements have been audited and the Auditor-General's report on those statements.

(b) The Annual Report and financial statements referred to in item 13(4)(a)(i) must—

- (i) be a fair representation the HWSETA's state of affairs, its business, its financial results, its performance against predetermined objectives and its financial position as at the end of the financial year in question;
- (ii) include particulars of any—
 - (aa) material losses through criminal conduct or irregular, fruitless or wasteful expenditure and must reflect criminal proceeding instituted or disciplinary steps taken as a consequence of such losses;
 - (bb) losses recovered or written off;
 - (cc) financial assistance received from the State and any commitments made by the State on its behalf; and
 - (dd) any other matters that the Accounting Authority deems necessary to include.

(5) Audit of HWSETA

(a) The Auditor-General must—

- (i) audit the accounts, financial statements and financial management of the HWSETA in terms of the PFMA and other relevant legislation; and
- (ii) report on that audit to the Accounting Authority and to the Minister and, in that report express an opinion as to whether the HWSETA has complied with the provisions of the PFMA, the Act and this constitution with regard to financial matters.

(b) Paragraph (a) does not prevent the appointment of an independent auditor by the Minister and the Department to do a forensic audit on the accounts and financial statements of the HWSETA.

(6) Financial responsibility of Executive Committee

The Executive Committee must ensure that the HWSETA complies with the financial requirements of the Act, the PFMA, other applicable legislation and this constitution.

(7) Signatories to accounts

- (a) The Accounting Authority must appoint at least three people, including the Chief Executive Officer, as signatories for each account of the HWSETA.
- (b) At least two of the three signatories, which must include the Chief Executive Officer, must be required to authorise any payment made by the HWSETA.

18. CODE OF CONDUCT

- (1) Members of the Accounting Authority, committees and chambers established by the Accounting Authority are bound by the Code of Conduct set out in Annexure 2.
- (2) The Code of Conduct binds members in the performance and execution of their

functions and duties.

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

19. DISPUTE RESOLUTION

Any dispute concerning the interpretation or application of this constitution must be determined in accordance with Annexure 3.

20. INDEMNIFICATION

The HWSETA indemnifies members of the Accounting Authority and its committees, and employees of the Accounting Authority, against any claim that may be made against them that may arise during the course and scope of their employment or the performance of their duties as long as such claim did not arise as a result of dishonesty, fraud, breach of trust, willful default or willful breach of duty, or a contravention of the HWSETA's Code of Conduct.

21. AMALGAMATION AND DISSOLUTION OF HWSETA

(1) The Minister may, after consulting with the NSA and the Accounting Authority, and subject to section 9(2) of the Act, amalgamate the HWSETA with one or more other HWSETAs in accordance with section 9A of the Act.

(2) (a) The Minister may, after consultation with the NSA and the Accounting Authority, dissolve the HWSETA if the SETA is unable to continue to perform its functions.

(b) Any assets remaining after all liabilities of the HWSETA have been met, must be dealt with in terms of section 9A(6) of the Act.

22. TAKING OVER ADMINISTRATION OF HWSETA

(1) The Minister may, in terms of section 15 of the Act, after consultation with the NSA and the Accounting Authority, if any, by a notice in the Government Gazelle,

direct the Director-General to appoint an Administrator to take over the administration of the SETA or to perform the functions of the HWSETA, if—

- (a) the HWSETA fails to perform its functions;
- (b) there is mismanagement of the HWSETA's finances;
- (c) the Accounting Authority's membership no longer substantially represents the composition contemplated in section 11 of the Act;
- (d) the HWSETA has failed to comply with its SLA; or
- (e) that the Accounting Authority has failed to comply with an instruction by the Minister in terms of section 14A of the Act.

(2) The Director-General must by notice in the Government Gazette appoint an Administrator and, in that notice, the Director-General—

- (a) must determine the powers and duties of the Administrator, which may include the Administrator's performance of the Accounting Authority's functions in terms of the PFMA;
- (b) may suspend or replace one or more of the members of the Accounting Authority for any reason contemplated in sub item (1);
- (c) may suspend the operation of the HWSETA's constitution; and
- (d) may direct the transfer of all or some of the funds in the HWSETA's bank accounts to the National Skills Fund.

(3) If a notice is published in the Government Gazette in terms of sub item (2), the Minister may—

- (a) amend the constitution in question;
- (b) reinstate any of the members of the Accounting Authority; and
- (c) withdraw or amend any provision of the notice referred to in sub item (2) and may impose such conditions as may be appropriate in order to ensure that the HWSETA resumes the performance of its functions.

(4) The Minister may act in terms of sub item (1) without consulting the NSA and the Accounting Authority if there is financial mismanagement of the HWSETA

and the delay caused by such consultation would be detrimental to the HWSETA's capacity to perform its functions.

23. AMENDMENT OF CONSTITUTION

- (1) Subject to section 13 of the Act and after consultation with the Accounting Authority, the Minister may approve an amendment of the constitution.
- (2) The Chairperson must give notice of any proposed deviation from the standard constitution at least 30 days before any meeting of the Accounting Authority is convened to discuss an amendment to the constitution.
- (3) The Accounting Authority may propose an amendment to the constitution by a resolution supported by at least 75 per cent of its members.
- (4) If the Accounting Authority has adopted a resolution proposing an amendment to the Constitution, such proposal must be submitted to the Minister for consideration and a decision and must be accompanied by reasons for the proposed amendment.
- (5) The HWSETA's Chief Executive Officer must ensure that copies of the text of the proposed amendment, notifications of the meeting and the agenda are dispatched to all members of the Accounting Authority at least 30 days before to the meeting at which the amendment to the constitution is to be proposed and considered.
- (6) The full procedure for proposing and effecting amendments to this constitution is described in Annexure 6.
- (7) For the purposes of this item, any amendment of an Annexure must be regarded as a deviation of this Constitution.

ANNEXURE 1
SCOPE OF AUTHORITY

1. SCOPE OF COVERAGE

The scope of coverage of the HWSETA as determined by the Minister is indicated in the table below¹

SIC Code	Scope of Coverage / Description
3992	Registered therapeutic health and skin care
33531	Traditional Healing services
37410	Manufacture of medical precision and surgical equipment and orthopaedic appliances
62312	Retail of prescribed medicines and pharmaceutical products by registered/licensed pharmacy
62313	Private sector pharmacy services
62314	Public sector pharmacy services
62315	Pharmacy management services
82132	Medical aid schemes
87000	Research and development in the health and welfare sectors
87130	Medical and veterinary research
87131	SA medical research council
87200	Research and experimental development on social sciences and humanities
88221	Biomedical engineering
88915	Health professionals employment agencies
93101	Universities, specialist pharmaceutical and drug information services
93102	Public and private rehabilitation services
93104	Ancillary health care services
93105	Residential care facilities
93107	Environmental and occupational health and safety services
93108	Health maintenance organisations
9311B	Private and public hospitals
9311E	Hospice care facilities
9312A	Public sector doctors
9312B	Private sector doctors
9312C	General and specialist medical practitioners
9312G	Public service dentists
9312H	Private sector dentists
9312I	Public and private oral hygienists
9312J	Public and private dental therapists
9312K	Public and private dental laboratories
93193	Nursing services
93199	Other health services
9319A	Public sector emergency services
9319C	State services
9319D	Public and private clinics
9319E	Community services
9319F	Private and private clinics

SIC Code	Scope of Coverage / Description
9319M	Optical and optometric services
9319N	Dietetics and nutritional services
9319O	Hearing and audiometric services
9319P	Complementary health services
9319Q	Laboratory services
9319S	Ambulance services
9319T	Blood transfusion services
9319U	Psychological and psychometric services
93200	Veterinary activities
93300	Social work activities
93301	Public welfare sector
93302	Private welfare sector
93303	Development and social services
9391W	NGO in the health and social development sectors
93400	Religious institutions, grief counselling working with the dying e.g.: hospices
94000	Other community social and personal service activities

ANNEXURE 2
CODE OF CONDUCT

1. INTRODUCTION

This document outlines the HWSETA's Code of Conduct ("the Code").

2. APPLICATION OF CODE

- (1) All Members of the Accounting Authority, the chambers and any committee established by the Accounting Authority are subject to this Code of Conduct and are required to comply with both the letter and the spirit of the Code.
- (2) The Members of the Accounting Authority, the chambers and any committee established by the Accounting Authority—
 - (a) stand in a fiduciary relationship to the HWSETA;
 - (b) must comply with all the applicable laws and regulations that regulate the activities they are engaged in for and on behalf of the HWSETA;
 - (c) must perform their functions fairly, honestly and in good faith, giving full effect to the obligations and spirit of the Act and this Constitution;
 - (d) must protect and promote the reputation of the HWSETA and promote goodwill towards it;
 - (e) must perform their duties conscientiously and in the best interest of the HWSETA and
 - (f) conduct themselves ethically and in accordance with the principles of good governance
- (3) In order to ensure the proper execution of its mandate and effective compliance with the applicable legislative and policy framework, the Accounting Authority must ensure that the staff of the HWSETA and members of all committees and chambers, adhere to the following principles of governance:
 - (a) Effectiveness and efficiency in the execution of their specified mandates, which require clearly formulated purpose statements,

objectives, roles and responsibilities;

- (b) Accountability for meeting their specified mandates, which requires effective accountability mechanisms, proper management, control and the safeguarding of finances and resources, as well as regular and accurate performance reviews, assessments and reporting;
- (c) Integrity and honesty in the management of finances and resources, which require observing and promoting high standards of ethical conduct, proper execution of fiduciary duties, independence from vested interests and avoiding undue influence and a conflict of interests;
- (d) Transparency and openness, which require fair, transparent and accessible rules, processes and procedures; the consistent application of these rules, processes and procedures; transparent and motivated decision-making; and timely and accurate provision of information to a higher authority, stakeholders and the public;
- (e) Participation in the development and implementation of public policies, where appropriate, which requires the active involvement of beneficiaries, stakeholders and other affected groups in the formulation of policies and programmes; promoting ownership of policies and programmes; stakeholder commitment to their success; and consultation with, and representation on institutional structures; and
- (f) The capacity and resources to execute their mandate, which require appropriate selection and capacity-building, in order to ensure that Members and staff have the necessary skills, knowledge and experience.

3. CONFLICT OF INTERESTS

- (1) A person may not be appointed on the Accounting Authority, unless the necessary disclosure has been made that—
 - (a) such person, directly or indirectly, whether personally or through his or

her spouse, partner or associate, has a direct or indirect financial interest in the HWSETAs; and

(b) such person or his or her spouse, partner or associate, holds an office in or is employed by any SETA, organisation or other body, whether corporate or incorporate, which has a direct or indirect financial interest of the nature contemplated in paragraph (a).

(2) If at any stage during the course of any proceedings before the Accounting Authority it appears that any member of the Accounting Authority has or may have an interest which may cause such conflict of interest to arise on his or her part—

(a) such member must forthwith fully disclose the nature of his or her interest and leave the meeting so as to enable the remaining members to discuss the matter and determine whether such member is precluded from participating in such meeting by reason of a conflict of interest; and

(b) such disclosure and the decision taken by the remaining members regarding such determination must be recorded in the minutes of the meeting in question.

(3) If any member fails to disclose any interest required by subsection (2) or, subject to the provisions of that subsection, if he or she is present at the venue where a meeting of the Accounting Authority is held or in any manner whatsoever participates in the proceedings of the Accounting Authority, the relevant proceedings of the Accounting Authority is be null and void.

4. GIFTS AND BENEFITS

(1) Gifts, hospitality and entertainment may only be offered to a third party if they are consistent with accepted practice, modest in value, not in contravention to the Public Financial Management Act and where public disclosure thereof would not embarrass the HWSETA.

(2) Members should not accept gifts, hospitality or other favours from suppliers of

goods or services.

- (3) Members may not accept personal favours or other preferential treatment that might place the recipient under any obligation.
- (4) The Accounting Authority must, within six months of taking office, develop or review policy guidelines for inclusion in this Code of Conduct which are in line with the deviation processes of the constitution.

5. HWSETA RESOURCES

- (1) Members may not abuse the financial and other resources of the HWSETA.
- (2) Members must at all times ensure that the HWSETA's financial and other resources are used for legitimate business purposes only.
- (3) When funds are to be spent, it is the responsibility of Members to use sound judgment and to ensure that appropriate value is received by the HWSETA for such expenditure.
- (4) Members, who become aware that the SETA's funds or property have been used, are being used or may be used in a fraudulent or improper manner, must immediately and in confidence advise the Chairperson.

6. ACCOUNTING STANDARDS

- (1) The SETA's financial books and records must reflect all transactions in an accurate and a timely manner and in conformity with generally accepted accounting principles.
- (2) Non-disclosure of revenue, expenses, assets or liabilities is not permitted.
- (3) Members responsible for accounting and record-keeping functions are expected to be diligent in enforcing proper accounting practices.

7. SECURITY OF INFORMATION AND INTELLECTUAL PROPERTY RIGHTS

- (1) (a) Only information necessary for HWSETA business may be collected, used and retained.
- (b) Personal information of members should be obtained directly from the

person or organisation in question.

- (c) Only reputable and reliable sources should be used to supplement information contemplated in this sub item.
- (2) (a) No privileged or confidential information may be disclosed by any member without prior authorisation by the Executive Committee or the Chairperson, including but not limited to information regarding products, plans, transactions, personal information and salaries.
 - (b) Such information may only be disclosed if it must be disclosed in terms of the Act, the SDLA, any other applicable law or by an order of the court.
- (3) Members of the HWSETA may not copy or reproduce, by any means, confidential or privileged information acquired during the performance of their functions for use other than for the execution of their functions in terms of the Act, the SDA, any other relevant legislation or this Constitution.
- (4) (a) Upon termination of their term of office members must hand over all documents, drawings, plans, electronic records, samples, models and other information to the Chairperson, as well as equipment and accessories in their possession or under their control, which may contain confidential or privileged information, or relate to or are in any way connected to the business and affairs of the HWSETA.
 - (b) Members are required, free of any consideration, to forthwith disclose to the HWSETA any discoveries, processes and inventions relating to, or that are useful to any business conducted by the HWSETA, that were made or conceived by them in the course and within the scope of their involvement in any of the affairs of the HWSETA, whether individually or in conjunction with others.

8. CONTRAVENTION OF CODE

- (1) Any contravention of the Code is a serious offence and, depending on the circumstances, may result in criminal charges being laid.

- (2) Any member who believes that he or she may have contravened the Code must advise the Chairperson immediately.
- (3) In the event that the Chairperson believes that the member has contravened the Code the Chairperson must immediately advise the Minister and other members of the Accounting Authority in writing of the alleged contravention.
- (4) Any member who believes that a contravention of the Code by another member has taken place must report this, in writing, to the Chairperson, who must maintain confidentiality and must ensure that the matter is investigated impartially.
- (5) Any member who believes that a contravention of the Code by the Chairperson has taken place must report this, preferably in writing, to the Minister.
- (6) A contravention of the Code may result in disciplinary action being taken, which could result in a member being removed from office or termination of employment or membership of a committee or chamber of the HWSETA.

ANNEXURE 3

DISPUTE RESOLUTION

- (1) Any party to a dispute concerning the interpretation or application of this Constitution must refer the dispute to the Chief Executive Officer for forwarding to the Executive Committee.
- (2) The referral must—
 - (a) be in writing;
 - (b) adequately describe the dispute; and
 - (c) be delivered to every other party to the dispute by the party referring the dispute.
- (3) The Chief Executive Officer must, as soon as is reasonably practicable, refer the dispute to the Executive Committee, which must endeavour to resolve the dispute by conciliation as soon as possible, but nevertheless within 30 days of the referral.
- (4) If the Executive Committee fails to resolve the dispute within 30 days of its referral, any party to the dispute may refer it for arbitration by an arbitrator appointed by the Director-General of the Department in terms of the Arbitration Act, 1965 (Act No. 42 of 1965).
- (5) Within 14 days of the conclusion of the arbitration proceedings—
 - (a) the arbitrator must issue a signed arbitration award with reasons; and
 - (b) the Chief Executive Officer must provide a copy of the award to every party to the dispute.
- (6) The costs of the arbitration must be borne equally by the parties to the dispute, but the arbitrator may make a different and appropriate awarding of costs, if—
 - (a) a party to the dispute, without reasonable cause, refuses or fails to attend the arbitration proceedings, or unduly delays arbitration proceedings; or
 - (b) the arbitrator finds that a party pursuing or resisting the dispute did so vexatiously or frivolously, or had no reasonable prospect of succeeding.

ANNEXURE 4

REPRESENTATION ON ACCOUNTING AUTHORITY

1. CONSTITUENCY IN SECTOR

The labour organisations, employer organizations and category of role players contemplated in section 11(3)(c) of the Act in the Sector are as follows:

- (a) Labour organisations;
- (b) Employer organizations; and
- (c) The following categories of role players:
 - (i) Government departments that have an interest in the Sector but that are not an organised employer contemplated in sub item (2);
 - (ii) Interested professional bodies;
 - (iii) Bargaining councils with jurisdiction in the Sector; and
 - (iv) Organisations of communities that have an identifiable interest in skills development in the Sector;

2. MEMBERS OF ACCOUNTING AUTHORITY

- (1) The Accounting Authority consist of—
 - (a) a chairperson;
 - (b) not more than 14 members comprising—
 - (i) six members representing organised labour within the scope of the HWSETA;
 - (ii) six members representing organised employers within the scope of the HWSETA; and
 - (iii) two members representing the role players contemplated in item 1(3) within the scope of the HWSETA.
- (2) The chairperson is appointed by the Minister.
- (3) Notwithstanding sub item (1)(b), the Minister may approve a deviation to the member of members subject to section 13 of the Act.

(4) The Accounting Authority consists of the following—

- (a) Organised Employers:
 - (i) Dementia South Africa;
 - (ii) NPG - National Pathology Group;
 - (iii) SASSA- South African Social Services Association;
 - (vi) NCPPD - National Council for Persons with Disabilities
- (b) Organised Labour:
 - (ii) HOSPERSA- Health and Other Services Personnel Trade Union of South Africa;
 - (iii) NEHAWU – National Education Health and Allied Workers Union;
 - (iv) NPSWU -National Public Sector Workers Union;
 - (vii) PSA - Public Servants Association of South Africa;
- (c) Category of role players contemplated in section 11(2)(c) of the Act:
 - (i) NDOH – National Department of Health;
 - (ii) NDOSD - National Department of Social Development;
- (d) Other organisations approved by Minister.
 - (i) Forum of Statutory Professional Councils (Health and Social Development) / Levy Exempt Sector

3. ELIGIBILITY CRITERIA FOR ACCOUNTING AUTHORITY MEMBERS

(1) Minimum requirements for Members of the Accounting Authority

- (a) Members of the Accounting Authority must be able to participate in the decision-making processes, understand the consequences of such decisions, and share in the accountability as Members of the Accounting Authority.
- (b) Members nominated for the Accounting Authority should comply with the following minimum requirements:
 - (i) They must represent the interest identified in the NSDS;
 - (ii) If taken as a whole, they must achieve—
 - (aa) gender representation;
 - (bb) demographic representation;

- (cc) representation of disadvantaged persons or communities that have been prejudiced by past racial and gender discrimination in relation to skills development programs; and
- (dd) a blend of knowledge, skills and experience require for the effective funding of the HWSETA.

- (iii) They must be drawn from the ranks of senior officials in the organisation

- (c) They should have an appropriate blend of knowledge, skills and experience required for the functioning of the HWSETA.

(2) Selection criteria for members of Accounting Authority

- (a) Constituencies must use the criteria listed in paragraph (b) as guidelines when nominating their representatives in order to ensure that those representatives have the competence to make constructive contributions to the Accounting Authority.
- (b) Representatives should have knowledge, skills and expertise in the following

- (i) The functioning of the Accounting Authority in terms of the requirements relating to corporate governance and ethics;
- (ii) Skills development legislation and the NSDS;
- (iii) The HWSETA's responsibility in respect of service delivery;
- (iv) The PFMA and financial management;
- (v) The Sector and the constituency represented by the member;
- (vi) The strategic leadership role of the Accounting Authority;
- (vii) Education, training, skills development and human resources development;
- (viii) Quality assurance of learning provision;
- (ix) General management and business skills;
- (x) Communication and marketing role of an entity in relation to its stakeholders; and

(xi) Any other areas of expertise relevant to the Sector.

(3) Disqualifying criteria

A person is disqualified from serving as a Member of the Accounting Authority

if such person—

- (a) is not a citizen and is not a permanently resident in the Republic;
- (b) is subject to an order of a competent court declaring such person to be mentally ill or disordered;
- (c) is convicted whether in the Republic or elsewhere, of any offence for which such person is sentenced to imprisonment without the option of a fine;
- (d) at any time prior to the date of commencement of the Skills Development Amendment Act, 2011, was convicted or, at any time after such commencement, is convicted—
 - (i) in the Republic, of theft, fraud, forgery and uttering a forged document, perjury, or an offence in terms of the Prevention of Corruption Act, 1958 (Act No. 6 of 1958), the Corruption Act, 1992 (Act No. 94 of 1992), Part 1 to 4, or section 17, 20 or 21 (in so far as it relates to the aforementioned offences) of Chapter 2 of the Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004);
 - (ii) elsewhere, of any offence corresponding materially with any offence referred to in subparagraph (i); and
 - (iii) whether in the Republic or elsewhere, of any other offence involving dishonesty.
- (e) has been convicted of an offence under the Act.

(4) Ensuring continuity in Accounting Authority

In nominating members for the Accounting Authority, constituencies must pay

due consideration to the need for continuity and renewal in the membership of such Accounting Authority.

4. FORMULA FOR PROPORTIONAL ALLOCATION OF MEMBERS

- (1) (a) If organisations within a particular constituency cannot reach agreement on the allocation of seats per organisation, then the principle of proportionality must be applied on the basis of the formula provided in sub item (2).
(b) The final number is subject to the maximum number of 15 members on the Accounting Authority contemplated in item 8(4)(a).
- (2) The formula is:
- (3) A represents either—
 - (a) the number of employees employed by the members of an employer's organisation listed in item 1; or
 - (b) the number of members of a trade union listed in item 1.
- (4) B represents either—
 - (a) the total number of employees employed by all the employers who are members of all employers organisations listed in item 1; or
 - (b) the total membership of all the trade unions listed in item 1.
- (5) C represents 10.
- (6) D represents either—
 - (a) the number of members whom an employer organisation may nominate for the Accounting Authority; or
 - (b) the number of members that a trade union may nominate for the Accounting Authority.
- (7) For example, if there are only two trade unions, one with 600 members and the other with 1 000 members, they would be proportionally represented on the Accounting Authority as follows:

$$\begin{array}{r} 600 \\ \hline 1,600 \end{array} \times \begin{array}{r} 10 \\ \hline 1 \end{array} = 3.75 \quad \begin{array}{r} 1,000 \\ \hline 7,600 \end{array} \times \begin{array}{r} 10 \\ \hline 1 \end{array} = 6.25$$

- (a) The trade union with 600 members would nominate 40 per cent of the five members representing organised labour.
- (b) The trade union with 1 000 members would nominate 60 per cent of the five members representing organised labour.

ANNEXURE 5
COMMITTEES OF SETA

1. GENERAL GUIDELINES FOR ALL HWSETA COMMITTEES

- (1) The Accounting Authority has the power to constitute and dissolve any of its committees.
- (2) The Accounting Authority has the power to determine, amend or revoke the terms of reference and organisational structures of any of its committees.
- (3) The Accounting Authority must ensure that all members of committees appointed by it act in accordance with the Code of Conduct in Annexure 2.
- (4) The membership of a committee—
 - (a) may comprise an equal number of members representing organised labour and organised employers; and
 - (b) is not restricted to members of the Accounting Authority only.
- (5) Except for the Audit Committee, the chairperson of a committee must be a member of the Accounting Authority.
- (6) Members of committees must have knowledge of, and experience in, matters relevant to the functions of the committees on which they serve.
- (7) The Accounting Authority may co-opt additional members, including persons who are not members of the Accounting Authority, who have expertise, knowledge and experience pertaining to matters relevant to the functions of the committee in question.
- (8) Meetings of any committee, established in terms of this Constitution, must comply with the procedures contemplated in item 11(5).
- (9) All committees must meet as frequently as is reasonably required.
- (10) Committees established by the Accounting Authority must perform the functions identified in their terms of reference.

2. COMMITTEES TO BE ESTABLISHED BY HWSETA

- (1) The Accounting Authority must establish the following committees:
 - (a) An Executive Committee, established in terms of item 9;
 - (b) An Audit Committee, established in terms of section 77 of the PFMA, read with Chapter 9 of the Treasury Regulations made in terms of the PFMA;
 - (c) A Finance and Remuneration Committee; and
 - (d) A Governance and Strategy Committee.
- (2) The Accounting Authority may establish any other committee, including a committee on a temporary basis, that it deems necessary for the effective functioning of the HWSETA, and it may determine its composition, duties and functions.
- (3) Such committees may include—
 - (a) a Skills Planning Committee;
 - (b) a Learnership Committee;
 - (c) Regional Committees;
 - (d) a Quality Assurance Committee.

ANNEXURE 6
CHAMBERS OF SETA

1. ESTABLISHMENT OF CHAMBERS

- (1) The SETA, has elected not establish the Chambers [Insert names of chambers]
- (2) The scope of coverage of the chambers is as follows: [Insert scope of coverage of each chamber]

2. MEMBERS OF CHAMBERS

- (1) A chamber—
 - (a) must consist of an equal number of members representing organised labour and organised employers; and
 - (b) is not restricted to members of the Accounting Authority only.
- (2) The [insert name] Chamber consists of the following—
 - (a) organised employers"
[Insert the list of the organised employers represented on the Chamber and the number of members of the Chamber whom each may nominate];
 - (b) organised labour:
[Insert the list of trade unions represented on the Chamber and the number of Members of the Chamber whom each may nominate];
 - (c) relevant government departments:
[Insert the list of the relevant government departments represented on the Chamber Authority and the number of Members of the Chamber whom each may nominate], and
 - (d) additional members:
[Insert any additional members of the Chamber determined by the SETA].

3. CHAIRPERSON OF CHAMBER

The chairperson of a chamber must be a member of the Accounting Authority.

4. FUNCTIONS OF CHAMBER

- (1) The chambers must perform those functions of the SETA delegated to them by the Accounting Authority in terms of item 8(3).
- (2) The general guidelines for committees of the SETA contained in item 1 of Annexure 4 also apply to chambers.

ANNEXURE 7
PROCEDURE FOR AMENDING CONSTITUTION

1. ACCOUNTING AUTHORITY INITIATES AMENDMENT

- (1) If the Accounting Authority of the HWSETA wishes to amend this constitution it must, in writing, submit the following to the Minister in duplicate:
 - (a) The text of the proposed amendment to the Constitution;
 - (b) a certified copy of its resolution approving the proposed amendments; and
 - (c) a memorandum explaining the rationale for such amendments.
- (2) After considering the submission, after consultation with the Accounting Authority and subject to section 13 of the Act, the Minister may reject, wholly or in part, the amendments proposed by the Accounting Authority.

2. THE MINISTER INITIATES AMENDMENT

- (1) If the Minister wishes to amend the HWSETA's constitution, the Minister must submit the following to the Accounting Authority:
 - (a) The text of the proposed amendment; and
 - (b) a memorandum explaining the rationale for such amendment.
- (2) The Minister must allow the Accounting Authority 30 days to make written representations concerning any amendment proposed by the Minister.
- (3) After considering any representation made by the Accounting Authority and subject to section 13 of the Act, the Minister may, wholly or in part, effect the Minister's proposed amendment.

SIGNED FOR AND ON BEHALF OF THE ACCOUNTING AUTHORITY BY:

1. ORGANISED LABOUR _____

2. ORGANISED EMPLOYERS _____

3. OTHER RELEVANT STAKEHOLDERS _____

Signed at _____ on this _____ day of _____ 20 ____

Full Names: _____

CHAIRPERSON

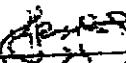
From:

To:J20664#0120646368 09/11/2012 11:15 30/6 P 002

INSETA Constitution as at 9 November 2012

SIGNED FOR AND ON BEHALF OF THE ACCOUNTING AUTHORITY BY:

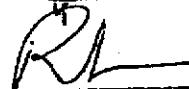
1. ORGANISED LABOUR



2. ORGANISED EMPLOYERS



3. OTHER RELEVANT STAKEHOLDERS



Signed at JOHANNESBURG this 12 day of NOVEMBER 2012

For Name: PATRICIA NOZIPIPO JANUARY-BANDILL



CHAIRPERSON