



20 YEARS

CELEBRATING



ANNUAL REPORT 2019/20





PRESENTATION OF THE 2019/2020 W&RSETA ANNUAL REPORT TO THE MINISTER OF HIGHER EDUCATION, SCIENCE AND INNOVATION, HONOURABLE DR BE NZIMANDE

It is with great pleasure that the Board and Management of the W&RSETA present to the Minister, the Annual Report for the 2019/20 financial year as prescribed by Section 55 of the Public Finance Management Act No 1 of 1995, Chapter 28 of the Treasury Regulations and the Skills Development Act No. 97 of 1998. This legislation requires a public entity to submit an annual report to the Executive Authority, National Treasury and Auditor-General South Africa for tabling to the Parliament of South Africa.

The purpose of this report is to account to the Legislature and the Executive Authority on the following:

- the activities of the public entity;
- audited Annual Financial Statements; and
- the Auditor's Report on the audited Annual Financial Statements

The 2019/20 Annual Report is particularly significant as the W&RSETA marks 20 years as the skills development authority in the Wholesale and Retail Sector, celebrating two decades in contributing to realise the national goals, and underlining our commitment to continuing on this journey. Furthermore, it is the last report in the implementation of the National Skills Development Strategy (NSDS) which came to an end on 31 March 2020. Yours in skills development,

Mr Reggie Sibiyi
Chairperson

In pursuit of our vision to be the skills leader in South Africa, we are particularly pleased to report on the progress at the W&RSETA as part of the Board's turnaround strategy aimed at addressing challenging performance issues within the entity. The current financial year saw performance at the W&RSETA improving from 32% in 2018/19 to 67% in the year under review against our Annual Performance Plan. Of greater importance, the Auditor-General South Africa has issued the W&RSETA with an unqualified audit report. In keeping with our mission of moving from 'good to great', this upward trajectory has laid a solid foundation for the future, notwithstanding challenges as we review – and celebrate – the considerable gains of the past two decades.

This Annual Report demonstrates the Wholesale and Retail Sector and our strategic partners' unwavering commitment since our establishment on 20 March 2000 to make skills development a reality for millions of employees, entrepreneurs and young people. It further reflects our contribution to the vision of the NSDS III for a skilled and capable workforce that shares in and contributes to the benefits and opportunities of economic expansion and inclusive growth.

These achievements have been made possible through the Minister's oversight and strategic guidance and leadership of the Department of Higher Education and Training, to which we are indebted.

Our transition to the new National Skills Development Plan from 1 April 2020, has made us determined to remain steadfast in our commitment to the skills development agenda of South Africa. Consequently, we pledge to put our collective shoulders to the wheel to transform the economy through education and training.

Mr Tom Mkhwanazi
Chief Executive Officer

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PART A GENERAL INFORMATION



1.1 GENERAL INFORMATION

Registered Name of the Public Entity

Wholesale and Retail Sector Education and Training
Authority(W&RSETA)

Registration Number of the Entity

27/W&RSETA/1/04/11

Registered Office Address

1303 Heuwel Avenue,
Riverside Office Park,
Corner Lenchen South and Heuwel Avenue
Centurion, Pretoria
Republic of South Africa, 0167

Postal Address

Private Bag X106, Centurion, 0046

Contact Telephone Numbers

Tel: 012 622 9500

Website Address

www.wrseta.org.za

External Auditors Information

Auditor-General South Africa (AGSA)
300 Middel Street, New Muckleneuk, Pretoria, 0001

Bankers Information

1. ABSA: P.O Box 7725, Johannesburg
2. Rand Merchant Bank: P.O Box 786273, Sandton
3. Nedbank: P.O Box 1007, Johannesburg
4. Standard Bank: P.O Box 61344, Marshalltown

1.2 SECTOR INDUSTRY CODES

CODES	SECTOR INDUSTRY
61000	Wholesale and Commission Trade, Except of Motor Vehicles and Motor Cycles
61100	Wholesale Trade on a Fee or Contract Basis
61220	Wholesale Trade in Food, Beverages and Tobacco
61310	Wholesale Trade in Textiles, Clothing and Footwear
61391	Wholesale Trade in Household Furniture Requisites and Appliances
61392	Wholesale Trade in Books and Stationery
61393	Wholesale Trade in Precious Stones, Jewellery and Silverware
61394	Wholesale Trade in Pharmaceuticals, Toiletries and Medical Equipment
61420	Wholesale Trade in Metal and Metal Ores
61430	Wholesale Trade in Construction Material, Hardware, Plumbing and Heating Equipment
61501	Office Machinery and Equipment including Computers
61509	Other Machinery
61901	General Wholesale Trade
61909	Other Wholesale Trade n.e.c
62000	Retail Trade, Except of Motor Vehicles and Motor Cycles, Repair of Personal and Household Goods
62110	Retail Trade in Non-specialised Stores with Food, Beverages and Tobacco Predominating
62190	Other Retail Trade in Non-Specialised Stores
62201	Retail Trade in Fresh Fruit and Vegetables
62202	Retail Trade in Meat and Meat Products
62203	Retail Trade in Bakery Products
62204	Retail Trade in Beverages (Bottle Stores)
62209	Other Retail Trade in Food, Beverages and Tobacco n.e.c
62311	Retail of Non-Prescribed Medicines and Pharmaceutical Products other than by Pharmacists
62321	Retail Trade in Men's and Boys' Clothing
62322	Retail Trade in Ladies' and Girls' Clothing
62323	Retail Trade by General Outfitters and by Piece Goods, Textiles, Leather and Travel Accessories
62324	Retail Trade in Shoes
62330	Retail Trade in Household Furniture, Appliances, Articles and Equipment
62340	Retail Trade in Hardware, Paints and Glass
62391	Retail Trade in Reading Matter and Stationery
62392	Retail Trade in Jewellery, Watches and Clocks
62393	Retail Trade in Sports Goods and Entertainment Requisites
62399	Retail Trade by Other Specialised Stores
62400	Retail Trade in Second-Hand Goods in Stores
63122	Retail Sale of Used Motor Vehicles
63310	Sale of New Parts and Accessories
63311	Sale of Tyres
65000	Selling and Retail of New Plastic Bags and Plastic Products
65001	Selling of Garage Equipment
65002	Retail of Baby Clothing
65003	Selling of Wooden Doors
65004	Retailing of Beauty Products
65005	Sale of Marine Equipment and everything to do with Boats
65006	Retail of Packing Materials
61510	Sale of New Parts and Accessories excluding the Retail Sale of New Motor Vehicle Parts and Accessories
63500	Retail Sale of Automotive Fuel

1.3 ACRONYMS AND ABBREVIATIONS

ACRONYM	MEANING
AET	Adult Education and Training
AQP	Assessment Quality Partner
ATR	Annual Training Report
CBO	Community-based Organisations
CEO	Chief Executive Officer
DG	Discretionary Grant
DHET	Department of Higher Education and Training
HET	Higher Education and Training
ILD	International Leadership Development Programme
MerSETA	Manufacturing, Engineering and Related Services Sector Education and Training Authority
MICTSETA	Media, Information, Communication and Technology Sector Education and Training Authority
NDP	National Development Plan 2030
NGO	Non-governmental Organisation
NQF	National Qualifications Framework
NSDP	National Skills Development Plan
NSDS	National Skills Development Strategy
NSFAS	National Student Financial Aid Scheme
NCV	National Certificate Vocational
PFMA	Public Finance Management Act
PIVOTAL	Professional Vocational Technical and Academic Learning
QCTO	Quality Council for Trades and Occupations
QMB	Quality Management Body
RMDP	Retail Management Development Programme
RPL	Recognition of Prior Learning
SDF	Skills Development Facilitator
SME	Small and Micro Enterprises
SETA	Sector Education and Training Authority
SLO	Sector Liaison Officer
SMME	Small Medium and Micro Enterprise
SMS	SETA Management System
SOE	School of Excellence
SSETA	Services Sector Education and Training Authority
SSP	Sector Skills Plan
TVET	Technical Vocation Education and Training
WRLC	Wholesale and Retail Leadership Chair
W&R	Wholesale and Retail
W&RSETA	Wholesale and Retail Sector Education and Training Authority
WSP	Workplace Skills Plan

SNAPSHOT CELEBRATING

20 YEARS

AS A SKILLS AUTHORITY

Like all the original SETAs in South Africa, the W&RSETA was established in terms of the Skills Development Act of 1998 and became operative in March 2000.

In reviewing our contribution to the development of skills over the past two decades, the W&RSETA has thus far made several key contributions, including the following:

- **INVESTING** R8 billion in skills development to benefit small, medium and large companies through mandatory and discretionary Grants.
- **BENEFITING** more than 70 000 unemployed and employed people through learnership programmes.
- **EMPOWERING** more than 2 000 people on the W&RSETA disability programme and equipping several companies with skills to manage disability in the workplace.
- **ASSISTING** more than 15 000 students and W&R employees from disadvantaged backgrounds to study at public and private institutions through the W&RSETA Bursary Scheme. Eight Masters and three PhD beneficiaries have qualified through the programme.
- **PROVIDING** work experience to more than 4 000 graduates from TVET colleges and HET institutions placed in various wholesale and retail companies through programme to prepare them for the world of work.
- **EQUIPPING** 1 738 middle managers, team leaders and supervisors with skills through the W&RSETA Retail Management Development Programme.

- **DEVELOPING** 399 Senior Executives from historically disadvantaged groups through the International Leadership Development Programme (ILD) developed by the W&RSETA.
- **EMPOWERING** more than 1 000 women to start new ventures or improve their businesses in partnership between the W&RSETA and The Clothing Bank.
- **ESTABLISHING** first in Africa; a Wholesale and Retail Leadership Chair at tertiary institutions, the Cape Peninsula University of Technology (CPUT) and Durban University of Technology (DUT).
- **PARTNERING** with DUT, all 9 KZN TVET colleges and the W&R Sector to establish Retail Schools of Excellence.
- **IMPLEMENTING** various rural development interventions which have benefited thousands of young people and created community upliftment.
- **EQUIPPING** 992 informal traders with skills to improve competitiveness, also supported infrastructural development through the Informal Traders Upliftment Project in partnership with the Department of Small Business Development.
- **SUPPORTING** 400 young informal traders as part of youth entrepreneurship development initiative with the Tshwane Business Forum.
- **SUPPORTING** rural development providing learnerships to more than 200 young people from the Mhinga project in collaboration with the Mhinga Chieftaincy, The Foschini Group and Related Education.
- **ADDRESSING** scarce and critical skills by establishing 10 Retail Simulation Centres at various TVET colleges as part of the TVET Extension of Scope project to deliver W&R programmes.
- **CAPACITATION** of 7 784 informal traders, micro enterprises, NGOs/NPOs and cooperatives.

1.4 STRATEGIC OVERVIEW

VISION

To be the country's leader in skills development

MISSION

To develop a skilled, capable, competent and professional workforce to transform the Wholesale and Retail Sector

OUR STRATEGIC GOALS

We have developed our strategic goals to enable us to:

- Produce a skilled, capable and professional workforce in the Wholesale and Retail Sector
- Be an effective and efficient organisation
- Undertake effective stakeholder engagement and strategic partnerships
- Develop a skilled, vibrant SMME and Cooperatives Sector
- Produce responsive and empowered Training Providers who can effectively meet the training needs of the Wholesale and Retail Sector.

Accountability

- We take responsibility for decisions, actions, and results at both organisation and employee levels
- We take ownership of our endeavours
- We are committed to a client-centric work ethic

Agility

- We are responsive to the ever-changing needs and trends of industry
- We are demand-driven
- We maintain an innovative work ethic within the prescripts of the regulatory environment
- We work with foresight
- We strive to be proactive through leadership

Integrity and Trustworthiness

- We believe in:
- Keeping our word
 - Behaving in an ethical manner
 - Consistency
 - Compliance

Mutual Respect

- We believe in:
- Appreciation of others
 - Active listening
 - Kicking the ball, not the player
 - Acknowledgement
 - Acceptance
 - Embracing diversity

Quality Services

- We are committed to:
- Professionalism
 - Being orientated towards service fulfilment
 - Exceeding expectations
 - Meticulousness
 - Adhering to standards
 - Consistency
 - Living the Batho Pele Principles

OUR ORGANISATIONAL VALUES

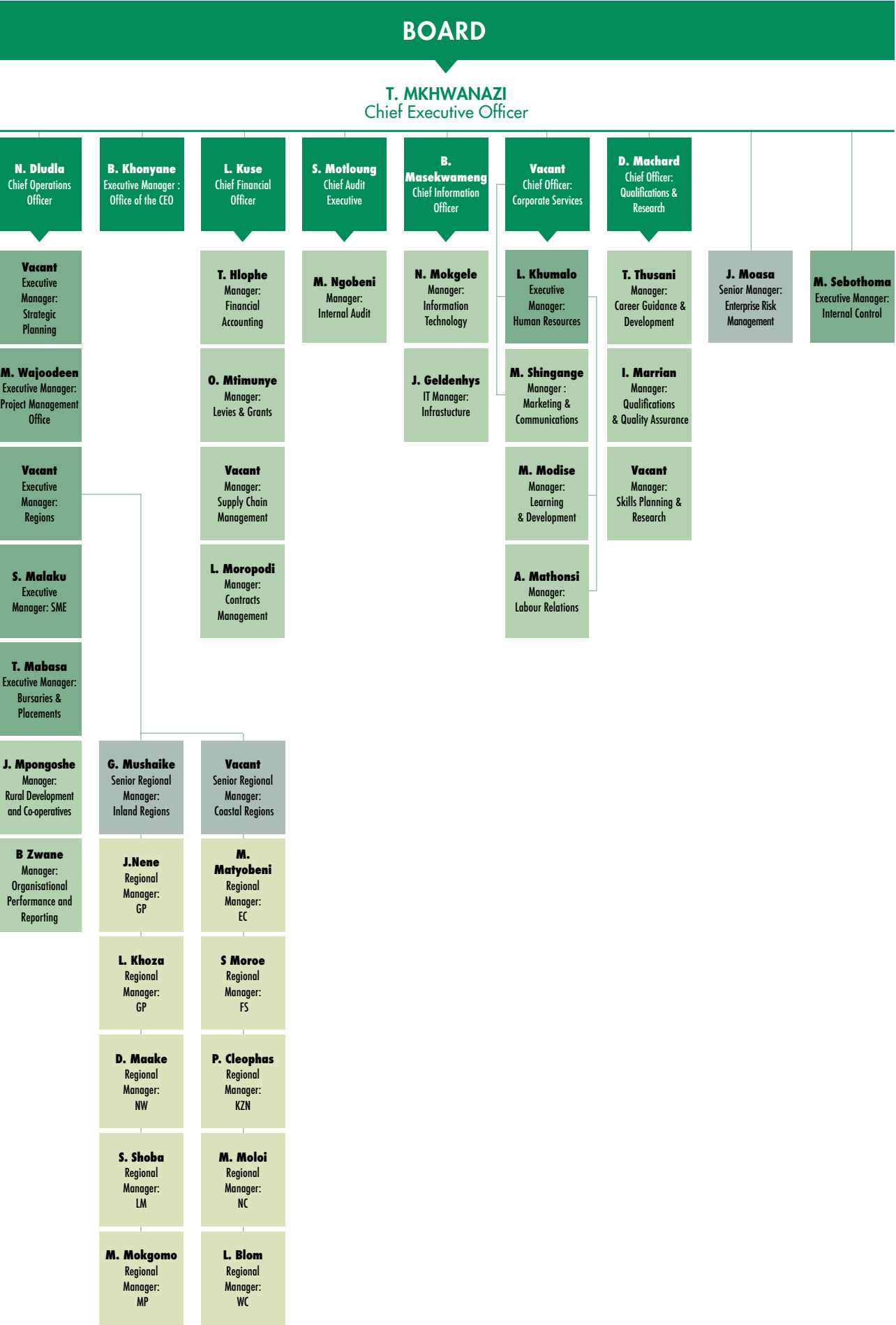
Legislative and Other Mandates

The Skills Development Act, 1998 (SDA) makes provision for the establishment of Sector Education and Training Authorities (SETAs) for each economic sector as determined by the Minister in terms of Section 9 of the SDA. The SDA establishes the framework within which SETAs must operate. It stipulates the composition and functions of SETAs and determines the minimum requirements for their constitutions.

The W&RSETA is governed by the following legislative framework:

- Skills Development Act, 1998
- Skills Development Levies Act, 1999
- Public Finance Management Act, 1999 read with the National Treasury regulations
- Regulations regarding the Establishment of Sector

1.5 ORGANISATIONAL STRUCTURE



1.6 BOARD*

 <p>YVONNE MBANE Chairperson Date appointed: June 2018</p>	 <p>REGGIE SIBIYA Board Member Date appointed: April 2018 Board Committees: • Remuneration Committee • Projects Committee</p>
 <p>ZINHLE TYIKWE Board Member Date appointed: April 2018 Board Committees: • Finance Committee • Governance and Strategy Committee</p>	 <p>PRAISE GOD NDABA Board Member Date appointed: April 2018 Board Committees: • Projects Committee • Remuneration Committee</p>
 <p>LWAZI KOYANA Board Member Date appointed: April 2018 Board Committees: • Finance Committee • Audit Committee</p>	 <p>FACHMY ABRAHAMS Board Member Date appointed: April 2018 Board Committees: • Projects Committee • Remuneration Committee</p>
 <p>MOGOMOTSI MASOABI Board Member Date appointed: April 2018 Board Committees: • Projects Committee • Remuneration Committee</p>	 <p>DAVID MAKUWA Board Member Date appointed: April 2018 Board Committees: • Governance and Strategy Committee • Finance Committee</p>
 <p>THEMBA MTHEMBU Board Member Date appointed: April 2018 Board Committees: • Governance and Strategy Committee • Finance Committee</p>	 <p>SIBUSISO BUSANE Board Member Date appointed: April 2018 Board Committees: • Projects Committee • Remuneration Committee</p>
 <p>MARGARET BANGO Board Member Date appointed: April 2018 Board Committees: • Governance and Strategy Committee</p>	<p>*The Board's term ended on 31 March 2020 and a new Board assumed office on 1 April 2020.</p>

1.7 CHAIRPERSON'S OVERVIEW



growing number of business closures during and after the national lockdown brings with it the reality of significantly reduced revenue, yet the demand for supportive programmes from the W&RSETA will increase. Therefore, the need to adapt to 4IR inventions and other new ways to deliver our programmes is no longer an option but necessary to achieve and exceed our 2020/2021 targets.

Corporate governance

The new Board took office in April 2020 and has expressed its appreciation to the predecessors for successfully overseeing the turnaround strategy which in the past financial year helped put the W&RSETA on a stronger footing in terms of governance and performance delivery. I am pleased to report that the governance framework of the W&RSETA is being observed to ensure good governance and clean administration. One of the highlights of the past financial year was putting in place a Code of Conduct and Ethics Policy to govern working relationships in the organisation. Both these documents will guide us and ensure that as a Board we have strategic oversight that hold us accountable as an organisation. As a new Board, we look forward to ensuring that we deliver on our mandate, particularly the vision of the W&RSETA to be the country's leader in skills development.

Turnaround Strategy

Congratulations must be paid to the former Board and staff for successfully implementing the turnaround strategy and operating model for the organisation. Given the challenging situation, we are satisfied to acknowledge that while work remains in progress, considerable steps have been taken in enhancing service delivery as a key action on which the turnaround strategy was premised. One of the main challenges was the decentralisation of the organisation, ensuring that it addressed the misalignment of programmes and structure. Mindful that too many functions were centralised at head office, the decentralised model was a viable option to address backlogs through efficient use of resources. Already, we have witnessed a more streamlined and effective organisation as a result of the turnaround strategy – but we still have a long way to go.

Review of the delivery model

It is also equally important that we start to realise that the operating environment created by the outbreak of the pandemic has dramatically changed the way of doing business and we must respond swiftly. With science and innovation being integrated into the department that we report to; skills and innovation have become inseparable. While COVID-19 has brought home the importance of embracing technology, a sobering study by McKinsey Global says "about half of all workplace activities will be automated" in the future. In our quest to become the country's foremost skills authority, there is no choice but to consider the options as we seek to deal with its effect on unemployment, while focusing on reimagining the skills-set for the 21st century. Certainly, the 4IR must be at the heart of our efforts, particularly, as we anticipate reduced income streams despite the other current financial year challenges.

Background

The 2019/20 Annual Report is particularly significant as the W&RSETA marks 20 years as the skills development authority in the Wholesale and Retail Sector, celebrating two decades in contributing to the national goals, and underlining our commitment to continuing on this journey. With South Africa already in a technical recession, the year under review has been a challenging one during which our focus as a Board was aimed at implementing a turnaround strategy premised on addressing key governance and administration challenges. It was a challenging task, but collectively through the Board, the CEO and management team and staff, we have made significant progress. We acknowledge that the greatest challenge will be how we navigate the transition between old and new ways of work from systems to processes and the regulatory framework, ensuring performance and efficiency. Indeed, the performance of SETAs in a post COVID-19 world takes on greater meaning with the need for skills paramount to address unemployment and contribute to economic growth.

Impact of COVID-19

The impact of the Coronavirus pandemic (COVID-19) made its presence felt in South Africa just as our financial year drew to a close, and its implications will influence our work in the new financial year. Until a vaccine is found, COVID-19 is a reality all of us have to contend with. As we review the year past, we must acknowledge the challenges coming our way, for example, the

1.7 CHAIRPERSON'S OVERVIEW

CONTINUED

As an organisation, we must reflect seriously on this mounting pressure and the implications. Skills development has to prioritise digital skills and online training at all levels including TVET colleges and other training providers. Given the scarcity of skills, rising unemployment, we are under pressure to develop a skilled, capable, competent and professional workforce to transform the Wholesale and Retail Sector.

Whilst we are busy with the future it is also very important that we do not lose sight of our current mandate to deliver skills and address the key ills of our society viz. unemployment, poverty and inequality. Empowerment and transformation of the sector are both imperatives we must support without being apologetic.

Performance overview

It is a great encouragement to see the performance at the W&RSETA improving from 32% in 2018/19 to 67% in the year under review against our Annual Performance Plan.

The Board is pleased at the W&RSETA receiving an unqualified report from the Auditor-General of South Africa for the 2019/2020 financial year. It represents a significant progress after last year's qualified report. This is a step in the right direction, endorsing our combined efforts at ensuring that the W&RSETA is on track towards becoming the country's leading skills authority through sound governance and administrative controls.

We want to thank our staff members, under the dynamic leadership of the CEO who worked tirelessly to help us turn the Wholesale and Retail SETA around. This achievement is certainly something to be celebrated when we consider the past historical performances.

Strategic partnerships

During the year under review, we strengthened our efforts on strategic partnerships locally and internationally cognisant that they are vital in enhancing our skills development programmes. Furthermore, the Workplace Based Learnership Programme (WBLPA) Regulations came into effect on 01 April 2019 and repealed the Learnership Regulations of 2007. The regulations were implemented for the first time in the 2019/20 period and its successful implementation requires concerted efforts to establishing strong partnerships with our stakeholders from the supply and demand component of skills development.

Stakeholder engagement

Engagement with our stakeholders is a priority to ensure that the W&RSETA's programmes address the needs of the sector. In line with our strategic goals, we undertake effective stakeholder engagement and strategic partnerships. In addition to regular stakeholder engagement sessions, the W&RSETA convened its 2019 Annual General Meeting on 22 November 2019 in Cape Town to account to stakeholders on the SETA's performance and strategic priorities. The W&RSETA recognises that effective stakeholder engagement and strategic partnerships are beneficial to collaborating towards growing the skills pool in South Africa.

Conclusion

It has been a challenging year, but credit must go to my colleagues on the Board for overseeing momentous change as part of a turnaround strategy to realign with our vision and mission and to become the leader in skills development through enhanced performance and efficiency. Under difficult circumstances, the CEO, the management team, along with every staff member, rose to the challenge, often excelling. As a new Board buoyed by our five-year plan of action, we thank the former Board members and wish to continue building on the turnaround platform. On behalf of the Board, we extend our sincere appreciation, firstly, to Dr Blade Nzimande Hon. Minister of Higher Education, Science and Innovation, and lastly, to all stakeholders that have walked this journey with us. We look forward to continued participation in our programmes and remain steadfast in our goal to create an environment that addresses unemployment, poverty and inequality. Above all, we are committed to become the leading skills authority in the country and continuing our partnership towards skilling of South Africans for a better future. Together, we can!



Mr Reggie Sibiyi
Chairperson

1.8 CEO'S OVERVIEW



The 2019/20 financial year came to an unexpected and dramatic conclusion when the South African economy succumbed to the impact of the global COVID-19 outbreak. The timing of the outbreak could not have been worse as the country was already dealing with a declining economy that led to many companies closing shop and resulting in massive job losses.

Despite these developments, I am proud to report that W&RSETA has seen a significant increase in its performance over the past four years, an apt achievement to celebrate the W&RSETA's 20-year milestone.

Notable highlights include the significant strides in our Information and Communications Technology (ICT) systems to enhance our strategic and operational value to the sector. Our ICT Plan has been implemented with great success including the introduction of a new Management Information System (MIS) launched in November 2019.

We reflect on the past 20 years with a sense of achievement for changing the lives of millions of South Africans through our ground-breaking initiatives.

Highlights

The W&RSETA continued to make great improvements in our certification processes. During the year under review, we issued more than 7200 certificates for the W&RSETA employed and unemployed learning programmes, a noteworthy achievement indeed.

Our stakeholders have rallied behind us on this challenging, but necessary journey to restore the organisation in line with the turnaround strategy adopted by the erstwhile Board. The support of the sector has contributed to the achievements that we highlight in this report.

General financial overview

The overall financial performance and position of the W&RSETA improved during the 2019/20 financial year. The following aspects are highlighted:

- Interest income increased by R29 million (19%) from R157 million in 2018/19 to R186 million during the 2019/20 financial year;
- Total levy income increased by R62 million (5.4%) from R1,149 billion during 2018/19 to R 1, 211 billion in 2019/20 due to the overall increase to the sector's total costs of employment;
- Total expenditure increased by R356 million (39%) from R 913 million during 18/19 to R1,2 billion during the 19/20 financial year. This increase to overall spending is mainly due to the SETA's overall improvement in organisational performance and delivery on its core mandate. This has translated to a R331 million (63 %) increase in overall discretionary grant expenditure from R523 million in 18/19 to R855 million in the current year;
- Overall, the W&RSETA was within the approved budget and also in with our Grant Regulations. The overall administrative costs reduced during the current year compared to the prior year;
- Cash and cash equivalents were at R2.9 billion, which is a 6.7% increase over the previous year's R2.7 billion; and
- In total, the W&RSETA realised an operating surplus of R129 million and this increased total accumulated reserves to R2.6 million at 31 March 2020 from R2.4 million on 31 March 2019. These surpluses will be committed to programmes that will be implemented over the Medium-Term Expenditure Framework period.

Capacity constraints and challenges

We experienced significant service delivery challenges in the past four years as a result of leadership instability. In an effort to improve operational execution and stakeholder satisfaction, the Board approved a new service delivery model in the 2018/19 financial year. This model is based on decentralisation of operations to focus resources closer to the stakeholders and has resulted in a new operational structure that is currently being implemented.

As part of the organisational redesign process, several Human Resources (HR) policies have been reviewed and improved with new policies supporting the strategy. Additionally, staff morale and organisational culture have been addressed through relationship building and change management interventions.

1.8 CEO'S OVERVIEW

CONTINUED

Apart from new interventions being implemented, we continued to experience shortcomings on service delivery in a number of areas, including the following:

- Turnaround on payment of stakeholder invoices; however, there has been a significant improvement;
- External moderations and certification processes backlog; again there has been a marked progress;
- Misalignment between the sector and the SETA skills planning cycle;
- Non-approval by DHET of a revised performance indicator that would have enabled the SETA to fund deserving students throughout the academic year through the bursary scheme;
- Lack of MIS in support of learning programmes delivered through online platforms;
- Lack of commitment towards allocated learners by stakeholders resulting in delayed commencement of projects and contracts not implement as planned;
- Capacity constraints related to contract and project management;
- Limited number of rural-based training providers hampered access to learning opportunities for unemployed rural youth; and
- Closure of learning interventions associated with projects.

Discontinued activities / activities to be discontinued

We will discontinue some activities in the 2020/2021 financial year which includes the implementation of projects at head office in line with the decentralised model. We will also stop the requirement for 100% physical verification. The Verification Policy has been amended to allow for other mechanisms including electronic verification.

To align stakeholder performance with demand, we will allocate the number of learners based on performance and in line with the Annexure II applications. Discretionary Grant contracts will be linked to the SETA's financial year. The Quality Council for Trades & Occupations (QCTO) has withdrawn delegated functions from SETAs; however, we have signed a new Service Level Agreement (SLA) that allows for the continuation of quality assurance functions, within our decentralised model.

New or proposed activities

The new decentralised operating model will be fully implemented in the 2020/21 financial year to focus on increasing capacity at provincial offices to implement and manage all programmes.

The W&RSETA will reintroduce the Discretionary Grants Funding Windows through a revised allocation model for all companies. As part of managing the take up of programmes, we will only issue Discretionary Grant contracts for learners who have been recruited.

Additionally, we will also introduce online systems for learner verification and monitoring; this will align with the digital

developments and enhance efficiency. In response to stakeholder needs for medium-term planning, the W&RSETA will introduce three-year contracts for learnerships, occupationally directed programmes and bursaries.

We are also excited to announce that for the first time in our 20-year history, we will introduce online platforms for e-learning. Online platforms for quality assurance submissions are also being explored. Other quality assurance functions that will be resumed are in line with the SETA's strategic functions that are part of the restructuring process. The W&RSETA's new integrated IT system will be launched during the 2020/2021 financial year.

In yet another first, we will support employers with a 5% admin fee to the contract value for hosting unemployed graduates and interns, enhancing the delivery of our workplace experience programme. With this incentive, which will be implemented in the next financial year, we hope to and improve project management of these programmes, particularly for employers.

By the end of the 2020/2021 financial year, we will finalise the implementation of the Enterprise Resource Planning (ERP) system to ensure support functions like Finance, SCM and HR are efficiently managed through automation. Modules for internal administration of Finance, WSP/ATR, Bursaries, ETQA and Projects functions have been automated. Furthermore, we have implemented a robust IT infrastructure system which includes IT Disaster Recovery in support of remote working for employees.

A cutting-edge IT system has been an integral part of the success of the W&RSETA's turnaround strategy. We implemented our transformative ICT plan in 2018/19, achieving the following milestones in the year under review:

- Establishment of a business process optimisation team to understand the current operational processes, assess the state of the organisation to determine areas of benefit, streamline and optimise business processes;
- Streamlined business processes which are optimised and aligned with the decentralised model;
- The MIS levies, grants and skills modules have been designed to ensure operational efficacy and the system was implemented for the first time for the submission of the 2020/2021 Annexure II documents.

We are currently reviewing our policy framework and operating procedures to ensure processes governing the development and approval of policies are in line with best practice. Ultimately, an automated policy development and distribution system is the decisive goal heading into the 2021/2022 financial year. Key focus areas include the development and formulation of strategies and quality management systems that are critical to the monitoring and evaluation of programmes' delivery impact within the sector. This is paramount to the successful implementation of the

1.8 CEO'S OVERVIEW

CONTINUED

National Skills Development Plan (NSDP). We will also establish Provincial Skills Planning working groups which will lead to robust engagements to the development of Provincial Skills Plans.

The W&RSETA will develop a five-year Career Guidance and Development Strategy to assist stakeholders with their efforts to attract, develop and retain the best talent to professionalise the sector.

In line with the QCTO SLA, working groups relative to occupationally directed programmes will be established. The establishment of assessment centres for occupational qualifications have also been extended to TVET colleges in this financial year.

Supply chain management review and its adequacy

We are pleased with the progress that has been made on our Supply Chain Management (SCM). In 2019/20, no material non-compliances to SCM prescripts were reported in the Auditor-General of South Africa (AGSA) report when compared to reported non-compliance findings and internal control deficiencies over the past three financial years.

However, through our detection controls, we identified irregular expenditure of R12,17 million due to non-compliance with procurement requirements. R3.5 million relates to contracts that were identified as irregular in the prior year and mainly relate to operating leases that that were extended without obtaining National Treasury approval. The balance of R8.6 million of the irregular expenditure relates to non-adherence to SCM prescripts by our employees. Consequence management actions have been initiated and, in some instances, these have been concluded.

Previous audit report matters and plans to resolve them

In 2018/19, we received a qualified audit report from the AGSA with 31 findings. The implementation of action plans to address internal control deficiencies were developed and progress was monitored closely. Management has made significant progress on implementing preventative and detection controls and compliance oversight which were as a result of matters related to the delegation of authority framework which has been revised and updated to cater for the organisation's priorities.

Our risk management has been rated as green by the AGSA in 2019/20. The Combined Assurance Model was implemented to provide management and the Board with quarterly reports on the reliability of financial reporting, the effectiveness of internal controls, risk management, and compliance with internal policies, laws and regulations.

The efforts in addressing the challenges we experienced previously

are bearing fruit as the W&RSETA has received an unqualified audit report from the AGSA for 2019/20 with a total number of 28 findings.

We remain committed to regularly reviewing our internal controls to ensure compliance and will address the issues raised by the auditors.

Events after reporting date

On 2 September 2020 National Treasury repealed Treasury Instruction no 6 of 2017/18, on the retention of cash surplus, and this was replaced by Treasury Instruction Note 12 of 2020/21. As a result, the SETA is required to apply to the National Treasury for the retention of its accumulated surplus funds amounting to R2.6 billion. We will comply with this new instruction note and submit an application to retain these funds in order to honour contractual obligations and fulfil our mandate.

Acknowledgements

I wish to congratulate the W&RSETA's management and employees for their contribution towards the turnaround of the SETA. Our strategies would not have come to fruition if it wasn't for the unwavering commitment of this team.

The Board of the W&RSETA has played a fundamental role in of providing strategic leadership and guidance as we sought to take our organisation from good to great. We would also like to thank the erstwhile Board for its role in stabilising the W&RSETA and setting it on a new trajectory with the turnaround strategy that helped map the blueprint for success.

On behalf of the W&RSETA, I also extend our sincere gratitude to the Department of Higher Education and Training, particularly the Director-General and the Skills branch for their support and guidance in our endeavours to implement our mandate.

We thank all our stakeholders, from the small to the large companies, training providers, learners and strategic partners, particularly universities and TVET colleges for their commitment towards the sector's development in the past 20 years. We look forward to continuing the journey with you as we seek to become the country's premier skills authority.



Mr Tom Mkhwanazi
Chief Executive Officer


1.9 STATEMENT OF RESPONSIBILITY

Statement of Responsibility and Confirmation of Accuracy of the Annual Report for the year ended 31 March 2020

To the best of my knowledge and belief, I confirm the following:

- All information provided and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements audited by the AGSA.
- The Annual Report is complete, accurate and is free from any omissions.
- The Annual Report has been prepared in accordance with guidelines on the Annual Report as issued by the National Treasury.
- The Annual Financial Statements (Part E) have been prepared in accordance with the South African Standards of Generally Recognised Accounting Practice (SA GRAP), the requirements of the Public Finance Management Act of South Africa, 1999 (PFMA) and Skills Development Act, 1998 (SDA). The Accounting Authority is responsible for the preparation of the Annual Financial Statements and for the judgments made in this information.
- The Accounting Authority is responsible for establishing, and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.
- The external auditors are engaged to express an independent opinion on the Annual Financial Statements.
- In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resource information and financial affairs of the entity for the financial year ended 31 March 2020.


Mr T Mkhwanazi
Chief Executive Officer


MR R Sibiyi
Chairperson

2.1 PREDETERMINED OBJECTIVES



PART B

PERFORMANCE INFORMATION

2.1 PREDETERMINED OBJECTIVES

Performance Results on the W&RSETA Annual Performance Plan

The W&RSETA's Annual Performance Plan (APP) for the 2019/2020 financial year consisted of 4 programmes within which the SETA projected to achieve 63 Performance Indicator Targets. The APP performance indicators were strategically structured in line with the strategic priorities identified in the W&RSETA Sector Skills Plan to enable the W&RSETA to achieve its goals as set in the 2015/16 – 2019/20 Strategic Plan. The W&RSETA achieved 42 of the 63 performance indicator targets which translates to 67% of the APP in the year under review.

The key outputs of the W&RSETA's Annual Performance Plan were delivered directly to the public to address wholesale and retail related skills development needs. The SETA was therefore able to reach a total number of 28 484 beneficiaries who entered learning programmes or capacitation programmes aimed at contributing towards the SETA's strategic outcomes oriented goals. Beneficiaries of W&RSETA interventions included bursary beneficiaries from TVETs and HETIs, W&R workers, unemployed youth, TVET college lecturers, Life Orientation Educators, Skills Development Practitioners, members of cooperatives and NGOs, Informal Traders, SMMEs and Trade Union members. The number of learners completing and exiting W&RSETA programmes in the 2019/20 financial year reached a total of 8 820. Skills development and training in the Wholesale and Retail Sector largely affected by the seasonal nature of the retail peak periods where

employers require all employees in the workplace in order to serve customers in line with required standards. This factor, among others, has been identified as a key factor that impacts the W&RSETA's ability to achieve its APP targets in full. The SETA is therefore cognisant of the fact that innovative training methods and approaches are necessary in a labour intensive sector such as wholesale and retail sector and is working together with the sector, institutions of learning and training providers to develop innovative modes of training delivery that would ensure participation of learners even during the retail peak periods.

Organisational Environment

In 2019, the W&RSETA embarked on a process of repositioning the organisation which included re-engineering its processes and revising its operating model using a three-pillar approach that considered people, processes and systems.

Key Policy Developments and Legislative Changes

The Workplace Based Learning Programme Agreement (WBLPA) Regulations came into effect on 01 April 2019 and repealed the Learnership Regulations of 2007. The WBLPA Regulations regulate the preparation, submission, registration and management of workplace based learning programmes. The regulations were implemented for the first time in the 2019/20 period and successful implementation requires strong partnerships with our stakeholders from the supply and demand component of skills development.

2.2 STRATEGIC OUTCOME-ORIENTATED GOALS

GOAL	RELATED PERFORMANCE
Strategic Outcome Orientated Goal 1: A skilled, competent and professional workforce in the wholesale and retail sector	28 484 employed and unemployed persons participated in W&RSETA programmes established to respond to the SETA's goal of a skilled and professional workforce in the wholesale and retail sector. An additional 4 438 participants were funded by the industry. Skills development programmes implemented included workplace based programmes (learnerships skills programmes, artisan RPL, internships and graduate placement) and bursaries to address wholesale and retail scarce and critical skills, through PIVOTAL programmes, special projects to address scarce and critical skills and Trade Union capacitation programmes.
An effective, efficient and client-centered organisation whose systems and processes are experienced by stakeholders as being fit for purpose and enabling	The W&RSETA has made great progress in terms of its turnaround strategy adopted in the last two years of its five-year strategic plan which had included revision of the SETA's Operating Model as well as automation of key processes for improved efficacy. Such measures together with constant stakeholder engagement sessions formed the basis of Programme 1 strategic objectives and key performance indicators. 2 out of 5 performance indicators in Programme 1 were achieved with the rest of the indicators to be fully achieved in 2020/21. Through PIVOTAL programmes, special projects to address scarce and critical skills and Trade Union capacitation programmes.

GOAL	RELATED PERFORMANCE
Effective stakeholder engagement and strategic partnerships that is beneficial to both parties	All targets set for strategic partnerships and improved stakeholder relations were fully met in the 2019/20 APP. A total of 6 performance indicator targets were set which included partnerships with partnerships with TVET Colleges, HETIs and National and International Research Institutions. Such partnerships were established in order enable the W&RSETA to partner with key stakeholders to identify and address the sector's skills development and information needs.
A skilled, sustainable SMME and co-operative sector	The number of SMMEs participating in the W&RSETA skills development programmes increased to 3 608 in the 2019/20 financial year resulting in overachievement of the target set for SMME participation in W&RSETA programmes. Targets set for skills development initiatives for Informal Businesses and Cooperatives were also overachieved. The performance indicators for NGO/NPO members registered in skills programmes and Cooperatives completing skills programmes were not achieved. The shortfall for these targets will be achieved in 2020/21 as the margin of underperformance was an average of 10% for both targets.
Responsive and empowered training providers who can effectively meet the training needs of the wholesale and retail sector	Eight outputs were planned for the achievement of this goal in 2019/20 and all these outputs were achieved. The outputs included 57 Training Practitioners (including TVET college lecturers and practitioners from small or HDI owned providers) trained and certificated to facilitate wholesale and retail programmes; as well as capacitation of 29 Training Providers to enable increased participation of rural based providers and small or HDI owned providers in the skills development sector. Achievement of all the outputs set for Goal 5 has enabled the W&RSETA to address accessibility to training service points for the W&RSETA skills programme beneficiaries in remote areas.

2.3 OVERVIEW OF THE ORGANISATION'S PERFORMANCE

2.3.1 Performance Results per Programme

Programme 1: Administration

The purpose of this programme is to ensure that effective and efficient support functions are provided within the organisation to support the implementation of the W&RSETA's mandate. Programme 1 had 4 performance indicators with 5 targets to be achieved in the 2019/20 financial year. The performance indicators and targets for Programme 1 address the W&RSETA's goal of an effective, efficient and client-centred organisation whose systems and processes are experienced by stakeholders as being fit for purpose and enabling.

Performance Results

Two targets were met which translates into a 40% performance result. An outline of performance per target is presented in the following table.

2.3.1 Performance Results per Programme (continued)

Programme 1: Performance per Indicator

Programme 1: Administration Purpose: To provide effective and efficient support functions within the organisation						
Strategic Objective	Programme Performance Indicator	Baseline (2018/19 Achievements)	Annual Target 2019 /20	2019/20 Performance		
				Actual	Variance	Comments
Strategic Objective 7: Efficient and effective use of resources to ensure good governance, compliance with laws and regulations and excellent service delivery	Improved audit opinion from unqualified to an unqualified audit opinion with no findings during the period of 1 April 2019 to 31 March 2020	Obtain unqualified audit with no findings during the period of 1 April 2018 to 31 March 2019	Unqualified audit with no findings	Unqualified audit opinion with findings	–	Not Achieved The W&RSETA has received an unqualified audit opinion with findings.
Strategic Objective 10: Improved stakeholder satisfaction with SETA services	Number of stakeholder outreach initiatives implemented to advocate participation in skills development programmes during the period 1 April 2019 to 31 March 2020	10	10	11	1	Achieved The SETA took advantage of additional opportunities that become available during the course of the year to create awareness on the SETA's programmes. This contributed towards increasing stakeholder participation and positioning the W&RSETA brand.
	Stakeholder Newsletters published electronically and/or printed during the period of 1 April 2019 to 31 March 2020	10	10	10	0	Achieved
Strategic Objective 8: An effective and efficient organisational system that enables the implementation of the W&RSETA's programmes and grant disbursements	Reliable, automated and integrated ERP system implemented to improve organisational efficiency during the period 1 April 2019 to 31 March 2020	Implementation of an ERP system during the period of 1 April 2018 to 31 March 2019	80% satisfaction rate based on system reliability	0	–	Not Achieved While this target has not been achieved due to initial delays in the procurement processes, progress has been made in configuration of the ERP software license and customisation of modules to match the organisation's business requirements. User Acceptance Testing and system reliability testing shall be conducted in the 2020/21 FY.
Strategic Objective 7: Efficient and effective use of resources to ensure good governance, compliance with laws and regulations and excellent service delivery	Improvement of W&RSETA quarterly performance information reports to an accuracy of 97% by 31 March 2020	95%	97%	82%	-15%	Not Achieved The target was not met due to errors related to the completion of the new Workplace Based Learning Programme Agreement WBLPA. An internal and external stakeholder capacitation drive was undertaken in quarter 2 and 3 to improve the WBLPA administrative processes.

Programme 2: Research and Skills Planning

Programme 2 provides key inputs in advancing skills development in the sector. Functions falling within the ambit of this programme include skills planning, monitoring, evaluation, reporting and research programmes. As part of the broader mandate, Programme 2 tracks performance progress against the set targets and conducts impact assessment of our skills interventions. This is attained through robust planning, improving the quality and quantity of research outputs, as well as strengthening the integrity of monitoring, evaluation and reporting on performance information. Programme 2 addresses W&RSETA's goals of a skilled, competent and professional workforce in the wholesale and retail sector; and effective stakeholder engagement & strategic partnerships that are beneficial to both parties.

Performance Results

75% performance results have been achieved in Programme 2 as six (6) targets were achieved out of eight (8) targets set for Programme 2 in 2019/20 financial year.

Programme 2: Performance per Indicator

Programme 2: Research and Skills Planning Purpose: To produce a credible Sector Skills Plan through comprehensive research that represents the dynamics of the sector and accurately identifies skills shortages						
Strategic Objective	Programme Performance Indicator	Baseline (2018/19 Achievements)	Annual Target 2019 /20	2019/20 Performance		
				Actual	Variance	Comments
Strategic Objective 1: A consultative, robustly researched and relevant SSP reflective of different W&R subsectors is developed and approved	Number of small companies assisted through contracted Sector Liaison Officers to submit Annexure II documents, WSPs, ATRs, and PIVOTAL plans during the 2019 Annexure II submission period	5011	6000	5331	-669	Not Achieved SLOs not assisting companies in time to submit documents. The model will be changed such that this is done internally.
	Number of Medium companies assisted through contracted Sector Liaison Officers to submit Annexure II documents, WSPs, ATRs, and PIVOTAL plans during the 2019 Annexure II submission period	1257	1400	1331	-69	Not Achieved SLOs not assisting companies in time to submit documents. The model will be changed going forward such that this is done internally.
	Number of Large companies assisted by own Skills Development Facilitators to submit Annexure II documents, WSPs, ATRs, and PIVOTAL plans during the 2019 Annexure II submission period	560	100%	570 out of 570	0	Achieved

2.3.1 Performance Results per Programme (continued)

Programme 2: Performance per Indicator (continued)

Programme 2: Research and Skills Planning						
Purpose: To produce a credible Sector Skills Plan through comprehensive research that represents the dynamics of the sector and accurately identifies skills shortages						
Strategic Objective	Programme Performance Indicator	Baseline (2018/19 Achievements)	Annual Target 2019 /20	2019/20 Performance		
				Actual	Variance	Comments
Strategic Objective 8: An effective and efficient organisational system that enables the implementation of the W&RSETA's programmes and grant disbursement	All qualifying stakeholders whose annexure II applications have been approved are paid mandatory grants during the period 1 April 2019 to 31 March 2020	5090	100%	5793 out of 5793	–	Achieved
Strategic Objective 1: A consultative, robustly researched and relevant SSP reflective of different W&R subsectors is developed and approved	A robustly researched and consulted Sector Skills Plan (SSP) submitted to DHET during the period 1 April 2019 to 31 March 2020	The W&RSETA Sector Skills Plan is Approved by DHET in the Period of 01 April 2018 to 31 March 2019	The Sector Skills Plan is submitted to DHET	1	0	Achieved
	Number of research studies conducted to provide insight into the sector during the period 1 April 2019 to 31 March 2020	4	4	12	8	Achieved The over achievement was due to increased outputs from the research partners.
Strategic Objective 9: Formal agreements with strategic partners addressing needs of the sector (Govt. depts.; other SETAs; TVET colleges; HETs; Traditional Councils	Number of partnerships established between W&RSETA and national and international institutions during the period 1 April 2019 to 31 March 2020	4	4	8	4	Achieved The approach used to implement this project was to establish a W&RSETA Research Syndicate which enabled the SETA to reach a wider audience and exceed the target set for this indicator. .
Strategic Objective 1: A consultative, robustly researched and relevant SSP reflective of different W&R subsectors is developed and approved	Number of impact studies of W&R SETA projects that contribute toward the achievement of NSDS III targets conducted during the period 1 April 2019 to 31 March 2020	Impact Assessment conducted on Key Strategic Projects	2	4	2	Achieved The over achievement was due to the increased demand for impact studies to be conducted on NSDS III related projects.

Programme 3: Learning Programmes and Projects

The purpose of this programme is to contribute to addressing the scarce and critical skills identified and reducing hard-to-fill vacancies in the sector through the provisioning of quality learning programmes. Functions under this programme include career guidance and the implementation of learnerships, apprenticeships, skills programmes, internships, work integrated learning and bursaries for students at TVET colleges and higher education institutions. Programme 3 addresses 2 goals of a skilled and competent workforce in the wholesale and retail sector; and a skilled, sustainable SME and Co-operative sector.

Performance Results

61% performance results have been achieved in Programme 3 as 23 performance targets were achieved out of the 38 performance targets set.

Programme 3: Performance Results per Indicator

Programme 3: Learning Programme and Projects (Inclusive of Pivotal Programme, Bursaries and Placement, Co-ops, SME's, NGO/NPO and critical skills development and partnership).						
Purpose: To facilitate and manage the implementation of learning programmes and support improved entry to priority programmes						
Strategic Objective	Programme Performance Indicator	Baseline (2018/19 Achievements)	Annual Target 2019 /20	2019/20 Performance		
				Actual	Variance	Comments
Strategic Objective 2: PIVOTAL Programmes addressing scarce and critical skills needs as identified in the SSP are implemented (includes rural, disability, transformation)	Number of employed learners registered on learnerships or occupational programmes on NQF level 2 – 5 addressing W&R scarce and critical skills (HTFVs) as identified in the SSP in the financial years 1 April 2019 to 31 March 2020	Registered Employed 2149	3066	3990	924	Achieved There has been a high demand in the sector for participation of workers in learnerships as this type of skills development includes on the job training which enables workers to acquire knowledge and skills for application in their work environment. Additional funds were therefore made available to address the high demand for learnerships in the sector.
	Number of employed learners complete NQF 2 to 5 learnerships and/or occupational programmes addressing Wholesale and Retail Scarce Skills as identified in the SSP during the period of April 2019 to March 2020	Certificated Employed-1413	1250	1569	319	Achieved The realisation of the outcomes identified by the SETA for the achievement of its goals is largely dependent on learners successfully completing their programmes. To that effect, the SETA's strategy to improve completion rates included implementation of processes that enable and support high completion rates and reduce turn-around times for certification.

2.3.1 Performance Results per Programme (continued)

Programme 3: Performance Results per Indicator (continued)

Programme 3: Learning Programme and Projects (Inclusive of Pivotal Programme, Bursaries and Placement, Co-ops, SME's, NGO/NPO and critical skills development and partnership). Purpose: To facilitate and manage the implementation of learning programmes and support improved entry to priority programmes						
Strategic Objective	Programme Performance Indicator	Baseline (2018/19 Achievements)	Annual Target 2019 /20	2019/20 Performance		
				Actual	Variance	Comments
Strategic Objective 2: PIVOTAL Programmes addressing scarce and critical skills needs as identified in the SSP are implemented (includes rural, disability, transformation) Strategic Objective 4: Identify and implement special projects that addresses sectoral, provincial, national imperatives and priorities; including scarce and critical skills or occupational qualifications to transform the sector	Number of unemployed learners registered on learnerships or occupational programmes on NQF level 2 – 5 addressing W&R scarce and critical skills (HTFVs) as identified in the SSP in the financial years 1 April 2019 to 31 March 2020	Registered-3698	6 536 (4% of which are learners with disabilities and 12,5% rural learners; Incl. 1500 at TVET Colleges)	7 902 (4% (282) of which are learners with disabilities and 16,3% (1 286) rural learners; Including 1 569 learners from TVET colleges)	1 366 (The variance includes a variance of 3.77% for rural learners and a variance of 69 for learners from TVET colleges)	Achieved The target was exceeded in order to address the higher demand for learnership in the sector. Additional funds were made available to enable the SETA to meet the demand as well as to reach more beneficiaries in rural areas and TVET colleges.
	Number of unemployed learners completing NQF 2 to 5 learnerships and/or occupational programmes addressing Wholesale and Retail Scarce Skills as identified in the SSP during the period of April 2019 to March 2020	Complete -1499	2 000 (4% of which are learners with disabilities and 12,5% rural learners)	2 291 (4% (83) of which are learners with disabilities and 32% (734) rural learners)	291 (This number includes a variance of 19.5% for rural learners)	Achieved The realisation of the outcomes identified by the SETA for the achievement of its goals is largely dependent on learners successfully completing their programmes. To that effect, the SETA's strategy to improve completion rates included implementation of processes that enable and support high completion rates and reduce turn-around times for certification.
Strategic Objective 2: PIVOTAL Programmes addressing scarce and critical skills needs as identified in the SSP are implemented (includes rural, disability, transformation)	Number of employed learners registered on NQF 2 to 5 skills programmes or part qualifications addressing Wholesale and Retail Scarce and critical Skills as identified in the SSP during the period of April 2019 to March 2020	Registered-3547	10 000	3227	- 6773	Not Achieved The SETA entered into a number of contracts with stakeholders for participation of learners in skills development programmes in order to address this target which had been increased (in comparison to the previous years) based on the number of leaners applied for by stakeholders through Annexure II. Fewer learners than anticipated enrolled for the skills programmes indicative of the learner preference for full qualifications.
	Number of employed learners complete NQF 2 to 5 skills programmes or part qualifications, addressing Wholesale and Retail Scarce and Critical Skills as identified in the SSP during the period of 1 April 2019 to 31 March 2020	Certificated Employed-1762	3000	1999	-1001	Not Achieved The W&RSETA skills programmes address elementary skills needs of the sector. Factors affecting the completion of skills programmes include non-completion of assessment activities and administrative delays in registrations and certification. To that effect, the SETA's strategy to improve completion rates included implementation of processes that enable and support high completion rates and reduce turn-around times for certification.

2.3.1 Performance Results per Programme (continued)

Programme 3: Performance Results per Indicator

Programme 3: Learning Programme and Projects (Inclusive of Pivotal Programme, Bursaries and Placement, Co-ops, SME's, NGO/NPO and critical skills development and partnership). Purpose: To facilitate and manage the implementation of learning programmes and support improved entry to priority programmes						
Strategic Objective	Programme Performance Indicator	Baseline (2018/19 Achievements)	Annual Target 2019 /20	2019/20 Performance		
				Actual	Variance	Comments
Strategic Objective 2: PIVOTAL Programmes addressing scarce and critical skills needs as identified in the SSP are implemented (includes rural, disability, transformation)	Number of unemployed learners registered on NQF 2 to 5 skills programmes or part qualifications addressing Wholesale and Retail Scarce and Critical Skills as identified in the SSP during the period of 1 April 2019 to 31 March 2020	Registered Employed-590	800	1711	911	Achieved There has been a significant increase in appetite for this target which has been a challenge for the SETA to meet in past, hence the conservative target. The SETA therefore developed additional projects to meet the increased demand.
	Number of unemployed learners complete NQF 2 to 5 skills programmes or part qualifications addressing Wholesale and Retail Scarce and Critical Skills as identified in the SSP during the period of 1 April 2019 to 31 March 2020	Certificated Employed-220	400	419	19	Achieved Improved processes related to monitoring, quality assurance and certification enabled high completion rates and reduced turn-around times for certification. This resulted in a marked increase in completion targets.
Strategic Objective 2: PIVOTAL Programmes addressing scarce and critical skills needs as identified in the SSP are implemented (includes rural, disability, transformation)	Number of employed learners registered for RPL learning programmes during the period 1 April 2019 to 31 March 2020	Registered Employed-245	300	345	45	Achieved Additional projects were developed and approved to address the demand for RPL programmes leading to the SETA exceeding its target.
	Number of employed learners complete RPL learning programmes during the period 1 April 2019 to 31 March 2020	Certificated Employed-241	150	165	15	Achieved Improved processes related to monitoring, quality assurance and certification enabled high completion rates and reduced turn-around times for certification. This resulted in a marked increase in completion targets.
	Number of employed learners registered for unit standards addressing Scarce and Critical skills as identified in the SSP during the period 1 April 2019 to 31 March 2020	Registered Employed-719	5 200	1382	-3818	Not Achieved The SETA entered into a number of contracts with stakeholders for participation of learners in skills development programmes for addressing scares and critical skills. Such programmes include the food handling program adopted in response to Covid-19 which also attracted high increase from industry. Registration for this programme could not be completed before lockdown measures were implemented
	Number of employed learners completing unit standards addressing Scarce and Critical skills as identified in the SSP during the period 1 April 2019 to 31 March 2020	Certificated Employed-907	1 500	138	-1362	Not Achieved The project was not achieved due to low learner registration numbers on unit standards. Records of achievements could not be issued before lockdown.

2.3.1 Performance Results per Programme (continued)

Programme 3: Performance Results per Indicator (continued)

Programme 3: Learning Programme and Projects (Inclusive of Pivotal Programme, Bursaries and Placement, Co-ops, SME's, NGO/NPO and critical skills development and partnership). Purpose: To facilitate and manage the implementation of learning programmes and support improved entry to priority programmes						
Strategic Objective	Programme Performance Indicator	Baseline (2018/19 Achievements)	Annual Target 2019 /20	2019/20 Performance		
				Actual	Variance	Comments
Strategic Objective 2: PIVOTAL Programmes addressing scarce and critical skills needs as identified in the SSP are implemented (includes rural, disability, transformation)	Number of employed learners registered on learnerships addressing artisan occupations during the period 1 April 2019 to 31 March 2020	Registered Employed-92	200	103	-97	Not Achieved A number of companies who had applied for participation in artisan programmes did not take up allocations. Allocations that were not translated into contracts were then reallocated stakeholders who had expressed interest during the second window of applications. Implementation of the second allocations were delayed due to the concerns around Covid-19 and the subsequently implemented lockdown measures.
Strategic Objective 2: PIVOTAL Programmes addressing scarce and critical skills needs as identified in the SSP are implemented (includes rural, disability, transformation)	Number of unemployed learners registered on learnerships addressing artisan occupations during the period 1 April 2019 to 31 March 2020	Registered Unemployed-168	200	272	72	Achieved The SETA was able to accommodate more learners than initially planned for through special projects developed to address requests from the sector for the training of learners in qualifications addressing artisan occupations.
Strategic Objective 2: PIVOTAL Programmes addressing scarce and critical skills needs as identified in the SSP are implemented (includes rural, disability, transformation)	Number of employed learners completing learnerships or apprenticeships addressing artisan occupations during the period 1 April 2019 to 31 March 2020	N/A	100	100	0	Achieved
Strategic Objective 2: PIVOTAL Programmes addressing scarce and critical skills needs as identified in the SSP are implemented (includes rural, disability, transformation)	Number of unemployed learners completing learnerships or apprenticeships addressing artisan occupations during the period 1 April 2019 to 31 March 2020	N/A	100	106	06	Achieved Improved processes related to monitoring, quality assurance and certification enabled high completion rates and reduced turn-around times for certification. This resulted in a marked increase in completion targets.
Strategic Objective 2: PIVOTAL Programmes addressing scarce and critical skills needs as identified in the SSP are implemented (includes rural, disability, transformation)	Number of TVET and HET unemployed graduates qualified in qualifications that address W&R Scare Skills placed in Wholesale and Retail organisations for workplace experience and exposure during the period 1 April 2019 to 31 March 2020	1190	2750	1746	-1004	Not Achieved The target was not met due to a low uptake of contracts for the placement of graduates. Factors affecting uptake of contracts include lack of mentors within W&R firms that will mentor and guide the learning process of learners placed for their internships or workplace experience; as well as the work readiness factor of newly graduated learners who are unable to cope with the requirements of the world of work.

Programme 3: Performance Results per Indicator (continued)

Programme 3: Learning Programme and Projects (Inclusive of Pivotal Programme, Bursaries and Placement, Co-ops, SME's, NGO/NPO and critical skills development and partnership). Purpose: To facilitate and manage the implementation of learning programmes and support improved entry to priority programmes						
Strategic Objective	Programme Performance Indicator	Baseline (2018/19 Achievements)	Annual Target 2019 /20	2019/20 Performance		
				Actual	Variance	Comments
Strategic Objective 2: PIVOTAL Programmes addressing scarce and critical skills needs as identified in the SSP are implemented (includes rural, disability, transformation)	Number of TVET and HET graduates that have been supported by the W&R SETA to participate workplace experience and exposure in W&R organisations complete their placement programme during the period 1 April 2019 to 31 March 2020	0	600	634	34	Achieved The W&RSETA had set a target of 600 for the graduate placement programme completions in line with the baseline performance on this indicator. The target was exceeded due to an increase in the number of graduates completing the programme.
	Number of TVET and HET unemployed graduates qualified in qualifications that address W&R Scare Skills placed in Wholesale and Retail organisations for internships during the period 1 April 2019 to 31 March 2020	700	1 600	665	-935	Not Achieved The target was not met due to a low uptake of contracts for the placement of graduates. Factors affecting uptake of contracts include lack of mentors within W&R firms that will mentor and guide the learning process of learners placed for their internships or workplace experience; as well as the work readiness factor of newly graduated learners who are unable to cope with the requirements of the world of work.
Strategic Objective 2: PIVOTAL Programmes addressing scarce and critical skills needs as identified in the SSP are implemented (includes rural, disability, transformation)	Number of TVET and HET graduates that have been supported by the W&R SETA to participate in internships in W&R organisations complete their internship programme during the period 1 April 2019 to 31 March 2020	114	350	69	-281	Not Achieved Intake in this financial year was very minimal in the 1st round of intake. A 2nd recruitment drive was embarked on through an advert but the intake only increased by a very small margin.

2.3.1 Performance Results per Programme (continued)

Programme 3: Performance Results per Indicator (continued)

Programme 3: Learning Programme and Projects (Inclusive of Pivotal Programme, Bursaries and Placement, Co-ops, SME's, NGO/NPO and critical skills development and partnership). Purposes: To facilitate and manage the implementation of learning programmes and support improved entry to priority programmes						
Strategic Objective	Programme Performance Indicator	Baseline (2018/19 Achievements)	Annual Target 2019 /20	2019/20 Performance		
				Actual	Variance	Comments
Strategic Objective 2: PIVOTAL Programmes addressing scarce and critical skills needs as identified in the SSP are implemented (includes rural, disability, transformation)	Number of new unemployed W&RSETA bursary beneficiaries registered at TVETs/ HETs during the period 1 April 2019 to 31 March 2020	New unemployed (18.2)	3500	3354	-146	Not Achieved This target was not achieved due to misalignment of the Educational Institutions' academic year and the W&RSETA Financial year. The SETA has revised this indicator in the 2020/21 – 2024/25 Strategic Plan to count learners funded under the W&RSETA bursary programme annually instead of counting their registration within institutions.
	Number of continuing unemployed W&RSETA bursary beneficiaries registered at TVETs/ HETs during the period 1 April 2019 to 31 March 2020	509	2000	438	-1562	Not Achieved This target was not achieved due to a large number of learners who were not successful in their studies in that current academic and financial year. The W&RSETA Bursary Policy does not fund learners who are not proceeding to the next academic level.
Strategic Objective 2: PIVOTAL Programmes addressing scarce and critical skills needs as identified in the SSP are implemented (includes rural, disability, transformation)	Number of continuing unemployed W&RSETA bursary beneficiaries from TVETs/ HETs complete programmes during the period 1 April 2019 to 31 March 2020	540	400	418	18	Achieved Based on partnering with Institutions and the good working relationship, it has led to more completion being reported in cases where it was a struggle to receive the required documents for completions. Initiative was undertaken by the B&P Unit to ensure that learners that have completed the programme exit the system, and reported accordingly to improve processes for managing bursary enrolment, duration of the learner programme and recording completions.
Strategic Objective 2: PIVOTAL Programmes addressing scarce and critical skills needs as identified in the SSP are implemented (includes rural, disability, transformation)	Number of employed bursary beneficiaries registered for Wholesale and Retail sector-related studies in MBA/Masters or Doctoral degrees at HETs in the financial year 01 April 2019 to 31 March 2020	1	25	28	3	Achieved Based on partnering with Institutions and the good working relationship, it has led to more completion being reported in cases where it was a struggle to receive the required documents for completions. Initiative was undertaken by the B&P Unit to ensure that learners that have completed the programme exit the system, and reported accordingly to improve processes for managing bursary enrolment, duration of the learner programme and recording completions

Programme 3: Learning Programme and Projects (Inclusive of Pivotal Programme, Bursaries and Placement, Co-ops, SME's, NGO/NPO and critical skills development and partnership). Purposes: To facilitate and manage the implementation of learning programmes and support improved entry to priority programmes						
Strategic Objective	Programme Performance Indicator	Baseline (2018/19 Achievements)	Annual Target 2019 /20	2019/20 Performance		
				Actual	Variance	Comments
Strategic Objective 2: PIVOTAL Programmes addressing scarce and critical skills needs as identified in the SSP are implemented (includes rural, disability, transformation)	Number of employed bursary beneficiaries complete Wholesale and Retail sector-related studies in MBA/Masters or Doctoral degrees at HETs in the financial year 01 April 2019 to 31 March 2020	Employed (18.1) bursary beneficiaries complete	5	5	0	Achieved
Strategic Objective 2: PIVOTAL Programmes addressing scarce and critical skills needs as identified in the SSP are implemented (includes rural, disability, transformation)	Number of employed bursary beneficiaries registered on NQF Level 5-8 qualifications addressing Wholesale and Retail Scarce Skills as identified in the Sector Skills Plan at HETs during the period 1 April 2019 to 31 March 2020	315	1250	397	-853	Not Achieved W&RSETA Stakeholders did not honour the Contract they signed during the PIVOTAL allocation process. Though the WSP stakeholders indicated their need however, they did not proceed in the uptake.
Strategic Objective 2: PIVOTAL Programmes addressing scarce and critical skills needs as identified in the SSP are implemented (includes rural, disability, transformation)	Number of employed bursary beneficiaries complete NQF Level 5-8 qualifications addressing Wholesale and Retail Scarce Skills as identified in the Sector Skills Plan at HETs during the period 1 April 2019 to 31 March 2020	56	250	53	-194	Not Achieved The low uptake in the employed bursaries resulted in the low completions because there were no numbers to support this target.
Strategic Objective 3: Capacity building programmes for worker representatives to enhance their contribution in planning and implementation of training in the workplace	Number of Trade Union members or officials from 5 Trade Unions complete programmes that address Trade Unions skills needs in the financial year 01 April 2019 to 31 March 2020	5	800 from 5 Trade Unions	442	-358	Not Achieved The implementation model adopted for this project entailed provision of funds for Trade Unions to address their skills development needs, who in turn identified and appointed Training Providers for the delivery of training. Delays were experienced in terms of the appointment of training providers. The SETA will revise the implementation model in the next financial year to allow for partnerships between Unions, the SETA and contracted Training Providers.
	Number of Trade Union members or officials from 5 Trade Unions complete programmes that address Trade Unions skills needs in the financial year 01 April 2019 to 31 March 2020	5	320	353	33	Achieved Building and maintaining good relationships yielded good results as the provider trained more learners within allocated budget and retained all learners up to certification stage.
Strategic Objective 11: Strategic projects and programmes identified and implemented to address the skills needs of the SME, NGO/NPO and co-operative sector	Number of registered small levy-paying companies, medium levy paying companies and exempted companies participating in W&RSETA skills development projects in the financial year 01 April 2019 to 31 March 2020	910	3500	3608	108	Achieved The Department adopted a different approach during the year under review. A lot of big companies and Associations were targeted and they were persuaded to apply on behalf of their subsidiaries/ branches or members. This approach yielded positive results as witnessed by the performance.

2.3.1 Performance Results per Programme (continued)

Programme 3: Performance Results per Indicator (continued)

Programme 3: Learning Programme and Projects (Inclusive of Pivotal Programme, Bursaries and Placement, Co-ops, SME's, NGO/NPO and critical skills development and partnership).
Purposes: To facilitate and manage the implementation of learning programmes and support improved entry to priority programmes

Strategic Objective	Programme Performance Indicator	Baseline (2018/19 Achievements)	Annual Target 2019 /20	2019/20 Performance		
				Actual	Variance	Comments
Strategic Objective 4: Identify and implement special projects that and dresses sectorial, provincial, national imperatives and priorities; including scarce and critical skills or occupational qualifications to transform the sector	Number of informal traders and micro enterprises participating in W&RSETA capacitation workshops in the financial year 01 April 2019 to 31 March 2020 to enhance the business skills	988	1500	1600	100	Achieved Over and above the ITAMED project that was implemented, two more W&RSETA funded provincial projects (Lejweleputswa Tourism Festival & Business Expo in the Free State and the Northern Cape Township Enterprises Skills Development & Capacity Building Project in the Northern Cape) were implemented enabling the SETA to reach more Informal Traders and Micro Enterprises.
Strategic Objective 11: Strategic projects and programmes identified and implemented to address the skills needs of the SME, NGO/ NPO and co-operative sector	Number of unemployed members of 20 co-operatives registered on skills programmes that address scarce and critical skills as identified in the Sector Skills Plan in the financial year 01 April 2019 to 31 March 2020	192	20 Co-operatives; 220 Unemployed Members	20 Co-operatives 220 Unemployed Members	0	Achieved
	Number of unemployed members of co-operatives complete skills programmes that address scarce and critical skills as identified in the Sector Skills Plan in the financial year 01 April 2019 to 31 March 2020	110	110	97	-13	Not Achieved Delays related to endorsement of external moderations and issuing of certificates resulted in the target not being fully met.
	Number of NGOs/ NPOs supported to register their employed members on unit standards that address scarce and critical skills as identified in the SSP during the period 1 April 2019 to 31 March 2020	209	100	93	-7	Not Achieved This project was aimed at developing the capacity of NGOs/NPOs in deep rural areas in order to support their efforts of improving the lives of their communities. 93 registered NGOs/ NPOs took part in the Project just short of the targeted 100 organisations. The implementation model for this project will be revised to include support for existing unregistered organisations to obtain registration to enable them to participate in NGO/ NPO capacity building programmes.

Programme 3: Learning Programme and Projects (Inclusive of Pivotal Programme, Bursaries and Placement, Co-ops, SME's, NGO/NPO and critical skills development and partnership).
Purposes: To facilitate and manage the implementation of learning programmes and support improved entry to priority programmes

Strategic Objective	Programme Performance Indicator	Baseline (2018/19 Achievements)	Annual Target 2019 /20	2019/20 Performance		
				Actual	Variance	Comments
	Beneficiaries from participating and registered NGOs/NPOs complete unit standards that address scarce and critical skills as identified in the SSP during the period 1 April 2019 to 31 March 2020	235	50	347	297	Achieved There is a low drop-out rate of learners participating in NGO/NPO as can be observed in this year's performance as well as previous year's performance.
Strategic Objective 6: Develop and implement a seamless integrated Career Guidance programme	Number of Career Guidance events hosted / attended by W&RSETA during the period of 01 April 2019 to 31 March 2020	201	200	259	59	Achieved The SETA used an integrated approach for the implementation of this project whereby Career Guidance school visits were combined with the LO Capacity Building Sessions. This approach enabled efficient use of resources thus enabling the SETA to reach a wider audience and exceed its target for this indicator.
	Number of Life Orientation Educators that are capacitated in using the W&RSETA Career Guide during the period 1 April 2019 to 31 March 2020	122	350	512	162	Achieved The SETA used an integrated approach for the implementation of this project whereby Career Guidance school visits were combined with the LO Capacity Building sessions. This approach enabled efficient use of resources thus enabling the SETA to reach a wider audience and exceed its target for this indicator.
	Number of learners assisted to gain an understanding of wholesale and retail career opportunities through W&RSETA Career Guidance sessions during the period 1 April 2019 to 31 March 2020	300 Learners are assisted to access W&RSETA opportunities through Career Guidance and Development during the period 1 April 2018 to 31 March 2019	400	431	31	Achieved The SETA was able to accommodate more beneficiaries than the initial planned number as more learners expressed interest in the programme. The additional number did not have any impact on the budget.

2.3.1 Performance Results per Programme (continued)

Programme 4: Quality Assurance

The purpose of this programme is to execute the QCTO delegated quality assurance functions with regards to the accreditation of training providers, registration of assessors, facilitators and moderators, evaluating of assessments and facilitation of moderation including certification of learners as proof of successful completion of the qualification. It also includes the facilitation of qualifications development. Programme 4 addresses the W&RSETA's goal of responsive and empowered training providers who can effectively meet the training needs of the wholesale and retail sector

Programme 4: Performance Results

92% performance results have been achieved in Programme 4 as 11 targets were achieved out of the 12 targets set for Programme 4.

Programme 4: Performance Results per Indicator

Programme 4: Quality Assurance						
Purpose: To ensure the quality of learning delivered as well as capacitate Training Providers and TVET Lecturers						
Strategic Objective	Programme Performance Indicator	Baseline (2018/19 Achievements)	Annual Target 2019 /20	2019/20 Performance		
				Actual	Variance	Comments
Strategic Objective 9: Formal agreements with strategic partners that is beneficial to both parties and address the needs of the sector government departments; other SETAs; TVET colleges; (HETs; Traditional Councils).	Number of strategic partnerships entered into with public TVET colleges through awarding extension of scope to enable them to offer W&R learning programmes during the period 1 April 2019 to 31 March 2020	5	4	4	0	Achieved
	Number of strategic partnerships entered into with public TVET colleges to recognise them as Schools of Excellence for the NCV Retail Subjects during the period 1 April 2019 to 31 March 2020	4	3	3	0	Achieved
	Number of strategic Partnerships entered into with HETs to establish a Wholesale and Retail Academy during the period 1 April 2019 to 31 March 2020	1	1	1	0	Achieved
Strategic Objective 5: Strategy to develop new growth and niche areas through the development and updating of qualifications in the sector	Number of new or updated qualifications submitted to the QCTO by 31 March 2020 to address occupational needs, which include areas such as green skills and implications of changing technology	0	2	0	-2	Not Achieved Due to delays in receiving QCTO approval to continue with the process of developing occupational qualifications, the W&RSETA was unable to fulfil this obligation.

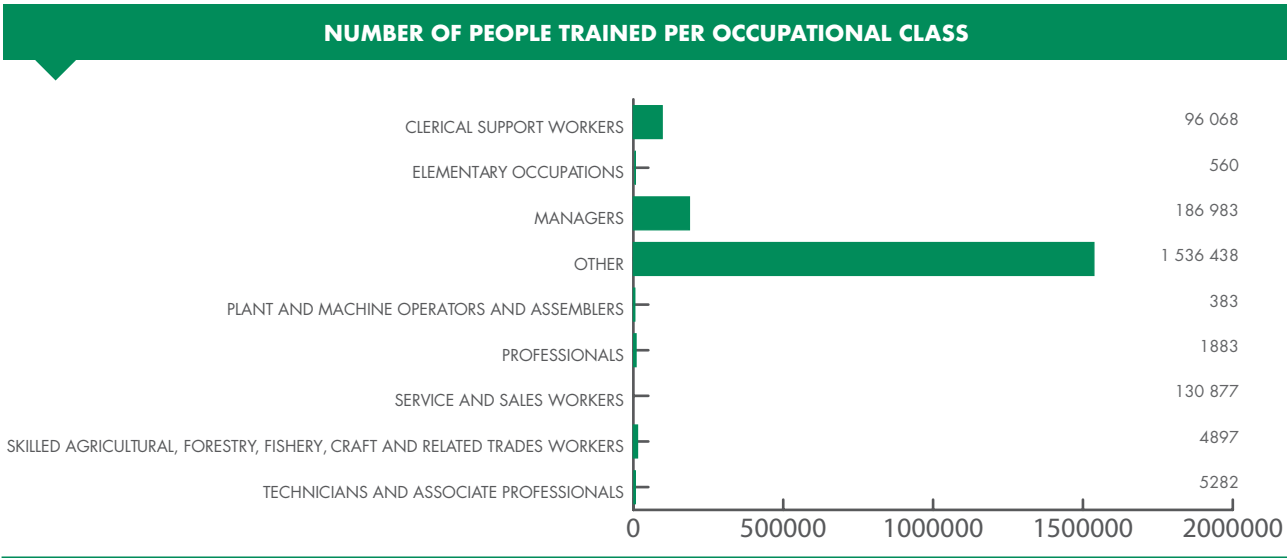
Programme 4: Quality Assurance

Purpose: To ensure the quality of learning delivered as well as capacitate Training Providers and TVET Lecturers

Strategic Objective	Programme Performance Indicator	Baseline (2018/19 Achievements)	Annual Target 2019 /20	2019/20 Performance		
				Actual	Variance	Comments
Strategic Objective 12: A responsive, qualified and transformed skills development provider base	Number of TVET lecturers capacitated and certificated to offer the National Certificate Vocational (NCV) retail subjects during the period 1 April 2019 to 31 March 2020	28	30	34	4	Achieved The Lecturer Capacitation Project was successfully implemented with the support and partnership of TVET Colleges. More lecturers showed interest in the programme and the SETA was able to accommodate them.
	Number of TVET lecturers certified to offer the National Certificate Vocational (NCV) retail subjects during the period 1 April 2019 to 31 March 2020	25	20	34	14	Achieved The Lecturer Capacitation Programme receives much support from TVET colleges hence its success and high completion rate.
	Number of W&RSETA accredited providers of which 8 are HDI owned providers are supported to facilitate RPL for W&RSETA qualifications during the period 1 April 2019 to 31 March 2020	2	12	13	1	Achieved
	Number of practitioners from small and HDI owned W&RSETA accredited providers capacitated on practitioner development programmes during the period 1 April 2019 to 31 March 2020	0	15	23	8	Achieved The SETA extended the opportunity for capacitation to more providers due to the interest shown by providers in this project. This is to enable the achievement of the SETA's objective of a responsive, qualified and transformed training provider base.
	Number of practitioners from small and HDI owned W&RSETA accredited providers certified on practitioner development programmes during the period 1 April 2019 to 31 March 2020	5	10	23	13	Achieved The Provider Capacitation Project has a high completion rate which is indicative of the value of the programme to small providers.
	Number of rural HDI providers supported and recommended to obtain accreditation for W&RSETA qualifications during the period 1 April 2019 to 31 March 2020	4	5	5	0	Achieved
	Number of new providers applying for accreditation are supported and recommended to obtain accreditation for W&RSETA qualifications by 31 March 2020	5	5	6	1	Achieved
Strategic Objective 13: A sufficient and sustainable Assessment Centre base is established for W&R occupational qualifications	Assessment centres are identified and recommended to the QCTO for accreditation during the period 1 April 2019 to 31 March 2020	0	5	5	0	Achieved

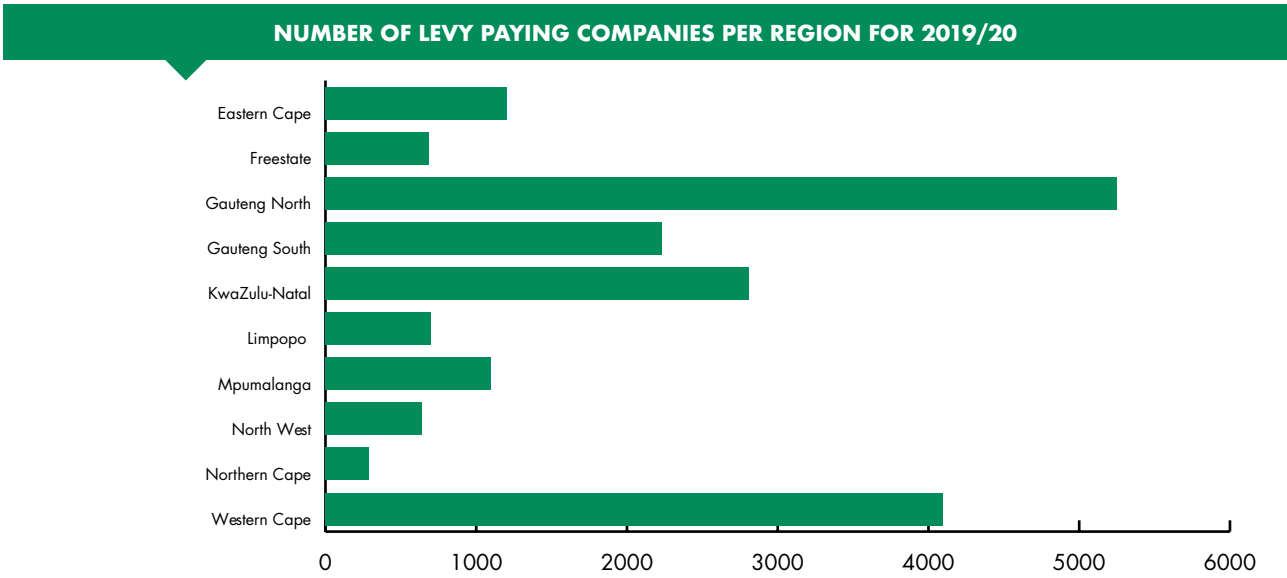
2.4 PERFORMANCE OVERSIGHT STATISTICS

Number of people trained per occupational class	
The statistics below are taken from the information submitted by companies on ATR Form 1: Section D: Number of Actual Beneficiaries trained.	
Occupational class	Number of people trained
Clerical support workers	96 068
Elementary occupations	560
Managers	186 983
Other	1 536 438
Plant and machine operators and assemblers	383
Professionals	1883
Service and sales workers	130 877
Skilled agricultural, forestry, fishery, craft and related trades workers	4897
Technicians and associate professionals	5282
Grand total	1 963 371



2.5 SUMMARY OF FINANCIAL INFORMATION

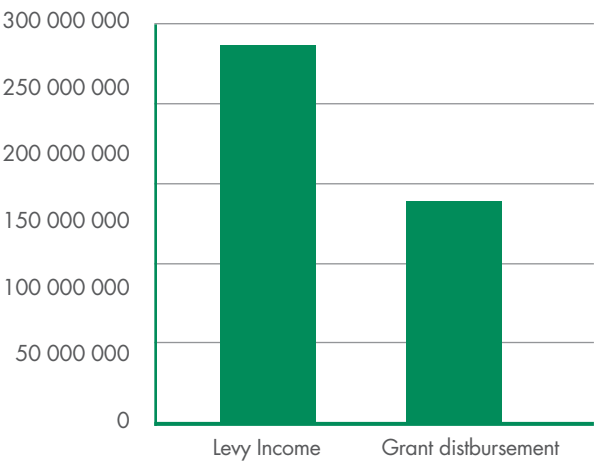
Number of levy paying companies per region for 2019/20					
Levy Paying companies were included where a total levy of R5000.00 was received for the year based on the R500 000.00 threshold.					
Region	Large (> 149)	Medium (50-149)	Small (1-49)	Size not known	Grand Total
Eastern Cape	22	125	995	59	1201
Free State	15	48	609	17	689
Gauteng North	119	317	4731	84	5251
Gauteng South	143	222	1799	68	2232
KwaZulu-Natal	119	323	2258	111	2811
Limpopo	18	78	553	53	702
Mpumalanga	21	77	975	24	1097
North West	7	58	554	19	638
Northern Cape	4	29	250	7	290
Western Cape	136	295	3636	27	4094
Grand total	604	1572	16 360	469	19 005



2.5 SUMMARY OF FINANCIAL INFORMATION (continued)

Mandatory Grants for 2019/20					
The statistics below represent the Mandatory Grants that were paid to qualifying companies during the 2019/20 Financial Year.					
Region	Large (> 149) R'000	Medium (50-149) R'000	Small (1-49) R'000	Size not known R'000	Grand Total R'000
Eastern Cape	1 071 515	911 289	1 159 766	632 278	3 774 850
Free State	715 073	491 528	842 089	161 290	2 209 982
Gauteng North	18 372 784	4 811 165	6 418 349	3 556 030	33 158 329
Gauteng South	25 658 119	4 309 880	4 414 210	2 097 659	36 479 869
KwaZulu-Natal	12 067 638	3 670 584	3 757 296	1 627 802	21 123 321
Limpopo	518 970	630 000	506 574	291 664	1 947 210
Mpumalanga	1 088 263	775 878	854 411	191 974	2 910 527
North West	93 074	460 990	624 212	173 142	1 351 420
Northern Cape	103 106	300 186	411 124	35 776	850 194
Western Cape	43 162 544	5 543 474	8 405 243	4 218 655	61 329 918
GRAND TOTAL	102 851 090	21 904 980	27 393 279	12 986 274	165 135 624

LEVIES RECEIVED VS GRANTS PAID (MANDATORY GRANTS)



SUMMARY OF FINANCIAL INFORMATION FOR 2019/20

	2019/20
Mandatory Levy Income	R292 868 000
Payments -WSP/ATR Approval	R165 135 624
Percentage of grant/levy disbursements	56%
Number of levy paying companies	19 005

2.6 PERFORMANCE INFORMATION – PROGRAMMES

In fulfilling its mandate of developing skills in the Wholesale and Retail Sector, the W&RSETA initiated and implemented a number of programmes during the 20-year period which included the following:

CREATING A PIPELINE OF SUITABLY QUALIFIED AND EXPERIENCED LEADERS FOR THE WHOLESALE AND RETAIL SECTOR



INTERNATIONAL LEADERSHIP DEVELOPMENT PROGRAMME (ILDP)

The W&RSETA reached a 10-year milestone of its successful implementation of the prestigious ILDP in February 2020 with the graduation of the 2018/19 group. The ILDP was launched in 2009 to increase the talent pipeline of highly promotable historically disadvantaged leaders within the Wholesale and Retail Sector with potential for leadership positions in their companies. Since its inception, the NQF level 8 accredited programme has contributed to the development of 399 senior managers and executives. Delegates are exposed to world-class wholesale and retail innovation and practices through interaction with leading companies and influential leaders in South Africa and internationally. In addition to local study modules, the delegates are exposed to leading faculties in the United States, Russia, China, India and Ghana.

Highlights/Impact

During the year under review, R30.5 million was spent on the programme. Following the W&RSETA's decision to offer the ILDP as an NQF programme, the delegates completed with a Bachelor of Business Administration in Retail Management or Post-graduate in Business Administration qualification. 51 delegates successfully completed the ILDP which was implemented by Regenesys Business School.

Looking Ahead

The W&RSETA has commissioned a tracer and impact study to assess the benefit of the programme for the sector. The study would assist in taking the programme to the next level of prestige by addressing any shortcomings and position it to address key developments such as the Fourth Industrial Revolution.



RETAIL MANAGEMENT DEVELOPMENT PROGRAMME (RMDP)

The W&RSETA has addressed the skills gaps of the middle management complement of the sector through the RMDP since 2012. More than 1 700 middle managers, supervisors and team leaders have benefited from the programme which focuses on developing core skills that address operational challenges on the shop floor whilst shaping the leadership skills of these individuals. The RMDP at NQF level 6 is a feeder programme to the ILDP. The target for 2018/19 was to register 400 delegates for the RMDP.

Highlights/Impact

The W&RSETA registered 400 delegates for the 2018/19 RMDP who have been enrolled with Henley Business School Africa and will complete the programme during the 2020/21 Financial Year. A budget of R20.7 million has been allocated to implement the programme.

Looking Forward

A tracer and impact assessment was commissioned to determine the impact of the programme and to identify areas of improvement in order to inform the implementation of the programme in the future.

DIFFERENTLY ABLED – PEOPLE WITH DISABILITIES



DISABILITY PROJECTS

The development of people with disabilities has been one of the W&RSETA's main priorities since 2003. The programmes intend to help people with disabilities to take part in the mainstream economy. The W&RSETA was the first SETA to pilot and implement a learnership programme for people with disabilities and has collaborated with wholesale and retail companies to provide skills development opportunities for the disabled. The disability programme focuses on skills development and sensitisation for employers and employees on the unique needs of people with disabilities and how to accommodate them in the workplace. In 2018/19, the W&RSETA approved a budget to train 400 unemployed learners and 200 employed learners on the Wholesale and Retail Stock Control Retail Outlet NQF level 3, Wholesale and Retail Chainstore Operations NQF level 2 and Wholesale and Retail Operations NQF level 2 learnerships.

Highlights/Impact

In 2018/19, the W&RSETA allocated R29.5 million towards the programme and has registered 400 unemployed and 200 employed learners nationally. The programmes will be completed during the 2020/21 Financial Year. As part of the programme, the W&RSETA has made provision for reasonable accommodation and assistive devices which have improved retention and success of the programme.



ENSURING QUALITY OF PROVISION OF LEARNING AND TRAINING

QUALITY ASSURANCE

One of the W&RSETA's primary mandates is to develop qualifications that address the skills needs of the Wholesale and Retail Sector. The W&RSETA executes its QCTO delegated functions of quality assurance with regards to the accreditation of training providers, registration of assessors, qualification development, facilitators and moderators, evaluating of assessments and facilitation of moderation including certification of learners. The quality assurance function of the W&RSETA seeks to achieve the following:

- Increase the low number of black providers and boost the capacity of public institutions to deliver W&RSETA programmes.
- Ensure that a sufficient and sustainable Assessment Centre base is established for W&R occupational qualifications.
- Developing and updating of qualifications and establish formal agreements with strategic partners that address the needs of the sector.

Looking Ahead

Both the NDP and NSDP 2030 make significant emphasis on the need for partnerships to increase support for TVET and CET colleges. The W&RSETA aims to draft outcomes and outcome indicators that address different capacitation needs of TVET and CET colleges.

In the 2020/21 Financial Year, the W&RSETA plans to capacitate TVET and CET colleges to improve their occupationally directed programmes. Additionally, to establish CET colleges as hubs of knowledge and skills needs to benefit adults and youth who require education and training opportunities, unemployed people, and low or semi-skilled employed people.

CAPACITATION OF TVET LECTURERS

The W&RSETA has prioritised the capacitation of TVET colleges to enhance the delivery of programmes. Building the capacity of TVET colleges is particularly important to help bridge the skills gap between the curricula at these institutions and the needs of the W&R Sector. TVET college lecturers directly involved in the delivery of the W&RSETA qualifications and NCV retail subjects are equipped with the theoretical and practical experience of wholesale and retail operations. The target for the 2019/20 financial year was to register 30 lecturers and certify 20.

Highlights/Impact

During the year under review, the W&RSETA registered and certified 34 TVET college lecturers on the NQF level 2 and 3 retail subjects.

Future Outlook

In 2020/21, the W&RSETA will capacitate an additional 20 lecturers.

NEW PROVIDER CAPACITATION FOR ACCREDITATION

This project is aimed at capacitating training providers on the W&RSETA and QCTO requirements in order to obtain accreditation. A budget of R2.4 million was allocated in the year under review.

Highlights/Impact

Six new training providers were capacitated and obtained accreditation in 2019/20.

CAPACITATION OF PROVIDERS FOR RECOGNITION OF PRIOR LEARNING (RPL)

The aim of this project is to capacitate W&RSETA accredited training providers to conduct Recognition of Prior Learning in the sector. The programme includes the following areas: implementing and customising the W&RSETA RPL toolkit together with mentoring and coaching of learners. In 2019/20, the W&RSETA set a target of capacitating 12 training providers from the Gauteng, KwaZulu-Natal and Eastern Cape provinces for the project.

Highlights/Impact

The W&RSETA capacitated 13 training providers during the year under review.

PREPARING YOUNG PEOPLE FOR ENTREPRENEURSHIP



RURAL LEARNERSHIPS AND GREEN SKILLS FOR JOBS PROJECT

The W&RSETA partnered with the Department of Agriculture, Rural Development and Land Reform to implement the Rural Learnerships and Green Skills for Jobs project. Learners were recruited from a group that had completed the Department's National Rural Youth Service Corp (NARYSEC) programme and were selected as part of the exit strategy which provides them with further training or employment opportunities. These learners were drawn from the communities of Capricorn, Waterberg, Vhembe, Mopani and Sekhukhune in order to address the specific needs of these communities. The target for this project was to enrol 290 learners.

Highlights/Impact

261 learners completed learnership programmes during the 2018/19 (193) and 2019/20 (68) financial years and graduated in June 2019. Some of the beneficiaries have started their own businesses.

Looking Forward

In order to ensure a better future for recipients, It is important to ensure the sustainability of their businesses and the W&RSETA will explore strategic partnerships with government, particularly with organisations, such as the Mpumalanga Economic Growth Agency, to offer financial and other opportunities to sustain and grow the businesses.



RHEENENDAL HURP PROJECT

The W&RSETA supports the government's efforts to reduce unemployment in the country particularly among the youth. This project which is a partnership with the Hands Up for Reaching Potential (HURP) community initiative in Rheenendal aims to address low-levels skills of which is exacerbating poverty in the community. The project seeks to help 250 young people from the Rheenendal township community through various learnership programmes at a cost of R11.5 million. The project includes a component on building capacity among community facilitators to ensure the sustainability of future skills development programmes.

Highlights/Impact

191 unemployed young people have been enrolled on learnership programmes and placed within various retailers around the Knysna area. They will complete the programme during the 2020/21 Financial Year.

OPENING THE DOORS OF LEARNING FOR ALL

BURSARY SCHEME

HET AND TVET BURSARIES

The W&RSETA is committed to providing opportunities for qualifying students from disadvantaged backgrounds to further their studies at TVET colleges and HET institutions as well as to address scarce and critical skills in the Wholesale and Retail Sector. The W&RSETA has awarded more than 15 000 bursaries to university and TVET college students which include bursaries that are awarded by companies through the SETA's PIVOTAL Grants since 2011. In 2019/20, the W&RSETA set out to award 3 500 full bursaries to unemployed learners at a cost of R394 million.

Highlights/Impact

In 2019/20, the W&RSETA funded 3 354 new students. 418 students who were funded in previous years completed their studies during the year under review. The W&RSETA is currently funding 438 continuing students accumulative from the year 2015/16 for respective programmes. Some of the key milestones of the SETA's Bursary Scheme include funding of the "missing link", BTech studies which are in high demand in the sector and chef schools to address the hard-to-fill skills.

SUCCESS STORIES

In terms of meeting our goals and aligning with our strategy to move from good to great, below are individual success stories which speak to our purpose and are highlighted as proof-points of achievements during the year under review.

'Opening Doors'



Bhekiwe was awarded a bursary shortly after enrolling at the Durban University of Technology in 2012 to study Retail Business Management. She subsequently completed a BTech in Retail Business Management in 2016 and is currently studying for a Master's degree in Retail.

A passionate retailer; Bhekiwe believes that young people can achieve a fulfilling and successful career in the Wholesale and Retail Sector. "Our industry has a lot to offer and it is up to us to grab every opportunity to our advantage. Gone are the days when people believed that retail is not for highly educated individuals." Bhekiwe has given back to the W&RSETA by pursuing a career in retail and is currently employed by Woolworths as a Foods Department Manager.

POSTGRADUATE BURSARIES

The W&RSETA also offers bursaries for postgraduate students to improve the education levels of the Wholesale and Retail Sector as well as research to benefit the sector. In 2018/19, R6.9 million was allocated to fund 25 employed MBA/Masters/Doctoral students over a two-year period up to March 2020.

Highlights/Impact

During the year under review one of the PHD students obtained her qualification and became the second doctoral beneficiary to complete their studies.



SUCCESS STORY

Dr Nicole Cunningham graduated from the University of Pretoria's Gordon Institute of Business Science in 2019, following the completion of her thesis titled 'Investigating middle-class consumers' luxury apparel behavioural intention: the role of culture'. The topic focused on understanding of how the middle-class in South Africa purchase luxury goods. "I would like to acknowledge and thank the W&RSETA for recognising the value of this study and for its support throughout this journey."

PREPARING YOUNG PEOPLE FOR THE WORLD OF WORK

GRADUATE PLACEMENT AND INTERNSHIP

The W&RSETA supports government objectives to address youth unemployment by creating opportunities for workplace experience in order to prepare students and graduates for the world of work. The W&RSETA Graduate Placement and Internship programmes provides TVET college and higher education and training institutions (university and university of technology) students and graduates with practical experience of the Wholesale and Retail Sector and has resulted in the employment of many of the graduates. The W&RSETA committed to spending R239 million on placement of 4 335 students and graduates.

Highlights/Impact

During the year under review, the W&RSETA funded the placement of 1 746 HET and TVET College graduates and 665 interns in wholesale and retail companies.

TSHEPO THEMBA 500 000

In support of the Gauteng provincial government's strategy to curb youth unemployment, the W&RSETA has contributed to the Tshepo Themba 500 000 project, which was later renamed Tshepo 1 000 000, which aims to create one million employment opportunities for young people in the province. All the SETAs were requested through the Provincial Skills Development Forum to contribute to this initiative and the W&RSETA committed to provide training opportunities for 650 unemployed youth. The learners were enrolled in NQF level 2 and 3 learnership programmes and various skills programmes. The SETA also committed to place 100 TVET College and HET graduates for workplace experience programmes. A budget of R23.9 million was allocated for the project in the 2018/19 financial year.

Highlights

Through the Tshepo Themba 500 000 project, 323 unemployed youth were engaged. A total of 130 unemployed young people was trained and permanently placed among participating wholesale and retail companies when the project was completed in 2019/20.

UNEMPLOYED LEARNERSHIP FOR STRATEGIC INTEGRATED PROJECT ZONES

In partnership with the Sekhukhune, Capricorn, Letaba and Lephalale TVET colleges, the W&RSETA allocated R26.7 million in the 2018/19 financial year to provide training opportunities to 600 unemployed youth in the Limpopo province.

Highlights

During the 2019/20 Financial Year, 400 unemployed learners completed the Wholesale and Retail Operations NQF level 2 Learnership during the 2019/20 Financial Year. In addition, 200 interns were placed at various stakeholder companies for 18 months to obtain workplace experience.

LEADING IN RESEARCH INNOVATION

LEADING IN RESEARCH INNOVATION

The W&RSETA prioritises research in various outlined topics that are critical to updating the SSP and contribute towards evidence-based decision making. The W&RSETA's Research Agenda provides in-depth insight into the sector and informs the SETA's Strategic Plan, with R2.1 million allocated to research for the 2020/21 financial year.

IMPACT STUDIES

In its commitment to address skills shortages in the Wholesale and Retail Sector, the W&RSETA deems it is important to understand the challenges, outcomes and ascertain the impact of its programmes. This allows the SETA to draw lessons and aligns its skills development initiatives to the needs of the W&R sector, particularly our goal to become the leading skills authority in the country.

Highlights/impact

The W&RSETA conducted impact studies on the ILDP and RMDP. The recommendations of these impact studies will inform the future implementation of these management development programmes. Additionally, impact studies on Qualification Development of W&R and Fuel Retail Organisations were also conducted.

RESEARCH PARTNERSHIPS

National and international research partnerships are critical in providing access to global trends and skills development opportunities within international and national institutions. The W&RSETA aims to contribute to innovation and collaboration in responding to labour market demands and enhance research capacity within the W&R Sector through these collaborations.

Highlights/impact

The W&RSETA signed a memorandum of understanding (MoU) with the Namibia Training Authority and with the Council for Scientific and Industrial Research.

Looking forward

The W&RSETA will implement joint research interventions with the institutions that it has MoUs with.

WHOLESALE AND RETAIL LEADERSHIP CHAIR

The W&RSETA has partnered with the Cape Peninsula University of Technology and Durban University of Technology to establish Wholesale and Retail Leadership Chairs in its commitment to professionalise the W&R Sector. The Retail Leadership Chairs serve as a critical conduit between the sector and the institutions in terms of constructive engagements, best practice in the industry locally and internationally, curriculum relevance and work integrated learning. They also facilitate collaboration with international institutions in order to align the South African Wholesale and Retail Sector to international best practice and lead development in the sector.

Highlights/Impact

The first Retail Chair was established at the Cape Peninsula University of Technology in 2011. In the 2018/19 financial year, the W&RSETA established another Retail Chair at the Durban University of Technology (DUT) which was officially launched on 4 November 2019. The University of Johannesburg has been nominated to host the Retail Leadership Chair in Gauteng during the year under review.

DEVELOPING ECONOMICALLY VIABLE RURAL COMMUNITIES

Rural development is imperative to communities that are not economically viable and addresses urban migration of young people. The W&RSETA's rural development programmes empower rural communities to create their own opportunities through skills development and are developed to address the unique needs of the respective provinces. Initiatives include the following:

MPUMALANGA RURAL AREAS PROJECT

The W&RSETA partnered with The Tourism Business Institute of South Africa to train 250 unemployed youth from Mpumalanga province in entrepreneurship skills to start or sustain their businesses. Youth were chosen from rural communities of Mganduzweni, Ximungwe, Cunningham B, and Hlovukane villages, supported by investment of R13.5 million in this project beginning in the 2018/19 Financial Year.

Highlights

During the year in review, 122 learners completed the National Certificate: Informal Small Business Practice NQF Level 3. The remaining 116 learners will complete their programmes in the 2020/2021 Financial Year.

W&RSETA REGISTERED COOPERATIVES

This project capacitates officials of cooperatives on skills development areas key to improving their operations. Cooperatives are supported so that they can contribute to economic growth and employment. The W&RSETA planned to train 220 unemployed learners from the 20 cooperatives at a budget of R3.7 million.

Highlights/Impact

Since inception, the W&RSETA has supported 125 cooperatives and benefited over 1 000 members.

The W&RSETA funded the implementation of training interventions for 220 members from 20 cooperatives to members of cooperatives.



NON-GOVERNMENT ORGANISATIONS (NGOs)/NON-PROFIT ORGANISATIONS (NPOs)

The W&RSETA programme for NGOs and NPOs provides support to these organisations to address skills gaps of its members. This project contributes to an NSDS III pillar that requires SETAs to support NGOs/NPOs with skills training and development to expand and contribute to sector economic and employment growth. The target for this project was 100 NGOs/NPOs.

Highlights/Impact

Scarce and critical skills as identified in the Sector Skills Plan were addressed through the training of 98 employed members from 93 NGOs/NPOs in wholesale and retail skills programmes at a budget of R1,3 million.

Looking Forward

The W&RSETA will continue to implement this project and will support 100 organisations in the 2020/21 Financial Year.

MHINGA III PROJECT

The W&RSETA has partnered with Mhinga Chieftaincy, The Foschini Group (TFG) and Related Education since 2012 to address the village's social and economic challenges which include strikingly high poverty and youth unemployment. Its continued growth is a proactive response to the Spatial Development Framework which has seen unprecedented economic activity with the establishment of several shopping malls since 2016. Unemployed people are enrolled on various learnership programmes and placed within TFG's stores around Limpopo. More than 200 young people have benefited from the programme since 2012. The project aimed to train 150 learners.

Highlights/Impact

During the financial year under review, around 120 learners completed the National Certificate: Wholesale and Retail Operations – Supervision NQF Level 4 qualification. 106 graduates from the Mhinga III project have secured employment with 98% employed around the Mhinga area.

SMALL BUSINESS DEVELOPMENT

Another key W&RSETA priority is the development of Small Medium and Micro Enterprises (SMMEs) to ensure they grow and become sustainable. The focus of the W&RSETA's programmes is to position SMMEs to compete with major established retailers and foreign owned businesses.

INFORMAL TRADERS AND MICRO ENTERPRISES DEVELOPMENT (ITAMED) PROGRAMME

The Informal Traders and Micro Enterprises Development (ITAMED) programme which aims to address the challenges faced by local informal traders and micro enterprises through skills development is also a major drive for the W&RSETA. A budget of R15 million was set aside for the 2019/20 programme. The nationally run project is made up of a full day's training session, followed by information sharing sessions on support and funding opportunities available from the W&RSETA. Presentations from other government agencies were also included.

The W&RSETA endeavours to address the challenges that are faced by local traders and micro enterprises and position them to compete with big retailers that are entering the township market as well as foreign traders through this project.

Highlights

To this end, 1 500 informal traders were trained on marketing, financial management, customer service and entrepreneurship. In addition, the W&RSETA provided the participants with grant vouchers of R2 000 each as an investment towards their businesses.



NORTHERN CAPE TOWNSHIP ENTERPRISE SKILLS DEVELOPMENT AND CAPACITY BUILDING PROGRAMME

An initiative benefiting communities in developing skills of SMMEs from the Francis Baard District Municipality in the Northern Cape to grow and operate profitable businesses through the Northern Cape Kasi Enterprises Skills Development and Capacity Building Programme. The aim of the project was to support to benefit 400 SMMEs Sol Plaatje, Dikgatlong Magareen and Phokwane Local Municipalities. The project which included a mentorship and coaching programme to provide support to participants was allocated a budget of R4.6 million.

Highlights/Impact

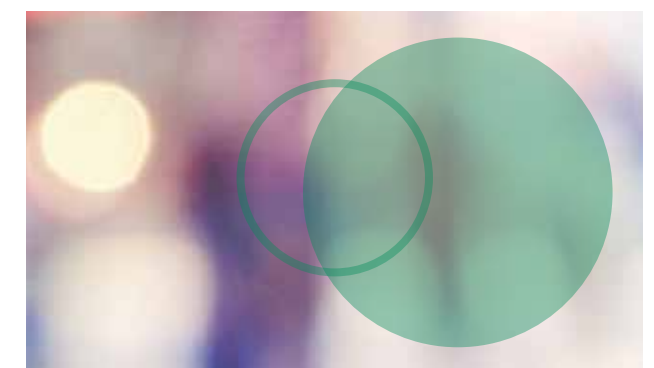
All 400 Informal Traders and Micro Enterprises completed the programme.

LEJWELEPUTSWA TOURISM FESTIVAL AND BUSINESS EXPO

Expanding our footprint throughout the country, the W&RSETA partnered with the Lejweleputswa District municipality in Free State and other organisations to host the Lejweleputswa Tourism Festival and Business Expo. The expo to promote entrepreneurship and economic development, particularly among the historically disadvantaged communities and the marginalised sectors of society, was funded to the tune of R3.6 million. The project comprised of a comprehensive SME capacitation programme, trade exhibitions and promotion of the creative economy as well as tourism development.

Highlights/Impact

250 SMMEs received training on how to grow their businesses and had an opportunity to exhibit their products at the Lejweleputswa Tourism Festival and Business Expo held on 1 March 2020.



SMALL BUSINESS DEVELOPMENT



THE CLOTHING BANK

In 2013, the W&RSETA partnered with non-profit organisation, The Clothing Bank, to provide opportunities for single mothers to become economically viable and sustainable through skills development. The skills development component is part of a holistic two-year Enterprise Development Programme by TCB which equips single unemployed mothers to operate their own small businesses. The Clothing Bank collaborates with major local clothing retailers that donate excess clothing for the programme whose integral objective is to alleviate poverty. The programme is being implemented in the Western Cape, Gauteng, Eastern Cape and KwaZulu-Natal. The women are enrolled on the W&RSETA Small Business Practice Learnership and receive mentoring and coaching. The targeted number to be trained was 350 women.

Highlights/Impact

274 women completed the Informal Small Business Practice learnership in 2020. Since inception, the project has benefited more than 1000 women with an 80% pass rate at a budget of R12.5 million.

Looking forward

The W&RSETA has allocated R24 million to benefit 1050 women for a three-year period from the 2019/20 financial year.



SUCCESS STORY

Nolubanalo Ndima - Khayelitsha

Nolubanalo was an unemployed mother of 3 children with no dreams and no plans to get her kids through school before joining the TCB programme. She was selling detergents but there was no growth in her business. Nolubanalo says the programme has taught her how to manage a business, how to save money, record keeping and financial management. She is also now able to draft her business plan and says the programme has given her financial freedom.

CAO-SIZANANI PROJECT: CREATING SKILLS TO SUPPORT TOWNSHIP MICRO RETAILERS & COOPERATIVES

The objective of the project is to provide skills development opportunities and workplace learning and experience to enable young people to participate in the economy of South Africa, thereby addressing inequalities. The project will benefit 500 matriculants, unemployed youth, retrenched employees, graduates, SMMEs and spaza shop owners and cooperatives through various learnerships under the W&RSETA and Services SETA programmes. Unemployed young people will be trained to start and operate their businesses through a collaboration with local spaza shops. The programmes are delivered by the Durban University of Technology and Lead HR Consulting. The W&RSETA has allocated R26.4 million towards the project which will be completed in the 2020/2021 Financial Year.

Highlights/Impact

500 unemployed learners have been registered on the W&RSETA Learnership programmes on NQF level 2 to 4 and 150 young people have been registered on the Services SETA New Venture Creation NQF level 2 Learnership. 50 of the beneficiaries are young people with disabilities.

PROMOTING HEALTH AND SAFETY



MTHENGI MOREKI THOGOMELA PROJECT LIMPOPO

The objective of this education and awareness pilot programme, in partnership with the Sekhukhune, Capricorn and Waterberg TVET colleges as well as municipal health services of the Sekhukhune was to support the government's strategy on food safety and responsible trading within the Wholesale and Retail Sector. Public education was conducted on the importance of adhering to hygiene and safety standards when buying. The W&RSETA targeted to train 5 000 community health care workers; however, a total number of 4 415 beneficiaries were contracted.

Highlights

2 270 community health workers from NGOs were trained in order to educate communities on food safety and health standards. An additional 1 614 health workers will be trained in 2020/2021.



COLLABORATION BETWEEN THE W&R SECTOR AND INSTITUTIONS OF LEARNING TO BRIDGE THE SKILLS GAPS



KWAZULU-NATAL (KZN) SCHOOLS OF EXCELLENCE (SOE)

This second phase of the highly acclaimed collaborative project between the W&RSETA, various wholesale and retail companies, all nine KZN TVET colleges and the Durban University of Technology addresses the mismatch between the skills that are produced by institutions of learning and the needs of the sector. The W&RSETA aimed to register 500 unemployed and 500 employed learners on learnership programme at NQF level 1 to 4, which include people with disabilities. The SETA would also capacitate 30 TVET college lecturers on the delivery of the W&RSETA programmes as part of the project.

Highlights/Impact

954 learners were registered for the project and have successfully completed their learnership programmes.

POSITIONING WHOLESALE AND RETAIL AS A CAREER OF CHOICE



CAREER GUIDANCE

The W&RSETA Career Guidance and Development programme provide learners with information and support to make informed decisions and exposes them to career opportunities in wholesale and retail. Additionally, it is aimed at attracting talented young people to the sector in order to address high level scarce skills. A key focus of the SETA's programme has been rural areas due to limited or no access to information and they are informed about the W&RSETA's programmes such as learnerships and bursaries. The programme includes capacitation of life orientation educators on scarce and critical skills to enable them to assist learners with subject and career choices at school level. The target for the 2019/20 financial year was 200 career guidance events.

Highlights/Impact

During the 2019/20 financial year, the W&RSETA allocated R6.3 million to career guidance programmes which comprises of 259 events reaching over 1000 learners, students and youths nationally. The SETA also capacitated 512 life orientation educators as part of the project.

PROMOTING YOUTH DEVELOPMENT AND ENTREPRENEURSHIP

FRESH MEAT LEARNERSHIP FOR BUFFALO CITY METROPOLITAN MUNICIPALITY RURAL AREAS

In an effort to create employment for school-leavers and unemployed youth, the W&RSETA developed the Fresh Meat Learnership for Buffalo City Metropolitan Municipality Rural Areas project to capacitate 150 unemployed youth from rural communities in the Buffalo City Municipality on skills development interventions in Fresh Meat Processing. The purpose of the project was to improve the employability of the learners and to prepare them to start their own businesses. A budget of R10.5 million was allocated for the project.

Highlights

150 learners have been enrolled for the Fresh Meat Learnership and will be completed in March 2021.



PART C GOVERNANCE

3. GOVERNANCE

3.1 Introduction

Corporate governance is defined as a system of rules, policies, laws, and processes by which an organisation is directed, administered and controlled. At the core of corporate governance are principles of accountability, transparency, leadership and responsibility to the organisation and its stakeholders. Corporate governance, therefore, enables the Board and Management to ensure that appropriate decision-making processes and controls are in place in order for the organisation to achieve its strategic objectives and meet the interests of its stakeholders. The W&RSETA is a schedule 3A public entity governed by precepts of the Public Finance Management Act (PFMA), Act No. 1 of 1999 and operates in tandem with the principles of the King Reports on Corporate Governance. The Parliament of the Republic of South Africa and the Executive Authority play a critical role in the efficacy of corporate governance in the W&RSETA.

3.2 Portfolio Committee

The Portfolio Committee on Higher Education, Science and Technology is responsible for exercising oversight over the budgeting process, service delivery, and performance of the SETA which it performs through the review of the SETA's financial and non-financial information contained in annual reports. The Board Chairperson and CEO appeared before the Portfolio Committee on 23 October 2019 to present the 2018/19 Annual Report.

3.3 Executive Authority

The Executive Authority exercises its powers and authority to ensure that the implementation of the W&RSETA objectives and functions comply with the Skills Development Act and policies of the SETA. The Executive Authority is the Minister of Higher Education, Science and Innovation. The Minister monitors the W&RSETA's performance through quarterly reports and interactions with the Board. The following reports were submitted for review and approval to the Minister, in line with the Skills Development Act, PFMA and other relevant legislative frameworks:

- Sector Skills Plan 2020/21
- Strategic Plan, Annual Performance Plan and Budget 2020/21
- Annual Report 2019/20
- Quarterly Performance Reports 2019/20

3.4 Accounting Authority

The Board is the Accounting Authority responsible for overseeing the application of corporate governance principles and carry out fiduciary duties as contemplated in the PFMA. The W&RSETA is led by an effective and efficient Board comprising of non-executive members with the requisite skills and knowledge of the sector. The Board is responsible for providing strategic direction and to ensure that risk management and internal control environment exists.

3.5 Board Charter

The Board activities are governed by the governance framework that sets out parameters for the administration of governance structures for greater efficiency and effectiveness. The framework is critical for role clarification and distinguishing between strategic and operational matters, therefore, protecting the interests of all stakeholders. Furthermore, it ensures continuous performance improvement for greater impact, while meeting governance obligations and adherence to the legislative requirements.

The Board Charter confirms the role and responsibility of the Board as follows:

- Sets the strategic direction concerning the organisation's strategy and how specific governance areas are to be approached, addressed and conducted;
- Approves policy and planning that give effect to the strategy and set direction;
- Ensures accountability for organisational performance;
- Oversees and monitors implementation and execution by management;
- Ensures governance of the W&RSETA in accordance with applicable legislation;
- Ensures that the W&RSETA achieves the objectives as contemplated in its Constitution;
- Provides effective leadership to ensure that the W&RSETA implements the goals of the NSDS and the SLA with the DHET
- Liaises with stakeholders;
- Ensures compliance with relevant statutory requirements and the Constitution;
- Manages institutional risks; and
- Ensures that Board members comply with the Code of Conduct.

3.6 Composition of the Board

The Minister of Higher Education and Training appointed the Board in April 2018. It comprised of the independent Chairperson and non-executive Board members appointed among constituent organisations representing employer, labour and community organisations as stipulated in the Standard Constitution. The CEO is the executive member of the Board. The Board's term of office ended in March 2020. Although the Board had 11 members in office and 4 vacant seats, the Board was able to meet the quorum requirements of 50 percent plus one at each sitting as prescribed in the Standard Constitution throughout its term. Board meetings were convened at least once quarterly to consider and approve reports on financial and non-financial performance, as the Standard Constitution prescribes. Special Board meetings were convened to consider urgent business of the Board as and when the need arose. The Board convened a two-day strategic planning session to review and develop a five-year Strategic Plan and Annual Performance Plan as part of its fiduciary duty of providing strategic leadership. The Auditor-General South Africa presented the Public Audit Amendment Act, 05 of 2018 in terms of its implication to the Board at a workshop. The Annual General Meeting was convened to consider the Annual Report and Financial Statements.

3. GOVERNANCE (continued)

3.7 Members of the Board

Name	Designation (in terms of Board Structure)	Date Appointed	Date Term Ended/ Resigned	Highest Qualifications	Area of Expertise	Board Directorships	Other Committees or Task Teams	No. of Board Meetings Attended out of 10
Ms Yvonne Mbane	Independent Chairperson	June 2018	March 2020	<ul style="list-style-type: none"> PhD University of Free State (current studies) MBA 	<ul style="list-style-type: none"> Human Resources Governance Policy Development 	<ul style="list-style-type: none"> RTIA Board and EXCO Chairperson Buffalo City Board and Exco Chairperson CATHSSETA Committee Member University of Limpopo Council Member and ICT Co-Chairperson Aids Foundation of South Africa Board Member South African Project Management Council and Professionals: HR Committee Member 	Executive Committee	10
Ms Zinhle Tyikwe	Board Member	April 2018	March 2020	<ul style="list-style-type: none"> Honours in Bachelor of Commerce: Industrial and Organisational Psychology 	<ul style="list-style-type: none"> Human Resources Organisational Development 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Adhoc Committee on Forensic Audit Reports Convenor Governance and Strategy Committee Finance Board Committee 	10
Mr Reggie Sibiya	Board Member	April 2018	March 2020	<ul style="list-style-type: none"> Bachelor of Science (Botany & Genetics) BSc Honours (Genetics) 	<ul style="list-style-type: none"> Fuel Retailing FMCG Sales & Marketing Business Management Regulatory Compliance Bargaining Council 	<ul style="list-style-type: none"> Fuel Retailers Association Director MIBCO Board Member 	<ul style="list-style-type: none"> Remuneration Committee Projects Board Committee 	10
Mr Lwazi Koyana	Board Member	April 2018	March 2020	<ul style="list-style-type: none"> Chartered Accountant (SA) 	<ul style="list-style-type: none"> Auditing Financial Management Strategic Leadership 	<ul style="list-style-type: none"> Red Cherry Media Holding non-executive Chairman VAXISPEX non-executive Director Steve Biko Academic Hospital non-executive Director SAQA Audit Committee member. 	<ul style="list-style-type: none"> Finance Committee Audit Committee 	10
Mr Praise God Ndaba	Board Member	April 2018	March 2020	<ul style="list-style-type: none"> BA – Law (current studies) 	<ul style="list-style-type: none"> Law Social Facilitation 	<ul style="list-style-type: none"> Black Business Council Member UIF Appeals Board KZN/EC Board member 	<ul style="list-style-type: none"> Projects Board Committee Remuneration Committee Adhoc Committee on Forensic Audit Reports 	10
Mr Mogomotsi Masoabi	Board Member	April 018	March 2020	<ul style="list-style-type: none"> Interpersonal skills Certificate in Practical Labour Law Certificate in Labour Dispute 	<ul style="list-style-type: none"> Labour Law Corporate Governance 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Projects Board Committee Remuneration Committee 	10
Mr Fachmy Abrahams	Board Member	April 2018	March 2020	<ul style="list-style-type: none"> Grade 12 	<ul style="list-style-type: none"> Trade Union Leadership Labour Dispute Resolution Bargaining Council 	<ul style="list-style-type: none"> Cape Town Fashion Council Member 	<ul style="list-style-type: none"> Projects Board Committee Remuneration Committee Adhoc Committee on Forensic Audit Reports 	8
Mr Themba Mthembu	Board Member	April 2018	March 2020	<ul style="list-style-type: none"> Dispute Labour Practice Trade Union Practice 	<ul style="list-style-type: none"> Labour Dispute Resolution Bargaining Council 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Governance and Strategy Committee Finance Committee Audit Committee 	9

3. GOVERNANCE (continued)

Name	Designation (in terms of Board Structure)	Date Appointed	Date Term Ended/ Resigned	Highest Qualifications		Area of Expertise	Board Directorships	Other Committees or Task Teams	No. of Board Meetings Attended out of 11
Mr David Makuwa	Board Member	April 2018	March 2020	<ul style="list-style-type: none"> • Safety and Security Certificate • Customer Service Certificate • Emergency Certificate • First Aid Certificate 		<ul style="list-style-type: none"> • Trade Union Leadership • Trade Union 	<ul style="list-style-type: none"> • None 	<ul style="list-style-type: none"> • Governance and Strategy Committee • Finance Committee 	9
Ms Margaret Bango	Board Member	April 2018	March 2020	<ul style="list-style-type: none"> • Diploma in General Nursing • Diploma in Midwifery • Diploma in Psychiatric Nursing • Louis Millennium Management • Wealth Management 		<ul style="list-style-type: none"> • Community Worker and Developer • Woman Empowerment and Business Leadership • Regional Business Leadership 	<ul style="list-style-type: none"> • Women in Logistics and Transport SA Founder and Chairperson • NAFCOC Woman Chamber National Secretary-General 	<ul style="list-style-type: none"> • Governance and Strategy Committee 	10
Mr Sibusiso Busane	Board Member	April 2018	March 2020	<ul style="list-style-type: none"> • Bachelor's Degree in Business Administration 		<ul style="list-style-type: none"> • Entrepreneurship • Project Management 	<ul style="list-style-type: none"> • Ntolwane Trading Enterprise Director 	<ul style="list-style-type: none"> • Projects Board Committee • Remuneration Committee 	10

Audit Committee

Name	Designation (in terms of Board Structure)	Date Appointed	Date Term Ended/ Resigned	Highest Qualifications		Area of Expertise	Board Directorships	Other Committees or Task Teams	No. of Board Meetings Attended out of 11
Ms Masaccha Khulekelwe Mbonambi	Audit Committee Chairperson	May 2018	March 2020	<ul style="list-style-type: none"> • B. Accounting • B. Com-Honours (Accounting) • Certificate in Board Governance • Certificate in Risk Management 		<ul style="list-style-type: none"> • Financial reporting and financial management, corporate governance, strategy and compliance • Internal and External Audit project management • Risk Management • PFMA and the Companies Act 	<ul style="list-style-type: none"> • Rand Waters: Deputy Chairperson of the Board • Water Research Commission: • Non-Executive Director, Chairperson of the Audit and Risk Committee and member of the Nomination Committee • Ithala Development Finance Corporation Limited • Non-Executive Director, Chairperson of ICT Committee, Member of the HR Committee and Member of the Audit Committee 	None	10
Mr Kgoale Maja	Audit Committee Member	May 2018	March 2020	<ul style="list-style-type: none"> • B. Com Accounting • B. Com.Honours • Master's Degree in Business Leadership (MBL) 		<ul style="list-style-type: none"> • Internal Auditing and External Auditing • IT governance and Corporate Governance • Risk Management • Forensics • Compliance 	<ul style="list-style-type: none"> • Limpopo Provincial Government • Northern Cape Provincial Government: <ul style="list-style-type: none"> - Dept of Sports, Arts and Culture - Dept of Agriculture - Dept of Cooperative Governance, Human Settlements and Traditional Affairs 	None	9
Mr Themba Theophilis Tshikovhi	Audit Committee Member	May 2018	March 2020	CA(SA)		<ul style="list-style-type: none"> • Corporate Governance, Accounting and Internal and External Auditing, Financial Management as well as Risk Management 	<ul style="list-style-type: none"> • The South African Aids Trust (Board Member, Risk and Audit Committee Member) 	None	10

3. GOVERNANCE (continued)

3.8 Committees

The Board has the authority to establish committees to assist it in performing its functions. A total of five Board Committees were established, whose members were selected on the basis of their skills and knowledge. The Executive Committee is established by the Board with the approval of the Minister. However, the Board, completed its term without the Executive Committee having

assumed office. The Board appointed the Audit Committee in accordance with section 77 of the PFMA, consisting of three independent members and two non-executive Board members. The Audit Committee had three independent members in office at the end of its term on 31 March 2020.

Committee	No. of Meetings Held	No. of Members	Name of Members
Audit Committee	11	5	Masaccha Khulekelwe Mbonambi Kgoale Vincent Maja Themba Theophilis Tshikovhi Lwazi Koyana Themba Mthembu
Projects Board Committee	8	5	Praise God Ndaba (Chairperson) Reggie Sibiya Fachmy Abrahams Mogomotsi Masoabi Sibusiso Busane
Finance Board Committee	5	4	Lwazi Koyana (Chairperson) Zinhle Tyikwe David Makuwa Themba Mthembu
Governance & Strategy Board Committee	6	4	David Makuwa (Chairperson) Themba Mthembu Zinhle Tyikwe Margaret Bango
Remuneration Board Committee	6	5	Reggie Sibiya (Chairperson) Praise God Ndaba Sibusiso Busane Fachmy Abrahams Mogomotsi Masoabi

3.9 Remuneration of Board Members

	Board fees for meetings R'000	Other R'000	Total R'000
Board members			
Ms Y Mbane -Chairperson	344	4	348
Ms Z Tyikwe	293	16	309
Mr L Koyana	355	24	379
Mr P.G Ndaba	413	19	432
Mr T Mthembu	310	51	361
Mr K.D Makuwa	309	38	347
Mr F Abrahams	273	13	286
Mr R Sibiya	395	24	419
Ms M Bango	185	8	193
Mr MM Mosoabi	331	21	352
Mr S Busane	351	14	365
Ms M.K Mbonambi-Independent Audit Committee Chairperson	143	4	147
Mr K.V Maja-Independent Audit Committee member	101	2	103
Mr T.T Tshikovhi-Independent Audit Committee member	125	7	132
Total	3 928	245	4 173

3.10 Risk Management

The Board has the fiduciary responsibility to identify, oversee and provide oversight in the implementation of strategic risks that may impede the W&RSETA from achieving its targets. The W&RSETA appointed the Senior Manager: Enterprise Risk Management to enable the Board and Management to effectively mitigate risk. The key component to risk management is ensuring that it is ingrained in the organisational culture. This is achieved when Management continuously analyses and manages business threats, whilst identifying opportunities to enhance the attainment of strategic objectives. The KPIs are monitored quarterly by the Board and Management to ensure that all risks and key metrics are within W&RSETA's risk appetite.

The Audit Committee as an independent committee of the Board has the mandate to monitor and report on risk management and compliance measures to the Board. The Audit Committee liaises with Management to ensure a common understanding of the key risks and emerging risks to the organisation's strategic objectives. Most importantly the Audit Committee reviews and recommends disclosures on matters of risk and risk management in the Annual Report.

3.11 Internal Control

The Board has an overall responsibility of establishing and maintaining the W&RSETA's internal controls and reviewing their effectiveness. The Internal Control Business Unit provides a diagnosis of control deficiencies and recommends corrective measures to improve on the existing controls. The Business Unit coordinates and facilitates the non-compliance matters that relate to irregular, fruitless and wasteful expenditure, through the Financial Misconduct Committee. Management is also assisted to track, implement and report on audit recommendations through an Audit Action Plan, and further supports management to maintain effective, efficient and transparent systems of internal controls.

3.12 Internal Audit

W&RSETA's internal audit is an independent function governed by an internal audit charter, approved by the Audit Committee and annually reviewed. The internal audit charter defines the role, organisational status authority, responsibilities and scope of the internal audit activity. Internal audit assists W&RSETA to accomplish its strategic objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes. Internal Audit function implemented its annual risk-based audit plan for 2019/20 as part of the three-year rolling plan, the plan was duly approved by the Audit Committee.

3.13 Compliance with Laws and Regulations

The Board is the custodian of all W&RSETA policies that are derived from various legislative frameworks. The Board delegates this mandate to Board Committees and holds them accountable to ensure adherence to these policies in the implementation of the W&RSETA's programmes, financial management and the management of all resources. The Governance Compliance against the PFMA and National Treasury Regulations is submitted to the DHET quarterly. The W&RSETA is compliant with the applicable Human Resources Management and Information Technology and Communication regulations. The W&RSETA systems, processes and policies are reviewed annually or as and when the need arises.

3.14 Fraud and Corruption

The W&RSETA has zero-tolerance towards fraud and corruption. Any suspicion of corruption is verified and subjected to an investigation for appropriate action to be taken. A Fraud Prevention Plan is in place for effective management of fraud-related cases. There have been no incidents of fraud reported in the year under review.

3.15 REPORT OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

Background

The Audit Committee is constituted as a statutory committee of the W&RSETA Board in respect of its statutory duties. The Audit Committee is also a Committee of the Board in respect of all other duties assigned to it by the Board and consists of at least five (5) members. The Audit Committee is an Advisory Committee and not an Executive Committee and, as such, it neither performs any management functions nor assumes any management responsibilities. Its role is that of an independent and objective adviser and it operates as an overseer, making recommendations to the W&RSETA Board for final approval.

The purpose of the Audit Committee is to assist the W&RSETA Board in fulfilling its oversight responsibilities for the financial reporting process, ensuring that adequate systems and controls are in place, ensuring that the audit process and the company's process for monitoring compliance with laws, regulation and the code, assessing the going-concern status, and reviewing the Annual Financial Statements.

The Audit Committee also assists the W&RSETA in fulfilling its responsibility of risk management by ensuring that management identifies significant risks associated with the environment within which the W&RSETA operates and develops a framework for managing these risks.

The Audit Committee has complied with its responsibilities as stipulated under Section 51 of the Public Finance Management Act, Act No. 1 of 1999, as amended. Furthermore, it has regulated its affairs and discharged its responsibilities in accordance with its approved Charter.

Report on the operations of the Audit Committee

During the period under review, the following activities were undertaken and demonstrate the commitment of the Audit Committee to achieve its mandate:

- Updated the Audit Committee Charter;
- Considered and approved the Internal Audit Plans;
- Considered and approved Internal Audit Charter;
- Considered the Risk Management Processes;
- Considered Performance and Financial reports and made recommendations, as appropriate;
- Considered ICT governance issues and alignment to applicable legislation.
- Monitored progress against the Internal Audit coverage plans;
- Monitored compliance with policies and applicable legislation;
- Conducted separate informal meetings with management, internal and external audit; and
- Reviewed external audit plans, reports and management's follow-up of matters requiring attention.

Internal Controls System

The control system provides reasonable, but not absolute assurance that the entity's assets are safeguarded, that transactions are authorised and recorded properly, and that material errors and irregularities are either prevented or detected on time. These controls are monitored throughout the organisation by management and employees, with the necessary delegation of authority and segregation of duties.

Based on the review of the reports provided by the internal audit and the external auditors, the members of the Audit Committee observed some weaknesses and deficiencies in the organisation's system of internal controls and noted that the effectiveness of the system of internal controls needs improvement. Management has addressed all the findings raised by the external audit in the previous audit. Further, management has given an undertaking to address other findings and recommendations for improvement. The Audit Committee will monitor management's commitment to address these in the ensuing year.

Having considered, analysed and reviewed the information provided by management, internal audit and external audit, the Audit Committee confirms that:

- The internal controls of the organisation were not fully effective throughout the period under review. Internal control weaknesses in the commitment register, SCM, and project management. Risks associated with the migration of IT systems were also highlighted and these were being managed.
- Appropriate policies supported by reasonable and prudent judgement and statements were applied; and
- The assets of the W&RSETA were adequately safeguarded;

Achievement of the organisational Annual Performance Plan was below target throughout the financial year, however the overall performance rate had improved when compared to prior years.

Risk Management

The W&RSETA recognises that risk is dynamic and inherent in our internal and external operating environment and, as a result, we are committed to optimal management of all risks associated with the performance of functions and delivery of services in order to achieve our vision, mission, objectives, and strategic plans. The Board is responsible for all fiduciary duties, including risk management. To ensure that the function is effectively carried out, the Audit Committee has been delegated with the responsibility to oversee it. It is for this reason that the Audit Committee reviewed the SETA's approach to risk management, as well as risk management processes and practices. Risk management reporting continues to be a standing agenda item for the Audit Committee to ensure the effective risk management oversight. The strategic

risk register was approved during the year and operational risk registers developed. The mitigating actions were implemented and progress monitored on a quarterly basis.

The approved strategic risk register focussed on the achievement of the strategic objectives. The following documents were utilised as risk management tools to ensure risks are appropriately managed and to reduce the risk exposures:

- Risk Management Policy;
- Risk Management Framework;
- Risk Appetite and Tolerance Statements;

Other policies of the organisation are taken into account when implementing risk management.

Internal Audit

The Chief Audit Executive is responsible for the management and coordination of the Internal Audit function. The Chief Audit Executive reports administratively to the Chief Executive Officer and functionally to the Audit Committee. The role of the Internal Audit Unit is to provide support to management and the Audit Committee in discharging their responsibilities per the approved Internal Audit Charter, including the PFMA and the Treasury Regulations. The internal audit function provides independent and objective evaluation of the organisation's system of internal control and any significant business risks and exposure are brought to the attention of management and the Audit Committee.

The Audit Committee has, amongst others, reviewed the following:

- The effectiveness of the internal audit function;
- The entity's compliance with legal and regulatory provisions and whether these are adequately covered in the scope of internal audits;
- The activities of the internal audit function, including its annual work programme, co-ordination with the external auditors, and the response of management specific recommendations; and
- The independence and objectivity of internal auditors.

During the period under review, the Audit Committee approved the Internal Audit Charter and the Internal Audit Plan and monitored adherence to these. The unit completed all the planned audits for the year 2019/20.

The completed reviews covered the following areas:

- Quarterly reviews of performance information
- Review of draft annual financial statements and draft annual performance report
- Internal Financial Controls
- Fixed Assets
- SCM Review
- Projects Review (including site visits)
- Mandatory Grants
- Review of draft strategic plan and draft Annual Performance Plan
- Human Resources
- IT Vulnerability Testing and Migration Testing

Finance Division

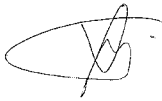
The leadership and capacity of the finance unit remained a concern for Audit Committee for the first half the year. The CFO was appointed in October 2019 and two Finance Managers appointed in the last quarter to capacitate the unit and improve segregation of duties. With these appointments the Audit Committee is expecting to see an improvement in the control environment on this area.

Evaluations of financial statements

The Audit Committee has:

- Reviewed and discussed with the Auditor-General the audited financial statements to be included in the Annual Report;
- Reviewed the Auditor-General's management's report;
- Reviewed significant adjustments resulting from the audit;
- Reviewed and discussed the Auditor-General's report, and
- Reviewed and confirmed the independence of the external auditors with respect to non-audit services.

The Audit Committee has noted with concern the issues raised by the Auditor-General related to commitment register which resulted in the material misstatements in the commitments disclosure notes, the automation of key processes and the payment of suppliers within 30 days. The Committee urged management to pay attention to the issues raised and ensure that action plans are put in place. The Audit Committee concurs and accepts the conclusions of the Auditor-General on the Annual Financial Statements and is of the opinion that the Audited Annual Financial Statements be accepted and read together with the report of the Auditor-General.

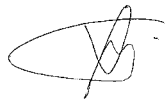


Mr K Maja
Chairperson: Audit Committee
30 September 2020

3.16 STATEMENT OF COMPLIANCE

The W&RSETA, to the best of its knowledge, information and belief has taken reasonable steps to comply with applicable legislation, including procedures and codes of governance in the financial year ending 31 March 2020.

The regulatory framework (applicable legislation, policies, procedures and codes of governance) which in the opinion of the Audit Committee of the W&RSETA, is material to the operations of the W&RSETA and enables the W&RSETA to effectively execute its mandate, can be accessed on the W&RSETA website.



Mr K Maja
Chairperson: Audit Committee
30 September 2020

PART D HUMAN RESOURCE MANAGEMENT

4.1 HUMAN RESOURCES OVERVIEW

The key focus of the Human Resources (HR) function in W&RSETA is to maximise employee performance to achieve the organisation’s strategic objectives. The function oversees employee-benefits design, recruitment, training and development, performance management, and reward management including managing pay and benefit systems. Another key role within the W&RSETA is to manage organisational change and employee relations, or the balancing of organisational practices with requirements arising from collective bargaining and governmental laws. This function operates within the ambit of the Strategy and Plan that are underpinned by the W&RSETA’s organisational values.

Human Resources Strategy

The HR strategy of the W&RSETA aims to contribute to the success of the organisation by improving decisions that depend on or impact its people. The key focus for the current financial year has been to enable the delivery on the turnaround strategy that has been developed to improve organisational performance and enhance service delivery. Additionally, the key pillars of the HR strategy are organisational development, employee relations, HR administration, learning and development, employment equity and diversity management, and occupational health and safety.

The Human Resources Plan and Key Performance Areas

Key Performance Areas in the HR Plan for the 2019/20 Financial Year were as follows:

- **Organisational Development (OD) and Policies Review**
The W&RSETA embarked on an organisational restructuring process which resulted in the approval of a decentralised service delivery model and a new organogram. The new organogram is being implemented in phases and include among others, job profiling, job grading and resourcing.
 - As part of creating an enabling environment for the implementation of the new organisational structure, several policies within the HR Policy have been reviewed and new ones developed. These include the Mobile policy, Recruitment and Selection, Learning and Development, Employee Bursary, Code of Conduct, Leave Management and Performance Management and Development System.
- **Learning and Development and Employment Equity**
 - The SETA Learning complied with the legislative requirements and submitted both the Workplace Skills Plan (WSP) and Employment Equity (EE) report. As part of the WSP implementation, workshops on building sound professional relationships were facilitated for employees to improve relations among Management and employees. In preparation for a decentralised model and as part of capacity building, Managers were trained on Labour Relations.
 - Subsequent to the submission of the EE report in January 2020, the W&RSETA has re-established the Employment Equity Committee which was followed by the development of the terms of reference of the committee and capacitation of the members. The EE Plan will be finalised in the new financial year.

- **Employee Relations**
The SETA continued with an engagement strategy to consult with the recognised majority employee union, NEHAWU on a wide range of issues including employment equity, policy framework, organisational development, salary negotiations, agency shop, among other pertinent issues.
- **HR Administration Reward and Remuneration**
The W&RSETA has focused on enhancing the administration of HR related activities including the processing of salaries, leave management and benefits. The SETA also appointed an external provider to advise on the current cost-to-company salary structure in consideration of other structures. NEHAWU will be engaged on the recommendations from this process prior to approval by the Board.
- **Performance Management and Development System (PMDS)**
The W&RSETA embarked on a review of the SETA’s PMDS in April 2019. The next step is to roll-out the new PMDS by introducing the new policy and templates to staff as well as conducting staff sessions and completing phase 2 of the online system. Monthly Work Discussions will also be facilitated as part of instilling a high- performance culture.

Human Resources Activities

“When employees have confidence in the capability of their company leadership, they tend to have positive morale. When they share a vision for where the company is headed and are positive about the direction, employees also exhibit high morale”
Susan M Heathfield.



In the year under review, the SETA made concerted efforts to implement projects to build staff morale and promote employee engagement. These projects include the following:

- **Adopt-a-School or Charity:** The SETA adopted schools and charity organisations within the communities that the SETA and its regional offices are based. Activities that were implemented include hosting learners for the take a learner to work initiative, painting and cleaning schools as part of Mandela Day and hosting teachers for Women’s Day celebration. The SETA also made donations from staff to various orphanages and community projects.
- **Women and Men’s Day:** Events were hosted to engage with employees on pertinent issues such as financial and mental wellness, personal mastery, health awareness on lifestyle and gender related diseases.

FUTURE HR PLANS/GOALS

In the ensuing financial year and short-term period, the HR Plan will focus on the following:

- Policy framework: HR Policies implementation and development
- OD project: implementation of the new organogram
- Performance management: implementation of the new PMDS
- Implementation of the Learning and Development Policy
- Employment Equity: reporting on Employment Equity
- Employee Relations: improve relations within the organisation

4.2 HUMAN RESOURCES OVERSIGHT STATISTICS

Below is the statistical information on the overall performance and status of the organisation which include remuneration, reward, training costs, employment equity and disciplinary matters.

Personnel Cost by Salary Band

Level	Personnel Expenditure (R'000)	% of Personnel Expenditure to Total Personnel Cost (R'000)	No. of Employees	Average Personnel Cost per Employee R'000
Top Management	13 318 000	10	6	2 219 666,67
Senior Management	9 956 000	7	8	1 244 500,00
Professional Qualified	30 659 000	23	28	1 094 964,29
Skilled	48 004 000	35	93	516 172,04
Semi-Skilled	30 956 000	23	153	202 326,80
Unskilled	2 837 000	2	15	189 133,33
TOTAL	135 730 000	100	303	5 466 763,13

NB: The personnel expenditure of R135 730,00 includes the costs of fixed-term employees which is variable throughout the financial year.

Performance Rewards

Level	Performance Rewards (R'000)	Personnel Expenditure (R'000)	% of Performance Rewards to Total Personnel Costs (R'000)
Top Management	0	13 318	N/A
Senior Management	0	9 956	N/A
Professional Qualified	0	30 659	N/A
Skilled	0	48 004	N/A
Semi-Skilled	0	30 956	N/A
Unskilled	0	2 837	N/A
TOTAL	0	135 730	N/A

NB: The performance incentive provision for 2018/19 was R18 147 000 which would have been paid retrospectively in 2019/20. However, the W&RSETA did not pay bonuses for this period due to non-achievement of the target for performance against the APP.

Training Costs

Business Unit	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Costs	No. Employees	Average Training Cost per Employee R'000
Head Office	87 718 000	256 170,72	0,29%	104	2 463,18
Regions	48 012 000	468 004,20	0,97%	190	2 463,18
TOTAL	135 730 000	724 174,92	1,26%	294	4 926,36

NB: Training costs are inclusive of RMDP and ILDP. The number of staff trained includes fixed-term staff members.

Employment and Vacancies

Level	No. of Employees	Approved Posts	Vacancies	% of Vacancies
Top Management	6	7	1	14,00
Senior Management	8	8	0	0
Professional Qualified	28	29	1	3,44
Skilled	93	100	7	7,00
Semi-Skilled	153	166	13	7,83
Unskilled	15	15	0	0
TOTAL	303	325	22	6,76

Employment Changes

Level	Employment at Beginning of Period	Appointments	Terminations	Employment at End of the Period
Top Management	6	1	1	6
Senior Management	8	1	1	8
Professional Qualified	25	7	4	28
Skilled	91	11	9	93
Semi-Skilled	134	48	29	153
Unskilled	10	5	0	15
TOTAL	274	73	44	303

Reasons for Staff Leaving

Reason	Number	% of Total Number of Staff Leaving
Death	0	0
Resignation	24	7,9
Dismissal	0	0
Retirement	2	0,67
Ill Health	0	0
Expiry of contract	18	5,9
TOTAL	44	14,5

Labour Relations: Misconduct and Disciplinary Action

Nature of Disciplinary Action	Number
Verbal Warning	2
Written Warning	0
Final Written Warning	3
Dismissal	0
TOTAL	5

Equity Target and Employment Equity Status

Level	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	3	3	0	0	0	0	0	0
Senior Management	3	3	0	0	1	1	0	0
Professional Qualified	11	11	1	1	0	0	0	0
Skilled	12	12	2	2	2	2	0	0
Semi-Skilled	25	25	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
TOTAL	54	54	3	3	3	3	0	0
Fixed term	39		0		0		2	

4.2 HUMAN RESOURCES OVERSIGHT STATISTICS (continued)

Level	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	2	2	0	0	0	0	1	1
Senior Management	3	3	0	0	0	0	0	0
Professional Qualified	8	8	1	1	0	0	1	1
Skilled	23	23	0	0	3	3	3	3
Semi-Skilled	89	89	2	2	1	1	0	0
Unskilled	15	15	0	0	0	0	0	0
TOTAL	140	140	3	3	4	4	5	5
Fixed term	62	62	2	2	0	0	1	1

Level	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Senior Management	0	0	0	0
Executive Management	0	0	0	0
Middle Management	0	0	0	0
Team Leaders	0	0	0	0
Coordinator Level	0	0	0	0
Officer/PA Level	0	0	0	0
Administrator Level	1	1	1	1
Office Support Level	0	0	0	0
TOTAL	1	1	1	1
Fixed term	0	0	0	0

ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

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The reports and statements set out below comprise the annual financial statements presented to the parliament:

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PART E
ANNUAL FINANCIAL
STATEMENTS 2019/20

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON WHOLESALE AND RETAIL SECTOR EDUCATION AND TRAINING AUTHORITY

Report of the auditor-general to Parliament on Wholesale and Retail Sector Education and Training Authority

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Wholesale and Retail Sector Education and Training Authority set out on pages 73 to 117 which comprise the statement of financial position as at 31 March 2020, statement of financial performance, statement of changes in net assets, the cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Wholesale and Retail Sector Education and Training Authority as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act no. 1 of 1999)(PFMA) and the Skills Development Act of South Africa, 1998 (Act no. 97 of 1998) (SDA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the public entity in accordance with sections 290 and 291 of the Code of ethics for professional accountants and parts 1 and 3 of the International Code of Ethics for Professional Accountants (*including International Independence Standards*) of the International Ethics Standards Board for Accountants (IESBA codes) as well as the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

7. As disclosed in note 28 to the financial statements, the corresponding figures for 31 March 2019 were restated as a result of an error in the financial statements of the entity, at and for the year ended, 31 March 2020.

Subsequent events

8. We draw attention to note 31 in the financial statements, which deals with subsequent events and specifically the possible effects of the future implications of Covid-19 on the entity's future prospects, performance and cash flows.

Irregular expenditure

9. As disclosed in note 33 to the financial statements, the public entity incurred irregular expenditure of R12 173 000 (2019: R12 044 000) due to non-compliance with supply chain management prescripts and incurring expenditure on expired contracts.

Responsibilities of accounting authority for the financial statements

10. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with Standards of GRAP, the requirements of the PFMA and the SDA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

11. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the financial statements

12. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
13. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

14. In accordance with the Public Audit Act of South Africa 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
15. My procedures address the usefulness and reliability of the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the public entity enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
16. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the annual performance report of the public entity for the year ended 31 March 2020:

Programme	Pages in the annual performance report
Programme 3 – Learning Programmes and Projects	23 – 31

17. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
18. I did not identify any material findings on the usefulness and reliability of the reported performance information for this programme:
- Programme 3 – Learning Programmes and Projects.

Other matters

19. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Achievement of planned targets

20. Refer to the annual performance report on page(s) 18 to 33 for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a significant number of targets.

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON WHOLESALE AND RETAIL SECTOR EDUCATION AND TRAINING AUTHORITY

Adjustment of material misstatements

21. We identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Programme 3 – Learning Programmes and Projects. As management subsequently corrected the misstatements, we did not raise any material findings on the usefulness and reliability of the reported performance information.

Report on the audit of compliance with legislation

Introduction and scope

22. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the public entity's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
23. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements

24. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1)(b) of the PFMA.
25. Material misstatements on the disclosure of commitments and risk management identified by the auditors in the submitted financial statements were corrected, and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

Other information

26. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.
27. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
28. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
29. If I conclude that there is a material misstatement in this other information, I am required to report the fact. I have nothing to report in the regard.

Internal control deficiencies

30. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the unqualified opinion, the findings on the annual performance report and the findings on compliance with legislation.
31. Management did not perform adequate reviews on the financial statements and annual performance report submitted for audit to ensure that they are free of material misstatements. As a result, material misstatements were identified during the audit.

Auditor General

Pretoria
30 September 2020



ANNEXURE – AUDITOR-GENERAL'S RESPONSIBILITY FOR THE AUDIT

Annexure – Auditor-general's responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected programmes and on the public entity's compliance with respect to the selected subject matters.

Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
 - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control.
 - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority.
 - conclude on the appropriateness of the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Wholesale and Retails Sector Education and Training Authority to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern.
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

STATEMENT OF RESPONSIBILITIES AND APPROVAL BY THE ACCOUNTING AUTHORITY

The Accounting Authority is required by the Public Finance Management Act (Act 1 of 1999) (PFMA), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the Accounting Authority to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period that ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based on appropriate accounting policies that are consistently applied and supported by reasonable and prudent judgements and estimates.

The members of the Accounting Authority acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the Accounting Authority sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly controlled framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring that the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of all risks across the entity. While operating risks cannot be fully eliminated, the entity endeavours to minimise it by ensuring them that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The members are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The members have reviewed the entity's cash flow forecast for the period to 31 March 2021 and, in light of this review and the current financial position, are satisfied that the entity has access to adequate resources to continue in operational insolvency for the foreseeable future.

Although the Accounting Authority is primarily responsible for the financial affairs of the entity, they fulfill this role with the support of the external auditors. The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 68.

The annual financial statements set out on page 73, which have been prepared on an ongoing concern basis, were approved by the Accounting Authority on 31 July 2020 and were signed on its behalf by:



Mr Reggie Sibuya
Chairperson

STATEMENT OF FINANCIAL POSITION as at 31 March 2020

	Note(s)	31 March 2020 R'000	31 March 2019 R'000
ASSETS			
Current Assets			
Inventories	6	188	192
Operating lease asset	5	-	287
Receivables from exchange transactions	7	20 628	18 920
Receivables from non-exchange transactions	8	19 756	51 141
Cash and cash equivalents	9	2 908 118	2 724 249
		2 948 690	2 794 789
Non-Current Assets			
Property, plant and equipment	3	6 452	5 480
Intangible assets	4	11 801	304
		18 253	5 784
Non-Current Assets		18 253	5 784
Current Assets		2 948 690	2 794 789
Total Assets		2 966 943	2 800 573
LIABILITIES			
Current Liabilities			
Finance lease obligation	11	-	639
Payables from exchange transactions	14	18 921	14 921
Payables from non-exchange transactions	15	296 955	256 552
Unspent conditional grants	12	5 214	5 214
Provisions	13	41 917	49 012
		363 007	326 338
Non-Current Liabilities		-	-
Current Liabilities		363 007	326 338
Total Liabilities		363 007	326 338
Assets		2 966 943	2 800 573
Liabilities		(363 007)	(326 338)
Net Assets		2 603 936	2 474 235
Reserves			
Employer grant reserve		-	828
Administration reserve		18 253	5 784
Discretionary grant reserve		2 585 683	2 467 623
Total Net Assets		2 603 936	2 474 235

STATEMENT OF FINANCIAL PERFORMANCE for the year ended 31 March 2020

	Note(s)	31 March 2020 R'000	31 March 2019 R'000
Revenue			
Revenue from exchange transactions			
Other income		696	290
Interest received	18	186 878	157 320
Total revenue from exchange transactions		187 574	157 610
Revenue from non-exchange transactions			
Transfer revenue			
Skills development levy transfer	20	1 211 426	1 147 013
Other transfer revenue		-	2 871
Total revenue from non-exchange transactions		1 211 426	1 149 884
		187 574	157 610
		1 211 426	1 149 884
Total revenue	16	1 399 000	1 307 494
Expenditure			
Employee related costs	21	(127 490)	(127 716)
Depreciation and amortisation		(3 062)	(3 889)
Employer grant and project expenses	19	(1 067 424)	(717 397)
Loss on disposal of assets		(82)	(112)
General expenses	22	(71 239)	(64 396)
Total expenditure		(1 269 297)	(913 510)
Operating surplus/deficit		-	-
Surplus before taxation		129 703	393 984
Taxation		-	-
Surplus for the period		129 703	393 984

STATEMENT OF CHANGES IN NET ASSETS as at 31 March 2020

	Employer grant reserve R'000	Administration reserve R'000	Discretionary grant reserve R'000	Total reserves R'000	Accumulated surplus R'000	Total net assets R'000
Opening balance as previously reported	635	6 314	2 073 302	2 080 251	-	2 080 251
Balance at 01 April 2018 restated	635	6 314	2 073 302	2 080 251	-	2 080 251
Changes in net assets						
Surplus for the year -	-	-	-	-	393 984	393 984
Allocation of Accumulated surplus	77 640	55	316 289	393 984	(393 984)	-
Excess reserves transferred to Discretionary reserve	(77 447)	(585)	78 032	-	-	-
Total changes	193	(530)	394 321	393 984	-	393 984
Opening balance as previously reported	828	5 784	2 513 357	2 519 969	(45 736)	2 474 233
Adjustments						
Correction of errors -	-	-	(45 736)	(45 736)	45 736	-
Balance at 01 April 2019 restated	828	5 784	2 467 621	2 474 233	-	2 474 233
Changes in net assets						
Surplus for the period	-	-	-	-	129 703	129 703
Allocation of accumulated surplus	81 071	13 693	34 939	129 703	(129 703)	-
Excess reserves transferred to Discretionary reserves	(81 899)	(1 224)	83 123	-	-	-
Total changes	(828)	12 469	118 062	129 703	-	129 703
Balance at 31 March 2020	-	18 253	2 585 683	2 603 936	-	2 603 936

Refer to note 34 for calculation on the allocation of reserves to reporting segments.

CASH FLOW STATEMENT for the period ended 31 March 2020

	Note(s)	31 March 2020 R'000	31 March 2019 R'000
Cash flows from operating activities			
Receipts			
Levies		1 179 360	1 090 299
Penalties and interest		33 923	56 749
Interest received		181 445	158 871
Other Income		696	252
		1 395 424	1 306 171
Payments			
Mandatory grants		(229 780)	(172 902)
Discretionary grants		(770 088)	(379 055)
Compensation to employees		(133 916)	(116 112)
Suppliers and other		(61 599)	(66 841)
		(1 195 383)	(734 910)
Total receipts		1 395 424	1 306 171
Total payments		(1 195 383)	(734 910)
Net cash flows from operating activities	23	200 041	571 261
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(3 751)	(3 184)
Proceeds from disposal of property, plant and equipment		(1)	-
Purchase of other intangible assets	4	(2 778)	(284)
Capitalised development costs	4	(9 003)	-
Net cash flows from investing activities		(15 533)	(3 468)
Cash flows from financing activities			
Finance lease payments		(639)	(1 495)
Net increase in cash and cash equivalents		183 869	566 298
Cash and cash equivalents at the beginning of the year		2 724 249	2 157 951
Cash and cash equivalents at the end of year	9	2 908 118	2 724 249

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AS AT 31 MARCH 2020

Budget on Accrual Basis

	Approved budget R'000	Adjustments R'000	Final Budget R'000	Actual amounts on comparable basis R'000	Difference between final budget and actual R'000	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Other income	-	-	-	696	696	
Interest received	104 375	-	104 375	186 878	82 503	35.1
Total revenue from exchange transactions	104 375	-	104 375	187 574	83 199	
Revenue from non-exchange transactions						
Transfer revenue						
Administration- SDL	145 300	-	145 300	154 657	9 357	35.2
income(10.5%)	-	-	-	-	-	
Discretionary-SDL income	684 987	-	684 987	729 978	44 991	35.2
(49.5%)	-	-	-	-	-	
Mandatory- SDL (20%)	276 763	-	276 763	292 868	16 105	32.2
Interest and penalties-SDL income	-	-	-	33 923	33 923	32.2
Total revenue from non-exchange transactions	1 107 050	-	1 107 050	1 211 426	104 376	
'Total revenue from exchange transactions'	104 375	-	104 375	187 574	83 199	
'Total revenue from non-exchange transactions'	1 107 050	-	1 107 050	1 211 426	104 376	
Total revenue	1 211 425	-	1 211 425	1 399 000	187 575	
Expenditure						
Personnel	(75 259)	-	(75 259)	(67 277)	7 982	35.3
Depreciation and amortisation	(3 489)	-	(3 489)	(3 062)	427	
Loss on disposal of assets	-	-	-	(82)	(82)	
General Expenses	(66 552)	-	(66 552)	(71 239)	(4 687)	35.4
Mandatory grant (20%)	(276 763)	-	(276 763)	(211 797)	64 966	35.5
Discretionary grant (49.5)%	(1 357 676)	-	(1 357 676)	(915 840)	441 836	35.6
Total expenditure	(1 779 739)	-	(1 779 739)	(1 269 297)	510 442	
	(568 314)	-	(568 314)	129 703	698 017	
	-	-	-	-	-	
	(568 314)	-	(568 314)	129 703	698 017	
Deficit before taxation	(568 314)	-	(568 314)	129 703	698 017	
Taxation	-	-	-	-	-	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	(568 314)	-	(568 314)	129 703	698 017	

Refer to note 35 for reasons for variances between the budget and actual.

ACCOUNTING POLICIES

1. Presentation of Annual Financial Statements

The financial statements for the period ended 31 March 2020 have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in line with Section 91 of the Public Finance Management Act (PFMA), Act 1 of 1999 as amended.

The financial statements for the period ended 31 March 2020 have been prepared on the accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand. All figures are rounded to the nearest R1000.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these financial statements for the period ended 31 March 2020, are disclosed below.

These accounting policies are consistent with the previous period.

1.1. Presentation currency

The financial statements for the period ended 31 March 2020 are presented in South African Rand, which is the functional currency of the entity.

1.2. Going concern assumption

The annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.3. Significant judgements and sources of estimation uncertainty

In preparing the financial statements for the period ended 31 March 2020, management is required to make estimates and assumptions that affect the amounts represented in the financial statements for the period under review and related disclosures. The use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements for the period ended 31 March 2020. Significant judgements include:

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 13 - Provisions.

Allowance for doubtful debts

On debtors, an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.4. Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful life to their estimated residual value.

1.4. Property, plant and equipment (continued)

The useful life of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	10 - 15 years
Office equipment	Straight line	5 - 7 years
Computer equipment (Hardware)	Straight line	3 years
Leasehold improvements	Straight line	Over the lease term
Project Assets- Office equipment	Straight line	5 years
Project Assets- Computer equipment	Straight line	3 years
Office equipment-finance lease	Straight line	Over the lease term

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The entity assesses at each reporting date whether there is any indication that the entity's expectations of the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the entity holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements.

1.5. Intangible assets

An asset is identifiable if it either:

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

ACCOUNTING POLICIES (continued)

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management’s best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets, amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software, internally generated	Straight-line	5
Computer software	Straight-line	2

The entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 4).

1.6. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity’s statement of financial position.

- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Financial assets

All financial assets of the entity are categorised as financial assets at amortised costs. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Cash and cash equivalents

Cash and cash equivalents are stated at amortised cost, which, due to their short-term nature, closely approximate their fair value.

Receivables from exchange transactions

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as ‘financial assets at amortised costs’. These financial assets are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate.

Effective interest method

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

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date.

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

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

ACCOUNTING POLICIES (continued)

Financial liabilities

All financial liabilities of the entity are classified as financial liabilities at amortised cost. The classification depends on the nature and purpose of the financial liabilities and is determined at the time of initial recognition.

Financial liabilities at Fair Value Through Profit and Loss (FVTPL)

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

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

Other financial liabilities

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

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

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

Any liabilities that result from a transaction which an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange are accounted for in accordance with the Standard of GRAP on Revenue from Non-Exchange Transactions (Taxes and Transfers).

1.7. Tax

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

1.8. Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the entity's incremental borrowing rate.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term in order to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.9. Inventories

Inventories (consumables on hand) are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Items of consumables on hand are derecognised as soon as they are utilised, put into use or consumed according to the original intent for which they were procured.

1.10. Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an outlying transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Judgements made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

1.11 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

ACCOUNTING POLICIES (continued)

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflow from continuing use that is largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an outlying transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets.

1.12. Employee benefits

The cost of employee benefits is recognised during the period in which the employee renders the related service. Employee entitlements are recognised when they accrue to employees. An accrual is made for the estimated liability as a result of services rendered by employees up to the reporting date.

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

Liabilities for annual leave are recognised as they accrue to employees. The entity recognises the leave obligation during the vesting period based on the best available estimate of the accumulated leave expected to vest. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee. The leave liability is recognised as an accrual.

Liabilities for bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employee renders the related services are recognised as they accrue to the employee. The performance bonus liability is recognised as an accrual.

1.13. Provisions

A provision is a liability of uncertain timing and amounts. Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 25.

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

1.14. Commitments

Commitments are recorded at cost in the notes to the financial statements when there is a contractual arrangement or an approval by management in a manner that raises a valid expectation that the third party will discharge its responsibilities thereby incurring future expenditure that will result in the outflow of cash.

1.15. Revenue from exchange transactions

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

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

Revenue from the sale of goods shall be recognised when all the following conditions have been satisfied:

- (a) The entity has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- (b) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- (c) The amount of revenue can be measured reliably.
- (d) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity.
- (e) The costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue from the rendering of services is recognised when the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the reporting date.

The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- (a) The amount of revenue can be measured reliably.
- (b) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity.
- (c) The stage of completion of the transaction at the reporting date can be measured reliably Additional text

1.16. Revenue from non-exchange transactions

Revenue from non-exchange revenue transactions result in resources being received by the W&RSETA, usually in accordance with binding arrangement. When the W&RSETA receives resources as a result of a non-exchange transaction, it recognises an asset and revenue in the period that the arrangement becomes binding and when it is probable that W&RSETA will receive economic benefits or service potential and it can make a reliable measure of the resources transferred.

Where the resources transferred to W&RSETA are subject to the fulfillment of specific conditions, it recognises an asset and a corresponding liability. As and when the conditions are fulfilled, the liability is reduced and revenue is recognised.

The asset and the corresponding revenue are measured on the basis of the fair value of the asset on initial recognition.

Non-exchange revenue transactions include the receipt of levy income from the Department of Higher Education and Training (DHET) and contributions from other organs of government where W&RSETA qualifies as the line function seta.

A present obligation arising from a non-exchange transaction that meets the definition of a liability shall be recognised as a liability when, and only when:

- (a) it is probable that an outflow of resources embodying future economic benefits or service potential will be required to settle the obligation; and
- (b) a reliable estimate can be made of the amount of the obligation.

ACCOUNTING POLICIES (continued)

Levy Income

The accounting policy for the recognition and measurement of skills development levy income is based on the Skills Development Act (SDA), Act No 97 of 1998 as amended and the Skills Development Levies Act (SDLA), Act No 9 of 1999 as amended. Skills development levy transfers are recognised on an accrual basis when it is probable that future economic benefits will flow to the SETA and these benefits can be measured reliably. This occurs when the Department of Higher Education and Training (DHET) either makes an allocation or payment, whichever comes first, to the SETA, as required by Section 8 of the SDLA. This policy is effective from 1 April 2007. In terms of the Skills Development Levies Act (Act No. 9 of 1999) as amended, section 3(1) and 3(4), registered member companies of the SETA pay a skills development levy of 1% of the total payroll cost to the South African Revenue Services (SARS), who collects the levies on behalf of the DHET. Companies with an annual payroll cost less than R500 000 are exempted in accordance with Section 4 (b) of the SDLA as amended, with effect from the 1 August 2005.

80% of skills development levies are paid over to W&RSETA (net of the 20% contribution to the National Skills Fund). Revenue is adjusted for inter-SETA transfers due to employers changing SETAs. Such adjustments are separately disclosed as inter-SETA transfers. The amount of the inter-SETA adjustment is calculated according to the most recent Standard Operating Procedure issued by DHET. When a new employer is transferred to the SETA, the levies transferred by the former SETA are recognised as revenue and allocated to the respective category to maintain its original identity.

Interest and Penalties

Interest and penalties on SDL is recognised at the earliest time that DHET makes the allocation or payment of the funds in the bank account of the SETA.

Government grants and other donor income

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

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

1.17. Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current period.

1.18. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised as defined in section 1.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the period that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.19. Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year-end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the Accounting Officer or Accounting Authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.20. Segment information

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified below. In the SETA environment, there are only three segments and therefore the aggregation criteria is not applicable.

Segments are identified by the way in which information is reported by management, both for purposes of assessing performance and making decisions about how future resources will be allocated to various activities undertaken by W&RSETA. The major classification of activities identified in budget information reflect the segments for which W&RSETA reports information.

Segment information is presented based on services provided. Service segments relate to distinguishable components within W&RSETA that provide specific outputs or achieve particular operating objectives that are aligned to the entities overall mission. W&RSETA's service segments are mandatory, discretionary and administrative activities.

1.21. Budget information

Budgets are prepared on an accrual basis over the 12-month period of the financial year. A comparison with the budgeted amounts for the current reporting period is included in the statement of comparison of budget and actual amounts. The reasons for significant variances are disclosed in the notes to the annual financial statements.

ACCOUNTING POLICIES (continued)

1.22. Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity or another entity are subject to common control.

Where such a situation exists the nature and type of transactions and relationships between parties are disclosed in the notes to the Annual Financial Statement.

1.23. Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.24. Employer grants and project expenses

A registered employer may recover up to a maximum of 69.5% per year of its total levy payment as a mandatory employer grant (excluding interest and penalties) and discretionary grants by complying with the grant criteria in accordance with the Skills Development Act, (Act 97 of 1998) as amended and SETA Grant Regulations regarding monies received and related matters.

Mandatory grants

The mandatory grant expenditure is recognised when the employer has submitted an application for a grant in the prescribed form within the legislated cut off period and the application has been approved. Mandatory grants are equivalent to 20% of the total levies contributed by employers during the corresponding financial period.

Discretionary project expenditure

The SETA may, out of surplus mandatory, administrative or discretionary levies and in accordance with criteria as defined in the SETA Grant Regulations allocate funds to employers and other associations or organisations. The criteria for allocating funds are approved by the SETA Accounting Authority. Where necessary it can be required of interested employers, associations or organisations to complete and submit a funding application for consideration and approval by the SETA.

The SETA allocates discretionary grants to employers who have submitted an application for a discretionary grant in the prescribed form within the agreed upon cut-off period. Discretionary grant expenditure is recognised as expenses in the period in which they are incurred, in which the conditions are met.

Project expenditure comprise:

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

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

Retrospective adjustments by SARS

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

Unconditional grants disbursed towards National Skills Fund (NSF) for Technical and Vocational Education and Training (TVET) College infrastructure development

In terms of Skills Development Circular No. 08/2013, SETAs are required to contribute funds towards the NSF for TVET college infrastructure development. Funding agreements between the NSF and each individual SETA outline the details of the SETAs contribution as per the Skills Development Circular. There are no conditions or restrictions for the SETA and the funding is not refundable.

The TVET College infrastructure development payment is treated as a non exchange transaction and is recognised as an expense in the period that the payment is incurred or when the funding becomes payable by the SETA as outlined in the funding agreement, whichever occurs first.

A contractual obligation is triggered on the date that the funding agreement is signed and a liability is recognised to the extent of the amount outstanding.

1.25. Reserves

Net Assets are classified, based on the restrictions placed on the distribution of monies received in accordance with the Regulations issued in terms of the Skills Development Act (Act 97 of 1998) as follows:

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

Employer levy payments are set aside in terms of the Skills Development Act and the regulations issued in terms of the Act, for the purpose of: 2020

- Administration costs of the SETA 10,5%
- Employer grant fund levy 20%
- Discretionary grants and projects 49,5 %
- Received by the SETA 80%
- Contribution to the National Skills Fund 20%

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current period

In the current period, the entity has adopted the following standards and interpretations that are effective for the current financial period and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Guideline: Accounting for Arrangements Undertaken i.t.o the National Housing Programme	01 April 2019	Not applicable to W&RSETA
• GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements	01 April 2019	Not applicable to W&RSETA
• GRAP 7 (as revised 2010): Investments in Associates	01 April 2019	Not applicable to W&RSETA
• GRAP 8 (as revised 2010): Interests in Joint Ventures	01 April 2019	Not applicable to W&RSETA
• GRAP 20: Related parties	01 April 2019	The impact of the Standard is not material.
• GRAP 32: Service Concession Arrangements: Grantor	01 April 2019	The impact of the Standard is not material.
• GRAP 105: Transfers of functions between entities under common control	01 April 2019	Not applicable to W&RSETA
• GRAP 106 (as amended 2016): Transfers of functions between entities not under common control	01 April 2019	Not applicable to W&RSETA
• GRAP 107: Mergers	01 April 2019	Not applicable to W&RSETA
• GRAP 108: Statutory Receivables	01 April 2019	The impact of the interpretation is not material.
• GRAP 109: Accounting by Principals and Agents	01 April 2019	The impact of the interpretation is not material.
• IGRAP 11: Consolidation – Special purpose entities	01 April 2019	Not applicable to W&RSETA
• IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures	01 April 2019	Not applicable to W&RSETA
• IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	01 April 2019	Not applicable to W&RSETA
• IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land	01 April 2019	Not applicable to W&RSETA
• IGRAP 19: Liabilities to Pay Levies	01 April 2019	The impact of the interpretation is not material.
• IGRAP 19: Liabilities to Pay Levies	01 April 2019	The impact of the interpretation is not material.

2.2 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity’s accounting periods beginning on or after 01 April 2020 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 104 (amended): Financial Instruments	01 April 2020	Unlikely there will be a material impact
• Guideline: Guideline on Accounting for Landfill Sites	01 April 2020	Unlikely there will be a material impact
• Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2020	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2020	Unlikely there will be a material impact
• GRAP 34: Separate Financial Statements	01 April 2020	Unlikely there will be a material impact
• GRAP 35: Consolidated Financial Statements	01 April 2020	Unlikely there will be a material impact
• GRAP 36: Investments in Associates and Joint Ventures	01 April 2020	Unlikely there will be a material impact
• GRAP 37: Joint Arrangements	01 April 2020	Unlikely there will be a material impact
• GRAP 38: Disclosure of Interests in Other Entities	01 April 2020	Unlikely there will be a material impact
• GRAP 110 (as amended 2016): Living and Non-living Resources	01 April 2020	Unlikely there will be a material impact
• IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue	01 April 2020	Unlikely there will be a material impact
• Directive 13: Transitional Provisions for the Adoption of Standards of GRAP by Community Education and Training (CET) Colleges	01 April 2020	Unlikely there will be a material impact
• Directive 7 (revised): The Application of Deemed Cost	01 April 2020	Unlikely there will be a material impact

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

3. Property, plant and equipment

	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Furniture and fixtures	2 725	(1 478)	1 247	2 056	(1 175)	881
Office equipment	973	(480)	493	833	(252)	581
Computer equipment	7 230	(3 738)	3 492	4 763	(1 969)	2 794
Project Assets - Office Equipment	19	(16)	3	19	(12)	7
Project Assets - Computer Equipment	1 839	(822)	1 017	1 057	(307)	750
Office Equipment finance lease	3 223	(3 223)	-	3 223	(2 779)	444
Leasehold Improvements	602	(402)	200	62	(39)	23
Total	16 611	(10 159)	6 452	12 013	(6 533)	5 480

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	881	473	-	(107)	1 247
Office equipment	581	35	-	(123)	493
IT equipment	2 794	1 976	(59)	(1 219)	3 492
Project Assets- Office Equipment	7	-	-	(4)	3
Project Assets- Computer Equipment	750	727	(22)	(438)	1 017
Office Equipment finance lease	444	-	-	(444)	-
Leasehold improvements	23	540	-	(363)	200
	5 480	3 751	(81)	(2 698)	6 452

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	1 079	13	-	(211)	881
Office equipment	206	461	-	(86)	581
IT equipment	2 392	1 915	(112)	(1 401)	2 794
Project Assets-Office Equipment	10	-	-	(3)	7
Project Assets- Computer Equipment	263	772	-	(285)	750
Office Equipment finance lease	1 778	-	-	(1 334)	444
Leasehold Improvements	6	23	-	(6)	23
	5 734	3 184	(112)	(3 326)	5 480

Pledged as security

None of the W&RSETA property, plant and equipment has been pledged as security for any liability or contingent liability.

	31 March 2020 R'000	31 March 2019 R'000
Assets subject to finance lease (Net carrying amount)		
Office Equipment finance lease	-	444
Expenditure incurred to repair and maintain property, plant and equipment		
Repairs and Maintenance	-	229

Management performed an assessment on the useful lives of the current assets by taking into account the physical condition and expected usage of the asset. The residual values of assets was revised to Rnil as past practice has provided objective evidence that the selling values of our assets at the end of their useful life is nominal. The impact of the change is a decrease in depreciation for the current year amounting to R624 863 and the depreciation expense for future periods is expected to increase by the same amount.

Figures in Rand thousand

4. Intangible assets

	2020			2019		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, internally generated	9 003	-	9 003	-	-	-
Computer software	3 763	(965)	2 798	896	(592)	304
Total	12 766	(965)	11 801	896	(592)	304

Reconciliation of intangible assets - 2020

	Opening balance	Additions	Internally generated	Amortisation	Total
Computer software,	-	-	9 003	-	9 003
internally generated Computer software	304	2 778	-	(284)	2 798
	304	2 778	9 003	(284)	11 801

Reconciliation of intangible assets - 2019

	Opening balance	Additions	Amortisation	Total
Computer software	580	284	(560)	304

Pledged as security

None of the W&RSETA intangible assets have been pledged as security for any liability or contingent liability.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

	31 March 2020 R'000	31 March 2019 R'000
5. Operating lease asset		
Current assets	-	287

Operating lease expense

The W&RSETA has 11 office building leases for its 10 regional offices and the head office. These leases were initially due to expire on or before 31 March 2020; however, the W&RSETA was able to obtain approval from the National Treasury approval to extend 8 of these leases until 30 September 2020. The remaining leases were extended on a month to month basis.

Operating lease payments amounted to R17.3 million (2019: R15 million) as reported in note 22 and no contingent rent is payable.

Total future minimum payment under non-cancelable leases

Not later than one year	9 858	17 295
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6. Inventories

Consumable stores	188	192
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7. Receivables from exchange transactions

Staff debtors	89	97
Deposits	4 140	4 112
Sundry receivables	32	147
Interest receivable	7 260	12 693
Prepaid expenses	8 507	1 271
Arbitration award	600	600
	20 628	18 920

8. Receivables from non-exchange transactions

	31 March 2020 R'000	31 March 2019 R'000
Employer receivables	6 637	10 444
Inter-seta receivables	48	2 129
Unutilised bursaries	13 071	38 568
	19 756	51 141

Employer receivables

SARS Debtors	10 628	14 383
Provision Doubtful Debt	(3 991)	(3 939)
	6 637	10 444

2020	Opening balance	Reversed during the year	Additions	Total
Employer receivable	14 383	(14 383)	10 628	10 628
Provision for doubtful debts	(3 939)	3 939	(3 991)	(3 991)
	10 444	(10 444)	6 637	6 637

2019	Opening balance	Reversed during the year	Additions	Total
Employer receivable	13 432	(13 432)	14 383	14 383
Provision for doubtful debts	(3 795)	3 795	(3 939)	(3 939)
	9 637	(9 637)	10 444	10 444

Employer receivable R 10 million (2019: R 14 milion) was recognised as a receivable relating to the overpayment to employers in earlier periods, as a result of inaccurate information received from SARS and DHET, and is based on the amount of such grant over payments. An amount of R 3.9 million (2019: R3.7 million) was provided for as doubtful debts.

W&RSETA refunds amounts to employers in the form of grants, based on information from DHET. Where information is retrospectively amended, it may result in grants that have been paid to certain employers that are in excess of the amount that the W&RSETA is permitted to have granted to employers. A receivable relating to the overpayment to the employer in earlier periods is raised at the amount of such grant overpayment, net of bad debts and provision for irrecoverable amounts.

9. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	12	11
Bank balance	38 365	116 554
Short-term deposits	2 870 560	2 607 684
Credit card for travel	(819)	-
	2 908 118	2 724 249

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Credit rating		-
F1+ (ZFA) Fitch Rating	2 908 118	2 724 249

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

10. Allocation of net surplus for the current year to reserves

	Total per Statement of Financial Performance 31 March 2019 R'000	Total per Statement of Financial Performance 31 March 2020 R'000	Administration Reserve R'000	Employer Grant Reserve R'000	Discretionary Grants R'000
Total Revenue	1 307 494	1 399 000	155 353	292 868	950 779
Skills Development Levy transfer from non - exchange transactions: Levy transfer Administration (10.5%)	143 068	154 657	154 657	-	-
Levy transfer Employer Grants (69.5%)	946 760	1 022 846	-	292 868	729 978
Skills Development Levy penalties and interest from non - exchange transactions	57 320	33 923	-	-	33 923
Investment Income	157 320	186 878	-	-	186 878
Other income	290	696	696	-	-
Other transfer income	2 871	-	-	-	-
Total Expenses	913 510	1 269 297	141 660	211 797	915 840
Employer grants and project expenses	767 895	1 067 424	-	211 797	915 840
Administration expenses	145 615	141 660	141 660	-	-
Net surplus per statement of financial performance allocated	393 984	129 703	13 693	81 071	34 939
			31 March 2020 R'000	31 March 2019 R'000	

11. Finance lease obligation

Minimum lease payments due		
- within one year	-	691
	-	691
less: future finance charges	-	(52)
Present value of minimum lease payments	-	639
Present value of minimum lease payments due		
- within one year	-	639
Non-current liabilities	-	
Current liabilities	-	639
	-	639

12. Unspent conditional grants

The conditional grant balance relates to funds that were received from the Department of Small Business Development and have been ring-fenced for the Informal Traders Upliftment Project

The remaining amount of R5.2 million continues to be accounted for as a liability until the agreed contractual conditions have been met.

13. Provisions

	31 March 2020 R'000	31 March 2019 R'000			
Reconciliation of provisions - 2020					
	Opening Balance R'000	Additions R'000	Adjustments R'000	Paid	Total R'000
Amounts Payable to Small Companies	30 865	7 210	(5 353)	-	32 722
Bonus provision	18 147	-	(8 833)	(119)	9 195
	49 012	7 210	(14 186)	(119)	41 917
Reconciliation of provisions - 2019					
	Opening Balance R'000	Additions R'000	Adjustments R'000	Total Restated* R'000	
Amounts Payable to Small Companies	28 498	7 618	(5 251)	30 865	
Bonus provision	8 547	-	9 600	18 147	
	37 045	7 618	4 349	49 012	

Amounts Payable to Small Companies

During the financial year, the SETA received SDL income from companies whose gross salary cost is less than R500 000.00. In terms of Skills Development Circular No. 09/2013, issued by DHET on 25 August 2013, SETAs are able to utilise exempted amounts contributed after the expiry date of five years as stipulated in terms of section 190 (4) of the Tax Administration Act. These amounts have been transferred to the discretionary funds in line with the aforementioned circular. At 31 March 2020 the amount claimable is R32 million (31 March 2019: R30 million).

Bonus provision

During the current year, the W&RSETA raised a provision for bonus payment for the period April 2019 to March 2020. The provision for bonus payment is prepared on the basis of prior year's actual performance. During the previous financial years an average of 8% of the basic salary was paid due to the entity's good performance in achieving set targets. The entity has also achieved an above average performance in the current financial year and as such the 8% is management's best estimation. Management is of the view that the amount will be adequate to cover the performance bonus of the organisation for 2019/20.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

	31 March 2020 R'000	31 March 2019 R'000
14. Payables from exchange transactions		
Other	6	(1)
Leave accrual	6 971	4 445
Other accrued expenses	10 602	6 974
Trade payables	1 342	3 503
	18 921	14 921

Leave accrual: This accrual is based on the number of leave days that are due to the employees at reporting date.

15. Payables from non-exchange transactions

Mandatory Grant: Levy payables	4 783	10 207
Mandatory Grant: Employer SARS reversals	4 409	2 455
Inter-Seta payables	894	561
Discretionary Grant: Trade payables	268 785	204 520
Mandatory Grant: Accruals	18 084	38 809
	296 955	256 552

Mandatory Grant: Levy payables of R4,7 million (2019: R10 million) represent unpaid mandatory grants to stakeholder companies due to incomplete or unavailability of banking details. These mandatory grants are paid as and when complete and accurate banking details are submitted to the SETA.

Mandatory Grant: Employer SARS reversals of R 4 million (2019: R 2 million) represent SARS retrospective amendments of information on levies collected, it resulted in mandatory grants that have been paid to certain employers being less than what the W&RSETA was required to pay.

Mandatory Grant: Accrual of R18 million (2019: R38,million) represent the fourth quarter mandatory grants due to stakeholder companies in June 2020 and June 2019 respectively.

	31 March 2020 R'000	31 March 2019 R'000
16. Total revenue		
Other income	696	290
Finance income for the period	186 878	157 320
Skills development levy- income	1 211 426	1 147 013
Other transfer revenue	-	2 871
	1 399 000	1 307 494
Other income	696	290
Finance income for the period	186 878	157 320
The amount included in revenue arising from exchange of goods or services	187 574	157 610

The amount included in revenue arising from non-exchange transactions is as follows:

Skills development levy-income	1 211 426	1 147 013
Other transfer revenue	-	2 871
	1 211 426	1 149 884

	31 March 2020 R'000	31 March 2019 R'000
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17. Other revenue

Other income	696	290
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18. Interest received

Finance income for the period	186 878	157 320
	-	-
	186 878	157 320

W&RSETA generates its investment income from approved banks in line with Treasury Regulation 31.2, National Treasury (ABSA ,FNB , Nedbank, Standard Bank and Rand Merchant Bank).

19. Grants and subsidies paid

Employer Grant and Project Expenses		
Mandatory Grants	211 797	193 690
Discretionary Grants	855 627	523 707
	1 067 424	717 397

20. Skills development levy(SDL) transfer

Administration-SDL income	154 657	143 068
Discretionary-SDL income	729 978	675 866
Mandatory- SDL income	292 868	270 894
Interest and penalties-SDL income	33 923	57 185
	1 211 426	1 147 013

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

21. Employee related costs

	31 March 2020 R'000	31 March 2019 R'000
Basic	123 057	107 823
Bonus *	(8 832)	9 600
Medical aid - company contributions	3 370	3 229
Unemployment Insurance Fund (UIF)	486	447
Skills Development Levy (SDL)	1 253	1 147
Leave pay provision charge	2 519	352
Group life insurance	1 636	1 506
Providend Fund	4 001	3 612
	127 490	127 716

* Bonus Paid

The W&RSETA did not pay staff bonuses during the 2019/20 financial year as the expected performance levels were not achieved at an organisational level for the 2018/19 performance cycle. The reversal of the bonus provision at 31 March 2019 was effected in the 2019/20 financial year and hence the credit of R8.8 million to the bonus provision expense. Refer to bonus provision note number 13.

Employee Cost Allocation

Administrative Grant	67 277	77 778
Discretionary Grant: Project Expense	60 213	49 938
	127 490	127 716

In line with the SETA Grant Regulations, the employee costs of the W&RSETA have been apportioned between the administrative grant and project administrative costs under discretionary grant.

22. General expenses

	31 March 2020 R'000	31 March 2019 R'000
Advertising	2 765	2 299
Allowance for impairment	170	143
Minor assets	503	913
Auditors remuneration	5 006	5 182
Bad debts written off	-	1
Bank charges	511	305
Cleaning	103	74
Conferences and seminars	653	159
Consulting and professional fees	9 553	12 453
Consumables	2	3
ETQA expenses	450	445
HR expenses	759	444
Insurance	1 279	917
Interest paid	52	619
Internal Audit	553	1 124
Licences	102	112
Offsite Storage	819	418
Operating lease rentals (Minimum payments)	18 082	15 013
Other expenses	9	199
Postage and courier	475	179
Printing and stationery	3 109	987
QCTO Funding	7 748	7 062
Recruitment fees	1 265	1 568
Refreshments	824	638
Relocation Costs	35	-
Remuneration to members of the Accounting Authority	3 928	4 468
Repairs and maintenance	206	229
Security	60	48
Training	1 481	236
Subscriptions and membership fees	100	129
Telephone and fax	1 524	1 716
Travel - local	5 840	3 801
Water and electricity	3 273	2 512
	71 239	64 396

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

23. Cash generated from operations

	31 March 2020 R'000	31 March 2019 R'000
Surplus	129 703	393 984
Adjustments for:		
Depreciation and amortisation	2 987	3 889
Loss on sale of assets and liabilities	82	112
Movements in operating lease assets and accruals	287	(287)
Movements in provisions	(7 095)	49 012
Changes in working capital:		
Inventories	4	(192)
Receivables from exchange transactions	(1 708)	(18 920)
Other receivables from non-exchange transactions	31 385	(51 141)
Payables from exchange transactions	3 993	14 922
Payables from non exchange transactions	40 403	174 668
Other changes	-	5 214
	200 041	571 261

24. Financial instruments disclosure

Categories of financial instruments

2020

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	20 628	20 628
Receivables from non-exchange transactions	19 756	19 756
Cash and cash equivalents	2 908 118	2 908 118
	2 948 502	2 948 502

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	18 921	18 921
Payables from non-exchange transactions	296 955	296 955
	315 876	315 876

2019

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	18 920	18 920
Receivables from non-exchange transactions	51 141	51 141
Cash and cash equivalents	2 724 249	2 724 249
	2 794 310	2 794 310

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	14 921	14 921
Payables from non-exchange transactions	256 552	256 552
Finance lease obligation	639	639
	272 112	272 112

25. Contingencies

25.1. BUSA Case to set aside SETA Grant Regulation 4(4)

In terms of the 2005 Grant Regulations regarding monies received by a SETA, an employer was entitled to claim a mandatory grant equal to 50% of the total Skills Development Levies paid, provided that the employer complied with the eligibility criteria.

However, the 2005 Grant Regulations were repealed by the 2012 Grant Regulations and it is the 2012 Grant Regulations and the way in which it was promulgated that formed the subject matter of the review application before the Labour Court. The revision reduced the value of the mandatory grant from 50% to 20%.

BUSA has been contesting the changes to the Grant Regulations at the Labour Court and the relief sought was for the Court to review and set aside Regulation 4(4) as well as the Minister's decision to re-promulgate it.

Following various court judgements on the matter, in October 2019 the Labour Appeal Court judgement was handed down in favour of BUSA with the effect that Regulation 4(4) was set aside.

As at reporting date, engagements with BUSA and the Department of Higher Education and Training were in progress and the outcome of these engagements is unknown, as a result, it was not practically possible to determine the financial exposure to the entity in this regard.

25.2. Expired discretionary grant contracts

The W&RSETA has identified discretionary grant commitments amounting to R260 million (March 2019: R539 million) that have expired at reporting date. These contracts have been classified as contingent liabilities due to the SETA's past practice of renewing these arrangements in order to complete the project/training intervention subject to compliance with the W&RSETA discretionary grant policy.

Training in progress

In terms of the W&RSETA's discretionary grant policy, all training in progress by service providers and stakeholders must be verified by the W&RSETA officials before payment. As at year-end, there is an unquantifiable contingent liability for training in progress. The amount is contingent based on the value of training conducted which will be acceptable after the verification process.

25.2 Matters under investigation and litigation

25.2.1. An investigation was conducted relating to a previous SETA employee who defrauded employers by recovering NSFAS bursary refunds for his own benefit directly from employers. This matter was referred to the SAPS, the amount involved is R579 000.

25.2.2 An investigation revealed that a supplier contracted to deliver skills training did not deliver as per the contractual obligations set out in the contract. An amount of R4.3 million was paid to this supplier and the transaction is under litigation.

25.2.3 The W&RSETA received a claim amounting to R3 036 514 from a bidder who was not awarded a contract during the financial year. The claim value is said to be the amount of damages suffered by the service provider and as at 31 March 2020, the legal process to make a determination on the matter had not yet been finalised.

25.3 In terms of section 53 (3) of the PFMA, public entities listed in Schedule 3A and 3C to the PFMA may not retain cash surpluses that were realised in the previous financial year without obtaining prior written approval of the National Treasury. National Treasury Circular 12 of 2020/21, that was issued on 2 September 2020, prescribes that the surplus funds be calculated annually as follows:

	31 March 2020 R'000	31 March 2019 R'000
Surplus Funds or Deficit In terms of NT Circular		
Cash & cash equivalents	2 908 118	2 724 249
Plus receivables	40 384	70 348
Less current liabilities	(363 007)	(326 338)
	2 585 495	2 468 259

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
(continued)

26. Related parties

Table with 2 columns: Relationship, Details. Rows include Board members, Controlling entity, Entities under common control, and a list of entities with a representative serving on W&RSETA Accounting Authority Members of the Accounting Authority.

The W&RSETA is exempt from disclosure of related party transactions provided that the services are received/delivered within normal supplier/client relationships, on terms and conditions that is no more nor less favourable than those that would have reasonably be expected to be adopted if dealing with that entity/person in the same circumstances. W&RSETA has, in the normal course of its operations, entered into discretionary grants transactions with entities under common control. Where there were transactions and balances arising due to the movement of funds between entities under common control of DHET, these amounts are disclosed below:

26. Related parties (continued)

Table with 5 columns: Description, 31 March 2020 R'000, 31 March 2019 R'000, 2020 Expenditure, 2019 Expenditure. Rows include Related party balances and transactions, Payables from non-exchange transactions, Receivables from non-exchange transactions, and Receivables from exchange transactions-Prepaid expenses.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

26. Related parties (continued)

W&RSETA has, in the normal course of its operations, entered into discretionary grants transactions with entities which had an appointed representative serving on the W&RSETA Accounting Authority as disclosed above.

It must also be noted that for the Black Business Council (BBC), the SETA entered into an agreement with a service provider as a result of the cessionary arrangement concluded between the BBC and the service provider in order to facilitate the sponsorship.

It is the policy of the W&RSETA that at the time of evaluating contractual agreements, the contracting parties are requested to submit company registration and proof of ownership/directorship documents. All Accounting Authority members are also requested to declare their interest prior to the start of all official meetings.

In terms of the Code of Conduct of the W&RSETA standard Constitution, every member of the Accounting Authority is required to disclose any interest. Such conflict is recorded in the minutes of the meeting in question and the member concerned is precluded from participating in the proceedings of the Accounting Authority. All the above decisions were taken in terms of this Code of Conduct in relation to the declaration of interests.

Key management information

Class	Description	Number
Board members	Accounting Authority	11
Audit committee	External audit committee members	3
Executive management	Senior Management	7

26. Related parties (continued)

Remuneration of Management Management class: Board members 2020

	Board fees for meetings	Other	Total
Ms Y Mbane - Chairperson	344	4	348
Ms Z Tyikwe	293	16	309
Mr L Koyana	355	24	379
Mr P.G Ndaba	413	19	432
Mr T Mthembu	310	51	361
Mr K.D Makuwa	309	38	347
Mr F Abrahams	273	13	286
Mr R Sibiya	395	24	419
Ms M Bango	185	8	193
Mr MM Mosoabi	331	21	352
Mr S Busane	351	14	365
Mr M.K Mbonambi – Independent Audit Committee Chairperson	143	4	147
Mr K.V Maja – Independent Audit Committee member	101	2	103
Mr T.T Tshikovihi – Independent Audit Committee member	125	7	132
	3 928	245	4 173

2019

Board members	Board fees for meetings	Other	Total
Ms Y Mbane - Chairperson	462	7	469
Ms M Dullabh	253	-	253
Ms Z Tyikwe	373	17	390
Mr L Koyana	312	10	322
Mr P.G Ndaba	418	6	424
Mr T Mthembu	323	15	338
Mr K.D Makuwa	309	1	310
Mr F Abrahams	269	2	271
Mr R Sibiya	428	18	446
Ms M Bango	223	12	235
Mr MM Mosoabi	326	31	357
Mr S Busane	360	9	369
Mr M.K Mbonambi – Independent Audit Committee Chairperson	158	5	163
Mr K.V Maja – Independent Audit Committee member	131	2	133
Mr T.T Tshikovihi – Independent Audit Committee member	104	7	111
Mr M Mulaudzi – Independent Audit Committee member	16	-	16
	4 465	142	4 607

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

27. Remuneration of key Management

Senior management					
2020	Basic Salary	Allowances	Acting Allowance	Contributions by employer	Total
Mr B.C Mkhwanazi – Chief Executive Officer	2 055	12	-	196	2 263
Ms N.Dludla – Chief Operations Officer*	1 514	83	-	113	1 710
Mr TL Kubheka – Acting Chief Financial Officer @	372	2	213	39	626
Mr L.Kuse – Chief Finance Officer ^	887	6	-	60	953
Ms DC Machard – Chief Officer: Qualification and Research	1 483	10	-	88	1 581
Mr B.T Khonyane – Executive Manager: CEO	1 532	8	47	136	1 723
Mr M.B Masekwameng – Chief Information Officer	1 641	10	-	19	1 670
Ms S.Motloung – Chief Audit Executive	1 504	44	-	91	1 639
	10 988	175	260	742	12 165

2019	Basic Salary	Allowances	Acting Allowance	Contributions by employer	Total
Ms N Siyotula – Acting Chief Executive	1 532	4	-	202	1 738
Mr BC Mkhwanazi – Chief Executive Officer	325	1	-	37	363
Ms S Molefe – Acting Chief Financial Officer	415	50	-	53	518
Mr A Mlate – Chief Operations Officer	832	-	100	154	1 086
Mr S Maharaj – Chief Financial Officer	1 004	49	-	106	1 159
Mr TL Kubheka – Acting Chief Financial Officer	75	-	-	9	84
Mr BT Khonyane – Executive Manager:CEO office	1 710	7	128	145	1 990
Ms DC Machard – Chief Officer:Qualification and Research	1 346	7	-	90	1 443
Ms NE Dludla – Acting Chief Operating Officer	694	40	39	68	841
Mr MB Masekwameng – Chief Information Officer	779	4	-	17	800
Ms S Motloung – Chief Audit Executive	1 329	38	-	93	1 460
	10 041	200	267	974	11 482

* Appointed 1 June 2019
@ Acting from 1 April 2019 to August 2019
^ Appointed 1 October 2019
Appointed 1 October 2019

28. Prior-year disclosure adjustments (continued)

The following prior period errors were identified and corrected retrospectively in the period affected by the error:

- 28.1. Employee costs for the 18/19 financial year were not disclosed for the entire organisation as required by GRAP 25. The amount disclosed in the prior year only related to employee costs that are funded from the administrative budget amounting to R77.7 million). The total employee costs for the W&RSETA amounted to R127.7 million and the error was corrected as per note 21: Employee Costs.
- 28.2. The Bonus provision amounting to R18.1 million at 31 March 2019 was incorrectly disclosed as trade payables. This error was corrected by re-classifying this bonus provision as a provision in the financial statements. Refer to note 13: Provisions.
- 28.3. Errors were identified in the amounts previously disclosed as as commitments in the 17/18 and 18/19 financial years. These errors mainly relate to completeness of contracts at reporting date, missclallocation of payments to contracts, expired contract recorded as commitments and incorrect allocation of accruals to contracts. The financial impact of these prior year restatements amounts to R84 221 000 and is disclosed in note 36: Commitments
- 28.4. Expenses for the 18/19 were understated by R45.7 million and this also resulted to the understatement of accruals. This error was corrected (refer to note 15: Payables non-exchange).
- 28.5. The fruitless and wasteful expenditure for the 2019 financial year was understated by R832 000 which relates to un- utilised Head Office space for additional office space that was procured in October 2019. The correction has been disclosed in note 32.
- 28.6 Assets that were fully depreciated were derecognised from the asset register and their cost price was reduced to Rnil. This accounting treatment is incorrect, in so far as it relates to assets that are still in use, and not in accordance with GRAP requirements and the W&RSETA continues to use these assets. The cost price of these assets is R982 000 and the error has been corrected retrospectively.

Statement of financial position				
2019	Note	As previously reported	Correction of error	Restated amount
Payables from exchange transactions		(33 068)	18 147	(14 921)
Provisions		(30 865)	(18 147)	(49 012)
Payables from non-exchange transactions		(210 817)	(45 737)	(256 554)
		(274 750)	(45 737)	(320 487)

Statement of financial performance				
2019	Note	As previously reported	Correction of error	Restated amount
Employee Costs		(77 778)	(49 938)	(126 716)
Employer grant and project expenses		(721 600)	4 201	(717 399)
Deficit for the period		(799 378)	(45 737)	(844 115)

Disclosure notes			
	As previously reported	Correction of error	Restated amount
Fruitless and wasteful expenditure (note 32)	358	832	1 190
Cost price assets (note 3)	12 013	982	12 995
Accumulated Depreciation (note 3)	(6 533)	(982)	(7 515)
Commitments	1 646 997	103 300	1 750 297
	1 652 835	104 132	1 756 967

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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29. Risk management

Financial risk management

The entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Liquidity risk

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

2020	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years
Payables from exchange transactions	(18 921)	(18 921)	(18 921)	-	-
Payables from non-exchange transactions	(296 955)	(296 955)	(296 955)	-	-
	(315 876)	(315 876)	(315 876)	-	-

2019	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years
Payables from exchange transactions	(14 921)	(14 921)	(14 921)	-	-
Payables from non-exchange transactions	(256 552)	(256 552)	(256 552)	-	-
Finance lease obligations	(639)	(639)	(639)	-	-
	(272 112)	(272 112)	(272 112)	-	-

Credit risk

Financial assets which potentially subject W&RSETA to the risk of non-performance by counter parties and thereby subject to credit concentrations of credit risk, consist mainly of cash and cash equivalents, and trade receivables. W&RSETA limits its treasury counter-party exposure by only dealing with well-established financial institutions approved by National Treasury. WRSETA's exposure is continuously monitored by the Accounting Authority.

Credit risk with respect to levy paying employers is limited due to the nature of the income received. W&RSETA does not have any material exposure to any individual or counter-party. W&RSETA's concentration of credit risk is limited to the wholesale and retail industry in which the SETA operates. No events occurred in the wholesale and retail industry during the financial year that may have an impact on the accounts receivable that has not been adequately provided for. Accounts receivable are presented net of allowance for doubtful debt. W&RSETA is exposed to a concentration of credit risk, as amounts are owed by SARS and DHET. This concentration of risk is limited as SARS and DHET are government entities with sound reputation.

Financial assets exposed to credit risk at period end were as follows:

The ageing of trade receivables	Gross	Impairment	Total 2020
Receivables from exchange transaction – Not past due	20 628	-	20 628
Receivables from non-exchange – Not past due	23 747	(3 991)	19 756
	44 375	(3 991)	40 384

The ageing of cash and cash equivalents			
Not past due	2 908 118	-	2 908 118

The ageing of trade receivables			Total 2019
Receivables from exchange transaction – Not past due	18 920	-	18 920
Receivables from non-exchange – Not past due	55 080	(3 939)	51 141
	74 000	(3 939)	70 061

The ageing of cash and cash equivalents			
Not past due	2 724 249	-	2 724 249

Industry risk

W&RSETA is exposed to fluctuations in the employment market, for example, sudden increases in unemployment and changes in the wage rates. No significant events occurred during the year in the market that W&RSETA is aware of. There are adequate procedures in place to address changes in the market when necessary.

Interest rate risk

W&RSETA manages its interest rate risk by effectively investing SETA surplus cash in term deposits with reputable financial institutions according to the SETA's investment policy.

The exposure to cash flow interest rate risk and the effective interest rates on financial instruments at reporting date are as follows:

2020	Floating rate	Non- interest bearing	Total
Cash	2 908 120	-	2 908 120
Receivables from exchange transactions	-	20 628	20 628
Payables from exchange transactions	-	(18 921)	(18 921)
	2 908 120	1 707	2 909 827

2019	Floating rate	Non -interest bearing	Total
Cash	2 724 249	-	2 724 249
Receivables from exchange transactions	-	(18 920)	(18 920)
Payables from exchange transactions	-	(14 921)	(14 921)
	2 724 249	(33 841)	2 690 408

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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30. Going concern

We draw attention to the fact that at 31 March 2020, the W&RSETA had an accumulated surplus of R129 703 000 and that the entity is solvent since total assets exceed total liabilities by R2 603 936 000.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Minister of Higher Education, Science and Innovation has approved a Government Gazette, to extend the W&RSETA licence until 31 March 2030.

31. Events after the reporting date

- 31.1. As part of the South African government's COVID-19 relief interventions, businesses have been given a four-month holiday from the Skills Development Levy (SDL). From 1 May 2020, there will be a four-month holiday for skills development levy contributions (1 percent of total salaries) to assist all businesses with cash flow.

This will result in a loss of income for the W&RSETA. As a result of COVID-19, the W&RSETA is going to receive less income as previously budgeted. The SETA has resolved to reprioritise its Annual Performance Plan (APP). This has resulted in some commitments being terminated (ie cancelled).

- 31.2. Included in the commitment register are contracts that will expire on 31 March 2020. These contracts amount to R141.96 million (March 2019: R94.06 million) and have subsequently expired.

- 31.3. On 2 September 2020, the National Treasury repealed instruction no 6 of 2017/18 on the retention of cash surplus. This was replaced by instruction note 12 of 2020/21. The impact of the change is that the value of contingent liability, as disclosed in note no 25, is changed in accordance with the new instruction. This event has been regarded as an event after reporting date that has been adjusted on the financial statement.

	31 March 2020 R'000	31 March 2019 R'000
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32. Fruitless and Wasteful expenditure

Opening balance as previously reported	358	313
Correction of prior period error	832	-
Opening balance as restated	1 190	313
Add: Interest and penalties paid	-	45
Add: contracts identified as fruitless prior year (unutilised lease space)	1 635	832
Closing balance	2 825	1 190

The fruitless and wasteful expenditure that was incurred in the current financial year relates to unutilised office space. The W&RSETA has declared a contractual dispute on the expenditure amount and at reporting date, the matter has not yet been finalised.

32. Fruitless and Wasteful expenditure (continued)

Expenditure identified in the current year include those listed below:

		R 000	R 000
Disciplinary steps taken/criminal proceedings			
Unutilised office space	The W&RSETA has declared a contractual dispute on the expenditure amount and at reporting date the matter has not yet been finalised.	1 635	-

33. Irregular expenditure

Opening balance	409 834	412 157
Irregular Expenditure - current year	-	-
Opening balance as restated	409 834	412 157
Irregular Expenditure - current year	8 605	12 043
Irregular Expenditure - contracts identified as irregular prior year Less: Amounts condoned	3 568	(14 366)
	-	-
Closing balance	422 007	409 834

Details of irregular expenditure- current year

Non-compliance with SCM prescripts	12 173	6 531
Non-compliance with Annexure II submissions	-	5 130
Non-compliance with HR policies	-	383
	12 173	12 044

Cases under investigation

Of the R12 million irregular expenditure incurred in the current year, R 3.5 million relates to instances of irregularities found in contracts that were procured in the prior years and are still ongoing. The amounts will only be cleared upon conclusion of the investigations which are currently ongoing.

The Accounting Authority has recommended to the National Treasury the condonation of irregular expenditure amounting R376 million. As at 31 March 2020, also taking into account subsequent events up to the date of the approval of these financial statements, the National Treasury response was pending.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

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	31 March 2020 R'000	31 March 2019 R'000		
34. Segment information				
Segment surplus or deficit, assets and liabilities				
2020	Administration R'000	Mandatory R'000	Discretionary R'000	Total R'000
Revenue				
Skills development levy:	154 657	292 868	729 978	1 177 503
Income				
Skills development levy:	-	-	33 923	33 923
Penalties and interest				
Other income	696	-	-	696
Investment income	-	-	186 878	186 878
Total segment revenue	155 353	292 868	950 779	1 399 000
Expenditure				
Employee costs	67 277	-	60 213	127 490
Depreciation and amortisation	3 062	-	-	3 062
Loss on disposal of assets and liabilities	82	-	-	82
Other administration expenses	71 239	-	-	71 239
Employer grant and project expenditure	-	211 797	855 627	1 067 424
Total segment expenditure	141 660	211 797	915 840	1 269 297
Total segmental surplus/(deficit)	13 693	81 071	34 939	129 703
Assets				
Non-current assets	18 253	-	-	18 253
Inventories	188	-	-	188
Receivables from exchange transactions	20 628	-	-	20 628
Receivables from non-exchange transactions	-	6 685	13 071	19 756
Cash and cash equivalents	-	-	2 908 118	2 908 118
Total segment assets	39 069	6 685	2 921 189	2 966 943
Liabilities				
Payables from non-exchange transactions	-	27 276	269 679	296 955
Payables from exchange transactions	18 921	-	-	18 921
Unspent conditional grants	-	-	5 214	5 214
Provisions	-	-	41 917	41 917
Total segment liabilities	18 921	27 276	316 810	363 007

34. Segment information

2019	Administration	Mandatory	Discretionary	Total
	R'000	R'000	R'000	R'000
Revenue				
Skills development levy: Income	143 068	270 894	675 866	1 089 828
Skills development levy: Penalties and interest	-	-	57 185	57 185
Other income	290	-	-	290
Investment income	-	-	157 320	157 320
Other transfer revenue	2 871	-	-	2 871
Total segment revenue	146 229	270 894	890 371	1 307 494
Expenditure				
Employee costs	77 778	-	49 938	127 716
Depreciation and amortisation	3 329	-	560	3 889
Loss on disposal of fixed assets and liabilities	112	-	-	112
Other administration expenses	64 396	-	-	64 396
Employer grant and project expenditure	-	193 690	523 707	717 397
Total segment expenditure	145 615	193 690	574 205	913 510
Total segmental surplus/(deficit)	614	77 204	316 166	393 984
Assets				
Non-current assets	5 480	-	304	5 784
Inventories	192	-	-	192
Receivables from exchange transactions	18 919	-	-	18 919
Receivables from non-exchange transactions	-	12 573	38 568	51 141
Operating lease asset	287	-	-	287
Cash and cash equivalents	-	-	2 724 249	2 724 249
Total segment assets	24 878	12 573	2 763 121	2 800 572
Liabilities				
Finance lease obligations	639	-	-	639
Payables from non-exchange transactions	-	52 032	204 520	256 552
Payables from exchange transactions	14 921	-	-	14 921
Unspent conditional grants	-	-	5 214	5 214
Provisions	-	-	49 012	49 012
Total segment liabilities	15 560	52 032	258 746	326 338

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(continued)

35. Budget differences

Material differences between budget and actual amounts

The following significant budget variances have been reported and the these are explained below as follows:

35.1 Interest Income (Favourable R82.5 million)

Interest income exceeded the budget estimate by R82.5 million and this resulted in 79% favourable budget variance. This variance was mainly due to:

The accumulation and retention of cash reserves from prior financial years. The W&RSETA was able to improved its overall spending from R867.7 million in 2019 to R1339.6 million in 2020. This increase to the overall spending reduced the overall surplus during the same period from R439.7 million to R191.2 million. The resultant impact of these improvements to spending means that the W&RSETA is reducing the value of surplus funds that are carried over from one year to the next. Over the MTEF, expenditure is expected to continue to increase and thus reduce the cash reserves.

The W&RSETA did not achieve all its performance targets during the year and this underperformance has resulted in the accumulation of reserves (cash reserves) and higher interest earned from these funds.

35.2 Skills Development Levy income: Revenue from non-exchange transactions (Favourable R104.3 million)

Total revenue from Skills Development Levies exceeded budget by R104.3 million (9%) and this is due to higher than anticipated levies from the sector. R33.9 million was received from SDL penalties and interest and this was income that was not budgeted for at the beginning of the financial year.

35.3 Employee Cost (Favourable R7.9 million)

Total employee costs for the 2020 financial year amount to R127.5 million. R67.2 million of employee costs are funded from the administrative budget while R60.2 million is funded from the discretionary grant budget as project administration costs in accordance with the SETA Grant Regulations. Employee costs reduced mainly due to the reversal of the bonus provision that was recognided at 31 March 2019 of which the W&RSETA took a resolution not to pay peromance bonuses during the 2020 financial year.

35.4 General Expenditure (Unfavourable R4.6 million)

The unfavourable variance/ overspending on general expenditure of R4.6 million is mainly due to:

- Increase in travel expenditure to enable greater oversight and monitoring of SETA projects. Stakeholder engagements were improved during the year and this includes an AGM that was held in the Western Cape.
- Annual lease costs increased by 13% due to additional space that was leased at the head office.
- Recruitment costs, staff training, and development costs increased from R0.2 million in 2019 to R1.2 million in 2020.
- The W&RSETA was able to ensure that total administrative costs remained below the 10.5% threshold as per the SETA Grant Regulations.

35.5 Mandatory Grant Expenditure (Favourable R64.9 million)

Total mandatory grant spending is R64.9 million below budget due to the low participation levels by employers in the Annexure II process. The W&RSETA has put measures in place to improve the number of approved mandatory grants. Capacity building and support are critical areas of intervention in order to improve access to those companies that who qualify for the grant. The current pay-out ratio for this grant has remained relatively constant at around 72%.

35.6 Discretionary Grant (Favourable R441.8 million)

Total discretionary grant spending is R441.8 million below budget due to the non-achievement of all the SETA targets (refer to the Annual Performance Report). It is worth noting that the W&RSETA was able to increase overall discretionary grant expenses from R528 million in 2019 to R917 million in 2020 and this is an overall improvement to expenditure of 74%. This improvement is mainly due to the implementation of the Turnaround Strategy that was approved by the W&RSETA Accounting Authority.

	31 March 2020 R'000	31 March 2019 R'000

36. Commitments

Commitments comprises of the following:

Total commitments approved amount to R3 billion (2019: R1,7 billion) represent balances on contracts for work to be delivered on discretionary grants contracts in progress at the reporting date. The total commitments are made up of three types of commitments namely Approved and contracted for, Approved and not yet contracted for and Accounting Authority extended contracts. The contracts are entered into with service providers and stakeholders for delivery of education, training and skills development initiatives

Approved and contracted for:

Included in the commitment register are contracts that will expire on the 31 March 2020. These contracts amount to R141.96 million (31 March 2019: R94.06 million) and have subsequently expired.	2 448 619	1 750 297
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Approved and not yet contracted for:

These contracts relate to addendums issued by W&RSETA but were not signed as at 31 March 2020.	200 095	-
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Accounting Authority extended contracts:

The W&RSETA Board approved a 6 month extension for contracts and these contracts were published on the W&RSETA website at year end. The objective of the extension is to allow for the finalisation of outstanding training deliverables and payments on these contracts.	438 000	-
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ANNEXURE 1

2019 Financial year	Restated Closing Balance FY2017/18	Restated New Contract in FY2018/19	Restated Contract adjustment amount 18/19	Restated Total Expenses	Restated Write Backs/Adjustments FY2018/19	Net movement expired contracts	Restated Closing Balance FY2018/19
Accruals at year end	-46 766	-	-	96 230	-	-	-142 996
Disability Training & Learnership 18/19	-	24 300	-	-	-	-	24 300
Fresh Meat Processing Learnership	-	-	-	-	-	-	-
HET & TVET Bursaries 1718	13 110	261 992	-	77 180	-	-	197 922
HET & TVET Bursaries 18/19	42	96 503	-	-	-	-	96 545
HET & TVET Bursaries 19/20	-	-	-	-	-	-	-
HET & TVET Graduate Placements & Internship 1718	30 702	44 250	6 219	10 825	-	-270	70 076
HET & TVET Graduate Placements & Internships 18/19	-	124 242	8 754	2 859	-	-	130 137
HET & TVET Graduate Placements and Internships 19/20	-	-	-	-	-	-	-
ILDP 18/19	25 028	21 732	6 631	-	-	-	53 391
Other Projects	427 935	68 183	7 117	160 501	146 524	-37 721	158 490
Phahamisa Your Buisness to Make a Change	-	-	-	-	-	-	-
Pivotal 1617 (Small)	49 362	-	-	6 137	-	-43 176	50
Pivotal 1718	291 501	20 528	-72	71 027	-65	-116	240 880
Pivotal 18/19	-	184 730	212 952	5 480	-	-530	391 672
PIVOTAL 19/20	-	-	-	-	-	-	-
Post Graduate Bursaries 19/20	-	-	-	-	-	-	-
Rural Areas Learnership 18/19	-	27 000	-	-	-	-	27 000
SIP2 in the Rural Special Economic Zones	-	-	-	-	-	-	-
Skilling for Limpopo SIP	31 290	-	2 910	13 329	-	-	20 871
Small Levy-Paying Companies Discretionary Grant 1718	18	8 343	-	1 114	-18	-	7 265
SME Discretionary Grant 18/19	-	21 188	-	-	-	-18	21 170
SME Discretionary Grant 19/20	-	-	-	-	-	-	-
Special projects	75 068	358 018	4 618	35 317	12 189	28 653	418 851
Trade Union Capacitation 19/20	-	-	-	-	-	-	-
Training for Cooperatives - SAYM	-	-	-	-	-	-	-
Tsoga Moipereki Project	-	-	-	-	-	-	-
TVET Internship for the Job Summit 18/19	-	11 205	-	-	-	-	11 205
W&RSETA KZN SoE Phase II	34 055	-	-	10 587	-	-	23 468
W&RSETA/DHET Partnership for Infrastructure Development Support	-	-	-	-	-	-	-
Grand Total	931 345	1 272 216	249 129	490 584	158 630	-53 176	1 750 298

2020 Financial year	Closing 18/19 (as disclosed in Prior year AFS)	Prior year error	Restated Closing Balance 31 March 2019	New Contract in FY2019/20	Contract adjustment 19/20 2	Total expenditure 19/20	Write Backs/Adjustments FY2019/20 TOTAL	Net movement expired contracts2	Closing Balance 31 march 2020
Accruals at year end	-	-142 996	-142 996	-	-	30 008	-	-	-173 003
Disability Training & Learnership 18/19	21 515	2 785	24 300	-	-	14 496	-	-1 836	7 968
Fresh Meat Processing Learnership	-	-	-	9 600	-	-	-	-	9 600
HET & TVET Bursaries 1718	194 665	3 257	197 922	-	-	54 499	-	-104 788	38 635
HET & TVET Bursaries 18/19	81 931	14 614	96 545	-	-	19 704	2 757	-23 960	50 125
HET & TVET Bursaries 19/20	-	-	-	282 178	82 264	164 215	-	-	200 226
HET & TVET Graduate Placements & Internship 1718	56 972	13 105	70 076	-	-30	13 371	1 275	-10 632	44 768
HET & TVET Graduate Placements & Internships 18/19	129 092	1 045	130 137	5 019	-	32 580	681	-	101 895
HET & TVET Graduate Placements and Internships 19/20	-	-	-	292 948	30 048	20 097	2 790	-	300 109
ILDP 18/19	28 364	25 028	53 391	-	-	25 207	-	-5 751	22 434
Other Projects	119 875	38 614	158 490	36 934	12 165	100 815	433 833	377 068	50 009
Phahamisa Your Buisness to Make a Change	-	-	-	9 720	-	-	-	-	9 720
Pivotal 1617 (Small)	-	50	50	-	-	1 461	21 936	42 334	18 985
Pivotal 1718	233 687	7 193	240 880	234	900	40 175	1 918	-1 899	198 022
Pivotal 18/19	335 548	56 123	391 672	1 001	849	84 901	8 732	42	299 930
PIVOTAL 19/20	-	-	-	530 978	354 028	77 866	1 296	-	805 844
Post Graduate Bursaries 19/20	-	-	-	8 500	-	33	-	-	8 467
Rural Areas Learnership 18/19	21 375	5 625	27 000	-	-	22 381	-	-	4 619
SIP2 in the Rural Special Economic Zones	-	-	-	18 360	-	-	-	-	18 360
Skilling for Limpopo SIP	15 807	5 064	20 871	-	-	9 307	4 280	-	7 285
Small Levy-Paying Companies Discretionary Grant 1718	7 099	166	7 265	1 854	-	2 664	1 604	-126	4 725
SME Discretionary Grant 18/19	20 873	298	21 170	72	-	10 181	-27	-342	10 746
SME Discretionary Grant 19/20	-	-	-	35 010	-	6 260	-18	-8 361	20 408
Special projects	369 690	49 161	418 851	53 468	491	66 991	85 546	2 558	322 830
Trade Union Capacitation 19/20	-	-	-	8 612	-	1 156	-	-	7 456
Training for Cooperatives - SAYM	-	-	-	66 150	-	-	-	-	66 150
Tsoga Moipereki Project	-	-	-	4 860	-	-	-	-	4 860
TVET Internship for the Job Summit 18/19	11 172	33	11 205	-	-	2 936	-	-	8 269
W&RSETA KZN SoE Phase II	21 233	2 235	23 468	-	-	9 196	-	-	14 272
W&RSETA/DHET Partnership for Infrastructure Development Support	-	-	-	603 000	-	-	-	-	603 000
Grand Total	1 668 897	81 401	1 750 298	1 986 138	480 713	810 499	566 603	264 307	3 086 714