

ANNUAL REPORT 2020|21



higher education
& training
Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

Skilling the Wholesale and Retail Sector to
overcome the COVID-19 pandemic



PRESENTATION OF THE 2020/2021 W&RSETA ANNUAL REPORT TO THE MINISTER OF HIGHER EDUCATION, SCIENCE AND INNOVATION, **HONOURABLE DR BE NZIMANDE**

The Board and Management of the W&RSETA take pleasure in presenting this Annual Report for the 2020/21 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 that a public entity shall submit an annual report to the Executive Authority, National Treasury and Auditor-General South Africa for tabling to the Parliament of South Africa.

On 31 July 2020, the W&RSETA entered into a revised Service Level Agreement and Annual Performance Plan with the Department of Higher Education and Training, necessitated by the ongoing influences of the COVID-19 pandemic, agreeing to the targets to be met by the W&RSETA in performing its statutory functions and meeting the objectives of the National Skills Development Plan (NSDP).

The NSDP outcomes were translated into seven key skills priorities to be achieved by the W&RSETA, resulting in eight (8) outcomes, with a total of 45 performance targets.

We are pleased to report that we achieved 39 of the 45 targets set, an achievement of 86.6%, and a substantial improvement on the 2019/20 result of 67%. In revising the APP our focus was on reprioritisation and fast-tracking those targets that were still possible during the various COVID-19 lockdown periods, rather than abdicating our responsibility.

We remain committed to our mission to develop a skilled, capable, competent and professional workforce to transform the wholesale and retail sector of South Africa. We firmly believe that education and training hold the key to unlocking the country's economy and transforming the lives of its people.

Yours in ongoing and relevant skills development.

Mr Reggie Sibiyi
Chairperson

Mr Tom Mkhwanazi
Chief Executive Officer

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PART A **GENERAL INFORMATION**

1.1 GENERAL INFORMATION

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

REGISTRATION NUMBER 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

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WEBSITE www.wrseta.org.za

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4 Davenry Street,
Lynnwood Bridge Office Park
Lynnwood Manor
Pretoria, SA

BANKERS Absa: PO Box 7725, Johannesburg
Rand Merchant Bank: PO Box 786273, Sandton
Nedbank: PO Box 1007, Johannesburg
Standard Bank: PO Box 61344, Marshalltown

1.2 ACRONYMS AND ABBREVIATIONS

4IR	Fourth Industrial Revolution
AET	Adult Education and Training
AGSA	Auditor-General South Africa
APP	Annual Performance Plan
ATR	Annual Training Report
B-BBEE	Broad-Based Black Economic Empowerment
CBO	Community-Based Organisation
CEO	Chief Executive Officer
CET	Community Education and Training
CIPC	Companies and Intellectual Property Commission
DHET	Department of Higher Education and Training
FVTPL	Financial Liabilities at Fair Value Through Profit and Loss
G&SC	Governance & Strategy Board Committee
HEI	Higher Education Institution
HETI	Higher Education and Training Institution
HR	Human Resources
HTFV	Hard-To-Fill Vacancies
ICT	Information Communication Technology
IDP	Integrated Development Plan
IESBA	International Ethics Standards Board for Accountants
IPAP	Industrial Policy Action Plan
ITAMED	Informal Traders and Micro Enterprises Development
NCV	National Certificate Vocational
NDP	National Development Plan
NGO	Non-Governmental Organisation
NGP	New Growth Path
NPO	Non-Profit Organisation
NQF	National Qualifications Framework
NSDP	National Skills Development Plan
NYDA	National Youth Development Agency
OHS	Occupational Health and Safety
PFMA	Public Finance Management Act of South Africa
PIVOTAL	Professional Vocational Technical and Academic Learning
QCTO	Quality Council for Trades and Occupations
RPL	Recognition of Prior Learning
SA GRAP	South African Standards of Generally Recognised Accounting Practice
SARS	South African Revenue Service
SCM	Supply Chain Management
SDA	Skills Development Act
SDL	Skills Development Levy
SDLA	Skills Development Levies Act
SETA	Sector Education and Training Authority
SHEQ	Safety, Health, Environmental and Quality
SIC	Standard Industrial Classification
SLA	Service Level Agreement
SMME	Small, Medium and Micro Enterprise
SSP	Sector Skills Plan
TVET	Technical and Vocational Education and Training
W&R	Wholesale and Retail
W&RSETA	Wholesale and Retail Sector Education and Training Authority
WPPSET	White Paper for Post-School Education and Training
WSP	Workplace Skills Plan



1.3 FOREWORD BY THE CHAIRPERSON

Mr R Sibiya

Chairperson

INTRODUCTION

Following elation in the 2019/20 financial year around the W&RSETA's 20-year anniversary as South Africa's skills development authority in the Wholesale and Retail Sector, the previous financial year ended with the declaration of a national state of disaster on 15 March 2020 by South Africa's president, Cyril Ramaphosa. The national lockdown, from midnight on 26 March 2020, brought the reality of the COVID-19 pandemic to the fore and the impact of the lockdown became evident almost immediately. The moratorium placed on the sale of certain goods, together with limited trading hours, saw retail and wholesale turnover plummet. The effect of the extended lockdown devolved exponentially, with its greatest impact playing out on small, medium and micro enterprises as well as sole traders. Ultimately the effect of the pandemic has been felt most by the poorest of the poor – the very recipients that we, as the W&RSETA, are mandated to skill and enable.

HIGH LEVEL STRATEGIC OVERVIEW

On 1 April 2020, cognisant of disruption to the working and business environment, but not fully aware of the long duration of lockdown ahead, the W&RSETA commenced operations in line with its approved Five-Year Strategic Plan, Sector Skills Plan (SSP) and Annual Performance Plan (APP).

Armed with excellent information from completed research report analyses, the W&RSETA set out through its SSP to advance skills planning for sector responsiveness and readiness for future jobs; strengthen collaboration with industry and employer participation for better planning of skills demand and supply; and increase knowledge for evidence-based planning and implementation of interventions which respond to sector and national imperatives.

Specifically, the SSP identified seven key skills priorities for the W&R Sector:

- SMME and Co-Operatives development
- Youth unemployment
- Hard-To-Fill Vacancies (HTFVs) and skills gaps
- Stakeholder engagement
- Training and employment of people with disabilities



“Propitiously, the SETA extended its focus to include for the provision of much-needed skills, particularly for unemployed youth, through community education and training colleges, as well as approved infrastructure support of R147 million for Technical and Vocational Education and Training (TVET) colleges and R110 million for Community Education and Training (CET) colleges”

- Trade Union capacity-building
- Alignment with national strategies and plans

Propitiously, the SETA extended its focus to include:

- Provision of much-needed skills, particularly for unemployed youth, through community education and training colleges
- Approved Infrastructure support of R147 million for Technical and Vocational Education and Training (TVET) colleges and R110 million for Community Education and Training (CET) colleges
- Facilitation of entrepreneurship development and support
- Information Communication Technology (ICT) interventions (to address Fourth Industrial Revolution (4IR) technologies)

With the continued progression of the COVID-19 pandemic, it became clear that the W&RSETA would need to revise both its SSP and its APP. A concerted effort was made to ensure that the outcomes of the Strategic Plan 2020–2025 remain the key focus of the organisation, while redeploying funds to the areas most needed. The adjusted APP was submitted to the Executive Authority in July 2020 and the revised SSP in August 2020.

Prophetically, the research report which fashioned the W&RSETA's approach to Hard-To-Fill Vacancies (HTFVs) not only provided a holistic picture of the existing skills demand and supply in the sector, but also included data on 4IR and the readiness of the sector to embrace 4IR technologies. As national lockdown progressed and was extended, research undertaken by Finfind, in collaboration with the Department of Small Business Development, found that 76.2% of SMMEs surveyed experienced a significant decrease in revenue and 42.7% of small businesses were ultimately forced to close. While these SMMEs were obviously not all involved in the wholesale and retail sector, the figures provide a fair indication of the impact of COVID-19 on the sector and the

country. Some of those who closed their businesses were able to embrace 4IR technologies to initiate micro businesses from home. These micro businesses and sole traders are lost to the W&RSETA as they are not required to pay levies but could yet prove to be a rich training ground for the provision of experiential training.

STRATEGIC RELATIONSHIPS

The target of a 10% increase from a baseline of eight (8) partnerships was by far exceeded, with a 437% increase to 43 partnerships with HETs, TVETs and CETs achieved. The capacitation of building infrastructure in the TVET system will ultimately provide the facilities and expertise to meet many of the skills requirements of the W&R Sector. The Sekhukhune TVET College's Skills Development Centre Project is an excellent example in this regard. It is at an advanced stage and will ultimately produce artisans, who are classified as holding a scarce skill in South Africa.

Among other organisations with whom the W&RSETA has nurtured strategic relationships are the Department of Small Business Development whose contribution has been ring-fenced for the Informal Traders Upliftment Project.

The organisation's AGM provides a unique opportunity to foster strategic relationships. The event was conducted as a hybrid meeting, held virtually and physically in Durban on 22 November 2020.

CHALLENGES FACED BY THE BOARD

Perhaps one of the most noteworthy challenges for the Board was the prioritisation of projects and resources in the dawn of COVID-19 and the four (4) month skills levy contribution holiday and the need to respond swiftly to immediate COVID-19 needs, whilst also fulfilling requirements as

“Among other organisations with whom the W&RSETA has nurtured strategic relationships, are the Department of Small Business Development whose contribution has been ring-fenced for the Informal Traders Upliftment Project.”

originally planned in the APP. The Board had to also ensure oversight on the implementation of the new organisational structure and the new ICT system, which had the potential for major performance under delivery due to the complexity of transition on both processes. We are, however, pleased to report that the organisation was able to pull through with dedication and commitment from the management under the leadership of the CEO.

MEDIUM- TO LONG-TERM STRATEGIC FOCUS

The W&RSETA considered the following strategic areas in the process of developing its Strategic Plan 2020/21–2024/25 and these will continue to guide its strategic focus in the remaining four-year period ahead:


- Organisation’s strategic challenges
- Performance environment
- Provision of strategic orientation
- Building demand-side capacity
- Building supply-side capacity
- Bridging supply-demand mismatch
- Delivering the skills required
- Organisational environment
- External environment – inclusive of the economic environment
- The Sector Skills Plan of the W&RSETA

ACKNOWLEDGEMENTS

The review period has been unique in just about every respect including transition and adaptation to virtual meetings. As a new Board, we have chartered our way with a new Strategic Plan, a new Sector Skills Plan and a new Annual Performance Plan. We have responded and adapted amid unprecedented and stressful conditions. The major improvement on our performance is a testimony to our commitment to the mandate of skills development and alignment with NDP and ERRP agenda amongst other national priorities including our commitment to delivering meaningful transformation in our skills development resources allocation.

On behalf of the Board, I extend our sincere thanks to the Honourable Minister of Higher Education, Science and Innovation, Dr Blade Nzimande, and his department for the unwavering guidance and encouragement they have provided.

Our stakeholders are integral to the day-to-day and continued operation of the W&RSETA. We thank you profoundly and trust that we will continue to satisfy your needs and that you will continue to support our effort to skill the W&R Sector.



Mr Reggie Sibiyi

Chairperson



1.4 CHIEF EXECUTIVE OFFICER'S OVERVIEW

Mr T Mkhwanazi

Chief Executive Officer

INTRODUCTION

The 2020/21 financial year has been the most challenging year for the W&RSETA in recent times; a period that required the SETA to move with great agility in order to navigate the unfamiliar terrain of COVID-19. Our operations were severely impacted due to the lockdowns that were implemented to deal with the spread of the virus. Despite these challenges, I am pleased to report that the W&RSETA has recorded an 86.6% performance achievement against its Annual Performance Plan which is a significant improvement on the 67% in the previous year, and 33% in 2018/19. This achievement, while not the apex for which we are striving, is never-the-less remarkable given the challenges imposed by remote operations and ongoing upgrades to our IT systems.

GENERAL FINANCIAL REVIEW

SPENDING TRENDS

The nature of the W&RSETA's business is a reciprocal one. Simply put, the organisation receives funding by way of skills

levies from businesses, and in return undertakes to train, skill and provide experiential learning to suitable candidates to address the needs of the sector through mandatory and discretionary grants. At the same time, the SETA is a government construct, and subject to a number of obligations inherent in its mandate, including alignment with the country's Integrated Development Plan (IDP), National Development Plan (NDP) and Industrial Policy Action Plan (IPAP). This means that if the economy of the country is affected in any way, it impacts on citizens and businesses. In turn, the levy income from businesses is affected and the SETA's income and output are compromised.

The W&RSETA entered the 2020/21 financial year on the back of an already weak economy and on the cusp of the extended COVID-19 pandemic. Immediately it became clear that the W&RSETA would not be able to achieve its outcomes as per its original Annual Performance Plan (APP) and Budget for 2020/21. In addition, in an effort to assist companies to address the direct impact of COVID-19, government announced a four-month 'payment holiday' on the payment of skills levies, commencing on 1 May 2020 and ending on 31 August 2020.

Subsequently, the revised APP and Budget were submitted as per the *Department of Monitoring and Evaluation's Guidelines for the Implementation of the Revised Framework for SPs and APPs*.

The knock-on effect of the payment holiday resulted in a decrease in total levy income of R377 million (31%), from R1.211 billion during 2019/20 to R834 million in 2020/21. Total expenditure for the year was R143 million (11%) less than the previous financial year due to cost containment measures, and as a result of a decrease in overall spending caused by the suspension of a number of activities because of COVID-19 lockdowns. The latter translated into a R109 million (13%) decrease in discretionary grant expenditure from R855 million in 2019/20 to R746 million in the current year.

Cash and cash equivalents at year-end were R2.7 billion, which is a 6.9% decrease over the previous year's R2.9 billion.

In total, the W&RSETA realised an operating deficit of R194 million during the year. This reduced total accumulated reserves from R2.6 billion on 31 March 2020 to R2.4 billion at 31 March 2021. Accumulated reserve surpluses will be committed to programmes that will be implemented over the Medium-Term Expenditure Framework period.

Despite these financial constraints the W&RSETA was able to operate in accordance with the SETA Grant Regulations and also within the net deficit. The percentage spent on administrative costs reduced during the current year when compared to the prior year, evidence of the W&RSETA's ability to operate both efficiently and effectively. The W&RSETA therefore continues to operate as a going concern while prioritising expenditure to programmes that address the immediate needs of the sector to respond to the effects of the pandemic.

CAPACITY CONSTRAINTS AND CHALLENGES

During the 2020/21 reporting period, the South African Reserve Bank significantly reduced the country's lending rate (REPO rate) from 6.5% to 3.5%. This reduction was informed by low inflation rates and was intended to stimulate economic activity during the pandemic. In response to the significant decline in investment rates of return, the W&RSETA was compelled to revise its investment policy in an effort to maximise the rate of return whilst guaranteeing funds. Nevertheless, interest income decreased by R105 million (58%)

from R181 million in 2019/20 to R76 million during the 2020/21 financial year.

The loss of SDL income resulted in a net operating deficit of R195 million, leading to a negative cash flow movement for the financial year of R172 million.

DISCONTINUED KEY ACTIVITIES / ACTIVITIES TO BE DISCONTINUED

The requirement for 100% physical verification was discontinued during the review period. In its place, templates were amended to accommodate telephonic and online verification for all W&RSETA programmes.

NEW OR PROPOSED KEY ACTIVITIES

In the financial year 2020/21, the W&RSETA continued with the implementation of the decentralised model and the revised organisational structure, refocusing human resources on the provincial structure where execution of projects takes place. As at 31 March 2021, the organisational design process was at 80.31% with over 90% of current employees placed in the revised structure. This process has ensured that there are more human resources in the regions to service our stakeholders.

Another key activity was the development and approval of the Human Resources Management and Development Strategy, which guides the rollout of the employee value proposition for the organisation.

The development and review of human resource policies was intensified, resulting to a total of 13 human resources policies being developed and approved by the Board. These policies are an enabling tool to facilitate consistency and transparency in employee management within the W&RSETA, and they also lay a solid foundation for good corporate governance.

In the ICT space, and through its responsive ICT disaster recovery plans and capabilities, the organisation transitioned to remote operations seamlessly during the COVID-19 lockdowns. Amongst other initiatives, the Microsoft Dynamics 365 ERP system was successfully concluded. This system aims to enhance our Finance and Supply Chain Management (SCM) processes and also to strengthen and enforce the related internal controls. This ERP system was concluded in nine months under tough lockdown conditions.



“In the financial year 2020/21 the W&RSETA continued with the implementation of the decentralised model and the revised organisational structure, refocusing human resources on regions or provinces. ”

The W&RSETA is implementing a developmental approach to online learning which has now become even more critical due to COVID-19 and other economic disruptions. The purpose is to meet stakeholder needs in terms of the spectrum of blended learning to full online e-learning that is currently being implemented. The W&RSETA has developed a policy and guidelines for skills development providers. The Quality Council for Trades and Occupations (QCTO) policy on e-assessments will enable the implementation, and policy and guidelines are currently being aligned accordingly.

As part of its response to the impact of COVID-19, the W&RSETA awarded data and electronic devices to all approved bursars where online or blended learning is applied as a mode of delivery by institutions. This will continue to provide the means for bursars to pursue their learning, regardless of COVID-19 lockdown measures.

REQUESTS FOR ROLL OVER OF FUNDS

The application to National Treasury to retain accumulated surpluses of R2.6 billion from the 2019/20 financial year in terms of Treasury Instruction Note 12 of 2020/21 was submitted by the Board on 30 September 2020. National Treasury granted the retention of surplus on 25 November 2020.

SUPPLY CHAIN MANAGEMENT

No unsolicited bid proposals were concluded in the year under review.

Supply chain management processes and systems are in place and are continually reviewed and strengthened. However, R2.5 million (2020: R1.6 million) in fruitless and wasteful

expenditure was incurred in the current financial year relating to a financial settlement that was made by the W&RSETA to resolve a legal dispute surrounding an incorrect award that was made through the SCM process. As at 31 March 2021 consequence management action had not been finalised.

The R10.6 million (2020: R12.2 million) in irregular expenditure noted for the 2020/21 financial year included:

- One instance where the contract scope varied in excess of bid specification (SCM non-compliance)
- Three instances where the contract extension had not been approved by National Treasury (SCM non-compliance)
- Non-compliance with Sections 11A, 11C(1), 11(4), 11(5) of the Skills Development Act.

These matters will be investigated and resolved in the new financial year.

AUDIT REPORT MATTERS IN THE PREVIOUS YEAR AND HOW THEY HAVE BEEN ADDRESSED

The organisation received an unqualified audit report during the financial year under review, with a reduced number of findings compared to the previous year that indicates an improvement in the internal control environment. In this financial year the AGSA noted irregular expenditure to the value of R12.172 million due to non-compliance with supply chain management prescripts and expenditure being incurred on expired contracts. R1.9 million relates to instances of irregularities found in contracts that were procured in the prior years. These amounts can only be cleared upon conclusion of investigations, which remain ongoing. The SCM processes were reviewed and efforts were made to ensure that all supply chain management prescripts were adhered to in the future.

“As part of its response to the impact of COVID-19, the W&RSETA awarded data and electronic devices to all approved bursars where online or blended learning is applied as a mode of delivery by institutions. ”

OUTLOOK/PLANS FOR THE FUTURE TO ADDRESS FINANCIAL CHALLENGES

With the South African economy showing a future negative outlook, the W&RSETA will continue to implement cost-containment measures to reduce exposure to a potential decline in revenue while making every effort to meet our stakeholder expectations within the limited resources available.

EVENTS AFTER THE REPORTING DATE

Included in the commitment register are contracts that were due to expire on 31 March 2021. These contracts amount to R525 million (March 2020: R260 million) and have subsequently expired. The W&RSETA will conclude addendums to extend these contracts.

ECONOMIC VIABILITY

The financial statements have been prepared based on 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 the settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The Minister of Higher Education, Science and Technology has approved, by way of Government Gazette, the extension of the W&RSETA licence to operate until 31 March 2030.

ACKNOWLEDGEMENTS

I wish to extend my sincere gratitude to the W&RSETA's management and employees for their sterling endurance and commitment during what can only be described as a gruelling year.

The Board of the W&RSETA has provided sound strategic leadership and guidance through this challenging COVID-19 period.

On behalf of the W&RSETA, I extend our sincere thanks to the Department of Higher Education and Training, particularly the Director-General and the Skills Branch, for their backing and assistance as we have endeavoured to implement our mandate.

Finally, I am extremely grateful to our stakeholders, including small and large companies, training providers, learners, strategic partners, universities, and TVET colleges, for their unwavering commitment towards the sector and the W&RSETA.



Mr T Mkhwanazi
Chief Executive Officer

1.5 STATEMENT OF RESPONSIBILITY

STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY OF THE ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2021

To the best of our knowledge and belief, we confirm the following:

All information provided and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements audited by the Auditor-General South Africa.

The Annual Report is complete, accurate and is free of any omissions.

The Annual Report has been prepared in accordance with guidelines on the Annual Report as issued by the National Treasury.

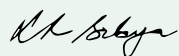
The Annual Financial Statements (Part E) have been prepared in accordance with the South African Standards of Generally Recognised Accounting Practice (SA GRAP), the requirements of the Public Finance Management Act of South Africa,

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 2021.



Mr R Sibiya

Chairperson



Mr T Mkhwanazi

Chief Executive Officer

1.6 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.

VALUES

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

IMPACT OF THE W&RSETA

The impact of the W&RSETA is assessed according to the following impact statements:

- An efficiently run organisation that effectively responds to the skills demand and supply of the Wholesale and Retail Sector
- Skills development interventions informed by comprehensive research
- A wholesale and retail workforce equipped with relevant skills required by the sector
- A curriculum that is relevant to the sector and is updated

1.7 LEGISLATIVE AND POLICY MANDATES

The W&RSETA is a Schedule 3A Public Entity and derives its mandate from the Constitution of the Republic of South Africa, 1996 and the Skills Development Act, No. 97 of 1998 (as amended). The SETA is responsible for supporting skills development in the wholesale and retail sector in South Africa through the implementation of learning programmes, disbursement of grants and monitoring of education and training as outlined in the Act, accompanying regulations, and the National Skills Development Plan (NSDP) 2030.

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

- Skills Development Act, No. 97 of 1998
- Skills Development Levies Act, No. 9 of 1999 (as amended)
- National Qualifications Framework Act, No. 67 of 2008
- Workplace Based Learning Programmes Regulations
- SETA Grant Regulations, 3 December 2012, Vol. 570, 35940

- Public Finance Management Act, No. 29 of 1999, read together with the National Treasury Regulations
- Broad-Based Black Economic Empowerment (B-BBEE) Act, No. 53 of 2003.

The following national strategies and policies guide the W&RSETA's strategy and operations:

- National Skills Accord
- Industrial Policy Action Plan (IPAP) 2018/19 – 2020/21
- New Growth Path (NGP)
- National Development Plan 2030 (NDP)
- National Skills Development Plan (NSDP)
- White Paper for Post-School Education and Training (WPPSET).

1.8 SCOPE OF COVERAGE

The W&RSETA operates across two trade sectors, the wholesale trade sector and the retail trade sector. Wholesale trade deals with bulk buying of goods from various manufacturers and breaking these down into smaller quantities, which are then sold to retailers. Retail trade deals with buying of goods from

wholesalers and selling these to consumers. The detailed activities that fall within the scope of the wholesale and retail sector are demarcated according to Standard Industrial Classification (SIC) codes, as shown in the following table:

SIC CODE	TRADE CATEGORY
WHOLESALE	
61000	Wholesale and commission trade, except for motor vehicles and motorcycles
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 materials, hardware, plumbing and heating equipment
61501	Office machinery and equipment, including computers
61509	Other machinery
61901	General wholesale trade
61909	Other wholesale trade not elsewhere classified (*NEC)
RETAIL	
62000	Retail trade, except for motor vehicles and motorcycles; repair of personal and household goods
62110	Retail trade in non-specialised stores with food, beverages and tobacco dominating
62190	Other retail trade 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 (*NEC)
62311	Retail of non-prescribed medicine and pharmaceutical products other than by pharmacists
62321	Retail trade in men's and boy's clothing
62322	Retail trade in ladies' and girls' clothing
62323	Retail trade by general outfitters and by dealers in 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 specified stores
62400	Retail trade in second-hand goods in stores
63122	Retail sale of used motor vehicles
63311	Sale of tyres
63500	Retail sale of automotive fuel

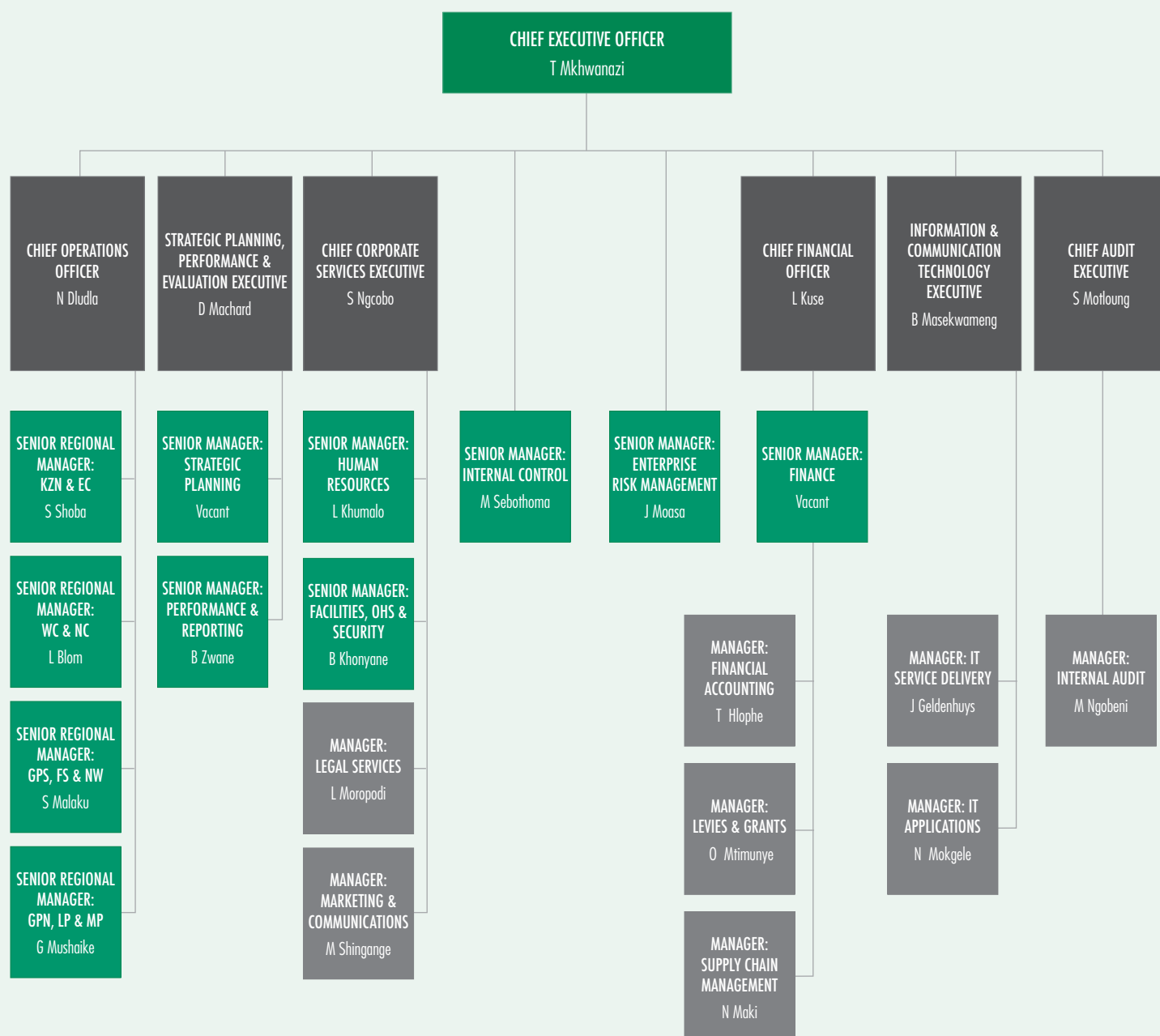
* NEC = Not elsewhere classified

The scope of coverage of this Annual Report pertains only to the W&RSETA itself and does not purport to cover the business of its trade sectors.

1.9 ORGANISATIONAL STRUCTURE

In the 2018/19 financial year, the W&RSETA embarked on a structural review process to decentralise organisational operations. This ensured that all W&RSETA service offerings are now integrated and are available at regional level.

EXECUTIVE & SENIOR MANAGEMENT





PART B PERFORMANCE INFORMATION

2.1 AUDITOR-GENERAL'S REPORT ON PREDETERMINED OBJECTIVES

The Auditor-General South Africa (AGSA) currently performs the necessary audit procedures on performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the Report

to Management, with material findings being reported under the Predetermined Objectives heading in the Report on Other Legal and Regulatory Requirements section of the AGSA's report in Part E of this report.

2.2 SITUATIONAL ANALYSIS

SERVICE DELIVERY ENVIRONMENT

During the review period, the W&RSETA aimed to concentrate its service delivery on priority areas as outlined by the NSDP 2030 (such as increasing artisanships and occupationally directed programmes) while simultaneously addressing skills needs identified through internal and external environmental analysis. This analysis identified the need to respond to:

- The establishment of retail chain stores in townships, which affects the survival of the informal sector
- Technology advancements and access to information, which not only offer retailers the opportunity to increase their efficiency and revise their business models, but also give consumers greater power and access to information, thus making them inclined to seek out retail stores that operate ethically and with a sustainable ecological footprint
- The need in the wholesale and retail SMME sector for support and development
- The high level of youth unemployment in the country.

Key stakeholders that contribute to the achievement of the SETA's outcomes are organised employers, the W&RSETA Board, training providers, organised labour, government, and the South African community at large. For all these stakeholders, COVID-19 presented an unprecedented public health emergency that rapidly transformed the way South Africans live. The pandemic resulted in a slowing down of business activity and initiated significant changes in the retail and commercial environments and seismic shifts in purchasing trends.

The implications of COVID-19 for the W&RSETA have been two-fold. First, in terms of finance, it has resulted in a significant decline in revenue from skills development levies. Second, in terms of skills planning, it has resulted in an increased demand for e-commerce, reskilling and retraining to minimise job losses, and more stringent health and safety requirements for customers, employers, employees and partners. New delivery models for training, such as blended learning and e-learning, are also necessary to achieve skills development.

The strategic priority skills areas therefore needed to include Safety, Health, Environmental and Quality (SHEQ) training; ICT literacy skills training; skills programmes for unemployed youth; and support for vulnerable sub-sectors of the economy

(Small, Medium and Micro Enterprises [SMMEs], informal traders, cooperatives, Non-Governmental Organisations [NGOs] and youth).

The W&RSETA took advantage of the provision in the Department of Performance, Monitoring and Evaluation's *Revised Framework for the Development of Strategic Plans and Annual Performance Plans*, which allowed it to revise its Strategic Plan before the end of the Five-year Strategic Plan period because of significant changes in the operational environment. Among other things, the revised Strategic Plan has accommodated the priority skills within the existing outcome-oriented goals, through the adjustment of budget allocations and the reprioritisation of a number of targets.

ORGANISATIONAL ENVIRONMENT

The W&RSETA has ten regional offices, with one regional office in each of the nine provinces of South Africa, except for Gauteng, which has two offices.

On 15 March 2020, government declared a state of disaster in response to the worldwide outbreak of COVID-19. National lockdown came into effect on 26 March 2020 resulting in a complete shutdown of economic activities in order to limit the transmission of the virus. During this time the W&RSETA had to adopt, and adapt to new ways of doing business, resulting in the prioritisation of investment in technological solutions to ensure business continuity through remote work.

The W&RSETA established a COVID-19 Task Team to deal with COVID-19 protocols and the team swiftly dealt with all COVID-19 matters including raising awareness of the pandemic and the health protocols related to it.

When lockdown levels were relaxed and physical attendance at work resumed, disruptions were experienced when certain offices had to close following reports of positive cases of COVID-19. As at 31 March 2021, twenty-four (24) cases had been reported amongst W&RSETA employees, thankfully with no fatalities.

KEY POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

No national policy developments or legislative changes occurred in the reporting period that might have affected the W&RSETA's operations.

2.3 PROGRESS TOWARDS ACHIEVEMENT OF INSTITUTIONAL IMPACTS AND OUTCOMES

INSTITUTIONAL IMPACTS

Seven (7) key skills priorities were articulated in the W&RSETA 2020/21–2024/25 Sector Skills Plan as key focus areas for skills development. These will enable the W&RSETA to make meaningful contributions to economic growth, employment creation and social development in the W&R Sector, resulting in a wholesale and retail workforce equipped with the skills required by the sector.

The seven (7) key skills priorities include:

- SMME and Co-Operatives Development
- Youth Unemployment
- Hard-To-Fill Vacancies and Skills Gaps
- Stakeholder Engagement
- Training and Employment of People With Disabilities (PWD)
- Trade Union Capacity-Building
- Alignment with National Strategies and Plans

These key skills priorities were further translated into 63 performance indicators, with 69 performance targets to track the desired results. As mentioned previously, the W&RSETA revised its Annual Performance Plan to address the impact of COVID-19 on the working environment and optimise its performance in the areas where it would still be possible to do so. A number of programmes were therefore prioritised, resulting in the deferment of 19 output indicators and their 24 targets, and a total of 45 performance targets. Of these performance targets, 39 were achieved or exceeded in the review period.

The SETA was able to fund a total of 17 800 beneficiaries who entered learning programmes or capacitation programmes. These learners included:

- 9 253 unemployed learners registered for learnerships, skills programmes, or funded through bursaries for TVET and Higher Education and Training Institution (HETI) qualifications
- 8 547 wholesale and retail workers registered in learning programmes aimed at skilling and re-skilling workers to enable job retention and address the skills the sector needed to adopt as a result of COVID-19.

Other beneficiaries of W&RSETA 2020/21 programmes included informal traders, SMMEs, Cooperatives, NGOs, Community-Based Organisations (CBOs), Non-Profit Organisations (NPOs) and Trade Union members. In 2020/21, the SETA also funded Community Education and Training (CET) colleges on infrastructural development

programmes as part of its CET capacitation programmes. Through the implementation of these programmes, the W&RSETA achieved 86.6% (39 of 45) of the performance targets as per its revised 2020/21 Annual Performance Plan.

A further 592 employed and unemployed learners participated in sector funded skills development initiatives and were registered in W&RSETA qualifications or part-qualifications (learnerships and skills programmes) in the 2020/21 financial year. These learners, together with 17 800 W&RSETA 2020/21 funded learners and 2 569 learners from W&RSETA multi-year projects where registration only commenced in 2020/21, brings the total number of learners who entered wholesale and retail related programmes to 20 961.

ACHIEVEMENT OF W&RSETA 2020–2025 OUTCOMES

Eight (8) principal outcomes were set for achievement within the 2020–2025 period, with 18 specific outcome indicators to be accomplished. Highlights of progress made towards these five-year targets during 2020/21 are provided per outcome below.

OUTCOME 1: IMPROVED OPERATIONAL EFFICIENCY

The first step in the achievement of an unqualified audit report over the four-year period 2020/21 to 2023/24 was attained. The intention remains to achieve a clean audit report by 2024/25.

The five-year target of reducing manual processes by 90% was exceeded by 4%, largely due to the unprecedented need for electronic information and communications systems brought about by the COVID-19 lockdown and distancing requirements.

OUTCOME 2: AN INTEGRATED CAREER GUIDANCE STRATEGY

A Career Guidance and Career Development Strategy, which will guide W&RSETA guidance interventions over the period 2020/21–2024/25, was developed and approved in December 2020.

OUTCOME 3: GROWTH-FOCUSED PARTNERSHIPS WITH THE COLLEGE SYSTEM

The target of a 10% increase from a baseline of eight (8) partnerships was by far exceeded, with a 437% increase to 43 partnerships with HETIs, TVETs and CETs achieved.

OUTCOME 4: SECTOR-RESPONSIVE RESEARCH CONDUCTED

Four (4) research studies were conducted and completed in response to sector needs, ensuring that the W&RSETA is well on track to achieving the five-year target of 20 reports.

OUTCOME 5: INCREASED ACCESS TO WHOLESALE AND RETAIL OCCUPATIONALLY DIRECTED PROGRAMMES

Here too, the W&RSETA is on track to meet its five-year target of 7 000 learners – 4% being persons with disabilities, 12.5% being persons from rural areas and 50% being female learners. During 2020/21, increased access to wholesale and retail occupationally directed programmes was provided to 3 595 learners – 4.45% being persons with disabilities, and 26.2% being persons from rural areas.

OUTCOME 6: INCREASED SKILLS LEVELS WITHIN THE COOPERATIVE SECTOR AND SMALL, MEDIUM AND INFORMAL BUSINESS ENTERPRISES TO ENHANCE THEIR PARTICIPATION IN THE MAINSTREAM ECONOMY

The five-year target for this outcome is 1 000 informal businesses registered with relevant registration bodies. During 2020/21, 2 426 informal traders participated in W&RSETA skills development initiatives, which included information on

how to register companies. A Tracer Study will be conducted in 2021/22 to identify the number of informal traders who went on to register their companies with relevant registration bodies.

OUTCOME 7: CAPACITATED TRADE UNIONS WITHIN THE W&R SECTOR

Five (5) interventions were conducted during the reporting period, ensuring that the W&RSETA is well on track to achieving its five-year target of 15 interventions.

OUTCOME 8: REDUCTION OF SKILLS SHORTAGES IN THE W&R SECTOR

Workers registered in programmes addressing Hard-to-Fill Vacancies as identified in the Sector Skills Plan (SSP) numbered 8 547, reflecting a substantial achievement towards the five-year target of 10 000.

Seven (7) Key Skills priorities were identified through the W&RSETA 2020–2025 Sector Skills Plan as key focus areas for skills development initiatives that would enable the W&RSETA to make a meaningful contribution to the W&R Sector. This contribution would include economic growth, employment creation and social development through programmes that result in a wholesale and retail workforce equipped with relevant skills required by the sector.

2.4 PROGRAMME PERFORMANCE

PROGRAMME 1: ADMINISTRATION

DESCRIPTION OF THE PROGRAMME

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. The programme is responsible for creating an enabling environment in which the W&RSETA can deliver its Outcomes and Outputs. This includes ensuring the organisational capacity and capability to enable a culture of high-performance and productivity; the deployment

of robust business processes and systems; embedding effective corporate governance; strengthening oversight and compliance; and strengthening monitoring and evaluation capabilities to measure the impact of skills development interventions across the sector.

PERFORMANCE RESULTS

Programme 1 achieved a 57% performance result, with four (4) of the seven (7) performance targets set for the 2020/21 financial year being achieved.

PROGRAMME 1: PERFORMANCE PER INDICATOR 2020/21

PROGRAMME 1: ADMINISTRATION								
PURPOSE: TO PROVIDE EFFECTIVE AND EFFICIENT SUPPORT FUNCTIONS WITHIN THE ORGANISATION								
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2018/2019	AUDITED ANNUAL PERFORMANCE 2019/2020	PLANNED ANNUAL TARGET 2020/2021	**ACTUAL ACHIEVEMENT 2020/2021	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2020/2021	REASON FOR DEVIATIONS
Outcome 1: Improved operational efficiency	Output 2: Allocate resources to implement programmes aligned with the SSP, SP and APP	[1.1] Percentage of levy resources directed towards high level skills by 31 March 2021	-	-	20%	47%	+27%	Overachieved Due to the cost associated with high level skills being high, more funds were used on the continued provision of bursaries.
		[1.2] Percentage of levy resources directed towards intermediate level skills by 31 March 2021	-	-	15%	10%	-5%	Not Achieved The reprioritised APP resulted in decreased spend on intermediate level interventions (bursaries, graduates and interns).
		[1.3] Percentage of levy resources directed towards elementary level skills by 31 March 2021	-	-	65%	43%	-22%	Not Achieved Costs per learner were lower resulting in the total commitment being low.
	Output 3: Identify, prioritise and form partnerships to address priority occupations	[1.4] Number of stakeholder sessions conducted annually to advocate for participation in skills development programmes	-	10	5	7	+2	Overachieved The target was overachieved as the W&RSETA participated in two additional stakeholder sessions. These did not attract any financial implications as they were conducted virtually.
	Output 12: Efficient and effective use of resources to ensure good governance, compliance with laws and regulations and excellent service delivery	[1.5] Percentage Implementation of approved structure	-	-	90% implementation of approved structure	80.31%	-9.7%	Not Achieved The shortfall arose as a result of a few employees who still had to be placed but remained in the pool. This will be finalised by first quarter of the new financial year. The remaining 10% of implementation of the structure is planned for the new financial year.
		[1.6] Percentage reduction of manual processes resulting in the efficient and optimised W&RSETA business operational and transactional processes	-	-	80% reduction in manual processes	94%	+14%	Overachieved The set 80% was achieved by 31 March 2021 and the remaining 20% was planned to be achieved in the 2021/22 financial year. However, ten (10) of the transactional business processes identified to be implemented in 2021/22 were automated during Quarter 3 of 2020/21 and were delivered on 10 December 2020 as part of the ERP go-live or final milestone, hence the positive 14% deviation that was realised.
		[1.7] Improved audit opinion during the period 1 April 2020 to 31 March 2021	Unqualified audit opinion	Unqualified audit opinion	Unqualified audit opinion	Unqualified audit opinion	-	Achieved

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

Three targets for three indicators were not achieved during the implementation period. The first two were Target No. 1.2: 15% of levy resources directed towards intermediate level skills by 31 March 2021, and Target 1.3: 65% of levy resources directed towards elementary level skills by 31 March 2021.

The strategy that will be adopted by the SETA to address underperformance on these two targets (which measure the allocation of levy resources to elementary and intermediate levels) is to strengthen monitoring and evaluation processes on the programmes that are funded through levy resources allocated for elementary and intermediate level skills. This will enable the SETA to increase the number of beneficiaries where there are reduced costs that are brought about by changes in terms of learning programmes that are implemented for low and intermediate level skills.

The third target that was not achieved was Target 1.5: 90% implementation of approved structure. The strategy or intervention that will be adopted to address the achievement of this target will include the correction of quarterly activities to align with the target as captured. In addition, in the 2021/22 financial year, budget provision has been made to fill additional positions (37) in pursuit of 90% implementation of the approved structure.

TARGETS THAT WERE DEFERRED OR REVISED FOLLOWING THE INITIAL APP

The W&RSETA revised its APP during the reporting period as mentioned previously. Programme 1 revised/deferred one (1) output indicator (see table following) in the re-tabled APP.

PROGRAMME 1: PERFORMANCE PER INDICATOR (REVISED TARGET)

PROGRAMME 1: ADMINISTRATION									
PURPOSE: TO PROVIDE EFFECTIVE AND EFFICIENT SUPPORT FUNCTIONS WITHIN THE ORGANISATION									
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2018/2019	AUDITED ANNUAL PERFORMANCE 2019/2020	PLANNED ANNUAL TARGET 2020/2021	ACTUAL ACHIEVEMENT 2020/2021 UNTIL 30 JUNE 2020	DEVIATION FOR PLANNED TARGET TO ACTUAL ACHIEVEMENT 2020/2021	REASON FOR DEVIATIONS	REASON FOR REVISIONS TO THE OUTPUTS/ OUTPUT INDICATORS/ ANNUAL TARGETS
Outcome 1: Improved operational efficiency	Output 3: Identify, prioritise and form partnerships to address priority occupations	[1.4] Number of stakeholder sessions conducted annually to advocate for participation in skills development programmes	0 Stakeholder sessions	10 Stakeholder sessions	15 Sessions reduced to 5 sessions	0	-15	Planned target was revised from 15 to 5. The actual achievement was 7 against the revised planned target of 5	Planned target reduced in line with adjusted budget.

PROGRAMME 2: RESEARCH AND SKILLS PLANNING

DESCRIPTION OF THE PROGRAMME

Programme 2 provides key inputs in advancing skills development in the sector. Functions within the ambit of this programme include skills planning, monitoring, evaluation, reporting and research.

As part of the broader mandate, Programme 2 tracks performance progress against the targets set and conducts impact assessments of the W&RSETA's skills development

interventions. The programme implements its mandate through robust planning, improving the quality and quantity of research outputs, and by strengthening the integrity of monitoring, evaluation and reporting on performance information.

PERFORMANCE RESULTS

Programme 2 achieved a 100% performance result, with all six (6) of the targets set for the 2020/21 financial year being achieved.

PROGRAMME 2: PERFORMANCE PER INDICATOR 2020/21

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								
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2018/2019	AUDITED ANNUAL PERFORMANCE 2019/2020	PLANNED ANNUAL TARGET 2020/2021	ACTUAL ACHIEVEMENT 2020/2021	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2020/2021	REASON FOR DEVIATIONS
Outcome 4: Sector responsive research conducted	Output 1: Research and develop a Sector Skills Plan (SSP) in response to the sector skills demand and supply	[2.1] Board approved SSP annually	1	1	1	1	0	Achieved
		[2.2] Board approved SP/APP annually	1	1	1	1	0	Achieved
	Output 3: Identify, prioritise and form partnerships to address priority occupations	[2.3] Number of Memorandums of Understanding signed with strategic partners addressing sector needs, annually	4	4	4	5	+1	Overachieved Positive response was received from strategic partners for contributions towards joint research interventions and research agendas
		[2.4] Number of research interventions responding to strategic partnerships with National and International institutions annually	-	-	2	2	0	Achieved
	Output 6: Facilitate access and provide support for interventions towards occupationally directed learning programmes	[2.5] Number of research reports completed annually	4	12	2	2	0	Achieved
	Output 1: Research and develop a Sector Skills Plan (SSP) in response to the sector skills demand and supply	[2.6] Number of occupationally directed tracer, evaluation and impact study reports completed annually	-	4	2	2	0	Achieved

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

No underperformance was noted for Programme 2: Research and Skills Planning.

PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS

DESCRIPTION OF THE PROGRAMME

The purpose of this programme is to contribute to addressing the scarce and critical skills identified and reduce hard-to-fill vacancies in the wholesale and retail 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 (HEIs).

PERFORMANCE RESULTS

An 88% performance result was achieved in Programme 3, with 22 of the 25 performance targets set for the 2020/21 financial year being achieved.

PROGRAMME 3: PERFORMANCE PER INDICATOR 2020/21

PROGRAMME 3: LEARNING PROGRAMME AND PROJECTS (INCLUSIVE OF PIVOTAL PROGRAMME, BURSARIES AND PLACEMENT, COOPERATIVES, SMES, NGOS/NPOS AND CRITICAL SKILLS DEVELOPMENT AND PARTNERSHIPS)								
PURPOSE: TO FACILITATE AND MANAGE THE IMPLEMENTATION OF LEARNING PROGRAMMES AND SUPPORT IMPROVED ENTRY TO PRIORITY PROGRAMMES								
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2018/2019	AUDITED ANNUAL PERFORMANCE 2019/2020	PLANNED ANNUAL TARGET 2020/2021	ACTUAL ACHIEVEMENT 2020/2021	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2020/2021	REASON FOR DEVIATIONS
Outcome 8: Reduction of skills shortages in the W&R Sector	Output 1: Research and develop a Sector Skills Plan (SSP) in reply to the sector skills demand and supply	[3.1] % of WSPs and ATRs approved for small firms per annum	5 011	5 331	70% of submissions	81% ¹	+11%	Overachieved More compliant submissions led to a high number of approvals.
		[3.2] % of WSPs and ATRs approved for medium firms per annum	1 257	1 331	70% of submissions	82% ²	+12%	Overachieved More compliant submissions led to a high number of approvals.
		[3.3] % of WSPs and ATRs approved for large firms per annum	548	570	70% of submissions	85% ³	+15%	Overachieved More compliant submissions led to a high number of approvals.
	Output 13: A skilled, competent and professional workforce in the wholesale and retail sector through provision of Bursaries to W&RSETA employed and unemployed beneficiaries	[3.4] Number of new entries and continuing students awarded bursaries annually for studies in priority occupations resulting in demand driven qualifications	0	3 354	Unemployed new entries: 1 000 (Public) 500 (Private)	756 (Public 374) (Private 382)	-744	Not Achieved Disruption of academic year as a result of COVID-19 pandemic and student protests prevented registration of bursary students by 31 March 2021.
			509	438	Continuing: 2 000	1 414	-586	Not Achieved Disruption of academic year as a result of COVID-19 pandemic and student protests prevented bursar registrations by 31 March 2021.
		[3.5] Number of W&RSETA bursars completing priority occupation qualifications annually	540	418	Completing: 100	101	+1	Overachieved Target was exceeded as a result of the approved Special Projects.
Outcome 5: Increased access to wholesale and retail occupationally directed programmes	Output 4: Facilitate innovative workplace-based learning opportunities within the sector	[3.6] Number of unemployed learners registered in NQF 2–5 learnerships or occupational Programmes addressing Wholesale and Retail HTFVs as identified in the SSP annually	3 698	7 902	3 000	3 595 (4.45% (160) persons with disabilities; 26.2% (945) persons from rural areas; 58.78% (2 113) female learners)	+595	Overachieved Target was exceeded as a result of the approved Special Projects.

¹ 3 388 out of 4 188 WSPs and ATRs submitted for small firms were approved resulting in 81% approval of WSPs and ATRs for small firms

² 960 out of 1 170 WSPs and ATRs submitted for medium firms were approved resulting in 82% approval of WSPs and ATRs for medium firms

³ 466 out of 549 WSPs and ATRs submitted for large firms were approved resulting in 85% approval of WSPs and ATRs for large firms

PROGRAMME 3: PERFORMANCE PER INDICATOR 2020/21 (CONTINUED)

PROGRAMME 3: LEARNING PROGRAMME AND PROJECTS (INCLUSIVE OF PIVOTAL PROGRAMME, BURSARIES AND PLACEMENT, COOPERATIVES, SMES, NGOS/NPOS AND CRITICAL SKILLS DEVELOPMENT AND PARTNERSHIPS) (CONTINUED)								
PURPOSE: TO FACILITATE AND MANAGE THE IMPLEMENTATION OF LEARNING PROGRAMMES AND SUPPORT IMPROVED ENTRY TO PRIORITY PROGRAMMES								
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2018/2019	AUDITED ANNUAL PERFORMANCE 2019/2020	PLANNED ANNUAL TARGET 2020/2021	ACTUAL ACHIEVEMENT 2020/2021	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2020/2021	REASON FOR DEVIATIONS
Outcome 5: Increased access to wholesale and retail occupationally directed programmes	Output 4: Facilitate innovative workplace-based learning opportunities within the sector	[3.7] Number of unemployed learners completing NQF 2–5 learnerships or occupational Programmes addressing Wholesale and Retail HTFVs as identified in the SSP annually	1 499	2 291	1 500	1 973	+473	Overachieved Target was exceeded due to a clean-up process that was conducted to address the backlog on certificates.
		[3.8] Number of unemployed learners registered on NQF 2–5 skills Programmes or part qualifications addressing Wholesale and Retail HTFVs as identified in the SSP annually	590	1 711	800	1 069	+269	Overachieved Target was exceeded as a result of the approved Special Projects.
		[3.9] Number of unemployed learners complete NQF 2–5 skills Programmes or part qualifications addressing Wholesale and Retail HTFVs as identified in the SSP annually	220	419	200	462	+262	Overachieved Target exceeded due to completions from Special Projects as well as clean-up task on the certificate backlog.
		[3.10] A needs analysis report on candidacy Programmes in demand compiled by the 3rd quarter of 2020	-	-	1	1	0	Achieved
		[3.12] Number of learners from TVET colleges and HETs placed in workplace based learning, annually	1 190	1 746	600 Degrees 600 Diplomas	1 388 (Degrees 656) (Diplomas 732)	+188	Overachieved Target was exceeded as a result of the approved Special Projects.
		[3.13] Number of partnerships with TVET colleges and HETs for workplace opportunities, annually	5	4	10	11	+1	Overachieved The target was exceeded due to more interest shown by the TVET colleges in forming collaboration partnerships with the SETA.
		[3.14] Number of enrolments and completions in workplace-based learning programmes for graduate internships addressing wholesale and retail HTFVs as identified in the SSP annually	700	Enrolled: 665	Enrolled: 600	728	+128	Overachieved Target was exceeded as a result of the approved Special Projects.
	Output 5: Facilitate and create opportunities for skills development for the employed	[3.16] Number of employed learners completing NQF 2–5 learnerships or occupational programmes addressing Wholesale and Retail HTFVs as identified in the SSP annually	1 413	1 569	500	638	+138	Overachieved Target exceeded due to a clean-up process that was conducted to address the backlog on certificates.
		[3.17] Number of employed learners registered on NQF level 2–5 skills programmes or part qualifications addressing Wholesale and Retail HTFVs as identified in the SSP annually	3 547	3 227	8 000	7 452	-548	Not Achieved The sector opted for non-credit bearing interventions to address COVID-19 and food hygiene legislative requirements.
		[3.18] Number of employed learners completing NQF level 2–5 skills programmes or part qualifications addressing Wholesale and Retail HTFVs as identified in the SSP annually	1 762	1 999	1 000	1 038	+38	Overachieved Target exceeded due to a clean-up process conducted to address the backlog on certificates.
		[3.20] Number of employed learners completing RPL Programmes annually	241	165	50	59	+9	Overachieved Target exceeded due to a clean-up process conducted to address the backlog on certificates.

PROGRAMME 3: PERFORMANCE PER INDICATOR 2020/21 (CONTINUED)

PROGRAMME 3: LEARNING PROGRAMME AND PROJECTS (INCLUSIVE OF PIVOTAL PROGRAMME, BURSARIES AND PLACEMENT, COOPERATIVES, SMES, NGOS/NPOS AND CRITICAL SKILLS DEVELOPMENT AND PARTNERSHIPS) (CONTINUED)								
PURPOSE: TO FACILITATE AND MANAGE THE IMPLEMENTATION OF LEARNING PROGRAMMES AND SUPPORT IMPROVED ENTRY TO PRIORITY PROGRAMMES								
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2018/2019	AUDITED ANNUAL PERFORMANCE 2019/2020	PLANNED ANNUAL TARGET 2020/2021	ACTUAL ACHIEVEMENT 2020/2021	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2020/2021	REASON FOR DEVIATIONS
Outcome 6: Increased skills levels within the cooperative sector and small, medium and informal business enterprises to enhance their participation in the mainstream economy	Output 9: Provide skills development support to, SMMEs, cooperatives and informal traders participating in the mainstream economy	[3.26] Number of Small and Medium Enterprises supported to participate in W&RSETA skills development interventions annually	910	3 608	2 400	2 446	+46	Overachieved The SETA collaborated with associations which had large subsidiaries/members that in turn participated in the programme.
		[3.27] Number of informal traders and micro enterprises participating in W&RSETA capacitation workshops annually	988	1 600	2 400	2 426	+26	Overachieved The Informal Traders And Micro Enterprises Developing Programme (ITAMED) capacitation session in the Northern Cape Province had an over-subscription of informal traders which contributed to over-achievement of the target.
		[3.28] Number of people trained on Entrepreneurship Development Programmes to enable them to start their own businesses or grow their existing businesses	-	-	200	303	+103	Overachieved The target was exceeded so as to address the SETA's SLA target on entrepreneurship development.
		[3.29] Number of cooperatives supported in order to participate in the mainstream economy annually	192	20	20	20	-	Achieved
		[3.30] Number of CBOs, NGOs, and NPOs supported in order to participate in mainstream economy annually	235	93	100	100	-	Achieved
Outcome 7: Capacitated trade unions within the W&R Sector	Output 10: Facilitate and create the potential for collaborations in support of worker-initiated programmes at retail workplaces	[3.31] Number of trade union beneficiaries supported to enter and complete capacitation programmes annually	-	442	800	1 095	+295	Overachieved This target was exceeded as the Special Project created a strong stakeholder relationship with the Trade Unions, and two Trade Unions agreed to train more workers over-and-above the contracted number.

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

Three targets were not achieved in 2020/21. The first two (2) are Target 3.4: 1 500 new entries and 2 000 continuing students awarded bursaries annually for studies in priority occupations resulting in demand-driven qualifications, and Target 3.17: 8 000 employed learners registered on NQF levels 2 to 5 Skills Programmes or part qualifications addressing Wholesale and Retail HTFVs as identified in the SSP annually.

The strategy adopted by the SETA to ensure improved performance on its bursary programmes includes the following:

- Forming partnerships with Bursary Administration Agencies and Wholesale and Retail Chairs that are

based in Tertiary Institutions, as well as TVET colleges. These strategic partnerships will be through expressions of interest that Tertiary Institutions will be invited to submit to the SETA for efficient administration of bursaries.

- Decentralisation of the allocation and award processes will ensure that the relevant Allocation Assurance Committee approves the allocation and the Provincial Offices monitor the contracts entered into with the allocated Tertiary Institutions.
- Opening up of the bursary application period in the first quarter of 2021/22 will enable the SETA to identify shortfalls early during the 2021/22 implementation period and address these before the end of the implementation period.

Target 3.17: 8 000 employed learners registered on NQF levels 2 to 5 Skills Programmes or part qualifications addressing Wholesale and Retail HTFVs as identified in the SSP annually, is the third target that was not achieved in Programme 3. The strategy adopted by the SETA to improve performance on this target is a partnership model that focuses on partnerships between the W&RSETA and Training Providers, partnerships between Training Providers and Employers, as well as partnerships between the W&RSETA and Retail Business Associations. Such partnerships will ensure that relevant skills programmes/part qualifications are developed

and offered to the sector, as these strategic partnerships will allow identification of relevant programmes as well as methods of implementation that are suited to the sector.

TARGETS DEFERRED OR REVISED FOLLOWING THE INITIAL APP

The W&RSETA revised its APP during the reporting period as mentioned previously. Programme 3 revised/deferred 25 of its output indicators (see table following) in the re-tabled APP.

PROGRAMME 3: PERFORMANCE PER INDICATOR (REVISED/DEFERRED TARGETS)

PROGRAMME 3: LEARNING PROGRAMME AND PROJECTS (INCLUSIVE OF PIVOTAL PROGRAMME, BURSARIES AND PLACEMENT, COOPERATIVES, SMES, NGOS/NPOS AND CRITICAL SKILLS DEVELOPMENT AND PARTNERSHIPS)									
PURPOSE: TO FACILITATE AND MANAGE THE IMPLEMENTATION OF LEARNING PROGRAMMES AND SUPPORT IMPROVED ENTRY TO PRIORITY PROGRAMMES									
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2018/2019	AUDITED ANNUAL PERFORMANCE 2019/2020	PLANNED ANNUAL TARGET 2020/2021	ACTUAL ACHIEVEMENT 2020/2021 UNTIL 30 JUNE 2020	DEVIATION FOR PLANNED TARGET TO ACTUAL ACHIEVEMENT 2020/2021	REASON FOR DEVIATIONS	REASON FOR REVISIONS TO THE OUTPUTS/ OUTPUT INDICATORS/ ANNUAL TARGETS
Outcome 8: Reduction of skills shortages in the W&R Sector	Output 1: Research and develop a Sector Skills Plan (SSP) in reply to the sector skills demand and supply	[3.1] Number of WSPs and ATRs approved for small firms per annum	5 011	5 331	4 000	604	-3 396	Target revised from 4 000 WSPs and ATRs approved for small firms to 70% of WSPs and ATRs approved for small firms. The revised target was implemented as part of the Revised APP tabled in July 2020	Indicator revised from number to percentage following a decrease in the submissions of WSPs and ATRs attributed to interrupted services due to COVID-19 lockdown restrictions.
		[3.2] Number of WSPs and ATRs approved for medium firms per annum	1 257	1 331	1 000	198	-802	Target revised from 1 000 WSPs and ATRs approved for medium firms to 70% of WSPs and ATRs approved for medium firms. The revised target was implemented as part of the Revised APP tabled in July 2020	Indicator revised from number to percentage following a decrease in the submissions of WSPs and ATRs attributed to interrupted services due to COVID-19 lockdown restrictions.
		[3.3] Number of WSPs and ATRs approved for large firms per annum	548	570	500	156	-344	Target revised from 500 WSPs and ATRs approved for large firms to 70% of WSPs and ATRs approved for large firms. The revised target was implemented as part of the Revised APP tabled in July 2020	Indicator revised from number to percentage following a decrease in the submissions of WSPs and ATRs attributed to interrupted services due to COVID-19 lockdown restrictions.
	Output 13: A skilled, competent and professional workforce in the wholesale and retail sector through provision of bursaries to W&RSETA employed and unemployed beneficiaries	[3.4] Number of new entries and continuing students awarded bursaries annually for studies in priority occupations resulting in demand driven qualifications	New target	3 354	Unemployed new entries: 2 000	Unemployed new entries: 0	Unemployed new entries: -2 000	Target revised from 2 000 to 1 500 and implemented as part of the Revised APP tabled in July 2020	Target decreased to enable an increase in funds allocated to continuing students.
			509	438	Continuing: 500	Continuing: 0	Continuing: -500	Target revised from 500 to 2 000 and implemented as part of the Revised APP tabled in July 2020	Target increased to ensure provision of financial assistance to bursary holders for the full duration of a qualification.

PROGRAMME 3: PERFORMANCE PER INDICATOR (REVISED/DEFERRED TARGETS) (CONTINUED)

PROGRAMME 3: LEARNING PROGRAMME AND PROJECTS (INCLUSIVE OF PIVOTAL PROGRAMME, BURSARIES AND PLACEMENT, COOPERATIVES, SMES, NGOS/NPOS AND CRITICAL SKILLS DEVELOPMENT AND PARTNERSHIPS) (CONTINUED)									
PURPOSE: TO FACILITATE AND MANAGE THE IMPLEMENTATION OF LEARNING PROGRAMMES AND SUPPORT IMPROVED ENTRY TO PRIORITY PROGRAMMES (CONTINUED)									
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2018/2019	AUDITED ANNUAL PERFORMANCE 2019/2020	PLANNED ANNUAL TARGET 2020/2021	ACTUAL ACHIEVEMENT 2020/2021 UNTIL 30 JUNE 2020	DEVIATION FOR PLANNED TARGET TO ACTUAL ACHIEVEMENT 2020/2021	REASON FOR DEVIATIONS	REASON FOR REVISIONS TO THE OUTPUTS/ OUTPUT INDICATORS/ ANNUAL TARGETS
Outcome 8: Reduction of skills shortages in the W&R Sector	Output 13: A skilled, competent and professional workforce in the wholesale and retail sector through provision of bursaries to W&RSETA employed and unemployed beneficiaries	[3.4] Number of new entries and continuing students awarded bursaries annually for studies in priority occupations resulting in demand driven qualifications	0	28	Masters/ PHD: 10	Masters/ PHD: 0	Masters/ PHD: -10	Target deferred	Target deferred to 2021/22 and 2022/23 as part of the SETA's reprioritisation strategy.
			59	0	RMDP: 100	RMDP: 0	RMDP: -100	Target deferred	Target deferred to 2021/22 and 2022/23 as part of the SETA's reprioritisation strategy.
			60	0	ILDP: 60	ILDP: 0	ILDP: -60	Target deferred	Target deferred to 2021/22 and 2022/23 as part of the SETA's reprioritisation strategy.
			313	397	Employed (NQF 5–8): 1 250	Employed (NQF 5–8): 0	Employed (NQF 5–8): -1 250	Target deferred	Target deferred to 2021/22 and 2022/23 as part of the SETA's reprioritisation strategy.
		[3.5] Number of new entries and continuing students awarded bursaries annually for studies in priority occupations resulting in demand-driven qualifications	540	418	Completing: 200	0	-200	Target revised to 100 and implemented as part of the Revised APP tabled in July 2020	Target revised as training activities were interrupted due to lockdown restrictions.
Outcome 5: Increased access to wholesale and retail occupationally directed programmes	Output 4: Facilitate innovative workplace-based learning opportunities within the sector	[3.6] Number of unemployed learners registered in NQF 2–5 learnerships or occupational programmes addressing Wholesale and Retail HTFVs as identified in the SSP annually	3 698	7 902	7 000	0	-7 000	Target revised from 7 000 to 3 000 and implemented as part of Revised APP tabled in July 2020	Target revised due to budget restrictions brought about by the anticipated reduced revenue and additional funding allocated for PPE and data per learner.
		[3.7] Number of unemployed learners completing NQF 2–5 learnerships or occupational Programmes addressing Wholesale and Retail HTFVs as identified in the SSP annually	1 499	2 291	3 500	301	-3 199	Target revised from 3 500 to 1 500 and implemented as part of the Revised APP tabled in July 2020	Target revised as training activities were interrupted due to lockdown restrictions.

PROGRAMME 3: PERFORMANCE PER INDICATOR (REVISED/DEFERRED TARGETS) (CONTINUED)

PROGRAMME 3: LEARNING PROGRAMME AND PROJECTS (INCLUSIVE OF PIVOTAL PROGRAMME, BURSARIES AND PLACEMENT, COOPERATIVES, SMES, NGOS/NPOS AND CRITICAL SKILLS DEVELOPMENT AND PARTNERSHIPS) (CONTINUED)									
PURPOSE: TO FACILITATE AND MANAGE THE IMPLEMENTATION OF LEARNING PROGRAMMES AND SUPPORT IMPROVED ENTRY TO PRIORITY PROGRAMMES (CONTINUED)									
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2018/2019	AUDITED ANNUAL PERFORMANCE 2019/2020	PLANNED ANNUAL TARGET 2020/2021	ACTUAL ACHIEVEMENT 2020/2021 UNTIL 30 JUNE 2020	DEVIATION FOR PLANNED TARGET TO ACTUAL ACHIEVEMENT 2020/2021	REASON FOR DEVIATIONS	REASON FOR REVISIONS TO THE OUTPUTS/ OUTPUT INDICATORS/ ANNUAL TARGETS
Outcome 5: Increased access to wholesale and retail occupationally directed programmes	Output 4: Facilitate innovative workplace-based learning opportunities within the sector	[3.9] Number of unemployed learners completing NQF 2–5 skills programmes or part qualifications addressing Wholesale and Retail HTFVs as identified in the SSP annually	220	419	400	6	-394	Target revised from 400 to 200 and implemented as part of the Revised APP tabled in July 2020	Target revised as training activities were interrupted due to lockdown restrictions.
		[3.11] Number of unemployed learners enrolled and completing Candidacy Programmes annually	-	-	100	0	-100	Target deferred	Target deferred to 2021/22 and 2022/23 as part of the SETA's reprioritisation strategy.
		[3.14] Number of enrolments and completions in workplace based learning programmes for graduate internships addressing wholesale and retail HTFVs as identified in the SSP annually	700	665	Enrolled: 1 200	0	-1 200	Target revised from 1 200 to 600 and implemented as part of the Revised APP tabled in July 2020	Target revised as training activities were interrupted due to lockdown restrictions.
			114	69	Completed: 350	50	-300	Target revised from 350 to 200 and implemented as part of the Revised APP tabled in July 2020	Target revised as training activities were interrupted due to lockdown restrictions.
	Output 5: Facilitate and create opportunities for skills development for the employed	[3.15] Number of employed learners registered in NQF 2–5 learnerships or occupational programmes addressing Wholesale and Retail HTFVs as identified in the SSP annually	2 300	3 990	3 500	0	-3 500	Target deferred	Target deferred to 2021/22 and 2022/23 as part of the SETA's reprioritisation strategy.
		[3.16] Number of employed learners completing NQF 2–5 learnerships or occupational programmes addressing Wholesale and Retail HTFVs as identified in the SSP annually	1 413	1 569	1 500	42	-1 458	Target revised from 1 500 to 500 and implemented as part of the Revised APP tabled in July 2020	Target revised as training activities were interrupted due to lockdown restrictions.

PROGRAMME 3: PERFORMANCE PER INDICATOR (REVISED/DEFERRED TARGETS) (CONTINUED)

PROGRAMME 3: LEARNING PROGRAMME AND PROJECTS (INCLUSIVE OF PIVOTAL PROGRAMME, BURSARIES AND PLACEMENT, COOPERATIVES, SMES, NGOS/NPOS AND CRITICAL SKILLS DEVELOPMENT AND PARTNERSHIPS) (CONTINUED)									
PURPOSE: TO FACILITATE AND MANAGE THE IMPLEMENTATION OF LEARNING PROGRAMMES AND SUPPORT IMPROVED ENTRY TO PRIORITY PROGRAMMES (CONTINUED)									
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2018/2019	AUDITED ANNUAL PERFORMANCE 2019/2020	PLANNED ANNUAL TARGET 2020/2021	ACTUAL ACHIEVEMENT 2020/2021 UNTIL 30 JUNE 2020	DEVIATION FOR PLANNED TARGET TO ACTUAL ACHIEVEMENT 2020/2021	REASON FOR DEVIATIONS	REASON FOR REVISIONS TO THE OUTPUTS/ OUTPUT INDICATORS/ ANNUAL TARGETS
Outcome 5: Increased access to wholesale and retail occupationally directed programmes	Output 5: Facilitate and create opportunities for skills development for the employed	[3.17] Number of employed learners registered on NQF 2–5 skills programmes or part qualifications addressing Wholesale and Retail HTFVs as identified in the SSP annually	3 547	3 227	6 500	0	-6 500	Target revised from 6500 to 8 000 and implemented as part of the Revised APP tabled in July 2020	Target increased to enable the SETA to address the sector skills needs emerging in the wake of COVID-19. Skills programmes are of a shorter duration and will enable reskilling of employees within a shorter space of time, thereby supporting an environment for further job retention.
		[3.18] Number of employed learners completing NQF 2–5 skills Programmes or part qualifications addressing Wholesale and Retail HTFVs as identified in the SSP annually	1 762	1 999	3 250	7	-3 243	Target revised from 3 250 to 1 000 and implemented as part of the Revised APP tabled in July 2020	Target revised as training activities were interrupted due to lockdown restrictions.
		[3.19] Number of employed learners registered on Recognition of Prior Learning (RPL) programmes annually	245	345	200	0	-200	Target deferred	Target deferred to 2021/22 and 2022/23 as part of the SETA's reprioritisation strategy.
		[3.21] Number of employed learners registered on NQF 1 Learnership (Adult Education and Training [AET]) annually	116	-	1 000	0	-1 000	Target deferred	Target deferred to 2021/22 and 2022/23 as part of the SETA's reprioritisation strategy.
		[3.22] Number of employed learners completing NQF 1 Learnership (AET) annually	99	-	920	0	-920	Target deferred	Target deferred to 2021/22 and 2022/23 as part of the SETA's reprioritisation strategy.
Outcome 8: Reduction of skills shortages in the W&R sector	Output 6: Facilitate access and provide support for interventions towards occupationally directed learning programmes	[3.23] Number of artisans/ technicians enrolled annually	200	Employed: 103 Unemployed: 272	200	0	-200	Target deferred	Target deferred to 2021/22 and 2022/23 as part of the SETA's reprioritisation strategy.
		[3.24] Number of artisans/ technicians completing annually	-	Employed: 100 Unemployed: 106	100	0	-100	Target deferred	Target deferred to 2021/22 and 2022/23 as part of the SETA's reprioritisation strategy.

PROGRAMME 3: PERFORMANCE PER INDICATOR (REVISED/DEFERRED TARGETS) (CONTINUED)

PROGRAMME 3: LEARNING PROGRAMME AND PROJECTS (INCLUSIVE OF PIVOTAL PROGRAMME, BURSARIES AND PLACEMENT, COOPERATIVES, SMES, NGOS/NPOS AND CRITICAL SKILLS DEVELOPMENT AND PARTNERSHIPS) (CONTINUED)									
PURPOSE: TO FACILITATE AND MANAGE THE IMPLEMENTATION OF LEARNING PROGRAMMES AND SUPPORT IMPROVED ENTRY TO PRIORITY PROGRAMMES (CONTINUED)									
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2018/2019	AUDITED ANNUAL PERFORMANCE 2019/2020	PLANNED ANNUAL TARGET 2020/2021	ACTUAL ACHIEVEMENT 2020/2021 UNTIL 30 JUNE 2020	DEVIATION FOR PLANNED TARGET TO ACTUAL ACHIEVEMENT 2020/2021	REASON FOR DEVIATIONS	REASON FOR REVISIONS TO THE OUTPUTS/ OUTPUT INDICATORS/ ANNUAL TARGETS
Outcome 6: Increased skills levels within the cooperative sector and small, medium and informal business enterprises to enhance their participation in the mainstream economy	Output 9: Provide skills development support to SMMEs, Cooperatives and Informal traders to enable them to participate in the mainstream economy	[3.28] Number of people trained annually on Entrepreneurship Development Programmes to enable them to start their own businesses or grow their existing businesses	-	-	100	0	-100	Target revised from 100 to 200 and implemented as part of the Revised APP tabled in July 2020	Target increased to benefit more young people in line with the SETA's strategy of prioritising programmes for the upliftment of vulnerable youth and vulnerable communities to ensure their participation in the economy.
Outcome 2: An integrated career guidance strategy	Output 11: Develop and support an integrated career guidance and development strategy	[3.32] Number of career development exhibitions annually in urban areas on occupations in high demand	-	-	100	0	-100	Target deferred	Target deferred to 2021/22 and 2022/23 as part of the SETA's reprioritisation strategy.
		[3.33] Number of career development exhibitions annually in rural areas on occupations in high demand	-	-	100	0	-100	Target deferred	Target deferred to 2021/22 and 2022/23 as part of the SETA's reprioritisation strategy.
		[3.34] Number of career development practitioners trained annually	-	-	10	0	-10	Target deferred	Target deferred to 2021/22 and 2022/23 as part of the SETA's reprioritisation strategy.
		[3.35] Life Orientation educators capacitated in use of the career guide annually	122	512	400	0	-400	Target deferred	Target deferred to 2021/22 and 2022/23 as part of the SETA's reprioritisation strategy.
		[3.36] Number of learners/unemployed persons assisted to access W&RSETA opportunities annually	300	431	500	0	-500	Target deferred	Target deferred to 2021/22 and 2022/23 as part of the SETA's reprioritisation strategy.

PROGRAMME 4: QUALITY ASSURANCE

DESCRIPTION OF THE PROGRAMME

The purpose of this programme is to execute the Quality Council for Trades and Occupations (QCTO)-delegated quality assurance functions with regards to the accreditation of training providers; the registration of assessors, facilitators and moderators; the evaluation of assessments; and the

facilitation of moderation including certification of learners as proof of successful completion of the qualification. It also includes the facilitation of qualification development.

PERFORMANCE RESULTS

Programme 4 achieved a 100% success rate, with all seven (7) of the targets set for the 2020/21 financial year realised.

PROGRAMME 4: PERFORMANCE RESULTS PER INDICATOR 2020/21

PROGRAMME4: QUALITY ASSURANCE AND PARTNERSHIPS								
PURPOSE: TO ENSURE THE QUALITY OF LEARNING DELIVERED AS WELL AS CAPACITATE TRAINING PROVIDERS AND TVET LECTURERS								
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2018/2019	AUDITED ANNUAL PERFORMANCE 2019/2020	PLANNED ANNUAL TARGET 2020/2021	ACTUAL ACHIEVEMENT 2020/2021 UNTIL 30 JUNE 2020	DEVIATION FROM PLANNED TARGET TO ACTUAL ACHIEVEMENT 2020/2021	REASON FOR DEVIATIONS
Outcome 3: Growth focused partnerships with the college system	Output 3: Identify, prioritise and form partnerships to address priority occupations	[4.1] Number of partnerships formed with higher education institutions offering retail qualifications annually	-	1	2	2	0	Achieved
	Output 7: Assist public colleges to increase capacity to offer retail and related learning programmes	[4.2] A W&RSETA model is developed for centres of specialisation for the W&R Sector during the period	-	-	1	1	0	Achieved
		[4.5] Working groups established annually for the sector curriculum review	-	-	1	1	0	Achieved
		[4.8] Number of TVETs supported to become assessment centres for retail occupational programmes annually	-	-	3	3	0	Achieved
		[4.9] Number of TVET colleges where the SETA has a presence, annually	-	-	32	35	+3	Overachieved The target was over-achieved due to more interest shown by the TVET colleges in forming partnerships with the W&RSETA.
	Output 8: Assist CET colleges to increase capacity to offer retail and related programmes	[4.10] A needs analysis study report of the CET sector is compiled during the period 1 April 2020 to 31 March 2021	-	-	1	1	0	Achieved
		[4.12] Number of CET colleges supported annually with learning material, institutional capacitation and infrastructure development	-	-	Infrastructure: 7	9 colleges supported with infrastructure development	+2	Overachieved This target was overachieved as 9 CETs from each of the 9 provinces were identified as requiring infrastructural support as a result of the research study. This was then approved by the W&RSETA Board.

STRATEGY TO OVERCOME AREAS OF UNDERPERFORMANCE

No underperformance was noted for Programme 4: Quality Assurance.

TARGETS THAT WERE DEFERRED OR REVISED FOLLOWING THE INITIAL APP

The W&RSETA revised its APP during the reporting period as mentioned previously. Programme 4 revised/deferred six (6) of its output indicators (see table following) in the re-tabled APP.

PROGRAMME 4: PERFORMANCE RESULTS PER INDICATOR (REVISED/DEFERRED TARGETS)

PROGRAMME4: QUALITY ASSURANCE AND PARTNERSHIPS									
PURPOSE: TO ENSURE THE QUALITY OF LEARNING DELIVERED AS WELL AS CAPACITATE TRAINING PROVIDERS AND TVET LECTURERS									
OUTCOME	OUTPUT	OUTPUT INDICATOR	AUDITED ACTUAL PERFORMANCE 2018/2019	AUDITED ANNUAL PERFORMANCE 2019/2020	PLANNED ANNUAL TARGET 2020/2021	ACTUAL ACHIEVEMENT 2020/2021 UNTIL 30 JUNE 2020	DEVIATION FOR PLANNED TARGET TO ACTUAL ACHIEVEMENT 2020/2021	REASON FOR DEVIATIONS	REASON FOR REVISIONS TO THE OUTPUTS/ OUTPUT INDICATORS/ ANNUAL TARGETS
Outcome 3: Growth focused partnerships with the college system	Output 7: Assist public colleges to increase capacity to offer retail and related learning programmes	[4.4] Number of TVET colleges supported through capacitation workshops and/ provision of equipment, in implementing occupationally directed programmes annually	-	-	Workshops: 9	0	-9	Target deferred	Target deferred to 2021/22 and 2022/23 as part of the SETA's reprioritisation strategy.
					Equipment: 5	0	-5	Target deferred	Target deferred to 2021/22 and 2022/23 as part of the SETA's reprioritisation strategy.
		[4.6] Number of lecturers registered for capacitation to offer National Certificate Vocational (NCV) Retail subjects annually	28	34	20	0	-20	Target deferred	Target deferred to 2021/22 and 2022/23 as part of the SETA's reprioritisation strategy.
		[4.7] Number of lecturers certificated to offer NCV Retail subjects annually	25	34	18	0	-18	Target deferred	Target deferred to 2021/22 and 2022/23 as part of the SETA's reprioritisation strategy.
	Output 8: Assist CET colleges to increase capacity to offer retail and related Programmes	[4.12] Number of CET colleges supported annually with learning material, institutional capacitation and infrastructure development infrastructure development	New target	-	Learning Material: 3	0	-3	Target deferred	Target deferred to 2021/22 and 2022/23 as part of the SETA's reprioritisation strategy.
			-	-	Equipment: 3	0	-3	Target revised from Equipment: 3 to Infrastructure: 7 and implemented as part of the Revised APP tabled in July 2020	Target revised as part of the SETA's reprioritisation strategy which included infrastructural development to enable the growth of CET colleges.
			-	-	Capacitation: 3	0	-3	Target deferred	Target deferred to 2021/22 and 2022/23 as part of the SETA's reprioritisation strategy.
		[4.13] Number of CET college lecturers registered on lecturer development programmes annually	-	-	3	0	-3	Target deferred	Target deferred to 2021/22 and 2022/23 as part of the SETA's reprioritisation strategy.
		[4.14] Number of CET college managers registered on management development programmes annually	-	-	3	0	-3	Target deferred	Target deferred to 2021/22 and 2022/23 as part of the SETA's reprioritisation strategy.

THE W&RSETA'S RESPONSE TO THE COVID-19 PANDEMIC

PROGRAMME	INTERVENTION	GEOGRAPHIC LOCATION	NO. OF BENEFICIARIES	DISAGGREGATION OF BENEFICIARIES	TOTAL BUDGET ALLOCATION PER INTERVENTION (R'000)	BUDGET SPENT PER INTERVENTION	CONTRIBUTION TO THE OUTPUTS IN THE APP (WHERE APPLICABLE)	IMMEDIATE OUTCOMES
3	Informal Traders and Micro Enterprises Development Programme (ITAMED)	All provinces	2 400	<ul style="list-style-type: none"> Beneficiaries were males and females – mainly Black 	R24 000 000	R21 220 400	3.27 (Number of informal traders and micro enterprises participating in W&RSETA capacitation workshops annually)	2 400 trained and capacitated on short course programmes and each given a Business Support Grant of R3 000.00.
3	Entrepreneurship Development Programme	<ul style="list-style-type: none"> Northern Cape Limpopo Gauteng North 	300	<ul style="list-style-type: none"> Youth between the ages of 18 and 35 Male and female Mainly Black 	R10 000 000	R10 000 000	3.28 Number of people trained on Entrepreneurship Development Programmes to enable them to start their own businesses or grow their existing businesses	300 young entrepreneurs trained on NVC skills programme and each given Business Support Grant vouchers of R15 000.00 at the end of the programme.
3	Devices and Data Funding for Continuing Bursars	All provinces	1 766	<ul style="list-style-type: none"> University learners TVET college learners 	R21 192 000	R20 554 000	3.4.1 Number of new entries and continuing students awarded bursaries annually for studies in priority occupations resulting in demand-driven qualifications (Continuing)	1 766 bursary holders assisted to obtain learning devices and data to enable them to study during lockdown.
3	Zivikele – COVID-19	KwaZulu-Natal	300	<ul style="list-style-type: none"> Unemployed graduates 	R18 000 000	R18 000 000	This is a special project	300 graduates with health services training placed at retail stores to assist with screening and scanning of customers.
3	Learnerships and Skills Programme PPE Support Grant Funding – COVID-19	Nationally	12 380	<ul style="list-style-type: none"> Unemployed learners participating in Learnerships Unemployed learners participating in Skills Programmes 	R12 380 000	R3 478 300	3.6 – 3.9 Number of unemployed learners registered and completing NQF levels 2 – 5 learnerships, skills programmes or part qualifications addressing Wholesale and Retail HTFVs as identified in the SSP annually	W&RSETA-registered learners received PPE support.
3	Additional Stipends	Nationally	10 843	<ul style="list-style-type: none"> Learnership learners Artisans 	R100 564 000	R86 430 518	3.23 – 3.24 Number of artisans/technicians enrolled annually and completing	W&RSETA-funded artisans received stipends for three months during lockdown.

LINKING PERFORMANCE WITH BUDGETS

PROGRAMME/ACTIVITY/OBJECTIVE	2019/20			2020/21		
	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE	BUDGET	ACTUAL EXPENDITURE	(OVER)/UNDER EXPENDITURE
Programme 1	145 300	141 660	3 640	142 301	144 360	(2 059)
Programme 2	276 763	211 797	64 966	184 773	138 512	32 343
Programme 3	1 086 141	732 672	353 469	895 018	674 764	92 867
Programme 4	271 535	183 168	88 367	50 604	168 691	23 217
Total	1 779 739	1 269 297	510 442	1 272 695	1 126 327	146 368

2.5 REVENUE COLLECTION

SOURCES OF REVENUE	2019/20			2020/21		
	ESTIMATE R	ACTUAL AMOUNT COLLECTED R	(OVER)/UNDER COLLECTION R	ESTIMATE R	ACTUAL AMOUNT COLLECTED R	(OVER)/UNDER COLLECTION R
Revenue from exchange transactions	72 153 000	187 574 000	(115 421 000)	131 066 000	97 443 000	33 623 000
Revenue from non-exchange transactions	1 139 272 000	1 211 426 000	72 154 000	720 860 000	834 225 000	(113 365 000)
	1 211 425 000	1 399 000 000	187 575 000	851 962 000	931 668 000	(79 742 000)

The COVID-19 SDL payment holiday led to a significant reduction (31%) in SDL levy income for the year 2020/21. The SETA therefore had to tap into reserves to fund the deficit, which led to investments dropping and the SETA losing investment interest income of R33 623 000.

2.6 CAPITAL INVESTMENT

During the reporting period, the W&RSETA engaged in a process involving development of internally generated ERP systems (MIS and Microsoft D365) to automate and bring efficiency to project management and finance processes. R12 947 000 was invested in the development of the two systems.

2.7 PERFORMANCE HIGHLIGHTS

FOCUS ON PEOPLE WITH DISABILITIES

The Entrepreneurship for People with Disabilities Project addresses unemployed youth with disabilities, with the aim of enabling these learners to realise their ability to participate actively in the sector.

Initially, 50 learners were registered for the Wholesale and Retail Operations NQF Level 2 learnership, which commenced on 24 June 2020 and aims for completion on 29 July 2021. Subsequently, two (2) learners dropped out of the programme.

Given the COVID-19 pandemic, the stores involved in the project were initially reluctant to host learners because of the risks associated with comorbidities. In response, the facilitator adapted the programme to enable simulations in the classroom environment. The facilitator also undertook to address some of the learners individually because of disability challenges such as hearing impairment and short-sightedness.

While the project is still in progress, already there is evidence that the learners' attitudes towards life has changed drastically for the better. Learners have been exposed to skills that will not only make them employable, but can be used to start and manage their own businesses. Exposure to the workplace environment will improve workforce skills and has the potential to lead to employment.

Contract amount: R8.9 million

FOCUS ON ENTREPRENEURSHIP

The Somandla Entrepreneurship Project in rural Mpumalanga commenced on 12 October 2020, with an expected completion date of 28 April 2021. The project aimed to train 300 youth who had been running active spaza shops for the previous two (2) years.

Training was provided was on six (6) unit standards (Entrepreneurship, Sales & Marketing, Customer Service, Business Ethics, Financial Requirements, Drafting a Business Plan) under the New Venture Creation NQF Level 2; coaching and mentorship. Part of the programme included the formalisation of the businesses through registration with the Companies and Intellectual Property Commission (CIPC)



and South African Revenue Service (SARS); and finally, linking participants with government institutions for grants and corporates, suppliers and the market.

The final stage of the project was reached in February 2021 with a business information workshop.

SEDA Malelane Branch adopted the beneficiaries to expose them to the following grants: Spaza Shops Support Programme; Township and Rural Area Entrepreneurship Programme; SMME Expansion Scale Up; and the Business Growth and Resilience Facility. Absa took on the project to expose participants to the Absa Spaza Shop Programme.

The Mpumalanga Youth Chamber of Commerce and Industry with the National Youth Development Agency (NYDA) embraced the project for NYDA grant funding. Old Mutual pledged to support 25 beneficiaries with R50 000 vouchers for branding and business support infrastructure. MTN engaged participants to push the MTN MoMo money business in their spaza shops. Tiger Brand, Unilever and Coca Cola pledged a bulk buying discount scheme and the W&RSETA will generate 300 vouchers worth R3 000 for each beneficiary to invest in their businesses.

A graduation ceremony will be held on 28 April to confer all 300 learners with their Statement of Results.

Contract amount: R3.6 million

FOCUS ON CAREER GUIDANCE AND DEVELOPMENT

Career Guidance and Development is intended to advise learners across the country on the available development opportunities that they can access. These opportunities include bursaries, learnerships, internships, skills programmes, and enterprise development, among others. Due to budget constraints because of the W&RSETA's re-prioritised Annual Performance Plan, targets for Career Guidance were deferred to the new financial year. However this deferment allowed the SETA to develop a comprehensive Five-Year Integrated Career Guidance Strategy.

The strategy highlights the following key themes:

- Priority Skills Plan
- Youth Unemployment
- Hard-to-Fill Vacancies and Skills Gaps
- Stakeholder Engagement
- Sector Transformation.

The strategy is supported by:

- Improving career education relating to the sector
- Professionalising career development practitioners who impact the sector
- Improving the matching and placement of sector entrants
- Emphasising entrepreneurship and small business development
- Providing career development assistance and career development for those already in the sector

Contract amount: R1.3 million

- Researching career guidance questions that will inform the sector
- Establishing partnerships that will facilitate the W&RSETA's career development initiatives.

The result is a comprehensive, integrated Career Guidance Strategy for the next five years which will provide guidance on the implementation of career guidance in a qualitative and impactful manner.

The strategy will be decentralised to the provincial offices of the W&RSETA to address the NSDP.



FOCUS ON SMALL AND MEDIUM ENTERPRISES (SMES)

The Zimele Traders/Iyanda Holdings Project commenced on 30 November 2020 to upskill 550 small and medium enterprises within the Iyanda Holdings company that are operating in the Wholesale and Retail Sector in KwaZulu-Natal. The purpose was to ensure survival of these businesses through the challenges during and post COVID-19.

The overall objective was to enhance the capacity of levy-exempted SMEs through the provision of skills development support to help grow and sustain their ventures and to provide employees with the opportunity to obtain retail business skills needed in the sector. The project is scheduled for completion by 31 May 2021.

Contract amount: R9.9 million

FOCUS ON SECTOR TRANSFORMATION

The Service Station Readiness Project was designed to provide SMME and Entrepreneurship Development for 1 000 learners who intend to become fuel retailers or managers of service stations in South Africa. The primary objective of this project is to equip fuel retail aspirants with the necessary skills and knowledge to ensure that they pursue the fuel retail industry equipped with the necessary skills and knowledge. While not all will become fuel retailers, the training also provides opportunities for those who aspire to be employed in positions such as Service Station Manager, Territory Manager, Supervisor, etc.

The project is also designed to mentor and equip candidates with the required skills to successfully handle interviews with oil companies; connect successful candidates with franchising opportunities from various oil companies in South Africa; and facilitate funding with associate funding institutions.

The programme aims to enhance the in-depth, oil company-specific training that is offered to approved candidates by ensuring that candidates obtain enough information about the industry they intend pursuing, prior to making substantial business investments.

The project, presented in four (4) phases with 250 learners each, commenced on 15 October 2020 and will be completed on 31 March 2022.

Strategic partnerships have been entered into with three major oil companies, namely BPSA, Engen and Astron Energy (Caltex). More than 30 candidates who graduated in Phase 1 are at advanced stages of being placed as Fuel Retailers (franchisees). They will create more than 1 000 permanent jobs.

The three (3) major oil companies have in excess of 500 service stations that will be changing hands during the next 12–36 months. Petro CONNECT, the training provider, is aiming to have at least 70% of these opportunities afforded to successful candidates in this programme.

Contract amount: R21 million



FOCUS ON INFORMAL TRADERS AND COOPERATIVE DEVELOPMENT

The Small Traders Empowerment Project commenced on 16 July 2020 and is scheduled for completion on 28 February 2022. The project is designed to empower small and micro traders operating in the Wholesale and Retail Sector in order to create employment, assist them to comply with sectoral statutory requirements, and create an enabling environment for growth.

The project targets 540 beneficiaries (120 for the Non-Credit Programme, 120 for the Mentorship and Coaching Programme and 300 for Learnerships).

Despite interruptions due to COVID-19 which necessitated a move to mostly online classes, the project is on target for completion in the intended timeframe.

Contract amount: R18.5 million

FOCUS ON UPSKILLING

The Boxer Superstores (Pty) Ltd Special Project is targeting a total of 75 learners in the KwaZulu-Natal province. The project aims to successfully train twenty-five (25) learners on the NQF Level 2 Learnership; twenty-five (25) learners on the NQF Level 3 Learnership; and twenty-five (25) learners on the NQF Level 5 Generic Management qualification.

The training programme commenced on 22 July 2020 and is scheduled to end on 30 June 2021.

The project intends to enable learners to better perform their duties within the workplace; assist learners in terms of employability; qualify learners with certificates that will allow them to apply for jobs outside of their current employment; and equip learners with better communication skills within the working environment.

Contract amount: R3.6 million

FOCUS ON HARD-TO-FILL VACANCIES AND SKILLS GAPS

The Universities South Africa (USAf) Project aims to fund missing middle university students who are unable to register for their final year of study and missing middle students who are not able to graduate due to outstanding debt.

The project is aimed at learners in fields of study which are

linked to Hard-To-Fill Vacancies (HTFVs) as identified in the SSP. The number of beneficiaries will be determined based on the number of students identified as HTFV candidates by the universities.

The project was approved during the 2020/21 financial year and will commence on 31 March 2021, running through to 31 December 2023.

Contract amount: R31.4 million

FOCUS ON POSITIONING TVET COLLEGES AS SKILLS DEVELOPMENT INSTITUTIONS

The Sekhukhune Skills Development Centre Project is a landmark contribution to skills development by the W&RSETA which involves the investment of R131 million towards the construction of the Sekhukhune Skills Development Centre in Limpopo, in partnership with the Sekhukhune TVET College. The project, which was approved in 2019, is a first of its kind initiative for the SETA. The centre will be constructed on an 11.5 hectare piece of land in the rural area of Sekhukhune outside Groblersdal in Limpopo and will boast five hubs including retail and agriculture, engineering workshops and an administration block.

While the project was approved during the National Skills Development Strategy III phase, it was indeed visionary as the National Skills Development Plan, which came into effect in April 2020, advocates for SETAs to provide infrastructure support to TVET colleges. Its main objective is to produce artisans, which are considered scarce skills in South Africa.

In terms of the sustainability of the project, SMMEs will be trained through the incubation programme of the college, and collaborations will be established with retailers to sell products from the centre. Additionally, the college plans a multi-purpose centre and hotel which will generate income for the centre. Students will receive practical training and graduates from the college will be part of the staff complement.

The construction of the centre will be completed in 2023.

Contract amount: R131 million





Mr R Sibiya - Chairperson



Mr L Ramathlodi



Mr D Makua



Mr T Mthembu



Ms M Bango



Ms N Bogopa



Ms T Ntshangase



Mr R Rayners



Ms S Rasebitse

PART C GOVERNANCE W&RSETA BOARD



Ms Z Tyikwe



Mr S Busane



Mr M Silimandlela



Mr Z Sokabo



Ms L Mokhitli

3.1 INTRODUCTION

The W&RSETA is a Schedule 3A Public Entity, which is governed by the precepts of the Skills Development Act (SDA), Act No. 97 of 1998, Skills Development Levies Act (SDLA), Act No. 9 of 1999 and 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.

Corporate governance is a system of rules, policies, laws, and processes by which an organisation is controlled, directed and administered. At the core of corporate governance are the principles of accountability, transparency, leadership and responsibility to the organisation and its stakeholders. Good 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 ensure that the interests of its stakeholders are met.

3.2 PORTFOLIO COMMITTEE

The Portfolio Committee on Higher Education, Science and Technology exercises oversight over the W&RSETA's governance processes, which include budgetary processes, and delivery on its mandate. The Portfolio Committee may invite the SETA to present financial and non-financial information contained in its annual report. The Board Chairperson and CEO appeared before the Portfolio Committee on 26 May 2020 to present supplementary information to that presented to the committee by the former Board in 2019.

3.3 EXECUTIVE AUTHORITY

The Executive Authority of the W&RSETA is the Minister of Higher Education, Science and Innovation. The W&RSETA's performance is monitored by the Department of Higher Education and Training (DHET) through quarterly reports and interactions with the Board. The following reports were submitted to the Minister for review and approval, in line with the SDA, PFMA and other relevant legislative frameworks:

- Five-Year Strategic Plan 2020–2025
- Annual Performance Plan and Budget 2020/21
- Sector Skills Plan 2020/21
- Materiality Framework 2020/21
- Annual Report 2020/21
- Quarterly Performance Reports 2020/21.

3.4 THE BOARD/ACCOUNTING AUTHORITY

INTRODUCTION

The Board of Directors is the Accounting Authority of the W&RSETA. The Board is responsible for overseeing the application of corporate governance principles and carrying out fiduciary duties as contemplated in the PFMA.

Board meetings are convened at least once quarterly to approve reports on financial and non-financial performance. Special Board meetings are convened to consider urgent business of the Board as and when the need arises.

THE ACCOUNTING AUTHORITY

The Board, as the Accounting Authority, is the highest decision making structure in the W&RSETA. Its primary responsibility is to provide leadership and, as mentioned above, to uphold good corporate governance principles. The Board monitors and is ultimately accountable for the performance of the W&RSETA against the predetermined targets set out in the Annual Performance Plan and the Service Level Agreement entered into with the DHET and approved by Cabinet. The Board provides strategic direction supported by a sound policy framework. Furthermore, the Board has the overall responsibility of ensuring that an adequate risk management and internal control environment exists.

GOVERNANCE FRAMEWORK

The Board operates according to a Governance Framework that sets the parameters within which the Board and its established committees should exercise their roles to achieve organisational efficiency and effectiveness. The Framework distinguishes between the strategic, operational and administrative roles of the Board, Management and Secretariat, while promoting the interests of all stakeholders.

According to the framework, the Board approves all policy documents and plans that give effect to the strategic direction of the W&RSETA. The Board oversees and monitors the governance of the W&RSETA and ensures its compliance with applicable legislation and statutory requirements. The framework ensures the Board's adherence to the Code of Conduct as contained in the Standard Constitution.

COMPOSITION OF THE BOARD

The Minister, through Cabinet, appointed 14 Board members for a five-year term from 01 April 2020 to 31 March 2025. The 14-member Board includes the Chairperson, who is also appointed by the Minister. The Board comprises non-executive members who are nominated from constituent organisations representing employer, labour and community organisations as contemplated in the Standard Constitution Regulations (Standard Constitution). The CEO is the executive member and serves in his capacity as an ex-officio member of the Board. The Board has one (1) vacant seat.

The Standard Constitution prescribes that an induction session should be convened within a month of the Board's appointment. Because the Board was appointed at the advent of the COVID-19 pandemic, an introductory Board meeting was convened virtually, which served as a provisional induction session. Subsequently, a combined induction session for the Board and Audit Committee took place in December 2020. The DHET held an induction session for all the SETAs but due to capacity of the virtual platform only the Executive Committee was able to attend.

Members of the Board are listed in the table following.

NAME	DESIGNATION	DATE APPOINTED	DATE TERM ENDED/RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	OTHER COMMITTEES OR TASK TEAMS	NO. OF BOARD MEETINGS ATTENDED OUT OF 9
Mr Reggie Sibiya	Board Chairperson	April 2020	April 2025	<ul style="list-style-type: none"> Bachelor's Degree in Science (Botany & Genetics) BSc Honours (Genetics) 	<ul style="list-style-type: none"> Fuel Retailing FMCG Sales and Marketing Business Management Regulatory Compliance Bargaining Council 	<ul style="list-style-type: none"> Fuel Retailers Association – Director MIBCO – Board Member MIFA – Trustee/Director 	<ul style="list-style-type: none"> EXCO Chairperson 	9
Mr Sibusiso Busane	Board Member	April 2020	April 2025	<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"> EXCO Member REMCO Member PCOM Member 	8
Ms Thandeka Ntshangase	Board Member	April 2020	April 2025	<ul style="list-style-type: none"> Bachelor's Degree in Economics and SCM Postgraduate Degree in Project Management 	<ul style="list-style-type: none"> Financial Management Project Management Governance 	<ul style="list-style-type: none"> Ezemvelo Wild Life, Agri-Business Development Agency 	<ul style="list-style-type: none"> FINCO Member G&SC Member 	9
Mr Mzimaseki Silimandlela	Board Member	April 2020	April 2025	<ul style="list-style-type: none"> WEP Worker Education Recognition of Prior Learning Cross Examination Labour Arbitration Practical Labour Law 	<ul style="list-style-type: none"> Training and Development Worker Representation (CCMA, Labour Court and Bargaining Council) 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> FINCO Member 	9
Mr David Makuwa	Board Member	April 2020	April 2025	<ul style="list-style-type: none"> Bachelor's Degree in Administration (in progress) 	<ul style="list-style-type: none"> Trade Union Leadership 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> PCOM Chairperson EXCO Member REMCO Member 	9
Mr Themba Mthembu	Board Member	April 2020	April 2025	<ul style="list-style-type: none"> Labour Dispute Practise Trade Union Practise 	<ul style="list-style-type: none"> Labour Dispute Resolution Bargaining Council 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> AC Member PCOM Member 	9
Mr Ross Rayners	Board Member	April 2020	April 2025	<ul style="list-style-type: none"> HR Management 	<ul style="list-style-type: none"> Researcher: Government Tenders & Procurement TERS COVID TERS 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> REMCO Member G&SC Member 	9
Mr Lucas Ramatlhodi	Board Member	April 2020	April 2025	<ul style="list-style-type: none"> Collective Bargaining and Negotiation Skills National Negotiator Course 	<ul style="list-style-type: none"> Policy Development Administration Coordination 	<ul style="list-style-type: none"> International Union Federation (IUF) Trade Group Board: Hotel, Restaurant, Catering & Tourism (HRCT) Sector UNI Global Union – Gaming Sector 	<ul style="list-style-type: none"> G&SC Chairperson 	9
Ms Lerato Mokhele	Board Member	April 2020	April 2025	<ul style="list-style-type: none"> Bachelor of Commerce Degree in Accounting Higher Certificate in Economic Development 	<ul style="list-style-type: none"> Accounting Financial Management Trade Union Leadership 	<ul style="list-style-type: none"> DICOMARK (Pty) Ltd – Director 	<ul style="list-style-type: none"> EXCO Member FINCO Member 	9

NAME	DESIGNATION	DATE APPOINTED	DATE TERM ENDED/RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	OTHER COMMITTEES OR TASK TEAMS	NO. OF BOARD MEETINGS ATTENDED OUT OF 9
Ms Margaret Bango	Board Member	April 2020	April 2025	<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 Women 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"> EXCO Member G&SC Member FINCO Member 	9
Ms Sebe Rasebitse	Board Member	April 2020	April 2025	<ul style="list-style-type: none"> MBA (in progress) Programme for Woman in Executive Positions Senior Leadership Management Programme 	<ul style="list-style-type: none"> Human Resources Management Talent Development 	<ul style="list-style-type: none"> TFG Board 	<ul style="list-style-type: none"> PCOM Member REMCO Member 	9
Ms Nonkululeko Bogopa	Board Member	April 2020	April 2025	<ul style="list-style-type: none"> National Diploma in Architecture 	<ul style="list-style-type: none"> Stakeholder Management Real Estate Management Strategy Development and Implementation Procurement Personnel management 	<ul style="list-style-type: none"> Broll South Africa 	<ul style="list-style-type: none"> FINCO Chairperson AC Member 	9
Ms Zinhle Tyikwe	Board Member	April 2020	April 2025	<ul style="list-style-type: none"> MBA Bachelor of Commerce (Hons) Degree in Industry Psychology and Organisational Development 	<ul style="list-style-type: none"> Human Resources Organisational Development Strategy Development, Governance and Compliance 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> REMCO Chairperson G&SC Member 	9
Mr Zibele Sokabo	Board Member	April 2020	April 2025	<ul style="list-style-type: none"> Management Diploma 	<ul style="list-style-type: none"> Fuel Industry 	<ul style="list-style-type: none"> Motor Industry Retirement Fund Board – (alternate) Copartes Pension Fund 	<ul style="list-style-type: none"> PCOM Member 	9

Members of the Audit Committee are listed in the table following.

NAME	DESIGNATION	DATE APPOINTED	DATE TERM ENDED/RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	OTHER COMMITTEES OR TASK TEAMS	NO. OF BOARD MEETINGS ATTENDED OUT OF 9
Mr Kgoale Vincent Maja	Audit Committee Chairperson	1 May 2020	31 March 2025	<ul style="list-style-type: none"> Master of Business Leadership (MBL) BCompt Honours BCom (Accounting) Certified Internal Auditor (CIA) IIA Accredited Quality Assurance Assessor Registered Assessor and Moderator for FASSET, MICT SETA, SASSETA, ETDP SETA and SERVICES SETA, IIASA member 	<ul style="list-style-type: none"> Internal Auditing and External Auditing IT Governance and Corporate Governance Risk Management, Forensics and Compliance 	<ul style="list-style-type: none"> Northern Cape Provincial Government Department of Sports, Arts and Culture Department of Agriculture Department of Cooperative Governance Human Settlements and Traditional Affairs 	<ul style="list-style-type: none"> None 	8

NAME	DESIGNATION	DATE APPOINTED	DATE TERM ENDED/ RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTORSHIPS	OTHER COMMITTEES OR TASK TEAMS	NO. OF BOARD MEETINGS ATTENDED OUT OF 9
Ms Mosibudi Margaret Phiri	Audit Committee Member	1 May 2020	31 March 2025	<ul style="list-style-type: none"> BCom Accounting BCompt Honours CA(SA) 	<ul style="list-style-type: none"> Internal Auditing and External Auditing IT Governance and Corporate Governance Risk Management, Forensics and Compliance 	<ul style="list-style-type: none"> Department of Government Communication and Information Systems –Chairperson of Risk and Audit Committee CRL Rights Commission –Member of the Audit Committee and ICT Committee Department of Public Works – Member of the Audit Committee Central Johannesburg College – Member of the Audit Committee University of Limpopo – Council Member 	<ul style="list-style-type: none"> None 	8
Dr Len Konar	Audit Committee Member	1 May 2020	31 March 2025	<ul style="list-style-type: none"> CA(SA) MAS (Illinois, USA) D.Com (SA) B.Com PG Dip in Acc. Cert. in Tax Law Fellow of the Institute of Internal Auditors and Institute of Directors 	<ul style="list-style-type: none"> Experience in Internal Auditing and External Auditing IT Governance and Corporate Governance Strategic Planning Compliance Risk Management, Forensics and Compliance 	<ul style="list-style-type: none"> The Petroleum Oil and Gas Corporation of South Africa (SOC) Ltd (PetroSA) – Member of the Board Ditsong Museums of SA – Deputy Chairperson of Board and Audit Committee Member Group Risk Group – Lead Independent Director and Chair of Audit and Risk Committee SABC Medical Fund – Chair of Audit Committee and Member of Investment Committee SABC Retirement Fund – Member of Investment Committee and Chair of the Audit Committee Council for Built Environment (CBE) – Member of the Audit and Risk Committee Gauteng Infrastructure Partnership Fund Agency (GPIFA) – Chair of Ethics and Risk Committee Department of Science and Technology (DST) – Chair of Audit Committee Outsourced Risk and Compliance Services (Pty) Ltd – Shareholder 	<ul style="list-style-type: none"> None 	7
Adv. Thato Goodness Moeeng	Audit Committee Member	1 May 2020	31 March 2025	<ul style="list-style-type: none"> Master of Business Leadership LLB Degree Post Graduate Executive Development Programme Advanced Management Development Programme BJuris Degree (Cum Laude) 	<ul style="list-style-type: none"> Legal Knowledge Civil and Labour Litigation Audit and Risk Management Investigation Compliance Strategic Planning 	<ul style="list-style-type: none"> Employment Equity Consultative Forum (09-2012) – Deputy Chairperson Departmental Bargaining Chamber (2008-2009) – Deputy Chairperson Social Committee, Public Protector, 2004 – Treasurer Fit for Life Aerobic Club, 1999 – Deputy Chairperson Vista University, 1998 – Peer Counsellor 	<ul style="list-style-type: none"> None 	8

MEETINGS OF THE BOARD

Meetings of the Board are convened quarterly to consider and approve performance reports and statutory compliance reports, as outlined in the Standard Constitution. The Board adjusted its annual meeting schedule in accordance with the gazetted National Treasury exemption and DHET COVID-19 Guidelines to fulfil its statutory obligations.

The Board held its annual Strategic Planning session to review and develop the Five-year Strategic Plan and Annual Performance Plan for the W&RSETA as part of its fiduciary responsibility. This session was followed by a Board Strategic Risk Management Workshop which resulted in the Board-approved Strategic Risk Register. The Audit Committee participated in the Strategic Risk Management Workshop to advise and guide the Board, as part of its mandate.

The Board reviewed Research Reports, with the objective of ensuring that the research report recommendations shape and

influence future interventions. The Board convened its first Annual General Meeting in Durban, in which the 2019/20 Annual Report and Annual Financial Statements were tabled and approved. In addition, special meetings were convened to consider critical and urgent matters, in accordance with the Standard Constitution.

COMMITTEES OF THE BOARD

The Board has the vested power to establish sub-committees and may delegate any of its functions to its sub-committees to assist it in its oversight role. At the beginning of its term, the Board established an Executive Committee, whose appointment was approved by the Minister, and five (5) additional committees whose respective members were selected based on their knowledge and skills. The Board appointed the Audit Committee in accordance with Section 77 of the PFMA. The Audit Committee comprises four (4) independent members and two (2) non-executive Board members.

COMMITTEE	NO. OF MEETINGS HELD	NO. OF MEMBERS	NAME OF MEMBERS
Audit Committee	8 Meetings	6 Members	Mr Kgoale Vincent Maja: Chairperson
			Ms Mosibudi Margaret Phiri
			Dr Len Konar
			Adv. Thato Goodness Moeeng
			Ms Nonkululeko Bogopa
			Mr Themba Mthembu
Executive Committee	5 Meetings	6 Members	Mr Reggie Sibuya: Board Chairperson
			Mr Sibusiso Busane
			Mr David Makuwa
			Ms Lerato Mokhitli
			Ms Margaret Bango
			Ms Zinhle Tyikwe
Projects Committee	4 Meetings	5 Members	Mr David Makuwa: Chairperson
			Mr Sibusiso Busane
			Ms Sebe Rasebitse
			Mr Zibele Sokabo
			Mr Themba Mthembu
Finance Board Committee	5 Meetings	5 Members	Ms Nonkululeko Bogopa: Chairperson
			Ms Margaret Bango
			Ms Thandeka Ntshangase
			Mr Mzimaseki Silimandlela
			Ms Lerato Mokhitli
Governance & Strategy Board Committee	8 Meetings	5 Members	Mr Lucas Ramatlhodi: Chairperson
			Ms Zinhle Tyikwe
			Ms Margaret Bango
			Mr Ross Rayners
			Ms Thandeka Ntshangase
Remuneration Board Committee	6 Meetings	6 Members	Ms Zinhle Tyikwe: Chairperson
			Mr Sebe Rasebitse
			Mr Ross Rayners
			Mr David Makuwa
			Mr Sibusiso Busane

REMUNERATION OF BOARD MEMBERS

NAME	REMUNERATION R'000	OTHER ALLOWANCE R'000	OTHER RE-IMBURSEMENTS R'000	TOTAL R'000
Mr R Sibiya – Chairperson	310	7	-	317
Ms Z Tyikwe	299	6	-	305
Mr KD Makuwa	265	6	-	271
Ms M Bango	275	1	-	276
Mr S Busane	234	1	-	235
Mr T Mthembu	189	1	-	190
Ms T Ntshangase	201	1	-	202
Mr Z Silimandlela	169	2	-	171
Ms L Mokhiti	215	1	-	216
Mr L Ramatlhodi	171	7	-	178
Mr R Rayners	212	1	-	213
Ms N Bogopa	216	6	-	222
Mr Z Sokabo	150	2	-	152
Mr S Rasebitse	220	1	-	221
Mr KV Maja – Audit Committee Chairperson	181	-	-	181
Ms MM Phiri – Audit Committee Member	78	-	-	78
Dr L Konar – Audit Committee Member	78	-	-	78
Adv. T Moeeng – Audit Committee Member	69	-	-	69
Total	3 532	43	-	3 575

3.5 RISK MANAGEMENT

The Board identifies strategic risks and, together with the CEO, determines the risk appetite and tolerance levels of the SETA. The W&RSETA's risk management is founded on the Risk Management Policy and Strategy, which are aligned with the PFMA. The Senior Manager: Risk Enterprise Management led the annual Strategic Risk Workshop during which the Board identified Strategic Risks against the Five-Year Strategic Plan and the appropriate mitigation measures were identified. The Audit Committee is integral to advising the Board in this process. Management continuously analyses, manages and implements mitigation measures against threats that could prevent the W&RSETA from achieving its strategic objectives.

3.6 INTERNAL CONTROL

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

3.7 INTERNAL AUDIT

The W&RSETA's internal audit is an independent function, governed by an Internal Audit Charter approved by the Audit Committee and reviewed annually. The Internal Audit Charter defines the role, organisational status authority, responsibilities and scope of the internal audit activity. Internal audit assists the 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.

Key objectives of the internal audit function include:

- Reviewing the adequacy and effectiveness of internal controls, risk management and governance processes;
- Providing reasonable assurance on the integrity and reliability of financial and non-financial information;
- Reviewing compliance with applicable laws, regulations, policies and procedures; and
- Evaluating the effectiveness the entire system of risk management and providing recommendations for improvement.

The internal Audit function carried out its audit assignments during the year as per the approved internal audit plan for 2020/21.

3.8 COMPLIANCE WITH LAWS AND REGULATIONS

The Board is the custodian of all W&RSETA policies, which are derived from various legislative frameworks. The Board delegates this mandate to its Board Committees and holds them accountable for ensuring that adherence to policy is observed during the implementation of W&RSETA programmes, as well as for the management of finances and all other resources. Governance compliance with the PFMA and National Treasury Regulations is submitted to the DHET quarterly. The W&RSETA is compliant with national policies, primary legislation and other applicable legislation and regulations. W&RSETA systems, processes and policies are reviewed annually or as and when the need arises.

3.9 FRAUD AND CORRUPTION

The W&RSETA continuously strives for a clean administration that is free of fraud and corruption. Reports of any suspicion of corruption are verified and subjected to an investigation for appropriate action to be taken. The W&RSETA has a

Fraud Prevention Policy and Plan in place to manage fraud-related cases effectively. The SETA has an established fraud Hotline. This anonymous service allows employees and the public to report suspected fraudulent behaviour by W&RSETA employees, management, stakeholders and service providers.

One fraud incident was reported during the year. This is a matter involving two invoices amounting to R1 848 639.80, where a fictitious bank confirmation letter was issued to divert payment. The receiving bank was notified and the account frozen. A case was opened with SAPS and is under investigation.

3.10 MINIMISING CONFLICT OF INTEREST

In order to sustain good corporate governance, it is critical that transparency and integrity are at the centre of any organisation. The DHET requires that nominated candidates disclose any business interests they may have before their appointment is confirmed. The Standard Constitution requires all Board members, at any time during the Board proceedings, to disclose the nature of conflict of interest they hold on the matter being discussed. The disclosure is then recorded in the minutes and such member may be requested to recuse him or herself from the meeting.

All members, at the start of each year, are required to complete the W&RSETA's annual declaration of interest. Whilst the Board has full appreciation of their fiduciary responsibility, a presentation was made to Board members on how to treat matters of conflict of interest on the basis that SETA Boards are based on the stewardship model. The Board members are nominated from the same constituent organisations to which the W&RSETA delivers its training and development programmes.

3.11 CODE OF CONDUCT

The W&RSETA has developed and adopted a Code of Conduct, which ensures that the business of the W&RSETA is conducted in the interests of the organisation and conforms to applicable laws and regulations governing its business. The Code of Conduct is applicable to all employees and governs the manner in which staff members conduct themselves. As part of induction and on-boarding, new staff members are taken through the Code of Conduct. Annually, all employees are reminded of the Code of Conduct through a circular. All staff members are required to read and sign the Code of Conduct in acknowledgement thereof.

Part of the W&RSETA's Constitution is the Code of Conduct for Board Members, which covers the following broad issues:

- Conflict of interest
- Gifts and benefits
- SETA resources
- Accounting standards
- Security of information and intellectual property rights
- Contravention of Code.

3.12 HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The 2020/21 financial year saw the formation of a new business unit within the W&RSETA, namely Facilities, Occupational Health and Safety (OHS) and Security Services. The unit is responsible for all the W&RSETA's office accommodation nationally as well as OHS and security services.

During the 2020/21 financial year, the W&RSETA entered into new lease agreements for eight (8) of its Provincial Offices as well as for its Head Office in Centurion. The procurement of the office accommodation was conducted through Supply Chain Management (SCM) processes and the occupation of these offices was effective from 1 October 2020.

In procuring the offices, due diligence site visits were conducted to determine, amongst other criteria:

- The conduciveness of the offices to house the W&RSETA employees and its visiting stakeholders, including the accessibility to the offices
- Compliance with OHS regulations
- Compliance and conduciveness for People Living with Disabilities
- Safety as well as security for both W&RSETA Employees and its visiting Stakeholders.

The W&RSETA will be implementing the following across all its Provincial Offices as well as at its Head Office during the 2021/22 financial year:

- 16.1 and 16.2 appointments in terms of Section 16.1 and 16.2 of the Occupational Health and Safety Act, (85 of 1993)
- Building and OHS Compliance Audits as per the OHS Act, No.85 of 1993
- Training on the roles and responsibilities of the 16.1 and 16.2 appointees
- Training on OHS, First Aid and Fire Fighting.

3.13 SOCIAL RESPONSIBILITY

A number of community programmes were planned for the 2020/21 reporting period; however, these had to be postponed or cancelled because of the COVID-19 pandemic and related health and safety considerations for all stakeholders involved.

3.14 REPORT OF THE AUDIT COMMITTEE

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 six (6) 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 the 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 the Internal Audit Charter
- Considered the Risk Management Processes
- Considered Performance and Financial reports and made recommendations, as appropriate
- Considered ICT governance issues and alignment with 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
- Reviewed external audit plans, reports and management's follow-up of matters requiring attention.

INTERNAL CONTROL 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 reports provided by the internal audit and the external auditors, the members of the Audit Committee observed some weaknesses in the organisation's system of internal controls and noted that the effectiveness of the system of internal controls needs improvement. Areas impacting the control environment were noted as follows:

- The Finance Department and some areas of Operations operated without an IT system for a greater part of the financial year, resulting in manual processes being relied on and thus increasing exposure for inaccurate and incomplete reporting. Management implemented compensating controls to manage this exposure.
- Management did not address all the findings raised by the external audit in the previous audit (2019/20). Of concern is the issue relating to payments of qualifying invoices within 30 days which remained a challenge for the entity during the year under review. The Audit Committee will continue to review the commitments made by management to improve the status of payment of invoices and the resolution of significant AG findings in the ensuing year.

Achievement of organisational targets was below target throughout the financial year, however the overall performance rate has improved when compared to prior years.

RISK MANAGEMENT

The Audit Committee reviewed the SETA's approach to risk management, as well as risk management processes and practices. The entity's strategic risk register was compiled

and approved by the Board in November 2020. Progress in the mitigation of these risks was monitored by the Audit Committee on a quarterly basis. The operational risk registers were also developed and tracked on a quarterly basis.

Risk management reporting continues to be a standing agenda item for the Audit Committee to ensure effective risk management oversight.

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 as 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
- 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 86% of the planned audits for the year 2020/21.

The completed reviews covered the following areas:

- Performance information
- Draft annual financial statements and draft annual performance report
- Internal Financial Controls
- Commitments Register
- Supply Chain Management

- Projects Review
- Draft strategic plan and draft Annual Performance Plan
- Qualifications and quality assurance
- Sector, skills and research
- HR – Payroll and labour relations.

FINANCE DIVISION


The experience of the leadership of the Finance Division was adequate. The resources and capacity in the division were, however, stretched for the greater part of the year under review. Furthermore the Finance Division did not have a reporting system for the greater part of the year resulting in the unit operating manually. Despite these challenges the Audit Committee is encouraged that the organisation managed to produce a good set of financial statements and did not regress from the previous audit opinion.

EVALUATION 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 Report
- Reviewed and discussed the Auditor-General's Report
- Reviewed and confirmed the independence of the external auditors with respect to non-audit services.

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 July 2021



PART D HUMAN RESOURCE MANAGEMENT

4.1 INTRODUCTION

The W&RSETA's Human Resources (HR) function renders integrated human resources services within the framework of the W&RSETA's Annual Performance Plan and Budget to enable the organisation to pursue the goals and objectives outlined in that plan. It is responsible for providing an effective and efficient human resources value proposition to the W&RSETA, and contributes to creating business cohesion and good corporate governance and ethos.

The National Development Plan (NDP) 2030 enjoins all organs of State, which includes the W&RSETA, to strengthen the State's capacity to deliver services. As a result, the W&RSETA's HR function had to reposition itself to support the broader strategy of the SETA strategically by adopting a long-term view to human resources planning.

OVERVIEW OF HUMAN RESOURCES

The W&RSETA embarked on the process of developing and implementing an Integrated Human Resources Management and Development Strategy. This strategy is aimed at ensuring that the W&RSETA always has the right balance in terms of its employees, to enable it to deliver on its mandate and achieve its strategic goals and objectives as set out in the organisation's Strategic Plan.

The HR Strategy is based on the seven (7) strategic objectives that guide the key human resources deliverables in the medium-term period as the W&RSETA implements its Turn-around Strategy as approved by the Board, namely:

- Human resources strategic alignment
- Effective human resources planning
- Organisational development
- Build and sustain a capable, diverse, well trained workforce and enhance retention through learning and professional development opportunities
- Inculcate a results-oriented high performance culture
- Recognise and reward performance.

The organisation's perspective on human resources has been transformed from being transaction-driven to that of strategic roles. The organisation's HR policies and practices have been aligned with the organisation's vision, mission and values.

Some of the key achievements in the reporting year include the following:

- Review of the organisational structure to give expression to the organisation's Strategic Plan and Annual Performance Plan
- Development of a Human Resource Development and Management Strategy aligned with the Strategic Plan and Annual Performance Plan
- Development and implementation of a three-year Employment Equity Plan
- Placement of all employees in the reviewed organisational structure
- Effective identification, attraction, recruitment and retention of the best talent to help the organisation meet its strategic objectives
- Conducting of exit surveys/interviews to identify reasons for attrition and use the information to enhance or improve employee experience of the organisation
- Conducting of an annual training needs assessment to ensure training is designed to improve organisational and individual performance
- Provision of a progressive remuneration framework for the W&RSETA which is affordable, competitive and attractive, and provides for advancement through salary ranges
- A review of HR Policies, Standard Operating Procedures and Processes as and when required, ensuring alignment with legislative requirements and best practice
- Ensuring sound and viable labour relations through the Bargaining Forum
- Promotion of health, resilience and productivity among employees through the development and implementation of an Integrated Wellness Programme
- Consolidation of employee retirement investments and risk covers under one (1) administrator to normalise administration costs.

POLICY DEVELOPMENT

As part of the organisational review, the need was established to unbundle the Human Resources Policy. The existing policy lacked certain details and clarity in some areas that needed to be explicit in terms of policy provision. The unbundling exercise resulted in a number of HR Policies being developed, approved and implemented. These include the following policies:

- Code of Conduct and Ethics
- Leave Management

- Recruitment and Selection
- Employee Bursary
- Mobile Policy
- Learning and Development
- Employee Recognition and Service Excellence
- Internship Policy
- Grievance Code and Procedure
- Management of Discipline Code and Procedure
- Performance Management System Policy and Tools

- Remuneration Policy
- Acting Policy.

4.2 HUMAN RESOURCE OVERSIGHT STATISTICS

The following statistical information reflects the overall HR performance and status of the organisation in terms of remuneration, rewards, training costs, employment equity and disciplinary matters.

PERSONNEL COST BY PROGRAMME

PROGRAMME	PERSONNEL EXPENDITURE R	PERSONNEL EXPENDITURE AS A % OF TOTAL EXP. %	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE R
Programme 1 CEO (including Internal Control, Risk) Corporate Services, IT, Finance and SCM, Internal Audit	47 664 320	34.00%	70	680 918.86
Programme 2 Sector Skills Planning and Research	1 216 028	0.87%	2	608 014.00
Programme 3 Operations and Regions	79 773 246	56.90%	178	448 164.30
Programme 4 SPPE	11 540 406	8.23%	14	824 314.71
Total	140 194 000	100%	264	531 037.88

PERSONNEL COST BY SALARY BAND

LEVEL	PERSONNEL EXPENDITURE R	% OF PERSONNEL EXPENDITURE TO TOTAL PERSONNEL COST	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE R
Top Management	12 407 973.00	8.85%	7	1 772 567.57
Senior Management	11 241 000.00	8.02%	9	1 249 000.00
Professional Qualified	23 356 002.00	16.66%	24	973 166.75
Skilled	61 251 378.50	43.69%	93	658 616.97
Semi-Skilled	30 129 903.50	21.49%	122	246 966.42
Unskilled	1 807 743.00	1.29%	9	200 860.33
Total	140 194 000.00	100%	264	531 037.88

PERFORMANCE REWARDS

LEVEL	PERFORMANCE REWARDS R	PERSONNEL EXPENDITURE R	% OF PERFORMANCE REWARDS TO TOTAL PERSONNEL COSTS
Top Management	1 427 345.22	12 407 973.00	1.01%
Senior Management	584 848.07	11 241 000.00	0.41%
Professional Qualified	1 121 499.36	23 356 002.00	0.78%
Skilled	2 537 455.23	61 251 378.50	1.80%
Semi-Skilled	1 978 618.80	30 129 903.50	1.41%
Unskilled	186 233.32	1 807 743.00	0.13%
Total	7 836 000.00	140 194 000.00	5.58%

TRAINING COSTS

BUSINESS UNIT	PERSONNEL EXPENDITURE R	TRAINING EXPENDITURE R	TRAINING EXPENDITURE AS A % OF PERSONNEL COST %	NO. OF EMPLOYEES TRAINED	AVERAGE TRAINING COST PER EMPLOYEE R
Head Office	60 823 000	108 000	0.77%	85	1 270.58
Regions	79 371 000	252 000	0.18%	138	1 826.08
Total	140 194 000	360 000	0.13%	223	1 614.34

EMPLOYMENT AND VACANCIES

LEVEL	NO. OF EMPLOYEES	APPROVED POSTS	VACANCIES	% OF VACANCIES
Top Management	7	7	0	0%
Senior Management	9	11	2	18.00%
Professional Qualified	24	22	0	0%
Skilled	93	125	32	25.60%
Semi-Skilled	122	154	30	20.77%
Unskilled	9	16	7	43.75%
Total	264	335	71	21.19%

* Under professional qualified, we have a total number of 24 employees which includes 2 employees accounted for in the payroll, but are on fixed term contracts linked to projects and their positions are not on the structure.

* The increase in the vacancy rate from the previous reporting period is as a result organizational structural review, which came with a number of new critical positions in the new structure.

EMPLOYMENT CHANGES

LEVEL	EMPLOYMENT AT BEGINNING OF PERIOD	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT END OF THE PERIOD
Top Management	6	1	0	7
Senior Management	8	1	0	9
Professional Qualified	28	0	4	24
Skilled	93	0	0	93
Semi-Skilled	153	6	37	122
Unskilled	15	0	6	9
Total	303	8	47	264

REASONS FOR STAFF LEAVING

REASON	NUMBER	% OF TOTAL NUMBER OF STAFF LEAVING
Death	1	2%
Resignation	3	6%
Dismissal	0	0%
Retirement	0	0%
Ill Health	0	0%
Expiry of contract	43	92%
Total	47	100%

LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

NATURE OF DISCIPLINARY ACTION	NUMBER
Verbal warning	1
Written warning	2
Final written warning	0
Dismissal	0
Total	3

EQUITY TARGETS AND EMPLOYMENT EQUITY STATUS

LEVEL	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top Management	4	4	0	0	0	0	0	0
Senior Management	5	5	0	1	0	0	0	0
Professional Qualified	14	11	2	2	0	1	1	1
Skilled	28	44	1	5	3	3	1	4
Semi-Skilled	26	58	0	5	0	2	0	1
Unskilled	0	0	0	0	0	0	0	0
Total	77	122	3	13	3	6	2	6

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	1	0	0	1	1
Professional Qualified	7	6	0	2	0	0	0	1
Skilled	52	44	4	5	3	3	2	4
Semi-Skilled	93	56	2	10	1	3	0	2
Unskilled	8	10	0	3	0	1	0	1
Total	165	121	6	21	4	7	4	10

LEVEL	DISABLED STAFF			
	MALE		FEMALE	
	CURRENT	TARGET	CURRENT	TARGET
Top Management	0	0	0	0
Senior Management	0	0	0	0
Professional Qualified	0	0	0	0
Skilled	0	1	0	1
Semi-Skilled	1	1	1	1
Unskilled	0	0	0	0
Total	1	2	1	2



PART E ANNUAL FINANCIAL STATEMENTS

INDEX

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

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STATEMENT OF RESPONSIBILITIES AND APPROVAL BY THE ACCOUNTING AUTHORITY

The accounting authority is required by the Public Finance Management Act (PFMA), Act 1 of 1999, to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the member to ensure that the 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 then ended. The external auditors are engaged to express an independent opinion on the financial statements and was given unrestricted access to all financial records and related data.

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

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

The accounting authority acknowledges that it is 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 members of the Board to meet these responsibilities, standards for internal control are set with the aim of reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined 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 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 risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting authority is 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 financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting authority has reviewed the entity's cash flow forecast for the year to 31 March 2022 and, in light of this review and the current financial position, it is satisfied that the entity has or has access to adequate resources to continue operations for the foreseeable future.

The financial statements are prepared on the basis that the entity is a going concern and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

Although the accounting authority is primarily responsible for the financial affairs of the entity, they are supported by the entity's external auditors.

The external auditors are responsible for independently reviewing and reporting on the entity's financial statements. The financial statements have been examined by the entity's external auditors and their report is presented on page 62 to 65.

The financial statements set out from page 66 onwards, which have been prepared on the going concern basis, were approved by the Board on 30 July 2021 and were signed on its behalf by:



Mr R Sibiya

Chairperson

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE 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 66 to 106, which comprise the statement of financial position as at 31 March 2021, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information and actual amounts for the year then ended, as well as 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 2021, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA) and the Skills Development Act 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 my report.
4. I am independent of the public entity in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (*including International Independence Standards*) (IESBA code) as well as other 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 code.
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 2020 were restated as a result of an error in the financial statements of the public entity at, and for the year ended, 31 March 2021.

IMPACT OF COVID-19

8. As disclosed in note 35 to the financial statements, the public entity was affected by the payment holiday on the skills development levy announced by the President, which resulted in the public entity incurring an operating deficit and generating negative cash flow movement for the year.

RESPONSIBILITIES OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL STATEMENTS

9. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with GRAP and 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.
10. 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

11. 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.
12. 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

13. In accordance with the Public Audit Act 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 programme presented in the Annual Performance Report. I performed procedures to identify material findings but not to gather evidence to express assurance.
14. My procedures address the usefulness and reliability of the reported performance information, which must be based on the public entity's approved performance planning documents. 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 do not extend to any disclosures or assertions relating to the extent of achievements in the current year or 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.
15. 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 public entity's Annual Performance Report for the year ended 31 March 2021:

PROGRAMMES	PAGES IN THE ANNUAL PERFORMANCE REPORT
Programme 3: Learning Programmes and Projects	26–33

16. 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.
17. 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

18. I draw attention to the matters below.

ACHIEVEMENT OF PLANNED TARGETS

19. Refer to the Annual Performance Report on pages 23 to 36 for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets.

ADJUSTMENT OF MATERIAL MISSTATEMENTS

20. I identified material misstatements in the Annual Performance Report submitted for auditing. These material misstatements were in the reported performance information of Programme 3: Learning Programmes and Projects. As management subsequently corrected the misstatements, I 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

21. 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.
22. The material findings on compliance with specific matters in key legislation are as follows:

ANNUAL FINANCIAL STATEMENTS

23. 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.
24. Material misstatements of omitted accounting policies identified by the auditors in the submitted financial statements were corrected, resulting in the financial statements receiving an unqualified audit opinion.

PROCUREMENT AND CONTRACT MANAGEMENT

25. Some contracts were extended or modified without the approval of a properly delegated official, as required by Section 56 of the PFMA and Treasury Regulations 8.1 and 8.2. Similar non-compliance was also reported in the prior year.

EXPENDITURE MANAGEMENT

26. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R10 612 000, as disclosed in note 33 to the financial statements, as required by Section 51(1)(b)(ii) of the PFMA. Most of the irregular expenditure was caused by contract scope variations in excess of bid specification and extension of a contract without obtaining prior approval from the National Treasury.

CONSEQUENCE MANAGEMENT

27. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure, as required by Section 51(1)(e)(iii) of the PFMA. This was because investigations into irregular expenditure were not performed.
28. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken S 51(1)(e)(iii) of the PFMA. This was because investigations into fruitless and wasteful expenditure were not performed.

OTHER INFORMATION

29. The Accounting Authority is responsible for the other information. The other information comprises the information included in the Annual Report, which includes the Audit Committee's report. The other information does not include the financial statements, the auditor's report and those selected programme presented in the Annual Performance Report that have been specifically reported in this auditor's report.
30. 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 on it.

31. 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 programme presented in the Annual Performance Report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
32. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

INTERNAL CONTROL DEFICIENCIES

33. 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 findings on the Annual Performance Report and the findings on compliance with legislation included in this report.
34. The review process implemented by management over the preparation of the financial statements and Annual Performance Report and compliance with legislation was not fully effective as material misstatements and material non-compliance instances were noted.
35. The lack of a financial system during the period resulted in challenges and increased the risk of human error and fraud.

Auditor-General

Pretoria

31 July 2021



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

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 Retail 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.

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 provide the Accounting Authority with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

STATEMENT OF FINANCIAL POSITION

as at 31 March 2021

	NOTES	2021 R'000	2020 R'000
ASSETS			
CURRENT ASSETS			
Inventories	6	67	188
Receivables from exchange transactions	7	37 664	20 628
Receivables from non-exchange transactions	8	16 915	19 756
Cash and cash equivalents	9	2 737 528	2 908 937
		2 792 174	2 949 509
NON-CURRENT ASSETS			
Property, plant and equipment	3	5 958	6 452
Intangible assets	4	18 282	11 801
		24 240	18 253
Total assets		2 816 414	2 967 762
LIABILITIES			
CURRENT LIABILITIES			
Operating lease liability	5	875	-
Trade and payables from exchange transactions	13	31 159	18 915
Trade and payables from non-exchange transactions	14	322 974	296 955
Unspent conditional grants and receipts	11	5 214	5 214
Provisions	12	45 971	41 917
Travel card	9	943	819
		407 136	363 820
Total liabilities		407 136	363 820
Net assets		2 409 278	2 603 942
RESERVES			
Administration reserves		24 240	18 253
Discretionary grant reserve		2 385 036	2 585 683
Total net assets		2 409 276	2 603 936

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2021

	NOTES	2021 R'000	2020 R'000
REVENUE			
REVENUE FROM EXCHANGE TRANSACTIONS			
Other income		1 572	696
Interest received – investment	17	95 871	186 878
Total revenue from exchange transactions		97 443	187 574
REVENUE FROM NON-EXCHANGE TRANSACTIONS			
TRANSFER REVENUE			
Levies	19	834 225	1 211 426
Total revenue	15	931 668	1 399 000
EXPENDITURE			
Employee related costs	20	(140 194)	(127 490)
Depreciation and amortisation		(6 879)	(3 062)
Employer grant and project expenses	18	(884 701)	(1 067 424)
Loss on disposal of assets		(82)	(82)
General expenses	21	(94 472)	(71 239)
Total expenditure		(1 126 328)	(1 269 297)
(Deficit)/surplus for the year		(194 660)	129 703

STATEMENT OF CHANGES IN NET ASSETS

as at 31 March 2021

	EMPLOYER GRANT RESERVES R'000	ADMINISTRATION RESERVE R'000	DISCRETIONARY GRANT RESERVES R'000	TOTAL RESERVES R'000	ACCUMULATED SURPLUS R'000	TOTAL NET ASSETS R'000
Balance at 01 April 2019	828	5 784	2 467 621	2 474 233	-	2 474 233
<i>Changes in net assets</i>						
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	-	-	-
Net income/(losses) recognised directly in net assets	(828)	12 469	118 062	129 703	(129 703)	-
Surplus for the year	-	-	-	-	129 703	129 703
Total recognised income and expenses for the year	(828)	12 469	118 062	129 703	-	129 703
Total changes	(828)	12 469	118 062	129 703	-	129 703
Balance at 01 April 2020	-	18 253	2 585 683	2 603 936	-	2 603 936
<i>Changes in net assets</i>						
Allocation of accumulated surplus	62 402	(37 275)	(219 787)	(194 660)	194 660	-
Excess reserves transferred to discretionary reserves	(62 402)	43 262	19 140	-	-	-
Net income/(losses) recognised directly in net assets	-	5 987	(200 647)	(194 660)	194 660	-
Surplus/(Deficit) for the year	-	-	-	-	(194 660)	(194 660)
Total recognised income and expenses for the year	-	5 987	(200 647)	(194 660)	-	(194 660)
Total changes	-	5 987	(200 647)	(194 660)	-	(194 660)
Balance at 31 March 2021	-	24 240	2 385 036	2 409 276	-	2 409 276

Note(s)

The accounting policies on pages 71 to 85 and the notes on pages 86 to 106 form an integral part of the financial statements.

CASH FLOW STATEMENT

for the year ended 31 March 2021

	NOTES	2021 R'000	2020 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
Levies		803 912	1 179 360
Penalties and interest		30 313	33 923
Interest income		76 616	181 445
Other income		1 572	696
		912 413	1 395 424
PAYMENTS			
Mandatory grants		(68 319)	(229 780)
Discretionary grants		(774 275)	(770 088)
Compensation to employees		(146 764)	(133 916)
Suppliers and others		(81 641)	(61 599)
		(1 070 999)	(1 195 383)
Net cash flows from operating activities	22	(158 586)	200 041
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	3	(2 201)	(3 751)
Proceeds from sale of property, plant and equipment	3	-	(1)
Purchase of other intangible assets	4	-	(2 778)
Capitalised development costs	4	(10 746)	(9 003)
Net cash flows from investing activities		(12 947)	(15 533)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance lease payments		-	(639)
Net increase/(decrease) in cash and cash equivalents		(171 533)	183 869
Cash and cash equivalents at the beginning of the year		2 908 118	2 724 249
Cash and cash equivalents at the end of the year	9	2 736 585	2 908 118

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

for the year ended 31 March 2021

	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	-	-	-	1 572	1 572	
Interest received – investment	131 066	-	131 066	95 871	(35 195)	35.1
Total revenue from exchange transactions	131 066	-	131 066	97 443	(33 623)	
REVENUE FROM NON-EXCHANGE TRANSACTIONS						
REVENUE FROM NON-EXCHANGE						
Administration – SDL	163 798	(73 709)	90 089	105 513	15 424	35.2
Discretionary – SDL income	773 798	(348 209)	425 589	497 485	71 896	35.2
Mandatory – SDL (20%)	310 645	(139 790)	170 855	200 914	30 059	35.2
Interest and penalties – SDL	62 412	(28 085)	34 327	30 313	(4 014)	35.2
Total revenue from non- exchange transactions	1 310 653	(589 793)	720 860	834 225	113 365	
Total revenue	1 441 719	(589 793)	851 926	931 668	79 742	
EXPENDITURE						
Employee cost	(70 566)	(764)	(71 330)	(60 823)	10 507	35.3
Depreciation and amortisation	(8 000)	2 000	(6 000)	(6 879)	(879)	
Mandatory grant (20%)	(310 645)	139 790	(170 855)	(138 512)	32 343	35.5
Discretionary grant (excl. employee cost)	(882 842)	1 042	(881 800)	(764 085)	117 715	35.4
Employee cost (funded under 7.5%)	(84 434)	6 695	(77 739)	(79 371)	(1 632)	35.3
General expenses	(85 232)	20 261	(64 971)	(76 576)	(11 605)	35.6
Total expenditure	(1 441 719)	169 024	(1 272 695)	(1 126 246)	146 449	
Operating deficit	-	(420 769)	(420 769)	(194 578)	226 191	
Loss on disposal of assets and liabilities	-	-	-	(82)	(82)	
Deficit before taxation	-	(420 769)	(420 769)	(194 660)	226 109	
Actual amount on comparable basis as presented in the Budget and Actual Comparative Statement						
	-	(420 769)	(420 769)	(194 660)	226 109	

The accounting policies on pages 71 to 85 and the notes on pages 86 to 106 form an integral part of the financial statements

ACCOUNTING POLICIES

1. PRESENTATION OF FINANCIAL STATEMENTS

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

These financial statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention as the basis of measurement, unless otherwise specified. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these financial statements are disclosed below.

These accounting policies are consistent with the previous period.

1.1 PRESENTATION CURRENCY

These financial statements are presented in South African Rand, which is the functional currency of the entity.

1.2 GOING CONCERN ASSUMPTION

These 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, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. 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. 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 12 – Provisions.

ALLOWANCE FOR DOUBTFUL DEBTS

An impairment loss on debtors is recognised in surplus or 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 lives to their estimated residual values.

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

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Furniture and fixtures	Straight-line	10–5 years
Office equipment	Straight-line	5–7 years
Computer equipment	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 was 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 expectations about the residual value and 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.

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

1.5 INTANGIBLE ASSETS

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the entity intends to do so; or

- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

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.

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 at least annually or 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 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
Internal generated assets	Straight-line	3 years or subject to licence period

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 for one entity and a financial liability or a residual interest for 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 re-payments, 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 the entity's Statement of Financial Position.

A financial asset is any asset that is 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 the entity in the event of not 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 asset 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 approximates its 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 cost. These financial assets are measured at amortised cost using the effective interest rate method less any impairment. Interest income is recognised by applying the effective interest rate.

RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Receivables from non-exchange transactions are statutory receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

These receivables are accounted for at cost and measured at their transaction amount, plus any other charges (where applicable), less any accumulated impairment losses and any amounts derecognised. Mandatory grant receivables are regarded as statutory receivables. The SETA is compelled by legislation to pay registered employers in the sector who comply with the requirements of Annexure II of the Grant Regulations. Mandatory grants are paid based on the previous quarter's levies received, however, from time to time SARS processes reversals resulting in mandatory grants paid by the SETA becoming receivable/recoverable. Receivables are recovered through future payments.

W&RSETA does not charge interest on mandatory receivables because the collecting agent (SARS) charges interest on late payments of levies.

The SETA assesses at each reporting date, whether there is any indication that receivables from non-exchange transactions may be impaired.

EFFECTIVE INTEREST RATE METHOD

The effective interest rate method is a method of calculating the amortised cost of a financial asset and allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts throughout 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 asset's 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 except 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 surplus or deficit.

FINANCIAL LIABILITIES

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 for the entity.

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 liability and is determined at the time of initial recognition.

TRADE AND PAYABLES FROM EXCHANGE TRANSACTIONS

Trade payables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost using the effective interest method. Trade payables are recognised including VAT.

PAYABLES FROM NON-EXCHANGE TRANSACTIONS

Payables from non-exchange transactions are statutory payables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset.

The W&RSETA is compelled by legislation to pay registered employers in the sector who comply with the requirements of Annexure II of the Grant Regulations. Mandatory grants are paid based on the previous quarter's levies received.

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS (FVTPL)

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as 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 cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

Any liabilities that result from a transaction where 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 building 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 minimum lease payments is the 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 so as to produce a constant periodic rate of 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 amount recognised as an expense and the contractual payment is 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, which are measured at 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 in line with 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 arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The recoverable amount of an asset or a cash-generating unit is the higher of 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 are made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets.

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.

A cash-generating unit is the smallest identifiable group of assets managed 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 arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The 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 are 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 employee 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 12 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 all 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.

1.16 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners. Where the resources transferred to the 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 at fair value on initial recognition.

Non-exchange revenue transactions include the receipt of levy income from the 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.

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 DHET either makes an allocation or payment, whichever ever comes first, to the SETA, as required by Section 8 of the SDLA. This policy is effective from 1 April 2007. In terms of Sections 3(1) and 3(4) of the SDLA, registered member companies of the SETA pay a skills development levy of 1% of the total payroll cost to the South African Revenue Service (SARS), who collects the levies on behalf of DHET. Companies with an annual payroll cost less than R500 000 are exempted in accordance with Section 4(b) of the SDLA with effect from 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 SETA. 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 earlier of either the time DHET makes the allocation or when payment is made into 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 all conditions are met. Unconditional grants received are recognised when the amounts have been received

As the entity satisfies a present obligation, recognised as a liability in respect of an inflow of resources from a non-exchange transaction or 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 BORROWING COSTS

Borrowing costs are interest and other expenses incurred by the entity in connection with the borrowing of funds.

Borrowing costs are recognised as an expense in the period in which they are incurred.

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 of the PFMA.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the Statement of Financial Performance in the year 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 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 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 the W&RSETA. The major classification of activities identified in budget information reflect the segments for which the W&RSETA reports information.

Segment information is presented based on services provided. Service segments relate to distinguishable components within the 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.

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 Statements.

1.23 EVENTS AFTER THE REPORTING DATE

Events after the 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 has 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;
- such other costs as are specifically chargeable to the SETA under the terms of the project; and
- 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 being in excess of the amount the SETA is permitted to have granted to those employers. A receivable relating to the over-payment to the employer in earlier periods is raised as the amount of the grant over-payment, net of bad debts and provision for irrecoverable amounts.

UNCONDITIONAL GRANTS DISBURSED TOWARDS NATIONAL SKILLS FUND FOR TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING 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 SETA's 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 outstanding amount.

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 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 2021:

Of the 100% receivable from the employer:

- 80% is received by the SETA
- 20% is contributed to the National Skills Fund

Of the 80% received by the SETA:

- Administration costs of the SETA 10.5%
- Employer grant fund levy 20%
- Discretionary grants and projects 49.5%

2. NEW STANDARDS AND INTERPRETATIONS

2.1 STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR

The entity has adopted the following Standards and interpretations that are effective for the current financial year and that are relevant to its operations:

STANDARD/ INTERPRETATION:	EFFECTIVE DATE: YEARS BEGINNING ON OR AFTER	EXPECTED IMPACT:
Guideline: Guideline on Accounting for Landfill Sites	01 April 2020	Impact is not material
GRAP 1 (amended): Presentation of Financial Statements	01 April 2020	
GRAP 34: Separate Financial Statements	01 April 2020	Impact is not material
GRAP 35: Consolidated Financial Statements	01 April 2020	Impact is not material
GRAP 36: Investments in Associates and Joint Ventures	01 April 2020	Impact is not material
GRAP 37: Joint Arrangements	01 April 2020	Impact is not material
GRAP 38: Disclosure of Interests in Other Entities	01 April 2020	Impact is not material
GRAP 110 (as amended 2016): Living and Non-living Resources	01 April 2020	Impact is not material
IGRAP 1 (revised): Applying the Probability Test on Initial Recognition of Revenue	01 April 2020	Impact is not material
Directive 13: Transitional Provisions for the Adoption of Standards of GRAP by Community Education and Training (CET) Colleges	01 April 2020	Impact is not material
Directive 7 (revised): The Application of Deemed Cost	01 April 2020	Impact 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 entities with accounting periods beginning on or after 01 April 2021 or later periods:

STANDARD/ INTERPRETATION:	EFFECTIVE DATE: YEARS BEGINNING ON OR AFTER	EXPECTED IMPACT:
GRAP 104 (amended): Financial Instruments	01 April 2021	Unable to reliably estimate the impact
Directive 14: The application of Standards of GRAP by Public Entities that apply IFRS® Standards	01 April 2021	Unlikely there will be a material impact
Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2021	Unable to reliably estimate the impact

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT

	2021			2020		
	COST / VALUATION R'000	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT R'000	CARRYING VALUE R'000	COST / VALUATION R'000	ACCUMULATED DEPRECIATION AND ACCUMULATED IMPAIRMENT R'000	CARRYING VALUE R'000
Furniture and fixtures	2 725	(1 603)	1 122	2 725	(1 478)	1 247
Office equipment	1 012	(603)	409	973	(480)	493
Computer equipment	8 528	(5 471)	3 057	7 230	(3 738)	3 492
Project assets – Office equipment	19	(18)	1	19	(16)	3
Project assets – Computer equipment	1 925	(1 169)	756	1 839	(822)	1 017
Office equipment – finance lease	3 223	(3 223)	-	3 223	(3 223)	-
Leasehold improvements	1 210	(597)	613	602	(402)	200
Total	18 642	(12 684)	5 958	16 611	(10 159)	6 452

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT – 2021

	OPENING BALANCE R'000	ADDITIONS R'000	DISPOSALS R'000	DEPRECIATION R'000	TOTAL R'000
Furniture and fixtures	1 247	-	-	(125)	1 122
Office equipment	493	40	-	(124)	409
Computer equipment	3 492	1 469	(82)	(1 822)	3 057
Project Assets – Office equipment	3	-	-	(2)	1
Project Assets – Computer equipment	1 017	85	-	(346)	756
Leasehold improvement	200	607	-	(194)	613
	6 452	2 201	(82)	(2 613)	5 958

RECONCILIATION OF PROPERTY, PLANT AND EQUIPMENT – 2020

Furniture and fixtures	881	473	-	(107)	1 247
Office equipment	581	35	-	(123)	493
Computer 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

PLEDGED AS SECURITY

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

USEFUL LIFE REVISION

In accordance with GRAP 17 requirements, management conducted a review of the useful life of assets during the year. This review incorporated assessing the impact of COVID-19 on the expected patterns of usage for property, plant and equipment that is owned by the W&RSETA. The outcome of management's assessment found that changes to the expected patterns of usage did not result in material changes to the existing estimates and therefore no changes were applied to these financial statements.

4. INTANGIBLE ASSETS

	2021			2020		
	COST / VALUATION R'000	ACCUMULATED AMORTISATION AND ACCUMULATED IMPAIRMENT R'000	CARRYING VALUE R'000	COST / VALUATION R'000	ACCUMULATED AMORTISATION AND ACCUMULATED IMPAIRMENT R'000	CARRYING VALUE R'000
Computer software, internally generated	19 750	(3 197)	16 553	9 003	-	9 003
Computer software, other	3 763	(2 034)	1 729	3 763	(965)	2 798
Total	23 513	(5 231)	18 282	12 766	(965)	11 801

RECONCILIATION OF INTANGIBLE ASSETS – 2021	OPENING BALANCE R'000	INTERNALLY GENERATED R'000	AMORTISATION R'000	TOTAL R'000
Computer software, internally generated	9 003	10 746	(3 196)	16 553
Computer software, other	2 798	-	(1 069)	1 729
	11 801	10 746	(4 265)	18 282

RECONCILIATION OF INTANGIBLE ASSETS – 2020	OPENING BALANCE R'000	ADDITIONS R'000	INTERNALLY GENERATED R'000	AMORTISATION R'000	TOTAL R'000
Computer software, internally generated	-	-	9 003	-	9 003
Computer software, other	304	2 778	-	(284)	2 798
	304	2 778	9 003	(284)	11 801

PLEGDED AS SECURITY

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

5. OPERATING LEASE LIABILITY (ACCRUAL)

	2021 R'000	2020 R'000
Current liabilities	(875)	-

The operating lease liability relates to the straight-lining of the SETA's lease commitments over the contracted lease period. Minimum lease payments are disclosed in note 24.

6. INVENTORIES

Consumable stores	67	188
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7. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Staff debtors	-	89
Rental deposits	4 858	4 140
Sundry receivables	32	32
Interest receivable	26 476	7 260
Pre-paid expenses	5 698	8 507
Arbitration award	600	600
	37 664	20 628

7. RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)	2021 R'000	2020 R'000
RENTAL DEPOSIT		
Rental deposits	6 477	4 140
Provision for impairment	(1 619)	-
Closing balance	4 858	4 140
RECONCILIATION OF PROVISION FOR IMPAIRMENT		
Opening balance	-	-
Provision for impairment	1 619	-
	1 619	-

8. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Receivable – other	1 849	-
Employer receivables	4 760	6 637
Inter-SETA receivables	48	48
Unutilised bursaries	10 258	13 071
	16 915	19 756
EMPLOYER RECEIVABLES		
SARS debtors	11 081	10 628
Provision for doubtful debts	(6 321)	(3 991)
	4 760	6 637

	OPENING BALANCE R'000	REVERSED DURING THE YEAR R'000	ADDITIONS R'000	TOTAL R'000
2021				
Employer receivable	10 628	(10 628)	11 081	11 081
Provision for doubtful debts	(3 991)	3 991	(6 321)	(6 321)
	6 637	(6 637)	4 760	4 760
2020				
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

An employer receivable of R11 million (2020: R10 million) was recognised as a receivable relating to the over-payment to employers in earlier periods, as a result of inaccurate information received from SARS and DHET, and is based on the amount of grant over-payment.

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 being in excess of the amount the W&RSETA is permitted to have granted to the employer. A receivable relating to the over-payment to the employer in an earlier period is raised at the amount of such grant over-payment, net of bad debts and provision for irrecoverable amounts.

9. CASH AND CASH EQUIVALENTS

	2021 R'000	2020 R'000
Cash and cash equivalents consist of:		
Cash on hand	7	12
Bank balances	282 310	38 365
Short-term deposits	2 455 211	2 870 560
Other cash and cash equivalents	(943)	(819)
	2 736 585	2 908 118
Current assets	2 737 528	2 908 937
Current liabilities	(943)	(819)
	2 736 585	2 908 118

10. ALLOCATION OF NET SURPLUS (DEFICIT) FOR THE CURRENT YEAR TO RESERVES

	TOTAL PER STATEMENT OF FINANCIAL PERFORMANCE 31 MARCH 2020 R'000	TOTAL PER STATEMENT OF FINANCIAL PERFORMANCE 31 MARCH 2021 R'000	ADMINISTRATION RESERVE R'000	EMPLOYER GRANT RESERVE R'000	DISCRETIONARY GRANT R'000
Total revenue	1 399 000	931 668	107 085	200 914	623 699
Levy transfer: Administration (10.5%)	154 657	105 513	105 513	-	-
Levy transfer: Employer grant (69.5%)	1 022 846	698 399	-	200 914	497 485
Skills Development Levy penalties and interest from non-exchange transactions	33 923	30 313	-	-	30 313
Investment income	186 878	95 871	-	-	95 871
Other income	696	1 572	1 572	-	-
Total expenses	(1 269 297)	(1 126 328)	(144 360)	(138 512)	(843 456)
Employer grant and project expenses	(1 067 424)	(981 968)	-	(138 512)	(843 456)
Administration expenses	(141 660)	(144 360)	(144 360)	-	-
Net surplus/(deficit) per Statement of Financial Performance allocated	129 703	(194 660)	(37 275)	62 402	(219 787)

11. 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.

12. PROVISIONS

	OPENING BALANCE R'000	ADDITIONS R'000	UTILISED DURING THE YEAR/PAID R'000	REVERSED DURING THE YEAR R'000	TOTAL R'000
RECONCILIATION OF PROVISIONS – 2021					
Amounts payable to small companies	32 722	17 775	-	(4 526)	45 971
Bonus provision	9 195	-	(7 836)	(1 359)	-
	41 917	17 775	(7 836)	(5 885)	45 971
	OPENING BALANCE R'000	ADDITIONS R'000	UTILISED DURING THE YEAR/PAID R'000	REVERSED DURING THE YEAR R'000	TOTAL RESTATEMENT* R'000
RECONCILIATION OF PROVISIONS – 2020					
Amounts payable to small companies	30 865	7 210	-	(5 353)	32 722
Bonus provision	18 147	-	(119)	(8 833)	9 195
	49 012	7 210	(119)	(14 186)	41 917

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 discretionary funds in line with the aforementioned circular.

At 31 March 2021 the amount claimable is R45 million (2020: R32 million).

	2021 R'000	2020 R'000
13. TRADE AND PAYABLES FROM EXCHANGE TRANSACTIONS		
Leave accrual	9 560	6 971
Other accrued expenses	21 599	10 602
Trade payables	-	1 342
	31 159	18 915

The leave accrual amount is based on the number of leave days that are due to the employees at the reporting date.

14. PAYABLES FROM NON-EXCHANGE TRANSACTIONS

Mandatory grant – Levy payables*	77 943	22 867
Mandatory grant – Employer SARS reversals	4 409	4 409
Inter-SETA payable	894	894
Discretionary grant – Trade payables	239 728	268 785
	322 974	296 955

Mandatory grant – levy payables of R77 million (2020: R22 million) represent unpaid mandatory grants to stakeholder companies due to incomplete or unavailable banking details and fourth quarter mandatory grants due to stakeholder companies. These mandatory grants were paid after the reporting date where complete and accurate banking details were available.

* Mandatory grant – levy payables were reported separately in the 2020 financial year as Mandatory grant – levy payable of R4 783 000 and Mandatory grant – accrual of R18 084 000. These two amounts have been aggregated in the current year.

Mandatory grant – employer SARS reversals of R4 million (2020: R4 million) represent SARS' retrospective amendment of information on levies collected. It resulted in mandatory grants already paid to certain employers being less than what should have been paid.

15. REVENUE	2021 R'000	2020 R'000
Other income	1 572	696
Interest received – Investment	95 871	186 878
Levies	834 225	1 211 426
	931 668	1 399 000
The amount included in revenue arising from exchanges of goods or services are as follows:		
Other income	1 572	696
Interest received – Investment	95 871	186 878
	97 443	187 574
The amount included in revenue arising from non-exchange transactions is as follows:		
TRANSFER REVENUE		
Levies	834 225	1 211 426
16. OTHER REVENUE		
Other income	1 572	696
17. INVESTMENT REVENUE		
INTEREST REVENUE		
Bank	95 871	186 878
18. GRANTS AND SUBSIDIES PAID		
OTHER SUBSIDIES		
Mandatory grants	138 512	211 797
Discretionary grants	746 189	855 627
	884 701	1 067 424
19. SKILLS DEVELOPMENT LEVY TRANSFER		
Administration – SDL income	105 513	154 657
Discretionary – SDL income	497 485	729 978
Mandatory – SDL income	200 914	292 868
Interest and penalties – SDL income	30 313	33 923
	834 225	1 211 426

20. EMPLOYEE RELATED COSTS

	2021 R'000	2020 R'000
Basic	127 232	123 057
Bonus*	(1 359)	(8 832)
Medical aid – company contributions	3 619	3 370
Unemployment Insurance Fund	488	486
Skills development levy	933	1 253
Leave pay provision charge	2 589	2 519
Group life insurance	1 736	1 636
Provident fund	4 956	4 001
	140 194	127 490

BONUS PAID

The W&RSETA paid staff bonuses during the 2020/21 financial year as the expected performance levels were achieved at an organisational level for the 2019/20 performance cycle. The reversal of the bonus provision at 31 March 2021 was effected in the 2020/21 financial year resulting in a credit of R1.3 million to the bonus provision expense. Refer to bonus provision note 12.

*BONUS

Paid	7 836	119
Movements	(9 195)	(8 952)
	(1 359)	(8 833)

EMPLOYEE COST ALLOCATION

Administrative grant	60 823	67 277
Discretionary grant – Project expense	79 371	60 213
	140 194	127 490

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 the discretionary grant.

21. GENERAL EXPENSES	2021 R'000	2020 R'000
Advertising	3 403	2 765
Allowance for impairment	3 949	170
Minor assets	241	503
Auditor's remuneration	3 300	5 006
Bank charges	775	511
Cleaning	898	103
Conferences and seminars	26	653
Consulting and professional fees*	3 506	2 997
Consumables	-	2
ETQA expenses	50	450
HR expenses	359	759
ICT expenses*	27 480	6 556
Insurance	1 449	1 279
Interest paid	11	52
Internal audit	751	553
Licences	169	102
Off-site storage	429	819
Operating lease rentals (Minimum payments)	19 927	18 082
Other expenses	-	9
Postage and courier	238	475
Printing and stationery	1 979	3 109
QCTO funding	7 985	7 748
Recruitment fees	773	1 265
Refreshments	339	824
Relocation costs	3 832	35
Remuneration to members of the Accounting Authority	3 686	3 928
Repairs and maintenance	300	206
Security	358	60
Training	360	1 481
Subscriptions and membership fees	333	100
Telephone and fax	1 273	1 524
Travel – local	4 082	5 840
Water and electricity	2 211	3 273
	94 472	71 239

***PRIOR YEAR RE-CLASSIFICATION**

Consulting and professional fees and ICT expenses have been disaggregated, as these costs were previously reported as R9 553 000 during the 2019/20 financial year.

22. CASH (USED IN)/GENERATED FROM OPERATIONS

	2021 R'000	2020 R'000
(Deficit)/surplus	(194 660)	129 703
Adjustments for:		
Depreciation and amortisation	6 879	2 987
Gain on sale of assets and liabilities	82	82
Provision for impairment	1 620	-
Movements in provisions	4 054	(7 095)
Provision for doubtful debts	2 330	-
Movements in operating lease liability	875	287
Changes in working capital:		
Inventories	121	4
Receivables from exchange transactions	(18 661)	(1 708)
Other receivables from non-exchange transactions	511	31 385
Trade and payables from exchange transactions	12 244	3 993
Payable from non-exchange transactions	26 019	40 403
	(158 586)	200 041

23. FINANCIAL INSTRUMENTS DISCLOSURE

CATEGORIES OF FINANCIAL INSTRUMENTS – 2021

FINANCIAL ASSETS

	AT AMORTISED COST R'000	TOTAL R'000
Receivables from exchange transactions	37 664	37 664
Receivables from non-exchange transactions	16 915	16 915
Cash and cash equivalents	2 737 528	2 737 528
	2 792 107	2 792 107

FINANCIAL LIABILITIES

Payables from exchange transactions	31 159	31 159
Payables from non-exchange transactions	322 974	322 974
Travel card	943	943
	355 076	355 076

CATEGORIES OF FINANCIAL INSTRUMENTS – 2020

FINANCIAL ASSETS

Receivables from exchange transactions	20 628	20 628
Receivables from non-exchange transactions	19 756	19 756
Cash and cash equivalents	2 908 937	2 908 937
	2 949 321	2 949 321

FINANCIAL LIABILITIES

Payables from exchange transactions	18 921	18 921
Payables from non-exchange transactions	296 955	296 955
Travel card	819	819
	316 695	316 695

24. OPERATING LEASE EXPENDITURE

	2021 R'000	2020 R'000
TOTAL COMMITMENTS		
OPERATING LEASES – AS LESSEE (EXPENSE)		
MINIMUM LEASE PAYMENTS DUE		
- within one year	15 530	9 858
- in second to fifth years inclusive	61 582	-
	77 112	9 858

Operating lease payments represent rentals payable by the W&RSETA for all of its office properties. Leases are negotiated for an average term of five years. No contingent rent is payable.

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 Levy 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 judgment was handed down in favour of BUSA with the effect that Regulation 4(4) was set aside.

As at the reporting date, engagements with BUSA and the Department of Higher Education and Training were in progress and no further pronouncements were made.

W&RSETA's total exposure is the additional 30% mandatory grant that might be payable retrospectively from the effective implementation date of the 2012 Grant Regulations.

25.2 EXPIRED DISCRETIONARY GRANT CONTRACTS

The W&RSETA has identified discretionary grant commitments amounting to R525 million (2020: R260 million) that expired up to reporting date. These contracts have been classified as contingent liabilities as the SETA has in the past renewed these arrangements in order to complete the project/training intervention subject to compliance with the W&RSETA discretionary grant policy.

25.3 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 on the value of training conducted, which will be acceptable after the verification process.

25. CONTINGENCIES (CONTINUED)

25.4 MATTERS UNDER INVESTIGATION AND LITIGATION

- 25.4.1 An investigation was conducted relating to a previous W&RSETA 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.
- 25.4.2 W&RSETA has approached the courts to resolve an ownership dispute concerning the intellectual property rights of the MIS system purchased from a service provider.
- 25.4.3 The W&RSETA was taken to the CCMA on various HR related matters, none of these matters were finalised at year-end.

25.5 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 the prior written approval from 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:

SURPLUS FUNDS OR DEFICIT IN TERMS OF NT CIRCULAR	2021 R'000	2020 R'000
Cash and cash equivalents	2 737 528	2 908 937
Plus: Receivable	54 579	40 384
Less: Current liabilities	(407 136)	(363 007)
	2 384 971	2 586 314

26. RELATED PARTIES

RELATIONSHIPS

Board member	Refer to note below for detailed disclosure concerning emoluments of members of the Accounting Authority.
Controlling entity	Department of Higher Education and Training (DHET)
Entities under common control	Other Sector Education and Training Authorities (SETAs) Quality Council for Trades and Occupations (QCTO) Technical and Vocational Education and Training (TVET) colleges National Student Financial Aid Scheme (NSFAS) National Skills Fund (NSF) Higher Education and Training Institutions (HETI)

ENTITIES WITH A REPRESENTATIVE SERVING ON THE W&RSETA ACCOUNTING AUTHORITY

MEMBERS OF THE ACCOUNTING AUTHORITY

Fuel Retailers Association (FRA)	Mr Reggie Sibiya
Fuel Retailers Association (FRA)	Mr Zibele Sokabo
Retail Association and The Foschini Group (RA/TFG)	Ms Sebe Rasebitse
Consumer Goods Council of South Africa (CGCSA)	Ms Zinhle Tyikwe
Federal Council of Retail and Allied Workers (FEDCRAW)	Mr Themba Mthembu
Federal Council of Retail and Allied Workers (FEDCRAW)	Mr Mzimaseki Silimandlela
National Union of Metal Workers (NUMSA)	Ms Lerato Mokhitli
National Union of Metal Workers (NUMSA)	Mr David Makuwa
The National Federation of Chambers (NAFCOC)	Ms Margaret Bango
South African Congress of Trade Unions (SACTWU)	Mr Ross Rayners
South African Commercial, Catering and Allied Workers Union (SACCAWU)	Mr Lucas Ramatlhodi
Black Business Council (BCC)	Ms Nonkululeko Bogopa

26. RELATED PARTIES (CONTINUED)

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 are 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 grant transactions with entities under common control. Where there were transactions and balances arising due to the movement of funds between entities under the common control of DHET, these amounts are disclosed below:

RELATED PARTY BALANCES AND TRANSACTIONS

	2021 R'000	2020 R'000
PAYABLES FROM NON-EXCHANGE TRANSACTIONS		
CHIETA	(5)	(5)
CETA	(51)	(51)
MICT SETA	(223)	(223)
FOODBEV SETA	(59)	(59)
TETA	(6)	(6)
MERSETA	(507)	(507)
FASSET	(7)	(7)
Discretionary grant payables	-	-
HETI	(36 964)	(26 695)
TVET colleges	(12 344)	(13 049)
Total	(50 166)	(40 638)
RECEIVABLES FROM NON-EXCHANGE TRANSACTION		
Inter-SETA payables	-	-
LGSETA	28	28
HWSETA	-	-
MQA	20	20
Discretionary grant receivables	-	-
HETI	68	68
TVET colleges	10 109	13 070
Total	10 225	13 186
RECEIVABLES FROM EXCHANGE TRANSACTIONS – PRE-PAID EXPENSES		
QCTO	5 622	7 984

26. RELATED PARTIES (CONTINUED)

STAKEHOLDER	2021		2020	
	EXPENDITURE R'000	COMMITMENTS R'000	EXPENDITURE R'000	COMMITMENTS R'000
FEDCRAW	2 558	4 067	-	3 306
SACTWU	192	1 007	36	-
NUMSA	330	2 570	-	2 100
ECCAWUSA	-	-	204	-
FRA	35 712	21 909	4 154	57 621
CGCSA	3 077	4 311	3 510	7 389
BBC	-	-	1 000	-
RA/ TFG	3 770	22 759	9 142	27 301
QCTO	7 984	-	7 748	-
TVET colleges	56 068	123 968	63 604	798 066
NSFAS	-	-	29 632	1 505
HETI	28 615	167 929	119 173	128 270
	138 306	348 520	238 203	1 025 558

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

In terms of the Code of Conduct of the W&RSETA's Standard Constitution, every member of the Board 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 meeting. 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	14
Audit Committee	External audit committee members	4
Executive Management	Senior Management	7

26. RELATED PARTIES (CONTINUED)

REMUNERATION OF MANAGEMENT	BOARD FEES	ALLOWANCES	TOTAL
MANAGEMENT CLASS: BOARD MEMBERS – 2021	R'000	R'000	R'000
Mr R Sibiya – Chairperson	310	7	317
Ms Z Tyikwe	299	6	305
Mr KD Makuwa	265	6	271
Ms M Bango	275	1	276
Mr S Busane	234	1	235
Mr T Mthembu	189	1	190
Ms T Ntshangase	201	1	202
Mr Z Silimandlela	169	2	171
Ms L Mokhiti	215	1	216
Mr L Ramatlhodi	171	7	178
Ms R Rayners	212	1	213
Ms N Bogopa	216	6	222
Mr Z Sokabo	150	2	152
Mr S Rasebitse	220	1	221
Mr KV Maja – Audit Committee Chairperson	181	-	181
Ms M Phiri – Audit Committee Member	78	-	78
Dr L Konar – Audit Committee Member	78	-	78
Adv. T Moeeng – Audit Committee Member	69	-	69
	3 532	43	3 575

2020

Ms Y Mbane – Chairperson	344	4	348
Ms Z Tyikwe	293	16	309
Mr L Koyana	355	24	379
Mr PG Ndaba	413	19	432
Mr T Mthembu	310	51	361
Mr KD 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 MK Mbonambi – Independent Audit Committee Chairperson	143	4	147
Mr KV Maja – Independent Audit Committee member	101	2	103
Mr TT Tshikovihi – Independent Audit Committee member	125	7	132
	3 928	245	4 173

27. REMUNERATION OF KEY MANAGEMENT

SENIOR MANAGEMENT – 2021	BASIC SALARY R'000	PERFORMANCE BONUS R'000	ALLOWANCES R'000	CONTRIBUTIONS BY EMPLOYER R'000	TOTAL R'000
Mr BC Mkhwanazi – Chief Executive Officer	2 047	527	29	231	2 834
Ms N Dlodla – Chief Operating Officer	1 585	234	19	137	1 975
Mr L Kuse – Chief Finance Officer	1 754	-	19	157	1 930
Ms DC Machard – Executive: Strategic Planning, Performance and Reporting	1 481	216	19	110	1 826
Mr S Ngcobo – Chief Corporate Service Executive (1 July 2020)	1 174	-	17	85	1 276
Mr MB Masekwameng – Chief Information Officer	1 641	62	19	24	1 746
Ms S Motloung – Chief Audit Executive	1 502	224	19	100	1 845
	11 184	1 263	141	844	13 432

SENIOR MANAGEMENT – 2020

Mr BC Mkhwanazi – Chief Executive Officer	2 055	12	-	196	2 263
Ms N Dlodla – Chief Operating Officer	1 514	83	-	113	1 710
Mr TL Kubheka – Acting Chief Finance 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 BT Khonyane – Executive Manager: CEO office	1 532	8	47	136	1 723
Mr MB 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

28. PRIOR-YEAR ADJUSTMENTS

Commitments for the 2019/20 financial year were understated by R129 million as a result of contracts previously not accounted for. The impact of this adjustment is as follows:

2020	NOTE	AS PREVIOUSLY REPORTED R'000	CORRECTION OF ERROR R'000	RESTATED R'000
Commitments		3 086 714	129 882	3 216 596

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

The entity's risk to liquidity is a result of requiring funds to be available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

	CARRYING AMOUNT R'000	CONTRACTUAL CASH FLOWS R'000	CURRENT R'000	1-6 MONTHS R'000	MORE THAN 6 MONTHS R'000
2021					
Payables from exchange transactions	(31 159)	(31 159)	(21 999)	(8 831)	(329)
Payables from non-exchange transactions	(322 974)	(322 974)	(170 515)	(57 250)	(95 208)
	(354 133)	(354 133)	(192 514)	(66 081)	(95 537)
2020					
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)	-	-

CREDIT RISK

Financial assets which potentially subject W&RSETA to the risk of non-performance by counterparties and thereby subject it to concentrations of credit risk, consist mainly of cash and cash equivalents, and trade receivables. W&RSETA limits its counterparty exposure by only dealing with well-established financial institutions approved by National Treasury. W&RSETA'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 counterparty. W&RSETA's concentration of credit risk includes 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 due to amounts owed by SARS and DHET. This concentration of risk is limited as SARS and DHET are government entities with sound reputations.

Credit risk consists mainly of cash deposits and cash equivalents. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

29. RISK MANAGEMENT (CONTINUED)

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

THE AGEING OF TRADE RECEIVABLES

Trade receivables from exchange transactions – Not past due
Trade receivables from exchange non-transactions – Not past due

GROSS R'000	IMPAIRMENT R'000	TOTAL 2021 R'000
39 283	(1 619)	37 664
23 236	(6 321)	16 915
62 519	(7 940)	54 579

THE AGEING OF CASH AND CASH EQUIVALENTS

Not past due

2 737 528	-	2 737 528
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THE AGEING OF TRADE RECEIVABLES

Trade receivables from exchange transactions – Not past due
Trade receivables from exchange non-transactions – Not past due

20 628	-	20 628
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
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INDUSTRY RISK

W&RSETA is exposed to fluctuations in the employment market, for example, sudden increases in unemployment and changes in 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 funds 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:

	FLOATING RATE R'000	NON-INTEREST BEARING R'000	TOTAL R'000
2021			
Cash	2 737 528	-	2 737 528
Receivables from exchange transactions	26 476	11 188	37 664
Payables from exchange transactions	-	(31 159)	(31 159)
	2 764 004	(19 971)	2 744 033
2020			
Cash	2 908 937	-	2 908 937
Receivables from exchange transactions	-	20 628	20 628
Payables from exchange transactions	-	(18 921)	(18 921)
	2 908 937	1 707	2 910 644

30. GOING CONCERN

The 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 Technology has approved, by way of Government Gazette, the extension of the W&RSETA licence to operate until 31 March 2030.

31. EVENTS AFTER THE REPORTING DATE

Included in the commitment register are contracts that will expire on 31 March 2021. These contracts amount to R270 million (2020: R141.96 million) and have subsequently expired.

32. FRUITLESS AND WASTEFUL EXPENDITURE

	2021 R'000	2020 R'000
Opening balance as previously reported	2 825	358
Correction of prior period error	-	832
Opening balance as restated	2 825	1 190
Add: Expenditure identified – current	2 530	-
Add: Expenditure identified – contracts identified as fruitless prior year (unutilised lease space)	-	1 635
Less: Amounts recovered unutilised lease space	(2 467)	-
Closing balance	2 888	2 825

The fruitless and wasteful expenditure that was incurred in the current financial year relates to a financial settlement that was made by W&RSETA in order to resolve a legal dispute surrounding an incorrect award that was made through the SCM process. As at 31 March 2021 consequence management action had not been finalised.

33. IRREGULAR EXPENDITURE

Opening balance as previously reported	422 007	409 834
Opening balance as restated	422 007	409 834
Add: Irregular expenditure – current	8 671	8 605
Add: Irregular expenditure – prior period	1 941	3 568
Closing balance	432 619	422 007

Incidents/cases identified in the current year include those listed below:

DISCIPLINARY STEPS TAKEN/CRIMINAL PROCEEDINGS			
Contract scope varied in excess of bid specification (Non-compliance with SCM).	No disciplinary steps were undertaken during the year. This matter will be investigated in the next financial year and resolved.	8 354	12 173
Contract extension not approved by National Treasury (SCM non-compliance).		1 941	-
Non-compliance with sections 11A, 11C(1), 11(4), 11(5) of the Skills Development Act in relation to appointment of a Board member by the DHET.		317	-
		10 612	12 173

CASES UNDER INVESTIGATION

Of the R10 million irregular expenditure incurred in the current year, R1.9 million relates to instances of irregularities found in contracts that were procured in prior years and are still ongoing. The amounts will only be cleared upon conclusion of the investigations which are currently ongoing.

34. SEGMENT INFORMATION

SEGMENT SURPLUS OR DEFICIT, ASSETS AND LIABILITIES – 2021

REVENUE

	ADMINISTRATION R'000	MANDATORY R'000	DISCRETIONARY R'000	TOTAL R'000
Skills development levy: Income	105 513	200 914	497 485	803 912
Skills development levy:	-	-	30 313	30 313
Penalties and interest				
Other income	1 572	-	-	1 572
Investment income	-	-	95 871	95 871
Total segment revenue	107 085	200 914	623 669	931 668

EXPENDITURE

Employee costs	60 823	-	79 371	140 194
Depreciation and amortisation	6 879	-	-	6 879
Loss on disposal of assets	82	-	-	82
Other administration expenses	76 576	-	17 896	94 472
Employer grant and project expenditure	-	138 512	746 189	884 701
Total segment expenditure	144 360	138 512	843 456	1 126 328
Total segmental surplus/(deficit)	(37 275)	62 402	(219 787)	(194 660)

ASSETS

Non-current assets	24 240	-	-	24 240
Inventories	67	-	-	67
Receivables from exchange transactions	37 664	-	-	37 664
Receivables from non-exchange transactions	-	4 760	12 155	16 915
Cash and cash equivalents	-	-	2 737 528	2 737 528
Total segment assets	61 971	4 760	2 749 683	2 816 414

LIABILITIES

Travel card	943	-	-	943
Operating lease liability	875	-	-	875
Payable from exchange transaction	31 158	-	-	31 158
Payables from non-exchange transactions	-	82 352	240 622	322 974
Unspent conditional grants	-	-	5 214	5 214
Provisions	-	45 971	-	45 971
Total segment liabilities	32 976	128 323	245 836	407 135

34. SEGMENT INFORMATION (CONTINUED)

SEGMENT SURPLUS OR DEFICIT, ASSETS AND LIABILITIES: 2020

REVENUE

	ADMINISTRATION R'000	MANDATORY R'000	DISCRETIONARY R'000	TOTAL R'000
Skill development levy: Income	154 657	292 868	729 978	1 177 503
Skills development levy: Penalties and interest	-	-	33 923	33 923
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	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 transaction	-	27 276	269 679	296 955
Payable from exchange transaction	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

35. BUDGET DIFFERENCES

MATERIAL DIFFERENCES BETWEEN BUDGET AND ACTUAL AMOUNTS

35.1 Interest income (Unfavourable R35 million)

Interest income is below budget mainly due to the following factors:

The South African Reserve Bank reduced significantly, during the 2020/21, the lending rates (REPO rate) from 6.5% to 3.5%. This reduction was meant to lower inflation rates for the country as well as to stimulate economic activity during the COVID-19 pandemic. In response to these significant reductions in investment rates of returns, the W&RSETA revised its investment policy in order to maximise returns while ensuring the guarantee of funds.

The W&RSETA was impacted by the loss of SDL income during the financial year and this resulted to a net operating deficit of R246 million and also resulted to a negative cash flow movement for the financial year of R173 million. The four-month payment holiday created a reduction in the value of invested funds of the SETA.

35.2 Skills Development Levy income: Revenue from non-exchange transactions (Favourable R113 million)

Total revenue from Skills Development Levies exceeded budget by R113 million (16%) and this is due to higher than anticipated SDL collections for the year. This improvement to the SETA's quarter four performance is indeed positive taking into account the economic challenges faced by the South African economy. However, it is expected that the recovery of the W&RSETA revenue will be slow and is likely to take between two to three years.

35.3 Employee cost (Favourable R9 million)

Total employee costs for the 2020/21 financial year amount to R140 million while budget amounts were R149 million. Therefore, the W&RSETA realised a favourable variance of R9 million during the year and this was informed by the SETA's cost containment strategy to minimise costs during a difficult financial period.

35.4 Discretionary grant (Favourable R117 million)

The W&RSETA underspend on discretionary grants by R117 million during the financial year and this translates to a 13.3% variance from the budget of R882 million. The positive aspect about these results is that the W&RSETA was able to continue with implementing its mandate and support the W&R Sector during the COVID-19 pandemic. The SETA's response to the COVID-19 pandemic was to ensure that service delivery expenditure was encouraged and not reduced during the year.

35.5 Mandatory grant expenditure (Favourable R32 million)

The mandatory grant declined due to the decrease in SDL income and also due to the approval numbers to the Annexure II. The W&RSETA put measures in place to improve the number of approved mandatory grants. Capacity building and support were critical areas of intervention in order to improve access to those who qualified for the grant. The current pay-out ratio for this grant has remained relatively constant at around 72%.

35.6 General expenditure (Unfavourable R11.6 million)

The unfavourable variance/overspending on general expenditure of R11.6 million is mainly due to the significant increase in the cost of ICT which is reflective of the SETA's increased consumption of connectivity costs in support of the delivery of its mandate.

36. COMMITMENTS

COMMITMENTS ON DISCRETIONARY GRANTS

Commitments comprise the following:

Approved and contracted for

Approved and not contracted for

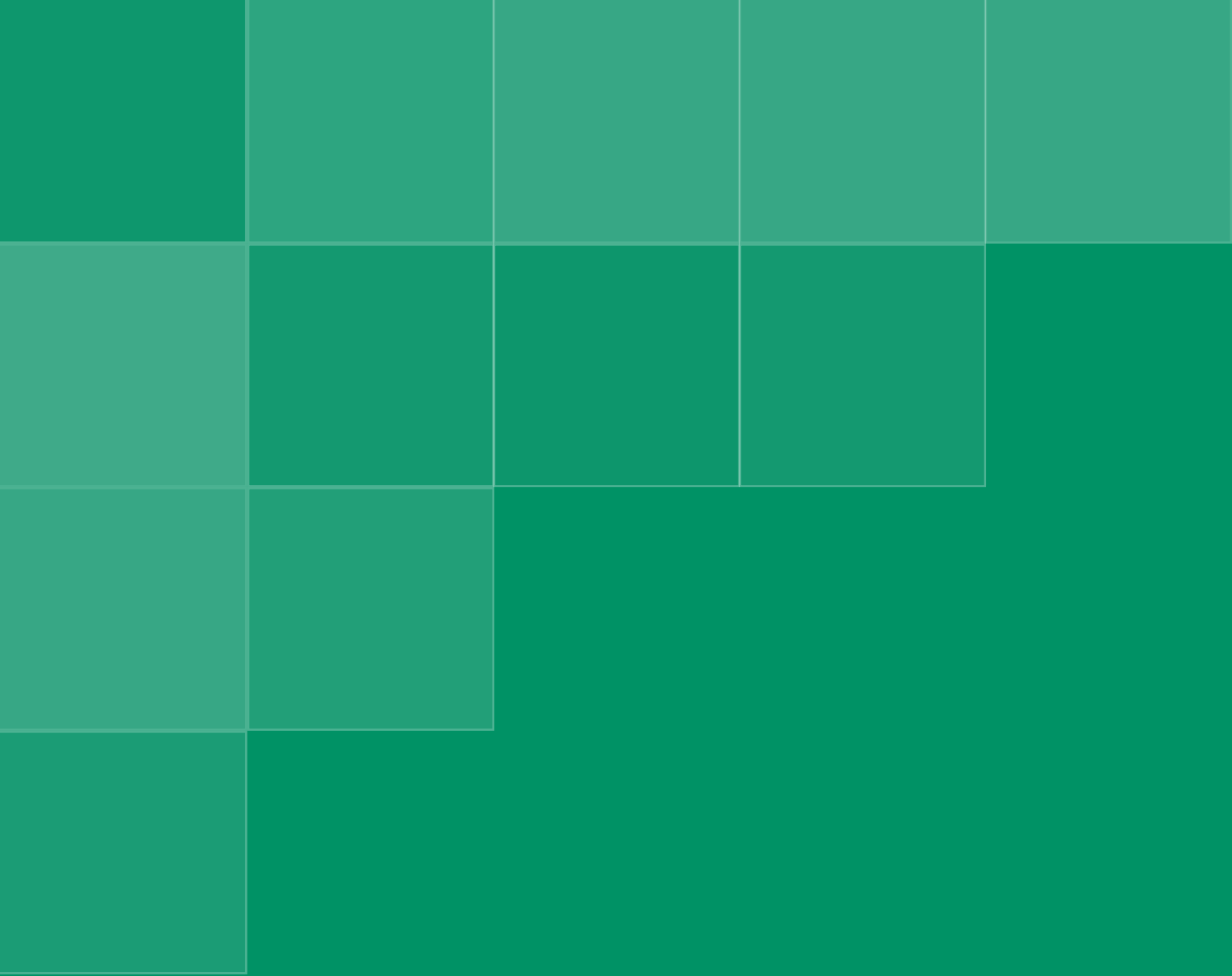
Accounting Authority extended contracts

	2021 R'000	2020 R'000
	-	-
	2 447 415	2 578 500
	-	200 095
	-	438 000
	2 447 415	3 216 595

NOTES

[illegible]

[illegible]



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