



2018/19 ANNUAL REPORT

Highlights

REVENUE

2019:
R1.3 billion
2018:
R1.2 billion

ADMINISTRATION EXPENDITURE

2019:
R146 million
2018:
R127 million

EXPENDITURE

2019:
R868 million
2018:
R827 million

DISCRETIONARY GRANTS

2019:
R528 million
2018:
R514 million

MANDATORY GRANTS

Expenditure
increased by
4% from
R187 million

NUMBER OF PEOPLE TRAINED

2019:
1 845 867
2018:
1 637 381

LEARNERS CERTIFIED

Employed
2 457
Unemployed
2 505

TURNING A NEW PAGE FOR THE W&RSETA



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



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Presentation of the 2018/19 W&RSETA Annual Report to the Minister of Higher Education, Science and Technology, the Honourable Blade Nzimande



Dr Blade Nzimande
Hon. Minister of Higher Education, Science and Technology



Mr Buti Manamela
Hon. Deputy Minister of Higher Education, Science and Technology

The achievements that are reflected in this Annual Report would not have been possible without the strategic leadership of the Ministry and the Department, ensuring that the W&RSETA executes its mandate and produces a lasting legacy of a skilled wholesale and retail workforce.

Honourable Minister

The Board and Management have great pleasure in presenting to you the 2018/19 Annual Report of the Wholesale and Retail SETA (W&RSETA) as prescribed by section 55 of the Public Finance Management Act, Chapter 28 of the Treasury Regulations and the Skills Development Act No. 97 of 1998. These statutes require a public entity to submit an annual report to the Executive Authority, National Treasury and Auditor-General of South Africa for tabling to the Parliament of South Africa. The purpose of this report is to provide the Legislature and the Executive Authority with the following:

- The activities of the public entity
- The audited performance information
- The audited annual financial statements
- The auditor’s report on the audited performance and annual financial statements

The Annual Report reflects on the strides made by the W&RSETA and the Wholesale and Retail Sector collectively in contributing to the vision of the National Skills Development Strategy (NSDS) III for a skilled and capable workforce that shares in, and contributes to, the benefits and opportunities of economic expansion and an inclusive growth path.

The achievements that are reflected in this Annual Report would not have been possible without the strategic leadership of the Ministry and the Department, ensuring that the W&RSETA executes its mandate and produces a lasting legacy of a skilled wholesale and retail workforce.

We recommit ourselves to accelerate our endeavours in skills development to ensure that the W&RSETA contributes to the aspirations of the National Development Plan (NDP) 2030.

STATEMENT OF RESPONSIBILITY AND ACCURACY

Statement of responsibility and confirmation of accuracy of the Annual Report for the year ended 31 March 2019


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

- All information provided and amounts disclosed in the Annual Report are consistent with the annual financial statements audited by the Auditor-General South Africa.
- The Annual Report is complete, accurate and is free from any omissions and errors.
- The Annual Report has been prepared in accordance with the Annual Report Guide for Schedule 3A and 3C Public Entities, as issued by 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, 1999 and Skills Development Act, 1998. The Accounting Authority is responsible for the preparation of the annual financial statements and for the judgements 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 2019.

Yours in skills development,

Ms Y Mbane
Chairperson

Mr T Mkhwanazi
Chief Executive Officer



PART A

GENERAL INFORMATION

1.1 General information

Registered name of the public entity

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

Registration number of the entity

27/W&RSETA/1/04/11

Skills Development Levy Number

L750737837

Registered office address

1303 Heuwel Avenue
Riverside Office Park
Corner Lenchen South and Heuwel Avenue
Centurion
0157
Pretoria
Republic of South Africa

Postal address

Private Bag X106
Centurion
0046

Contact telephone numbers

Tel: 012 622 9500

Website address

www.wrseta.org.za

External auditor's information

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

Bankers' information

1. ABSA: 15 Troye Street Johannesburg 2001
2. Rand Merchant Bank: 1 Merchant Place, Rivonia Road, Sandton 2000
3. Nedbank: 135 Rivonia Road, Sandown 2196
4. Standard Bank: 5 Simmonds Street, Marshalltown, Johannesburg 2000

1.2 Sector industry codes

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









1.3 Acronyms and abbreviations

ACRONYM	MEANING
AC	Audit Committee
AET	Adult Education and Training
APP	Annual Performance Plan
ATR	Annual Training Report
CEO	Chief Executive Officer
DHET	Department of Higher Education and Training
ETDP SETA	Education, Training and Development Practices SETA
G&S	Governance and Strategy Board Committee
HET	Higher Education and Training
ILDIP	International Leadership Development Programme
MerSETA	Manufacturing, Engineering and Related Services Sector Education and Training Authority
MICTSETA	Media, Information, Communication and Technology Sector Education and Training Authority
MOA	Memorandum of Agreement
MOU	Memorandum of Understanding
NDP	National Development Plan 2030
NGO	Non-governmental organisation
NPO	Non-profit organisation
NQF	National Qualifications Framework
NSDS	National Skills Development Strategy
NSFAS	National Student Financial Aid Scheme
NCV	National Certificate Vocational
PFMA	Public Finance Management Act
PIVOTAL	Professional, Vocational, Technical and Academic Learning
PBC	Projects Board Committee
QCTO	Quality Council for Trades and Occupations
QMB	Qualification Management Body
QQA	Qualification and Quality Assurance
REMCO	Remuneration Board Committee
RMDP	Retail Management Development Programme
RPL	Recognition of Prior Learning
SDF	Skills Development Facilitator
SME	Small and Micro Enterprise
SMME	Small, Medium and Micro Enterprise
SETA	Sector Education and Training Authority
SIC	Sector Industry Classification
SLOs	Sector liaison officers
SOE	School of Excellence
SSETA	Services Sector Education and Training Authority
SSP	Sector Skills Plan
TVET	Technical Vocational Education and Training
WRLC	Wholesale and Retail Leadership Chair
W&R	Wholesale and Retail
W&RSETA	Wholesale and Retail Sector Education and Training Authority
WSP	Workplace Skills Plan

1.4 Strategic overview

VISION

To be the leader in skills development in the country

MISSION

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

OUR STRATEGIC GOALS

We have developed our strategic goals to enable us to:

- Produce a skilled, capable, competent and professional workforce in the Wholesale and Retail Sector;
- Be an effective and efficient organisation which supports the implementation of the Strategic Plan;
- Undertake effective stakeholder engagement and strategic partnerships that is beneficial to both parties;
- Develop a skilled, vibrant SMME and Cooperatives Sector; and
- Produce responsive and empowered Training Providers who can effectively meet the training needs of the Wholesale and Retail Sector.

OUR ORGANISATIONAL 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

LEGISLATIVE AND OTHER MANDATES

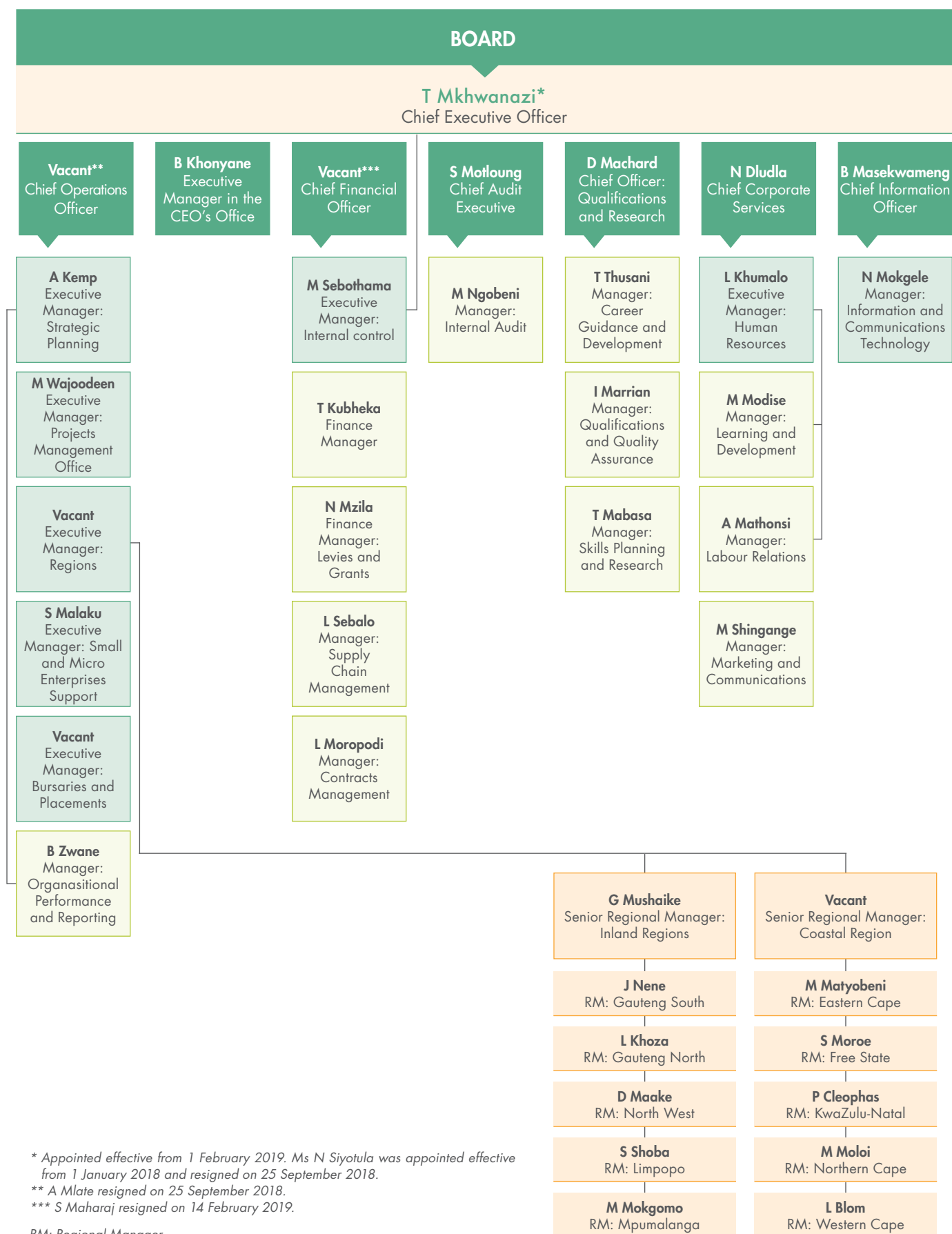
The Skills Development Act, No 97 of 1998 as amended (SDA) makes provision for the establishment of Sector Education and Training Authorities (SETAs) for each economic sector as determined by the Minister of Higher Education and Training in terms of section 9 of the SDA.

The SDA establishes a framework within which SETAs must operate. The Act stipulates the composition and functions of SETAs and determines the minimum requirements for their constitutions.

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

- Skills Development Act, No. 97 of 1998 as amended;
- Skills Development Levies Act, No. 97 of 1999 as amended;
- Public Finance Management Act, No. 1 of 1999 as amended, read with the PFMA regulations; and
- South African Qualifications Authority Act, No. 58 of 1995.

1.5 Organisational structure



1.6 Our Board Members

Yvonne Mbane



Chairperson

Date appointed: June 2018

Meeta Dullabh*



Board Member

Date appointed: April 2018

Board Committees:

- Governance and Strategy Committee
- Projects Committee until 2018

* Resigned in February 2019.

Zinhle Tyikwe



Board Member

Date appointed: April 2018

Board Committees:

- Governance and Strategy Committee
- Finance Committee

Reggie Sibiya



Board Member

Date appointed: April 2018

Board Committees:

- Remuneration Committee
- Projects Committee

Lwazi Koyana



Board Member

Date appointed: April 2018

Board Committees:

- Finance Committee
- Audit Committee

Praise God Ndaba



Board Member

Date appointed: April 2018

Board Committees:

- Projects Committee
- Remuneration Committee

Mogomotsi Masoabi



Board Member

Date appointed: April 2018

Board Committees:

- Projects Committee
- Remuneration Committee

Fachmy Abrahams



Board Member

Date appointed: April 2018

Board Committees:

- Projects Committee
- Remuneration Committee

Themba Mthembu



Board Member

Date appointed: April 2018

Board Committees:

- Governance and Strategy Committee
- Finance Committee
- Audit Committee

David Makuwa



Board Member

Date appointed: April 2018

Board Committees:

- Governance and Strategy Committee
- Finance Committee

Margaret Bango



Board Member

Date appointed: April 2018

Board Committees:

- Governance and Strategy Committee

Sibusiso Busane



Board Member

Date appointed: April 2018

Board Committees:

- Projects Committee
- Remuneration Committee

1.7 Chairperson's foreword

Ms Y Mbane
Chairperson



The Board held sessions in various regions with the stakeholders to share its vision and strategy in addressing historical issues. These led to an increase of 52% in employer participation in Discretionary Grants.

Background

The year under review has been a challenging one in which it was necessary to conduct a clean-up exercise on a myriad of issues in both governance structures and the administration. These issues have over time cost the Organisation valuable relationships with stakeholders who are crucial to the execution of the W&RSETA mandate. The dissatisfaction had caused a decline in stakeholder participation in previous years, and it was therefore essential that we restore the trust and confidence of these critical role players if the SETA were to attain its set goals and targets.

In addition to dealing with historical issues, the Management team had to implement the programmes as set out on the Annual Performance Plan (APP) for the year under review. Addressing challenges and concluding matters dating back as far as the 2010/11 financial year became an urgent necessity as this would provide a foundation for the SETA to be a well-functioning institution able to facilitate skills development initiatives within the Wholesale and Retail Sector.

Corporate governance

The Board was appointed in April 2018, with an Independent Chairperson appointed in June 2018. Two vacancies remain on the Board from the labour constituency, while the Executive Board Committee had not yet been approved by the time of compiling this report. Although, there was a resignation of a member from the employer constituency in the last quarter, with a replacement being considered for approval by the Department, the Board was nonetheless able to discharge its fiduciary duties. The Committees are well functioning and continue to deal with the great number of issues that have been identified as blockages and impediments to the proper functioning of the SETA.

The Board has ensured stability in the SETA by means of various interventions. While the CEO was appointed during the year under review in order to ensure implementation of the turnaround strategy, there was however attrition in key senior management positions with the resignation of the Chief Operations Officer and Chief Financial Officer during the latter part of the financial year.

The turnaround strategy

Cognisant of its short tenure, the Board approved a Short-Term Turnaround Strategy to address the identified challenges and to lay a proper foundation for the future. The strategy focuses on people, policies, procedures and systems issues, as well as eradicating the backlog of stalled projects and finding a mechanism to deal with expired contracts. Another urgent priority for the Board was to ensure implementation of the recommendations of the Forensic Audit Reports that were previously commissioned by the SETA.

Review of the delivery model

The Centralised Model of doing business was identified as an impediment to service delivery and as creating unnecessary bottlenecks. The Board therefore approved a decentralised delivery model that would ensure the devolution of powers and the empowerment of Regional Offices to take certain decisions in order to expedite delivery of services.

As an endeavour to stabilise the organisation, particularly in its administrative processes, the Board expedited the appointment of the CEO and filling other key positions, including the creation of positions for regulatory compliance. A process of structural realignment was also initiated during the year under review and will be concluded in 2019/20. This will ensure the creation of capacity in line with the approved decentralised model. Policy reviews,

development of standard operating procedures for uniformity and standardisation have commenced. The Enterprise Resource Planning (ERP) project was also begun and will be concluded in the coming year.

Stakeholder engagement and participation

The SETA has continued to enter into strategic partnerships locally and internationally to enhance our skills development programmes. This is in preparation for the new National Skills Development Plan and to help establish the Organisation as a catalyst in the Sector for the disruptions caused by the Fourth Industrial Revolution. Various dialogues and summits held by our stakeholders were supported in order to inform the new paradigm shift.

The Board convened its meetings as dictated by the Constitution of the SETA, and a number of additional meetings were held to deal with the challenges and ensure stability. The Annual General Meeting (AGM) was convened in November 2018 to account to our stakeholders on the W&RSETA's performance. This was the first AGM convened in two years.

Performance overview

The Board held sessions in various regions with the stakeholders to share its vision and strategy in addressing historical issues. These led to an increase of 52% in employer participation.

One of the significant issues that the SETA had to address was the declining participation of stakeholders on the SETA's learning programmes due to historical challenges that had not been addressed. This necessitated focusing on the backlog dating back as far as 2010/11, and the process has resulted in certifying learnerships and skills programmes in close to 14 000 cases which had been stuck in the system for years. Through the exercise, there were write-backs amounting to more than R470 million for the SETA to allocate to other projects.

Though the SETA received a qualified audit opinion for the year under review, its financials were found to be in order, without any material changes by the Auditor-General South Africa. The qualification is as a result of restated amounts of commitments for the prior year due to the inclusion of expired contracts that did not meet the definition of commitments at 31 March 2018.

Although the backlog was addressed, the SETA managed to attain only 32% of its targets for the current financial year. While this is not a desirable state of affairs, the industry stakeholder issues have to a large extent been addressed, thereby ensuring maximum participation of employers, which in turn will enable the attainment of targets.

Appreciation

On behalf of the Board, I would like to offer our sincere appreciation to all the stakeholders that have walked this journey with us and have continued to participate in our programmes in order to create an environment that addresses unemployment, poverty and inequality. Their valuable input and participation is much appreciated.

Our appreciation also goes to the Department of Higher Education and Training (DHET) for providing support to ensure stability in the W&RSETA and the Sector at large. We also offer our deep gratitude to the CEO, his Management team and staff for their efforts in being willing to turn the corner and establish a proper foundation for the SETA to move forward. Although we are not proud of the SETA's achievement for the year under review, their efforts are acknowledged.

I am very grateful to the members of both the Board and the Audit Committee who have committed themselves and worked tirelessly to provide strategic leadership on a number of issues that were an impediment to the attainment of the SETA's targets, and in mending and building relations with stakeholders. The work done on this has set the tone for the culture of the organisation.



Ms Y Mbane
Chairperson

1.8 CEO's overview

Mr T Mkhwanazi
Chief Executive Officer



The year under review has seen consistent hard work throughout the organisation in implementing a number of initiatives aimed at refocusing the capacity and effectiveness of the W&RSETA, and the turnaround path on which the W&RSETA embarked during the 2018/19 financial year continued with renewed efforts.

A number of challenges remained, which reflect a continued decline in performance. This decline was addressed as a priority by the new Board that was appointed in April 2018; and as part of its turnaround strategy, the Board approved a new operating model for the organisation. The aim of this new model is to enable efficient service delivery, particularly at the level of our regional offices, where the implementation of our programmes takes place.

As an outcome of this change, a review of the organisational structure was required in order to align it with the delivery model – with a skills audit as another key component of the process – so that existing skills can best be utilised and geared to the aims and effective implementation of the model.

Decentralisation

The new operating model has been developed to meet the evolving needs of the Wholesale and Retail Sector. The previous centralised model had led to ongoing challenges in the implementation of projects. The planned decentralisation inherent in the new model will ensure that the W&RSETA is efficient, capacitated and positioned to manage projects at regional level. This project was initiated in the latter part of the financial year, and is expected to be completed during the course of the ensuing year.

With these interventions underway, yet others are still required to create and foster an enabling environment that promotes high performance. These include an urgent drive to contract staff on a fixed-term basis in order to augment capacity while the organisational redesign process is being finalised, as well as a review of all our human resources policies. The aim of this review is to improve the performance management system to empower our regional offices, and to build and improve relationships, most importantly with the employee union.

We believe that the effective implementation of these initiatives will result in our ability to deliver against our Annual Performance Plan (APP).

Redressing backlogs

One of the main interventions that have been implemented to address the issue of long-standing projects from FY2010/11 to FY2017/18, was the establishment of the Backlog Team to fast-track the closure of these projects and execute the transfer of related balances to the Discretionary Fund in order to allocate funds to other priorities.

Phase I of this initiative has resulted in a closure of 52 projects with a balance of R69.7 million. Phase II of the project commenced in February 2019.

Associated with backlogs is the issue of irregular expenditure, which is an aspect of our operations that we have been carrying for some years. While the irregularity generally refers to money that was not spent in the right way, or within the defined timeframe, and not to illegalities, it is nevertheless an ongoing challenge, and one which we continue to address with focus and vigour.

Through this undertaking, the W&RSETA has been able to address the critical challenges of outstanding payments and certification relating to projects over the past seven financial years. In addition, to ensure ongoing effectiveness, the SETA has implemented a prevention plan to avert a recurrence of similar challenges in the future.

Addressing implementation delays

Among the challenges that have impacted on performance is the delay in approval of projects. This has an impact on the implementation of the APP and has hindered effective execution over several years. In addition to this, there remains a misalignment

between the implementation period of the SETA and the Sector's calendar, which results in delayed commencement of projects. We have also had to contend with the added challenge of our training providers commencing with their training programmes before learners are registered on the SETA Management System. During the year under review we have undertaken positive steps to rectify this situation.

Expenditure

The SETA's performance has notably declined. However, it should be noted that we exerted significant effort in addressing the huge backlog and increasing expenditure on Discretionary Grants. All our staff have been working extremely hard and as a result, expenditure on Discretionary Grants amounted to R528 million; of this amount, a total of R122 million (23%) related the backlog project.

Previous audit report matters

In the 2017/18 financial year, the W&RSETA received an unqualified audit opinion from the Auditor-General South Africa (AGSA). In total, 55 findings were made, of which the SETA has resolved 47 (85%). The remaining eight (15%) findings are still in the process of being addressed and the AGSA has noted that progress has indeed been made on implementing preventative or detective controls, and addressing the root causes of the issues. Management acknowledges that continuous improvement is still required, and we are making every effort to ensure that the matters are effectively dealt with and that they will not arise again in the future.

The 2018/19 audit outcome

While the W&RSETA has received a qualified audit report from the AGSA, it is important to note that there have been improvements in addressing compliance issues. This is evidenced in the reduction of the audit findings, which have decreased in number from 55 in 2017/18 to 31 in 2018/19. Irregular expenditure has decreased from R87.5 million to R12 million – related to SCM requirements that were not always followed and the extension of the submission date for the Annexure II documents.

Information Technology

The IT systems of the W&RSETA have become outdated and no longer serve the needs of the Organisation or that of the Sector. As a result, the SETA is currently implementing a transformative Information and Communications Technology (ICT) plan, which seeks to improve its strategic and operational value in the Sector.

Among its other objectives, this plan focuses on the needs of our stakeholders and the interests of our relationships with them by aiming to achieve the following objectives:

- Stakeholder experience enablement, and reducing manual and fragmented stakeholder business interactions with the SETA.
- Achieving customer-focused service excellence through the automation of key business enabler capabilities.

The business value of this undertaking will be apparent in innovation and efficiency, workforce optimisation, cost reduction, SETA business and IT alignment, and all-round service excellence. Our aim is to complete the project in the new financial year.

Stakeholders

The W&RSETA has engaged in strategic discussions with stakeholders to address a variety of challenges that confront us. Productive and respectful relationships with our stakeholders are key to us fulfilling our mandate, and amongst some of the most important are those with our employees and the union which represents the majority of

them. While some important disagreements remain, we have taken great strides during the year under review towards building on our strengths, undertaking meaningful negotiations and recognising our people for their contributions.

In the past we have lost both face and trust because of payments not made timeously, and we are pleased that this problem has been effectively addressed during the year under review, and that by September of the new financial year, all payment backlogs will have been cleared.

We are determined to prove that we are here to listen to all our stakeholders and take into account their concerns, so that together we can continue to deliver the services to which we are committed.

Improvement highlights

While this is a continuous improvement process, some noteworthy highlights have arisen from it:

- Approval for projects that are related to the 2019/20 financial year was completed before year end, ensuring the timeous implementation of programmes and their alignment with the Sector's training calendar, resulting in improved performance.
- An improvement of contract and project management processes has been made, with the result that a reduced number of expired contracts has been reported.
- The Learner Registration Policy, including consequence-management strategies, has been revised to address non-compliance by accredited training providers.
- The Learner Management System has been upgraded to enable the Learner Statement of Results to be issued at regional level.
- Regions are now able to access electronic mirror certificates for audit and evidence reporting purposes.
- TVET/HET coordinators have been employed in the Western Cape, Gauteng North and Gauteng South regions to coordinate all activities related to the SETA's Bursary Scheme at participating institutions.

Moving ahead

The W&RSETA is looking ahead with the renewed confidence derived from our Board-led turnaround strategy. We are planning a number of measures to ensure continued improvement in our performance and management approach, including:

- A review of the Delegation of Authority in order to provide Management with increased financial delegation as part of decentralised model, ensuring that Regional Offices are empowered to fast-track their delivery. This is in line with the newly-revised W&RSETA values which include Agility and Accountability.
- An official centralised communication channel for both internal and external stakeholders.

To improve bursary administration, the W&RSETA's Bursary and Graduate Placement Policy has been reviewed and a three-pronged approach will be implemented for the 2019/20 financial year, to enable:

- Institutions to apply to the W&RSETA for student funding and to be responsible for the administration of funds allocated to them;
- For the first time since the establishment of the Bursary Scheme, students to be funded by the SETA at private institutions through partnerships with these institutions; and
- An allocation to be made to the National Student Financial Aid Scheme (NSFAS) to allow students to apply directly to the NSFAS.

1.8 CEO's overview (continued)

In the short to medium term, our concerted focus will be on the missing middle, with the SETA now providing full bursaries that cover the full costs charged by public institutions.

Acknowledgements

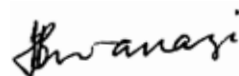
While it is gratifying to note that we have been diligently implementing some very necessary changes to the way we operate, and are committedly paving the way to ongoing improvement in our performance and services, I understand that there is still much work to be done. I extend my sincere gratitude to our Board for their skill, wisdom and guidance in directing and overseeing our remedial initiatives. I would like to thank our Management team for their committed response in implementing the measures we have undertaken, and their belief in our ability to deliver at the level to which we all aspire, as well as our staff, whose application and determination to successfully accomplish our turnaround is greatly appreciated.

Grateful thanks are also due to the Director-General and the SETA coordination and management teams from the DHET for their dedicated and ongoing support and leadership, without which we would not be able to fulfil our mandate. I would also like to thank the other government departments with whom we work – their collaboration is an excellent example of the effectiveness of partnership, and we hope that this cooperation will go from strength to strength in the ensuing year.

To all our stakeholders – we continue to rely on your support and skills as well as your commitment to making our joint mission possible, and to assisting us in realising our vision for the betterment of all our beneficiaries, and ultimately of the economy and well-being of our country as a whole. Thank you for your willingness to help improve the lot of those who need the kind of opportunities you can offer, and for trusting us to continue working further with you.

As the great American founding father, thinker and inventor Benjamin Franklin said: "Without continual growth and progress, such words as improvement, achievement, and success have no meaning."

We believe that we are well on the path of taking the W&RSETA from good to great, and that the improvements and successes we have begun to achieve are indeed meaningful for the future of our organisation and the people that it serves.



Mr T Mkhwanazi
Chief Executive Officer

2.1 Predetermined objectives

The Auditor-General South Africa has conducted audit procedures on the performance information of the W&RSETA set out on pages 18 to 30, examining them for usefulness and reliability, as well as compliance with laws and regulations and internal controls.

PART B

PERFORMANCE INFORMATION

2.1 Predetermined Objectives

Overview of the W&RSETA 2018/19 performance against the Annual Performance Plan (APP)

The W&RSETA's 2018/19 Annual Performance Plan comprised 48 Performance Indicators with a total of 81 performance targets. These performance indicators and their targets were structured in order to ensure delivery on the W&RSETA's outcome-oriented goals as well as to ensure that the SETA establishes and implements programmes that address the key skills priorities as identified in the SSP. These include SMME and cooperatives development, youth unemployment, scarce and critical skills, stakeholder engagement, training and

employment of the disabled, trade union capacitation, and measures to support national strategies and plans.

The W&RSETA's overall performance results on the APP for the year under review were at 31%, with 25 out of the 81 targets fully achieved. It is important to note that 62 711 beneficiaries, comprising individuals and organisations, benefited from the W&RSETA skills development programmes implemented in the 2018/19 performance period as part of the SLA with the DHET. This figure includes beneficiaries funded through the APP budget and sector-funded initiatives, as well as previous years' projects that commenced in 2018.

2.2 Strategic Outcome-Oriented Goals

The W&RSETA's performance against the APP was monitored and verified on a quarterly basis to measure the extent to which the SETA was meeting the following strategic outcome-oriented goals:

1

A skilled, capable, competent and professional workforce in the Wholesale and Retail Sector.

The purpose of this goal is to strengthen skills development and training to meet the needs of the Wholesale and Retail Sector. Robust research and skills-planning methodologies have been implemented by the W&RSETA to identify the skills needs of the various sub-sectors of wholesale and retail. This resulted in a well-consulted and quality Sector Skills Plan (SSP) which formed the basis of the programmes implemented by the SETA. These programmes range from scarce and critical skills programmes to academic programmes that address high-level skills and the research needs of the Sector.

2

An effective and efficient organisation which supports the implementation of the Strategic Plan

The purpose of this goal is to ensure effective management of the W&RSETA through proper governance, efficient use of resources, integrated systems and improved monitoring and evaluation in order to implement the Strategic Plan. Progress in achieving this goal includes the integration of key ICT systems to ensure accessibility of information in real time, and revision of the Monitoring and Evaluation Policy to enable implementation of a decentralised model for monitoring and evaluation that will further improve key components of performance information management, namely records management and verification of performance.

3

Effective stakeholder engagement and strategic partnerships that are beneficial to both parties

The purpose of this goal is to strengthen strategic partnerships with the public and private sectors to better align programmes and resources, and facilitate placement of learners. The W&RSETA established 13 partnerships with educational and research institutions in 2018/19. These partnerships included TVET colleges, higher education and training institutions, research organisations and other stakeholders in initiatives to share services, increase the body of knowledge on wholesale and retail development, and improve access to priority programmes.

4

A skilled, vibrant SMME and co-operative sector

The purpose of this goal is to strengthen and develop new training models to meet the skills development needs of co-operatives as well as small and informal businesses. The W&RSETA ensures the participation of small businesses in skills development initiatives, from skills planning to skills development programmes aimed at supporting small businesses in addressing their skills needs. To this effect, 5 011 small businesses participated in skills planning in 2018/19, and 1 898 small and informal businesses took part in W&RSETA skills development programmes. Tracer studies will be conducted in 2019 to determine the extent to which participation in these programmes has assisted participants to improve their businesses.

5

Responsive and empowered training providers who can effectively meet the training needs of the Wholesale and Retail Sector

The purpose of this goal is to ensure effective capacitation of existing and emerging training providers in the delivery of programmes in the Wholesale and Retail Sector. A total of nine providers, including four from rural areas, participated in the W&RSETA funded programmes aimed at supporting them to obtain accreditation. Additionally, the W&RSETA supports these providers in gaining access to the provision of training within the Sector.

Strategic Objectives

- 1 An effective, well-governed organisation with efficient and effective use of resources to ensure the implementation of the Strategic Plan
- 2 An effective and efficient organisational systems that enables the implementation of the W&RSETA's programmes
- 3 An efficient grant system that ensures timeous and accurate payment of grants to stakeholders
- 4 An effective monitoring and evaluation system that ensures accurate reporting
- 5 A consultative, quality and relevant SSP is developed and approved
- 6 Robust research methodology reflective of different subsectors
- 7 Programmes addressing scarce and critical skills needs as determined in the SSP are implemented
- 8 Academic programmes addressing high-level skills and research needs in the wholesale and retail sector
- 9 Workplace Experience Programme assisting unemployed graduates to gain workplace experience and increase their employability
- 10 Internship Programme which provides students with the workplace component in order to qualify
- 11 Disability programme addressing the training and development needs of people with disabilities
- 12 Strategic projects and programmes are developed to address scarce skills and occupational qualifications to effect transformation in the wholesale and retail sector
- 13 Strategy to develop new growth and niche areas through the development and updating of qualifications for the sector
- 14 Formal agreements with strategic partners that are beneficial to both parties to the agreement
- 15 Develop and implement a seamless integrated Career Guidance programme

PROGRAMME 1: ADMINISTRATION

Purpose: To provide effective and efficient support functions within the organisation

Programme performance Indicator	Baseline (2017/18 achievements)	Annual target 2018/19	2018/19 performance		
			Actual	Variance	Comments
Strategic Objective 1: An effective, well governed organisation with efficient and effective use of resources to ensure the implementation of the Strategic Plan					
Obtain unqualified audit with no findings during the period of 1 April 2018 to 31 March 2019	Unqualified audit	1	0	-1	Not achieved The W&RSETA received a qualified audit opinion.
15 participations in corporate exhibitions, conferences and trade related expositions organised by constituent organisations, DHET and/or other relevant stakeholders during the period of 1 April 2018 to 31 March 2019.	7	15	17	2	Achieved This target has been overachieved by 13.33% due to additional opportunities being made available to profile the W&RSETA to the stakeholders.

2.2 Strategic Outcome-Oriented Goals (continued)

PROGRAMME 1: ADMINISTRATION					
Purpose: To provide effective and efficient support functions within the organisation					
Programme performance Indicator	Baseline (2017/18 achievements)	Annual target 2018/19	2018/19 performance		
			Actual	Variance	Comments
Strategic Objective 1: An effective, well-governed organisation with efficient and effective use of resources to ensure the implementation of the Strategic Plan					
1 Stakeholders recognition initiative implemented by the W&RSETA during the period of 1 April 2018 to 31 March 2019	0	1	0	-1	Not achieved The target was not achieved due to the non-approval of the project established to deliver on this target. The target will be implemented in 2019/20 under a new project.
10 Stakeholder Newsletters published electronically and/or printed during the period of 1 April 2018 to 31 March 2019	10	10	10	0	Achieved
Strategic Objective 2: An effective and efficient organisational system that enables the implementation of the W&RSETA's programmes					
Implementation of an ERP system during the period of 1 April 2018 to 31 March 2019	New Target	1	0	-1	Not achieved This target was not met due to the fact that the ERP tender had been advertised as a comprehensive tender that included both the application and infrastructure service towers. This resulted in a non-award as none of the bids received on three separate procurement events, met the required threshold. The W&RSETA has revised its procurement approach and separated the required services into infrastructure and the applications services. Tender processes are set to be finalised in 2019/20 and the ERP system implemented before the end of the 2019/20 financial year.
Strategic Objective 3: An efficient grant system that ensures timeous and accurate payment of grants to stakeholders					
6 000 compliant stakeholders are paid mandatory grants during the period of 1 April 2018 to 31 March 2019	4 947	6 000	5 766	-243	Not achieved This target was not met as a number of companies had made non-compliant Annexure II submissions. The W&RSETA has revised the delivery model for Annexure II submissions in order to ensure increased submission of compliant documents.
Strategic Objective 4: An effective monitoring and evaluation system that ensures accurate reporting					
Improvement of W&RSETA quarterly performance information reports to an average accuracy of 95% during the period April 2018 to March 2019	Zero findings on 2 out of 4 performance reports	0.95	0	-0.95	Not achieved
Impact assessment conducted on key strategic projects aligned to the achievement of the NSDS III objectives during the period of 1 April 2018 to 31 March 2019	New target	1	0	-1	Not achieved This target was not achieved due to the late submission and approval of the business case for delivery on this performance indicator. The W&RSETA has revised its planning schedule to ensure project approvals before the commencement of each implementation period.

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 shortage					
Programme performance Indicator	Baseline (2017/18 achievements)	Annual target 2018/19	2018/19 performance		
			Actual	Variance	Comments
Strategic Objective 5: A consultative, quality and relevant Sector Skills Plan is developed and approved during the period 1 April 2018 to 31 March 2019					
The W&RSETA Sector Skills Plan is approved by DHET in the period of 1 April 2018 to 31 March 2019	New target	1	1	0	Achieved
Strategic Objective 6: Robust research methodology reflective of different sub-sectors					
4 research studies conducted during the period of 1 April 2018 to 31 March 2019	4	4	4	0	Achieved
Establish 4 national and international research partnerships during the period of 1 April 2018 to 31 March 2019	New target	4	3	-1	Not achieved This target was not met due to delays with the finalisation of a Memorandum of Understanding (MOU) with one research institution. This was only finalised after the end of the financial year.
Establishment of 3 retail chairs for the Gauteng, KZN and WC provinces during the period of 1 April 2018 to 31 March 2019	1	Establish 3 Retail Chairs	1	-2	Not achieved This target was not met due to delays with the submission of the business case for the implementation of this target.
Small and medium companies assisted with the Skills Planning Process by W&RSETA sector liaison officers (SLOs), and large companies assisted by their skills development facilitators, to submit Annexure II (WSP/ATR/PIVOTAL) documents electronically on the Indicum System during the period of 1 April 2018 to 31 March 2019	L – 600	L – 560	L – 548	L – 12	Not achieved This target was not met as not all large companies could submit their Annexure II documents before the closing date. W&RSETA engages employers during the submission period to determine the support they may require. Our engagement strategy will be extended to engage all companies who were unable to submit to enable us to address their needs in the future.
	M – 1 380	M – 1 350	M – 1 257	M – -93	Not achieved This target was not met due to delays with the finalisation of contracts with SLOs who assist small and medium companies to submit Annexure II documents. The delays resulted in delayed commencement of company visits.
	S – 5 789	S – 5 800	S – 5 011	S – -789	Not achieved This target was not met due to delays with the finalisation of contracts with SLOs that assist small and medium companies to submit Annexure II documents. The delays resulted in delayed commencement of company visits.

2.2 Strategic Outcome-Oriented Goals (continued)

PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS (INCLUSIVE OF PIVOTAL PROGRAMMES, BURSARIES AND PLACEMENT, CO-OPS, SMES, NGO/NPO, PERSONS WITH DISABILITIES AND CRITICAL SKILLS DEVELOPMENT AND PARTNERSHIPS) Purpose: To facilitate, manage and support the implementation of learning programmes					
Programme performance Indicator	Baseline (2017/18 achievements)	Annual target 2018/19	2018/19 performance		
			Actual	Variance	Comments
Strategic Objective 7: Programmes addressing scarce and critical skills needs as identified in the SSP are implemented					
2 300 employed (18.1) and 2 900 unemployed (18.2) learners registered for and 1 150 employed (18.1) and 1 450 unemployed (18.2) learners complete NQF 2 to 5 learnerships and/or occupational programmes addressing Wholesale and Retail scarce skills as identified in the SSP during the period of 1 April 2018 to 31 March 2019	Registered (18.1) 2 191	Registered (18.1) 2 300	Registered (18.1) 2 149	Registered (18.1) -151	Not achieved This target was not met due to the misalignment between the W&RSETA period for allocation of grants for skills development interventions and the Industry training period. Allocations are finalised after the approval of Annexure II submissions when companies have already funded their own training interventions. This misalignment resulted in low uptake of W&RSETA allocations in 2018/19 requiring a second allocation window to address shortfalls from the initial allocation. The second allocation enabled learnership registrations to reach 2 149. The W&RSETA will review its allocation process in 2019/20 to address the effects of misaligned periods.
	(18.2) 2 479	(18.2) 2 900	(18.2) 3 698	(18.2) 798	Achieved This target was overachieved due to the high demand for 18.2 learnerships by the W&R sector.
	Completed (18.1) 569	Completed (18.1) 1 150	Completed (18.1) 1 413	Completed (18.1) 263	Achieved This target was overachieved due to the high number of registrations in the previous year; as well as an increased throughput rate.
	(18.2) 709	(18.2) 1 450	(18.2) 1 499	(18.2) 49	Achieved This target was overachieved due to the high number of registrations in the previous year; as well as an increased throughput rate.
5 500 employed (18.1) and 800 unemployed (18.2) learners registered for and 2 750 employed (18.1) and 400 unemployed (18.2) learners complete NQF 2 to 5 skills programmes addressing Wholesale and Retail scarce and critical skills as identified in the Sector Skills Plan in the financial year 1 April 2018 to 31 March 2019.	Registered (18.1) 657 (18.2) 123	Registered (18.1) 5 500 (18.2) 800	Registered (18.1) 3 547 (18.2) 590	Registered (18.1) -1 953 (18.2) -210	Not achieved The targets for 18.1 and 18.2 Registrations on Skills Programmes were not met due to the misalignment between the W&RSETA period for allocation of grants for skills development interventions and the industry training period. Allocations are finalised after the approval of Annexure II submissions when companies have already funded their own training interventions.
	Completed (18.1) 613 (18.2) 354	Completed (18.1) 2 750 (18.2) 400	Completed (18.1) 1 762 (18.2) 220	Completed (18.1) -988 (18.2) -180	Not achieved The targets for 18.1 and 18.2 Skills Programmes completions were not met due to low registrations on Skills Programmes in the previous financial year as well as late registrations in 2018/19. Performance on this target will improve in 2019/20 as learners registered in the last quarter of 2018/19 will complete in 2019/20.

PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS (INCLUSIVE OF PIVOTAL PROGRAMMES, BURSARIES AND PLACEMENT, CO-OPS, SMES, NGO/NPO, PERSONS WITH DISABILITIES AND CRITICAL SKILLS DEVELOPMENT AND PARTNERSHIPS)
Purpose: To facilitate, manage and support the implementation of learning programmes

Programme performance Indicator	Baseline (2017/18 achievements)	Annual target 2018/19	2018/19 performance		
			Actual	Variance	Comments
Strategic Objective 7: Programmes addressing scarce and critical skills needs as identified in the SSP are implemented					
300 employed (18.1) learners registered for and 150 employed (18.1) learners complete RPL learning programmes in the financial year 1 April 2018 to 31 March 2019	Registered 68	Registered 300	Registered 245	Registered -55	Not achieved This target was not met due to the misalignment between the W&RSETA period for allocation of grants for skills development interventions and the industry training period. Allocations are finalised after the approval of Annexure II submissions when companies have already funded their own training interventions.
	Completed 292	Completed 150	Completed 241	Completed 91	Achieved This target was overachieved as it includes learners registered in previous years who completed the learning programme in 2018/19.
1 000 employed (18.1) learners registered for and 750 complete unit standards addressing scarce and critical skills as identified in the SSP during the period of 1 April 2018 to 31 March 2019	Registered 20	Registered 1 000	Registered 719	Registered -281	Not achieved This target was not met due to the misalignment between the W&RSETA period for allocation of grants for skills development interventions and the industry training period. Allocations are finalised after the approval of Annexure II submissions when companies have already funded their own training interventions.
	Completed New target	Completed 750	Completed 907	Completed 157	Achieved This target was overachieved because of the effort exerted to address certification backlogs.
New unemployed (18.2) W&RSETA bursary beneficiaries registered at TVETs/HETIs during the period 1 April 2018 to 31 March 2019. 1. 2 000 new beneficiaries register at TVETs. 2. 1 000 new beneficiaries register at HETIs.	TVET and HETI 119	TVET 2 000	TVET 0	-2 000	Not achieved This target was deferred to 2019/20 to enable the SETA to address bursary allocations for continuing students (2nd, 3rd and 4th year W&RSETA bursary beneficiaries).
		HETIs 1 000	HETIs 0	-1 000	Not achieved This target was deferred to 2019/20 to enable W&RSETA to address bursary allocations for continuing students (2nd, 3rd and 4th year W&RSETA bursary beneficiaries).
Continuing unemployed (18.2) W&RSETA bursary beneficiaries registered at TVETs/HEITs in the financial year 1 April 2018 to 31 March 2019. 1. 1 000 continuing beneficiaries registered at TVETs/HEITs. 2. 500 continuing beneficiaries complete their studies at TVETs/HEITs.	Registered 0 (New target)	Registered 1 000	Registered 509	-491	Not achieved This target was not met due to delays with the finalisation of Memoranda of Understanding with institutions of higher learning (our Bursary Agents). This impacted on timeous registration of bursary beneficiaries on our system as information on learner progress that impacts on continued funding could only be obtained once MOAs were finalised. The W&RSETA shall review the bursary delivery model to address partnership issues and improve on the timeous delivery of this intervention in 2019/20.
	Completion 0 (New target)	Complete 500	Completed 540	40	Achieved

2.2 Strategic Outcome-Oriented Goals (continued)

PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS (INCLUSIVE OF PIVOTAL PROGRAMMES, BURSARIES AND PLACEMENT, CO-OPS, SMES, NGO/NPO, PERSONS WITH DISABILITIES AND CRITICAL SKILLS DEVELOPMENT AND PARTNERSHIPS)
Purpose: To facilitate, manage and support the implementation of learning programmes

Programme performance Indicator	Baseline (2017/18 achievements)	Annual target 2018/19	2018/19 performance		
			Actual	Variance	Comments
Strategic Objective 7: Programmes addressing scarce and critical skills needs as identified in the SSP are implemented					
200 employed (18.1) and 150 unemployed (18.2) learners registered for and 100 employed and (18.1) 75 unemployed (18.2) learners complete learnerships or apprenticeships addressing artisan occupations during the period of 1 April 2018 to 31 March 2019	Registered 18.1 360	Registered 18.1 200	Registered 18.1 91	Registered 18.1 -109	Not achieved This target was not achieved due to low employer uptake of Artisan programmes as the sector experiences challenges with implementation of Artisan Programmes. W&RSETA has engaged the National Artisan Moderation Body (NAMB) to support the SETA in its efforts to capacitate employers on the process for implementation of Artisan programmes.
	18.2 0 New Target	18.2 150	18.2 168	18.2 18	Achieved
	Complete 18.1 33	Complete 18.1 100	Complete 18.1 0	Complete 18.1 -100	Not achieved The W&RSETA implements cross sectoral qualifications for its Artisan programmes and relies on other SETAs for external moderation and certification; and experiences delays in this regard. The W&RSETA will enter into MOUs with relevant SETAs for cross sectoral programmes to enable improved performance.
	18.2 New Target	18.2 75	18.2 0	18.2 -75	Not achieved This target could not be met as there were no registrations from the previous year.
Strategic Objective 8: Academic programmes addressing high-level skills and research needs in the Wholesale and Retail sector					
25 employed (18.1) bursary beneficiaries registered for and 12 complete Wholesale and Retail sector-related studies in MBA/Masters or Doctoral degrees at HETIs during the period 1 April 2018 to 31 March 2019	Registered -0	Registered 25	Registered 0	-25	Not achieved This target was not achieved due to delays with the finalisation of contracts between the W&RSETA and the companies allocated grants for MBA and PHDs. This impacted on the finalisation of learner registrations with relevant institutions of higher learning. The SETA has revised its employed bursary delivery model to enable improved performance on this intervention.
	Completed 0	Complete 12	Complete 0	-12	Not achieved This target was not met as there were no completions on MBAs and PHDs in the reporting period.

PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS (INCLUSIVE OF PIVOTAL PROGRAMMES, BURSARIES AND PLACEMENT, CO-OPS, SMES, NGO/NPO, PERSONS WITH DISABILITIES AND CRITICAL SKILLS DEVELOPMENT AND PARTNERSHIPS)

Purpose: To facilitate, manage and support the implementation of learning programmes

Programme performance Indicator	Baseline (2017/18 achievements)	Annual target 2018/19	2018/19 performance		
			Actual	Variance	Comments
Strategic Objective 8: Academic programmes addressing high-level skills and research needs in the Wholesale and Retail sector					
Employed (18.1) bursary beneficiaries registered for and complete the Retail Management Development programme NQF 6 and International Leadership Development Programme NQF 8 during the period 1 April 2018 to 31 March 2019. 1. Register 400 for RMPD. 2. Complete 320 RMDP. 3. Register 60 for ILDP. 4. Complete 48 ILDP.	New target	RMDP Registered 400	RMDP Registered 59	RMDP -341	Not achieved This target was not met due to delays with project approval which resulted in delays with procurement and contracting processes. The 59 learners registered on this target were only registered two days before the end of the financial year, with the rest of the learners recruited for this target registered in the first quarter of the 2019/20 financial year.
		RMDP Complete 320	RMDP Completed 0	RMDP -320	Not achieved This target was not achieved as there were no registrations on the RMDP programme in 2017/18.
		ILDP Registered 60	ILDP Registered 60	ILDP 0	Achieved
		ILDP Complete 48	ILDP Complete 56	8	Achieved
500 employed (18.1) bursary beneficiaries registered for and 420 complete NQF Level 5 – 8 qualifications addressing Wholesale and Retail scarce skills as identified in the Sector Skills Plan at HETIs during the period 1 April 2018 to 31 March 2019	Registered 57	Registered 500	Registered 313	-187	Not achieved This target was not achieved due to late contracting; stakeholder withdrawals towards the end of the process; and late project approvals.
	Completed 331	Complete 420	Complete 0	-420	Not achieved This target was not achieved due to delayed submission of proof of completion of studies by bursars; as well as delayed completion of studies as most employed bursars are part-time students and complete one module at a time and not the full qualification.
Strategic Objective 9: Workplace Experience Programme assisting unemployed graduates to gain workplace experience and increase their employability					
4 000 TVET and HETI unemployed (18.2) graduates qualified in wholesale and retail scarce skills placed and 2 400 complete their placement in Wholesale and Retail organisations for workplace experience and exposure during the period 1 April 2018 to 31 March 2019	TVET 4 HETI 103	Placed 4 000	Placed 1 190	-2 810	Not achieved This target was not met due to delays with internal project approval processes. The SETA has revised its planning schedule to ensure project approvals before the commencement of each implementation period.
	TVET 0 HETI 1	Completed 2 400	Completed 0	-2 400	Not achieved This target was not met due to the low number of graduate placements in the previous financial years. The W&RSETA will conduct an evaluation study in 2019/20 on this intervention, to inform its delivery in the next few years.

2.2 Strategic Outcome-Oriented Goals (continued)

PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS (INCLUSIVE OF PIVOTAL PROGRAMMES, BURSARIES AND PLACEMENT, CO-OPS, SMES, NGO/NPO, PERSONS WITH DISABILITIES AND CRITICAL SKILLS DEVELOPMENT AND PARTNERSHIPS)					
Purpose: To facilitate, manage and support the implementation of learning programmes					
Programme performance Indicator	Baseline (2017/18 achievements)	Annual target 2018/19	2018/19 performance		
			Actual	Variance	Comments
Strategic Objective 10: Internship Programme which provides students with the required workplace component required in order to qualify					
1 000 TVET and HETI unemployed (18.2) students with Wholesale and Retail scarce skills qualifications placed and 850 complete internships with Wholesale and Retail organisations during the period 1 April 2018 to 31 March 2019	Placed 18	Placed 1 000	Placed 700	-300	Not achieved This target was not met due to delays with internal project approval processes. The SETA has revised its planning schedule to ensure project approvals before the commencement of each implementation period.
	Completed 21	Completed 850	Completed 114	-736	Not achieved This target was not met due to the low number of internship placements in the previous financial years. The W&RSETA will conduct an evaluation study, in 2019/20, on this intervention to inform its delivery in the next few years.
Strategic Objective 11: Disability Programme addressing the training and development needs of people with disabilities					
400 unemployed (18.2) persons with disabilities are registered and 320 complete NQF 2 Wholesale and Retail programmes during the period 1 April 2018 to 31 March 2019	New target 0	Registered 400	311	-89	Not achieved This target was not met due to delays with the contracting process. The contracts were only finalised on 20 March 2019 which resulted in delays with recruitment, selection and placement of learners in learning programmes. The W&RSETA has revised the delivery model for this target and it will be implemented as part of PIVOTAL projects with 4% of registrations for PIVOTAL programmes allocated to learners with disabilities.
		Complete 320	0	-320	Not achieved This target was not achieved due to delays with the commencement of the learning programme. Learners registered under this learnership are set to complete in 2020.
200 employed persons with disabilities are registered and 160 complete NQF 3 – 4 Wholesale and Retail programmes during the period 1 April 2018 to 31 March 2019.	New target 0	200 employed Registered	46 employed Registered	-154	Not achieved This target was not achieved due to late contracting of providers awarded to facilitate learning on this programme.
		160 employed complete	0 employed complete	-160	Not achieved This target was not achieved due to delays with the commencement of training of learners on the learning programme. Learners registered under this learnership are set to complete in 2020.
900 Wholesale and Retail employers capacitated through disability sensitisation programmes implemented during the period 1 April 2018 to 31 March 2019.	New target	900	0	-900	Not achieved This target was not met due to delays with the procurement process which then impacted on project delivery. The W&RSETA has ensured that projects to be implemented in the next financial year are approved before the year commences. This will ensure commencement of procurement processes within the first quarter of the financial year.

PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS (INCLUSIVE OF PIVOTAL PROGRAMMES, BURSARIES AND PLACEMENT, CO-OPS, SMES, NGO/NPO, PERSONS WITH DISABILITIES AND CRITICAL SKILLS DEVELOPMENT AND PARTNERSHIPS)
Purpose: To facilitate, manage and support the implementation of learning programmes

Programme performance Indicator	Baseline (2017/18 achievements)	Annual target 2018/19	2018/19 performance		
			Actual	Variance	Comments
Strategic Objective 12: Strategic projects and programmes are developed in addressing scarce skills and occupational qualifications that effect transformation in the Wholesale and Retail sector					
500 unemployed (18.2) learners from rural areas are registered and 250 complete learnerships that address scarce skills or occupational qualifications during the period 1 April 2018 to 31 March 2019.	Registered 150	Registered 500	Registered 231	-269	Not achieved This target was not met due to delays with internal procurement and contracting processes which impacted on the delivery of this programme. The W&RSETA has revised the delivery model for this target and it will be implemented as part of PIVOTAL programmes with 12.5% of 2019/20 PIVOTAL interventions allocated to learners in rural areas.
	Completed 334	Completed 250	Completed 193	-57	Not achieved The W&RSETA implements cross sectoral interventions for its Rural Development programmes and relies on other SETAs for external moderation and certification. A number of delays are experienced during the moderation and certification process. To mitigate against continued delays with completion of cross-sectoral interventions, W&RSETA will enter into MOUs with relevant SETAs for improved performance on cross sectoral programmes.
1 500 informal businesses participate in W&RSETA's skills development initiatives during the period 1 April 2018 to 31 March 2019.	1 466	1 500	988	-512	Not achieved This target was not met due to delays with the submission of the business case to deliver on this performance indicator. This led to delays in procurement, contracting and delivery processes.
220 unemployed (18.2) beneficiaries from 20 participating and registered co-operatives registered and 110 complete skills programmes that address scarce and critical skills as identified in the Sector Skills Plan during the period 1 April 2018 to 31 March 2019	0	Registered 220	192	-28	Not achieved This target was not met due to delays with internal procurement and contracting processes which impacted on the delivery of this programme.
		Completed 110	0	-110	Not achieved This target was not achieved due to delays with procurement and contracting processes for the Cooperative Project. This impacted on registrations as well as completion of learners that participated in this intervention.
100 employed (18.1) beneficiaries from 100 participating and registered NGOs/NPOs are registered and 50 complete unit standards that address scarce and critical skills as identified in the SSP during the period 1 April 2018 to 31 March 2019	0	Registered 100	235	135	Achieved
		Completed 50	205	155	Achieved

2.2 Strategic Outcome-Oriented Goals (continued)

PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS (INCLUSIVE OF PIVOTAL PROGRAMMES, BURSARIES AND PLACEMENT, CO-OPS, SMES, NGO/NPO, PERSONS WITH DISABILITIES AND CRITICAL SKILLS DEVELOPMENT AND PARTNERSHIPS)					
Purpose: To facilitate, manage and support the implementation of learning programmes					
Programme performance Indicator	Baseline (2017/18 achievements)	Annual target 2018/19	2018/19 performance		
			Actual	Variance	Comments
Strategic Objective 12: Strategic projects and programmes are developed in addressing scarce skills and occupational qualifications that effect transformation in the Wholesale and Retail sector					
800 Trade Union members/officials from 5 Trade Unions registered and 320 complete programmes that address Trade Unions skills needs in the financial year 1 April 2018 to 31 March 2019.	Registered 0	Registered 800	0	-800	Not achieved Implementation of this target was deferred to 2019/20 to enable the SETA to address capacity challenges related to this indicator.
	Completed 0	Complete 320	0	-320	Not achieved This target was not met as no registrations had taken place on Union Capacitation Programmes.
3 500 small levy-paying companies participate in W&RSETA skills development projects during the period 1 April 2018 to 31 March 2019.	0	3 500	910	-2 590	Not achieved This target was not met due to delays with submission and approval of the business case presented to deliver on this target. This led to delays with procurement and contracting processes. W&RSETA has revised its planning schedule to ensure project approvals before the commencement of each implementation period.
250 employed (18.1) and 250 unemployed (18.2) learners registered for NQF1 (AET) qualification/ learnership and 125 employed (18.1) and 125 unemployed (18.2) certificated on completion during the period 1 April 2018 to 31 March 2019	Registered (18.1) 293	Registered (18.1) 250	Registered (18.1) 116	Registered (18.1) -134	Not achieved This target was not achieved due to a reduced need for AET programmes for employed learners as the majority of retailers have a minimum requirement of a matric certificate for employment. 2018/19 was the last year of implementation for this intervention.
	(18.2) New target	(18.2) 250	(18.2) 653	(18.2) 403	Achieved This target was overachieved due to high employer uptake of unemployed learners for the AET programme.
	Complete (18.1) 9	Complete (18.1) 125	Complete (18.1) 99	Complete (18.1) -26	Not achieved This target was not met due to the low number of registrations of employed learners on AET programmes. The target has been discontinued with 2018/19 being the last year of implementation of this intervention.
	Complete (18.2) New target	Complete (18.2) 125	Complete (18.2) 203	78	Achieved
Strategic Objective 13: Strategy to develop new growth and niche areas through the development and updating of qualifications for the sector					
2 new or updated qualifications are submitted to the QCTO during the period 1 April 2018 to 31 March 2019	0	2	0	-2	Not achieved This target was not met due to delays with the procurement of the Qualification Development Facilitation service as this is a specialised service with limited availability in the market.

PROGRAMME 3: LEARNING PROGRAMMES AND PROJECTS (INCLUSIVE OF PIVOTAL PROGRAMMES, BURSARIES AND PLACEMENT, CO-OPS, SMES, NGO/NPO, PERSONS WITH DISABILITIES AND CRITICAL SKILLS DEVELOPMENT AND PARTNERSHIPS)

Purpose: To facilitate, manage and support the implementation of learning programmes

Programme performance Indicator	Baseline (2017/18 achievements)	Annual target 2018/19	2018/19 performance		
			Actual	Variance	Comments
Strategic Objective 14: Formal agreements with strategic partners that are beneficial to both parties to the agreement					
Strategic partnerships are entered into with 5 public TVETs through awarding extension of scope during the period 1 April 2018 to 31 March 2019.	9	5	5	0	Achieved
Strategic partnerships are entered into with 4 public TVETs to establish and recognise schools of excellence for NCV retail subjects during the period 1 April 2018 to 31 March 2019.	5	4	4	0	Achieved
Strategic partnership is entered into with 1 public HET during the period 1 April 2018 to 31 March 2019.	1	1	0	-1	Not achieved This target was not met as eligible HET institutions did not accept the initial terms of the partnership. The W&RSETA will revise its partnership model related to this target in 2019/20.
Strategic Objective 15: Develop and implement a seamlessly integrated career guidance programme					
200 career guidance events are hosted/attended by Wholesale and Retail SETA during the period 1 April 2018 to 31 March 2019.	147	200 events are hosted/ attended by Wholesale and Retail SETA.	176	-24	Not achieved This target was not achieved as the W&RSETA could not meet the quarter 3 target for hosting Career Guidance events as most learners/students were preparing for their final exams. The delivery schedule has been revised to limit the number of events in quarter 3.
300 Life Orientation educators are capacitated on the use of the Wholesale and Retail SETA Career Guide during the period 1 April 2018 to 31 March 2019	1.38 lecturers capacitated 2.0 lecturers certificated	300 Life Orientation educators are capacitated on the use of the Wholesale and Retail SETA Career Guide.	122	-178	Not achieved This target was not achieved due to incomplete information provided by participants who took part in the capacitation workshop. The W&RSETA will be working with the Department of Education's District Offices in its future projects on this intervention. This will ensure that complete information is provided regarding the schools and the subject that participants teach.
300 learners are assisted to access W&RSETA opportunities through career guidance and development during the period 1 April 2018 to 31 March 2019	New target	300 learners are assisted to access W&RSETA opportunities through career guidance and development.	0	-300	Not achieved This target was not met due to non-approval of the initial business case developed to address this target. The business case could not be reviewed in time for the approval and implementation of the project to address this indicator. The W&RSETA has revised the delivery model for this target.

2.2 Strategic Outcome-Oriented Goals (continued)

PROGRAMME 4: QUALITY ASSURANCE					
Purpose: To ensure the quality of learning delivered as well as capacitate Training Providers and TVET Lecturers					
Programme performance Indicator	Baseline (2017/18 achievements)	Annual target 2018/19	2018/19 performance		
			Actual	Variance	Comments
Strategic Objective 16: Effective transformation strategy to ensure a qualified and responsive provider base NSDS III Outcome 4.3.2					
20 TVET lecturers are capacitated and 15 Certificated to offer the National Certificate Vocational (NCV) retail subjects during the period 1 April 2018 to 31 March 2019	Capacitated 34	Capacitated 20	28	8	Achieved This target was overachieved due to the interest shown by the TVET lecturers in this programme.
	Certificated N/A	Certificated 15	25	10	Achieved This target was overachieved due to the interest shown by the TVET lecturers in this programme.
2 W&RSETA accredited providers are supported to facilitate RPL for W&RSETA qualifications during the period of 1 April 2018 to 31 March 2019.	2	2	2	0	Achieved
10 practitioners are capacitated and 5 practitioners receive statements of results for the ODETDP modules or unit standards during the period 1 April 2018 to 31 March 2019	10	Capacitated 10	0	-10	Not achieved This target was not met due to delays with the project approval process, which resulted in delays with procurement of a training provider to deliver training. The SETA has revised its planning schedule to ensure project approvals before the commencement of each implementation period. This will give the SETA enough time for procurement, contracting and delivery in 2019/20.
		Receive statements of results 5	Receive statements of results 8	3	Achieved
4 rural HDI providers are supported to obtain accreditation during the period of 1 April 2018 to 31 March 2019.	2	4	4	0	Achieved
5 Emerging Training providers are supported to gain access to providing training within the W&R sector during the period 1 April 2018 to 31 March 2019	6	5	5	0	Achieved
5 Assessment Centres are recommended to the QCTO for accreditation during the period 1 April 2018 to 31 March 2019	1	5	0	-5	Not achieved This target was not met due to delays with the project approval process, as well as human resource shortages. The SETA has revised its planning schedule to ensure project approvals before the commencement of each implementation period.

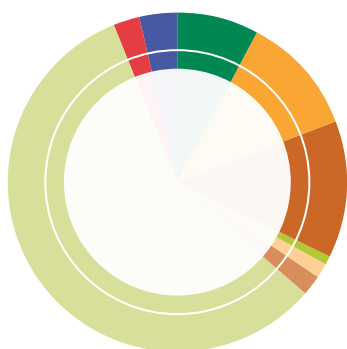
2.3 Performance Oversight Statistics

Number of people trained per occupational class

The statistics below are taken from the information submitted by companies on ATR form 1: Section D: Number of actual beneficiaries trained.

Occupational class	Number of people trained
Clerical support workers	150 270
Elementary occupations	217 540
Managers	243 273
Other	2 159
Plant and machine operators and assemblers	18 440
Professionals	25 170
Service and sales workers	1 087 895
Skilled agricultural, forestry, fishery, craft and related trades workers	33 399
Technicians and associate professionals	67 721
Grand total	1 845 867

NUMBER OF PEOPLE TRAINED PER OCCUPATIONAL CLASS



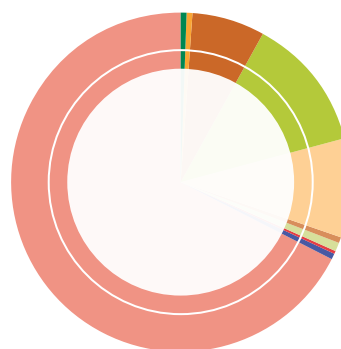
■ Clerical support workers	8.14%
■ Elementary occupations	11.79%
■ Managers	13.18%
■ Other	0.12%
■ Plant and machine operators and assemblers	1.0%
■ Professionals	1.36%
■ Service and sales workers	58.94%
■ Skilled agricultural, forestry, fishery, craft and related trades workers	1.81%
■ Technicians and associate professionals	3.67%

Number of people trained per region during 2018/19

The statistics below are taken from the information submitted by companies on ATR form 1: Section D: Number of actual beneficiaries trained.

Region	Number of people trained
Eastern Cape	11 710
Free State	8 184
Gauteng North	126 121
Gauteng South	239 900
KwaZulu-Natal	175 666
Limpopo	6 271
Mpumalanga	12 819
North West	4 452
Northern Cape	3 732
Western Cape	1 257 012
Grand total	1 845 867

NUMBER OF PEOPLE TRAINED PER REGION



■ Eastern Cape	0.63%
■ Free State	0.44%
■ Gauteng North	6.83%
■ Gauteng South	13.00%
■ KwaZulu-Natal	9.52%
■ Limpopo	0.34%
■ Mpumalanga	0.69%
■ North West	0.24%
■ Northern Cape	0.20%
■ Western Cape	68.10%

2.3 Performance Oversight Statistics (continued)

Number of levy-paying companies per region during 2018/19

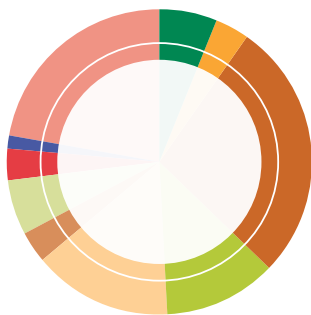
Region	Large (>149)	Medium (50–149)	Small (1–49)	Size not known	Grand total
Eastern Cape	22	118	949	18	1 107
Free State	17	44	564	14	639
Gauteng North	116	312	4 406	51	4 885
Gauteng South	138	225	1 699	24	2 086
KwaZulu-Natal	113	317	2 128	38	2 596
Limpopo	17	77	514	6	614
Mpumalanga	21	78	888	27	1 014
North West	8	54	525	12	599
Northern Cape	5	24	235	6	270
Western Cape	131	301	3 438	25	3 895
Grand total	588	1 550	15 346	221	17 705

2.4 Summary of Financial Information

Levies received per region for 2018/19

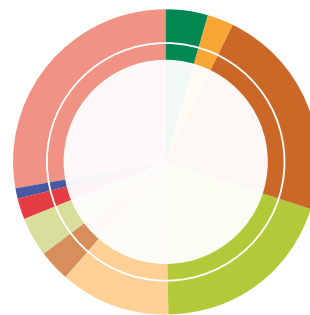
Region	Large (>149) R	Medium (50–149) R	Small (1–49) R	Size not known R	Grand total R
Eastern Cape	21 363 441	12 129 135	24 650 473	1 473 206	59 616 255
Free State	16 508 113	4 522 728	14 650 018	1 145 827	36 826 686
Gauteng North	112 643 597	32 070 256	114 446 770	4 174 083	263 334 706
Gauteng South	134 007 038	23 127 588	44 131 880	1 964 274	203 230 780
KwaZulu-Natal	109 730 401	32 584 202	55 275 245	3 110 101	200 699 948
Limpopo	16 508 113	7 914 775	13 351 257	491 069	38 265 214
Mpumalanga	20 392 375	8 017 564	23 065 985	2 209 808	53 685 733
North West	7 768 524	5 550 621	13 636 985	982 137	27 938 267
Northern Cape	4 855 327	2 466 943	6 104 174	491 069	13 917 513
Western Cape	127 209 580	30 939 573	89 302 768	2 046 119	249 498 040
Grand total	570 986 511	159 323 385	398 615 556	18 087 691	1 147 013 142

NUMBER OF LEVY PAYING COMPANIES PER REGION



Eastern Cape	6.25%	Limpopo	3.47%
Free State	3.61%	Mpumalanga	5.73%
Gauteng North	27.59%	North West	3.38%
Gauteng South	11.78%	Northern Cape	1.52%
KwaZulu-Natal	14.66%	Western Cape	22.0%

LEVIES RECEIVED PER REGION



Eastern Cape	3.08%	Limpopo	1.85%
Free State	1.61%	Mpumalanga	2.65%
Gauteng North	24.57%	North West	1.35%
Gauteng South	21.51%	Northern Cape	0.63%
KwaZulu-Natal	12.67%	Western Cape	30.08%

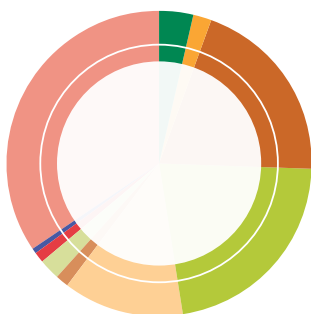
2.4 Summary of Financial Information (continued)

Mandatory grants for 2018/19

The statistics below represent the Mandatory Grants that were paid to qualifying companies during the 2018/19 financial year.

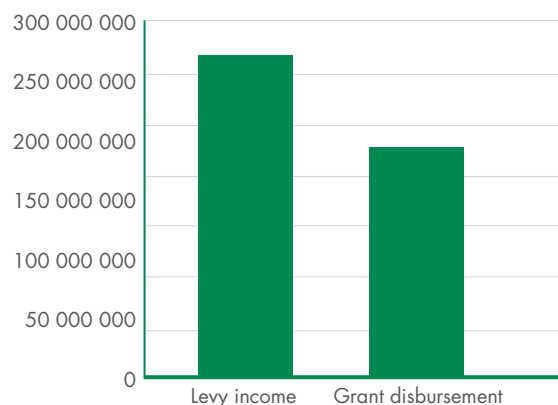
Region	Large (>149) R	Medium (50–149) R	Small (1–49) R	Size not known R	Grand total R
Eastern Cape	3 607 530	2 048 182	4 162 594	248 772	10 067 079
Free State	2 787 637	763 729	2 473 870	193 490	6 218 726
Gauteng North	19 021 524	5 415 533	19 326 017	704 855	44 467 929
Gauteng South	22 629 055	3 905 433	7 452 316	331 697	34 318 499
KwaZulu-Natal	18 529 588	5 502 321	9 334 036	525 186	33 891 131
Limpopo	2 787 637	1 336 526	2 254 556	82 924	6 461 643
Mpumalanga	3 443 552	1 353 883	3 895 030	373 159	9 065 624
North West	1 311 829	937 304	2 302 805	165 848	4 717 786
Northern Cape	819 893	416 579	1 030 779	82 924	2 350 176
Western Cape	21 481 204	5 224 601	15 080 083	345 517	42 131 405
Grand total	96 419 451	26 904 091	67 312 086	3 054 372	193 690 000

MANDATORY GRANTS EXPENDITURE 2018/19



Eastern Cape	2.55%	Limpopo	1.27%
Free State	1.31%	Mpumalanga	1.92%
Gauteng North	20.64%	North West	0.80%
Gauteng South	22.67%	Northern Cape	0.46%
KwaZulu-Natal	12.96%	Western Cape	35.42%

LEVIES RECEIVED VS GRANTS PAID (R'000)



Summary of financial information for 2018/19

	2018/19
Levy income	R271 330 000
Grant disbursements	R193 690 000
Percentage of grant/levy disbursements	71%
Number of registered companies	104 591

Success stories

DEVELOPING LEADERS FOR THE WHOLESALE AND RETAIL SECTOR



Nabeela's career has been a whirlwind success since completing the ILDP in 2011. Shortly after completing the ILDP, she was promoted to the EXCO at Steinbuild. In 2014 she was appointed to the position of Executive: IT and Business Processes at Steinbuild.

Another highlight in Nabeela's illustrious career was her appointment as the Chief Information Officer for Steinbuild in 2016.

FROM TROLLEY PACKER TO GENERAL MANAGER



Sihle Mkhuleseni is a proud beneficiary of the W&RSETA's RMDP which he completed in 2016. He started his career in 2010 as a trolley packer at Boxer Liquor Store. In 2012, shortly after his promotion to a trainee manager position at Boxer Mtuba, he was selected for the W&R Retail Operations Supervision NQF Level 4 Learnership. Within a year of completing the programme, he was appointed as an Assistant Manager at the same store.

Sihle's hard work and dedication have surely paid off and he is currently the General Manager of Boxer in the Northern KZN region. In 2019, he was selected for the W&RSETA's prestigious ILDP.

NOT EVEN THE SKY IS THE LIMIT FOR JAY



Jay is one of the beneficiaries of the W&RSETA learnership programme and has completed the W&R Retail Operations Supervision NQF Level 4 Learnership in 2011 after joining Gonupie Spar as an unemployed learner in 2010.

Through hard work and dedication, at the age of 23 years, Jay was the youngest Sales Manager in the Spar Group.

Jay is currently the General Manager of KwikSpar Riverbend and his store won the Store of Year 2018 award in the Spar Group.

2.5 Performance Information – Programmes

In fulfilling its mandate of developing skills in the Wholesale and Retail Sector, the W&RSETA continued to initiate and implement a number of programmes during the year under review.

DEVELOPING GLOBALLY COMPETITIVE LEADERS FOR THE WHOLESALE AND RETAIL SECTOR

HIGHLIGHTS/IMPACT

60 delegates registered

Partnership with **Regenesys Business School**

Budget of **R23 million**

2018/19 International Leadership Development Programme (ILDLP)

The W&RSETA's prestigious **ILDLP** is one of the organisation's resounding skills development legacies. In the nine years since its launch, the ILDP has contributed to the development of 348 senior managers and executives in the Wholesale and Retail Sector. This NQF Level 8 accredited programme exposes potential leaders from historically disadvantaged backgrounds to cutting-edge wholesale and retail innovation and practices through interaction with leading companies and influential leaders both in South Africa and internationally.

As part of their action learning, delegates will tour the United States of America, Russia, China, India and Ghana. The programme will culminate in a presentation of their research recommendations that can be implemented in the sector.



DIFFERENTLY ABLED – PEOPLE WITH DISABILITIES

HIGHLIGHTS/IMPACT

1 685 unemployed youth with disabilities equipped with life skills to prepare them for the world of work

3 683 employees trained in Sign Language and sensitised on disability management

311 unemployed people with disabilities have been registered on the Wholesale and Retail Distribution NQF Level 2 Learnership.

46 employed learners registered on NQF Level 3 and 4 supervisory Learnerships

The NSDS III advocates for the creation of opportunities for skills development for people with disabilities in order to remove barriers that would otherwise preclude them from such opportunities due to their physical and/or mental incapacities.

In 2017/18, the W&RSETA reaffirmed its commitment to this objective, allocating R27.5 million towards a project that will equip people with disabilities with skills to secure employment in the Sector. Additionally, the project aimed to sensitise employers and employees to the unique needs of people with disabilities and to ways of accommodating them in the workplace. The project encompassed the implementation of learning programmes, life skills and sensitisation programmes.

The project has been highly successful. This is attributable to the readiness of wholesale and retail companies to embrace people with disabilities and to partner with the W&RSETA to provide opportunities for this marginalised group.

Looking forward

The W&RSETA has registered 311 unemployed learners on the Wholesale and Retail Operations NQF Level 2 Learnership.

POSITIONING TVET COLLEGES AS INSTITUTIONS OF CHOICE

HIGHLIGHTS/IMPACT

28 TVET College lecturers on the **NQF Level 2 and 4 subjects** capacitated

25 lecturers completed **NQF Level 4 subject training**

With its **TVET College Lecturer Capacitation Programme**, in place since 2015/16, the W&RSETA was one of the leading SETAs in working with TVET colleges, even before such collaboration was included as a priority in the NSDS III. Through this programme, the SETA considers the readiness of the TVET sector to bridge the skills gaps between the curriculum and needs of the W&R Sector, an important imperative that requires concerted efforts.

The aim of the programme is to equip lecturers who will be directly involved in the delivery of the W&RSETA qualifications and NCV retail subjects, with the theoretical and practical experience of the W&R sector. The lecturers are placed with retailers for practical exposure to retail operations.

The target for the year under review was to capacitate 20 TVET college lecturers on the NCV Level 2 retail subject. With an implementation budget of R2 million, the SETA aimed to register 15 lecturers and have all 15 of them complete the programme.

Looking forward

In 2019/20, the W&RSETA will capacitate a further 20 lecturers on the NQF Levels 2 and 3 subjects.



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

HIGHLIGHTS/IMPACT

446 employed and **508 unemployed** which include **21 people with disabilities**

Completion of the Learnership programmes:
August 2019

The second phase of the trailblazing **KwaZulu-Natal (KZN) Schools of Excellence (SOE)** project was implemented during the year under review, with the aim of addressing the mismatch between the skills that are produced by institutions and the demands of the Wholesale and Retail Sector. With 1 000 learners enrolled, the project was allocated a budget of R36.6 million and is the result of a formalised collaboration of the W&RSETA with industry, institutions of learning and the DHET.

The KZN SOE project is the brainchild of the KZN Advisory Committee which comprises the W&RSETA, various wholesale and retail companies, all nine KZN TVET colleges and the Durban University of Technology. It was established to facilitate initiatives that address skills development challenges in the province.

A new component to the project is the inclusion of Recognition of Prior Learning (RPL), which provides an opportunity for companies to assist employees with extensive experience but without formal training to obtain recognised qualifications against the National Qualifications Framework. Learners who completed the NQF Level 2 Learnership programme in the pilot phase of the project in 2015 have progressed to NQF Level 3 as part of articulation.

The KZN SOE is a special project which contributes to the Annual Performance Plan target on learnerships.



2.5 Performance Information – Programmes (continued)

QUALIFICATIONS DEVELOPMENT

HIGHLIGHTS/IMPACT

Campaign:

National roadshow to create awareness of these and other W&RSETA qualifications

The **W&RSETA Qualifications Management Body (QMB)** is responsible for ensuring that the W&RSETA develops qualifications that address the needs of the Sector. The QMB comprises representatives from wholesale and retail companies, TVET colleges, institutions of higher learning and labour organisations.

The QMB is currently focusing on the development of qualifications to meet the Sector's scarce and critical skills as well as ensuring that qualifications are aligned with the requirements of the Quality Council for Trades and Occupations (QCTO).

Looking forward

The W&RSETA will develop two qualifications in the 2019/20 financial year.

CAPACITATION OF PROVIDERS FOR RPL

HIGHLIGHTS/IMPACT

Capacitated during FY2018/19:

2 training providers

This project seeks to capacitate eight W&RSETA-accredited training providers in KwaZulu-Natal and the Western Cape to conduct the RPL for employees within the Sector. The capacitation programme includes:

- Using and customising the W&RSETA RPL toolkit
- Facilitating RPL
- Mentoring and coaching learners
- Developing RPL as well as administrative processes

ENSURING QUALITY PROVISION OF EDUCATION AND TRAINING

HIGHLIGHTS/IMPACT

Five new training providers accredited in FY2018/19 through the capacitation of training providers on the W&RSETA and QCTO requirements

New provider capacitation for accreditation

With the W&RSETA having to rely on private and public training providers to deliver its programmes in the Sector, a priority for the SETA is to assure quality through **provider accreditation and development**. The SETA assists prospective training providers to obtain accreditation, ensuring that there is a sufficient number of accredited providers to ensure quality provision of learning. The target for the 2018/19 financial year was to accredit five new training providers.

Looking forward

An additional five training providers will be assisted in obtaining accreditation during FY 2019.

TVET EXTENSION OF SCOPE

HIGHLIGHTS/IMPACT

Five TVET colleges identified, selected, awarded extension of scope and capacitated on W&RSETA qualifications

Established Retail Simulation Rooms at the colleges to provide practical experience of the subjects delivered to students

With its **TVET Extension of Scope project**, the W&RSETA is expanding the delivery of its qualifications at TVET colleges in line with NSDS III output 3.14.1. The SETA set a target for the 2018/19 financial year of awarding extension of scope to five TVET colleges. As a result of this intervention, TVET colleges are presented with an opportunity to have approved learning programmes and a Retail Simulation Centre established at the college. A budget of R9 million was approved for this project.

Looking forward

Extension of scope will be awarded to four additional TVET colleges in the 2019/20 financial year.

CAPACITATION OF RURAL PROVIDERS TO OBTAIN ACCREDITATION WITH THE W&RSETA

HIGHLIGHTS/IMPACT

Four rural training providers capacitated

There is a lack of training providers in rural areas. The cost of implementing programmes is therefore higher, with the result that training providers are reluctant to provide their services in these areas. The W&RSETA is cognisant of these challenges and has implemented a project to **capacitate training providers in rural areas** for the implementation of projects.

During the year under review, the SETA set aside a budget of R5.4 million to capacitate four training providers to obtain accreditation with the W&RSETA.

Looking forward

The W&RSETA has planned to capacitate an additional four rural training providers in the 2019/20 financial year.

DEVELOPING RURAL COMMUNITIES FOR SUSTAINABLE GROWTH

HIGHLIGHTS/IMPACT

An **average of two people** from **every ward** in Mquma and Mbashe Local Municipality **were enrolled on the programme** which started in March 2019.

Ward Based Enterprises for Mquma and Mbashe Local Municipalities

In the Mbashe and Mquma Local Municipalities in the Eastern Cape, 126 aspiring entrepreneurs will benefit from the Ward Based Enterprises project. The project aims to develop community members in entrepreneurial skills, and to enable learners to create new business opportunities in their communities.

ADDRESSING YOUTH UNEMPLOYMENT

HIGHLIGHTS/IMPACT

Registration by May 2018:

384 unemployed learners

Contracted by W&RSETA for the programme:

12 wholesale and retail companies

North West unemployed learnership

The W&RSETA initiated the **North West Unemployed Learnership** project to contribute towards addressing the high unemployment rate among the youth in the North West province. A budget of R22 million was allocated to implement a **learnership programme at NQF Level 2 for 500 youths**.

This is a special project which contributes to the APR targets under learnerships.

Looking forward

The learners will complete the training in May 2019 and will be certificated thereafter. An impact analysis will be conducted to determine the success of the programme, particularly regarding the placement of the learners.

OPENING THE DOORS OF LEARNING

HIGHLIGHTS/IMPACT

Students completed:

599, including those funded for the duration of their qualifications

Currently funded since FY2015/16:

5 221 continuing students

Bursary Scheme

The **W&RSETA Bursary Scheme** provides financial assistance to unemployed students from underprivileged backgrounds to pursue their studies at TVET colleges, universities and universities of technology. Bursaries cover the cost of tuition, learning materials, accommodation, meals and transport.

In 2018/19, the W&RSETA aimed to fund 2 500 students at a cost of R152.7 million.

Looking forward

The W&RSETA will continue to fund current bursary holders for the 2019 academic year. However, in order to improve the efficiency of the administration of the Bursary Scheme, no new bursaries will be awarded during this period.

2.5 Performance Information – Programmes (continued)

PREPARING YOUNG STUDENTS/ GRADUATES FOR THE WORLD OF WORK

HIGHLIGHTS/IMPACT

Invested in FY2018/19

R213 million

Placement in wholesale and retail companies through the Graduate Placement and Internship programme:

1 190 HETI and **TVET college** N6 graduates and **700 interns**

The W&RSETA is contributing to addressing graduate unemployment by providing workplace experience opportunities for students and graduates. The aim of the **Graduate Placement and Internship programme** is to provide TVET college, university and university of technology students and graduates with practical experience to prepare them for the world of work and thereby improve their chances of employment. The Sector is contributing towards the fight against graduate unemployment by providing many of the graduates with permanent employment at the end of the programme.



TVET INTERNSHIP FOR THE JOBS SUMMIT

HIGHLIGHTS/IMPACT

155 students placed within wholesale and retail companies at programme commencement in December 2018

The W&RSETA made an allocation of R12 million in response to President Cyril Ramaphosa's call at the 2018 Jobs Summit for employers to provide one million internship opportunities. The SETA committed to funding internship programmes of up to 18 months for 250 TVET college students in the 2018/19 financial year. The interns will be placed within the sector to acquire practical skills that will prepare them for the workplace.

This initiative is as a result of a request to contribute to the Jobs Summit and is additional to the W&RSETA's APP targets.

This project contributed to the achievement of the APP target on internships.



RESEARCH

The W&RSETA is cognisant of the importance of credible research to inform the skills priorities of the Wholesale and Retail Sector. Since 2012, the SETA has partnered with institutions of higher learning to establish **Retail Chairs** at these institutions. These Retail Chairs are instrumental in addressing the research agenda of the W&RSETA.

HIGHLIGHTS/IMPACT

Established since project inception:

Two Retail Chairs

First Retail Chair established:

2011, at the **Cape Peninsula University of Technology (CPUT)**

Phase II of CPUT Retail Chair established and an **MOU** signed between **CPUT** and **Sol Plaatje University**

Established in FY2018/19:

Retail Chair at the **Durban University of Technology (DUT)**

Progress at DUT in FY2017/18:

Three research studies conducted and bursaries for **five Master's** and **three PhD students** awarded

DUT currently implements an exchange programme for students and employees with the Duale Hochschule Ravensburg – Baden-Württemberg Cooperative State University in Germany.

The SETA conducts extensive research on the skills demands and supply of the Wholesale and Retail Sector to compile and update the Sector Skills Plan (SSP) which provide a blueprint for skills priorities.

Additionally, impact assessments are conducted on projects to measure the return on investment and sustainability, as well as to inform future implementation and or the expansion of programmes.

The assessment studies allow the SETA to measure the extent to which objectives of the projects are achieved against NSDS III, service level agreements with the W&RSETA and the SETA's Strategic Plan, and to determine challenges and achievements and the impact on beneficiaries.

Wholesale and Retail Leadership Chairs

The objectives of the Retail Chairs are to:

- Conduct industry-related research activities in consultation with the W&R Sector
- Produce sector-informed Wholesale and Retail qualifications at NQF levels 5 to 10
- Create an environment that is conducive for Work Integrated Learning
- Align qualifications to facilitate research and programme development
- Produce Retail Leadership and Management Development programmes at NQF levels 6 to 10 that are internationally recognised
- Improve the quality of new recruits in the Sector
- Raise the skills levels of the existing workforce in retail operations

- Foster collaboration between retailers to simplify and improve access to the skills system
- Facilitate enrolment and supervision of Master's and PhD studies in Retail
- Focus on employed and unemployed for advanced learning through flexible mode
- Implement an international exchange programme to enhance global exposure of learners

During the year under review, the SETA allocated a budget of R9 million to establish a Retail Chair at a higher education and training institution.

Looking forward

The W&RSETA will establish a Retail Chair at an HETI in Gauteng during the 2019/20 financial year. During the same period, the SETA will review and update the Retail Chair research agenda and finalise MOUs with international research institutions.

2.5 Performance Information – Programmes (continued)

RESEARCH AGENDA

HIGHLIGHTS/IMPACT

The W&RSETA conducted research on:

How to design and harness the value of workplace learning in wholesale and retail

Pros and cons of franchising for chain stores and franchises

Micro-economic and retail forecasting for South Africa

Financial management and governance for **small, medium and micro enterprises** in wholesale and retail

Additionally, the W&RSETA will conduct workplace based learning (WBL) tracer studies on learnerships, internships and bursaries under the NSDS III. The aim of this project is to trace the progress of learners who completed WBL programmes that are funded by the W&RSETA.

Looking forward

The Fourth Industrial Revolution (4IR) is upon us and impacts the way we do business. It is therefore imperative that companies prepare the workforce by providing the necessary skills that will cushion job losses as a result of automation.

The W&RSETA's research agenda for FY2019/20 will focus on conducting studies on:

- The impact of 4IR on employment and growth in the Wholesale and Retail Sector
- New skills, training and qualification needs brought about by 4IR in the Sector

Additionally, research will be conducted on the role of Community Education Colleges in increasing employability opportunities for the youth. The SETA will also commission a study on retail marketing focusing on the changing face of the South African retail sector through social media marketing, changes, growth opportunities, challenges and their impact.



RURAL DEVELOPMENT

The W&RSETA is committed to **capacitating rural communities to become economically viable**. The aim is to address urban migration by empowering these communities to create their own opportunities through skills development. The programmes are tailored to the unique needs of the respective provinces.

Programmes implemented include:

W&RSETA REGISTERED COOPERATIVES

This project seeks to capacitate officials of cooperatives in skills development areas that they have identified, to improve the operations of their organisations. The intervention is linked to NSDS III goal 4.6.1. that requires SETAs to support cooperatives on skills development to enable them to expand and contribute to sector economic and employment growth.

HIGHLIGHTS/IMPACT

Registered at both rural and urban areas to receive training in skills programmes that they have identified:

192 members from 20 cooperatives nationally

Project completion:

FY2020

The W&RSETA has allocated a budget of R3.7 million towards training interventions for 220 members from 20 cooperatives to benefit chairpersons, deputy chairpersons, treasurers, deputy treasurers, secretaries and other members of these cooperatives.

RURAL AREAS LEARNERSHIPS – MPUMALANGA

This Rural Areas Learnership project seeks to **contribute towards addressing the high rate of unemployment** among youth in the Mpumalanga programme. Its aim is to equip these young people with entrepreneurial skills in small business management in the retail environment so that they can use them in various businesses and ultimately be able to establish formalised businesses.

HIGHLIGHTS/IMPACT

As at 31 March 2019, the **W&RSETA has appointed two training providers to deliver the programme**, with 248 learners registered under one of the training providers, **who will complete the programme during** the 2019/20 financial year.

231 learners registered during FY2017/18 and **completed training** in FY2018/19

193 learners to be certificated for **successfully completing** the Wholesale and Retail National Certificate: Informal Small Business Practice NQF Level 3 qualification

80 learners awaiting certification for completing the National Certificate: Confectionery Bakery Level 3 Learnership

The W&RSETA allocated R29 million to implement the Wholesale and Retail Informal Small Business Practice NQF Level 3 Learnership to benefit 500 school-leavers and unemployed youth, of whom 60% will be women.

NON-GOVERNMENT ORGANISATIONS (NGOS)/ NON-PROFIT ORGANISATIONS (NPOS)

The W&RSETA provides **support to NGOs/NPOs to address skills gaps** among employees of these organisations. This support is in line with the NSDS III requirement that SETAs support cooperatives with skills training and development to expand and contribute to sector economic and employment growth.

HIGHLIGHTS/IMPACT

Registered in FY2018/19:

235 learners from NGOs/NPOs to be supported with **skills development interventions**

Completed skills development programmes (unit standards):
205

In 2018/19, the W&RSETA allocated a budget of R1 million to assist 100 members from 100 NGOs/NPOs, to help enable these organisations to acquire skills in foundational and occupational management, as well as in planning within a work environment in order to improve their operations and contribute to the personal development of the employees. These skills will be delivered through wholesale and retail accredited unit standards.

2.5 Performance Information – Programmes (continued)

POSITIONING WHOLESALE AND RETAIL AS A CAREER OF CHOICE

Career guidance is one of the priorities for the W&RSETA in creating a pipeline of talent for the Wholesale and Retail Sector. The SETA provides career guidance and counselling to learners, students and unemployed youth to create awareness on career options in wholesale and retail.

HIGHLIGHTS/IMPACT

R5.9 million budget allocated for **career guidance programmes** in FY2018/19

176 events

Over 8 000 learners, students and youths reached nationally

122 number of life orientation educators capacitated

Career guidance

The focus of the SETA's career guidance programme is on young people from rural areas who have limited or no access to information. The aim is to attract young people to consider wholesale and retail as a viable career option, through advocacy of high-level skills that are in demand. This was accomplished through sponsoring and or participating in events, including:

- The Minister of Higher Education and Training's Decade of the Artisan initiative at the Northern Cape Rural TVET College which was sponsored by the W&RSETA
- The annual Nelson Mandela Career Guidance Festival hosted by the DHET which celebrated the centenary of the late former first President of the democratic South Africa, Dr Nelson Mandela, and in which the SETA also participated

A target of 200 events was set for the 2018/19 financial year. Additionally, the W&RSETA capacitates Life Orientation educators in scarce and critical skills to enable them to assist learners with subject and career choices at school. A target of 300 educators was set for the year under review.

PIVOTAL PROGRAMMES

HIGHLIGHTS/IMPACT

R410 million allocated for **PIVOTAL programmes** in FY2018/19

Beneficiaries through learnerships, skills programmes, bursaries, RPL, artisan learnerships and Adult Education and Training:

17 650 employed and unemployed learners

The Grant Regulations regarding monies received by a SETA and other related matters make provision for SETAs to allocate **funding through Discretionary Grants** towards Professional, Vocational, Technical and Academic Learning (PIVOTAL) programmes.





REGULATIONS
ECONOMICS
LIABILITY
PUBLIC

PART C

GOVERNANCE

3. Governance

3.1 Introduction

Corporate governance prescribes and embraces processes and systems by which public entities are directed, controlled and held to account. Its implementation is underpinned by four core values – fairness, accountability, transparency and responsibility. The W&RSETA, as a schedule 3A public entity, is governed by relevant precepts in the Public Finance Management Act, No. 1 of 1999, and operates in tandem with the principles of good corporate governance. Parliament, the Executive Authority and the Accounting Authority of the W&RSETA are responsible for corporate governance.

3.2 Portfolio Committees

Parliament exercises its oversight role through evaluating the W&RSETA's performance by interrogating its strategic reports. The Portfolio Committee on Higher Education and Training is responsible for exercising oversight over the budgeting process and service delivery performance, and as such, reviews financial and non-financial information contained in annual reports. The W&RSETA was not requested to appear before the Portfolio Committee during the year under review.

3.3 Executive Authority

As the Executive Authority, the Minister of Higher Education and Training has the authority not only to appoint and dissolve the Board and the Executive Committee in accordance with the Standard Constitution, but also ensures that the W&RSETA operates within its legislative framework. The Minister monitors the performance of the

W&RSETA through quarterly reports and interactions with the Board. In line with the PFMA prescripts and other relevant legislative frameworks, the following reports were submitted to the Minister for review and approval:

- Sector Skills Plan 2019/20
- Strategic Plan, Annual Performance Plan and Budget 2019/20
- Annual Report 2018/19
- Quarterly Performance Reports 2018/19

3.4 Accounting Authority

The Board is the Accounting Authority responsible for overseeing the application of corporate governance principles and discharging its fiduciary duties as contemplated in the PFMA. The W&RSETA is headed by an effective and efficient Board comprising non-executive members with the requisite skills and knowledge of the Wholesale and Retail Sector. The Board is responsible for providing strategic direction and ensuring that risk management and internal control structures are implemented.

3.5 Governance Framework

The Board is governed by a governance Framework which provides a structure upon which sound corporate governance principles are the foundation upon which stakeholder confidence is built. In the interests of greater efficiency and effectiveness, the Governance Framework sets out parameters for the administration of governance structures. This is essential for role clarification, and it distinguishes between strategic and operational matters, thereby protecting the interests of all stakeholders.

3.6 Members of the Board

Name	Designation (in terms of Board structure)	Date appointed	Date term ended/resigned	Highest qualifications
Ms Yvonne Mbane	Chairperson	June 2018	Active	<ul style="list-style-type: none"> • PhD University of Free State (current studies) • MBA
Ms Meeta Dullabh*	Board Member	April 2018	February 2019	<ul style="list-style-type: none"> • Master of Management (HR)
Ms Zinhle Tyikwe	Board Member	April 2018	Active	<ul style="list-style-type: none"> • Honours in Bachelor of Commerce: Industrial and Organisational Psychology

* Ms Meeta Dullabh resigned in February 2019.

Furthermore, while meeting governance obligations and adherence to the applicable legislative requirements, the Governance Framework ensures that there is continuous performance improvement for greater impact.

The Governance Framework confirms the role and responsibility of the Board by:

- Setting strategic direction with regard to the organisation's strategy and the way in which specific governance areas are to be approached, addressed and conducted;
- Approving policy and planning that give effect to the strategy and set direction;
- Ensuring accountability for organisational performance;
- Overseeing and monitoring implementation and execution by management;
- Ensuring governance of the W&RSETA in accordance with the applicable pieces of legislation;
- Ensuring that the W&RSETA achieves the objectives as contemplated in its Constitution;
- Providing effective leadership to ensure that the W&RSETA implements the goals of the NSDS and the SLA with the DHET and the W&RSETA Annual Performance Plan;
- Liaising with stakeholders;
- Ensuring compliance with relevant statutory requirements and the requirements of the constitution;
- Management of institutional risks;
- Ensuring that Members and the Committees comply with the Code of Conduct.

3.7 Composition of the Board

The Minister of Higher Education and Training appointed the new Board, whose term of office is effective from 1 April 2018 to 31 March 2020. The Board comprises 15 non-executive members appointed from among constituent organisations representing employer, labour and community organisations as stipulated in the Standard Constitution, and the CEO, as an executive member. The Minister appointed the Board Chairperson as an independent member of the Board.

It is important to note that, although there are 11 members in office and four vacant seats, the Board has been able to meet the quorum requirements at each sitting, as prescribed in the Standard Constitution.

During the year under review, as prescribed by the Standard Constitution, the Board met at least once quarterly to consider and approve reports on the financial and non-financial performance of the W&RSETA. The Board also met as often as the business of the W&RSETA required. An induction session was convened within the first month of the Board's appointment. A strategic planning session and Annual General Meeting (AGM) were convened in line with the Board's fiduciary responsibility.

Area of Expertise	Board Directorship	Other Committees or Task Teams	Number of Board Meetings attended out of 15
<ul style="list-style-type: none"> • Human resources management Governance • Policy development 	<ul style="list-style-type: none"> • RTIA Board and EXCO Chairperson • Buffalo City Board and EXCO Chairperson • CATHSETA Committee Member • University of Limpopo Council Member and ICT Co-Chairperson • AIDS Foundation of South Africa Board Member • South African Project Management Council and Professionals HR Committee Member 	<ul style="list-style-type: none"> • None 	15
<ul style="list-style-type: none"> • Human Resources Training and Development 	<ul style="list-style-type: none"> • UNICON – Global University Directors Consortium Member • Insurance and Wholesale and Retail Standards General Bodies Member 	<ul style="list-style-type: none"> • Governance and Strategy Committee Member • Projects Board Committee Member until 2018 • Ad hoc Committee on Forensic Audit Reports Member 	13
<ul style="list-style-type: none"> • Human Resources Organisational Development 	None	<ul style="list-style-type: none"> • Ad hoc Committee on Forensic Audit Reports Convenor • Governance and Strategy Committee Member • Projects Board Committee Member until October 2018 	14

3. Governance (continued)

3.6 Members of the Board (continued)

Name	Designation (in terms of Board structure)	Date appointed	Date term ended/resigned	Highest qualifications
Mr Reggie Sibiya	Board Member	April 2018	Active	<ul style="list-style-type: none"> • Bachelor of Science (Botany and Genetics) • Bsc Honours (Genetics)
Mr Lwazi Koyana	Board Member	April 2018	Active	<ul style="list-style-type: none"> • Chartered Accountant South Africa
Mr Praise God Ndaba	Board Member	April 2018	Active	<ul style="list-style-type: none"> • BA – Law (current studies)
Mr Mogomotsi Masoabi	Board Member	April 2018	Active	<ul style="list-style-type: none"> • Certificate in Practical Labour Law • Certificate in Labour Dispute
Mr Fachmy Abrahams	Board Member	April 2018	Active	<ul style="list-style-type: none"> • Grade 12
Mr Themba Mthembu	Board Member	April 2018	Active	<ul style="list-style-type: none"> • Dispute Labour Practice • Trade Union Practise
Mr David Makuwa	Board Member	April 2018	Active	<ul style="list-style-type: none"> • Safety and Security Certificate • Customer Service Certificate • Emergency Certificate
Ms Margaret Bango	Board Member	April 2018	Active	<ul style="list-style-type: none"> • Diploma in General Nursing • Diploma in Midwifery • Diploma in Psychiatric Nursing
Mr Sibusiso Busane	Board Member	April 2018	Active	<ul style="list-style-type: none"> • Bachelor's Degree in Business Administration

	Area of Expertise	Board Directorship	Other Committees or Task Teams	Number of Board Meetings attended out of 15
	<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 Motor Industry Corporate Fund Board Member 	<ul style="list-style-type: none"> Remuneration Committee Chairperson Projects Board Committee from October 2018 	15
	<ul style="list-style-type: none"> Auditing Financial management Strategic leadership 	<ul style="list-style-type: none"> Spar Group Limited – Independent Non-Executive Director Mine Workers Investment Company – Independent Non-Executive Director Red Cherry Media Holdings – Non-Executive Chairman Steve Biko Academic Hospital Non-Executive Director Board Chairman SAQA Audit Committee Chairman 	<ul style="list-style-type: none"> Finance Committee Chairperson Audit Committee Member 	15
	<ul style="list-style-type: none"> Law Social facilitation 	<ul style="list-style-type: none"> Black Business Council Member UIF Appeals Board KZN/EC Board member 	<ul style="list-style-type: none"> Projects Board Committee Chairperson Remuneration Committee Member Ad hoc Committee on Forensic Audit Reports Member 	15
	<ul style="list-style-type: none"> Labour law Corporate governance 	None	<ul style="list-style-type: none"> Projects Board Committee Member Remuneration Committee Member 	14
	<ul style="list-style-type: none"> Trade union leadership Labour dispute resolution Bargaining council 	<ul style="list-style-type: none"> Cape Town Fashion Council Member 	<ul style="list-style-type: none"> Projects Board Committee Member Remuneration Committee Member Ad hoc Committee on Forensic Audit Reports Member 	13
	<ul style="list-style-type: none"> Labour dispute resolution Bargaining council 	None	<ul style="list-style-type: none"> Governance and Strategy Committee Member Finance Committee Member Audit Committee Member 	14
	<ul style="list-style-type: none"> Trade union leadership 	None	<ul style="list-style-type: none"> Governance and Strategy Committee Chairperson Finance Committee Member 	15
	<ul style="list-style-type: none"> Community development Women empowerment and business leadership Regional business leadership 	<ul style="list-style-type: none"> Women in Logistics and Transport SA Founder and Chairperson NAFCOC Women Chamber National Secretary-General 	<ul style="list-style-type: none"> Governance and Strategy Committee Member 	15
	<ul style="list-style-type: none"> Entrepreneurship Project management 	<ul style="list-style-type: none"> Ntolwane Trading Enterprise Director 	<ul style="list-style-type: none"> Projects Board Committee Member Remuneration Committee Member 	15

3. Governance (continued)

Audit Committee

Name	Designation (in terms of Audit structure)	Date appointed	Date term ended/resigned	Qualifications
Ms Masaccha Khulekelwe Mbonambi	Audit Committee Chairperson	15 May 2018	31 March 2020	<ul style="list-style-type: none"> • BCom Accounting • BCom Honours (Accounting) • Certificate in Board Governance • Certificate in Risk Management
Ms Mamodupi Mohlala-Mulaudzi	Audit Committee Member	15 May 2018	31 December 2018	<ul style="list-style-type: none"> • BA Law • LLB • LLM • Mini MBA • Certificate World Bank Training Programme on Utility Regulation and Safety • Senior Executive Programme
Mr Kgoale Maja	Audit Committee Member	15 May 2018	31 March 2020	<ul style="list-style-type: none"> • BCom Accounting • BCompt Honours • Master's Degree of Business Leadership (MBL)
Mr Themba Theophilis Tshikovi	Audit Committee Member	15 May 2018	31 March 2020	<ul style="list-style-type: none"> • Chartered Accountant South Africa

	Area of Expertise	Board Directorship	Other Committees or Task Teams	Number of Audit Committee Meetings attended out of 10
	<ul style="list-style-type: none"> Financial reporting and financial management Corporate governance, strategy and compliance Internal and external audit project management Risk management PFMA and Companies Act 	<ul style="list-style-type: none"> Rand Waters: Deputy Chairperson of the Board Water Research Commission: Non-Executive Director, Chairperson of the Audit and Risk Committee and Member of the Nomination Committee Ithala Development Finance Corporation Limited Non-Executive Director, Chairperson of the ICT Committee, Member of the HR Committee and Member of the Audit Committee Department of International Relations and Corporation: Chairperson of the Audit Committee 	None	9
	<ul style="list-style-type: none"> Regulatory compliance Litigation Legal PFMA and Treasury Regulations 	<ul style="list-style-type: none"> Audit Committee and Board Member Mental Health Review Board Emfuleni Municipality Land Planning South African Diamond and Precious Metal Regulator Board Department of Transport Audit Committee Member Gauteng Rental Housing Tribunal National Consumer Commission 	None	2
	<ul style="list-style-type: none"> Internal auditing and external auditing IT governance and corporate governance Risk management Forensics Compliance 	<ul style="list-style-type: none"> Audit Committee Member Northern Cape Provincial Government: <ul style="list-style-type: none"> Department of Sports, Arts and Culture Department of Agriculture Department of Cooperative Governance, Human Settlements and Traditional Affairs 	None	8
	<ul style="list-style-type: none"> Corporate governance Accounting and internal and external auditing Financial management Risk management 	<ul style="list-style-type: none"> Audit and Risk Committee Member South African AIDS Trust (Finance, Risk and Audit Committee) 	None	10

3. Governance (continued)

3.8 Committees

The Board established six Board Committees that it has mandated to discharge some of its duties. The Board, however, remains the responsible authority for the delegated tasks.

The Audit Committee has been established according to the requirements of the PFMA and consists of three independent members and two non-executive Board Members. Although the Board nominated Members of the Executive Board Committee, pending approval by the Minister, the Committee has not been convened.

Committee	Number of meetings held	Number of Members	Name of Members
Audit Committee	10	5	Masaccha Khulekelwe Mbonambi Mamodupi Mohlala-Mulaudzi* Kgoale Vincent Maja Themba Theophilus Tshikovi Lwazi Koyana Themba Mthembu
Projects Board Committee	8	5	Praise God Ndaba Reggie Sibiya Fachmy Abrahams Mogomotsi Masoabi Sibusiso Busane
Finance Board Committee	5	4	Lwazi Koyana Zinhle Tyikwe David Makuwa Themba Mthembu
Governance and Strategy Board Committee	7	4	David Makuwa Themba Mthembu Zinhle Tyikwe Meeta Dullabh* Margaret Bango
Remuneration Board Committee	7	5	Reggie Sibiya Praise God Ndaba Sibusiso Busane Fachmy Abrahams Mogomotsi Masoabi

* Ms Mamodupi Mohlala-Mulaudzi: Independent Audit Committee Member – resigned (December 2018).

** Meeta Dullabh resigned (February 2019).

3.9 Remuneration of Board Members

Name	Remuneration R
Yvonne Mbane	462 147
Zinhle Tyikwe	373 405
Meeta Dullabh	253 786
Reggie Sibiya	428 319
Lwazi Koyana	312 531
Praise God Ndaba	418 280
Mogomotsi Masoabi	325 473
Fachmy Abrahams	268 992
David Makuwa	309 788
Themba Mthembu	323 313
Margaret Bango	223 322
Sibusiso Busane	359 874

3.10 Remuneration of the external Audit Committee Members

Name	Remuneration R
Mamodupi Mohlala-Mulaudzi	16 368
Kgoale Vincent Maja	131 108
Themba Theophilis Tshikovhi	104 100
Masaccacha Khulekelwe Mbonambi	157 658
Grand total	4 468 464

3.11 Risk management

The Board is responsible for overseeing the process of identifying strategic risks that may impede the W&RSETA in achieving its targets. An annual risk assessment workshop was conducted, in which the Board set the level of risk tolerance and risk appetite of the W&RSETA.

The Audit Committee has been mandated with monitoring and reporting on risk management processes on a quarterly basis. The Executive Management, through the CEO, has embarked on identifying emerging risks and updating the strategic and operational risk registers on an ongoing basis. The risk management policy and risk framework are in the process of being updated. A position of Risk Officer has been created to champion the risk management processes successfully.

3.12 Internal control

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

3.13 Internal Audit

The W&RSETA has an Internal Audit Business Unit whose responsibility it is to provide independent and objective assurance on all business processes with a view to improving performance. Internal Audit has a strategic role in improving the effectiveness with regard to risk management, improving the control environment and governance compliance. The Internal Audit function is underpinned by a three-year strategic rolling plan and annual Internal Audit plan, both of which have been approved by the Audit Committee. A co-sourced Internal Audit firm is contracted to provide capacity.

3.14 Compliance with laws and regulations

The W&RSETA recognises the importance of compliance with applicable legal and regulatory requirements in the governance and sustainability of its business. A quarterly review and checking of governance compliance against the PFMA and Treasury Regulations is submitted to the DHET. The W&RSETA is compliant with the applicable Human Resources Management and Information Technology and Communication regulations. The W&RSETA has systems, processes and policies in place that are reviewed on a regular basis. The results of Internal Audit, and the audit conducted by external auditors are reflected in audit reports in order provide the Board with assurance of compliance.

3.15 Fraud and corruption

The W&RSETA has a fraud and corruption hotline that enables staff, stakeholders and the public to confidentially report suspected fraud and corruption incidents. The reported allegations are referred to the Internal Audit Unit for preliminary investigation to determine validity and appropriate action to be taken in cases where allegations are substantiated. The hotline is monitored monthly and all activities are reported to the Audit Committee on a quarterly basis.

There were no cases reported in the period under review that were related to fraud and corruption.

Fraud awareness campaigns are conducted by the Internal Audit Unit to make all staff and stakeholders aware and to entrench the culture of anti-fraud and anti-corruption practices.

3.16 Audit Committee report

REPORT OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

We are pleased to present the Audit Committee report of the W&RSETA for the financial year ended 31 March 2019.

Background

The Audit Committee is a Committee of the W&RSETA Board and consists of six 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 overall objective of the Audit Committee is to assist the W&RSETA Board with its responsibility of ensuring that adequate systems and controls are in place, ensuring that assets are safeguarded, assessing the going-concern status, and reviewing the financial information and 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 reports that it has complied with its responsibilities arising from section 51(1)(a)(ii) and 76(4)(d) of the Public Finance Management Act and Treasury Regulation 27.1.1. The Audit Committee further reports that it has adopted appropriate formal terms of reference as its Audit Committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

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:

- Considered reports in line with its charter and made recommendations as appropriate
- Monitored compliance with policies and applicable legislation
- Reviewed external audit plans, reports and management's follow-up of matters requiring attention
- Considered IT governance issues and alignment to applicable legislation
- Conducted separate informal meetings with management, internal and external audit

Internal Controls System

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

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

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

- The internal controls of the organisation were not fully effective throughout the period under review. Internal control weaknesses in supply chain management, contract and project management; as well as financial reporting were identified as areas that required improvement and are being addressed by management
- Achievement of organisational targets was at a slow rate and below target throughout the financial year due to inadequate project planning and monitoring processes and procedures in place;
- Appropriate policies supported by reasonable and prudent judgement were applied, however, the majority of the policies were outdated and have since been updated; and
- The assets of the W&RSETA were adequately safeguarded.

Risk management

The Audit Committee reviewed the W&RSETA's approach to risk management, as well as risk management processes and practices. Risk management reporting continues to be a standing agenda item for the Audit Committee to ensure the effective risk management oversight. The strategic risk register was approved during the year and operational risk registers are being developed at the time of reporting. Training of risk champions will be rolled out in the 2019/20 financial year.

The Audit Committee is aware that the actual management of risks is receiving some attention, but more effort is required to fully establish the function with a view to improve the effectiveness of risk management.

Internal Audit

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

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

- Considered and approved the Internal Audit Plans;
- Considered and approved Internal Audit Charter;
- Monitored progress against the Internal Audit coverage plans
- 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, coordination with the external auditors, and the response of management-specific recommendations; and
- The independence and objectivity of internal auditors.

During the period under review, the Audit Committee considered and approved the Internal Audit Charter and the Internal Audit Plan and monitored adherence to these. The unit completed all the planned audits for the year 2018/19 financial year.

The completed reviews covered the following areas:

- Quarterly reviews of performance information
- Quarterly reviews of management accounts
- Review of draft annual financial statements and draft annual performance report
- SCM review
- Leave management
- Projects review
- Expenditure management
- Review of draft strategic plan and draft Annual Performance Plan
- Employee verification

Finance Division

The Audit Committee noted that there were weaknesses with internal controls within financial management, supply chain management and contract management.

The Chief Financial Officer joined the organisation during the first quarter of the financial year under review and resigned at the end of February 2019.

Evaluations of financial statements

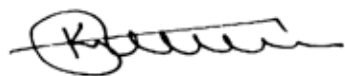
The Audit Committee has:

- Reviewed and discussed with the Auditor-General the audited financial statements and performance report to be included in the Annual Report;
- Reviewed the Auditor-General's management letter and management's response thereto;
- Reviewed and discussed the Auditor-General's report,
- Reviewed significant adjustments resulting from the audit; and

Auditor-General South Africa

The Audit Committee confirms that it has met with the Auditor-General and that there are no unresolved issues.

The Audit Committee concurs and supports the conclusions of the Auditor-General on the Annual Financial Statements and other legal and regulatory matters, and is of the view that the audited Annual Financial Statements be accepted and read together with the report of the Auditor-General.



Ms M Mbonambi

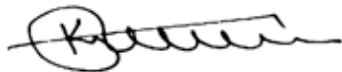
Chairperson: Audit Committee

31 July 2019

3.17 Statement of compliance

The W&RSETA, to the best of its knowledge, information and belief has taken reasonable steps to comply with applicable legislation, including procedures and codes of governance in the financial year ended 31 March 2019.

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



Ms M Mbonambi
Chairperson: Audit Committee



Ms Y Mbane
Chairperson: Board



PART

HUMAN RESOURCES MANAGEMENT

4.1 Introduction

An efficient human resources (HR) department provides the organisation it serves with structure and the ability to meet business needs through managing the organisation's most valuable resource – its employees. As companies reorganise themselves to gain a competitive edge, the HR function plays a key role in helping its organisation to deal with a fast-changing environment and the greater demand for quality employees.

The HR function within the W&RSETA oversees the selection, recruitment and training of employees in addition to administering employee benefit programmes. In order to achieve the required level of efficiency and workforce management, the SETA focuses on the following main disciplines:

- **Recruitment and selection**

During the year under review, the HR department continued to create an enabling environment through the recruitment of staff, in line with capacity requirements from various departments within the SETA.

- **Employee wellness and a safe environment**

The W&RSETA strives to create an environment that caters for the wellbeing of its employees through a wellness programme which includes an Employee Assistance Programme.

- **Employer-employee relations**

The SETA operates in a unionised work environment; as a result, there is a concerted effort to strengthen the employer-employee relationship through engagement and resolution of workplace conflict. NEHAWU is the recognised union representing the interests of employees. The relationship between the SETA and NEHAWU is regulated by a Recognition Agreement, signed by the parties in line with the requirements of the Labour Relations Act.

- **Compensation and benefits**

While the SETA continues to finalise its Enterprise Resource Planning system, key components of payroll management are still outsourced to VIP Payroll. The payroll activities that are coordinated internally include payroll inputs, leave, third party payments and audits.

- **Labour law and compliance**

The W&RSETA complies with the labour laws of South Africa in order to ensure a conducive and safe working environment that enables optimal productivity.

- **Learning and development**

The W&RSETA prioritises the professional development of its employees through support for learning and development initiatives, and further participates in the Discretionary Grant funding opportunities from the ETDP SETA.

- **Organisational development**

The Board approved a service delivery model, based on decentralised operations as an important component of its turnaround strategy. Towards the end of the year under review, an organisational design process was initiated with the ultimate objective of developing an operational structure that supports the Board's turnaround strategy. Importantly, this review will include a comprehensive assessment of skills and resource requirements.

Key highlights and successes

The key highlights for the year under review include:

- **Compliance with the Employment Equity Act**

The W&RSETA submitted the online Employment Equity Report timeously on 15 January 2019.

- **Skills development**

The W&RSETA submitted its WSP/ATR/PIVOTAL documentation to the ETDP SETA in line with the provisions of the Skills Development Act. This allowed the SETA to participate in the ETDP SETA Discretionary Grant programmes to provide training for staff in the following interventions: contract management, records management and monitoring and evaluation.

- **Employee wellness programmes**

The W&RSETA appointed CareWays, a professional provider, to offer wellness programmes which cover psychosocial, health, financial and legal counselling services to staff.

Looking forward – 2019/20

The SETA will focus on the following priorities for the coming financial year:

- A review and implementation of various HR policies.
- Various interventions to create a work culture that is conducive to operational excellence. This includes relationship building, change management, and developing a new performance management system.
- The implementation of the Board's turnaround strategy, with specific reference to a new organisational structure.
- The submission of the 2019/20 WSP/ATR/PIVOTAL documentation and participation in the ETDP SETA Discretionary Grant programmes.

4.2 Human Resources Oversight Statistics

Personnel cost by salary band

Level	Personnel expenditure (R'000)	% of personnel expenditure to total personnel cost	Number of employees	Average personnel cost per employee (R'000)
Top management	11 483.00	14.76	6	1 640
Senior management	8 793.00	11.31	5	1 466
Professional qualified	21 257.00	27.33	25	850
Skilled	15 954.00	20.51	42	380
Semi-skilled	18 158.00	23.35	128	142
Unskilled	2 133.00	2.74	12	178
Total	77 778.00	100.00	218	5 222

Personnel cost includes fixed-term contract employees.

Performance rewards

Level	Performance rewards (R'000)	Personnel expenditure (R'000)	% of performance rewards to total personnel costs
Top management	–	11 483.00	–
Senior management	–	8 793.00	–
Professional qualified	1 393	21 257.00	1.53
Skilled	1 212	15 954.00	1.32
Semi-skilled	1 484	18 158.00	1.22
Unskilled	110	2 133.00	1.93
Total	4 201	77 778.00	1.85

The performance rewards costs is actual paid, whilst the AFS reflect provision.

Training costs

Business unit	Personnel expenditure (R'000)	Training expenditure (R'000)	Training expenditure as a % of personnel costs	Number of employees	Average training cost per employee (R)
Head office	49 027	178	0.36	41	4 341
Regions	28 751	58	0.20	25	2 320
Total	77 778	236	0.30	66	6 661

Employment and vacancies

Level	Number of employees	Approved posts	Vacancies	% of vacancies
Top management	6	8	2	6.4
Senior management	5	7	2	6.4
Professional qualified	25	26	1	3.2
Skilled	42	45	3	9.6
Semi-skilled	128	149	21	68
Unskilled	12	14	2	6.4
Total	218	249	31	100

4.2 Human resources oversight statistics (continued)

Employment changes

Level	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top management	3	5	2	6
Senior management	7	–	2	5
Professional qualified	21	4	–	25
Skilled	40	3	1	42
Semi-skilled	91	42	5	128
Unskilled	14	–	2	12
Total	176	54	12	218

NB: The table depicts the staff movements and/or employment changes.

Reasons for staff leaving

Reason	Number	% of total number of staff leaving
Death	–	–
Resignation	10	90
Dismissal	–	–
Retirement	1	10
Ill health	–	–
Expiry of contract	–	–
Total	11	100

The above table indicates terminations at various levels.

Labour relations: misconduct and disciplinary action

Nature of disciplinary action	Number
Verbal warning	–
Written warning	–
Final written warning	–
Dismissal	–
Total	–

Equity target and employment equity status

Level	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	3	3	–	–	–	–	–	–
Senior management	1	1	–	–	1	1	–	–
Professional qualified	12	12	1	1	–	–	–	–
Skilled	12	12	2	2	2	2	–	–
Semi-skilled	33	33	–	–	–	–	–	–
Unskilled	–	–	–	–	–	–	–	–
Total	61	61	–	–	–	–	–	–

Level	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top management	2	2	–	–	–	–	1	1
Senior management	2	2	–	–	–	–	1	1
Professional qualified	10	10	1	1	–	–	1	1
Skilled	20	20	1	1	3	3	2	2
Semi-skilled	91	91	2	2	1	1	1	1
Unskilled	12	12	–	–	–	–	–	–
Total	137	137	4	4	4	4	6	6

Level	Disabled staff			
	Male		Female	
	Current	Target	Current	Target
Senior management	–	–	–	–
Executive management	–	–	–	–
Middle management	–	–	–	–
Team leaders	–	–	–	–
Coordinator level	–	–	–	–
Officer/PA level	–	–	–	–
Administrator level	1	1	1	1
Office support level	–	–	–	–
Total	1	1	1	1



Annual Financial Statements for the year ended 31 March 2019

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

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PART E

ANNUAL FINANCIAL STATEMENTS

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

Qualified opinion

1. I have audited the financial statements of the Wholesale and Retail Sector Education and Training Authority set out on pages 72 to 108, which comprise the statement of financial position as at 31 March 2019, the statement of financial performance, the statement of changes in net assets, the cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects of the matter described in the basis for qualified opinion section of this auditor's report, 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 2019, and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (Standards of GRAP), and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Skills Development Act of South Africa, 1998 (Act No. 97 of 1998) (SDA).

Basis for qualified opinion

3. As described in note 35 to the financial statements, the entity restated the prior year amounts for commitments; however the restated amount as disclosed also in note 36 was overstated by R41 943 484 due to the inclusion of expired contracts that did not meet the definition of commitments at 31 March 2018.

Context of opinion

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

Emphasis of matters

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

Restatement of prior year figures

8. As disclosed in note 29 and 30 to the financial statements, the corresponding figures for 31 March 2018 were restated as a result of errors in the financial statements of the public entity for the year ended 31 March 2019.

Irregular expenditure

9. As disclosed in note 34 to the financial statements, the public entity incurred irregular expenditure of R12 043 000 (2018: R87 580 000), due to some supply chain management requirements not being adhered to and a failure to comply with the Sector Education and Training Authority's (Seta) grant regulations.

Responsibilities of the accounting authority for the financial statements

10. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP, the requirements of the PFMA and the SDA, and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
11. In preparing the financial statements, the accounting authority is responsible for assessing the Wholesale and Retail Sector Education and Training Authority's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the public entity or to cease operations, or has no realistic alternative but to do so.

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

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

Report on the audit of the annual performance report

Introduction and scope

14. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
15. My procedures address the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
16. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2019:

Programme	Pages in the annual performance report
Programme 2 – research and skills planning	21
Programme 3 – learning programme and projects	22 to 29
Programme 4 – quality assurance	30

17. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
18. The material findings in respect of the usefulness and reliability of the selected programmes are as follows:

Programme 2 – research and skills planning

Indicator: Number of small and medium companies assisted with the skills planning process by W&RSeta sector liaison officers (SLOs), and large companies assisted by their skills development facilitators to submit Annexure II (WSP/ATR/PIVOTAL) documents electronically on the Indicum system during the period 1 April 2018 to 31 March 2019.

19. The reported achievement in the annual performance report did not agree to the supporting evidence provided for the targets listed below. The supporting evidence provided indicated that the achievements of these targets were as follows:

Target Description	Reported achievement	Audited value
Small 5 800	5 011	2 598
Large 560	548	366

20. I did not raise any material findings on the usefulness and reliability of the reported performance information for:
- Programme 3 – learning programme and projects
 - Programme 4 – quality assurance

Report of the Auditor-General to Parliament on the Wholesale and Retail Sector Education and Training Authority (continued)

Other matters

21. I draw attention to the matters below.

Achievement of planned targets

22. Refer to the annual performance report on pages 19 to 30 for information on the achievement of planned targets for the year and explanations provided for the underachievement of a number of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraph 19 of this report.

Adjustment of material misstatements

23. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of programme 2: research and skills planning and programme 3: learning programme and projects. As management subsequently corrected only some of the misstatements, I raised material findings on the reliability of the reported performance information. Those that were not corrected are reported above.

Report on the audit of compliance with legislation

Introduction and scope

24. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the public entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.

25. The material findings on compliance with specific matters in key legislations are as follows:

Annual financial statements

26. 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. The uncorrected material misstatements of commitments and discretionary reserves resulted in the financial statements receiving a qualified opinion.

Procurement and contract management

27. Some of the goods and services with a transaction value below R500 000 were procured without obtaining the required price quotations, as required by treasury regulation 16A6.1.

Expenditure management

28. Effective and appropriate steps were not taken to prevent irregular expenditure of R6 531 000 disclosed in note 34 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The irregular expenditure was caused by non-compliance with supply chain management prescripts.

Consequence management

29. Disciplinary steps were not taken against some officials who had incurred and/or permitted irregular expenditure, as required by section 51(1)(e)(iii) of the PFMA.

Other information

30. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programmes presented in the annual performance report that have been specifically reported in this auditor's report.

31. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

32. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

33. If I conclude that there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

34. 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 included in this report.
35. Adequate oversight was not exercised over the annual performance report as the reporting of achievements was not always aligned with the actual activities/projects implemented by the Seta.
36. Management did not adequately review the financial statements and annual performance report prior to submission for audit. As a result, material misstatements were identified during the audit.
37. The processes and procedures to confirm the accuracy and validity of the information reported in the annual performance report were not adequate in certain instances, as evidence submitted did not directly relate to the indicators/targets planned for.
38. Management did not adequately monitor compliance with the applicable laws and regulations to ensure that supply chain management prescripts are followed before awards are made.
39. Compliance with the Seta grant regulations was not adequately monitored during the process of approving extensions of the mandatory grant.

Other reports

40. I draw attention to the following engagements conducted by various parties that have or could potentially have an impact on the public entities financial statements, reported performance information and compliance with applicable legislation and other related matters. The reports noted do not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation. The summarised other reports will be included in the auditor's report as follows:
41. An independent firm conducted a consideration and analysis engagement of various investigations previously concluded at the public entity at the request of the accounting authority. The engagement was concluded in May 2018, providing recommendations on disciplinary actions to be taken. The accounting authority is currently seeking advice from National Treasury on some of the recommendations provided.

Auditor – General

Pretoria

31 July 2019



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 goals 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 related to events or conditions that may cast significant doubt on the Wholesale and Retail Sector Education and Training Authority’s ability 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 the 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 continuing as a going concern
 - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and 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 confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

Statement of Responsibilities and Approval by the Accounting Authority

The annual financial statements for the year ended 31 March 2019, set out on pages 69 to 108, have been approved by the Accounting Authority in terms of section 51(1)(f) of the PFMA and were signed on its behalf by:



Yvonne Mbane
Chairperson

Accounting Authority's Report

The members of the Accounting Authority submit their report for the year ended 31 March 2019.

1. Incorporation

The W&RSETA was established with effect from 01 April 2000 in terms of section 9 (1) of the Skills Development Act 1998 (Act No. 97 of 1998) as amended, as a Sector Education and Training Authority. The current license period for all SETAs has been extended to 31 March 2020.

2. Review of activities

Main business and operations

The W&RSETA is engaged in education and training for the wholesale and retail sector and operates in South Africa.

3. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis assumes that funds will be available to finance operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. We draw attention to the fact that for the period ended 31 March 2019, the entity had a surplus of R439 719 000 in the current year and that the entity is solvent since total assets exceed total liabilities by R2 519 969 000 (2018: R2 080 250 000).

The annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months. This expectation is based on Government Gazette No 40505 issued in December 2016 where the Minister granted the extension to all SETAs to operate until 31 March 2020. SETA's are established for a five-year period through the provisions of the Skills Development Act. The Minister has already published and signed the National Skills Development Plan (NSDP) in the Government Gazette no 42290 of March 2019 and in the plan it is stipulated that SETAs will continue to operate in the foreseeable future.

4. Subsequent events

The Accounting Authority is not aware of any matter or circumstance arising since the end of the financial year to date of this report, not otherwise dealt with in the financial statements and Accounting Authority's report, which significantly affect the financial position of the entity or the results of its operations that would require adjustments to or disclosure in the annual financial statements.

5. Members of the Accounting Authority

The members of the Accounting Authority of the W&RSETA during the year and to the date of this report are as follows:

Name

Y Mbane
M Dullabh (Resigned February 2019)
Z Tyikwe
R Sibiyi
P Ndaba
M Masoabi
S Busane
K Makuwa
F Abrahams
M Bango
L Koyana
T Mthembu

6. Chief Executive Officer

Mr BC Mkhwanazi is the Chief Executive Officer for W&RSETA and was appointed in February 2019.

7. Performance highlights

In comparison to the previous year achievement of the annual performance plan, 2018/19 has posed various challenges for the W&RSETA. Performance has decreased from 40% in 2017/18 to 31% in 2018/19. The decrease in performance can be attributed to a number of challenges experienced during the financial year under review. Whilst the W&RSETA fell short on achieving its target it is encouraging that training was implemented in the sector through programmes that are directly funded by companies. As a result, over 12 000 registrations of learning programmes that are fully funded by the wholesale and retail companies were recorded. The W&RSETA issued 1 190 certificates for learners who completed their programmes during the 2018/19 financial period.

One of the main priorities for the organisation included the 'Backlog' project whose main objective included the completion and closure of old discretionary grant projects approved in previous financial years. This explains the significant increase of 139% for discretionary grant payables as detailed in note 12.

Highlights of the W&RSETA's financial performance included:

- Total revenue increased by 8% from R1.2 billion in 2017/18 to R1.3 billion in the current year. Levy income constituted 88% of total revenue in 2018/19 and 91% in 2017/18.
- Total expenditure increased by 5% from R827 million in 2017/18 to R868 million in the current financial period.
- The resultant net surplus increased by 14% from R387 million in 2017/18 to R440 million in the current year.
- The administration expenditure increased by 15% from R127 million in 2017/18 to R146 million in the current year.
- In terms of the legislation, the total administration expenditure may not exceed 10.5% (this being inclusive of monies payable to the (QCTO) of total levy income. The W&RSETA has kept within the limit.
- Mandatory grants expenditure increased by 4% from R187 million in 2017/18 to R194 million in the current year.
- Discretionary grant expenditure increased by 3% from R514 million in 2017/18 to R527 million in the current year. It must be noted however that the majority of this discretionary grant expenditure relates to projects approved in the previous financial years.
- Total revenue received of R1.3 billion is 21% above the approved revenue budget of R1.1 billion. This is due to actual skills development levy income received of R1.1 billion which is 10% above the approved budget of R1 billion. Also actual interest received of R157 million is 350% above the approved budget of R35 million.
- Cash and Cash equivalents as at year end was R2.7 billion which is a 26% increase compared to the previous financial year (2017/18: R2.1 billion).

8. Fraud

There were no instances of fraud that were uncovered during the year 2018/19. The fraud prevention plan was in place and implemented through out the year, and a revised plan will be approved by the Accounting Authority during the beginning of the new financial year:

9. Internal control

The system of accounting and internal controls is monitored on continuous basis, particularly with regard to financial management, supply chain management, performance information management and other core business functions. The organisation is working towards implementing proper internal control systems which will improve efficiency and effectiveness of operations. The internal auditors also conduct continuous reviews of the controls and processes in place and recommend to management for implementation.

The W&RSETA financial management strives towards improving a sound financial management reporting and management is committed to continuously comply with the PFMA (Act 1 of 1999, as amended) and Treasury regulations. The W&RSETA Audit Committee, Finance Committee and the Accounting Authority are presented with a full financial management report by the Chief Financial Officer on a quarterly basis.

An all-inclusive budgeting process forms part of the Annual Performance Plan development process and is used as a benchmark for levy income, grant administration and capital expenditure. A quarterly report showing financial performance results against budget is presented to the W&RSETA Accounting Authority and the Department of Higher Education and Training.

10. Accounting policies

The annual financial statements are prepared in accordance with Generally Recognised Accounting Practise (GRAP) issued by the Accounting Standard Board and as prescribed by National Treasury. The W&RSETA policies and procedures are aligned with GRAP and PFMA (Act No. 1 of 1999, as amended) (PFMA).

There were no changes in the accounting policies during the year.

Statement of Financial Position

as at 31 March 2019

	Note(s)	2019 R'000	2018 Restated R'000
ASSETS			
Current assets			
Inventories	4	192	113
Operating lease asset	3	287	–
Receivables from exchange transactions	5	18 919	20 719
Receivables from non-exchange transactions	6	51 141	58 316
Cash and cash equivalents	7	2 724 249	2 157 951
		2 794 788	2 237 099
Non-current assets			
Property, plant and equipment	8	5 480	5 734
Intangible assets	9	304	580
Receivables from exchange transactions	5	–	375
		5 784	6 689
Total assets		2 800 572	2 243 788
LIABILITIES			
Current liabilities			
Finance lease obligation	10	639	1 495
Operating lease liability	3	–	275
Payables from exchange transactions	11	33 068	30 191
Payables from non-exchange transactions	12	210 817	97 226
Unspent conditional grants	13	5 214	5 214
Provisions	14	30 865	28 498
		280 603	162 899
Non-current liabilities			
Finance lease obligation	10	–	639
Total liabilities		280 603	163 538
Net assets		2 519 969	2 080 250
Reserves			
Employer grant reserve		828	635
Administration reserve		5 784	6 314
Discretionary grant reserve		2 513 357	2 073 301
Total net assets		2 519 969	2 080 250

Statement of Financial Performance

for the year ended 31 March 2019

	Note(s)	2019 R'000	2018 Restated R'000
Revenue			
Revenue from exchange transactions			
Other income	16	252	206
Interest received	17	157 320	113 738
Total revenue from exchange transactions		157 572	113 944
Revenue from non-exchange transactions			
Transfer revenue			
Skills development levy transfer	18	1 147 013	1 099 517
Other transfer revenue		2 871	862
Total revenue from non-exchange transactions		1 149 884	1 100 379
Total revenue	19	1 307 456	1 214 323
Expenditure			
Employee related costs	20	(77 778)	(68 600)
Depreciation and amortisation	8&9	(3 889)	(3 304)
Employer grant and project expenses	21	(721 600)	(700 612)
Loss on disposal of assets and liabilities		(74)	(43)
General expenses	22	(64 396)	(54 817)
Total expenditure		(867 737)	(827 376)
Surplus for the year		439 719	386 947

Statement of Changes in Net Assets

as at 31 March 2019

	Employer grant reserve R'000	Administration reserve R'000	Discretionary grant reserve R'000	Total reserves R'000	Accumulated surplus R'000	Total net assets R'000
Opening balance as previously reported adjustments	909	6 246	1 670 957	1 678 112	–	1 678 112
Prior year adjustments – refer to note 29	–	–	15 191	15 191	–	15 191
Balance at 1 April 2017 restated	909	6 246	1 686 148	1 693 303	–	1 693 303
Changes in net assets						
Surplus for the year	–	–	–	–	386 947	386 947
Allocation of Accumulated surplus	70 174	4 913	311 860	386 947	(386 947)	–
Excess reserves transferred to discretionary reserve	(70 448)	(4 845)	75 293	–	–	–
Total changes	(274)	68	387 153	386 947	–	386 947
Balance at 1 April 2018 restated	635	6 314	2 073 301	2 080 250	–	2 080 250
Changes in net assets						
Surplus for the year	–	–	–	–	439 719	439 719
Allocation of accumulated surplus	77 640	55	362 024	439 719	(439 719)	–
Excess reserves transferred to discretionary reserves	(77 447)	(585)	78 032	–	–	–
Total changes	193	(530)	440 056	439 719	–	439 719
Balance at 31 March 2019	828	5 784	2 513 357	2 519 969	–	2 519 969

Employer grant reserve refer to note 25.1 for details.

Administration reserve refer to note 8 and 9.

For allocation of net surplus, refer to note 15.

Cash Flow Statement

for the year ended 31 March 2019

	Note(s)	2019 R'000	2018 Restated R'000
Cash flows from operating activities			
Receipts			
Levies		1 090 299	1 035 147
Penalties and interest		56 749	65 462
Interest received		158 871	100 467
Other Income		252	206
		1 306 171	1 201 282
Payments			
Mandatory grants		(172 902)	(187 448)
Discretionary grants		(429 027)	(527 021)
Compensation to employees		(66 178)	(69 423)
Suppliers and other		(66 841)	(65 660)
		(734 948)	(849 552)
Net cash flows from operating activities	23	571 223	351 730
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(3 184)	(2 802)
Proceeds from disposal of property, plant and equipment		38	1
Purchase of other intangible assets	9	(284)	(612)
Net cash flows from investing activities		(3 430)	(3 413)
Cash flows from financing activities			
Finance lease payments		(1 495)	(1 021)
Net increase in cash and cash equivalents		566 298	347 296
Cash and cash equivalents at the beginning of the year		2 157 951	1 810 655
Cash and cash equivalents at the end of year	7	2 724 249	2 157 951

Statement of Comparison of Budget and Actual Amounts

as at 31 March 2019

Budget on Accrual Basis	Approved budget R'000	Adjustments R'000	Final Budget R'000	Actual amounts on comparable basis R'000	Difference between final budget and actual R'000	Reference R'000
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Other income	–	–	–	252	252	
Interest received	35 000	–	35 000	157 320	122 320	37
Total revenue from exchange transactions	35 000	–	35 000	157 572	122 572	
Revenue from non-exchange transactions						
Transfer revenue						
Skills Development Levy transfer	1 048 343	–	1 048 343	1 147 013	98 670	37
Other non-exchange revenue	–	–	–	2 871	2 871	
Total revenue from non-exchange transactions	1 048 343	–	1 048 343	1 149 884	101 541	
Total revenue	1 083 343	–	1 083 343	1 307 456	224 113	
Expenditure						
Personnel	(70 605)	–	(70 605)	(77 778)	(7 173)	37
Depreciation and amortisation	(3 444)	–	(3 444)	(3 889)	(445)	
Transfers and subsidies	(945 748)	–	(945 748)	(721 600)	224 148	37
Loss on disposal of assets	–	–	–	(74)	(74)	
General expenses	(63 546)	–	(63 546)	(64 396)	(850)	
Total expenditure	(1 083 343)	–	(1 083 343)	(867 737)	215 606	
	–	–	–	439 719	439 719	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	–	–	–	439 719	439 719	

Accounting Policies

for the year ended 31 March 2019

1. Basis of Preparation

The annual 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 (Act 1 of 1999 as amended) (PFMA).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement.

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity. All figures are rounded to the nearest thousand Rand.

1.2 Going concern assumption

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis assumes that funds will be available to finance operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. We draw attention to the fact that the period ended 31 March 2019, the entity had a surplus of R439 719 000 in the current year and that the entity is solvent since total assets exceed total liabilities by R2 519 969 000 (2018: R2 080 000).

The annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months. This expectation is based on Government Gazette No 40505 issued in December 2016 where the Minister granted the extension to all SETAs to operate until 31 March 2020. SETA's are established for a five-year period through the provisions of the Skills Development Act. The Minister has already published and signed the National Skills Development Plan (NSDP) in the Government Gazette no 42290 of March 2019 and in the plan it is stipulated that SETAs will continue to operate in the foreseeable future.

1.3 Revenue from non-exchange transactions

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

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

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

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

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

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

Levy Income

The accounting policy for the recognition and measurement of skills development levy income is based on the Skills Development Act (SDA), Act No 97 of 1998 as amended and the Skills Development Levies Act (SDLA), Act No 9 of 1999 as amended.

Skills development levy transfers are recognised on an accrual basis when it is probable that future economic benefits will flow to the SETA and these benefits can be measured reliably. This occurs when the Department of Higher Education and Training (DHET) either makes an allocation or payment, whichever comes first, to the SETA, as required by section 8 of Skills Development Levies Act (SDLA) Act No 9 of 1999 as amended. This policy is effective from 1st April 2007.

In terms of the Skills Development Levies Act (Act No. 9 of 1999) as amended, section 3(1) and 3(4), registered member companies of the SETA pay a skills development levy of 1% of the total payroll cost to the South African Revenue Services (SARS), who collects the levies on behalf of the Department of Higher Education and Training (DHET). Companies with an annual payroll cost less than R500 000 are exempted in accordance with section 4(b) of the Skills Development Levies Act as amended, with effect from the 1 August 2005.

Accounting Policies (continued)

for the year ended 31 March 2019

1.3 Revenue from non-exchange transactions (continued)

Levy Income (continued)

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's. 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 received on the skills development levy are recognised on the accrual basis.

Government grants and other donor income

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

1.4 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:

- The entity has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity.
- 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:

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

1.5 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 to the SETA 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 Board. Where necessary it can be required of interested employers, associations or organisations to complete and submit a funding application for consideration and approval by the SETA.

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

Project expenditure comprise:

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

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

Accounting Policies (continued)

for the year ended 31 March 2019

Retrospective adjustments by SARS

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

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

In terms of Skills Development Circular No. 08/2013 SETA's 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 amount outstanding.

1.6 Fruitless and wasteful expenditure

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

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the 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.

1.7 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA as 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 legislation providing for procurement procedures.

All expenditure relating to irregular 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.

1.8 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 value.

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 – 15 years
Office equipment	Straight line	5 – 7 years
Computer equipment (Hardware)	Straight line	3 years
Leasehold improvements	Straight line	Over the lease term
Project Assets – Office equipment	Straight line	5 years
Project Assets – Computer equipment	Straight line	3 years
Office Equipment finance lease	Straight line	Over the finance lease term

Accounting Policies (continued)

for the year ended 31 March 2019

1.8 Property, plant and equipment (continued)

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

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

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

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

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

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

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

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

The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 8).

1.9 Intangible assets

An intangible asset is an identifiable, non-monetary asset without physical substance. 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.

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

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date. The amortisation amount is included under depreciation and amortisation in the statement of financial performance.

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

Item	Useful life
Computer software	2 years

The estimated useful lives of intangible assets are reviewed at the end of each annual reporting period.

The gain or loss arising from the derecognition of an intangible assets is determined as the difference between net disposal proceeds, if any and the carrying amount. It is included in surplus or deficit when the asset is unrecognised.

Where the carrying amount of an intangible asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (i.e. impairment losses are recognised).

1.10 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.

Accounting Policies (continued)

for the year ended 31 March 2019

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.

1.11 Financial instruments Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Derecognition:

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished – i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

Financial assets

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

Cash and cash equivalents

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

Receivables from exchange transactions

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

Effective interest method

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

Impairment of financial assets

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

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

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

Accounting Policies (continued)

for the year ended 31 March 2019

1.11 Financial instruments Initial recognition (continued)

Financial liabilities

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

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

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

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

Other financial liabilities

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

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

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

1.12 Inventories

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

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

1.13 Reserves

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

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

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

	2019 %
Administration costs of the SETA	10.50
Employer grant fund levy	20.00
Discretionary grants and projects	49.50
Received by the SETA	80.00
Contribution to the National Skills Fund	20.00
	100.00

1.14 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 exist the nature and type of transactions and relationships between parties are disclosed in the notes to the Annual Financial Statement.

1.15 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make judgements, estimates and assumptions that affect the amounts represented in the annual 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 annual financial statements.

Accounting Policies (continued)

for the year ended 31 March 2019

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at year end, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Useful lives

The SETA reviews the estimated useful lives of property, plant and equipment and intangible assets and for possible impairment indicators at each reporting date. This judgement is made based on an asset review exercise where the physical condition of each asset is assessed. Refer to note 8 – Property, plant and equipment and note 9 – Intangible assets.

Provision for doubtful debts

The provision for doubtful debts for SARS levy retrospective adjustments is based on levy information received from SARS and DHET. Refer to note 1.5- Retrospective levy adjustments by SARS.

Provisions and contingencies

Provisions and contingencies were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions and contingencies are included in note 14 – Provisions and note 25 – Contingencies.

1.16 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).

1.17 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.

Finance leases consistent with the definition set out in the Treasury Regulations refer to a contract that transfers the risks, rewards, rights and obligations incidental to ownership to the lessee and is recorded as a purchase of property, plant and equipment by means of long-term borrowing. All other leases are classified as operating leases.

Payments made under operating leases (leases other than finance leases) are charged to the Statement of Financial Performance on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Finance leases – lessee

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

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

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

Operating leases – lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases – lessee

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

1.18 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. Both the current and comparative periods are for 12 months.

Accounting Policies (continued)

for the year ended 31 March 2019

1.19 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.

1.20 Events after reporting date

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

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

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

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

1.21 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.

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

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

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

1.22 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.

Accounting Policies (continued)

for the year ended 31 March 2019

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

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

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

1.23 Share capital/contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.24 Employee benefits

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

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

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

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

1.25 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.

1.26 Borrowing costs

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

Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset when it is probable that they will result in future economic benefits or service potential to the entity, and the costs can be measured reliably. The entity applies this consistently to all borrowing costs that are directly attributable to the acquisition, construction, or production of all qualifying assets of the entity. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any investment income on the temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when all the following conditions have been met:

- expenditures for the asset have been incurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are undertaken.

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or recoverable service amount or net realisable value or replacement cost, the carrying amount is written down or written off in accordance with the accounting policy on Impairment of Assets and Inventories as per accounting policy number 1.12, 1.21 and 1.22. In certain circumstances, the amount of the write-down or write-off is written back in accordance with the same accounting policy.

Capitalisation is suspended during extended periods in which active development is suspended.

Extended periods is periods that exceeds the agreed contract term.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

When the entity completes the construction of a qualifying asset in parts and each part is capable of being used while construction continues on other parts, the entity ceases capitalising borrowing costs when it completes substantially all the activities necessary to prepare that part for its intended use or sale.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

Accounting Policies (continued)

for the year ended 31 March 2019

1.27 Segment information

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

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

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

Notes to the Annual Financial Statements

for the year ended 31 March 2019

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

Standard/Interpretation:	Effective date: Years beginning on or after	Expected impact:
• IGRAP 1 Applying the probability test on initial recognition of revenue	1 April 2019	Unlikely there will be a material impact
• IGRAP 20 Accounting for adjustments to revenue	1 April 2019	Impact is currently being assessed
• GRAP 34: Separate Financial Statements	1 April 2019	Unlikely there will be a material impact
• GRAP 35: Consolidated Financial Statements	1 April 2019	Unlikely there will be a material impact
• GRAP 36: Investments in Associates and Joint Ventures	1 April 2019	Unlikely there will be a material impact
• GRAP 37: Joint Arrangements	1 April 2019	Unlikely there will be a material impact
• GRAP 38: Disclosure of Interests in Other Entities	1 April 2019	Unlikely there will be a material impact
• GRAP 110 (as amended 2016): Living and Non-living Resources	1 April 2019	Unlikely there will be a material impact

	2019 R'000	2018 Restated R'000
3. Operating lease asset		
Current assets	287	–
Current liabilities	–	(275)
	287	(275)

For the current year, amounts reported above consist of the straight-lining operating lease asset as per GRAP13. For the prior year this straight-lining amount was a current liability as indicated above.

Operating lease payments of R15 013 000 (2018: R13 891 000) as reported in note 22 consists of payments made for office accommodation for the head office and regional offices. Most of the lease agreements for office accommodation expire during the 2019-2020 financial year. The lease rentals escalate annual by an average of 10% on the anniversary date

Total future minimum payment under non-cancelable leases

Not later than one year	17 295	7 702
Later than one year but not later than five years	–	2 187
	17 295	9 889

4. Inventories

Consumables on hand	192	113
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Notes to the Annual Financial Statements (continued)

for the year ended 31 March 2019

	2019 R'000	2018 Restated R'000
5. Receivables from exchange transactions		
Arbitration award	600	–
Deposits	3 369	1 696
Interest receivable	12 693	17 842
Outstanding deposit	742	–
Prepaid expenses	1 271	1 318
Staff debtors	97	113
Sundry receivables	147	125
	18 919	21 094
Non-current assets	–	375
Current assets	18 919	20 719
	18 919	21 094

Staff debtors

	Opening balance	Additions	Receipts	Write off	Total
2019					
Staff debtors	114	346	(362)	(1)	97
Provision for doubtful debts	(1)	–	1	–	–
	113	346	(361)	(1)	97
2018					
Staff debtors	153	373	(412)	–	114
Provision for doubtful debts	(29)	(1)	–	29	(1)
	124	372	(412)	29	113

The ageing of receivables from exchange transactions is as follows:

Current	1 271	1 318
Over 90	12 693	17 842
Over 120	4 955	1 934
	18 919	21 094

6. Receivables from non-exchange transactions		
Employer receivables	10 444	9 636
Inter seta receivables	2 129	172
Unutilised bursaries	38 568	48 508
	51 141	58 316
Employer receivables		
SARS Debtors	14 383	13 432
Provision Doubtful Debt	(3 939)	(3 795)
	10 444	9 637

Notes to the Annual Financial Statements (continued)

for the year ended 31 March 2019

	Opening balance	Reversed during the year	Additions	Total
2019				
Employer receivable	13 432	(13 432)	14 383	14 383
Provision for doubtful debts	(3 795)	3 795	(3 939)	(3 939)
	9 637	(9 637)	10 444	10 444
2018				
Employer receivable	17 385	–	(3 953)	13 432
Provision for doubtful debts	(9 067)	9 067	(3 795)	(3 795)
	8 318	9 067	(7 748)	9 637

R14 383 000 (2018: R13 432 000) was recognised as a receivable relating to the overpayment to employers in earlier periods, as a result of inaccurate information received from SARS and DHET, and is based on the amount of such grant over payments. An amount of R3 939 000 (2018: R3 795 000) was provided for as doubtful debts.

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

	2019 R'000	2018 Restated R'000
7. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	11	8
Bank balances	116 554	14 483
Short-term deposits	2 607 684	2 144 356
Travel lodge card	–	(896)
	2 724 249	2 157 951

As required in Treasury Regulations 31.2, National Treasury approved the banks where the bank accounts are held. The weighted average interest rate on short term bank deposits was 6.63% (2018: 5.67%). Treasury Regulation 31.3 requires that, unless exempted by the National Treasury, the SETA as a public entity that is listed in Schedule 3A of the Act must invest surplus funds with the Corporation for Public Deposits. As the SETA was exempted by the National Treasury from the requirements of Treasury Regulation 31.3 to invest surplus funds with the Corporation for Public Deposits, surplus funds were invested in line with an investment policy as required by Treasury Regulation 31.3.5.

An amount of R 694 050 000 was deposited with ABSA bank which stood guarantee for the lease on the head office rented premises.

	Cost/ Valuation	2019 Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	2018 Accumulated depreciation and accumulated impairment	Carrying value
8. Property, plant and equipment						
Furniture and fixtures	2 056	(1 175)	881	2 043	(964)	1 079
Office equipment	833	(252)	581	372	(166)	206
Computer equipment	4 763	(1 969)	2 794	3 693	(1 301)	2 392
Project Assets – Office equipment	19	(12)	7	19	(9)	10
Project Assets – Computer Equipment	1 057	(307)	750	310	(47)	263
Office equipment finance lease	3 223	(2 779)	444	3 223	(1 445)	1 778
Leasehold improvements	62	(39)	23	39	(33)	6
Total	12 013	(6 533)	5 480	9 699	(3 965)	5 734

Notes to the Annual Financial Statements (continued)

for the year ended 31 March 2019

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment – 2019

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

Reconciliation of property, plant and equipment – 2018

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	1 046	166	–	(133)	1 079
Office equipment	145	141	(4)	(76)	206
Computer equipment	1 369	2 246	(39)	(1 184)	2 392
Project Assets – Office equipment	15	–	–	(5)	10
Project Assets – Computer equipment	142	249	(1)	(127)	263
Office equipment finance lease	3 112	–	–	(1 334)	1 778
Leasehold improvements	25	–	–	(19)	6
	5 854	2 802	(44)	(2 878)	5 734

Pledged as security

None of the assets were pledged as security.

	2019 R'000	2018 Restated R'000
Assets subject to finance lease (Net carrying amount)		
Office equipment finance lease	444	1 778
Expenditure incurred to repair and maintain property, plant and equipment		
Repairs and maintenance	229	166

Notes to the Annual Financial Statements (continued)

for the year ended 31 March 2019

	Cost/ Valuation	2019 Accumulated depreciation and accumulated impairment	Carrying value	Cost/ Valuation	2018 Accumulated depreciation and accumulated impairment	Carrying value
9. Intangible assets						
Computer software	896	(592)	304	977	(397)	580

Reconciliation of intangible assets – 2019

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

Reconciliation of intangible assets – 2018

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software	393	612	–	(425)	580

Pledged as security

None of the intangible assets were pledged as security

	2019 R'000	2018 Restated R'000
10. Finance lease obligation		
Minimum lease payments due		
– within one year	691	2 074
– in second to fifth year inclusive	–	691
	691	2 765
less: future finance charges	(52)	(631)
Present value of minimum lease payments	639	2 134
Present value of minimum lease payments due		
– within one year	639	1 495
– in second to fifth year inclusive	–	639
	639	2 134
Non-current liabilities	–	639
Current liabilities	639	1 495
	639	2 134

It is entity policy to lease certain office equipment under finance leases.

The average effective borrowing rate was 39%.

Interest rates are fixed at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The finance lease related to office equipment refer to note 8. This lease was entered into on 1 March 2017 for a period of 29 months. Instalments of R172 831.54 are payable monthly in arrears starting from 1 March 2017.

Notes to the Annual Financial Statements (continued)

for the year ended 31 March 2019

	2019 R'000	2018 Restated R'000
11. Payables from exchange transactions		
Employee benefits	22 592	17 556
Other accrued expenses	6 974	8 008
Trade payables	3 502	4 627
	33 068	30 191
12. Payables from non-exchange transactions		
Amounts payable to DHET	–	2 871
Discretionary grants payables	158 785	66 350
Employer payable	2 455	3 485
Inter-Seta payable	561	486
Levy payables	10 207	7 118
Skills development grants payable-mandatory	38 809	16 916
	210 817	97 226

Levy payables of R10 207 000 (2018: R7 118 000) represent unpaid mandatory grants to stakeholder companies due to incomplete or unavailability of banking details. These mandatory grants are paid as and when complete and accurate banking details are submitted to the SETA.

Skills development grants payable – mandatory of R38 809 000 (2018: R16 916 000) represent the fourth quarter mandatory grants due to stakeholder companies in June 2019 and June 2018 respectively.

The significant increase of discretionary grant payables relate to invoices and accruals processed for final tranche expenditure to enable closure of long outstanding discretionary grant projects.

Amounts payable to DHET

Amounts incorrectly deposited by DHET	–	2 871
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During the financial year 2011-2012, an amount of R2 871 000 was erroneously deposited in the W&RSETA bank account by DHET. During the current year this amount was reversed to other transfer revenue. Refer to note 19.

13. Unspent conditional grants		
Movement during the year	5 214	5 214
Balance at the beginning of the year	–	–
Income recognition during the year	5 214	5 214

During the year R Nil (2018: R Nil) eligible project expenses were incurred. The remaining amount of R5 214 000 (2018: R5 214 000) continues to be accounted for as a liability until the agreed contractual conditions have been met. This grant relates to funding received from the Department of Small Business Development towards the Informal Traders Upliftment Project (ITUP) which has a total budget of R20 300 000 which is funded 50% by the department and 50% by W&RSETA.

Due to delays experienced in the project implementation, no expenditure was incurred in the current year. Discussions between W&RSETA and the Department of Small Business Development are currently in progress to resolve and complete the project.

Notes to the Annual Financial Statements (continued)

for the year ended 31 March 2019

14. Provisions

Reconciliation of provisions – 2019

	Opening balance R'000	Additions R'000	Adjustments R'000	Recognised as Revenue R'000	Total R'000
Amounts Payable to Small Companies	28 498	7 618	(680)	(4 571)	30 865

Reconciliation of provisions – 2018

	Opening balance R'000	Additions R'000	Adjustments R'000	Recognised as Revenue R'000	Total R'000
Amounts Payable to Small Companies	27 388	7 129	(1 507)	(4 512)	28 498

Amounts Payable to Small Companies

An amount of R30 865 000 (2018: R28 498 000) relates to levies incorrectly contributed by employers, and paid over by SARS and DHET, after being exempted from contributing SDL due to legislation changes which came into effect from 1 August 2005. As SARS collects the levies on behalf of DHET, the responsibility to refund the levies to the employers remains with SARS.

In terms of Skills Development Circular No. 09/2013, issued by DHET on 25 August 2013, SETA's are able to utilise exempted amounts contributed after the expiry date of five years as stipulated in terms of section 190 (4) of the Tax Administration Act. These amounts have been transferred to the discretionary funds in line with the aforementioned circular.

	Total per Statement of Financial Performance 31 March 2018 R'000	Total per Statement of Financial Performance 31 March 2019 R'000	Administration Reserve R'000	Employer Grant Reserve R'000	Discretionary Grants R'000
15. Allocation of net surplus for the current year to reserves					
Total revenue	1 214 324	1 307 456	146 191	271 330	889 935
Skills Development Levy transfer from non-exchange transactions:					
Levy transfer Administration (10.5%)	135 731	143 068	143 068	–	–
Levy transfer Employer Grants (69.5%)	898 324	947 196	–	271 330	675 866
Skills Development Levy penalties and interest from non-exchange transactions	65 462	56 749	–	–	56 749
Investment Income	113 738	157 320	–	–	157 320
Other income	207	252	252	–	–
Other transfer income	862	2 871	2 871	–	–
Total expenses	827 378	867 736	146 136	193 690	527 911
Employer grants and project expenses	700 612	721 601	–	193 690	527 911
Administration expenses	126 766	146 136	146 136	–	–
Net surplus per statement of financial performance allocated	386 946	439 719	55	77 640	362 024

Notes to the Annual Financial Statements (continued)

for the year ended 31 March 2019

	2019 R'000	2018 Restated R'000
16. Other income		
Recycling rebates	1	1
Staff training grant	205	206
Other	46	–
	252	207
17. Interest received		
Bank	157 320	113 738
18. Skills development levy transfer		
Levy transfers – Employer grants	271 330	259 736
Levy transfers – Administration	143 068	135 731
Levy transfers – Discretionary	675 866	638 588
Levy transfers – Interest and penalties	56 749	65 462
	1 147 013	1 099 517
19. Total revenue		
Interest received – investment	157 320	113 738
Other income	252	206
Other transfer revenue	2 871	862
Skills development levy transfer	1 147 013	1 099 517
	1 307 456	1 214 323
Interest received – investment	157 320	113 738
Other income	252	206
The amount included in revenue arising from exchanges of goods or services	157 572	113 944
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Skills development levy transfer	1 147 013	1 099 517
Other transfer revenue	2 871	862
	1 149 884	1 100 379
20. Employee related costs		
Basic	61 360	55 758
Bonus	9 600	6 970
Medical aid – company contributions	1 843	1 683
Unemployment Insurance Fund (UIF)	222	208
Skills Development Levy (SDL)	657	611
Leave pay provision charge	352	67
Group life insurance	1 506	1 427
Provident Fund	2 238	1 876
	77 778	68 600
21. Employer Grant and Project Expenses		
Mandatory Grants	193 690	186 979
Discretionary Grants	527 910	513 633
	721 600	700 612

Notes to the Annual Financial Statements (continued)

for the year ended 31 March 2019

	2019 R'000	2018 Restated R'000
22. General expenses		
Advertising	2 299	1 549
Allowance for impairment	143	(4 438)
Assets expensed	913	669
Auditors remuneration	5 182	3 366
Bad debts written off	1	34
Bank charges	305	256
Cleaning	74	40
Conferences and seminars	159	281
Consulting and professional fees	12 453	14 682
Consumables	3	31
ETQA expenses	445	561
HR expenses	444	224
Insurance	917	752
Interest paid	619	1 340
Internal Audit	1 124	488
Licences	112	87
Offsite storage	418	312
Operating lease rentals (Minimum payments)	15 013	13 891
Other expenses	44	10
Placement fees	155	78
Postage and courier	179	205
Printing and stationery	987	1 202
QCTO funding	7 062	5 375
Recruitment fees	1 568	463
Refreshments	638	334
Relocation costs	-	33
Remuneration to members of the Accounting Authority	4 468	3 773
Repairs and maintenance	229	166
Security	48	141
Staff training and development	236	529
Subscriptions and membership fees	129	150
Telephone and fax	1 716	1 779
Travel – local	3 801	4 161
Water and electricity	2 512	2 293
	64 396	54 817
23. Cash generated from operations		
Surplus	439 719	386 947
Adjustments for:		
Depreciation and amortisation	3 886	3 304
Loss on sale of assets and liabilities	74	43
Movements in operating lease assets and accruals	287	(1 024)
Movements in provisions	2 367	1 110
Other non-cash items	(849)	652
Changes in working capital:		
Inventories	(79)	7
Receivables from exchange transactions	2 175	(15 505)
Other receivables from non-exchange transactions	7 175	(49 966)
Payables from exchange transactions	2 877	18 571
Payables from non-exchange transactions	113 591	7 591
	571 223	351 730

Notes to the Annual Financial Statements (continued)

for the year ended 31 March 2019

	2019 R'000	2018 Restated R'000
24. Financial instruments disclosure		
Categories of financial instruments		
Financial assets		
Receivables from exchange transactions	18 919	20 719
Receivables from non-exchange transactions	51 141	58 316
Cash and cash equivalents	2 724 249	2 157 951
	2 794 309	2 236 986
Financial liabilities		
Payables from exchange transactions	33 068	30 466
Payables from non-exchange transactions	210 817	97 226
	243 885	127 692

25. Contingencies

25.1 First time employer registrations

The Skills Development legislation allows an employer, registering for the first time, 6 months to submit an application for a Mandatory grant. At the reporting date it is estimated that, as a result additional Mandatory Grant expenditure of R828 000 (2018: R635 000) will be payable. The amount is contingent on the number of submissions received and approved

25.2 Surplus funds

In terms of the PFMA, all surplus funds as at 31 March 2019 may be forfeited to National Treasury should an application for retention of surplus funds be denied. As at 31 March 2019, an application for the retention of the surplus amount of R866 709 000 (2018: R1 217 094 000) will be submitted to National Treasury through DHET. This amount of R866 709 000 is included in the Discretionary grant reserve as per the statement of financial position.

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 exists an unquantifiable contingent liability for training in progress. The amount is contingent based on the value of training conducted which will be acceptable after the verification process.

25.4 Expired discretionary grant contracts

Discretionary grant contracts with a balance of R554 537 000 (2018: R635 724 000) represent contracts whose end dates have lapsed as at the reporting date, the SETA has already signed the renewed contracts only the third party stakeholder still needs to sign the contract and the implementation is in progress in line with the approved implementation plan. This balance is contingent as there is an expectation of a future liability.

26. Matters under investigation

During the financial year a SETA employee approached the CCMA and the CCMA found in his favour. The SETA then appealed the CCMA decision and was required to deposit an amount of R600 000 (2018:Nil) with the CCMA which is the equivalent of the award that the CCMA had granted to the said employee. The appeal is before the Labour court. Refer to note:5 for the R600 000 arbitration award deposit.

27. Related parties

Relationships	
Members	Refer to note 29 below for detailed disclosure concerning emoluments of members of the Accounting Authority
Controlling entity	Department of Higher Education and Training.
Entities under common control	By virtue of the fact that W&RSETA is a National Public Entity controlled by DHET, it is considered related to other SETAs, the QCTO, TVET and HET colleges, NSFAS and the NSF. The transactions are consistent with normal operating relationships between entities and undertaken on terms and conditions that are normal for such transactions. Where there were transactions and balances arising due to the movement of funds between entities under common control of DHET, these amounts are disclosed below.
Stakeholders with a representative serving on the W&RSETA's Accounting Authority	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 Accounting Authority. Refer to details below.

Notes to the Annual Financial Statements (continued)

for the year ended 31 March 2019

Related party balances

	2019 R'000	2018 Restated R'000
Related party transactions		
Inter-Seta Payables		
CHIETA	(8)	(1)
CETA	(42)	(132)
MICT	(207)	(39)
MERSETA	(214)	(243)
TETA	–	(70)
FP&MSETA	(34)	–
FOODBEV	(50)	–
CATHSETA	(6)	–
Inter-Seta Receivables		
MERSETA	2 080	121
LGSETA	22	22
HWSETA	6	6
MQA	21	22
Transfers paid to entities under common control		
QCTO	7 062	5 375
TVET colleges	43 240	94 405
HET	65 019	135 287
NSFAS	5 021	3 282

Discretionary grant-stakeholders with a representative serving on the W&RSETA's Accounting Authority

Stakeholder	Member of Accounting Authority	Transaction type		
FEDCRAW	T Mthembu	Discretionary grant	392	1 276
SACTWU	F Abrahams	Discretionary grant	–	362
NUMSA	K Makuwa	Discretionary grant	612	804
SACCAWU	Vacant	Discretionary grant	–	77
ECCAWUSA	M Masoabi	Discretionary grant	–	964
FRA	R Sibiya	Discretionary grant	649	1 140
CGCSA	Z Tyikwe	Discretionary grant	2 213	7
BBC	L Koyana	Discretionary grant	1 100	–
EDCON	M Dullabh	Discretionary grant	8 886	–
			13 852	4 630

W&RSETA has, in the normal course of its operations, entered into discretionary transactions with entities which had an appointed representative serving on the W&RSETA Accounting Authority. It must be noted that W&RSETA entered into contracts with all the unions above, however for SACCAWU and ECCAWUSA, the SETA entered into agreements with training providers as a result of the cessionary arrangements concluded between the unions and the training providers for the deliverables which were outstanding after the cancellation of the contracts with the unions.

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

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

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

Notes to the Annual Financial Statements (continued)

for the year ended 31 March 2019

28. Remuneration of key Management

The key management personnel as defined by IPSAS 20 are: the members of the senior management group and members of the accounting authority.

Senior management

	Basic Salary	Bonuses and performance related payments	Allowances	Acting Allowance	Post employment benefits	Contributions by employer	Total
2019							
N Siyotula (Acting Chief Executive Officer) Resigned: September 2018	1 532 108	–	3 540	–	170 812	31 305	1 737 765
BC Mkhwanazi (Chief Executive Officer) Appointed February 2019	324 805	–	1 180	–	–	36 520	362 505
A Mlate (Chief Operations Officer) Resigned October 2018	831 772	–	99 512	–	67 552	83 516	1 082 352
S Molefe (Acting Chief Financial Officer) Contract ended July 2018	415 065	–	50 280	–	46 599	5 973	517 917
S Maharaj (Chief Financial Officer) Appointed July 2018 and resigned February 2019	1 004 493	–	48 720	–	59 962	46 237	1 159 412
TL Kubheka (Acting Chief Financial Officer) Appointed March 2019	75 419	–	540	–	–	8 592	84 551
BT Khonyane (Executive Manager: CEO office)	1 709 759	–	7 080	128 406	–	149 949	1 995 194
DC Machard (Chief Officer: Qualification and Research)	1 345 857	–	7 080	–	–	90 119	1 443 056
NE Dlodla (Acting Chief Operation Officer from October 2018 to November 2018) and (Chief Corporate Services) December 2018	693 732	–	40 140	39 338	–	67 777	840 987
MB Masekwameng (Chief Information Officer) Appointed October 2018	779 108	–	3 540	–	–	17 446	800 094
S Motloung (Chief Audit Executive) Appointed 26 April 2018	1 329 209	–	37 796	–	–	92 820	1 459 825
	10 041 327	–	299 408	167 744	344 925	630 254	11 483 658
2018							
N Siyotula (Acting Chief Executive Officer) Appointed: January 2018	550 000	–	1 770	–	–	5 963	557 733
A Mlate (Chief Operations Officer)	1 309 896	130 279	170 716	–	–	139 596	1 750 487
S Molefe (Acting Chief Financial Officer)	1 253 211	–	150 840	–	–	15 561	1 419 612
A Sipengane (Chief Officer: Qualifications and Research (Resigned March 2018))	1 168 623	129 548	115 390	–	241 191	109 100	1 763 852
D Rampai (Executive Manager: CEO office) Resigned: March 2018)	1 496 857	157 225	115 940	82 265	152 542	166 163	2 170 992
P Mokopu (Administrator) Resigned: August 2017	690 684	–	5 053	–	–	7 715	703 452
G Thomas (Adviser: Governance and Finance) Resigned: October 2017	665 919	–	4 130	–	7 905	7 899	685 853
M Jentile (Adviser: Stakeholder relations) Resigned: October 2017	688 584	–	3 990	–	34 057	8 456	735 087
M Mthembu (Adviser: Strategy and operations) Resigned: November 2017	554 390	–	41 820	–	42 787	7 359	646 356
	8 378 164	417 052	609 649	82 265	478 482	467 812	10 433 424

Notes to the Annual Financial Statements (continued)

for the year ended 31 March 2019

Members of the Accounting Authority and Sub-Committees

	Accounting Authority and sub-committee meeting fees
2019	
Y Mbane	462 147
M Dullabh (Resigned February 2019)	253 786
Z Tyikwe	373 405
P Ndaba	418 280
S Busane	359 874
KD Makuwa	309 788
F Abrahams	268 992
M Bango	223 322
R Sibiya	428 319
M Masoabi	325 473
L Koyana	312 531
T Mthembu	323 313
K Mbonambi (Independent Audit Committee Chairperson)	157 658
M Mulaudzi (Independent Audit Committee member)	16 368
K V Maja (Independent Audit Committee member)	131 108
T Tshikovihi (Independent Audit Committee member)	104 100
	4 468 464
2018	
P Maphoshe	175 098
I Molefe	423 613
T Skenjana	187 540
P Sito	279 029
M Tau	368 509
N Kettlele	198 601
S Moloko	405 725
M Lawrence	6 596
I Motaung	325 119
S Busane	336 990
M Bango	175 030
X Titus	15 516
S Van Rensburg	111 546
R Sibiya	281 468
M Masoabi	107 389
Y Gordhan (Independent Audit Committee member)	93 286
M Mokoka (Independent Audit Committee member)	151 023
C Weapond (Independent Audit Committee member)	131 383
	3 773 461

Notes to the Annual Financial Statements (continued)

for the year ended 31 March 2019

29. Prior period errors

During the current financial year, the entity reviewed prior year transactions. The review resulted in a number of adjustments relating to 2017/18 financial year which affected Interest received and unutilised bursaries. The prior period was adjusted retrospectively.

	2019 R'000	2018 Restated R'000
Adjustments affecting the statement of financial position		
Increase in interest receivable refer to note 5	–	1 744
Increase in unutilised bursaries to note 5	–	48 508
Increase in employer receivables refer to note 6	–	7 703
	–	57 955
Adjustments affecting the statement of financial performance		
Increase in interest received	–	(2 761)
Decrease in employer grant expenditure	–	(32 300)
Decrease in general expenses	–	(7 703)
	–	(42 764)
Adjustment to movement in reserves		
Increase in 1 April 2017 opening balance discretionary grant reserve. Refer to Statement of Changes in Net Assets	–	15 191

The discretionary grant surplus of R269 095 000 as reported in the 2017/18 audited financial statements was increased by R42 764 000 as detailed above. This resulted in an increase in the prior year discretionary grant surplus from R269 095 000 to R311 859 000. Refer to the allocation of accumulated surplus in the statement of changes in net assets.

30. Prior-year disclosure adjustments

The prior year disclosure adjustment arose as a result of the following items:

Disclosure for contingencies on expired discretionary contracts was previously reported at R600 305 000. Based on reconciliations performed this disclosure should have been reported as R635 724 000.

Related parties for transfers paid to entities under common control were not included in the prior financial year. Refer to note 27.

Related parties for transfers paid to stakeholders with a representative serving on the W&RSETA's Accounting Authority was understated in the prior financial year. Refer to note 27.

Contract commitments that were previously not included in the commitments register for the prior financial year. Disclosure for irregular expenditure was restated for the prior financial year.

The impact of these disclosure adjustments are as follows:

	As previously reported	Prior year adjustment	Restated opening balance
Contingencies: Expired discretionary grant contracts refer to note 25.4	600 305	35 419	635 724
Transfers paid to entities under common control – HET refer to note 27	–	135 287	135 287
Transfers paid to entities under common control – NSFAS refer to note 27	–	3 282	3 282
Transfers paid to stakeholders with a representative serving on the W&RSETA's Accounting Authority – CGCSA refer to note 2	–	7	7
Contractual commitments – refer to note 35	800 747	39 886	840 633
Irregular expenditure – refer to note 34	408 631	3 526	412 157
	1 809 683	217 407	2 027 090

Notes to the Annual Financial Statements (continued)

for the year ended 31 March 2019

31. Risk management

Financial risk management

Liquidity risk

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

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years
2019					
Payables from exchange transactions	(33 068)	(33 068)	(33 068)	–	–
Finance lease obligations	(639)	(639)	(639)	–	–
	(33 707)	(33 707)	(33 707)	–	–
2018					
Payables from exchange transactions	(30 191)	(30 191)	(30 191)	–	–
Finance lease obligations	(2 134)	(2 134)	–	(1 495)	(639)
Operating lease liability	(275)	(275)	(275)	–	–
	(32 600)	(32 600)	(30 466)	(1 495)	(639)

Credit risk

Financial assets which potentially subject W&RSETA to the risk of non-performance by counter parties and thereby subject to credit concentrations of credit risk, consist mainly of cash and cash equivalents and trade receivables. W&RSETA limits its treasury counter-party exposure by only dealing with well-established financial institutions approved by National Treasury. 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 counter-party. W&RSETA's concentration of credit risk is limited to the wholesale and retail industry in which the SETA operates. No events occurred in the wholesale and retail industry during the financial year that may have an impact on the accounts receivable that has not been adequately provided for. Accounts receivable are presented net of allowance for doubtful debt. W&RSETA is exposed to a concentration of credit risk, as amounts are owed by SARS and DHET. This concentration of risk is limited as SARS and DHET are government entities with sound reputation.

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

	Gross	Impairment	Total 2019
The ageing of trade receivables from non-exchange transactions Not past due	18 919	–	18 919
The ageing of cash and cash equivalents Not past due	2 724 249	–	2 724 249
			Total 2018
The ageing of trade receivables from exchange transactions Not past due	21 094	–	21 094
The ageing of cash and cash equivalents Not past due	2 157 951	–	2 157 951

Industry risk

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

Notes to the Annual Financial Statements (continued)

for the year ended 31 March 2019

31. Risk management (continued)

Interest rate risk

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

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

	Floating rate	Non-interest-bearing	Total
2019			
Cash	2 724 249	–	2 724 249
Receivables from exchange transactions	–	18 919	18 919
Payables from exchange transactions	–	(33 068)	(33 068)
	2 724 249	(14 149)	2 710 100
2018			
Cash	2 157 951	–	2 157 951
Receivables from exchange transactions	–	20 719	20 719
Payables from exchange transactions	–	(30 191)	(30 191)
	2 157 951	(9 472)	2 148 479

32. Events after the reporting date

No events that provide evidence of conditions that existed at the reporting date or indicative of conditions that arose after the reporting date were identified by management.

33. Fruitless and wasteful expenditure

	2019 R'000	2018 Restated R'000
Opening Balance	313	377
Less: Amount condoned	–	(357)
Interest paid on late submission of SARS EMP 201	–	287
Interest penalties paid on resubmitted SARS EMP501	40	–
Interest paid on late submission of invoices	5	6
	358	313

Details of fruitless and wasteful expenditure

	No of cases		
Interest on late submission of SARS EMP 201			
Opening balance	1	287	357
Less expenditure condoned in 2017/18	(1)	–	(357)
Add fruitless and wasteful expenditure 2017/18	1	–	287
	1	287	287

Disciplinary steps have not yet been taken as matters are still under investigation.

	No of cases		
Interest paid on late submission of invoice			
Opening balance	1	26	20
Add fruitless and wasteful expenditure 2018/19	10	5	6
	11	31	26

Disciplinary steps have not yet been taken as matters are still under investigation.

Notes to the Annual Financial Statements (continued)

for the year ended 31 March 2019

	No of cases	2019 R'000	2018 Restated R'000
Interest penalties paid on resubmitted SARS EMP501			
Add fruitless and wasteful expenditure 2018/19	1	40	–

Disciplinary steps have not yet been taken as matters are still under investigation.

34. Irregular expenditure

Opening balance		412 157	324 577
Add: Irregular Expenditure – current year		12 043	87 580
Less: Amounts condoned		(14 366)	–
		409 834	412 157

Details of irregular expenditure

	No of cases		
Contracts signed outside of delegation of authority			
Opening balance	711	215 883	215 883
Add irregular expenditure 2018/19	–	–	–
	711	215 883	215 883

Disciplinary steps have not yet been taken as matters are still under investigation.

	No of cases		
Non-compliance with SCM requirements	–	–	–
Opening balance	82	61 694	15 963
Add irregular expenditure 2017/18	–	–	45 731
Add irregular expenditure 2018/19	58	6 531	–
Condoned 2015/16	(4)	(8 186)	–
Condoned 2016/17	(1)	(142)	–
Condoned 2017/18	(7)	(443)	–
Condoned 2018/19	(11)	(466)	–
	117	58 988	61 694

	No of cases		
Non-compliance with Annexure II submissions	–	–	–
Opening balance	1	129 791	92 731
Add irregular expenditure 2017/18	1	–	37 060
Add irregular expenditure 2018/19	1	5 130	–
Condoned 2018/19	(1)	(5 130)	–
	2	129 791	129 791

Notes to the Annual Financial Statements (continued)

for the year ended 31 March 2019

34. Irregular expenditure (continued)

	No of cases	2019 R'000	2018 Restated R'000
Non-compliance with Grant regulations			
Opening balance	7	4 789	–
Add irregular expenditure 2017/18	–	–	4 789
	7	4 789	4 789
Non-compliance with HR policies			
Add irregular expenditure 2018/19	1	383	–

Disciplinary action has not yet taken place as investigations are still in progress.

35. Commitments

Commitments on discretionary grants

Approved and contracted for	1 646 997	840 633
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Approved and contracted commitments of R1 646 997 000 (2018: R840 633 000) represent balances on contracts for work to be delivered on discretionary grants contracts-in-progress at the reporting date. The contracts are entered into with service providers and stakeholders for delivery of education, training and skills development initiatives. Refer to the discretionary reserve note 36 below for a reconciliation of the contractual commitments as at 31 March 2019.

Administration commitments due

Approved and contracted for	7 216	2 498
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36. Discretionary Reserve

Of the balance of R2 513 357 000 (2018: R2 073 301 000) available in the discretionary reserve at the end of March 2019, R1 646 997 000 (2018: R840 633 000) was committed as at year end as per the reconciliation below indicating contractual commitments for approved and allocated projects and skills development priorities.

Projects	Opening balance R'000	Approved by the Accounting Authority 2018/19 R'000	Write backs/Other adjustments R'000	Utilised R'000	Closing commitment balance Mar 2019 R'000
AET	–	–	(36)	36	–
Alternative Food Retail Project	–	11 250	–	–	11 250
Capacitation of TVET Lectures 18/19	–	–	158	(158)	–
DG 1213	–	–	149	(149)	–
Disability Training and Learnerships 18/19	–	21 564	–	(49)	21 515
Ehlanzeni Unemployed Youth Project	4 620	–	–	–	4 620
Establishment of Assessment Center	–	100	–	–	100
Establishment of retail academy 1718	–	–	600	–	600
Establishment of W&RSETA Leadership Chair	8 060	9 023	–	(2 418)	14 665
FRA members skills development initiative	–	59 985	–	–	59 985

Notes to the Annual Financial Statements (continued)

for the year ended 31 March 2019

Projects	Opening balance R'000	Approved by the Accounting Authority 2018/19 R'000	Write backs/Other adjustments R'000	Utilised R'000	Closing commitment balance Mar 2019 R'000
FS-Internships for FET Graduates	–	–	251	(251)	–
Fuel Retail Organisations	–	–	228	(227)	1
GP School of excellent project (SOE)	1 036	–	(436)	(600)	–
Graduate Placement	–	–	443	(443)	–
HET&TVET Bursaries	219 167	517 181	(73 356)	(146 020)	516 972
HET & TVET Graduate Placement 1516	–	–	5 414	(5 414)	–
HURP Rural youth development project	–	10 750	–	–	10 750
ILDP 10	25 028	–	(25 028)	–	–
ILDP 1718	1 335	–	–	(1 335)	–
ILDP 1819	25 028	28 364	(24 086)	(941)	28 365
Informal small business support project	–	24 188	–	–	24 188
Informal traders upliftment	–	5 483	–	(55)	5 428
Infrastructure development	–	131 000	–	–	131 000
KZN-SOE Learnership	–	–	251	(251)	–
Mhinga Village III	6 300	–	–	(2 426)	3 874
Mpumalanga Unemployment Youth Project	–	–	177	(177)	–
Mthengi Moreki Vha Thogomela project	–	6 978	–	–	6 978
NC-Learnership Opportunities	–	–	56	(56)	–
NGO/NPO 1617	–	698	–	–	698
NGO/NPO 1718	1 150	–	(526)	(624)	–
NGO/NPO 1819	–	1 150	–	(112)	1 038
NW Unemployed learners 1718	–	–	456	(456)	–
NQF 5 Qualifications Implementation	–	–	800	(800)	–
NW Unemployment	14 406	–	–	(7 065)	7 341
Learners 1718 People with Disability	–	–	6 905	(6 904)	1
National Rollout Project Pivotal 1314	–	–	2 452	(2 452)	–
Pivotal 14/15 M & L	–	–	4 375	(4 375)	–
Pivotal 1516 (ML)	12 240	–	38 247	(50 486)	1
Pivotal 1516 (Small)	245	–	4 135	(4 380)	–
Pivotal 1617 (ML)	37 040	–	12 816	(49 856)	–
Pivotal 1617 (Small)	1 929	–	5 762	(7 690)	1
Pivotal 1718	251 165	36	156	(71 519)	179 838
Pivotal 1819	–	181 889	158 233	(9 099)	331 023
Qualification development facilitator	–	220	–	–	220
Registered Cooperatives	–	16 255	–	–	16 255
Retail Store Manager (RSM) Qualification: Pilot Project	–	–	1 405	(1 405)	–

Notes to the Annual Financial Statements (continued)

for the year ended 31 March 2019

36. Discretionary Reserve (continued)

Projects	Opening balance R'000	Approved by the Accounting Authority 2018/19 R'000	Write backs/Other adjustments R'000	Utilised R'000	Closing commitment balance Mar 2019 R'000
Review of two occupational qualifications to include green skills	–	330	–	–	330
RMDP	22 402	–	(21 887)	(515)	–
RMDP 1617	–	–	1 058	(1 058)	–
RMDP 1819	22 402	19 263	(22 402)	–	19 263
Rural area learnership 1617	–	15 300	–	–	15 300
Rural areas learnerhip 1819	–	27 000	–	(5 625)	21 375
Rural learnership and green skills jobs 1718	15 660	–	–	(13 148)	2 512
Sizanani project creating skills to support township micro retailers and cooperatives	–	24 620	–	–	24 620
Skilling for Limpopo SIP	31 290	–	(765)	(14 718)	15 807
SME discretionary grant 1516	–	–	123	(123)	–
SME discretionary grant 1617	162	–	1 435	(1 597)	–
SME Pivotal 1718	18	8 208	93	(1 127)	7 192
SME Discretionary Grant 18/19	–	21 205	–	(278)	20 927
SME Pivotal 17/18	39 763	20 306	–	(6 004)	54 065
SMME Capacitation workshop 1819	–	4 034	–	–	4 034
The Foschini Group	–	–	477	(477)	–
Supply Chain Transformation Project					
Trade Union Capacitation Project 1516	–	–	1 004	(1 003)	1
Trade Union Capacitation Project 1617	–	–	20	(20)	–
Tshepo Themba 500 000	13 156	360	–	(6 303)	7 213
TVET extension of scope 2017/2018	3 150	–	(2 889)	(261)	–
TVET extension of scope 1819	–	1 850	–	–	1 850
TVET internship 1617	32 659	5 265	(20 832)	(8 357)	8 735
W&RSETA KZN SOE phase II	34 055	–	–	(12 822)	21 233
TVET internship for the job summit 1819	–	11 205	–	(33)	11 172
W&R Registered Employer Organisations Project	1 740	–	(1 167)	(573)	–
W&RSETA-SEFA fresh produce market traders training programme	–	98	–	–	98
Ward based enterprise and industries (WA-BEIs)	–	6 048	–	–	6 048
Waterberg Project	–	–	1 808	(1 808)	–
WC TVET Support and Capacitation Project (Soe)	–	–	105	(105)	–
WIL project	8 663	–	–	(2 610)	6 053
Youth focus AET 1617	6 765	–	4 256	(3 259)	7 762
Youth focus AET project 2018-20	–	14 700	–	–	14 700
	840 634	1 205 906	60 438	(45 981)	1 646 997

Notes to the Annual Financial Statements (continued)

for the year ended 31 March 2019

37. Budget differences

Material differences between budget and actual amounts

Interest received – cash and cash equivalents have increased by 26% due to low spending in the current financial year resulting in high cash reserves thereby earning more interest than budgeted for.

Skills development levy transfer is 9% higher than budget. This variance is mainly due to salary increases in the sector resulting in higher levies than originally budgeted for.

Personnel costs are 11% higher than budget due to factors such as higher salary increases than budget for, employees appointed at higher salaries than budget for hence budget overspent.

Transfers and subsidies include expenditure on mandatory and discretionary grant. For mandatory grants, the SETA underspent by 26% due to some levy paying stakeholders not participating into the annexure II process. Also there was a 23% under expenditure on discretionary grants due to delays in implementing discretionary grant projects.

38. Segment information

Segment surplus or deficit, assets and liabilities

	Administration R'000	Mandatory R'000	Discretionary R'000	Unallocated R'000	Total R'000
2019					
Revenue					
Skills development levy: Income	143 068	271 330	675 866	–	1 090 264
Skills development levy: Penalties and interest	–	–	56 749	–	56 749
Other income	252	–	–	–	252
Investment income	–	–	157 320	–	157 320
Other transfer revenue	2 871	–	–	–	2 871
Total segment revenue	146 191	271 330	889 935	–	1 307 456
Expenditure					
Employee costs	77 778	–	–	–	77 778
Depreciation and amortisation	3 329	–	560	–	3 889
Loss on disposal of assets and liabilities	74	–	–	–	74
Other administration expenses	64 396	–	–	–	64 396
Employer grant and project expenditure	–	193 690	527 910	–	721 600
Total segment expenditure	145 577	193 690	528 470	–	867 737
Total segmental surplus/(deficit)	614	77 640	361 465	–	439 719
ASSETS					
Non-current assets	5 480	–	304	–	5 784
Inventories	192	–	–	–	192
Receivables from exchange transactions	18 919	–	–	–	18 919
Receivables from non-exchange transactions	–	12 573	38 568	–	51 141
Operating lease asset	287	–	–	–	287
Cash and cash equivalents	–	–	–	2 724 249	2 724 249
Total segment assets	24 878	12 573	38 872	2 724 249	2 800 572
LIABILITIES					
Finance lease obligations	639	–	–	–	639
Payables from non-exchange transactions	–	52 032	158 785	–	210 817
Payables from exchange transactions	33 068	–	–	–	33 068
Unspent conditional grants	–	–	5 214	–	5 214
Provisions	–	30 865	–	–	30 865
Total segment liabilities	33 707	82 897	163 999	–	280 603

Notes to the Annual Financial Statements (continued)

for the year ended 31 March 2019

38. Segment information (continued)

Segment surplus or deficit, assets and liabilities (continued)

	Administration R'000	Mandatory R'000	Discretionary R'000	Unallocated R'000	Total R'000
2018					
Revenue					
Skills development levy: Income	135 731	259 736	638 588	–	1 034 055
Skills development levy: Penalties and interest	–	–	65 462	–	65 462
Other income	206	–	–	–	206
Investment income	–	–	113 738	–	113 738
Other transfer revenue	862	–	–	–	862
Total segment revenue	136 799	259 736	817 788	–	1 214 324
Expenditure					
Employee costs	68 600	–	–	–	68 600
Depreciation and amortisation	3 172	–	132	–	3 304
Loss on disposal of fixed assets and liabilities	43	–	–	–	43
Other administration expenses	54 817	–	–	–	54 817
Employer grant and project expenditure	–	186 979	513 633	–	700 612
Total segment expenditure	126 632	186 979	513 765	–	827 376
Total segmental surplus/(deficit)	10 167	72 757	304 023	–	386 947
ASSETS					
Non-current assets	6 109	–	580	–	6 689
Inventories	113	–	–	–	113
Receivables from exchange transactions	21 094	–	–	–	21 094
Receivables from non-exchange transactions	–	9 808	48 508	–	58 316
Cash and cash equivalents	–	–	–	2 157 951	2 157 951
Total segment assets	27 316	9 808	49 088	2 157 951	2 244 163
LIABILITIES					
Finance lease obligations	1 495	–	–	–	1 495
Operating lease liability	275	–	–	–	275
Payables from non-exchange transactions	–	30 876	66 350	–	97 226
Payables from exchange transactions	30 191	–	–	–	30 191
Unspent conditional grants	–	–	5 214	–	5 214
Provisions	28 498	–	–	–	28 498
Total segment liabilities	60 459	30 876	71 564	–	162 899

REGISTERED OFFICE ADDRESS

1303 Heuwel Avenue
Riverside Office Park
Cnr Lenchen South & Heuwel Avenue
Centurion, 0157

CONTACT NUMBERS

Tel: 012 622 9500

WEBSITE ADDRESS

www.wrseta.org.za

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