



Skills Development for Economic Growth

Annual Report 2010/11



Developing a skills base for economic growth



**higher education
& training**

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA



INVESTOR IN PEOPLE



Background and mandate

Wholesale and Retail in South Africa is regarded as a growth sector of the economy and a major employer. Statistically, it is a sector which is more volatile with respect to cyclical changes and global economic conditions than many other sectors. It is the fourth largest contributor to Gross Domestic Product (GDP) with a contribution of around 15% and employs around 22% of the total active workforce of the country.

Recent trends indicate that employment within the Wholesale and Retail sector, as a percentage of the total workforce, has been decreasing – from a high of 27% in 2001 to its current 22% in 2010.

The highest densities of enterprises are found in Gauteng, KwaZulu-Natal and the Western Cape. Collectively, these provinces make up 76% of the workforce of the sector. About 87% of the sector is made up of small enterprises, 9.5% medium and 4.5% large enterprises.

South Africa has moved increasingly towards mall-based retailing. The amount of retail space in malls has grown faster than the number of retail stores to a point where malls can no longer guarantee that they will attract the major anchor tenants.

The W&RSETA was established as a legal entity on 20 March 2000 in terms of the Skills Development Act, No. 97 of 1998, to provide for the skills development needs of the W&R Sector.

Until 2009, the W&RSETA, along with all other Sector Education and Training Authorities (SETAs) in South Africa, was mandated through the Department of Labour. During 2009 governance of the SETAs was transferred to the Department of Education.

Due to the reprioritisation of human resource development for South Africa, and the establishment of the Department of Higher Education and Training (DHET), the tenure of the SETAs was extended for a period of one year until 31 March 2011. On 11 November 2010 the Minister of Higher Education and Training announced the relicensing of the W&RSETA and 20 other SETAs with effect from 1 April 2011.

Vision

We are the premier authority in skills development, exceeding stakeholder expectations in the Wholesale and Retail Sector.

Mission

To develop a skilled and capable workforce in the Wholesale and Retail Sector, thereby contributing to the sustainable socio-economic development and growth of the country.

Objectives

The W&RSETA's overall objectives are:

- To create a culture of lifelong workplace learning;
- To address historic imbalances with a focus on class, race, gender, age, disability and HIV and AIDS in the development of people in the W&R sector;
- To facilitate funded and accessible training to meet the sector's needs;
- To align with National Skills and Development Strategies and manage projects in line with the requirements of the Department of Higher Education;
- To facilitate and encourage access to workplace learning in line with employer needs and requirements;
- To focus on skills development in the Small, Medium and Micro Enterprises (SMME) sector;
- To provide appropriate learning programmes in order to address scarce and critical skills within the W&R sector;
- To develop the capacity of training and development practitioners within companies to implement the Skills Development Strategy;
- To encourage the participation of more employers;
- To foster skills development in the W&R sector for productivity and employment growth;
- To develop and implement a sustainable rural development strategy;
- To establish a professional body and Community of Expert Practitioners (CEP) for the W&R Sector;
- To establish partnerships with Further Education and Training (FET) and Higher Education and Training (HET) facilities to set up schools of excellence/retail academies;
- To ensure the sustainability and inclusiveness of all W&RSETA projects;
- To conduct ongoing quality assurance and monitoring of learning provision; and
- To implement the W&RSETA research agenda and to conduct continuous monitoring and evaluation of projects.

Values and principles

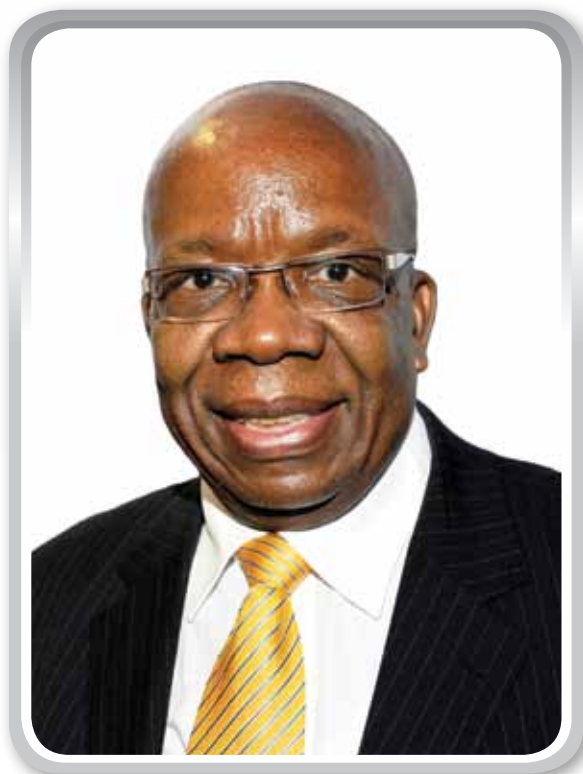
The W&RSETA accepts, promotes and gives effect to the applicable legislation and to its vision, mission and objectives by adhering to the following principles:

- Encourage and promote the International Labour Organisation (ILO's) decent work agenda;
- Apply non-discriminatory employment practices;
- Be fair and equitable in all dealings with and treatment of stakeholders, suppliers and vendors;
- Develop and implement best business practices;
- Provide quality service to stakeholders in an effective, economical, efficient, and innovative manner; and
- Encourage adherence to the Sectoral Determination within the Wholesale and Retail Sector.

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Chairperson's report



“ The beginning of wisdom is found in doubting; by doubting we come to the question, and by seeking we may come upon the truth. ”

Pierre Abelard

Abelard's insight is particularly pertinent to the year under review where, as SETAs collectively, we experienced a great deal of uncertainty as we awaited pronouncements on our futures and the way forward.

As the W&RSETA we had little doubt that our past success would carry us into the new SETA landscape and indeed this was confirmed on 11 November 2010, when the Minister of Higher Education and Training, Dr Blade Nzimande, announced not only the re-establishment of the W&RSETA, but the broadening of its mandate to include the Fuel Retail subsector.

The basis of this change was in line with government's effort to enhance sector focus, ensure the viability of all the SETAs, consolidate learning supply planning and align with government and industry growth strategies.

The Constitution of the W&RSETA was amended in line with the new SETA landscape, and the appointment of the new Board was concluded, enabling the organisation and the Board to respond effectively to the NSDS III goals. In this regard, I must thank the Board for its support and the energy it has shown in bringing these changes to fruition. The revised Constitution and nominations for the new Board, which will operate from 1 April 2011 to 31 March 2016, were submitted to the Minister for approval.

In announcing the new SETA landscape, the Minister acknowledged the important role that the SETAs play in the post-school landscape and in addressing the skills challenges that South Africa faces. He emphasised, however, that this would not mean 'business as usual' and that the DHET would be undertaking extensive work towards improving the performance of the SETAs, including:

- Refocusing SETA activities through the new National Skills Development Strategy (NSDS) III;
- Initiating a process to strengthen the SETA Sector Skills Plans (SSPs) and aligning these with much tighter Service Level Agreements (SLAs);
- Establishing a Quality Council for Trade and Occupations (QCTO) to improve the occupational qualifications against which Learnership and Apprenticeship programmes are developed, and to

- become the main accreditor of training providers so that SETAs can concentrate on their role as facilitators of education and training in the workplace;
- Finalising a model Constitution for SETAs as a best practice guideline to improve accountability and performance of SETA Boards and governance; and
 - Improving oversight and support by the DHET.

The W&RSETA Board has taken cognisance and fully appreciates the urgency with which the SETA will be required to perform even more efficiently and effectively to achieve the extended targets that will arise in order to meet government's New Growth Path (NGP) target of 500,000 'decent' jobs per annum for each of the next 10 years.

The shift in emphasis of NSDS III to ensuring an even greater understanding of skills needs in the sector requires the W&RSETA not only to increase its research capacity, but to fashion appropriate interventions and solutions to address the identified needs and the current mismatch of skills within the sector. We have our work cut out for us in the year ahead.

I am pleased to report that the Board exercised its oversight and fiduciary duties with diligence. As a result, the W&RSETA achieved an unqualified audit report for the 11th successive year. This, in itself, is confirmation of adherence to the Public Finance Management Act, No.1 of 1999 as amended; the Skills Development Act, No.97 of 1998 as amended; the Skills Development Levies Act, No.9 of 1999 as amended; and the King III Report on Governance for South Africa. It further attests to the responsible use of stakeholder funds to the benefit of the sector.

Our success as the W&RSETA lies in the hands of the members of the Board and the CEO and staff of the SETA, and is directly related to their integrity, their accountability, their efficiency and their effectiveness. I thank you all for the roles you played during the reporting period and look forward to your continued co-operation as we reposition our SETA to take on the new challenges that are presented by the NSDS III.

With our focus being that of facilitators of education and training in the workplace, I have no doubt that "by seeking we may come upon the truth" and as such we look forward to continuing to report positively on our successes in the future.

On behalf of the new Board, I congratulate the outgoing Board and chairperson for the sterling work and success they have achieved during the NSDS II period and wish them success in their careers and new endeavours in the future.



Dr ET Mazwai
Chairperson

Chief Executive Officer's report



“ The first condition of education is being able to put someone to wholesome and meaningful work. ”
John Ruskin

The year under review was a very challenging period not only for the W&RSETA but for all the SETAs. Not only was it the final year of the implementation of the NSDS II but it also ushered in the new SETA landscape and the much awaited NSDS III.

It is my pleasure to share some of the achievements and challenges of the 2010/11 financial period.

Overall performance

During the year under review, the W&RSETA received an unqualified report from the Auditor-General and not only met but exceeded all but one of its targets. These successes are reflected in detail under Performance Targets achieved vs NSDS II Objectives on pages 7–10 of this report.

In terms of the DHET performance evaluation, the SETA scored a possible 4.89 out of a maximum of 5 points. This can be ascribed to improved internal processes and geographic reach.

In line with our mandate to disburse mandatory grants, we spent an amount of R256 million on 5 564 companies. This grant, benefitted 323 000 employees in the sector who participated in various skills development programmes and initiatives aimed at improving their individual skills and the competitiveness of their respective companies.

Through discretionary funding, a total of 3 900 learners completed their learning programmes and were certificated. Included in this number are 2 265 learners who were awarded certificates for learnerships mostly at NQF Level 2.

Furthermore, 4 840 learners were enrolled for learnerships and 2 085 for skills programmes.

In 2009, the W&RSETA launched its prestigious International Leadership Development Programme (ILPD) to expose young emerging executives, or future business leaders, to an intensive developmental programme to accelerate their promotion possibilities to leadership positions.

The programme exposes candidates to best practice both nationally and internationally in Canada and the United States of America respectively. During the review period, 22 candidates completed the programme and two were soon promoted to senior positions in their respective companies.

The programme continues to ensure that the sector has a pool of highly talented individuals. It further helps to create an attractive sector capable of retaining key people, develop young leaders who will positively influence their peers and establish international relationships with retail experts globally. Due to the success of this programme, the Board approved additional funding for 40 participants who will commence the programme in June 2011.

The W&RSETA's five-year Sector Skills Plan (SSP) was submitted to the Department of Higher Education and Training (DHET) for approval on 16 February 2011 after a very rigorous process. The SSP includes research conducted on the Fuel Retail sub-sector which will ensure that the skills development priorities of this sub-sector are appropriately addressed.

Statutory fulfilment

The 2009/10 Annual Report was approved and timeously submitted to the DHET for tabling in Parliament.

In line with statutory and governance requirements, the Annual General Meeting of the W&RSETA was convened by the Board on 8 October 2010 and was attended by stakeholders from the W&R Sector, including large and small businesses, unions and other professional bodies. The occasion, which was addressed by the former Director-General of the DHET, Ms Mary Metcalfe, was celebrated under the banner 'Ten years of groundbreaking skills development in the W&R Sector – 2010 and beyond.' The following successes and highlights of the 10 year period were enumerated:

- Unqualified audit reports by the Auditor-General for the past 10 years;
- Awarded the Good Practice in Skills Development award by the Minister of Labour in 2008;
- A total of 5 000 participating companies;

- Over R469 million paid in grants to levy paying small companies;
- Over R350 million paid in grants to levy-paying medium companies;
- Over R770 million paid in grants to levy-paying large companies;
- 27 162 learners successfully completed learning programmes;
- 1 198 learners were assisted to gain work experience through the Work Experience Employment Grant project;
- Over 870 BEE and SMME firms received skills development support; and
- 5 169 Community-Based Organisations (CBOs), Non-Governmental Organisations (NGOs) and Cooperatives were supported by the W&RSETA.

The 2009/10 Annual Report and the five-year SSP were tabled and adopted at the AGM held in October 2010:

Challenges and future plans

Among the challenges that the W&RSETA has faced over the years, the following are worth mentioning:

- Communicating the W&RSETA's offering;
- Addressing the needs of the SMME sector, particularly in rural areas;
- The lack of W&R programmes in Further Education and Training (FET) and Higher Education and Training (HET) facilities;
- High learner drop-out rates; and
- Addressing unemployment among graduate youth.

While the target for the training and mentorship of young persons to form new ventures is invariably exceeded, the harsh national statistic for the survival of new ventures beyond the first 12 months is estimated at between 5% and 30%. Against this background, the attainment of a 70% survival rate is extremely difficult to achieve and further hampered by the mechanisms and resources that the W&RSETA and the new ventures themselves have at their disposal to aspire to this goal.

Promoting a sector that requires long and irregular working hours as a career of choice remains challenging.

Nevertheless, it is pleasing to report that several new initiatives have been approved by the Board during the period under review to address most of the challenges listed above. These initiatives have been underpinned by research undertaken during the year and are aligned to the strategic framework approved by the Board

Appreciation

As we move into the new financial reporting period, I would like to express my sincere thanks to our Board, our Management Committee, our staff and our W&R Sector stakeholders for their dedication, support and ongoing commitment to ensuring that the W&RSETA continues to achieve its mandate. The fact that we have exceeded our targets regularly is entirely due to the fact that we share one vision - to be the premier authority in skills development, exceeding stakeholder expectations in the W&R sector. I believe the achievements above do give us the comfort to rightfully claim, in the words of Ruskin, that we have put many people "to wholesome and meaningful work." May we proceed with equal fortitude under NSDS III.



TJ Dikgole

Chief Executive Officer

Performance against the NSDS II objectives



Senior Management Team:

Ms Daphne Matloa (Chief Financial Officer), Dr Hennie Zwarts (Chief Operating Officer), Mr. Joel Dikgole (Chief Executive Officer) and Mr Andile Sipengane (Chief Officer Qualifications and Research)

Reporting Information Required	SLA Target	Actual Achievement	Variance	Comments
Objective 1				
Success Indicator 1.1				
Skills development supports national and sectoral growth, development and equity priorities				
To update the Sector Skills Plan (SSP)	Approved SSP	SSP submitted to the DHET on time	N/A	SSP submitted on time and approved by the DHET
Success Indicator 1.2				
Information on Critical skills available to learners. Impact of information dissemination researched, measured and communicated in terms of raising entry, completion and placement of learners				
Number of Skills Development Facilitators (SDFs) or Sector Specialists who carry out skills development facilitation in the sector trained in the use of the guide for the year	600	996	+396	The inclusion of Career Guidance Counsellors (Teachers) assisted the SETA to exceed this target

Performance against the NSDS II objectives (continued)

Reporting Information Required	SLA Target	Actual Achievement	Variance	Comments
Objective 2				
Success Indicator 2.1				
By March 2011, employment equity targets of at least 80% of large firms and 60% of medium firms are supported by skills development. Impact on overall equity profile assessed				
Number of large firms that received Workplace Skills Plan/Annual Training Report (WSP/ATR) Grants for 2010/11 financial year	290	361	+71	The SETA policy is to convince and/or assist 100% of its levy paying companies to submit WSP/ATRs if possible
Number of medium-sized firms that received Workplace Skills Plan/Annual Training Report (WSP/ATR) Grants for 2010/11 financial year	545	759	+214	
Success Indicator 2.2				
By March 2011, skills development in at least 40% of small levy paying firms supported and the impact of the support measured				
Number of small levy paying firms supported by the SETA for 2010/11 financial year	3 307	4 444	+1 137	The SETA attempted to assist as many small levy paying firms as possible
Success Indicator 2.5				
Annually increasing the number of small Black Economic Empowerment (BEE) firms and BEE co-operatives supported by skills development. Progress measured through an annual survey of BEE firms and BEE co-operatives with the sector from the second year onwards. Impact of support measured				
Number of small BEE firms and BEE co-operatives supported by skills development	700	882	+182	This target was exceeded as a result of the efforts of Regional Offices
Success Indicator 2.7				
By March 2011, at least 700 000 workers have achieved Adult Basic Education and Training (ABET) levels 1 – 4				
Number of workers registered for ABET levels	600	966	+366	This target was achieved due to a special project, launched to encourage 1 000 learners to complete a National Qualifications Framework (NQF) 1 Qualification = ABET 4 on the NQF
Number of workers who achieved ABET levels	300	451	+151	
Success Indicator 2.8				
By March 2011, at least 125 000 workers assisted to enter and at least 50% successfully completed programmes, including learnerships and apprenticeships, leading to basic entry, intermediate and high level scarce skills. Impact assistance measured				
Number of workers who entered learning programmes	2 500	3 624	+1 124	This target was exceeded due to needs identified in the sector
Number of workers who completed learning programmes	1 250	2 076	+826	More learners than expected, registered in the previous year, achieved their qualifications

Reporting Information Required	SLA Target	Actual Achievement	Variance	Comments
Objective 3				
Success Indicator 3.2				
By March 2011, at least 2 000 non-levy paying enterprises, Non-Governmental Organisations (NGOs), Community-Based Organisations (CBOs) and community-based Co-operatives (Co-ops) supported by skills development. Impact of support on sustainability measured with a targeted 75% success rate				
Number of non-levy paying organisations supported by the SETA (NGOs, CBOs, Co-ops)	1 000	1 482	+482	A special initiative via the SETA's Independent Skills Development Facilitator (ISDF) assistance project helped to exceed the target
Objective 3				
Success Indicator 4.1				
By March 2011, at least 125 000 unemployed people assisted to enter and at least 50% successfully complete programmes, including learnerships and apprenticeships, leading to basic entry, intermediate and high level scarce skills. Impact of assistance measured				
Number of unemployed people who have entered learning programmes	650	2 941	+2 291	The SETA Board approved a project for 5 000 learners to be trained. This, together with the regular intake, was responsible for this massive achievement
Number of unemployed people who have completed learning programmes	325	1 824	+1 499	
Success Indicator 4.2				
100% of learners in critical skills programmes covered by sector agreements from Further Education and Training (FET) and Higher Education and Training (HET) institutions assisted to gain work experience locally or abroad, of whom at least 70% find placement in employment or self-employment				
Number of learners assisted to gain workplace experience (FET and HET)	0	0	0	N/A
Number of students and or graduates to become self-employed or employed	0	0	0	N/A
Success Indicator 4.3				
By March 2011, at least 10 000 young people trained and mentored to form sustainable new ventures and at least 70% of new ventures in operation 12 months after completion of programme				
Number of young persons trained and mentored to form new ventures	50	97	+47	The training component of New Ventures is easy to achieve but the sustainability component of the business for 12 months after completion of the learner's training is very challenging from a SETA perspective
Number of new ventures that are sustainable and in operation 12 months after completion of programme	35	0	-35	

Performance against the NSDS II objectives (continued)

Reporting Information Required	SLA Target	Actual Achievement	Variance	Comments
Objective 5				
Success Indicator 5.1				
By March 2011, each SETA recognises and supports at least 5 Institutes of Sectoral or Occupational Excellence (ISOE) within public and private institutions and through Public Private Partnerships (PPPs) where appropriate, spread as widely as possible geographically for the development of people to attain identified critical occupational skills. Excellence is measured in the number of learners successfully placed in the sector and employer satisfaction rating of their training				
Number of ISOEs recognised and supported by SETAs	2	3	+1	The SETA selected 3 Institutes to ensure that the target would be achieved
Success Indicator 5.2				
By March 2011, each province has at least 2 provider institutions accredited to manage the delivery of the New Venture Creation qualification. 70% of new ventures still operating after 12 months will be used as a measure of the institutions' success				
Number of institutions accredited to manage delivery of New Venture Creation qualifications	2	3	+1	The SETA identified 3 providers to ensure that the target would be achieved
Success Indicator 5.3				
By March 2011, there are measurable improvements in the quality of the service delivery by skills development institutions and those institutions responsible for the implementation of the new National Qualifications Framework (NQF) in support of the NSDS				
To meet all SAQA performance audit requirements	To comply with the criteria as per guidelines for the ETQA bodies	Score achieved 2.55		The maximum score achievable is 3 and 2.55 was one of the best scores achieved among all ETQA bodies

New projects initiated

Learning Programmes 2010/11 (LP10/11)

For the first time in its history, the W&RSETA outsourced the management of its Learning Programmes to an independent service provider.

The plan was approved for 5 500 learners. The success of the recruitment drive however, resulted in an overwhelming uptake by 8 216 learners (of whom 65 are disabled) and 179 W&R Sector organisations nationally, as follows:

Category	Target Number	Final Uptake
Unemployed	1 000 (Learnerships)	2 179
	1 000 (Skills Programmes)	1 041
Employed	1 000 (Learnerships)	1 473
	1 000 (Skills Programmes)	3 422
Retrenched from W&R Sector	1 000 (Learnerships)	101
	500 (Skills Programmes)	-
Total	5 500	8 216

As is the case with all Learnerships and Skills Programmes there has been some attrition (approximately 2%), mainly due to personal matters (care for family members etc). Early indications are that the ultimate drop-out rate will be low.

Only one area of disappointment has emerged to date and that is the lack of interest by the sector in terms of enrolling retrenched learners. The Learning Programmes Project would have been an ideal opportunity to prepare retrenched people for re-integration into the economy.

Unemployed Youth Assistance Programme

In November 2010, the W&RSETA Board approved funding from its discretionary reserves to support 5 000 young, unemployed youths in acquiring workplace experience in the W&R Sector. Following due process,

expressions of interest were called for from learners, training providers as well as wholesalers and retailers to participate in the 12 month programme.

The response to the call was resounding and as a result 175 companies are participating; 5 070 learners have been placed; 4 609 matriculants have taken up learnerships and 461 graduates are participating in skills programmes.

Scarce Skills Sponsorship Project

Funds were also made available from discretionary reserves to support College and University students from the scarce skills categories and in their final years of study, with placement at various related companies.

The project targeted 1 000 graduates, providing funding for a 12 month period, allowing graduates to acquire workplace experience to improve their chances of finding permanent employment within the W&R Sector.

Sixty eight companies made requests for placement. Given the project target, the W&RSETA drew up its final allocation as follows:

Scarce Skill	Final Allocation
Accounting	79
Advertising & Public Relations Management	43
Buying	25
Food Technology	69
Human Resources	83
Merchandise Planning	69
Retail Management	384
Sales and Marketing Management	129
Supply and Distribution Management	62
Training and Development	57
Grand Total	1 000

By the end of the review period, graduates were undergoing interviews to facilitate placement.

Retail Management Development Programme (RMDP)

During the review period, the W&R SETA identified the need for management development as a key construct towards overcoming the shortage of skilled management in retail and strengthening the sector as a whole.

A Retail MDP (NQF level 6) qualification was developed for middle managers, focusing on the development of functional management and transformational leadership skills for retailers. This takes the form of a one year part time curriculum combining on the job and practical studies as follows:

- Module 1: Retailing in the global and South African context
- Module 2: Operations and Supply Chain Management (Retail business)
- Module 3: Marketing
- Module 4: Retail Technology & Information Management (Retail)
- Module 5: Human Resource Management
- Module 6: Strategy Development and Implementation
- Module 7: Financial Management and Accounting
- Module 8: Retail Leadership, including transformation
- Business Driven Action Learning - on either one of the fields of study covered
- Study tour – local retail businesses

The pilot programme will commence in Gauteng, the Western Cape and KwaZulu-Natal during the new reporting period.

Bursary Scheme

The Sector Skills Plan of the W&RSETA identifies a number of scarce and critical skills that are vital to the growth, productivity and development of the W&R Sector as a whole. These skills include accounting, logistics, marketing, IT, supply chain management and food technology.

To address the need, the SETA has committed to providing bursaries to 1 000 undergraduate learners who are:

- Already studying towards qualifications in the scarce skills areas relevant to the W&R Sector;

- Willing to work in the sector during vacations to gain workplace experience; and
- Willing to work in the sector once qualified.

The selection of a suitable service provider to manage the project and the nomination of bursars will commence in the new financial year.

Provincial perspectives

Eastern Cape

Engagements with provincial Universities of Technology and FET Colleges

The W&RSETA Education and Training Quality Assurance (ETQA) authority provided a strategic plan towards building capacity and engaging Universities of Technology and FET Colleges in skills development programmes, including programmes in partnership with employers. A successful workshop was conducted to review the capacity of these entities to provide quality programmes to address the skills training needs of the sector and to unpack the requirements for such training. Agreement was reached that the Universities of Technology and FET Colleges were committed to addressing scarce and critical skills needs within the sector and would work with the SETA on extending the scope of these qualifications to NQF Levels 4 and 5.

Formal Terms of Reference and a Memorandum of Understanding were drawn up in the last quarter of the reporting period.

In the year ahead, the Universities of Technology and FET Colleges will be encouraged to apply for learning programme evaluation for NQF Levels 4 and 5 and assistance will be provided to the FET Colleges in terms of:

- QCTO requirements;
- QMS Development and maintenance;
- Assessor and Moderator training;
- Development of learning material;
- Administration of a training provider; and
- Facilitation of programmes.

Skills Development Initiatives

A number of initiatives were conducted during the reporting period in the Ngcobo/Tsomo district. These included capacity building sessions for Grade 10, 11 and 12 Life Orientation Educators; the distribution of Career Guides; the registration of non-levy paying organisations for the SME voucher system; and the hosting of the W&RSETA rural strategy consultation session at Qumanco Great Place.



Members of the Ngcobo/Tsomo community at the handing over of tractors and nguni cattle to local farmers by the Provincial Government, W&RSETA facilitated training interventions for learners, teachers and cooperatives

Educators from 20 schools attended a W&RSETA capacitation session at the Ngcobo Town Hall on 25 February 2011. Forty five teachers attended the event as well as three officials from the Department of Basic Education. This was the second time the Region had made an intervention in the area, the first having involved the distribution of Career Guides to Learners with the assistance of a local Faith Based Organisation (Learning for Legacy), which is responsible for character based educational programmes as well as career guidance services.

Skills Development Strategy for Rural Areas

On 29 March 2011 a Workshop was arranged to discuss the lack of skills development initiatives in rural areas and solutions to the problem. The workshop was attended by 48 representatives from 10 villages and elicited some interesting and practical ideas for implementation. There was a strong sense that the W&RSETA's work in rural areas could be complemented by partnerships between the AGRISSETA and the FOODBEV SETA. A Skills Development Strategy for Rural Areas was initiated and in the new financial year, efforts will be made to finalise, adopt and launch the strategy.

Efforts will also be made in the year ahead, to formalise working relations with the Eastern Cape House of Traditional Leaders, which will provide a solid foundation for the institutionalisation of the W&RSETA's work.

Free State

Rural Development through BiBi Cash and Carry

One of the most successful projects in the Free State has seen ongoing skills development through BiBi Cash and Carry, a black owned company situated in Phuthaditjaba in the rural Qwa Qwa region of the eastern Free State. Despite severe distrust for the notion of training and the fear that failure to achieve might cost learners their jobs, skills development began in the 2008/09 year with short courses for 160 participants, all of whom completed their courses. In the following year skills programmes and learnerships were offered to 110 and 40 participants respectively, resulting in a 93% completion rate in terms of the skills programmes and a 95% completion rate in terms of the learnerships.

In 2010/11, 85 participants entered learnerships, resulting in a 91% completion rate. Significantly, 99% of those who completed the learnerships are employed. During this reporting period, BiBi Cash and Carry's application for accreditation as a training provider was evaluated by the W&RSETA and granted.

This initiative has ensured that skills filter down to the remote areas of Qwa Qwa and in the process has created employment for the young people of the eastern Free State.



BiBi Cash and Carry, an accredited training provider

SMME Voucher Project

Informed by the Free State Skills Summit, held on 14 October 2010, and an appeal from the Office of the

Premier, a sum of R5 million was allocated as vouchers to registered, non-levy paying SMMEs in the rural areas of the Free State. A total of 3 708 vouchers were approved and training was still in progress by the end of the reporting period.

Gauteng North

The South African Disability Development Trust

The South African Disability Development Trust (SADDT) formerly known as the Thabo Mbeki Development Trust, has been a recipient of funding from the W&RSETA since 2008. The project specifically addresses the needs of those whose disabilities range from visual and hearing impairment to physical disability, epilepsy and bipolar disorder. The SADDT presents a Pre-learnership Programme which includes literacy, numeracy and job preparedness skills that enable learners then to enter NQF level 2 learnerships.

The review period saw the graduation of 44 learners in July 2010 and a second group of 38 learners in October 2010, all of them skilled to take up positions in fields such as sales, marketing and call centre work in the Wholesale and Retail (W&R) Sector. The outstanding success of this innovative project is evidenced in the fact that 94% of the graduates found employment in well respected W&R outlets.

Building on this success, the W&RSETA, together with SAADT, will roll out this programme to greater numbers in all nine provinces in the year ahead.

Gauteng South

Smollan Project

This project, entered into in 2009 between the W&RSETA and the Smollan Group under the Discretionary Funding Grant, set out to take 560 unemployed youth through the National Certificate: Merchandising Learnership at NQF Level 2, with a 90% placement of successful candidates.

Learning areas within the scope of the qualification included, among others: Understanding the Context of Merchandising; Implementing Good Merchandising

Practices; and Facilitating Stock Replenishment Transactions.

The project reached conclusion during the reporting period, four months ahead of schedule, with outstanding results. Of the 543 candidates who ultimately signed up for the programme, 432 successfully completed the programme – a success rate of 80%. All candidates were then employed by the Smollan Group, exceeding the set objective by 10%.

e-Deaf Skills Programme

The e-Deaf project set out to provide skills training to 37 hearing disabled learners, culminating in the opportunity for these learners to progress to the formal NQF Level 2 Learnership qualification. This systematic learning progression was linked to the career paths of all the registered learners on the skills programme and employed by Shoprite Checkers.

Learning areas included Communication; Mathematics; Administration; and Service Department Skills. The learning programme and delivery model were customised to meet the special needs of the learners and in October 2010 final assessments were conducted. The assessment

process was externally moderated and validated in line with the W&SETA quality assurance guidelines and standards, resulting in 33 hearing disabled learners successfully completing the training.

KwaZulu-Natal

Discretionary Grant Funding

Funding was made available during the 2009/10 financial year to address capacitation needs in the following areas:

- BEE Firms and Co-operatives;
- Non Levy-paying Organisations;
- Scarce Skills; and
- People Living with Disabilities.

Owners and current employees of existing Small BEE Firms and BEE Co-operatives within the W&R Sector were targeted and skills programmes delivered included Marketing and Tendering; Finance and Costing; Managing Own and Business Finances; and Selling through Interaction with Customers. Short courses were presented in Advanced Leadership; Improving your Product/People; Customer Service; and Life Skills HIV/AIDS with results as follows:

Small BEE Firms and Cooperatives			
Number of learners trained	BEE firms and co-operatives supported	Learner location	Training intervention
458	82	Durban, Port Shepstone, Vryheid, Midlands, Newcastle, Underberg	Short Course
230	129	Durban, Vryheid, Mkuze, Empangeni, Newcastle, Mandeni	Skills Programme
688	211		

A non-credit bearing short course, Dealing with Customers in a Wholesale and Retail Environment, was presented to owners and current employees of non-levy paying organisations in the W&R Sector, with outcomes being as follows:

Non Levy paying Organisations			
Number of learners trained	Non-levy paying organisations supported	Learner location	Training intervention
150	43	Vryheid, Newcastle, Port Shepstone	Short Course

Provincial perspectives (continued)

Learnerships and Skills Programmes, linked to scarce skills in the W&R Sector, were presented to unemployed learners. NC: W&R Operations Merchandising at NQF Level 2 and NC: W&R Operations Supervision at NQF level 4 were offered, and skills programmes included Merchandising Skills; Retail Communication Skills; and Retail Sales Assistant Skills. Results were as follows:

Learning Programmes			
Number of learners trained	BEE firms and co-operatives supported	Learner location	Training intervention
205	3	Durban	Skills Programme
157	6	Durban, North Durban, Midlands	Learnerships
362	9		

New Venture Creation

In March 2010, KwaZulu-Natal's first new venture creation programme commenced, with the training of 150 learners with disabilities on the FET Certificate: New Venture Creation at NQF Level 4. The purpose of this project is to empower these disabled learners with business management skills and ultimately produce leaders that can successfully manage and run their own businesses.

The enthusiasm and dedication of the learners has meant that they will complete their theoretical training ahead of the scheduled December 2011 deadline. Arrangements have been made with 13 retail outlets, which have agreed to facilitate the practical training component of the learnership. The learners will thereafter receive mentorship for a period of 12 months to ensure business sustainability and the success of these entrepreneurs in the future.

Joint W&RSETA/CTFLSETA Project

This project is the first joint project for the W&RSETA, and is being undertaken in partnership with the Clothing, Textiles, Footwear and Leather (CTFL) SETA. The project allows the two SETAs to integrate their skills development objectives within the Retail Supply Chain by up-skilling the labour force within the CTFL Sector.

During the reporting period, providers for the NQF Level 3 skills programme, the Supervisory Development Learning Programme for Team Leaders, were appointed. Training commenced and verification will be completed in the new financial year.

Once complete, it is hoped that the programme will yield 300 leaders who can manage a world class workforce to deliver "The right quality and quantity, just in time and at the right price."

Pick n Pay/W&RSETA Academy

A heartening accomplishment in KwaZulu-Natal was the success of Mlungisi Maziya who graduated through the Pick n Pay/W&RSETA Academy in 2009. The Academy is the result of a strategic partnership, aimed at providing training and mentorship to enable candidates to acquire a Pick n Pay franchise store and thereby provide employment opportunities to other members of the community. Maziya became the store owner of Pick n Pay Osizweni and, during the reporting period, earned the 'Best Franchisee of the Year Award'.

Mpumalanga

Voucher Project

During the reporting period 110 small levy paying and non-levy paying businesses were trained in a wide range of business skills through the Voucher Project initiative.

Unemployed Learners

Seventy nine unemployed learners were entered into learnerships and placed in 11 different stores to gain workplace experience. Once complete, these learners will be well positioned to gain permanent employment in the W&R Sector.

Career Pathing

A highlight of the reporting period for Mpumalanga was the realisation of successful career pathing for three candidates, employed by Pick n Pay, who completed National Certificates in the scarce skills area W&R Operations Supervision at NQF Level 4. Nomsa Fenyane was promoted to Floor Manager; Jackson Mohlala was promoted to Floor Manager; and Marcus Mgiba was promoted to Assistant Store Manager.



Nomsa Fenyane



Jackson Mohlala



Marcus Mgiba

In the next reporting period, the provincial office is set to sign a Memorandum of Understanding with the Mpumalanga FET Colleges, which will create a further channel to encourage learners in the scarce and critical skills areas.

Northern Cape

The last of the W&RSETA regional offices, the Northern Cape office based in Kimberley, was opened in January 2011. This makes the W&RSETA one of only three SETAs to have a physical presence in each province.

Over 60 career guide counsellors were trained in the use of the *Wholesale and Retail SETA Scarce and Critical Skills Guide* and in the first quarter of 2011 the regional office participated in various career exhibitions, organised by the DBE, the Department of Public Service and Administration and the Department of Labour.

Through the Unemployed Youth Assistance Project, 91 learners were enrolled in a one year learnership project. Learners are spread throughout the province from Kimberley to Port Nolloth, the furthest point of the province. The results of the learnership will be reported in the next reporting period. All the companies participating in the project are doing so for the first time, and this is an excellent opportunity for the W&RSETA to make its presence felt and make a meaningful contribution to the development of the Sector in the province.

The Northern Cape presents a good opportunity for the SETA to implement its rural development strategy as the province is vast, sparsely populated and mainly rural. Through various interventions, the regional office is committed to addressing the skills development needs of the province.

Western Cape

Woolworths Growth Academy

Thanks to Discretionary Grant funding, Woolworths embarked on a customised Management Development Programme (MDP) to develop top talent for the sector. Twenty-eight unemployed graduates and 12 employed candidates embarked on the programme, presented by the University of Stellenbosch Business School, in February 2010. The programme included placement periods of between three weeks and three months in various Woolworths' business units. All but one of the candidates successfully completed the programme and the successful candidates were certificated in March 2011. Of the 28 unemployed candidates, 13 have been permanently employed and 15 are in the process of securing permanent placement. The programme will reach completion in August 2011.



Matt Keogh, Natalie Meyer, Heilet Bertrand and Joe Dikgole



Anathi Jubase and Matt Keogh (Group Director – HR Woolworths)

Workplace Experience and Employment Grant Project

The W&RSETA Workplace Experience and Employment Grant (WEEG) Project, co-funded by the Department of Finance, Economic Development and Tourism in the Western Cape, was launched on 22 November 2010.

The project is the first of its kind for FET College learners in the Western Cape, and aims to provide workplace experience within the W&R Sector for a period of 13 months for 300 final year students. The preliminary preparation period included an introduction to the W&R environment as well as related training in preparation for placement on 1 December 2010.



Some of the 300 final year FET College Students in the Western Cape taking part in the WEEG for FETs Project

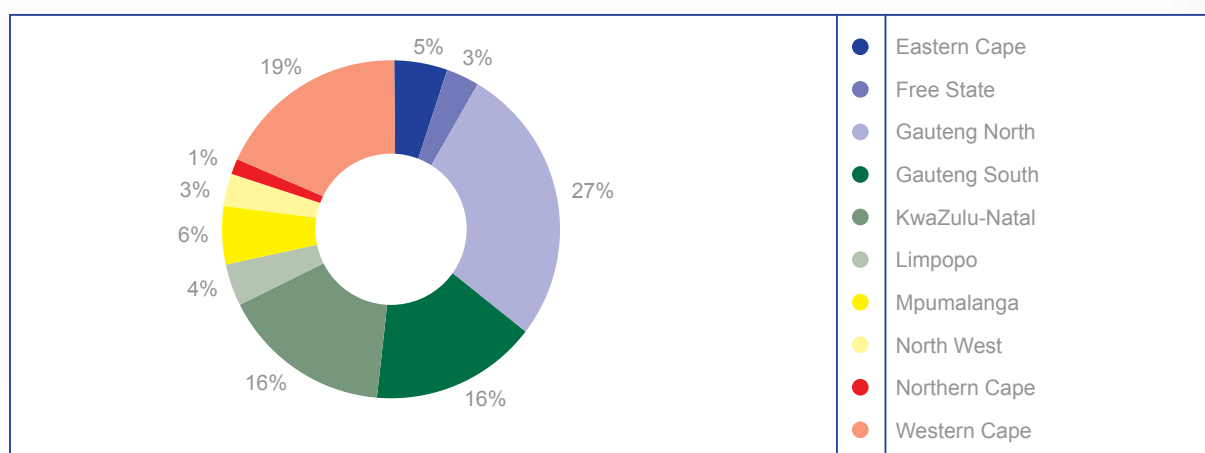


14 Deaf Learners who are part of the WEEG project

Commitment was received from a several companies for the placement of the students and it is hoped that this will lead to permanent employment for the majority.

Achievements at a glance

Number of levy paying companies per region for 2010/11

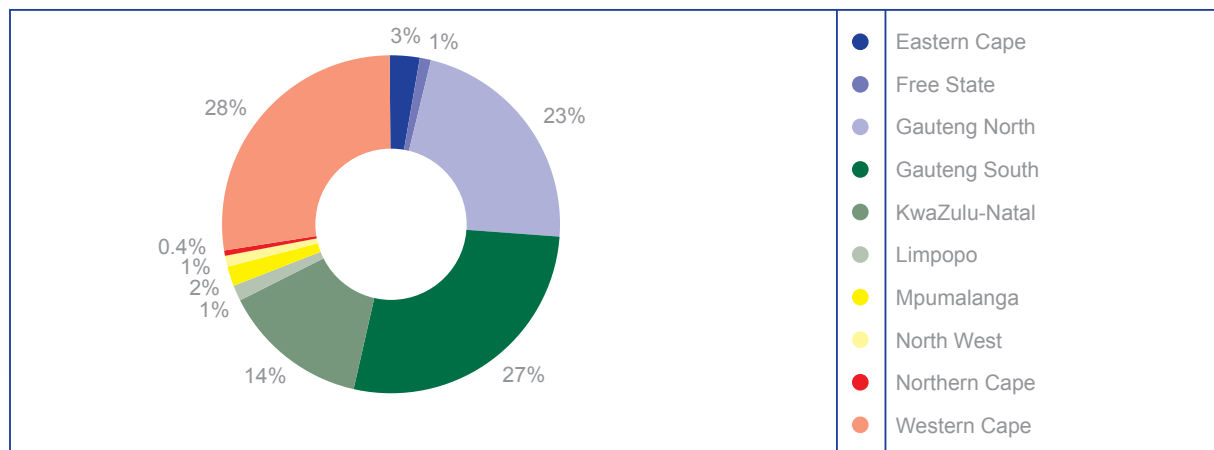


Region	Small (0-49)	Large (150+)	Medium (50-149)	Grand total
Eastern Cape	515	19	87	621
Free State	286	8	48	342
Gauteng North	2 804	93	284	3 181
Gauteng South	1 535	102	186	1 823
KwaZulu-Natal	1 496	84	238	1 818
Limpopo	388	15	58	461
Mpumalanga	548	14	74	636
North West	305	6	33	344
Northern Cape	131	2	18	151
Western Cape	1 852	83	228	2 163
Grand Total	9 860	426	1 254	11 540

Despite the economic environment, a slight increase was experienced in the number of levy paying companies (11 540) compared to 11 397 in the previous reporting period. The increase is mainly attributed to the Gauteng North Region which experienced an increase from 2 831 in 2010 to 3 181 in 2011. Gauteng South's levy paying companies on the other hand decreased from 2 073 in 2010 to 1 823 in 2011. Both movements relate to fluctuations in small company numbers.

Achievements at a glance (continued)

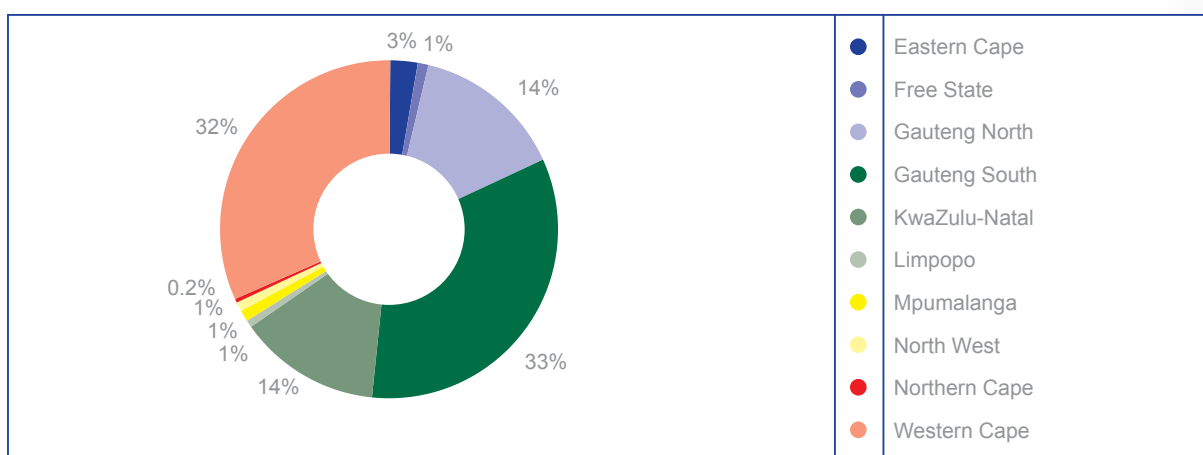
Levies received per region for 2010/11



Organisation Regions	Small (0-49) (R'000)	Large (150+) (R'000)	Medium (50-149) (R'000)	Grand total (R'000)
Eastern Cape	7 307	2 880	3 144	13 331
Free State	3 438	1 063	1 532	6 032
Gauteng North	53 927	38 637	20 792	113 356
Gauteng South	33 238	86 335	15 491	135 064
KwaZulu-Natal	23 271	36 449	11 640	71 360
Limpopo	3 725	1 255	2 008	6 987
Mpumalanga	4 466	2 188	2 908	9 562
North West	3 592	750	1 250	5 591
Northern Cape	1 511	103	676	2 290
Western Cape	32 569	91 002	15 271	138 843
Grand Total	167 042	260 662	74 712	502 416

The levies received in 2010/11 increased to R502 million compared to R467 million in 2009/10. This increase was mainly attributable to Medium Companies which moved from R65 million in 2009/10 to R75 million in 2010/11, as well as Large Companies whose levies received increased from R239 million in 2009/10 to R261 million in 2010/11.

Mandatory Grant Expenditure for 2010/11

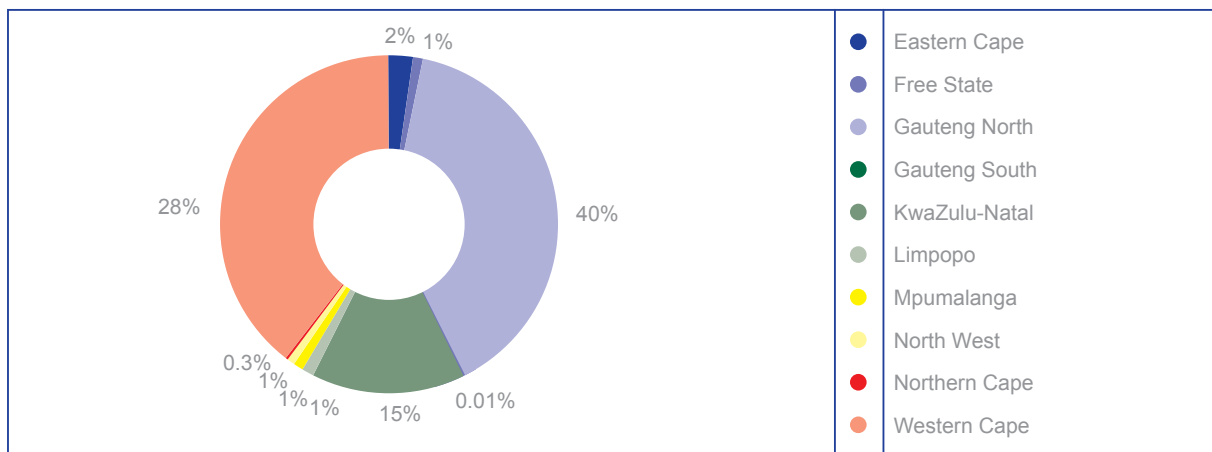


Region	Small (0-49) (R'000)	Large (150+) (R'000)	Medium (50-149) (R'000)	Grand total (R'000)
Eastern Cape	3 525	1 379	1 711	6 615
Free State	1 116	516	715	2 347
Gauteng North	15 277	13 191	8 421	36 889
Gauteng South	12 636	63 431	9 465	85 532
KwaZulu-Natal	9 374	20 120	5 357	34 851
Limpopo	825	540	746	2 109
Mpumalanga	1 743	448	825	3 016
North West	1 080	396	513	1 989
Northern Cape	269	177	26	472
Western Cape	14 772	59 517	6 608	80 897
Grand Total	60 615	159 713	34 388	254 716

Mandatory Grants expended during the 2010/11 financial year increased from R234 million in 2009/10 to R255 million. The decision to open Regional Offices in Limpopo, North West and the Northern Cape was one of the contributing factors, with a commensurate increase in grant expenditures in those regions.

Achievements at a glance (continued)

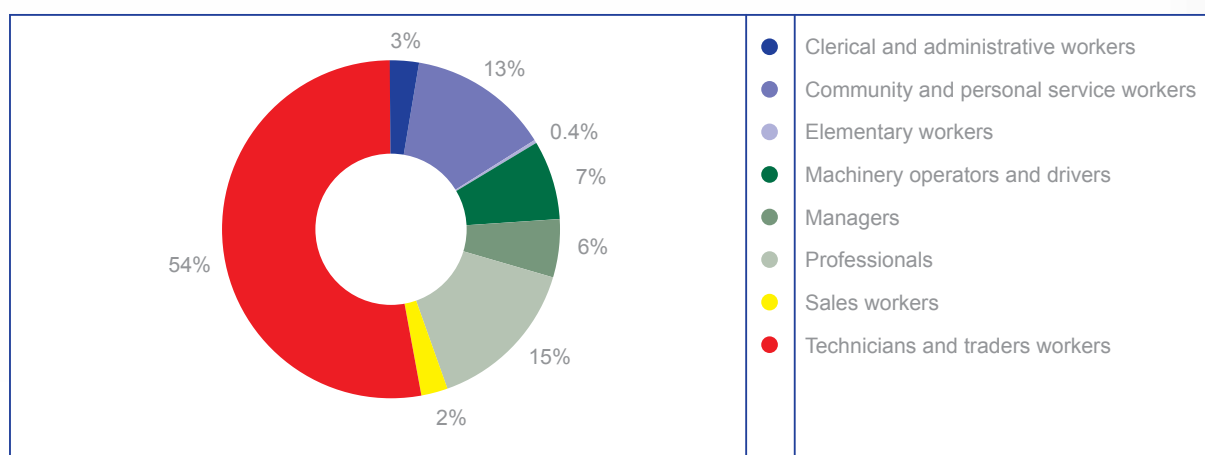
Number of people trained per region for 2010/11



Region	Number of people trained
Eastern Cape	7 344
Free State	3 665
Gauteng	126 718
KwaZulu-Natal	47 809
Limpopo	3 635
Mpumalanga	3 251
North West	2 402
Northern Cape	1 055
Western Cape	127 466
Grand Total	323 347

The number of people trained decreased during the review period from 390 044 in 2009/10 to 323 347 in 2010/11. Of this number, 181 434 completed training whilst 141 913 were still in the process of training. The training ranged from short courses to technical qualifications.

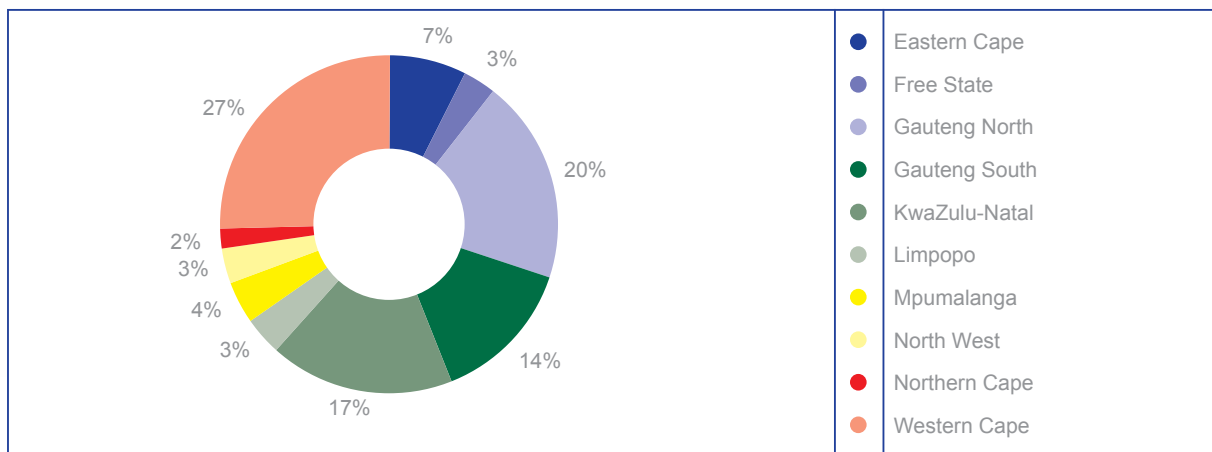
Number of people trained per occupational class for 2010/11



Occupational class	Number of people trained
Clerical and administrative workers	43 100
Community and personal service workers	1 359
Elementary workers	23 786
Machinery operators and drivers	17 856
Managers	49 052
Professionals	7 428
Sales workers	172 136
Technicians and traders workers	8 630
Grand Total	323 347

In terms of the number of people trained per occupational class, the reporting period saw an increase in the number of Managers trained, from 45 851 in 2009/10 to 49 052 in 2010/11. The number of Sales Workers trained decreased from 221 876 in 2009/10 to 172 136 in 2010/11.

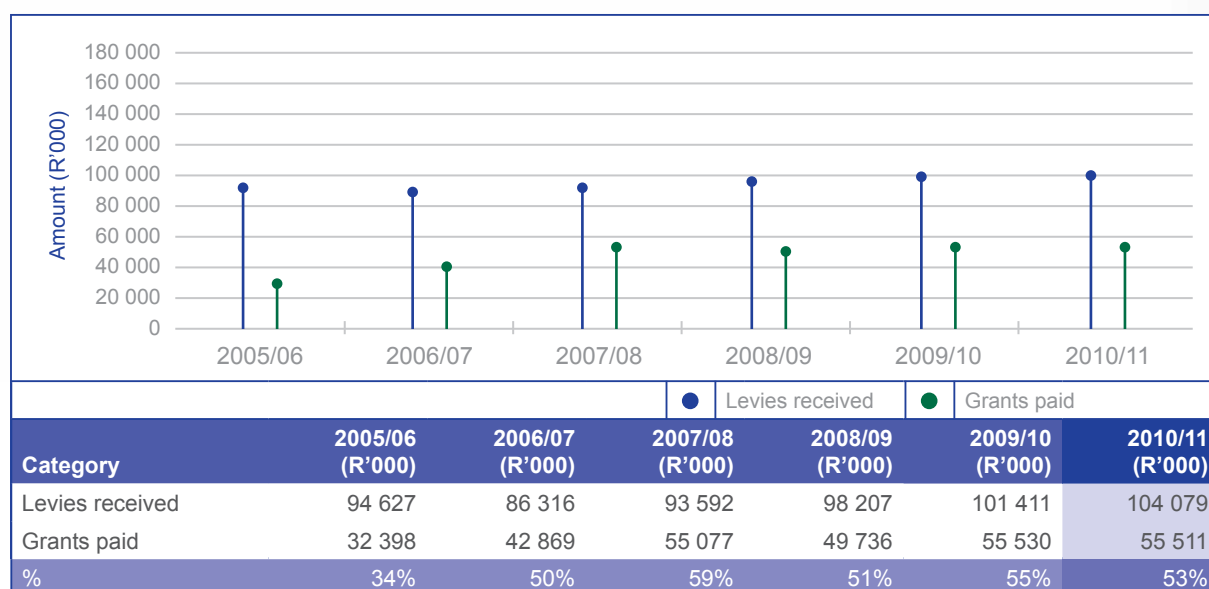
Number of small companies supported



Region	Small (0-49)
Eastern Cape	347
Free State	162
Gauteng North	968
Gauteng South	677
KwaZulu-Natal	850
Limpopo	169
Mpumalanga	209
North West	156
Northern Cape	82
Western Cape	1 249
Grand Total	4 869

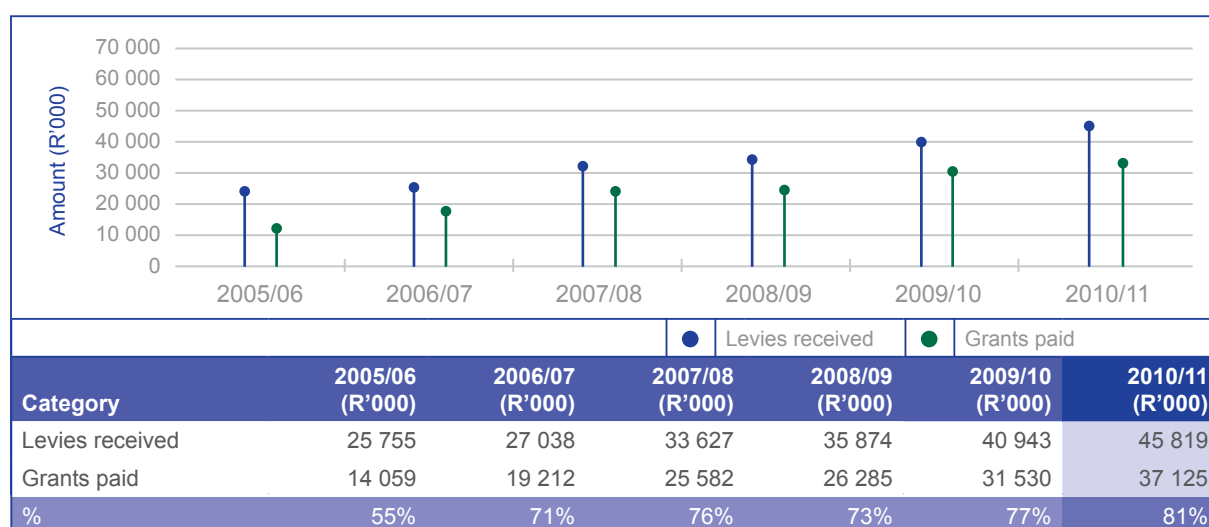
The number of small companies supported showed a moderate increase from 4 421 during 2009/10 to 4 469 in the 2010/11 financial period. This small increase can be attributed to the opening of new regional offices. The number of small companies supported in the Northern Cape increased from 35 to 82, North West from 120 to 156 whilst Limpopo increased from 88 to 169 during the financial year under review.

Levies vs grants paid: Small category



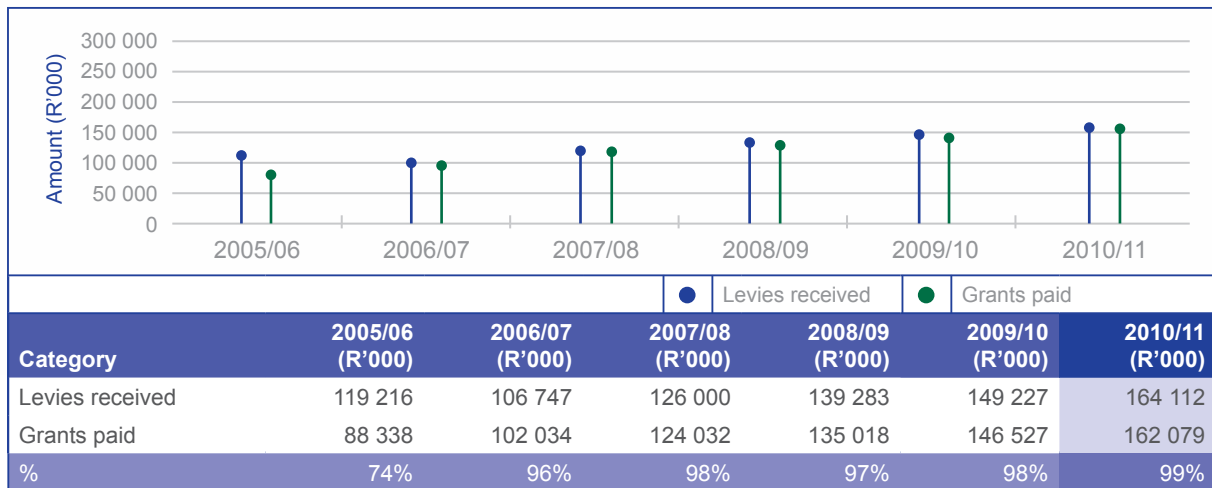
The past six years of the NSDS II period have seen a constant increase in the amounts of levies received and grants paid. This is attributed to the various campaigns initiated by the organisation to increase the number of participating companies. Whilst the NSDS II required that 40% of small companies be supported by the SETAs, the W&RSETA was able to exceed this target.

Levies vs grants paid: Medium category



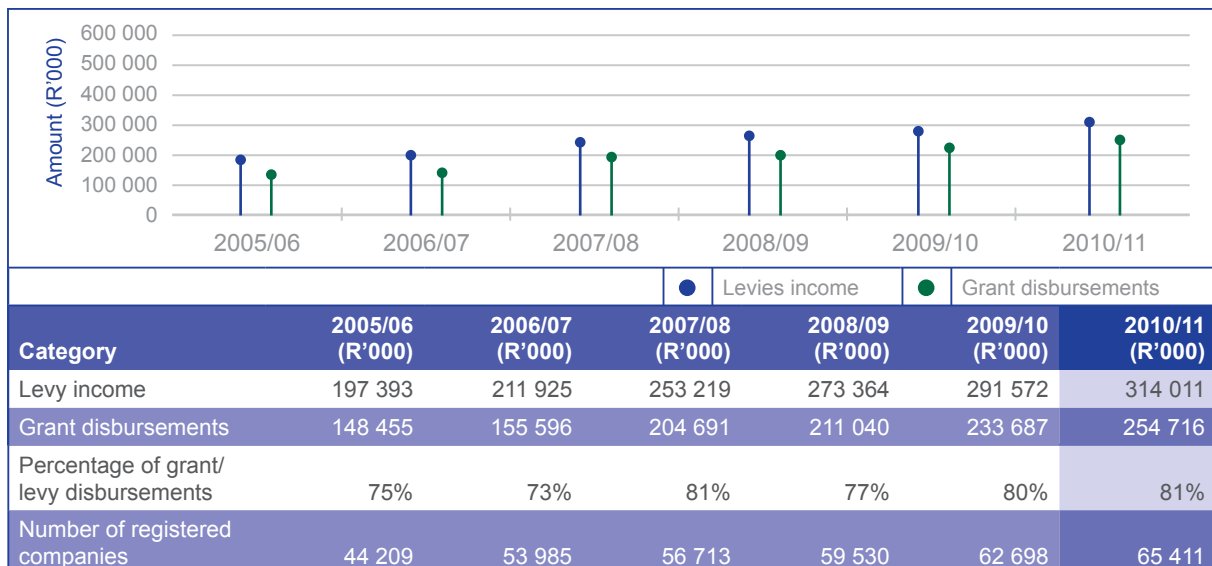
The past six years of the NSDS II period have seen a constant increase in the amounts of levies received and grants paid. This is attributed to the various campaigns initiated by the organisation to increase the number of participating companies. Whilst the NSDS II required that 60% of medium companies be supported by the SETAs, the W&RSETA was able to exceed this target.

Levies vs grants paid: Large category



The past six years of the NSDS II period have seen a constant increase in the amounts of levies received and grants paid. This is attributed to the various campaigns initiated by the organisation to increase the number of participating companies. Whilst the NSDS II required that 80% of large companies be supported by the SETAs, the W&RSETA was able to exceed this target.

Additional target achieved for 2010/11



The W&RSETA has, for the past six years, undertaken a number of drives to increase the number of participating companies across the board. This number increased from 44 209 at the beginning of the NSDS II period to 65 411 in the 2010/11 financial year. This has resulted in an increase in the levies received as well as in the grants paid out to companies. Levy income increased by 39% over the period of the NSDS II. Whilst the NSDS II set a target of 80% for large companies, 60% for medium companies and 40% for small companies to be supported by the SETAs, the W&RSETA was able to exceed this target which resulted in more companies participating and more grants being paid out to them.

SMME support

Soweto Festival Expo Project

The W&RSETA took up the naming rights to the Soweto Festival Expo, held from 23 to 26 September 2010 at the University of Johannesburg Soweto Campus. With a previous focus on music, the event was refashioned to focus on arts, culture, enterprise and heritage.



Exhibitors sponsored by W&RSETA at the Soweto Festival Expo

An intensive two-day training workshop preceded the event for 200 Small, Medium and Micro Enterprises (SMMEs), empowering them with business registration, business planning, marketing, financial management, and business presentation skills. The workshop was funded by the W&RSETA and conducted in partnership with the University of Johannesburg Centre for Small Business Development.

During the event itself, these SMMEs were provided with furnished exhibition stands and a marketing package, including business cards and advice on how to make the most of marketing their goods at the Expo. Participants were also encouraged to interact with and learn from the larger exhibitors.

While the major emphasis from the W&RSETA perspective was on SMME development, the opportunity was also used to target the 16 to 25 year-old age group with career advice through the 'Youth Zone' exhibition area.

An independent research study undertaken subsequent to the event revealed that 74% of exhibitors were aware of the W&RSETA; 28% of exhibitors had operated their small businesses for between 6 and 10 years; more than 78% had registered their businesses with CIPRO; and interestingly, some 75% of the small businesses were owned by females, with Zulu, South Sotho and Tswana speakers making up the majority (80%). The top three lessons learnt by exhibitors were enumerated as follows: networking is important in business; how to market and sell to the public; and gaining new ideas about business.

Mitchells Plain Festival Project

Following the success of the Soweto Festival Expo, the W&RSETA applied the same sponsorship principles to the high profile Mitchell's Plain Festival, attended by President Jacob Zuma and Premier Helen Zille among others.



Minister Trevor Manuel with W&RSETA employees

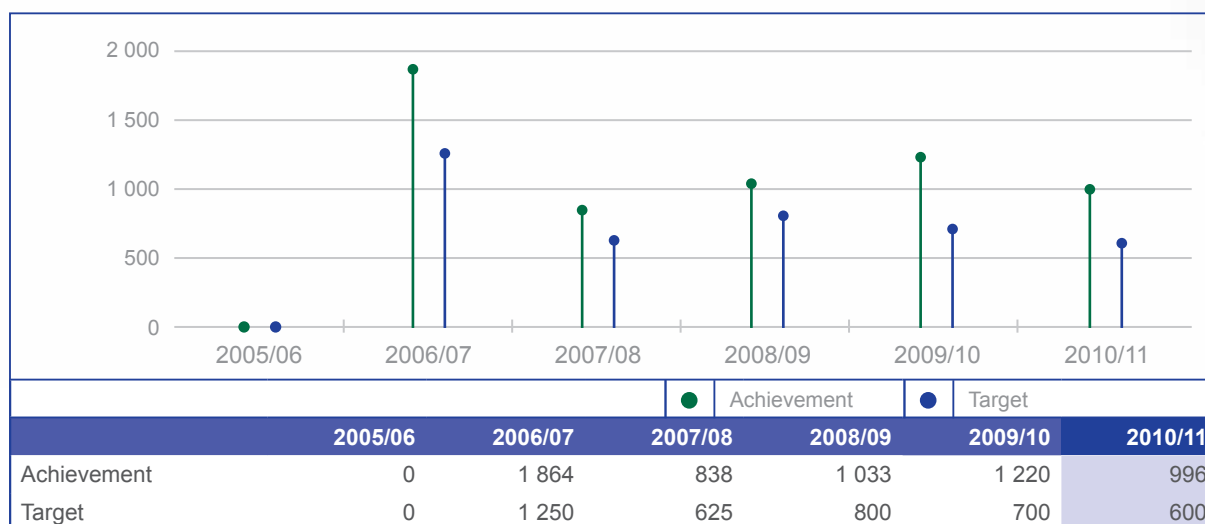
Achievements at a glance (continued)

Arrangements were made, as part of the sponsorship conditions, for 300 local SMMEs to receive training through the University of Cape Town Business School during December 2010. Fifty SMMEs from the area were provided with sponsorships to exhibit and trade their products at the festival exhibition and extensive exposure was created for the SETA through interaction with the youth.

The festival created exposure for the W&RSETA and the small businesses to more than 20 000 people over the three-day period and part-time employment for in excess of 200 people. The exposure was extended beyond the event thanks to reports in three national newspapers and extensive coverage in the local community newspaper. Exposure was valued in terms of the Advertising Value Equivalency system at over R7 million. The event has proved critical to addressing the leading business sector in Mitchells Plain, namely the Retail Sector.

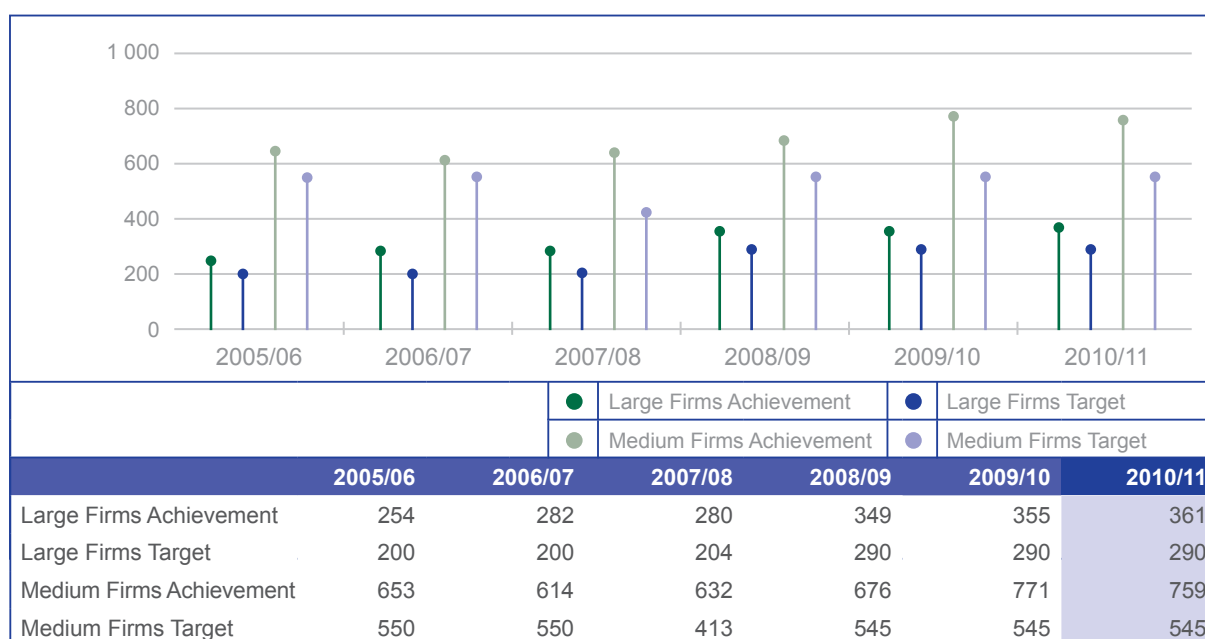
NSDS II overview

Success Indicator 1.2 (SDF Sector Specialists)



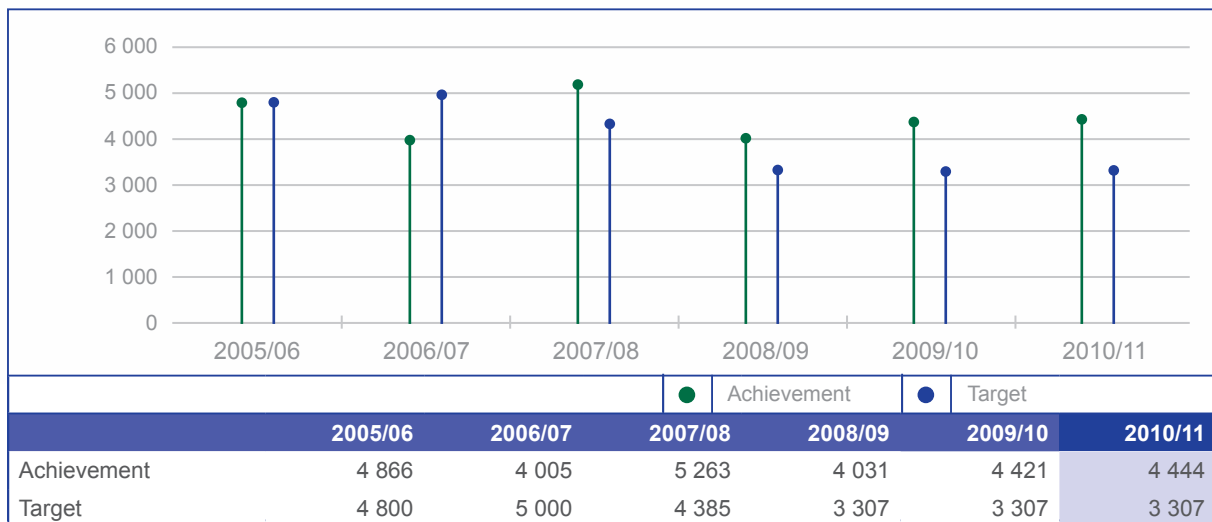
The W&RSETA has always surpassed its targets over the years, as indicated in the graph above. The ongoing training of career guidance facilitators and Skills Development Facilitators over the years has ensured they are effective in carrying out their duties, and thus contributing to the above results.

Success Indicator 2.1 (Large and Medium Firms)



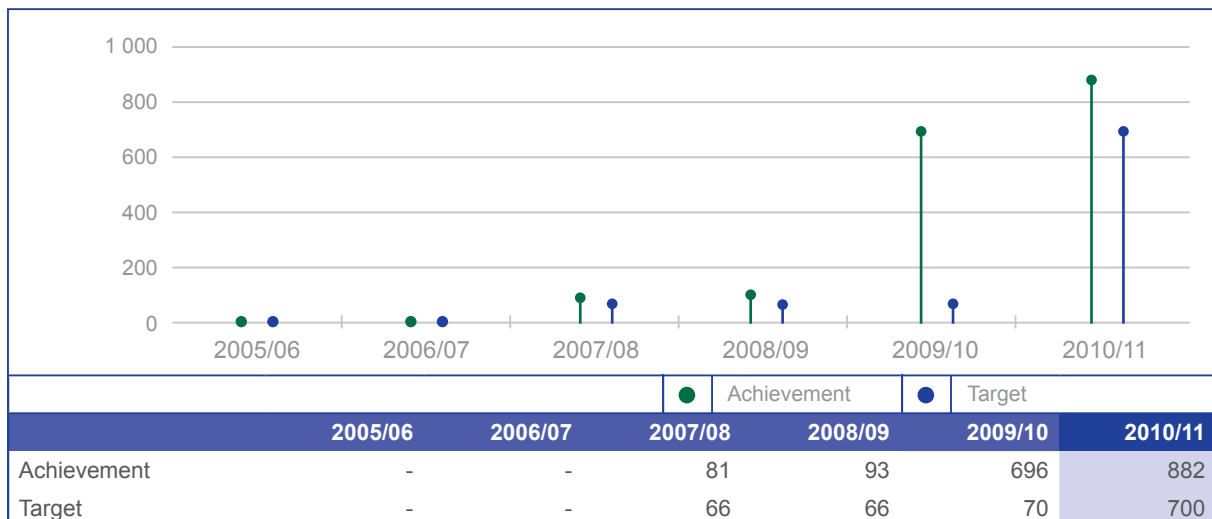
During the NSDS II period a number of participating companies, both large and medium, grew substantially, resulting in the SETA supporting these companies through Mandatory and Discretionary funding, and resulting in the targets set between the Department and the SETA being exceeded.

Success Indicator 2.2 (Small Firms)



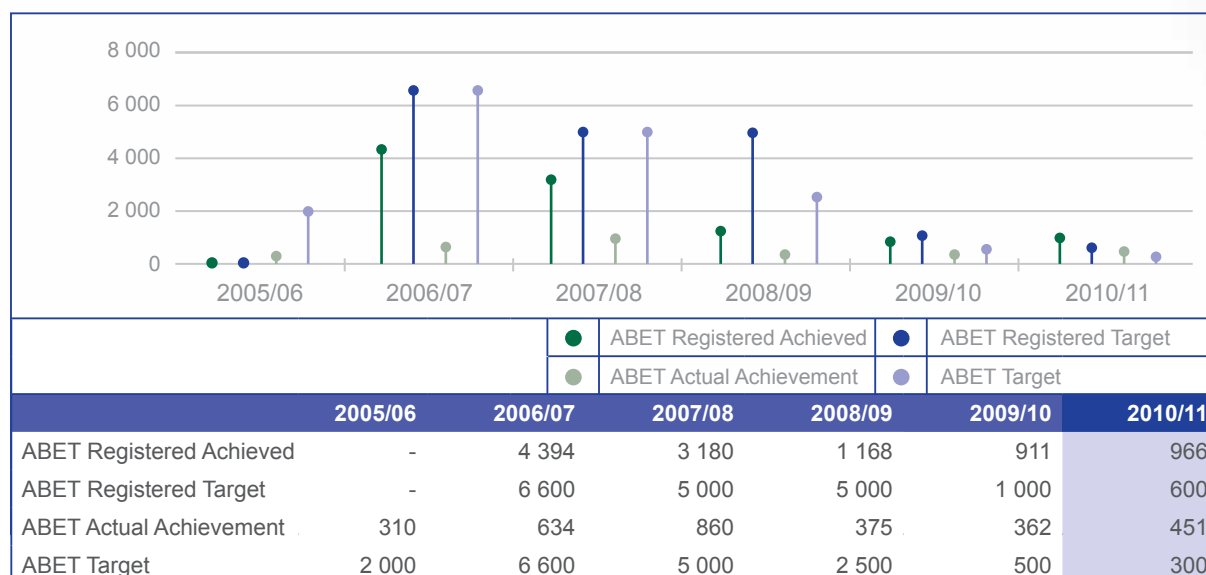
Although the target set for supporting Small Firms was 40%, various campaigns were carried out to encouraging these companies to submit their WSP/ATR forms so that they could be supported by the SETA.

Success Indicator 2.5 (BEE Firms & Co-operatives)



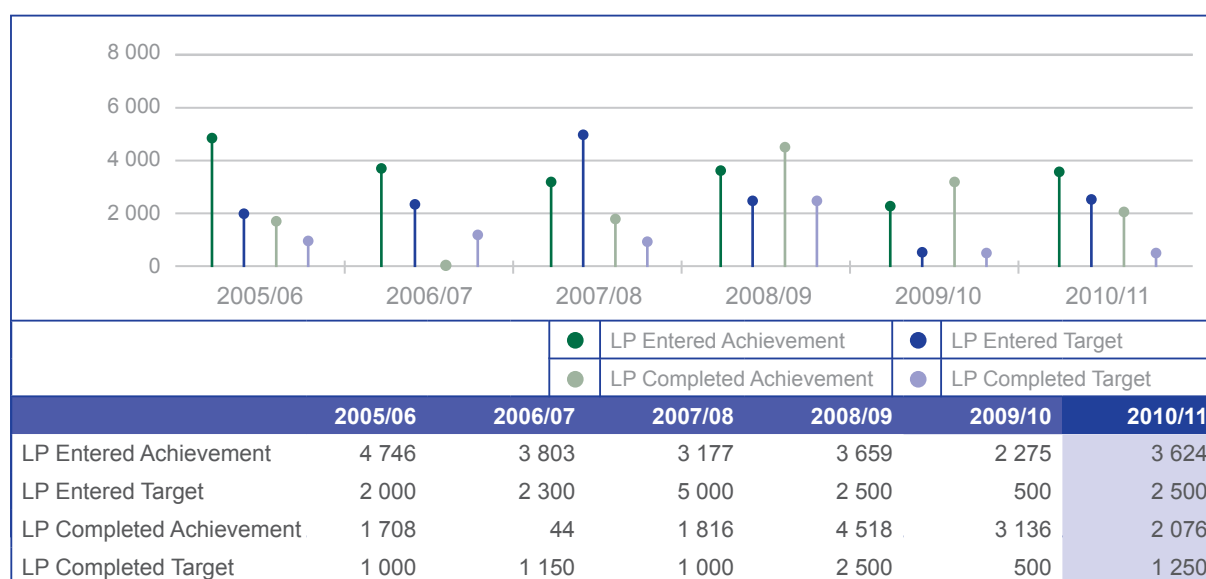
This target was not applicable in the first two years of the NSDS II period hence the flattening of the curve between 2005 and 2007. The targets were incremental after 2008 and the SETA exceeded this target regularly, mainly by supporting BEE Firms and Co-operatives in rural areas.

Success Indicator 2.7 (Total ABET Level 1 - 4)



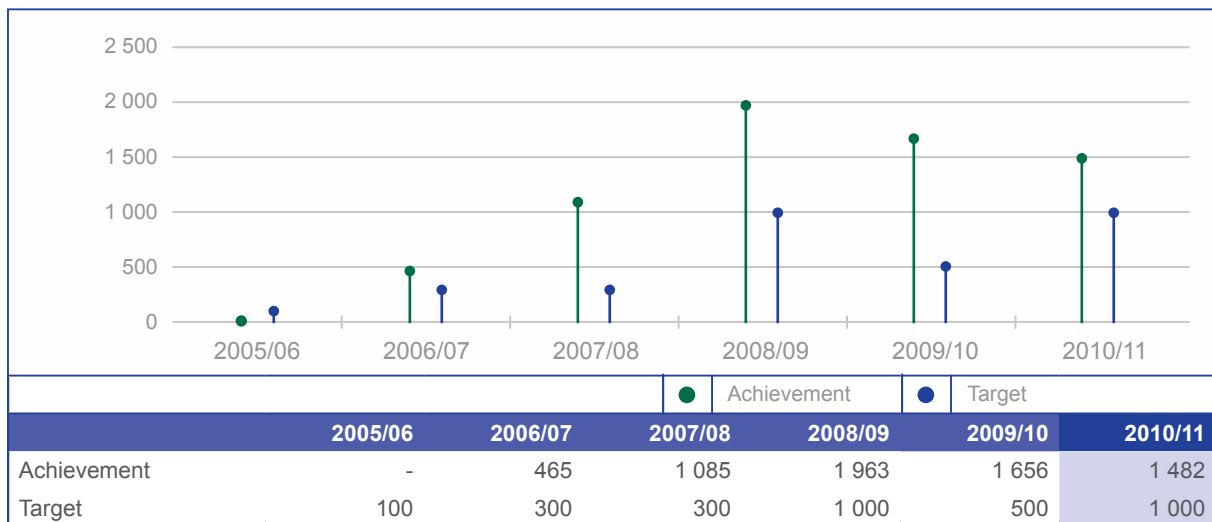
The W&RSETA battled to achieve this target over the years. The challenge is not unique to the W&RSETA and other SETAs have experienced similar results. Various models have been tried over the years to improve the outcome, with limited success save for the 2010/11 financial period where the target was, for the first time, exceeded.

Success Indicator 2.8 (Learning Programmes - Employed Learners)



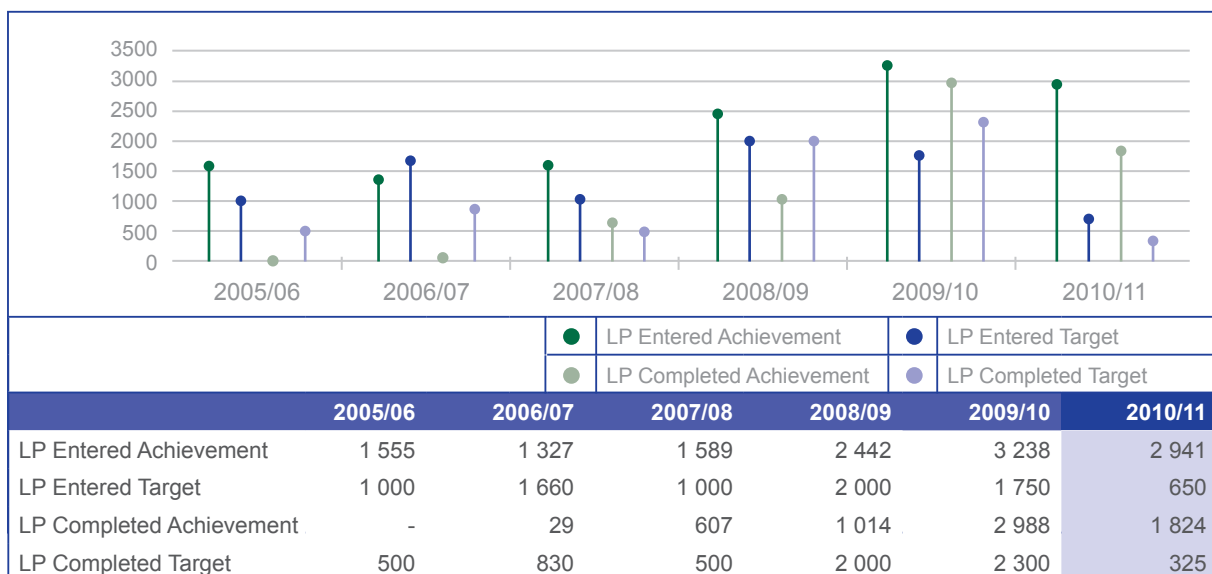
The W&RSETA has supported participating companies with various learning and skills programmes over the years. Failure to achieve the target during the 2006/07 financial year was the result of late registration of the learners, causing them to complete the programmes 12 months later. The target for all other years, however, was exceeded.

Success Indicator 3.2 (CBC, CBO, NGO & NLPE)



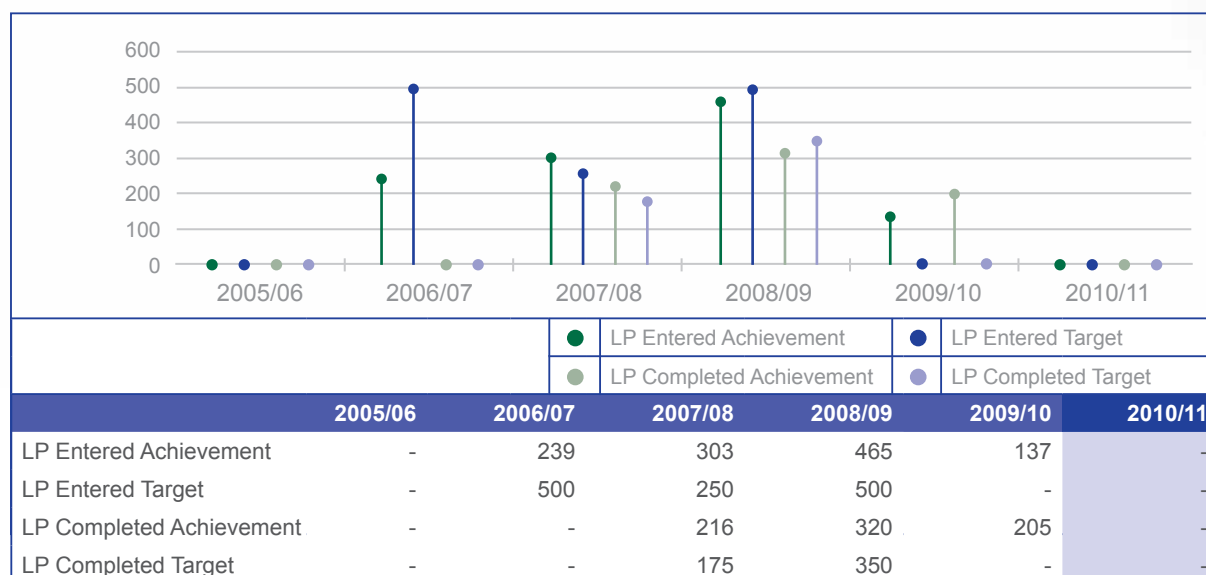
At the beginning of the period in 2005/06, the W&RSETA did not meet the target, mainly because research had not yet been conducted to establish the best model to achieve the target. Subsequently, with the model refined, all targets were exceeded.

Success Indicator 4.1 (Learning Programmes - Unemployed Learners)



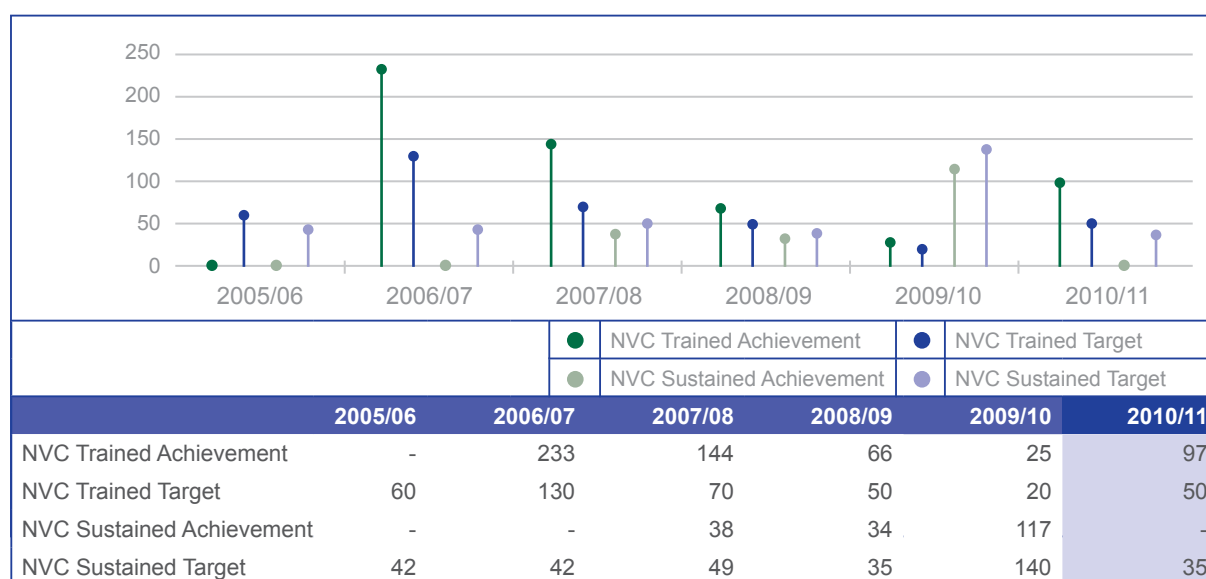
This target has shown varied successes over the years, especially in the early years when the uptake by companies was low. The W&RSETA has, however, been able to overcome this challenge as indicated by the improvement in the number of learnerships achieved.

Success Indicator 4.2 (Learners in Critical Skills Programmes)



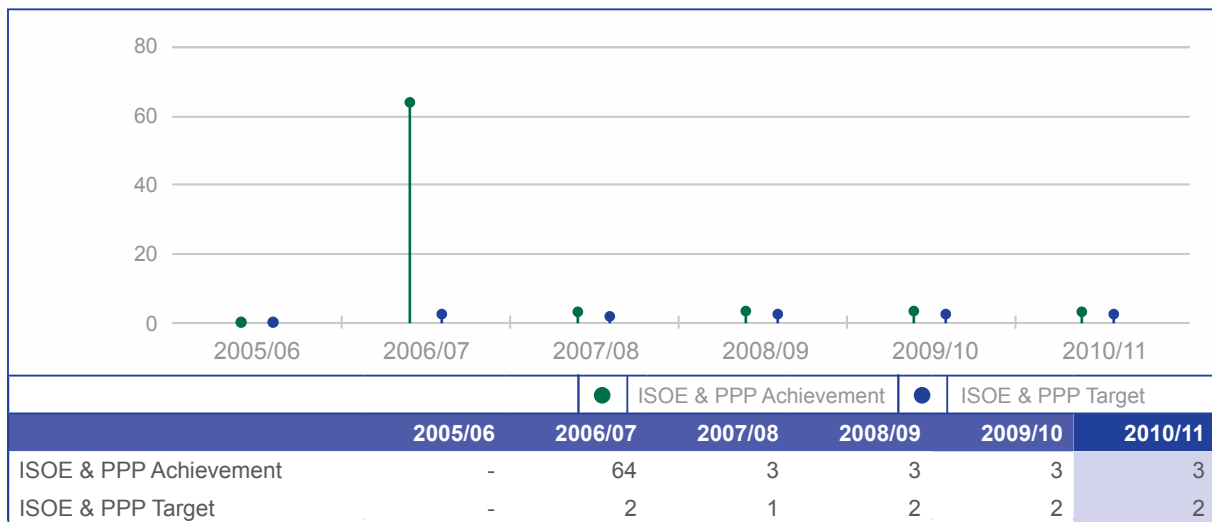
This is yet another target that has fluctuated over the years. There were no targets set during the period 2005/06 and the W&RSETA failed to meet the target in the following year, 2006/07, mainly due to the late start of the programme and trial-and-error exercises.

Success Indicator 4.3 (New Venture Creation)



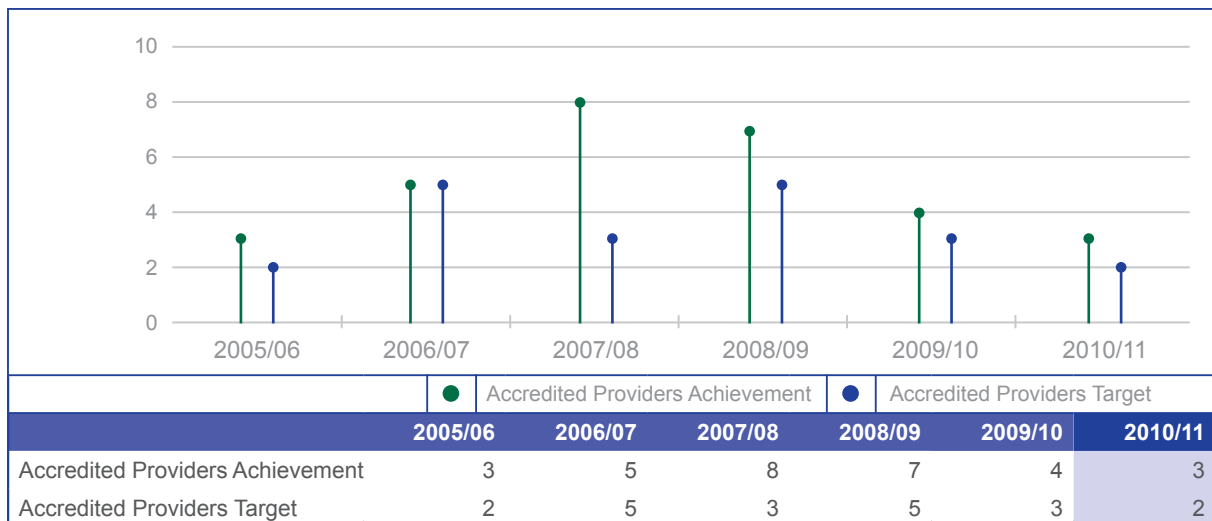
The W&RSETA found it difficult to meet this target due to a combination of reasons, including the difficulty of proving the sustainability of ventures and the length of the learnership programmes which would normally show results only after about 15 months.

Success Indicator 5.1 (ISOE & PPP)



This target, as well as the result, has been fairly stable during the period and the W&RSETA has regularly exceeded the target. The spike in 2006/07 was the result of the inclusion in this category of BEE firms that received training. The exclusion of these firms would equalise the graph.

Success Indicator 5.2 (Number of Accredited Providers for NVC)



This target has also remained fairly stable over the period and the SETA has been able to exceed the target regularly during the NSDS II period.

Extensive research was commissioned and the results delivered during the review period, of which the following three studies are noteworthy:

WSP/ATR Five-year Impact Study

Among the numerous findings of the study, the following are highlighted:

- Independent Skills Development Facilitators (ISDFs) play an invaluable role in advising and assisting companies with the preparation of their Workplace Skills Plans (WSPs) and Annual Training Reports (ATRs);
- W&RSETA Regional Coordinators have a significant impact on small companies by assisting them in submitting their WSPs and ATRs each year;
- Occupational Health and Safety has been addressed the most in critical skills interventions;
- Lack of time is the greatest barrier to the conducting of training; and
- The number of women and people in designated groups increased in more than 30% of the companies.

The study included a number of recommendations based on the interviews and these will be reviewed and implemented where practicable.

W&R Sector Skills Plan

This review revealed key trends in the sector, which will drive the work of the W&RSETA in the future. These are highlighted as follows:

- Employment within the wholesale and retail sector as a percentage of the total workforce has been decreasing – from a high of 27% in 2001 to 22% in 2010;
- South Africa has moved increasingly to mall-based retailing;
- Franchising is a growing industry in South Africa;
- Wholesalers are mainly transacting with small business and informal traders rather than retailers;
- Many employees are not eligible for further training since their prior learning is not recognised; and
- Many skills considered 'scarce' in rural areas are abundantly available in metropolitan areas.

Change drivers in the W&R Sector that will impact on the nature and extent of skills development initiatives include:

- Technology (predicted increase in internet based retailing);
- Legislation (National Credit Act and Consumer Protection Act);
- Black Economic Empowerment (the sector is currently under-represented at senior management level);
- Social (unemployment and the concept of 'decent work for all');
- The large extent of the SMME sector; and
- Casual employment (the growing trend towards the employment of casual labourers has severe implications for skills development).

Scarce and critical skills fall in the merchandising and sales; promotion and public relations; general distribution; and management/entrepreneurship career paths. Scarce skills include management at all levels, supervisory personnel, Information Technology (IT) professionals, supply chain and distribution managers, logistics managers, and buyers. Critical skills include financial, industrial safety, interpersonal and communication skills, negotiating and conflict resolution skills and life skills.

Strategies recommended to address these needs include:

- Increasing access to programmes leading to intermediate and high level learning;
- Increasing access to occupationally directed programmes in needed areas thereby expanding the availability of intermediate level skills (with a special focus on Artisan skills);
- Increasing access to high-level occupationally-directed needed areas;
- Further research development and innovation into human capital for a growing knowledge economy;
- Developing a comprehensive e-Learning system supported by W&RSETA;
- Implementing RPL across the W&RSETA remit; and
- Developing a Rural Development Strategy for the W&RSETA.

The Functioning of Workplace Skills Committees in the W&R Sector

This study found that Workplace Skills Committees (WSCs) in the sector are the most relevant participatory structure for decision-making on skills development issues and are supported in so doing by the highest decision-makers in the company, for example CEOs, Business Owners and Human Resource (HR) Executives.

Governance and functioning of WSCs were examined in terms of:

- Composition of committees;
- WSP/ATR validation;
- Reporting of the WSC; and
- Functions performed by WSCs in the sector.

The study concluded that while most companies have taken the initiative to set up a WSC, few include adequate participation by the skills development beneficiaries themselves.

The study incorporated a number of recommendations which will be addressed by the W&RSETA. The following are the recommendations:

- A Policy Planning discussion document must be authored clarifying the policy position of the W&RSETA on the matter of Workplace Skills Committees from the most senior office to its various regions and affiliated stakeholders;
- Annual Awards for Best Practice in the promotion, advocacy and dissemination of Workplace Committees as decision-making platforms for Workplace Skills initiatives, Employment Equity decisions, consultation and negotiation tools for resolving Worker-Union-Management issues around skills development;
- A set of Commissioned write-ups and authoritative documents focusing on best practices, systems, procedures and plans at the hands of exemplary practitioners in W&RSETA affiliated organizations and companies should be promoted;
- A combination of Road-shows and seasonal newsletters distributed at W&RSETA stakeholder

events, Provincial Offices and Provider Offices could go a long way in promoting WSC good practices and Industry Standards could be profitably used;

- Incentives for staff could be devised for promotional activities and initiatives in promoting Workplace Committees among affiliated companies and the various provinces;
- That the W&RSETA could adopt Workplace Committee promotion as an organisation-wide challenge that staff could address as a cross cutting issue as it has a potential of broadening Worker representation and participation in Skills Development; and
- Engage ISDFs as skills development champions in the sector to actively set-up training committees in workplaces, educate both employers and employees on the value that committees add to the skills development revolution.

Social responsibility

Nelson Mandela Day

On 18 July 2010, the W&RSETA was invited by the Minister of Higher Education and Training to take part in the Mandela Day Career Guidance festival, held at Letaba FET College, Giyani Limpopo. The festival targeted youth and leaders from the Giyani area, in a bid to spend 67 minutes giving career guidance to high school learners in celebration of former President, Nelson Mandela's birthday. Over 1 000 young people gained from the various activities planned by exhibitors, sponsors and participants. In addition to the exposing career opportunities in the W&R Sector, the SETA provided learners with learning materials such as school bags and stationery to facilitate the learning process.



Minister Blade Nzimande at the Nelson Mandela Day in Giyani

Man in the Making Campaign

The Man in the Making Campaign is a national initiative aimed at mentoring and coaching young men to become responsible adults. Under the banner of this campaign, the W&RSETA, with the generous assistance of two large stakeholders, took 12 boy learners from Soshanguve South Secondary School and Seshegong Secondary School on a guided tour of the stakeholder's Centurion-based facilities. The tour was followed by an address on the various careers available in the W&R Sector.

The learners were also exposed to the programmes available to those who have completed Grade 12 and bursary opportunities for learners wishing to pursue related studies at university level. Projects such as this one have a broader context in that they combine professional career guidance with social life skills training. The SETA looks forward to conducting a similar programme for girl

learners during the 'Take a girl child to work' programme early in the next review period.



Learners of Soshanguve South and Seshegong Secondary Schools at the Man in the Making Campaign

AIDS Awareness Walk

Coinciding with International HIV/AIDS Day in December 2010, the regional office in Woodmead, Johannesburg, undertook an AIDS Awareness Walk. Each participant contributed R50 which was donated to charities involved in HIV/AIDS awareness and prevention activities. The primary thrust of this event was the encouragement of participants to convey the AIDS prevention message to their peers and communities and the importance of caring for those infected or affected by the pandemic.



W&RSETA employees who were part of the Aids Awareness Walk

Breast Cancer Awareness Walkathon

In October 2010 employees at the Western Cape Regional office participated in the fifth annual Avon Justine iThemba Walkathon. This 'Crusade of Hope' is committed to the fight against breast cancer and funds raised went towards breast cancer education and awareness in South Africa.

Annual financial report

for the year ended 31 March 2011

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Statement of responsibility

The annual financial statements for the year ended 31 March 2011, set out on pages 44 to 85, have been approved by the accounting authority in terms of section 51(1) (f) of the Public Finance Management Act (PFMA), No 1 of 1999 as amended on 31 May 2009, and are signed on their behalf by:



TJ Dikgole
Chief Executive Officer



Dr ET Mazwai
Chairperson of the Board

Report of the accounting authority



Members of the previous Board:

Front row: Mr Mike Wilson, Ms Vikashnee Harbhajan (Deputy Chairperson), Mr Joel Dikgole (CEO), Mr Ivan Molefe (Chairperson), Ms Nivy Moodley.

Back row: Ms Martha Shingange (Board Secretariat), Mr Thami Skenjana, Mr Churchill Mrasi, Mr Deon Strydom, Mr Themba Zulu, Mr Fachmy Abrahams, Mr Mike Tau and Mr Phillemon Sito

The 2010/2011 financial year signalled the end of the extended NSDS II, and the dawn of the much awaited new SETA landscape and NSDS III, which were launched by the Minister of Higher Education and Training Dr Blade Nzimande in November 2010 and January 2011 respectively.

This was a year filled with many new developments towards the launch of the NSDS III as well as rounding off the NSDS II.

Looking back at our contribution to the NSDS II over the past six years, we are proud of our achievements and have learnt many lessons from the challenges with which we were confronted.

We look forward to the new NSDS III cycle with great enthusiasm and are extremely excited that we will be collaborating with the FETs and HETs as strategic delivery partners in skills development, providing a holistic approach to skills development in the W&R Sector.

The Sector Skills Plan, which underpins the strategic framework of the W&RSETA, has been developed and approved by the DHET after a very rigorous process of interrogation by an expert panel, appointed by the Department. This Plan will drive our initiatives throughout the period, with emphasis on occupationally directed programmes, taking into account the requirements for the new Pivotal Grant.

2010/2011 Performance

During the year under review, the SETA achieved and exceeded all its SLA targets with the exception of the new venture creation and apprenticeships targets which are a challenge for most SETAs.

Levy Income

Although the receipt of levies from SARS started off on shaky ground due to its new reporting requirements, the DHET gathered momentum through the year and had caught up with the outstanding levies by year end. The SETA therefore received all levies as expected for the year.

Total levies received were R502 million, resulting in a 7% increase by comparison with the previous year (2009/10: R467 million). We believe that 5% of this increase can be attributed to salary increases in the sector and the remaining 2% to a growth in the number of levy paying companies from 11 380 to 11 540. This growth was noted mostly in the medium and large category companies.

Mandatory Grants

Total Mandatory Grant expenditure for the year under review, based on the levies received, was R255 million, representing a 9% increase over the previous year (2009/10: R234 million). This amount also represents approximately 80% of the amount due to the levy paying companies as most of the small organisations did not claim their grants, despite specific initiatives introduced during the year, to encourage them to do so.

Mandatory Grants amounting to R96 million, which were due at the end of March 2011, could not be paid due to the fact that the SETA had not received information relating to the levies received.

Discretionary Grants

For the year under review, expenditure on Discretionary Grants was R158 million – 6% higher than the previous year (2009/10: R148 million). Challenges remain in this area with regard to project implementation and a high learner drop-out rate which results in high write-backs.

The SETA installed an IT project management system during the period, which will improve and enhance the reporting and monitoring of projects. This system will also provide real time reporting so as to deal with bottlenecks in good time.

The total grant expenditure (Mandatory and Discretionary Grants) for the year was R413 million representing an improvement of 8% over the previous year (2009/10: R381 million).

Administration Expenses

Administration expenditure was R62.8 million against the statutory allocation of R63 million. The SETA was therefore compliant within the 10% limit. Administration expenditure increased by 16% due to staff costs as well as the establishment of three new regional offices in the

Northern Cape, Limpopo and the North West in order to address the skills development challenges in these provinces, which are mostly rural.

Cash and Cash Equivalents

Cash and Cash equivalents increased by 13% from R904 million to R1.042 billion, due to the fact that an accrual of R96 million had to be made for unpaid Mandatory Grants, due to the delayed receipt of information from the DHET as indicated earlier. Furthermore, an amount of R101 million was not disbursed due to the delay in implementation of two projects worth R300 million.

Corporate Governance

As the accounting authority, we have carried out our responsibilities to the best of our abilities. The SETA has established a good track record of corporate governance which has resulted in the accounting authority achieving unqualified reports from the Auditor-General for 10 successive years. All the relevant legislative prescripts have been complied with in the strictest sense.

All Board members were capacitated during the year on the new corporate governance requirements of King III in order to bring them up to speed with the new developments.

This confidence in sound corporate governance within the W&RSETA is reflected in the re-licensing by the Minister of Higher Education and Training, which includes the additional responsibility of taking care of the skills development needs of the Fuel Retailers.

We are delighted to have the Fuel Retailers with us and promise to provide them with the service to which our existing stakeholders are accustomed.

We are happy to announce that the Audit Committee provided adequate oversight as required throughout the year and kept the Board duly informed of all areas that required its attention.

Report of the accounting authority (continued)

Board Meetings

The Board met six (6) times in the year, representing four (4) scheduled and two (2) special meetings to attend to SETA matters. The Schedule of Meetings is attached as Annexure C of this Annual Report. Board members also attended capacity building sessions to improve the ability of the Board to attend to its fiduciary duties. The Chairperson and Deputy Chairperson held several meetings to deal with new developments around the NSDS III and the new SETA landscape, as well as to develop and prepare the new Five Year SETA Strategic Plan.

The above activities, together with the annual increase in Board fees, contributed to the variance between the 2009/10 and 2010/11 Board expenses.

Schedule of Board Fees Paid – 2010/11

Name of Board Member		Note	2010/11 Amount (R)	2009/10 Amount (R)
1	I Molefe – Chairperson		140 851	92 064
2	V Harbhajan – Deputy Chairperson		79 780	79 896
3	T Skenjana		59 136	47 040
4	T Zulu	4	57 201	35 616
5	C Mrasi	4	59 459	41 664
6	P Sito		78 463	53 760
7	Southern African Clothing and Textile Workers' Union (SACTU) (F Abrahams/P Lundall)	1, 2 & 3	18 063	30 140
8	M Tau		55 373	47 040
9	D Strydom	2	28 869	42 792
10	Foschini (M Wilson)	3	51 448	30 894
11	Edcon (N Moodley)	3	43 411	16 800
12	L Kgosana			7 848
13	R Vaphi			15 456
14	G Mabote			8 064
15	N Kettlele		40 401	4 032
16	P Pillay	3	6 774	0
Total meeting attendance fees			719 229	498 218
Total travel expenses not paid to members directly			310 713	307 758
Total Board expenses for the year			1 029 942	805 976

Notes:

- Resignations: F Abrahams and D Strydom – Resigned in October 2010;
- Replacements: P Lundall replaced F Abrahams
P Pillay replaced D Strydom;
- Payments made directly to constituencies and organisations and not members: SACTWU; Edcon; Foschini; and South African Retail Council (SARC)
- Also an Audit Committee member – Audit Committee fee included in this table

Remuneration of the Audit Committee – External Members

Name of Committee Member		Note	2010/11 Amount (R)	2009/10 Amount (R)
1	P Mokupo (Chairperson)		63 500	41 000
2	M Malope		33 000	38 500
3	P Phili		27 500	33 000
4	Y Gordhan		66 000	38 500
5	C Mrasi	1		6 048
6	T Zulu	1		6 048
	Total attendance fees		190 000	151 000
	Total travel claims		4 200	8 839
	Total paid		194 200	159 839

Note 1: As Board members these fees are reported in the Board schedule above

The Audit Committee held eight (8) meetings during the year under review. Three (3) of these were held jointly with the Finance Committee and the Board for the scrutiny and approval of the Annual Financial Statements; four (4) were scheduled as per the standard requirement and one (1) was a special meeting.

Remuneration of Executive Management

Chief Executive Officer – TJ Dikgole	2010/11 Amount (R)	2009/10 Amount (R)
Basic Salary	1 464 552	1 296 915
Bonus	283 362	260 578
Medical Aid and Provident Fund	130 966	108 614
Travel Allowance	120 000	120 000
Total	1 998 880	1 786 107

Chief Operating Officer – JH Zwarts	2010/11 Amount (R)	2009/10 Amount (R)
Basic Salary	834 707	756 656
Bonus	170 497	158 136
Medical Aid and Provident Fund	89 878	81 286
Travel Allowance	120 000	120 000
Total	1 215 082	1 116 078

Chief Financial Officer – DM Matloa	2010/11 Amount (R)	2009/10 Amount (R)
Basic Salary	853 951	758 534
Bonus	154 977	143 880
Medical Aid and Provident Fund	67 658	60 970
Travel Allowance	50 400	50 400
Total	1 126 986	1 013 784

Chief Officer Qualifications & Research – A Sipengane	2010/11 Amount (R)	2009/10 Amount (R)
Basic Salary	808 098	67 342
Bonus	46 492	-
Medical Aid and Provident Fund	40 405	3 367
Travel Allowance	-	-
Total	894 995	70 709

Note: Mr Sipengane was appointed to the SETA on 1 March 2010

Soccer World Cup

In support of the World Cup soccer tournament, costs were incurred by the Marketing and Communication Department in the amount of R81 533.

Future plans

Due to the amount of work that still needs to be done for the sector and the requirements emanating from the dictates of the NSDS III, the SETA has allocated funds for the newly identified areas of skills development. The SETA has committed to funding learners at HETs and FETs through a new bursary model, which will integrate academic and workplace learning. Approximately R457 million has been earmarked for this initiative for the next three years.

In order to close the scarce skills gaps identified in the SSP, especially at the higher level, the SETA will form strategic partnerships and collaborate with FETs and HETs in a meaningful way. Sufficient funds have therefore been set aside to capacitate the FETs, particularly in the rural areas, to deliver W&R related programmes.

A commitment has also been made to increase the number of candidates for the International Leadership Development Programme (ILDP) on an annual basis and this will require additional investment.

We are proud to announce that during the new financial year, a new Retail Management Development Project will be launched to address the shortage of retail managers. This project will be aligned to ensure that the successful candidates qualify for the highly successful ILDP, which is now in its third year.

Conclusion

We are proud of the achievements that we have made in the six years of the NSDS II and believe we have impacted on the lives of young people whose newly acquired skills will benefit the W&R sector.

We acknowledge that we are still confronted with many challenges and will ensure that all lessons learnt will sharpen our resolve to address the evolving needs of our stakeholders.

We take this opportunity to thank the outgoing members of the accounting authority and welcome the new Board. We wish them well in the five years ahead.

Events subsequent to the Statement of Financial Performance

An amount of R29 million will have to be written back from projects that were closed at year end and were awaiting Board approval.



TJ Dikgole
Chief Executive Officer



Dr ET Mazwai
Chairperson of the Board

Report of the audit committee

We are pleased to present our report for the financial year ended 31 March 2011.

Audit Committee members, meetings and attendance

During the year under review, the Audit Committee met eight (8) times. Three (3) of these were joint sessions with the Finance Committee for approval of the annual financial statements and audit report for financial year ending 2010/11. Of the eight meetings, four were scheduled meetings, one was a special meeting and three were additional meetings.

The Audit Committee consists of the members listed hereunder:

Name of Member	Status of the member	Date of Appointment	No. Meetings Attended
Pascal Mokupo	Independent External Member (Chairperson)	2 July 2008	8
Yaswant Gordhan	Independent External Member	2 July 2008	8
Churchill Mrasi	Board Member	10 October 2007	8
Themba Zulu	Board Member	10 October 2007	6
Masesi Malope	Independent External Member	2 July 2008	3
Protas Phili	Independent External Member	2 July 2008	5

Audit Committee responsibility

We report that we have adopted appropriate formal terms of reference in our charter, in line with the requirements of **Section 77** of the Public Finance Management Act, No. 1 of 1999 ("PFMA") and **Treasury Regulations 27.1.7 and 27.1.10 (b) and (c)**. We further report that the Audit Committee:

- Conducted its affairs in compliance with the charter;
- Monitored compliance to the PFMA;
- Reported deficiencies and made appropriate recommendations to the Accounting Authority; and
- Monitored the audit coverage and follow-ups on internal audit activities.

The effectiveness of internal control and risk management

The system of internal control applied by the W&RSETA

over financial and risk management is effective, efficient and transparent.

In line with the PFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, and the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditor, the audit report on the annual financial statements and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations there from. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

Evaluation of financial statements

The Audit Committee has:

- Reviewed and discussed the audited annual financial statements, to be included in the annual report, with the Auditor-General of South Africa and the Accounting Authority;
- Reviewed the Auditor-General of South Africa's management report and management's response thereto; and
- Reviewed the W&RSETA's compliance with legal and regulatory provisions.

Internal Audit

We are satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the W&RSETA in its audits.

Auditor-General South Africa

We have met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

We concur with and accept the Auditor-General of South Africa's audit report on the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted, read together with the report of the Auditor-General of South Africa.



Pascal Mokupo
Chairperson of the Audit Committee

Report of the Auditor-General

to Parliament on the Wholesale and Retail Industry Sector Education Training Authority (W&RSETA)

Report on the financial statements

Introduction

1. I have audited the accompanying financial statements of the W&RSETA, which comprise the statement of financial position as at 31 March 2011, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 48 to 81.

Accounting authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and section 14(6)(a) of the Skills Development Act of South Africa, 1998 (Act No. 97 of 1998), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and *General Notice 1111 of 2010* issued in *Government Gazette 33872 of 15 December 2010*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

7. In my opinion, the financial statements present fairly, in all material respects, the financial position of the W&RSETA as at 31 March 2011, and its financial performance and cash flows for the year then ended in accordance with the SA Standards of GRAP and the requirements of the PFMA.

Report on other legal and regulatory requirements

8. In accordance with the PAA and in terms of *General Notice 1111 of 2010* issued in *Government Gazette 33872 of 15 December 2010*, I include below my findings on the annual performance report as set out on pages 7 to 10 and material non-compliance with laws and regulations applicable to the schedule 3A public entity.

Predetermined objectives

9. There are no material findings on the annual performance report.

Compliance with laws and regulations

10. There are no findings concerning material non-compliance with laws and regulations applicable to the public entity.

Internal control

11. In accordance with the PAA and in terms of *General notice 1111 of 2010*, issued in *Government Gazette 33872 of 15 December 2010*, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. There are no significant deficiencies in internal control that resulted in a qualification of the auditor's opinion on the financial statements and/or findings on predetermined objectives and/or material non-compliance with laws and regulations.

Auditor-General

Pretoria

29 July 2011



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Statement of financial performance

for the year ended 31 March 2011

	Note	2010/11 R'000	2009/10 R'000
Revenue			
Skills Development Levy: income	2	502 416	466 515
Skills Development Levy: penalties and interest		3 806	4 132
Other/(Losses) income	4	(184)	(213)
Total revenue		506 038	470 434
Expenditure			
Employer Grant and project expenses	5	(413 143)	(381 474)
Administration expenses	6	(62 777)	(52 308)
Total expenditure		(475 920)	(433 782)
Surplus from operations		30 118	36 652
Interest Income	3	54 766	60 854
Net surplus for the year	1	84 884	97 506

Statement of financial position

as at 31 March 2011

	Note	2010/11 R'000	2009/10 R'000
Assets			
Non-current assets		2 761	3 002
Property, plant and equipment	7.1	2 647	2 953
Intangible assets	7.2	114	49
Current assets		1 052 849	910 527
Inventory	13	30	20
Accounts receivable from exchange transactions	8	4 936	3 030
Accounts receivable from non-exchange transactions	9	5 739	3 304
Cash and cash equivalents	10	1 042 144	904 173
Total assets		1 055 610	913 529
Liabilities			
Current liabilities		141 657	84 460
Accounts payable from non-exchange transactions	11.1	131 483	47 341
Accounts payable from exchange transactions	11.2	7 644	34 894
Provisions	14.1	2 530	2 225
Net assets		913 953	829 069
Capital and reserves		913 953	829 069
Administration reserve		2 761	3 002
Employer Grant reserve		-	1 631
Discretionary reserve		911 192	824 436
Total net assets and reserves		1 055 610	913 529

Statement of changes in net assets

for the year ended 31 March 2011

	Note	Administration Reserve R'000	Employer Grant Reserve R'000	Discretionary Reserve R'000	Unappropriated surplus R'000	Total R'000
Balance at 1 April 2009		3 264	1 150	726 622	-	731 036
Net surplus per Statement of Financial Performance		-	-	-	97 506	97 506
Allocation of unappropriated surplus		5 352	59 092	33 062	(97 506)	-
Excess reserves transferred to discretionary reserve		(5 614)	(58 611)	64 225	-	-
Balance at 31 March 2010		3 002	1 631	823 909	-	-
Errors (prior period errors)	20	-	-	527	-	527
Balance at 31 March 2010 restated		3 002	1 631	824 436	-	829 069
Net surplus per Statement of Financial Performance		-	-	-	84 884	84 884
Allocation of unappropriated surplus	16	(241)	(1 631)	86 756	(84 884)	-
Balance at 31 March 2011		2 761	-	911 192	-	913 953

Administration Reserve consists of the carrying value of property, plant and equipment.

The Employer Grant Reserve is a Mandatory Grant provision for newly registered member companies participating after the legislative cut-off date.

Cash flow statement

for the year ended 31 March 2011

	Note	2010/11 R'000	2009/10 R'000
Cash flows from operating activities			
Receipts			
Cash receipts from stakeholders		568 789	533 858
Levies		511 771	471 311
Penalties and interest		3 806	3 709
Interest received from short term investments		53 212	58 838
Payments		(429 552)	(397 481)
Mandatory Grants		(179 173)	(229 453)
Discretionary/Project payments		(188 487)	(122 625)
Compensation of employees		(33 739)	(27 421)
Suppliers and other		(28 153)	(18 977)
NSF Grants paid		-	(34)
VAT receipts/(payments)		-	1 029
Net cash inflow from operating activities	15	139 237	136 377
Cash flow from investing activities			
Purchase of intangible assets		-	(56)
Purchase of property, plant and equipment		(1 266)	(753)
Net cash outflow from investing activities		(1 266)	(809)
Net increase in cash and cash equivalents		137 971	135 568
Cash and cash equivalents at beginning of year		904 173	768 605
Cash and cash equivalents at end of year	10	1 042 144	904 173

Accounting policies

for the year ended 31 March 2011

1. Basis of preparation

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

The annual financial statements have been prepared in accordance with Statements of General Accepted Accounting Practice (GAAP) and the Public Finance Management Act (PFMA), No. 1 of 1999, as amended, including any interpretations of such Statements issued by the Accounting Practices Board, with the prescribed Standards of GRAP issued by the Accounting Standards Board replacing the equivalent GAAP Statement as follows:

Standard of GRAP

GRAP 1: Presentation of financial statements

GRAP 2: Cash flow statements

GRAP 3: Accounting policies, changes in accounting estimates and errors

Replaced Statement of GAAP

AC101: Presentation of financial statements

AC118: Cash flow statements

AC103: Accounting policies, changes in accounting estimates and errors

The recognition and measurement principles in the above GRAP and GAAP Statements do not differ or result in material differences in items presented and disclosed in the financial statements. The implementation of GRAP 1, 2 & 3 has resulted in the following significant changes in the presentation of the financial statements:

1.1 Terminology differences:

Standard of GRAP

Statement of financial performance

Statement of financial position

Statement of changes in net assets

Net assets

Surplus/deficit for the period

Accumulated surplus/deficit

Contributions from owners

Distributions to owners

Reporting date

Replaced Statement of GAAP

Income statement

Balance sheet

Statement of changes in equity

Equity

Profit/loss for the period

Retained earnings

Share capital

Dividends

Balance sheet date

1.2 The cash flow statement can only be prepared in accordance with the direct method.

1.3 Specific information such as:

- (a) receivables from non-exchange transactions, including taxes and transfers;
- (b) taxes and transfers payable;
- (c) trade and other payables from non-exchange transactions must be presented separately on the statement of financial position.

1.4 The amount and nature of any restrictions on cash balances is required to be disclosed.

Paragraph 11 – 15 of GRAP 1 has not been implemented due the fact that the local and international budget reporting standard is not effective for this financial year. Although the inclusion of budget information would enhance the usefulness of the financial statements, non-disclosure will not affect the objective of the financial statements.

The following GRAP standards have been approved and have been applied in the preparation of the financial statements.

GRAP 9 -	Revenue from exchange
GRAP 12 -	Inventories
GRAP 13 -	Leases
GRAP 14 -	Events after the reporting date
GRAP 17 -	Property, plant and equipment
GRAP 19 -	Provisions, contingent liabilities and contingent assets
GRAP 23 -	Revenue from non-exchange transactions (taxes and transfers)
GRAP 100 -	Non-current assets held for sale and discontinued operations
GRAP 102 -	Intangible assets
GRAP 102 -	Budget information in financial statements

The principal accounting policies adopted in the preparation of these financial statements are set out below and are, in all material respects, consistent with those of the previous year, except as otherwise indicated.

The annual financial statements have been prepared on the historical cost basis except where adjusted for present/fair values as required by the respective accounting standards.

1.5 Judgements made by management

In the application of the SETA's accounting policies management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on past experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2. Currency

These financial statements are presented in South African Rand since that is the currency in which the majority of the entity transactions are denominated.

3. Revenue recognition

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

The accounting policy for the recognition and measurement of Skills Development Levy income was amended on the basis of a revised interpretation of the Skills Development Act, No. 97 of 1998 and the Skills Development Levies Act, No. 9 of 2001.

The accounting policy now recognises revenue on the receipt of funds from the Department of Higher Education and Training in the bank account of the SETA or upon allocation of the income whichever comes first.

The accounting policy is consistent with previous year's policies and disclosures.

3.1 Levy income

In terms of section 3(1) and 3(4) of the Skills Development Levies Act (the Levies Act), No. 9 of 1999, as amended, 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), which collects the levies on behalf of the Department of Higher Education and Training (DHET). Companies with an annual payroll cost of less than R500 000 are exempted in accordance with section 4(b) of the Levies Act as amended, effective 1 August 2005.

80% of Skills Development Levies are paid over to the SETA (net of the 20% contribution to the National Skills Fund).

Skills Development Levy transfers are recognised when it is probable that future benefits will flow to the SETA and these benefits can be measured reliably. This occurs when the DHET either makes a payment or an allocation, whichever comes first, as required by Section 8 of the Skills Development Act, No. 9 of 1999.

Revenue is adjusted for inter-SETA transfers due to employers changing SETAs. Such adjustments are separately disclosed as inter-SETA transfers. The amount of the inter-SETA adjustment is calculated according to the most recent Standard Operating Procedure issued by the 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.

3.2 Interest and penalties

Interest and penalties on the Skills Development Levy are recognised when received.

3.3 Funds allocated by the National Skills Fund for Special Projects

Funds transferred by the National Skills Fund (NSF) are accounted for in the financial statements of the SETA as a liability until the related eligible special project expenses are incurred, when the liability is extinguished and revenue recognised.

3.4 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 income as and when the conditions are met. Unconditional grants received are recognised when the amounts have been received.

3.5 Investment income

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

4. Grants and project expenditure

A registered employer may recover a maximum of 50% of its total levy payment as a Mandatory Grant (excluding interest and penalties) by complying with the criteria in accordance with the Skills Development Act, No. 97 of 1998, SETA Grant Regulations regarding monies received and related matters (the SETA Grant Regulations).

4.1 Mandatory Grants

Grants equivalent to 50% of the total levies contributed by employers to the SETA during the corresponding financial period, if the employer meets the criteria in the SETA Grant Regulations.

4.2 Discretionary Grant and project expenditure

A SETA may, out of surplus monies 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.

A SETA may allocate Discretionary Grants to employers who have submitted an application for a Discretionary Grant in the prescribed form within the agreed upon cut-off period.

Project expenditure comprises:

- costs that relate directly to the specific project;
- costs that are attributable to 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 contract.

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

Discretionary Grant and project costs are recognised as expenses in the period in which they are incurred.

4.3 Retrospective adjustments by SARS

The SETA refunds amounts to employers in the form of 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 at the amount of such grant overpayment, net of bad debts and provision for irrecoverable amounts.

5. Irregular and fruitless and wasteful expenditure

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation, including:

- The PFMA, as amended
- The Skills Development Act (the Act), No. 97 of 1998, as amended

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

All irregular and fruitless and wasteful expenditure is charged against the respective class of expense in the period in which it is incurred.

6. Property, plant and equipment

Property, plant and equipment is stated at cost less any subsequent accumulated depreciation and adjusted for any impairments. Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight line method. Useful lives are reviewed annually as required.

Accounting policies (continued)

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

The gain or loss on disposal of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount and is taken into account in determining operating surplus.

The SETA has reviewed the residual values used for the purposes of depreciation calculations in light of the amended definition of residual value. The review did not highlight any requirement for an adjustment to the residual values used in the current or prior periods. Residual values are reviewed annually.

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

Item	Range
- IT equipment	3-6 years
- Office furniture and equipment	10 years
- Office equipment	5 years
- Leasehold improvements	Depreciated over the period of the leasehold property

6.1 Intangible assets

Intangible assets are stated at cost less any subsequent accumulated depreciation and adjusted for any impairments. Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight line method. Useful lives are reviewed annually as required.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

The gain or loss on disposal of intangible assets is determined as the difference between the sale proceeds and the carrying amount and is taken into account in determining operating surplus.

The SETA has reviewed the residual values used for the purposes of depreciation calculations in light of the amended definition of residual value. The review did not highlight any requirement for an adjustment to the residual values used in the current or prior periods. Residual values are reviewed annually.

The following rates are used for the amortisation of intangible assets:

- Intangible assets	2 years
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7. Leasing

Finance leases consistent with the definition set out in the Treasury Regulations refer to a contract that transfers the risks, rewards, rights and obligations incident to ownership to the lessee and is recorded as a purchase of equipment by means of long-term borrowings. 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.

8. Provisions

Provisions are recognised when the SETA has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be estimated reliably. Long-term provisions are discounted to net present value.

8.1 Provision for employee entitlements

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. A provision is made for the estimated liability as a result of services rendered by employees up to reporting date.

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

SETA employees are members of a defined contribution scheme and thus no provision for post-retirement benefits is made.

9. Grants

9.1 Mandatory Grant payments

A liability is recognised for a Mandatory Grant once the specific criteria set out in the SETA Grant Regulations and any additional criteria as approved by the SETA Board has been complied with by member companies. The liability is measured at the net present value of the expected future cash outflow as determined in accordance with the Act. This measurement involves an estimate, based on the amount payable on approved Work Skills Plans.

9.2 Discretionary Grant payments

Accruals are made for costs incurred under approved projects at year-end. Projects are separately disclosed under “approved and contracted for” and those “approved but not yet contracted for”.

10. Financial instruments

Recognition

Financial assets and financial liabilities are recognised on the SETA's statement of financial position when the SETA becomes a party to the contractual provisions of the instrument.

All “regular way” purchases and sales of financial assets are initially recognised using trade date accounting.

Measurement

Financial instruments are initially measured at fair value.

Financial assets

The SETA's principal financial assets are accounts receivable and cash and cash equivalents.

Accounts and other receivables

Accounts and other receivables are measured at amortised cost using the effective interest rate method. Impairment losses are recognised in an allowance account where the carrying value exceeds the present value of estimated future cashflows discounted at the original effective interest rate.

Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents are measured at fair value.

Financial liabilities

The SETA's principal financial liabilities are accounts and other payables. All financial liabilities are measured at amortised cost, comprising original debts less principal payments and amortisations.

Accounts and other payables do not bear interest.

Gains and losses on subsequent measurement

Gains and losses arising from a change in the fair value of financial instruments, are included in net surplus or deficit in the period in which it arises.

Derecognition

A financial asset or a portion thereof is derecognised when the SETA realises the contractual rights to the benefits specified in the contract, the rights expire, the SETA surrenders those rights or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial asset and the sum of the proceeds receivable and any prior adjustment to reflect the fair value of the asset that had been reported in the net assets is included in net surplus or deficit for the period.

A financial liability or a part thereof is derecognised when the obligation specified in the contract is discharged, cancelled, or expires. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs and the amount paid for it is included in net surplus or deficit for the period.

Fair value considerations

The fair value at which financial instruments are carried at statement of financial position date have been determined using available market values. Where market values are not available, fair values have been calculated by discounting expected future cashflows at prevailing interest rates. The fair values have been estimated using available market information and appropriate valuation methodologies, but are not necessarily indicative of the amounts the SETA could realise in the normal course of business. The carrying amounts of financial assets and liabilities with a maturity of less than one year are based on fair value due to the short-term trading cycle of these items.

Offsetting

Financial assets and financial liabilities are offset if there is an intention to realise the asset and settle the liability simultaneously and a legally enforceable right to set off exists.

11. Reserves

Net assets are classified based on the restrictions placed on the distribution of monies received in accordance with the SETA Grant Regulations as follows:

- Administration Reserve
- Employer Grant Reserve
- Discretionary Reserve
- Unappropriated surplus

Employer levy payments are set aside in terms of the Act and the SETA Grant Regulations for the purpose of:

	2010/11 %	2009/10 %
Administration costs of the SETA	10	10
Mandatory Workplace Skills Grant	50	50
Discretionary Grants and projects	20	20
Received by the SETA	80	80

In addition, contributions received from public service employers in the national or provincial spheres of government may be used to fund the SETA's administration costs.

Interest and penalties received from SARS as well as interest received on investments is utilised for Discretionary Grant projects.

Surplus funds in the administration and unallocated funds in the Employer Grant reserve are moved to the discretionary fund reserve. Provision is made for Mandatory Grants payable to newly registered member companies participating after the legislative cut-off date. This Mandatory Grants provision is defined as an Employer Grant Reserve.

12. Inventory

Inventories are stated as the lower of cost and net realisable value. Cost is determined on a first-in-first-out basis.

13. Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year and restated where there is a change in accounting policy or correction of errors.

14. Taxation

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, No. 58 of 1962.

15. Related party transactions

Transactions are disclosed as other related party transactions where the SETA has, in the normal course of its operations, entered into certain transactions with entities either related to the Department of Labour or which had a nominated representative serving on the SETA accounting authority.

Transactions are disclosed as other related party transactions where inter-SETA transactions arise due to movement of employers from one SETA to another.

Notes to the annual financial statements

for the year ended 31 March 2011

1. Allocation of net surplus for the year to reserves:

For the year ended 31 March 2011

			Administration Reserve	Employer Grants	Discretionary Reserve		
	Total per Statement of Financial Performance 2009/10 R'000	Total per Statement of Financial Performance 2010/11 R'000	Administration Reserve R'000	Mandatory Skills Grant R'000	Discretionary Grants R'000	Projects R'000	Total Discretionary R'000
Total revenue	531 288	560 804	62 963	312 686	126 583	58 572	185 155
Skills Development Levy: income							
Administration levy income (10%)	57 873	63 147	63 147	-	-	-	-
Grant levy income (70%)	408 642	439 269	-	312 686	126 583	-	126 583
Skills Development Levy: penalties and interest	4 132	3 806	-	-	-	3 806	3 806
Investment income	60 854	54 766	-	-	-	54 766	54 766
Other income	(213)	(184)	(184)	-	-	-	-
Total expenses	433 782	475 920	62 777	254 716	-	158 427	158 427
Administration expenses	52 308	62 777	62 777	-	-	-	-
Employer Grants and project expenses	381 474	413 143	-	254 716	-	158 427	158 427
Net (deficit)/surplus allocated to discretionary reserve	97 506	84 884	186	57 970	126 583	(99 855)	26 728

For the year ended 31 March 2010

			Administration Reserve	Employer Grants	Discretionary Reserve		
	Total per Statement of Financial Performance 2008/09 R'000	Total per Statement of Financial Performance 2009/10 R'000	Administration Reserve R'000	Mandatory Skills Grant R'000	Discretionary Grants R'000	Projects R'000	Total Discretionary R'000
<i>Total revenue</i>	517 601	531 288	57 660	292 779	115 863	64 986	180 849
Skills Development Levy: income							
Administration levy income (10%)	54 615	57 873	57 873	-	-	-	-
Grant levy income (70%)	382 767	408 642	-	292 779	115 863	-	115 863
Skills Development Levy: penalties and interest from non-exchange	2 855	4 132	-	-	-	4 132	4 132
Investment income	77 364	60 854	-	-	-	60 854	60 854
Other income	-	(213)	(213)	-	-	-	-
<i>Total expenses</i>	339 692	433 782	52 308	233 687	-	147 787	147 787
Administration expenses	45 795	52 308	52 308	-	-	-	-
Employer Grants and project expenses	293 897	381 474	-	233 687	-	147 787	147 787
Net (deficit)/surplus allocated to discretionary reserve	177 909	97 506	5 352	59 092	115 863	(82 801)	33 062

Notes to the annual financial statements (continued)

	Note	2010/11 R'000	2009/10 R'000
2. Skills Development Levy income			
The total levy income per the statement of financial performance is as follows:			
Levy income: Administration		63 147	57 873
Levies received		63 147	57 873
Levies received from SARS		63 036	57 878
Inter-SETA transfers in		170	(5)
Inter-SETA transfers out		(59)	-
Levy income: Employer Grants		312 686	292 779
Levies received		312 686	292 779
Levies received from SARS		312 702	291 921
Inter-SETA transfers in		889	1 613
Inter-SETA transfers out		(905)	(755)
Levy income: Discretionary Grants		126 583	115 863
Levies received		126 583	115 863
Levies received from SARS		126 557	115 659
Inter-SETA transfers in		75	538
Inter-SETA transfers out		(49)	(334)
		502 416	466 515
3. Interest income			
Interest income		54 766	60 854
Accrued		3 987	2 433
Received		50 779	58 421
		54 766	60 854
4. Other (losses)/income			
Impairment loss		(184)	(213)
		(184)	(213)
5. Employer Grant and project expenses			
Mandatory Grants		254 716	233 687
Project expenditure/Discretionary Grants	17.1	158 427	147 787
		413 143	381 474

6. Administration expenses

	Note	2010/11 R'000	2009/10 R'000
Depreciation and amortisation		1 324	1 385
Operating lease rentals (minimum lease payments)		5 738	3 463
Buildings		5 738	3 205
Plant, machinery and equipment		-	258
Maintenance, repairs and running costs		114	218
Property and buildings		114	152
Other		-	66
Research and development costs		-	94
Advertising, marketing and promotions, communication		1 601	2 202
Consultancy and service provider fees		5 615	5 061
Legal fees		119	876
Cost of employment	6.1	33 704	29 122
Travel and subsistence		2 716	2 225
Staff training and development		213	825
Remuneration to members of the accounting authority		1 298	1 058
External auditor's remuneration		1 414	1 481
Audit fees		1 414	1 481
Bad debts written off		-	5
Allowance for doubtful debts		1 813	(922)
Other		7 150	5 428
Other expenses		5 248	3 463
Telephone and data lines		929	1 025
Insurance premiums		405	397
Postage and couriers		363	388
Cleaning contract and services		156	86
Workshops		49	69
		62 777	52 521

Notes to the annual financial statements (continued)

	Note	2010/11 R'000	2009/10 R'000
6.1 Cost of employment			
Salaries and wages		30 650	26 711
Basic salaries		25 561	22 246
Performance bonus		4 864	4 317
Leave		225	144
Overtime payments		-	4
Social contributions		3 054	2 411
Medical aid contributions		913	798
Provident Fund contributions		1 060	845
UIF		112	115
Insurance		543	374
SDL and WCA		426	279
		33 704	29 122
Average number of employees		119	96

Refer to the report by the accounting authority for disclosure concerning the emoluments of members of the accounting authority and the Executive Management.

6.2 The allowance for doubtful debts increased significantly due to the higher number of employers that were indebted to the SETA but were deregistered or stopped trading during the year.

7. Property, plant and equipment

7.1 At cost

	Cost R'000	Accumulated depreciation/ impairment R'000	Closing carrying amount R'000
<i>Year ended 31 March 2011</i>			
Leasehold improvements	1 494	(1 307)	187
Computer equipment	3 347	(2 552)	795
Office furniture and fittings	2 968	(1 778)	1 190
Office equipment	863	(388)	475
Balance at end of period	8 672	(6 025)	2 647
Made up as follows:			
- Owned assets	8 672	(6 025)	2 647

	Cost	Restated Accumulated depreciation/ impairment	Restated Closing carrying amount
	R'000	R'000	R'000
<i>Year ended 31 March 2010</i>			
Leasehold improvements	1 250	(1 210)	40
Computer equipment	2 870	(1 597)	1 273
Office furniture and fittings	2 592	(1 414)	1 178
Office equipment	737	(275)	462
Balance at end of period	7 449	(4 496)	2 953
Made up as follows:			
- Owned assets	7 449	(4 496)	2 953

Property, plant and equipment of R2 679 000 (2010: R2 953 000 restated) at 31 March 2011 is stated at cost less accumulated depreciation and impairment losses. Estimates are used in the determination of the useful lives, residual values and the expected pattern of consumption of the future economic benefits embodied in the assets.

	Carrying amount 2010 R'000	Additions R'000	Disposals at cost R'000	Depreciation charge R'000	Accumulated depreciation on disposals R'000	Impairment loss R'000	Carrying amount 2011 R'000
<i>Movement summary 2011</i>							
Leasehold improvements	39	244	-	(98)	-	-	185
Computer equipment	1 273	376	(581)	(693)	202	-	791
Office furniture and fittings	1 178	321	(45)	(288)	30	-	1 196
Office equipment	463	172	(46)	(156)	42	-	475
Balance at end of period	2 953	1 113	(672)	(1 235)	488	-	2 647

	Carrying amount 2009 R'000	Additions R'000	Disposals at cost R'000	Restated Depreciation charge R'000	Accumulated depreciation on disposals R'000	Restated Impairment loss R'000	Restated Carrying amount 2010 R'000
<i>Movement summary 2010</i>							
Leasehold improvements	84	-	-	(45)	-	-	39
Computer equipment	1 677	523	(361)	(774)	361	(153)	1 273
Office furniture and fittings	1 555	32	-	(349)	-	(60)	1 178
Office equipment	391	198	-	(126)	-	-	463
Balance at end of period	3 707	753	(361)	(1 294)	361	(213)	2 953

Notes to the annual financial statements (continued)

7.2 Intangible assets

	Cost	Accumulated amortisation/ impairment	Closing carrying amount			
	R'000	R'000	R'000			
<i>Year ended 31 March 2011</i>						
Intangible assets	679	(565)	114			
	Cost	Accumulated amortisation/ impairment	Closing carrying amount			
	R'000	R'000	R'000			
<i>Year ended 31 March 2010</i>						
Intangible assets	525	(476)	49			
	Carrying amount 2010	Additions	Disposals	Depreciation/ Amortisation charge	Impairment losses (recognised)/ reversed	Carrying amount 2011
	R'000	R'000	R'000	R'000	R'000	R'000
<i>Movement summary 2011</i>						
Intangible assets	49	154	-	(89)	-	114
	Carrying amount 2009	Additions	Disposals	Depreciation/ Amortisation charge	Impairment losses (recognised)/ reversed	Carrying amount 2010
	R'000	R'000	R'000	R'000	R'000	R'000
<i>Movement summary 2010</i>						
Intangible assets	84	56	-	(91)	-	49

8. Accounts receivable from exchange transactions

	Note	2010/11 R'000	2009/10 R'000
Deposits		443	416
Interest receivable		3 987	2 433
Staff debtors		85	105
Other debtors		421	76
		4 936	3 030

	Note	2010/11 R'000	2009/10 R'000
9. Accounts receivable from non-exchange transactions			
Inter-SETA debtors	21	2 857	1 800
Employer receivable		5 063	1 873
Allowance for doubtful debts		(2 181)	(369)
		5 739	3 304
10. Cash and cash equivalents			
Cash at bank and in hand		111 977	47 428
Cash at bank		111 956	47 416
Cash in hand		21	12
Short term investments/instruments		930 167	856 745
Cash and cash equivalents at end of year		1 042 144	904 173

As required in Treasury Regulation 31.2, National Treasury approved the banks where the bank accounts are held. The weighted average interest rate on short term bank deposits was 4.90% (2010: 6.50%).

The Skills Development Act Regulations state that a SETA may, if not otherwise specified by the PFMA, invest the moneys in accordance with the investment policy approved by the relevant SETA.

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 requirement 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.

In terms of the PFMA, all surplus funds as at year end may be forfeited to National Treasury should an application for retention of surplus funds be denied. On 31 May 2011 an application was submitted to the DHET for the retention of surplus funds.

Notes to the annual financial statements (continued)

	Note	2010/11 R'000	2009/10 R'000
11. Accounts payable			
11.1 From non-exchange transactions			
Skills Development Grants payable - mandatory		95 462	20 107
Levy creditors		6 497	8 904
Inter-SETA payables	21	967	1 128
Amounts payable to small companies	11.3	27 613	17 040
Employer payable		944	162
		131 483	47 341
11.2 From exchange transactions			
Service provider fees outstanding		-	-
Sundry payables		7 644	34 894
Trade creditors		1 801	1 106
Other - accrued expenses		5 843	33 788
		7 644	34 894
11.3 Amounts payable to small companies			
Opening carrying amount		17 040	11 783
Change in estimate		10 572	5 257
Closing carrying amount		27 612	17 040
12. Funds advanced by National Skills Fund			
Opening balance		-	34
Paid to NSF		-	(34)
Closing balance		-	-
13. Inventory			
Consumables		30	20
		30	20
14. Employee bonus provision			
Open carrying amount		2 225	1 719
Amounts utilised		(4 470)	(3 581)
Change in estimate		4 775	4 087
Closing carrying amount - current		2 530	2 225

The bonus provision is calculated using the cost of employment and is based on individual performance.

15. Reconciliation of net cash flow from operating activities to net surplus/(deficit)

	Note	2010/11 R'000	2009/10 R'000
Net surplus/(deficit) as per Statement of Financial Performance		84 884	97 506
<i>Adjusted for non-cash movements:</i>			
Depreciation and amortisation		1 324	1 385
(Profit)/loss on disposal of property, plant and equipment		184	213
Impairment losses on property, plant and equipment recognised/(reversed)		-	-
Bad debts write-off		-	5
Increase/(decrease) in provision for doubtful debts		1 813	(922)
Increase/(decrease) in provisions			
Relating to employment		305	1 557
Adjusted for working capital changes:			
Movement on NSF Fund		-	(34)
(Increase)/decrease on inventories		(10)	-
(Increase)/decrease on payables from non-exchange transaction		84 140	9 495
(Increase)/decrease on payables from exchange transaction		(27 250)	23 813
Increase/(decrease) on receivables from non-exchange transactions		(4 247)	(17)
(Increase)/decrease on receivables from exchange transaction		(1 906)	2 347
Decrease in VAT receivable		-	1 029
Cash generated from/(utilised in) operations		139 237	136 377

16. Contingent liabilities

There is litigation over a claim for VAT of R219 000 by a company for which VAT was not indicated on the invoice. Litigation has been ongoing for over two (2) years.

There is no Employer Grant Reserve in the current year (2009/10: R1.63 million) which is a Mandatory Grant provision for newly registered member companies participating after the legislative cut-off.

17. Commitments

17.1 Discretionary reserve

Of the reserve balance of R911 192 000 available in the Discretionary Reserve at the end of March 2011, R725 220 000 has been allocated. The R725 220 000 is made up of R551 441 000 which is approved and contracted for under skills priorities as set out below. An amount of R173.779 million included in R725.220 million was approved before year end but had not yet been contracted for. This is set out in note 17.2 below.

	Note	Opening balance 2009/10 R'000
JIP		6 561
Capacity building Unions		1 213
Critical skills shortages		1 022
Learnerships		4 193
Investors In People		1 291
Discretionary Grant		5 497
New Venture Creation-Massmart		1 638
Pick n Pay		4 101
Score		2 261
Boxer		1 997
SDF Training and Capacitation		5 420
ABET		13 131
Learning Programmes (Learnerships and Skills Programme)		25 774
Workplace Experience and Employment Grant		2 691
New Venture Creation		2 459
Workplace Experience - Scarce and Critical Skills WEEG		8 178
FEDCRAW		44
QMS		509
Voucher SMME		1 504
SEDA New Venture Creation (SMME)		1 925
Pilot Assessor Training (ETQA)		294
Grassroots Learnership		663
Edcon Learnership		8 819
SSP 2008/2009 Update		596
WSP/ATR 2008/2009 for SMEs		1 659
Learning Programmes 0809 (LP0809) (2)		83 554
ABET 2008/2009		16 655
Skills Programme Matrix Project		222
Thabo Mbeki Development Programme Phase 2		8 008
International Leadership Development Programme		166
eDeaf Skills Programme Project		480
Smoolan Special Project		5 421
Craft SMME Development Project		1 180
Balance carried forward		219 126

	Approved by accounting authority 2009/10 R'000	Adjustment R'000	Utilised R'000	Opening balance 2010/11 R'000	Approved by accounting authority 2009/10 R'000	Writebacks R'000	Utilised R'000	Closing balance 2010/11 R'000
	-	-	518	6 043	-	(5 451)	592	-
	-	-	50	1 163	-	(1 163)	-	-
	-	-	-	1 022	-	(1 022)	-	-
	-	-	1 115	3 078	-	(3 078)	-	-
	-	-	227	1 064	-	(1 058)	6	-
	-	-	1	5 496	-	(5 481)	15	-
	-	-	6	1 632	-	(1 632)	-	-
	-	-	90	4 011	-	(4 005)	6	-
	-	-	1 435	826	-	(826)	-	-
	-	-	921	1 076	-	(1 076)	-	-
	-	-	6	5 414	-	(5 413)	1	-
	-	-	643	12 488	-	(12 488)	-	-
	-	-	7 009	18 765	-	(18 765)	-	-
	-	-	-	2 691	-	(2 691)	-	-
	-	-	1 050	1 409	-	(1 409)	-	-
	-	-	2 769	5 409	-	(5 409)	-	-
	-	-	-	44	-	(44)	-	-
	-	-	58	451	-	-	2	449
	-	-	-	1 504	-	(1 504)	-	-
	-	-	735	1 190	-	(1 190)	-	-
	-	-	294	-	-	-	-	-
	-	-	370	293	-	(291)	2	-
	-	-	6 248	2 571	-	(2 532)	39	-
	-	-	-	596	-	(596)	-	-
	-	-	-	1 659	-	(1 659)	-	-
	-	-	46 810	36 744	-	(37 822)	(1 078)	-
	-	-	1 008	15 647	-	(15 370)	277	-
	-	-	-	222	-	(222)	-	-
	-	-	5 258	2 750	-	-	1 460	1 290
	893	-	1 059	-	-	-	-	-
	273	-	424	329	-	(329)	-	-
	-	-	2 253	3 168	-	(3 159)	9	-
	-	-	1 008	172	-	(172)	-	-
	1 166	-	81 365	138 927	-	(135 857)	1 331	1 739

Notes to the annual financial statements (continued)

17.1 Discretionary reserve (continued)

	Note	Opening balance 2009/10 R'000
Balance brought forward		219 126
New WSP and OFO code rollout 2008/2009		650
Scarce and Critical Skills Guide 2009		2 306
WSP/ATR Project 2009/2010		14 300
New Venture Creation 2009/10		4 074
Scarce and Critical Skills Guide Project Update 2009/10		-
SMME Voucher Training System		-
Kha ri Gude ABET		-
BEE Baseline Study		-
Triple L Academy ABET		-
AAT Project		-
Non-sponsored Learnership		-
Shoprite Retail Skills Project 2009		-
Ikusasa National Project		-
eDeaf Skills Programme Project 2		-
Freestate DPW New Venture Creation		-
International Leadership Development Programme 2		-
W&RSETA Training Layoff Scheme		-
CTFL Training Layoff Scheme		-
W&RSETA and CTFL		-
W&RSETA and FASSET		-
Learning Programme 2010/2011		-
WSP/ATR2010/2011 Project		-
WSP/ATR2011/2012 Project		-
P&L Hardware		-
SSP 2011/2016		-
SSP Update 2010/2011		-
SSP 2010/2015		-
Development of W&R Qualification		-
Scarce and Critical UP update		-
W&R Scarce Skills Sponsorship Programme		-
Project Management Account		-
WEEG Project 2010/2011		-
Edcon Funding Window LP		-
5 Year WSP Impact Study		-
Research into Casualisation		-
Research into Skills Committees		-
Job Opportunity Index Project		-
Makro ABET		-
Balance carried forward		240 457

	Approved by accounting authority 2009/10 R'000	Adjustment R'000	Utilised R'000	Opening balance 2010/11 R'000	Approved by accounting authority 2009/10 R'000	Writebacks R'000	Utilised R'000	Closing balance 2010/11 R'000
	1 166	-	81 365	138 927	-	(135 857)	1 331	1 739
	-	-	4	646	-	(646)	-	-
	-	-	339	1 967	-	(1 967)	-	-
	-	-	4 786	9 514	-	(9 505)	9	-
	-	-	23	4 051	-	-	448	3 603
	2 863	-	666	2 196	-	-	514	1 682
	51 054	-	2 682	48 372	-	-	10 561	37 811
	748	-	-	748	-	(748)	-	-
	150	-	122	28	-	(28)	-	-
	13 700	-	2 263	11 437	-	-	5 991	5 446
	4 520	-	1 110	3 410	-	(1 153)	898	1 359
	125	-	37	88	-	625	219	494
	19 437	-	9 175	10 262	-	(5 744)	4 518	-
	9 977	-	4 740	5 237	-	(5 024)	213	-
	3 281	-	933	2 348	-	-	1 756	592
	4 040	-	3	4 037	-	-	808	3 229
	10 200	-	6 664	3 536	-	(2 676)	860	-
	100 000	-	453	99 547	-	(90 000)	1	9 546
	20 000	-	-	20 000	-	-	2 454	17 546
	5 000	-	2 000	3 000	500	-	2 021	1 479
	10 000	-	-	10 000	-	(10 000)	-	-
	100 654	-	63	100 591	-	-	39 879	60 712
	8 000	-	56	7 944	-	63	8 007	-
	-	-	-	-	11 748	-	174	11 574
	-	-	-	-	990	-	550	440
	-	-	-	-	3 014	-	1 569	1 445
	-	-	-	-	524	-	-	524
	-	-	-	-	2 841	-	1	2 840
	-	-	-	-	5 663	-	776	4 887
	-	-	-	-	4 009	-	483	3 526
	-	-	-	-	50 200	-	393	49 807
	-	-	-	-	929	-	398	531
	-	-	-	-	253 152	-	1 346	251 806
	-	-	-	-	17 900	-	5 294	12 606
	-	-	-	-	729	-	515	214
	-	-	-	-	500	-	434	66
	-	-	-	-	500	-	239	261
	-	-	-	-	258	-	-	258
	-	-	-	-	210	-	-	210
	364 915	-	117 484	487 887	353 667	(262 660)	92 660	486 233

Notes to the annual financial statements (continued)

17.1 Discretionary reserve (continued)

	Note	Opening balance 2009/10 R'000
Balance brought forward		240 457
Training Provider Capacity Building		-
RPL Pilot		-
NAFCOC SMME		-
Project Management System		-
Retail MDP Project		-
SMME Development Approach		-
International Leadership Development Programme 3		-
Siyaphambili Project		-
SADDT Disability Project		-
Rural Development Strategy		-
RPL Conference		-
Stakeholder Participation		-
Soweto Fashion Festival		-
Mitchells Plain Festival		-
Makro Cadetship		-
BASF - Spray Painter Project		-
Metcash Management Development Programme (Unsolicited)		-
Development of the W&R BEE SME - Ethekwini		-
EC - BEE Cooperative Development		-
Development of BEE Training Providers		-
Development of fresh produce sales personnel		-
Consumer protection act workshop project		-
W&RSETA Bursary Scheme		-
SSP 2011		-
Learner Recruitment and Selection Project		-
Just on cosmetics NVC		-
Investors in people impact assessment		-
Impact research budget		-
HSRC FET Audit project		-
Regional projects		-
Limpopo Regional Projects		-
Western Cape Regional Projects		-
Gauteng South Regional projects		-
Gauteng North Regional Projects		-
NCFSNW Regional Projects		-
Eastern Cape Regional Projects		-
KZN Regional Projects		-
Total	5.1	240 457

A total amount of R287.859 million was written back during the financial year. An amount of R107 million which arose in 2009/10 is included in the total writebacks.

	Approved by accounting authority 2009/10 R'000	Adjustment R'000	Utilised R'000	Opening balance 2010/11 R'000	Approved by accounting authority 2009/10 R'000	Writebacks R'000	Utilised R'000	Closing balance 2010/11 R'000
	364 915	-	117 484	487 887	353 667	(262 660)	92 660	486 233
	-	-	-	-	7 147	-	38	7 109
	-	-	-	-	2 780	-	28	2 752
	-	-	-	-	422	-	138	284
	-	-	-	-	950	-	621	329
	-	-	-	-	5 617	-	71	5 546
	-	-	-	-	226	-	105	121
	-	-	-	-	13 900	-	1	13 899
	-	-	-	-	3 880	-	3	3 877
	-	-	-	-	37 300	-	8 189	29 111
	-	-	-	-	226	-	105	121
	-	-	-	-	500	63	563	-
	-	-	-	-	888	(559)	329	-
	-	-	-	-	5 000	701	5 701	-
	-	-	-	-	1 400	-	1 400	-
	-	-	-	-	2 600	-	-	2 600
	-	-	-	-	1 500	-	-	1 500
	-	-	-	-	11 500	-	-	11 500
	-	-	-	-	7 790	-	-	7 790
	-	-	-	-	1 716	-	-	1 716
	-	-	-	-	7 147	-	-	7 147
	-	-	-	-	374	-	-	374
	-	-	-	-	3 303	-	-	3 303
	-	-	-	-	77 000	-	-	77 000
	-	-	-	-	760	-	-	760
	-	-	-	-	605	-	-	605
	-	-	-	-	1 850	-	-	1 850
	-	-	-	-	300	-	-	300
	-	-	-	-	10 214	-	-	10 214
	-	-	-	-	1 080	-	-	1 080
	11 762	-	-	11 762	-	(11 762)	-	-
	14 761	-	5 437	9 324	-	(5 977)	1 176	2 171
	27 657	-	4 704	22 953	7 260	(2 949)	13 923	13 341
	38 484	-	10 476	28 008	-	(2 510)	18 065	7 433
	2 629	-	2 331	298	561	(299)	(258)	818
	5 106	-	1 635	3 471	-	(381)	2 328	762
	4 210	-	2 183	2 027	-	(117)	1 924	(14)
	26 654	-	3 537	23 117	13 195	(1 409)	11 317	23 586
	496 178	-	147 787	588 848	582 658	(287 859)	158 427	725 220

Notes to the annual financial statements (continued)

17.2 Approved but not contracted for

The following projects were approved in 2010/11 but were not contracted for:

	R'000
Scarce Skills Sponsorship	50 200
Qualification - CEP	5 663
SSP 2011/2016	3 014
Siyapambili Small Business Development	3 800
Retail Management Development Programme	5 617
Makro Cadetship	2 600
BASF - Spray Painter	1 165
Metcash Management Development Programme	3 630
BEE SME Development - Ethekwini	7 790
BEE Co-operative Development - Eastern Cape	1 716
BEE Training Providers Development	7 147
Fresh Produce Sales Personnel Development	374
Consumer Protection Act Workshop	3 303
SSP 2011	760
Bursary Scheme	77 000
	173 779

The above projects are included in note 17.1 above.

17.3 Operating leases

Total of future minimum lease payments under non-cancellable leases:

	Note	2010/11 R'000	2009/10 R'000
Not later than one year		3 188	2 944
Later than one year and not later than five years		8 101	-
		11 289	2 944

The operating lease relates to photocopier machines and office accommodation. The lease agreements for office accommodation will expire in 2014. No provision was made for an option to renew the leases on expiry. The rentals escalate annually by 10% on the anniversary dates.

18. Material losses through criminal conduct, irregular, fruitless and wasteful expenditure

No material losses were incurred as a result of criminal conduct. In addition, no amounts were spent irregularly or through wasteful action.

19. Financial instruments

In the course of operations of the SETA, it is exposed to interest rate, credit, liquidity and market risk. The SETA has developed a comprehensive risk strategy in terms of Treasury Regulation 28.1 in order to monitor and control these risks. The risk management process relating to each of these risks is discussed under the headings below.

	Floating rate	Effective interest rate	Fixed rate	Weighted average effective interest rate	Non-interest bearing			Total
	Amount		Amount		Weighted average period for which the rate is fixed in years	Amount	Weighted average period until maturity in years	
	R'000		R'000		%	R'000	R'000	
<i>Year ended 31 March 2011</i>								
Assets	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-
Cash	1 042 144	4.90%	-	-	-	-	-	1 042 144
Accounts receivable	-	-	-	-	-	-	-	-
Total financial assets	1 042 144	-	-	-	-	-	-	1 042 144
Liabilities	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-
Accounts payable	-	-	-	-	-	(131 483)	-	(131 483)
Bank overdraft	-	-	-	-	-	-	-	-
Total financial liabilities	-	-	-	-	-	(131 483)	-	(131 483)
<i>Year ended 31 March 2010</i>								
Total financial assets	904 173	6.5%	-	-	-	-	-	904 173
Total financial liabilities	-	-	-	-	-	(47 341)	-	(47 341)
	904 173	-	-	-	-	(47 341)	-	856 832

Notes to the annual financial statements (continued)

Credit risk

Financial assets, which potentially subject the SETA to the risk of non-performance by counter parties and subject the SETA to credit concentrations of credit risk, consist mainly of cash and cash equivalents, investments and accounts receivable.

The SETA manages to limit its Treasury counter-party exposure by only dealing with well-established financial institutions approved by National Treasury. The SETA's exposure is continuously monitored by the accounting authority.

The SETA does not have any material exposure to any individual or counter-party. The SETA'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.

Liquidity risk

The SETA manages liquidity risk through proper management of working capital, capital expenditure and cash flows. Adequate reserves and liquid resources are also maintained.

Market risk

The SETA 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 that the SETA is aware of.

Fair values

The SETA's financial instruments consist mainly of cash and cash equivalents, account and other receivables, and account and other payables.

No financial asset was carried at an amount in excess of its fair value and fair values could be reliably measured for all financial instruments.

The following methods and assumptions are used to determine the fair value of each class of financial instrument:

Cash and cash equivalents

The carrying amount of cash and cash equivalents is at fair value due to relatively short-term maturity of these financial assets.

Accounts receivable

The carrying amount of accounts receivable, net of allowance for bad debt, is amortised cost due to the relatively short term maturity of these financial assets. Interest is levied at the prescribed rate as determined by the Act should employers pay the Skills Development Levy late. The interest is transferred to the SETA through the DHET.

Accounts payable

The carrying amount of account and other payables is at amortised cost due to the relatively short-term maturity of these financial liabilities.

20. Related party transactions

The amount of levies from non-leviable small companies included in total levies received from DHET was R10.572 million.

Transactions with other SETAs

Inter-SETA transactions and balances arise due to the movement of employers from one SETA to another. During the current year, the W&RSETA received R3.160 million from other SETAs and transferred R2.118 million to other SETAs. At year end, R2.9 million was receivable and R968 000 was payable to other SETAs respectively.

The balances at year-end included in receivables and payables are:

	2010/11		2009/10	
	Amount of the transaction R'000	Amount receivable R'000	Amount of the transaction R'000	Amount receivable R'000
Receivables	3 160	2 857	1 800	-
AGRI SETA	68	6	176	30
CETA	-	-	38	-
CHIETA	3	3	53	-
CTFL	1	1	-	-
ESETA SETA	26	26	-	5
ETDP	22	0	39	-
FASSET	1	0	7	7
FIETA	42	42	-	-
FOODBEV	13	5	44	6
HW SETA	181	42	73	5
INSETA	32	32	-	-
ISSET SETA	7	7	13	7
MAPPP SETA	60	60	-	-
MERSETA	204	204	342	44
MQA	-	-	-	90
MQA	457	457	-	-
PSETA	1	1	-	10
SASSETA	-	-	2	-
SERVICES	1 974	1 903	475	1 550
TETA	60	60	-	39
THETA	8	8	-	8

20. Related party transactions (continued)

	2010/11		2009/10	
	Amount of the transaction	Amount receivable	Amount of the transaction	Amount receivable
	R'000	R'000	R'000	R'000
Receivables balance brought forward	3 160	2 857	1 264	1 800
Payables	2 118	968	2 057	1 128
AGRI SETA	119	96	8	16
BANKSETA	-	-	1	-
CETA	32	9	116	23
CHIETA	55	29	3	-
CTFL	72	9	21	-
ESETA	11	11	-	-
ETDP SETA	-	-	69	-
FASSET	11	11	37	-
FIETA	3	-	34	3
FOODBEV	79	21	127	213
H&W SETA	318	4	-	182
INSETA	3	3	-	-
ISETT SETA	44	11	-	(176)
MAPPP SETA	91	-	36	64
MERSETA	977	750	77	723
MQA	72	13	-	11
SASSETA	64	-	76	26
SERVICES	134	1	1 431	29
TETA	14	-	21	14
THETA	19	-	-	1
Net balance	1 042	1 889	(794)	672

21. Renewal of licence

The W&RSETA certificate for a re-establishment licence for the period 1 April 2011 to 31 March 2016 was granted on 31 March 2011.

22. Statement of financial performance - comparison with budget for the year ended 31 March 2011

	Note	Actual 2010/11 R'000	Budget 2010/11 R'000	Variance favorable/ (unfavorable) R'000
<i>Revenue</i>				
Skills Development Levy: income	22.1	502 416	476 640	25 776
Skills Development Levy: penalties and interest		3 806	-	3 806
Other income		(184)	-	-
Total revenue		506 038	476 640	29 582
<i>Expenditure</i>				
Employer Grant and project expenses	22.2	(413 143)	(447 900)	34 757
Administration expenses	22.4	(62 777)	(60 607)	(2 170)
Total expenditure		(475 920)	(508 507)	32 587
<i>Surplus/(deficit) from operations</i>				
Interest income	22.3	54 766	59 400	(4 634)
Net surplus/(deficit) for the year		84 884	27 533	57 351

Notes

- 22.1 Better than anticipated increases in remuneration resulted in a 5% favourable variance on levy income.
- 22.2 There was a low uptake on Mandatory Grants, thus a significant favourable variance on grants expenditure of R34.78 million.
- 22.3 The reduction in interest rates resulted in lower interest income in spite of higher cash balances. As a result of the above, the actual outcome was a surplus of R84.884 million compared to a budgeted surplus of R27,533 million.
- 22.4 Actual administration expenditure was 9.96% of levy income compared to the statutory budget of 10%.

23. Post balance sheet events

Subsequent to year end, a review of closing balances on project commitments of R725.2 million, as shown in note 17.1 above, indicated that R28.97 million will need to be written back.

Annexure A: Learnerships certified

Programme Description	NQF Level	2004	2005	2006	2007	2008	2009	2010	2011	Grand Total
Retail and Wholesale Processes	2	2 294	333	234	680	56	42	-	-	3 639
Wholesale and Retail Operations Management	5	32	8	-	15	1	-	14	-	70
Retail and Wholesale Sales and Service Technology	4	456	76	29	78	26	22	1	-	688
National Certificate in Retail Shop Floor Practices	2	-	45	149	916	260	83	6	-	1 459
National Certificate: Wholesale and Retail Sales Practice	3	-	7	96	38	11	102	4	-	258
National Certificate: Wholesale and Retail Credit Control	4	-	-	-	-	4	2	-	-	6
National Certificate in Wholesale and Retail Operations Supervision	4	-	6	95	291	80	445	451	25	1 393
National Certificate: Wholesale and Retail Distribution	2	-	-	-	72	102	101	417	74	766
National Certificate: Wholesale and Retail Merchandising Operations	2	-	-	-	-	-	157	501	170	828
National Certificate: Wholesale and Retail SME Operations	2	-	-	-	-	-	1	1	-	2
National Certificate: Wholesale and Retail Operations	2	-	-	-	-	-	541	639	60	1 240
National Certificate: Wholesale and Retail Chainstore Operations	2	-	-	-	-	75	61	793	129	1 058
National Certificate: Wholesale and Retail Buying and Planning	5	-	-	-	-	-	-	8	-	8
National Certificate: Wholesale and Retail: Retail Sales	3	-	-	-	-	-	-	63	-	63
Further Education and Training Certificate: Wholesale and Retail Generic Management Level 4	4	-	-	-	-	-	-	19	-	19
Total		2 782	475	603	2 090	615	1 557	2 917	458	11 497

Employed (18.1)

Programme Description	NQF Level	2004	2005	2006	2007	2008	2009	2010	2011	Grand Total
Retail and Wholesale Processes	2	193	74	138	387	31	41	-	-	864
Wholesale and Retail Operations Management	5	6	8	-	15	1	-	14	-	44
Retail and Wholesale Sales and Service Technology	4	116	27	27	72	17	17	1	-	277
National Certificate in Retail Shop Floor Practices	2	-	44	98	478	217	68	6	-	911
National Certificate: Wholesale and Retail Sales Practice	3	-	7	75	14	8	72	2	-	178
National Certificate: Wholesale and Retail Credit Control	4	-	-	-	-	4	2	-	-	6
National Certificate in Wholesale and Retail Operations Supervision	4	-	6	58	196	43	299	258	-	860
National Certificate: Wholesale and Retail Distribution	2	-	-	-	57	74	90	297	73	591
National Certificate: Wholesale and Retail Merchandising Operations	2	-	-	-	-	-	9	16	-	25
National Certificate: Wholesale and Retail Operations	2	-	-	-	-	-	149	250	9	408
National Certificate: Wholesale and Retail Chainstore Operations	2	-	-	-	-	18	19	129	13	179
National Certificate: Wholesale and Retail Buying and Planning	5	-	-	-	-	-	-	6	-	6
Further Education and Training Certificate: Wholesale and Retail Generic Management Level 4	4	-	-	-	-	-	-	19	-	19
		315	166	396	1 219	413	766	998	95	4 368

Unemployed (18.2)

Programme Description	NQF Level	2004	2005	2006	2007	2008	2009	2010	2011	Grand Total
Retail and Wholesale Processes	2	2 101	259	96	293	25	1	-	-	2 775
Wholesale and Retail Operations Management	5	26	-	-	-	-	-	-	-	26
Retail and Wholesale Sales and Service Technology	4	340	49	2	6	9	5	-	-	411
National Certificate in Retail Shop Floor Practices	2	-	1	51	438	43	15	-	-	548
National Certificate: Wholesale and Retail Sales Practice	3	-	-	21	24	3	30	2	-	80
National Certificate in Wholesale and Retail Operations Supervision	4	-	-	37	95	37	146	193	25	533
National Certificate: Wholesale and Retail Distribution	2	-	-	-	15	28	11	120	1	175
National Certificate: Wholesale and Retail Merchandising Operations	2	-	-	-	-	-	148	485	170	803
National Certificate: Wholesale and Retail SME Operations	2	-	-	-	-	-	1	1	-	2
National Certificate: Wholesale and Retail Operations	2	-	-	-	-	-	392	389	51	832
National Certificate: Wholesale and Retail Chainstore Operations	2	-	-	-	-	57	42	664	116	879
National Certificate: Wholesale and Retail Buying and Planning	5	-	-	-	-	-	-	2	-	2
National Certificate: Wholesale and Retail: Retail Sales	3	-	-	-	-	-	-	63	-	63
		2 467	309	207	871	202	791	1 919	363	7 129

Annexure B: Sector industry codes

Wholesale

SETA Code	SIC Code	Trade Category
27	61000	Wholesale and commission trade, except for motor vehicles and motorcycles
27	61100	Wholesale trade on a fee contract basis
27	61220	Wholesale trade in food, beverages and tobacco
27	61310	Wholesale trade in textile, clothing and footwear
27	61391	Wholesale trade in household furniture requisites and appliances
27	61392	Wholesale trade in books and stationery
27	61393	Wholesale trade in precious stones, jewellery and silverware
27	61394	Wholesale trade in pharmaceutical, toiletries and medical equipment
27	61420	Wholesale trade in metal and metal ore
27	61430	Wholesale trade in construction material, hardware, plumbing and heating equipment
27	61501	Office machinery and equipment including computers
27	61509	Other machinery
27	61901	General wholesale trade
27	61909	Other wholesale trade not elsewhere classified

Retail

SETA Code	SIC Code	Trade Category
27	62000	Retail trade, except for motor vehicles and motorcycles; repairs of personal and household goods
27	62110	Retail trade in non-specified stores with food, beverage and tobacco dominating
27	62190	Other retail trade non-specified stores
27	62201	Retail trade in fresh fruit and vegetables
27	62202	Retail trade in meat and meat products
27	62203	Retail trade in bakery products
27	62204	Retail trade in beverages (bottle stores)
27	62209	Other retail trade in food, beverages, and tobacco, not elsewhere classified
27	62311	Retail of non-prescribed medicine and pharmaceutical products other than by pharmacists
27	62321	Retail trade in men's and boy's clothing
27	62322	Retail trade in ladies' and girls' clothing
27	62323	Retail trade in general outfitters and by dealers in piece goods, textile, leather, and travel accessories
27	62324	Retail trade in shoes
27	62330	Retail trade in household furniture appliances, articles and equipment
27	62340	Retail trade in hardware, paints and glass
27	62391	Retail trade in reading matter and stationery
27	62392	Retail trade in jewellery, watches and clocks
27	62393	Retail trade in sports goods and entertainment requisites
27	62399	Retail trade by other specified stores
27	62400	Retail trade in second-hand goods in store
27	63122	Retail sale of used motor vehicles
27	63311	Sale of tyres

Annexures (continued)

The following activities, included under wholesale and retail in the Standard Classification of All Economic Activities do not form part of W&RSETA.

SETA Code	SIC Code	Trade Category
27	6121	Wholesale trade in agriculture raw material and livestock
27	6141	Wholesale trade in solid, liquid, and gaseous fuels and related products
27	62310	Specified retail trade in prescribed pharmaceutical, medical and orthopaedic goods
27	6251	Retail trade via mail-order houses
27	6252	Retail trade via stalls and markets
27	6259	Other retail trade not in stores
27	626	Repair of personal and household goods
27	631	Sale of motor vehicles other than used motor vehicles
27	632	Maintenance and repair of motor vehicles
27	633	Sale of motor vehicle parts and accessories other than tyres
27	634	Sale, maintenance and repair of motorcycles and related parts and accessories
27	635	Retail sale of automotive fuel
27	641	Hotels, camping sites and other provision of short-stay accommodation
27	642	Restaurant, bars and canteens

Annexure C: Schedule of Board/Committee meeting attendance

Board member	Constituency	Board	Executive Committee	Finance Board Committee	Joint FINCO / AUDIT	Audit Board Comm	Core Functions Board Comm	Projects Board Committee	Remuneration Board Committee
Number of Meetings		6	6	3	3	5	5	7	4
I Molefe (Chairperson)	SACCAWU – Labour	6	6	3	3			7	
V Harbhajan (Deputy Chairperson)	HOST – Employer	6	6		2				4
M Tau	SACCAWU – Labour	4	4		2				4
P Sito	ECCAWUSA – Labour	6		3	3		5	6	
T Zulu	HOTELICCA – Labour	6			3	4			4
F Abrahams*	SACTWU – Labour	2			2		2		
P Lundall**	SACTWU – Labour	2					1		
N Kettlele	FEDCRAW – Labour	6			1		5		
M Wilson	RA – Employer	5			2		5	7	
N Moodley	RA – Employer	6		2	3		2	2	
T Skenjana	EMOSA – Employer	6	5	3	2				
D Strydom***	SARC – Employer	2			2		2	4	
P Pillay****	SARC – Employer	2					1		
C Mrasi	HOST – Employer	6			3	5			4
P Mokupo	External AC member	2			3	5			
M Malope	External AC member				3	3			
P Phili	External AC member				2	3			
Y Gordhan	External AC member				3	5			

Legend

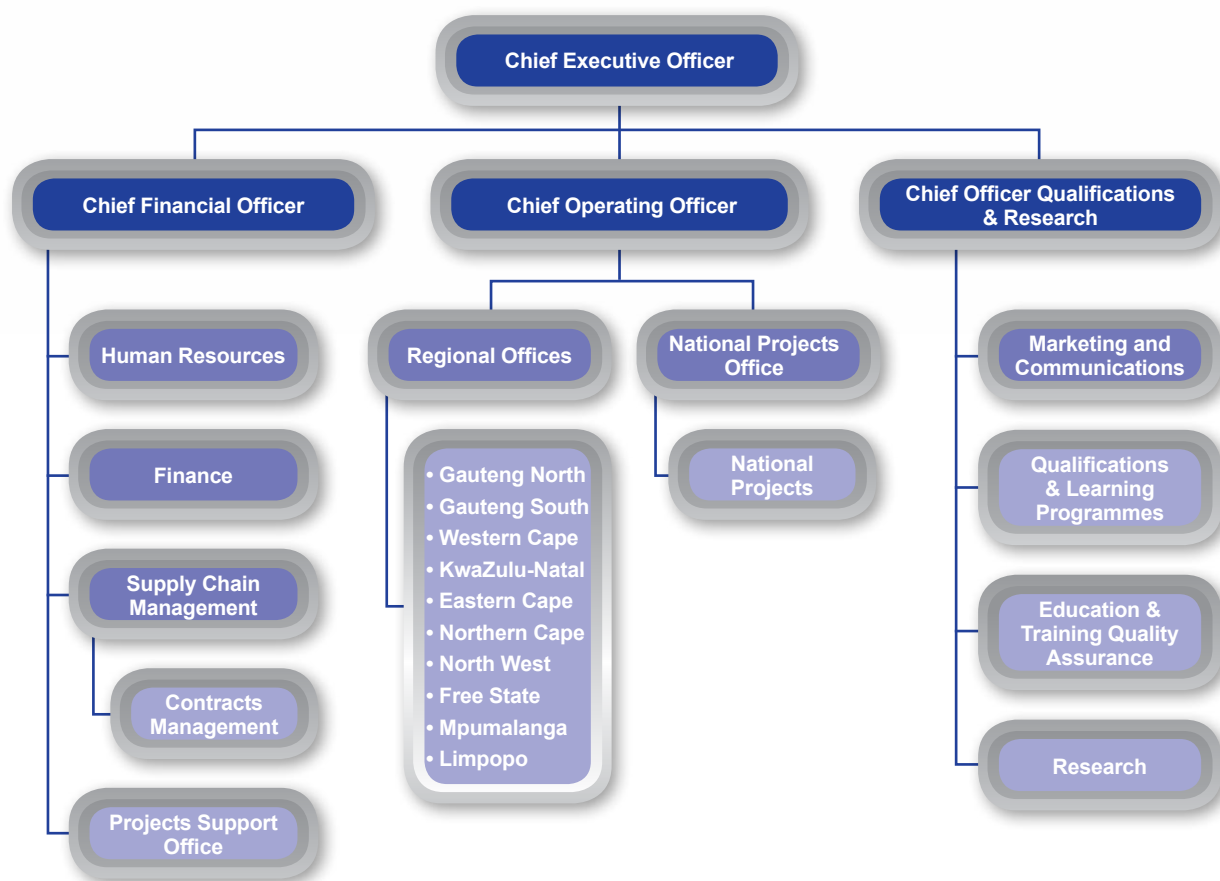
* Resigned from the Board in October 2010

** Replaced F Abrahams

*** Resigned from the Board in October 2010

**** Replaced D Strydom

Annexure D: Organisational structure



●	Senior Management
●	Executive Management
●	Middle Management

Annexure E: Staff demographics

Total Number of Employees (As at 01 April 2010)	Staff Turnover (Resignations, Dismissals, Deaths & Incapacitation)		New Employees (Employed: 01/04/201 – 31/03/2011)	Total Number of Employees (As at 31 March 2011)
101	Resignations:	5	Permanent Employees: 9 Contract Employees: 4	109
101		5	13	109

Staff demographics by gender

Gender	Statistics
Males	41
Females	68
Total	109

Staff demographics by race

Race	Statistics
Black	86
White	10
Coloured	9
Indian	4
Total	109

Staff demographics by disability

Gender	Statistics
Male	1
Females	5
Total	6

Annexure F: Occupational Levels, Salary bands and Job title

Occupational level	Salary bands	Job title
Senior Management	R800 000 – R1 500 000	Chief Executive Officer Chief Operations Officer Chief Financial Officer Chief Officer Qualifications & Research
Executive Management	R600 000 – R700 000	Human Resources, Marketing and Communications, Projects Support Office, Northern and Southern Regions, Supply Chain Management, Finance, and IT (outsourced)
Middle Management	R450 000 – R550 000	Regional Managers, Research, ETQA, Contracts, Learning & Development/IIP, Qualifications and Learning Programmes
Team Leaders	R350 000 – R450 000	Gauteng North, Gauteng South, Western Cape, KwaZulu-Natal
Co-ordinator Level	R250 000 – R350 000	Regional Co-ordinators, CEO Relations Officer Qualifications Specialist, Quality Assurer, Projects Specialists, Learning Programmes Specialist and Accountants, Procurement, Tender and PSD
Officer/PA Level	R170 000 – R220 000	Human Resources, Procurement, Personal Assistants, Contracts, Marketing and Communication, ETQA
Administration	R100 000 – R150 000	Departmental Administrator, Projects Administrator, Systems Administrator, Accountant Assistant
Office Support	Under R100 000	Office Support

NB: The table above is used as a guide and therefore does not represent actual employee salaries

Acronyms and abbreviations

ABET	Adult Basic Education and Training
AIDS	Acquired Immune Deficiency Syndrome
ATR	Annual Training Report
BEE	Black Economic Empowerment
CBO	Community-Based Organisations
CEO	Chief Executive Officer
CEP	Community of Expert Practitioners
Co-ops	Co-operatives
DHET	Department of Higher Education and Training
ECCAWUSA	Entertainment, Commercial Catering & Allied Workers Union of South Africa
ETQA	Education and Training Quality Assurance
FEDCRAW	Federal Council of Retail & Allied Workers
FET	Further Education and Training
GAAP	General Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practices
HET	Higher Education and Training
HOTELICCA	Hotel, Liquor, Catering Commercial and Allied Workers' Union of South Africa
HR	Human Resources
HIV	Human Immunodeficiency Virus
ILO	International Labour Organisation
ISDF	Independent Skills Development Facilitator
ISOE	Institutes of Sectoral or Occupational Excellence
IT	Information Technology
MDP	Management Development Programme
NGO	Non-Governmental Organisations
NGP	New Growth Path
NQF	National Qualifications Framework
NSDS	National Skills Development Strategy
PFMA	Public Finance Management Act
PPP	Public Private Partnerships
QCTO	Quality Council for Trade and Occupations
RPL	Recognition of Prior Learning
SACCAWU	South African Commercial, Catering and Allied Workers Union
SACTWU	Southern African Clothing and Textile Workers' Union
SAQA	South African Qualifications Authority
SARC	South African Retail Council
SARS	South African Revenue Services
SDF	Skills Development Facilitator
SETA	Sector Education and Training Authority
SLA	Service Level Agreement
SMME	Small, Medium and Micro Enterprises
SSP	Sector Skills Plan
TMDT	Thabo Mbeki Development Trust
W&R	Wholesale and Retail
W&RSETA	Wholesale and Retail Sector Education and Training Authority
WEEG	Workplace Experience and Employment Grant
WSC	Workplace Skills Committee
WSP	Workplace Skills Plan

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Gauteng South	Ground Floor, Building 18, Woodlands Office Park, Western Service Road, Woodmead • PO Box 633, Wendywood, 2144 Tel: 011 656 0085 • Fax: 012 665 2559
KwaZulu-Natal	Office 102B, Clifton Place, 19 Hurst Grove, Musgrave, Durban • PO Box 184732, Dallbridge, 4014 Tel: 031 277 0500 • Fax: 031 201 0008
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Eastern Cape	Kings Tourism Centre, 1 Aquarium Road, East London, 5201 Tel: 043 722 3010 • Fax: 043 722 3037
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