

2016/17

ANNUAL REPORT

Telling a good story of skills development



higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA



higher education & training

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Higher Education and Training
REPUBLIC OF SOUTH AFRICA



Hon. Minister Dr. Blade Nzimande



Hon. Deputy Minister Mduzuzi Manana

PRESENTATION OF THE 2016/17 W&RSETA ANNUAL REPORT TO THE MINISTER OF HIGHER EDUCATION AND TRAINING, DR. BE NZIMANDE

The Honourable Minister

On behalf of staff and Management, it is with great pleasure to present to the Honourable Minister the 2016/17 Annual Report of the Wholesale and Retail SETA as prescribed by Section 55 of the Public Finance Management Act, Chapter 28 of the Treasury Regulations and the Skills Development Act No. 97 of 1998. These legislations require the Public Entity to submit an Annual Report to the Executive Authority, National Treasury and Auditor – General of South Africa for tabling to the Parliament of South Africa which must comprise the following for the year under review:

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

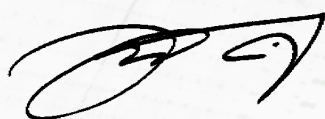
The Annual Report reflects on the strides made by the W&RSETA to contribute to the Minister's vision of the Post School Education and Training to the economic growth of South Africa.

During the 2016/17 financial year, the W&RSETA achieved against the Service Level Agreement with the Department and was issued with an unqualified audit report by the Auditor-General South Africa.

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

We commit to accelerate our efforts in the ensuing financial year to ensure that skills development remains a reality in the Wholesale and Retail Sector.

Yours in skills development,



Mr. Pascal Mokupo
Administrator

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PART A

GENERAL INFORMATION



1.1 General Information

Registered Name of the Public Entity

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

Registration Number of the Entity

27/W&RSETA/1/04/11

Registered Office Address

1303 Heuwel Avenue
Riverside Office Park
Cnr. Lenchen South & Heuwel Avenue
Centurion
Pretoria
Republic of South Africa, 0167

Postal Address

Private Bag X106, Centurion, 0046

Contact Telephone Numbers

Tel: 012 622 9500
Call Centre: 0860 270 027

Email Address:

W&RSETA@W&RSETA.org.za

Website Address

www.W&RSETA.org.za

External Auditors Information

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

Bankers Information

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

1.2 Sector Industry Codes

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

1.3 Learnership Certified Employed

Employed learners (18.1)

Learnership	NQF Level	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Grand Total
General Education and Training Certificate: Adult Basic Education and Training	1	-	-	-	-	-	-	-	-	156	116	230	502
National Certificate: Service Station Operation	2	-	-	-	-	-	-	-	18	-	-	2	20
New Venture Creation	4	-	-	-	-	-	-	-	1	-	-	-	1
National Certificate: Business Administration Services	3	-	-	-	-	-	-	-	1	-	-	-	1
National Certificate in Management	3	-	-	-	-	-	-	-	35	-	-	-	35
Diploma Accounting Technician	5	-	-	-	-	-	-	-	1	-	-	-	1
Wholesale and Retail Operations Management	5	-	15	1	-	14	-	11	-	-	-	-	32
National Certificate: Retail Shop Floor Practices	2	98	478	217	68	6	-	1	-	-	-	-	868
National Certificate: Wholesale and Retail Sales Practice	3	75	14	8	72	2	-	1	18	-	-	-	190
National Certificate: Wholesale and Retail Operations Supervision	4	58	196	43	299	258	-	374	298	144	440	-	2 110
National Certificate: Wholesale and Retail Distribution	2	-	57	74	90	297	73	224	40	222	292	154	1 884
National Certificate: Wholesale and Retail Merchandising Operations	2	-	-	-	9	16	-	152	120	150	172	143	762
National Certificate: Wholesale and Retail Operations	2	-	-	-	149	250	9	402	595	221	274	139	2 039
National Certificate: Wholesale and Retail Chain Store Operations	2	-	-	18	19	129	13	293	565	275	684	-	1 996
National Certificate: Wholesale and Retail Buying and Planning	5	-	-	-	-	6	-	10	12	-	16	-	44
National Certificate: Wholesale and Retail – Retail Sales	3	-	-	-	-	-	-	79	59	20	158	-	316
Further Education and Training Certificate: Wholesale and Retail Generic Management	4	-	-	-	-	19	-	35	46	72	82	114	368
National Certificate: Wholesale and Retail SME Operations	2	-	-	-	-	-	-	10	17	21	27	-	75
National Certificate: Wholesale and Retail Wholesale Sales	3	-	-	-	-	-	1	24	83	20	14	-	142
National Certificate: Stock Control Retail Outlet	3	-	-	-	-	-	-	-	41	10	-	42	93
National Certificate: Wholesale and Retail Cosmetic	3	-	-	-	-	-	-	-	-	-	-	-	0
National Certificate: Wholesale and Retail Visual Merchandising	3	-	-	-	-	-	-	16	15	14	17	54	116
National Certificate: Wholesale and Retail Generic Management	5	-	-	-	-	-	-	24	4	8	99	123	258
National Certificate: Informal and Small Business Practice	3	-	-	-	-	-	-	-	-	10	102	60	172
National Certificate: Wholesale and Retail Stock Control in a distribution centre	3	-	-	-	-	-	-	-	1	1	-	65	67
Total		231	760	361	706	997	96	1 646	2 332	1 338	2 493	1 126	12 092

Learnership Certified Employed (continued)

Employed learners (18.2)

Learnership	NQF Level	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Grand Total
Wholesale and Retail Operations Management	5	-	-	-	-	-	-	-	-	-	-	-	0
National Certificate in Retail Shop Floor Practices	2	51	438	43	15	-	-	-	2	-	-	-	549
National Certificate: Wholesale and Retail Sales Practice	3	21	24	3	30	2	-	-	-	-	-	-	80
National Certificate: Wholesale and Retail Operations Supervision	4	37	95	37	146	193	25	59	55	73	400	309	1 429
National Certificate: Wholesale and Retail Distribution	2	-	15	28	11	120	1	181	207	18	70	88	739
National Certificate: Wholesale and Retail Merchandising Operations	2	-	-	-	148	485	170	606	546	207	157	331	2 650
National Certificate: Wholesale and Retail Operations	2	-	-	-	392	389	51	1 438	615	144	520	682	4 231
National Certificate: Wholesale and Retail Chain Store Operations	2	-	-	57	42	664	116	362	513	164	381	-	2 299
National Certificate: Wholesale and Retail Buying and Planning	5	-	-	-	-	2	-	14	-	-	1	23	40
National Certificate: Wholesale and Retail – Retail Sales	3	-	-	-	-	63	-	213	85	53	194	-	608
Further Education and Training Certificate: Wholesale and Retail Generic Management	4	-	-	-	-	-	-	5	37	11	6	6	65
National Certificate: Wholesale and Retail SME Operations	2	-	-	-	2	2	-	644	31	-	9	40	728
National Certificate: Wholesale and Retail Wholesale Sales	3	-	-	-	-	-	125	22	141	22	65	-	375
National Certificate: Stock Control Retail Outlet	3	-	-	-	-	-	-	8	107	27	136	47	325
National Certificate: Wholesale and Retail Cosmetic	3	-	-	-	-	-	-	2	-	-	-	-	2
National Certificate: Wholesale and Retail Visual Merchandising	3	-	-	-	-	-	-	6	42	-	176	-	224
National Certificate: Wholesale and Retail Generic Management	5	-	-	-	-	-	-	150	1	85	75	-	311
National Certificate: Informal and Small Business Practice	3	-	-	-	-	-	-	-	31	23	64	154	272
National Certificate: Wholesale and Retail Stock Control in a distribution centre	3	-	-	-	-	-	-	-	-	1	20	78	99
General Education and Training Certificate: Adult Basic Education and Training	1	-	-	-	-	-	-	-	-	13	110	234	357
National Certificate in Management	3	-	-	-	-	-	-	-	2	-	-	-	2
National Certificate: Service Station Operations	2	-	-	-	-	-	-	-	27	-	-	2	29
New Venture Creation	4	-	-	-	-	-	-	-	46	-	-	-	46
Contact Centre Support	2	-	-	-	-	-	-	-	4	-	-	-	4
Retail and Wholesale Processes	2	-	-	-	-	-	-	-	11	-	-	-	11
Retail and Wholesale Sales and Services Technology	4	-	-	-	-	-	-	-	2	-	-	-	2
Total		109	572	168	786	1 920	488	3 710	2 505	841	2 384	1 994	15 477

1.4 Acronyms And Abbreviations

ACRONYM	MEANING
AET	Adult Education and Training
AQP	Assessment Quality Partner
ATR	Annual Training Report
BEE	Black Economic Empowerment
BRICS	Brazil, Russia, India, China and South Africa
CBO	Community-based Organisations
CEO	Chief Executive Officer
DC	Distribution Centre
DEDaT	Department of Economic Development and Tourism
DG	Discretionary Grants
DHET	Department of Higher Education and Training
DUT	Durban University of Technology
EE	Employment Equity
ETQA	Education and Training Quality Assurance
FET	Further Education and Training
FMCG	Fast-moving Consumer Goods
GIBS	Gordon Institute of Business Science
HET	Higher Education and Training
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
ILDP	International Learnership Development Programme
ILO	International Labour Organisation
ISDF	Independent Skills Development Facilitator
IT	Information Technology
JOI	Job Opportunity Index
MerSETA	Manufacturing, Engineering and Related Services Sector Education and Training Authority
MICTSETA	Media, Information, Communication and Technology Sector Education and Training Authority
NGO	Non-governmental Organisations
NQF	National Qualifications Framework
NSDS	National Skills Development Strategy
NSFAS	National Student Financial Aid Scheme
NVC	New Venture Creation
PFMA	Public Finance Management Act
PIVOTAL	Professional Vocational Technical and Academic Learning
PSDF	Provincial Skills Development Forum
QCTO	Quality Council for Trades and Occupations
QMB	Quality Management Body
QQA	Qualification and Quality Assurance
RMDP	Retail Management Development Programme
RPL	Recognition of Prior Learning
SAQA	South African Qualifications Authority
SDF	Skills Development Facilitator
SEDA	Small Enterprise Development Agency
SETA	Sector Education and Training Authority
SIC	Sector Industry Classification
SLO	Skills Liaison Officer
SME	Small and Micro Enterprises
SMME	Small, Medium and Micro Enterprises
SMS	SETA Management System
SOE	School of Excellence
SSETA	Services Sector Education and Training Authority
SSP	Sector Skills Plan
TVET	Technical Vocation Education and Training
WRLC	Wholesale and Retail Leadership Chair
W&R	Wholesale and Retail
W&RSETA	Wholesale and Retail Sector Education and Training Authority
WEEG	Workplace Experience and Employment Grant
WSP	Workplace Skills Plan
SLO	Skills Liaison Officer

1.5 Strategic Overview

Vision

To be the country's leader in Skills Development.

Mission

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

Strategic Goals

- Skilled, capable and professional workforce in the Wholesale and Retail Sector
- Effective and efficient organisation
- Effective stakeholder engagement and strategic partnerships
- A skilled, vibrant SMME and Cooperatives Sector
- Responsive and empowered training providers

Values

- Place high value in the members of the W&RSETA team;
- Continually treat each other with respect and dignity;
- Support each other in action, word and behaviour;
- Optimise strong ethics, integrity and trustworthiness;
- Care for each other and are sensitive about feelings, concerns, frustrations and limitations;
- We are honest with each other and are prepared to engage openly and frankly on differences;
- We thrive on positive and constructive feedback;
- We are honest with each other and are prepared to engage openly and frankly on differences;
- We thrive on positive and constructive feedback;
- We are zealously co-responsible and accountable for the team's efforts;
- Respect the unique contribution that each individual makes and recognise that 'I' cannot be fully 'me' without 'you'.
- We give each other space and accept the responsibility for the impact of our actions in the team;

- We positively affirm our confidence in each individual's ability to deliver excellently; and
- We make time to regularly interact and reflect meaningfully on what is really important.

Guiding Principles

In terms of our Guiding Principles, the W&RSETA accepts, promotes and give effect to the applicable legislation and to our vision, mission and objectives adhering to the following principles:

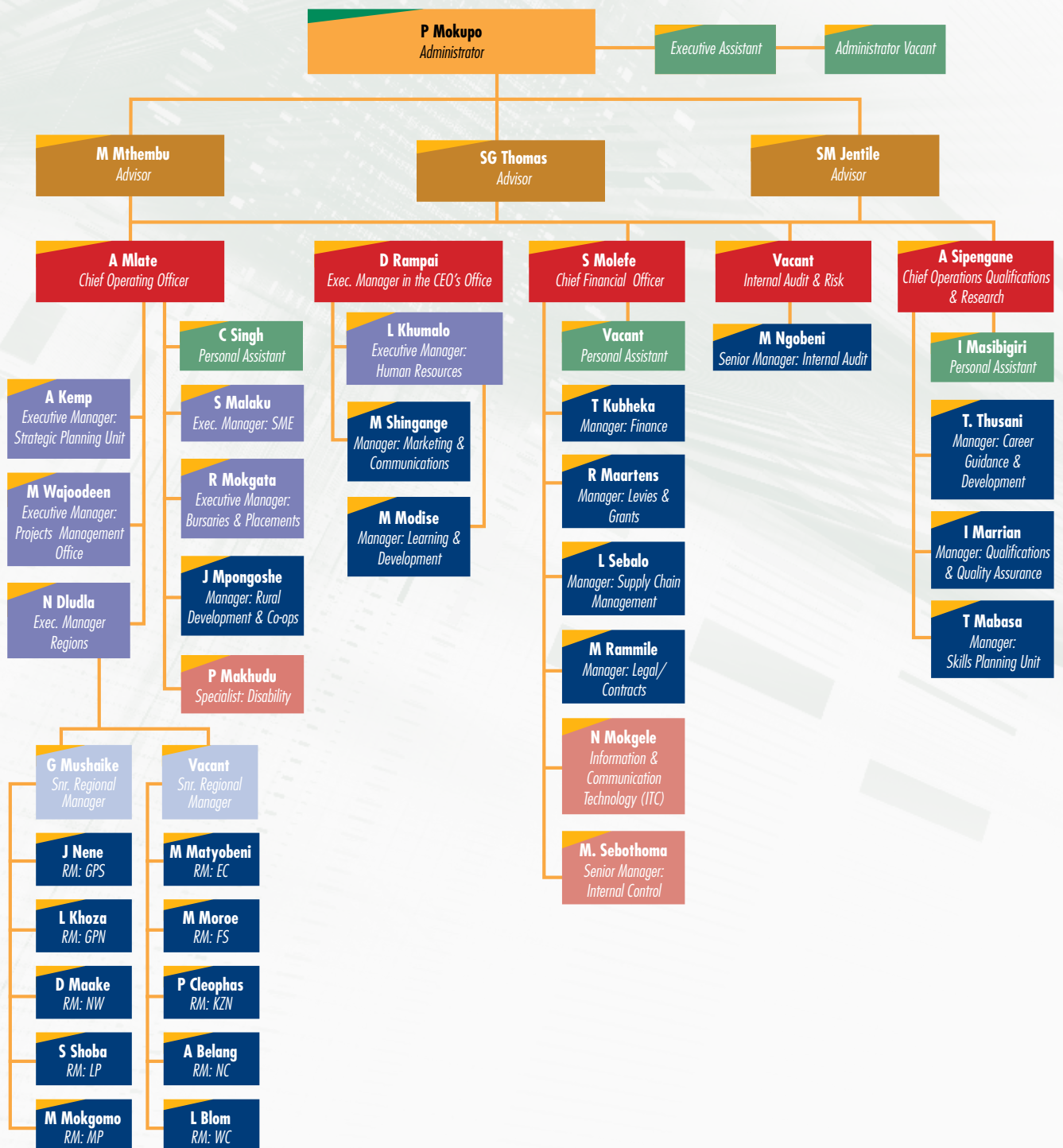
- Encourage and promote the International Labour Organisation's (ILO) Decent Work Agenda;
- Apply nondiscriminatory employment practices;
- Be fair and equitable in all dealings with and treatment of stakeholders, suppliers and vendors;
- Develop and implement best business practices;
- Encourage adherence to the sectorial determination within the W&R Sector; and
- Foster sound corporate governance principles as outlined in King III.

The Skills Development Act, 1998 (SDA) makes provision for the establishment of Sector Education and Training Authorities (SETAs) for each national economic sector as determined by the Minister in terms of sector 9 of the SDA.

The SDA establishes the framework within which SETAs must operate. It stipulates the composition and functions of SETAs and determines the minimum requirements for their constitutions. The W&RSETA is governed by the following legislative framework:

- Skills Development Act, 1998
- Skills Development Levies Act, 1999
- Public Finance Management Act, 1999
- Regulations regarding the Establishment of Sector

1.6 Organisational Structure



1.7 Administrator's Foreword



Mr Pascalis Mokupo

The W&RSETA remains committed to deliver skills development initiatives to the majority of its beneficiaries and South Africa as a whole. The W&RSETA is therefore always delighted to share its ongoing achievements of changing people's life through skilling the workforce in the Wholesale and Retail Sector.

Perspective of the Organisation

On the 3rd October 2017, the W&RSETA was placed under administration for a period of 12 (twelve) months as per Government Notice no 1211 published in Gazette No 40324 by the Minister of Higher Education and Training (DHET), Dr B.E Nzimande in terms of the provision of Section 15(2)(C) of the Skills Development Act, 1998 (Act 97, 1996 as amended). On the 14th October 2017, the DHET Minister replaced Ms Manching Benedicta Monama with Mr Pascalis Mokupo to take over the administration of the W&RSETA as per Government Notice 1277 published in Gazette No 40352, which was established in terms Government Gazette No. 34202 of 8 April 2011.

This decision amongst others, was based on the second qualified audit opinion the SETA received from the Auditor-General in the 2014/15 and 2015/16 financial years. Some

of the factors that contributed to the SETA receiving qualified audit reports for two consecutive years were Commitment Registers for the organisation's projects.

During the year under review the W&RSETA complied with all prescribed legislation. The W&RSETA submitted all relevant reports to the Department of Higher Education and Training. All reports were submitted in time and they include the 2016/17 Strategic Plan, the 2016/17 Sector Skills Plan, 2016/17 Annual Report as well as the Quarterly Performance Reports.

Furthermore, the W&RSETA was audited by Internal and External Audits on its Operations, Governance, Finances and Contracts for the financial period of 2014/2015 and 2015/2016. The outcome for both periods resulted in the W&RSETA receiving qualified audits report which resulted in the need for the organisation to work on an Action Plan to correct audit findings and any other internal control deficiencies and put measures in place to address the resultant audit findings.

In an effort to address the findings by the Auditor-General, in the 2016/17 financial year, the W&RSETA management pulled internal resources and put together a Task Team in 8 November 2016 which comprised of staff from head office and Regional Offices to ensure that the Commitment Register was reconciled before the 31st March 2017. Due to the high volume of activities required to complete the project, work streams were assembled from the SETA staff compliment to review information in each project respectively. This initiative was under the guidance and leadership of the Advisor: *Governance and Finance*, Mr Glen Thomas, as assigned by the Administrator, proved to be cost effective as it saved the W&RSETA money as no external or additional services were appointed to execute the project.

The Task Team undertook to review the entire value chain (Operations, Projects Management, Contracts Management, and Finance) in each project respectively to address audit findings.

The objective of the Task Team was to ensure valid, accurate and complete Contracts Register and Commitment Register were ready for submission to the Auditor-General for final Audit review. The activities and deliverables in the table below were aimed to

Administrator's Foreword (continued)

Activities	Outputs
Review active projects in accordance with governance requirements	A signed, completed checklist that would be supported by all the physical project governance documents - project proposal or business case, approval, project charter, change request and closure documents included in each project file.
Standardize the project naming convention across all registers and systems	Updated Registers and systems with the naming convention as per the AFS.
Reconcile Contract Register and Project's Dashboard with the Commitment Register	Equal number of contracts against each approved project across all the registers including contract value, contract start and end dates, addendums, expenditure and write backs properly reconciled
All payments processed reconciled against contracts listed on the reconciled Contract Register.	Supporting documentation for all processed payment tranches linked to each contract.

ensure that the objectives of the project were met:

- Review active projects in accordance with governance requirements.
- Standardise the project naming convention across all registers and systems.
- Reconcile Contract Register and Project's Dashboard with the Commitment Register.

Thus, it is prudent to note that in consultation with the Internal Audit, it was agreed that auditing would be done on a financial year to year basis starting from financial year 2010/2011 up to the 31st of March 2017. To date the Commitment Register and Contracts Register have been sent to the Internal Audit team to ensure completeness and accuracy of schedules was achieved in the reporting of finances.

Some Key achievements for the 2016/17 financial year:

International Leadership Development Programme (ILDP)

2017 marked the 8th year of the W&RSETA's prestigious programme which was successfully implemented and supported by highly acclaimed industry leaders. During the year under review, 58 senior managers were enrolled and toured five international countries USA, China, India, Russia and Ghana. It is very pleasing to note that out of 58 delegates, 56 successfully completed the programme and graduated during the gratifying ceremony. The 2016 delegates have added to the Alumni of dedicated senior managers who are setting a precedent in the Wholesale and Retail Sector as its skills development ambassadors. The ILDP continue to shape industry leaders who

strive to influence strategic direction and skills development initiatives within their respective businesses.

Retail Management Development Programme (RMDP)

Launched in 2012 to address skills gap in the middle management pool in the Wholesale and Retail Sector, the Retail Management and Development Programme (RMDP) is the second highly acclaimed leadership development programme of the W&RSETA. During the year under review, the programme celebrated the achievement of 341 middle managers who successfully completed the programme. More notable, the year 2017 marked a 5-year milestone which was celebrated in style during the glittering ceremonies which took place in three provinces Gauteng, Western Cape and KwaZulu Natal. The 341 middle managers who graduated added to the Alumni of 1341 since the inception of this programme in 2012.

Good Practice Awards (GPA)

It is pleasing to report that during the year under review, the W&RSETA successfully hosted the second ground breaking Good Practice Awards (GPA). The awards which aimed at recognising all its stakeholders and industry role players who are making notable contribution to the sector were held in June 2016 in a glittering event.

Capacitation of TVET Lecturers

The W&RSETA has collaborated with the Department of Higher Education and Training, TVET Directorate to develop retail elective subjects for the National Certificate Vocational (NCV) qualification offered by public TVET colleges. The objective

Administrator's Foreword (continued)

of this collaboration was to address misalignment of the programmes offered by the TVET colleges and the skills required by the industry. To this end, the W&RSETA has undertaken to fund the capacitation of 60 lecturers across the country who would be involved in the delivery of W&RSETA qualifications and the NCV retail subjects.

Rural Development

Rural Villages project

The W&RSETA assisted 490 unemployed learners respectively drawn from rural villages of UPhongolo Local Municipality, Amahlathi Local Municipality and within 8 Northern Cape Traditional Councils. The learners were registered on W&RSETA Informal Small Business Practice NQF Level 3 in order to start, operate and sustain their own businesses that were registered with CIPC and SARS. Of the 490 registered learners, 417 are already certificated with a completion rate of 85%.

W&RSETA Registered Co-operatives Project

The W&RSETA registered 158 unemployed learners from 20 co-operatives drawn from the Northern Cape. Each learner was registered on two skills programmes related to their occupations within the co-operative. Learners received certificates. The success rate was 90%.

Non-Governmental Organisations (NGOs) / Non-Profit organisations (NPOs)

The W&RSETA registered 82 employed learners from 16 NPO/NGO on single unit standards that address scarce and critical skills. Learners received records of achievement. The success rate was 91%.

Challenges

Contracts and commitment registers

One of the challenges the SETA encountered in the year under review was with projects initiated without contracts signed by both Stakeholders and the W&RSETA, however the SETA cautioned Stakeholders to refrain from commencing with projects without signed contracts.

PIVOTAL contracts and unpaid invoices

The SETA made great strides in remedying the issue of PIVOTAL contracts and unpaid invoices as one of the major audit findings

as per Auditor General's report, therefore, formal agreements were drafted and signed in order to address legality concerns contributing to non-payments of invoices.

The suspension of the eight (8) managers

During the month of May 2016 eight (8) of the W&RSETA managers were suspended pending investigations, the situation had a negative impact on the W&RSETA's performance for the first three (3) quarters of the 2016/17 financial year. Therefore, the matter was reviewed according to the HR Policy, processes and procedures were followed which resulted to the W&RSETA reinstating suspended managers. The W&RSETA's performance improved in the fourth quarter of the 2016/17 financial year.

Certification

Before the W&RSETA was put under administration, a backlog totaling 3 915 certificates were outstanding. During the period of administration, the backlog was cleared and all certificates were issued to learners. Furthermore, during the same period, 5 892 new certificated were issued.

Irregular Expenditure

Total irregular expenditure amounted to R330,6 million. Included, is an amount of R114,7 million incurred during the 2016/17 financial year. Compared to the amount incurred during the 2015/16 financial year of R207,7 million, irregular expenditure incurred decreased by 44% (refer to note 37 in the AFS).

As part of the clean-up of irregular expenditure, a *Financial Misconduct Committee* was established to investigate reasons for irregular expenditure. Of the R114,7 million of the irregular expenditure, R92,7 million was due to the lack of compliance to the Annexure II WSP Submissions.

Future Action Plans of the Organisation

Our focus will be around the following areas:

- Developing effective and efficient ways of awarding bursaries to deserving learners;
- Contributing towards job creation opportunities;
- Continuous support of Small Business and Informal Traders;
- Improving communication with stakeholders;

Administrators Foreword *(continued)*

- Increased collaboration with TVETs and HETs;
- Efficient disbursement of stipends to learners;
- Improved collaborations with other SETAs; and
- Modernising the IT infrastructure.

Acknowledgements/Appreciation

The year under review has been one of the most trying years not only for the W&RSETA but also for our stakeholders who have been affected by the latest developments associated with the W&RSETA being placed under administration and changes of leadership. To our stakeholders, both levy paying and non-levy paying organisations, we would like to extend our heartfelt appreciation to your ongoing participation and contribution to skills development in the sector and the country as a whole despite difficult and challenging times the W&RSETA and its current management had to endure.

To all the companies and employers who have contributed in skilling the country and opening doors for work place opportunities, we would like to commend you for your sterling contribution in eradicating unemployment and making positive and sustained contributions to the economic growth of the country.

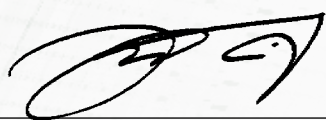
The collaboration of Institutions of Higher Education and Training as well as Technical Vocational Education and Training Colleges (TVETCs) has contributed significantly to the mandate of the W&RSETA of enhancing skills development and addressing issues of articulation and we wish to thank these institutions for their unwavering partnership with the W&RSETA.

A special word of thanks goes to the Tribal Authorities whose support towards the successful implementation of rural development projects has contributed significantly to skills development in the rural communities.

To Management and staff of the W&RSETA who have unequivocally demonstrated their commitment to achieving the vision, mission and objectives of the SETA, thank you for your hard work and dedication which at times has seen you stretching yourselves beyond the call of duty to ensure that the W&RSETA succeeded in exceeding the expectations of its stakeholders. Your commitment is evident in the lives of the learners that have been positively impacted. To colleagues who continue to work tirelessly to ensure that we remain the premier authority in skills development, we salute you.

We also would like to extend our appreciation to learners who have been patient with us during the laborious bursary application process. We will endeavour to develop sophisticated but workable mechanisms which will promote faster allocation of our bursaries to the deserving learners.

On behalf of the W&RSETA Management and staff, I would like to thank the Department of Higher Education and Training for their unwavering support and leadership which continuously assist us in ensuring that the W&RSETA fulfils its skills development mandate.



Mr. Pascalis Mokupo

Administrator

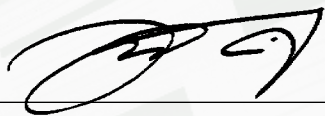
14 August 2017

1.8 Statement of Responsibility and Accuracy

Statement of Responsibility and Confirmation of accuracy of the Annual Report for the year ended 31 March 2017

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

- All information provided and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor General.
- The annual report is complete, accurate and is free from any omissions.
- The annual report has been prepared in accordance with guidelines on the annual report as issued by National Treasury.
- The Annual Financial Statements (Part E) have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), the requirements of the Public Finance Management Act of South Africa, 1999 (PFMA) and Skills Development Act, 1998 (SDA).
- The accounting authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.
- The accounting authority is responsible for establishing, and implementing a system of internal control which has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.
- The external auditors are engaged to express an independent opinion on the annual financial statements.
- In our opinion, the annual report fairly reflects the operations, the performance information, the human resource information and financial affairs of the entity for the financial year ended 31 March 2017.



Mr. Pascalis Mokupo

Administrator

14 August 2017

PART B

PERFORMANCE INFORMATION

**RETAIL SIMULATION CENTRE
OF THE W&R SETA
OFFICIALLY LAUNCHED
ON 27 JULY 2016**



**Retail Simulation Centre
of the
Wholesale & Retail SETA
Officially Launched on
21 July 2016**



2. AUDITOR GENERAL'S REPORT: Predetermined Objectives

The Auditor-General has conducted audit procedures on the performance information of the Wholesale and Retail Sector Education and Training Authority (W&RSETA) set out on pages 21 to 38 for usefulness and reliability, compliance with laws and regulations and internal controls.

The reliability of the information in respect of the selected programmes is assessed to determine whether it adequately reflects the facts.

There were no material findings on the W&RSETA annual performance report concerning the usefulness and reliability of the information.

Refer to page 88 to 95 of the Auditor-General's Report, included in Part E: Financial Information.

2.2 Situational Analysis

2.2.1 Service Delivery Environment

Following the successful implementation of retail schools of excellence in KwaZulu-Natal, the SETA has taken a decision to roll out the project to other provinces. The ground-breaking initiative commenced in Gauteng and has been implemented at the South West Gauteng, and Central Johannesburg. The initiative is aimed at increasing the SETA's national footprint in line with the call by the Minister to establish presence in rural areas and townships.

To date, the W&RSETA has established offices in 32 TVET colleges across the country.

2.2.2 Organisational Environment

In October 2016, Minister of Higher Education and Training, Dr Blade Nzimande, placed the W&RSETA under administration and has appointed Mr Pascalis Mokupo as the Administrator. The Administrator then appointed three Advisors who support and guide him on various organisational strategic decisions. Prior to the organisation being placed under Administration, the Accounting Authority had suspended eight senior managers for the period of nine months. The suspension of these managers had left a vacuum in the operation of the organisation which might have contributed to the SETA receiving qualified audit finding.

The Chairperson and some of the members of the Accounting Authority are challenging the Minister's decision to place the SETA under Administration and have taken the Minister to court. At the time of writing this report the court case had not been finalised.

2.2.3 Key Policy Developments and legislative Changes

The Executive Authority did not introduce new Acts, Bills or Regulations during the period under review.

2.3 Overview of the Organisation's Performance

2.3.1 Strategic Outcome-Oriented Goals

Performance against NSDS III and SLA targets in the Strategic Plan 2016/17

Programme 1: Research and Skills Planning <i>Purpose: In order to produce a credible Sector Skills Plan, the research needs to represent the dynamics of the sector and accurately identify skills shortages and the Workplace Skills Plans need to provide accurate information from the Employers</i>					
Programme Performance Indicator	Annual Target 2016/2017	2015/16 Achievements		2016/17 Achievements	
		Actual	Variance	Actual	Comments
Strategic Objective 1 NSDS III Outcome: 4.1.1.2	Research and submit Sector Skills Plan				
Updated Sector Skills Plan (SSP) approved by the V&RSETA Accounting Authority and submitted to DHET by due date.	Updated Sector Skills Plan (SSP) approved by the V&RSETA Accounting Authority and submitted to DHET by due date.	Updated Sector Skills Plan (SSP) submitted to DHET The draft 2015/2016 SSP submitted to DHET on 15 June 2015 The final 2015/2016 SSP update was submitted to DHET on 31 November 2015	0	Updated Sector Skills Plan (SSP) submitted to DHET	Achieved
Strategic Objective 2 NSDS III Outcome: 4.1.1.3	To assist small & medium organisations with skills planning process				
6 500 small and medium organisations are assisted with the Skills Planning Process by V&RSETA ISDFs and submit Annexure 2 documents by 30 April 2016	6 500 Small and medium V&R organisations assisted to submit Annexure II by 30 April 2016	6 802 Small 5 542 Med 1 260	7 032 Small 5 720 Med 1 312	532	Achieved There was an increase in the number of small companies submitting Annexure II documents. This is a good indication that more organisations want to participate in skills development initiatives

Strategic Outcome-Oriented Goals (continued)

Programme 1: Research and Skills Planning (continued) <i>Purpose: In order to produce a credible Sector Skills Plan, the research needs to represent the dynamics of the sector and accurately identify skills shortages and the Workplace Skills Plans need to provide accurate information from the Employers</i>					
Programme Performance Indicator	Annual Target 2016/2017	2015/16 Achievements		2016/17 Achievements	
		Actual	Variance	Actual	Comments
Strategic Objective 3 NSDS III Outcome: 4.1.1.3	To ensure large organisations submit Annexure 2 documents				
540 Large organisations submit Annexure II documents by 30 April 2016	540 Large organisations submit Annexure II documents by 30 April 2016	631	585	45	Achieved There was an increase in the number of large companies submitting Annexure II documents.
Strategic Objective 4 NSDS III Outcome: 4.1.1.3	To conduct and produce research papers on a variety of relevant wholesale and retail topics				
4 Research projects are conducted to support the SSP update during the period April 2016 to March 2017, which will assist W&RSETA to measure the impact of projects implemented	4 Research Studies conducted and published on website by 31 March 2017	6	7	3	Achieved Retail Chair had research topics which were approved for their implementation which contributed to the target on APP hence we found ourselves with over achievement of the Research target.
Programme 2: Pivotal Programmes <i>Purpose: Middle level skills needs are addressed through the implementation of various learning programmes at NQF levels 2 - 4</i>					
Strategic Objective 5 NSDS III Outcome: 4.2.1.2	To register and certificate employed and unemployed learners in Learnership Programmes only for Wholesale and Retail scarce skills as identified in the SSP.				
3 500 learners registered in NQF2-4 Learnership programmes addressing Wholesale and Retail Scarce Skills as identified in SSP, during the period April 2016 to March 2017	3 500 learners registered in NQF 2 to 4 Learnership programmes by 31 March 2017. (18.1) 1 800	3 066	1 977	177	Not achieved Of the total number achieved: 280 roll over from 2015/16

Strategic Outcome-Oriented Goals (continued)

Programme 2: Pivotal Programmes (continued) Purpose: Middle level skills needs are addressed through the implementation of various learning programmes at NQF levels 2 - 4					
Programme Performance Indicator	Annual Target 2016/2017	2015/16 Achievements		2016/17 Achievements	
		Actual	Variance	Actual	Comments
Strategic Objective 5 (continued) NSDS Outcome: 4.2.1.2	To register and certificate employed and unemployed learners in Learnership Programmes only for Wholesale and Retail scarce skills as identified in the SSP.				
3 500 learners registered in NQF2-4 Learnership programmes addressing Wholesale and Retail Scarce Skills as identified in SSP, during the period April 2016 to March 2017	3 500 learners registered in NQF 2 to 4 Learnership programmes by 31 March 2017. (18.2) 1 700	2 088	388		Achieved Of the total number achieved: 418 roll over from 2015/2016
2 100 learners complete NQF2-4 Learnership programmes in Wholesale and Retail Scarce Skills and Certificates are issued during the period April 2016 to March 2017	2 100 learners complete NQF 2-4 learnerships by 31 March 2017: (18.1) 1 080 (18.2) 1 020	1 373	293		Achieved Q4 Target was overachieved due to a high rate of Learnership completions.
		1 399	379		Achieved Q4 Target was overachieved due to a high throughput rate yielded by Learnership registrations.
Strategic Objective 6 NSDS Outcome: 4.2.1.2	To register and certificate employed and unemployed learners in Skills Programmes addressing Wholesale and Retail Scarce Skills Occupations as identified in the Sector Skills Plan				
1 500 learners registered in NQF 2-4 skills programmes addressing Wholesale and Retail Scarce occupations as identified in the Sector Skills Plan during the period April 2016 to March 2017	1 500 learners registered in NQF 2-4 Skills Programmes (18.1) 1 000 (18.2) 500	1 833	833		Achieved Of the total number achieved: 247 roll over from 2015/16.
		666	166		Achieved Of the total number achieved: 3 roll over from 2015/16

Strategic Outcome-Oriented Goals (continued)

Programme 2: Pivotal Programmes (continued) Purpose: Middle level skills needs are addressed through the implementation of various learning programmes at NQF levels 2 - 4				
Programme Performance Indicator	Annual Target 2016/2017	2015/16 Achievements		Comments
		Actual	Variance	
Strategic Objective 6 (continued) NSDS Outcome: 4.2.1.2	To register and certificate employed and unemployed learners in Skills Programmes addressing Wholesale and Retail Scarce Skills Occupations as identified in the Sector Skills Plan			
1 200 learners complete NQF 2-4 Skills Programmes in Wholesale and Retail Scarce occupations and certificates are issued during the period April 2015 to March 2016	1 200 learners complete their NQF 2-4 Skills Programmes (18.1) 800	N/A	1 452	Achieved Overachievement due to a high rate of completions for skills programmes
	(18.2) 400	N/A	268	Not achieved There were no registrations targeted for 18.2 skills programmes in 2016-2017 Of the total number achieved: 8 roll over from 2015/2016
Strategic Objective 7 NSDS III Outcome: 4.2.1.2	To register and certificate unemployed learners in Rural Areas in Learnerships			
Register 500 unemployed learners in rural areas in learnerships during the period April 2016 to March 2017	500 unemployed learners in Rural Areas registered in Learnerships by 31 March 2017	568	0	Not achieved Late approval of Project resulted in delayed commencement of project.
250 unemployed learners in rural areas complete learnerships and are certificated during the period April 2016 to March 2017	250 unemployed learners complete learnerships and are certificated by 31 March 2017	455	254	Not achieved

Strategic Outcome-Oriented Goals (continued)

Programme 2: Pivotal Programmes (continued)					
Purpose: Middle level skills needs are addressed through the implementation of various learning programmes at NQF levels 2 - 4					
Programme Performance Indicator	Annual Target 2016/2017	2015/16 Achievements		2016/17 Achievements	
		Actual	Variance	Actual	Comments
Strategic Objective 8 NSDS III Outcome:4.2.1.2					
300 employed learners are registered in RPL learning programmes during the period April 2016 to March 2017	300 employed Learners registered in RPL learning programmes by 31 March 2017	311	168	132	Not achieved This target could not be met due to non-take up of PIVOTAL allocations by companies, including delayed contracting process. The SETA will engage an alternative strategy to ensure that this target is met in 17/18.
250 learners completed RPL learning programmes and are certificated by 31 March 2017	250 employed learners complete their RPL learning programmes, and are certificated during the period April 2016 to March 2017	358	73	-177	Not achieved This target could not be met due to nontake up of PIVOTAL allocations. Delayed contracting process caused late start of project in 15/16.
Strategic Objective 9 NSDS III Outcome:4.2.2.1					
To register and certificate employed and unemployed learners in Learnerships and/or Apprenticeships addressing Wholesale and Retail Scarce Skills Artisan occupations					
250 learners are registered in Learnerships and/or Apprenticeships addressing Wholesale and Retail Scarce Skills artisan occupations as identified in the SSP research during the period April 2016 to March 2017	250 learners registered in Learnerships and/or Apprenticeships addressing scarce skills artisans occupations based on the SSP research by 31 March 2017 150 (18.1)	650	96	-54	Not achieved This target was under achieved due to the late start of projects that feed into this target Achieved Target overachieved in Q4 to make up for shortfalls in Q2 &3

Strategic Outcome-Oriented Goals (continued)

Programme 2: Pivotal Programmes (continued)					
Purpose: Middle level skills needs are addressed through the implementation of various learning programmes at NQF levels 2 - 4					
Programme Performance Indicator	Annual Target 2016/2017	2015/16 Achievements		2016/17 Achievements	
		Actual	Variance	Actual	Comments
Strategic Objective 9 NSDS III Outcome:4.2.2.1	To register and certificate employed and unemployed learners in Learnerships and/or Apprenticeships addressing Wholesale and Retail Scarce Skills Artisan occupations				
100 learners complete their Learnerships and/or Apprenticeships addressing Wholesale and Retail Scarce Skills artisan occupations during the period April 2016 to March 2017	100 learners complete their Learnerships and/or Apprenticeships programmes and are certificated by 31 March 2017 60 (18.1) 40 (18.2)	124 (18.1) 84 (18.2) 40	13 (18.1) 0 (18.2) 13	-87 (18.1) -60 (18.2) -27	Not achieved This target was underachieved due to the late start of projects that feed into this target..
Strategic Objective 10 NSDS III Outcome:4.5.1.2	To register and certificate employed and unemployed learners in NQF1(AET) Qualification/Learnerships				
500 employed and unemployed learners registered in a NQF1 (AET) Qualification/ Learnership during the period April 2016 to March 2017	500 employed and unemployed learners are registered in NQF 1(AET) Qualification/ Learnership by 31 March 2017 250(18.1) 250(18.2)	232 N/A	344 0	94 -250	Not achieved This target could not be achieved as there was no take-up from the PIVOTAL allocations. Companies who had agreed to take on learners did not register them. The SETA will engage an alternative strategy to ensure that this target is met in 17/18. Of the total number achieved: 15 roll over from 2015/2016
200 employed and unemployed learners complete NQF1 Qualification (AET)/ Learnership and are certificated during the period April 2016 to March 2017	200 employed and unemployed learners complete NQF 1 Qualification (AET)/ Learnership and are certificated by 31 March 2017 100(18.1) 100(18.2)	232 N/A	0 190	-100 -10	Not achieved

Strategic Outcome-Oriented Goals (continued)

Programme 3: Bursaries and Placements Purpose: Agreements are entered into between SETAs, University faculties and other stakeholders on appropriate interventions to support improved entry to priority programmes					
Programme Performance Indicator	Annual Target 2016/2017	2015/16 Achievements		2016/17 Achievements	
			Actual	Variance	Comments
Strategic Objective 11 NSDS III Outcome: 4.2.1.2	To place unemployed TVET College N6 students, in Wholesale and Retail Scarce Skills Qualifications, in wholesale and retail organisations on internships for 3, 6, 12 or 18 months and complete their internships.				
350 TVET College N6 students in Wholesale and Retail Scarce Skills Qualifications are placed in wholesale and retail organisations on an internship for 3, 6, 12 or 18 months during the period April 2016 to March 2017	350 TVET College N6 Students in Wholesale and Retail Scarce Skills Qualifications are placed in Wholesale & Retail organisations on an internship for 3, 6, 12 or 18 months by 31 March 2017	108	791	441	Achieved Of the total number achieved 5 roll over from 2015/2016
245 TVET College N6 students in Wholesale and Retail Scarce Skills Qualifications complete their internships for 3, 6, 12 or 18 months during the period April 2016 to March 2017	245 TVET College N6 students in Wholesale and Retail Scarce Skills Qualifications complete their internships for 3, 6, 12 or 18 months by 31 March 2017	459	0	-245	Not achieved Target was not achieved as interns placed in the 2015/16 financial year were placed in final quarter of 15/16 and could not complete. These interns will complete their internship in September 2017.
Strategic Objective 12 NSDS III Outcome: 4.2.3.2	To register and certificate (where relevant) employed learners in programmes at HETIs in Wholesale and Retail Scarce Skills Qualifications/ Programmes at levels 5-8				
1 075 employed learners registered in programmes in Wholesale and Retail Scarce Skills, at HETIs during the period April 2016 to March 2017	1 075 employed learners registered on programmes in Wholesale and Retail Scarce Skills Qualifications at HETIs by March 2017	770 (NQF 5) 259 (RMDP) 452 (ILDPI) 59	1 026	-49	Not achieved Target was underachieved due to the late start of projects that feed into this target because of delays with the contracting process. Of the total number achieved, 18 roll over from 2015/2016

Strategic Outcome-Oriented Goals (continued)

Programme 3: Bursaries and Placements <i>(continued)</i> Purpose: Agreements are entered into between SETAs, University faculties and other stakeholders on appropriate interventions to support improved entry to priority programmes							
Programme Performance Indicator		Annual Target 2016/2017		2015/16 Achievements		2016/17 Achievements	
				Actual	Variance	Comments	
Strategic Objective 12 <i>(continued)</i> NSDS III Outcome:4.2.3.2	To register and certificate (where relevant) employed learners in programmes at HETIs in Wholesale and Retail Scarce Skills Qualifications/ Programmes at levels 5-8						
750 employed learners complete programmes in Wholesale and Retail Scarce Skills Qualifications at HETIs during the period April 2016 to March 2017	750 employed learners complete learning programmes in Wholesale and Retail Scarce Skills Qualifications at HETIs by 31 March 2017	375 (NQF 5) 1 (RMDP) 329 (ILDP) 45	612	-138	Not achieved. NQF 5 registered on the system will complete in July 2017 .		
Strategic Objective 13 NSDS III Outcome:4.2.3.2	To provide full bursaries to unemployed continuing students registered in Wholesale and Retail Scarce Skills Qualifications at HETIs and/or TVET Colleges, and ensure unemployed bursars complete their year of study						
600 unemployed continuing students awarded bursaries at TVET Colleges and/ or HETIs for programmes addressing Wholesale and Retail Scarce Skills Qualifications during the period April 2016 to March 2017	600 continuing students awarded bursaries at TVET Colleges and/or HETIs for programmes addressing Wholesale and Retail Scarce Skills Qualifications by 31 March 2017	825	626	26	Achieved Of the total number achieved, 1 roll over from 2015/2016		
420 unemployed bursars complete their studies in Wholesale and Retail Scarce Skills Qualifications at HETIs and/or TVET Colleges during the period April 2016 to March 2017	420 unemployed bursars complete their studies in Wholesale and Retail Scarce Skills Qualifications at HETIs and/or TVET Colleges by 31 March 2017	0	279	-141	Not achieved Target was underachieved as the number of students awarded bursaries for their final year of study in 2016 was lower than the number of completions expected .		
Strategic Objective 14 NSDS III Outcome:4.2.3.2	To provide full bursaries to new unemployed students registered in Wholesale and Retail Scarce Skills Qualifications at HETIs, and ensure unemployed bursars complete their year of study.						
1 000 new unemployed students awarded bursaries for programmes addressing Wholesale and Retail Scarce Skills Qualifications at HETIs during the period April 2016 to March 2017	1 000 new unemployed students awarded bursaries for programmes addressing Wholesale and Retail Scarce Skills Qualifications at HETIs by March 2017	631	1 306	306	Achieved Target was over achieved to address the large number of bursary applications received.		

Strategic Outcome-Oriented Goals (continued)

Programme 3: Bursaries and Placements (continued) Purpose: Agreements are entered into between SETAs, University faculties and other stakeholders on appropriate interventions to support improved entry to priority programmes				
Programme Performance Indicator	Annual Target 2016/2017	2015/16 Achievements		Comments
		Actual	Variance	
Strategic Objective 14 (continued) NSDS III Outcome:4.2.3.2	To provide full bursaries to new unemployed students registered in Wholesale and Retail Scarce Skills Qualifications at HETIs, and ensure unemployed bursars complete their year of study.			
700 unemployed bursars complete their current year of studies in Wholesale and Retail Scarce Skills Qualifications at HETIs during the period April 2016 to March 2017	700 unemployed bursars complete their current year of studies in Wholesale and Retail Scarce Skills Qualifications at HETIs during the period April 2016 to March 2017	239	187	-513
				Not achieved Target was underachieved as the number of students awarded bursaries for their final year of study in 2016 was lower than the number of completions expected.
Strategic Objective 15 NSDS III Outcome:4.2.3.2	To provide full bursaries to new unemployed students registered, in Wholesale and Retail Scarce Skills Qualifications, at TVET Colleges, and ensure unemployed bursars complete their year of study			
1 500 new unemployed students awarded bursaries for programmes addressing Wholesale and Retail Scarce Skills Qualifications at TVET Colleges during the period April 2016 to March 2017	1 500 new unemployed students awarded bursaries for programmes addressing Wholesale and Retail Scarce Skills Qualifications at TVET Colleges by March 2017	196	1 510	10
				Achieved Target was overachieved to address the large number of bursary applications received.
1 050 unemployed bursars complete their current year of studies in Wholesale and Retail Scarce Skills Qualifications at TVET Colleges during the period April 2016 to March 2017	1 050 unemployed bursars complete their current year of studies in Wholesale and Retail Scarce Skills Qualifications at TVET Colleges by 31 March 2017	0	229	-821
				Not achieved Target was underachieved as the number of students awarded bursaries for their final year of study in 2016 was lower than the number of completions expected.

Strategic Outcome-Oriented Goals (continued)

Programme 3: Bursaries and Placements (continued) Purpose: Agreements are entered into between SETAs, University faculties and other stakeholders on appropriate interventions to support improved entry to priority programmes					
Programme Performance Indicator	Annual Target 2016/2017	2015/16 Achievements		2016/17 Achievements	
			Actual	Variance	Comments
Strategic Objective 16 NSDS III Outcome:4.2.3.2	To place HETI unemployed graduates, in Wholesale and Retail Scarce Skills Qualifications, in Wholesale and Retail organisations for workplace experience, ensure unemployed HETI graduates complete their workplace experience				
1 500 unemployed HETI graduates with Wholesale and Retail Scarce Skills Qualifications are sponsored by the W&RSETA to gain workplace experience during the period April 2016 to March 2017	1 500 unemployed HETI graduates with Wholesale and Retail Scarce Skills Qualifications are placed in workplaces to gain workplace experience by 31 March 2017	859	785	-715	Not achieved Target was not achieved due to the short time companies were given to recruit and contract.
1 050 unemployed HETI graduates with Wholesale and Retail Scarce Skills Qualifications complete their workplace experience during the period April 2016 to March 2017	1 050 HETI Unemployed graduates with Wholesale and Retail Scarce Skills Qualifications complete their workplace experience by 31 March 2017	299	73	-977	Not achieved Target was not achieved as graduates placed in the 2015/16 financial year were placed in final quarter of 15/16 due to delays in the finalisation of the Annexure II process. These interns will complete their workplace experience in June 2017

Strategic Outcome-Oriented Goals (continued)

Programme 3: Bursaries and Placements (continued) Purpose: Agreements are entered into between SETAs, University faculties and other stakeholders on appropriate interventions to support improved entry to priority programmes					
Programme Performance Indicator	Annual Target 2016/2017	2015/16 Achievements		2016/17 Achievements	
		Actual	Variance	Actual	Comments
Strategic Objective 17 NSDS III Outcome: 4.2.3.2	To place TVET College unemployed graduates, in Wholesale and Retail Scarce Skills Qualifications, in Wholesale and Retail organisations and/or Government Departments for workplace experience, and ensure unemployed TVET college graduates complete their workplace experience.				
1 500 unemployed TVET College graduates with Wholesale and Retail Scarce Skills Qualifications are sponsored by the W&RSETA to gain workplace experience during the period April 2016 to March 2017	1 500 Unemployed TVET College Graduates with Wholesale and Retail Scarce Skills Qualifications are placed in companies for workplace experience by 31 March 2017	720		582	Not achieved Target was not achieved due to the short time companies were given to recruit and contract. Most TVET candidates that were available are registered in internships.
1 050 unemployed TVET College graduates with Wholesale and Retail Scarce Skills Qualifications complete their workplace experience during the period April 2016 to March 2017	1 050 unemployed TVET College graduates with Wholesale and Retail Scarce Skills Qualifications complete their workplace experience by 31 March 2017	346		9	Not achieved Target was not achieved as interns placed in the 2015/16 financial year were placed in the final quarter of 15/16 due to delays in the finalisation of the Annexure II process. These interns will complete their internship in September 2017.
Strategic Objective 18 NSDS III Outcome: 4.2.3.2	To provide bursaries to employed students for MBA/Masters studies, with a Wholesale and Retail focus, at HETIs, and ensure that the MBA/Masters degree bursars complete their studies				
20 students registered in MBA/Masters degrees with Wholesale and Retail focus at HETIs during the period April 2016 to March 2017	20 students registered in MBA/Masters degrees with Wholesale and Retail focus at HETIs by 31 March 2017	2		20	Achieved
10 bursars complete the MBA/Master's degree studies with Wholesale and Retail focus at HETIs during the period April 2016 to March 2017	10 bursars complete the MBA/Masters degree studies with Wholesale and Retail focus at HETIs by 31 March 2017			1	Not achieved.

Strategic Outcome-Oriented Goals (continued)

Programme 3: Bursaries and Placements (continued) Purpose: Agreements are entered into between SETAs, University faculties and other stakeholders on appropriate interventions to support improved entry to priority programmes					
Programme Performance Indicator	Annual Target 2016/2017	2015/16 Achievements	2016/17 Achievements		
			Actual	Variance	Comments
Strategic Objective 19 NSDS III Outcome:4.2.3.2	To provide bursaries to employed students for Doctoral Degree Studies, with a Wholesale and Retail Specialisation, at HETIs, and ensure that the Doctoral degree bursars complete their studies				
5 students registered on Doctoral degrees with Wholesale and Retail specialisation at HETIs during the period April 2016 to March 2017	5 students registered for Doctoral (PhD or D) studies with Wholesale and Retail specialisation at HETIs by 31 March 2017	4	7	2	Achieved Target was over achieved due to lecturers at Universities that needed doctoral studies
2 bursars completed the Doctoral degree studies with Wholesale and Retail specialisation at HETIs during the period April 2016 to March 2017	2 bursars completed the Doctoral degree studies with Wholesale and Retail specialisation at HETIs by 31 March 2017	0	1	-2	Not achieved
Programme 4: Partnerships Purpose: Partnerships between DHET, SETAs, Employers, Private providers and Public TVET Colleges are resulting in increased capacity to meet industry needs throughout the country					
Strategic Objective 20 NSDS III Outcome:4.2.3.2	To appoint a Retail Chair at Higher Education & Training Institutions				
	1 Chair of Retail is appointed within HETIs during the period April 2017 to March 2018				Only applicable in 2017-2018

Strategic Outcome-Oriented Goals (continued)

Programme 4: Partnerships Purpose: Partnerships between DHET, SETAs, Employers, Private providers and Public TVET Colleges are resulting in increased capacity to meet industry needs throughout the country					
Programme Performance Indicator	Annual Target 2016/2017	2015/16 Achievements		2016/17 Achievements	
		Actual	Variance	Actual	Comments
Strategic Objective 21 NSDS III Outcome:4.3.2.2	To establish Schools of Excellence at TVET Colleges				
Establish 4 Schools of Excellence are established in TVET Colleges by 31 March 2017	Establish 4 Schools of Excellence (SOE) in TVET colleges during the period April 2016 to March 2017, that result in an increase in student numbers qualifying in W&R Qualifications	6	4	0	Achieved
Strategic Objective 22 NSDS III Outcome:4.5.1.1	To expand the delivery of Wholesale & Retail qualifications to TVET Colleges				
Expand the delivery of Wholesale and Retail qualifications by TVET Colleges by awarding extension of scope to 9 TVET Colleges during the period April 2016 to March 2017 that results in an increase in student numbers qualifying in W&R Qualifications	9 TVET Colleges awarded extension of scope to deliver W&R qualifications by 31 March 2017	10	9	0	Achieved
Strategic Objectives 23 NSDS III Outcome:4.5.1.1	To provide Development Programmes to TVET lecturers focusing on scarce skills, and ensure lectures who complete their Development Programmes are certificated				
30 TVET Lecturers registered in a Development Programme for W&R Qualifications during the period April 2016 to March 2017 that results in increased W&R knowledge amongst lecturers and an increase in student numbers qualifying in W&R Qualifications	30 TVET Lecturers registered in Development Programmes for W&R qualifications by 31 March 2017	30	33	3	Achieved In an attempt to mitigate drop outs more lectures were recruited for training and more that the required number successfully completed the programme

Strategic Outcome-Oriented Goals (continued)

Programme 4: Partnerships (continued) Purpose: Partnerships between DHET, SETAs, Employers, Private providers and Public TVET Colleges are resulting in increased capacity to meet industry needs throughout the country						
Programme Performance Indicator		Annual Target 2016/2017	2015/16 Achievements		2016/17 Achievements	
			Actual	Variance	Comments	
Strategic Objectives 23 (continued) NSDS III Outcome:4.5.1.1		To provide Development Programmes to TVET lecturers focusing on scarce skills, and ensure lectures who complete their Development Programmes are certificated				
20 TVET Lecturers completed and receive certificates for the Development Programme for W&R Qualifications during the period April 2016 to March 2017	20 TVET Lecturers completed and are certificated Development Programmes for W&R qualifications and receive certificates by 31 March 2017	26	27	7	Achieved In an attempt to mitigate drop outs more lectures were recruited for training and more that the required number successfully completed the programme	
Strategic Objective 24 NSDS III Outcome:4.6.3.2		To establish Wholesale and Retail Academies in HETIs				
1 Wholesale & Retail Academy established in a HETI during the period April 2016 to March 2017	1 Wholesale and Retail Academy established in a HETI by 31 March 2017	1	1	0	Achieved	
Programme 5: Projects supporting Co-ops, SME's, NGO/NBO's Purpose: Partnership projects to provide training and development support to small businesses are established and implemented						
Strategic Objective 25 NSDS III Outcome:4.6.1.1		To register learners from cooperatives in learning programmes				
20 Co-operatives register learners in learning programmes during the period April 2016 to March 2017	20 cooperatives register learners in learning programmes by 31 March 2017	20	0	-20	Not achieved Project and funding approved on the 14th of February 2017. This approval was too late for implementation as the Procurement Processes w.r.t Tenders requires at least 3 months.	

Strategic Outcome-Oriented Goals (continued)

Programme 5: Projects supporting Co-ops, SME's, NGO/NBO's Purpose: Partnership projects to provide training and development support to small businesses are established and implemented					
Programme Performance Indicator	Annual Target 2016/2017	2015/16 Achievements		2016/17 Achievements	
		Actual	Variance	Actual	Comments
Strategic Objective 26 NSDS III Outcome:4.6.1.2	To provide skills development support/programmes to small levy paying companies, Non levy paying companies and Informal Traders				
5 000 SMME companies, including Informal Traders benefit from Skills Development initiatives during	3 500 levy paying SMME and 1 500 NLP Micro and Informal Traders benefit from Skills Development initiatives	5 725 3 771 Levy Paying 1 954 NLP	4 344 2 837 Levy Paying 1 507 NLP	-656 -663 Levy Paying 7 NLP	Not achieved The reason for the none achievement of Levy-paying targets is that companies that benefited in three different programmes were only reported once instead of three times. The reason for the overachievement of the Non-Levy Paying targets is because more delegates attended the SME Capacitation Workshops than initially expected.
Strategic Objective 27 NSDS III Outcome:4.6.2.1	To disburse Mandatory Grants to compliant companies				
5 000 Levy paying compliant companies benefit from Mandatory Grants during the period April 2016 to March 2017	5 000 Levy paying compliant companies are paid Mandatory Grants by 31 March 2017	5 179	5 472	472	Achieved More companies qualified for mandatory grant than what was projected.

Strategic Outcome-Oriented Goals (continued)

Programme 5: Projects supporting Co-ops, SME's, NGO/NBO's (continued) Purpose: Partnership projects to provide training and development support to small businesses are established and implemented					
Programme Performance Indicator	Annual Target 2016/2017	2015/16 Achievements		2016/17 Achievements	
		Actual	Variance	Actual	Comments
Strategic Objective 28 NSDS III Outcome:4.6.3.1	To provide learning programmes to Union Officials/Shop Stewards from 5 Unions, and ensure the Union Officials/Shop Stewards complete their Learning Programme				
1 000 Trade Union Members/officials from 5 Unions are registered on Learning Programmes during the period April 2016 to March 2017	1 000 Trade Union members/officials from 5 Unions are registered on Learning Programmes by 31 March 2017	0	300	-700	Not achieved Project and funding approved on the 14th of February 2017
400 Union members from 5 Unions complete their learning programmes during the period April 2016 to March 2017	400 Trade Union members/officials complete their learning programmes by 31 March 2017	409	0	-400	Not achieved Project approved in December 2016, which resulted in late registration and not sufficient time to also complete the programmes
Strategic Objective 29 NSDS III Outcome:4.6.3.1	To register learners from NGOs in Learning programmes				
9 NGOs register learners in learning programmes during the period April 2016 to March 2017	Learners from 9 NGOs registered in learning programmes by 31 March 2017	16	0	-9	Not achieved Project and funding approved on the 14th of February 2017. This approval was too late for implementation as the Procurement Processes w.r.t Tenders requires at least 3 months.

Strategic Outcome-Oriented Goals *(continued)*

<i>Programme 6: Building career and vocational guidance Purpose: Career paths are mapped to qualifications in the sectors, and communicated effectively</i>					
Programme Performance Indicator	Annual Target 2016/2017	2015/16 Achievements	2016/17 Achievements		
			Actual	Variance	Comments
Strategic Objective 30 NSDS III Outcome: 4.8.1.2	To host and/or participate in Career Guidance Events				
100 Career guidance events hosted and/or participated in during the period April 2017 to March 2017 that results in more learners choosing Wholesale and Retail as a career of choice	100 Career guidance events hosted and/or participated in nationally by 31 March 2017	110	139	39	Achieved The target has been over achieved because the SETA has supported the DHET initiatives like the Nelson Mandela Career Guidance. Over and above this, the unit has also conducted school visits.
Strategic Objective 31 NSDS III Outcome: 4.8.1.2	Develop and re-curriculate qualifications				
Develop and recurriculate 2 qualifications that results in sufficient W&R qualifications registered with SAQA, aligned to QCTO requirements during the period April 2016 to March 2017	2 Qualifications developed and submitted to QCTO by 31 March 2017	4	3	1	Achieved The reason for the over achievement of this target is due to the fact that during the scoping sessions with the CEPS for the part qualification for the part qualification for perishable sales worker, two part qualifications emerged.

Strategic Outcome-Oriented Goals (continued)

Programme 7 : Critical Skills Development Purpose: <i>Training of employed workers addresses critical skills, enabling improved productivity</i>					
Programme Performance Indicator	Annual Target 2016/2017	2015/16 Achievements		2016/17 Achievements	
		Actual	Variance	Actual	Comments
Strategic Objective 32 NSDS III Outcome:4.5.1.1	To register employed learners in learning programmes addressing critical skills, and ensure that employed learners who successfully complete their learning programmes are certificated				
500 employed learners registered in programmes that are addressing critical skills identified in the SSP during the period April 2016 to March 2017	500 employed learners registered in learning programmes addressing critical skills by 31 March 2017	6 316	1 399	899	Achieved This target was exceeded due to the number of companies who trained on single unit standards. There we also roll-overs from the previous year Of the total number achieved, 184 roll over from 2015/2016
300 employed learners complete their learning programmes and are certificated during the period April 2016 to March 2017	300 employed learners are certificated by 31 March 2017	2 764	1 247	947	Achieved This target was exceeded due to the number of companies who trained on single unit standards, and learners completed their learning successfully.

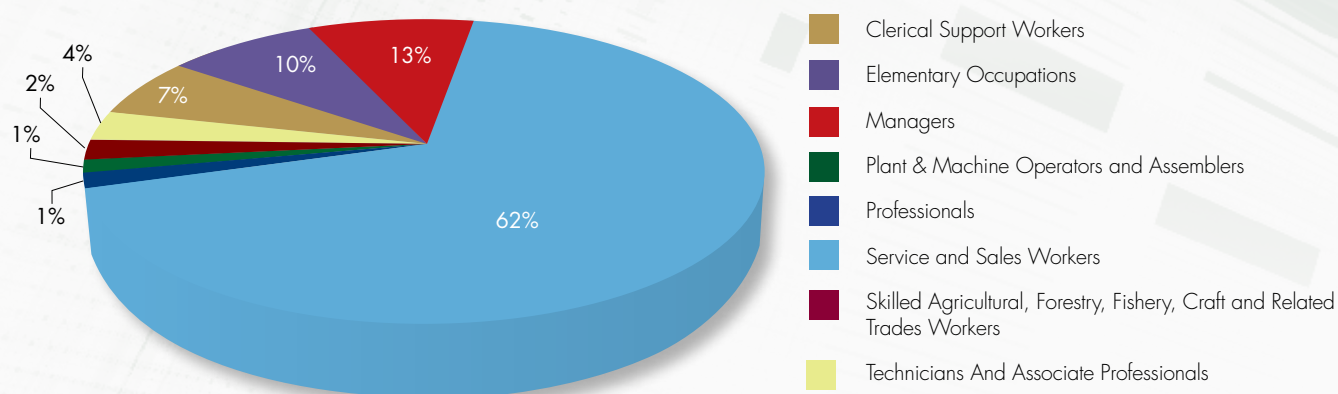
NOTES: It is important to note that the Roll Over numbers are from Projects that were approved in the 2015/2016 Financial year but was only registered and/or completed in the 2016/2017 Financial year. The W&RSETA funded the roll overs and therefor the numbers are reported as achievements.

2.4 Performance Oversight Statistics

Number of people trained per occupational class for 2016/17

Occupational class	W&R Sector Funded Training	W&RSETA Funded Training	Number of people trained
Clerical Support Workers	102 909	7 753	110 662
Elementary Occupations	147 656	16 761	164 417
Managers	188 579	19 881	208 460
Plant and machine operators and assemblers	12 645	3 468	16 113
Professionals	20 623	3 022	23 645
Service And Sales Workers	951 775	62 692	1 014 467
Skilled Agricultural, Forestry, Fishery, Craft And Related Trades Workers	32 021	3 919	35 940
Technicians And Associate Professionals	57 773	4 727	62 500
Grand Total	1 513 981	122 223	1 636 204

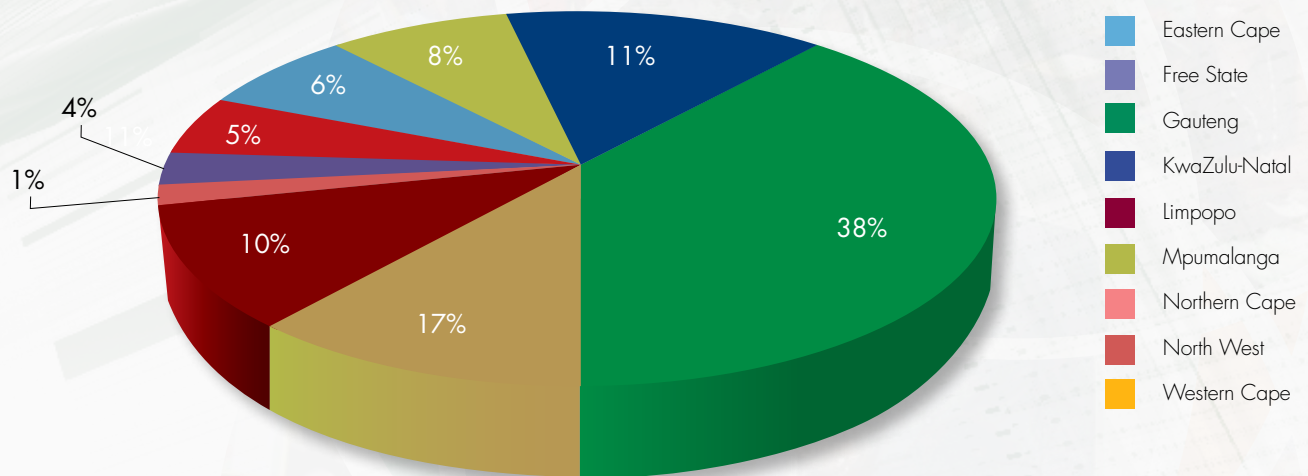
Number of people trained



Performance Oversight Statistics *(continued)*

Number of people trained per region for 2016/17			
Region	W&R Sector Funded Training	W&RSETA Funded Training	Number of people trained
Eastern Cape	88 922	8 469	97 391
Free State	60 136	7 322	67 458
Gauteng	577 221	44 257	621 478
KwaZulu-Natal	168 399	12 537	180 936
Limpopo	142 525	12 505	155 030
Mpumalanga	119 099	11 011	130 110
North West	79 600	6 546	86 146
Northern Cape	17 959	3 418	21 377
Western Cape	260 120	16 158	276 278
Grand Total	1 513 981	122 223	1636 204

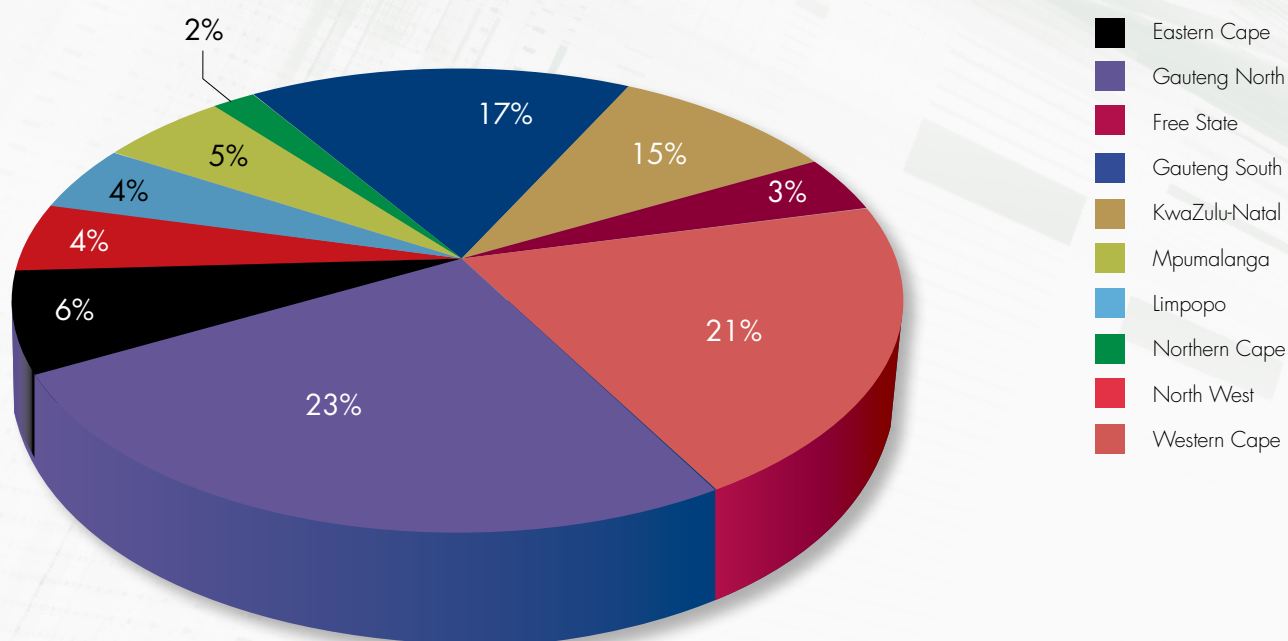
Number of people trained



Performance Oversight Statistics *(continued)*

Number of levy paying companies per region for 2016/17				
Organisation Regions	Small (0-49)	Large (150+)	Medium (50-149)	Grand total
Eastern Cape	712	28	121	861
Free State	417	15	46	478
Gauteng North	2 666	127	346	3 139
Gauteng South	1 914	140	251	2 305
KwaZulu-Natal	1 643	119	312	2 074
Limpopo	416	22	81	519
Mpumalanga	659	24	61	744
North West	432	8	64	504
Northern Cape	180	4	23	207
Western Cape	2 451	139	306	2 896
Grand Total	11 490	626	1 611	13 727

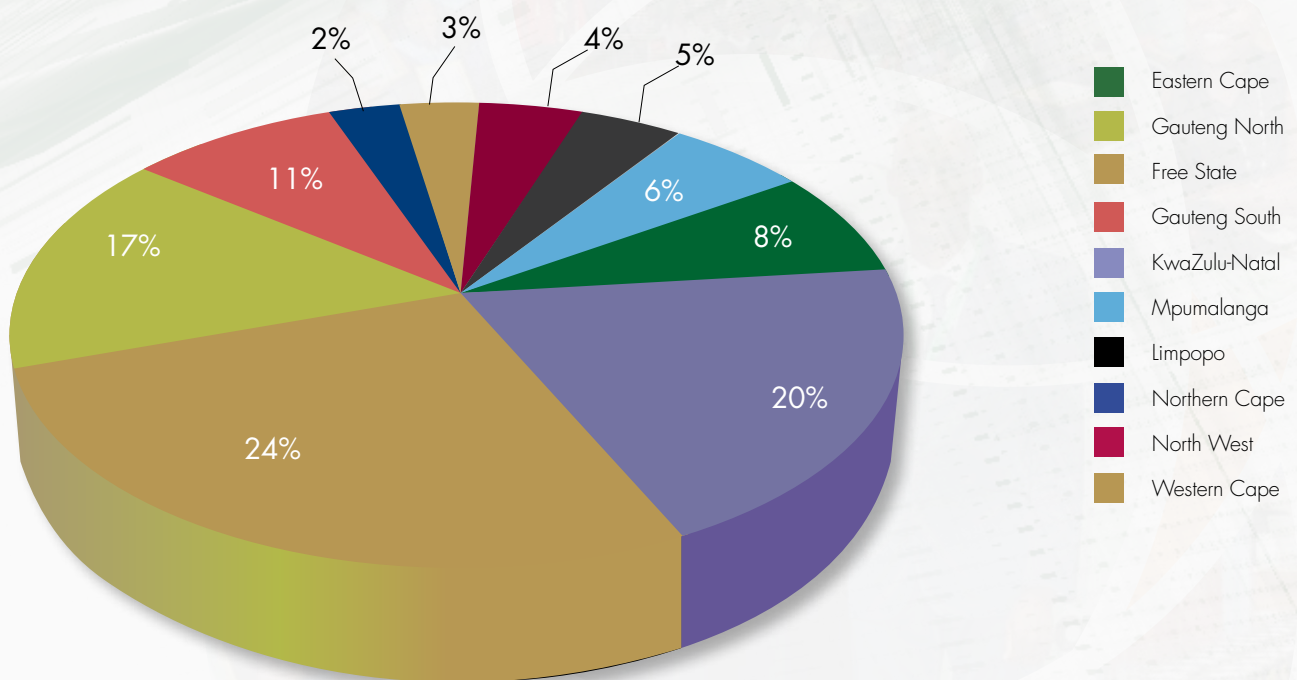
Number of Levy paying companies per region for 2016/17



Performance Oversight Statistics *(continued)*

Number of Small companies supported	
Region	Small (0-49)
Eastern Cape	231
Free State	96
Gauteng North	479
Gauteng South	303
KwaZulu-Natal	578
Limpopo	131
Mpumalanga	180
North West	99
Northern Cape	44
Western Cape	696
Total	2 837

Number of Small companies supported

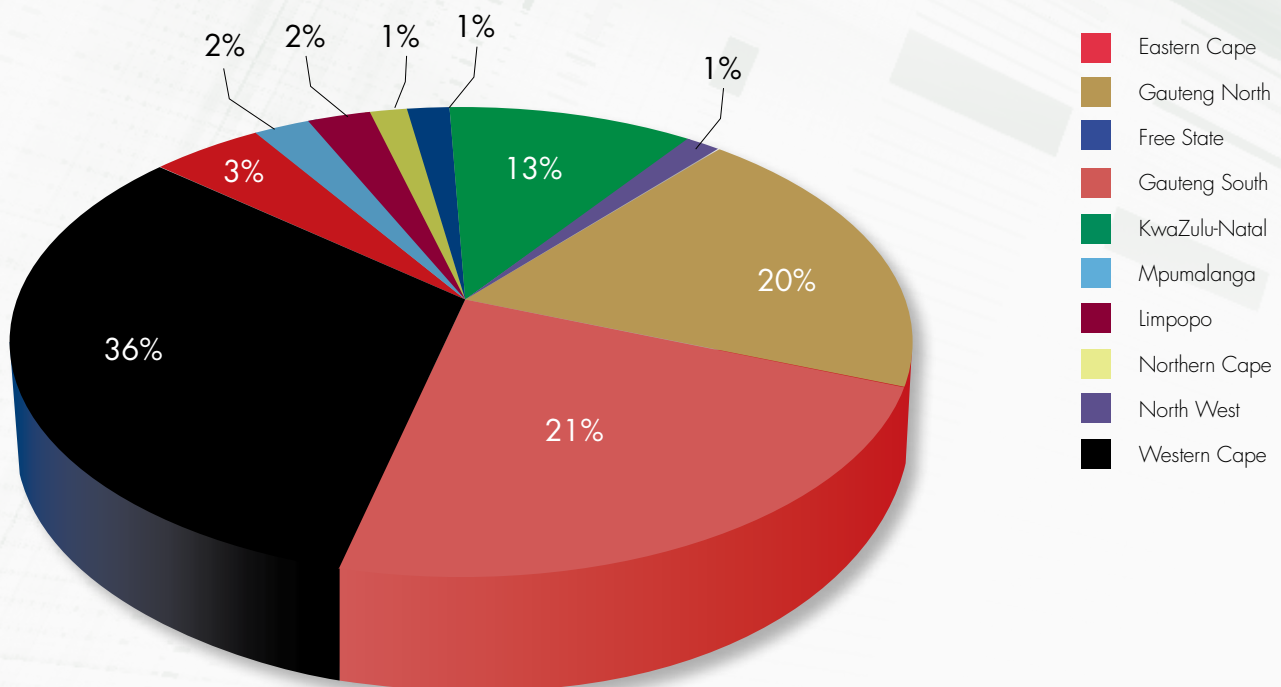


Performance Oversight Statistics *(continued)*

Levies received per region for 2016/17

Region	Small (0-49) ('000)	Large (150+) ('000)	Medium (50-149) ('000)	Grand total ('000)
Eastern Cape	4 256	4 620	10 187	19 064
Free State	1 274	1 008	5 658	7 942
Gauteng North	47 015	20 663	59 380	127 059
Gauteng South	79 015	17 112	36 702	132 831
KwaZulu-Natal	39 383	13 748	27 278	80 410
Limpopo	1 278	2 726	5 302	9 307
Mpumalanga	3 245	1 790	9 881	14 917
North West	168	1 532	5 370	7 071
Northern Cape	214	1 022	2 754	3 993
Western Cape	171 572	15 101	44 032	230 705
Grand Total	347 427	79 327	206 549	633 303

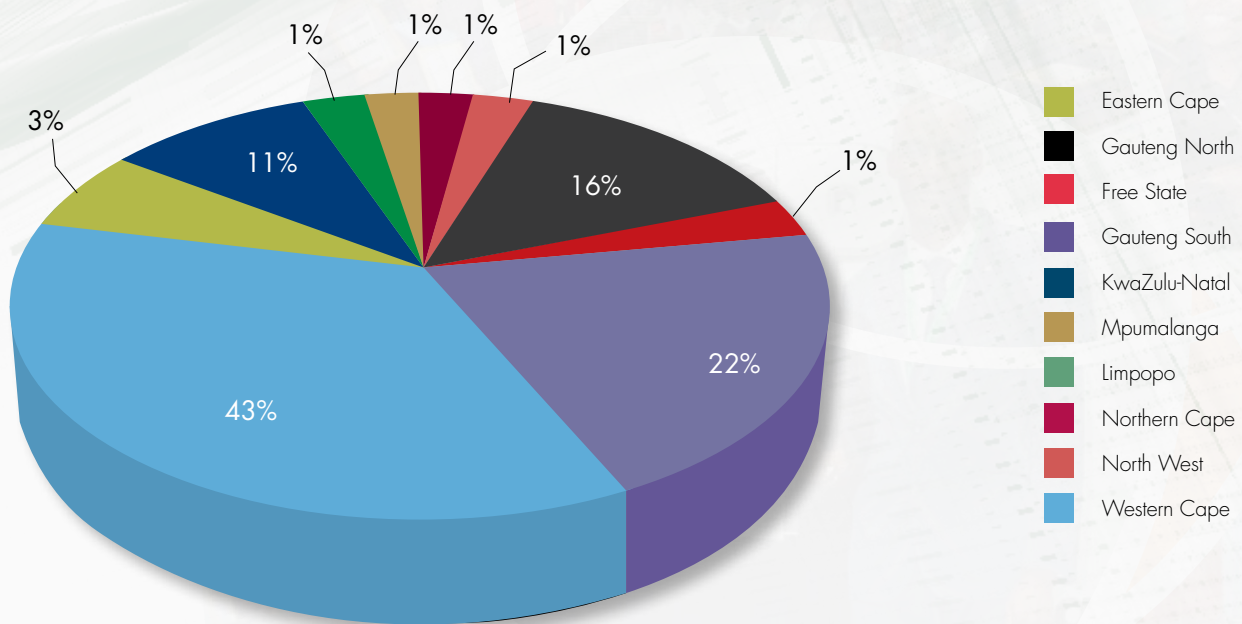
Levies received for 2015/16 per region



Performance Oversight Statistics *(continued)*

Mandatory Grant Expenditure for 2016/17				
Region	Large (150+) ('000)	Medium (50-149) ('000)	Small (1-49) ('000)	Grand total ('000)
Eastern Cape	661	552	729	1 942
Free State	136	125	319	580
Gauteng North	6 893	2 358	2 821	12 072
Gauteng South	11 959	1 942	2 511	16 412
KwaZulu-Natal	4 797	1 567	1 679	8 043
Limpopo	180	322	252	754
Mpumalanga	386	172	405	963
North West	24	144	314	482
Northern Cape	15	157	268	440
Western Cape	25 659	2 053	3 852	31 564
Grand Total	50 710	9 392	13 150	73 253

Grants paid for 2015/16 per region

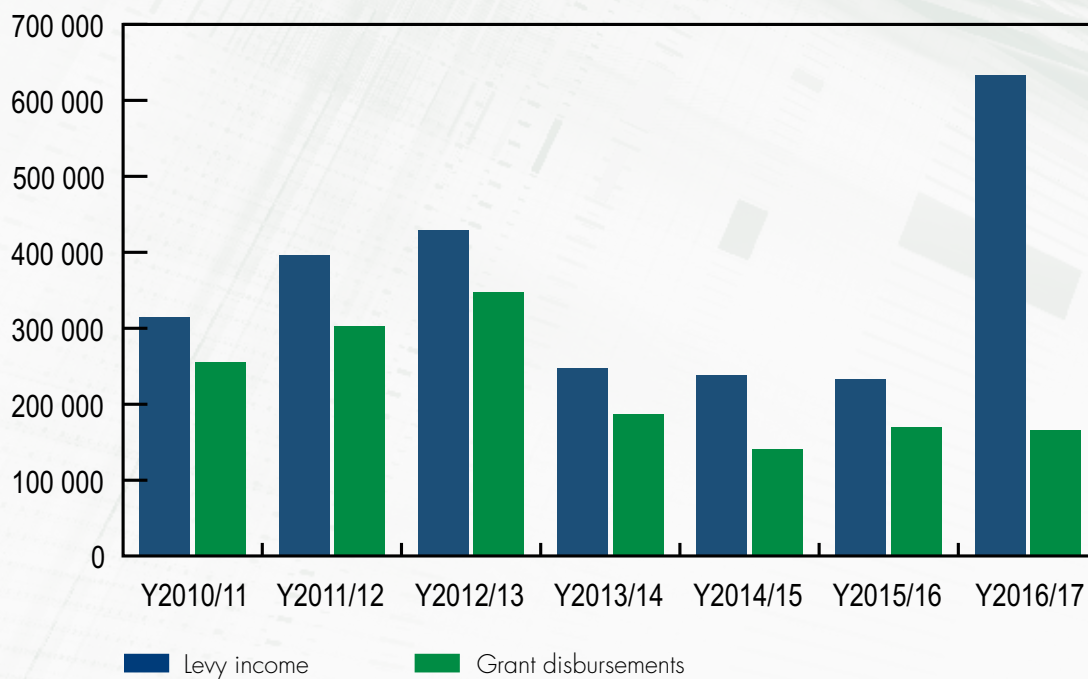


Performance Oversight Statistics *(continued)*

Levies vs Mandatory Grants paid: Total

Category	2010/11 (R'000)	2011/12 (R'000)	2012/13 (R'000)	2013/14 (R'000)	2014/15 (R'000)	2015/16 (R'000)	2016/17 (R'000)
Levy income	314 011	396 523	429 006	247 471	215 616	237 688	232 965
Grant disbursements	254 716	302 789	347 527	186 644	140 136	169 108	165 608
Percentage of grant/ levy disbursements.	81%	76%	81%	75%	65%	71%	71%
Number of registered companies	65 411	71 238	75 052	77 268	82 246	78 525	92 098

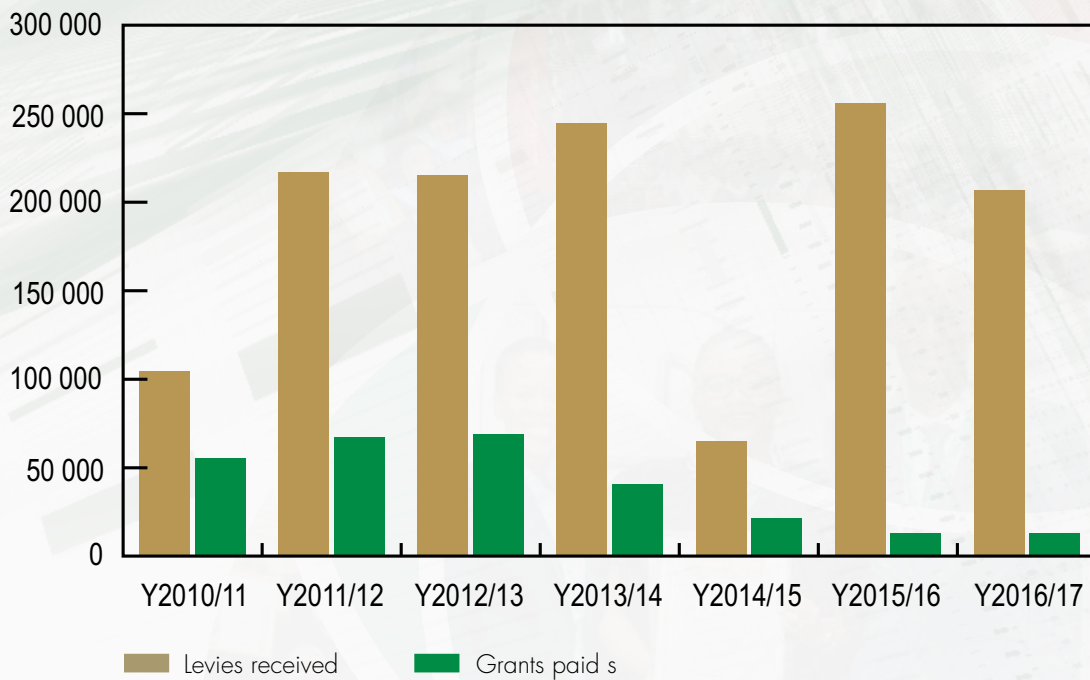
Levies vs Mandatory Grants: Total



Performance Oversight Statistics *(continued)*

Levies vs Mandatory Grants paid: Small category							
Category	2010/11 (R'000)	2011/12 (R'000)	2012/13 (R'000)	2013/14 (R'000)	2014/15 (R'000)	2015/16 (R'000)	2016/17 (R'000)
Levies received	104 709	216 827	215 048	244 859	65 129	255 851	206 549
Grants paid	55 511	67 081	69 047	40 640	21 720	12 948	13 150
Percentage	53%	31%	32%	17%	33%	5%	6%

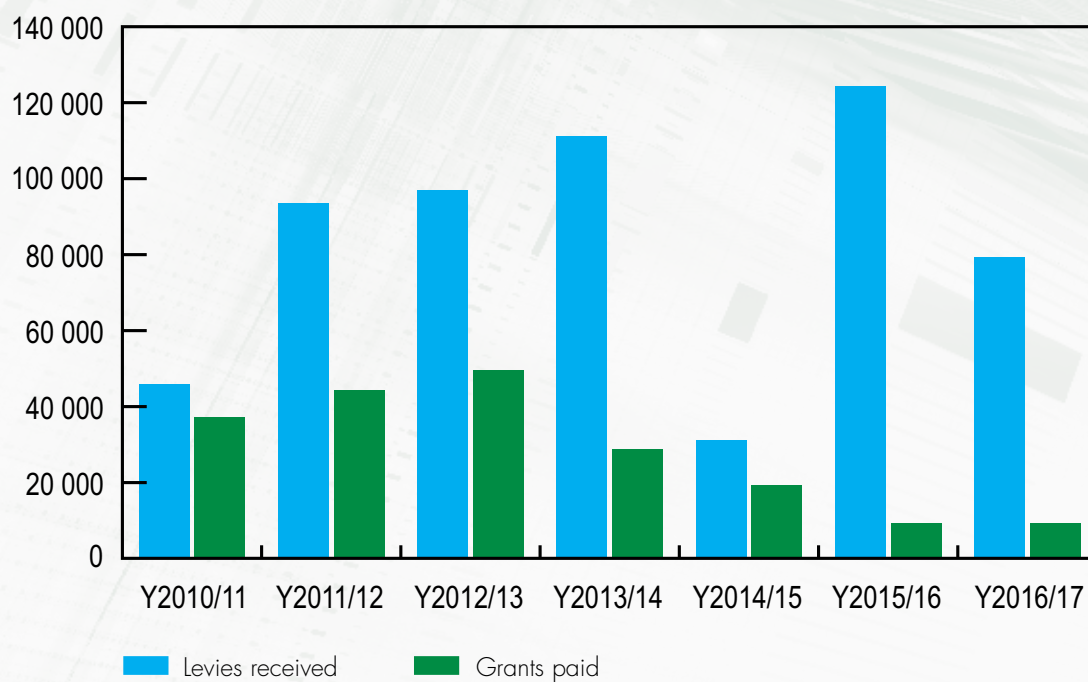
Levy vs Grants paid: Small Category



Performance Oversight Statistics *(continued)*

Levies vs Mandatory Grantspaid: Medium category							
Category	2010/11 (R'000)	2011/12 (R'000)	2012/13 (R'000)	2013/14 (R'000)	2014/15 (R'000)	2015/16 (R'000)	2016/17 (R'000)
Levies received	45 819	93 481	97 034	111 182	31 218	124 363	79 326
Grants paid	37 125	44 262	49 726	28 782	19 258	9 229	9 392
Percentage	81%	47%	51%	26%	62%	7%	11%

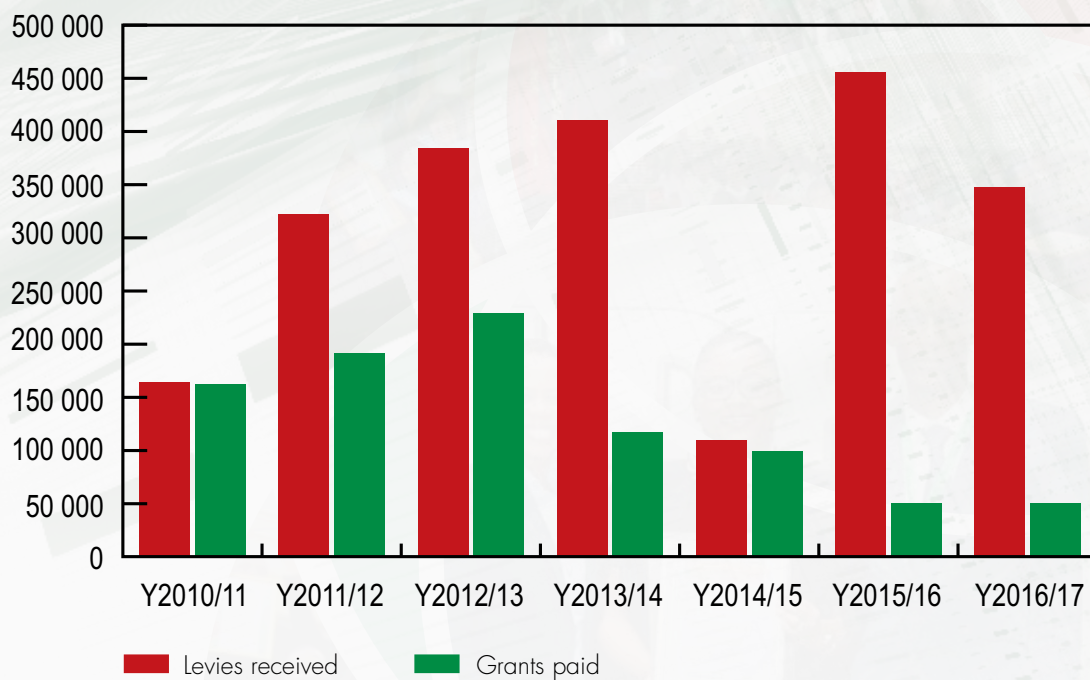
Levies vs grants paid: Medium Category



Performance Oversight Statistics *(continued)*

Levies vs Mandatory Grants paid: Large category							
Category	2010/11 (R'000)	2011/12 (R'000)	2012/13 (R'000)	2013/14 (R'000)	2014/15 (R'000)	2015/16 (R'000)	2016/17 (R'000)
Levies received	164 112	322 224	384 230	410 613	109 637	455 150	347 427
Grants paid	162 079	191 446	228 755	117 221	99 158	50 202	50 710
Percentage	99%	59%	60%	29%	90%	11%	14%

Levies vs grants paid: Large Category



2.5 Performance Information – Programmes

“Developing Global Competitive Leaders”

2016/17 International Leadership Development Programme (ILDLP)



Top students from the ILDP Class of 2016

In its eight year, the W&RSETA prestigious Programme boasts a 292-member Alumni of executives who are making notable contribution within the Wholesale and Retail Sector. The ILDP was launched in 2009 with the aim of accelerating the development of identified talent pool in senior management within wholesale and retail companies by exposing delegates to best practice through interaction with local and international companies, thought leadership as well as leading local and overseas faculty.

The W&RSETA's ILDP has become one of the most sought after executive development programmes in the Sector. The participation has progressed to include not only our large companies, but also those in the medium and small categories, particularly in the past two years. In 2016/17 the Programme targeted 60 delegates and 58 were registered through the

Gordon Institute for Business Science (GIBS) and Henley Business School Africa at a budget of R43m.

Highlights / Impact

Out of 58 registered delegates, 56 have successfully completed the Programme. The graduation ceremony of the 56 delegates was held on 23 February 2017. The ILDP has recorded over 60 significant promotions with delegates being appointed to executive positions including participation in Accounting Authorities within their companies. A high number of delegates have had their responsibilities expanded due to the impact that the Programme has had on their development. The Programme does not only play a significant role in the sector but it has been very instrumental in developing entrepreneur skills for delegates to start their own businesses which are contributing to the growth of the country's economy.

Performance Information – Programmes (continued)

International Leadership Development Programmes Success Story

From IT Manager to Chief Information Officer Nabeela's career has been a whirlwind success since completing the ILDP in 2011.

"I started my working career in the banking sector before spending two years overseas at a SAP and Siebel training academy. On my return to South Africa, I held various positions at EOH and Media 24 before joining Steinbuild in 2007 as an IT Manager for Timbercity."

Shortly after completing the ILDP, Nabeela was promoted to the EXCO of Steinbuild (a division of the JD Group). In 2014 she was appointed to the position of Executive: IT and Business Processes at Steinbuild where she was responsible for all IT architecture (including business processes, business applications, networks, infrastructure and telecommunications) for the Steinbuild Group. 2016 was another highlight in Nabeela's illustrious career when she was appointed at the Chief Information Officer of Steinbuild. The ILDP has broadened my scope beyond IT to retail as a whole, and developing my learnerships skills. This Programme has had a major role in my career progression."



Nabeela Essa, Steinbuild

"Creating a Skilled Management Pool for the Wholesale and Retail Sector"

Retail Management Development Programme (RMDP)



Retail Management Development Programme (RMDP), Gauteng

Performance Information – Programmes *(continued)*



Retail Management Development Programme (RMDP), KwaZulu-Natal

The RMDP was launched in 2012 as a response to the skills gaps within the current middle management complement within the Wholesale and Retail Sector. The Programme equips delegates with prerequisite skills on becoming effective managers. The main objective of the Programme is to improve the pool of skilled middle management in the Wholesale and Retail Sector. 382 middle managers were registered in 2016/17 for the Programme which had a target of 400 at a budget of R 28m. The Programme has been implemented in partnership with the Enterprises University of Pretoria.

Highlights / Impact

Out of 382 registered delegates, 341 have successfully completed the Programme and have been found to be competent. The graduation ceremonies for the 341 delegates were held in March 2017.

Future Outlook

In the 2017/18 financial year, again 400 delegates will be registered on the Programme.



2016 top performing students receiving special awards

Performance Information – Programmes *(continued)*

“Small Business is big business”

Community Retail Development Project (CRDP)

“Celebrating Excellence in the Wholesale and Retail Sector”

2016 Good Practice Awards (GPA)

The GPA were launched in 2014 with the aim of recognising companies, training providers, TVET Colleges, Universities, learners (employed, unemployed, students and beneficiary of postgraduate programmes) and women leaders who have made remarkable contribution to the development of skills within the Wholesale and Retail Sector. The 2016 Awards were reviewed to include a broader stakeholder base including

institutions of learning that enable the W&RSETA to deliver its programmes. The 2016 Good Practice Awards were held on 28 June 2016 at a budget of R 5m.

Highlights/Impact

The 2016 GPA boasted four categories namely; Employers /Companies, Accredited Training providers (including TVET Colleges and Universities), Beneficiaries of W&RSETA Programmes; and Women in Leadership. These categories comprised of subcategories and winners were awarded with a cash prize worth thousands of Rands and other prizes from the Awards sponsors.



Genius Molobela, first prize winner of the Non-levy paying category

Performance Information – Programmes *(continued)*

“Developing rural communities for sustainable growth”



A group of learners from the Rural Villages Project during the graduations in Mpumalanga

W&RSETA Registered Co-operatives Project

In heading the government's call to support rural communities particularly youth co-operatives remain one of the W&RSETA's strategic priorities. The development of the rural communities initiatives become more significant for the W&RSETA as it plays critical role in ensuring that youth become an active participants of the country's economy. This project was approved to assist 20 Northern Cape registered co-operatives to register learners on skills programmes that address their skills gaps, skills and skills needs. Two accredited training providers were appointed with scope to deliver the following identified interventions: Checkout Operator, Delivery Driver, Store person, Sales Assistant, Retail Manager (Chain Store Manager); Shelf filler (stock counter) and Small Business Manager (Owner). Out of the 200 learners allocated, only 158 were registered during this period. The project was implemented at a cost of R2 million.

Highlights / Impact

Of the 158 registered learners; 88% of the registered Learners were certificated, each on two skills programmes.

“Developing the youth for sustainable growth”

2015/16 Rural Villages Project

In support of the W&RSETA's national key priorities of creating sustainable working environment for the youth of the country, three (3) W&RSETA regional offices, namely Eastern Cape,

KwaZulu-Natal and Northern Cape are assisting unemployed youth from the rural areas to acquire necessary skills which will enable them to start and operate their small businesses. During the financial year under review, a total of 490 learners from Amahlathi local municipality in the Eastern Cape, uPhongolo Local Municipality In KwaZulu-Natal, and within 8 Northern Cape Traditional Councils were enrolled in the W&RSETA Small Business Practice Learnership at NQF level 3 for a period of 12 months. The programme aimed at assisting and equipping learners from rural areas with basic business management skills. It also encouraged rural learners to form and register their own cooperatives or small businesses. During the programme, learners were trained and equipped with existing small rural based businesses with skills on how to start, run and sustain their businesses that were registered with CIPC and SARS.

Highlights / Impact

Of the 490 registered learners, 417 are already certificated on a completion rate of 85%.

Capacitation of TVET Lecturers

In collaboration with the Department of Higher Education and Training, the TVET Directorate, the Qualifications and Quality Assurance (QQA) Business Unit of the W&RSETA have undertaken to develop retail elective subjects for the National Certificate Vocational (NCV) qualification offered by public TVET colleges. It was identified that TVET lecturers are not familiar with the retail subjects which has resulted in the need to capacitate the lecturers on the developed retail

Performance Information – Programmes (continued)

Success Story

When growing up I always wanted to study engineering but due to financial problems my goal could not come to reality. In August 2014, an opportunity came when I least expected. I was told about a W&RSETA learnership programme to train artisans that existed at International Process Safety SA (IPSCO SA Ltd).

I took a giant leap of faith and applied hoping to be selected as a suitable candidate for the programme. Few weeks after application I received a call that my application was successful. I was thrilled and overwhelmed at the same time, because I was given a three year contract to do a learnership in instrumentation. Like any other journey, the sailing was not as smooth as one would like, there were challenges along the way but thanks to the IPSCO and W&RSETA for their support.

I did my 9 months at Colliery Training College [CTC] and an 18 months on-the-job training in different workplaces and finally qualified as an Instrument Mechanic. I managed to accomplish a goal I have always wanted, at the same time I got rewarded with a merit award as the best learner in Instrumentation. I am grateful for every opportunity that was



Ntombi Siluma

given to me to learn and equip myself. I have been recently hired by Sasol Secunda as a female Instrument Mechanic for three months. During my Instrumentation Trade Test, I also enrolled for second Trade Auto-Electrical with CTC which I will complete in April 2017. Thank you to W&RSETA for this life changing opportunity, my journey to becoming an artisan has just begun.....Life will never be the same again!

Don't stop helping other deserving learners from rural areas.

subject's curriculum, guidelines and integrated assessment tools. The W&RSETA has undertaken to fund the capacitation of 60 lecturers across the country who will be directly involved in the delivery of W&RSETA qualifications and the NCV retail subjects. As part of the capacitation project, lecturers will be placed with retailers to obtain workplace experience. Further to this, the National TVET Directorate agreed to ensure that all TVET Colleges have a fully-fledged simulation rooms to offer retail subjects. This project was implemented at cost of R2m for a period of 12 months.

Highlights / Impact

13 Lecturers were registered for National Certificate Vocational Retail subject on NQF level 2. 33 Lecturers were registered for National Certificate Vocational Retail subject on NQF level 3.

6 Lecturers were certified for National Certificate Vocational Retail subject on NQF level 2. 24 Lecturers were certified for National Certificate Vocational Retail subject on NQF level 3.

Western Cape TVET Support and Capacitation Project

The TVET Support and Capacitation Project was launched to support and equip 3 TVET colleges with necessary training and skills development initiatives within the Western Cape region. The project focuses on addressing challenges identified by the Western Cape TVET colleges. It is also aimed at assisting TVET colleges with much needed capacity in order to offer retail programmes. The project which was implemented at a cost R6 million will also assist in positioning TVET colleges as preferred providers for the Wholesale and Retail Sector. To support the project, the W&RSETA provided financial support to institutions for infrastructure development, lectures capacitation, mentorship and learnerships.

Highlights / Impact

During the financial year under review, two Retail School of Excellence (Retail Academies) were launched in Northlink and Boland TVET Colleges.

Performance Information – Programmes *(continued)*

Through the Project, 10 Lecturers were capacitated to facilitate programmes according to industry standards. 60 Unemployed youth were enrolled on the NC: Retail Sales qualification NQF level 3 and another 60 were enrolled on the NC: Operation Supervision qualification on NQF level 4 at Boland and Northlink TVET Colleges respectively. 60% of learners who successfully completed the programme will gain meaningful employment in the retail sector by June 2017. In support of the project, Shoprite assisted Boland TVET College with funding a Simulation Centre at their Worcester Campus. The simulation center will assist learners to gain exposure of the industry before going to the workplace. Northlink College learners benefited from a feeding scheme which was set to assist and alleviate hunger from learners who come from poor family background.

TFG Supply Chain Transformation Project

As part of the Group's strategy and key focus areas, The Foschini Group (Pty) Ltd (TFG), has identified a need to transform their supply chain through developing local suppliers to ensure long term sustainability. The Project targeted unemployed youth from the previously disadvantaged communities around Cape Town. The project was implemented in four different phases of training which included learnership, Recognition of Prior Learning (RPL), a Management Development Programme (MDP) and the Lean Manufacturing Programme (LMP) that will target: Sewing Machine Operators, Sewing Machine Mechanics, Supervisors and managers amongst others.

Highlights / Impact

130 unemployed learners were successfully trained on the Sewing Machine Operation Qualification. 20 unemployed learners were successfully trained on the Sewing Machine Mechanic qualification. 77 employed learners were successfully trained at operational level on technical programmes aligned to NC: Clothing Manufacturing Processes NQF level 2 and NC: Sewing Machine Mechanics NQF level 3. 33 employed learners were successfully trained on the NC: Product Technology NQF level 3 qualification. 12 TFG participating supply chain companies were supported through Lean Manufacturing Systems.

"Positioning the Wholesale and Retail Sector as a career of choice"

Career Guidance

In order to align to the National Skills Development Strategy III

of providing career guidance to the youth of our country, the W&RSETA embarked on various initiatives aimed at promoting careers and exposing learners to various career opportunities which exist within the Wholesale and Retail Sector.

Highlights / Impact

The W&RSETA participated in the annual Mandela Career Festival which was held at Gert Sibande TVET College, Emmerlo Campus in Mpumalanga on 18 July and interacted with approximately 3000 learners. In support of the national government programmes, the W&RSETA joined the Deputy President, Mr Cyril Ramaphosa during National Youth Development Imbizos which attracted over a 3000 learners from the Northern Cape and Tzaneen in Limpopo. In February 2017, the SETA embarked on a drive to reach out to learners from previously disadvantaged areas in Limpopo Province. Through this campaign, the W&RSETA interacted with over 1200 learners from 12 local schools.

Retail Simulation Centre (Extension of Scope project)

The W&RSETA approved a budget of R5,8 million towards the Extension of Scope project aimed at benefiting 8 TVET Colleges and one Higher Education and Training Institution around the country. This project is aimed at fostering partnerships between institutions of learning, SETAs and business to address the scarce and critical skills as well as making sure that training institutions provide curriculum which is aligned to the industry's requirement. The project is also aimed at positioning participating TVET Colleges as institutions of choice.

The establishment of the Retail Simulation Centres at these institutions have since been viewed by the industry leaders as one of the most vital initiatives of the W&RSETA to ensure that students receive much needed practical work experience of the wholesale and retail which will in return increase their chances of obtaining employment.

Highlights / Impact

During the year under review, the two simulation centres were launched at Ekurhuleni West TVET and Motheo TVET Colleges. This bring the number of simulations centres launched to six (6). The two centres at Lephalale TVET College and Cape Peninsula University of Technology remain outstanding and they will be launched once the dates have been agreed upon by all parties.

Performance Information – Programmes (continued)



Inside of some of the Retail simulation Centres



Inside of some of the Retail simulation Centres

KZN Retail Schools of Excellence

The inaugural KZN Retail Schools of Excellence (RSOE) was launched in 2014 as a collaboration initiative between the W&RSETA and five institutions of learning, Majuba, Thekwini, Mthashana and Esayidi TVET Colleges and the Durban University of Technology.

The project is aimed at promoting collaboration between the Wholesale and Retail Sector and institutions of learning to ensure that programmes which are offered at institutions are aligned to the industry's needs. Through the project practicum rooms were established aimed at providing students with

practical experience of the wholesale and retail subject of the NCV and learnerships on NQF levels 2 – 4.

Highlights / Impact

During 2016, two practicum rooms were launched at Thekwini and Mthashana TVET Colleges. These practicum rooms will be used for all wholesale and retail related programmes which will equip and prepare learners for the world of work.

Bursary Scheme

The 2016 busary scheme was implemented in partnership with the National Student Financial Aids Scheme (NSFAS).

Your background does not determine your destiny...the doors of learning are open!

"After completing matric I left home for Durban in 2012 to further my studies. The first semester at DUT was very difficult because of financial challenges. My life changed for the better when my application for the W&RSETA bursary through CareerWise was successful. Not only did I get financial support; I was also motivated and guided to work towards a brighter future. I graduated with an NDip: Food Technology, Cum Laude, and completed my BTech degree in 2015. These have been my proudest achievements. Through my excellent academic results, I secured and completed an internship at the Center for Scientific and Industrial Research (CSIR), Biomanufacturing Industry Development Centre for protein technologies." In 2016, Confidence started another internship with Tiger Brands.

She was the 1st prize award winner under the Bursary Category in the W&RSETA 2015/16 Good Practice



Confidence Huma

Awards. "I would to thank the W&RSETA and Careerwise for the opportunity to become the person I am today. The W&RSETA has been my family from 2012 and has made a huge impact in my life."

Performance Information – Programmes *(continued)*

The bursary scheme was implemented to address shortage of scarce skills within the Wholesale and Retail Sector. The scheme aims at making education accessible to underprivileged students studying towards wholesale and retail programmes at universities and TVET colleges. The bursary scheme also aims at promoting the sector as a career of choice whilst creating employment opportunity for students.

Highlights / Impact

During the year under review, the SETA allocated R 16 million to 412 students studying at the HET institutions and R39 million was allocated to fund 773 students pursuing their careers at TVET colleges.

Retail Business Management Diploma Bursaries

This project was initiated to close skills gap in the middle management space whilst promoting the wholesale and retail as a career of choice. Through this bursary scheme, students were funded to enrol for the National Diploma in retail business management in order to equip them to take up management position in the sector.

Highlights / Impact

The project was funded for the duration of 3 years at the cost of R57 million and it benefitted 388 students from all over the country. The following Universities participated in the project:

- Tshwane University of Technology with 118 Students,
- Cape Peninsula University of Technology with 35 Students,
- Durban University of Technology with 143 students,

- Vaal University of Technology with 44 Students,
- Sol Plaatje University with 39 Students and
- Nelson Mandela Metropolitan University with 9 Students.

NQF 5 Qualifications

The NQF level 5 Qualifications was launched to be implemented at HET institutions to provide an articulation path for employed learnership graduates. Universities were approached to develop the NQF level 5 qualification which was previously not offered at the public universities.

Highlights / Impact

4 universities, Durban University of Technology, University of Johannesburg (UJ), Tshwane University of Technology (TUT) and Cape Peninsula University of Technology (CPUT) enrolled 500 employed learners on NQF level 5 qualifications.

Graduate Placement Project

The graduate placement project of the W&RSETA was initiated to place unemployed graduates in the Wholesale and Retail companies in order for them to gain workplace exposure that will increase chances of getting permanent employment. 77 Wholesale and Retail companies were contracted to place 1649 graduates with stipends at a budget of R68m.

Highlights / Impact

1180 graduates were successfully enrolled through the W&RSETA graduate placement project.



Pascalis Mokupo, Administrator (Seated);
Standing: (from L to R) Advisors to the Administrator, **Mr Madala Mthembu**,
Mr Mlamli Jentile and **Mr Sonwabo Thomas**



PART C

GOVERNANCE



Members of the W&RSETA Board of Directors

Introduction

Corporate governance embodies processes and systems by which public entities are directed, controlled and held accountable. In addition to legislative requirements based on a public entity's enabling legislation, and the Companies Act, corporate governance is applied through the precepts of the Public Finance Management Act (PFMA), Act No.1 of 1999 and run in tandem with the principles of the King's Report on Corporate Governance.

Parliament, the Executive Authority (DHET) and the Accounting Authority of the W&RSETA are responsible for corporate governance.

3.1 Portfolio Committees

The W&RSETA was not required to appear before the Portfolio Committee on Higher Education and Training during the 2016/17 financial year.

3.2 Executive Authority

The Department of Higher Education and Training (DHET) is the executive authority of the W&RSETA. In line with the reporting requirements, the W&RSETA submitted the following reports to the Executive Authority for approval during the period under review:

- 2016/17 Strategic Plan: 28 February 2017
- 2016 Sector Skills Plan: 30 September 2016;
- Quarterly Performance Reports; and
- 2015/17 Annual Report: 31 August 2016

3.3 The Accounting Authority

The W&RSETA Accounting Authority was appointed by the Minister of Higher Education and Training and assumed office on 1 April 2011 for a five-year term up to the 31 March 2016. At the end of this term, the Minister extended the licence of the SETA to two years ending on 31 March 2018. Of this two-year extension the Accounting Authority served only 6 months since the Minister placed the SETA under administration on 3 October 2016 resulting in its dissolution. Subsequently, Ms Benedicta Monama was appointed as Administrator for a period of 12 months. However, on 17 October 2016 the Minister amended the Government Notice of 3 October 2016 issued to appoint

the Administrator by repealing the decision to appoint her and appointed Mr Pascal Mokupo for a period of 12 months effective from 17 October 2016.

The Role of the Administrator

On the 3rd October 2016, the W&RSETA was placed under Administration in accordance with section 15(1) of the Skills Development Act, 1998 (Act No 97, 1998 as amended) by the Department of Higher Education and Training (DHET) as per the Government Notice No. 1277 published in Government Gazette No. 40352. The following powers provided for in the Notice point to key focus areas:

- Establish if necessary, with the Minister's approval, chambers as provided for in Section 12 and 13 of the Act;
- Review the terms and conditions of employment of the Chief Executive Officer, Chief Financial Officer and other employees of the W&RSETA where necessary;
- Review general governance policies of the W&RSETA in terms of any applicable law;
- Suspend, institute disciplinary proceedings or replace, where it is necessary, any of the officials of the W&RSETA for reasons as contemplated in terms of relevant legislation;
- Consult widely with the relevant stakeholders within the sector in order to adopt a standard constitution of the W&RSETA in terms of section 13 of the Act and other relevant legislation for approval and publication by the Minister of Higher Education and Training;
- Facilitate the appointment of a new W&RSETA Accounting Authority;
- Ensure the management of the W&RSETA funds in liaison with the Department of Higher Education and Training using relevant provisions of the Act and as provided for in the Public Finance Management Act, 1999 and the relevant regulations; and
- Make rules relating to W&RSETA and chamber meetings, financial matters, general procurement and administrative matters which are in accordance with the provision of the Constitution of the Republic of South Africa, 1996, the Act or any other applicable law.

The primary responsibility of the former Accounting Authority is to provide strategic leadership on the management of the SETA. It executes its oversight role as articulated in the W&RSETA constitution and as required by the Skills Development Act, the Public Finance Management Act and relevant legislation.

GOVERNANCE (continued)

Accounting Authority Charter

Before its dissolution by the Minister, the Accounting Authority had developed a Charter which governs its primary role of oversight and is aligned to the Constitution. The Charter addresses key governance matters, amongst others, the framework of governance principles, composition of the Accounting Authority, the role, function, fiduciary and statutory duties of the Accounting Authority, governance structures; meetings, powers and delegation of authority.

In line with the requirements of the PFMA, the former Accounting Authority approved the Strategic Plan for the 2016/17 financial year and monitored the SETA's performance through monthly reports to the then Executive Committee of the Accounting Authority and quarterly reporting to the Accounting Authority.

The former Accounting Authority also reviewed the SETA's Policies, in line with the requirement for annual review. As part of managing the Organisation's institutional risks, the Accounting Authority convened a consultant-facilitated workshop with management to identify strategic risks of the SETA. However, the finalisation of the identification and assessment of the risks resulting in a strategic risk register were concluded during the administration period.

Composition of the Accounting Authority

As prescribed by the Constitution of the W&RSETA membership of the Accounting Authority comprises of 15 members. 12 members, with an equal representation, are appointed from Organised Business and Organised Labour organisations. The Minister also appoints three members who serve as Ministerial Appointees one of whom serves as the Chairperson.

Name	Designation (in terms of Accounting Authority Structure)	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Accounting Authority Directorships	Other Committees or Task Teams	No. of Meetings Attended
Ms Nozipho Pearl Maphoshe	Chairperson (Ministerial Appointee)	1 July 2014	N/A	Masters (Education & Planning)	- HR - Procurement - Facilities Management	- Serves on Masscash Accounting Authority from June 2007 to current - Serves on the council at the University of Zululand from 01 September 2013 to current - Serves on Knowledge Resources Accounting Authority from 01 March 2015 to current	- Is a member of the Executive Council of the University of Zululand from 01 September 2013 to current - Is the Chairperson of the HR & Remuneration Committee of the University of Zululand from 01 September 2013 to current - Serves on the Advisory Committee of the HR Management Department at the University of Johannesburg.	6

GOVERNANCE (continued)

Composition of the Accounting Authority (continued)

Name	Designation (in terms of Accounting Authority Structure)	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Accounting Authority Directorships	Other Committees or Task Teams	No. of Meetings Attended
Mr Thami Skenjana	Ministerial Appointee	April 2011	N/A	• Matric • Sales • Marketing	• Enterprise Cooperative development	• SANCOC Enterprise Development • Southern African National Co-operatives Council • SASCE • BUSA	• Ministerial Worker Education Technical Task Team • Institute of Directors South Africa: Remuneration Committee Forum • NEDLAC Chambers & Task Teams	6
Mr Sibusiso Busane	Ministerial Appointee	April 2011	N/A	• Grade 12 • Assessor • Advanced project management	• Small business development	N/A	N/A	6
Mr Ivan Molefe	Accounting Authority Member	April 2011	N/A	• Grade 10	• Labour relations	N/A	• Projects Committee • Executive Committee	6
Mr Mike Tau	Accounting Authority Member	April 2011	N/A	• Grade 10	• Education and training • Negotiations • Public management • Dispute resolution.	• COSATU CEC • SACCWU 2nd Deputy President • disela Accounting Authority member, cosatu education committee chairperson, Saccawu Central executive and national executive committee member.	• Governance & Strategy Committee • Remuneration Committee • Shoprite / Checkers Skills and Training Committee	5

GOVERNANCE (continued)

Composition of the Accounting Authority (continued)

Name	Designation (in terms of Accounting Authority Structure)	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Accounting Authority Directorships	Other Committees or Task Teams	No. of Meetings Attended
Ms Carin Strydom *	Ministerial Appointee	April 2011	Resigned	B. Com (Law) - MBA (Cum laude) - Intermediate Diploma in Business Studies	- Fuel retail industry - Corporate banking - Business management	- Fuel Retailers Association (Director) - Petroland Developments CC (Member) - Sasol Somerset West Trust (Trustee)	- Audit Committee - Training Committee – FRA	1
Mr Nat Kettlele	Ministerial Appointee	April 2011	N/A	Essential Security Law Certificate, Joint Matriculation Accounting Authority (Matric)	- Labour relations - Collective bargaining - Legal representation	FEDCRAW	- Finance Committee - Remunerations Committee	6
Mr Phillemon Sito	Member	April 2011	N/A	Bachelor of Arts		N/A	- Finance Committee - Executive Committee	6
Ms Abieda Abrahams	Member	August 2012	N/A	- National Diploma: Education and Training - National Diploma: Clothing Management	Education & Skills Development Training	N/A	Projects Committee	1
Ms Margaret Bango	Member	October 2012	N/A	Diploma in General Nursing	- Small business - Women development	- Ipelegeng Consortium - Tizawell Pty Ltd - Kathorus Chamber of Commerce and Industry NPC - Wilat - South Africa NPC	- Remuneration Committee - Governance & Strategy Committee	5

GOVERNANCE (continued)

Composition of the Accounting Authority (continued)

Name	Designation (in terms of Accounting Authority Structure)	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Accounting Authority Directorships	Other Committees or Task Teams	No. of Meetings Attended
Mr Isaac Motaung	Member	August 2012	N/A	B. Proc (Attorney) - Higher Diploma Tax Law - B.A. Honours Human Resources	- Tax Law - Labour Relations - Labour Law - Functioning of Accounting Authority of Directors - Retirement Scheme - Investment and Functioning - Medical Aid - Investments and Functioning - Governance, Social and Ethics - Human Resources in General - Agriculture and Farming in General - Legal Practice specialising in labour law and Tax Law	- Pick'n Pay – until 28 February 2015 - Boxer Retail – until 31 March 2015 - Advisor to the CEO of the Pick'n Pay Group of Companies – from 01 April 2015 to 31 March 2017	- Trustee – Pick'n Pay Ackerman Foundation - Trustee – Pick'n Pay Medical Aid Scheme - Social and Ethics Committee Member (Pick'n Pay Group of Companies) - Accounting Authority Member – Saint Benedict's College - Projects Accounting Authority Committee - Remuneration Accounting Authority Committee	6

Composition of the Accounting Authority (continued)

Name	Designation (in terms of Accounting Authority Structure)	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Accounting Authority Directorships	Other Committees or Task Teams	No. of Meetings Attended
Ms Sizakele Maloko	Member	April 2011	N/A	- B.A. Honours - B.A. - Higher Diploma: Tourism Development - Diploma: HR - Development and Management - Diploma: Financial Management - Diploma: Project Management - Junior Secondary Teachers certificate - Certificate of Achievement co- operative Initiation and Management - Programme Evaluator - Accredited Assessor - Accredited Moderator	Education and Training, Small Business Development and Mentoring and Coaching	- Lincolnwood - Gooderson Leisure - Market Demand	- Finance Committee - Projects Committee - World Ventures - KZN NPO Advisory Committee - KZN Substance Abuse Committee - Ekasi Spaza Shop Advisory - Member of EMOSA	6
Mr Michael Lawrence	Member	April 2011	N/A	- Higher Diploma (Post Graduate) - Bachelor of Science (Actuarial)	- Governance - Strategy - Change management	- Martin & East (Pty) Ltd - Zebra Surfacing (Pty) Ltd - Isidima Civils (Pty) Ltd - Prokura Diesel Services (Pty) Ltd - M&M Consulting - Tresso Trading 954CC - MTU-SA (Pty) Ltd	- Executive Committee - Finance Committee	5

GOVERNANCE (continued)

Composition of the Accounting Authority (continued)

Name	Designation (in terms of Accounting Authority Structure)	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Accounting Authority Directorships	Other Committees or Task Teams	No. of Meetings Attended
Ms Mariette Meniz	Member (Alternate to I Motaung)	April 2011	N/A	M. Admin (Masters in Industrial Psychology)	- Skills Development - Organisational Development - Change Management	N/A	None	2
Ms Xolile Titus	Member (Alternate to S Moloko)		N/A	- BA Sociology & History - Human Resources Management - Short Course-Small Enterprise Development	- Research - Economic development in particular small business development. - Transformation, corporate citizenship, organisational strategy	Fair Trade Tourism	None	1
Mr Ezekiel Settei	Member (Alternate to N Ketele)	August 2013	N/A	Matric	Trade Union Governance	Member Unity Incorporation	None	0
Ms Sheila van Rensburg	Member (Alternate to A Abrahams)	August 2013	N/A	Grade 8	Labour Relations	None	None	6
Mr Reggie Sibiya*	Member (Alternate to C Strydom)	August 2013	N/A	- Bachelor of Science (Botany & Genetics) - Bsc Honours (Genetics)	- Fuel Retailing - FMCG Sales & Marketing - Business Management - Regulatory Compliance	- Fuel Retailers Association (Director) - MIBCO Accounting Authority	- Audit Committee - Strategy & Governance	6

GOVERNANCE (continued)

Composition of the Accounting Authority (continued)

Name	Designation (in terms of Accounting Authority Structure)	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Accounting Authority Directorships	Other Committees or Task Teams	No. of Meetings Attended
Mr Mogomotsi Masodibi	Member (Alternate to P Sito)	August 2013	N/A	• Certificate In Sales and Marketing • Certificate in Practical Labour Law	• Labour Law • Governance	• None	None	1

GOVERNANCE *(continued)*

Committees

Committee	No. of Meetings Held	No. of Members	Name of Members
Audit Committee	8	6	Mr Pascalis Mokupo
			Mr Yaswant Gordhan
			Adv. Johannes Collen Weapond
			Ms Mathukana Mokoka
			Mr Reggie Sibiya
			Mr Mogomotsi Masoabi
Executive Committee	4	5	Ms Pearl Maphoshe
			Mr Ivan Molefe
			Ms Sizakele Moloko
			Mr Phillemon Sito
			Mr Michael Lawrence
Projects Committee	4	4	Mr Ivan Molefe
			Ms Abieda Abrahams
			Ms Sheila Van Rensburg <i>(Alternate member)</i>
			Ms Sizakele Moloko
			Mr Isaac Motaung
Finance Committee	2	4	Mr Michael Lawrence
			Mr Nat Kettlele
			Mr Phillemon Sito
			Ms Sizakele Moloko
Governance Committee	4	4	Mr Reggie Sibiya
			Ms Margaret Bango
			Mr Mike Tau
			Ms Sibusiso Busane
Remunerations Committee	5	4	Mr Mike Tau
			Mr Thami Skenjana
			Ms Margaret Bango
			Mr Nat Kettlele
			Mr Isaac Motaung

NB: These are committees before W&RSETA was put under administration

GOVERNANCE *(continued)*

3.4 Risk Management

The Risk Management Committee of the W&RSETA is an internal structure of Management and is chaired by the Chief Executive Officer. This Committee is required to meet quarterly. The Risk Management Committee reports to the Audit Committee of the Accounting Authority and is responsible for identifying potential risks within the Organisation. The Committee also develops a Risk Management Implementation Plan to mitigate the risks. This Plan is developed to give effect to the implementation of the Risk Management Policy and Strategy.

3.5 Internal Control

The organisation established Internal Control Department within the office of the Chief Financial Officer. The Department provides an oversight service to management on the internal controls. The Department has been instrumental in checking compliance and supporting managers through the evaluation of internal control deficiencies and had recommended on improvements where controls were found to be lacking or inappropriate.

The facilitation and coordination of audits, during the audit by Auditor General (SA) and Internal Audit, has been centralised within the Internal Control Department to support and guide in terms of responding to audit requests and queries, and assisting in implementing audits recommendations and action plans. The Audit Action Plans were developed and driven from this Department whereby internal controls were reviewed from different Departments within the organisation.

3.6 Compliance with Laws and Regulations

The Organisation's environment and mandate are governed by various legislation and regulations. The W&RSETA's Strategic Plan and Annual Performance Plans must be aligned to the National Skills Development Strategy (NSDS), which is an overarching strategy which governs the SETA's mandate for delivery. The SETA's operations are also governed by the Public Finance Management Act (PFMA).

National Treasury publishes Regulations that govern Supply Chain Management and the procurement of services by the W&RSETA. These Regulations are mandatory and the W&RSETA is obligated to comply with the applicable Regulations.

3.7 Fraud and Corruption

The W&RSETA has implemented measures to mitigate against fraud and corruption within the Organisation. A declaration of interest by all staff members is one of the mechanisms that have been implemented to reduce incidents of fraud and corruption. A Fraud Prevention Policy is in place and is posted on the W&RSETA website to be accessed by staff and the general public. The Whistle Blower hotline for reporting of fraud occurrences is published on various channels including the W&RSETA website, monthly newsletters and displayed around the SETA's offices across the country.

3.8 Minimising Conflict of Interest

Management and staff of the W&RSETA are required to conduct themselves with high levels of integrity having regard to any relevant legislation, other legal requirements or prevailing codes of best practice on matters relating to the business conduct, including the company's standing as a public entity.

To minimise and manage conflict of interest, Management is required to declare interest at each meeting. In addition, members of the Bid Evaluation Committee (BEC) and Bid Adjudication Committees (BAC) are required to declare any conflict of interest before evaluating tenders. The good governance practices in this regard extend beyond legislative provisions and are considered in all instances where a conflict of interest is considered.

On an annual basis, all staff members are required to complete a declaration of interest form to declare their interests.

3.9 Code of Conduct

The SETA emphasises the expectation of proper conduct of its staff and has developed a set of values that guide the conduct of individual staff members.

In addition, the HR Policy includes the SETA's Code of Conduct which every employee is required to acknowledge by signing.

The Policy also prescribes the disciplinary measures applicable for the violation of the Code of Conduct.

GOVERNANCE *(continued)*

3.10 Health, Safety and Environmental Issues

The W&RSETA has developed an Occupational Health Safety (OHS) Strategy for the wellbeing and safety of its employees. The strategy incorporates the main safety requirements to ensure that all the SETA's offices appoint a first aider, safety representative and an evacuation zone marshal.

3.11 Social Responsibility

The W&RSETA is cognisant of its corporate social responsibility towards the communities within which it operates. A culture has been inculcated within the Organisation and the SETA

GOVERNANCE *(continued)*

REPORT OF THE AUDIT COMMITTEE (AC) FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

The Audit Committee is pleased to present its report in respect of the financial year ended 31 March 2017 in accordance with Treasury Regulation 3.1.12.

The Minister placed the W&RSETA under Administration from October 2016 to date. Furthermore, there is a continuous legal challenge between the Board and the Minister. During the term of the Administrator the Audit Committee noted with concern the interruptions in the office of the Administrator. These interruptions impacted negatively on the morale of the staff.

Appointment of Audit Committee members, meetings and attendance

The Audit Committee comprised six members prior the Minister dissolving the Board and its Committees in October 2016. During the tenure of the Administration, the Audit Committee, as reflected in the table below, was reconstituted to consist of the same three external members from the former Audit Committee namely, Ms Mathukana Mokoka who serves as the Interim Chairperson, Messrs Yaswant Gordhan and Collen Weapond.

In terms of Section 77(b) of the PFMA, the Audit Committee must meet at least twice a year. The Audit Committee met at least four times per annum as per its approved terms of reference. The Administrator, Administrator's Advisors, Acting Chief Financial Officer, Chief Operations Officer, Chief Qualification and Research Manager, Executive Manager in the CEO's office, Internal Auditors and External Auditors attend these meetings by invitation.

Audit Committee

Audit Committee Member	Qualification	Internal or External	Date of Resignation	Audit Committee meetings attended
Pascal Mokupo	CA (Lesotho)	Chair Person	Inactive as at 03 October 2016	5
Yaswant Gordhan	CA(SA) Masters of Science (Business Administration)	Member	Active	8
Mathukana Mokoka	CA(SA)	Interim Chairperson	Active	8
Collen Weapond	Bachelor of Law (B.Luris) Bachelor of Laws (LLB) BTech: Policing BTech Computation Honours (B.Com Information Technology) Diploma in Education Diploma in Fraud Management Diploma in Compliance Diploma in Business Management Certificate in Executive Development	Member	Active	8
Carin Strydom	B.Com (Law) MBA (Cum Laude) Intermediate Diploma in Business Studies	Alternate Member to Reggie Sibiya	Resigned on 15 July 2016	0
Mogomotsi Masoabi	Certificate in Sales and Marketing Certificate in Practical Labour Law	Member	Inactive as at 03 October 2016	2

GOVERNANCE *(continued)*

Audit Committee *(continued)*

Audit Committee Member	Qualification	Internal or External	Date of Resignation	Audit Committee meetings attended
Reggie Sibiya	Bachelor of Science (Botany & Genetics) Bsc Honours (Genetics)	Member	Inactive as at 03 October 2016	3

Audit Committee Responsibilities

The Audit Committee has complied with its responsibilities arising from Sections 38(1) (a)(ii) and 77 of the PFMA and Treasury Regulation 3.1.13, and also reports that it operated in terms of Chapter 2 of National Treasury's Financial Reporting Framework Guide for the Audit Committees and the Audit Committee Charter.

The Audit Committee is an Advisory Committee and not an Executive Committee and as such, it neither performs any management functions nor assumes any management responsibilities. Its role is that of providing oversight in matters of governance.

In conducting its duties, the Audit Committee has amongst other things, reviewed the following:

- The effectiveness of internal control systems;
- The effectiveness of internal audit function;
- The risk areas of the entity's operations covered in the scope of internal and external audits;
- The adequacy, reliability and accuracy of financial information provided by management for users of such information;
- Accounting and auditing concerns identified as a result of internal and external audits;
- The activities of the internal audit function, including its annual work programme, co-ordination with the external auditors, the reports of significant investigations and the responses of management to specific recommendations and
- The independence and objectivity of both the internal and external auditors.

Effectiveness of Internal Controls

The system of internal control is designed to provide assurance that assets are safeguarded, liabilities and working capital are efficiently managed, operations are efficient, and that policies, laws and regulations are complied with.

From the various reports of Internal Audit and the Auditor-General SA, the Audit Committee notes with concern the weaknesses in internal controls. Management has given an undertaking to address the findings and recommendations for improvement. The control system provides reasonable, but not absolute assurance that the entity's assets are safeguarded, transactions are authorised and recorded properly and that material errors and irregularities are either prevented or detected in time. These controls are monitored throughout the organisation by management and employees with the necessary delegation of authority and segregation of duties.

The Audit Committee will monitor management's commitment to address these findings in the ensuing year.

Evaluation of predetermined objectives

The Audit Committee has during the course of the financial year interacted with Senior Management and advised that a system be devised in full compliance with the requirements as embodied in the framework on Performance Information issued by National Treasury and other practice notes.

The Audit Committee was not satisfied with the format and processes followed around this portfolio and various shortcomings were still

GOVERNANCE *(continued)*

present. However, the Audit Committee has been assured by Senior Management that the format and procedures will be improved to comply with all the prescripts.

IT management

The effective and efficient management of the IT environment is still a challenge. The Audit Committee has been assured by Senior Management that the IT environment will be improved to ensure effectiveness and efficiency of controls in order to mitigate exposure to major risks which may impact the achievement of organisational goals.

The quality of quarterly reports submitted in terms of the PFMA

Apart from the Quarterly Performance reports mentioned above, the Audit Committee was satisfied with the quality and content of other quarterly reports prepared and issued by the V&RSETA Management during the year under review.

Risk Management

A Risk Management Strategy, incorporating a Fraud Prevention Plan is in place. The effectiveness and relevance of these plans are assessed regularly given the dynamic environment within which the V&RSETA operates. Risks identified as significant to V&RSETA are regularly evaluated and included in the risk register.

Internal Audit

The Senior Manager is responsible for the management and coordination of the Internal Audit function. The Senior Manager reports administratively to the Administrator and functionally to the Audit Committee. The role of the internal audit is to provide support to management and the Audit Committee in discharging their responsibilities per the approved Internal Audit Charter, including the PFMA and National Treasury Regulation. The Internal Audit function provides independent and objective evaluation of the organisation's system of internal control and any significant business risk and exposure are brought to the attention of Management and the Audit Committee.

The Audit Committee is satisfied that the Internal Audit function operated satisfactorily during the year.

Finance Division

The Audit Committee confirms that the Finance Division adequately discharged its responsibilities during the financial period under review despite the fact that there is an Acting CFO. Management has given a commitment to appoint a permanent CFO in the ensuing year.

Annual Financial Statements

The Audit Committee has:

- Reviewed and discussed the Management Report from the Auditor-General SA (AGSA) with Senior Management;
- Reviewed the appropriateness of accounting policies and practices;
- Reviewed the adjustments to the annual financial statements arising from the audit; and
- Reviewed and discussed the audited annual financial statement and recommended its approval by the Accounting Authority (Administrator).

GOVERNANCE *(continued)*

AGSA Audit Findings

The Auditor- General South Africa (AGSA) has audited the financial statements of the Wholesale and Retail Sector Education and Training Authority (W&RSETA), which comprised of statement of financial position as at 31 March 2017, the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget information with actual information , as well as the notes to the financial statements, including a summary of significant accounting policies.

AGSA's opinion is that the financial statements present fairly, in all material respects, the financial position of the Wholesale and Retail SETA as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with the 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).

The Audit Committee concurs with and accepts the conclusion of the Auditor- General South Africa (AGSA) on the audited annual financial statements



Ms Mathukana Mokoka

Interim Chairperson: Audit Committee

W&RSETA, August 2017

GOVERNANCE *(continued)*

Statement of Compliance

W&RSETA, to the best of its knowledge, Information and belief has taken reasonable steps to comply with applicable legislation, including procedures and codes of governance in the financial year ending 31 March 2017.

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



Mr. Pascalis Mokupo

Administrator

14 August 2017



PART D

HUMAN RESOURCES



4.1 Human Resource Management

Overview of HR matters

Human Resource Management (HRM) is a function and/or department within the VV&RSETA and it focuses on recruitment, management, and providing direction for the people who work in the organization.

HR as a department (within VV&RSETA) deals with issues related to people such as recruitment & selection, compensation, performance management, organization development, Learning & development, employee assistance programmes, etc.

Set priorities

Although priorities will vary from organization to organization, overall trends guiding decisions and help determine the biggest problems to target and fix throughout are as follows:

- Develop leaders at all levels
- Improve teamwork
- Find the right talent
- Overall performance reviews

HR has therefore prioritised workforce planning, employee performance, wellness, policy review and labour relations.

Workforce planning

Workforce planning is defined as a set of procedures that an organization can implement to maintain the most efficient employee/management team possible, maximizing profits and ensuring long-term success.

As indicated HR anticipated that there will be an upsurge in the recruitment of staff and therefore made adjustments to deal with this matter accordingly. The adjustments included among others short to medium term arrangements with the Recruitment and Placement Company to assist with reference checks and vetting of the qualifications.

It was also forecasted that the labour turnover will be between 5 and 10 percent and that HR has to be geared up for skills replacement (in the form of recruitment and/or skills development).

Employee performance management framework

Employee Performance Management is a process for establishing a shared workforce understanding about what is to be achieved at an organisation level.

It is about aligning the organisational objectives with the employees' agreed measures, skills, competency requirements, development plans and the delivery of results.

During the period January to June 2016 Korn Ferry (Hay Group) conducted a organisational Design exercise and this included commenting on the current performance management system. HR received feedback some of it will be feed into the policy reviews processes.

The performance review proposals will also cover areas that have been raised by both Auditor General and Internal Audit Reports.

Employee wellness programme

Wellness programs include activities such as company-sponsored exercise, weight-loss competitions, educational seminars, tobacco-cessation programmes and health screenings that are designed to help employees eat better, lose weight and improve their overall physical health.

In October 2016 HR facilitated Discovery Wellness for staff at Head Office (Centurion). This included a preventative screening and 65 staff members attended the sessions.

In January 2017 HR also arranged with a company called iRelax for a 20 minutes neck shoulder massage at each staff member workstation. The SETA will also be sourcing the services of an external provider that will render a 24hrs service to staff members nationally. The service will include basic wellness programme interventions.

Policy development

In professionalising the workplace, HR policy was approved in January 2016 and HR is currently in consultation with Strategic Planning Unit as part of policy review process to try and close all gaps in the policy.

Human Resource Management *(continued)*

Labour Relations

Due to growth in the work-force, there has been a number of disputes in the organisation and there was a need to enter into a recognition agreement with NEHAWU to regulate employer-employee relations. The agreement is currently at its infancy stage.

Highlights (achievements)

During the year under review HR has been able to achieve the following:

- Statutory Submissions: HR submitted both the Workplace Skills and Employment Equity Plans to ETDP SETA and Department of Labour
- Professional Bodies – The SETA implemented a policy on payments of professional bodies for staff.
- The Payroll and Related activities were without any hindrances
- Due an increase in the number of staff there was an increased labour related matters both internal (disciplinary and grievance) and external (CCMA)
- In terms of the team, HR was able to recruit two HR Administrators and Labour Relations Manager.
- Responding to an increased number of staff requests due to audits (Internal & External) clean-up processes;
- HR Successfully facilitated a Korn Ferry (Hay Group) OD Project and which resulted in the production of :
 - o Newly Proposed SETA Functional Structure
 - o Operating Model
 - o Salary Benchmarking and
 - o Recommendations :
 - Implementation of Core Business Positions to be prioritised,
 - Positions dictated by Legal and Regulatory Requirements to be prioritised.

- Non-Core Positions to be filled as and when the financial resources allow such appointments.
- The proposed structure be implemented within a 3 year period should financial resources allow such implementation.
- Revision of the Total Rewards Strategy

Challenges faced by the Entity (SETA)

The SETA has had to deal with the following issues:

- Internal Control and Audit Related Issues
- Talent War & Shortage of skills in the organisation (for example) – IT, Project Management and Finance.
- The SETA reestablishment uncertainty. This is where the staff feels insecured post 2020.
- Economic slowdown including the downgrades by the rating agencies
- High inflation rate thus making it difficult to deal with and/or to negotiate the salary adjustment agreements.

Future HR plans/goals

The HR Plan or HR agenda for the SETA that will help HR to establish credibility, partner with businesses and champion employee motivation and development. Therefore in line with the HR priorities mentioned above the year 2017/2018 HR Plan will be informed by the following agenda items:

- HR Policy Review
- Implementation of the Korn Ferry (Hay Group) OD Report
- Recruitment & Selection
- Payroll Management
- Performance Management System (PMS) Review
- Learning & Development (including succession planning and leadership coaching)
- Projects – Occupational Health & Safety (OHS) and Corporate Social Investment (CSI).

4.2 Human Resources Oversight Statistics

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

Personnel Cost by Salary Band

Level	Personnel Expenditure (R'000)	% of Personnel Expenditure to Total Personnel Cost (R'000)	No. of Employees	Average Personnel Cost per Employee
Senior Management	8 845	18%	5	1 769
Executive Management	8 050	16%	6	1 342
Middle Management	18 502	37%	22	841
Team Leaders	1 701	3%	3	567
Coordinator Level	1 010	2%	34	30
Officer/PA Level	301	1%	21	14
Administrator Level	10 201	20%	67	152
Office Support Level	1 201	2%	15	80
TOTAL	49 811	100%	173	4 290

NB: The Senior Management number [5] is inclusive of Administrator & Chief Financial Officer.

Performance Rewards

Level	Performance Rewards (R'000)	Personnel Expenditure (R'000)	% of Performance Rewards to Total Personnel Costs
Senior Management	353	8 845	4%
Executive Management	534	8 050	7%
Middle Management	1 004	18 502	5%
Team Leaders	201	1 701	12%
Coordinator Level	1 121	1 010	111%
Officer/PA Level	1 221	301	406%
Administrator Level	1 031	10 201	10%
Office Support Level	122	1 201	10%
TOTAL	5 587	49 811	

NB: Performance rewards are not applicable to fixed terms employees.

Human Resources Oversight Statistics *(continued)*

Training Costs

Business Unit	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a% of Personnel Costs	No. Employees	Average Training Cost per Employee (R'000)
Head Office	22 159	168	1%	14	12
Regions	33 329	253	1%	25	10
TOTAL	55 398	421		39	22

Employment and Vacancies

Level	No. of Employees	Approved Posts	Vacancies	% of Vacancies
Senior Management	5	6	3	50%
Executive Management	6	6	0	0%
Middle Management	22	23	1	4%
Team Leaders	3	4	1	25%
Coordinator Level	34	37	3	8%
Officer/PA Level	21	22	1	5%
Administrator Level	67	72	5	7%
Office Support Level	15	15	0	0%
TOTAL	173	185	14	8%

NB: The Employees number (5) at Senior Management level includes Administrator & CFO. Therefore the vacancies (3) are as follows: CEO, CFO and Internal Audit Executive.

Employment Changes

Level	Employment at Beginning of Period	Appointments	Terminations	Employment at End of the Period
Senior Management	4	2	1	5
Executive Management	6	0	0	6
Middle Management	22	1	1	22
Team Leaders	4	0	1	3
Coordinator Level	34	2	2	34
Officer/PA Level	22	0	1	21
Administrator Level	75	3	11	67
Office Support Level	15	0	0	15
TOTAL	182	8	17	173

Human Resources Oversight Statistics *(continued)*

Reasons for Staff Leaving

Level	Number	% of Total Number of Staff Leaving	Reasons for Leaving
Senior Management	1	25%	Resignations (2)
Executive Management	0	0%	N/A
Middle Management	1	5%	Resignation (1)
Team Leaders	1	0%	N/A
Coordinator Level	2	6%	Resignations (4)
Officer/PA Level	1	5%	N/A
Administrator Level	11	15%	Resignations (5) Dismissal (5)
Office Support Level	0	0%	N/A
TOTAL	17	9%	Resignations & Dismissals

Labour Relations: Misconduct and Disciplinary Action

Nature of Disciplinary Action	Number
Verbal Warning	1
Written Warning	2
Final Written Warning	0
Dismissal	5
Precautionary suspensions	8
TOTAL	16

Equity Target and Employment Equity Status

Level	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Senior Management	2	2	0	0	0	0	0	0
Executive Management	2	2	0	0	1	1	0	0
Middle Management	11	11	1	1	0	0	0	0
Team Leaders	0	0	0	0	0	0	0	0
Coordinator Level	11	11	1	1	1	1	0	0
Officer/PA Level	2	2	0	0	0	0	0	0
Administrator Level	20	20	0	0	0	0	0	0
Office Support Level	0	0	0	0	0	0	0	0
TOTAL	50	50	2	2	2	2	0	0
Fixed term	33		1		0		2	

Human Resources Oversight Statistics *(continued)*

Equity Target and Employment Equity Status *(continued)*

Level	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Senior Management	1	1	0	0	0	0	0	0
Executive Management	2	2	0	0	0	0	1	1
Middle Management	7	7	1	1	0	0	2	2
Team Leaders	2	2	0	0	0	0	1	1
Coordinator Level	16	16	1	1	2	2	2	2
Officer/PA Level	17	17	0	0	1	1	1	1
Administrator Level	46	46	1	1	0	0	0	0
Office Support Level	15	15	0	0	0	0	0	0
TOTAL	107	107	3	3	3	3	7	7

Fixed term	49	1	0	0
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Level	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Senior Management	0	0	0	0
Executive Management	0	0	0	0
Middle Management	0	0	0	0
Team Leaders	0	0	0	0
Coordinator Level	0	0	0	0
Officer/PA Level	0	0	0	0
Administrator Level	1	1	1	1
Office Support Level	0	0	0	0
TOTAL	1	1	1	1

Fixed term	0	0	0	0
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Health, Safety and Environmental Issues

The Occupational Health and Safety Act aims to provide for the health and safety of persons at work and for the health and safety of persons in connection with the activities of persons at work and to establish an advisory council for occupational health and safety.

In complying with the provisions of the act, the SETA has ensured that there are First Aiders, Safety Representatives and Evacuation Zone Marshalls within 11 SETA offices.

Human Resource Management *(continued)*

Code of Conduct

As part of responding to audit related issues, all new staff members do sign off on the code of conduct and HR sends out an annual reminder to staff to ensure that there are proper declarations made and compliance with the code of conduct.

Social Responsibility

On the 18 July 2016 during the Mandela Day, HR facilitated a process and asked the staff to donate the non-perishables. This is an annual event and the SETA inculcates the culture of giving to the needy and or support for the less privileged.

PART E

ANNUAL FINANCIAL STATEMENTS 2016/17



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

Index	Page
Statement of Responsibilities and Approval by the Accounting Authority	96
Statement of Financial Position	105
Statement of Financial Performance for the year ended 31 March 2017	106
Statement of Changes in Net Assets as at 31 March 2017.....	107
Cash Flow Statement for the year ended 31 March 2017	108
Statement of Comparison of Budget and Actual Amounts as at 31 March 2017	109
Accounting Policies	110
Notes to the Annual Financial Statements	127

Abbreviations

W&RSETA Wholesale and Retail Sector Education and Training Authority

Report of the Auditor-General

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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Wholesale and Retail Sector Education and Training Authority set out on pages 105 to 146, which comprise statement of financial position as at 31 March 2017, and the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Wholesale and Retail SETA as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with the 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 the Skills Development Act of South Africa, 1998 (Act No. 97 of 1998) (SDA).

Basis for opinion

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

Emphasis of matter

Emphasis of matter paragraph

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

Irregular expenditure

7. As disclosed in note 37 to the financial statements, irregular expenditure to the amount of R114 735 000 (2016: R157 504 000) was incurred, as supply chain management requirements were not adhered to, project contracts were not signed by duly authorised officials and SETA's grant regulations were not adhered to.

Report of the Auditor-General *(continued)*

Other matter

8. I draw attention to the matter below. My opinion is not modified in respect of this matter.

Administration

9. On 3 October 2016 the Director General of the Department of Higher Education and Training placed the Wholesale and Retail Sector Education and Training Authority under administration, as published in the Government Gazette Notice No.40324. All members of the accounting authority and the constitution of the Sector Education and Training Authority were suspended. The matter is currently before the constitutional court, as the members of the accounting authority are challenging the processes followed by the Director General to place the Sector Education and Training Authority under administration.

Responsibilities of Accounting Authority

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

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

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

Report on the audit of the financial statements

Introduction and scope

14. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
15. My procedures address the reported performance information, which must be based on the approved performance planning

Report of the Auditor-General (continued)

documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

16. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the public entity for the year ended 31 March 2017:

Programmes	Pages in annual performance report
Programme 2: Pivotal Programmes	22 to 26
Programme 3: Bursaries and Placements	27 to 32
Programme 5: Project supporting Co-ops , SME 's NGO /NBO's	34 to 36

17. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

18. The material findings in respect of the usefulness and reliability of the selected programmes are as follows:

Programme 2: Pivotal Programmes

Indicator: 3 500 learners registered in NQF2- 4 - learnership programmes addressing wholesale and retail scarce skills as identified in SSP, during the period April 2016 to March 2017

19. The reported achievement for the target 3 500 learners registered in NQF2 – 4 learnership programme – 18.1 was misstated as the evidence provided indicated 1770 and not 1977 as reported.

Indicator: 2 100 learners complete NQF2-4 - learnership programmes in wholesale and retail scarce skills and certificates are issued during the period April 2016 to March 2017

20. The reported achievement for target 2100 learners complete NQF2- 4 learnership 18.1 was misstated as the evidence provided indicated 1 225 and not 1 373 as reported.

Indicator: 250 Unemployed learners in rural areas complete learnerships and certificates are issued during the period April 2016 - March 2017.

21. The reported achievement for target 250 unemployed learners complete learnerships and are certified was misstated as the evidence provided indicated 170 and not 254 as reported.

Various Indicators

22. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of indicators listed below. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement.

Report of the Auditor-General (continued)

Indicators	Reported achievement
500 employed and unemployed learners registered in a NQF1 (AET) qualification/learnership during the period April 2016 to March 2017	344
200 employed and unemployed learners complete NQF1 qualification (AET)/ learnership and are certificated during the period April 2016 to March 2017)	201
250 Learners are registered in learnerships and/or apprenticeships addressing wholesale and retail scarce skills artisan occupations as identified in the SSP research during the period April 2016 to March 2017	357

Programme 3: Bursaries and Placements

Indicator: 10 Bursars complete the MBA/Masters degree studies with wholesale and retail focus at HETIS during the period April 2016 to march 2017

23. The reported achievement for target of bursars completed the MBA/Masters degree studies with wholesale and retail specialisation at HETIs was misstated as the evidence provided indicated one and not two as reported.

Indicator: 2 Bursar completed the doctoral degree studies with wholesale and retail specialisation at HETIS during the period April 2016 to march 2017

24. The reported achievement for target of bursars that completed the doctoral degree studies with wholesale and retail specialisation at HETIs was misstated as the evidence provided indicated zero and not one as reported.

Indicator: 1050 unemployed TVET college graduates with wholesale and retail scarce skills qualification complete their workplace experience during the period April 2016 to 31 March 2017

25. The reported achievement for target unemployed TVET college graduates with wholesale and retail scarce skills qualification that completed their workplace experience was misstated as the evidence provided indicated 9 and not 14 as reported.

Indicator: 20 Students registered in MBA/Masters degrees with Wholesale and Retail focus at HETIs the period April 2016 to 31 March 2017

26. The reported achievement for target 20 Students registered in MBA/Masters degrees with Wholesale and Retail focus at HETIs was misstated as the evidence provided indicated 19 and not 20 as reported

Report of the Auditor-General (continued)

Programme 5: Project supporting Co-ops, SME's NGO /NBO's

Various indicators

27. When the indicators listed below were planned, it was not determined how the achievements would be measured and monitored as the source information and method of calculation of the achievements was not predetermined, as required by the *Framework For Managing Programme Performance Information* (FMPPI). In addition, the targets for these indicators were not specific and measurable, as required by the FMPPI. I was unable to obtain sufficient appropriate audit evidence to verify the reliability of the reported achievements. I was unable to confirm whether the reported achievements of these indicators were reliable by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievements.

Indicators	Targets	Reported achievement
5000 SMME companies , including informal traders benefit from Skills development initiatives during	3500 levy paying SMME	2837
	1500 NLP Micro and Informal Trader benefit from Skills	1507
5000 Levy paying compliant companies benefit from Mandatory grants during the period April 2016 to march 2017	5000 Levy paying compliant companies are paid Mandatory grants by march 2017	5179

Various indicators

28. The targets for this indicator listed below was not specific in clearly identifying the nature and required level of performance during the planning process, as required by the *Framework for Managing Programme Performance Information* (FMPPI).

Targets	Reported achievement
1000 trade union members/officials from 5 unions are registered on learning programmes during the period April 2016 to March 2017	300
400 union members from 5 unions complete their learning programmes during the period April 2016 to March 2017	0
9 NGOs register learners in learning programmes during the period April 2016 to March 2017	0
20 Co-operatives register learners in learning programmes during the period April 2016 to March 2017	0

Other matters

29. I draw attention to the matters below.

Achievement of planned targets

30. Refer to the annual performance report on pages 21 to 38 for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a number of targets. This information should be considered in the context of the material findings raised above on the usefulness and reliability of the reported performance information in paragraphs 19 to 28 of this report.

Report of the Auditor-General *(continued)*

Adjustment of material misstatements

31. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Programme 2: Pivotal Programmes, Programme 3: Bursaries and Placements and Programme 5: Project supporting Co-ops, SME 's NGO /NBO's. As management subsequently corrected only some of the misstatements, I raised material findings on usefulness and reliability of the reported performance information.

Report on the audit of the financial statements

Introduction and scope

32. In accordance with the PAA and the general notice issued in terms thereof I have a responsibility to report material findings on the compliance of the [type of auditee] with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
33. The material finding in respect of the compliance criteria for the applicable subject matters are as follows:

Various indicators

Annual financial statements and performance report

34. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework as required by section 55(1)(a) of the PFMA. Material misstatements of commitments disclosure identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

35. Effective steps were not taken to prevent irregular expenditure amounting to R114 735 000 (2016: R157 504 000) as disclosed in note 37 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA.
36. Extension approval for late submission of application for mandatory grant was not approved within the required stipulated time as required by regulation 4(8) of the GNR.990 of 3 December 2012 The Sector Education and Training Authorities (SETAs) grant regulations.

Other information

37. The Wholesale and Retail Sector Education and Training Authority accounting authority is responsible for the other information. The other information comprises the information included in the annual report which includes the accounting authority's report and the audit committee's report. The other information does not include the financial statements, the auditor's report thereon and those selected objectives presented in the annual performance report that have been specifically reported on in the auditor's report.
38. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

Report of the Auditor-General *(continued)*

39. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected objectives presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact.
40. I have not yet received the annual report. When I do receive this information, and if I conclude that it has a material misstatement, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected I may have to re-issue my auditor's report amended as appropriate.

Internal control deficiencies

41. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance thereon. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

Leadership

42. Management did not exercise adequate oversight in the areas of compliance with National Treasury's FMPPi to ensure that indicators are well defined and performance targets are specific in clearly identifying the nature and required level of performance for the programmes reported.
43. Management did not adequately review the actual achievement reported in the annual performance report to confirm the accuracy, validity and completeness of the information reported.
44. Management did not exercise adequate oversight in monitoring compliance with the key legislations.

Financial and performance management

45. The entity did not have adequate internal controls to ensure that actual achievement reported in the annual performance report is supported by accurate and complete schedules supporting.

Other reports

46. I draw attention to the following engagements conducted by various parties that had, or could have, and impact on the matters reported in the public entities financial statements, reported performance information, applicable legislation and other related matters

Report of the Auditor-General *(continued)*

47. An independent consultant investigated allegations of appointment of training providers in relation NGO, Rural and Developmnet and Small Medium Enterprises project at the request of the public entity, which covered the period 1 April 2013 to 31 March 2015. The investigation concluded on March 2017 and management is currently evaluating the outcome of the investigation to determine the best possible action to be taken. These proceedings are currently in progress.

Auditor-General

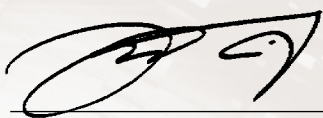


**AUDITOR-GENERAL
SOUTH AFRICA**

Auditing to build public confidence

Statement of Responsibilities and Approval by the Accounting Authority

The annual financial statements for the year ended 31 March 2017, set out on pages 105 to 146, have been approved by the Accounting Authority in terms of Section 51(1)(f) of the Public Finance Management act (PFMA) and were signed on its behalf by:



Mr. Pascal Mokupo

Administrator

14 August 2017

Report of the Accounting Authority

EXECUTIVE SUMMARY:

The Accounting Authority of the Wholesale and Retail SETA has the pleasure of presenting the 2016/17 Annual Report which highlights achievements of the predetermined strategic objectives for the year under review. We confirm that we have applied our collective mind to the preparation and presentation of this report which we believe fairly presents the financial and non-financial performance of the SETA. Furthermore, we confirm that we have complied with all the requirements of the relevant prescripts and legislative framework.

OVERVIEW OF THE W&RSETA'S PERFORMANCE IN 2016/17

During the year under review the W&RSETA recorded a drop in the performance against pre-determined objectives. The W&RSETA has achieved only 26 out of the 56 targets in relation to the Annual Performance Plan. This represents 46,4% performance achievement. The 56 targets in the Annual Performance Plan include 38 targets reflected in our Service Level Agreement (SLA) signed with the Director-General of the Department of Higher Education and Training. The achievement in terms of the Service Level Agreement was 44.7% as the SETA achieved 17 out of the 38 set targets.

The reported decrease in performance during the year under review was attributable mainly to challenges within our Bursaries and Graduate Placements unit, whereby companies did not take up the offer to place graduates in their workplaces. The other challenge was that institutions of Higher Education did not provide the results of students on time. Another challenge that the W&RSETA experienced related discrepancies in the reporting portion of Industry Funded programmes in the context of the APR and resultant misalignment with the APP. Additional challenges were experienced with regard to rolling out projects within the spheres of SME, Co-operatives, Rural areas and NGO's.

The W&RSETA once again, exceeded the submission target of the Annexure 2 documents by large, medium and small organisations. This achievement is attributed to an excellent work done by our company SDF's and W&RSETA contracted SLO's in ensuring timeous submission of compliant Annexure 2 reports.

The contribution of all stakeholders who partnered with the W&RSETA in achieving some of our targets is acknowledged. We continue to search for constructive collaborations where the delivery of skills development initiatives is the hallmark of the common bond. The positive W&RSETA performance can definitely rely on the spirit of common objectives at all material times and our stakeholders can be relied upon for this important mission.

Other Achievements for the Year

The SETA has successfully certificated three thousand four hundred and thirty (3430) employed and unemployed learners on various NQF Levels 2 – 5 learnership programmes. One hundred and four learners (104) also successfully completed the Informal Small Business Practice NQF Level 3 Learnership through the W&RSETA Rural Area Project. The SETA will again in the coming year increase its focus and activities to provide skills development in areas that most need such initiatives for their development and increased opportunities of participation in the economy. Graduation ceremonies were held for the learners on 2nd of June 2016.

The ILDP and RMDP which have been our flagship projects continue to have noticeable impact in the wholesale and retail sector. These were developed and implemented to address shortages of middle and senior managers in the sector. The ILDP and RMDP graduates are best equipped to address and respond to technological advances in their workplaces through the use of the specialised skills they

Report of the Accounting Authority (continued)

have acquired through their training. In the year under review, forty five delegates completed and graduated on the ILDP.

Stakeholder Consultations

Stakeholder consultations and research conducted to determine the needs, challenges and other trends in the sector has been at the forefront of the SETA's commitment in addressing the goals of the national skills development strategy (NSDS) III, the SSP, the SETA's institutional goals and other government (national) imperatives through various programmes.

To this end, a Retail Chair based at CPUT was established to contribute towards Research & Qualifications development at higher level (NQF 5-10) through collaboration between the industry and institutions of higher learning and most importantly to establish Wholesale and Retail centres of excellence. To date, the centre has conducted and completed 16 researches and made recommendations that resulted in the following activities of note:

1. An international student exchange programme was developed with the Duale Hochschule Baden- Württemberg, Ravensburg, Germany. Three CPUT students and three German students participated in the exchange programme.
2. The Retail Chair has made recommendations for support to be provided to graduate bursary project and current post graduate learners in their institutions on thesis writing. This would then increase the number of research students focusing on the wholesale and retail field.

The Role of the SETA in Relation to the QCTO's New Function

The Wholesale and Retail Sector Education Training Authority has engaged with the Quality Council for Trades and Occupations to register modular based occupational qualifications. These qualifications are comprised of knowledge, practical and workplace components. The following is representation of the status on our various qualifications:

FINANCIAL PERFORMANCE

OFO Code	Occupation	Status
142103	Retail Manager General (Retail Store Manager - RSM)	Developed and Registered
432102	Dispatching and Receiving Clerk	Developed and submitted to QCTO
524501	Service Station Attendant - Forecourt Attendant	Developed and submitted to QCTO
523101	Checkout Operator	Developed and submitted to QCTO
332301	Retail Buyer	Developed and submitted to QCTO
522201	Retail Supervisor	Developed and submitted to QCTO
833402	Store Person	Developed and submitted to QCTO
142103	Retail Manager General (Retail Chain Store Manager)	Developed and submitted to QCTO
343203	Visual Merchandiser	Developed and submitted to QCTO
522301	Sales Assistant (Retail Sales Advisor)	Developed and submitted to QCTO
411102	Back Office Process Consultant	Developed and submitted to QCTO
653401	Bicycle Mechanic	Developed and submitted to QCTO
833401	Shelf Filler	Application Phase
522301	Sales Assistant (General) (Perishable Food Sales)	Application Phase

The W&RSETA has a Service Level Agreement with QCTO for all the above mentioned qualifications. This service level agreement outlines that we have acquired DQP and AQP status through a nomination process and sector endorsement.

Report of the Accounting Authority *(continued)*

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FINANCIAL PERFORMANCE

Highlights of the W&RSETA's financial performance

- Total revenue increased by 1.3% from R1 046 billion in 2015/16 to R1 060 billion in the current year. Levy income constitutes 91% of total revenue.
- Total expenditure decreased by 2% from R627 million in 2015/16 to R612 million in the current financial period.
- The resultant net surplus increased by 7% from R419 million in 2015/16 to R448 million in 2016/17
- Cash and Cash Equivalents as at year end was at R1.8 billion which is a 36% increase compared to the previous financial year (2015/16: R1.3 billion).

The 2016/17 Annual Financial Statements are prepared on the going concern basis as an indication that the SETA is financially sound and viable.

Legal Issues

For the year under review and following the administration of the W&RSETA, there have been number disruptions between resulting from the legal matter between the Department of Higher Education and former board members. This has had a negative impact in the performance of the W&RSETA and staff morale as a whole including the stakeholders.

The legal matter continues to subconsciously affect all related parties. In an attempt to ensure that this does not have a negative impact to the organisation's performance, we have written the letter to the Department of Higher Education requesting that whether the decision of the High Court is made in favour of any party, such must be handled directly by the department and not the W&RSETA to ensure that continuity is maintained and that service deliver does not suffer.

Report of the Auditor – General

Notwithstanding the legal challenges and disruptions raised above, the SETA obtained an unqualified audit report for the year under review after having had two audit qualifications in succession for 2014/15 and 2015/16. This is an improvement bearing in mind that the SETA was placed under administration in October 2016. Refer to the report of the Auditor General.

The Accounting Authority wishes to congratulate and thank management and W&RSETA staff for all the hard work and effort that went into ensuring the SETA obtains an unqualified audit opinion for the 2016/17 financial year.

W&RSETA performance

It is noted with concern the performance of the organisations as raised by the Auditor General in some of the strategic imperatives. In the new financial year, we plan to address these issues.

Report of the Accounting Authority *(continued)*

BOARD REMUNERATION SCHEDULE:

NAME OF COMMITTEE MEMBER	2016/2017	2015/16
P. Maphoshe - Chairperson (Ministerial Appointee)	141 056	196 127
P. Mokupo (Administrator)	178 302	-
I. Molefe	209 722	287 493
T. Skenjana (Ministerial Appointee)	127 674	168 366
P. Sito	143 008	188 536
A. Abrahams	24 572	62 364
M. Tau	161 178	212 226
N. Kettlele	142 810	167 063
P. Pillay	267	121 400
C. Strydom	13 220	104 905
S. Moloko	184 434	190 420
M. Lawrence	124 426	242 708
I. Motaung	180 650	213 633
S. Busane	142 710	208 473
M. Bango	97 402	144 303
M. Mentz	15 136	7 568
X. Titus	37 840	71 296
S. Van Rensburg	56 760	26 288
R. Sibiya	149 192	88 616
M. Masoabi	117 304	112 720
E.R. Setei	-	22 504
Board Remuneration	2 247 663	2 837 008

AUDIT COMMITTEE BOARD FEE SCHEDULE:

NAME OF COMMITTEE MEMBER	2016/2017	2015/16
P Mokupo	-	179 221
Y Gordhan	105 402	115 016
M Mokoka	123 762	129 925
C Weapond	204 751	238 894
Audit Committee Remuneration	433 915	663 056
Total remuneration of member of the Accounting Authority	2 681 578	4 118 519

Refer to note 24 in the Annual Financial Statements.

Report of the Accounting Authority *(continued)*

REMUNERATION OF SENIOR MANAGEMENT

Chief Executive Officer - TJ Dikgole (Mr)	2016/17	2015/16
Basic Salary	-	1 133 899
Cell phone and data allowance	-	10 106
Bonus	-	404 644
Medical Aid, Provident Fund, UIF and SDL	-	103 579
Travel Allowance	-	56461
Post-employment benefits	-	3 851 585
TOTAL	-	5 560 275

Executive Manager in the CEO's Office - D. Rampai (Advocate)	2016/17	2015/16
Basic Salary	1 535 603	1 133 899
Cell phone and data allowance	7 080	10 106
Bonus	107 358	404 644
Medical Aid, Provident Fund, UIF and SDL	225 072	103 579
Travel Allowance	119 400	56461
Post-employment benefits	-	3 851 585
TOTAL	1 884 513	5 560 275

Chief Operating Officer - A. Mlate (Ms)	2015/16	2016/17
Basic Salary	1 221 364	1 096 848
Cell phone and data allowance	-	6 308
Bonus	71972	39 483
Medical Aid, Provident Fund, UIF and SDL	112 815	99 412
Travel Allowance	150 000	-
TOTAL	1 556 121	1 242 051

Report of the Accounting Authority *(continued)*

REMUNERATION OF SENIOR MANAGEMENT *(continued)*

Chief Financial Officer - D. Matloa (Ms)	2016/17	2015/16
Basic Salary	-	822 427
Cell phone and data allowance	-	4 130
Bonus	-	177 973
Medical Aid, Provident Fund, UIF and SDL	-	62 592
Travel Allowance	-	-
Post-employment benefits	-	2 297 996
TOTAL	-	3 365 118

Chief Officer Qualifications & Research - A Sipengane (Mr)	2016/17	2015/16
Basic Salary	1 350 897	644 733
Cell phone and data allowance	7 080	3 540
Bonus	91 581	174 400
Medical Aid, Provident Fund, UIF and SDL	84 705	40 940
Travel Allowance	118 800	-
TOTAL	1 653 063	863 613

Acting Chief Executive Officer - A Sipengane (Mr)	2015/16	2016/17
Basic Salary	-	1 251 906
Cell phone and data allowance	-	3 540
Bonus	-	-
Medical Aid, Provident Fund, UIF and SDL	-	45 676
Travel Allowance	-	59 400
TOTAL	-	1 360 523

Chief Audit Executive - A. Noormahomed (Mr)	2016/17	2015/16
Basic Salary	952 753	1 276 110
Cell phone and data allowance	4 720	7 080
Bonus	91 880	22 795
Medical Aid, Provident Fund, UIF and SDL	80 580	107 974
Travel Allowance	-	-
Post-employment benefits	112 723	-
TOTAL	1 242 656	1 413 958

Report of the Accounting Authority *(continued)*

REMUNERATION OF SENIOR MANAGEMENT *(continued)*

Acting Chief Financial Officer – M. Mofokeng (Ms)	2016/17	2015/16
Basic Salary	1 113 902	546 000
Cell phone and data allowance		
Bonus		
Medical Aid and Provident Fund	12 976	6 204
Travel Allowance		
Post-employment benefits	49 800	
TOTAL	1 176 678	552 204

Administrator – P. Mokupo (Mr)	2016/17	2015/16
Basic Salary	805 485	-
Cell phone and data allowance	5 160	-
Bonus	-	
Medical Aid and Provident Fund	8 850	-
Travel Allowance	-	
Post-employment benefits		-
TOTAL	819 495	-

Advisor: Governance and Finance – G. Thomas (Mr)	2016/17	2015/16
Basic Salary	517 563	-
Cell phone and data allowance	3 540	-
Bonus	-	
Medical Aid and Provident Fund	6 103	-
Travel Allowance	-	
Post-employment benefits		-
TOTAL	527 207	-

Advisor: Stakeholder Relations – M. Jentile (Mr)	2016/17	2015/16
Basic Salary	367 179	-
Cell phone and data allowance	3 420	-
Bonus	-	
Medical Aid and Provident Fund	4 598	-
Travel Allowance	-	
Post-employment benefits		-
TOTAL	375 197	-

Report of the Accounting Authority *(continued)*

REMUNERATION OF SENIOR MANAGEMENT *(continued)*

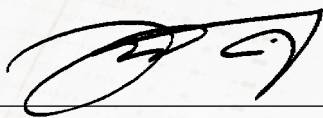
Advisor: Strategy and operations – M. Mthembu (Mr)	2016/17	2015/16
Basic Salary	441 024	-
Cell phone and data allowance	4 850	-
Bonus	-	-
Medical Aid and Provident Fund	5 442	-
Travel Allowance	30 000	-
Post-employment benefits	-	-
TOTAL	481 316	-

Acting Chief Financial Officer – S. Molefe (Ms)	2016/17	2015/16
Basic Salary	352 512	-
Cell phone and data allowance	2 850	-
Bonus	-	-
Medical Aid and Provident Fund	4 681	-
Travel Allowance	48 000	-
Post-employment benefits	-	-
TOTAL	408 044	-

Note: Bonus payments are for the previous year, but paid out in the subsequent financial year

Tribute

On behalf W&RSETA staff and management, I would like to pay tribute to all the staff members, management and stakeholders who played a role and contributed to the success of the SETA.



Mr. Pascalis Mokupo

Administrator

14 August 2017

Statement of Financial Position as at 31 March 2017

	Note	2017 R '000	2016 Restated* R '000
Assets			
Current Assets			
Inventories	4	120	67
Receivables from exchange transactions	5	6 632	4 186
Receivables from non-exchange transactions	6	8 350	3 345
Cash and cash equivalents	7	1 810 655	1 335 971
		<u>1 825 757</u>	<u>1 343 569</u>
Non-Current Assets			
Property, plant and equipment	8	5 854	2 918
Intangible assets	9	393	211
		<u>6 247</u>	<u>3 129</u>
Total Assets		<u>1 832 004</u>	<u>1 346 698</u>
Liabilities			
Current Liabilities			
Finance lease obligation	10	1 021	192
Operating lease liability	3	1 479	1 183
Payables from exchange transactions	11	78 370	57 829
Payables from non-exchange transactions	12	38 467	27 213
Unspent conditional grants and receipts	13	5 214	7 674
Provisions	14	27 388	22 842
		<u>151 939</u>	<u>116 933</u>
Non-Current Liabilities			
Finance lease obligation	10	2 134	-
Total Liabilities		<u>154 073</u>	<u>116 933</u>
Net Assets		<u>1 677 931</u>	<u>1 229 765</u>
Reserves			
Employer grant reserve		909	570
Administration reserve		6 246	3 129
Discretionary grant reserve		1 670 776	1 226 066
Total Net Assets		<u>1 677 931</u>	<u>1 229 765</u>

Statement of Financial Performance for the year ended 31 March 2017

		2017	2016
	Note(s)	R '000	Restated* R '000
Revenue			
Revenue from exchange transactions			
Other income	16	288	1
Interest received	17	90 304	65 729
Total revenue from exchange transactions		90 592	65 730
Revenue from non-exchange transactions			
Transfer revenue			
Skills development levy transfer	18	966 972	967 292
Project income recognised	19	2 459	2 476
National skills fund transfer		-	10 542
Total revenue from non-exchange transactions		969 431	980 310
Total revenue	20	1 060 023	1 046 040
Expenditure			
Employee related costs	21	(55 398)	(57 852)
Depreciation and amortisation	8&9	(1 396)	(1 178)
Debt Impairment	22	-	(13)
Repairs and maintenance		(242)	(270)
Employer grant and project expenses	23	(497 125)	(517 310)
General expenses	24	(57 691)	(50 307)
Total expenditure		(611 852)	(626 930)
Loss on disposal of assets and liabilities		(5)	-
Loss on foreign exchange		-	(102)
		(5)	(102)
Surplus for the year		448 166	419 008

Statement of Changes in Net Assets as at 31 March 2017

	Employer grant reserve R '000	Administration reserve R '000	Discretionary grant reserve R '000	Total reserves R '000	Accumulated surplus R '000	Total net Total net R '000
Opening balance as previously reported	856	2 887	806 951	810 694	-	810 694
Adjustments						
Prior year adjustments	-	63	-	63	-	63
Balance at 01 April 2015 restated	856	2 950	806 951	810 757	-	810 757
Changes in net assets						
Surplus for the year	-	-	-	-	419 008	419 008
Allocation of accumulated surplus	66 724	14 163	338 121	419 008	(419 008)	-
Excess reserves transferred to Discretionary reserve	(67 010)	(13 984)	80 994	-	-	-
Total changes	(286)	179	419 115	419 008	-	419 008
Balance at 01 April 2016 restated	570	3 129	1 226 066	1 229 765	-	1 229 765
Changes in net assets						
Surplus for the year	-	-	-	-	448 166	448 166
Allocation of accumulated surplus	67 357	6 780	374 029	448 166	(448 166)	-
Excess reserves transferred to Discretionary reserve	(67 018)	(3 663)	70 681	-	-	-
Total changes	339	3 117	444 710	448 166	-	448 166
Balance at 31 March 2017	909	6 246	1 670 776	1 677 931	-	1 677 931

An amount of R909 000 (2016: R570 000) is retained and disclosed in the employer grant reserve for first time employer registrations, refer to note 28.1 for details.

An amount of R6 246 000 (2016: R3 129 000) is retained and disclosed in the administration reserve equal to the carrying amount of Property, plant and equipment and Intangible assets.

For allocation of net surplus, refer to note 15.

Cash Flow Statement for the year ended 31 March 2017

	Note	2017 R '000	2016 Restated* R '000
Cash flows from operating activities			
Receipts			
Levies		930 860	941 238
Penalties and interest		42 801	23 964
Interest received		87 765	66 772
Other Income		257	1
		<u>1 061 683</u>	<u>1 031 975</u>
Payments			
Mandatory grants		(161 475)	(171 151)
Discretionary grants		(311 318)	(376 847)
National skills fund transfer		-	(138 568)
Project funding paid		(2 460)	(2 476)
Compensation to employees		(54 413)	(54 314)
Suppliers and other		(55 652)	(51 089)
		<u>(585 318)</u>	<u>(794 445)</u>
Net cash flows from operating activities	26	<u>476 365</u>	<u>237 530</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(4 282)	(1 202)
Proceeds from sale of property, plant and equipment	8	4	-
Purchase of other intangible assets	9	(366)	(293)
Net cash flows from investing activities		<u>(4 644)</u>	<u>(1 495)</u>
Cash flows from financing activities			
Finance lease payments		2 963	(456)
Net increase in cash and cash equivalents		<u>474 684</u>	<u>235 579</u>
Cash and cash equivalents at the beginning of the year		1 335 971	1 100 392
Cash and cash equivalents at the end of year	7	<u>1 810 655</u>	<u>1 335 971</u>

Statement of Comparison of Budget and Actual Amounts as at 31 March 2017

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
	R '000	R '000	R '000	R '000	R '000	
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Other income	-	-	-	288	288	
Interest received	42 000	-	42 000	90 304	48 304	40
Total revenue from exchange transactions	42 000	-	42 000	90 592	48 592	
Revenue from non-exchange transactions						
Transfer revenue						
Skills Development Levy transfer	1 145 199	(213 055)	932 144	966 972	34 828	40
Project Income Recognised	-	-	-	2 459	2 459	40
Total revenue from non-exchange transactions	1 145 199	(213 055)	932 144	969 431	37 287	
Total revenue	1 187 199	(213 055)	974 144	1 060 023	85 879	
Expenditure						
Personnel	(54 934)	(8 222)	(63 156)	(55 398)	7 758	40
Depreciation and amortisation	(1 123)	(2 001)	(3 124)	(1 396)	1 728	
Repairs and maintenance	(382)	-	(382)	(242)	140	
Employer Grant and Project Expenses	(792 715)	(59 085)	(851 800)	(497 125)	354 675	40
General Expenses	(48 854)	(26 320)	(75 174)	(57 691)	17 483	40
Total expenditure	(898 008)	(95 628)	(993 636)	(611 852)	381 784	
Operating surplus	289 191	(308 683)	(19 492)	448 171	467 663	
Loss on disposal of assets and liabilities	-	-	-	(5)	(5)	
Surplus before taxation	289 191	(308 683)	(19 492)	448 166	467 658	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	289 191	(308 683)	(19 492)	448 166	467 658	

1 Basis of Preparation

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

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

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months. This expectation is based on Government Gazette no 40505 issued in December 2016 where the Minister granted the extension to all SETAs to operate until 31 March

1.3 Revenue from non-exchange transactions

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

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

The asset and the corresponding revenue are measured on the basis of the fair value of the asset on initial recognition. Non-exchange revenue transactions include the receipt of levy income from the Department of Higher Education and Training (DHET) and contributions from other organs of government where V&RSETA qualifies as the line function SETA.

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

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

Accounting Policies *(continued)*

Levy Income

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

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

In terms of section 3(1) and 3(4) of the Skills Development Levies Act, 1999 (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), who collects the levies on behalf of the Department of Higher Education and Training (DHET). Companies with an Annual payroll cost less than R500 000 are exempted in accordance with Section 4 (b) of the Levies Act as amended, effective 1 August 2005.

80% of skills development levies are paid over to W&RSETA (net of the 20% contribution to the National Skills Fund). W&RSETA was not in a position to verify that SARS has collected all potential skills levy income.

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

When a new employer is transferred to the SETA, the levies transferred by the former SETA are recognised as revenue and allocated to the respective category to maintain its original identity.

Interest and Penalties

Interest and penalties received on the skills development levy are recognised on the accrual basis.

Government grants and other donor income

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

1.4 Revenue from exchange transactions

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

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

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

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

Accounting Policies *(continued)*

Revenue from the rendering of services is recognised when the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

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

1.5 Employer grants and project expenses

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

Mandatory grants

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

Discretionary project expenditure

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

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

Project expenditure comprise:

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

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

Retrospective adjustments by SARS

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

Accounting Policies *(continued)*

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

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

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

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

1.6 Fruitless and wasteful expenditure

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

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

1.7 Irregular Expenditure

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

- (a) This Act; or
- (b) the State Tender Accounting Authority Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any legislation providing for procurement procedures.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense.

1.8 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

Accounting Policies (continued)

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

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

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

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

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

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

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

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

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

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

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

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

Accounting Policies *(continued)*

1.9 Intangible assets

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

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

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

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

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

Item	Useful life
Computer software	2 years

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

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

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

1.10 Provisions

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

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 28.

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

1.11 Financial instruments

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Accounting Policies *(continued)*

Initial measurement of financial assets and financial liabilities

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

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

Subsequent measurement of financial assets and financial liabilities

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

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

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

Derecognition

Financial liabilities

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

Financial assets

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

Cash and cash equivalents

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

Receivables from exchange transactions

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

Effective interest method

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

Impairment of financial assets

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

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

Accounting Policies *(continued)*

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

Financial liabilities

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

Financial liabilities at FVTPL

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

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

Other financial liabilities

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

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

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

1.12 Inventories

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

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

1.13 Reserves

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

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

Accounting Policies (continued)

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

	2017	2016
Administration costs of the SETA	10,50 %	10,50 %
Employer grant fund levy	20,00 %	20,00 %
Discretionary grants and projects	49,50 %	49,50 %
Received by the SETA	80	80
Contribution to the National Skills Fund	20,00 %	20,00 %
	100,00 %	100,00 %

1.14 Related parties

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

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

1.15 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make judgments, estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

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

The SETA reviews the estimated useful lives of property, plant and equipment and intangible assets and for possible impairment indicators at each reporting date. This judgement is made based on an asset review exercise where the physical condition of each asset is assessed. Refer to note 7- Property, plant and equipment and note 8 - Intangible assets.

The W&RSET's licence was extended by the Minister of Higher Education and Training until 31 March 2020

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

Provisions and contingencies

Provisions and contingencies were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions and contingencies are included in note 14 - Provisions and note 28 - Contingencies.

1.16 Tax

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

Accounting Policies *(continued)*

1.17 Leases

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

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

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

Finance leases - lessee

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

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

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

Operating leases - lessee

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

1.18 Comparative figures

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

1.19 Budget information

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

1.20 Events after reporting date

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

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

Accounting Policies *(continued)*

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

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

1.21 Impairment of cash-generating assets

Cash-generating assets are assets held by the entity with the primary objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

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

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

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

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

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

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

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

Useful life is either:

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

1.22 Impairment of non-cash-generating assets

Cash-generating assets are assets managed with the objective of generating a commercial return. An asset generates a commercial return when it is deployed in a manner consistent with that adopted by a profit-oriented entity.

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

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

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

Accounting Policies *(continued)*

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

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

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

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

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

Useful life is either:

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

1.23 Employee benefits

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

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

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

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

1.24 Commitments

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

Accounting Policies (continued)

	2017 R '000	2016 R '000
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1.25 Segment information

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

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

2 New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact
• GRAP 20: Related parties	01 April 2017	Unlikely there will be a material impact
• GRAP 32: Service Concession Arrangements: Grantor	01 April 2017	Unlikely there will be a material impact
• GRAP 34: Separate financial statements	01 April 2017	Unlikely there will be a material impact
• GRAP 35: Consolidated financial statements	01 April 2017	Unlikely there will be a material impact
• GRAP 36: Investment in associates and joint ventures	01 April 2017	Unlikely there will be a material impact
• GRAP 37: Joint arrangements	01 April 2017	Unlikely there will be a material impact
• GRAP 38: Disclosure of interest in other entities	01 April 2017	Unlikely there will be a material impact
• GRAP 108: Statutory receivables	01 April 2017	Unlikely there will be a material impact
• GRAP 109: Accounting by principals and agents	01 April 2017	Unlikely there will be a material impact
• GRAP 110: Living and non - living resources	01 April 2017	Unlikely there will be a material impact

Notes to the Annual Financial Statements

	2017 R '000	2016 R '000
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3. Operating lease liability

Current liabilities	1 479	1 183
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Operating lease payments of R13 136 000 (2016: R12 241 000) as reported in note 24 consists of payments made for office accommodation for the head office and regional offices. Most of the lease agreements for office accommodation expire during the 2019 financial year. Provision was made for an option to renew all leases on expiry. The lease rentals escalate annual by an average of 9% on the anniversary dates.

Amounts reported above consist of the GRAP 13 straightlining accruals as these leases escalate annually by an average 9%.

Total future minimum payment under non cancelable leases

Not later than one year	11 367	6 147
Later than one year but not later than five years	11 592	17 796
	<u>22 959</u>	<u>23 943</u>

4. Inventories

Consumables on hand	120	67
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5. Receivables from non-exchange transactions

Staff debtors	124	53
Deposits	1 696	1 382
Sundry receivables	140	251
Interest receivable	4 572	2 032
Prepaid expenses	100	468
	<u>6 632</u>	<u>4 186</u>

Staff debtors impaired

As at 31 March 2017, staff debtors of R 153 000 (2016: R 81 000) were impaired and provided for. The amount of the allowance for impairment was R 29 000 as at 31 March 2017 (2016: R 29 000).

Reconciliation of provision for impairment

Opening balance	29	-
Provision for impairment	-	29
	<u>29</u>	<u>29</u>

Restatement

	As previously reported	Prior year error note 32	Restated opening balance
Sundry receivables refer to note 32	<u>189</u>	<u>62</u>	<u>251</u>

Notes to the Annual Financial Statements (continued)

	2017 R '000	2016 R '000
6. Receivables from non-exchange transactions		
Inter SETA receivables	32	1 134
Employer receivables	8 318	2 211
	8 350	3 345
Employer receivables		
SARS Debtors	17 385	10 241
Provision Doubtful Debt	(9 067)	(8 030)
	8 318	2 211

R17 385 000 (2016: R 10 241 000) was recognised as a receivable relating to the overpayment to employers in earlier periods, as a result of inaccurate information received from SARS and DHET, and is based on the amount of such grant over payments. An amount of R9 067 000 (2016: R8 030 000) was provided for as doubtful debts.

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	9	11
Bank balances	223 674	157 556
Short-term deposits	1 586 972	1 178 404
	1 810 655	1 335 971

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 6.09% (2016: 5.48%).

Treasury Regulation 31.3 requires that, unless exempted by the National Treasury, the SETA as a public entity that is listed in Schedule 3A of the Act must invest surplus funds with the Corporation for Public Deposits. As the SETA was exempted by the National Treasury from the requirements of Treasury Regulation 31.3 to invest surplus funds with the Corporation for Public Deposits, surplus funds were invested in line with an investment policy as required by Treasury Regulation 31.3.5

8. Property, plant and equipment

	2017			2016		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	1 964	(918)	1 046	3 458	(2 326)	1 132
Office equipment	282	(137)	145	942	(731)	211
Computer Equipment	2 384	(1 015)	1 369	4 141	(2 839)	1 302
Project Assets- Office Equipment	19	(4)	15	6	(2)	4
Project Assets- Computer Equipment	487	(345)	142	456	(223)	233
Office Equipment finance lease	4 340	(1 228)	3 112	1 117	(1 117)	-
Leasehold Improvements	39	(14)	25	631	(595)	36
Total	9 515	(3 661)	5 854	10 751	(7 833)	2 918

Notes to the Annual Financial Statements *(continued)*

	2017 R '000	2016 R '000
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8. Property, plant and equipment *(continued)*

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	1 132	131	(2)	(215)	1 046
Office equipment	211	-	-	(66)	145
Computer Equipment	1 302	884	(7)	(810)	1 369
Project Assets- Office Equipment	4	13	-	(2)	15
Project Assets- Computer Equipment	233	31	-	(122)	142
Office Equipment finance lease	-	3 223	-	(111)	3 112
Leasehold Improvements	36	-	-	(11)	25
	2 918	4 282	(9)	(1 337)	5 854

Reconciliation of property, plant and equipment - 2016

	Restated opening balance	Additions	Depreciation	Total
Furniture and fixtures	1 063	302	(233)	1 132
Office equipment	207	82	(78)	211
Computer Equipment	1 341	651	(690)	1 302
Project Assets- Office Equipment	5	-	(1)	4
Project Assets- Computer Equipment	222	128	(117)	233
Office Equipment finance lease	71	-	(71)	-
Leasehold Improvements	19	39	(22)	36
	2 928	1 202	(1 212)	2 918

	Opening balance as previously reported	Prior year error Note 32	Restated opening balance
Project Assets- Computer equipment	180	42	222

Pledged as security

None of the assets were pledged as security

Assets subject to finance lease (Net carrying amount)

Furniture and fixtures	-	404
Office Equipment finance lease	3 112	-
	3 112	404

Notes to the Annual Financial Statements (continued)

	2017 R '000	2016 R '000
Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance		
Repairs and maintenance	242	270
Fully depreciated assets		
Gross carrying value		
Lease improvements	-	569
Computer equipment	-	1 899
Furniture and fixtures	-	1 239
Office equipment	-	570
Office equipment finance lease	-	1 117
Project assets computer equipment	-	54
Computer software	-	309
	-	5 757

As per the SETA's asset management policy, fully depreciated assets are classified under Assets held for sale at zero book value and they will be donated to public educational institutions at zero net book value.

9. Intangible assets

	2017			2016		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost /Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	660	(267)	393	602	(391)	211

Reconciliation of intangible assets - 2017

	Opening balance	Additions	Amortisation	Total
Computer software	211	366	(184)	393

Reconciliation of intangible assets - 2016

	Opening balance	Additions	Amortisation	Total
Computer software	-	293	(82)	211

Pledged as security

None of the intangible assets were pledged as security

Notes to the Annual Financial Statements (continued)

	2017 R '000	2016 R '000
10. Finance lease obligation		
Minimum lease payments due		
• within one year	2 074	198
• in second to fifth year inclusive	2 765	-
	<u>4 839</u>	<u>198</u>
less: future finance charges	(1 684)	(6)
Present value of minimum lease payments	<u>3 155</u>	<u>192</u>
Present value of minimum lease payments due		
• within one year	1 021	-
• in second to fifth year inclusive	2 134	-
	<u>3 155</u>	<u>-</u>
Non-current liabilities	2 134	-
Current liabilities	1 021	192
	<u>3 155</u>	<u>192</u>

The finance lease related to office equipment refer to note 8. This lease was entered into on 1 March 2017 for a period of 29 months. Installments of R172 831. 54 are payable monthly in arrears starting from 1 March 2017. Interest is payable at 38.74% interest rate over the lease period.

11. Payables from exchange transactions

Trade payables		55 103	13 376
Employee Benefits		17 193	15 842
Other accrued expenses		6 074	28 611
		<u>78 370</u>	<u>57 829</u>
Restatement	As previously reported	Prior year error Note 32	Restated opening balance
Other accrued expenses- refer to note 32	28 524	87	28 611

Notes to the Annual Financial Statements *(continued)*

	2017 R '000	2016 R '000
12. Payables from non-exchange transactions		
Employer Payable	5 900	2 168
Inter-SETA payable	1 224	184
Amounts Payable to DHET	2 871	2 871
Levy Payables	7 699	7 003
Skills development grants payable-mandatory	20 773	14 987
	38 467	27 213

Amounts payable to DHET

Amounts incorrectly deposited by DHET	2 871	2 871
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During the financial year 2011-12, an amount of R2 871 000 was erroneously deposited in the W&RSETA bank account by DHET. As at 31 March 2017, this error was still not resolved by DHET.

13. Unspent conditional grants

Movement during the year

Balance at the beginning of the year	7 674	10 150
Income recognition during the year	(2 460)	(2 476)
	5 214	7 674

During the year R2 460 000 (2016: R 2 476 000) eligible project expenses were incurred and a corresponding amount was recognised as revenue. The remaining amount of R5 214 000 (2016: R7 674 000) continues to be accounted for as a liability until the agreed contractual conditions have been met. This grant relates to funding received from the Department of Small Business Development towards the Informal Traders Upliftment Project (ITUP) which has a total budget of R20 300 000 which is funded 50% by the department and 50% by W&RSETA.

Notes to the Annual Financial Statements (continued)

	2017 R '000	2016 R '000
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14. Provisions

Reconciliation of provisions - 2017

	Opening Balance	Change in estimate	Total
Amounts Payable to Small Companies	22 842	4 546	27 388

Reconciliation of provisions - 2016

	Opening Balance	Utilised during the year	Reversed during the year	Change in estimate	Total
National Skills Fund Transfer	149 110	(138 568)	(10 542)	-	-
Amounts Payable to Small Companies	24 838	-	-	(1 996)	22 842
	173 948	(138 568)	(10 542)	(1 996)	22 842

Non-current liabilities

Current liabilities

-	-
27 388	22 842
27 388	22 842

Amounts Payable to Small Companies

An amount of R27 388 000 (2016: R22 842 000) relates to levies incorrectly contributed by employers, and paid over by SARS and DHET, after being exempted from contributing SDL due to legislation changes which came into effect from 1 August 2005. As SARS collects the levies on behalf of DHET, the responsibility to refund the levies to the employers remains with SARS.

The change in estimate relates to prior scheme year levy reversals that occurred in the current year.

In terms of Skills Development Circular No. 09/2013, issued by DHET on 25 August 2013, SETA's are able to utilise exempted amounts contributed after the expiry date of five years as stipulated in terms of section 190 (4) of the Tax Administration Act. These amounts have been transferred to the discretionary funds in line with the aforementioned circular 27.

Notes to the Annual Financial Statements (continued)

	2017	2016
	R '000	R '000

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

	Total per Statement of Financial Performance 31 Mar 2017 R '000	Administration Reserve 10,5% R '000	Mandatory Skills Grant 20% R '000	Discretionary Grants 49,5% R '000
Total Revenue	1 046 040	121 513	232 965	705 546
Skills Development Levy transfer from non - exchange transactions:				
• Levy transfer Administration (10.5%)	123 812	121 225	-	-
• Levy transfer Employer Grants (69.5%)	819 516	-	232 965	569 982
Skills Development Levy penalties and interest from non - exchange transactions	23 964	-	-	42 801
Investment Income	65 729	-	-	90 304
National skills fund transfer	10 542	-	-	-
Other income	1	288	-	-
Project income recognised	2 476	2 459	-	2 459
Total Expenses	(627 032)	(114 732)	(165 608)	(331 517)
Employer grants and project expenses	(514 834)	(494 666)	(165 608)	(329 058)
Administration expenses	(109 722)	(114 732)	-	-
Project income recognised	(2 476)	(2 459)	-	(2 459)
Net surplus per statement of financial performance allocated	419 008	448 166	6 781	374 029

Notes to the Annual Financial Statements (continued)

	2017 R '000	2016 R '000
16. Other income		
Recycling rebates	71	1
Staff training grant	186	-
Gain on disposal of fixed asset	31	-
	<u>288</u>	<u>1</u>
17. Interest received		
Bank	<u>90 304</u>	<u>65 729</u>
18. Skills development levy transfer		
Levy transfers - Employer grants	232 965	237 688
Levy transfers - Administration	121 225	123 682
Levy transfers - Discretionary	569 981	581 958
Levy transfer- Penalties and interest	42 801	23 964
	<u>966 972</u>	<u>967 292</u>
19. Project income recognised		
Department of Small Business Development	<u>2 459</u>	<u>2 476</u>
20. Total revenue		
Other income	288	1
Interest received - investment	90 304	65 729
Skills development levy transfer	966 972	967 292
Project income recognised	2 459	2 476
National skills fund	-	10 542
	<u>1 060 023</u>	<u>1 046 040</u>
The amount included in revenue arising from exchanges transactions are as follows:		
Other income	288	1
Interest received - investment	90 304	65 729
	<u>90 592</u>	<u>65 730</u>
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Transfer revenue		
Skills Development Levy transfer	966 972	967 292
Project Income Recognised	2 459	2 476
National skills fund	-	10 542
	<u>969 431</u>	<u>980 310</u>

Notes to the Annual Financial Statements *(continued)*

	2017 R '000	2016 R '000
21. Employee related costs		
Basic	49 021	50 549
Bonus	785	1 636
Medical aid - company contributions	1 564	1 781
Unemployment Insurance Fund (UIF)	187	196
Workmens Compensation Fund (WCA)	87	43
Skills Development Levy (SDL)	528	502
Leave pay provision charge	304	226
Group life insurance	1 185	1 075
Providend Fund	1 737	1 844
	<u>55 398</u>	<u>57 852</u>
22. Bad debts written off		
Receivables from exchange transactions	<u>-</u>	<u>13</u>
23. Employer Grant and Project Expenses		
Mandatory Grants	165 608	169 108
Discretionary Grants	331 517	348 202
	<u>497 125</u>	<u>517 310</u>

Notes to the Annual Financial Statements *(continued)*

	2017 R '000	2016 R '000
24. General expenses		
Advertising	2 337	3 034
Allowance for impairment	1 037	625
Assets expensed	826	404
Auditors remuneration	4 228	2 443
Bank charges	255	217
Cleaning	52	70
Conferences and seminars	247	497
Consulting and professional fees	16 804	11 152
Consumables	10	29
ETQA expenses	421	382
HR expenses	257	759
Insurance	702	674
Interest paid	112	306
Internal Audit	813	1 066
Licences	47	-
Offsite Storage	219	178
Operating lease rentals (Minimum payments)	13 136	12 241
Other expenses	45	49
Placement fees	237	361
Postage and courier	383	240
Printing and stationery	737	706
QCTO Funding	4 574	3 151
Refreshments	259	250
Relocation Costs	-	8
Remuneration to members of the Accounting Authority	2 682	3 500
Security	52	76
Staff Training and Development	421	537
Staff welfare	75	-
Subscriptions and membership fees	77	67
Telephone and fax	1 652	1 592
Travel - local	3 182	3 853
Water and electricity	1 812	1 840
	57 691	50 307

Notes to the Annual Financial Statements (continued)

	2017 R '000	2016 R '000
25. Auditors' remuneration		
Fees	4 228	2 443

26. Cash generated from operations

Surplus	448 166	419 008
Adjustments for:		
Depreciation and amortisation	1 396	1 178
Gain on sale of assets and liabilities	5	-
Bad debts written off	-	13
Movements in operating lease assets and accruals	296	271
Movements in provisions	4 546	(151 106)
Depreciation from project assets	124	139
Changes in working capital:		
Inventories	(53)	23
Receivables from exchange transactions	(2 447)	1 158
Other receivables from non-exchange transactions	(5 005)	1 891
Payables from exchange transactions	20 543	(28 539)
Payables from non exchange transactions	11 254	(4 030)
Unspent conditional grants and receipts	(2 460)	(2 476)
	476 365	237 530

27. Financial instruments disclosure

Categories of financial instruments

Financial assets

Receivables from exchange transactions	6 632	4 186
Receivables from non exchange transactions	8 350	3 345
Cash and cash equivalents	1 810 655	1 335 971
	1 825 637	1 343 502

Financial Liabilities

Payables from exchange transactions	79 849	59 012
Payables from non exchange transactions	38 467	27 213
	118 316	86 225

Restatement

	As previously reported	Prior year error Note 32	Restated opening balance
Payables from exchange transactions	58 923	89	59 012

Notes to the Annual Financial Statements *(continued)*

	2017 R '000	2016 R '000
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28. Contingencies

28.1 First time employer registrations

The Skills Development legislation allows an employer, registering for the first time, 6 months to submit an application for a Mandatory grant. At the reporting date it is estimated that, as a result additional Mandatory Grant expenditure of R909 000 (2016: R570 000) will be payable. The amount is contingent on the number of submissions received and approved.

28.2 Surplus funds

In terms of the PFMA, all surplus funds as at 31 March 2017 may be forfeited to National Treasury should an application for retention of surplus funds be denied. As at 31 March 2017, an application for the retention of the surplus amount of R1 042 570 000 was submitted to National Treasury through DHET. This amount of R1 042 570 000 is included in the Discretionary Grant Reserve as per the statement of financial position.

28.3 Implemented training not yet verified

In terms of the VW&RSETA's discretionary grant policy, all training implemented by service providers and stakeholders must be verified by the VW&RSETA officials before the training is invoiced to the SETA. As at year end, there exists an unquantifiable contingent liability for training implemented but not yet verified. The amount is contingent based on the value of training conducted which will be acceptable after the verification process.

28.4 Expired discretionary grant contracts

Discretionary grant contracts with a balance of R304 298 000 (2016: R68 168 000) represent contracts whose end dates have lapsed as at the reporting date. The SETA has already signed the renewed contracts, only the third party stakeholder still needs to sign. The implementation of the contract is in progress in line with the approved implementation plan. This balance is contingent as there is an expectation of a future liability.

29. Matters under investigation

An investigation was conducted relating to a previous SETA employee who defrauded employers by recovering NSFAS bursary refunds for his own benefit directly from employers. This matter is before the Commercial Crimes Court in Pretoria, the amount involved is R579 000.

An investigation revealed that a supplier contracted to deliver skills training did not deliver as per the contractual obligations as set out in the contract. An amount involved is R1 million. The legal case is still in progress.

Notes to the Annual Financial Statements *(continued)*

	2017 R '000	2016 R '000
30. Related parties		
Relationships	Refer to the Accounting Authority report for details disclosure concerning emoluments	
Members of the Accounting Authority of members of the accounting authority	Department of Higher Education and Training	
Controlling entity	By virtue of the fact that W&RSETA is a National Public Entity controlled by DHET, it is considered related to other SETAs, the QCTO and NSF. The transactions are consistent with normal operating relationships between entities and undertaken on terms and conditions that are normal for such transactions Where there were transactions and balances arising due to the movement of funds between entities under common control of the DHET, these amounts are disclosed below	
Entities under common control	M. Mofokeng (Acting Chief Executive Officer) and (Chief Financial Officer) - resigned Nov 2016	
	A. Mlate (Chief Operations Officer)	
	A. Sipengane (Chief Officer Qualifications and Research)	
	A. Noormohamed (Chief Audit Executive) resigned - Nov 2016	
	D. Rampai (Executive Manager: CEO office)	
	P. Mokupo (Administrator)	
	S. Molefe (Acting Chief Financial Officer)	
	G. Thomas (Adviser: Governance and finance)	
	M. Jentile (Adviser: Stakeholder relations)	
	M. Mthembu (Adviser: Strategy and operations)	
Members of key management		
Related party balances		
Inter- SETA payables		
FP&MSETA	(141)	(47)
MERESETA	(646)	(114)
AGRISETA	-	(18)
CATHSETA	-	(5)
FOODBEV	(27)	-
CETA	(90)	-
MICT	(272)	-
INSETA	(48)	-
Inter-SETA receivables		
MERESETA	2	767
LGSETA	22	22
FP&MSETA	-	1
HWSETA	6	281

Notes to the Annual Financial Statements *(continued)*

	2017 R '000	2016 R '000
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30. Related parties *(continued)*

Related party transactions

Transfers paid to (received from) related parties

QCTO	4 574	3 151
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Discretionary grant- stakeholders with a representative serving on the W&RSETA's

Accounting Authority

SACCAWU	-	508
SACTWU	7	106
NUMSA	-	366
FEDCRAW	-	87
ECCAWUSA	1	152

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

The transactions above occurred under terms that were no more favourable than those available in similar arm's length dealings. Discretionary grants comprise of the Union Capacity Building project disbursed in accordance with the priorities as defined in the Sector Skills Plan.

31. Remuneration of Key Management

The key management personnel (as defined by IPSAS 20, Related Party Disclosures) of the SETA are: the members of the accounting authority and the members of the senior management group.

The Accounting Authority consists of members appointed in terms of the Constitution. Remuneration is paid to members or to their nominating organisations. W&RSETA has remunerated members of the Accounting Authority for attending Accounting Authority and sub-committee meetings, the preparation for Accounting Authority and subcommittee meetings as prescribed by the Department of Higher Education and Training.

The Chief Executive Officer attends meetings of the accounting authority but is not a member of the accounting authority.

The aggregate remuneration of members of the accounting authority and the number of members receiving remuneration within this category are:

Aggregate remuneration	2 682	3 500
Number of persons	15	15

Notes to the Annual Financial Statements (continued)

	2017 R '000	2016 R '000
The senior management group consists of the Acting Chief Executive Officer, Acting Chief Financial Officer, Chief Operations Officer, Chief Officer Qualifications and Research, Chief Audit Executive, Executive Manager: CEO office, Administrator, Advisor (Governance and Finance) , Advisor (Stakeholder relations), Advisor (Strategy and Performance). The aggregate remuneration of members of the senior management group and the number of managers receiving remuneration within this category are:		

Aggregate remuneration	10 124	15 981
Number of persons	10	7

32. Prior period errors

Provisions of GRAP 17: Property, plant and equipment were incorrectly applied whereby PPE items were expensed and not capitalised. Some accruals were also not raised in the prior year. Receivables due to duplicate payments were not recognised in the prior year. The comparative statements for 2015/16 have been restated. The effect of the restatement is summarised below:

Adjustments affecting the statement of financial position

Increase in Payables from exchange transactions - refer to note 11	-	(87)
Increase in Property, plant and equipment- refer to note 7	-	42
Increase in receivables from exchange transactions refer to note 5	-	61
	<u>-</u>	<u>16</u>

Adjustments affecting the statement of financial performance

Increase in administration expenses	-	114
Decrease in employer grant expenditure	-	(130)
	<u>-</u>	<u>(16)</u>
Adjustment to movement in reserves		
Increase in Administrative reserve	-	63
Decrease in Discretionary grant reserve	-	(47)
	<u>-</u>	<u>16</u>

33. Prior-year disclosure adjustments

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

- Contracts and write backs that were previously not included in the commitment register for the prior financial years.
- Irregular expenditure that was identified in the current financial year but incurred in the prior financial years
- Receivables exchanges were understated due to duplicate payments on the commitment register.
- Employee related costs were understated due to misclassification with insurance costs under general expenses.

	As previously reported	Prior year error Note 32	Restated opening balance
Contractual commitments- refer to note 38	586 095	71 641	657 736
Irregular expenditure- refer to note 37	65 435	150 448	215 883
Sundry receivables refer to note 5	189	62	251
Employee related costs refer to note 21	56 777	1 075	57 852
General expenses refer to note 24	51 382	(1 075)	50 307
Operating lease liability refer to note 3	-	1 183	1 183
Payables exchange transactions	58 923	(1 183)	57 740
	<u>818 801</u>	<u>222 151</u>	<u>1 040 952</u>

Notes to the Annual Financial Statements *(continued)*

2017	2016
R '000	R '000

34. Risk management

Liquidity risk

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

2017	Carrying amount	Contractual cash flows	6 months or less	6 -12 months	1-2 years
Payables from exchange transactions	(78 370)	(78 370)	(78 370)	-	-
Finance lease obligations	(3 155)	(3 155)	-	(1 021)	(2 134)
Operating lease liability	(1 479)	(1 479)	-	(1 479)	-
	<u>(83 004)</u>	<u>(83 004)</u>	<u>(78 370)</u>	<u>(2 500)</u>	<u>(2 134)</u>

2016	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years
Payables from exchange transactions	(57 829)	(57 829)	(57 829)	-	-
Finance lease obligations	(192)	(192)	(192)	-	-
	<u>(1 183)</u>	<u>(1 183)</u>	<u>-</u>	<u>(1 183)</u>	<u>-</u>
	<u>(59 204)</u>	<u>(59 204)</u>	<u>(58 021)</u>	<u>(1 183)</u>	<u>-</u>

Notes to the Annual Financial Statements *(continued)*

	2017 R '000	2016 R '000
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34. Risk management *(continued)*

Credit risk

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

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

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

The ageing of trade receivables from exchange transactions	Gross	Impairment	Total 2017
Not past due	6 632	-	6 632
The ageing of cash and cash equivalents	Gross	Impairment	Total 2017
Not past due	1 810 655	-	1 810 655
The ageing of trade receivables from exchange transactions	Gross	Impairment	Total 2016
Not past due	4 186	-	4 186
The ageing of cash and cash equivalents	Gross	Impairment	Total 2016
Not past due	1 335 971	-	1 335 971

Market risk

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

Notes to the Annual Financial Statements (continued)

	2017 R '000	2016 R '000
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34. Risk management (continued)

Interest rate risk

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

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

	Floating rate	Non- interest	Total bearing
2017			
Cash	1 810 655	-	1 810 655
Receivables from exchange transactions	-	6 632	6 632
Payables from exchange transactions	-	78 370	78 370
	<u>1 810 655</u>	<u>85 002</u>	<u>1 895 657</u>
2016			
Cash	1 335 971	-	1 335 971
Receivables from exchange transactions	-	4 124	4 124
Payables from exchange transactions	-	(57 828)	(57 828)
	<u>1 335 971</u>	<u>(53 704)</u>	<u>1 282 267</u>

35. Events after the reporting date

There are no events that took place after the reporting date that require disclosure in the annual financial statements

36. Fruitless and wasteful expenditure

Opening balance	357	87
Interest paid on late submission of prior year SARS EMP 201	-	270
Interest paid on late submission of invoices	18	-
	<u>375</u>	<u>357</u>

37. Irregular expenditure

Opening balance	215 883	8 086
Add: Irregular Expenditure - current year	114 735	207 797
Less: Amounts condoned	-	-
	<u>330 618</u>	<u>215 883</u>

Analysis of expenditure awaiting condonation per age classification

Current year	114 735	207 797
Prior years	215 883	8 086
	<u>330 618</u>	<u>215 883</u>

Notes to the Annual Financial Statements *(continued)*

	2017 R '000	2016 R '000
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37. Irregular expenditure *(continued)*

Details of irregular expenditure – current year

Contracts signed outside of delegation of authority	Disciplinary steps taken	No. of cases		
	N/A	682		
Opening balance			-	-
Add irregular expenditure 2015/16			-	50 293

Non compliance with SCM requirements	Disciplinary steps taken	No. of cases		
	N/A	79		
Opening balance			-	8 086
Add irregular expenditure 2015/16			-	157 504
Add irregular expenditure 2016/17			22 004	-
			22 004	165 590

Non compliance with Annexure II submissions	Disciplinary steps taken	No. of cases		
	N/A	1		
Opening balance			-	-
Add irregular expenditure 2016/17			92 731	-

38. Commitments

Approved and contracted for	631 128	657 736
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Approved and contracted commitments of R631 128 000 (2016: 657 736 000) represent balances on contracts for work to be delivered on discretionary grants contracts-in-progress at the reporting date. The contracts are entered into with service providers and stakeholders for delivery of education, training and skills development initiatives.

The prior year amount of R657 736 000 is a restated amount, refer to Prior period adjustment note 33.

39. Discretionary Reserve

Of the balance of R1 670 776 000 (2016: R1 226 066 000) available in the discretionary reserve at the end of March 2017, R1 490 844 000 (2016: R1 096 124 000) represents approved and allocated projects and skills priorities as set out below. Of this amount, R631 128 000 (2016: R657 736 000) was committed as at year end as per note 38 above. Amounts for expenses that have already been incurred, and therefore included in discretionary grant expenses in the Statement of Financial Performance, are also indicated.

Notes to the Annual Financial Statements *(continued)*

39. Discretionary Reserve *(continued)*

Projects	Opening balance	Approved by Accounting Authority	Write backs/Other adjustments	Utilised	Closing balance Mar17
AET	7 312	-	-	(2 730)	4 582
Assessment Centres W&RSETA - QCTO Qualifications	144	-	(144)	-	-
Bardahl Eyethu Retail Operator Programme	660	-	(504)	(156)	-
Bursary project 2015 HET and TVET bursaries	14 542	-	-	881	15 423
Capacitation of TVET lectures	2 172	-	-	(741)	1 431
CapaCiti (13)	-	-	128	115	
Career Guidance 2014	170	-	-	(31)	139
Career Guidance Strategy	1 061	-	-	1 102	2 163
CGCSA Summit 2014	1	-	(1)	-	-
Community Enterprise Development Programme (CEDP)	-	54 000	-	-	54 000
Community Retail and Development Project (CRDP)	4 354	-	-	(1 043)	3 311
Decade of the Artisan Programme	500	-	(500)	-	-
Development of W&R Qualification	3 301	-	-	(811)	2 490
DG 1112	19 830	-	-	(144)	19 686
DG 1213	13 428	-	-	(2 300)	11 128
Eastern Cape Rural Development Partnership Project	2 799	-	-	(2 544)	255
EC Liquor Outlet Support Project for Cooperatives and SMME's	540	-	-	(12)	528
Establishment of assessment centres	-	4 881	-	(38)	4 843
Establishment of retail academy	-	2 806	-	-	2 806
FET & HET Extension of Scope	2 168	-	-	(173)	1 995
FS - Confectionary baking learnership	-	2 709	-	-	2 709
FS - FS - Internships for FET Graduates	2 172	-	(187)	(613)	1 372
Fuel Retail Organizations	16 069	-	(6 000)	(2 625)	7 444
Good Practice Award	4 810	-	-	(4 782)	28
GP School of Excellence (SOE)	12 572	-	-	-	12 572
Graduate Placement- HET	5 622	-	-	(5 141)	481
Graduate Placement- TVET	11 094	-	-	(741)	10 353
HET & TVET Graduate Placement 1516	63 558	-	-	(16 527)	47 031
HET & TVET Graduate Placement 1617	-	97 156	-	-	97 156
HET Bursaries 1516	17 399	-	-	(16 864)	535
HET, TVET & Continuing Bursaries 1617	-	186 808	94 307	(56)	281 059
ILDP 2016 - 2017	49 830	-	(13 223)	(30 594)	6 013
ILDP 1718	-	21 500	-	(20)	21 480
Impact Assessment: The Clothing Bank (TCB)	538	-	-	(246)	292
Impact Assessments	1 035	-	-	-	1 035
Impact Assessments - ILDP	514	-	(514)	-	-
Impact Assessments - RMDP	436	-	(436)	-	-

Notes to the Annual Financial Statements *(continued)*

39. Discretionary Reserve *(continued)*

Projects	Opening balance	Approved by Accounting Authority	Write backs/Other adjustments	Utilised	Closing balance Mar17
Impact Assessments - SADDT KZN	550	-	(548)	(2)	-
Implementation and rollout plan of Career Guidance and Development Strategy	698	-	-	(684)	14
Informal Traders Upliftment Project (ITUP)	10 070	-	4 950	(4 064)	10 956
Informal Traders Upliftment Project II (ITUP II)	10 150	-	5 150	(34)	15 266
Khayelitsha Bursary project	361	-	-	(82)	279
KZN - SOE Learnerships	3 530	-	-	(1 864)	1 666
LP 10/11 EXTRA	146	-	-	-	146
Mhlontlo Cooperatives Project	243	-	-	(3)	240
Mitchell's Plain Bursary	543	-	-	(24)	519
Mpumalanga Unemployed Youth Project	1 909	-	-	(8)	1 901
NC - Learnership Opportunities	2 331	-	-	(38)	2 293
NC - Office of the Premier Internships for FET Graduates	727	-	-	-	727
New Coe Knits Training Lay Off Scheme	271	-	-	-	271
NGO/NPO	1 092	-	(886)	(132)	74
NGO/NPO 1617	-	1 236	-	-	1 236
Non Sponsored Learning Programmes	436	-	-	(317)	119
North West Unemployed Youth Project	8 274	-	-	(2 623)	5 651
NQF5 Qualifications Implementation	13 438	-	-	(8 563)	4 875
People with disabilities Project 2013	19 938	-	-	(3)	19 935
Pivotal 2013/14- Additional	42 473	-	-	(4 503)	37 970
Pivotal 2014/2015	117 238	-	-	(22 797)	94 441
Pivotal 2015/2016 (Additional)	10 038	-	-	(375)	9 663
Pivotal 2015/2016 (ML)	185 263	-	(126 442)	(35 924)	22 897
Pivotal 2015/2016 (Small)	108 914	-	-	(23 083)	85 831
Pivotal 2016/2017	-	473 726	(314 388)	(17 648)	141 690
Pivotal 2016/2017 (Small)	-	-	141 115	(8 451)	132 664
Pivotal Discretionary Grants 2013/14	46 100	-	-	(8 286)	37 814
Post Graduate Research Bursaries	28 219	-	(21 594)	-	6 625
Post Graduate Bursaries 1617	-	6 719	-	-	6 719
Project management office	845	829	-	(655)	1 019
Registered Co-operatives	62	-	(272)	-	(210)
Retail Business Management Diploma	20 698	-	-	(14 310)	6 388
Retail Chair	4 865	-	-	(456)	4 409
Retail Game	78	-	-	-	78
Retail Store Manager (RSM) Qualification: Pilot Project	3 655	-	2 641	(1 225)	5 071
RMDP 2015-2016	142	-	(142)	-	-
RMDP 2016-2017	22 629	-	(7 525)	(14 731)	373
RMDP 1718	-	22 360	-	(7 591)	14 769
RMDP Project Phase (RMDP) III	316	-	-	-	316

Notes to the Annual Financial Statements (continued)

39. Discretionary Reserve (continued)

Projects	Opening balance	Approved by Accounting Authority	Write backs/Other adjustments	Utilised	Closing balance Mar 2017
Rural Areas Project- Rharhabe/Batlokwa	1 740	-	-	(644)	1 096
Rural Areas Learnership	-	30 154	-	-	30 154
Rural Villages Project	20 945	-	(390)	(16 069)	4 486
SADDT - Disabled Learners	1 999	-	-	-	1 999
Save it Township Retail Revitalization Programme	259	-	(259)	-	-
Sector Skills Plan annual update	507	-	(266)	(241)	-
SME Discretionary Grant 151632 149	-	(17 000)	(5 339)	9 810	
SME Discretionary Grant 1617	-	60 488	-	(35)	60 453
SMME Capacity Workshop 1516	1 065	-	(712)	(98)	255
SMME Capacity Workshop 1617	-	1 500	-	(1 284)	216
SMME Voucher Training Project 2012/13	132	-	-	(2)	130
Special Bursary (Career Wise Continuing Students)	5 241	-	-	(2)	5 239
Special Bursary Project	3 864	-	-	(1 552)	2 312
SSP 2016/2017 Update	3 960	-	-	(1 458)	2 502
Stakeholder Sessions	103	-	(105)	(4)	(6)
The Clothing Bank	3 394	-	-	(355)	3 039
The Development of Learning Programmes for TVETs and Disabled Learners	1 398	-	-	-	1 398
The Foschini Group Supply Chain Transformation Project	9 896	-	-	(6 899)	2 997
Trade Union Capacity Building 1516 (ECCAWUSA)	1 981	-	-	(1)	1 980
Trade Union Capacity Building 1516 (FEDCRAW)	2 346	-	-	-	2 346
Trade Union Capacity Building 1516 (NUMSA)	3 179	-	-	-	3 179
Trade Union Capacity Building 1516 (SACTWU)	2 080	-	-	(7)	2 073
Trade Union Capacitation programme 1617	-	9 675	-	-	9 675
Traditional Councils Project (EC and Qwa-Qwa)	774	-	-	(12)	762
TVET Bursaries 1516	42 080	-	(18 864)	23 216	-
TVET internship 1617	-	12 481	-	(1 469)	11 012
Union Capacitation Project	1 354	-	(1 354)	-	-
W&R Registered Co-Operatives Project	2 869	-	-	-	2 869
W&R Registered Co-Operatives 1617	-	3 730	(252)	-	3 478
W&R Registered Employer Organisation Project	3 195	-	-	(16)	3 179
W&R SETA research agenda	-	2 150	-	-	2 150
W&R School of Excellence	162	-	-	(4)	158
W&RSETA Bursary Scheme - Careerwise	-	-	-	1 599	1 599

Notes to the Annual Financial Statements (continued)

39. Discretionary Reserve (continued)

Projects	Opening balance	Approved by Accounting Authority	Write backs/Other adjustments	Utilised	Closing balance Mar 2017
W&RSETA Stakeholder Research Conference	-	1 376	-	-	1 376
WACE Conference	42	-	(42)	-	-
Waterberg Project	2 626	-	-	(468)	2 158
WC - Bakers for Youth Development and Sustainability	60	-	-	10	70
WC TVET Support & Capacitation Project (SOE)	6 362	-	-	(3 732)	2 630
WIL Africa	10	-	(10)	-	-
Youth Focus Project (YFP)	3 623	-	-	(2 022)	1 601
Youth Focus Project (YFP) 1516	11 869	-	(1)	(2 900)	8 968
Youth Focus Project (AET) 1617	-	14 351	-	-	14 351
	1 096 124	1 010 635	(284 398)	(331 517)	1 490 844

40. Budget differences

Material differences between budget and actual amounts

Interest received received is 115% above budget, this is due to an increase in cash and cash equivalents as a result of decreased expenditure in discretionary grants expenditure resulting in more funds remaining in the bank account thereby earning more interest than budgeted for.

Skills development levy transfer is 4% higher than budget. The original budget of R1.1 billion was overstated as it was an allocation approved by National Treasury and not based on past levy income trends. The variance of 4% between the final budget and actual levies, is well within the acceptable budget variance range.

Project Income recognised is 100% above budgeted. This is because this item is not budgeted for at all. This item represents expenditure incurred from conditional funds received in previous financial years and in terms of GRAP, a corresponding amount must be recognised as income in the statement of financial performance.

Personnel expenditure is 14% below budget. Some employment positions budgeted for were not filled before year end. Also bonuses paid were less than originally budgeted for, hence under expenditure on the budget.

Employer grants and projects is 42% below budget. This is due to under expenditure on discretionary grant projects due to the slow rate of project implementation. There is also under expenditure on mandatory grants, hence budget is underspent.

General expenses are 22% below budget. DHET approved an additional budget for W&RSETA to exceed the 10.5% administration limit since W&RSETA was placed under administration. However not all the budgeted expenses were incurred before year end resulting in under expenditure for general expenses.

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