



# 2017/18

## ANNUAL REPORT

*18 years of Skilling the Wholesale and Retail Sector*



higher education  
& training

Department:  
Higher Education and Training  
REPUBLIC OF SOUTH AFRICA



# higher education & training

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Department:  
Higher Education and Training  
**REPUBLIC OF SOUTH AFRICA**



Hon. Minister of Higher  
Education and Training  
**Ms Naledi Pandor**



Hon. Deputy Minister of Higher  
Education and Training  
**Mr Buti Manamela**

# PRESENTATION OF THE 2017/18 W&RSETA ANNUAL REPORT TO THE MINISTER OF HIGHER EDUCATION AND TRAINING, HONOURABLE NALEDI PANDOR

## The Honourable Minister

On behalf of the Board and Management, it is with great pleasure that we present to the Honourable Minister the 2017/18 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 South Africa for tabling to the Parliament of South Africa which must comprise of 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.

During the 2017/18 financial year, the W&RSETA achieved 40% against the Annual Performance Plan. At the time of printing this Annual Report, the W&RSETA's performance against the Service Level Agreement with the Department of Higher Education and Training had not yet been finalised.

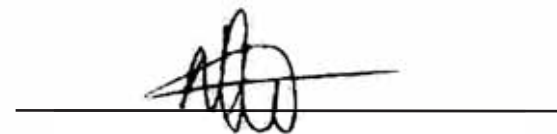
Whilst the performance against the Service Level Agreement and Annual Performance Plan targets is below expectations, we would like to acknowledge the strategic leadership of the Ministry and the Department in ensuring that the W&RSETA executes its mandate and leaves a legacy of a skilled wholesale and retail workforce.

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

Yours in skills development,



**Ms Y Mbane**  
Chairperson: W&RSETA Board



**Ms N Siyotula**  
Acting Chief Executive Officer



# ERRATUM TO THE 2016/17 ANNUAL REPORT OF THE WHOLESALE AND RETAIL SETA

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## A. INTRODUCTION AND BACKGROUND

The decision of the Board to withdraw the W&RSETA 2016/17 Annual Report which was submitted to the Honourable Minister on 31 August 2017 and tabled to the Parliament of South Africa on 5 September 2017 has reference. A letter was received from the Minister indicating that the Minister has not approved the withdrawal of the Annual Report. The Minister has advised the W&RSETA to rescind the resolution to withdraw the Annual Report and recommended that an erratum be presented with the 2017/18 Annual Report.

The Annual Report was printed with significant grammatical errors which affected the content and interpretation of issues, also contains material omissions and factual inaccuracies. The Annual Report has been reviewed with input from Management and the following tables indicate details of some of the issues in the Annual Report and the amendments that have been effected on the Report.

This is a schedule of amendments outlining corrections made by W&RSETA as well as Auditor-General South Africa. The W&RSETA convened a Steering Committee meeting on 25 January 2018 comprising of members of the Board, the Auditor-General and Management to consolidate inputs that had been submitted by all parties. A joint sitting of the Finance and Audit Committee was subsequently convened on 29 January 2018, where the revised annual report and the schedule of amendments was formally presented to the Board and adopted. The table below illustrates the amendments effected on the revised Annual Report for 2016/17 financial year.

The corrected pages of the 2016/17 Annual Report are attached as Annexure A to this Annual Report.

# ERRATUM TO THE 2016/17 ANNUAL REPORT OF THE WHOLESALE AND RETAIL SETA

## B. MATERIAL ERRORS AND OMISSIONS IDENTIFIED BY W&RSETA

OLD PAGE#	ERROR / OMISSION	AMENDMENT	ANNEXURE PAGE
iv	The presentation letter to the Minister does not reflect the W&RSETA's achievement against the Service Level Agreement (SLA) with the DHET	Percentage of achievement removed due to sharp decline; however, the achievement is reflected in other section in the Report.	iii
97	<b>OTHER ACHIEVEMENTS</b> Number of beneficiaries for the Rural Areas Project reflected as 104 for one province instead of 306 for three provinces	The paragraph was reworded	94
14	<b>Administrator's Foreword</b> Year of administration is reflected as 2017 instead of 2016, and an incorrect Gazette dated April 2011 is mentioned	Amendment of administration year changed to 2016 and reference to Gazette of April 2011 removed as it is incorrect	11
23	<b>Strategic Outcome-Oriented Goals</b> <b>Strategic Objective 5 NSDS III Outcome 4.2.1.2</b> First target: actual reflected as 2088 and variance as 388	Corrected to 2239 and 539	20
25	<b>Strategic Objective 9 NSDS III Outcome 4.2.2.1</b> First target: actual at 96 and variance at -54	Corrected to 357 and 107	22
26	<b>Strategic Objective 10 NSDS III Outcome 4.5.1.2</b> • First target: 18.1: variance at 94 • Second target: 18.1: actual at 10 and variance at -10	• Corrected to -156 • Corrected to 201 and 1	23
31	<b>Strategic Objective 17 NSDS III Outcome 4.2.3.2</b> Second target: actual at 9 and variance at -1041	Corrected to 14 and -1036	28
31	<b>Strategic Objective 18 NSDS III Outcome 4.2.3.2</b> Second target: actual at 1 and variance at -9	Corrected to 2 and -8	28
32	<b>Strategic Objective 19 NSDS III Outcome 4.2.3.2</b> Second target: variance at -2	Corrected to -1	29
43, 44	Financial years on pie charts reflected as 2015/16	Period corrected to 2016/17	40, 41
49	<b>International Leadership Development Programme</b> Reported that participation in the previous two years did not include medium companies	<b>International Leadership Development Programme</b> Entire section reviewed and now reflects improved participation in the small company category	47
52	<b>Good Practice Awards</b> Universities of technology excluded as a participant	<b>Good Practice Awards</b> Correction effected	50
53	<b>W&amp;RSETA Registered Co-operatives</b> • Completion rate for the project reflected as 88%; • Budget reflected at R 2m	<b>W&amp;RSETA Registered Co-operatives</b> • Percentage changed to 90% • Budget changed to R 2,9m	51
57	<b>NQF 5 Qualifications</b> Number of registered students reflected as 500	<b>NQF 5 Qualifications</b> Number changed to 479	54
64	<b>Governance</b> Carin Strydom was reflected as a main member and "Ministerial Appointee"  Nat Kettlele was reflected as Ministerial Appointee. Under qualification column the "Accounting authority" in the qualifications column should be removed.	<b>Governance</b> Carin Strydom this was corrected. Reggie Sibiyi is the principal member.  Nat Kettlele's constituent representation as Labour was effected. "Accounting authority" was removed.	61

## ERRATUM TO THE 2016/17 ANNUAL REPORT OF THE WHOLESALE AND RETAIL SETA

OLD PAGE#	ERROR / OMISSION	AMENDMENT	ANNEXURE PAGE
64	<b>Governance</b> Carin Strydom was reflected as a main member and “Ministerial Appointee”	<b>Governance</b> Carin Strydom – this was corrected to reflect Carin Strydom as an alternate member to Reggie Sibiya	65
66	<b>Governance</b> Sizakele Moloko, the following was reflected under qualification “Certificate of Achievement, Programme evaluator, Accredited Assessor and Accredited Moderator”	The qualifications on “Certificate of Achievement, Programme evaluator, Accredited Assessor and Accredited Moderator” was removed.	63
69	<b>Governance</b> Report does exclude appointment of Independent Board Members and establishment of new Committees during the administration period  Mr Sibusiso Busane was omitted as a Projects Board Committee member. The number of was reflected as 4.  Ms Sheila van Rensburg was reflected as a member.  Correction of Ms Sibusiso Busane	Governance Independent Board Members and new Committees included  Mr Sibusiso Busane was reflected as a member of Projects Board Committee. The number of members was changed from 4 to 5.  Ms Sheila van Rensburg was deleted as a member.  Corrected to Mr Sibusiso Busane	66
83	<b>HR Oversight Statistics</b> Suspensions reported as 8	<b>HR Oversight Statistics</b> Number of suspensions changed to 10	80
101	<b>Remuneration of Senior Management</b> Salary package of EM: CEO’s Office for 2015/16 financial year has been reflected incorrectly matching former CEO’s package at R 5 560 275 (overstatement/misrepresentation of finances/ facts)	<b>Remuneration of Senior Management</b> Costs and total amount changed to R 1 623 000	97
100	<b>Board Remuneration Schedule</b> <ul style="list-style-type: none"> <li>• Remuneration of Independent Board Members is not properly disclosed to indicate that their term was during the administration period.</li> <li>• Remuneration of Administrator is included in the Board remuneration schedule affecting the total remuneration of the Accounting Authority and Audit Committee;</li> <li>• Mr. Mokupo is indicated as an Administrator and reflected as a Board Member</li> <li>• AC Chairperson’s 2016/17 remuneration is reflected as nil whilst fees were paid</li> </ul>	<b>Board Remuneration Schedule</b> A new schedule was submitted to correctly reflect remuneration of Board Members and Independent Board Members, as well as that of the AC Chairperson  An amount of total fees paid has been reflected	96
98	<b>Report of the Accounting Authority</b> ILDP completions incorrectly reported as 45	Correct number is 56; however the reference to this number has been removed as it is reported in earlier sections.	47

# ERRATUM TO THE 2016/17 ANNUAL REPORT OF THE WHOLESALE AND RETAIL SETA

## C. MATERIAL AMENDMENTS FROM THE AG's REVIEWS RECEIVED 21 NOVEMBER 2017& 05 FEBRUARY 2018

OLD PAGE#	ERROR / OMISSION	AMENDMENT	ANNEXURE PAGE
16, 54	<b>Administrator's Foreword</b> We could not verify the numbers reported on the Administrators' Foreword against the project and information reported in the APP	Correct number is 56; however the reference to this number has been removed as it is reported in earlier sections.	47
22	<b>Strategic Objective 2</b> Outcome 4.1.1.3 – No breakdown of the annual targets between (small & Medium)	<b>Strategic Objective 2</b> Correction effected as follows: Small – 5 542 M – 1260	18
23	<b>Strategic Objective 5</b> Outcome 4.2.2.1 – No breakdown of targets achieved) Secondly the management reported both achieved and not achieved for Objective 5.	<b>Strategic objective 5</b> Amended actual of 2099 to 2 239 and variance of 383 to 539 Deleted Not achieved on column 6	20
26	<b>Strategic Objective 10</b> Variance reported on the AR not on the APR. Furthermore, there is information missing on the explanation that have not been transferred from the audited APR Outcome 4.5.1.2 – The comment on the second indicator for 4.2.1.2but does not change the meaning	Strategic Objective 10 • 18.1 target; 94 was changed to -156 • 18.2 target split added as ( 18.2 ) 250 Comment changed to indicate that target was not achieved due to lack of take-up from the PIVOTAL allocations.	23
29	<b>Strategic Objective 15</b> NSDS III Outcome 4.2.3.2 –The reported information on the second indication for objective 15 is not aligned and not complete.	<b>Strategic Objective 15</b> Comment was amended to indicated that the target was underachieved as the number of students awarded bursaries for the final year of study in 2016 was lower that the number of completions for the 2015/2016 academic year.	26
33	<b>Strategic Objective 20</b>  Outcome 4.2.3.2 - Objective 20 not on the APR and should be removed.	<b>Strategic Objective 20</b>  The target was removed from the report to ensure alignment with audited APR	N/A
100	<b>2015/2016 Board and Audit Committee Remuneration</b> Audit committee Board fee schedule does not cast – it should be R3 500 064	<b>2015/2016 Board and Audit Committee Remuneration</b> New schedule has been included and the figure corrected to reflect R 3 500 064 instead of R 4 118 519	96
97	<b>Overview of the W&amp;RSETA's Performance in 2016/17</b>  3rd paragraph: "Only 26 of the 56 targets ..) not correct when compared to the APP. The entire paragraphs including the 46% and 44.7% as well as the 17 targets need to be reviewed.	<b>Performance Against Predetermined Objectives (revised heading)</b> The W&RSETA has achieved 30 out of the 56 targets in the APP, which represents 53.75% for 2016-2017. Performance against the SLA was 44.7%	94
99	Tables on remuneration– what was applied last year should be applied in the current year.	Revised schedule included	98-99
N/A	<b>Annual Financial Statements</b>  Segment information is missing – we comment that the information be included in the AR as note 41.	<b>Annual Financial Statements</b>  The Segment Reporting has been included	143-144
lv/14	<b>PRESENTATION OF THE 2016/2017 W &amp; R SETA ANNUAL REPORT TO THE MINISTER</b> Consistence on the usage of the word Auditor-General of South Africa on the AR.	<b>PRESENTATION OF THE 2016/2017 W &amp; R SETA ANNUAL REPORT TO THE MINISTER</b> The use of the word "Auditor- General" was corrected throughout the report to ensure consistency.	iii/11



# ERRATUM TO THE 2016/17 ANNUAL REPORT OF THE WHOLESALE AND RETAIL SETA

OLD PAGE#	ERROR / OMISSION	AMENDMENT	ANNEXURE PAGE
N/A	<b>PRESENTATION OF THE 2016/2017 W &amp; R SETA ANNUAL REPORT TO THE MINISTER</b> There is no mention in the AR of the fact that the report was tabled and withdrawn and the reasons thereof.	<b>PRESENTATION OF THE 2016/2017 W &amp; R SETA ANNUAL REPORT TO THE MINISTER</b> Presentation to the Minister included in the report.	iii
15/54	<b>Administrators Foreword</b> We could not verify the numbers reported on the administrators' foreword against the project and information reported in the APP.	<b>Chairperson's foreword ( Revised Heading )</b> The numbers were corrected under the Rural Villages Project.	18
20	<b>Auditor General's report on Predetermined Objectives</b> Heading to be revised as it is not the Auditor General's report The third paragraph states that there were no material findings on the APP and this is not correct.	<b>Predetermined objectives ( Revised heading )</b> Heading revised to read Predetermined objectives The third paragraph was corrected to include that there were material findings.	17
21	<b>Strategic objective 2</b> outcome 4.1.1.3 - the APR says Board but the AR states the Accounting Authority (inconsistence) Strategic Objective 2 Split corrected as follows: - Small 5291 - Medium 1209 The date incorrect 31 November 2015	<b>Strategic objective 2</b> The APR was aligned to read "Board" instead of "Accounting Authority" The split on the Strategic Objective 2 was amended to reflect small and medium companies. Date corrected to reflect 30 November 20`5	18
21	<b>Strategic Objective 5</b> Target 18.1 – duplicated on page 22 and 23	<b>Strategic Objective 5</b> Target 18.1 corrected to remove the duplicate on page 22	20
23	<b>Strategic Objective 5</b> Outcome 4.2.1.2 – Difference between the actual reported achievement and variance between the APR and the AR (2239 and 539 per APR respectively). Does not agree with due to variances noted	<b>Strategic Objective 5</b> The variances were correctly captured to read 177 and 539. Comments were amended to reflect the reasons for over achievement.	20
24	<b>Strategic Objective 6</b> NSDS Outcome 4.2.1.2 insert a negative sign (-) on 132 to read as -132	<b>Strategic Objective 6</b> NSDS Outcome 4.2.1.2 the negative sign (-) was inserted.	21
25	<b>Strategic Objective 8</b> Outcome 4.2.1.2 – first line item, variance to read as -132 Strategic Objective 8 – second line item, date to read April 2016 – 31 March 2017	<b>Strategic Objective 8</b> Outcome 4.2.1.2 was corrected to reflect – 132 Second line corrected and the financial year to read April 2016 to 31 March 2017	22

# ERRATUM TO THE 2016/17 ANNUAL REPORT OF THE WHOLESALE AND RETAIL SETA

OLD PAGE#	ERROR / OMISSION	AMENDMENT	ANNEXURE PAGE
25	<b>Strategic objective 9</b> Outcome 4.2.2.1 – No breakdown of targets achieved) Secondly the management reported both achieved and not achieved for Objective 9. (Delete Not achieved)  Variance incorrectly captured as 105 and reasons for over achievement not recorded	<b>Strategic Objective 9</b> Outcome 4.2.1.1 corrected and breakdown as follows: 150 ( 18.1) 100 ( 18.2 ) Variance corrected to reflect 107 as a variance and also Column 6 amended to reflect the reasons for the variance The Strategic Objective 9 was amended.	22
142/144	Page 144 not aligned	No amendment required.	138-142
99	<b>Accounting Authority Remuneration Schedule</b> The remuneration made to Mokupo has been included in the Board Schedule. 2016/17 amount does not cast. It should be R 2 069 361 instead of R 2 061 320	<b>Accounting Authority Remuneration Schedule</b> The Board schedule was amended and Mr Mokupo's name was included as a member of the Audit Committee. The amount was corrected to reflect a correct amount of R 2 069 361	96
61	<b>Introduction</b> Reference has been made to the companies 'Act...is this correct? Last paragraph of the introduction (Governance) also has spelling mistakes on "operate" Reference has been made on the introduction to the Executive Authority – is this not supposed to be the Minister?	Introduction Paragraph 1 was corrected and reference to the Companies Act was removed. The spelling mistake on the introduction (governance) was corrected. The reference to "Minister" was correct and needed no amendment.	58
70	Compliance with Laws and Regulations 3.6 – last paragraph, there are other regulations from the NT that are not dealing with SCM	Compliance with Laws and Regulations Other regulations were included in the report.	67
72	Appointment of Audit Committee members, meetings and attendance (second paragraph)...second sentence. The audit committee met...change to more than 4 times. Add Reggie as he was also on the audit committee	Appointment of Audit Committee members, meetings and attendance The correction was made to reflect that the Audit Committee met more than four(4) times. Reggie Sibiyi was included as a member of the Audit Committee.	69
73	Audit Committee Responsibilities Incorrect reference to section 38 as that relates to departments	Audit Committee Responsibilities This was corrected to reflect section (a)(ii) and operating in accordance with regulations and instructions as per section 76 and 77 of the PFMA.	70
97	Performance against predetermined objectives 3rd paragraph..."Only 26 of the 56 targets ....) Not correct when compared to the APP. The entire paragraphs including the 46% and 44.7% as well as the 17 targets need to be reviewed.	Performance against predetermined objectives Paragraph 3 was corrected to reflect that 30 out of 56 targets were achieved.	94
98	<b>Legal issues</b> Spacing needs to be in place... <b>Audit of the Auditor - General</b> This creates an impression that there were no material findings on AOPO and compliance	<b>Legal issues</b> The spacing was corrected. Where the report read "no material findings on the AOPO" was corrected to indicate that there were material findings.	95
99	Tables on remuneration on page 99 – what was applied last year should be applied in the current year.	No amendment required as the new schedule was correct.	97-99
N/A	Segment reporting Segment information is missing – we comment that the information be included in the AR as note 41.	Segment Reporting Amended – included in the annual report as note 41. Removed Annexure A as a heading.	143

# ERRATUM TO THE 2016/17 ANNUAL REPORT OF THE WHOLESALE AND RETAIL SETA

## D. AMENDMENTS EFFECTED IN LINE WITH THE LEGAL ADVICE

- 1) The "Administrator's foreword was replaced with the W&RSETA Board Chairperson's foreword" in the table of contents and replacing the contents of "perspective of the organization." The changes are reflected on (page 11-12)
- 2) The Administrator's name and signatures were replaced with the W&RSETA Board Chairperson's name and signature , and date of signature on the following statements and or endorsements:
- 3) Amendments were made to the following sections of the reports:
  - Organisational Structure (Page 10)
  - Statement of Responsibility and Accuracy (Page 15)
  - Report of the Audit Committee (Page 69)
  - Statement of Compliance(Page 73)
  - Statement of Responsibilities and Approval by the Accounting Authority (Page 93)
  - Report of the Accounting Authority (Page 94)
  - Tribute(Page 103)
  - Report of the Accounting Authority (Page 93-100)

Please note that in so far as any corrections have been effected to the Original Annual Report that are not recorded in the above schedule, this is because such corrects pertain to the use of incorrect language, grammatical errors, and/or repetition of paragraphs and heading. As such, they are not substantive in nature and have not been recorded above.

  
**Ms Y Mbane**

**Chairperson: W&RSETA Board**

# TABLE OF CONTENTS

## PART A: General Information

1.1	General Information.....	XIII
1.2	Sector Industry Classification Codes.....	1
1.3	Learnerships Certified.....	2
1.4	Acronyms and Abbreviations.....	4
1.5	Strategic Overview.....	5
1.6	Organisational Structure.....	6
1.7	Chairperson's Foreword.....	7
1.8	CEO's Overview.....	9
1.9	Statement of Responsibility and Confirmation of Accuracy of the Annual Report .....	12

## PART B: Performance Information

2.1	Predetermined Objectives.....	14
2.2	Strategic Outcome Oriented Goals.....	15
2.3	Performance Oversight Statistics.....	34
2.4	Summary of Financial Information.....	37
2.5	Performance Information by Programme.....	43

## PART C: Governance

3.1	Introduction.....	52
3.2	Portfolio Committees.....	52
3.3	Executive Authority.....	52
3.4	The Accounting Authority.....	52
3.5	Risk Management.....	60
3.6	Internal Control.....	60
3.7	Compliance with Laws and Regulations.....	62
3.8	Fraud and Corruption.....	62
3.9	Minimising Conflict of Interest.....	62
3.10	Code of Conduct.....	62
3.11	Health, Safety and Environmental Issues.....	62
3.12	Social Responsibility.....	62
3.13	Audit Committee Report.....	64
3.14	Statement of Compliance.....	65

## PART D: Human Resource Management

4.1	Introduction.....	68
4.2	Human Resources Oversight Statistics.....	70

## PART E: Financial Information

	Report of the Auditor-General.....	78
	Report of the Accounting Authority.....	84
	Annual Financial Statements.....	86
	Statement of Responsibilities.....	88



# 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, 0046

### Postal Address

Private Bag X106  
Centurion  
0046

### Contact Telephone Numbers

Tel: 012 622 9500

### Website Address

[www.wrseta.org.za](http://www.wrseta.org.za)

### External Auditors Information

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

### Bankers Information

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

## 1.2 SECTOR INDUSTRY CODES

61000	Wholesale and Commission Trade, Except of Motor Vehicles and Motorcycles
61100	Wholesale Trade on a Fee or Contract Basis
61220	Wholesale Trade in Food, Beverages and Tobacco
61310	Wholesale Trade in Textiles, Clothing and Footwear
61391	Wholesale Trade in Household Furniture Requisites and Appliances
61392	Wholesale Trade in Books and Stationery
61393	Wholesale Trade in Precious Stones, Jewellery and Silverware
61394	Wholesale Trade in Pharmaceuticals, Toiletries and Medical Equipment
61420	Wholesale Trade in Metal and Metal Ores
61430	Wholesale Trade in Construction Material, Hardware, Plumbing and Heating Equipment
61501	Office Machinery and Equipment including Computers
61509	Other Machinery
61901	General Wholesale Trade
61909	Other wholesale trade not elsewhere classified
62000	Retail Trade, Except of Motor Vehicles and Motorcycles, 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 LEARNERSHIPS CERTIFIED

### Employed Learners (18.1)

Learnership	NQF Level	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Grand Total
General Education and Training Certificate: Adult Basic Education and Training	1	-	-	-	-	-	-	-	-	156	116	230	172	674
National Certificate: Service Station Operations	2	-	-	-	-	-	-	-	18	-	-	2	44	64
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	-	1	1	-	-	-	-	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	-	563	2673
National Certificate: Wholesale and Retail Distribution	2	-	57	74	90	297	73	224	401	222	292	154	229	2113
National Certificate: Wholesale and Retail Merchandising Operations	2	-	-	-	9	16	-	152	120	150	172	143	123	885
National Certificate: Wholesale and Retail Operations	2	-	-	-	149	250	9	402	595	221	274	139	131	2170
National Certificate: Wholesale and Retail Chain Store Operations	2	-	-	18	19	129	13	293	565	275	684	-	62	2058
National Certificate: Wholesale and Retail Buying and Planning	5	-	-	-	-	6	-	10	12	-	16	-	38	82
National Certificate: Wholesale and Retail – Retail Sales	3	-	-	-	-	-	-	79	59	20	158	-	45	361
Further Education and Training Certificate: Wholesale and Retail Generic Management	4	-	-	-	-	19	-	35	46	72	82	114	422	790
National Certificate: Wholesale and Retail SME Operations	2	-	-	-	-	-	-	10	17	21	27	-	21	96
National Certificate: Wholesale and Retail Wholesale Sales	3	-	-	-	-	-	1	24	83	20	14	-	3	145
National Certificate: Stock Control Retail Outlet	3	-	-	-	-	-	-	-	41	10	-	42	44	137
National Certificate: Wholesale and Retail Cosmetic	3	-	-	-	-	-	-	-	-	-	-	-	-	-
National Certificate: Wholesale and Retail Visual Merchandising	3	-	-	-	-	-	-	16	15	14	17	54	39	155
National Certificate: Wholesale and Retail Generic Management	5	-	-	-	-	-	-	24	4	8	99	123	41	299
National Certificate: Informal and Small Business Practice		-	-	-	-	-	-	-	-	10	102	60	172	344
National Certificate: Wholesale and Retail Stock Control in a distribution centre	3	-	-	-	-	-	-	-	1	1	-	65	17	84
<b>Total</b>		<b>231</b>	<b>760</b>	<b>361</b>	<b>706</b>	<b>997</b>	<b>96</b>	<b>1646</b>	<b>2332</b>	<b>1344</b>	<b>2493</b>	<b>1126</b>	<b>2166</b>	<b>14258</b>



## 1.3 LEARNERSHIPS CERTIFIED (CONTINUED)

### Unemployed Learners (18.2)

Learnership	NQF Level	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Grand Total
Wholesale and Retail Operations Management	5	-	-	-	-	-	-	-	-	-	-	-	-	-
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	65	1494
National Certificate: Wholesale and Retail Distribution	2	-	15	28	11	120	1	181	207	18	70	88	75	814
National Certificate: Wholesale and Retail Merchandising Operations	2	-	-	-	148	485	170	606	546	207	157	331	54	2704
National Certificate: Wholesale and Retail Operations	2	-	-	-	392	389	51	1438	615	144	520	682	372	4603
National Certificate: Wholesale and Retail Chain Store Operations	2	-	-	57	42	664	116	362	513	164	381	-	350	2649
National Certificate: Wholesale and Retail Buying and Planning	5	-	-	-	-	2	-	14	-	-	1	23	26	66
National Certificate: Wholesale and Retail – Retail Sales	3	-	-	-	-	63	-	213	85	53	194	-	103	711
Further Education and Training Certificate: Wholesale and Retail Generic Management	4	-	-	-	-	-	-	5	37	11	6	6	8	73
National Certificate: Wholesale and Retail SME Operations	2	-	-	-	2	2	-	644	31	-	9	40	5	733
National Certificate: Wholesale and Retail Wholesale Sales	3	-	-	-	-	-	125	22	141	22	65	-	32	407
National Certificate: Stock Control Retail Outlet	3	-	-	-	-	-	-	8	107	27	136	47	94	419
National Certificate: Wholesale and Retail Cosmetic	3	-	-	-	-	-	-	2	-	-	-	-	-	2
National Certificate: Wholesale and Retail Visual Merchandising	3	-	-	-	-	-	-	6	42	-	176	-	55	279
National Certificate: Wholesale and Retail Generic Management	5	-	-	-	-	-	-	150	1	85	75	-	27	338
National Certificate: Informal and Small Business Practice	3	-	-	-	-	-	-	-	31	23	64	154	265	537
National Certificate: Wholesale and Retail Stock Control in a distribution centre	3	-	-	-	-	-	-	-	-	1	20	78	8	107
General Education and Training Certificate: Adult Basic Education and Training	1	-	-	-	-	-	-	-	-	13	110	234	192	549
National Certificate in Management	3	-	-	-	-	-	-	-	2	-	-	-	-	2
National Certificate: Service Station Operations	2	-	-	-	-	-	-	-	27	-	-	2	35	64
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
<b>Total</b>		<b>109</b>	<b>572</b>	<b>168</b>	<b>786</b>	<b>1920</b>	<b>488</b>	<b>3710</b>	<b>2505</b>	<b>841</b>	<b>2384</b>	<b>1994</b>	<b>1766</b>	<b>17243</b>

## 1.4 ACRONYMS AND ABBREVIATIONS

ACRONYM	MEANING
AET	Adult Education and Training
AQP	Assessment Quality Partner
ATR	Annual Training Report
CBO	Community-based Organisations
CEO	Chief Executive Officer
DHET	Department of Higher Education and Training
FMCG	Fast-moving Consumer Goods
GIBS	Gordon Institute of Business Science
HET	Higher Education and Training
ILDIP	International Learnership Development Programme
ISDF	Independent Skills Development Facilitator
NGO	Non-governmental Organisations
NQF	National Qualifications Framework
NSDS	National Skills Development Strategy
NSFAS	National Student Financial Aid Scheme
NVC	New Venture Creation

ACRONYM	MEANING
PFMA	Public Finance Management Act
PIVOTAL	Professional Vocational Technical and Academic Learning
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
SETA	Sector Education and Training Authority
SLO	Sector Liaison Officer
SME	Small and Micro Enterprises
SMME	Small, Medium and Micro Enterprise
SOE	School of Excellence
SSP	Sector Skills Plan
TVET	Technical Vocation Education and Training
W&R	Wholesale and Retail
W&RSETA	Wholesale and Retail Sector Education and Training Authority

## 1.5 STRATEGIC OVERVIEW

### Vision

To be the leader in skills development in the country.

### Mission

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

### 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

### Organisational Values

- We place high value in the members of the W&RSETA team.
- We continually treat each other with dignity and respect.
- We support each other in action, word and behaviour.
- We epitomise strong ethics, integrity and trustworthiness.
- We care for each other and are sensitive about each other's 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 zealously co-responsible and accountable for the team's efforts.
- We 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 responsibility for the impact of our actions on the team.
- We positively affirm our confidence in each individual's ability to deliver excellently.
- We make time to regularly interact and reflect meaningfully on what is really important.
- We live the Batho Pele principles and periodically assess our stakeholders' satisfaction with our services.

### Legislative and Other Mandates

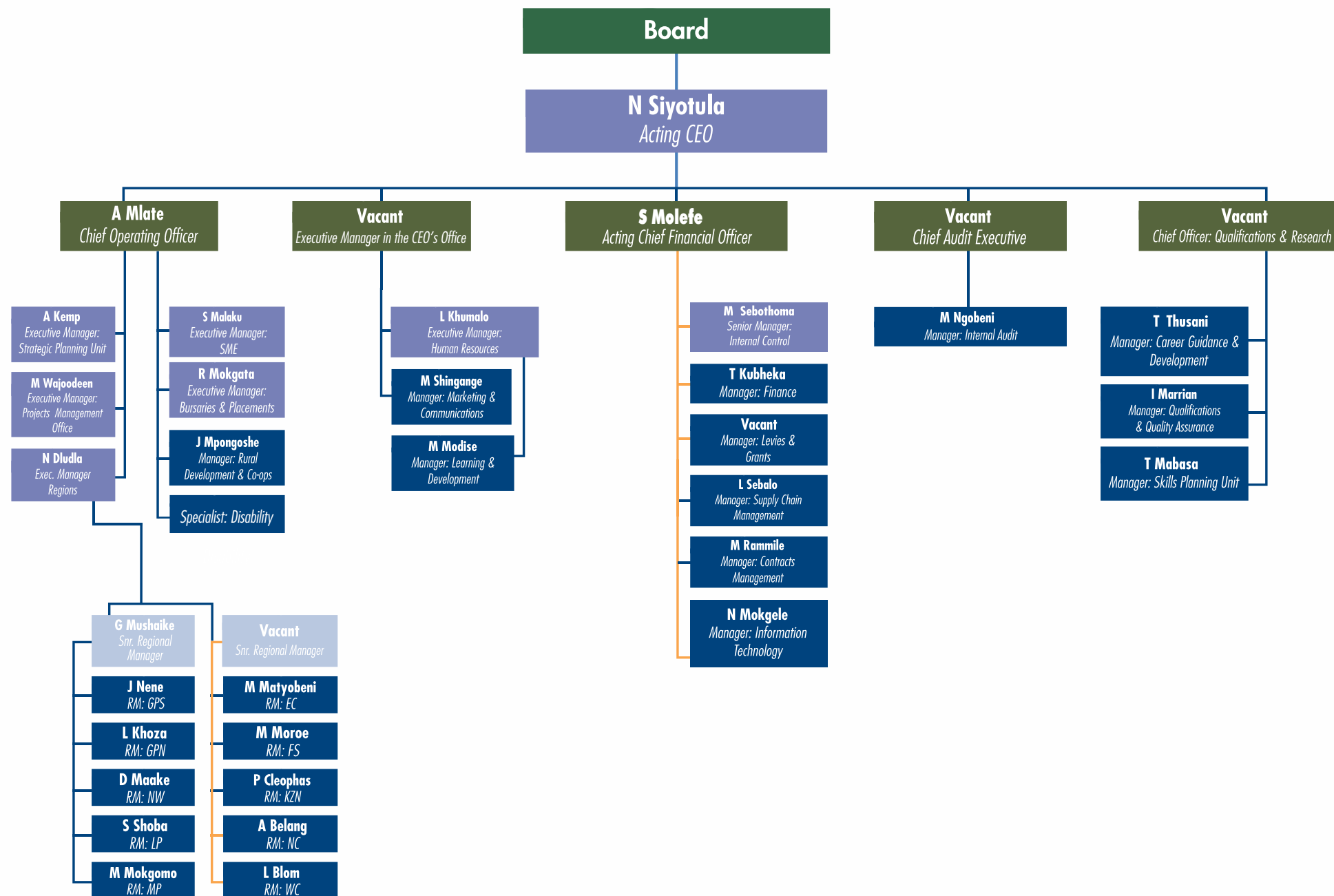
The Skills Development Act, 1998 (SDA) makes provision for the establishment of Sector Education and Training Authorities (SETAs) for each national economic sector as determined by the Minister in terms of Section 9 of the SDA.

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

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

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

## 1.6 ORGANISATIONAL STRUCTURE





## 1.7 CHAIRPERSON'S FOREWORD



### Performance of the W&RSETA

In the year under review, the W&RSETA obtained an Unqualified Audit Opinion from the Auditor-General South Africa (AGSA). This was achieved in spite of the W&RSETA having experienced various challenges during the year, including being placed under administration. Although the Unqualified Audit Opinion is welcome, the Board Members (the Board) will continue to commit itself to good governance principles and to ensure that management adheres to clean administration.

The W&RSETA achieved 40% against its annual performance targets for the year under review. This level of performance is a major concern for both the Board and Senior Management. In determining the reasons for the underperformance, it was

identified that the poor performance can be attributed to three main areas i.e. Human Resources issues, Systems and Processes. Senior Management together with the Board has committed to addressing the identified areas thereby improving the W&RSETA performance for the 2018/2019 Financial Year (FY). The 2016/2017 Audit Opinion was amended from Unqualified to a Qualified Audit Opinion by the AGSA, which was based on an erratum on omissions and errors in the previous year's Annual Report. The erratum is annexed hereto as an addendum.

### Financial Health

The W&RSETA as established as a legal entity on 20 March 2000 in terms of the Skills Development Act no. 97 of 1998, is a financially stable institution to deliver on its mandate. The current internal processes and systems are been reviewed as well as improved to support the W&RSETA in effectively delivering on its mandate and reporting thereof. The Board endeavours to maintain the clean administration including zero tolerance towards corruption, by inculcating a risk management culture and by strengthening the internal control environment.

### The W&RSETA National Footprint

The W&RSETA has a presence in the nine (9) provinces with two (2) Regional Offices in the Gauteng province, which is in addition to the Head Office. In its endeavour to service its stakeholders, the W&RSETA Board together with Senior Management, will empower the ten (10) Regional Offices with adequate resources and decision making authority (controlled) that will better service the Wholesale and Retail sector. The review of the Delegation of Authority (DoA) and adequate resourcing will assist in Government's Development Agenda, which is to prioritise skills development initiatives for Rural, Small Medium Micro Enterprises (SMME) and Cooperatives.

### Governance Issues

The W&RSETA has been through a very rocky ride over the past three to five years, receiving consecutive Qualified Audit Opinions from the AGSA, which led to the W&RSETA being placed under Administration during the 2016/2017 and 2017/2018 financial years. The Administration ended on 16 August 2017, resulting in the Board being reinstated until the 31 March 2018. The new Board was appointed by the Honourable Minister of Higher Education and Training as from 01 April 2018 to steer the W&RSETA. The Board together with myself are committed to ensuring that W&RSETA

## 1.7 CHAIRPERSON'S FOREWORD (CONTINUED)

performs optimally, adheres to governance requirements and continues to obtain clean audit opinions in years to come. I would also like to take this opportunity to thank the previous Board for their leadership and ensuring that the organisation continues to deliver on its mandate during the transition period.

### Way Forward

Taking the recent history of the W&RSETA into consideration, the Board has approved a turnaround strategy that will see the W&RSETA successfully and effectively deliver on its mandate thereby increasing on its achievement of the annual performance targets. It also envisaged that the turnaround strategy will restore the confidence of the sector's stakeholders in the W&RSETA.

### Conclusion

Our gratitude, as the Board goes to the Executive Authority, the Honourable Minister of Higher Education and Training, the Director General and staff of the Department of Higher Education and Training, the AGSA, the W&RSETA Audit Committee, the Acting Chief Executive Officer and her team, our esteemed stakeholders and various constituencies who deployed resources to serve on the Board, to ensure that the W&RSETA is governed effectively and efficiently for the benefit of the sector and the country at large.



**Ms Y Mbane**  
Chairperson

## 1.8 CEO'S OVERVIEW



International businessman and educator, Lucio Tan once said: 'Even the accomplished suffer setbacks sometimes. The more bitter the lessons, the greater the successes will be.'

The W&RSETA is leaving behind what I like to believe is a temporary detour on the road to ultimate NSDS success – it will take a little longer to reach the destination, but the end result will be the same, probably better.

We are shaking off the last particles of administration fallout and, whilst acknowledging our shortfalls, we are more concerned with redoubling our efforts to ensure superior service delivery to the Wholesale and Retail Sector and the continuation of effective skills initiatives.

I will go as far as to suggest that we are stronger now than we were in October 2016, when the administration came into effect. A jolt out of the status quo tends to do this to an individual or organisation. It prompts one to confront areas that can be improved and to take action that otherwise may have simmered on the backburner with no spark to ignite it.

### Financial overview

Revenue for the year under review increased by 14%, from R1.06 billion in 2016/17 to R1.2 billion. Of that, levy income remained unchanged at 91%. The total revenue received was 18% above the approved revenue budget of R1.02 billion. This is due to actual skills development levy income received of R1.1 billion, which was 11% above the approved budget of R990 million. In addition, actual interest received of R110 million was 217% above the approved budget of R35 million.

Expenditure increased by 42%, from R612 million in 2016/17 to R867 million, due to increased disbursement in Mandatory and Discretionary Grants. Mandatory Grants expenditure increased by 13%, from R166 million in the prior year to R187 million, whilst Discretionary Grants expenditure increased by 65%, from R331 million in the prior year to R546 million. The increase in expenditure resulted in the net surplus decreasing by 23%, from R448 million in 2016/17 to R344 million in the year under review.

Administration expenditure increased by 17%, from R115 million in 2016/17 to R134 million, remaining within the legislated 10.5% administration threshold.

Cash and cash equivalents at year-end were R2.1 billion, which was a 19% increase over the previous year's R1.8 billion. Increase in reserves led to a surplus retention application of R1.2 billion, as the commitments are at R801 million.

The 2017/18 Annual Financial Statements were prepared on the going-concern basis as an indication that the SETA is financially sound and viable.

### Constraints and challenges

The SETA's ability to certificate learners was a challenge for the financial year. However, with an increase in external moderators we will explore further ways of improving the efficiency of the certification process, which may include adopting a more automated approach for the entire certification process.

## 1.8 CEO'S OVERVIEW (CONTINUED)

The increase in the number of industry-funded projects may necessitate the appointment of dedicated personnel for certification of both industry-funded and W&RSETA-funded projects.

A lack of research capacity in black-owned research companies challenges the advancement of the research agenda that enables the SETA to respond effectively and efficiently to the needs of stakeholders, and that informs its interventions. Thus, we will encourage recruitment of reputable and experienced researchers to conduct thorough research on our behalf.

Participation of stakeholders in Sector Skills Plan sessions has dropped due to dissatisfaction relating to unresolved stakeholder queries. We are committed to addressing all these queries as stakeholder involvement is crucial in processes as important as SSP development.

Whilst we acknowledge that being placed under administration exacerbated our leadership instability and that some challenges persist, by and large, normality has been restored. The SETA is hard at work addressing strategic issues and ensuring the effective functioning of the organisation.

### Supply chain management

During the year under review, the Supply Chain Management Policy was reviewed by the Accounting Authority to ensure that it is aligned to National Treasury guidelines and instruction notes. It was subsequently approved as a suitable base on which to strengthening the organisation's governance and compliance. The demand management plan was approved and implementation started.

Irregular expenditure of R84 million was incurred, R42 million of which was related to non-compliance with Grant Regulations on the Annexure II process and R42 million associated with non-compliance with the Supply Chain Management Policy and Treasury Regulations. A committee has been established to investigate these cases.

### Performance

Conditions that negatively affected the W&RSETA's performance during the review year were as follows:

- Low spending on Discretionary and Mandatory Grants
- A complex delivery model that delays approval of projects;
- Misalignment of financial information with non-financial information due to non-spending of funds during the allocated financial year; and
- Outdated and fragmented information technology systems and processes.

The business process mapping project was finalised at the end of March 2018. The analysis of current processes was completed across all business units and all processes have been documented, reviewed and approved by the relevant business unit managers. The SETA will now focus on the development of a business case for the procurement of an Enterprise Resource Plan (ERP).

### Audit report matters: 2016/17

An audit action plan was developed and approved by the Accounting Authority to address internal control deficiencies identified by the internal and external auditors. The plan's progress was monitored by the Internal Control unit and monthly meetings were held to deal with interdependencies, with a view to ensuring that the internal control environment is strengthened throughout the organisation.

Management has committed to resolving the findings raised by internal and external audit.

### Looking to the future

With close to 78 000 enterprises to serve, we cannot afford to be complacent. And we are not.

We are monitoring trends affecting our sector, such as increasing strain on smaller businesses with the migration to the townships of the larger retail chains; technology advancements influencing consumer trends, such as online shopping, big data, social media, mobile applications and cybercrime; and increasing inroads being made by local players into Africa. All of these will affect the nature of skills development going forward.

## 1.8 CEO'S OVERVIEW (CONTINUED)

Among our immediate focuses is small enterprise development through partnerships with stakeholders that enable and facilitate skills development for SMMEs, including alternative approaches such as mentoring and coaching. Interventions are being explored to increase youth employment, including workplace experience and work readiness. Other pressing issues are transformation through access to bursaries, the creation of more opportunities for people with disabilities and greater emphasis on green skills.

I feel it appropriate here to share a snapshot of the tremendous results of the W&RSETA's efforts over the past 18 years, as it proves that, challenges notwithstanding, much can be done through dedication of committed individuals and focused teamwork with those who share the country's skills development vision.

Since inception, the SETA has disbursed more than R3 billion in Mandatory Grants and R2.8 billion in Discretionary Grants. It has developed 28 qualifications from NQF levels 1 to 6. More than 70 000 learners have been enrolled on learnerships, 290 senior executives have successfully completed the flagship International Leadership Development Programme and 1 738 middle managers have graduated from the Retail Management Development Programme. The KwaZulu-Natal Schools of Excellence initiative has been launched in partnership with TVET colleges and Durban University of Technology, and retail simulation centres set up at 8 TVET colleges. In addition, bursaries worth R415 million have been awarded to more than 12 000 TVET and university students, 46 MBA and 16 PhD students. Some 1 868 TVET college and 1 818 higher education and training graduates have benefited from work experience. And these are just some of the achievements that will go down as outstanding highlights in the history of the W&RSETA.

More important than notching up statistics, though, is making a real difference to the sector and its people. The W&RSETA has proved that it is concerned not only with governance issues and numbers, but genuinely cares about the welfare of all in its sphere, from its own team members – its most important stakeholders – to the employers and employees of the industries it serves. Staff who have benefited from personal and professional advancement; individuals whose careers have progressed through learnerships and other interventions; executives enriched and elevated to new corporate heights by the ILDP and people with disabilities who are now playing their part in the mainstream economy can all attest to that.

### Acknowledgements

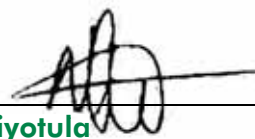
Given the challenges faced by the W&RSETA during the year under review and in preceding years, I extend my sincere gratitude to staff and management for their commitment and dedication to duty and for continuing to keep a watchful eye on the SETA's targets and objectives, and respecting the importance of achieving them. Although intermittent, the oversight of the former Board, under the leadership of Ms Pearl Maphoshe, has not gone unnoticed. The Board's contribution to ensuring sound governance in the SETA is appreciated.

The Director-General and the SETA coordination, and performance management teams from the DHET are also to be commended for their ongoing support and leadership, which enables the SETAs to fulfil their skills development mandates.

To all Wholesale and Retail Sector stakeholders and training institutions, your support is invaluable in our quest to realise our vision and mission. In spite of the prevailing challenges, you continued to upskill and educate the workforce and to open your doors to the unemployed.

The words of architect Richard Buckminster Fuller come to mind: 'You never change things by fighting the existing reality. To change something, build a new model that makes the existing model obsolete.'

Together, let us build a new model.



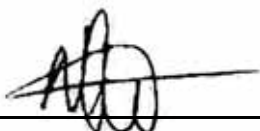
**Ms N Siyotula**  
**Acting Chief Executive Officer**

## 1.9 STATEMENT OF RESPONSIBILITY AND ACCURACY

### Statement of Responsibility and Confirmation of Accuracy of the Annual Report for the year ended 31 March 2018

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

- All information provided and amounts disclosed in the Annual Report are consistent with the Annual Financial Statements audited by the AGSA.
- The Annual Report is complete, accurate and is free from any omissions.
- The Annual Report has been prepared in accordance with guidelines on the Annual Report as issued by National Treasury.
- The Annual Financial Statements (Part E) have been prepared in accordance with the South African Standards of Generally Recognised Accounting Practice (SA GRAP), the requirements of the Public Finance Management Act of South Africa, 1999 (PFMA) and Skills Development Act, 1998 (SDA). The Accounting Authority is responsible for the preparation of the Annual Financial Statements and for the judgments made in this information.
- The Accounting Authority is responsible for establishing, and implementing a system of internal control that has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the Annual Financial Statements.
- The external auditors are engaged to express an independent opinion on the Annual Financial Statements.
- In our opinion, the Annual Report fairly reflects the operations, the performance information, the human resource information and financial affairs of the entity for the financial year ended 31 March 2018.



**Ms N Siyotula**  
Acting Chief Executive Officer



**Ms Y Mbane**  
Chairperson



# PART B

PERFORMANCE INFORMATION



## 2.1 PREDETERMINED OBJECTIVES

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The AGSA has conducted audit procedures on the performance information of the Wholesale and Retail Sector Education and Training Authority (W&RSETA) set out on page 15 to 33 for usefulness and reliability, compliance with laws and regulations and internal controls.

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

Refer to page 78 to 82 of the AGSA's Report, included in Part E: Financial Information.

## 2.2 STRATEGIC OUTCOME-ORIENTED GOALS

Performance against APP Targets and SLA NSDS III Targets in the Strategic Plan 2017/18

Programme1: Administration					
Purpose: To provide effective and efficient support functions within the organisation					
Programme Performance Indicator	Baseline (2016/17 Achievements)	Annual Target 2017/18	2017/18 Performance		
			Actual	Variance	Comments
Strategic Objective 1	Effective, well governed organisation with efficient use of resources				
An efficient and effective Automated Contracts Management System developed and approved by 31 March 2018	New Target	Contracts Management System developed and approved	Contracts Management System developed and approved	-	Achieved
An effective and efficient Contracts Management User Manual developed and approved by 31 March 2018	New Target	Contracts Management User Manual developed and approved	Contracts Management User Manual developed and approved	-	Achieved
A Training and Capacitation session conducted for all internal users on the use of Contracts Management User Manual by 31 March 2018	New Target	A Training and Capacitation session conducted for all internal users on the use of Contracts Management User Manual	Not Achieved	-	Not achieved  Training on the use of the Contracts Management User Manual will be completed in the 2018/19 financial year.
90% reduction of audit findings on SCM processes and activities by 31 March 2018	New Target	90% Reduction of audit findings on SCM processes and activities	50%	-50%	Not achieved  6 out of 12 findings on SCM processes raised in the 2016/17 Management Report were resolved by 31 March 2018. The rest of the findings (6) were not resolved due to their recurrence within the entire population of transactions (e.g. a Tender not finalised within 90 days). An Action Plan has been put in place to address the control deficiencies.

## 2.2 STRATEGIC OUTCOME-ORIENTED GOALS (CONTINUED)

Programme1: Administration					
Purpose: To provide effective and efficient support functions within the organisation					
Programme Performance Indicator	Baseline (2016/17 Achievements)	Annual Target 2017/18	2017/18 Performance		
			Actual	Variance	Comments
Strategic Objective 1	Effective, well governed organisation with efficient use of resources				
10% Increased achievement of the Annual Performance Plan by 31 March 2018	New Target	10% Increased Achievement of the Annual Performance Plan	Not Achieved	-	Not achieved  The W&RSETA planned to achieve an increase of 10% for the 2017/18 FY with anticipated results of 88%. The performance results for 2017/18 are at 40%, 48 points below the planned target. The W&RSETA has identified key areas for development as part of its action plan for improvement
Organisational Succession Plan developed and approved by 31 March 2018	New Target	Organisational Succession Plan developed and approved by 31 March 2018	Not achieved	-	Not achieved  Part 1 of the policy development process was conducted viz. research and drafting of the policy. Part 2 of the policy process (viz. approval) could not be completed due to changes in the Governance Structure of the W&RSETA (AA).
75% Satisfaction rate indicated by W&RSETA employees in Employee Satisfaction Survey conducted by 31 March 2018	New Target	75% Satisfaction rate indicated by W&RSETA employees in Employee Satisfaction Survey conducted	Not achieved	-	Not achieved  The survey was conducted in November 2017; however the target was not achieved. An action plan will be developed and implemented in 2018/19 to address key issues identified from the survey results.

## 2.2 STRATEGIC OUTCOME-ORIENTED GOALS (CONTINUED)

<b>Programme 1: Administration</b> <b>Purpose: To provide effective and efficient support functions within the organisation</b>					
Programme Performance Indicator	Baseline (2016/17 Achievements)	Annual Target 2017/18	2017/18 Performance		
			Actual	Variance	Comments
Unqualified Audit obtained during the financial year 01 April 2017 to 31 March 2018	New Target	Unqualified Audit	Achieved	-	Audit Report received on the 31st July with an unqualified Audit opinion
80% Compliance to DPSA ICT Corporate Governance Framework achieved during compliance audit by 31 March 2018	New Target	80% Compliance to ICT governance framework	Not achieved	-	Not achieved  Compliance to the DPSA Governance Framework could not be measured since IT audits were not performed during the period under review.
65% Integration of all IT systems by 31 March 2018	New Target	65% Integration of ICT systems	75%	10%	Achieved  The organisation has 4 systems viz. Dynamics AX, Indicum, PPO and FlowCentric. The W&RSETA successfully integrated PPO, Dynamics AX and Indicum systems. The final integration, that will include Flow Centric, will be conducted in 2018/19.
<b>Strategic Objective 2</b>	<b>Effective and Efficient organisational system</b>				
10 Organisational Systems and Processes automated by 31 March 2018	New Target	Automation of 10 Organisational Systems and Processes	0	-10	Not achieved  The target was not achieved since some of the systems to be automated did not have documented processes. A business process mapping exercise was conducted; and it entailed documentation of all processes across the business units that need to be automated. Automation to be finalised in 2018/19.

## 2.2 STRATEGIC OUTCOME-ORIENTED GOALS (CONTINUED)

Programme1: Administration					
Purpose: To provide effective and efficient support functions within the organisation					
Programme Performance Indicator	Baseline (2016/17 Achievements)	Annual Target 2017/18	2017/18 Performance		
			Actual	Variance	Comments
Strategic Objective 2	Effective and Efficient organisational system				
10 newsletters published during the financial year 01 April 2017 - 31 March 2018	New Target	10 Newsletters published	10	0	Achieved
10 Participations in exhibitions, conferences and trade related expositions organised by constituent organisations, DHET and other relevant stakeholders during the financial year April 2017 to 31 March 2018	New Target	10 Participations in exhibitions, conferences and trade related expositions organised by constituent organisations, DHET and other relevant stakeholders	7	-3	Not achieved  This target was not achieved due to misalignment between the target implementation plan and the reporting requirements. The target implementation plan counted performance based on the number of days attended per event; whereas reporting requirements count participation to an event as a single achievement. The misalignment has been addressed in the 2018/19 implementation plan
1 stakeholder recognition initiative implemented by 31 March 2018	New Target	1 stakeholder recognition initiative implemented by March 2018	0	-1	Not achieved  This target was not achieved due to the Awards ceremony being deferred to the next financial year.
Strategic Objective 3 NSDS III Outcome 4.1.1	Efficient Grant System				
6 000 Levy paying compliant companies benefit from Mandatory Grants during the financial year 01 April 2017 to 31 March 2018	5 179	6 000 levy paying companies paid mandatory grants by March 2018	4947	-1053	Not achieved  Small companies submitted Annexure I documents which were non-compliant and they had to be rejected.



## 2.2 STRATEGIC OUTCOME-ORIENTED GOALS (CONTINUED)

Programme1: Administration					
Purpose: To provide effective and efficient support functions within the organisation					
Programme Performance Indicator	Baseline (2016/17 Achievements)	Annual Target 2017/18	2017/18 Performance		
			Actual	Variance	Comments
Strategic Objective 4	Effective Monitoring and Evaluation System				
An effective and efficient monitoring and evaluation system that ensures the integrity of the SETA's performance information is implemented during the financial year 01 April 2017 to 31 March 2018	New Target	Zero findings on quarterly performance information reports by 31 March 2018	Zero findings on 2 out of 4 performance reports.	-	Not achieved  The performance results are based on validation results of the SETA's Quarter 1 and Quarter 2 reports. Performance Results for Quarter 3 and 4 were not available by end of financial year as the validation for these Quarters had not taken place at that time.
Programme 2: Research and Skills Planning					
Purpose: To produce a credible Sector Skills Plan through comprehensive research that represents the dynamics of the sector and accurately identifies skills shortages.					
Programme Performance Indicator	Baseline (2016/17 Achievements)	Annual Target 2017/18	2017/18 Performance		
			Actual	Variance	Comments
Strategic Objective 5 NSDS III Outcome 4.1.1	A consultative, quality and relevant SSP is developed and approved				
800 stakeholders consulted annually across all sub-sectors in all regions by 31 October 2018	New Target	800 stakeholders consulted annually across all sub-sectors in all regions	1036	236	Achieved  The reason for over achieving is that the Skills Planning and Research (SP&R) unit changed the approach and strategy to include the SME roadshows and shared the SSP questionnaires with the stakeholders. This contributed in more stakeholders being consulted.

## 2.2 STRATEGIC OUTCOME-ORIENTED GOALS (CONTINUED)

Programme 2: Research and Skills Planning Purpose: To produce a credible Sector Skills Plan through comprehensive research that represents the dynamics of the sector and accurately identifies skills shortages.					
Programme Performance Indicator	Baseline (2016/17 Achievements)	Annual Target 2017/18	2017/18 Performance		
			Actual	Variance	Comments
Strategic Objective 5 NSDS III Outcome 4.1.1	A consultative, quality and relevant SSP is developed and approved				
A minimum of 60% satisfaction rating achieved in the stakeholder survey conducted on the consultative process and outcomes of the Sector Skills Plan by 31 March 2018	New Target	60% satisfaction rating on returned questionnaires	65%	5%	Achieved  The survey was sent to all attendees of the SSP stakeholder workshop. We received 78 questioners back and 64.6% have confirmed satisfaction.
Strategic Objective 6 NSDS III Outcome 4.1.1	Robust research methodology reflective of different sub-sectors				
4 research studies, focusing on wholesale and retail subsectors, conducted and completed by 31 March 2018	4	4 research studies, conducted and completed by 31 March 2018	4	0	Achieved
Strategic Objective 7 NSDS III Outcome 4.1.1	Strategy to increase participation of small, medium and large companies in the Skills Planning Process				
5 698 Small organisations are assisted with the Skills Planning Process by W&RSETA ISDFs and/ or Skills Development Facilitators and submit Annexure 2 documents during the period 01 April 2017 to 31 March 2018	4884	5 698	5789	91	Achieved  This target was overachieved, due to increased participation by small organisations.

## 2.2 STRATEGIC OUTCOME-ORIENTED GOALS (CONTINUED)

Programme 2: Research and Skills Planning Purpose: To produce a credible Sector Skills Plan through comprehensive research that represents the dynamics of the sector and accurately identifies skills shortages.					
Programme Performance Indicator	Baseline (2016/17 Achievements)	Annual Target 2017/18	2017/18 Performance		
			Actual	Variance	Comments
Strategic Objective 7 NSDS III Outcome 4.1.1	Strategy to increase participation of small, medium and large companies in the Skills Planning Process				
1 302 Medium organisations are assisted with the Skills Planning Process by W&RSETA ISDFs and/or Skills Development Facilitators and submit Annexure 2 documents during the period 01 April 2017 to 31 March 2018	1 116	1 302	1380	78	Achieved  This target was overachieved, due to increased participation by medium organisations.
550 Large organisations are assisted with the Skills Planning Process by W&RSETA ISDFs and/or Skills Development Facilitators and submit Annexure 2 documents during the period 01 April 2017 to 31 March 2018	489	550	600	50	Achieved  This target was overachieved, due to increased participation by large organisations.

## 2.2 STRATEGIC OUTCOME-ORIENTED GOALS (CONTINUED)

Programme 3: Learning Programme and Projects (Inclusive of Pivotal Programme, Bursaries and Placement, Co-ops, SME's, NGO/NPO and critical skills development and partnership).						
Purposes: To facilitate and manage the implementation of learning programmes and support improved entry to priority programmes						
Programme Performance Indicator	Baseline (2016/17 Achievements)	Annual Target 2017/18	2017/18 Performance			
			Actual	Variance	Comments	
Strategic Objective 8 NSDS III Outcomes 4.2.1; 4.2.3; 4.5.1	Programmes to address Scarce and Critical Skills needs are implemented					
Employed (18.1) Unemployed (18.2) learners registered and Certificated on NQF 2 to 5 learnership programmes addressing Wholesale and Retail Scarce Skills as identified in SSP during the period 01 April 2017 to 31 March 2018	<b>Registered</b> 2 800	Employed: 2000	(18.1)	2191	(18.1) 191	Achieved This target was overachieved due to the high demand for 18.1 & 18.2 learnerships by the W&R sector
	<b>Certificated</b> 1 680	Unemployed: 2100	(18.2)	2479	(18.2) 379	Achieved This target was overachieved due to the high demand for 18.1 & 18.2 learnerships by the W&R sector.
		Employed: 1200	(18.1)	569	(18.1) - 631	Not achieved The target was not achieved due to delayed project approval and delayed contracting which resulted in the late start of project.
		Unemployed: 1200	(18.2)	709	(18.2) - 491	Not achieved Delays in the finalisation of external moderation and non-availability of certificate signatories during the financial year.

## 2.2 STRATEGIC OUTCOME-ORIENTED GOALS (CONTINUED)

Programme 3: Learning Programme and Projects (Inclusive of Pivotal Programme, Bursaries and Placement, Co-ops, SME's, NGO/NPO and critical skills development and partnership).						
Purposes: To facilitate and manage the implementation of learning programmes and support improved entry to priority programmes						
Programme Performance Indicator	Baseline (2016/17 Achievements)	Annual Target 2017/18	2017/18 Performance			
			Actual	Variance	Comments	
Strategic Objective 8 NSDS III Outcomes 4.2.1; 4.2.3; 4.5.1	Programmes to address Scarce and Critical Skills needs are implemented					
Employed and Unemployed learners registered and Certificated on NQF 2-5 skills programmes addressing Wholesale and Retail Scarce Skills Occupations as identified in the Sector Skills Plan during the financial year 01 April 2017 to 31 March 2018	New Target	Employed 1000	(18.1)	657	(18.1) - 343	Not achieved Due to the delays in communication and the delay due to process inter dependencies this target could not be achieved.
		Unemployed 500	(18.2)	123	(18.2) - 377	Not Achieved Due to the delays in communication and the delay due to process inter dependencies this target could not be achieved.
		Employed 800	(18.1)	613	(18.1) -187	Not achieved This target was not achieved due to delays in the finalisation of external moderation and an issue of delegations in terms of signing powers in the absence of a CEO who was not appointed at the time as required by the QCTO.
		Unemployed 400	(18.2)	354	(18.2) - 46	Not achieved This target was not achieved due to delays in the finalisation of external moderation and delays in the issuing of certificates was due to an issue of delegations in terms of signing powers in the absence of a CEO who was not appointed at time as required by the QCTO.

## 2.2 STRATEGIC OUTCOME-ORIENTED GOALS (CONTINUED)

Programme 3: Learning Programme and Projects (Inclusive of Pivotal Programme, Bursaries and Placement, Co-ops, SME's, NGO/NPO and critical skills development and partnership).					
Purposes: To facilitate and manage the implementation of learning programmes and support improved entry to priority programmes					
Programme Performance Indicator	Baseline (2016/17 Achievements)	Annual Target 2017/18	2017/18 Performance		
			Actual	Variance	Comments
Strategic Objective 8 NSDS III Outcomes 4.2.1; 4.2.3; 4.5.1	Programmes to address Scarce and Critical Skills needs are implemented				
Employed learners registered and Certificated on RPL Learning programmes during the financial year 01 April 2017 to 31 March 2018	<b>Registered</b> 300	300	68	-232	Not achieved This target was not achieved due to delayed approval of projects and delayed contracting as a result of limited resources in the Contracts Management Unit (CMU)
	<b>Certificated</b> 150	250	292	42	Achieved This target was overachieved as it measures completions that include RPL learners who registered in prior years and completed in 2017/18.
Employed learners are registered in programmes addressing critical skills as identified in the SSP during the period 01 April 2017 to March 2020	500	1 000	20	-980	Not achieved Reasons for non-achievement include late start of project; delayed approval of projects; and delayed contracting due to capacity in the CMU
Unemployed bursars registered at TVET Colleges and/or HETIs during the financial year 01 April 2017 to 31 March 2018	<b>TVET</b> 800 <b>HETI</b> 938	3 000	119	-2 881	Not achieved This targets were not achieved due to the late initiation of bursary project which resulted in late decision, advertising and evaluation of bursary applications. Lack of resources also impacted on the target performance.

## 2.2 STRATEGIC OUTCOME-ORIENTED GOALS (CONTINUED)

Programme 3: Learning Programme and Projects (Inclusive of Pivotal Programme, Bursaries and Placement, Co-ops, SME's, NGO/NPO and critical skills development and partnership). Purposes: To facilitate and manage the implementation of learning programmes and support improved entry to priority programmes					
Programme Performance Indicator	Baseline (2016/17 Achievements)	Annual Target 2017/18	2017/18 Performance		
			Actual	Variance	Comments
Strategic Objective 8 NSDS III Outcomes 4.2.1; 4.2.3; 4.5.1	Programmes to address Scarce and Critical Skills needs are implemented				
300 learners registered and 180 learners certificated in Learnerships and/or Apprenticeships addressing Wholesale and Retail Scarce Skills artisan occupations as identified in the SSP during the financial year 01 April 2017 to 31 March 2018	Registered 650	300	360	60	Achieved This target was overachieved as there was high demand for Artisan training in the W&R sector.
	Certificated 192	180	33	-147	Not achieved This target was not achieved due to delays with submission of completion certificates for programmes that belong to other SETAs.
Strategic Objective 9 NSDS III Outcome 4.5.1	The Academic Excellence Programme				
Employed learners registered and certificated on MBA/Masters or Doctoral degrees at HETIs during the financial year 01 April 2017 to 31 March 2018	Registered 4	25	0	-25	Not achieved This target was not achieved due to late initiation of project which resulted in late advertising and evaluation of bursary applications.
	Certificated 0	12	0	-12	Not achieved This target was not achieved due to late initiation of project which resulted in late advertising and evaluation of bursary applications.
Employed students registered and certificated in programmes in Wholesale and Retail Scarce Skills at HETIs during the financial year 01 April 2017 to 31 March 2018	Registered 1 075	Registered 1 200	Registered 57	Registered-1143	Not achieved The target was not achieved due to late initiation of project which resulted in late advertising and evaluation of bursary applications.
	Certificated 750	Certificated 840	Certificated 331	Certificated-509	Not achieved The target was not achieved due to delays with the submission of completion results to the W&RSETA by its partner institutions.



## 2.2 STRATEGIC OUTCOME-ORIENTED GOALS (CONTINUED)

Programme 3: Learning Programme and Projects (Inclusive of Pivotal Programme, Bursaries and Placement, Co-ops, SME's, NGO/NPO and critical skills development and partnership). Purposes: To facilitate and manage the implementation of learning programmes and support improved entry to priority programmes					
Programme Performance Indicator	Baseline (2016/17 Achievements)	Annual Target 2017/18	2017/18 Performance		
			Actual	Variance	Comments
Strategic Objective 10 NSDS III Outcome 4.4.1	Workplace exposure				
Graduates from TVET Colleges and HETI placed and complete workplace experience in the period 01 April 2017 to 31 March 2018	<b>Placed</b> TVET: 1 000 HETI: 1 000	2000 2000	4 103	-1996 -1897	Not achieved These targets were not achieved due to lack of resources and late initiation of project which resulted in late advertising and evaluation of Graduate Placement Applications.
1. 4 000 Placed	<b>Complete</b> TVET: 600 HETI: 600	1200 1200	0 1	-1200 -1199	Not achieved These targets were not achieved due to delays with the submission of completion results to the W&RSETA by its partner institutions.
2. 2 400 Completed					
Strategic Objective 11 NSDS III Outcome 4.4.1	Internship Programme				
Interns from TVET Colleges and/or HETIs placed and complete their internship programme during the financial year 01 April 2017 to 31 March 2018	<b>Placed</b> 300	350	18	-332	Not achieved The target was not achieved due changes in the PIVOTAL process as well as the Funding Allocation Model which had unintended consequences
	<b>Complete</b> 300	245	21	-224	Not achieved The target was not achieved due changes in the PIVOTAL process as well as the Funding Allocation Model which had unintended consequences

## 2.2 STRATEGIC OUTCOME-ORIENTED GOALS (CONTINUED)

**Programme 3: Learning Programme and Projects (Inclusive of Pivotal Programme, Bursaries and Placement, Co-ops, SME's, NGO/NPO and critical skills development and partnership).**

**Purposes: To facilitate and manage the implementation of learning programmes and support improved entry to priority programmes**

Programme Performance Indicator	Baseline (2016/17 Achievements)	Annual Target 2017/18	2017/18 Performance		
			Actual	Variance	Comments
Strategic Objective 12 NSDS III Outcome 4.5.1	Strategic projects developed to deliver scarce and critical skills to effect transformation and access in the wholesale and retail sector				
Unemployed learners from Rural Areas registered and certificated on Learnerships during the financial year 01 April 2017 to 31 March 2018	<b>Registered</b> 500	500	150	-350	Not achieved due to process inter-dependencies.
	<b>Complete</b> 250	250	334	84	Achieved This target was overachieved due to the measures adopted by the Rural Development Unit to ensure increased throughput in their learning interventions.
1 500 informal businesses participate in W&RSETA business upliftment skills development projects during the financial year 01 April 2017 to 31 March 2018	1 500	1 500	1466	-34	Not achieved This target was not achieved due to the uploads of learner registers not completed by 31st March 2018.
20 Cooperatives participate in W&RSETA upliftment initiatives to address the Cooperatives skills development needs during the financial year 01 April to 31 March 2018	20	20	0	-20	Not achieved due to process inter-dependencies.
9 NGO/CBOs participate in W&RSETA upliftment initiatives to address the NGO/CBO skills development needs during the financial year 01 April 2017 to 31 March 2018	9	9	0	-9	Not achieved This target was not achieved due to delayed approval of project established to implement target

## 2.2 STRATEGIC OUTCOME-ORIENTED GOALS (CONTINUED)

Programme 3: Learning Programme and Projects (Inclusive of Pivotal Programme, Bursaries and Placement, Co-ops, SME's, NGO/NPO and critical skills development and partnership). Purposes: To facilitate and manage the implementation of learning programmes and support improved entry to priority programmes					
Programme Performance Indicator	Baseline (2016/17 Achievements)	Annual Target 2017/18	2017/18 Performance		
			Actual	Variance	Comments
Strategic Objective 12 NSDS III Outcome 4.5.1	Strategic projects developed to deliver scarce and critical skills to effect transformation and access in the wholesale and retail sector				
5 Trade Union members/officials from 5 Trade Unions trained and certificated on programmes that address Trade Union skills needs during the financial year 01 April 2017 to 31 March 2018	<b>Trained</b> 1 000	5	0	-5	Not achieved This targets were not achieved due to process inter-dependencies.
	<b>Certificated</b> 400	5	0	-5	Not achieved This targets were not achieved due to process inter-dependencies
3 500 SMME companies benefit from Skills Development initiatives during the period 01 April 2017 to 31 March 2018	3 500	3 500	0	-3500	Not achieved The targets were not achieved due changes in the PIVOTAL process as well as the Funding Allocation Model which had unintended consequences.
500 Employed and unemployed learners registered and 200 employed and unemployed learners certificated on NQF 1 (AET) Qualification/ Learnership during the financial year 01 April 2017 to 31 March 2018	<b>Registered</b> 500	500	293	-207	Not achieved Due to the delays in communication and the delay due to process inter-dependencies this target could not be achieved.
	<b>Certificated</b> 200	200	9	-191	Not achieved The AET Registration Target was not met in the previous financial year therefore the completion target could not be met in 2017/18.

## 2.2 STRATEGIC OUTCOME-ORIENTED GOALS (CONTINUED)

Programme 3: Learning Programme and Projects (Inclusive of Pivotal Programme, Bursaries and Placement, Co-ops, SME's, NGO/NPO and critical skills development and partnership).					
Purposes: To facilitate and manage the implementation of learning programmes and support improved entry to priority programmes					
Programme Performance Indicator	Baseline (2016/17 Achievements)	Annual Target 2017/18	2017/18 Performance		
			Actual	Variance	Comments
Strategic Objective 13 NSDS III Outcome 4.3.2	Strategy to develop new growth and niche areas				
2 Qualifications updated to include green economy areas identified in the SSP for the W&R sector and submitted to QCTO by March 2018	0	2	0	-2	Not achieved Due to delays with the conclusion of SCM processes related to the appointment of a qualification development facilitator (QDF).
Strategic Objective 14 NSDS III Outcome 4.3.2	Formal agreements with strategic partners				
1 Chair of Retail is appointed within a HETI during the financial year 01 April 2017 to 31 March 2018	0	1	1	0	Achieved
Establish 4 Schools of Excellence (SOE's) in TVET colleges by 31 March 2018	4	4	5	1	Achieved This target was overachieved due to the increased number of TVET colleges that met the required criteria.
Expand the delivery of Wholesale & Retail Qualifications to TVET Colleges by awarding Extension of scope to 9 TVET Colleges during the financial year 01 April 2017 to 31 March 2018	9	9	9	0	Achieved

## 2.2 STRATEGIC OUTCOME-ORIENTED GOALS (CONTINUED)

Programme 3: Learning Programme and Projects (Inclusive of Pivotal Programme, Bursaries and Placement, Co-ops, SME's, NGO/NPO and critical skills development and partnership). Purposes: To facilitate and manage the implementation of learning programmes and support improved entry to priority programmes					
Programme Performance Indicator	Baseline (2016/17 Achievements)	Annual Target 2017/18	2017/18 Performance		
			Actual	Variance	Comments
Strategic Objective 14 NSDS III Outcome 4.3.2	Formal agreements with strategic partners				
1 Wholesale and Retail Academy established at an HET Institution during the financial year 01 April 2017 to 31 March 2018	1	1	1	0	Achieved
Strategic Objective 15 NSDS III Outcome 4.8.1	Develop and implement a seamless integrated Career Guidance Strategy				
100 Schools supported with career guides and initiatives implemented during the financial year 01 April 2017 to 31 March 2018	100	100	147 Career guidance events events with 1 789 Schools attending	1 689 Schools	Achieved The target was overachieved due to the increased number of invitations to host or participate in career guidance events.
Life Orientation lecturers participate and complete lecturer capacitation programmes during the financial year 01 April 2017 to 31 March 2018	Participate 18	30	Participate 38	8	Achieved This targets were overachieved due to the high interest shown by lecturers on the programme.
	Complete 10	20	Complete 0	-20	Not achieved No certificates were issued for the capacitation programme as this was not a formal programme.

## 2.2 STRATEGIC OUTCOME-ORIENTED GOALS (CONTINUED)

Programme 4: Quality Assurance. Purpose: To ensure the quality of learning delivered as well as capacitate Training Providers and TVET Lecturers					
Programme Performance Indicator	Baseline (2016/17 Achievements)	Annual Target 2017/18	2017/18 Performance		
			Actual	Variance	Comments
Strategic Objective 16 NSDS III Outcome 4.3.2	Effective transformation strategy to ensure a qualified and responsive provider base				
20 Training Practitioners are capacitated on the NVC level 3 and 4 subjects during the financial year 01 April 2017 to 31 March 2018	New Target	20	34	14	Achieved This target was overachieved due to the interest shown by TVET Lecturers towards participation in the programme. The project also achieved 85% throughput with 29 out of 34 lecturers completing the programme.
10 practitioners from small and HDI owned accredited W&RSETA providers are capacitated on practioner development programmes by 31 March 2018	New Target	10	10	0	Achieved

## 2.2 STRATEGIC OUTCOME-ORIENTED GOALS (CONTINUED)

Programme 4: Quality Assurance. Purpose: To ensure the quality of learning delivered as well as capacitate Training Providers and TVET Lecturers					
Programme Performance Indicator	Baseline (2016/17 Achievements)	Annual Target 2017/18	2017/18 Performance		
			Actual	Variance	Comments
Strategic Objective 16 NSDS III Outcome 4.3.2	Effective transformation strategy to ensure a qualified and responsive provider base				
2 Training Providers based in Rural Areas supported to obtain accreditation for sector responsive programmes during the financial year 01 April 2017 to 31 March 2018	New Target	2	2	0	Achieved
2 Training Providers supported to facilitate RPL during the financial year 01 April 2017 to 31 March 2018	New Target	2	2	0	Achieved



## 2.2 STRATEGIC OUTCOME-ORIENTED GOALS (CONTINUED)

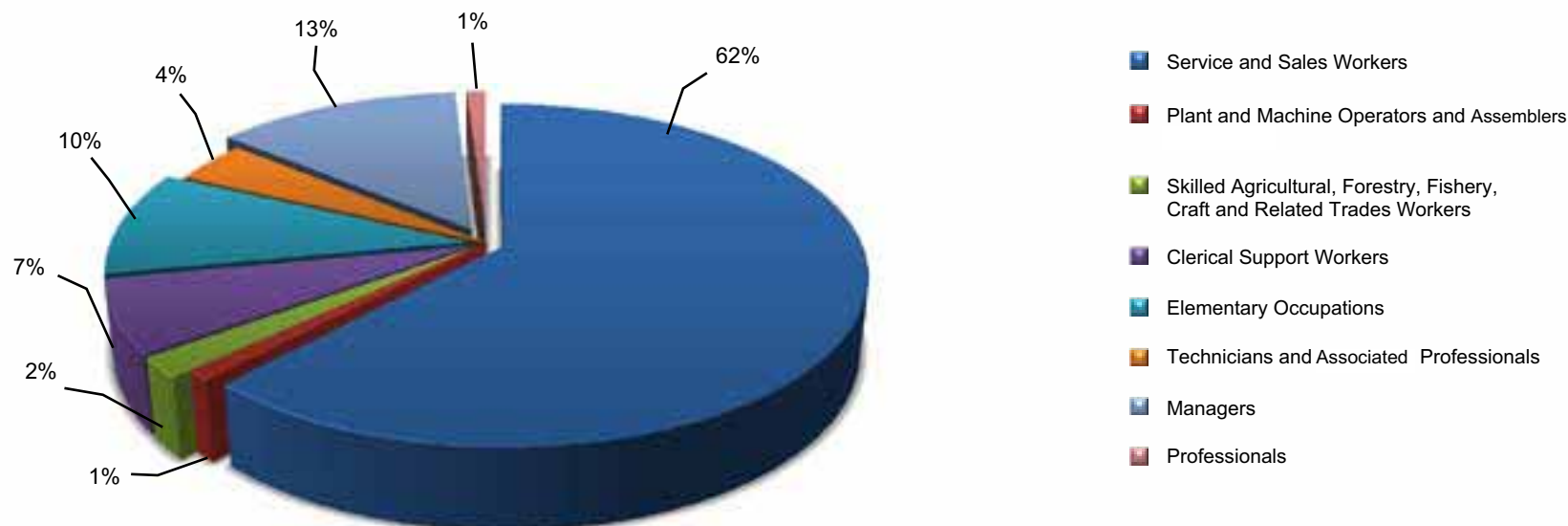
Programme 4: Quality Assurance. Purpose: To ensure the quality of learning delivered as well as capacitate Training Providers and TVET Lecturers					
Programme Performance Indicator	Baseline (2016/17 Achievements)	Annual Target 2017/18	2017/18 Performance		
			Actual	Variance	Comments
Strategic Objective 16 NSDS III Outcome 4.3.2	Effective transformation strategy to ensure a qualified and responsive provider base				
5 emerging Training Providers supported to gain access in providing training within the W&R Sector during the financial year 01 April 2017 to 31 March 2018	New Target	5	6	1	Achieved  This target was overachieved due to the interest shown by the emerging Training Providers towards participation in the programme
1 Assessment Centre as recommended by the W&RSETA for accreditation by the QCTO by 31 March 2018	New Target	1	1	0	Achieved

## 2.3 PERFORMANCE OVERSIGHT STATISTICS

### Number of people trained per occupational class for 2017/18

Occupational class	Number of people trained
Managers	205 985
Professionals	23 677
Technicians and Associated Professionals	62 779
Clerical Support Workers	110 756
Service And Sales Workers	1 015 586
Skilled Agricultural, Forestry, Fishery, Craft And Related Trades Workers	35 957
Plant And Machine Operators And Assemblers	16 210
Elementary Occupations	164 744
Other	1 687
<b>Grand Total</b>	<b>1 637 381</b>

### Number of people trained

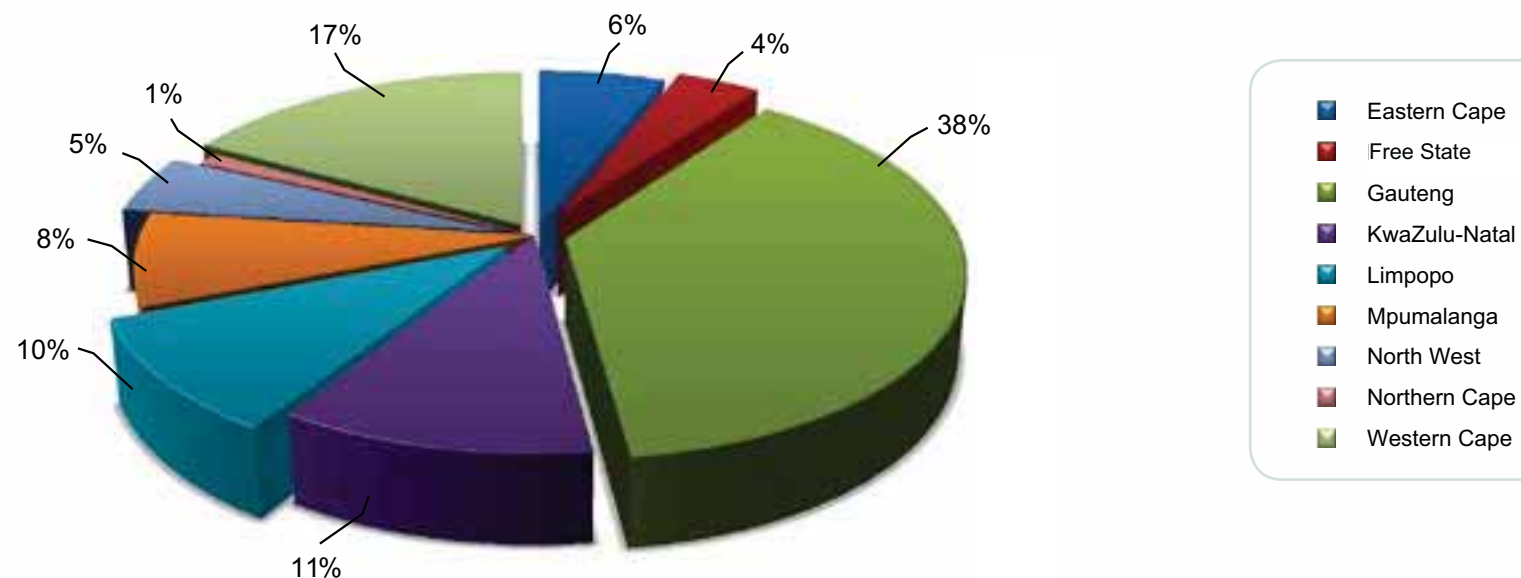


## 2.3 PERFORMANCE OVERSIGHT STATISTICS (CONTINUED)

### Number of people trained per region for 2017/18

Region	Number of people trained
Eastern Cape	97 412
Free State	67 493
Gauteng	621 088
KwaZulu-Natal	181 239
Limpopo	155 180
Mpumalanga	131 013
North West	86 167
Northern Cape	21 410
Western Cape	276379
<b>Grand Total</b>	<b>1 637 381</b>

### Number of people trained

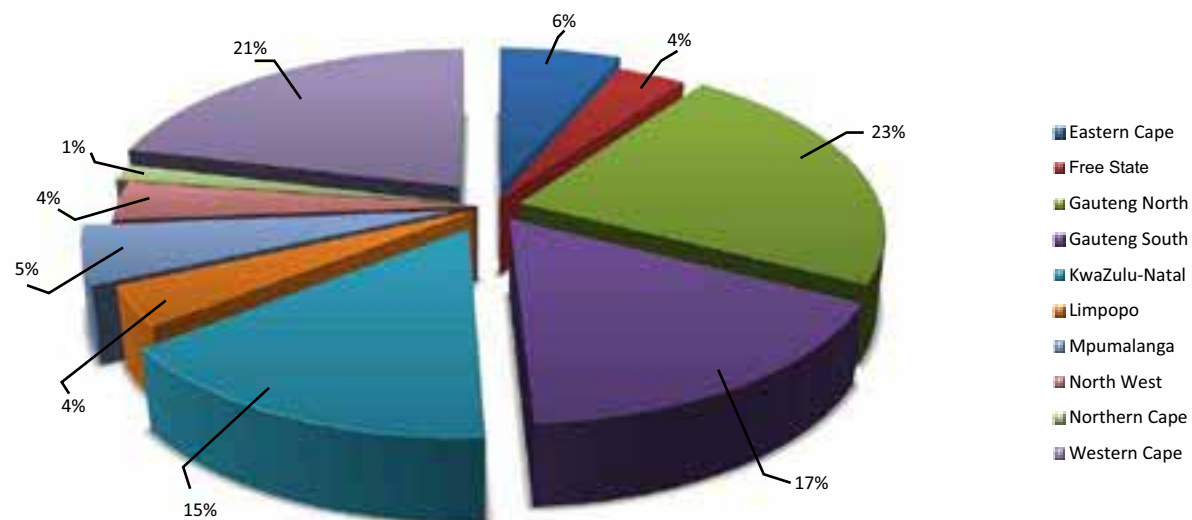


## 2.3 PERFORMANCE OVERSIGHT STATISTICS (CONTINUED)

### Number of levy paying companies per region for 2017/18

Organisation regions	Small (0-49)	Large (150+)	Medium (50-149)	Grand total
Eastern Cape	710	26	126	862
Free State	423	16	45	484
Gauteng North	2 621	127	330	3 078
Gauteng South	1 867	134	254	2 255
KwaZulu-Natal	1 615	124	321	2060
Limpopo	412	24	79	515
Mpumalanga	642	24	73	739
North West	423	8	71	502
Northern Cape	172	4	28	204
Western Cape	2 431	144	289	2 864
<b>Grand Total</b>	<b>11 316</b>	<b>631</b>	<b>1 616</b>	<b>13 563</b>

### Number of levy paying companies per region for 2017/18

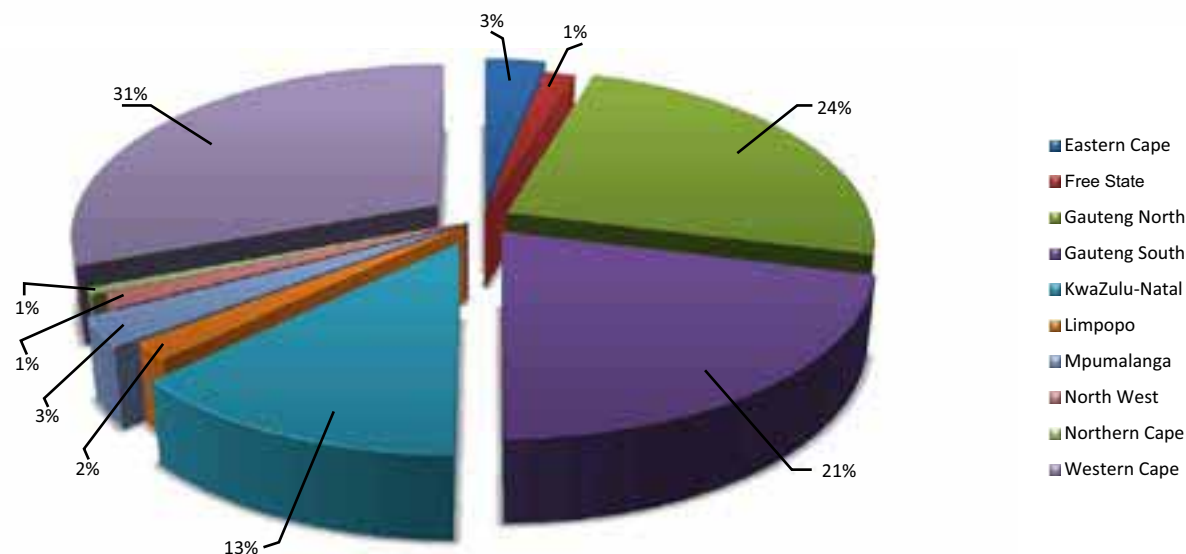


## 2.4 SUMMARY OF FINANCIAL INFORMATION

### Levies received per region for 2017/18

Region	Large (>149)	Medium (50-149)	Small (1-49)	Grand total
Eastern Cape	R7 781 419	R7 595 517	R18 536 220	R33 913 157
Free State	R3 334 496	R3 227 932	R10 607 352	R17 169 782
Gauteng North	R114 075 569	R39 728 828	R113 090 124	R266 894 522
Gauteng South	R131 635 431	R37 462 186	R63 343 527	R232 441 145
KwaZulu-Natal	R67 047 862	R24 891 807	R48 746 014	R140 685 685
Limpopo	R3 184 853	R4 910 292	R10 919 969	R19 015 115
Mpumalanga	R6 320 326	R4 696 888	R18 780 066	R29 797 280
North West	R1 168 071	R3 707 345	R10 306 687	R15 182 104
Northern Cape	R414 012	R1 641 376	R4 692 422	R6 747 811
Western Cape	R222 287 718	R29 443 726	R85 938 713	R337 670 157
<b>Grand Total</b>	<b>R557 249 762</b>	<b>R157 305 902</b>	<b>R384 961 098</b>	<b>R1 099 516 762</b>

### Levies received per region for 2017/18

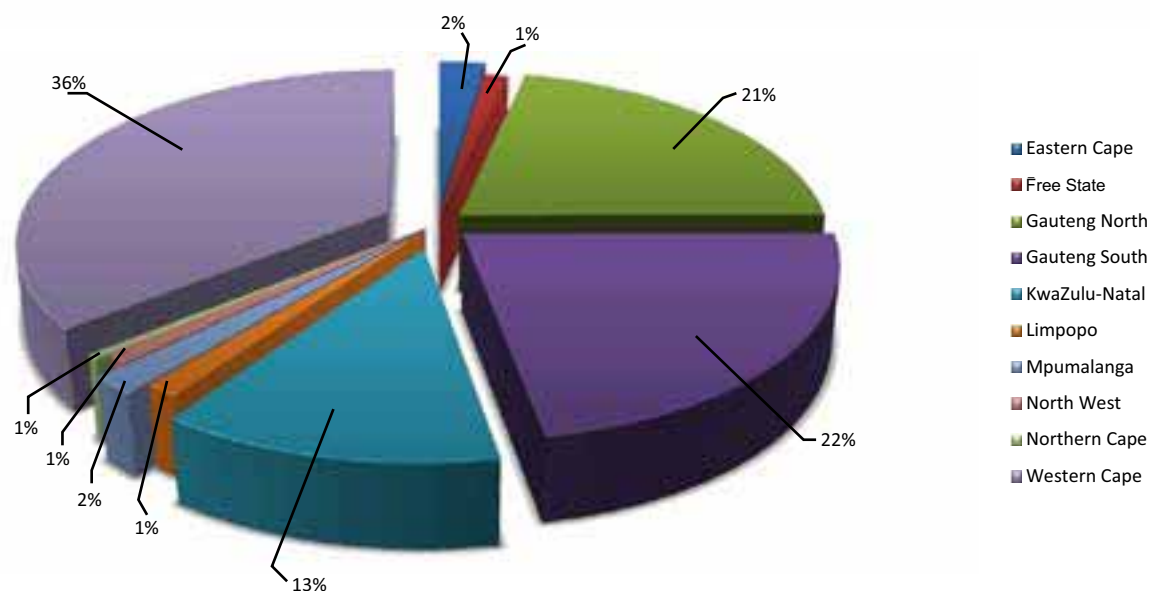


## 2.4 SUMMARY OF FINANCIAL INFORMATION (CONTINUED)

### Mandatory Grant expenditure for 2017/18

Region	Large (>149)	Medium (50-149)	Small (1-49)	Grand total
Eastern Cape	R1 109 868	R1 252 066	R2 009 460	R4 371 396
Free State	R739 315	R523 020	R923 398	R2 185 734
Gauteng North	R25 792 838	R7 103 905	R7 170 476	R40 067 220
Gauteng South	R29 215 689	R6 125 862	R6 280 336	R41 621 888
KwaZulu-Natal	R14 985 071	R4 362 628	R4 044 758	R23 392 458
Limpopo	R594 750	R848 645	R965 773	R2 409 169
Mpumalanga	R1 289 155	R849 539	R1 122 911	R3 261 606
North West	R241 907	R579 422	R846 834	R1 668 164
Northern Cape	R96 531	R348 122	R9 470	R454 124
Western Cape	R51 074 134	R6 028 727	R9 944 776	R67 047 638
<b>Grand Total</b>	<b>R125 139 263</b>	<b>R28 021 941</b>	<b>R33 818 196</b>	<b>R186 979 401</b>

### Mandatory Grant expenditure for 2017/18

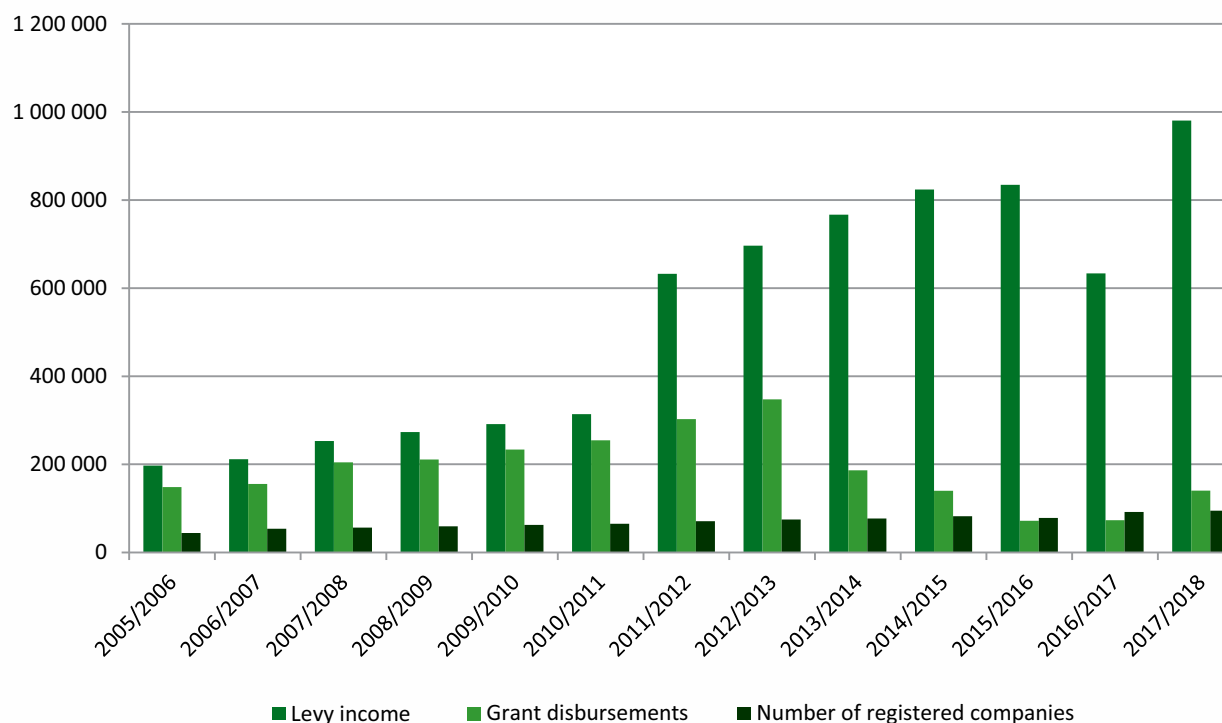


## 2.4 SUMMARY OF FINANCIAL INFORMATION (CONTINUED)

### Additional target achieved for 2017/18

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Levy income	197 393	211 925	253 219	273 364	291 572	314 011	396 522	429 005	247 471	215 616	235 832	260 598	259 736
<b>Grant disbursements</b>	<b>148 455</b>	<b>155 596</b>	<b>204 691</b>	<b>211 040</b>	<b>233 687</b>	<b>254 716</b>	<b>302 789</b>	<b>347 527</b>	<b>186 644</b>	<b>140 136</b>	<b>169 108</b>	<b>165 608</b>	<b>186 979</b>
Percentage of grant/ levy disbursements	75%	73%	81%	77%	80%	81%	76%	81%	75%	65%	72%	64%	72%
<b>Number of registered companies</b>	<b>44 209</b>	<b>53 985</b>	<b>56 713</b>	<b>59 530</b>	<b>62 698</b>	<b>65 411</b>	<b>71 238</b>	<b>75 052</b>	<b>77 268</b>	<b>82 246</b>	<b>78 525</b>	<b>92 098</b>	<b>95 008</b>

### Additional target achieved for 2017/18



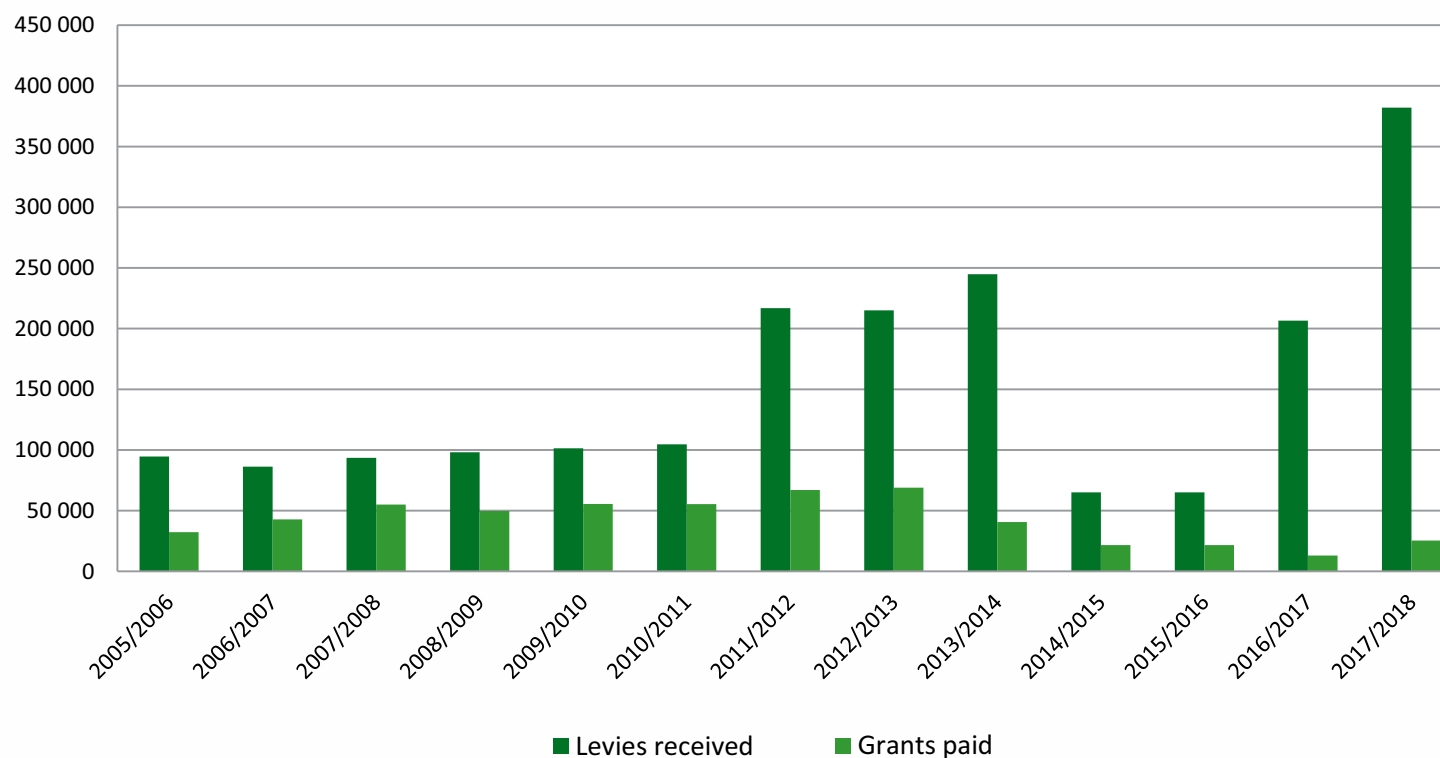


## 2.4 SUMMARY OF FINANCIAL INFORMATION (CONTINUED)

### Levies vs Grants paid: Small Category

Category	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2008/09 (R'000)	2009/10 (R'000)	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)	2017/18 (R'000)
Levies received	94 627	86 316	93 592	98 207	101 411	104 709	216 827	215 048	244 859	65 129	65 129	206 549	384 961
Grants paid	32 398	42 869	55 077	49 736	55 530	55 511	67 081	69 047	40 640	21 720	21 720	13 150	33 818
%	34%	50%	59%	51%	54%	53%	31%	32%	17%	33%	33%	6%	9%

### Levies vs Grants paid: Small Category

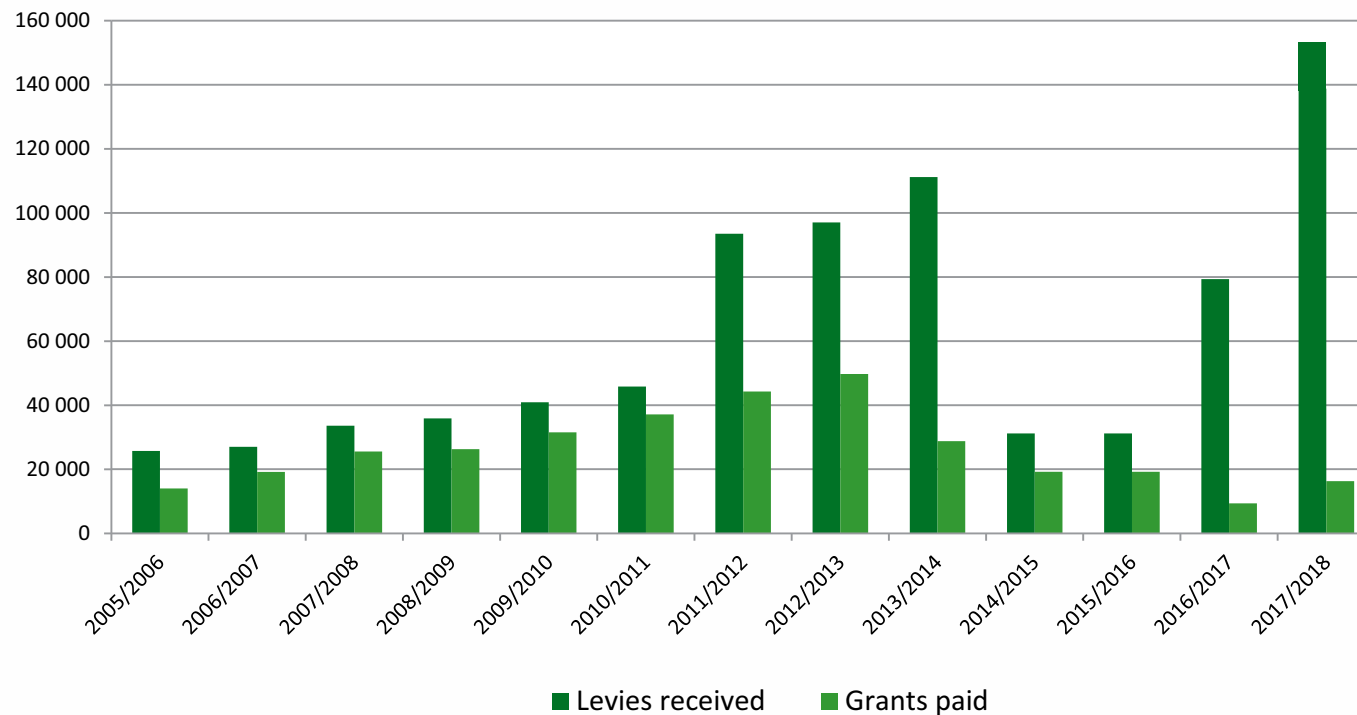


## 2.4 SUMMARY OF FINANCIAL INFORMATION (CONTINUED)

### Levies vs Grants paid: Medium Category

Category	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2008/09 (R'000)	2009/10 (R'000)	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)	2017/18 (R'000)
Levies received	25 755	27 038	33 627	35 874	40 943	45 819	93 481	97 034	111 182	31 218	31 218	79 326	157 306
Grants paid	14 059	19 212	25 582	26 285	31 530	37 125	44 262	49 726	28 782	19 257	19 257	9 392	12 146
%	55%	71%	76%	73%	77%	81%	47%	51%	26%	62%	62%	12%	8%

### Levies vs grants paid: Medium Category

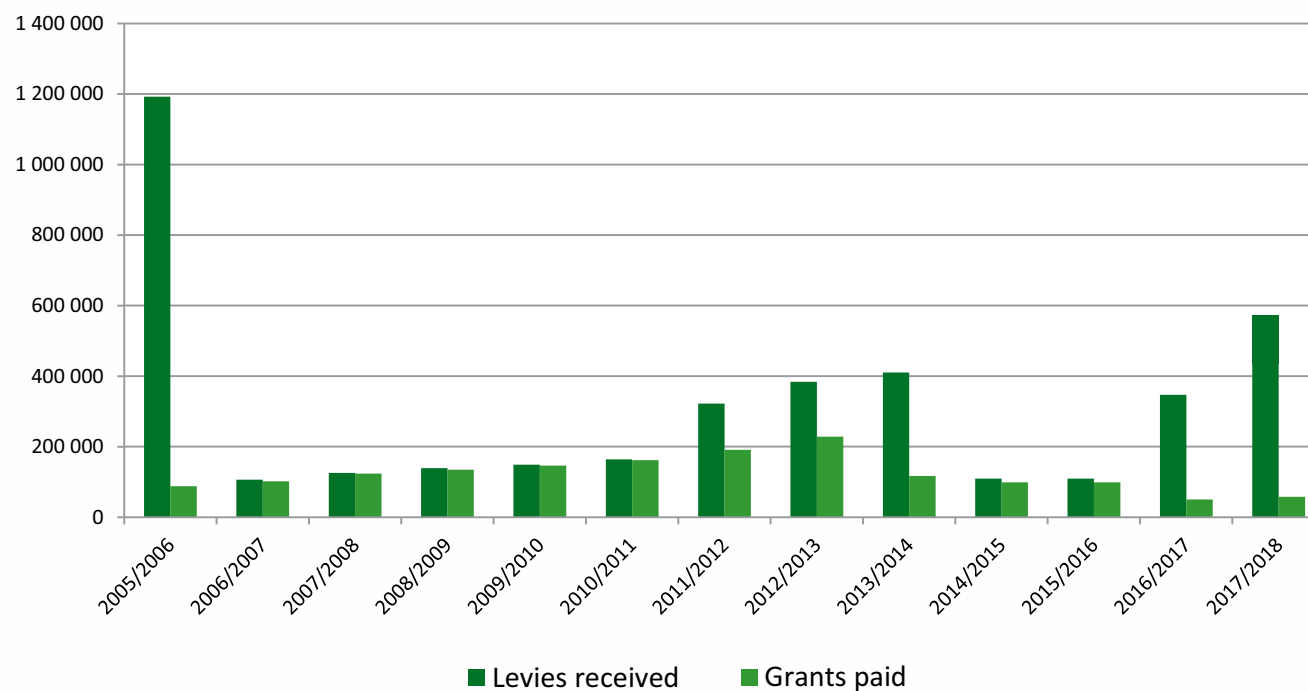


## 2.4 SUMMARY OF FINANCIAL INFORMATION (CONTINUED)

### Levies vs grants paid: Large Category

Category	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2008/09 (R'000)	2009/10 (R'000)	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)	2017/18 (R'000)
Levies received	1 192 126	106 747	126 000	139 283	149 227	164 112	322 224	384 230	410 613	109 637	109 637	347 427	557 250
Grants paid	88 338	102 034	124 032	135 018	146 527	162 079	191 446	228 755	117 221	99 158	99 158	50 710	57 969
%	7%	96%	98%	97%	98%	99%	59%	60%	29%	90%	90%	15%	10%

### Levies vs grants paid: Large Category



## 2.5 PERFORMANCE INFORMATION – PROGRAMMES

### *“Developing Globally Competitive Leaders”*

#### *International Leadership Development Programme*



The W&RSETA's prestigious International Leadership Development Programme (ILDP) was launched in 2009 to fast track personal and professional development of senior and executive managers from historically disadvantaged groups within the Wholesale and Retail Sector who are earmarked for higher leadership positions within their companies. The delegates are exposed to best practice through interaction with prominent local and international companies, thought leadership as well as leading South African and overseas faculty. In 2017/18, delegates were exposed to international markets in Russia, China, United States of America and India, and visited Ghana.

The NQF Level 8 Programme creates pathways for delegates to ascend the echelons of the Wholesale and Retail Sector and has become one of the most sought-after executive development programmes.

#### *Highlights / Impact*

During the year under review, the W&RSETA registered 57 delegates who are enrolled at the University of Pretoria's Gordon Institute of Business Science (GIBS) at a budget of R 34million. The intake for the ILDP has increased by over 100% since 2009 from 15 to 57 delegates. Significantly, the number of women has increased from, 3 to 26 during the same period.

This increase attests to the SETA's commitment to address equity in the Sector, particularly within top management. The 2017/18 Programme will be completed in July 2018 and a graduation for the successful delegates will be held in August 2018.

#### *Future Outlook*

The W&RSETA will register 60 delegates for the programme in 2018/19.



## 2.5 PERFORMANCE INFORMATION – PROGRAMMES

### Success Story: Tshepo Tiba

*From Sales Manager to Regional Operations Manager – Africa*



The W&RSETA's ILDP boasts a 290-member Alumni of highly skilled and influential leaders of the Wholesale and Retail Sector.

One such leader is Tshepo Tiba. There is no stopping this young corporate dynamo, who joined the ILDP in 2013, when he was a Sales Manager for Mass Cash. Shortly thereafter, he was promoted to Executive Assistant to the CEO, and by 2016, he held the position of Regional Sales Manager for Gauteng. A year later, Tshepo was again promoted - this time to Massmart's Builders Warehouse division as **Regional Operations Manager: Africa**.

Tshepo's journey is only one of over 100 success stories that continue to demonstrate the impact of the ILDP and most importantly, the return on investment for both the W&RSETA and participating companies.

ILDP "Developing Globally Competitive Leaders"



## 2.5 PERFORMANCE INFORMATION – PROGRAMMES

### **“Creating a Skilled Management Pool for the Wholesale and Retail Sector”**

#### **Retail Management Development Programme**

Established in 2012, the purpose of the Retail Management Development Programme (RMDP) is to address middle management skills gaps in the Wholesale and Retail Sector. Delegates are equipped to become effective in pursuing the organisational goals of excellence within their own organisations. The Programme is delivered by Enterprise University of Pretoria at NQF Level 6.

#### **Highlights/Impact**

In 2017/18, 331 middle managers, supervisors and team leaders completed the RMDP. The W&RSETA continues to derive the return on investment from this Programme with the post attendance impact assessment indicating that most of the delegates are promoted to higher positions within a year of completion.

#### **Future Outlook**

A group of 400 delegates will be registered for the 2018/19 Retail Management Development Programme.



### **“Professionalising the Wholesale and Retail Sector”**

#### **Graduate Placement and Internship project**

The W&RSETA is cognisant of the plight of unemployed graduates which is largely attributed to the skills mismatch of the graduates and the needs of industry. To this end, the W&RSETA has garnered the support of the Wholesale and Retail Sector to implement graduate placement and internship programmes to ensure that students obtain the necessary work experience to prepare them for the world of work.

#### **Highlights/Impact**

During the year under review, the W&RSETA through its Graduate Placement and Internship project has placed, 107 graduates from TVET Colleges and HETIs (Universities and Universities of Technology) for 12 months, and also placed 18 Interns from TVET Colleges and HETIs for 18 months in wholesale and retail companies. The W&RSETA invested R161.8 million towards this project which will be completed in September 2018.

At the completion of the programmes, students obtain their qualifications and others gain employment from the host companies or other employers whilst TVET college students apply for further studies at universities.

#### **W&RSETA Support to Eastern Cape Universities and TVET Colleges**

The objective of positioning wholesale and retail as a career of choice is directly linked to the partnership with institutions of learning and the industry to attract young people to pursue careers in this field.

The partnership with these stakeholders provides workplace experience opportunities for TVET college students, encourages employers to open their workplaces to TVET college graduates to obtain practical experience, encourages universities and TVET colleges to offer wholesale and retail programmes, and secures placement for TVET graduates in the public sector for workplace experience. This objective is embedded in NSDS III to promote the growth of a public TVET College system that is responsive to Sector, local, regional and national skills needs and priorities.

## 2.5 PERFORMANCE INFORMATION – PROGRAMMES

### *Highlights Impact*

As a result of this initiative, 28 TVET college N6 students have completed the National Certificate: Wholesale and Retail Generic Management NQF Level 5 Learnership programme and 81 students have completed the Wholesale and Retail Operations NQF Level 2 qualification. Both programmes were implemented in partnership with University of Fort Hare, Eastcape Midlands TVET College and wholesale and retail companies. In addition, 207 liquor traders have been supported.

### *Future Outlook*

The W&RSETA has made great strides through this initiative which was established in 2015/16 and plans to include additional universities, and TVET colleges to ensure an even greater impact in the fight against youth unemployment. One of the immediate priorities is to address scarce skills through the implementation of artisan programmes to train chefs, bakers and butchers. The initiative will also focus on partnership projects to provide access to training closer to communities.

### *Capacitation of TVET College Lecturers*

In collaboration with the Department of Higher Education and Training, the W&RSETA has implemented the TVET capacitation project to improve the knowledge of lecturers on the retail elective subjects for the National Certificate Vocational (NCV) qualification offered by TVET colleges. The objective of the project is to capacitate TVET lecturers on the developed retail subject's curriculum, guidelines, integrated assessment and tools. As part of the project, lecturers are placed within wholesale and retail companies to obtain practical experience of the subjects that they deliver.

### *Highlights/Impact*

During the 2017/18 financial year, 34 TVET college lecturers were registered on a programme to train them to offer the National Certificate Vocational (NVC) at levels 3 and 4 as part of this R2.2 million project.

### *W&RSETA/DHET KwaZulu-Natal Schools of Excellence (SOE) Phase II*

In addressing the gaps between graduates that are produced at TVET colleges and the needs of the Wholesale and Retail Sector, the W&RSETA partnered with the DHET, stakeholder companies, Durban University of Technology and TVET colleges to implement Retail Schools of Excellence in 2014. The project promotes public private partnerships and contributes to rural development with the overall objective of professionalising the Wholesale and Retail Sector.

### *Highlights/Impact*

Phase II of the project will benefit 1000 learners - comprising 500 employed and 500 unemployed who will be registered on Learnership programmes at NQF levels 2 to 5. The learners who completed the NQF Level 2 Learnership in phase I of the project will progress to the next level as part of articulation.

Additional companies have come on board and all nine KwaZulu-Natal TVET colleges are now part of the project. The project will be implemented at a budget of R36.6 million.

### *Qualifications Development*

One of the W&RSETA's main functions is to ensure the development of relevant and current qualifications that meet the needs of the Wholesale and Retail Sector and are aligned to the requirements of the Quality Council for Trades and Occupations (QCTO). The W&RSETA has established the Qualification Management Body (QMB) which comprises companies, representatives from organised labour, private training providers as well as TVET colleges and universities to facilitate the qualifications development for the Sector.

### *Highlights/Impact*

A communication campaign was conducted between September and October 2017 to share information and engage stakeholders on the W&RSETA's qualifications and the role of the QMB.



## 2.5 PERFORMANCE INFORMATION – PROGRAMMES

### *Future Outlook*

In the 2018/19 financial year, the W&RSETA will develop two additional occupational qualifications: Informal Small Business Manager and Sales Representative. Another focus will be on the update of the Organisational Framework for Occupations (OFO) Codes and tasks to include green skills. The SETA will also ensure proper communication of the W&RSETA's occupational qualifications, green skills and the Retail Manager qualification pilot implementation.

### *“Youth development for sustainable growth”*

#### *Mpumalanga Unemployed Youth Project*

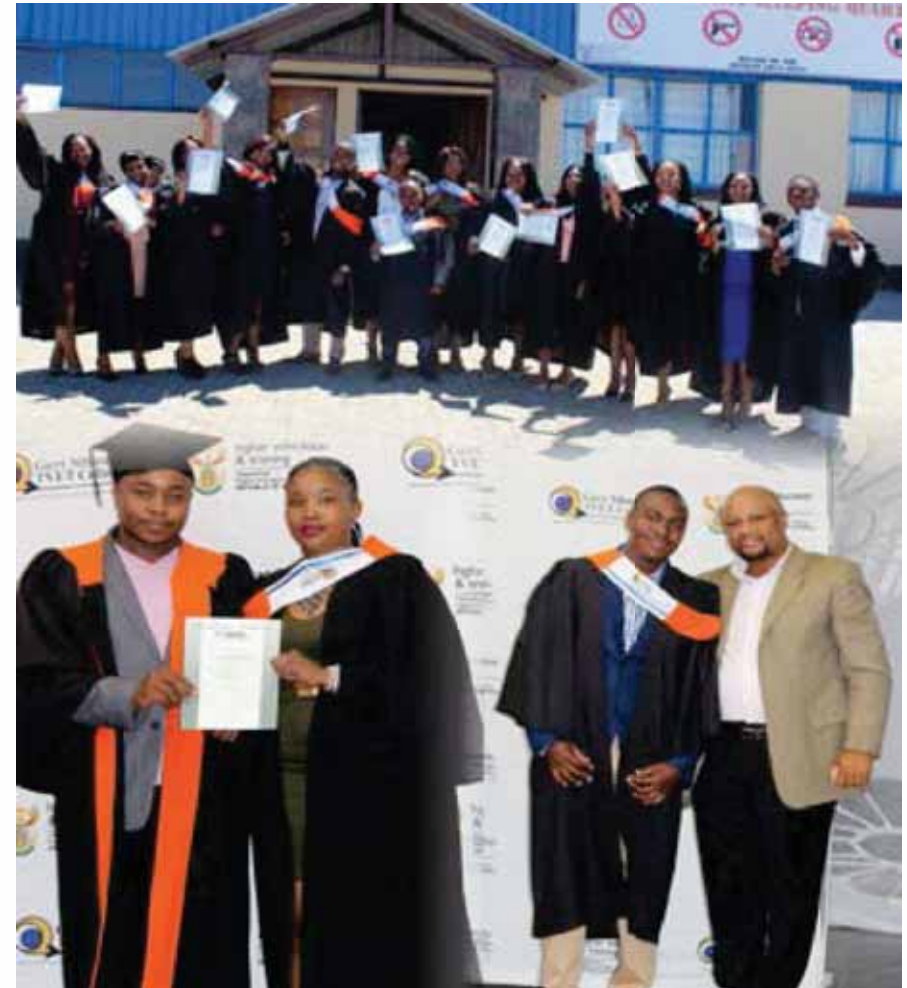
During the 2015/16 financial year, we reported that the W&RSETA responded to the challenge of high youth unemployment in the Gert Sibande district of Mpumalanga province by implementing a Learnership programme.

We also reported that some 72 unemployed youths were registered on the National Certificate: Wholesale & Retail Operations NQF Level 2 qualification. The learners were placed with Shoprite, Checkout Supermarket, Webbers Clothing, Secunda Tile Market and Pick 'n Pay Hendrina and Standerton for the workplace component. The project was implemented at a cost of R3.9 million.

#### *Highlights / Impact*

Out of the 71 learners registered in 2015/16, 57 have successfully completed the Learnership and received their qualifications at a graduation that was held at the Gert Sibande TVET College on 11 October 2017.

Some of the learners have used their qualification as a springboard to further their studies, while others have embarked on a new journey to study further in other sectors of the economy. A total of 24 learners have secured permanent employment in the Wholesale and Retail Sector.



## 2.5 PERFORMANCE INFORMATION – PROGRAMMES

### *“Driving transformation in supply chain”*

#### **TFG Supply Chain Transformation Project**

The Foschini Group (TFG) has identified in its strategy and key focus areas the need to transform the Group’s supply chain through the development of local suppliers with an objective to ensure long-term sustainability. The Group developed the Supply Chain Transformation project to benefit unemployed youth from disadvantaged communities around Cape Town. In addition, the project aimed to augment the skills set of the TFG’s employees to support the growth of local suppliers in terms of development of technical and management capabilities as well as the capacity to meet increased local demand. The project included four aspects: Learnership programme, Recognition of Prior Learning (RPL), a Management Development Programme (MDP) and the Lean Manufacturing Programme. TFG employees were among the beneficiaries as well as business owners and supply chain entities.



130 unemployed learners were enrolled on the Sewing Machine Operation Learnership and 20 learners were registered on the Sewing Machine Mechanic qualification with the aim of addressing unemployment among the youth in the Western Cape.

The learnership programme for the group’s employed learners involved 77 learners on technical programmes aligned to National Certificate: Clothing Manufacturing Processes Level 2 and National Certificate: Sewing Machine Mechanics Level 3; and 33 learners on the National Certificate: Product Technology Level 3.

Twenty-five employees were provided with bursaries to study towards the National Certificate: Business Management Development from University of Stellenbosch. TFG also selected 12 supply chain companies for the Lean Manufacturing Systems programme.

#### **Highlights/Impact**

The project has been completed with the following achievements:

- 75 unemployed learners on the Sewing Machine Operation qualification.
- 11 unemployed learners completed the Sewing Machine Mechanic qualification.
- 56 employees completed the operational level on technical programmes aligned to the National Certificate: Clothing Manufacturing Processes Level 2 and the National Certificate: Sewing Machine Mechanic Level 3.
- 32 employees qualified on the National Certificate: Product Technology Level 3 qualification.
- 24 employees obtained the National Certificate in Business Management Development from the University of Stellenbosch.

### **TFG boosts local manufacturing with R75 million factory**

In May 2017, TFG officially opened its newly expanded and revamped R75 million Prestige Clothing factory in Caledon, Western Cape. The factory is now 4 000m<sup>2</sup>, compared to the previous 900m<sup>2</sup>. This investment enables TFG to not only boost its speed-to-market response and capacity but importantly, allows for continued job creation specifically in the rural regions.

Additionally, this included the establishment of a world-class training school at Prestige Caledon, and has allowed for more than 300 previously unemployed women to acquire skills and a national qualification. Ultimately, TFG has contributed significantly to the growth of competitive local supply through the development of the youth employment base within Caledon.

## 2.5 PERFORMANCE INFORMATION – PROGRAMMES

### Success Story: TFG Project renews hope – Kwanele Libala

*'I was afraid. Filling in the forms, I was shaking and felt afraid, I had nothing to offer but myself.'*



Born in the Eastern Cape, Kwanele has not had it easy in life from an early age. 'Things were tough at home. I left school at the end of Grade 10 because my mom struggled to raise us. I have been looking for work since, but my English is not very good. I also don't have a skill. I was always too scared to apply for jobs because I didn't believe I would get one.'

Many years later, living in the Western Cape with her husband and daughter, Kwanele knew she could not give up on finding a decent job. "Sitting at home with no work means you don't have money. You have nothing that is yours; that you are passionate about. It makes it more difficult. What jobs do you even try to apply for? Most jobs that do not require any skills are emotionally challenging." For Kwanele, her future looked as difficult as her past.

In January 2016, Kwanele stumbled upon a notice calling for those interested in completing the sewing machinist Learnership opportunity at TFG Prestige Clothing, Caledon. 'I was afraid. Filling in the forms, I was shaking and felt afraid, I had nothing to offer but myself'. Looking down at her hands, "I know my hands" she told herself. Quietly remembering past times, in her youth, drawing and being creative with those very hands. "I could imagine myself sewing something beautiful with this opportunity." Kwanele felt more confident in her application. That moment presented an opportunity she never dreamt before. It was on this very day that Kwanele started to dream.

'I never came here for the money. I came here to learn a skill and to use my hands to make a difference in my life and my family's'. Kwanele is a true example of what it takes to persevere. "I gave the Learnership everything I had to succeed. This was so important to me. With no matric and no skill, I was so afraid of the future. I knew I could do more."

Kwanele's world has changed significantly. She has been introduced to a world that has allowed for her mind to feel open, "learning all these new things, I felt I had hope". A year later, Kwanele is now a full time sewing machinist at Prestige Clothing, Caledon. "This is my first full time employed job, I even have benefits. My husband is so proud of me. My family is proud of me."



## 2.5 PERFORMANCE INFORMATION – PROGRAMMES

### **“Not disabled, but differently abled”**

#### **People with Disabilities**

The development of people with disabilities to participate in the mainstream economy within the Wholesale and Retail Sector has remained one of the W&RSETA's priorities. The W&RSETA was the first SETA to pilot and implement a Learnership programme for people with disabilities and has collaborated with stakeholder companies to provide skills development programmes for these beneficiaries.

In the 2017/18 financial year, the W&RSETA allocated R20.5 million towards a national project to create an environment that is conscious and sensitive to the plight of people with disabilities as well as to provide unemployed disabled youths with skills to secure employment. The W&RSETA and the Department of Social Development signed a memorandum of understanding in 2014 and the project commenced in 2017, and focuses on the following programmes:

- Sign language training for 2 000 employees;
- Sensitisation programme for 2 000 employees;
- 100 unemployed youths registered on the Wholesale and Retail Distribution NQF Level 2 qualification; and
- Life skills training for 1 685 unemployed youth

#### **Highlights/Impact**

The Wholesale and Retail Sector has responded positively and has opened its doors to collaborate with the W&RSETA to provide young people with disabilities equal opportunities in the workplace. As at 31 March 2018, training on lifeskills had been concluded for 1 685 learners. The learnership programme will be completed on 30 September 2018.



### **“Positioning the Wholesale and Retail as a career of choice”**

#### **Career Guidance**

Providing learners with information and guidance to make informed decisions has remained W&RSETA's main priorities to ensure that the Sector attracts talent to address scarce skills. This priority is also embedded in the National Skills Development Strategy III that requires SETAs to provide career guidance in their respective sectors. The W&RSETA has continued to accelerate its career guidance initiatives with the aim of promoting careers and expose learners, students and young unemployed people to various opportunities that exist within the Wholesale and Retail Sector. Primarily, the objective of the SETA's career guidance initiatives is to position wholesale and retail as a career of choice among young people.

#### **Highlights/Impact**

During the year under review, the SETA reached over 5 000 learners, students and youths nationally through participation in more than 147 career guidance events. In support of the annual Mandela Day celebrations, the W&RSETA provided R373 500 in sponsorship for the DHET 2017 Mandela Day Career Festival in Kimberley on 26 September 2017.

# PART C

**GOVERNANCE**



## 3. GOVERNANCE

### 3.1 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, corporate governance is applied through the precepts of the Public Finance Management Act (PFMA), Act No.1 of 1999 and operates in tandem with the principles of good Corporate Governance. Parliament, the Executive Authority and the Accounting Authority of the W&RSETA are responsible for corporate governance.

### 3.2 Portfolio Committees

The W&RSETA appeared before the Portfolio Committee on Higher Education and Training on 21 June 2017 to present the SETA's 2015/16 – 2019/20 Strategic Plan and the 2017/18 Annual Performance Plan.

### 3.3 Executive Authority

The Minister of Higher Education and Training 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:

- 2018/19 Strategic Plan: 28 February 2018
- 2016 Sector Skills Plan: 1 August 2017
- Quarterly Performance Reports;
- 2016/17 Annual Report: 31 August 2017

### 3.4 Accounting Authority

The Accounting Authority operated in line with the Board Charter which governs its primary role of oversight and is aligned to the Constitution. The Charter addresses key governance matters, among others, the framework of governance principles, composition of the Accounting Authority, the role and function as well as fiduciary duties of the Accounting Authority. In line with the requirements of the PFMA, the Accounting Authority approved the Strategic Plan for the 2017/18 financial year and monitored the SETA's performance through monthly reports to the Executive Committee of the Accounting Authority and quarterly reporting to the Accounting Authority.

The Accounting Authority also reviewed the W&RSETA's policies, in line with the requirement for annual review. As part of managing the Organisation's institutional risks, the Accounting Authority convened a workshop with Management which was facilitated by an external expert to identify strategic risks of the SETA. The risks were identified and assessed during the period, resulting in creation of a strategic risks register.

#### 3.4.1 New Appointments

The term of the Board ended on 31 March 2018 and a new Board was appointed on 01 April 2018 with the appointment of the Chairperson being finalised on 14 June 2018. The new Board appointed the Audit Committee effective from 14 May 2018. The former Board appointed Ms Nonzukiso Siyotula as Acting CEO effective from 01 January 2018. Subsequently, Mr. Suren Maharaj was appointed as a Chief Financial Officer on 01 July 2018 and Ms Sibongile Matloung as a Chief Audit Executive on 26 April 2018.

### 3. GOVERNANCE (CONTINUED)

#### Composition of the Board

The W&RSETA Board comprises 15 members: six Members represent Organised Labour and six Members represent Organised Business. Three members, including the Chairperson, are Ministerial Appointees. The Board had three vacant positions\* as at September 2017 until year-end. Organised Business had two vacant seats for the Consumer Goods Council of South Africa and the National Clothing Retail Federation of South Africa. The National Union of Metal Workers had a vacant seat belonging to Organised Labour in the Board. The Board had exceeded the prescribed quarterly meetings due to the fact that the Board, having missed eleven months during the administration period, it became necessary to convene frequent meetings in order to ensure proper governance was restored. The meetings held by the Board included Strategic Planning Sessions, Risk Management Meeting and Joint Meeting with the Finance and Audit Committees.

Name	Designation (in terms of Board Structure)	Date Appointed	Date of Expiry of Tenure	Qualifications	Area of Expertise	Board Directorship	Other Committees or Task Teams	No of Board Meetings Attended out of 15
<b>Ms Nozipho Pearl Maphoshe</b>	Chairperson (Ministerial Appointee)	1 July 2014	31 March 2018	Masters (Education and Planning)	<ul style="list-style-type: none"> <li>• HR</li> <li>• Procurement</li> <li>• Facilities Management</li> </ul>	<ul style="list-style-type: none"> <li>• Masscash Board</li> <li>• Council of the University of Zululand</li> <li>• Knowledge Resources Board</li> </ul>	<ul style="list-style-type: none"> <li>• Member: Executive Council of the University of Zululand</li> <li>• Chairperson: HR &amp; Remuneration Committee of the University of Zululand</li> <li>• Advisory Committee of the HR Management Department at the University of Johannesburg.</li> </ul>	5
<b>Mr Thami Skenjana</b>	Ministerial Appointee	April 2011	31 March 2018	<ul style="list-style-type: none"> <li>• Matric</li> <li>• Sales</li> <li>• Marketing</li> </ul>	<ul style="list-style-type: none"> <li>• Enterprise development</li> <li>• Cooperative development</li> </ul>	<ul style="list-style-type: none"> <li>• SANCOC Enterprise Development</li> <li>• Southern African National Cooperatives Council</li> <li>• SASCE</li> <li>• BUSA</li> </ul>	<ul style="list-style-type: none"> <li>• Ministerial Worker Education Technical Task Team</li> <li>• Institute of Directors South Africa: Remuneration Committee Forum</li> <li>• NEDLAC Chambers and Task Teams</li> </ul>	14
<b>Mr Sibusiso Busane</b>	Ministerial Appointee	August 2012	31 March 2018	<ul style="list-style-type: none"> <li>• Grade 12</li> <li>• Assessor</li> <li>• Advanced project management</li> </ul>	Small business development	N/A	Member: Projects Board Committee	12



### 3. GOVERNANCE (CONTINUED)

#### Composition of the Board

Name	Designation (in terms of Board Structure)	Date Appointed	Date of Expiry of Tenure	Qualifications	Area of Expertise	Board Directorship	Other Committees or Task Teams	No of Board Meetings Attended out of 15
<b>Mr Ivan Molefe</b>	Board Member	April 2011	31 March 2018	Grade 10	Labour relations	N/A	<ul style="list-style-type: none"> <li>Chairperson: Projects Board Committee</li> <li>Member: Executive Board Committee</li> </ul>	13
<b>Mr Mike Tau</b>	Board Member	April 2011	31 March 2018	Grade 10	<ul style="list-style-type: none"> <li>Education and training</li> <li>Negotiations</li> <li>Public management</li> <li>Dispute resolution</li> </ul>	<ul style="list-style-type: none"> <li>COSATU CEC</li> <li>SACCAWU 2nd Deputy President</li> <li>ditsele Board Member</li> <li>COSATU Education committee chairperson</li> <li>SACCAWU Central Executive and National Executive Committee Member</li> </ul>	<ul style="list-style-type: none"> <li>Chairperson: Remuneration Board Committee</li> <li>Member: Governance and Strategy Board Committee</li> <li>Shoprite/Checkers Skills and Training Committee</li> </ul>	13
<b>Mr Nat Ketele</b>	Board Member	April 2011	31 March 2018	<ul style="list-style-type: none"> <li>Essential Security Law Certificate</li> <li>Joint Matriculation Board (Matric)</li> </ul>	<ul style="list-style-type: none"> <li>Labour relations</li> <li>Collective bargaining</li> <li>Legal representation</li> </ul>	FEDCRAW	<ul style="list-style-type: none"> <li>Member: Finance Board Committee</li> <li>Member: Remunerations Board Committee</li> </ul>	14
<b>Mr Phillemon Sito</b>	Board Member	April 2011	31 March 2018	Bachelor of Arts	<ul style="list-style-type: none"> <li>Labour relations</li> <li>Collective bargaining</li> <li>Legal</li> <li>Finance</li> </ul>	N/A	<ul style="list-style-type: none"> <li>Member: Finance Board Committee</li> <li>Member: Executive Board Committee</li> </ul>	15
<b>Ms Sheila van Rensburg</b>	Board Member	August 2013	31 March 2018	Standard Six	<ul style="list-style-type: none"> <li>Trade Unionist</li> <li>Regional Secretary</li> </ul>	None	Member: Projects Board Committee	11***

### 3. GOVERNANCE (CONTINUED)

#### Composition of the Board

Name	Designation (in terms of Board Structure)	Date Appointed	Date of Expiry of Tenure	Qualifications	Area of Expertise	Board Directorship	Other Committees or Task Teams	No of Board Meetings Attended out of 15
<b>Mr Isaac Motaung</b>	Board Member	August 2012	31 March 2018	<ul style="list-style-type: none"> <li>• B Proc (Attorney)</li> <li>• Higher Diploma Tax Law</li> <li>• BA Honours Human Resources</li> </ul>	<ul style="list-style-type: none"> <li>• Tax Law</li> <li>• Labour Relations</li> <li>• Labour Law</li> <li>• Functioning of Boards of Directors</li> <li>• Retirement Scheme Investment and Functioning</li> <li>• Medical Aid Investments and Functioning</li> <li>• Governance, Social and Ethics</li> <li>• Human Resources in General</li> <li>• Agriculture and Farming in General</li> <li>• Legal Practice specialising in Labour Law and Tax Law</li> </ul>	<ul style="list-style-type: none"> <li>• Trustee- Pick 'n pay Ackerman Foundation</li> <li>• Trustee - Pick 'n Pay Medical Aid Scheme</li> <li>• Social and Ethic Committee Member- Pick 'n Pay Group of Companies</li> </ul>	<ul style="list-style-type: none"> <li>• Trustee: Pick 'n Pay Ackerman Foundation</li> <li>• Trustee: Pick 'n Pay Medical Aid Scheme</li> <li>• Social and Ethics Committee Member (Pick 'n Pay Group of Companies)</li> <li>• Board Member: Saint Benedict's College</li> <li>• Member: Projects Board Committee</li> <li>• Member: Remuneration Board Committee</li> </ul>	15

### 3. GOVERNANCE (CONTINUED)

#### Composition of the Board

Name	Designation (in terms of Board Structure)	Date Appointed	Date of Expiry of Tenure	Qualifications	Area of Expertise	Board Directorship:	Other Committees or Task Teams	No of Board Meetings Attended out of 15
<b>Mr Reggie Sibiya</b>	Board Member	June 2016	31 March 2018	<ul style="list-style-type: none"> <li>Honours Degree: Genetics, Wits</li> <li>Degree Bsc: Botany and Genetics, University of Zululand</li> </ul>	<ul style="list-style-type: none"> <li>Fuel Retailing</li> <li>FMCG Sales and Marketing</li> <li>Business Management</li> <li>Regulatory Compliance</li> </ul>	<ul style="list-style-type: none"> <li>Fuel Retailers Association</li> <li>MIBCO Board</li> </ul>	<ul style="list-style-type: none"> <li>Chairperson: Strategy and Governance</li> <li>Member of Audit Committee</li> </ul>	13
<b>Ms Sizakele Moloko</b>	Board Member	April 2011	31 March 2018	<ul style="list-style-type: none"> <li>BA Honours</li> <li>BA</li> <li>Higher Diploma: Tourism Development</li> <li>Diploma: Human Resources Development and Management</li> <li>Diploma: Financial Management</li> <li>Diploma: Project Management</li> <li>Junior Secondary Teachers Certificate</li> <li>Certificate of Achievement Cooperative Initiation and Management</li> </ul>	<ul style="list-style-type: none"> <li>Education and Training</li> <li>Small Business Development</li> <li>Mentoring and Coaching</li> </ul>	<ul style="list-style-type: none"> <li>Lincolnwood</li> <li>Gooderson Leisure</li> <li>Market Demand</li> </ul>	<ul style="list-style-type: none"> <li>Member: Finance Board Committee</li> <li>Member: Projects Board Committee</li> <li>World Ventures</li> <li>KZN NPO Advisory Committee</li> <li>KZN Substance Abuse Committee</li> <li>Ekasi Spaza Shop Advisory Board</li> <li>Member of EMOSA</li> </ul>	15

### 3. GOVERNANCE (CONTINUED)

#### Composition of the Board

Name	Designation (in terms of Board Structure)	Date Appointed	Date of Expiry of Tenure	Qualifications	Area of Expertise	Board Directorship	Other Committees or Task Teams	No of Board Meetings Attended out of 15
<b>Mr Michael Lawrence</b>	Board Member	April 2011	September 2017	<ul style="list-style-type: none"> <li>Higher Diploma in Education (Postgraduate)</li> <li>Bachelor of Science (Actuarial)</li> </ul>	<ul style="list-style-type: none"> <li>Governance</li> <li>Strategy</li> <li>Change management</li> </ul>	<ul style="list-style-type: none"> <li>Martin and East (Pty) Ltd</li> <li>Zebra Surfacing (Pty) Ltd</li> <li>Isidima Civils (Pty) Ltd</li> <li>Prokura Diesel Services (Pty) Ltd</li> <li>M&amp;M Consulting</li> <li>Tresso Trading 954CC</li> <li>MTU-SA (Pty) Ltd</li> </ul>	<ul style="list-style-type: none"> <li>Chairperson: Finance Board Committee</li> <li>Member of Executive Board Committee</li> </ul>	3**
<b>Ms Margaret Bango</b>	Board Member	October 2012	31 March 2018	<ul style="list-style-type: none"> <li>Diploma in General Nursing</li> </ul>	<ul style="list-style-type: none"> <li>Small business</li> <li>Women development</li> </ul>	<ul style="list-style-type: none"> <li>Ipelegeng Consortium</li> <li>Tizawell Pty Ltd</li> <li>Kathorus Chamber of Commerce and Industry NPC</li> <li>Wilat - South Africa NPC</li> </ul>	<ul style="list-style-type: none"> <li>Member: Remuneration Board Committee</li> <li>Member: Governance &amp; Strategy Board Committee</li> </ul>	13

### 3. GOVERNANCE (CONTINUED)

#### Composition of the Board (Alternate Members)

Name	Designation (in terms of Board Structure)	Date Appointed	Date of Expiry of Tenure	Qualifications	Area of Expertise	Board Directorship	Other Committees or Task Teams	No of Board Meetings Attended out of 15
<b>Ms Xolile Titus</b>	Board Member (Alternate to S Moloko)	August 2013	31 March 2018	<ul style="list-style-type: none"> <li>• BA Sociology and History</li> <li>• Human Resources Management</li> <li>• Short Course - Small Enterprise Development</li> </ul>	<ul style="list-style-type: none"> <li>• Research</li> <li>• Economic development in particular small business, development</li> <li>• Transformation, corporate citizenship, organisational strategy</li> </ul>	Fair Trade Tourism	None	2
<b>Mr Mogomotsi Masoabi</b>	Board Member (Alternate to P Sito)	August 2016	31 March 2018	<ul style="list-style-type: none"> <li>• Interpersonal Skills, Damelin</li> <li>• Practical Labour, UNISA</li> <li>• Certificate: Labour Dispute, Stellenbosch</li> </ul>	<ul style="list-style-type: none"> <li>• Labour Law</li> <li>• Corporate Governance</li> </ul>	None	<ul style="list-style-type: none"> <li>• Member: Audit Committee</li> <li>• Member: Governance and Strategy Committee</li> </ul>	1
<b>Mr Ezekiel Seitei</b>	Board Member (Alternate to N Kettlele)	August 2013	31 March 2018	Matric	Labour Relations	None	None	0

\* Vacancy on NUMSA representation under Organised Labour

\* Vacancy on CGCSA representation under Organised Business

\*\* Michael Lawrence resigned in September 2017

\*\*\* Sheila van Rensburg was an Alternate to Abieda Abrahams, who resigned in 2016. She assumed membership in the Projects Board Committee, while awaiting replacement of main member.

### 3. GOVERNANCE (CONTINUED)

#### Committees

Committee	No of Meetings Held	No of Members	Names of Members
Audit Committee	7	5	Ms Mathukana Mokoka
			Mr Yaswant Gordhan
			Adv Johannes Collen Weapond
			Mr Mogomotsi Masoabi
			Mr Reggie Sibiya
Projects Board Committee	10	5	Mr Ivan Molefe
			Ms Sheila van Rensburg
			Ms Sizakele Moloko
			Mr Isaac Motaung
			Mr Sibusiso Busane
Finance Committee	3	5	Mr Michael Lawrence
			Mr Nat Kettlele
			Mr Phillemon Sito
			Ms Sizakele Moloko
			Mr Thami Skenjana
Executive Committee	11	5	Ms Pearl Maphoshe
			Mr Ivan Molefe
			Ms Sizakele Moloko
			Mr Phillemon Sito
			Mr Michael Lawrence

### 3. GOVERNANCE (CONTINUED)

#### Committees

Committee	No of Meetings Held	No of Members	Names of Members
Governance and Strategy Committee	4	5	Mr Reggie Sibiya
			Ms Margaret Bango
			Mr Sibusiso Busane
			Mr Mike Tau
			Mr Mogomotsi Masoabi
Remuneration Committee	7	4	Mr Mike Tau
			Ms Margaret Bango
			Mr Nat Kettlele
			Mr Isaac Motaung
			Mr Thami Skenjana

#### 3.5 Risk Management

In terms of Section 51(1)(a)(i) of the Public Finance Management Act 1999 (Act No 1 of 1999), an accounting authority must ensure that the public entity maintains effective, efficient and transparent systems of financial and risk management.

In 2017/18 financial year, the W&RSETA developed and approved a strategic risk plan and register. The integrated approach in developing the plan was aligned to strategic processes that informed the strategic planning and internal audit plan. The extensive consultation sessions with management and Accounting Authority were aimed at improving the maturity level of the risk management within the organisation. The quarterly progress reports were presented to the Audit Committee and Accounting Authority to monitor the implementation of the mitigation plans within the organisation.

#### 3.6 Internal Control

During the year under review, Internal Control Unit continued with the facilitation and implementation of internal control activities to improve the control environment, curb recurrence of audit findings and non-compliance with laws and regulations. The unit has been instrumental in ensuring that policies are approved and implemented in high risk areas such as supply chain management, contracts management and information technology to ensure that the institution to uphold good governance.

The unit has been at the forefront of the coordination of audits, especially during the audit by AGSA, during which it responded efficiently to information requests and audit queries, and assisted in implementing audit recommendations and action plans. The Audit Action Plan was developed and approved to address the control deficiencies that were identified by the External Auditors and implementation was monitored quarterly to track the status of the findings. In areas where the audit findings were not resolved, the unit played a vital role in providing support and guidance through follow-up meetings to ensure that the findings are resolved.



### 3. GOVERNANCE (CONTINUED)

#### Audit Committee

Name	Qualifications	Internal/External	Date Appointed	Date of Expiry of Tenure	No of Meetings Attended
<b>Ms Mathukana Mokoka (Chairperson)</b>	CA (SA)	External Audit Member	17 October 2016	31 March 2018	7
<b>Mr Yaswant Narotham Gordhan</b>	<ul style="list-style-type: none"> <li>• BCom (Accounting)</li> <li>• BCom (Honours)</li> <li>• CA(SA)</li> <li>• Master of Science (Bus Admin)</li> </ul>	External Audit Member	17 October 2016	31 March 2018	7
<b>Adv. Collen Weapond</b>	<ul style="list-style-type: none"> <li>• Bachelor of Law (B Juris) UNISA</li> <li>• Bachelor of Laws (LLB) UNISA</li> <li>• B Tech: Policing TUT</li> <li>• B Com Honours IT, UCT</li> <li>• Diploma: Education SPIII</li> <li>• Diploma in Fraud Management: UP</li> <li>• Diploma in Compliance Management UJ</li> <li>• Diploma in Business Management: Business Management Training College of Southern Africa.</li> <li>• Certificate in Executive Development, WITS</li> </ul>	External Audit Member	17 October 2016	31 March 2018	7

### 3. GOVERNANCE (CONTINUED)

#### 3.7 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 Plan must be aligned to the National Skills Development Strategy (NSDS), which is an overarching strategy that 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 financial management and supply chain management. These Regulations are mandatory.

#### 3.8 Fraud and Corruption

The Whistleblower hotline is a platform created by management that enables staff, stakeholders and the public to confidentially report suspected fraud and corruption. The allegations are referred to the Internal Control Unit for preliminary investigation and if appropriate, the cases are referred to private investigators for further investigation and scrutiny. These reports are presented quarterly to the Audit Committee and Accounting Authority.

The fraud awareness campaign is done by the Internal Audit Unit to make all staff members and stakeholders aware and furthermore to entrench the culture of anti-fraud and anti-corruption practices. This is done in line with the Fraud Prevention Policy which is accessible to all staff and the general public. Furthermore all employees, are screened during the recruitment stage as a drive to implement, preventative measures.

#### 3.9 Minimising Conflict of Interest

In August 2016, a regulation prohibiting employees from doing business with the state or organ of state was issued. Where such instances are identified, employees are engaged and appropriate disciplinary processes are taken in line with the Code of Conduct.

The majority of the Accounting Authority and all staff members disclosed their financial interests.

#### 3.10 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.

#### 3.11 Health, Safety and Environmental Issues

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

#### 3.12 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 undertakes various projects and participates in initiatives that promote social responsibility, e.g annual Mandela Day Festival.

# AUDIT COMMITTEE REPORT

## REPORT OF THE AUDIT COMMITTEE FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

### Background

The Audit Committee is a Committee of the W&RSETA Board and consists of six members. The Audit Committee is an Advisory Committee and not an Executive Committee and, as such, it neither performs any management functions nor assumes any management responsibilities. Its role is that of an independent and objective adviser and it operates as an overseer, making recommendations to the W&RSETA Board for final approval. The tenure of the Audit Committee expired on the 31 March 2018 and a new Audit Committee has been appointed.

The overall objective of the Audit Committee is to assist the W&RSETA Board with its responsibility of ensuring that adequate systems and controls are in place, ensuring that assets are safeguarded, assessing the going-concern status, and reviewing the financial information and the Annual Financial Statements.

The Audit Committee also assists the W&RSETA in fulfilling its responsibility of risk management by ensuring that management identifies significant risks associated with the environment within which the W&RSETA operates and develops a framework for managing these risks. The Risk Management Strategy, incorporating the Fraud Prevention Plan covering strategic, operational and financial risks, have been developed accordingly and are reviewed annually by the Audit Committee.

The Audit Committee has complied with its responsibilities as stipulated under Section 51 of the Public Finance Management Act, Act No. 1 of 1999, as amended. Furthermore, it has regulated its affairs and discharged its responsibilities in accordance with its approved formal terms of reference. The terms of reference was reviewed by the Audit Committee and adopted by the Board during the year under review. The Audit Committee met quarterly with the Acting Chief Executive Officer, Acting Chief Financial Officer and Manager Internal Audit.

### Internal Controls System

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

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

### Risk Management

The effectiveness and relevance of the Risk Management Strategy and Fraud Prevention Plan are assessed regularly given the dynamic environment within which the W&RSETA operates. Risks identified as significant are regularly evaluated and included in the risk register and discussed by the Risk Management Committee, which reports to the Audit Committee.

The W&RSETA was placed under administration by the Minister of Higher Education and Training for 11 months from October 2016 to August 2017. It became necessary that the Audit Committee, being an independent and a statutory Committee in terms of Section 77(a) of the PFMA, be re-established. The Independent members of the Audit Committee were reappointed during November 2016 and assented to continue to serve as independent members under administration. The administration period ended when the Board was reinstated by an order issued by the Constitutional Court on 16 August 2017.

### Internal Audit

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

# AUDIT COMMITTEE REPORT

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

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

During the period under review, the Audit Committee considered and approved the Internal Audit Charter and the Internal Audit Plan and monitored adherence to these. The performance of the Internal Audit Unit for 2017/18 is presented below:

	Total number of Audits	Completed at year end	In progress at year end	Cancelled
<b>Planned Audits</b>	27	18	6	3
<b>Achievement</b>	100%	67%	22%	11%

The completed reviews covered the following areas:

- Corporate Targets
- Quarterly reviews of performance information
- Quarterly reviews of management accounts
- Contract Management
- Projects and Commitments
- Corporate Governance
- Qualifications and Quality Assurance
- Research and Qualifications
- Regions
- Expenditure Management

Subsequent to year end, a permanent Chief Audit Executive was appointed and tasked with providing leadership to the Internal Audit function.

## Finance Division

The Audit Committee noted that there were weaknesses with internal controls within financial management, supply chain management, contract management and IT business units. Subsequent to year-end, a permanent Chief Financial Officer was appointed and tasked with providing leadership to the finance function.

## Annual Financial Statements and Performance information

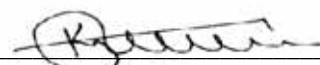
The Audit Committee has:

- Reviewed and discussed with management the Management Report from the AGSA;
- Reviewed and discussed with management annual performance information
- Reviewed the appropriateness of accounting policies and practices;
- Reviewed the adjustments to the Annual Financial Statements arising from the audit; and
- Reviewed and discussed with management the audited Annual Financial Statements and recommends their approval by the Accounting Authority.

## AGSA Audit Findings

The Audit Committee noted the unqualified opinion of the report of the AGSA. The Audit Committee will continue to play an oversight role to ensure that all findings are addressed.

The Audit Committee concurs with and accepts the conclusions of the AGSA on the audited Annual Financial Statements.



**Ms M Mbonambi**

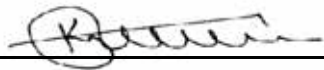
**Chairperson: Audit Committee**

**31 July 2018**

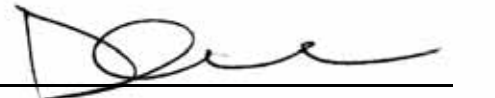
## 3.14 STATEMENT OF COMPLIANCE

The W&RSETA, to the best of its knowledge, information and belief, has other than the areas reported by the AGSA, taken reasonable steps to comply with applicable legislation, including procedures and codes of governance in the financial year ending 31 March 2018.

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



**Ms M Mbonambi**  
**Chairperson: Audit Committee**



**Ms Y Mbane**  
**Chairperson of the W&RSETA**



A collage of images related to HR management. The background is a dark green grid pattern. On the left, a large group of diverse employees is posed for a photo. On the right, a person in a light-colored shirt is holding a document. In the center, there is a circular inset showing a person at a computer desk with a Sunlight bottle and a monitor displaying a website. Below this, there are several smaller photos of groups of employees in various settings, including a meeting room and a retail environment. The text 'PART D' is prominently displayed in white on the left, and 'HR MANAGEMENT' is written vertically in white on an orange banner on the right.

A collage of images related to HR management. The background is a dark green grid pattern. On the left, a large group of diverse employees is posed for a group photo. On the right, a person is seen from the chest up, holding a white document. Below the group photo, there are several smaller inset photos: a group of people in a meeting, a person at a computer, a person holding a document, and a person at a desk with a Sunlight bottle. The text 'PART D' is written in large white letters on the left, and 'HR MANAGEMENT' is written vertically in white letters on the right.





# MANAGEMENT



## 4. HUMAN RESOURCES MANAGEMENT

### 4.1 Introduction

The W&RSETA prioritises its employees as the most valuable resource to enable the Organisation to achieve its goals and objectives. During the year under review, various strategic innovative solutions and services were developed to respond to the needs of employees, whilst adhering to HR regulatory requirements and best practice.

#### The W&RSETA's Objectives on Human Resources are to:

- Provide a human capital perspective in executing the priorities and objectives set out in the W&RSETA's Strategic Plan;
- Improve human resource systems and processes to enhance operational effectiveness, efficiency and employee satisfaction;
- Improve employee engagement through increased responsiveness, transparent communications and recognition of employees for demonstrating the SETA's values; and
- Leverage expertise, build capacity and solidify commitment through training and professional development opportunities that support diversity, inclusion and the strategic alignment of resources.

#### HR Policy Review

The Human Resources Policy guides and governs the interface between the W&RSETA, as an employer, and its employees, and also regulates the working relationship between employees of the W&RSETA.

#### Employee Relations

The W&RSETA is a unionised organisation whose employees are represented by NEHAWU as the majority union. Employee relations focus on strengthening the employer-employee relationship through measuring job satisfaction, employee engagement and resolving workplace conflict. Labour relations functions include developing management response to union organising campaigns, negotiating collective bargaining agreements and managing the union agreement.

### Pension, Benefits and Compensation

The W&RSETA sets compensation structures and evaluates competitive pay practices to attract key talent to the Organisation and ensure retention. Other benefits included negotiated group health coverage rates and pension fund. The SETA's payroll function is a component of the compensation and benefits that is currently outsourced. However, there are plans to bring the function in-house in the new financial year. Other payroll related services include benchmarking, salary pay scale and employee wellness programmes.

### Labour Law Compliance

The W&RSETA ensures compliance with relevant regulations to ensure working conditions and general satisfaction that optimise productivity and ultimately, staff morale.

### Learning and Development

Employers are required to provide employees with the tools necessary to perform at their optimal level. This includes providing new employees with extensive orientation to assist them transition into a new organisational culture. Some of the key learning and development interventions include providing leadership training for newly employed and promoted managers on topics such as performance management and employee relations. The W&RSETA provides support for learning and development to employees through study loans, tuition assistance and tuition reimbursement programmes.

### Workplace Skills Planning and Training

The W&RSETA submits its Workplace Skills Plan/Annual Training Report to the Education, Training and Development SETA (ETDPSETA) on an annual basis in line with the requirements of the Skills Development Act. As a result, the W&RSETA is enabled to participate in the Discretionary Grant programmes. The ETDPSETA has allocated funding for the W&RSETA to provide training on contracts management and records management for 12 employees in the new financial year.



## 4. HUMAN RESOURCES MANAGEMENT

### Good Practice

The W&RSETA is a member of the Institute for People Management, a professional membership body of human resources practitioners that advances good practice in human resources.

### Recruitment and Selection

The W&RSETA advertises job postings, sources candidates, screens applicants, conducts interviews and coordinates hiring efforts with the relevant departmental managers. Where it has not been possible for the W&RSETA to attract the right talent through a media advert, the SETA has approached recruitment agencies to assist with headhunting candidates of a suitable calibre, particularly for senior executives possessing scarce and critical skills.

### Job Safety

Workplace safety is an important factor. Under the Occupational Health and Safety Act 85 of 1993, employers have an obligation to provide a safe working environment for employees. The SETA provides workplace safety training and maintains a mandatory record of incidents occurring at the workplace and reports all injuries. In addition, first aiders and evacuation zone marshals have been trained and work closely with the HR team.

### Key Highlights/Successes

Key highlights for the 2017/18 financial year included the following:

- Ongoing capacity building for management which resulted in three Managers successfully completing the W&RSETA's International Leadership Development Programme and two others graduating from the Retail Management Development Programme;
- Two Organisational Scorecards were developed for the 2017/18 and 2018/19 financial years which sets the performance priorities for the W&RSETA with an objective to improve performance within the Organisation;
- Submission of the online Employment Equity report.
- The W&RSETA complied with the Employment Equity (EE) Act by submitting an online EE Report timeously
- Finalisation and approval of the Organisational Design recommendations by the Board
- The HR staff turnover target was low at 5.2% against the target of 10%

### 2018/19 Future Plans

The W&RSETA will focus on the following priorities in the ensuing financial year:

- Implementation of the new organisational structure
- Skills audit
- Climate survey
- Performance management system review
- Reward strategy revision and implementation
- On-line leave management system
- 24-hour access to employee wellness programme
- Introduction of a second medical aid provider

### Corporate Social Investment

The W&RSETA supports and participates in the commemoration of the annual International Mandela Day. To commemorate the 2017 Mandela Day, staff of the W&RSETA contributed perishable items to the homeless and also volunteered their time to various charity organisations throughout the country.

## 4. HUMAN RESOURCES OVERSIGHT STATISTICS

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

### Personnel Cost by Salary Band

Level	Personnel Expenditure (R'000)	% of Personnel Expenditure to Total Personnel Cost	No of Employees	Average Personnel Cost per Employee (R'000)
Top Management	1 579	2%	3	527
Senior Management	7 764	11%	7	1 109
Professional Qualified	16 853	24%	21	802
Skilled	21 250	31%	40	531
Semi-skilled	18 981	28%	91	208
Unskilled	2 170	3%	14	155
<b>Total</b>	<b>68 600</b>	<b>100%</b>	<b>176</b>	<b>392</b>

### Performance Rewards

Level	Performance Rewards (R'000)	Personnel Expenditure (R'000)	% of Performance Rewards to Total Personnel Costs
Top Management	417	1 579	26%
Senior Management	804	7 764	10%
Professional Qualified	1 481	16 853	8%
Skilled	2 848	21 250	12%
Semi-skilled	1 212	18 981	6%
Unskilled	205	2 170	9%
<b>Total</b>	<b>6 970</b>	<b>68 600</b>	<b>10%</b>

## 4. HUMAN RESOURCES OVERSIGHT STATISTICS (CONTINUED)

### Training Costs

Business Unit	Personnel Expenditure	Training Expenditure	Training Expenditure as a % of Personnel costs	No of Employees	Average Training Cost per Employee
Head Office (including Bursaries and IPM)	R38 135	R432 565	1.13%	27	R16 020
Regions	R30 465	R96 435	0.31%	29	R3 325
<b>Total</b>	<b>R68 600</b>	<b>R529 000</b>	<b>1.45%</b>	<b>56</b>	<b>R19 345</b>

### Employment and Vacancies

Level	No of Employees	Approved Posts	Vacancies	% Vacancies
Top Management	3	6	3	50%
Senior Management	7	7	0	0%
Professional Qualified	21	24	3	17%
Skilled	40	42	2	16%
Semi-skilled	91	94	3	1%
Unskilled	14	15	1	2.1%
<b>Total</b>	<b>176</b>	<b>188</b>	<b>12</b>	<b>6.38%</b>

## 4. HUMAN RESOURCES OVERSIGHT STATISTICS (CONTINUED)

### Employment Changes

Level	Employment at Beginning of the Period	Appointments	Terminations	Employment at End of the Period
Top Management	5	0	2	3
Senior Management	6	1	0	7
Professional Qualified	22	0	1	21
Skilled	37	5	2	40
Semi-skilled	88	6	3	91
Unskilled	15	0	1	14
<b>Total</b>	<b>173</b>	<b>12</b>	<b>9</b>	<b>176</b>

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

### Reasons for Staff Leaving

Reason	Number	% of Total no of Staff Leaving
Death	0	0%
Resignation	9	5.20%
Dismissal	0	0%
Retirement	0	0%
Ill health	0	0%
Expiry of contract	0	0%
<b>Total</b>	<b>9</b>	<b>5.20%</b>

The above table indicates terminations at various levels. Statistics apply to full time employees

## 4. HUMAN RESOURCES OVERSIGHT STATISTICS (CONTINUED)

### Labour Relations: Misconduct and Disciplinary Action

Nature of Disciplinary Action	Number
Verbal Warning	6
Written Warning	1
Final Written Warning	74
Dismissal	0
Suspensions	8
<b>TOTAL</b>	<b>89</b>

## 4. HUMAN RESOURCES OVERSIGHT STATISTICS (CONTINUED)

### Equity Target and Employment Equity Status

Male								
Level	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	0	0	0	0	0	0	0
Senior Management	2	2	0	0	1	1	0	0
Professional Qualified	11	11	1	1	0	0	0	0
Skilled	12	12	2	2	2	2	0	0
Semi-skilled	23	23	0	0	0	0	0	0
Unskilled	0	0	0	0	0	0	0	0
Total	48	48	3	3	3	3	0	0

### Equity Target and Employment Equity Status

Female								
Level	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	3	3	0	0	0	0	0	0
Senior Management	3	3	0	0	0	0	1	1
Professional Qualified	8	8	1	1	0	0	1	1
Skilled	18	18	1	1	2	2	3	3
Semi-skilled	65	65	1	1	1	1	0	0
Unskilled	14	14	0	0	0	0	0	0
Total	111	111	3	3	3	3	5	5

## 4. HUMAN RESOURCES OVERSIGHT STATISTICS (CONTINUED)

Disabled Staff					
Level	Male		Female		Total
	Current	Target	Current	Target	Actual
Top Management	0	0	0	0	0
Senior Management	0	0	0	0	0
Professional Qualified	0	0	0	0	0
Skilled	0	0	0	0	0
Semi-skilled	1	1	1	1	2
Unskilled	0	0	0	0	0
<b>Total</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>

Equity statistics: People with disability.



# PART E

## ANNUAL FINANCIAL STATEMENTS



## Annual Financial Statements for the year ended 31 March 2018

Index	Page
Report of the AGSA .....	78
Report of the Accounting Authority.....	84
Annual Financial Statements.....	89

## 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 89 to 142 which comprise the statement of financial position as at 31 March 2018, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Wholesale and Retail Sector Education and Training Authority as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with Standards of Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Skills Development Act of South Africa, 1998 (Act No. 97 of 1998) (SDA).

### Context of opinion

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

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 35 to the financial statements, the public entity incurred irregular expenditure of R408 631 000 (2017: R324 577 000), due to some supply chain management requirements not being adhered to and also failure to comply with Sector Education and Training Authority's (SETA) grant regulations.

### Responsibilities of accounting authority for the financial statements

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

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

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

## Report on the audit of the annual performance report

### Introduction and scope

12. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
13. My procedures address the reported performance information, which must be based on the approved performance planning documents of the public entity. I have not evaluated the completeness and appropriateness of the performance indicators/ measures 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.
14. 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 2018:

Programmes	Pages in the annual performance report
<b>Programme 3:</b> Learning Programme and Projects	22 - 30
<b>Programme 4:</b> Quality Assurance	31 - 33

15. 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.

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

### Programme: 3 Learning Programme and Projects

#### Various indicators

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

No	Indicator description	Reported achievement	Audited value
1	Established four (4) schools of excellence (SoE's) in TVET colleges by 31 March 2018	5	0
2	Unemployed learners from rural areas registered and certificated on learnerships during the period April 2017 – March 2018	334	119

18. I did not raise any material findings on the usefulness and reliability of the reported performance information for:
- Programme 4: quality assurance

#### Other matters

19. I draw attention to the matters below.

#### Achievement of planned targets

20. Refer to the annual performance report on pages 15 to 33 for information on the achievement of planned targets for the year and explanations provided for the under/overachievement of a significant number of targets. This information should be considered in the context of material findings on the reliability of the reported performance information in paragraph 17 of this report.

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

**Adjustment of material misstatements**

21. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of programme 3: learning programme and projects and programme 4: quality assurance. As management subsequently corrected only some of the misstatements, I raised material findings on the reliability of the reported performance information. Those that were not corrected are reported above.

**Report on the audit of compliance with legislation****Introduction and scope**

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

**Annual financial statements**

24. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and as required by section 55(1)(b) of the PFMA. Material misstatements of related parties' disclosure, irregular expenditure disclosure and contingencies disclosure identified by the auditors in the submitted financial statements were corrected, resulting in the financial statements receiving an unqualified audit opinion.

**Expenditure management**

25. Effective and appropriate steps were not taken to prevent fruitless and wasteful expenditure amounting to R293 000, as disclosed in note 34 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the fruitless and wasteful expenditure was caused by interest paid on late submission of South African Revenue Service's obligations.

26. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R84 054 000 as disclosed in note 35 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the irregular expenditure was caused by non-compliance with supply chain management prescripts and non-compliance with the Sector Education and Training Authority's grant regulations.

27. Approval for extension for late submission for mandatory grant applications was not approved in line with the processes stipulated in regulation 4(8) of the GNR.990 of 3 December 2012 of the Sector Education and Training Authorities grant regulations.

**Consequence management**

28. Disciplinary steps were not taken against some officials who had incurred and/or permitted irregular expenditure, as required by section 51(1)(e)(iii) of the PFMA.
29. I was unable to obtain sufficient appropriate audit evidence that disciplinary steps were taken against officials who had incurred irregular expenditure as required by section 51(1)(e)(iii) of the PFMA. This was due to proper and complete records that were not maintained as evidence to support the investigations into irregular expenditure.

**Procurement and contract management**

30. Some quotations were accepted from prospective suppliers who did not submit a declaration on whether they were employed by the state or connected to any person employed by the state, which is prescribed in order to comply with treasury regulation 16A8.3.
31. Some quotations were awarded to suppliers whose tax matters had not been declared by the South African Revenue Service to be in order as required by treasury regulation 16A9.1(d).



**Other information**

32. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report which includes the erratum, general information, performance oversight statistics, summary of financial information, performance information, governance, audit committee's report and human resources. The other information does not include the financial statements, the auditor's report thereon and those selected programmes presented in the annual performance report that have been specifically reported on in the auditor's report.
33. 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.
34. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit or otherwise appears to be materially misstated.
35. I did not receive the other information prior to the date of this auditor's report. After I receive and read this information, and if I conclude that there is 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 retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

**Internal control deficiencies**

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

**Leadership**

37. Adequate oversight was not exercised over the annual performance report as the reporting of achievements were not always aligned with the actual activities/projects implemented by the SETA.

**Financial and performance management**

38. Management did not adequately review the financial statements and annual performance report prior to submission for audit, as a result material misstatements were identified during the audit.
39. The processes and procedures in place to confirm the accuracy and validity of the information reported in the annual performance report were not adequate in certain instances, as evidence submitted did not directly relate to the indicators/ targets planned for.
40. Management did not adequately monitor compliance with the applicable laws and regulations to ensure that supply chain management prescripts are followed before awards are made.
41. Compliance with the sector education and training authority grant regulations was not adequately monitored during the process of approving extensions of mandatory grant.

## Other reports

42. I draw attention to the following engagements conducted by various parties that have or could potentially have an impact on the public entities financial statements, reported performance information and compliance with applicable legislation and other related matters. The reports noted do not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation. The summarised other reports will be included in the auditor's report as follows:
43. An independent firm conducted an investigation at the request of the accounting authority, into alleged economic crime and maladministration of the Wholesale & Retail SETA's funds during the period in which the Wholesale & Retail SETA was under administration. The investigation was concluded in February 2018 and the accounting authority was in the process of evaluating the outcome of the investigation to determine the appropriate action to be taken.
44. An independent firm conducted an investigation at the request of the accounting authority, into disciplinary proceedings instituted against certain staff members of the public entity. The investigation was concluded in March 2018 and the accounting authority is currently evaluating the outcome of the investigation to determine action to be taken.
45. An independent firm conducted an investigation at the request of the administrator, into various employee relations allegations for the period 2015/16 and 2016/17. The investigation was concluded in July 2017 and action was taken against the employees implicated in the report.

*Auditor-General*

Pretoria

31 July 2018



AUDITOR-GENERAL  
SOUTH AFRICA



## Annexure – Auditor-general's responsibility for the audit

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

### Financial statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:
  - identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control.
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority.
  - conclude on the appropriateness of the accounting authority's use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Wholesale and Retail SETA's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such

disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease continuing as a going concern

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

### Communication with those charged with governance

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

# REPORT OF THE ACCOUNTING AUTHORITY

## REPORT OF THE ACCOUNTING AUTHORITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

### EXECUTIVE SUMMARY:

#### ORGANISATIONAL PERFORMANCE REPORT 2017-2018

In comparison to the previous year, achievement of the Annual Performance Plan 2017/18 has posed various challenges for the W&RSETA. Performance has decreased from 53,1% in 2016/17 to 40% in 2017/18. The decrease in performance can be attributed to a number of challenges experienced during the financial year under review. Whilst the W&RSETA fell short on achieving its target, it is encouraging that training was implemented in the Sector through programmes that are directly funded by companies. As a result, over 12 000 registrations of learning programmes that are fully funded by wholesale and retail companies were recorded. The W&RSETA issued 1 189 certificates for learners who completed their programmes during the 2017/18 financial period. One of the main priorities for the Organisation included the completion of projects from the 2016/17 financial year and the issuing of certificates for the 1 482 learners who completed their programmes

#### FINANCIAL PERFORMANCE

Highlights of the W&RSETA's financial performance

- Total revenue increased by 14% from R1.06 billion in 2016/17 to R1.2 billion in the current year. Levy income constituted 91% of total revenue which remained unchanged from the prior year.
- Total expenditure increased by 42% from R612 million in 2016/17 to R867 million in the current financial period.
- The resultant net surplus decreased by 23% from R448 million in 2016/17 to R344 million in the current year due to increased disbursement in mandatory and discretionary grants.
- The administration expenditure increased by 17% from R115 million in 2016/17 to R134 million in the current year.
- The administration expenditure is within the legislated 10.5% administration threshold.
- Mandatory grants expenditure increased by 13% from R166 million in the prior year to R187 million in the current year.
- Discretionary grants expenditure increased by 65% from R331 million in the prior year to R546 million in the current year.

- Total revenue received of R1.2 billion is 18% above the approved revenue budget of R1.02 billion. This is due to actual skills development levy income received of R1.1 billion which is 11% above the approved budget of R990 million. Also actual interest received of R110 million is 217% above the approved budget of R35 million.
- Cash and Cash Equivalents as at year end was at R2.1 billion which is a 19% increase compared to the previous financial year (2016/17: R1.8 billion).

The 2017/18 Annual Financial Statements are prepared on the going concern basis as an indication that the SETA is financially sound and viable.

#### REPORT OF THE AUDITOR-GENERAL SOUTH AFRICA:

It is heartening that the W&RSETA has returned to the era of unqualified audit reports, following three years of qualifications, in 2014/15, 2015/16 and 2016/17. This demonstrates the commitment of the Board to providing strategic leadership to ensure that the W&RSETA restores the tradition of unqualified audit reports. Furthermore, it is a reflection of the resolve of Management and staff to address the challenges that resulted in qualified audit opinions in prior years.

The Board will ensure that the findings raised by the AGSA are addressed, as they are seen in a serious light. It will also make certain that proper action plans are developed to avoid recurrence.

**BOARD REMUNERATION SCHEDULE:**

No	NAME OF MEMBER	2017/18	2016/17
1	P Maphoshe – Chairperson	175 098	141 056
2	I Molefe	423 613	209 722
3	T Skenjana	187 540	127 674
4	P Sito	279 029	143 008
5	A Abrahams	-	24 572
6	M Tau	368 509	161 178
7	N. Kettlele	198 601	142 810
8	P Pillay	-	267
9	C Strydom	-	13 220
10	S Moloko	405 725	184 434
11	M Lawrence	6 596	124 426
12	I Motaung	325 119	180 650
13	S Busane	266 190	138 821
14	M Bango	175 030	97 402
15	M Mentz	-	15 136
16	X Titus	15 516	37 840
17	S Van Rensburg	111 546	56 760
18	R Sibiya	234 820	145 040
19	M Masoabi	107 389	117 304
20	ER Setei	-	-
<b>Board Remuneration</b>		<b>R3 280 321</b>	<b>R2 061 320</b>

**INDEPENDENT ACCOUNTING AUTHORITY MEMBERS:**

	NAME OF MEMBER	2017/18	2016/17
1	S Busane	70 800	3 889
2	R Sibiya	46 648	4 152
<b>Independent Board Remuneration</b>		<b>R117 448</b>	<b>R8 041</b>

**AUDIT COMMITTEE:**

	NAME OF MEMBER	2017/2018	2016/2017
1	P Mokupo	-	178 302
2	Y Gordhan	93 286	105 402
3	M Mokoka	151 023	123 762
4	C Weapond	131 383	204 751
<b>Audit Committee Remuneration</b>		<b>375 692</b>	<b>612 217</b>
<b>Total remuneration of members of the Board and Audit Committee</b>		<b>R3 773 461</b>	<b>R2 681 578</b>



**Ms Y Mbane**  
**Chairperson of the Board (Incoming)**

# ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

## GENERAL INFORMATION

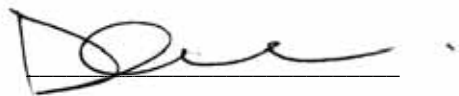
<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	Sector Education and Training Authority (SETA) established in terms the Skills Development Act
<b>Controlling entity</b>	South African National Department of Higher Education and Training
<b>Economic entity</b>	South African Government
<b>Auditors</b>	Auditor-General South Africa

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

	Page
Statement of Responsibilities and Approval by the Accounting Authority	88
Statement of Financial Position	89
Statement of Financial Performance for the year ended 31 March 2018	90
Statement of Changes in Net Assets as at 31 March 2018	91
Cash Flow Statement for the year ended 31 March 2018	92
Statement of Comparison of Budget and Actual Amounts as at 31 March 2018	93
Accounting Policies	94 - 110
Notes to the Annual Financial Statements	111 - 142

## STATEMENT OF RESPONSIBILITIES AND APPROVAL BY THE ACCOUNTING AUTHORITY

The annual financial statements for the the year ended 31 March 2018, set out on pages 89 to 142, have been approved by the Accounting Authority in terms of Section 51(1)(f) of the Public Finance Management act (PFMA) accounting authority and were signed on its behalf by:



**Y. Mbane**  
*Board Chairperson*

# STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	Note(s)	2018 R '000	2017 R '000
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	4	113	120
Receivables from exchange transactions	5	18 975	5 214
Receivables from non-exchange transactions	6	2 105	8 350
Cash and cash equivalents	7	2 157 951	1 810 655
		<b>2 179 144</b>	<b>1 824 339</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	8	5 734	5 854
Intangible assets	9	580	393
Receivables from exchange transactions	5	375	1 418
		<b>6 689</b>	<b>7 665</b>
<b>Total Assets</b>		<b>2 185 833</b>	<b>1 832 004</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease obligation	10	1 495	1 021
Operating lease liability	3	275	1 299
Payables from exchange transactions	11	96 543	78 370
Payables from non-exchange transactions	12	30 876	38 467
Unspent conditional grants	13	5 214	5 214
Provisions	14	28 498	27 388
		<b>162 901</b>	<b>151 759</b>
<b>Non-Current Liabilities</b>			
Finance lease obligation	10	639	2 134
<b>Total Liabilities</b>		<b>163 540</b>	<b>153 893</b>
<b>Net Assets</b>		<b>2 022 293</b>	<b>1 678 111</b>
<b>Reserves</b>			
Employer grant reserve		635	909
Administration reserve		6 314	6 246
Discretionary grant reserve		2 015 344	1 670 956
<b>Total Net Assets</b>		<b>2 022 293</b>	<b>1 678 111</b>



## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH 2018

	Note(s)	2018 R '000	2017 R '000
<b>Revenue</b>			
Revenue from exchange transactions			
Other income	16	207	288
Interest received	17	110 977	90 304
<b>Total revenue from exchange transactions</b>		<b>111 184</b>	<b>90 592</b>
<b>Revenue from non-exchange transactions</b>			
Transfer revenue			
Skills development levy transfer	18	1 099 517	966 972
Project income recognised	19	-	2 459
Other transfer revenue		862	-
<b>Total revenue from non-exchange transactions</b>		<b>1 100 379</b>	<b>969 431</b>
<b>Total revenue</b>	20	<b>1 211 563</b>	<b>1 060 023</b>
<b>Expenditure</b>			
Employee related costs	21	(68 600)	(55 398)
Depreciation and amortisation	8&9	(3 304)	(1 519)
Repairs and maintenance		(166)	(242)
Employer grant and project expenses	22	(732 912)	(497 002)
General expenses	23	(62 355)	(57 511)
<b>Total expenditure</b>		<b>(867 337)</b>	<b>(611 672)</b>
<b>Loss on disposal of assets and liabilities</b>		<b>(44)</b>	<b>(5)</b>
<b>Surplus for the year</b>		<b>344 182</b>	<b>448 346</b>

## STATEMENT OF CHANGES IN NET ASSETS AS AT 31 MARCH 2018

	Employer grant reserve R '000	Administration reserve R '000	Discretionary grant reserve R '000	Total reserves R '000	Accumulated surplus R '000	Total net assets R '000
Opening balance as previously reported	570	3 129	1 226 066	1 229 765	-	1 229 765
<b>Balance at 01 April 2016</b>	<b>570</b>	<b>3 129</b>	<b>1 226 066</b>	<b>1 229 765</b>	<b>-</b>	<b>1 229 765</b>
Changes in net assets						
Surplus for the year	-	-	-	-	448 346	448 346
Allocation of accumulated surplus	67 357	6 960	374 029	448 346	(448 346)	-
Excess reserves transferred to Discretionary reserve	(67 018)	(3 843)	70 861	-	-	-
<b>Total changes</b>	<b>339</b>	<b>3 117</b>	<b>444 890</b>	<b>448 346</b>	<b>-</b>	<b>448 346</b>
Balance at 01 April 2017 restated	909	6 246	1 670 956	1 678 111	-	1 678 111
Changes in net assets						
Surplus for the year	-	-	-	-	344 182	344 182
Allocation of accumulated surplus	70 174	4 913	269 095	344 182	(344 182)	-
Excess reserves transferred to Discretionary reserve	(70 448)	(4 845)	75 293	-	-	-
<b>Total changes</b>	<b>(274)</b>	<b>68</b>	<b>344 388</b>	<b>344 182</b>	<b>-</b>	<b>344 182</b>
<b>Balance at 31 March 2018</b>	<b>635</b>	<b>6 314</b>	<b>2 015 344</b>	<b>2 022 293</b>	<b>-</b>	<b>2 022 293</b>

Employer grant reserve refer to note 26.1 for details.

Administration reserve refer to note 8 and 9.

For allocation of net surplus, refer to note 15.

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2018

	Note(s)	2018 R '000	2017 R '000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Levies		1 035 147	930 860
Penalties and interest		65 462	42 801
Interest received		99 451	87 765
Other Income		207	288
		<b>1 200 267</b>	<b>1 061 714</b>
<b>Payments</b>			
Mandatory grants		(187 448)	(161 475)
Discretionary grants		(527 021)	(311 318)
Project funding paid		-	(2 460)
Compensation to employees		(69 423)	(54 413)
Suppliers and other		(64 644)	(55 683)
		<b>(848 536)</b>	<b>(585 349)</b>
<b>Net cash flows from operating activities</b>	24	<b>351 731</b>	<b>476 365</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	8	(2 802)	(4 282)
Proceeds from disposal of property, plant and equipment	8	-	4
Purchase of other intangible assets	9	(612)	(366)
<b>Net cash flows from investing activities</b>		<b>(3 414)</b>	<b>(4 644)</b>
<b>Cash flows from financing activities</b>			
<b>Finance lease payments</b>		<b>(1 021)</b>	<b>2 963</b>
Net increase in cash and cash equivalents		347 296	474 684
Cash and cash equivalents at the beginning of the year		1 810 655	1 335 971
<b>Cash and cash equivalents at the end of year</b>	7	<b>2 157 951</b>	<b>1 810 655</b>

# STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AS AT 31 MARCH 2018

	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	
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
Revenue from exchange transactions						
Other income	-	-	-	207	207	
Interest received	35 000	-	35 000	110 977	75 977	38
<b>Total revenue from exchange transactions</b>	<b>35 000</b>	<b>-</b>	<b>35 000</b>	<b>111 184</b>	<b>76 184</b>	
Revenue from non-exchange transactions						
Transfer revenue						
Skills Development Levy transfer	989 937	-	989 937	1 099 517	109 580	38
Other non - exchange revenue	-	-	-	862	862	
<b>Total revenue from non- exchange transactions</b>	<b>989 937</b>	<b>-</b>	<b>989 937</b>	<b>1 100 379</b>	<b>110 442</b>	
<b>Total revenue</b>	<b>1 024 937</b>	<b>-</b>	<b>1 024 937</b>	<b>1 211 563</b>	<b>186 626</b>	
<b>Expenditure</b>						
Personnel	(68 641)	-	(68 641)	(68 600)	41	38
Depreciation and amortisation	(4 270)	-	(4 270)	(3 304)	966	
Repairs and maintenance	(396)	-	(396)	(166)	230	
Employer Grant and Project Expenses	(895 008)	-	(895 008)	(732 912)	162 096	38
General Expenses	(56 622)	-	(56 622)	(62 355)	(5 733)	38
<b>Total expenditure</b>	<b>(1 024 937)</b>	<b>-</b>	<b>(1 024 937)</b>	<b>(867 337)</b>	<b>157 600</b>	
Operating surplus	-	-	-	344 226	344 226	
Loss on disposal of assets and liabilities	-	-	-	(44)	(44)	
Surplus before taxation	-	-	-	344 182	344 182	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	344 182	344 182	

# ACCOUNTING POLICIES

## 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.

### 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 2020.

### 1.3 Revenue from non-exchange transactions

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

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

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

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

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

## 1.3 Revenue from non-exchange transactions (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.



# ACCOUNTING POLICIES

## 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.

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

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

### **Project expenditure comprise:**

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

# ACCOUNTING POLICIES

## 1.5 Employer grants and project expenses (continued)

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.

### 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 Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any legislation providing for procurement procedures.

All expenditure relating to 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 is carried at cost less accumulated depreciation and any impairment losses.

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

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

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

# ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

## **1.9 Intangible assets**

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

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

## 1.9 Intangible assets (continued)

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 26.

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

# ACCOUNTING POLICIES

## 1.11 Financial instruments

### Initial recognition

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

The entity recognises financial assets using trade date accounting.

### Initial measurement of financial assets and financial liabilities

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

### Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:  
Financial instruments at fair value.

Financial instruments at amortised cost. Financial instruments at cost.

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

### Derecognition

### Financial liabilities

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

### Financial assets

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

### Cash and cash equivalents

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



## **Receivables from exchange transactions**

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

## **Effective interest method**

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

## **Impairment of financial assets**

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

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

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

## **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.

# ACCOUNTING POLICIES

## 1.11 Financial instruments (continued)

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

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

## 1.12 Inventories

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

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

## 1.13 Reserves

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

Administration reserve  
Employer grant reserve  
Discretionary reserve  
Unappropriated surplus

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

Act and the regulations issued in terms of the

	2018	2017
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	80,00	80,00
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:

### Useful lives

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

### Provision for doubtful debts

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

### Provisions and contingencies

Provisions and contingencies were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions and contingencies are included in note 14 - Provisions and note 26 - 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

## 1.17 Leases

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

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

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

### Finance leases - lessee

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

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

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

### Operating leases - lessor

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

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

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

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

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

### Operating leases - lessee

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

## 1.18 Comparative figures

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

## 1.19 Budget information

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

## 1.20 Events after reporting date

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

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

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

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

## 1.21 Impairment of cash-generating assets

Cash-generating assets are assets 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.

# ACCOUNTING POLICIES

## 1.22 Impairment of non-cash-generating assets

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

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

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

A non-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.

## 1.23 Share capital / contributed capital

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

## 1.24 Employee benefits

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

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

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

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

## 1.25 Commitments

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

## 1.26 Borrowing costs

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

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

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

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

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

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

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

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

Extended periods is periods that exceeds the agreed contract term.

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

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

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



# ACCOUNTING POLICIES

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## 1.27 Segment information

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

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

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

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note(s)	2018 R '000	2017 R '000
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## 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 2018	Unlikely there will be a material impact
GRAP 32: Service Concession Arrangements: Grantor	01 April 2018	Unlikely there will be a material impact
GRAP 34: Separate financial statements	01 April 2018	Unlikely there will be a material impact
GRAP 35: Consolidated financial statements	01 April 2018	Unlikely there will be a material impact
GRAP 36: Investment in associates and joint ventures	01 April 2018	Unlikely there will be a material impact
GRAP 37: Joint arrangements	01 April 2018	Unlikely there will be a material impact
GRAP 38: Disclosure of interest in other entities	01 April 2018	Unlikely there will be a material impact
GRAP 108: Statutory receivables	01 April 2018	Unlikely there will be a material impact
GRAP 109: Accounting by principals and agents	01 April 2018	Unlikely there will be a material impact
GRAP 110: Living and non - living resources	01 April 2018	Unlikely there will be a material impact

The aggregate impact of the initial application of the statements and interpretations on the entity's annual financial statements is expected to be immaterial

## 3. Operating lease liability

Current liabilities	275	1 299
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Operating lease payments of R13 891 000 (2017: R12 956 000) as reported in note 23 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 2018-2019 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%.

The prior year amount of R1 299 000 is a restated amount. Refer to the prior year error note 30

### Total future minimum payment under non cancelable leases

Not later than one year	7 702	14 586
Later than one year but not later than five years	2 187	11 363
	<b>9 889</b>	<b>25 949</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	Note(s)	2018 R '000	2017 R '000
<b>4. Inventories</b>			
Consumables on hand		113	120
<b>5. Receivables from exchange transactions</b>			
Staff debtors		113	124
Deposits		1 696	1 696
Sundry receivables		125	140
Interest receivable		16 098	4 572
Prepaid expenses		1 318	100
		<u>19 350</u>	<u>6 632</u>
Non-current assets		375	1 418
Current assets		<u>18 975</u>	<u>5 214</u>
		<u>19 350</u>	<u>6 632</u>

## Staff debtors

	Opening balance	Additions	Receipts	Write off	Total
<b>2018</b>					
Staff debtors	153	373	(412)	-	114
Provision for doubtful debts	(29)	(1)	-	29	(1)
	<u>124</u>	<u>372</u>	<u>(412)</u>	<u>29</u>	<u>113</u>
<b>2017</b>					
Staff debtors	81	202	(130)	-	153
Provision for doubtful debts	(29)	-	-	-	(29)
	<u>52</u>	<u>202</u>	<u>(130)</u>	<u>-</u>	<u>124</u>

## The ageing of receivables from exchange transactions is as follows:

Current	1 318	100
30 days	16 098	4 572
Over 120 days	1 934	1 960
	<u>19 350</u>	<u>6 632</u>

## 6. Receivables from non-exchange transactions

Inter SETA receivables	172	32
Employer receivables	<u>1 933</u>	<u>8 318</u>
	<u>2 105</u>	<u>8 350</u>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

			2018 R '000	2017 R '000
<b>2018</b>	Opening balance	Reversed during the year	Additions	Total
Employer receivable	17 385	-	(3 953)	13 432
Provision for doubtful debts	(9 067)	9 067	(11 499)	(11 499)
	<b>8 318</b>	<b>9 067</b>	<b>(15 452)</b>	<b>1 933</b>
<b>2017</b>	Opening balance	Reversed during the year	Additions	Total
Employer receivable	10 241	-	7 144	17 385
Provision for doubtful debts	(8 030)	8 030	(9 067)	(9 067)
	<b>2 211</b>	<b>8 030</b>	<b>(1 923)</b>	<b>8 318</b>

R13 432 000 (2017: R 17 385 000) 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 R11 499 000 (2017: R9 067 000) was provided for as doubtful debts.

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

## 7.Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	8	9
Bank balances	14 483	224 681
Short-term deposits	2 144 356	1 586 972
Travel lodge card	(896)	(1 007)
	<b>2 157 951</b>	<b>1 810 655</b>

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 5.67% (2017: 6.09%).

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

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R '000			2017 R '000		
<b>8. Property, plant and equipment</b>						
	2018			2017		
	Cost / Valuation R'000	Accumulated depreciation and accumulated impairment R'000	Carrying value R'000	Cost / Valuation R'000	Accumulated depreciation and accumulated impairment R'000	Carrying value R'000
Furniture and fixtures	2 043	(964)	1 079	1 964	(918)	1 046
Office equipment	372	(166)	206	282	(137)	145
Computer Equipment	3 693	(1 301)	2 392	2 384	(1 015)	1 369
Project Assets- Office Equipment	19	(9)	10	19	(4)	15
Project Assets- Computer Equipment	310	(47)	263	487	(345)	142
Office Equipment finance lease	3 223	(1 445)	1 778	4 340	(1 228)	3 112
Leasehold Improvements	39	(33)	6	39	(14)	25
<b>Total</b>	<b>9 699</b>	<b>(3 965)</b>	<b>5 734</b>	<b>9 515</b>	<b>(3 661)</b>	<b>5 854</b>

## Reconciliation of property, plant and equipment - 2018

	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Total R'000
Furniture and fixtures	1 046	166	-	(133)	1 079
Office equipment	145	141	(4)	(76)	206
Computer Equipment	1 369	2 246	(39)	(1 184)	2 392
Project Assets- Office Equipment	15	-	-	(5)	10
Project Assets- Computer Equipment	142	249	(1)	(127)	263
Office Equipment finance lease	3 112	-	-	(1 334)	1 778
Leasehold Improvements	25	-	-	(19)	6
	<b>5 854</b>	<b>2 802</b>	<b>(44)</b>	<b>(2 878)</b>	<b>5 734</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

				2018 R '000	2017 R '000
<b>Reconciliation of property, plant and equipment - 2017</b>					
	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Total R'000
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
	<b>2 918</b>	<b>4 282</b>	<b>(9)</b>	<b>(1 337)</b>	<b>5 854</b>

## Pledged as security

None of the assets were pledged as security

## Assets subject to finance lease (Net carrying amount)

Office Equipment finance lease	<u>1 778</u>	<u>3 112</u>
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# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R '000	2017 R '000
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## 8. Property, plant and equipment (continued)

### Expenditure incurred to repair and maintain property, plant and equipment

General expenses	166	242
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## 9. Intangible assets

	2018			2017		
	Cost / Valuation R'000	Accumulated amortisation and accumulated impairment R'000	Carrying value R'000	Cost / Valuation R'000	Accumulated amortisation and accumulated impairment R'000	Carrying value R'000
Computer software	977	(397)	580	660	(267)	393



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R '000	2017 R '000
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## 9. Intangible assets (continued)

### Reconciliation of intangible assets - 2018

	Opening balance R'000	Additions R'000	Amortisation R'000	Total R'000
Computer software	393	612	(425)	580

### Reconciliation of intangible assets - 2017

	Opening balance R'000	Additions R'000	Amortisation R'000	Total R'000
Computer software	211	366	(184)	393

Pledged as security

None of the intangible assets were pledged as security

## 10. Finance lease obligation

### Minimum lease payments due

- within one year	2 074	2 074
- in second to fifth year inclusive	691	2 765
	2 765	4 839
less: future finance charges	(631)	(1 684)
<b>Present value of minimum lease payments</b>	<b>2 134</b>	<b>3 155</b>

### Present value of minimum lease payments due

- within one year	1 495	1 021
- in second to fifth year inclusive	639	2 134
	2 134	3 155
Non-current liabilities	639	2 134
Current liabilities	1 495	1 021
	2 134	3 155

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

The average effective borrowing rate was 39%.

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

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

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R '000	2017 R '000
<b>11. Payables from exchange transactions</b>		
Trade payables	22 244	55 103
Employee Benefits	17 556	17 193
Other accrued expenses	56 743	6 074
	<b>96 543</b>	<b>78 370</b>

## 12. Payables from non-exchange transactions

Employer Payable	3 485	5 900
Inter-SETA payable	486	1 224
Amounts Payable to DHET	2 871	2 871
Levy Payables	7 118	7 699
Skills development grants payable-mandatory	16 916	20 773
	<b>30 876</b>	<b>38 467</b>

Levy payables of R 7 118 000 (2017: R 7 699 000) represent unpaid mandatory grants to stakeholder companies due to incomplete or unavailability of banking details. These mandatory grants are paid as and when complete and accurate banking details are submitted to the SETA.

Skills development grants payable - mandatory of R 16 916 000 (2017: R 20 773 000) represent the fourth quarter mandatory grants due to stakeholder companies in June 2018.

### Amounts payable to DHET

Amounts incorrectly deposited by DHET	2 871	2 871
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During the financial year 2011-2012, an amount of R2 871 000 was erroneously deposited in the WR&SETA bank account by DHET. As at 31 March 2018, this error was still not resolved by DHET.

## 13. Unspent conditional grants

Movement during the year

Balance at the beginning of the year	5 214	7 674
Income recognition during the year	-	(2 460)
	<b>5 214</b>	<b>5 214</b>

During the year R Nil (2017: R 2 460 000) eligible project expenses were incurred and a corresponding amount was recognised as revenue refer to note 19. The remaining amount of R5 214 000 (2017: R5 214 000) continues to be accounted for as a liability until the agreed contractual conditions have been met. This grant relates to funding received from the Department of Small Business Development towards the Informal Traders Upliftment Project (ITUP) which has a total budget of R20 300 000 which is funded 50% by the department and 50% by W&RSETA.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R '000	2017 R '000
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## 14. Provisions

### Reconciliation of provisions - 2018

#### Amounts Payable to Small Companies

Opening Balance R '000	Additions R '000	Adjustments R '000	Recognised as Revenue R '000	Total R '000
<b>27 388</b>	<b>7 129</b>	<b>(1 507)</b>	<b>(4 512)</b>	<b>28 498</b>

### Reconciliation of provisions - 2017

#### Amounts Payable to Small Companies

Opening Balance R '000	Additions R '000	Adjustments R '000	Recognised as Revenue R '000	Total Balance R '000
<b>22 842</b>	<b>9 109</b>	<b>373</b>	<b>(4 936)</b>	<b>27 388</b>

#### Amounts Payable to Small Companies

An amount of R28 498 000 (2017: R27 388 000) relates to levies incorrectly contributed by employers, and paid over by SARS and DHET, after being exempted from contributing SDL due to legislation changes which came into effect from 1 August 2005. As SARS collects the levies on behalf of DHET, the responsibility to refund the levies to the employers remains with SARS.

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

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2018  
R '000

2017  
R '000

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

### Total Revenue

Skills Development Levy transfer from non - exchange transactions:

Levy transfer Administration (10.5%)

Levy transfer Employer Grants (69.5%)

Skills Development Levy penalties and interest from non - exchange transactions

Investment Income

Other income

Other transfer revenue

Project income recognised

### Total Expenses

Employer grants and project expenses

Administration expenses

Project income recognised

### Net surplus per statement of financial performance allocated

Total per Statement of Financial Performance 31 March 2017 R '000	Total per Statement of Financial Performance 31 March 2018 R '000	Employer grants reserve R '000	Administration reserve R '000	Discretionary grants reserve R '000
<b>1 060 023</b>	<b>1 211 563</b>	<b>260 598</b>	<b>135 938</b>	<b>815 027</b>
121 225	135 731	-	135 731	-
802 946	898 324	259 736	-	638 588
42 801	65 462	-	-	65 462
90 304	110 977	-	-	110 977
288	207	-	207	-
-	862	862	-	-
2 459	-	-	-	-
<b>611 677</b>	<b>867 201</b>	<b>190 244</b>	<b>131 025</b>	<b>545 932</b>
494 543	732 911	186 979	-	545 932
114 675	134 290	3 265	131 025	-
2 459	-	-	-	-
<b>448 346</b>	<b>344 362</b>	<b>70 354</b>	<b>4 913</b>	<b>269 095</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R '000	2017 R '000
<b>16. Other income</b>		
Recycling rebates	1	71
Staff training grant	206	186
Gain on disposal of fixed asset	-	31
	<b>207</b>	<b>288</b>
<b>17. Interest received</b>		
<b>Bank</b>	<b>110 977</b>	<b>90 304</b>
<b>18. Skills development levy transfer</b>		
Levy transfers - Employer grants	259 736	232 965
Levy transfers - Administration	135 731	121 225
Levy transfers - Discretionary	638 588	569 981
Levy transfers - Interest and penalties	65 462	42 801
	<b>1 099 517</b>	<b>966 972</b>
<b>19. Project income recognised</b>		
Department of Small Business Development	-	2 459
<b>20. Total revenue</b>		
Other income	207	288
Interest received - investment	110 977	90 304
Skills development levy transfer	1 099 517	966 972
Project income recognised	-	2 459
Other transfer revenue	862	-
	<b>1 211 563</b>	<b>1 060 023</b>
The amount included in revenue arising from exchanges of goods or services are as follows:		
Other income	207	288
Interest received - investment	110 977	90 304
	<b>111 184</b>	<b>90 592</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R '000	2017 R '000
<b>The amount included in revenue arising from non-exchange transactions is as follows:</b>		
<b>Taxation revenue</b>		
<b>Transfer revenue</b>	1 099 517	966 972
Skills Development Levy transfer	-	2 459
Project Income Recognised	862	-
Other transfer revenue	<b>1 100 379</b>	<b>969 431</b>
<b>21. Employee related costs</b>		
Basic	55 758	49 021
Bonus	6 970	785
Medical aid - company contributions	1 683	1 564
Unemployment Insurance Fund (UIF)	208	187
Workmens Compensation Fund (WCA)	-	87
Skills Development Levy (SDL)	611	528
Leave pay provision charge	67	304
Group life insurance	1 427	1 185
Providend Fund	1 876	1 737
	<b>68 600</b>	<b>55 398</b>
<b>22. Employer Grant and Project Expenses</b>		
Mandatory Grants	186 979	165 608
Discretionary Grants	545 933	331 394
	<b>732 912</b>	<b>497 002</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R '000	2017 R '000
<b>23. General expenses</b>		
Advertising	1 549	2 337
Allowance for impairment	3 265	1 037
Assets expensed	669	826
Auditors remuneration	3 366	4 228
Bank charges	256	255
Bad debts written off	34	-
Cleaning	40	52
Conferences and seminars	281	247
Consulting and professional fees	14 682	16 804
Consumables	31	10
ETQA expenses	561	421
HR expenses	224	257
Insurance	752	702
Interest paid	1 340	112
Internal Audit	488	813
Licenses	87	47
Offsite Storage	312	219
Operating lease rentals (Minimum payments)	13 891	12 956
Other expenses	10	45
Placement fees	542	237
Postage and courier	205	383
Printing and stationery	1 202	737
QCTO Funding	5 375	4 574
Refreshments	334	259
Relocation Costs	33	-
Remuneration to members of the Accounting Authority	3 773	2 682
Security	141	52
Staff Training and Development	529	421
Staff welfare	-	75
Subscriptions and membership fees	150	77
Telephone and fax	1 779	1 652
Travel - local	4 161	3 182
Water and electricity	2 293	1 812
	<b>62 355</b>	<b>57 511</b>



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R '000	2017 R '000
<b>24. Cash generated from operations</b>		
Surplus	344 182	448 346
Adjustments for:		
Depreciation and amortisation	3 304	1 518
Loss on sale of assets and liabilities	44	5
Movements in operating lease assets and accruals	(1 024)	116
Movements in provisions	1 110	4 546
Changes in working capital:		
Inventories	7	(52)
Receivables from exchange transactions	(12 719)	(2 446)
Other receivables from non-exchange transactions	6 245	(5 005)
Payables from exchange transactions	18 173	20 543
Payables from non exchange transactions Other changes	(7 591)	11 254
Unspent conditional grants	-	(2 460)
	<b>351 731</b>	<b>476 365</b>

## 25. Financial instruments disclosure

### Categories of financial instruments

#### Financial assets

Receivables from exchange transactions	19 350	6 632
Receivables from non exchange transactions	2 105	8 350
Cash and cash equivalents	2 157 951	1 810 655
	<b>2 179 406</b>	<b>1 825 637</b>
Payables from exchange transactions	96 816	79 669
Payables from non exchange transactions	30 876	38 467
	<b>127 692</b>	<b>118 136</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R '000	2017 R '000
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## 26. Contingencies

### 26.1 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 R635 000 (2017: R909 000) will be payable. The amount is contingent on the number of submissions received and approved.

### 26.2 Surplus funds

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

### 26.3 Implemented training not yet verified

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

### 26.4 Expired Discretionary Grant contracts

Discretionary Grant contracts with a balance of R600 305 000 (2017: R285 260 000) represent contracts whose end dates have lapsed as at the reporting date, the SETA has already signed the renewed contracts only the third party stakeholder still needs to sign the contract and the implementation is in progress in line with the approved implementation plan. This balance is contingent as there is an expectation of a future liability.

## 27. 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 at the advanced stage.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R '000	2017 R '000
<b>28. Related parties</b>		
<b>Relationships</b>		
Members of the Accounting Authority	Refer to note 29 below for detailed disclosure concerning emoluments of members of the Accounting Authority	
Controlling entity	Department of Higher Education and Training.	
Entities under common control	By virtue of the fact that W&RSETA is a National Public Entity controlled by DHET, it is considered related to other SETAs, the QCTO, TVET colleges 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.	
Stakeholders with a representative serving on the W&RSETA's Accounting Authority	W&RSETA has, in the normal course of its operations, entered into discretionary grant transactions with entities which had an appointed representative serving on the W&RSETA Accounting Authority. Refer to details below.	
<b>Related party balances</b>		
<b>Inter- Seta payables</b>		
CHIETA	(1)	-
CETA	(132)	(90)
MICT	(39)	(272)
MERSETA	(243)	(646)
TETA	(70)	-
FP&MSETA	-	(141)
FOODBEV	-	(27)
INSETA	-	(48)
<b>Inter - Seta receivable</b>		
MERSETA	121	2
LGSETA	22	22
HWSETA	6	6
MQA	22	-

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R '000	2017 R '000
<b>28. Related parties (continued)</b>		
Related party transactions		
Transfers paid to entities under common control		
QCTO	5 375	4 574
TVET colleges	94 405	12 816
<b>Discretionary grant - stakeholders with a representative serving on the W&amp;RSETA's Accounting Authority</b>		
FEDCRAW	1 276	-
SACTWU	362	7
NUMSA	804	-
SACCAWU	77	-
ECCAWUSA	964	1
FRA	1 140	-

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.

It must be noted that W&RSETA entered into contracts with all the unions above, however for SACCAWU and ECCAWUSA the SETA entered into agreements with training providers as a result of the cessionary arrangements concluded between the unions and the training providers for the deliverables which were outstanding after the cancellation of the contracts with the unions.

## 29. Remuneration of key Management

The key management personnel as defined by IPSAS 20 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. WRSETA has remunerated members of the accounting authority for attending accounting authority and sub-committee meetings, the preparation for accounting authority and sub-committee meetings as prescribed by the Department of Higher Education and Training.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## 2018

	Basic salary	Bonuses and performance related payments	Allowances	Acting allowance	Post - employment benefits	Contributions by employer	Total
N. Siyotula (Acting Chief Executive Officer) Appointed: January 2018	550 000	-	1 770	-	-	5 963	557 733
A. Mlate (Chief Operations Officer)	1 309 896	130 279	170 716	-	-	139 596	1 750 487
S. Molefe (Acting Chief Financial Officer)	1 253 211	-	150 840	-	-	15 561	1 419 612
A. Sipengane (Chief Officer: Qualifications and Research) Resigned: March 2018	1 168 623	129 548	115 390	-	241 191	109 100	1 763 852
D. Rampai (Executive Manager: CEO office) Resigned: March 2018	1 496 857	157 225	115 940	82 265	152 542	166 163	2 170 992
P. Mokupu (Administrator) Resigned: August 2017	690 684	-	5 053	-	-	7 715	703 452
G. Thomas (Adviser: Governance and Finance) Resigned: October 2017	665 919	-	4 130	-	7 905	7 899	685 853
M. Jentile (Adviser: Stakeholder relations) Resigned: October 2017	688 584	-	3 990	-	34 057	8 456	735 087
M. Mthembu (Adviser: Strategy and operations) Resigned: September 2017	554 390	-	41 820	-	42 787	7 359	646 356
	<b>8 378 164</b>	<b>417 052</b>	<b>609 649</b>	<b>82 265</b>	<b>478 482</b>	<b>467 812</b>	<b>10 433 424</b>

## 2017

	Basic salary	Bonuses and performance related payments	Allowances	Acting allowance	Post - employment benefits	Contributions by employer	Total
A. Mlate (Chief Operations Officer)	1 221 364	71 972	150 000	-	-	112 815	1 556 151
S. Molefe (Acting Chief Financial Officer) Appointed: November 2016	352 512	-	50 850	-	-	4 681	408 043
A. Sipengane (Chief Officer: Qualifications and Research)	1 350 897	91 581	125 880	-	-	84 705	1 653 063
D. Rampai (Executive Manager: CEO office)	1 535 603	107 358	126 480	-	-	225 072	1 994 513
P. Mokupu (Administrator) Appointed: October 2016	805 485	-	5 160	-	-	8 850	819 495
G. Thomas (Adviser: Governance and Finance) Appointed: October 2016	517 563	-	3 540	-	-	6 103	527 206
M. Jentile (Adviser: Stakeholder relations) Appointed: October 2016	367 179	-	3 420	-	-	4 598	375 197
M. Mthembu (Adviser: Strategy and operations) Appointed: November 2016	441 024	-	34 850	-	-	5 442	481 316
M. Mofokeng (Acting Chief Financial Officer) Resigned: November 2016	1 113 902	-	-	-	49 800	12 976	1 176 678
A. Noormohamed (Chief Audit Executive) Resigned: November 2016	952 753	91 880	4 720	-	112 723	80 580	1 242 656
	<b>8 658 282</b>	<b>362 791</b>	<b>504 900</b>	<b>-</b>	<b>162 523</b>	<b>545 822</b>	<b>10 234 318</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## 29. Remuneration of key Management

### (continued) Non-executive

#### 2018

	Accounting Authority and sub-committee meeting fees
P. Maphoshe	175 098
I. Molefe	423 613
T. Skenjana	187 540
P. Sito	279 029
M. Tau	368 509
N. Kettlele	198 601
S. Moloko	405 725
M. Lawrence	6 596
I. Motaung	325 119
S. Busane	336 990
M. Bango	175 030
X. Titus	15 516
S. Van Rensburg	111 546
R. Sibiya	281 468
M. Masoabi	107 389
Y. Gordhan (member of Audit committee)	93 286
M. Mokoka (member of Audit committee)	151 023
C. Weapond (member of Audit committee)	131 383
	<b>3 773 461</b>

#### 2017

	Accounting Authority and sub-committee meeting fees
P. Maphoshe	141 056
I. Molefe	209 722
T. Skenjana	127 674
P. Sito	143 008
A. Abrahams	24 572
M. Tau	161 178
N. Kettlele	142 810
P. Pillay	267
C. Strydom	13 220
S. Moloko	184 434
M. Lawrence	124 426
I. Motaung	180 650
S. Busane	142 710
M. Bango	97 402
M. Mentz	15 136
X. Titus	37 840
S. Van Rensburg	56 760
R. Sibiya	149 192
M. Masoabi	117 304
P. Mokupo (member of Audit committee)	178 302
Y. Gordhan (member of Audit committee)	105 402
M. Mokoka (member of Audit committee)	123 762
C. Weapond (member of Audit committee)	204 751
	<b>2 681 578</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R '000	2017 R '000
<b>30. Prior period errors</b>		
Provisions of GRAP 13: Leases were incorrectly applied. The annual escalations were not applied to all the different aspects of the operating leases resulting in the incorrect straightlining adjustment. The comparative statements for 2016/17 have been restated. The effect of the restatement is summarised below:		
Adjustments affecting the statement of financial position		
Decrease in operating lease liability - refer to note 3	-	180
Adjustments affecting the statement of financial performance		
Decrease in administration expenses	-	(180)
Adjustment to movement in reserves		
Decrease in administration reserve	-	180
Increase in discretionary grant reserve	-	(180)
	-	-

## 31. 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.

Fruitless and wasteful expenditure that was identified in the current financial year but incurred in the prior financial years

Irregular expenditure that was identified in the current financial year but incurred in the prior financial years and also irregular expenditure that was previously classified as SCM non compliance.

The impact of these disclosure adjustments are as follows:

	As previously reported	Prior year adjustment	Restated opening balance
Contractual commitments- refer to note 36	631 128	127 985	759 113
Fruitless and wasteful expenditure - refer to note 34	375	2	377
Irregular expenditure - refer to note 35	330 618	(6 041)	324 577
	<b>962 121</b>	<b>121 946</b>	<b>1 084 067</b>

## 32. 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

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

				2018 R '000	2017 R '000
<b>2018</b>	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years
Payables from exchange transactions	(96 541)	(96 541)	(96 541)	-	-
Finance lease obligations	(2 134)	(2 134)	-	(1 495)	(639)
Operating lease liability	(275)	(275)	(275)	-	-
	<b>(98 950)</b>	<b>(98 950)</b>	<b>(96 816)</b>	<b>(1 495)</b>	<b>(639)</b>
<b>2017</b>	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	(1 299)	(1 299)	-	(1 299)	-
	<b>(82 824)</b>	<b>(82 824)</b>	<b>(78 370)</b>	<b>(2 320)</b>	<b>(2 134)</b>

## 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 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

Not past due

Gross	Impairment	Total 2018
19 350	-	19 350

### The ageing of cash and cash equivalents

Not past due

Gross	Impairment	Total 2018
2 157 951	-	2 157 951

### The ageing of trade receivables from exchange transactions

Not past due

Gross	Impairment	Total 2017
6 632	-	6 632

### The ageing of cash and cash equivalents

Not past due

Gross	Impairment	Total 2017
1 810 655	-	1 810 655

### Credit risk

Not past due

Gross	Impairment	Total 2017
17 496	-	17 496

### The ageing of cash and cash equivalents

Not past due

Gross	Impairment	Total 2017
1 810 655	-	1 810 655



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R '000	2017 R '000
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## 32. Risk management (continued)

### Market risk

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

### Interest rate risk

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

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

	Floating rate	Non- interest bearing	Total
<b>2018</b>			
Cash	2 157 951	-	2 157 951
Receivables from exchange transactions	-	18 975	18 975
Payables from exchange transactions	-	(96 816)	(96 816)
	<b>2 157 951</b>	<b>(77 841)</b>	<b>2 080 110</b>
<b>2017</b>			
Cash	1 810 655	-	1 810 655
Receivables from exchange transactions	-	6 632	6 632
Payables from exchange transactions	-	(79 669)	(79 669)
	<b>1 810 655</b>	<b>(73 037)</b>	<b>1 737 618</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R '000	2017 R '000
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## 33. Events after the reporting date

In April 2018, the Minister appointed new members to serve on the board of the W&RSETA. In June 2018, the Minister also appointed the Chairperson for the new board thereby establishing the new Accounting Authority for the W&RSETA

## 34. Fruitless and wasteful expenditure

Opening balance	377	357
Less: Amounts condoned	(357)	-
Interest paid on late submission of SARS EMP 201	287	-
Interest paid on late submission of invoice	6	20
	<b>313</b>	<b>377</b>

The prior year amount of R377 000 is a restated amount, refer to prior period adjustment note 30.

Details of fruitless and wasteful expenditure

	Disciplinary steps taken	No of cases		
Interest on late submission of SARS EMP 201				
Opening balance	Not yet	1	357	357
Less expenditure condoned in 2017/18		(1)	(357)	-
Add fruitless and wasteful expenditure 2017/18		1	287	-
		<b>1</b>	<b>287</b>	<b>357</b>

## 34. Fruitless and wasteful expenditure (continued)

	Disciplinary steps taken	No of cases		
Interest paid on late submission of invoice				
Opening balance	Not yet	1	20	20
Add fruitless and wasteful expenditure 2017/18		1	6	-
		<b>2</b>	<b>26</b>	<b>20</b>

## 35. Irregular expenditure

Opening balance	324 577	215 883
Add: Irregular Expenditure - current year	84 054	108 694
Less: Amounts condoned	-	-
	<b>408 631</b>	<b>324 577</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

			2018 R '000	2017 R '000
Details of irregular expenditure				-
Contracts signed outside of delegation of authority	Disciplinary steps taken	No of cases		
Opening balance	Not yet	711	215 883	215 883
Add irregular expenditure 2017/18		-	-	-
		<b>711</b>	<b>215 883</b>	<b>215 883</b>
Non compliance with SCM requirements	Disciplinary steps taken	No of cases		
Opening balance	Not yet	-	-	-
Add irregular expenditure 2016/17		61	15 963	-
Add irregular expenditure 2017/18		-	-	15 963
		21	42 205	-
		<b>82</b>	<b>58 168</b>	<b>15 963</b>
Non compliance with Annexure II submissions	Disciplinary steps taken	No of cases		
Opening balance	Not yet	-	-	-
Add irregular expenditure 2016/17		1	92 731	-
Add irregular expenditure 2017/18		-	-	92 731
		1	37 060	-
		<b>2</b>	<b>129 791</b>	<b>92 731</b>
Non compliance with Grant regulations	Disciplinary steps taken	No of cases		
Opening balance	Not yet	-	-	-
Add irregular expenditure 2017/18		-	-	-
		7	4 789	-
		<b>7</b>	<b>4 789</b>	<b>-</b>

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

The prior year amount of R 324 577 000 is a restated amount, refer to prior year adjustment note 31.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R '000	2017 R '000
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## 36. Commitments

Approved and contracted for	800 747	759 113
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Approved and contracted commitments of R800 747 000 (2017: R 759 113 000) 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 R759 113 000 is a restated amount, refer to Prior period adjustment note 31.

## 37. Discretionary Reserve

Of the balance of R2 015 344 000 (2017:R1 670 956 000) available in the discretionary reserve at the end of March 2018, R1 994 616 000 (2017: R1 490 844 000) represents approved and allocated projects and skills priorities as set out below. Of this amount, R800 747 000 (2017: R759 113 000) was committed as at year end as per note 36 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

## 37. Discretionary Reserve (continued)

Projects	Opening balance R '000	Approved by Accounting Authority R '000	Write backs/Other adjustments R '000	Utilised R '000	Closing balance Mar 2018 R '000
2017 CGCSA Summit	-	650	-	-	650
Accreditation of Rural W&RSETA Training Providers 1718	-	911	-	(57)	854
AET	4 582	-	(2 801)	(212)	1 569
Application for the Extension of the Wholesale and Retail Leadership Chair	-	9 700	-	-	9 700
Assistive Devices and Allowances	-	9 675	-	-	9 675
Bursary project 2015 HET and TVET bursaries	15 423	-	(14 393)	(1 030)	-
Capacitation of RPL Providers 1718	-	1 239	-	-	1 239
Capacitation of TVET lecturers	1 431	-	-	(110)	1 321
Capacitation of TVET Lecturers 1718	-	2 246	-	(674)	1 572
CapaCiti	115	-	594	(709)	-
Career Guidance & Development	-	5 000	-	(4 465)	535
Career Guidance & Development (Pilot)	-	6 380	-	-	6 380
Career Guidance 2014	139	-	-	-	139
Career Guidance Strategy	2 163	-	-	-	2 163
CGCSA Summit 2018	-	1 500	-	-	1 500
Community Enterprise Development Programme (CEDP)	54 000	-	(54 000)	-	-
Community Retail and Development Project (CRDP)	3 311	-	900	(1 673)	2 538
Development of Learning Programmes for TVETs and Disabled Learners	1 398	-	-	(553)	845
Development of W&R Qualification	2 490	-	-	(1 211)	1 279
DG 1112	19 686	-	-	(10 828)	8 858
DG 1213	11 128	-	(4 068)	(4 157)	2 903
DHET Seminar	-	60	-	-	60
Eastern Cape Rural Development Partnership Project	255	-	446	(118)	583
EC Liquor Outlet Support Project for Cooperatives and SMMEs	528	-	(528)	-	-
Ehlanzeni Unemployed Youth	-	4 967	-	-	4 967
Emerging Providers 1718	-	1 228	-	-	1 228
Establishment of an Assessment Centre 1718	-	807	-	(7)	800
Establishment of assessment centres	4 843	-	(1 494)	(8)	3 341

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## 37. Discretionary Reserve (continued)

Projects	Opening balance R '000	Approved by Accounting Authority R '000	Write backs/Other adjustments R '000	Utilised R '000	Closing balance Mar 2018 R '000
Establishment of retail academy 1617	2 806	-	-	(11)	2 795
Establishment of Retail Academy 1718	-	1 193	-	(10)	1 183
Establishment of W&R Leadership Chairs	-	8 665	-	(3 224)	5 441
FET & HET Extension of Scope	1 995	-	-	-	1 995
FRA Conference 2017	-	1 140	-	(1 140)	-
FS - Internships for FET Graduates	1 372	-	-	63	1 435
FS -Confectionary baking learnership	2 709	-	-	-	2 709
Fuel Retail Organizations	7 444	-	-	(2 492)	4 952
Good Practice Award	28	-	-	-	28
GP School of Excellence (SOE)	12 572	-	(5 776)	(1 011)	5 785
GP Tshepo Themba 500 000	-	23 543	-	-	23 543
Graduate Placement- HET	481	-	2 296	(2 033)	744
Graduate Placement- HET TVET	10 353	-	(10 174)	(179)	-
HET & TVET & Continuing Bursaries1617	281 059	-	-	(204 256)	76 803
HET & TVET Bursaries1718	-	303 408	-	-	303 408
HET & TVET Graduate Placement 1516	47 031	-	(2 848)	(12 898)	31 285
HET & TVET Graduate Placement 1617	97 156	-	-	(32 203)	64 953
HET & TVET Graduate Placements & Internship 1718	-	149 963	-	-	149 963
HET Bursaries 1516	535	-	-	-	535
HRDC for Workers Education Committee	-	469	-	-	469
ILDP 10	-	23 066	-	(110)	22 956
ILDP 1617	6 013	-	-	(620)	5 393
ILDP 1718	21 480	-	16 291	(30 420)	7 351
Impact Assessment: The Clothing Bank (TCB)	292	-	-	(12)	280
Impact Assessments	1 035	-	-	-	1 035
Implementation and rollout plan of Career Guidance and Development Strategy	14	-	371	(385)	-
Informal Traders Upliftment Project (ITUP)	10 956	-	-	520	11 476
Informal Traders Upliftment Project II (ITUP II)	15 266	-	-	(1)	15 265
Khayelitsha Bursary project	279	-	(279)	-	-
KZN - SOE Learnerships	1 666	-	-	293	1 959
LP 10/11 EXTRA	146	-	(146)	-	-
Mhinga Village III	-	6 300	473	-	6 773
Mhlontlo Cooperatives Project	240	-	(234)	-	6

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## 37. Discretionary Reserve (continued)

Projects	Opening balance R '000	Approved by Accounting Authority R '000	Write backs/Other adjustments R '000	Utilised R '000	Closing balance Mar 2018 R '000
Ministerial Youth Imbizo and Bursary Handover	-	4 500	-	(4 497)	3
Mitchell's Plain Bursary	519	-	(519)	-	-
Mpumalanga Unemployed Youth Project	1 901	-	-	(1 184)	717
NC - Learnership Opportunities	2 293	-	13 733	(485)	15 541
NC - Office of the Premier Internships for FET Graduates	727	-	-	-	727
New Coe Knits Training Lay Off Scheme	271	-	(271)	-	-
NGO/NPO	74	-	-	(11)	63
NGO/NPO 1617	1 236	-	-	-	1 236
NGO/NPO 1617	-	1 236	-	-	1 236
Non Sponsored Learning Programmes	119	-	-	(3)	116
North West Unemployed Youth Project	5 651	-	-	(178)	5 473
NQF5 Qualifications Implementation	4 875	-	-	(2 026)	2 849
NW Unemployed Learners 1718	-	22 575	-	-	22 575
People with disabilities Project 2013	19 935	-	-	(8 166)	11 769
Pivotal 1314 (Additional)	37 970	-	(18 219)	(1 967)	17 784
Pivotal 1314	37 814	-	(19 669)	(3 756)	14 389
Pivotal 1415 (ML)	94 441	-	(19 635)	(8 729)	66 077
Pivotal 1516 (Additional)	9 663	-	(5 138)	(451)	4 074
Pivotal 1516 (ML)	22 897	-	34 084	(7 710)	49 271
Pivotal 1516 (Small)	85 831	-	(23 889)	(8 291)	53 651
Pivotal 1617 (ML)	141 690	-	(2 669)	(46 031)	92 990
Pivotal 1617 (Small)	132 664	-	(2 252)	(23 223)	107 189
Pivotal 1718	-	216 424	149 500	(30 445)	335 479
Post Graduate Bursaries 1617	6 719	-	4 250	(3 674)	7 295
Post Graduate Bursaries 1718	-	6 719	-	-	6 719
Post Graduate Research Bursaries	6 625	-	-	(2 040)	4 585
Practitioner Capacitation for Small and HDI Providers 1718	-	946	-	-	946
Project Management Office	1 019	-	-	(3)	1 016
Project Management Office (PMO) 1718	-	6 004	-	(2 400)	3 604
QCTO Retail Store Manager (RSM) Qualification	5 071	-	945	(1 604)	4 412
Registered Co-operatives	(210)	-	250	-	40
Registered Co- operatives 1617	3 478	-	252	-	3 730
Registered Co-operatives 1718	-	19 108	-	(160)	18 948
Research Agenda	-	-	2 150	(1 872)	278
Retail Business Management Diploma	6 388	-	-	-	6 388
Retail Chair	4 409	-	(4 409)	-	-
Retail Game	78	-	-	-	78

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## 37. Discretionary Reserve (continued)

Projects	Opening balance R '000	Approved by Accounting Authority R '000	Write backs/Other adjustments R '000	Utilised R '000	Closing balance Mar 2018 R '000
RMDP 1617	373	-	-	(254)	119
RMDP 1718	14 769	-	4 167	(13 480)	5 456
RMDP 2018	-	18 060	-	(20)	18 040
RMDP Project Phase(RMDP) III	316	-	-	-	316
Rural Areas Learnership	30 154	-	(30 059)	(94)	1
Rural Areas Project- Rharhabe/Batlokwa	1 096	-	-	-	1 096
Rural Learnerships and Green Skills Jobs 1718	-	29 025	-	(951)	28 074
Rural Villages Project	4 486	-	16 459	(1 917)	19 028
SACCAWU sponsorship	-	975	-	(975)	-
SADDT - Disabled Learners	1 999	-	-	-	1 999
Sector Skills Plan (SSP) Update 1819 & 1920	-	-	4 283	-	4 283
Skilling for Limpopo SIP	-	36 765	-	-	36 765
Small Levy-Paying Companies Discretionary Grant 1718	-	48 375	-	-	48 375
SME Discretionary Grant 1516	9 810	-	(5 302)	(601)	3 907
SME Discretionary Grant 1617	60 453	-	(38 000)	(13 217)	9 236
SMME Capacitation Workshop 1718	-	14 513	-	(3 549)	10 964
SMME Capacitation Workshop 1516	255	-	-	(21)	234
SMME Capacitation Workshop 1617	216	-	-	(132)	84
SMME Voucher Training Project 1213	130	-	-	-	130
SOE 1718	-	4 257	-	-	4 257
South African Research Chairs Initiative Phase II (UJ)	-	15 852	-	-	15 852
Special Bursary (Career Wise Continuing Students)	5 239	-	-	(2 131)	3 108
Special Bursary Project	2 312	-	-	(1 669)	643
SSP 2016/2017 Update	2 502	-	-	(1 477)	1 025
The Clothing Bank	3 039	-	-	-	3 039
Stakeholder sessions	(6)	-	6	-	-
The Foschini Group Supply Chain Transformation Project	2 997	-	-	(979)	2 018
Trade Union Capacity Building 1516 (NUMSA)	3 179	-	-	(804)	2 375
Trade Union Capacity Building 1516 (ECCAWUSA)	1 980	-	(343)	(964)	673
Trade Union Capacity Building 1516 (FEDCRAW)	2 346	-	-	(1 276)	1 070
Trade Union Capacity Building 1516 (SACTWU)	2 073	-	7	(56)	2 024
Trade Union Capacity Building capacity programme 1617	9 675	-	-	(659)	9 016
Traditional Councils (EC and Qwa-qwa)	762	-	(762)	-	-



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## 37. Discretionary Reserve (continued)

Projects	Opening balance R '000	Approved by Accounting Authority R '000	Write backs/Other adjustments R '000	Utilised R '000	Closing balance Mar 2018 R '000
Training Lay-Off Scheme- Superspar Piet Retief	-	1 445	-	-	1 445
TVET Extension of Scope 1718	-	9 173	-	-	9 173
TVET internship 1617	11 012	-	1 234	(12 246)	-
Updating of W&R Occupational Qualifications	-	5 751	-	(1 155)	4 596
W&R Bursary scheme- Careerwise	1 599	-	(1 599)	-	-
W&R Registered Co-operatives Project	2 869	-	(1 745)	(320)	804
W&R Registered Employer Organisation Project	3 179	-	-	(50)	3 129
W&R School of Excellence	158	-	-	-	158
W&R SETA Stakeholder Research conference	1 376	-	1 629	-	3 005
W&RSETA KZN SoE Phase II	-	36 609	-	-	36 609
W&RSETA research agenda	2 150	-	(2 150)	-	-
Waterberg Project	2 158	-	-	(12)	2 146
WC - Bakers for Youth Development and Sustainability	70	-	(70)	-	-
WC TVET Support & Capacitation Project (SOE)	2 630	-	(908)	(935)	787
WIL Africa	-	9 312	-	-	9 312
Youth Focus Project (AET) 1617	14 351	-	-	(6 912)	7 439
Youth Focus Project (YFP)	1 601	-	-	(206)	1 395
Youth Focus Project (YFP) 1516	8 968	-	-	(4 024)	4 944
	<b>1 490 844</b>	<b>1 069 734</b>	<b>(20 029)</b>	<b>(545 933)</b>	<b>1 994 616</b>

## 38. Budget differences

Material differences between budget and actual amounts

Interest received - The variance for interest received is due to the increase in levies received from prior year to current year, as a result more funds were invested earning more interest than budgeted for.

Skills development levy transfer is 11% higher than budget. This variance is due to a combination of factors such as interest and penalties received included in the actual levies received but not originally budgeted for and salary increases in the sector resulting in higher levies received as compared to budget.

Personnel costs are on par with the approved budget

Employer grants and projects is 18% 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 expenditure as not all stakeholder companies submit their WSP/ATR resulting in non payment of their mandatory grants.

General expenses is 6% above budget this is due to additional legal fees and consulting fees incurred during the financial year which were not originally budgeted for.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R '000	2017 R '000			
<b>39. Segment information</b>					
<b>Segment surplus or deficit, assets and liabilities</b>					
<b>2018</b>					
	Administration	Mandatory	Discretionary	Unallocated	Total
Revenue					
Skills development levy:	135 731	259 736	704 050	-	1 099 517
Income					
Other income	207	-	-	-	207
Investment income	-	-	110 977	-	110 977
Other transfer revenue	-	862	-	-	862
<b>Total segment revenue</b>	<b>135 938</b>	<b>260 598</b>	<b>815 027</b>	<b>-</b>	<b>1 211 563</b>
Expenditure					
Employee costs	68 600	-	42 505	-	111 105
Depreciation and amortisation	3 172	-	132	-	3 304
Repairs and maintenance	166	-	-	-	166
Other administration expenses	62 399	-	-	-	62 399
Employer grant and project expenditure	-	186 979	503 428	-	690 407
<b>Total segment expenditure</b>	<b>134 337</b>	<b>186 979</b>	<b>546 065</b>	<b>-</b>	<b>867 381</b>
<b>Total segmental surplus/(deficit)</b>	<b>1 601</b>	<b>73 619</b>	<b>268 962</b>		<b>344 182</b>
<b>Assets</b>					
Non current assets	6 314	-	-	-	6 314
Inventories	113	-	-	-	113
Receivables from exchange transactions	19 350	-	-	-	19 350
Receivables from non exchange transactions	-	2 105	-	-	2 105
Cash and cash equivalents	-	-	-	2 157 951	2 157 951
<b>Total segment assets</b>	<b>25 777</b>	<b>2 105</b>	<b>-</b>	<b>2 157 951</b>	<b>2 185 833</b>
Liabilities					
Finance lease obligations	2 134	-	-	-	2 134
Operating lease liability	275	-	-	-	275
Payables from non exchange transactions	-	30 876	-	-	30 876
Payables from exchange transactions	96 543	-	-	-	96 543
Unspent conditional grants	-	-	5 214	-	5 214
Provisions	28 498	-	-	-	28 498
<b>Total segment liabilities</b>	<b>127 450</b>	<b>30 876</b>	<b>5 214</b>	<b>-</b>	<b>163 540</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R '000				2017 R '000
<b>2017</b>					
	Administration	Mandatory	Discretionary	Unallocated	Total
<b>Revenue</b>					
Skills development levy:	121 225	232 965	612 782	-	966 972
Income					
Project income recognised	-	-	2 459	-	2 459
Other income	288	-	-	-	288
Investment income	-	-	90 304	-	90 304
<b>Total segment revenue</b>	<b>121 513</b>	<b>232 965</b>	<b>705 545</b>	<b>-</b>	<b>1 060 023</b>
<b>Expenditure</b>					
Employee costs	55 398	-	38 103	-	93 501
Depreciation and amortisation	1 395	-	124	-	1 519
Repairs and maintenance	242	-	-	-	242
Other administration expenses	57 517	-	-	-	57 517
Employer grant and project expenditure	-	165 608	293 290	-	458 898
<b>Total segment expenditure</b>	<b>114 552</b>	<b>165 608</b>	<b>331 517</b>	<b>-</b>	<b>611 677</b>
<b>Total segmental surplus/(deficit)</b>	<b>6 961</b>	<b>67 357</b>	<b>374 028</b>		<b>448 346</b>
<b>Assets</b>					
Non current assets	6 247	-	-	-	6 247
Inventories	120	-	-	-	120
Receivables from exchange transactions	6 632	-	-	-	6 632
Receivables from non exchange transactions	-	8 350	-	-	8 350
Cash and cash equivalents	-	-	-	1 810 655	1 810 655
<b>Total segment assets</b>	<b>12 999</b>	<b>8 350</b>	<b>-</b>	<b>1 810 655</b>	<b>1 832 004</b>
<b>Liabilities</b>					
Finance lease obligations	3 155	-	-	-	3 155
Operating lease liability	1 299	-	-	-	1 299
Payables from non exchange transactions	-	38 467	-	-	38 467
Payables from exchange transactions	78 370	-	-	-	78 370
Unspent conditional grants	5 214	-	-	-	5 214
Provisions	-	27 388	-	-	27 388
<b>Total segment liabilities</b>	<b>88 038</b>	<b>65 855</b>	<b>-</b>	<b>-</b>	<b>153 893</b>

2016/17

# ANNUAL REPORT

Telling a good story of skills development

## ANNEXURE A



# PRESENTATION OF THE 2016/17 W&RSETA ANNUAL REPORT TO THE MINISTER OF HIGHER EDUCATION AND TRAINING, MS. N. PANDOR

## The Honourable Minister

The Account Authority of the Wholesale and Retail Sector Education and Training Authority (W&RSETA) hereby submit the revised 2016/17 Annual Report.

On its reinstatement by the Constitutional Court to the W&RSETA, the Accounting Authority reviewed major decisions taken during the period of administration, which include the submission of the 2016/17 Annual Report to the Minister of Higher Education and Training which was subsequently tabled to the Parliament of South Africa on 5 September 2017.

The review of the Annual Report revealed significant and material errors and omissions which required correction. As a result, the Accounting Authority informed the Portfolio Committee on Higher Education and Training, the Minister; relevant authorities; the Auditor- General of South Africa and National Treasury, of its decision to withdraw the Annual Report.

An extensive process to correct the Annual Report in consultation with the Auditor-General was initiated and has been finalised resulting in a Report that presents a correct reflection of the performance of the W&RSETA for the year under review.

As prescribed in Section 55 of the Public Finance Management Act, Chapter 28 of the Treasury Regulations and the Skills Development Act No. 97 of 1998, the Accounting Authority is fulfilling its obligations to present the following:

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

Whilst the 2016/17 Financial Year was the most challenging in the history of the W&RSETA, this Annual Report reflects on the strides made by the W&RSETA to contribute to the vision of the Post-School Education and Training System to the economic growth of South Africa.

During the 2016/17 financial year, the W&RSETA received 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,



**Ms. Pearl Maphahle**  
Chairperson: W&RSETA Board



## 1.7 CHAIRPERSON'S FOREWORD



The W&RSETA remains committed to addressing skills development in the Wholesale and Retail Sector through innovative initiatives for the benefit of millions of people who comprise the Sector as well as the South African citizenry at large. The SETA takes pleasure in reporting its ongoing achievements of changing people's lives through skills development.

### Perspective of the Organisation

On 28 September 2016, the Minister of Higher Education and Training instructed the Director-General of Higher Education and Training to suspend the Accounting Authority for the W&RSETA and to appoint an administrator to exercise oversight and control of the W&RSETA. The Minister purported to rely on section 15(1) of the Skills Development Act, 1998 (Act 97, 1998 as amended) to place the W&RSETA under administration. On 3 October 2016,

the W&RSETA was placed under administration in accordance with Government Notice No 1211 published in Gazette No 40324. On 14 October 2016, the Minister replaced Ms Manching Benedicta Monama with Mr Pascalis Mokupo, the Chairperson of the W&RSETA Audit Committee, to take over the administration of the W&RSETA in accordance with Government Notice 1277 published in Gazette No 40352.

During the course of October 2016, concerned stakeholders in the Wholesale and Retail Sector, representing members of the Accounting Authority, Organised Labour and Organised Business, banded together and launched urgent proceedings in the Labour Court to review and set aside the Minister's decision.

On 23 December 2016, the Labour Court set aside the Minister's decision, reinstated the Accounting Authority, and awarded costs against the Minister. The Labour Court noted that the Accounting Authority "at the relevant time demonstrated its capacity to address any administrative shortcomings, and none of them, either singly or collectively, constituted grounds that met the threshold requirements imposed by section 15 for the exercise of his powers under that section."

Notwithstanding the Labour Court's decision, the Minister elected to take the matter on appeal to the Labour Appeal Court and ultimately the Constitutional Court. On 16 August 2017, the Constitutional Court dismissed the Minister's application for leave to appeal from the judgment and finding of the Labour Appeal Court (which agreed with the decision of the Labour Court).

As a consequence of the court proceedings in the year under review:

- The Accounting Authority exercised oversight and control of the W&RSETA for the period 1 April 2016 to 2 October 2016. During this period and to the best of the Accounting Authority's knowledge, information and belief it has taken reasonable steps to comply with applicable legislation, including procedures and codes of governance for the financial year ending 31 March 2017; and
- the Administrator exercised oversight and control of the W&RSETA for the period 3 October 2016 to the end of the year under review. On or about 14 August 2017, the Administrator confirmed in his "Statement of Compliance" that to the best of his 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.

## 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

Programme1: Research and Skills Planning					
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					
Programme Performance Indicator	Annual Target 2016/2017	2015/16 Achievements	2016/17 Achievements		
			Actual	Variance	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 W&RSETA Board and submitted to DHET by due date.	Updated Sector Skills Plan (SSP) approved by the W&RSETA Board 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 30 November 2015	Updated Sector Skills Plan (SSP ) submitted to DHET	0	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 W&RSETA ISDFs and submit Annexure 2 documents by 30 April 2016	6 500 Small and medium W&R organisations assisted to submit Annexure II by 30 April 2016  Small 5 291 Med 1 209	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 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	Comments
Strategic Objective 5 (continued) 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 (18.2) 1 700	3 066 2 954	1 977 2 239	177 539	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	1 635	1 373	293	Achieved Q4 Target was overachieved due to a high rate of Learnership completions.
		(18.2) 1 020	1 708	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 leaners 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	N/A	1 833	833	Achieved Of the total number achieved: 247 roll over from 2015/16.
		(18.2) 500	N/A	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	2016/17 Achievements		
			Actual	Variance	Comments
Strategic Objective 6 (continued) NSDS Outcome: 4.2.1.2	To register and certificate employed and unemployed leaners 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	652	<b>Achieved</b> Overachievement due to a high rate of completions for skills programmes
	(18.2) 400	N/A	268	-132	<b>Not achieved</b> 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	-500	<b>Not achieved</b> 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	4	<b>Achieved</b> The total achieved also includes 84 unemployed learners who completed as part of backlog DG12/13 project.

## 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	Comments
Strategic Objective 8 NSDS III Outcome:4.2.1.2	To register and certificate employed learners in RPL Learning Programmes				
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	<b>Not achieved</b> 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 employed learners completed RPL learning programmes and are certificated by 31 March 2017	250 employed learners complete their RPL learning programmes, and are certificated by 31 March 2017	358	73	-177	<b>Not achieved</b> This target could not be met due to non-take 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)  100 (18.2)	650	357	107	<b>Achieved</b> The target was over achieved in Quarter 4 to address shortfall in Quarter 2 and 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	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	<b>Not achieved</b> 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	344	-156	<b>Not achieved</b> This target could not be achieved as there was no take-up from PIVOTAL allocations. Companies that had agreed to take up learners did not register the learners. The SETA will engage an altinative strategy to ensure that this target is achieved in 2017/18. Of the the total number achiedved, 15 is a roll over from 2015/16.
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	201	1	<b>Achieved</b> More learners completed this qualification than what was estimated.

## 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 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	<b>Not achieved</b> 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	<b>Achieved</b> 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	<b>Not achieved</b> 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.

## 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 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	-918	<b>Not achieved</b> 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	14	-1036	<b>Not achieved</b> 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/Master's degrees with Wholesale and Retail focus at HETIs during the period April 2016 to March 2017	20 students registered in MBA/Master's degrees with Wholesale and Retail focus at HETIs by 31 March 2017	2	20	0	<b>Achieved</b>
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/Master's degree studies with Wholesale and Retail focus at HETIs by 31 March 2017		2	-8	<b>Not achieved.</b> Master's studies are more than one year.

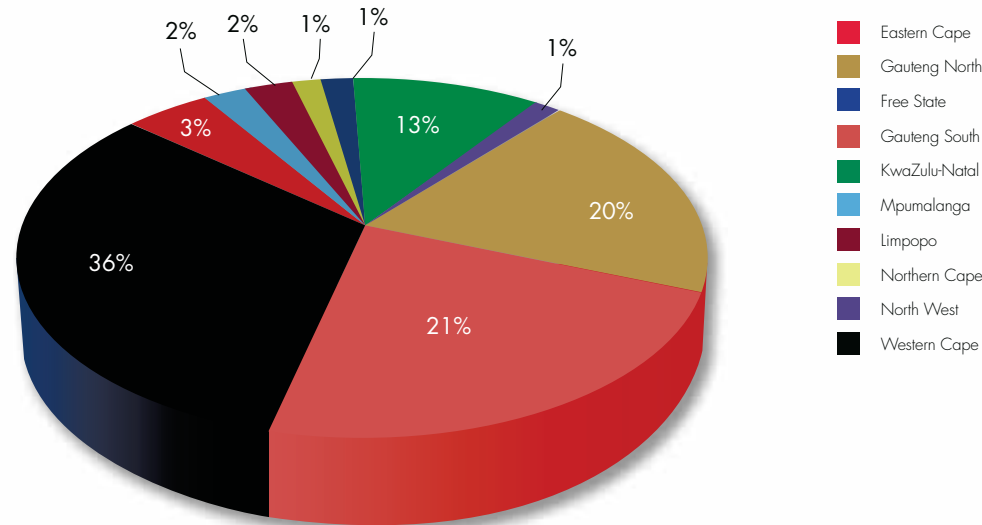
## Strategic Outcome-Oriented Goals (continued)

Programme 3: Bursaries and Placements <i>(continued)</i>					
Purpose: <i>Agreements are entered into between SETAs, University faculties and other stakeholders on appropriate interventions to support improved entry to priority programmes</i>					
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	<b>Achieved</b> 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	-1	<b>Not achieved</b> Only one thesis reported was published
Programme 4: Partnerships					
Purpose: <i>Partnerships between DHET, SETAs, Employers, Private providers and Public TVET Colleges are resulting in increased capacity to meet industry needs throughout the country</i>					
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	<b>Achieved</b>

## 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
<b>Grand Total</b>	<b>347 427</b>	<b>79 327</b>	<b>206 549</b>	<b>633 303</b>

Levies received for 2016/17 per region

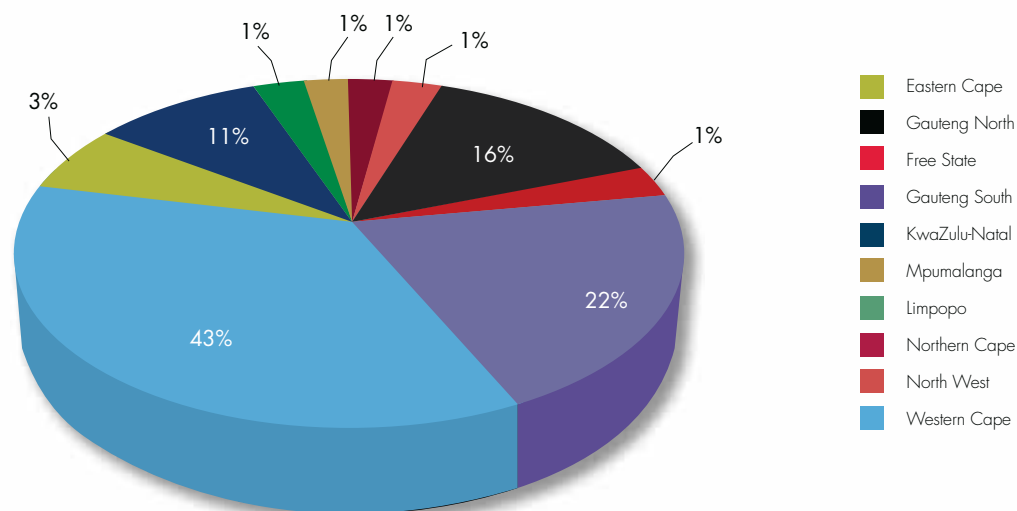


## Performance Oversight Statistics *(continued)*

### 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
<b>Grand Total</b>	<b>50 710</b>	<b>9 392</b>	<b>13 150</b>	<b>73 253</b>

### Grants paid for 2016/17 per region





## Performance Information – Programmes

### “Developing Globally Competitive Leaders”

#### 2016/17 International Leadership Development Programme (ILDP)



Top students from the ILDP Class of 2016

The W&RSETA's ILDP was launched in 2009 to accelerate the development of highly talented leaders from historically disadvantaged groups to ascend the senior leadership echelons within their companies in the Wholesale and Retail Sector.

In its eight year, the Programme boasts an Alumni of 292 leaders who are making a notable contribution to the landscape of the Sector. Delegates of the ILDP are exposed to best practice through interaction with major local and international companies, thought leaders as well as leading South African and overseas faculty.

The ILDP has become one of the most sought after executive development programmes in the Sector with participation increasing to include companies in the small size category, particularly over the past three years.

In 2016/17, the SETA targeted to register 60 delegates for the ILDP to complete the Programme with the Gordon Institute of Business Science (GIBS) and Henley Business School Africa at a budget of R 43 million.

#### Highlights / Impact

58 delegates were registered and 56 successfully completed the Programme to graduate in February 2017. Since its inception, over 70 significant promotions have been recorded with graduates being appointed to key positions such as directors, senior executives and to the boards of the country's leading wholesalers and retailers. The ILDP has not only played a role in the promotion of delegates, but has also been instrumental in igniting entrepreneurial ventures leading to several graduates starting their own businesses and as a result contributing to the economic growth of the country.

## Performance Information – Programmes *(continued)*

### “Celebrating Excellence in the Wholesale and Retail Sector”

#### 2016 Good Practice Awards

The W&RSETA introduced the Good Practice Awards in 2014 to recognise stakeholders in the education and training value chain that are making remarkable contribution to skills development in the Wholesale and Retail Sector. These include registered companies, training providers, accredited training providers, learners and beneficiaries of the SETA's skills development programmes.

#### Highlights/Impact

The 2016 GPA categories were reviewed to include institutions of learning (TVET Colleges, universities of technology and universities) which are key role players in the implementation of skills development in the Sector. The role of women in retail was also recognised through the women in leadership categories. Four main categories with sub-categories were recognised, namely: employers / companies, accredited training providers, beneficiaries of W&RSETA Programmes and Women in Leadership. Winners received cash prizes and other prizes from sponsors of the Awards.



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

## Performance Information – Programmes *(continued)*

### “Developing rural communities for sustainable growth”



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

#### W&RSETA Registered Co-operatives Project

In heeding the government’s call to support rural communities and youth development, the W&RSETA has prioritised these areas as one of its strategic imperatives. The implementation of rural community development initiatives has become more significant for the W&RSETA to support its role of equipping the youth to become active participants of the country’s economy. The Registered Co-operatives project was approved to assist 20 registered co-operatives in the Northern Cape to register 200 learners on skills programmes that address skills gaps within the cooperatives. Two accredited training providers were appointed with scope to deliver the following interventions: Checkout Operator, Delivery Driver, Store person, Sales Assistant, Retail Manager (Chain Store Manager); Shelf filler (stock counter) and Small Business Manager (Owner). The project was implemented at a cost of R2,9 million.

#### Highlights / Impact

158 learners from the target of 200 were registered and successfully completed two skills programmes each. The project registered a 90% success rate.

#### 2015/16 Rural Villages Project

The W&RSETA has prioritised the creation of sustainable employment for the youth in the rural areas and has developed the Rural Villages Project which was implemented in the Eastern Cape, KwaZulu-Natal and Northern Cape. The objective of this project is to assist unemployed youth from rural communities to acquire skills which will enable them to start and operate their own small businesses. During the financial year under review, the SETA registered 490 learners from the Amahlathi Local Municipality in the Eastern Cape, uPhongolo Local Municipality in KwaZulu-Natal, and within 8 Traditional Councils in the Northern Cape on the Small Business Practice NQF Level 3 Learnership. The Learnership equips learners with business management skills and as part of the project, learners are assisted to start and register co-operatives or small businesses with CIPC and SARS. The project was implemented at a cost of R20,9 million.

#### Highlights / Impact

417 learners were certificated recording a completion rate of 85%.



## Performance Information – Programmes (continued)



W&RSETA interacted with over 1200 learners from 12 local schools around the Tzaneen and Malamulele areas.

### Bursary Scheme

The W&RSETA is committed to providing opportunities for academically deserving students from disadvantaged backgrounds to further their studies as well as to address scarce and critical skills in the Wholesale and Retail Sector. Significantly, the W&RSETA's Bursary Scheme promotes wholesale and retail as a career of choice. The W&RSETA has awarded full bursaries to over 8 000 students since the inception of the Bursary Scheme in 2011. In 2016/17, the W&RSETA partnered with the government bursary administrator, the National Student Financial Aid Scheme (NSFAS) to implement the 2016 Bursary Scheme. The Scheme funds underprivileged students who are studying towards wholesale and retail programmes at universities, universities of technology and TVET colleges.

### Highlights / Impact

During the period under review, the W&RSETA allocated R16 million to 412 students studying at HET institutions and a total of 773 students who are pursuing their studies at TVET colleges were awarded bursaries at a cost of R39 million.

### Retail Business Management Diploma Bursaries

This project was initiated to promote wholesale and retail as a career of choice and as part of the W&RSETA's strategy to ensure a suitably qualified management complement of the Wholesale and Retail Sector. Through the project, the W&RSETA is funding students to complete the National Diploma in Retail Business Management at universities of technology in South Africa for a period of three years.

### Highlights / Impact

388 students have registered for the qualification at the cost of R57 million and were allocated as follows:

- Tshwane University of Technology – 118 students
- Cape Peninsula University of Technology – 35 students
- Durban University of Technology – 143 students
- Vaal University of Technology – 44 students
- Sol Plaatje University – 39 students
- Nelson Mandela Metropolitan University – 9 students

### Graduate Placement Project

The Graduate Placement project was initiated to place unemployed graduates in wholesale and retail companies in order to acquire workplace experience to improve their prospects of employment. An amount of R68,7 million was approved for stipends.

### Highlights / Impact

The W&RSETA entered into agreements with 77 companies to place 1649 graduates. 1180 graduates are currently participating in the project which will be completed on 1 July 2017. A total of 469 terminations were recorded due to various reasons such as permanent employment, relocation, dismissal etc.

### NQF 5 Qualifications Implementation

In an endeavour to create articulation for employed Learnership graduates into the higher education and training system, the W&RSETA has collaborated with universities and universities of technology to develop and deliver qualifications at NQF Level 5 that were previously not offered at public universities. Subsequently, the W&RSETA would provide full bursaries to 500 employed Learnership graduates to complete qualifications at NQF Level 5 at higher education and training institutions.

### Highlights / Impact

479 learners were registered with the following HET institutions as follows:

- Durban University of Technology – 121 learners
- University of Johannesburg – 108 learners

## GOVERNANCE

### 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 corporate governance is applied through the precepts of the Public Finance Management Act (PFMA), Act No.1 of 1999 and operates in tandem with the principles of the King's Report on Corporate Governance.

Parliament, the Executive Authority 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 Minister of Higher Education and Training 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: 1 August 2017;
- 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 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. The Accounting Authority served only six months of the two-year extended term following which the Minister placed the W&RSETA under administration on 3 October 2016 resulting in the dissolution of the Accounting Authority. 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 that was issued to appoint the Administrator by repealing the decision to appoint her and appointed Mr Pascalis Mokupo for 12 months effective from 17 October 2016.

### The Role of the Administrator

On 3 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 Minister of Higher Education and Training as per the Government Notice No. 1277 published in Government Gazette No. 40352. The Administrator has the following powers as outlined in the Notice:

- 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 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.

### Accounting Authority Charter

Before its dissolution by the Minister, the Accounting Authority operated in line with the Board Charter which governs its primary role of oversight and is aligned to the Constitution.

## 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 Reggie Sibiya	Member	August 2013	N/A	<ul style="list-style-type: none"> <li>Bachelor of Science (Botany &amp; Genetics)</li> <li>Bsc Honours (Genetics)</li> </ul>	<ul style="list-style-type: none"> <li>Fuel Retailing</li> <li>FMCG Sales &amp; Marketing</li> <li>Business Management</li> <li>Regulatory Compliance</li> </ul>	<ul style="list-style-type: none"> <li>Fuel Retailers Association (Director)</li> <li>MIBCO Board</li> </ul>	<ul style="list-style-type: none"> <li>Audit Committee</li> <li>Strategy &amp; Governance</li> </ul>	6
Mr Nat Ketele	Member	April 2011	N/A	<ul style="list-style-type: none"> <li>Essential Security Law Certificate, Joint Matriculation Board (Matric)</li> </ul>	<ul style="list-style-type: none"> <li>Labour relations</li> <li>Collective bargaining</li> <li>Legal representation</li> </ul>	FEDCRAW	<ul style="list-style-type: none"> <li>Finance Committee</li> <li>Remunerations Committee</li> </ul>	6
Mr Phillemon Sito	Member	April 2011	N/A	<ul style="list-style-type: none"> <li>Bachelor of Arts</li> </ul>		N/A	<ul style="list-style-type: none"> <li>Finance Committee</li> <li>Executive Committee</li> </ul>	6
Ms Margaret Bango	Member	October 2012	N/A	<ul style="list-style-type: none"> <li>Diploma in General Nursing</li> </ul>	<ul style="list-style-type: none"> <li>Small business</li> <li>Women development</li> </ul>	<ul style="list-style-type: none"> <li>Ipelegeng Consortium</li> <li>Tizawell Pty Ltd</li> <li>Kathorus Chamber of Commerce and Industry NPC</li> <li>Wilat - South Africa NPC</li> </ul>	<ul style="list-style-type: none"> <li>Remuneration Committee</li> <li>Governance &amp; Strategy Committee</li> </ul>	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 Sizakele Moloko	Member	April 2011	N/A	<ul style="list-style-type: none"> <li>• B.A. Honours</li> <li>• B.A.</li> <li>• Higher Diploma: Tourism Development</li> <li>• Diploma: HR Development and Management</li> <li>• Diploma: Financial Management</li> <li>• Diploma: Project Management</li> <li>• Junior Secondary Teachers certificate</li> </ul>	<ul style="list-style-type: none"> <li>• Education and Training,</li> <li>• Small Business Development</li> <li>• Mentoring and Coaching</li> </ul>	<ul style="list-style-type: none"> <li>• Lincolnwood</li> <li>• Gooderson Leisure</li> <li>• Market Demand</li> </ul>	<ul style="list-style-type: none"> <li>• Finance Committee</li> <li>• Projects Committee</li> <li>• World Ventures</li> <li>• KZN NPO Advisory Committee</li> <li>• KZN Substance Abuse Committee</li> <li>• Ekasi Spaza Shop Advisory</li> <li>• Member of EMOSA</li> </ul>	6
Mr Michael Lawrence	Member	April 2011	N/A	<ul style="list-style-type: none"> <li>• Higher Diploma in Education (Post Graduate)</li> <li>• Bachelor of Science (Actuarial)</li> </ul>	<ul style="list-style-type: none"> <li>• Governance</li> <li>• Strategy</li> <li>• Change management</li> </ul>	<ul style="list-style-type: none"> <li>• Martin &amp; East (Pty) Ltd</li> <li>• Zebra Surfacing (Pty) Ltd</li> <li>• Isidima Civils (Pty) Ltd</li> <li>• Prokura Diesel Services (Pty) Ltd</li> <li>• M&amp;M Consulting</li> <li>• Tresso Trading 954CC</li> <li>• MTU-SA (Pty) Ltd</li> </ul>	<ul style="list-style-type: none"> <li>• Executive Committee</li> <li>• Finance Committee</li> </ul>	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*	Member (Alternate to Sibiya)	April 2011	Resigned July 2016	<ul style="list-style-type: none"> <li>• B.Com (Law)</li> <li>• MBA (Cum Laude)</li> <li>• Intermediate Diploma in Business Studies</li> </ul>	<ul style="list-style-type: none"> <li>• Fuel retail industry</li> <li>• Corporate banking</li> <li>• Business management</li> </ul>	<ul style="list-style-type: none"> <li>• Fuel Retailers Association (Director)</li> <li>• Petroland Developments CC (Member)</li> <li>• Sasol Somerset West Trust (Trustee)</li> </ul>	<ul style="list-style-type: none"> <li>• Audit Committee</li> <li>• Training Committee – FRA</li> </ul>	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	5	Mr Ivan Molefe
			Ms Abieda Abrahams
			Mr Sibusiso Busane
			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
			Mr Sibusiso Busane
Remuneration Committee	5	4	Mr Mike Tau
			Mr Thami Skenjana
			Ms Margaret Bango
			Mr Nat Kettlele
			Mr Isaac Motaung

The Administrator appointed two members of the dissolved Accounting Authority as Independent Board Members. These members served on the following structures that were established by the Administrator:

Committee	Member
HR and Finance	Mr Reggie Sibiya
Projects	Mr Sibusiso Busane

NB: These are committees before W&RSETA was placed 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 an 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 monitoring 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 centralized within the Internal Control Department to support and guide in terms of responding to audit requests and queries, and assisting in implementing audit 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 that 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 Financial Management and Supply Chain Management. 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 are in place 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 communication 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 their interests 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)*

### 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. There have been ongoing legal proceedings between the Accounting Authority and the Minister which has resulted in interruptions in the governing office of the W&RSETA.

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 to the Minister dissolving the Accounting Authority 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 more than four times per annum as per its approved terms of reference. The Administrator, Administrator's Advisors, Acting Chief Financial Officer, Chief Operations Officer, Chief Officer: Qualification and Research, Executive Manager in the CEO's office, Internal Auditors and External Auditors attend these meetings by invitation.

## GOVERNANCE *(continued)*

### Audit Committee

Audit Committee Member	Qualification	Internal or External	Date of Resignation	Audit Committee meetings attended
Pascal Mokupo	CA (Lesotho)	Chairperson	Inactive as at 03 October 2016	5
Yaswant Gordhan	<ul style="list-style-type: none"> <li>CA(SA)</li> <li>Masters of Science (Business Administration)</li> </ul>	Member	Active	8
Mathukana Mokoka	CA(SA)	Interim Chairperson	Active	8
Collen Weapond	<ul style="list-style-type: none"> <li>Bachelor of Law (B.Luris)</li> <li>Bachelor of Laws (LLB)</li> <li>BTech: Policing</li> <li>BTech Computation</li> <li>Honours (B.Com Information Technology)</li> <li>Diploma in Education</li> <li>Diploma in Fraud Management</li> <li>Diploma in Compliance</li> <li>Diploma in Business Management</li> <li>Certificate in Executive Development</li> </ul>	Member	Active	8
Reggie Sibiya	Bachelor of Science (Botany & Genetics) Bsc Honours (Genetics)	Member	Active	3
Mogomotsi Masoabi	Certificate in Sales and Marketing Certificate in Practical Labour Law	Member	Inactive as at 03 October 2016	2

## GOVERNANCE *(continued)*

### Audit Committee Responsibilities

The Audit Committee has complied with its responsibilities arising from Sections 51(a)(ii) and operating in accordance with regulations and instructions prescribed in terms of Section 76 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 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.

## Human Resources Oversight Statistics (continued)

### Reasons for Staff Leaving

Reason	Number	% of Total Number of Staff Leaving	Reasons for Leaving
Senior Management	1	25%	Resignations (1)
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
<b>TOTAL</b>	<b>17</b>	<b>9%</b>	<b>Resignations &amp; Dismissals</b>

### Labour Relations: Misconduct and Disciplinary Action

Nature of Disciplinary Action	Number
Verbal Warning	1
Written Warning	2
Final Written Warning	0
Dismissal	5
Suspensions	10
<b>TOTAL</b>	<b>16</b>

## Human Resources Oversight Statistics *(continued)*

### 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
<b>TOTAL</b>	<b>50</b>	<b>50</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>0</b>
<b>Fixed term</b>	<b>33</b>		<b>1</b>		<b>0</b>		<b>2</b>	

# Report of the Accounting Authority

## EXECUTIVE SUMMARY:

The Accounting Authority of the W&RSETA was dissolved as published in Government Notice no 1211, Gazette No 40324 and the SETA placed under administration effective from 3 October 2016. As at 31 March 2017, the legal matter challenging the Minister's decision to place the W&RSETA under administration was ongoing. The W&RSETA Accounting Authority is presenting the 2016/17 Annual Report which highlights achievements of the predetermined strategic objectives and financial performance of the SETA for the year under review. The Annual Report and Annual Financial Statements are presented with an affirmation that the Administrator and the Accounting Authority have complied with all the requirements of the relevant prescripts and legislative framework.

## PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

The 2016/17 financial year was undoubtedly a challenging period for the W&RSETA and its stakeholders as a result of unprecedented circumstances that the Organisation had to contend with. As a reflection of the magnitude of the impact of the challenges that the SETA was faced with, its performance against the predetermined objectives recorded a historic low achievement. The W&RSETA has achieved 30 out of the 56 targets in the Annual Performance Plan (APP) which represents 53,75% for 2016/2017. Performance against the Service Level Agreement (SLA) with the Department of Higher Education and Training (DHET) was at 44,7%.

The key drivers for the decline in performance are the poor uptake for graduate placement as well as delays on submission of student results from institutions for bursary allocations. The W&RSETA was unable to secure sufficient workplaces to place graduates for practical workplace experience.

Additionally, there were challenges related to discrepancies in the reporting of industry-funded programmes (APR) and the resultant misalignment with the APP. The implementation of projects for Small and Medium Enterprises, Co-operatives, rural areas and NGOs were exceptionally delays which resulted in targets for these areas not being achieved.

On the positive, the W&RSETA yet again exceeded the target on the submission of Annexure II documents by large, medium and small companies. This achievement is attributed to the excellent work performed by company SDFs and the Sector Liaison Officers (SLOs) contracted by the W&RSETA to assist small and medium companies for these submissions.

## OTHER ACHIEVEMENTS

During the period under review, the W&RSETA certified 3430 unemployed and employed learners on various Learnership Programmes from NQF levels 2 – 5.

Over 300 young people from rural areas in Mpumalanga, Free State and Northern Cape successfully completed the Small Business Practice Learnership on NQF Level 3 through the Rural Villages Projects that seeks to train young people to contribute towards developing economically viable rural communities.

The flagship projects of the W&RSETA, the International Leadership and Retail Management Development Programmes continue to have a noticeable impact in the management complement of the Wholesale and Retail Sector. Delegates are equipped to develop solutions to respond to the strategic priorities of their companies in order to contribute to the economic prosperity of the Wholesale and Retail Sector.

## Stakeholder Consultations

Stakeholder engagement and research 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 Sector Skills Plan (SSP), the W&RSETA's institutional goals and other government imperatives through various programmes.



## Report of the Accounting Authority *(continued)*

To this end, a Retail Chair based at Cape Peninsula University of Technology (CPUT) was established to contribute towards research and qualifications development at NQF levels 5 -10 through collaboration between the industry and institutions of higher learning.

Importantly, the Retail Chair would be responsible to establish a wholesale and retail centre of excellence. To date, the Retail Chair has conducted and completed 16 research studies whose recommendations have resulted in the following activities of note:

1. An international student exchange programme was developed with Duale Hochschule Baden-Wurtemberg, Ravensburg, Germany.

Three CPUT students and three German students participated in the exchange programme.

2. The Retail Chair has recommended that the W&RSETA provides support to beneficiaries of the graduate bursary project and current post graduate students at CPUT on thesis writing. This intervention would result in an increase in the number of research students focusing on the wholesale and retail field.

### The Role of the W&RSETA in Relation to the QCTO

As part of the focus on occupational qualifications in line with the requirements of the Quality Council for Trades and Occupations (QCTO), the W&RSETA has submitted 12 qualifications to the QCTO for approval and registration.

These qualifications are comprised of knowledge, practical and workplace components. Additionally, two qualifications are in the application phase.

The W&RSETA has a Service Level Agreement (SLA) with the QCTO for all these qualifications. This SLA outlines that the W&RSETA has acquired DQP and AQP status through a nomination process and Sector endorsement.

## 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 in 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 a number of disruptions resulting from the legal matter between the Department of Higher Education and Training and former Board Members. This has had a negative impact on the performance of the W&RSETA and staff morale; as well as on the SETA's stakeholders. At the time of concluding this Annual Report, the matter was still before the courts.

### Report of the Auditor-General

Notwithstanding the legal challenges and disruptions highlighted in this report, the W&RSETA obtained an unqualified audit report with findings on predetermined objectives and compliance for the year under review. This is an improvement considering that W&RSETA had received two qualified audit opinions for the 2014/15 and 2015/16 financial years and was placed under administration in October 2016. Refer to the report of the Auditor-General.

I wish to congratulate and thank Management for the hard work and effort that went into ensuring that the W&RSETA obtains an unqualified audit opinion for the 2016/17 financial year.

## Report of the Accounting Authority *(continued)*

### ACCOUNTING AUTHORITY REMUNERATION SCHEDULE:

NAME OF BOARD MEMBER	2016/2017	2015/16
P. Maphoshe - Chairperson	141 056	196 127
I. Molefe	209 722	287 493
T. Skenjana	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
<b>Accounting Authority Remuneration</b>	<b>2 069 361</b>	<b>2 837 008</b>

### INDEPENDENT BOARD MEMBERS:

NAME OF BOARD MEMBER	2016/2017	2015/16
S Busane	3 889	-
R Sibiya	4 152	-
<b>Independent Board Remuneration</b>	<b>8 041</b>	<b>-</b>

Members appointed by the Administrator in February 2017

## Report of the Accounting Authority *(continued)*

### AUDIT COMMITTEE BOARD FEE SCHEDULE:

NAME OF COMMITTEE MEMBER	2016/2017	2015/16
P Mokupo	178 302	179 221
Y Gordhan	105 402	115 016
M Mokoka	123 762	129 925
C Weapond	204 751	238 894
<b>Audit Committee Remuneration</b>	<b>612 217</b>	<b>663 056</b>
<b>Total remuneration of members of the Accounting Authority</b>	<b>2 681 578</b>	<b>3 500 064</b>

## 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	-	81 762
UIF, SDL	-	21 817
Travel Allowance	-	56461
Post-employment benefits	-	3 851 585
<b>TOTAL</b>	<b>-</b>	<b>5 560 275</b>

Executive Manager in the CEO's Office - D. Rampai (Advocate)	2016/17	2015/16
Basic Salary	1 535 603	1 411 481
Cell phone and data allowance	7 080	7 080
Bonus	107 358	33 382
Medical Aid, Provident Fund	96 262	74 554
UIF, SDL	18 810	16 903
Travel Allowance	119 400	79 600
<b>TOTAL</b>	<b>1 884 513</b>	<b>1 623 000</b>

## Report of the Accounting Authority *(continued)*

### REMUNERATION OF SENIOR MANAGEMENT *(continued)*

Chief Operating Officer - A. Mlate (Ms)	2016/17	2015/16
Basic Salary	1 221 364	1 096 848
Cell phone and data allowance	-	6 308
Bonus	71 972	39 483
Medical Aid, Provident Fund	97 005	86 112
UIF, SDL	15 810	13 299
Travel Allowance	150 000	-
<b>TOTAL</b>	<b>1 556 121</b>	<b>1 242 051</b>

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	-	48 723
UIF, SDL	-	13 869
Travel Allowance -	-	-
Post-employment benefits	-	2 297 996
<b>TOTAL</b>	<b>-</b>	<b>3 365 118</b>

# Report of the Accounting Authority *(continued)*

## REMUNERATION OF SENIOR MANAGEMENT *(continued)*

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	67 801	31 799
UIF, SDL	16 904	9 141
Travel Allowance	118 800	-
<b>TOTAL</b>	<b>1 653 063</b>	<b>863 613</b>

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

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	67 741	92 877
UIF, SDL	12 839	15 097
Travel Allowance	-	-
Post-employment benefits	112 723	-
<b>TOTAL</b>	<b>1 242 656</b>	<b>1 413 958</b>

# 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, Provident Fund		
UIF, SDL	12 976	6 204
Travel Allowance		
Post-employment benefits	49 800	
<b>TOTAL</b>	<b>1 176 678</b>	<b>552 204</b>

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

## Report of the Accounting Authority *(continued)*

### REMUNERATION OF SENIOR MANAGEMENT *(continued)*

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

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



## 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, Provident Fund		-
UIF, SDL	5 442	
Travel Allowance	30 000	-
Post-employment benefits		-
<b>TOTAL</b>	<b>481 316</b>	<b>-</b>

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, Provident Fund		-
UIF, SDL	4 681	
Travel Allowance	48 000	-
Post-employment benefits		-
<b>TOTAL</b>	<b>408 044</b>	<b>-</b>

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

# Notes to the Annual Financial Statements *(continued)*

## Segment Reporting

### 41. Information about the the surplus, assets and liabilities reconciliations

2017	Administration R'000	Mandatory R'000	Discretionary R'000	Unallocated R'000	Total R'000
<b>REVENUE</b>					
Revenue from non-exchange transactions					
Skills development levy: Income	121 225	232 965	569 981	-	924 171
Skills development levy: Penalties and interest	-	-	42 801	-	42 801
Project income recognised	-	-	2 459	-	2 459
Revenue from exchange transactions					
Other income	288	-	-	-	288
Investment income	-	-	90 304	-	90 304
					-
<b>Total segment revenue</b>	<b>121 513</b>	<b>232 965</b>	<b>705 545</b>	<b>-</b>	<b>1 060 023</b>
<b>EXPENSES</b>					
Employee cost	(55 398)	-	-	-	(55 398)
Depreciation and amortisation	(1 396)	-	-	-	(1 396)
Repairs and maintenance	(242)	-	-	-	(242)
Other administration expenses	(57 696)	-	-	-	(57 696)
Employer grant and project expenditure	-	(165 608)	(331 517)	-	(497 125)
<b>Total segment expenditure</b>	<b>(114 732)</b>	<b>(165 608)</b>	<b>(331 517)</b>		<b>(611 857)</b>
<b>Total surplus</b>	<b>6 781</b>	<b>67 357</b>	<b>374 028</b>	<b>-</b>	<b>448 166</b>

## Notes to the Annual Financial Statements *(continued)*

### Segment Reporting

#### 41. Information about the the surplus, assets and liabilities reconciliations

	Administration R'000	Mandatory R'000	Discretionary R'000	Unallocated R'000	Total R'000
<b>ASSETS</b>					
Non-current assets	6 247	-	-	-	6 247
Inventories	120	-	-	-	120
Receivables from exchange transactions	6 632	-	-	-	6 632
Receivables from non-exchange transactions	-	8 350	-	-	8 350
Cash and cash equivalents (Unallocated asset)	-	-	-	1 810 655	1 810 655
<b>Total assets</b>	<b>12 999</b>	<b>8 350</b>	<b>-</b>	<b>1 810 655</b>	<b>1 832 004</b>
<b>Liabilities</b>					
Finance lease obligations	3 155	-	-	-	3 155
Operating lease liability	1 479	-	-	-	1 479
Payables from non-exchange transactions	-	38 467	-	-	38 467
Payables from exchange transactions	78 370	-	-	-	78 370
Unspent conditional grants	-	-	5 214	-	5 214
Provisions	-	27 388	-	-	27 388
<b>Total liabilities</b>	<b>78 370</b>	<b>65 855</b>	<b>5 214</b>	<b>-</b>	<b>154 073</b>
<b>Reserves</b>	<b>6 246</b>	<b>909</b>	<b>1 670 776</b>	<b>-</b>	<b>1 677 931</b>

# Notes to the Annual Financial Statements *(continued)*

## Segment Reporting

### 41. Information about the the surplus, assets and liabilities reconciliations

2016	Administration R'000	Mandatory R'000	Discretionary R'000	Unallocated R'000	Total R'000
<b>REVENUE</b>					
Revenue from non-exchange transactions					
Skills development levy: Income	123 812	235 832	583 685	-	943 328
Skills development levy: Penalties and interest	-	-	23 964	-	23 964
Project income recognised	-	-	2 476	-	2 476
National Skills Fund Trasfer	-	-	10 542	-	10 542
Revenue from exchange transactions					
Other income	1	-	-	-	1
Investment income	-	-	65 729	-	65 729
<b>Total segment revenue</b>	<b>123 813</b>	<b>235 832</b>	<b>686 395</b>	<b>-</b>	<b>1 046 040</b>
<b>EXPENSES</b>					
Employee cost	(57 852)	-	-	-	(57 852)
Deprection and amortisation	(1 178)	-	-	-	(1 178)
Bad debts written off	-	(13)	-	-	(13)
Repairs and maintenance	(270)	-	-	-	(270)
Other administration expenses	(50 409)	-	-	-	(50 409)
Employer grant and project expenditure	-	(169 108)	(348 202)	-	(517 310)
<b>Total segment expenditure</b>	<b>(109 709)</b>	<b>(169 121)</b>	<b>(348 202)</b>	<b>-</b>	<b>(627 032)</b>
<b>Total surplus</b>	<b>14 104</b>	<b>66 711</b>	<b>338 193</b>	<b>-</b>	<b>419 008</b>

## Notes to the Annual Financial Statements *(continued)*

### Segment Reporting

#### 41. Information about the the surplus, assets and liabilities reconciliations

	Administration R'000	Mandatory R'000	Discretionary R'000	Unallocated R'000	Total R'000
<b>ASSETS</b>					
Non-current assets	3 129	-	-	-	3 129
Inventories	67	-	-	-	67
Receivables from exchange transactions	4186	-	-	-	4 186
Receivables from non-exchange transactions	-	3 345	-	-	3 345
Cash and cash equivalents (Unallocated asset)	-	-	-	1 335 971	1 335 971
<b>Total assets</b>	<b>7 382</b>	<b>3 345</b>	<b>-</b>	<b>1 335 971</b>	<b>1 346 698</b>
<b>Liabilities</b>					
Finance lease obligations	192	-	-	-	192
Payables from non-exchange transactions	-	27 213	-	-	27 213
Payables from exchange transactions	59 011	-	-	-	59 011
Unspent conditional grants	-	-	7 674	-	7 674
Provisions	-	22 842	-	-	22 842
<b>Total liabilities</b>	<b>59 203</b>	<b>50 055</b>	<b>7 674</b>	<b>-</b>	<b>116 932</b>
<b>Reserves</b>	<b>3 129</b>	<b>570</b>	<b>1 226 066</b>	<b>-</b>	<b>1 229 765</b>

## 2. 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 18 to 35 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 material findings on the W&RSETA annual performance report concerning the usefulness and reliability of the information.

Refer to page 85 to 92 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 the ground-breaking Retail Schools of Excellence Project in KwaZulu-Natal, the SETA has taken a decision to roll out the project to other provinces. The rollout of the TVET Colleges 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, the Minister of Higher Education and Training, Dr Blade Nzimande, placed the W&RSETA under administration and appointed Mr Pascal Mokupo as the Administrator. The Administrator in turn appointed three Advisors who support and guide him on various organisational strategic decisions. Prior to the Organisation being placed under administration, 8 Managers had been placed on suspension for a period of nine months. The suspension of these Managers had left a vacuum in the operations of the Organisation thereby contributing to the SETA's declined performance.

The Chairperson and some of the members of the Accounting Authority challenged the Minister's decision to place the SETA under administration through a legal process. At the time of finalising 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.

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