

# *Economical Effective Efficient*

ENHANCING SKILLS DEVELOPMENT



ANNUAL REPORT  
**2007 / 08**



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**2007/08**



WHOLESALE AND RETAIL SECTOR EDUCATION AND TRAINING AUTHORITY



**W&RSETA ANNUAL REPORT**

**2007/2008**

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### **VISION**

*WE ARE THE PREMIER AUTHORITY IN SKILLS DEVELOPMENT,  
EXCEEDING STAKEHOLDER EXPECTATIONS IN THE WHOLESALE  
AND RETAIL SECTOR.*

### **MISSION**

*TO CONTRIBUTE TO THE SOCIAL AND ECONOMIC GROWTH  
OF THE COUNTRY BY ENABLING EDUCATION AND TRAINING  
OF THE HIGHEST QUALITY IN THE WHOLESALE AND RETAIL  
SECTOR, TO THE BENEFIT OF EMPLOYERS, EMPLOYEES AND  
LEARNERS.*

### **ENHANCING SKILLS DEVELOPMENT**



## OBJECTIVES

- *As part of its overall strategy to foster a lifelong learning culture in the sector, W&RSETA pursues the following objectives, which are in line with ASGISA and JIPSA:*
- *The development of a trained, educated and content employee component, leading to improved productivity.*
- *Halving poverty and unemployment by the year 2014.*
- *Fast-tracking the provision of priority skills required within the wholesale and retail sector to support accelerated and shared growth in South Africa.*
- *Continually communicating and facilitating the flow of information between the relevant stakeholders.*
- *Transforming the workplace and facilitating affordable and accessible training to meet the needs of the sector and the country.*
- *Addressing historic imbalances in the development of people in our sector.*
- *Developing the capacity of companies to implement skills development strategy and policies.*
- *Focusing on the development of small and medium enterprises (SMEs) to provide future employment opportunities in the sector.*
- *Aligning W&RSETA's skills development strategy to the National Skills Development Strategy (NSDS) and sector requirements.*
- *Encouraging the participation of more employers.*

## VALUES AND PRINCIPLES

**Strong ethics, integrity and trustworthiness**

**Continually treating each other with dignity and respect**

**Corporate discipline**

**Zealously coresponsible and accountable for the team's efforts**

**Thriving on positive and constructive feedback**

**Redress and courtesy**

**Access to information**

**Service standards**



# 1

## WHOLESALE AND RETAIL SECTOR EDUCATION AND TRAINING AUTHORITY

### CHAIRPERSON'S REPORT

In responding to the shortage of skills in the country, W&RSETA has aligned its skills development plans and interventions with the Accelerated and Shared Growth Initiative for South Africa (ASGISA) and the Joint Initiative on Priority Skills Acquisition (JIPSA). The focus of the SETA has been specifically on addressing scarce and critical skills in the Wholesale and Retail sector in order to contribute to the social and economic growth of the country.

The successes it has achieved in this respect are reflected in the fact that it has exceeded its targets in all but one of the objectives of the Department of Labour's National Skills Development Strategy (NSDS). As such, W&RSETA is set to take its place as one of the SETAs that can succeed in achieving the Department of Labour's vision of skills for sustainable growth, development and equity.

As Chairperson of the Board, I wish to welcome the new board, which was elected in September 2007. I am confident that the knowledge and expertise that they bring to the governance structure of the organisation will ensure that the management and staff of W&RSETA will receive the necessary support and guidance to achieve the organisation's vision, mission and objectives.

A review of the interpretation of the skills development levies Act 9 of 2001 was done with regard to the recognition and completeness of revenue, and this is reflected in the financial statements. As a collective, SETAs and their respective stakeholders interpreted various legislation and accounting principles governing revenue recognition flowing from the skills development levies that necessitated the restatement of revenue in line with Generally Recognised Accounting Practice.

During the prior years, the SETAs recognised revenue when employers submitted the EMP201 to the South African Revenue Service. It is now recognised upon the receipt of funds or the allocation from the Department of Labour, whichever comes first. This revenue was delayed by approximately two months. The calculation for the provision of grants in the financial statements contained in this annual report has therefore been affected by this interpretation, as well as the allocation as far as administrative expenditure is concerned. Further disclosure can be found in the notes to the annual financial statements.

The Board is satisfied that the internal control procedures are not only effective but have also inculcated a culture of prudent expenditure and unwavering compliance with the Public Finance Management Act (PFMA) of 1999, except where mentioned in the audit report.

On behalf of the Board, I would like to take this opportunity to express our heartfelt gratitude to the Chief Executive Officer, Mr Joel Dikgole, his management and staff for their commitment to addressing the skills challenges in the Wholesale and Retail sector. The tirelessness of their efforts is clearly reflected in the success that they have achieved in rendering excellent services to the organisation's stakeholders and the public they serve.

**Vikashnee Harbajan**  
Chairperson of the Board



## CHIEF EXECUTIVE OFFICER'S REPORT

As the SETA approaches the start of the last two years of the second phase of the implementation of the National Skills Development Strategy (NSDS II), the time is ripe to consider in retrospect the success with which we have delivered on our mandate since our establishment in 2000. Taking stock of our achievements over the past eight years is necessary to ensure that the SETA can successfully prepare to not only achieve its long-term targets in the period leading up to 2010, but indeed to exceed them.

In 2004, as W&RSETA prepared to implement NSDS II, we launched a vision achievement plan to guide our activities over the next five years. Halfway through this period, W&RSETA can report with confidence that we are well on our way to achieving our vision of transforming the sector and addressing the imbalances of the past by being the premier authority in skills development and exceeding our stakeholder expectations.

### OVERVIEW

The SETA is proud to announce that it has achieved and even exceeded most of the targets agreed with DoL in the 2007/08 service level agreement appearing on pages 2 to 6. In addition we are pleased to share some of the following milestone or highlights achieved during the year under review:

#### Unqualified Audit Report in 2007/2008

For the eighth year in a row, the SETA has again received an unqualified report from the Auditor-General. This is an important milestone as it confirms the excellent track record of good stewardship over the public funds entrusted to the Board and management of the SETA, including compliance with the requirements of the PFMA and other relevant legislations.

#### Excellent SAQA audit results

The significant role that the SETA has played in quality assurance, combined with the important training and development that we conduct among small and medium enterprises (SMEs), in particular, is reflected in our results in the South African Qualifications Authority (SAQA) audit. The audit rates SETAs on a scale of 0 to 3, with a score of 0 denoting minimum compliance. W&RSETA achieved a score of 2.55, which is perceived to be an excellent result. The good result is a

confirmation that the SETA's operations are carried out in an efficient, effective and economical manner; also that the SETA has put the necessary systems in place to ensure this. Our achievements over the past eight years, as reflected in the results on our scorecard, provide further concrete proof of the need for the SETA's continued existence after 2010.

#### Increased SMEs participation

The implementation of skills development projects in the various provinces is aligned with national objectives, and relates to the strategic imperatives contained in the NSDS. There is a direct correlation between the levies received in each province and the grants paid in the respective provinces through the delivery of projects. Similarly, as the majority of registered companies are SMEs, the organisation initiated a number of projects to support these companies during the period under review.

SME participation was accelerated by engaging independent skills development facilitators to assist small levy-paying organisations and, via several other initiatives, the SETA supported 5 263 small organisations.

#### Well-researched Sector Skills Plan

The 2007/08 Sector Skills Plan (SSP) update was focused on aligning the scarce skills identified through the sector skills audit that took place in 2006/07 to the codes of the Organising Framework of Occupations (OFO). A significant outcome of the SSP update was the prioritisation of the scarce occupations in the sector through stakeholder consultation.

In an endeavour to enhance our commitment to continually improve our service delivery, further progress was made with the development of the SETA's Quality Management System (QMS), with the objective of obtaining ISO 9001:2000 accreditation.

#### Successful accreditation of BEE providers

Another important focus for the year under review was the development and accreditation of 50 black training providers. This is the first initiative of its kind to be launched by a SETA, which was aimed at training existing unaccredited skills





## CHIEF EXECUTIVE OFFICER'S REPORT

development companies as accredited providers. The project will be expanded in the future to meet the demand for training in the rural areas. In another recently approved project, the number of qualified assessors will be increased through a pilot assessor training project aimed at reducing the cost of assessment associated with the training and qualification of assessors. This project aims to train 50 candidate assessors via DVD facilitation.

### Thabo Mbeki Development Trust Pre-Learnership Programme for the Disabled

W&RSETA's flagship project for the period was the Thabo Mbeki Development Trust Programme. The programme is an initiative that seeks to develop the skills of disabled learners and capacitate them for employment in a range of jobs in the Wholesale and Retail sector. This forms part of a concerted effort to achieve the target of allocating 4% of learnership programmes to people with disabilities. This project is funded to the value of R6.6 million from discretionary grants. The first phase involved preparing 100 disabled learners for a learnership that will enable them to be placed in full-time employment in the sector. Achievements include the development and approval of training material, the induction of learners, the training of disabled trainers, the translation of the placement assessment tool into Braille and the delivery of training. The successful implementation of this project has been hailed as a benchmark for skills development for people with disabilities.

### Recognition of the SETA as an Investor in People

W&RSETA is not only dedicated to developing the skills base of the country. It is also committed to improving the skills of its own staff component. We believe in providing an enabling, challenging environment for our staff. As a result, the objective of optimal staff development was further enhanced through the implementation of Investors in People (IIP) standards. By ensuring that its workforce is skilled, efficient and continuously developed, W&RSETA can ensure that it has the dedicated human resources at its disposal to achieve its mandate.

### International participation

During the year under review, the W&RSETA participated in a study conducted by Agence Francaise de Development (AFD) on vocational training in seven African countries, including South Africa. As a result, the SETA was invited to a conference held in Paris in November 2007 where the report of the study was tabled for the first time. The CEO participated as a respondent to the presentation of the researcher responsible for compiling the report. In particular, the CEO presented the successes and challenges experienced with the implementation of Project Rave, a project that was initiated to train 10 000 unemployed learners, as well as small informal traders in business skills that would enable them to start small business ventures, as well as upgrade and improve the management of their businesses.

## NEW PROJECTS

Progress has also been made with a number of envisaged future projects. Approval has been granted, among others, for an international leadership project that will see 16 high-potential candidates for senior and executive positions in this country being sent to Canada for leadership training in the Wholesale and Retail sector. Projects in collaboration with large employers will also see large numbers of unemployed youths undertake learnerships in specific scarce skills in the context of (ASGISA) and (JIPSA). This represents W&RSETA's contribution to solving the unemployment dilemma as it relates to the young people of the country.

In conclusion, therefore, I would like to take this opportunity to acknowledge the dedication, commitment and hard work of the staff of W&RSETA, both in the national office, as well as in the regional offices, and to thank them for their contributions in positioning W&RSETA as the premier authority in skills development.

I would also like to thank the Board for its support and guidance in the process.



**CHIEF EXECUTIVE OFFICER'S REPORT**

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*Joel Dikgole*

**Chief Executive Officer**





## PERFORMANCE AGAINST NSDS OBJECTIVES

### SETA achievements: 2007/08

Reporting information required	SLA target	Achievement actual	Variance	Comments
<b>Success Indicator 1.1</b> Skills development supports national and sectoral growth, development and equity priorities.				
To update the SSP	Submit SSP by end November 2007	SSP submitted to DoL on 30 August 2007	N/A	Received notification of approved SSP from DoL on 28 January 2008.
<b>Success Indicator 1.2</b> Information on critical skills widely available to learners. Impact of information dissemination researched, measured and communicated in terms of rising entry, completion and placement of learners.				
No. of persons who carry out skills development facilitation in the use of the Scarce and Critical Skills guide	625	838	+ 213	Facilitated two extra training sessions in North West for educators as career guidance councillors. Exceeded the target.
<b>Success Indicator 2.1</b> By March 2010 at least 80% of large firms' and at least 60% of medium firms' employment equity targets are supported by skills development. Impact on overall equity profile assessed.				
No. of large firms received WSP/ATR grants for 2007/08 financial year	204	280	+ 76	The SETA agrees baseline figures with DoL based on their Data Base received via SARS in the SLA with DoL in September of the previous Financial year. The Actual WSP/ATRs are approved for disbursements of mandatory Grants is in June/July/August of the current Financial year and in this case the numbers participating exceeded the actual baseline numbers agreed in the SLA.
No. of medium firms received WSP/ATR grants for 2007/08 financial year	413	632	+ 219	

**PERFORMANCE AGAINST NSDS OBJECTIVES**

Reporting information required	SLA target	Achievement actual	Variance	Comments
<b>Success Indicator 2.2</b> By March 2010 skills development in at least 40% of small levy-paying firms supported and the impact of the support measured.				
No. of small levy-paying firms supported by SETAs for 2007/08 financial year	4 385	5 263	+ 878	This target was exceeded due to the successful completion of special projects such as; The Independent SDF project for SME's, the Rural project and the Voucher project.
<b>Success Indicator 2.5</b> Annually increasing number of small BEE firms and BEE cooperatives supported by skills development. Progress measured through an annual survey of BEE firms and BEE cooperatives within the sector from the second year onwards. Impact of support measured.				
No. of small BEE firms and BEE cooperatives supported by skills development	66	81	+ 15	This project was exceeded due to a special project approved for <b>free</b> training vouchers for our learners in the SME's and in the process we assisted more organisations than anticipated.
<b>Success Indicator 2.7</b> By March 2010 at least 700 000 workers have achieved ABET Levels 1 to 4.				
No. of workers that have registered ABET levels 1 to 4	5 000	3 180	- 1 820	ABET for employed learners is very challenging for all the SETAs as well as the W&RSETA and we have experimented with various models over the last 5 years with limited success. The SETA has invited for 2007/2008 Organisations/ Providers via National News Papers and workshops conducted in all 9 Provinces to submit letters of interest to train employed ABET learners in our sector again with limited success. The W&RSETA however is dedicated to assist ABET learners and we will continue to explore more models and the NQF 1 Qualification available is another possible solution that will be explored.
No. of workers that have achieved ABET levels 1 to 4	5 000	860	- 4 140	



## PERFORMANCE AGAINST NSDS OBJECTIVES

Reporting information required	SLA target	Achievement actual	Variance	Comments
<b>Success Indicator 2.8</b> By March 2010 at least 125 000 workers assisted to enter and at least 50% successfully complete programmes, including learnerships and apprenticeships, leading to basic entry, intermediate and high level scarce skills. Impact of assistance measured.				
No. of workers that have entered learning programmes	2 000	3 177	+ 1 177	The numbers were exceeded due to requests from stakeholders exceeding the original anticipation. As it was all on scarce skills, it was approved.
No. of workers that have completed learning programmes	1 000	1 816	+ 816	The numbers were exceeded due to a carry over from the previous year where we have registered learners but due to the programmes being 12 months the learners only completed their learning in 2007/08.
<b>Success Indicator 3.2</b> By March 2010, at least 2 000 non-levy paying enterprises, NGOs, CBOs, and community-based cooperatives supported by skills development. Impact of support on sustainability measured with a targeted 75% success rate.				
No. of organisations supported by SETAs (NGOs CBOs, Coops)	300	1 085	+ 785	A NAFCOC approved project was approved for 3000 SME's and 1085 of the 3000 have already completed their training prior to the end of the financial year.
<b>Success Indicator 4.1</b> By March 2010 at least 125 000 unemployed people assisted to enter and at least 50% successfully complete programmes, including learnerships and apprenticeships, leading to basic entry, intermediate and high level scarce skills. Impact of assistance measured.				
No. of unemployed people that have entered learning programmes	1 000	1 589	+ 589	The SETA managed to enrol more 18.2 learners than expected which assisted the SETA to achieve its overall 5 year target.
No. of unemployed people that have completed learning programmes	500	607	+ 108	

**PERFORMANCE AGAINST NSDS OBJECTIVES**

Reporting information required	SLA target	Achievement actual	Variance	Comments
<b>Success Indicator 4.2</b> 100% of learners in critical skills programmes covered by sector agreements from FET and HET institutions assisted to gain work experience locally or abroad, of whom at least 70% find placement in employment or self-employment.				
No. of learners assisted to gain workplace experience (FET and HET)	250	303	+ 53	This target was initially a battle to achieve due to the late start of the project in the financial year.  The companies that have taken on the learners are employing the learners for a period of 12 months of which the SETA sponsors 6 months and the organisation pays for the other 6 months.
No. of learners to become self-employed or employed	175	216	+ 41	
<b>Success Indicator 4.3</b> By March 2010, at least 10 000 young people trained and mentored to form sustainable new ventures and at least 70% of new ventures in operation 12 months after completion of programme.				
No. of young persons trained and mentored to form new ventures	70	144	+ 74	The applications received exceeded the expectations and the SETA decided to sponsor them all to assist with the numbers on the learners completing the sustainability period 12 months after completion of their learning.
No. of new ventures that are sustainable and in operation 12 months after completion of programme	49	38	- 11	The W&RSETA is using a Learnership for training which takes ± 15 months to complete. The Learner's New Venture only starts when training has been completed.  The above process of training and sustainability takes ± 27 months before the SETA can count the New Venture as a sustainable organisation. The 38 in operation started their training in April 2006.



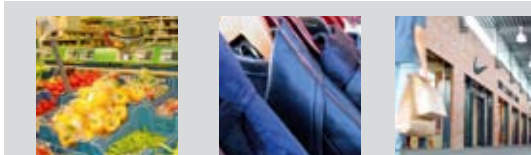
## PERFORMANCE AGAINST NSDS OBJECTIVES

Reporting information required	SLA target	Achievement actual	Variance	Comments
<b>Success Indicator 5.1</b> By March 2010, each SETA recognises and supports at least five Institutes of Sectoral or Occupational Excellence (ISOE) within public and private institutions and through Public Private Partnerships (PPPs) where appropriate, spread as widely as possible geographically for the development of people to attain identified critical occupational skills, whose excellence is measured in the number of learners successfully placed in the sector and employer satisfaction ratings of their training.				
No. of institutions of sectoral or occupational excellence recognised and supported by SETA	1	3	+ 2	The SETA considered and evaluated organisations that were awarded current special projects and 3 met the criteria set.
<b>Success Indicator 5.2</b> By March 2010, each province has at least two provider institutions accredited to manage the delivery of the new venture creation qualification. 70% of new ventures still operating after 12 months will be used as a measure of the institutions' success.				
No. of Institutions accredited to manage delivery of new venture creation qualification	3	8	+ 5	This number is coupled with the number of providers participating in success indicator 4.3 and they were substantially more than had been targeted for.
<b>Success Indicator 5.3</b> By March 2010, there are measurable improvements in the quality of the services delivered by skills development institutions and those institutions responsible for the implementation of the NQF in support of the NSDS.				
To meet all SAQA performance audit requirements	To comply with the criteria as per the guidelines for the ETQAs	2.55	N/A	The Final SAQA score of 2.55 out of 3 is an excellent result.



# ***CORE & FUNCTIONS***





# 4

WHOLESALE AND RETAIL SECTOR EDUCATION AND TRAINING AUTHORITY

## CORE FUNCTIONS

### INTRODUCTION

The core functions of W&RSETA in support of achieving our vision of being the premier authority in skills development relate to the functions of facilitating skills development, research, qualifications and learning programmes, education and training quality assurance and small and medium-enterprises (SMEs) via regional offices.

The performance in each of these functions is measured against the targets of the service level agreement (SLA) with the Department of Labour (DoL). Our presence in all nine provinces is strengthened through the implementation of projects in six regional offices: KwaZulu-Natal, Western Cape, Eastern Cape, Gauteng, Mpumalanga (also serving Limpopo) and the Free State (also serving North West and the Northern Cape).

#### Stakeholder engagement and provincial linkages

W&RSETA has initiated the formation of regional stakeholder forums in all six regions to address skills development matters pertaining specifically to the Wholesale and Retail sector. These forums were actively supported throughout the country and are used as a platform to share ideas and raise issues that need to be attended to at a national level. The forums are held once a month and focus specifically on issues in the Wholesale and Retail sector. These forums are attended by training providers, representatives of further education and training (FET) colleges, skills development facilitators and other interested parties.

Representatives from all the regional offices of W&RSETA participated in DoL's provincial skills development forums, as well as initiatives of the offices of the premiers and local municipalities throughout the country. The SETA also participated in a number of inter-SETA clusters throughout the country during the period under review. These forums provide public and social partners with an opportunity to engage with other SETAs at a regional level. The Western Cape cluster is very active and 13 SETAs and two DoL representatives meet monthly to discuss matters of mutual interest.

The SETA participated in the SABC careers expos which were held in various provinces. Representatives of the Limpopo/

Mpumalanga regional office participated in local career exhibitions and visited high schools to create an awareness of scarce and critical skills, as well as possible careers in the Wholesale and Retail sector.

### SECTOR SKILLS PLANNING AND RESEARCH

#### Sector Skills Plans

An important responsibility of the Skills Development Department is the development of the Sector Skills Plan (SSP), which is aimed at improving the skills base and addresses the socio-economic imperatives of the sector. W&RSETA updated its SSP in compliance with the SLA entered into with DoL in accordance with the National Skills Development Strategy (NSDS) Objective 1 that relates to supporting national and sectoral growth, development and equity priorities through skills development (success Indicator 1.1).

The 2007/08 SSP update focused on aligning the scarce skills identified through the sector skills audit that took place in 2006/07, as reflected in Chapter 4 of the SSP, to the Organising Framework of Occupations (OFO) codes. This audit assisted W&RSETA to successfully report the scarce skills in the Wholesale and Retail sector on DoL's Employment Services of South Africa (ESSA) system by the end of August 2007. The scarce and critical skills of the sector have also been taken into account in the development of the department's national list of scarce skills. A significant outcome of the SSP update of 2007/08 was the prioritisation of scarce occupations in the sector through stakeholder consultation. All the chapters in the SSP will be updated for 2008/09 to include the latest qualitative and quantitative information.

#### Scarce and Critical Skills

During the period under review, W&RSETA sponsored eight prioritised occupations through learnerships and skills development programmes. These are retail managers, bakers, buyers, butchers, salespersons, training and development professionals, Merchandise planners and supply and distribution managers. This support is reviewed annually via the SSP process.

## CORE FUNCTIONS

In order to ensure that information on scarce and critical skills is widely made available to learners (Success Indicator 1.2), the scarce and critical skills guide that was developed in the previous year was updated. An interactive DVD of the guide was also developed and distributed. Training was provided to sector specialists (career guidance counsellors, skills development facilitators, independent skills development facilitators and W&RSETA staff). By including career guidance counsellors in training on the use of the guide, learners could be assisted in making career choices based on the scarcity of occupations in the Wholesale and Retail sector. The number of persons who received capacitation on the updated guide during 2007/08 amounted to 838, which exceeded the target set in the SLA with DoL by 213.

An important future focus will be to venture into the FET colleges and schools and to disseminate information on scarce and critical skills to prospective learners and career guidance counsellors. This is particularly important if W&RSETA is to make an impact on aspects such as improving entry, completion and placement rates in the sector.

### Institutes of Sectoral or Occupational Excellence

In support of Objective 5 of the NSDS, improving the quality and relevance of provision and, in particular, Indicator 5.1, W&RSETA established three institutes of sectoral or occupational excellence (ISOEs). Thereby exceeding the set target, as the SLA only required the establishment of one ISOE for 2007/08. These ISOEs serve as a pilot to benchmark the establishment of further ISOEs for the sector, based on best practice and lessons learned.

### Research

W&RSETA embraces the practice of conducting research in order to make informed decisions and to improve on its products and services. Fundamental to this practice is assessing the impact of projects, as well as the impact of the NSDS indicators. Through these impact assessments, W&RSETA is able to judge the merit and value of both the tangible and intangible benefits rendered through the research projects implemented.

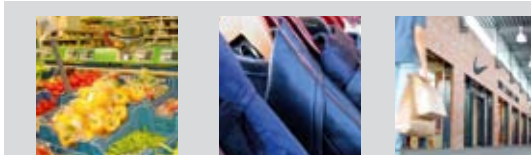
During 2007/08, research was conducted on the impact of skills development on the equity targets (Success Indicator 2.1) of large and medium companies to determine whether skills development was assisting the large and medium companies in the sector to meet their equity targets. Another impact assessment involved an evaluation of the success of the scarce and critical skills guide project of 2006/07. Recommendations from the assessment were used to improve the updated scarce and critical skills guide, as well as to improve the sessions that are held to capacitate sector specialists and SDFs.

The research unit is also responsible for the organisation's Quality Management System (QMS). This system aims to review and develop policies, procedures and processes to improve on the quality of the SETA's services (in terms of Success Indicator 5.3).

Updating the organisation's existing procedural documentation (in both electronic and hard copy) entails a review of the SETA's QMS manual, document control register and QMS database, among other things. This process also involves the capacitation of staff with regard to policy and procedure writing and maintaining the organisation's QMS. A future goal in this regard is to obtain ISO 9001:2000 accreditation for W&RSETA's QMS. The ISO accreditation of the QMS will also assure the organisation's stakeholders of its commitment to continually improve its service delivery.

### Adult Basic Education Training

The Adult Basic Education and Training (ABET) of employed learners is an area that still requires dedicated focus, as this is the only area in which W&RSETA was unable to achieve the intended targets. As a result, the SETA is regularly in discussions with various stakeholders to explore options to improve on its performance. While the objective was to have 5 000 workers registered in ABET programmes (from Level 1 to Level 4) and 5 000 workers that have achieved ABET levels, the figures for the period under review were 3 180 and 860 respectively.



## CORE FUNCTIONS

### EDUCATION AND TRAINING QUALITY ASSURANCE

The Education and Training Quality Assurance (ETQA) Department is primarily responsible for the quality assurance of learning material and the provision of quality learning via accredited training providers so that learners' achievements are recognised on the National Qualifications Framework (NQF).

The ETQA Department exceeded its target set for supporting small Black Economic Empowerment (BEE) firms in 2007/08 by 15 (in terms of Success Indicator 2.5) and almost tripled the target set for the accreditation of institutions managing the delivery of qualifications related to new venture creation (in terms of Success Indicator 5.2).

An important focus was the development and accreditation of 50 black training providers. This BEE accreditation project targeted existing unaccredited training providers to be capacitated for

accreditation to address the skills development needs of the sector, particularly in the rural areas. W&RSETA initiated a project of this nature and has committed itself to support these emerging providers with various kinds of assistance:

The benefits of this are evident in the engagement of these accredited providers in the training of 3 000 small, non-registered business owners nationally, who are affiliates of NAFCOC in a SETA-sponsored project.

In an endeavour to reduce the cost of assessments per learner as well as increase the number of assessors, the W&RSETA is launching a pilot assessor training project. This project aims to train 50 assessors via DVD facilitation, with an emphasis on critical and scarce skills in the sector. The success of this project will promote skills development, especially in the SME sector, as it will make learner assessment costs a more cost effective for small and medium businesses.



**BEE ACCREDITATION AWARD CEREMONY**  
held at Emperors Palace in 2007 where 50 training providers were accredited.

*“Dreams will show you where you are where you are going. They reveal your destiny.”*

- Carl Jung

## QUALIFICATIONS AND LEARNING PROGRAMMES (QLP)

The purpose of the Qualifications and Learning Programmes (QLP) Department is two fold. Firstly, it ensures the development of qualifications and learnerships that address the needs of the sector according to SAQA requirements, focusing on scarce and critical skills. The learning programmes that are

developed and registered with SAQA serve as a vehicle whereby learners can obtain the relevant qualifications. Secondly, it is responsible for the implementation of much needed skills programmes in the sector.

In terms of the development of qualifications, good progress was made by the Joint Implementation Plan (JIP) Committee for the period under review. The objective of this project is to develop a qualifications framework and to register 20 qualifications with SAQA.

## REGISTERED QUALIFICATIONS AND LEARNERSHIPS FOR 2007/2008

The following qualifications and learnerships were developed during the period under review:

Learnership	NQF level	Qualification
National Certificate: Wholesale and Retail Operations (warehouse assistant)	2	National Certificate: Wholesale and Retail Operations
National Certificate: Wholesale and Retail Merchandising Operations (merchandise)	2	National Certificate: Wholesale and Retail Operations
National Certificate: Wholesale and Retail SME Operations (store owner)	2	National Certificate: Wholesale and Retail Operations
National Certificate: Wholesale and Retail Chain Store Operations (retail assistant)	2	National Certificate: Wholesale and Retail Operations
National Certificate: Retail Perishable Food (perishable sales worker)	3	National Certificate: Retail Perishable Food
National Certificate: Wholesale and Retail Buying and Planning (retail buyer/planner)	5	National Certificate: Wholesale and Retail Buying and Planning

### Learnerships

During the period under review, 3,177 employed learners entered and 1,816 completed their programmes.

The number of unemployed learners that entered learning programmes was 1589 and of them 607 completed their learning programme.

### Workplace Experience Employment Grant

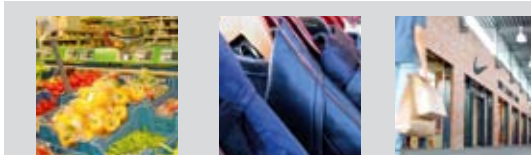
The SETA in partnership with the FETs and HETs assisted 303 learners to gain workplace experience.

These learners were originally unemployed and have now been offered an opportunity to gain experience while earning a stipend for a period of twelve months.

### Significant projects

For the year under review, the SETA implemented amongst others some key projects that would give the necessary impact to meeting its targets as well as give the desired effect of skills development in the sector. We would therefore like to share some of the significant projects that were approved.





# 4

WHOLESALE AND RETAIL SECTOR EDUCATION AND TRAINING AUTHORITY

## CORE FUNCTIONS

### Thabo Mbeki Development Trust

The Thabo Mbeki Development Trust Programme, an initiative to enhance the skills of disabled learners and capacitate them for employment in a range of jobs in the Wholesale and Retail sector. This forms part of a concerted effort to learn from the project so that we know how to handle future projects with learners with disabilities. This project is funded to the tune of R6.6 million from discretionary grants. This pilot pre-learnership bridging programme was developed and implemented to prepare 100 disabled learners for the National Certificate: Wholesale and Retail Operations at NQF Level 2. Upon successful completion of the full learnership the learners will have been granted the opportunity to acquire the skills required for permanent employment in the sector.

We are proud to announce that all the learners were found to be competent in Phase I and they can now proceed to a full learnership programme (Phase II).

A critical achievement particularly in this programme was the translation of the W&RSETA's placement tool into a Braille assessment tool. This project is regarded as a breakthrough for the SETA as the SETA has managed to increase its level of accessibility for skills development to all the citizens of the country regardless of them being able bodied or people living with disability.



Irish Macheke

### Success Story:

***"Success is the ability to go from one failure to another with no loss of enthusiasm"***

- Winston Churchill.

*"That is what the TMDT project for the disabled has done for me. I am thriving in the knowledge and patience I have received from the team involved."*

### Pick 'n Pay Learnership Project

Success was also achieved with the development of a project involving three retailers: Pick 'n Pay, Boxer and Score. The latter two operate mainly in the rural areas where quality training is not readily available. These retailers aim to train and certify almost 3 000 learners in an effort to accelerate the delivery of scarce and critical skills in the Wholesale and Retail sector. Employment opportunities will be made available to those unemployed learners who will have acquired the appropriate skills.



**Thabo Mbeki Development Trust Project for the disabled Launch held at the SABC on the 7th March 2008. The occasion was attended by the Honourable Minister of Labour Mr. Membathisi Mdladlana.**



Again the SETA is making progressive inroads into the rural areas where there is a dire need for skills development.



**Pick 'n Pay Learnership Graduation 2008**

#### Success Story:

***"The road to success is always under construction"***

**- Anon.**

***"I was one of the candidates who were awarded the chance to take part in the Pick 'n Pay Learnership programme and today I am proud to say – I am skilled and able to start my new career."***

#### Workplace Experience and Employment Grant Project

The Higher Education and Training Certificate (HETC) Workplace Experience Grant Project aims to provide workplace experience to 500 students at higher education institutions in a project that not only involves learners from the major centres, but also those from the Eastern Cape and Limpopo. In the Western Cape, this project provided job placements for 107 graduates and 35 students, while 127 graduates were placed with companies in Gauteng; In KwaZulu-Natal, 10 graduates were placed, while seven graduates and 22 students benefited from the project in the Eastern Cape.

#### Future focuses

Future focus areas for QLP Department include the launch of the Grassroots Project to implement learnership programmes in the Wholesale and Retail sector through a pilot project of 30 learners from Alexandra and Diepsloot at NQF Level 2.

The significance of this project is that it gives hope to those learners who did not do well at school and tend to be forgotten and dejected.

These learners are taught, amongst other things, to regain their self esteem, self worth and confidence such that they are able to stand among their peers as equals.

The Edcon Project, which aims to implement learnership programmes in the Wholesale and Retail sector, will involve 1 200 (750 employed and 450 unemployed) learners who will engage in qualifications at different levels. Another new project to be launched in the next financial year will put 5 250 learners through learning programmes that address scarce skills.

Highlights for the QLP department:

#### Boxer Superstores (Pty) Ltd

##### Learnership success story

Patrick started work at Boxer Malelane in 1998 as a three-day-a-week casual cleaner. His enthusiasm and energy was quickly noticed by his store manager who allowed Patrick to train in the Perishables Department in his own time.

It was not long before Patrick was appointed onto the permanent staff in the Perishables Department and, towards the end of



**Patrick Shongwe**

***Started as a casual cleaner at the Boxer Superstore, now he is a store manager***



# 4

## WHOLESALE AND RETAIL SECTOR EDUCATION AND TRAINING AUTHORITY

### CORE FUNCTIONS

1999, Patrick was appointed to the position of Perishables Supervisor in Malelane. He held this position for two years.

At the end of 2001, Patrick was selected to study on the newly created NQF2 Retail Learnership through W&RSETA. He was registered and commenced his studies at the beginning of 2002 when the learnership was launched. He was also at this stage promoted to the position of national learner which has trainee manager status. Through his continued efforts and enthusiasm he excelled on this programme as well as at work and was rewarded with a promotion to Assistant Store Manager in Tzaneen at the end of 2002. He completed the Learnership in 2003.

In 2005, he won the prize for the best Birthday Promotion in his region.

In June 2006, his “dream came true” when he was promoted to the position of store manager in Hazyview. In August that year he again won the Birthday Promotion (this time as a store manager) and won a trip to Zambia. Through his success in Hazyview, he was then promoted to the new Boxer store in Giyani, where he is still currently the store manager.

In July 2007, Patrick was asked to speak at the graduation ceremony for the 2005/06 NQF2 learners where he inspired and motivated the graduates to take what they had learned and to put it into practice.

The latest cherry on the cake for Patrick was when he was one of the Store Managers of the Year finalists for 2007. From casual cleaner to Store Manager of the Year Finalist ...a remarkable achievement indeed!

Patrick has no hesitation in saying that his success is founded in three things:

- his own energy and enthusiasm,
- the knowledge he gained in the learnership project; and
- the unwavering support he received from the Boxer Training Department as well as his line management.



### Success Stories

#### Jurie Ndlovu and his proud Manager in the Foschini group (Phase 5 Learnerships)

##### Letter sent in by Jurie's Manager:

Having had the privilege of training many potential casuals, new employees and staff for other stores, it was with great excitement that I heard I will now have someone to train for the learnership programme. Being involved in the selection programme from the start was exciting, as I received CVs and letters from candidates all over town and the surrounding areas. The word about the programme spread quickly and soon I had about 20 applicants that had some or all of the requirements.

One day a young, friendly, well-dressed young man walked in — and the moment I saw him I knew he was the one! He looked the part, and the bonus was that he could speak Afrikaans very well — that suited our customer profile just perfectly! I forwarded the CVs to the Training Department and wrote a note: “check this one — I like him a lot”. The end result was that Jurie passed all the tests and interviews and he was selected for our branch as learnership contractor.

We learned and studied together and had many challenges — trying to fit training and portfolios in between running the store and selling.

Jurie had many obstacles and problems, but managed to overcome them one by one. Here is just a small example of what he had and still has to face:

- He stays out of town in De Wet — a settlement about 10km out of town and has to travel daily on a bicycle to town and back — in the rain and blazing sun, and has never been late.
- Whenever he has to go for formal training, he gets up at 03:00 and takes a taxi to the station. The train leaves at 04:30. That shows dedication and perseverance.

But, Jurie had decided that he wanted to become a success through this programme. He brought different perspectives to our store and has proved that excellent customer services pay off in the retail world. Jurie is fluent in Xhosa and can speak Afrikaans well. This attracted many customers every day.

I have seen him grow in the business, gaining self-confidence and applying all the new knowledge that he has gained through this programme. The support that he has been given by the Learning and Development staff has been tremendous and everyone's input, support and encouragement has served the purpose of having a happy and successful learner in store. This has helped to keep the whole team motivated and in high spirits!

Jurie often says, "I am living my dream," and then waves goodbye as he rides off on his bicycle, with his tie flying in the wind, like a flag...

**Sintu Mndi – Exact! Store Manager**  
**(Phase 5 Learnerships)**



**Sintu Mndi**

I started at Exact! in Canal Walk on contract as a 108 flexi-timer in April 2004.

I was then given a full-time position in September 2004. Thereafter, I was trained as shift supervisor and by the end of September I was running a shift. In April 2005 I was promoted and became floor manager. Following my promotion, I was offered a position as Caretaking Store Manager in February 2006, which I accepted. On 1 May 2006 I was appointed promoted to store manager.

I found the learnership programme to be challenging, as well as exciting. It required me to be disciplined and committed. Because I had all the support of my superiors, it kept me motivated to perform at my at most best.

### **SMEs**

As more than 90% of the Wholesale and Retail sector comprises companies of 50 staff members or less, a challenge for W&RSETA is to ensure that the levies received are invested in initiatives to support these companies with skills development. The SME division therefore has an important role to play to ensure that the activities of the SETA meet the needs of small businesses. Its activities are primarily focused on promoting and accelerating quality training in the workplace, promoting employability and sustainable livelihoods through skills development, and assisting designated groups (including new entrants) to acquire the critical skills needed to enter the labour market.

During the period under review, the SME division supported 5 263 levy-paying small businesses with skills development through the use of the Independent Skills Development Facilitator Project, the SME Training Voucher Project and the SME Rural Project (exceeding the target of Success Indicator 2.2 by 878), while also supporting 1 085 non-levy paying enterprises (exceeding the target of success indicator 3.2 by 785).



# 4

WHOLESALE AND RETAIL SECTOR EDUCATION AND TRAINING AUTHORITY

## CORE FUNCTIONS

### New Venture Creation

A strategic imperative of W&RSETA is to train young people to form sustainable new ventures. The success of this initiative lies in partnering with corporates that are willing to invest their resources in new venture creation. In terms of Success Indicator 4.3, the New Venture Creation initiative managed to start training and mentoring 144 young persons to form new ventures (exceeding the target by 74).

The following projects have been implemented to support small businesses and to encourage new venture creation.

The Shield New Venture Creation Project was aimed at assisting 60 people to start new ventures:

- Thirty-eight new ventures launched in 2006/07 were still in operation in 2007/2008.
  - a. Twenty-five of the learners are in Vredendal, Lambertsbaai and Citrusdal in the Western Cape; and
  - b. Eight are in East London and Bathurst in the Eastern Cape; and
  - c. Five are in Springbok in the Northern Cape.
- Nineteen more learners have subsequently completed their training and are operating their businesses in the East London and Bathurst district.
  - d. To ensure sustainability, Shield has assigned mentors to these 19 businesses
- Three did not complete their training due to various reasons, with the result that 58 of the original 60 were in their own new ventures.

The Discretionary Grants Project for 2006/07 has enabled the W&RSETA to register 127 additional learners into New Venture Creation learning programmes as follows:

- 17 learners with Pick 'n Pay
- 45 learners with Global Village Leisure Retail

- 30 learners with Italtile
- 15 learners with Johannesburg Fresh Produce Market
- 20 learners with College of Cape Town

These learners are in the process of being trained and mentored to start their new small businesses on completion of their learning programme.

### NAFCOC Project

The National African Federated Chamber of Commerce and Industry (NAFCOC) SME Development Project is a business improvement intervention programme targeting 3 000 SMEs with the objective of improving their businesses. This project is funded through a R5m grant from the W&RSETA discretionary fund. The project is aimed specifically at non-levy paying enterprises and most of these are members of NAFCOC. In Gauteng, 702 small businesses had completed their training by the end of March 2008. In Limpopo/Mpumalanga, 525 NAFCOC member companies received training in entrepreneurship and small business management in areas such as Kanyammazane, Balfour, Emalahleni and Nelspuit, Zwelitsha and Clau-Clau.

*The breakdown of the training is as follows:*

Province	Target learners	Actual learners
Gauteng	800	702
Western Cape	100	93
Eastern Cape	400	287
Limpopo	300	291
North West	300	344
Mpumalanga	200	234
Free State	200	229
Northern Cape	100	106
KwaZulu-Natal	600	747
<b>Total</b>	<b>3 000</b>	<b>3 033</b>

### Training Voucher Project

During the year under review, the SETA Board approved an SME pilot project to issue training vouchers to levy-paying SMEs that would enable the delivery of SETA-sponsored training by accredited training providers. 466 out of the targeted 500 companies applied and were allocated training vouchers for 1 342 learners over a period of two months and training was completed by the end of March 2008. This project was well supported and penetrated all the regions of the country, especially Gauteng, Limpopo/Mpumalanga and the Western Cape, with a strong focus on learners in the rural towns.

### Small Enterprise Development Agency Project

The Small Enterprise Development Agency (SEDA) Project involves the funding of the skills development component of a new business incubation project. Five FET colleges selected 20 learners each to participate in this project. The 100 learners will participate in the New Venture Creation qualification and will then be coached and mentored to start new sustainable businesses. About 100 learners are registered in this project.

### Mandatory Grants

During the year under review the SETA increased its mandatory grant disbursement from R156 million to R 204 million, which represents a 31% increase. This disbursement was made to a total of 5 777 companies.

In terms of the Skills Development Act, all companies with a payroll of above R500 000 per annum are required to submit a Workplace Skills Plan (WSP) to the SETA for the purpose of claiming back their mandatory skills grant. As SMEs (companies with less than 50 employees) make up such a large proportion of the organisations that are supported by W&RSETA, the participation of small companies was encouraged by contracting independent skills development facilitators (ISDFs) to assist these organisations with the completion of their WSPs and annual training reports (ATRs)

Medium-sized firms (with between 50 and 150 employees) and large firms (in excess of 150 employees) generally have the capacity to develop and submit their own WSPs.

The overall performance of the SETA with regard to mandatory grants and levies received is reflected in the following pages:



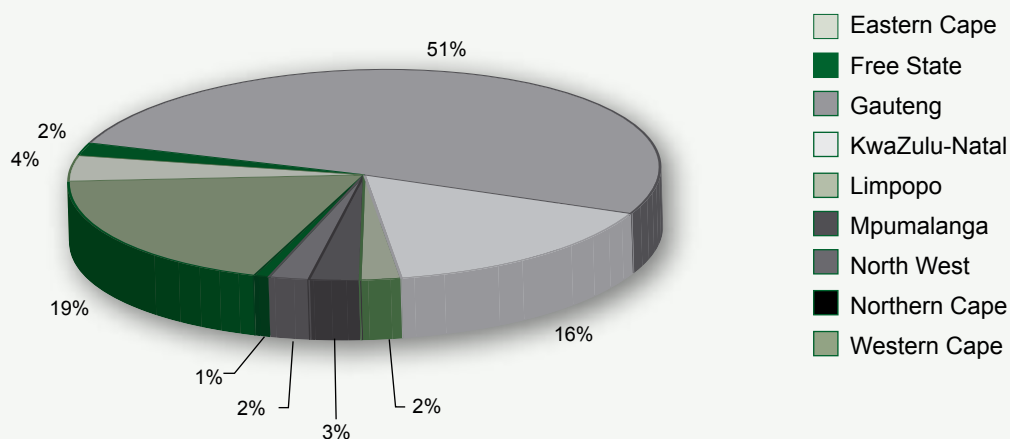


# 4

WHOLESALE AND RETAIL SECTOR EDUCATION AND TRAINING AUTHORITY

## CORE FUNCTIONS

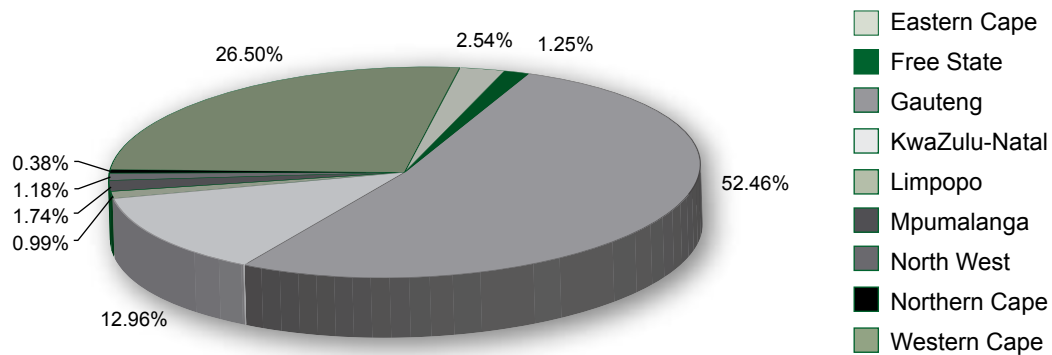
Number of levy paying companies per region for 2007/08



Regions	Small (0-49)	Large (150+)	Medium (50-149)	Grand total
Eastern Cape	474	2	27	503
Free State	223	1	15	239
Gauteng	5 476	133	409	6 018
KwaZulu-Natal	1 786	27	80	1 894
Limpopo	202	1	10	212
Mpumalanga	360	1	15	376
North West	283	1	5	288
Northern Cape	90	0	2	92
Western Cape	2 069	88	119	2 277
<b>Grand total</b>	<b>10 963</b>	<b>254</b>	<b>683</b>	<b>11 900</b>



*Levies received for 2007/08 per region*



Region	Small (0-49) (R'000)	Large (150+) (R'000)	Medium (50-149) (R'000)	Grand total (R'000)
Eastern Cape	6,472	1,505	2,154	10,131
Free State	3,046	735	1,202	4,984
Gauteng	74,798	101,761	32,219	208,778
KwaZulu-Natal	24,402	21,068	6,291	51,761
Limpopo	2,757	400	781	3,938
Mpumalanga	4,920	853	1,194	6,966
North West	3,860	466	377	4,703
Northern Cape	1,229	113	181	1,523
Western Cape	28,262	68,191	9,405	105,858
<b>Grand total</b>	<b>149,747</b>	<b>195,092</b>	<b>53,803</b>	<b>398,642</b>

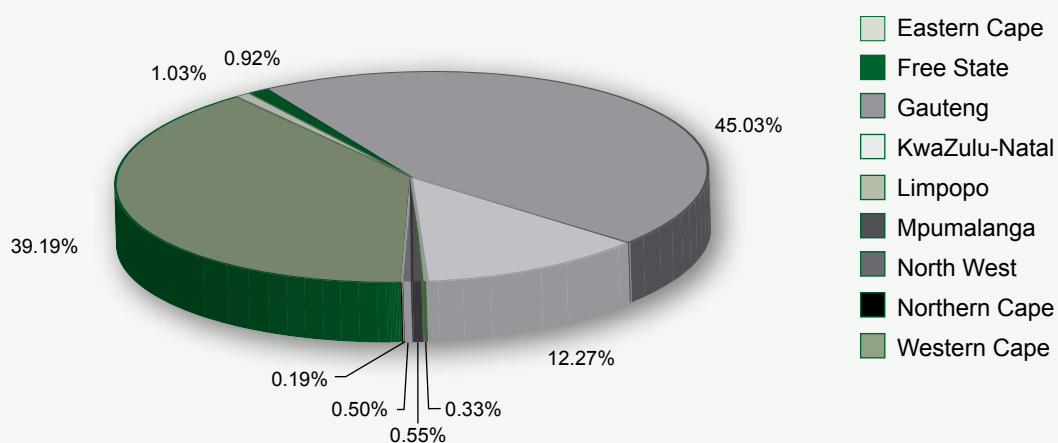


# 4

WHOLESALE AND RETAIL SECTOR EDUCATION AND TRAINING AUTHORITY

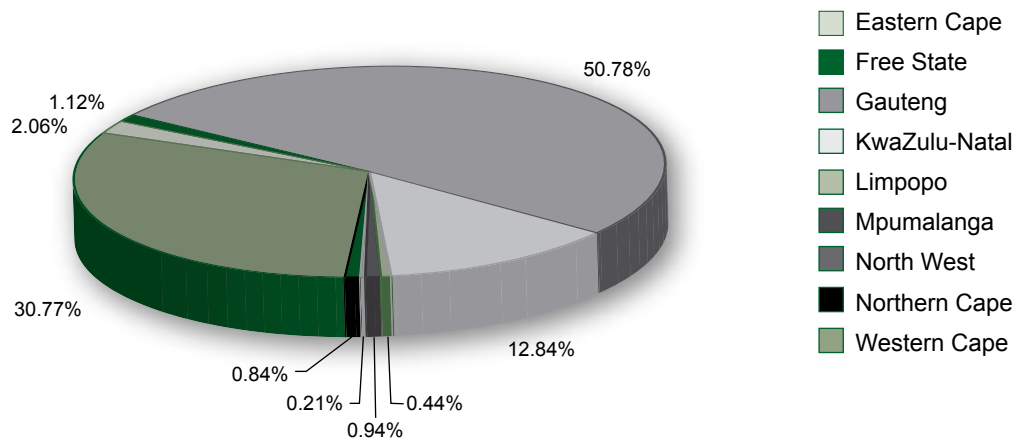
## CORE FUNCTIONS

*Number of people trained per region 2006/07*



Region	Number of people trained
Eastern Cape	2 787
Free State	2 473
Gauteng	121 543
KwaZulu-Natal	33 109
Limpopo	881
Mpumalanga	1 486
North West	1 354
Northern Cape	505
Western Cape	105 766
<b>Grand total</b>	<b>269 904</b>

*Grants paid for 2007/08 per region*



Regions	Small (0-49) (R'000)	Large (150+) (R'000)	Medium (50-149) (R'000)	Grand total (R'000)
Eastern Cape	2,128	782	1,315	4,225
Free State	1,156	482	647	2,285
Gauteng	26,047	63,633	14,254	103,934
KwaZulu-Natal	10,144	12,814	3,334	26,292
Limpopo	478	130	301	910
Mpumalanga	1,253	329	339	1,921
North West	1,225	314	180	1,718
Northern Cape	251	77	103	431
Western Cape	12,395	45,471	5,110	62,975
<b>Grand total</b>	<b>55,077</b>	<b>124,032</b>	<b>25,582</b>	<b>204,691</b>

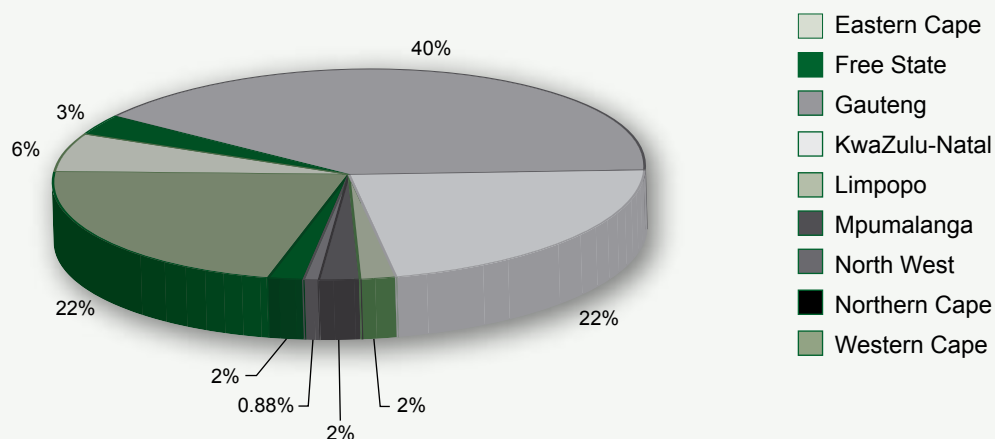


# 4

WHOLESALE AND RETAIL SECTOR EDUCATION AND TRAINING AUTHORITY

## CORE FUNCTIONS

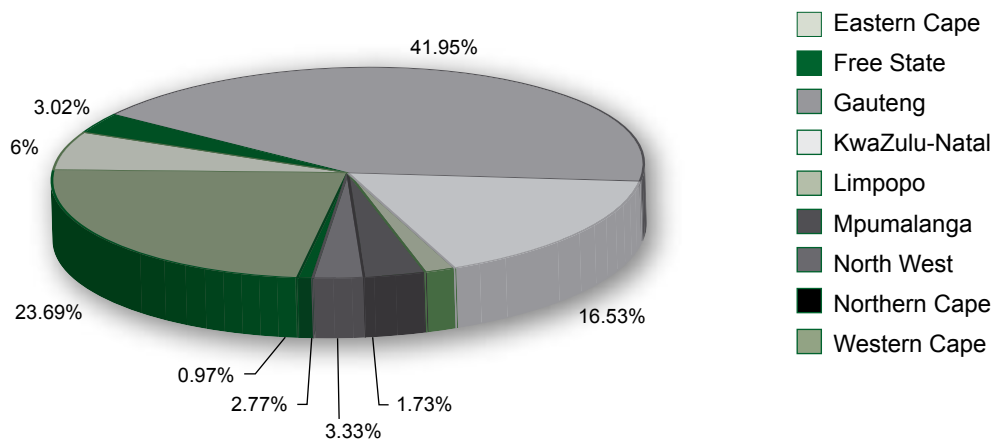
*Number of large and medium companies who received grants*



Regions	Large (150+)	Medium (50-149)	Grand total
Eastern Cape	13	42	55
Free State	5	21	26
Gauteng	129	240	369
KwaZulu-Natal	55	144	199
Limpopo	2	13	15
Mpumalanga	4	14	18
North West	3	15	18
Northern Cape	3	5	8
Western Cape	66	138	204
<b>Grand total</b>	<b>280</b>	<b>632</b>	<b>912</b>

**CORE FUNCTIONS**

*Number of small companies supported*

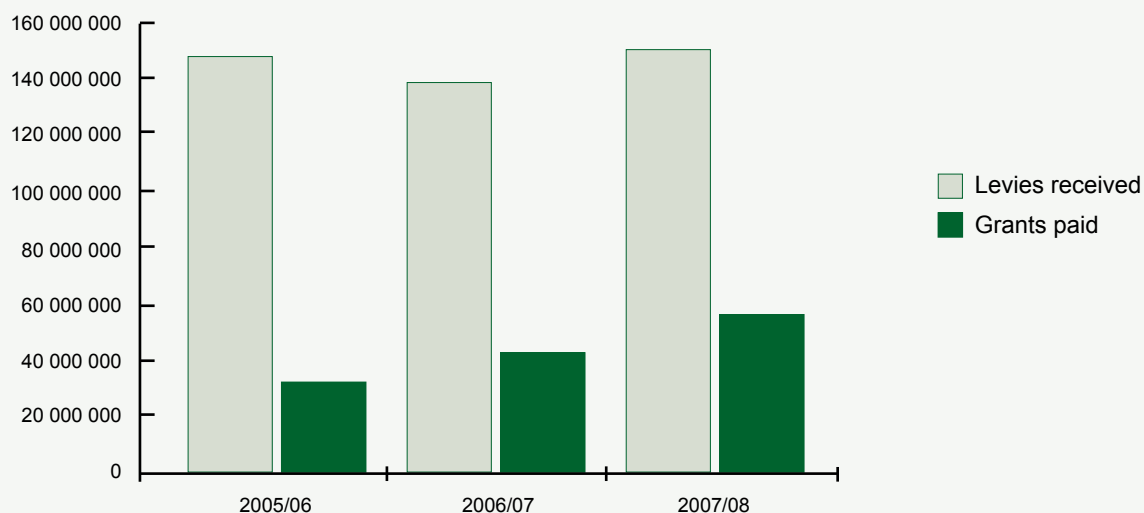


Regions	Small (0-49)
Eastern Cape	316
Free State	159
Gauteng	2 208
KwaZulu-Natal	870
Limpopo	91
Mpumalanga	175
North West	146
Northern Cape	51
Western Cape	1 247
<b>Grand total</b>	<b>5 263</b>



## CORE FUNCTIONS

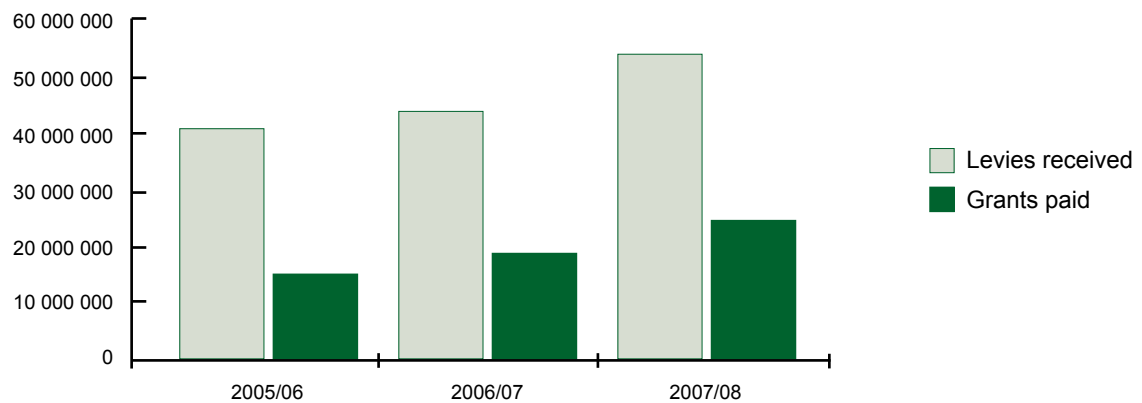
### Levy vs grants paid: Small Category



Category	NSDS II		
	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)
Levies Received	151,404	138,105	149,747
Grants Paid	32,398	42,869	55,077
Percentage	21%	31%	37%



*Levy vs grants paid: Medium Category*

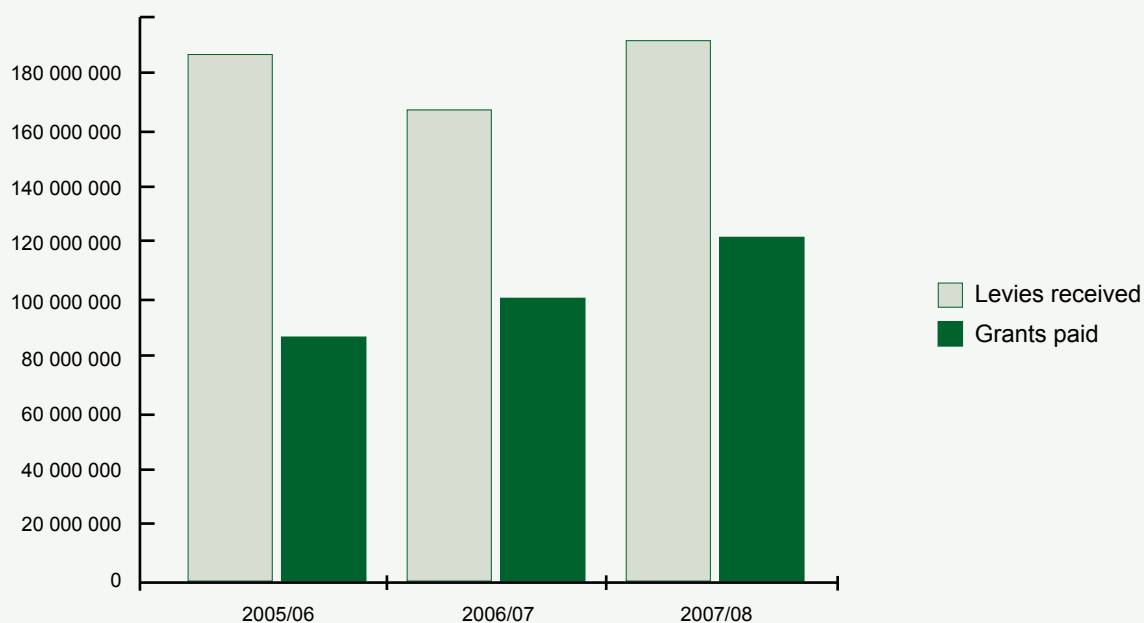


Category	NSDS II		
	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)
Levies received	41,028	43,261	53,803
Grants paid	14,059	19,212	25,582
Percentage	34%	44%	48%



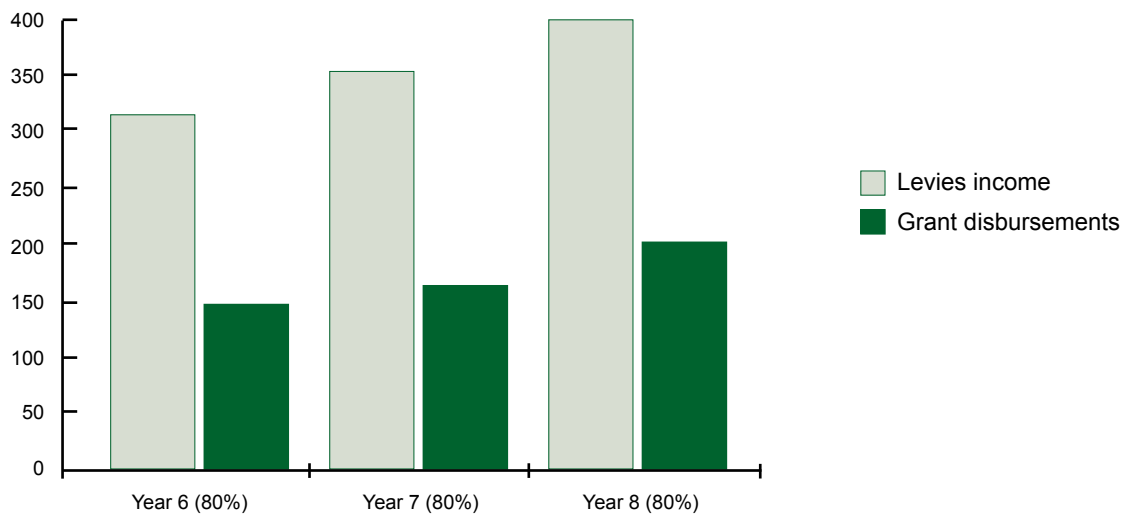
## CORE FUNCTIONS

### Levy vs grants paid: Large Category

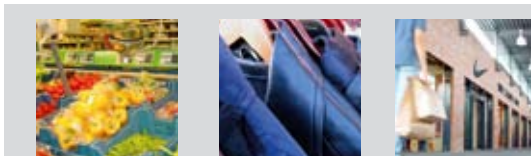


Category	NSDS II		
	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)
Levies received	190,746	170,196	195,850
Grants paid	88,338	102,034	124,032
<b>Percentage</b>	<b>46%</b>	<b>60%</b>	<b>63%</b>

**Additional targets achieved from Year 6 to Year 8**



	Year 6 (80%) (R'000)	Year 7 (80%) (R'000)	Year 8 (80%) (R'000)
Levy income	315,8	352,1	399,4
Grants disbursements	148,5	164,1	204,7
Percentage of grant/levy disbursements	47%	47%	51%
Number of registered companies	44 209	53 985	56 713
Number of companies receiving mandatory grants	4 550	4 901	5 777



## SUPPORT FUNCTIONS

### HUMAN RESOURCES

The Human Resources (HR) Department focuses on human resource provision and support, and the development of staff. Its contribution to the overall objectives of the organisation lies in ensuring that the SETA staff's is skilled, efficient and continuously developed to achieve the mandates of the SETA in the sector. This function is driven by interventions such as payroll, leadership development, learning and development, performance management and budgeting.

#### Human Resources progress and development:

All staff members completed individual development plans to ensure a skilled staff component.

A management development programme and a leadership impact programme were presented to the management team to enhance leadership development.

Staff performance improved during the year under review, this is reflected in an increase in the performance bonus of an average of 17% compared to 15% in the previous year.

In acknowledgement of the contribution of individual performance, the SETA recognised its top ten achievers of the year (the criteria for selection were based on performance scores). This scheme was developed through the input of staff. A staff performance incentive scheme was launched and an awards ceremony was held. Job evaluations and profiling were conducted for all approved positions, which resulted in the review of job descriptions where applicable. The Board has approved the SETA's retention strategy, which guides the SETA in the identification and retention of staff.

The HR policy has been reviewed and approved by the Board to establish a continuously improving learning organisation. All staff has been capacitated on the reviewed policy. An employee wellness programme was launched, and staff was able to access organisational support towards psychological, physical, financial and social wellness. A Wellness Awareness Day was held during August 2007.

In support of the organisation's quality management system, all the HR processes are being aligned in preparation for ISO accreditation. Where vacancies arise, positions are re-evaluated to provide capacity where it is most needed (either at head office or in the regions) to meet the NSDS targets.

HR planning is therefore informed by strategic imperatives in order to ensure that capacity is available for project delivery. Payroll management was enhanced with the introduction of electronic payslips and IRP 5 forms as part of continuously improving on everything the organisation does.

A future focus for the HR Department is to increase the appointment of disabled people in order to ultimately achieve a disability representation of 8%. Two surveys are also being planned to measure job satisfaction and HR support in order to improve service delivery. Other projects that are planned for the following financial year include the achievement of the Investors in People (IIP) standard, customer service training for all staff members and training in leadership effectiveness.

The department will continue to focus its energies on the staff performance incentive scheme, payroll and staff benefits, return on investment and the further development of the quality management system. Another objective is to comply with occupational health and safety requirements for all the regional offices.

The HR Department will continue to be passionate about people development by ensuring that the IIP principles are enhanced as part of the organisational culture.

### SUPPLY CHAIN MANAGEMENT

W&RSETA prides itself on being one of the few Schedule 3A public entities with a fully functional Supply Chain Management (SCM) unit. This unit was established in the organisation in 2006 in order to comply with the prescripts of both the Public Finance Management Act and the Preferential Procurement Policy Framework Act.

The division comprises dedicated SCM officials that subscribe to the code of conduct for SCM officials as contained in the practice note issued by the National Treasury. Since the inception of this department, W&RSETA has consistently received a clean audit report from both its internal and external auditors.

An effective electronic system has been developed to manage the procurement and management of all contracts and tenders. This system will reduce turnaround time and improve accuracy. Its implementation is scheduled for early in the new financial year.

## REPORT OF THE AUDIT COMMITTEE

### Introduction

The Audit Committee met five times during the year under review. Among many of its activities was the review of the terms of reference as prescribed to ensure the appropriateness and effectiveness of its oversight function.

A new board was inaugurated in November 2007. The report thus presents the committee meetings of the outgoing board, as well as those of the new board that were held during the current financial year.

***The composition of the committee from 1 April 2007 to 30 September 2007 was as follows:***

Member	Position	Date of appointment	Meetings attended
Mr Themba Zulu	Chairperson	1 March 2006	3
Mr Deon Strydom	Member	24 Nov 2006	3
Ms Linky Kgosana	Member	1 March 2006	3
Mr Churchill Mrasi	Member	26 Oct 2005	3

***The composition of the committee from November 2007 to 31 March 2008 was as follows:***

Member	Position	Date of appointment	Meetings attended
Mr Churchill Mrasi	Chairperson	15 Oct 2007	2
Mr Themba Zulu	Chairperson	15 Oct 2007	2
Mr Deon Strydom	Member	15 Oct 2007	2
Ms Linky Kgosana	Member	15 Oct 2007	2

### Responsibility of the Audit Committee

In accordance with statutory requirements, the terms of reference of the Audit Committee were reviewed to ensure relevance and alignment to the Committee's mandate. The Audit Committee has performed its function in line with the Audit Committee Charter and complies with the principles of good governance and the requirements of the Public Finance Management Act (PFMA). The Audit Committee operates as a subcommittee of the W&RSETA Board and is responsible to the board.

Its oversight functions include but not limited to the following:

- For the period under review, the financial management and other reporting practices;
- internal controls and the management of risks;
- compliance with the laws, regulations and good ethical practices; and
- the internal audit and external audit function.

The Committee is satisfied that it has carried out its mandate in accordance with its charter, good governance principles and the requirements of the PFMA. Regular and appropriate feedback was provided to the W&RSETA Board on matters that fell within the mandate of the committee.

### Report on the operations of the Audit Committee

The following issues remained the main focus for the year under review:

- The formal establishment of a Risk Management Committee reporting directly to the Audit Committee to ensure that all risks identified and profiled are dealt with effectively and efficiently.
- Performance of functions in terms of the approved W&RSETA Audit Charter.
- Monitoring of compliance issues in alignment with the PFMA.
- Reporting and making recommendations to the accounting authority.
- Monitoring progress with the internal audit coverage plan, as well as managements, following up matters that required attention throughout.
- Ensuring that management implements the audit recommendations.
- Reporting on the effectiveness of internal controls.
- Commenting on its evaluation of the financial statements in the annual report.



## REPORT OF THE AUDIT COMMITTEE

### Effectiveness of internal control

Based on the internal audit reviews, it is the view of the Audit Committee that controls are in place even though there is always room for improvement in other areas.

The Committee will endeavour to ensure improvement with the necessary support of the auditors.

A matter of financial mismanagement against the CEO and the former Chairperson was brought to the attention of the board. An independent audit firm was engaged to conduct an investigation. The conclusion was that there was no factual basis for the allegations.

This outcome was shared with the Department of Labour, as well as the office of the Auditor-General.

### Conclusion

The committee wishes to report that in its opinion:

- it has effectively carried out its responsibilities and functions in accordance with the statutory requirements of the charter;
- periodic assurances have been received from the W&RSETA management and independently from internal audit; and
- it has engaged on the policy on revenue recognition that was issued by the National Treasury on 27 March 2008 (see Revenue Recognition Policy notes 3 and 3.1), the impact of which is reflected in Note 20 of the financial statements.

The Audit Committee accepts the Auditor-General's conclusion on the annual financial statements and is of the opinion that the audited annual financial statements are read together with the report of the Auditor-General.

*C Mrasi*

**Chairperson: Audit Committee**

## REPORT OF THE AUDITOR-GENERAL

### REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE WHOLESALE AND RETAIL SECTOR EDUCATION AND TRAINING AUTHORITY FOR THE YEAR ENDED 31 MARCH 2008

#### REPORT ON THE FINANCIAL STATEMENTS

##### Introduction

1. I have audited the accompanying financial statements of the Wholesale and Retail Sector Education and Training Authority, which comprise the statement of financial position as at 31 March 2008, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and significant accounting policies as set out on pages 36 to 80.

##### Responsibility of the accounting authority for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting determined by the National Treasury, as set out in Note 1 to the financial statements and in a manner required by the Public Finance Management Act, 1999 (Act 1 of 1999) (PFMA). This responsibility includes:

- designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- selecting and applying appropriate accounting policies; and
- making accounting estimates that are reasonable in the circumstances.

##### Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act 25 of 2004) and section 14(6) (a) of the Skills Development Act, 1998 (Act 97 of 1998), my responsibility is to express an opinion on these financial statements based on my audit.

4. I conducted my audit in accordance with the International Standards on Auditing and General Notice 616 of 2008, issued in Government Gazette No 31057 of 15 May

2008. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

6. An audit also includes evaluating the:

- appropriateness of accounting policies used;
- reasonableness of accounting estimates made by management; and
- overall presentation of the financial statements.

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

##### Basis of accounting

8. The public entity's policy is to prepare financial statements on the basis of accounting determined by the National Treasury, as set out in Note 1 to the financial statements.

##### Opinion

9. 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 2008 and its financial performance and cash flows for the year then ended, in accordance with the basis of accounting determined by the National Treasury, as set out in Note 1 to the financial statements and in the manner required by the Public Finance Management Act, 1999 (Act 1 of 1999).





## REPORT OF THE AUDITOR-GENERAL

### Emphasis of matter

Without qualifying my audit opinion, I draw attention to the following matter:

### Restatement of corresponding figures

10. As disclosed in notes 1 and 20 to the annual financial statements, the accounting policy for the recognition and measurement of skills development levy income has been amended by the National Treasury and the Department of Labour on the basis of a revised interpretation of the Skills Development Act, 1998 (Act 97 of 1998) and the Skills Development Levies Act, 2001 (Act 9 of 2001). Revenue and related receivables and mandatory grant expenditure and related payables have been adjusted accordingly. The corresponding figures for 31 March 2007 have been restated as a result of the revised interpretation.

### OTHER MATTERS

Without qualifying my audit opinion, I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

### Non-compliance with applicable legislation

11. Due to a lack of monitoring, the following instances of non-compliance were identified:

- A formal risk assessment was not conducted as required by Treasury Regulation 27.2.1
- The SETA did not have approved discretionary project policies and procedures or detailed sub budgets for project administration costs as required by regulation 7(5) of the Skills Development Act.

### Matters of governance

12. The PFMA tasks the accounting authority with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of certain key governance responsibilities, which I have assessed as follows:

Matter of governance:	Yes	No
<b>Audit committee</b>		
The public entity had an audit committee in operation throughout the financial year.	✓	
The audit committee operates in accordance with approved, written terms of reference.	✓	
The audit committee substantially fulfilled its responsibilities for the year, as set out in section 77 of the PFMA and Treasury Regulation 3.1.10/27.1.8.	✓	
<b>Internal audit</b>		
The public entity had an internal audit function in operation throughout the financial year.	✓	
The internal audit function operates in terms of an approved internal audit plan.	✓	
The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 3.2/27.2.	✓	
<b>Other matters of governance</b>		
The annual financial statements were submitted for auditing as per the legislated deadlines, section 55 of the PFMA.	✓	
The financial statements submitted for auditing were not subject to any material amendments resulting from the audit.		✓
No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the unavailability of senior management.	✓	
The prior year's external audit recommendations have been substantially implemented.	✓	

## REPORT OF THE AUDITOR-GENERAL

### OTHER REPORTING RESPONSIBILITIES

#### Report on performance information

13. I have reviewed the performance information as set out on pages 1 to 5.

#### Responsibility of the accounting authority for the performance information

14. The accounting authority has additional responsibilities as required by section 55(2)(a) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the public entity.

#### Responsibility of the Auditor-General

15. I conducted my engagement in accordance with section 13 of the PAA read with General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008.

16. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

#### Audit findings (performance information)

17. I believe that the evidence I have obtained is sufficient and appropriate to report that no significant findings have been identified as a result of my review.

### OTHER REPORTS

#### Investigations

18. An investigation was conducted by an independent audit firm at the request of the entity. The investigation was initiated based on allegations of possible financial misconduct with regard to payments made to the contracting parties in terms of a SETA-sponsored capacity-building project for shop stewards programmes. No corrupt relationship between employees of the SETA and the contracting party were established by the investigation, however, control weaknesses in managing the project were identified.

### APPRECIATION

19. The assistance rendered by the staff of the Wholesale and Retail Sector Education and Training Authority during the audit is sincerely appreciated.

*Auditor-General.*

*Auditor-General*  
Pretoria

31 July 2008



AUDITOR-GENERAL



# ***ANNUAL FINANCIAL STATEMENTS***





## ANNUAL FINANCIAL STATEMENTS

### Financial statements for the year ended 31 March 2008 Audited

The annual financial statements for the year ended 31 March 2008, set out on pages 36 to 80, have been approved by the accounting authority in terms of section 51(1) (f) of the Public Finance Management Act (PFMA), Act 1 of 1999 as amended on 31 May 2007, and are signed on their behalf by:

*Joel Dikgole*  
Chief Executive Officer

*Vikashnee Harbajan*  
Chairperson of the Board

## ANNUAL FINANCIAL STATEMENTS

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## ANNUAL FINANCIAL STATEMENTS

### REPORT OF THE ACCOUNTING AUTHORITY

#### Overview

During the year under review, there were several developments, particularly with regard to the interpretation of the Skills Development Act 97 of 1998 and the Skills Development Levies Act 9 of 2001 in terms of revenue recognition and the completeness thereof, which has been an age-old problem within the SETAs.

Consequently, we have effected a correction of the error in alignment with the interpretation as contained in the Skills Development Levies Act. We would like to bring to the attention of the users of the financial statements that revenue and grants payable had to be restated from 2000/01 to 2002/07. The net effect of this correction was the reduction of the reserves by R23, 853 m.

It is our belief that the resolution of the matter around completeness of revenue will create a sense of certainty moving forward.

The SETA will endeavour to carry the skills development torch like a beacon for all to see and follow. We therefore endeavour to constantly review and assess our delivery against the needs of the sector and adapt it accordingly.

We believe our performance can best be measured by the success of our stakeholders, the number of learners going through our programmes and the improvement in the rate of employment, the increase in the number of learners with disabilities in our sector, the increase in the number of youth up to the age of 35 (including adults) who would like to improve their numeracy and literacy skills and, most of all, increased training in HIV and AIDS, as well as life skills for survival.

The above are underpinned by the continual growth of the Wholesale and Retail sector, which would require the correct skills for support and sustainability.

The board had an opportunity to meet with management at a strategic session in December 2007 to understand the underlying skills development challenges both at a micro and macro level.

We are aware of new developments coming through in the forthcoming years leading up to 2010 and possibly beyond with regard to the new SETA landscape and a new National

Skills Development Strategy. We appreciate that emphasis will be on quality rather than quantity as we believe this is more sustainable for the economy and will impact on skills development positively.

#### Levy income

The number of companies registered in the sector for the 2007/08 year stood at 56 030, compared to 53 985 for 2006/07, resulting in a 4% increase.

It is important to note that the number of levy-paying companies increased by 25% from 9 540 to 11 900.

The above is also evident in the 18% increase in levy income from R339 million (2006/07) to R399 million (2007/08).

#### Mandatory grants

The employer grant allocations have increased from R156 million (2006/07) to R204 million (2007/08) resulting in a 31% increase. We are glad to announce a great improvement in the disbursement rate in this area, while we intend to improve on this for the remaining years. There has also been an improvement in the number of companies participating in skills development process. In 2006/07 we recorded 4 901 participating companies, compared to 5 777 in 2007/08, representing an 18% increase.

#### Discretionary grants

The discretionary grant disbursements for the current year decreased by 19% from R116 million to R94 million. The Board approved an amount of R158 million for the implementation of 17 new projects. An amount of R159 million was also written back in some instances due to under subscription of funds for ABET, Workplace Experience Grant, as well as an increase in the learner dropout rate for learnerships. The SETA had to ensure that quality training is done and thus only paid out subject to strict adherence to the requirements of the projects, including the implementation of very strict monitoring controls.

The total discretionary and mandatory grant expenditures increased by 10% from R271 million (2006/07 adjusted) to R299 million (2007/08)



## ANNUAL FINANCIAL STATEMENTS

### Administration costs

Whilst the administration costs increased by 9% as compared to the previous year, the SETA spent R43 million which is 8.7% compared to the legislated 10% of the levies received.

### Cash and cash equivalents on hand

The cash of the SETA stood at R596 million, this represent a 22% increase compared to the previous year. Of these reserves, approximately R300 million has been committed to projects. The increase in the cash was due to an increase in levies received as well as investment income.

### Highlights

During the current financial year, the SETA exceeded most of the SLA targets as reflected in the SETA performance report, on pages 1 to 6.

The following are some of the highlights the SETA wants to share with its stakeholders.

The accreditation of 50 BEE training providers in November 2007 must rank as one of the successes and highlights of the W&RSETA. These providers, who represent several provinces, will increase the pool of accredited providers. Already the providers have begun to make an impact in the sector by training SMEs who are members of the National Association of Federated Chambers of Commerce (NAFCOC) – one of W&RSETA's projects aimed at non-levy paying organisations.

New learnership projects, in partnership with several large retailers, have proved to be a success as the learners who are certified as competent were guaranteed employment after undergoing the learnership. With the thrust of these learnerships on scarce and critical skills in the sector, there are bound to be benefits for both the sector and the learners as they get exposed to skills and careers that they were not aware of.

The successful piloting of a pre-learnership bridging programme for 100 learners with disabilities in partnership with the Thabo Mbeki Development Trust has also created a lot of interest within and outside the sector.

We are proud to announce the launch of the second phase of this project where the learners will take part in a full learnership that will capacitate them for the workplace.

The successful SAQA audit was an important highlight for the SETA as it confirmed the high standards that are held by the SETA in its operations to ensure effective and efficient delivery of services.

### Challenges

The SETA has highlighted serious concerns around the ABET programme where it has for years been difficult to increase the level of stakeholder participation. During the current financial year, the SETA managed to register 3,456 learners who wrote exams with the Independent Examination Board (IEB) in March 2008. Although this was a significant improvement over the previous years, the challenge is still huge in this area.

While the SETA has successfully piloted a project to meet its equity target for learners with disabilities a lot more has to be done to meet the set target considering that we are already sitting with a backlog in this area. The SETA will partner with more organisations who understand the needs of people with disabilities in order to create more workplace opportunities for this category of learners in the sector.

Skills development in the rural areas is still a challenge as there are very few providers willing to service these areas. The SETA successfully implemented a project for SMEs and non-levy paying companies in the Eastern Cape. However aggressive strategies need to be implemented in order to increase training in the rural areas to ensure the communities are assisted to establish small businesses for themselves.

In order to help reduce unemployment, the SETA partnered with large retailers to implement new venture creation programmes for the unemployed. The challenge for the SETA has been in the completion of the programme where sustainability of business ventures is measured. The SETA will have mechanisms that will ensure that the number of sustainable business ventures increases.



## ANNUAL FINANCIAL STATEMENTS

### Corporate governance

During the year under review, the SETA experienced a change of leadership at board level when the new board was inaugurated in October 2007 at the annual general meeting held on 15 October 2007. Although the Board effectively commenced its work in November; the previous board had laid a good foundation for the SETA to function effectively.

The Board met nine times, (six statutory and three extraordinary meetings) during the year under review.

The board members are remunerated as per the Board remuneration policy and the fees were paid out to the Board members as follows:

Name of Board Member	2007/08 Amount (R)	2006/07 Amount (R)
1.T. Motlana	30 000	60 500
2.T. Skenjana	71 000	52 659
3.T. Zulu	42 250	30 500
4.L. Kgosana	32 000	30 000
5.D. Kirsch	10 000	22 000
6. C. Mrasi	40 500	25 000
7.P.Sito	36 500	25 000
8.I. Molefe	61 000	26 500
9.Shoprite Checkers (L. Lincoln)	0	7 500
10.SACTWU (A. Kriel)**	7 500	8 000
11.L. Nare	33 250	24 000
12.M. Tau	13 000	-
13.D. Strydom	28 500	7 500
14.V. Harbhajan	3 000	-
15.C. Claasen	9 500	-
16. Foschini (N.Kehl)**	5 200	-
Subtotal	423 200	324 159
Travel expense claims paid on behalf of Board members	81 672	66 962
<b>Grand total</b>	<b>504 872</b>	<b>391 121</b>

### NB

- the SETA board consists of 12 members
- The following Board members resigned during the year under review:
 

C. Claasen	11 February 2008
L. Nare	28 February 2008
- Special committee meetings were held during the course of the year, including a three-day strategic session after the appointment of the new Board
- \*\* Fees for the board members are paid directly to their respective organisations

### Remuneration of Senior Management

#### Chief Executive Officer (TJ Dikgole)

	2007/08	2006/07
Salary	925 264	832 712
Travel allowance	120 000	120 000
Bonus	190 362	122 100
Medical Aid and Provident Fund	90 027	64 790
<b>Total</b>	<b>1 325 654</b>	<b>1 139 602</b>

#### Chief Operating Officer (Dr JH Zwarts)

	2007/08	2006/07
Salary	525 638	507 796
Travel allowance	120 000	120 000
Bonus	127 047	102 884
Medical Aid and Provident Fund	64 308	45 589
<b>Total</b>	<b>836 993</b>	<b>776 269</b>

#### Chief Financial Officer (Ms DM Matloa)

	2007/08	2006/07
Salary	633 138	580 455
Travel allowance	50 400	50 400
Bonus	127 355	105 827
Medical Aid and Provident Fund	51 022	27 195
<b>Total</b>	<b>861 915</b>	<b>763 877</b>

**ANNUAL FINANCIAL STATEMENTS**

Events subsequent to the statement of financial position

The accounting authority is not aware of any matters or circumstances arising since the end of the financial year not otherwise dealt with in the financial statements, which will have a significant effect on the operations or the financial position of the SETA.



*Joel Dikgole*  
**Chief Executive Officer**



8

WHOLESALE AND RETAIL SECTOR EDUCATION AND TRAINING AUTHORITY

## ANNUAL FINANCIAL STATEMENTS



## FINANCIAL STATEMENTS

**ANNUAL FINANCIAL STATEMENTS**

**STATEMENT OF FINANCIAL PERFORMANCE**

for the year ended 31 March 2008

		2007/08	2006/07
	Notes	R'000	R'000
<b>Revenue</b>			
Skills development levy: income	2	398,642	339,080
Skills development levy: penalties and interest from non-exchange		2,664	2,442
National skills fund income	12	-	2,589
Other income	4	10	2
<b>Total revenue</b>		<b>401,316</b>	<b>344,113</b>
<b>Expenditure</b>			
Employer grant and project expenses	5	(299,126)	(271,347)
Administration expenses	6	(43,189)	(39,568)
National skills fund expenses	12	-	(2,589)
<b>Total expenditure</b>		<b>(342,315)</b>	<b>(313,504)</b>
Surplus/(deficit) from operations		59,001	30,609
Interest revenue	3	50,446	30,891
<b>Net surplus/(deficit) for the year</b>	<b>1</b>	<b>109,447</b>	<b>61,500</b>



## ANNUAL FINANCIAL STATEMENTS

### STATEMENT OF FINANCIAL POSITION

as at 31 March 2008

		2007/08	2006/07
	Notes	R'000	R'000
<b>Assets</b>			
<b>Non-current assets</b>		<b>3,102</b>	<b>3,321</b>
Property, plant and equipment	7.1	3,096	3,315
Intangible assets	7.2	6	6
<b>Current assets</b>		<b>599,107</b>	<b>496,457</b>
Inventory	13	5	8
Accounts receivable from exchange transactions	8	686	1 332
Accounts receivable from non exchange transactions	9	1,881	5,011
Vat receivable		46	361
Cash and cash equivalents	10	596,491	489,745
<b>Total assets</b>		<b>602,209</b>	<b>499,778</b>
<b>Liabilities</b>			
Current liabilities		42,013	49,029
Accounts payable from exchange transactions	11	33,634	36,124
Accounts payable from non exchange transactions		5,117	9,345
National skills fund received in advance	12	759	756
Provisions	14	2,503	2,804
<b>Net assets</b>			
<b>Capital and reserves</b>		<b>560,196</b>	<b>450,749</b>
Administration reserve		3,102	3,321
Employer grant reserve		217	620
Discretionary reserve		556,877	446,808
<b>Total net assets and liabilities</b>		<b>602,209</b>	<b>499,778</b>

**ANNUAL FINANCIAL STATEMENTS**

**STATEMENT OF CHANGES IN NET ASSETS**

for the year ended 31 March 2008

		Admin- istration reserve	Employer grant reserve	Discretionary reserve	Unappropriated surplus	Total
	Notes	R'000	R'000	R'000	R'000	R'000
<b>Balance at 1 April 2006</b>		<b>2,367</b>	<b>348</b>	<b>405,377</b>	<b>-</b>	<b>408,092</b>
Changes in accounting policy		-	-	-	-	-
Errors (prior period errors)	20			(23,856)		(23,856)
Net surplus per statement of financial performance		-	-	-	66,513	66,513
Transfer from revaluation reserve		-	-	-	-	-
Transfer from capitalisation reserve		-	-	-	-	-
Transfer to revaluation reserve		-	-	-	-	-
Transfer to capitalisation reserve		-	-	-	-	-
Allocation of unappropriated surplus		4,437	56,228	5,848	(66,513)	-
Excess reserves transferred to discretionary reserve		(3,483)	(55,956)	59,439	-	-
Reclassification of reserve balances	22	-	-	-	-	-
<b>Balance at 31 March 2007 as restated</b>		<b>3,321</b>	<b>620</b>	<b>446,808</b>	<b>-</b>	<b>450,749</b>
Net surplus per statement of financial performance		-	-	-	109,447	109,447
Transfer from revaluation reserve		-	-	-	-	-
Transfer from capitalisation reserve		-	-	-	-	-
Transfer to revaluation reserve		-	-	-	-	-
Transfer to capitalisation reserve		-	-	-	-	-
Allocation of unappropriated surplus	1	6,621	44,330	58,496	(109,447)	-
Excess reserves transferred to discretionary reserve		(6,840)	(44,733)	51,573	-	-
<b>Balance at 31 March 2008</b>		<b>3,102</b>	<b>217</b>	<b>556,877</b>	<b>-</b>	<b>560,196</b>

Admin Reserve consists of the carrying value of fixed assets.





## ANNUAL FINANCIAL STATEMENTS

### CASH FLOW STATEMENT

for the year ended 31 March 2008

		2007/08	2006/07
	Notes	R'000	R'000
<b>Cash flows from operating activities</b>			
<b>Operating activities</b>			
Cash receipts from stakeholders		405,428	344,575
Levies, interest and penalties received		398,525	291,799
Other cash receipts from stakeholders		7 663	52 776
Vat received		-	-
Cash paid to stakeholders, suppliers and employees		(347,938)	(315,709)
Grants and project payments		(302,319)	(273,237)
Special projects		-	(2,589)
Compensation of employees		(22,642)	(21,035)
Unappropriated surplus paid to national treasury		-	-
Payments to suppliers and other		(22,977)	(19,028)
Vat paid		-	180
Cash generated from/(utilised in) operations	15	57,490	28,865
Grants, transfers and funds received	12	3	19
Interest received	3	50,446	30,891
Finance cost	7	-	-
<b>Net cash inflow from operating activities</b>		<b>107,939</b>	<b>59,776</b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment	7	( 887)	(1,235)
Proceeds from disposal of property, plant and equipment	7	10	12
Purchase of investments	10	-	-
Disposal of investments	10	-	-
<b>Net cash outflow from investing activities</b>		<b>( 877)</b>	<b>(1,223)</b>
<b>Cash flow from financing activities</b>			
Proceeds from borrowings/loans	15	-	-
Repayment of borrowings/loans	15	-	-
Increase/(decrease) in reserves		-	-
Vat paid		( 316)	-
<b>Net cash inflow/(outflow) from financing activities</b>		<b>( 316)</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>		<b>106,746</b>	<b>58,553</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>10</b>	<b>489,745</b>	<b>431,192</b>
<b>Cash and cash equivalents at end of year</b>	<b>10</b>	<b>596,491</b>	<b>489,745</b>

## ANNUAL FINANCIAL STATEMENTS

### ACCOUNTING POLICIES

#### 1. BASIS OF PREPARATION

The annual financial statements have been prepared in accordance with Statements of General Accepted Accounting Practice and the Public Finance Management Act (PFMA), 1999 (Act 1 of 1999) as amended, including any interpretations of such statements issued by the Accounting Practices Board, with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board replacing the equivalent GAAP Statement as follows:

##### Standard of GRAP

GRAP 1: Presentation of financial statements

GRAP 2: Cash flow statements

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

##### Replaced Statement of GAAP

AC101: Presentation of financial statements

AC118: Cash flow statements

AC103: Accounting policies, changes in accounting estimates and errors

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

#### 1.1 Terminology differences

##### Standard of GRAP

Statement of financial performance

Statement of financial position

Statement of changes in net assets

Net assets

Surplus/deficit for the period

Accumulated surplus/deficit

Contributions from owners

Distributions to owners

Reporting date

##### Replaced Statement of GAAP

Income statement

Balance sheet

Statement of changes in equity

Equity

Profit/loss for the period

Retained earnings

Share capital

Dividends

Balance sheet date

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

#### 1.3. Specific information such as:

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

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

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



## ANNUAL FINANCIAL STATEMENTS

In addition to the aforementioned, the following GRAP standards have been approved but are not yet effective as at 31 March 2008:

### GRAP 9

Revenue from exchange transactions

### GRAP 12

Inventories

### GRAP 13

Leases

### GRAP 14

Events after the reporting date

### GRAP 17

Property plant and equipment

### GRAP 19

Provisions, contingent liabilities and contingent assets

### GRAP 23

Revenue from non-exchange transactions (taxes and transfers)

### GRAP 24

Presentation of budget information in financial statements

### GRAP 100

Non-current assets held for sale and discontinued operations

### GRAP 102

Intangible assets

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

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

## 2. CURRENCY

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

## 3. REVENUE RECOGNITION

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

The accounting policy for the recognition and measurement of skills development levy income has been amended on the basis of a revised interpretation of the the Skills Development Act, (Act 97 of 1998) and the Skills Development Levies Act, (Act 9 of 2001).

The new accounting policy recognises revenue on the receipt of the funds from the Department of Labour in the bank account of the SETA or upon allocation of the income ,whichever comes first.

The revision was completed and issued by National Treasury on 27 July 2007 and is effective from 1 April 2007.

The accounting policy for 2006-07 is consistent with previous year policies and disclosures.

### 3.1 Levy income

In terms of section 3(1) and 3(4) of the Skills Development Levies Act (the Levies Act), 1999 (Act 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 Labour (DoL). 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.

Eighty percent of skills development levies are paid over to the SETA (net of the 20% contribution to the National Skills Fund).

## ANNUAL FINANCIAL STATEMENTS

The accounting policy for the recognition and measurement of skills development levy income has been revised in line with the Skills Development Act, Act No 97 of 1998 and the Skills Development Levies Act, Act No 9 of 1999. Levy income is recognised in the month of receipt or when the Department of Labour allocates the levy revenue. Prior year figures have been restated in order to address the interpretation error and comply with GRAP 3. This policy is effective from 1 April 2007.

Comparative figures for 2006/07 have been restated to take into account the correction of the error. Refer to Note 20.

Revenue is adjusted for inter SETA 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 the Department of Labour.

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

### 3.2 Interest and penalties

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

### 3.3 Funds allocated by the National Skills Fund for special projects

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

### 3.4 Government grants and other donor income

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

### 3.5 Investment income

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

## 4. GRANTS AND PROJECT EXPENDITURE

A registered employer may recover a maximum of 50% of its total levy payment as a mandatory grant (excluding interest and penalties) by complying with the criteria in accordance with the Skills Development Act, 1998 SETA Grant Regulations regarding monies received and related matters (the SETA Grant Regulations).

### 4.1 Mandatory grants

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

### 4.2 Discretionary grant and project expenditure

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

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

Project expenditure comprises:

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



## ANNUAL FINANCIAL STATEMENTS

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

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

### 4.3 Retrospective adjustments by SARS

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

## 5. IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE

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

- The PFMA, as amended;
- The Skills Development Act (the Act), 1998 (Act 97 of 1998) as amended.

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

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

## 6. PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

The following rates are used for the depreciation of property plant and equipment:

- |                                  |                                                       |
|----------------------------------|-------------------------------------------------------|
| • Computer equipment             | 3 to 6 years                                          |
| • Computer software              | 2 years                                               |
| • Office furniture and equipment | 10 years                                              |
| • Office equipment               | 5 years                                               |
| • Leasehold improvements         | Depreciated over the period of the leasehold property |

### 6.1 Intangible Assets

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

- |                     |         |
|---------------------|---------|
| • Intangible assets | 2 years |
|---------------------|---------|

## 7. LEASING

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

## ANNUAL FINANCIAL STATEMENTS

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

### 8. PROVISIONS

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

#### 8.1 Provision for employee entitlements

The cost of employee benefits is recognised during the period in which the employee renders the related service. Employee entitlements are recognised when they accrue to employees. A provision is made for the estimated liability as a result of services rendered by employees up to reporting date. Provisions included in the statement of financial position are provisions for leave (based on the current salary rates).

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

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

### 9. GRANTS

#### 9.1 Mandatory grant payments

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

#### 9.2 Discretionary grant payments

No provision is made for projects approved at year-end, unless the service in terms of the contract has been delivered. Where a project has been approved, but has not been accrued for or provided for, it is disclosed as commitments in the notes to the financial statements.

#### 9.3 Discretionary projects

No provision is made for projects approved at year-end, unless the service in terms of the contract has been delivered. Where a project has been approved, but has not been accrued for or provided for, it is disclosed as commitments in the notes to the financial statements.

### 10. FINANCIAL INSTRUMENTS

#### 10.1 Recognition

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

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

#### 10.2 Measurement

Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition these instruments are measured as set out below.

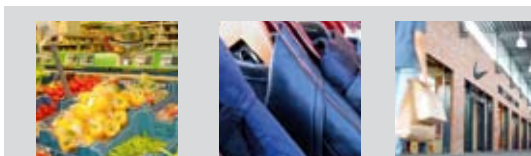
#### 10.3 Financial assets

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

#### 10.4 Accounts and other receivables

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





## ANNUAL FINANCIAL STATEMENTS

### 10.5 Cash and cash equivalents

Cash and cash equivalents are measured at fair value.

### 10.6 Financial liabilities

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

Accounts and other payables do not bear interest and are stated at their effective interest rate.

### 10.7 Gains and losses on subsequent measurement

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

### 10.8 Derecognition

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

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

### 10.9 Fair value considerations

The fair value at which financial instruments are carried at statement of financial position date have been determined using available market values. Where market values are not available, fair values have been calculated by discounting expected future cash flows at prevailing interest rates.

The fair values have been estimated using available market information and appropriate valuation methodologies, but are not necessarily indicative of the amounts the SETA could realise in the normal course of business. The carrying amounts of financial assets and liabilities with a maturity of less than one year are based on fair value due to the short-term trading cycle of these items.

### 10.10 Offsetting

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

## 11. RESERVES

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

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

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

	2007/08	2006/07
	%	%
Administration costs of the SETA	10	10
Mandatory Workplace Skills Grant	50	50
Discretionary grants and projects	20	20
Received by the SETA	80	80
Contribution to the National Skills Fund	20	20
<b>Total</b>	<b>100</b>	<b>100</b>

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



## ANNUAL FINANCIAL STATEMENTS

Interest and penalties received from SARS, as well as interest received on investments, is utilised for discretionary grant projects.

Surplus funds in the administration and unallocated funds in the employer grant reserve are moved to the discretionary fund reserve. Provision is made in the mandatory grant reserve for newly registered member companies, participating after the legislative cut-off date.

### 12. Inventory

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

### 13. Comparative figures

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

### 14. Taxation

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

### 15. Contingencies

In terms of the PFMA, all surplus funds as at year end may be forfeited to National Treasury should an application for retention of surplus funds be denied. On 31 May 2008 we submitted an application to the Department of Labour for the retention of surplus funds. Approval was granted on 4 July 2008.

### 16. Related party transactions

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

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



## ANNUAL FINANCIAL STATEMENTS NOTES

### 1. ALLOCATION OF NET SURPLUS FOR THE YEAR TO RESERVES:

	Total per Statement of Financial Performance 2006/07 R'000	Total per Statement of Financial Performance 2007/08 R'000	
<b>Total revenue</b>	<b>375,004</b>	<b>451,763</b>	
Skills Development Levy: income			
• Admin levy income (10%)	42,364	49,810	
• Grant levy income (70%)	296,716	348,833	
Skills Development Levy: penalties and interest from non-exchange	2 442	2 664	
National Skills Fund income	2,589	-	
Donations for special projects	-	-	
Investment income	30,891	50,446	
Other income	2	10	
<b>Total expenses</b>	<b>313,504</b>	<b>342,315</b>	
Administration expenses	39,568	43,189	
Finance costs	-	-	
National Skills Fund expenses	2,589	-	
Employer grants and project expenses	271,347	299,126	
<b>Net (deficit) surplus per statement of financial performance allocated to discretionary reserve</b>	<b>61,500</b>	<b>109,448</b>	

**ANNUAL FINANCIAL STATEMENTS**

	Employer grants reserve			Discretionary reserve		
	Administration reserve	Mandatory skills grant	Total	Discretionary grants	Projects	Total discretionary
	R'000	R'000	R'000	R'000	R'000	R'000
	49,810	249,021	249,021	99,812	53,120	152,932
	49,810	-	-	-	-	-
	-	249,021	249,021	99,812	-	99,811
	-	-	-	-	2,664	2,664
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	50,446	50,446
	-	-	-	-	10	10
	43,189	204,691	204,691	741	93,694	94,435
	43,189	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	204,691	204,691	741	93,694	94,435
	6,621	44,330	44,330	99,071	(40,574)	58,496



## ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2007

	Total per statement of financial performance 2005/06 R'000	Total per statement of financial performance 2006/07 R'000	
<b>Total revenue</b>	<b>383,937</b>	<b>375,004</b>	
Skills Development Levy: income			
• Administrative levy income (10%)	39,561	42,364	
Skills Development Levy: penalties and interest from non-exchange	2,551	296,716	
National Skills Fund income	3,359	2,442	
Donations for special projects	-	-	
Investment income	24,194	30,891	
Other income	38,005	2	
<b>Total expenses</b>	<b>241,323</b>	<b>313,504</b>	
Administration expenses	36,383	39,568	
Finance costs	-	-	
National Skills Fund expenses	3,359	2,589	
Employer grants and project expenses	201,581	271,347	
<b>Net (deficit) surplus per statement of financial performance allocated</b>	<b>142,614</b>	<b>61,500</b>	

**ANNUAL FINANCIAL STATEMENTS**

	Employer grants reserve			Discretionary reserve			
	Administration reserve	Mandatory skills grant	Total	Discretionary grants	Special projects	Projects	Total discretionary
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	42,364	212,167	212,167	84,549	2,589	33,335	120,473
	42,364	-	-	-	-	-	-
	-	212,167	212,167	84,549	-	2,442	2,442
	-	-	-	-	2,589	-	2,589
	-	-	-	-	-	-	-
	-	-	-	-	-	30,891	30,891
	-	-	-	2	-	2	2
	39,568	155,596	155,596	(8)	2,589	115,759	118,340
	39,568	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	2,589	-	2,589
	-	155,596	155,596	(8)	-	115,759	115,751
	2,796	56,571	56,571	84,557	-	(82,424)	2,133



## ANNUAL FINANCIAL STATEMENTS

### 2. SKILLS DEVELOPMENT LEVY INCOME

The total levy income per the statement of financial performance is as follows:

Levy income: Administration

Levies received

Levies received from SARS

InterSETA transfers in

InterSETA transfers out

Levies accrued

Levy income: employer grants

Levies received

Levies received from SARS

InterSETA transfers in

InterSETA transfers out

Levies accrued

Levy income: discretionary grants

Levies received

Levies received from SARS

InterSETA transfers in

InterSETA transfers out

Levies accrued

**Total**

2007/08	2006/07
R'000	R'000
49,809	42,364
49,809	42,364
49,350	42,117
418	329
41	(82)
-	-
249,021	212,167
249,021	212,167
246,881	210,732
1,932	1,615
208	(180)
-	-
99,812	84,549
99,812	84,549
98,734	84,283
995	707
83	(441)
-	0
<b>398,642</b>	<b>339,080</b>

**ANNUAL FINANCIAL STATEMENTS**

**3. INTEREST INCOME**

Interest income

- Accrued
- Bank deposits

**Total**

	2007/08	2006/07
Notes	R'000	R'000
	50,446	30,891
	324	260
	50,122	30,631
	<b>50,446</b>	<b>30,891</b>

**4. OTHER INCOME**

Profit on disposal of property, plant and equipment

Other

**Total**

10	
	2
<b>10</b>	<b>2</b>

**5. EMPLOYER GRANT AND PROJECT EXPENSES**

Mandatory grants

Disbursed

Movement in provisions and accruals

Discretionary grants

Disbursed

Movement in provisions and accruals

Project expenditure / Discretionary funds

Disbursed

Movement in provisions and accruals

**Total**

5.1

204,691	155,596
208,567	156,757
(3,876)	(1,161)
741	(8)
664	(17)
77	9
93,694	115,759
93,088	116,498
606	(739)
<b>299,126</b>	<b>271,347</b>

**5.1 Project expenditure consist of:**

Direct project costs

**Total**

93,694	115,759
<b>93,694</b>	<b>115,759</b>





## ANNUAL FINANCIAL STATEMENTS

### 6. ADMINISTRATION EXPENSES

		2007/08	2006/07
	Notes	R'000	R'000
Depreciation		1,107	743
Loss on disposal of property, plant and equipment		-	12
Impairment losses on property, plant and equipment recognised/(reversed)		-	-
• Operating lease rentals (minimum lease payments)		2,847	2,552
<i>Buildings</i>		2,643	2,414
<i>Plant, machinery and equipment</i>		204	138
<i>Vehicles</i>		-	-
• Maintenance, repairs and running costs		118	140
<i>Property and buildings</i>		38	81
<i>Machinery and equipment</i>		-	-
<i>Other</i>		80	59
• Research and development costs		-	-
• Restructuring costs		-	-
• Advertising, marketing and promotions, communication		1,434	1,155
• Entertainment expenses		-	115
• Consultancy and service provider fees		5,293	6,985
• Legal fees		695	623
• Cost of employment	6.1	22,642	21,569
• Travel and subsistence		3,448	1,871
• Staff training and development		362	125
• Remuneration to members of the accounting authority		473	399
• Remuneration to members of the audit committee		-	-
• External auditor's remuneration		496	452
<i>Audit fees</i>		496	452
• Allowance for doubtful debts		(12)	237
• Other		4,286	2,591

**ANNUAL FINANCIAL STATEMENTS**

	2007/08	2006/07
Notes	R'000	R'000
Other expenses	2,520	1,335
Telephone and Data Lines	1,027	471
Insurance premiums	294	303
Postage and Couriers	231	222
Cleaning contract and services	147	250
Workshops	67	10
Less: amounts allocated to project expenditure		
<b>All administration expenditure is inclusive of VAT</b>	<b>43,189</b>	<b>39,568</b>

**6.1 Cost of employment**

Salaries and wages	22,207	21,350
• Basic salaries	18,655	17,897
• Performance awards	2,932	2,162
• Temporary staff	361	1 084
• Leave payments	232	192
• Overtime payments	27	15
Social contributions	435	406
• UIF	120	87
• Insurance	315	319
• Other salary related costs	-	-
Other long-term employee benefits including long-service		
• leave, profit sharing, deferred compensation		
<b>Total</b>	<b>22,642</b>	<b>21,569</b>
Allocation of cost of employment		
Administration expenses	22,642	21,569
	22,642	21,569
<b>Average number of employees</b>	<b>90</b>	<b>77</b>

6

Refer to the report by the accounting authority for disclosure concerning the emoluments of members of the accounting authority, the Chief Executive Officer; the Chief Operating Officer and the Chief Financial Officer.



## ANNUAL FINANCIAL STATEMENTS

### 7.1 Property, plant and equipment

	Cost	Accumulated depreciation/ impairment	Closing carrying amount
	R'000	R'000	R'000
<b>Year ended 31 March 2008</b>			
Leasehold Improvements	1,195	(1,063)	132
Computer equipment	2,424	(1,345)	1,079
Computer software	10	(10)	-
Office furniture and fittings	2,647	(888)	1,759
Office equipment	436	(310)	126
Motor vehicles	-	-	-
Project Rave assets	-	-	-
<b>Balance at end of period</b>	<b>6,712</b>	<b>(3,616)</b>	<b>3,096</b>
Made up as follows:			
- Owned assets	6,712	(3,616)	3,096
<b>Year ended 31 March 2007</b>			
Leasehold improvements	1,148	(919)	229
Computer equipment	1,986	(789)	1,197
Computer software	10	(10)	0
Office furniture and fittings	2,351	(593)	1,758
Office equipment	362	(231)	131
Motor vehicles	-	-	-
Project Rave assets	46	(46)	(0)
<b>Balance at end of period</b>	<b>5,902</b>	<b>(2,587)</b>	<b>3,315</b>
Made up as follows:			
- Owned assets	5,902	(2,587)	3,315

Property, plant and equipment of R3,102,000 (2007: R3,315,000) at 31 March 2008 were stated at cost less accumulated depreciation and impairment losses. Estimates are used in the determination of the useful lives, residual values and the expected pattern of consumption of the future economic benefits embodied in the assets.

**ANNUAL FINANCIAL STATEMENTS**

**Movement summary 2008**

	Carrying amount 2008	Change in Estimated Useful Life	Additions	Disposals	Depreciation charge	Impairment losses (recognised)/ reversed	Carrying amount 2008
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Leasehold Improvements	230		47		-145		132
Computer equipment	1,197		451	-	-569		1,079
Computer software	-		-		-		-
Office furniture and fittings	1,758		296		-295		1,759
Office equipment	131		75		-80		126
Motor vehicles	-						-
Balance at end of period	3,315	-	869	-	-1,089	-	3,096
<b>Movement summary 2007</b>							
Leasehold Improvements	297		59		-126		230
Computer equipment	392	511	640	-12	-335		1,197
Computer software	-		-		-		-
Office furniture and fittings	1,512		445		-199		1,758
Office equipment	112		85		-66		131
Motor vehicles	-						-
Project Rave assets	37			-37	-		(0)
Balance at end of period	2,350	511	1,229	-49	-726	-	3,315

**7.2 Intangible assets**

	Cost	Accumulated amortisation/ impairment	Closing carrying amount
	R'000	R'000	R'000
<b>Year ended 31 March 2008</b>			
Intangible assets	385	(379)	6
<b>Year ended 31 March 2007</b>			
Intangible assets	356	(350)	6



## ANNUAL FINANCIAL STATEMENTS

7.2 (continued from page 67)

	Cost	Accumulated depreciation/ impairment	Closing carrying amount	Disposals	Depreciation/ Amortisation charge	Impairment losses (recognised)/ reversed	Carrying amount 2008
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Year ended 31 March 2008</b>							
Intangible assets	6	-	18		-18	-	6
<b>Year ended 31 March 2007</b>							
Intangible assets	17		6		-17		6

## 8. ACCOUNTS RECEIVABLE FROM EXCHANGE TRANSACTIONS

Accounts receivable from exchange transactions

Deposits

Interest receivable

Staff advances

Prepaid expenses

Other

**Closing balance**

2007/08	2006/07
R'000	R'000
249	221
324	260
99	8
-	460
14	383
<b>686</b>	<b>1,332</b>

## 9. ACCOUNTS RECEIVABLE FROM NON-EXCHANGE TRANSACTIONS

InterSETA debtors

Employer receivables

Allowance for doubtful debts

**Total**

	2007/08	2006/07
Notes	R'000	R'000
20	949	4 064
9.1	1,812	1,839
9.1	(880)	(892)
	<b>1,881</b>	<b>5,011</b>

**ANNUAL FINANCIAL STATEMENTS**

**9.1 Employer receivable**

	2007/08	2006/07
	R'000	R'000
Overpayment to employers	1,812	1,839
Allowance for doubtful debt	(880)	(892)
Net effect of SARS retrospective adjustments on affected employers	932	947

**10. CASH AND CASH EQUIVALENTS**

	2007/08	2006/07
	R'000	R'000
Cash at bank and in hand	27,658	59,662
• Cash at bank	27,644	58,897
• Cash at bank - NSF Project	-	759
• Cash on hand	14	6
Short-term investments/instruments	568,833	430,083
Cash and cash equivalents at end of year	596,491	489,745

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 7.73% (2007: 7.73%).

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

Treasury Regulation 31.3 requires that, unless exempted by the National Treasury, the SETA, as a public entity that is listed in Schedule 3A of the Act, must invest surplus funds with the Corporation for Public Deposits.

As the SETA was exempted by the National Treasury from the requirement of Treasury Regulation 31.3 to invest surplus funds with the Corporation for Public Deposits, surplus funds were invested in line with an investment policy as required by Treasury Regulation 31.3.5.



## ANNUAL FINANCIAL STATEMENTS

### 11. ACCOUNTS PAYABLE

#### 11.1 From non-exchange transactions

		2007/08	2006/07
	Notes	R'000	R'000
Skills development grants payable - mandatory		19,568	24,074
Skills development grants payable - discretionary			
Project creditors		6,357	5,751
InterSETA payables	20	872	2 481
SARS payable	11.3	5,894	3,541
Employer payable	11.4	943	277
<b>Total</b>		<b>33,634</b>	<b>36,124</b>

#### 11.2 From exchange transactions

Service provider fees outstanding	390	-
Sundry payables	4,727	9,345
Trade creditors	1,128	6,168
Other - accrued expenses	3,599	3,177
<b>Total</b>	<b>5,117</b>	<b>9,345</b>

#### 11.3 SARS payable

Opening carrying amount	3,541	2,531
Amounts incorrectly received as skills development levies	-	3,818
Change in estimate	2,353	(2,808)
<b>Closing carrying amount</b>	<b>5,894</b>	<b>3,541</b>

#### 11.4 Employer payable

<b>Provision for grant payable</b>	<b>943</b>	<b>277</b>
------------------------------------	------------	------------

**ANNUAL FINANCIAL STATEMENTS**

**12. NATIONAL SKILLS FUND: SPECIAL PROJECTS**

	2007/08	2006/07
	R'000	R'000
Opening balance	756	3,326
Interest received	3	19
Transfer to discretionary funds	-	
Utilised and recognised as revenue	-	
• Conditions met	-	(2,589)
• Project Rave		(2,589)
<b>Closing balance</b>	<b>759</b>	<b>756</b>

**13. INVENTORY**

Raw materials	-	-
Work in progress	-	-
Finished goods	-	-
Consumable	5	8
<b>Total</b>	<b>5</b>	<b>8</b>

**14. PROVISIONS**

	Employee leave provision	Employee bonus provision	2007/08	2006/07
			R'000	R'000
Open carrying amount	677	2,127	2,804	2,270
Amounts utilised	(165)	(2,074)	(2,239)	(1,733)
Change in estimate	233	1,705	1,938	2,267
Closing carrying amount	745	1,758	2,503	2,804
Non-current				
Current	745	1,758	2,503	2,804
<b>Total</b>	<b>745</b>	<b>1,758</b>	<b>2,503</b>	<b>2,804</b>

**Leave provision:** Leave is calculated based on the number of leave days outstanding at year end and the total cost of employment.

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





## ANNUAL FINANCIAL STATEMENTS

### 15. RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES TO NET SURPLUS/(DEFICIT)

	2007/08	2006/07
	R'000	R'000
Net surplus/(deficit) as per statement of financial performance	109,447	66,513
Adjusted for non-cash items:		
• Depreciation	1,107	743
(Profit)/loss on disposal of property, plant and equipment	(10)	12
Impairment losses on property, plant and equipment recognised/(reversed)	-	-
• Bad debts written off	-	-
• Allowance for doubtful debts	(12)	237
Adjustment to reserves	-	-
Impairment losses on investments recognised/(reversed)	-	-
Increase/(decrease) in provisions	(301)	534
• Relating to grants		
• Relating to employment	(301)	534
• Relating to other	-	-
Special project income recognised	-	(2,589)
Adjusted for items separately disclosed		
Investment income	(50,122)	(30,631)
Non-cash accrued interest	(324)	(260)
Finance costs	-	-
Adjusted for working capital changes:		
• (Increase)/decrease from non exchange transaction	2,701	(10,870)
• Increase/(decrease) in payables	(5,959)	5,140
• (Increase)/decrease from exchange transaction	647	(143)
Movement in VAT receivable/payable	316	180
<b>Cash generated from/(utilised in) operations</b>	<b>57,490</b>	<b>28,865</b>

## **16. CONTINGENCIES**

1. A claim being made against the SETA for the alleged repudiation of on ABET contract to the value of R2 500 000 inclusive of claims, costs and disbursements.
2. A Vat claim for which a tax invoice was not presented amounting to approximately R280 000 inclusive of costs.
3. An ex-employee claim of a year's salary amounting to R360 000 inclusive of claims, costs and disbursements.
4. An ex-employee claim for alleged unfair dismissal amounting to R490 000



## ANNUAL FINANCIAL STATEMENTS

### 17. COMMITMENTS

#### 17.1 Discretionary reserve

Of the balance of R559 687 000 available in the Discretionary reserve at the end of March 2008, R177 860 000 has been approved and allocated. The amounts included in grant expenses in the Income Statement, are also indicated. A request for the accumulation of these funds has been submitted.

	Opening balance 2006/07	Approved by Accounting Authority 06/07	
	R'000	R'000	
Recognition of prior learning	501	-	
JIP	8,324	-	
Accreditation of BEE providers	2,850	-	
Capacity-building unions	2,097	1,200	
SME	2,991	-	
Critical skills shortages	11,400		
Disability new	34,200		
Contract SDFs	3,000	1,650	
Learnerships	153,170	-	
Investors In People	3,398	-	
IT-based project management system	37	-	
Project management	2,806		
Discretionary grant	118,500		
New venture creation-massmart	3,596	-	
Sector skills audit	1,200	-	
Learnerships impact assessment	700	-	
Research non-levy paying organisations - NGOs,CBOs and Cooperations	670	-	
City of Johannesburg	-	1,275	
Pick 'n Pay	-	10,129	
Score	-	5,655	
Boxer	-	3,379	

**ANNUAL FINANCIAL STATEMENTS**

ated for future projects and skills priorities as set out below. Amounts for expenses that have already been contracted or incurred, and therefore to National Treasury. At the time of compiling the financial statements, no reply had been received.

	Adjustment	Utilised	Opening balance 2007/08	Approved by Accounting Authority 2007/08	Adjustment	Utilised	Closing balance 2007/08
		R'000	R'000	R'000		R'000	R'000
		290	211		-	111	100
		543	7,781		-	597	7,184
		958	1,892		-	1,563	329
		1,560	1,737		-	1	1,736
		264	2,727		(2,631)	96	0
	(9,083)	1,295	1,022		-	-	1,022
	(34,200)	-	-				-
		3,969	681		(611)	70	0
	-	67,406	85,764		(48,547)	18,568	18,650
		868	2,530		-	681	1,849
		37	-				-
		370	2,437		621	3,058	(0)
	(80,981)	600	36,919		(31,370)	-	5,549
		1,918	1,678		-	12	1,666
		956	244		(199)	45	0
		561	139		(137)	2	-
		618	52		93	145	(0)
		18	1,257		-	18	1,239
		9	10,120		-	7,050	3,070
	-	-	5,655		(3,393)	1	2,261
		-	3,379		-	-	3,379



## ANNUAL FINANCIAL STATEMENTS

### 17.1 (continued from page 69)

	Opening balance 2006/07	Approved by Accounting Authority 06/07	
	R'000	R'000	
ISDF Project - assisting SMEs with completion of WSP	-	8,252	
SDF training and capacitation	-	6,994	
SME support	-	50,000	
ABET	-	25,000	
Learning Programmes (learnerships and skills programmes)	-	81,650	
Workplace Experience and Employment Grant	-	32,040	
New Venture Creation	-	10,000	
SSP priorities	-	26,000	
Thabo Mbeki Fund	-	6,616	
Workplace experience - Scarce and critical skills (WEEG)	-	12,516	
Cape Town Fashion Festival	-	500	
Fedcrow			
QMS			
Nafcoc SME Development Project			
Voucher SME			
Rural Project (SME Intervention)			
SEDA New Venture Creation (SME)			
Extended Public Works - New Venture Creation			
Pilot Assessor Training (ETQA)			
Research - Impact Assessment Study on Equity			
Update of Scarce and Critical Skills Guide			
Grassroots Learnership			
IKUSASA			
Learnerships Phase 6			
Thabo Mbeki Fund Phase 2			
Total project expenditure	349,441	282,856	

Note: The reversals or write backs of the funds reflected in allocation column are due to:

1. Projects that were completed - R4.7 million.
2. Projects cancelled due to delays - R9.0 million
3. Lower than budgeted number of learners resulting in lower disbursements compared to original allocation. discretionary grant allocations did not include scarce and critical skills initially, thus the project had to be rescoped to cover these, at the time only R37m had been taken up.

**ANNUAL FINANCIAL STATEMENTS**

	Adjustment	Utilised	Opening balance 2007/08	Approved by Accounting Authority 2007/08	Adjustment	Utilised	Closing balance 2007/08
		R'000	R'000	R'000		R'000	R'000
		-	8,252		-	5,700	2,552
		430	6,564		-	1,144	5,420
	-	1,233	48,767		(18,767)	20,545	9,455
	-	4,787	20,213		(213)	4,619	15,381
	-	-	81,650		(38,000)	6,049	37,601
	-	1,630	30,410		(27,370)	349	2,691
	-	-	10,000		(3,600)	3,796	2,604
	-	24,041	1,959		23,720	9,763	15,916
		1,400	5,216		-	4,009	1,207
		-	12,516		-	-	12,516
		-	500		-	500	-
		-	-	1,200	-	806	394
		-	-	1,232	-	413	819
		-	-	5,000	-	1,001	3,999
		-	-	3,762	-	1,111	2,651
		-	-	342	-	342	-
		-	-	4,560	-	-	4,560
		-	-	9,000	(9,000)	-	-
		-	-	581	-	-	581
		-	-	571	-	222	349
		-	-	1,619	-	421	1,198
		-	-	1,080	-	-	1,080
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
	(124,264)	115,759	392,274	38,684	(159,404)	93,694	177,860



## ANNUAL FINANCIAL STATEMENTS

The following projects have been approved in 2007/08 by the accounting authority, funds ring fenced and the projects are in execution phase:

ABET	R17.5m
WSP	R6.2m
SMOLLAN group	R7.8m
Learnership Phase 6	R90.6m
Other	R1.04m
The unallocated reserve is R260 900.	

### 17.2 Operating leases

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

Not later than one year

Later than one year and not later than five years

Later than five years

**Total**

2007/08	2006/07
R'000	R'000
2,080	2,255
987	1 834
-	-
<b>3,067</b>	<b>4,089</b>

The operating lease relates to photocopier machine and office accommodation (e.g. building premises used for office accommodation). The lease agreement for office accommodation was entered into effective 1 October 2005 and will be operational for a period of three years, expiring on 31 September 2008. No provision was made for an option to renew the lease on expiry. The rental escalates annually from 1 October 2005 by 10%. The lease agreement for the photocopier machine was entered into effective 31 July 2004 and will be operational for a period of three years. No provision was made for an option to renew the lease on expiry. The rental has no escalation clause.

**ANNUAL FINANCIAL STATEMENTS**

**18. MATERIAL LOSSES THROUGH CRIMINAL CONDUCT, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE**

**Fruitless and wasteful expenditure**

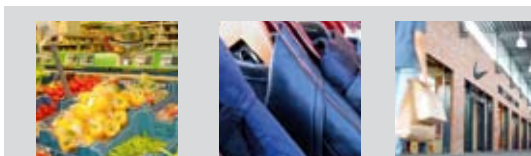
No material losses were incurred as a result of criminal conduct. In addition, no amounts were spent irregularly or through fruitless and wasteful action.

**19. FINANCIAL INSTRUMENTS**

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

	Floating rate		Fixed rate			Non-interest bearing		TOTAL R'000
	Amount R'000	Effective interest rate	Amount R'000	Weighted average effective interest rate %	Weighted average period for which the rate is fixed in years	Amount R'000	Weighted average period until maturity in years	
<b>Year ended 31 March 2008</b>								
Assets								
• Investments	-	-	-	-	-	-	-	-
• Loans	-	-	-	-	-	-	-	-
• Cash	596,491	8.40%	-	-	-	-	-	596,491
• Accounts receivable			-	-	-	1,881	-	1,881
Total financial assets	596,491	-	-	-	-	1,881	-	598,372
Liabilities								
• Borrowings	-	-	-	-	-	-	-	-
• Accounts payable	-	-	-	-	-	33,634	-	33,634
• Bank overdraft	-	-	-	-	-	-	-	-
Total financial liabilities	-	-	-	-	-	33,634	-	33,634
<b>Year ended 31 March 2007</b>								
Total financial assets	488,986	-	-	-	-	69,383	-	558,369
Total financial liabilities	-	-	-	-	-	84,329	-	84,329
Total	488,986	-	-	-	-	153,712	-	642,698





## ANNUAL FINANCIAL STATEMENTS

### Credit risk

Financial assets, which potentially subject the SETA 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, investments and accounts receivable.

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

The SETA does not have any material exposure to any individual or counter-party. The SETA's concentration of credit risk is limited to the Wholesale and Retail industry in which the SETA operates. No events occurred in the Wholesale and Retail industry during the financial year that may have an impact on the accounts receivable that has not been adequately provided for. The SETA is exposed to a concentration of credit risk, as significant amounts are owed by the South African Revenue Services (SARS). This concentration of risk is limited as SARS is a government entity of sound reputation.

### Liquidity risk

The SETA 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 also maintained.

### Market risk

The SETA is exposed to fluctuations in the employment market, for example, sudden increases in unemployment and changes in the wage rates. No significant events occurred during the year that the SETA is aware of.

### Fair values

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

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

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

#### Cash and cash equivalents

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

#### Accounts receivable

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

#### Accounts payable

The carrying amount of accounts and other payables is at fair value due to the relatively short-term maturity of these financial liabilities.

**ANNUAL FINANCIAL STATEMENTS**

**20. ERRORS**

During the year, SETAs and their stakeholders realised that they had misinterpreted various legislations governing revenue flowing from skills development levies. This results in an error to prior year financial statements as defined in GRAP 3, Accounting Policies, changes in accounting estimates and errors. During prior years, SETA recognised revenue when the employers submitted the EMP201 to SARS, while it should have recognised when there was an allocation from the Department of Labour or when funds were received, whichever occurred first. Comparative financial information has been restated to correct this error. The effect on the financial statements is summarised below:

	2006/07		2006/07
	R'000	Prior year	R'000
	Restated	Errors	Original
Levy income	339,080	(13,083)	352,163
Levy debtors	-	(63,614)	63,614
Grant provision	271,347	(8,519)	279,866
Levy creditors	24,074	63,832	63,832
Discretionary reserve	450,749	(23,856)	474,605
Discretionary reserve per 2006/07 financial statements	61,500	(5,013)	66,513

The adjustment to discretionary reserves is comprised of R18,843m for the period from 2000 to 2005/06 and R5,013m for 2006/07.



## ANNUAL FINANCIAL STATEMENTS

### 21. RELATED PARTY TRANSACTIONS

#### Transactions with other SETAs

InterSETA transactions and balances arise due to the movement of employers from one SETA to another. No other transactions occurred during the year with other SETAs.

The balances at year-end included in receivables and payables are:	2007/08		2006/07	
	R'000		R'000	
	Amount of the transaction	Amount receivable/ (payable)	Amount of the transaction	Amount receivable/ (payable)
<b>Receivables</b>	<b>6,438</b>	<b>949</b>	<b>5,272</b>	<b>4,064</b>
AGRI SETA	87	25	134	87
BANKSETA	1	1	-	2
CETA	18	-	-	146
CHIETA	-	34	7	34
CTFL	3,881	219	-	183
ESETA	-	-	14	52
ETDP	-	-	-	-
FASSET	27	-	263	30
FIETA	-	68	16	68
FOODBEV	-	-	-	96
H & W SETA	13	108	-	244
ISSET	268	-	-	268
LGSETA	-	-	-	10
MAPPP	123	17	339	103
MERSETA	2	357	-	204
MQA	176	-	-	177
SASSETA	-	-	26	-
SERVICES	1,842	120	4,473	2,256
TETA	-	-	-	47
THETA	-	-	-	57

**ANNUAL FINANCIAL STATEMENTS**

The balances at year-end included in receivables and payables are:	2007/08		2006/07	
	R'000		R'000	
	Amount of the transaction	Amount receivable/ (payable)	Amount of the transaction	Amount receivable/ (payable)
<b>Payables</b>	<b>1,289</b>	<b>872</b>	<b>1,728</b>	<b>2,481</b>
AGRI SETA	81	188	243	76
BANKSETA	33	13	-	30
CETA	46	-	-	46
CHIETA	10	103	232	112
CTFL	197	14	35	275
ESETA	2	-	8	3
ETDP	25	-	-	25
FASSET	-	72	-	2
FIETA	-	57		-
FOODBEV	92	-	1	180
H & W SETA	-	-	-	44
INSETA	-	-	70	-
ISSET	105	150	-	188
MAPPP	-	145	1	-
MERSETA	349	130	947	1,042
MQA	11	-	-	8
POSLEC SETA	-	-	79	136
SASSETA	116	-	-	-
SERVICES	217	-	-	282
TETA	-	-	111	15
THETA	5	-	1	17
<b>Total</b>	<b>5,149</b>	<b>77</b>	<b>3,544</b>	<b>1,583</b>



## ANNUAL FINANCIAL STATEMENTS

### Transactions with other related parties

During the year, members of the accounting authority and employees were required to disclose their interest in any contracts that the SETA is entering into with an outside party. As a result, the SETA entered into the following transactions with related parties:

			2007/08		2006/07	
			R'000		R'000	
Related party	Nature of relationship	Transaction type	Amount of the transaction	Amount receivable/ (payable)	Amount of the transaction	Amount receivable/ (payable)
Payables			1,305	-	2,063	-
ECCAWUSA	P.Sito (authority member)	Project	-		640	
HOTELICCA	T.Zulu (authority member)	Project	-		-	
SACCAWU	T Motlana & I Molefe (authority member)	Project	-		923	
SACTWU	A. Kriel (authority member)	Project	500		500	
FEDCRAW	L Kgosana (authority member)	Project	805		-	
Other public entities						
Telkom	Telecommunication services	Telecom Expense	825		471	
<b>Total</b>			<b>(2,130)</b>	<b>-</b>	<b>(2,534)</b>	

The above transactions occurred under terms that were no less favourable than those available in similar arm's length dealings.

# ***ANNEXURES***





## ANNEXURES

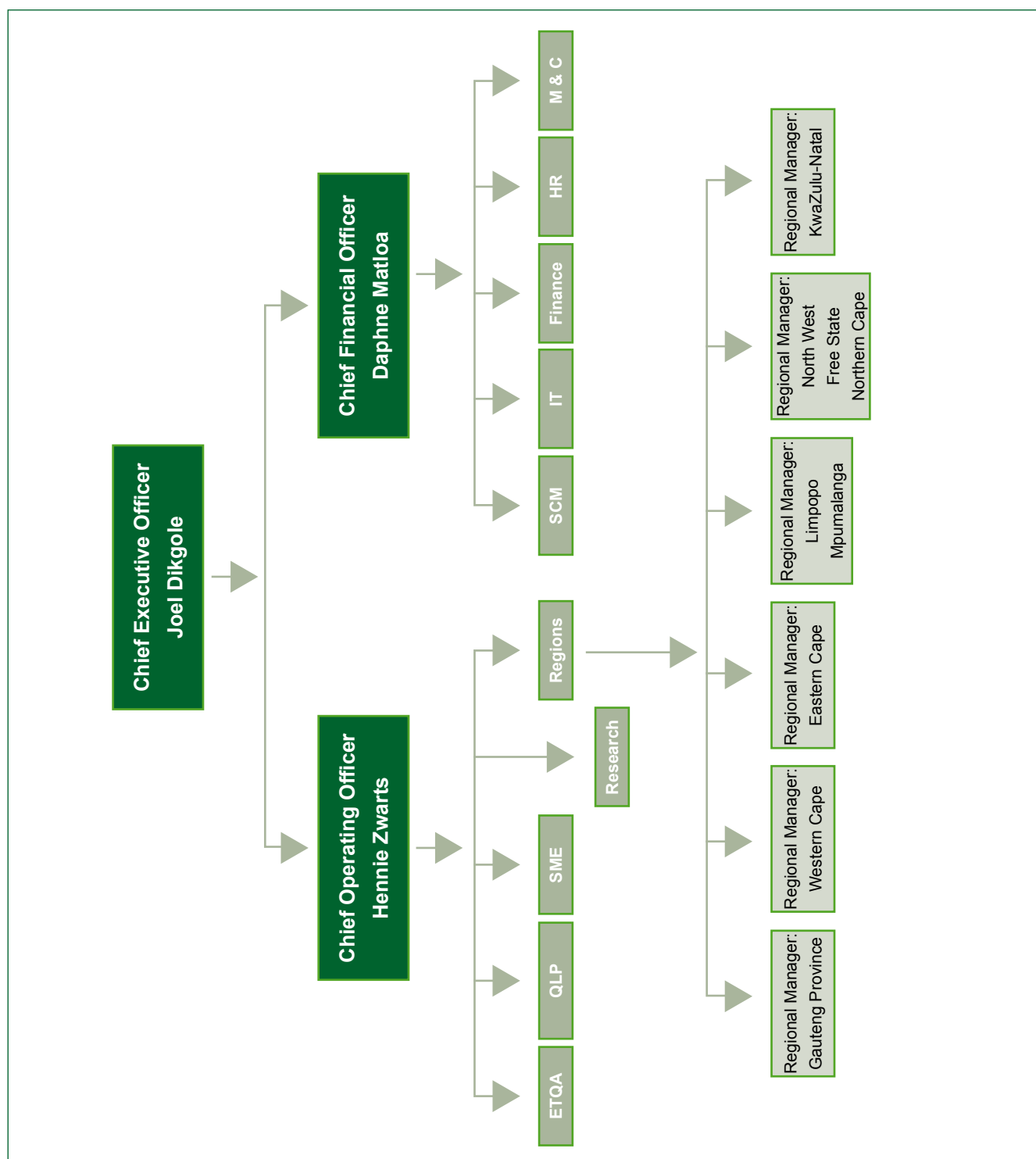
### SCHEDULE OF BOARD MEETING ATTENDANCE

		MAIN BOARD	EXCO	AUDIT	FINCO/ AUDIT	FINANCE	REMCO	PROJECTS	CORE FUNCTIONS	SPECIAL MEETING
Number of meetings scheduled		9	4	4	2	4	2	5	3	
Name of board member	Constituency									
1. T. Motlana (Chair - Term ending Sept 2007)	SACCAWU - Labour	4	1		2					6
2. T. Skenjana (Chair - Term beginning Oct 2007)	EMOSA - Employer	8	2			3	2	3		9
3. A. Kriel	SACTWU - Labour	1	2							
4. I. Molefe	SACCAWU - Labour	7	3			2	1	2	2	9
5. L.Kgosana	FEDCRAW - Labour	8		4	2				3	3
6. P. Sito	ECCAWUSA - Labour	6			2	3		5	3	2
7. T. Zulu	HOTELICCA - Labour	8		4	2		3			7
8. D. Strydom	FTA - Employer	7								2
9. D. Kirsch	RA - Employer	2				1	1		2	
10. L. Lincoln	RA - Employer	2							1	
11. L. Nare *	SAISA - Employer	5	2							7
12. C. Mrasi	HOST - Employer	8		4	3		3			5
13. N. Kehl	RA - Employer	3						1	1	
14. C. Claassen**	RA - Employer	1		1						2
15. M. Tau	SACCAWU - Labour	4					2		1	2
16. V. Harbhajan ***	HOST - Employer	1					1			
* Resigned on 11 Feb 2008										
** Resigned on 28 Feb 2008										
*** Appointed to the Board in Feb 2008										
Special meetings would include - Strategic sessions, CEO's Appraisal, Task Teams for specific issues as well as SETA forum attendance by the Chair and Deputy Chair of the Board.										

SACCAWU	South African Commercial Catering & Allied Workers' Union
SACTWU	Southern African Clothing & Textile Workers' Union
FEDCRAW	Federal Council of Retail & Allied Workers' Union
FTA	Furniture Traders Association
RA	Retailers Association
HOTELICCA	Hotel, Liquor, Catering, Commercial & Allied Workers' Union
HOST	Home of SMMEs Business Trust
EMOSA	Enterprise Mentorship Organisation of Southern Africa



## ORGANISATIONAL STRUCTURE





## ANNEXURES

### OCCUPATIONAL LEVELS, SALARY BANDS AND JOB TITLE

Occupational level	Salary bands	Job title
Senior Management	R800k – R999k	Chief Executive Officer Chief Operations Officer Chief Financial Officer
Executive Management	R400k – R600k	Human Resources, Qualifications and Learning Programmes, SME, Regions, Supply Chain Management, Finance and IT (outsourced).
Middle Management	R300k – R400k	Regional Managers, Research, ETQA, Tender and Contracts, Investors in People and Learning and Development.
Coordinator Level	R200k – R300k	Regional Co-ordinators, Media Relations, Qualifications Specialist, Quality Assurors, Projects Coordinators, Learning Programmes Specialist and Accountants.
Officer/PA Level	R165k – R220k	Human Resources, Procurement, Assistant Accountants, Personal Assistants, Tender and Contracts, Marketing and Communications, ETQA.
Administration	R90 – R150k	Departmental Administrators, Projects Administrators, System Administrator and Receptionists.
Office Support	Under R100k	Office Assistants.

NB (the table above is used as a guide and therefore does not represent actual employee salaries.)

### STAFF DEMOGRAPHICS

The table below depicts the W&RSETA employment profile by race:

Race	Employee Breakdown
Black	68
Asian	5
Coloured	8
White	9
Total	90

The table below depicts the W&RSETA employment profile by gender:

Gender	Employee Breakdown
Female	64
Male	23
Disabled	3 (2 x females / 1 x male)

## SECTOR INDUSTRY CODES

### Wholesale

Seta code	Sic code	Trade category
27	61000	Wholesale and commission trade, except for motor vehicles and motor cycles
27	61100	Wholesale trade on a fee or contract basis
27	61220	Wholesale trade in food, beverages and tobacco
27	61310	Wholesale trade in textiles, clothing and footwear
27	61391	Wholesale trade in household furniture requisites and appliances
27	61392	Wholesale trade in books and stationery
27	61393	Wholesale trade in precious stones, jewellery and silverware
27	61394	Wholesale trade in pharmaceuticals, toiletries and medical equipment
27	61420	Wholesale trade in metal and metal ores
27	61430	Wholesale trade in construction materials, hardware, plumbing and heating equipment
27	61501	Office machinery and equipment including computers
27	61509	Other machinery
27	61901	General wholesale trade
27	61909	Other wholesale trade not elsewhere classified (n.e.c) Not elsewhere classified

### Retail

27	62000	Retail trade, except for motor vehicles and motor cycles; repair of personal and household goods
27	62110	Retail trade in non-specialised stores with food, beverages and tobacco dominating
27	62190	Other retail trade non-specialised stores
27	62201	Retail trade in fresh fruit and vegetables
27	62202	Retail trade in meat and meat products
27	62203	Retail trade in bakery products
27	62204	Retail trade in beverages (bottle stores)
27	62209	Other retail trade in food, beverages and tobacco n.e.c.
27	62311	Retail of non-prescribed medicine and pharmaceutical products other than by pharmacist
27	62321	Retail trade in men's and boy's clothing
27	62322	Retail trade in ladies' and girls' clothing
27	62323	Retail trade by general outfitters and by dealers in piece goods, textiles, leather and travel accessories



## ANNEXURES

Sector industry codes (continued from page 85)

Seta code	Sic code	Trade category
27	62324	Retail trade in shoes
27	62330	Retail trade in household furniture appliances, articles and equipment
27	62340	Retail trade in hardware, paints and glass
27	62391	Retail trade in reading matter and stationery
27	62392	Retail trade in jewellery, watches and clocks
27	62393	Retail trade in sports goods and entertainment requisites
27	62399	Retail trade by other specified stores
27	62400	Retail trade in second-hand goods in stores
27	63122	Retail sale of used motor vehicles
27	63311	Sale of tyres

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

27	6121	Wholesale trade in agricultural raw materials and livestock
27	6141	Wholesale trade in solid, liquid and gaseous fuels and related products
27	62310	Specialised retail trade in prescribed pharmaceutical, medical and orthopaedic goods
27	6251	Retail trade via mail-order houses
27	6252	Retail trade via stalls and markets
27	6259	Other retail trade not in stores
27	626	Repair of personal and household goods
27	631	Sale of motor vehicle other than used motor vehicle
27	632	Maintenance and repair of motor vehicles
27	633	Sale of motor vehicle parts and accessories other than tyres
27	634	Sale, maintenance and repair of motor cycles and related parts and accessories
72	635	Retail sale of automotive fuel
72	641	Hotels, camping sites and other provision of short-stay accommodation
27	642	Restaurants, bars and canteens

## LIST OF ACRONYMS

<b>AIDS</b>	Acquired Immune Deficiency Syndrome
<b>ASGISA</b>	Accelerated and Shared Growth Initiative of South Africa
<b>ATR</b>	Annual Training Report
<b>ETQA</b>	Education and Training Quality Assurance
<b>EXCO</b>	Executive Committee Annual Training Report
<b>CFO</b>	Chief Financial Officer
<b>COO</b>	Chief Operating Officer
<b>CEO</b>	Chief Executive Officer
<b>DoL</b>	Department of Labour
<b>EEA</b>	Employment Equity Act
<b>GDS</b>	Growth and Development Summit
<b>HR</b>	Human Resources
<b>HIV</b>	Human Immune Virus
<b>IT</b>	Information Technology
<b>JIP</b>	Joint Implementation Plan
<b>JIPSA</b>	Joint Initiative for Priority Skills Acquisition
<b>MoU</b>	Memorandum of Understanding
<b>NQF</b>	National Qualification Framework
<b>NSDS</b>	National Skills Development Strategy
<b>NSF</b>	National Skills Fund
<b>NVC</b>	New Venture Creation
<b>OBE</b>	Outcome Based Education
<b>QMR</b>	Quarterly Monitoring Report
<b>QMS</b>	Quarterly Management Systems
<b>SAQA</b>	South African Qualification Authority
<b>SDA</b>	Skills Development Act
<b>SDF</b>	Skills Development Facilitator
<b>SDM</b>	Skills Development Manager
<b>SETA</b>	Sector Education and Training Authority
<b>SGB</b>	Standard Generating Body
<b>SLA</b>	Service Level Agreement
<b>SP</b>	Service Provider
<b>SMME</b>	Small Medium and Micro Enterprise
<b>SMT</b>	Senior Management Team
<b>SSP</b>	Sector Skills Plan
<b>W&amp;RSETA</b>	Wholesale and Retail Sector Education and Training Authority
<b>WSP</b>	Workplace Skills Plan
<b>WSPIG</b>	Workplace Skills Plan Implementation Grant



**W&RSETA BOARD MEMBERS**

This image shows a single page of white paper with horizontal green lines. The lines are evenly spaced and run across the width of the page, typical of notebook or legal stationery. There are no margins, text, or other markings on the page.





**W&RSETA BEE  
ACCREDITATION  
CEREMONY**





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