

ANNUAL REPORT 2012/13



Building a Capable and Skilled
Workforce in the Wholesale and Retail Sector



higher education
& training

Department:
Higher Education and Training
REPUBLIC OF SOUTH AFRICA

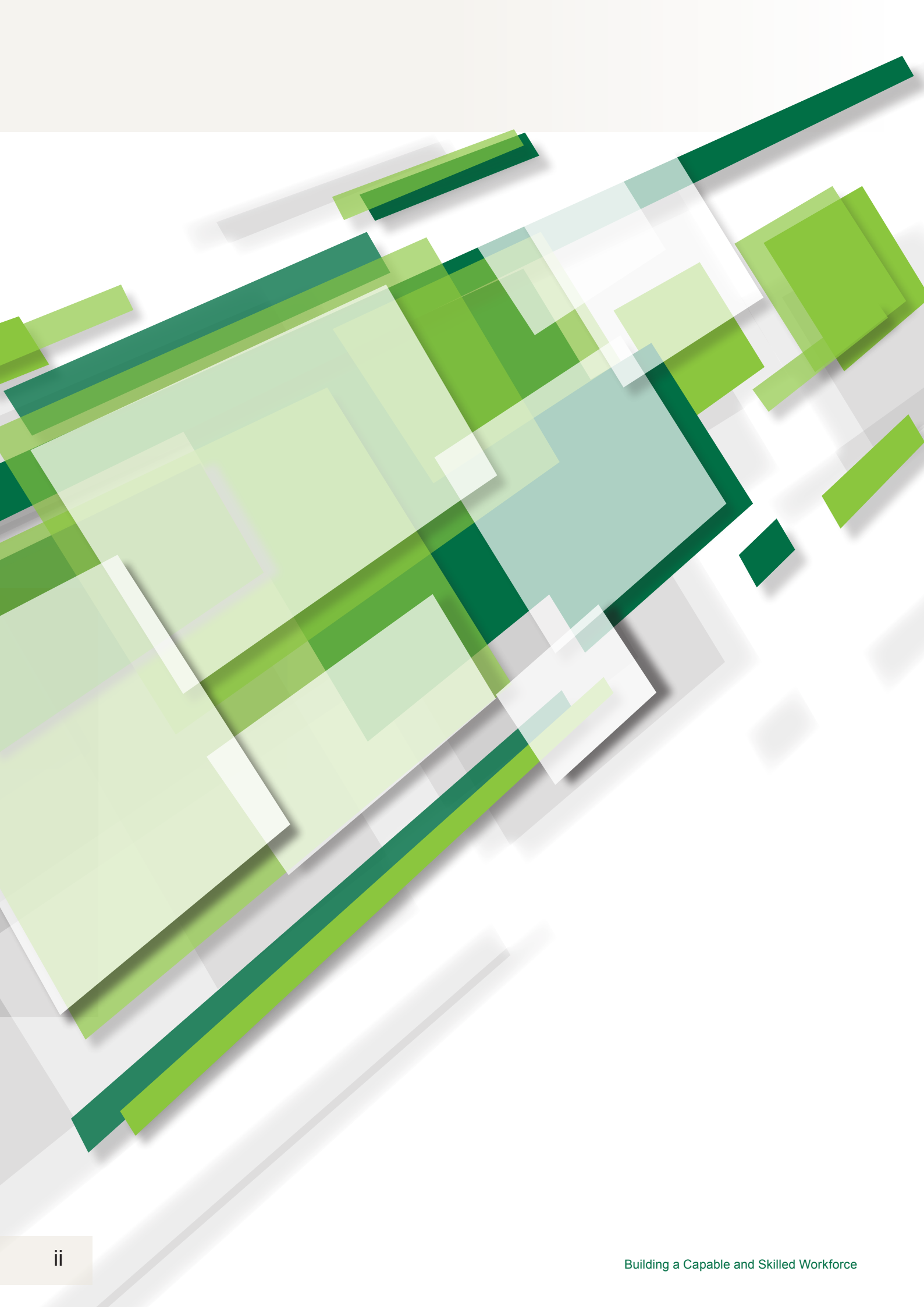


TABLE OF CONTENTS

PART A: General Information

1.1 Entity Information.....	3
1.2 Sector Industry Codes.....	4
1.3 Learnerships Certified	6
1.4 Acronyms and Abbreviations	8
1.5 Strategic Overview	10
1.6 Legislative and Other Mandates.....	11
1.7 Organisational Structure.....	11
1.8 Chairperson's Foreword	12
1.9 Chief Executive Officer's Overview	14

PART B: Performance Information

2.1 Statement of Responsibility for Performance Information	21
2.2 Auditor General's Report: Predetermined Objectives.....	22
2.3 Strategic Outcome-Oriented Goals	23
2.4 Performance Oversight Statistics	29
2.5 Summary of Financial Information.....	37
2.6 Performance Information.....	41
2.7 Performance Information by Programme	42

PART C: Governance

3.1 Portfolio Committees	53
3.2 Executive Authority	53
3.3 The Accounting Authority/The Board	53
3.4 Risk Management.....	59
3.5 Internal Control.....	59
3.6 Internal Audit and Audit Committees	60
3.7 Compliance with Laws and Regulations.....	60
3.8 Fraud and Corruption	60
3.9 Minimising Conflict of Interest.....	60
3.10 Code of Conduct.....	61
3.11 Health, Safety and Environmental Issues	61
3.12 Board Secretary.....	61
3.13 Social Responsibility.....	61
3.14 Audit Committees Report.....	62

PART D: Human Resource Management

4.1 Introduction.....	65
4.2 Human Resources Oversight Statistics	66

PART E: Financial Information

Financial Information	72
-----------------------------	----

1.1 ENTITY INFORMATION



Registration Number:
27/W&RSETA/1/04/11

Registered Office Address:
1303 Heuwel Avenue
Riverside Office Park
Corner Lenchen South
& Heuwel Avenues
Centurion, Pretoria
Gauteng Province
Republic of South Africa
0167

Postal Address:
Private Bag X106
Centurion
0046

Contact Numbers:
Tel: 012 622 9500
Call Centre: 086 027 0027
Fax: 012 663 9585

E-Mail Address:
wrseta@wrseta.org.za
careerinfo@wrseta.org.za

Website Address:
www.wrseta.org.za

1.2 SECTOR INDUSTRY CODES

Wholesale

SETA Code	SIC Code	Trade Category
27	61000	Wholesale and commission trade, except for motor vehicles and motorcycles
27	61100	Wholesale trade on a fee contract basis
27	61220	Wholesale trade in food, beverages and tobacco
27	61310	Wholesale trade in 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 pharmaceutical, toiletries and medical equipment
27	61420	Wholesale trade in metal and metal ore
27	61430	Wholesale trade in construction material, hardware, plumbing and heating equipment
27	61501	Office machinery and equipment including computers
27	61509	Other machinery
27	61901	General wholesale trade
27	61909	Other wholesale trade not elsewhere classified

Retail

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

Retail

27	62399	Retail trade by other specified stores
27	62400	Retail trade in second-hand goods in store
27	63122	Retail sale of used motor vehicles
27	63310	Sale of new parts and accessories
27	63311	Sale of tyres
27	65000	Selling and retail of new plastic bags and plastic products
27	65001	Selling of garage equipment
27	65002	Retail of baby clothing
27	65003	Selling of wooden doors
27	65004	Retailing of beauty products
27	65005	Sale of marine equipment and everything to do with boats
27	65006	Retail of packing materials
27	61510	Sale of new parts and accessories excluding the retail sale of new motor vehicle parts and accessories
27	63500	Retail sale of automotive fuel

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

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

1.3 LEARNERSHIPS CERTIFIED

Employed learners (18.1)

Learnership	NQF Level	2005	2006	2007	2008	2009	2010	2011	2012	Grand Total
Wholesale and Retail Operations Management	5	8	0	15	1	0	14	0	1	39
National Certificate: Retail Shop Floor Practices	2	44	98	478	217	68	6	0	1	912
National Certificate: Wholesale and Retail Sales Practice	3	7	75	14	8	72	2	0	1	179
National Certificate: Wholesale and Retail Operations Supervision	4	6	58	196	43	299	258	0	374	1234
National Certificate: Wholesale and Retail Distribution	2	0	0	57	74	90	297	73	224	815
National Certificate: Wholesale and Retail Merchandising Operations	2	0	0	0	0	9	16	0	152	177
National Certificate: Wholesale and Retail Operations	2	0	0	0	0	149	250	9	402	810
National Certificate: Wholesale and Retail Chain Store Operations	2	0	0	0	18	19	129	13	293	472
National Certificate: Wholesale and Retail Buying and Planning	5	0	0	0	0	0	6	0	10	16
National Certificate: Wholesale and Retail – Retail Sales									79	79
Further Education and Training Certificate: Wholesale and Retail Generic Management	4	0	0	0	0	0	19	0	35	54
National Certificate: Wholesale and Retail SME Operations	2	-	-	-	-	0	0	0	10	10
National Certificate: Wholesale and Retail Wholesale Sales	3	-	-	-	-	0	0	1	24	25
National Certificate: Stock Control Retail Outlet	3	-	-	-	-	0	0	0	0	0
National Certificate: Wholesale and Retail Cosmetic	3	-	-	-	-	0	0	0	0	0
National Certificate: Wholesale and Retail Visual Merchandising	3	-	-	-	-	0	0	0	16	16
National Certificate: Wholesale and Retail Generic Management	5	-	-	-	-	0	0	0	24	24
Total		65	231	760	361	706	997	96	1646	4 862

Learnerships Certified (continued)

Unemployed learners (18.2)

Learnership	NQF Level	2005	2006	2007	2008	2009	2010	2011	2012	Grand Total
Wholesale and Retail Operations Management	5	0	0	0	0	0	0	0	0	0
National Certificate in Retail Shop Floor Practices	2	1	51	438	43	15	0	0	0	548
National Certificate: Wholesale and Retail Sales Practice	3	0	21	24	3	30	2	0	0	80
National Certificate: Wholesale and Retail Operations Supervision	4	0	37	95	37	146	193	25	59	592
National Certificate: Wholesale and Retail Distribution	2	0	0	15	28	11	120	1	181	356
National Certificate: Wholesale and Retail Merchandising Operations	2	0	0	0	0	148	485	170	606	1409
National Certificate: Wholesale and Retail SME Operations	2	0	0	0	0	1	1	0	322	324
National Certificate: Wholesale and Retail Operations	2	0	0	0	0	392	389	51	1438	2270
National Certificate: Wholesale and Retail Chain Store Operations	2	0	0	0	57	42	664	116	362	1241
National Certificate: Wholesale and Retail Buying and Planning	5	0	0	0	0	0	2	0	14	16
National Certificate: Wholesale and Retail – Retail Sales	3	0	0	0	0	0	63	0	213	276
Further Education and Training Certificate: Wholesale and Retail Generic Management	4	0	0	0	0	0	0	0	5	5
National Certificate: Wholesale and Retail SME Operations	2	-	-	-	-	1	1	0	322	324
National Certificate: Wholesale and Retail Wholesale Sales	3	-	-	-	-	0	0	125	22	147
National Certificate: Stock Control Retail Outlet	3	-	-	-	-	0	0	0	8	8
National Certificate: Wholesale and Retail Cosmetic	3	-	-	-	-	0	0	0	2	2
National Certificate: Wholesale and Retail Visual Merchandising	3	-	-	-	-	0	0	0	6	6
National Certificate: Wholesale and Retail Generic Management	5	-	-	-	-	0	0	0	150	150
Total		1	109	572	168	786	1920	488	3710	7754

1.4 ACRONYMS AND ABBREVIATIONS

AAT(SA)	Association of Accounting Technicians South Africa
ABET	Adult Basic Education and Training
AET	Adult Education and Training
ATR	Annual Training Report
AG	Auditor General
AQP	Assessment Quality Partner
BEE	Black Economic Empowerment
BRICS	Brazil, Russia, India, China and South Africa
CBO	Community-based Organisations
CEO	Chief Executive Officer
CPUT	Cape Peninsula University of Technology
CTFL	Clothing, Textile, Footwear and Leather
DC	Distribution Centre
DEDaT	Department of Economic Development and Tourism
DHET	Department of Higher Education and Training
DUT	Durban University of Technology
DQP	Development Qualifications Partner
EE	Employment Equity
ETQA	Education and Training Quality Assurance
FET	Further Education and Training
FMCG	Fast-moving Consumer Goods
GIBS	Gordon Institute of Business Science
HET	Higher Education and Training
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
ILDp	International Learnership Development Programme
ILO	International Labour Organisation
ISDF	Independent Skills Development Facilitator
IT	Information Technology
JOI	Job Opportunity Index
MerSETA	Manufacturing, Engineering and Related Services Sector Education and Training Authority
MICTSET	Media, Information, Communication and Technology Sector Education and Training Authority
NGO	Non-governmental Organisations
NQF	National Qualifications Framework
NSDS III	National Skills Development Strategy III
NSFAS	National Student Financial Aid Scheme
NVC	New Venture Creation
PFMA	Public Finance Management Act
PSDF	Provincial Skills Development Forum
QCTO	Quality Council for Trades and Occupations
QMB	Qualifications Management Body
RMDP	Retail Management Development Programme
RPL	Recognition of Prior Learning

Acronyms and abbreviations (continued)

SADDT	South African Disability Development Trust
SAQA	South African Qualifications Authority
SDF	Skills Development Forum
SEDA	Small Enterprise Development Agency
SETA	Sector Education and Training Authority
SIC	Sector Industry Classification
SMME	Small, Medium and Micro Enterprise
SME	Small and Micro Enterprises
SMS	SETA Management System
SSETA	Services Sector Education and Training Authority
SSP	Sector Skills Plan
UP	University of Pretoria
UYAP	Unemployed Youth Assistance Programme
W&R	Wholesale and Retail
W&RSETA	Wholesale and Retail Sector Education and Training Authority
WEEG	Workplace Experience and Employment Grant
WIL	Work Integrated Learning
WSP	Workplace Skills Plan

1.5 STRATEGIC OVERVIEW

Vision

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

Mission

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

Strategic Goals

- To create a culture of lifelong and workplace learning;
- To address historic imbalances with a focus on class, race, gender, geographical locations and disability, in the development of people in the W&R sector;
- To facilitate funded and accessible training to meet the sector needs; and
- To align with national development strategies in line with the requirements of government to foster skills development in the Wholesale & Retail (W&R) sector for productivity and employment.

Values

- We place high value in the members of the W&RSETA team.
- We continually treat each other with respect and dignity.
- We support each other in action, word and behaviour.
- We optimise strong ethics, integrity and trustworthiness.
- We care for each other and are sensitive about feelings, concerns, frustrations and limitations.
- We are honest with each other and are prepared to engage openly and frankly on differences.

- We thrive on positive and constructive feedback.
- We are zealously co-responsible and accountable for the team's efforts.
- We respect the unique contribution that each individual makes and recognise that "I" cannot be fully "me" without "you"
- We give each other space and accept the responsibility for the impact of our actions in the team.
- We positively affirm our confidence in each individual's ability to deliver excellently.
- We make time to regularly interact and reflect meaningfully on what is really important.

Guiding Principles

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

- Encourage and promote the International Labour Organisation's (ILO) Decent Work Agenda;
- Apply non-discriminatory employment practices;
- Be fair and equitable in all dealings with and treatment of stakeholders, suppliers and vendors;
- Develop and implement best business practices;
- Provide quality service to stakeholders in an effective, economical, efficient and innovative manner;
- Encourage adherence to the sectoral determination within the W&R sector; and
- Foster sound corporate governance principles as outlined in King III.

1.6 LEGISLATIVE AND OTHER MANDATES

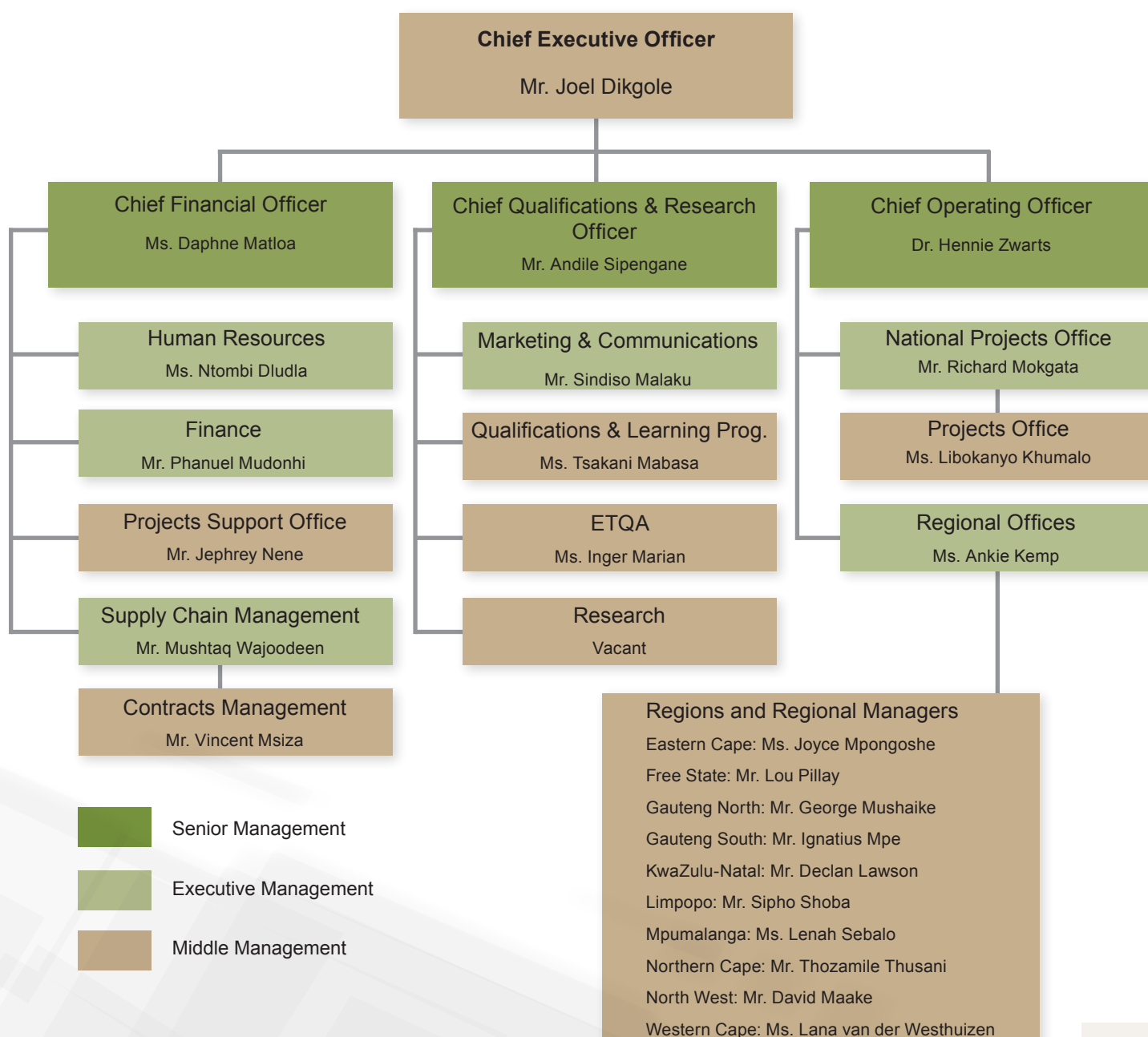
The Skills Development Act, 1998 (SDA) makes provision for the establishment of Sector Education and Training Authorities (SETAs) for each national economic sector as determined by the Minister in terms of section 9 of the SDA.

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

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

- Skills Development Act, 1998
- Skills Development Levies Act, 1999
- Public Finance Management Act, 1999
- Regulations regarding the Establishment of Sector Education and Training Authorities (Notice No. R. 1082 of 7 September 1999)
- Amendment of Constitution of Sector Education and Training Authorities (Notice No. R. 1399 of 8 November 2002)

1.7 ORGANISATIONAL STRUCTURE



1.8 CHAIRPERSON'S FOREWORD

“Once you have travelled, the voyage never ends, but is played out over and over again in their quietest chambers; the mind can never break off from the journey

– Pat Conroy.



Dr. ET Mazwai



During the 2012/13 financial year, we embarked upon several collaborative initiatives to address the challenges facing the Wholesale and Retail sector and the country as a whole, in order to realise the objectives of the National Skills Development Strategy III (NSDS III).

We partnered with constituent organised business organisations and public FET Colleges to find ways to increase the number of participating companies, with the view to securing more workplaces to provide employment and workplace experience for students and graduates.

The SETA has made a concerted effort to create opportunities for young people living in rural areas. By collaborating with traditional authorities, local government and large retailers, 434 young people in five provinces were able to successfully complete Learnerships at NQF Level 5. During March and April 2013, several graduations were held to celebrate the learners' success. We are most grateful for the cooperation and support we have enjoyed from the rural communities where these learners were based.

The International Leadership Development Programme (ILDP) remains a highly successful project, and enjoys strong sector support. In 2012/13, 34 senior managers completed the programme. For the first time ever, the programme included developing countries, namely, China and India, strengthening the collaborative relations established through the Brazil, Russia, India, China,

South Africa (BRICS) economies.

The Board is cognisant of the integration of the National Skills Development Strategy III into key Government Strategies, including the New Growth Path Social Partners' Accords, the National Development Plan, which seeks to ensure amongst others, equitable service provision for people with disabilities and the empowerment of women. The SETA is committed to providing skills development opportunities to these vulnerable groups.

The Board interacted with stakeholders in provinces where the SETA has established offices. These sessions sought to obtain first-hand experience of the challenges facing the sector; to celebrate pockets of excellence, which have emerged; and, lastly, to find ways to improve access to communities in pursuance of our objectives.

Feedback was positive. Solutions were even proposed to address some of the challenges that we face; attempts were also made to find ways to serve our stakeholder more efficiently.

Equally encouraging were the celebrations through graduations and certification ceremonies for the various programmes. Moments such as these have assured us that the SETA is making a huge difference in the lives of many South Africans.

Chairperson's Foreword (continued)

The Board concedes that while many milestones were achieved during the period, there are, however, challenges which still need to be overcome. Foremost, is the challenge of ensuring that the SETA has a presence in townships and rural areas, so as to provide skills development to all citizens, particularly, previously excluded township and rural communities. Our strategy is to use FET Colleges in rural and township communities to provide services in a comprehensive manner, enabling the SETA to have a meaningful impact within these communities.

The Board allocated R 6,7m towards the establishment of Retail Schools of Excellence in four FET Colleges which are based in rural and township communities in KwaZulu Natal and a University in KwaZulu Natal, ensuring far greater collaboration between the SETA, the business community, and institutions of higher learning.

We are committed to participate in the Southern African Society for Cooperative Education (SASCE) for the advancement of Work Integrated Learning (WIL) Programmes, and were represented at the International Conference on Cooperative & Work-Integrated Education (WACE) in Durban.

An SMME strategy will be implemented in the year ahead, which will hopefully help to create much-needed skills capacity for SMMEs.

I would like to express my appreciation to our stakeholder companies, without whom the achievements, which we are reporting on would not have been possible. They have opened their workplaces to provide training, not only to their employees, but to many young unemployed South Africans.

The Board is grateful to the CEO, the management team and SETA staff for their dedication and hard work, which ensures that the sector's aspirations, mandated to the Board, translate into action. I would also like to thank my colleagues on the Board for their commitment, sound governance and leadership, which they collectively provide to the SETA.

The challenges that we face are not insurmountable. We are confident that with the sector's support, we will continue to strive towards making skills development a reality within the Wholesale and Retail Sector.



Dr E T Mazwai

Chairperson: W&RSETA Board

8 August 2013

1.9 CHIEF EXECUTIVE OFFICER'S OVERVIEW

“The benefits of the accomplished journey cannot be measured in terms of perfect moments, but in terms of how this journey affects and changes our character
– Ella Mallart.



TJ Dikgole

Overview of Achievements

During the year under review, the W&RSETA made tremendous strides in terms of achieving the targets outlined in its 2012/13 Service Level Agreement (SLA), through the implementation of 42 Discretionary Projects. The highlight is the achievement of 33 of the 38 SLA targets. Expressed differently, we met 86.8% of our SLA targets. We are justifiably proud of this achievement. During the previous financial year, we met 45% of our SLA targets.

Mandatory Grants

- 8 236 companies participated in the WSP/ATR submissions
- An amount of R347m was disbursed in Mandatory Grants to the following categories of qualifying levy-paying companies;
 - R69m was disbursed to small levy-paying companies;
 - R49.7m was disbursed to medium levy-paying companies; and
 - R228.7m was disbursed to large levy-paying companies

Discretionary Grants

- R 479m was disbursed in Discretionary Grants and the following learners benefitted:
- 7 534 learners completed and graduated from various Learning Programmes:
 - Employed: 3 185 (1 469 Skills Programmes and 1 776 Learnerships)
 - Unemployed: 4 349 (373 Skills Programmes and 3 976 Learnerships)
- 8 665 learners were enrolled on NQF levels 2 – 4 Learning Programmes:
 - Employed learners: 3 365 (163 Skills Programmes and 3 202 Learnerships)
 - Unemployed learners: 5 300 (2536 Skills Programme and 2764 Learnerships)
- 1 168 FET graduates were assisted to gain work experience through the Work Experience and Employment Grant (WEEG) Project;
- 8 420 SMMEs (7 442 levy-paying and 978 non levy-paying) were assisted and supported through various skills development interventions;

Chief Executive Officer's Overview (continued)

- 34 participants graduated from the NQF 7 International Leadership Development Programme (ILDP), accredited by GIBS;
- 215 managers and supervisors were enrolled in the Retail Management Development Programme (RMDP) and 191 successfully completed.
- 60 co-operatives registered learners on Learning Programmes;
- 303 schools were reached through the Career Guidance Programme; Career Guides were issued to learners attending Career Fairs;
- 982 artisans were registered on Skills Programmes and Learnerships;
- 464 learners were registered on Recognition of Prior Learning (RPL) Programmes;
- 681 learners were registered on NQF 1 Adult Education and Training Programmes. ;
- 48 FET lecturers were capacitated in W&RSETA related qualifications and processes

Highlights

Retail Management Development Programme

The implementation of the Retail Management Development Programme (RMDP), represents another milestone in terms of positioning Wholesale and Retail as a career sector of career choice. The RMDP provides participants with a credible qualification and prospects for further education. It was developed to address Minister of Higher Education and Training, Dr Blade Nzimande's



2012 RMDP Graduates

call for collaboration between SETAs, Universities and Further Education and Training Colleges (FETCs) to provide high-level skills.

Following the successful implementation of the inaugural programme in 2011/12, 215 participants were registered onto this NQF level 6 programme offered by the University of Pretoria. Of the 200 candidates registered on the 2011/12 programme, 191 successfully completed, graduating in October 2012.

Wholesale & Retail Leadership Chair

The W&RSETA has appointed the Cape Peninsula University of Technology as the Retail Leadership Chair to champion the establishment of Retail Centres of Excellence in partnership with universities and other stakeholders in order to bridge the gap between generic curricula offered by higher education institutions and retail specific learning programmes largely at NQF levels 5 – 10.

Assessment Quality Partner Award

W&RSETA became one of the few SETAs to be awarded the Assessment Quality Partner (AQP) Award by the QCTO. The AQP status enables the SETA to develop and quality assure qualifications within the Wholesale and Retail Sector. This status was awarded after a rigorous audit process conducted by the QCTO. This is yet another milestone in the life of the SETA and a testament of the confidence QCTO has in the organization.



From left to right: Andile Sipengane, Inger Marian, Joel Dikgole, Tsakani Mabasa and Sindiso Malaku.

Bursaries awarded to FETs and University Students

During the 2012/13 financial year, the W&RSETA awarded 3 920 bursaries to students studying Wholesale and Retail qualifications, which address the scarce and critical skills identified in our Sector Skills Plan (SSP). Bursaries were allocated as follows:

FET Colleges	-	1 754
Universities	-	1 100
Universities of Technology	-	1 066

HIV & AIDS Training

The W&RSETA funded 6 242 learners on HIV & AIDS Awareness Programmes through the 2011/12 Discretionary Grant Funding Windows.

Retail Rural Youth Development Programme

The SETA embarked on a unique project to provide skills development to young people from rural areas in six provinces. The Rural Youth Programme was one of the SETA's most innovative projects implemented during the year under review. A total of 502 learners from Limpopo, KwaZulu Natal, Free State, North-West, Mpumalanga and Northern Cape were enrolled onto the programme; 434 learners completed successfully, graduating with a NQF Level 5 Retail Management qualification. This achievement represents an 86.45% learner retention rate. Of the learners, who completed, 116 have been placed in employment within the sector.



Northern Cape Regional Manager, Thozamile Thusani (center) with learners

SADDT Programme

The W&RSETA sponsored a project with the South African Disability Trust (SADDT) to train 403 disabled learners across five provinces (Gauteng, KwaZulu-Natal, Free State, Eastern Cape and Western Cape) as part of the SETA's initiatives to provide skills development for people with disabilities. A total of 281 were found competent. The W&RSETA is engaging with retailers to secure employment for graduates, who have not been placed in employment, or in further training.

The Honourable Deputy Minister of Higher Education and Training, Mr. Manana was the guest speaker at the Gauteng and Western Cape graduations.



SADDT Eastern Cape graduation ceremony

eThekwini Informal Traders Project

This project was conceptualised as a Pilot Programme to address the skills needs of micro enterprises. The project targeted informal traders, registered as traders with the eThekwini Municipality in KwaZulu Natal, trading in the Wholesale and Retail environment. The project sought to empower 1000 informal traders to improve their businesses. Participants completed several programmes over a 12 month period in partnership with three FET Colleges. The project enhanced co-operation and collaboration between the W&RSETA, FET Colleges and the Local Municipality.



eThekwini informal traders graduation ceremony

Strategies, Results and Challenges

The Accounting Authority submitted a 3-year Strategic Plan, including the Annual Performance Plan for the 2012/13 financial period, in compliance with National Treasury requirements. The Strategic Plan was approved by the Minister of Higher Education and Training.

Although the SETA did not achieve 5 of the 38 SLA targets, several projects are currently being implemented to address this shortfall. A detailed report appears in the overview of the organizational performance section on pages 23 to 28 of this annual report.

The following strategic challenges have been identified as critical in terms of the implementation of NSDS III and the achievement of W&RSETA institutional goals:

- **Reduction of high cash reserves** - Significant progress has been made to reduce high cash reserves from 15 to 12 months.
- **Reduction of high learner dropout rate** - The Seta managed to reduce the dropout rate from 40% to 24.47%
- **Implementation of Recognition of Prior Learning (RPL)** - A pilot project was initiated during the period under review.
- **Rural Development** - The SETA will collaborate with relevant government departments and organizations in order to address the challenges of rural development
- **The establishment of Retail Business Schools** - A Retail Leadership Chair has been developed in partnership with the Cape Peninsula University of Technology (CPUT) and plans are well underway to establish a Retail School of Excellence in KwaZulu Natal in partnership with the Durban University of Technology (DUT).
- **Develop the credibility of the W&RSETA's SSP among sector stakeholders** - Investment in the SSP research has been increased in order to establish a credible SSP.

- **The need to implement a Development Strategy for Small and Micro Enterprises** - An SMME strategy has been developed and will be implemented.
- **The absence of a professional body in the Wholesale and Retail sector to recognise retail as a career** - A research has been completed to establish the need of a Professional body and recommendations will be presented to the stakeholders.

Significant progress has been made to reduce our high cash reserves to 12 months, from 15 months cash-on-hand, and to improve the learner dropout rate currently at 24.47%, compared to 40% in the previous financial year.

On behalf of the management team, I would like to express my sincere gratitude to the Board, SETA staff including all stakeholders for their on-going contribution and deep commitment to skills development, without which, none of these achievements would have been possible.



TJ Dikgole

Chief Executive Officer

8 August 2013

BOARD MEMBERS



Seated from right to left: Patricia Pillay; Peter Madisa; Margaret Bango; Joel Dikgole (CEO); Thami Mazwai (Chairperson); Carin Strydom and Abieda Abrahams; *Standing from right to left:* Sibusiso Busane; Sizakele Moloko; Thami Skenjana; Nat Kettlele; Michael Lawrence; Ivan Molete; Isaac Motaung; Pascal Mokupo (Audit); Mike Tau; Martha Shingange (Board Secretary) and Phillemon Sito

SENIOR MANAGEMENT



*Seated from right to left: Joel Dikgole (CEO) and Daphne Matloa (CFO)
Standing from right to left: Hennie Zwarts (COO) and Andile Sipengane (COQR)*

2.1 Statement of Responsibility for Performance

Information for the year ended 31 March 2013

The Chief Executive Officer is responsible for the preparation of the organisation's performance information and for the judgements made in this information.

The Chief Executive Officer is responsible for establishing and implementing a system of internal control designed to provide reasonable assurance as to the integrity and reliability of performance information.

The organisation's performance information has been verified and approved by the Accounting Authority.

In my opinion, the performance information fairly reflects the performance information of the public entity for the financial year ended 31 March 2013.



Mr. TJ Dikgole

Chief Executive Officer

8 August 2013



Dr. ET Mazwai

Chairperson of the Board

8 August 2013

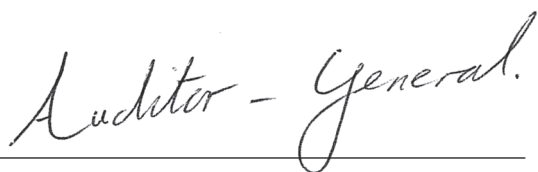
2.2 Auditor General's Report: Predetermined Objectives

The Auditor General has conducted some audit procedures on the performance information of the Wholesale and Retail Sector Education and Training Authority (W&RSETA) set out on pages 23 to 28 for usefulness and reliability, compliance with laws and regulations and internal control.

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

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

Refer to page 79 to 81 of the Report of the Auditor General's Report, included in Part E: Financial Information.

A handwritten signature in black ink that reads "Auditor-General." The signature is written in a cursive style and is positioned above a horizontal line.

Auditor-General

Pretoria

15 August 2013

2.3 Strategic Outcome-Oriented Goals

Outputs	SLA Targets	Performance Indicator	2011/12 Achievements	2012/13 Achievements		
				Actual	Variance	Comments
A Skilled and Capable Workplace						
NSDS Outcome 4.1.1: The national need, in relation to skills development, is researched, documented and communicated to enable effective planning across all economic sectors						
4.1.1.2	A well-researched SSP made accessible to all stakeholders	A well-researched and updated SSP approved by DHET and other applicable, relevant stakeholders	SSP submitted and approved by DHET	SSP submitted and approved by DHET	None.	Achieved: SSP published on website and available to all stakeholders.
NSDS Goal 4.2: Increasing access to occupation-directed programmes, leading to intermediate and high-level learning						
NSDS Outcome 4.2.1: Middle level skills needs are identified and addressed in all sectors						
4.2.1.1	Implement W&RSETA Research Agenda as proposed in Strategy Framework	Research conducted and published in Research Journal	8 Research projects completed	Research Journal completed	None.	Achieved - Research Journal developed and published.
4.2.1.2	1 000 learners participate in NQF 2 - 4 Programmes	500 qualified learners per year based on a 70% pass rate	5 876 learners participated in NQF level 2 to 4 programmes L/S 1986 + SP 788 = 2774 qualified	8 665 learners registered on Learning Programmes 18.1 – 5 300 18.2 – 3 365 7 534 learners certificated: 18.1 – 3185 18.2 – 4349	+7665.	Achieved – Most of the overachievement in the registration of learners is a roll over from DG11/12 that was not registered in the previous financial year. 5 876 learners were registered in the previous financial year, including the learners on Projects in 2010/2011, who have completed their Learnership and Skills Programmes in this financial year
	500 learners from FETs are placed for appropriate workplace experience.	Confirmation of learners placed in FETs	Nil	73	-427	Not achieved: the funding window was under-subscribed. Most companies participating in other Projects were not ready to accommodate a new intake.
	500 learners to be registered on RPL Programme	500 learners to be registered in year 1 on RPL Programme	Nil	464	-36	Not achieved: insufficient applications for this Discretionary Grant Funding Window

Outputs	SLA Targets	Performance Indicator	2011/12 Achievements	2012/13 Achievements		
				Actual	Variance	Comments
	Dropout rate reduced from 40% to 20% in 5 years	Dropout rate reduced from 40% to 30%	W&RSETA Board decided in their strategy to reduce the drop-out rate from 50% to 40% in year one	24.47%	+5.53%.	Achieved The stringent monitoring of the implementation of training by the SETA, Employers and Providers as well as implementation of a selection process and an Induction programme has contributed to the improved drop out rate.
	1 000 FET unemployed graduates are placed in Wholesale and Retail companies for workplace experience	1 000 graduates with appropriate workplace experience for employment	Nil	1 168	+168	Achieved The Discretionary Grant 2012/2013 applications oversubscribed
	Placement of 70% of unemployed learners, who have completed their programmes (350)	Tracking of the number of learners placed by organisations	Contracts with organisations stipulates at least 70% employment rate of successful learners who completed their programmes	428	+78	Achieved Companies managed to place more learners than originally anticipated.
NSDS Outcome 4.2.2: 10 000 Artisans per year qualify with relevant skills and employment						
4.2.2.1	200 artisans to be trained on apprenticeships based on the SSP research (example) electricians, plumbers, spray painters and mechanics, butchers and confectioners	200 enter in Year 1	20 artisans participated	982	+782	Achieved: the reclassification of butchers and bakers as artisans increased the number of artisans
NSDS Outcome 4.2.3: High-level national scarce skills needs are being addressed by work-ready graduates from Higher Education Institutions						
4.2.3.1	SSP and the Strategic Plan address high-level skills	Gaps and needs identified and Projects in place to address the gaps	The SSP was approved by DHET The Strategic Plan was developed by the Board and targets set.	SSP and Strategic Plan addresses high-level skills	None	Achieved The SSP was approved

Strategic Outcome-Oriented Goals (continued)

Outputs	SLA Targets	Performance Indicator	2011/12 Achievements	2012/13 Achievements		
				Actual	Variance	Comments
4.2.3.2	200 learners participate in a MDP at HET institutions (NQF 6)	200 learners with W&R Management Development Programme (MDP) qualification	207 learners are participating in NQF Level 6 qualification	215 new entrants registered	+15	Achieved: The provider allowed more learners to enter than required to allow for drop outs without increasing the project value.
	150 women participate in a MDP at HET institutions (NQF 6)	150 female learners with MDP	Nil	191 (2011-2012 candidates) qualified		The certificated learners refer to the previous years' registrations of 207 RMDP learners.
	30 learners to participate in the International Leadership Development Programme (ILDLP)	30 learners to complete an International Leadership Development Programme (ILDLP)	38 candidates successfully completed the ILDP accredited by GIBS at NQF 7 level	Nil	-150	Not achieved consultation with sector still in progress regarding the content of this programme
	1 000 bursaries allocated to learners to complete W&R- related diplomas or degrees at HETs	500 learners qualify with W&R related degrees at 50% pass rate being achieved	1000 first year students registered in W&R related qualifications	34	+4	Achieved. The applicants were of such high calibre that a decision was taken to accept the ones that passed the interview sessions
4.2.3.2	667 bursaries allocated to learners to complete W&R- related certificates or diplomas at FETs.	335 Learners qualify with W&R- related certificates or diplomas, with a 50% pass rate being achieved.	Nil - Contract signed with NSFAS in March 2012, which will address these targets in the future	1 100 bursaries allocated	+100	Achieved. More students applied and a decision was taken to allow them bursaries as well
	1 000 bursaries allocated to learners to complete W&R- related diplomas or degrees at Universities of Technology	500 learners to qualify in W&R- related degrees.	Nil - Contract signed with NSFAS in March 2012, which will address these targets in the future	17 54 bursaries allocated	+1084	Achieved: Funds allocated were sufficient to allow for the allocation of bursaries to more FET students.
	1 000 university, 1 000 University of Technology and 670 FET bursary holders to be placed within the sector for work integrated learning, annually	1 000 university, 1 000 University of Technology and 670 FET bursary holders to be placed within the sector for work integrated learning, annually	Nil	1 066 bursaries allocated.	+66	Achieved: The 66 learners that applied in excess of the target were allowed to register as well seeing that it all addresses the SETAs Scores and critical skills
				0	-2667	Not achieved – no participation by employers due to the fact that they are already participating in many other projects and couldn't host learners.

Outputs	SLA Targets	Performance Indicator	2011/12 Achievements	2012/13 Achievements		
				Actual	Variance	Comments
	2 learners register for and complete MBA with W&R focus.	2 learners registered for an MBA	Nil Positions were advertised for a Chair in HETs to assist with this qualification	4	+2	Achieved: The over achievement was to make up for the previous year's intake not achieved
	Retail Chair is established within HET	Retail Chair is established within HET	None	Retail Chair established at CPUT	None.	Achieved Retail Chair appointed
	2 learners register for and complete a PhD with W&R focus	2 Learners register for their PhD	Nil - Positions were advertised for a Chair in HETs to assist with this qualification	3	+1	Achieved. The over achievement was to make up for the previous year's intake not achieved
NSDS Outcome 4.2.4: Relevant research, development and innovation capacity is developed, and innovative research projects established						
4.2.4.1	Implement W&RSETA Research Agenda as proposed in Strategy Framework	Research conducted and published in Research Journal	13 research project proposals identified and approved	10 research studies conducted and published in Research Journal	None	Achieved Research Journal published
NSDS Goal 4.3: Promoting the growth of the public FET College system that is responsive to sector, local, regional and national skills needs and priorities						
NSDS Outcome 4.3.2: Partnerships between DHET, SETAs, Employers, Private providers and Public FET Colleges are resulting in increased capacity to meet industry needs throughout the country						
4.3.2.2	Develop a capacity-building project for FET lecturers on W&RSETA qualifications.	16 lecturers successfully capacitated in W&R qualifications.	Project developed and implemented	48	+32	Achieved: Discretionary Grants 2012/2013 over-subscribed.
NSDS Goal 4.4: Addressing the low level of youth and adult language and numeracy skills to enable additional training						
NSDS Outcome 4.4.1: A national strategy is in place to provide all young people leaving school with an opportunity to engage in training or work experience						
4.4.1.2	SETA systems are aligned to feed into the national database.	Tracking system developed for learners and aligned to DHET	Nil	SETA ERP System developed.	None	New ERP System to be ready for testing in April 2013. The in-house system has the capability to track learner placement in employment. The national tracking system is, however, not available as yet.
NSDS Goal 4.5: Encouraging better use of workplace-based skills development						

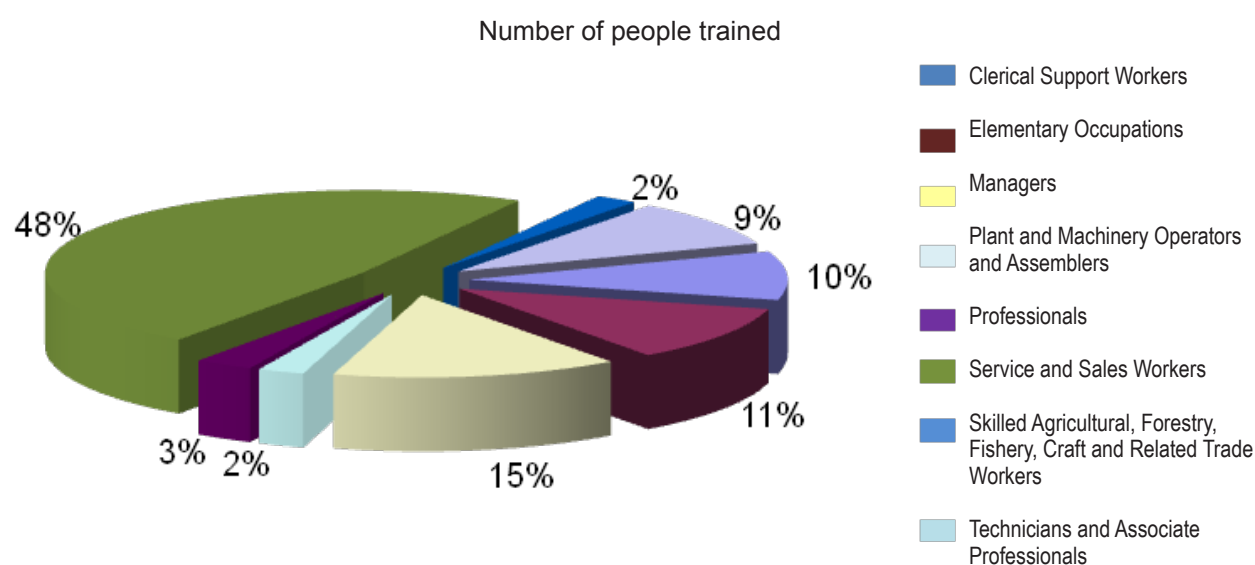
Outputs	SLA Targets	Performance Indicator	2011/12 Achievements	2012/13 Achievements		
				Actual	Variance	Comments
NSDS Outcome 4.5.1: Training of employed workers addresses critical skills, enabling improved productivity, economic growth and the ability of the workforce to adapt to change in the labour market						
4.5.1.1	Develop relevant qualifications with the Qualifications Management Body (QMB) and report on impact	Qualifications are approved and registered on the NQF	QMB has developed a management qualification on NQF level 6	3	None.	Achieved Qualifications were registered on the NQF
4.5.1.2	500 Learners below AET Level 4 to achieve NQF 1 Qualifications.	70% of all learners to successfully complete Learnership Programme.	Nil	681	+181	Achieved The Discretionary Grant 2012/2013 demand by organisations oversubscribed.
	W&R funds 1000 learners on Critical Skills Programmes. (identified in the SSP)	70% of all learners successfully complete Learning Programmes	Nil	6 242	+5242	Achieved: all funded learnerships had to include HIV & Aids Programme.
4.5.1.3	Implement joint projects with other organisations to address rural development Learners not limited to W&R for a 100 learners (6x Skills Programmes per learner)	70% of registered learners are qualified 500 in year 1 350 completed	276 learners completed the CTFL and W&RSETA partnership project	1 371 registered	+871	Achieved The achievement was due to the Rural youth project in collaboration with the provider, the Retailers and the Tribal Authorities.
NSDS Goal 4.6: Encouraging and supporting co-operatives, small enterprises, worker-initiated, NGO and community training initiatives						
NSDS Outcome 4.6.1: Co-operatives supported with skills training and development expands and contributes to sector economic and employment growth.						
4.6.1.1	Detailed research on co-operatives	Report on co-operatives	Research completed	Research not done.	0	Not Achieved: This research will be undertaken in 2013-2014
NSDS Outcome 4.6.2: Partnership projects to provide training and development support to small businesses are established in all sectors and their impact is reported on						
4.6.2.2	Implement a joint project with other organisations to support 50 co-operatives	35 co-operatives to successfully complete their learning	Nil	60 co-operatives registered learners.	+10	Achieved
				42 of these co-operatives learners	+7	Achieved
	Implement a joint project with SMME- focused agencies in New Venture Creations (NVC)	70 NVCs established and sustainable in year 2015-2016	75 Learners on SMME NVC project	132 learners registered on NVC	+82	Achieved: Due to the interest and challenge with NVCs in the two projects that organisations applied for the SETA managed to achieve more than expected
	50 new ventures are established (not limited to W&R)		50 with Just on Cosmetics and 25 with Regenysis			

Outputs	SLA Targets	Performance Indicator	2011/12 Achievements	2012/13 Achievements		
				Actual	Variance	Comments
4.6.2.2	Increase SMME participation in WSP/ATR process Increase number to 7 000 SMMEs through deployment of Independent Skills Development Facilitators (ISDFs)	SMS report reflecting 7 000 WSP/ATR submitted by SMMEs	5 584 Small 1 029 Medium 1 070 Fuel Retailers 7 683 total WSP/ATR received	8 236	+1236	Achieved Due to the participation of Organisations which qualifies for Mandatory Grants
	SMME levy-paying support 6 000 organisations and 2 000 non-levy paying W&R SMMEs.	Voucher System Report must reflect the numbers supported	6 163 levy paying SMMEs 2 072 non-levy paying supported	7442 978	+1442 -1022	Achieved: vouchers issued Not achieved: Low subscription by the Non-levy paying companies
NSDS Outcome 4.6.3: Worker, NGO and community-based education programmes are supported and their impact measured and reported on						
4.6.3.1	Training and capacity-building for 5 trade unions Project deliverables are under discussion with Union Board Members	Issue certificates to officials and members, who attended the Capacitation Programme	Nil	5	None	Achieved: consultations with unions have been completed and Memoranda of understanding signed with all 5 Unions.
4.6.3.2	Establish the need for a professional body Retail Business Schools of Excellence once the Retail Chair is in place	A professional body will be established if the need has been established 1 per province per year	Nil Nil	Research completed Retail Chair established	None None	Achieved: The research will now be made available to the Board Achieved: Retail Chair has been appointed in the CPUT and this is a significant milestone towards the establishment of Retail Business Schools of Excellence.
NSDS Goal 4.7: Increasing public sector capacity for improved service delivery and supporting the building of a developmental state						
Not applicable to the W&RSETA						
NSDS Goal 4.8: Building career and vocational guidance						
NSDS Outcome 4.8.1: Career paths are mapped to qualifications in all sectors and sub-sectors and are communicated effectively, contributing to improved relevance of training and greater mobility and progression						
4.8.1.1	Career Guidance in 200 schools	Teachers capacitated regarding career opportunities within the W&R sector.	364 career guides distributed to schools in 1 year	303	+103	Achieved: the strategy to group and invite schools in one location increased school participation.
4.8.1.2	Improve stakeholder participation through the Regional Forum and Qualifications Management Body (QMB)	Increase in stakeholder participation and number of programmes reviewed.	QMB reviewed all qualifications which must be aligned with QQCTO requirements in 3 years	10	+10	Achieved: 9 Regional Forums and 1 Qualifications Management Body represented by relevant stakeholders

2.4 Performance Oversight Statistics

Number of People trained per occupational class

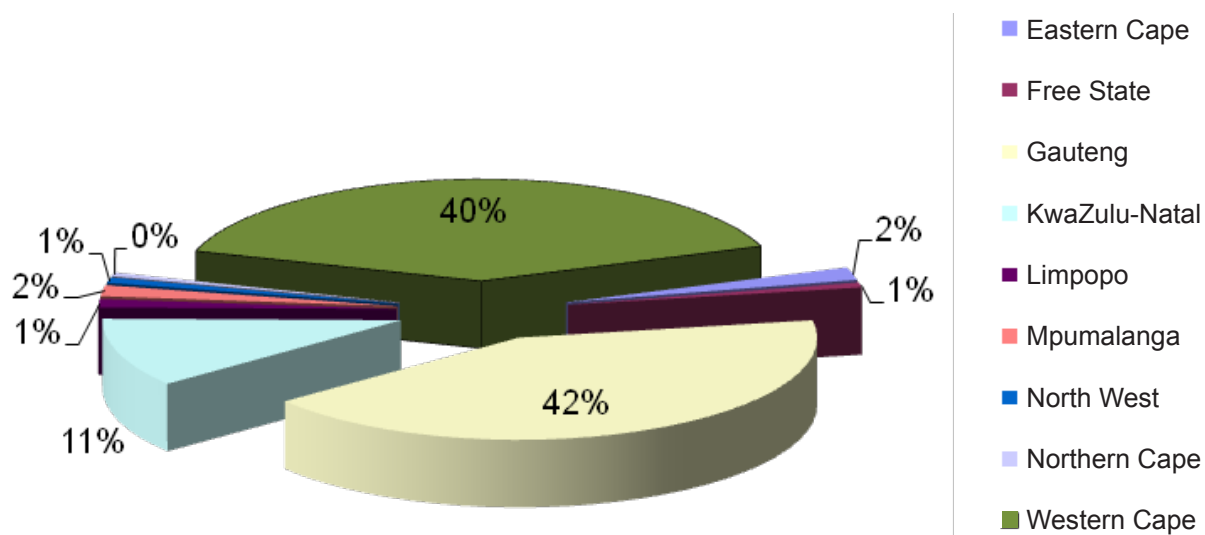
Occupational class	Number of people trained
Clerical Support Workers	39 667
Elementary Occupations	45 580
Managers	60 594
Plant and Machine Operators and Assemblers	9 852
Professionals	12 401
Service and Sales Workers	200 894
Skilled Agricultural, Forestry, Fishery, Craft and Related Trades Workers	8 913
Technicians and Associate Professionals	38 318
Grand Total	416 219



Number of People trained per Region

Region	Number of people trained
Eastern Cape	8396
Free State	3328
Gauteng	174934
KwaZulu-Natal	45550
Limpopo	5522
Mpumalanga	7228
North West	3549
Northern Cape	2493
Western Cape	165219
Grand Total	416219

Number of People trained per Region

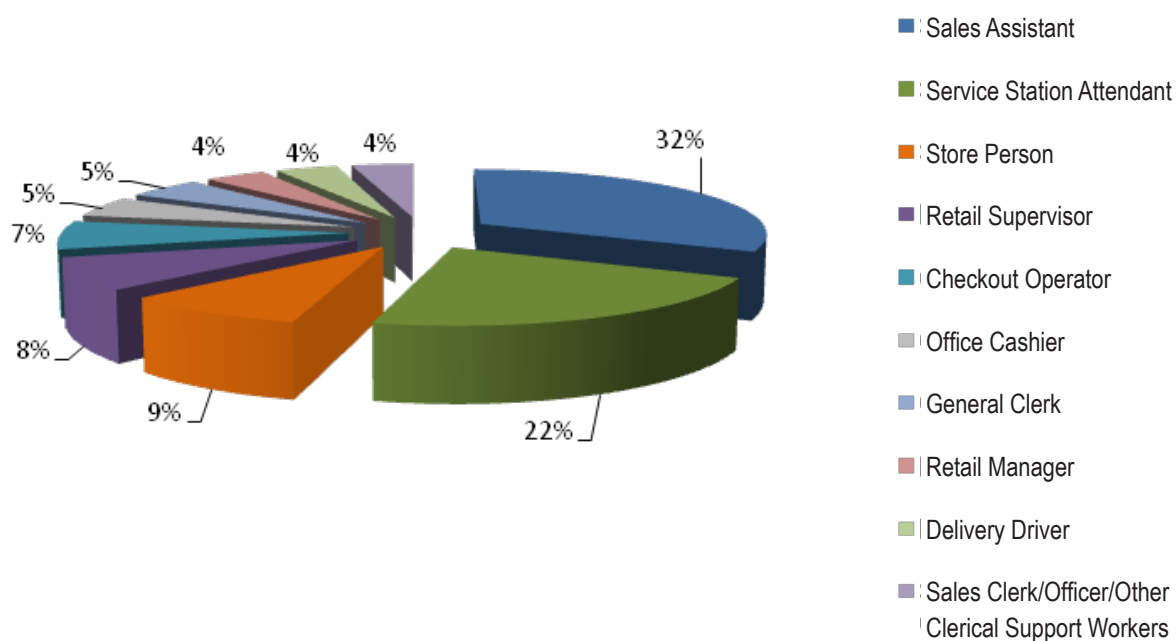


Performance Oversight Statistics (continued)

Number of people trained according to top 10 occupations

Occupational class	OFO Code	Number of people trained
Sales Assistant	522 301	7 025
Service Station Attendant	524 501	4 849
Store Person	833 402	1 864
Retail Supervisor	522 201	1 680
Checkout Operator	523 101	1 514
Office Cashier	523 102	1 144
General Clerk	411 101	1 011
Retail Manager	142 103	957
Delivery Driver	732 101	952
Sales Clerk / Officer / Other Clerical Support Workers	441 904	849
Grand Total		21 845

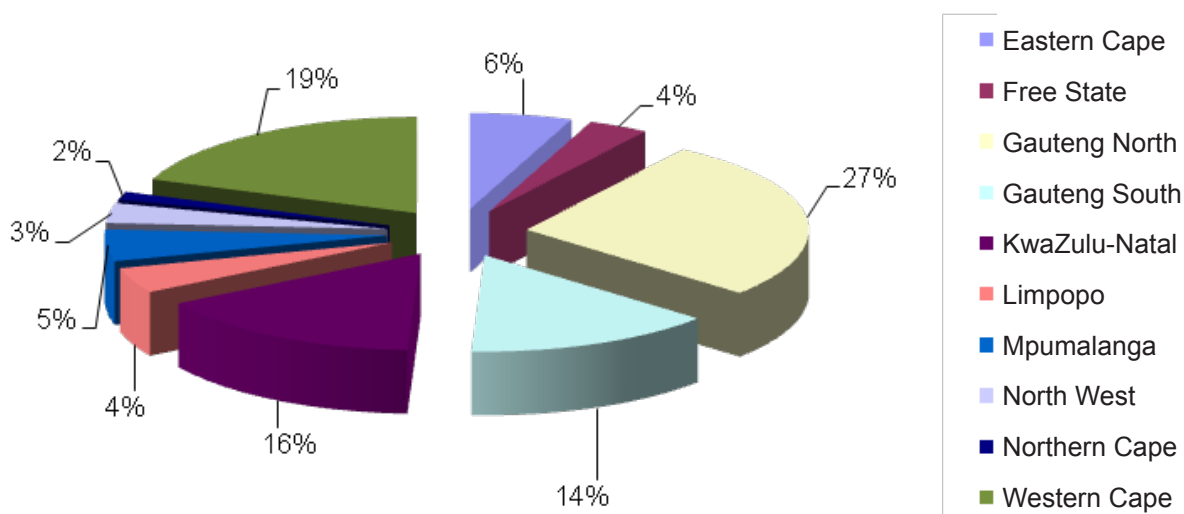
Number of people trained



Number of levy paying companies per region

Regions	Small (0-49)	Large (150+)	Medium (50-149)	Grand total
Eastern Cape	715	25	98	838
Free State	433	10	51	494
Gauteng North	3 413	110	337	3 858
Gauteng South	1 716	111	219	2 046
KwaZulu-Natal	1 891	87	253	2 231
Limpopo	515	22	76	613
Mpumalanga	658	18	80	756
North West	423	6	48	477
Northern Cape	177	4	14	195
Western Cape	2 381	113	258	2 752
Grand Total	12 322	506	1 434	14 260

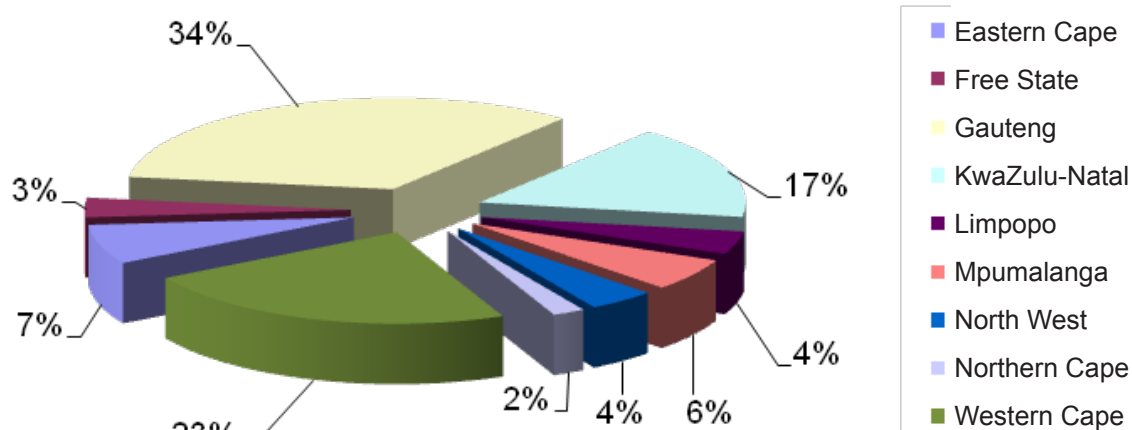
Number of levy paying companies per region



Number of small companies supported per region

Region	Small (0-49)
Eastern Cape	488
Free State	241
Gauteng	2 353
KwaZulu-Natal	1 152
Limpopo	285
Mpumalanga	402
North West	284
Northern Cape	137
Western Cape	1 614
Grand Total	6 956

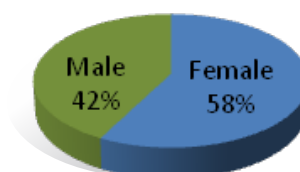
Number of small companies supported



Number of employed learners who entered Learnerships and Skills Programmes

Gender	Learnerships	Skills Programme	Grand Total
Female	1 517	1 315	2 832
Male	1 247	1 221	2 468
Grand Total	2 764	2 536	5 300

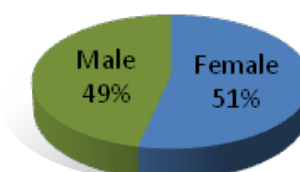
18.2 Entered



Number of employed learners who completed Learnerships and Skills Programmes

Gender	Learnerships	Skills Programmes	Grand Total
Female	810	814	1 624
Male	966	595	1 561
Grand Total	1 776	1 409	3 185

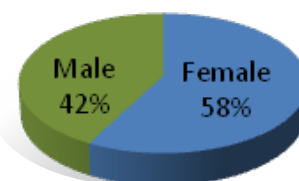
18.2 Completed



Number of unemployed learners who entered Learnerships and Skills Programmes

Gender	Learnerships	Skills Programme	Grand Total
Female	1 835	108	1 943
Male	1 367	55	1 422
Grand Total	3 201	163	3 365

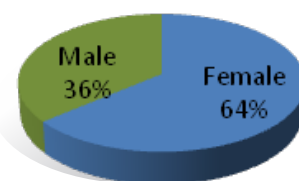
18.2 Entered



Number of unemployed learners who completed Learnerships and Skills Programmes

Gender	Learnerships	Skills Programmes	Grand Total
Female	2 537	226	2 763
Male	1 439	147	1 586
Grand Total	3 976	373	4 349

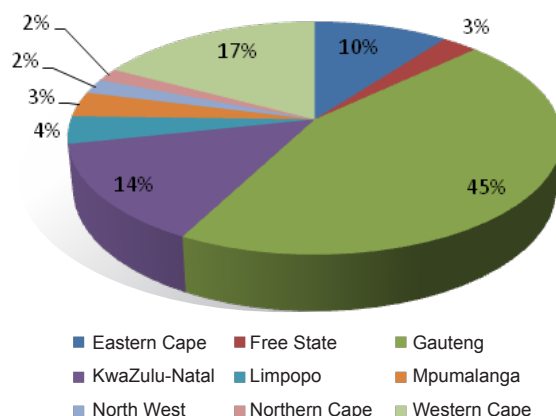
18.2 Completed



Number of employed learners who entered Learnerships and Skills Programmes

Region	Learnerships	Skills Programmes	Grand Total
Eastern Cape	164	380	544
Free State	47	98	145
Gauteng	1 281	1 088	2 369
KwaZulu-Natal	498	241	739
Limpopo	119	83	202
Mpumalanga	100	84	184
North West	30	79	109
Northern Cape	53	42	95
Western Cape	472	441	913
Grand Total	2 764	2 536	5 300

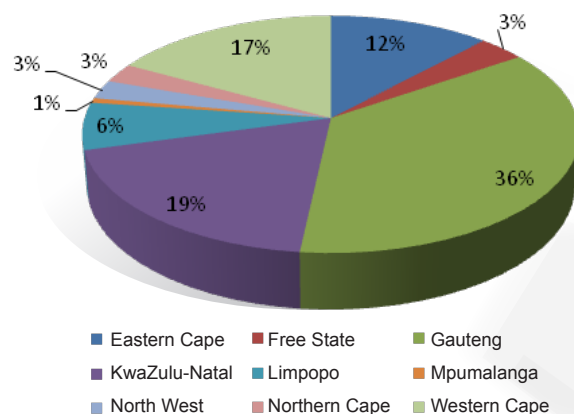
18.1 Entered



Number of employed learners who completed Learnerships and Skills Programmes

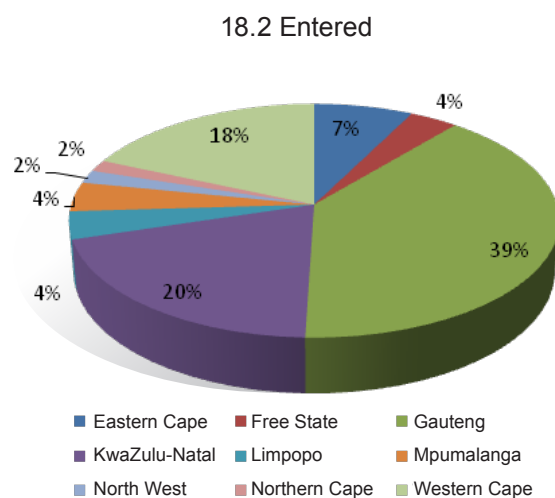
Region	Learnerships	Skills Programmes	Grand Total
Eastern Cape	114	266	380
Free State	77	34	111
Gauteng	816	341	1 157
KwaZulu-Natal	362	242	604
Limpopo	99	106	205
Mpumalanga	14	7	21
North West	47	35	82
Northern Cape	11	73	84
Western Cape	236	305	541
Grand Total	1 776	1 409	3 185

18.1 Completed



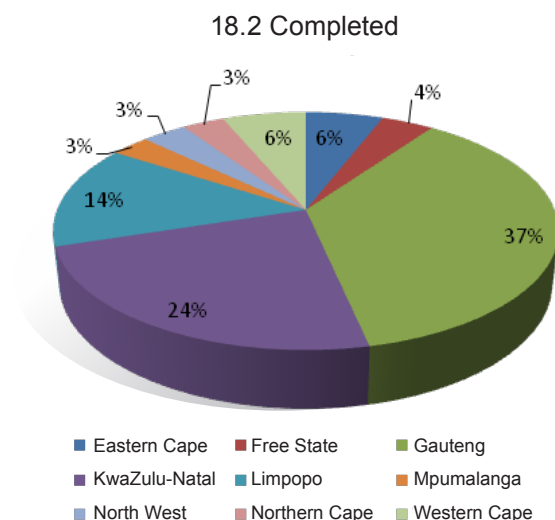
Number of unemployed learners who entered Learnerships and Skills Programmes

Region	Learnerships	Skills Programmes	Grand Total
Eastern Cape	233	18	251
Free State	114	8	122
Gauteng	1 231	95	1 326
KwaZulu-Natal	649	16	665
Limpopo	125	3	128
Mpumalanga	128	9	137
North West	59	2	61
Northern Cape	53	1	54
Western Cape	609	11	620
Grand Total	3 201	163	3 364



Number of unemployed learners who completed Learnerships and Skills Programmes

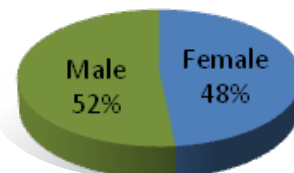
Region	Learnerships	Skills Programmes	Grand Total
Eastern Cape	191	65	256
Free State	172	0	172
Gauteng	1 579	20	1 599
KwaZulu-Natal	962	60	1 022
Limpopo	420	191	611
Mpumalanga	127	0	127
North West	145	2	147
Northern Cape	139	0	139
Western Cape	241	35	276
Grand Total	3 976	373	4 349



Number of employed disabled learners who entered Learnerships and Skills Programmes

Gender	Learnerships	Skills Programme	Grand Total
Female	3	70	73
Male	4	74	78
Grand Total	7	144	151

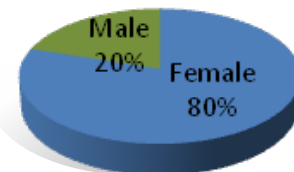
18.1 Entered



Number of employed disabled learners who completed Learnerships and Skills Programmes

Gender	Learnerships	Skills Programmes	Grand Total
Female	7	1	8
Male	0	2	2
Grand Total	7	3	10

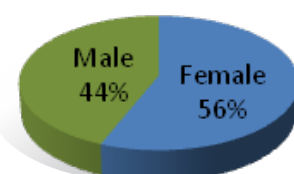
18.1 Completed



Number of unemployed learners who entered Learnerships and Skills Programmes

Gender	Learnerships	Skills Programme	Grand Total
Female	133	0	133
Male	104	0	104
Grand Total	237	0	237

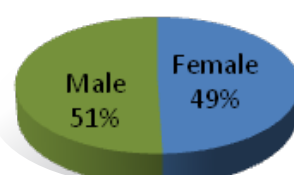
18.2 Entered



Number of unemployed learners who completed Learnerships and Skills Programmes

Gender	Learnerships	Skills Programmes	Grand Total
Female	94	0	94
Male	96	0	96
Grand Total	190	0	190

18.2 Completed



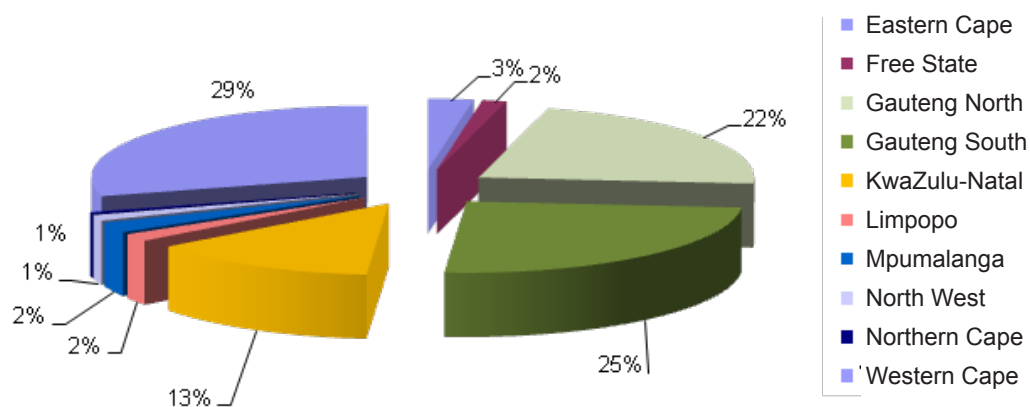
2.5 Summary of Financial Information

2.5.1 Revenue Collection

Levies received per region

Region	Small (0-49)	Large (150+)	Medium (50-149)	Grand total
Eastern Cape	9 948 134	4 082 198	4 028 843	18 059 175
Free State	5 963 231	1 437 453	2 307 875	9 708 559
Gauteng North	62 371 211	59 481 226	29 436 391	151 288 828
Gauteng South	40 096 484	119 606 866	19 147 202	182 850 552
KwaZulu-Natal	29 710 490	47 223 230	14 791 951	91 725 671
Limpopo	6 839 497	2 189 657	3 027 647	12 056 801
Mpumalanga	8 334 923	4 046 628	3 913 329	16 294 880
North West	6 020 771	493 797	2 519 204	9 033 772
Northern Cape	2 171 871	302 346	603 646	3 077 864
Western Cape	39 591 669	145 336 385	17 258 846	202 2016 899
Grand Total	215 048 281	384 229 784	97 034 935	696 313 000

Levies received for 2012/13 per region

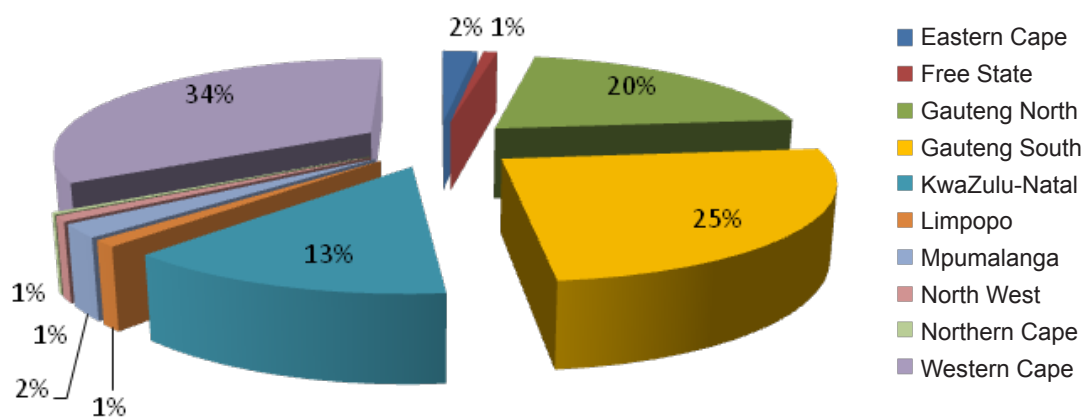


2.5.2 Programme Expenditure

Mandatory Grant Expenditure

Region	Small (0-49) (R'000)	Large (150+) (R'000)	Medium (50-149) (R'000)	Grand total (R'000)
Eastern Cape	3 251	2 317	1 975	7 543
Free State	1 396	761	859	3 017
Gauteng North	18 729	36 532	15 269	70 530
Gauteng South	11 503	66 385	9 332	87 220
KwaZulu-Natal	10 919	28 193	7 205	46 317
Limpopo	1 442	1 186	1 180	3 808
Mpumalanga	2 948	2 434	2 203	7 585
North West	1 679	303	1 200	3 182
Northern Cape	743	192	373	1 307
Western Cape	16 436	90 453	10 129	117 018
Grand Total	69 046	228 755	49 726	347 527

Grants paid for 2012/13 per region

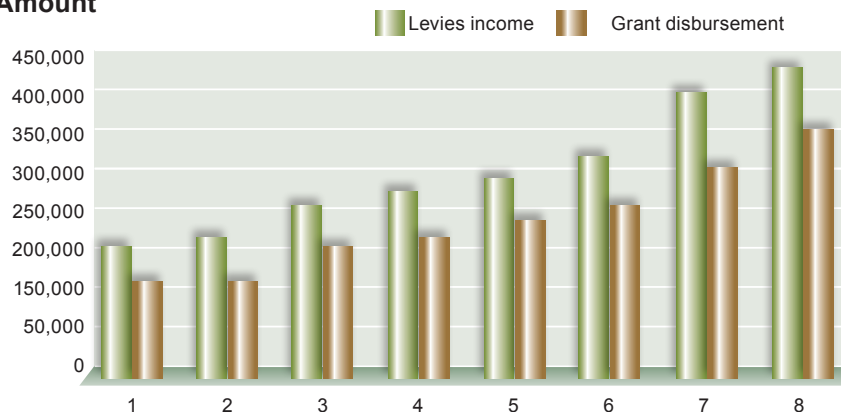


2.5.3 Revenue vs. Expenditure

Levy Income vs. Grant Expenditure

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Levy income	197 393	211 925	253 219	273 364	291 572	314 011	395 337	431 896
Grant disbursements	148 455	155 596	204 691	211 040	233 687	254 716	302 789	347 527
Percentage of grant/ levy disbursements.	75%	73%	81%	77%	80%	81%	77%	80%
Number of registered companies	44 209	53 985	56 713	59 530	62 698	65 411	71 238	75 052

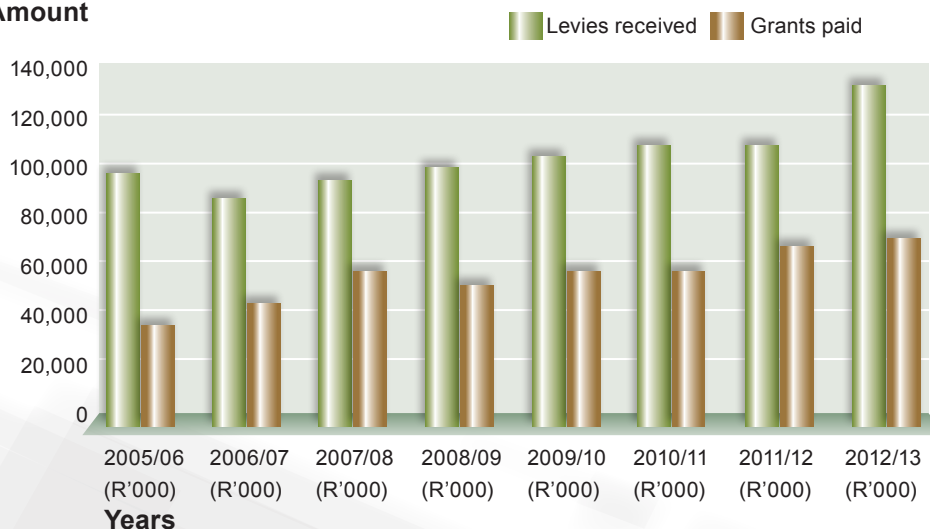
Amount



Levies vs. Grants paid: Small category

Category	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)	(R'000)
Levies received	94 627	86 316	93 592	98 207	101 411	104 709	135 517	132 415
Grants paid	32 398	42 869	55 077	49 736	55 530	55 511	67 081	69 047
%	34%	50%	59%	51%	34%	53%	50%	52%

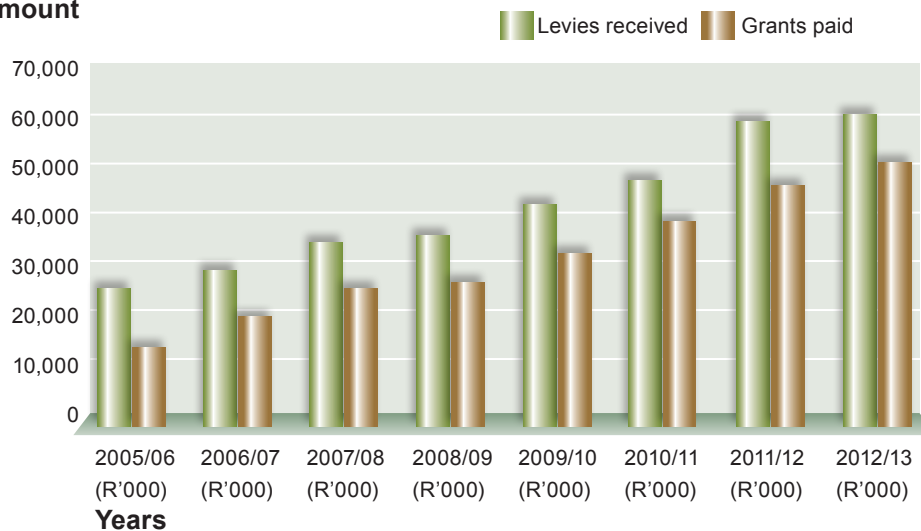
Amount



Levies vs. grants paid: Medium category

Category	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2008/09 (R'000)	2009/10 (R'000)	2010/11 (R'000)	2011/12 (R'000)	2012/13 (R'000)
Levies received	25 755	27 038	33 627	35 874	40 943	45 819	58 426	66 302
Grants paid	14 059	19 212	25 582	26 285	31 530	37 125	44 262	49 702
%	55%	71%	76%	73%	77%	81%	76%	75%

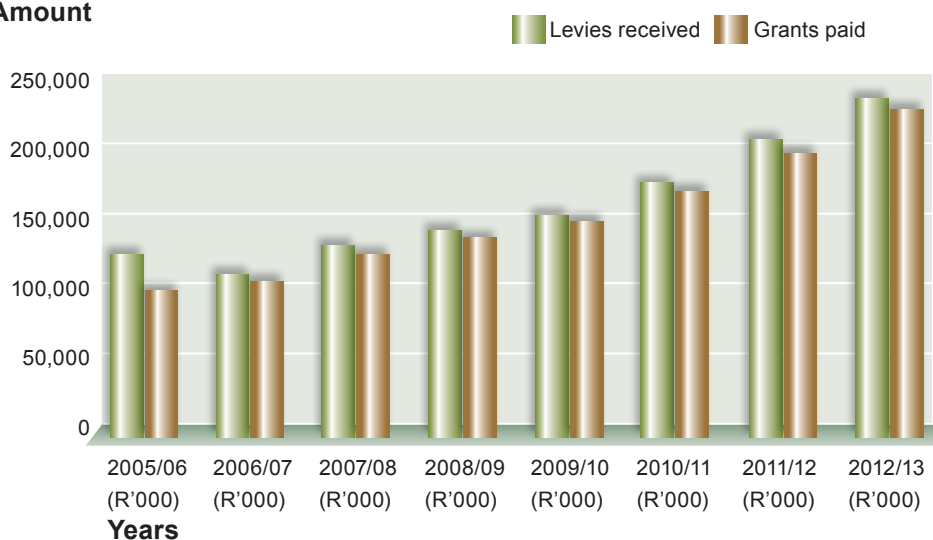
Amount



Levies vs. grants paid: Large category

Category	2005/06 (R'000)	2006/07 (R'000)	2007/08 (R'000)	2008/09 (R'000)	2009/10 (R'000)	2010/11 (R'000)	2011/12 (R'000)	2012/13 (R'000)
Levies received	119 216	106 747	126 000	139 283	149 227	164 112	201 394	233 179
Grants paid	88 338	102 034	124 032	135 018	146 527	162 079	191 446	228 732
%	74%	96%	98%	97%	98%	99%	95%	98%

Amount



2.6 Performance Information

2.6.1 Service Delivery Environment

Striving to ensure that we serve our stakeholders at close proximity, the W&RSETA established Regional Offices in all provinces. During the year under review, the Northern Cape Regional office, based in Kimberley, was officially opened by the Acting Premier Honourable Grizelda Cjiekella.

The SETA has heeded the Minister's call for SETA presence in rural areas, townships and FET Colleges. Where feasible, we are considering establishing partnerships with SETAs which have already established a presence in FET Colleges. In addition, our Board has approved a joint project with stakeholder companies, four FET Colleges and a University in KwaZulu Natal to implement a comprehensive model to address the W&RSETA's presence in previously marginalised areas. Plans and discussions are at an advanced stage and various strategies have been devised to address this issue.

Despite various initiatives to reach out to non-levy paying companies, persuading these companies to participate in the skills development processes, remains an on-going challenge. In order to address this challenge, we have implemented an SMME Training Voucher project.

We commissioned an impact study on the regional offices to assess the effectiveness of the regional offices. The results confirm that most regional offices meeting our stakeholders' expectations and there is still room for improvement.

2.6.2 Organisational Environment

W&RSETA has remained stable during the period. In order to enhance service delivery. The SETA has reviewed its organizational structure to ensure alignment with our strategic plan. The new structure will be implemented in the 2013/2014 financial year.

2.6.3 Key Policy Developments and Legislative Changes

The Executive Authority introduced a number of instruments including Acts, Bills and Regulations. These are outlined below:

- SETA Grant Regulations regarding monies received by a SETA and related matters: 03 December 2012
- Guidelines on the Implementation of SETA Grant Regulations: 03 December 2012
- Learning Programme Regulations: 03 July 2012

W&RSETA management interacted with stakeholders to communicate the implications of the legislation. Over and above the national road shows conducted by the board and management, these changes were also published on our website, notices were sent to stakeholders and our regional offices interacted with stakeholders through stakeholder forums in various provinces.

W&RSETA has implemented a number of projects during the period under review; a full schedule of projects is found on pages 104 to 113 of the report. The following projects indicate some of the highlights of the SETA during the review period.

2.7 Performance Information by Programme

2.7.1 Performance by Programme

2.7.1.1 International Leadership Development Programme (ILDLP)

Purpose Launched in 2009, the ILDP is the W&RSETA's flagship programme. An Action Learning Programme, the ILDP exposes high potential executives from across the sector to local and international best practice.



Some of the 2012 ILDP graduates.

The programme is open to high potential senior managers in the Wholesale and Retail sector, who have been earmarked for executive management positions within their organisations. The programme focuses on the accelerated development of senior managers drawn from historically disadvantaged groups.

Implemented annually, this intensive 8-month programme, delivered in partnership with the Gordon Institute of Business Science (GIBS), and includes an international study tour to Canada, United State, United Kingdom, India and China.

Strategic Objectives

The ILDP is designed to develop future leaders in the Wholesale and Retail sector in South Africa. Accredited as a Senior Executive Development Programme at NQF level 7, the programme exposes prospective senior managers from across the Wholesale and Retail Sector to international co-learning opportunities.

The Programme creates opportunities for participants to function more effectively in team-settings. Participants are required to research and make recommendations on a strategic challenge facing the sector.

Highlights and Impact

Since inception, the number of participants has doubled. A total of 38 senior managers participated in the 2012 Programme. For the first time, the programme included a study tour to China and India.

Introduced in 2009, the programme boasts 108 alumni.

For participants, undoubtedly, one of the greatest benefits is the fact that they are able to build a network of empowered executives. Candidates are able to benefit from one another's experiences for the betterment of their own organisation, and the sector as a whole.

The Board has approved the 2013 ILDP. The programme has been expanded to include a study tour to Kenya.

2.7.1.2 Retail Management Development Programme (RMDP)

Purpose

The RMDP seeks to equip supervisors and middle managers with the requisite skills to become effective managers. The programme also seeks to create a pathway for career development, while at the same time addressing skills gaps. It is envisaged that the programme will build a pipeline of middle management skills within the sector.

Research has revealed that many managers in the sector have a low qualifications base. They improve their skills through on-the-job training. The programme will hopefully, help to professionalise Retail, and make a career within the sector more attractive. The programme provides a strong foundation for the ILDP.

Strategic Objectives

Many Higher Education institutions offer generic Management Development Programmes (MDP). However, none have been devised to equip candidates with the requisite skills to meet the unique challenges facing the Wholesale and Retail sector. Company in-house programmes tend to address the unique challenges, which a specific organisation faces. It is against this backdrop that a sector-specific NQF Level 6 qualification, targeting middle managers and supervisors was designed and offered in partnership with the University of Pretoria. **Highlights and Impact**

Over 200 candidates with management potential participated in the 2012 Programme. Participants

Performance Information by programme (continued)

included employees from small business, who want to grow their businesses. Offered for the first time, the programme was a resounding success: 191 candidates successfully completed the programme. Based on this success, the programme will be offered again in 2013.



From right to left: Dr Mazwai, Joel Dikgole, Dr. Lombard and an RMDP graduate.

2.7.1.3 Bursary Scheme Project

Purpose

The Bursary Scheme Project was implemented to address scarce and critical skills shortages identified in the W&RSETA SSP report. This multi-level Bursary Scheme includes:

- Bursaries for final year students which is administered in partnership with NSFAS;
- Bursaries for first year university and FET College learners which is administered by Career-Wise;
- Bursaries for learners who have completed a W&RSETA NQF levels 4 and 5 learnership programmes; and
- Bursaries for post graduate learners who want study Masters or Doctoral degrees in retail related fields.

Strategic Objectives

The objectives of the bursary project include:

- Address the scarce and critical skills identified in the SSP report

- Contribute towards an increase in the number and quality of South African postgraduate students within Wholesale and Retail sector;
- Enhance research within the sector;
- Build a pipeline of the next generation of researchers in the South African retail landscape; and
- Contribute towards professionalising the sector, so as to make the sector, the sector of career choice.



University of Johannesburg learners who benefited from W&RSETA bursary

Highlights and Impact

W&RSETA entered into partnership with the National Student Finance Assistance Scheme (NSFAS) to administer bursaries to needy students. Over R16 million was disbursed in bursaries to 1 754 students studying at 23 FET Colleges; a further R39 million was disbursed to 1 223 students studying at 22 universities throughout the country.

W&RSETA appointed Career-Wise to manage a R242 million Bursary Fund for the 2012/13 academic year for 1 000 students studying qualifications that related to our sector. Of the 1 000 students, who received financial assistance, 820 were successful in their studies representing. This translates into an 82% success rate.

1000 bursaries were made available to learners, who have completed W&RSETA's NQF Level 4 and Level 5 learnership programmes to study either on a full-time or part-time basis at any public university in South Africa.

2.7.1.4 Wholesale and Retail Leadership Chair Project



PhD and Master students who have received W&RSETA bursaries.

Purpose

The Leadership Chair project seeks to promote collaborations between industry and an institution of higher learning to facilitate the development of retail-specific qualifications. The project also ensures that extensive research is undertaken within the Sector.

Strategic Objectives

Through the creation of the Retail Leadership Chair, Retail Centres of Excellence will be established. These centres will bridge the gap between generic curricula offered by higher education institutions, and retail-specific learning programmes, diplomas and degrees at NQF levels 6 – 10.

Centres of Excellence will contribute to the development of sector-specific postgraduate studies, and will also increase research and skills development within the sector.

The Chair will co-ordinate, guide and support Masters and Doctoral students, who have received W&RSETA Bursaries..

Highlights and Impact

The first-ever Leadership Chair has been established and is located at the Cape Peninsula University of Technology (CPUT). An interim Chair has been appointed and efforts are underway to appoint a permanent Chair.

2.7.1.5 Career Guidance Implementation Project

Purpose

NSDS III (Indicator 4.8) and the SSP agitate for the development of a comprehensive Career Guidance Strategy for youth in schools, out of school and in the workplace. Much emphasis is placed on rural disadvantaged youth and disabled youth.



Thozamile conducting career guidance at a school in Kuruman

Historically, very little Career Guidance has been offered at school-level. As a result, the youth typically opt for a particular programme because it has been well marketed, or because Financial Aid is available to complete the programme. Unfortunately, aptitude for a particular career is seldom factored in, and scant attention is paid to demand for a particular skill. Unfortunately, these factors have contributed to high levels of unemployment amongst graduates in South Africa.

The W&RSETA has partnered with municipalities, tertiary institutions, sector employers, District Departments of Education and community organisations, for the provision of Career Guidance. Recognising the importance of employability, our SETA focuses on the demand for specific skills within the sector.

Strategic Objectives

Career Guidance refers to services and activities intended to assist youth, in schools, out of school, in tertiary institutions and those already in the workplaces within the Wholesale and Retail sector to make educational, training and occupational choices and to manage their careers. Such services and activities are initiated in schools, universities, FET Colleges, communities and sector employers.

Our Career Guidance initiative objectives include:

- Presenting the sector as a sector of career choice;
- Professionalizing the sector;
- Promoting various offerings by the SETA and the sector;
- Facilitating employability within the sector;
- Contributing to improving the relevance of training and greater career mobility and progression within the sector;
- Creating awareness around qualifications and Career Paths within the sector;
- Encouraging learners to opt for programmes, for which they have an aptitude;
- Contributing to the facilitation of economic growth; and
- Meeting NSDS III outcome 4.8 objectives.

Highlights and Impact

The Career Guidance Programme has been implemented very successfully. The SETA has engaged with learners in mainstream schools, schools for learners with disabilities, learners in tertiary institutions, and unemployed learners.

W&RSETA visited over 300 schools countrywide, including 10 schools for learners living with disabilities. A Workshop approach was adopted, which entailed spending between 3 and 4 hours with learners, engaging with them on various careers within the sector. Information was also provided about W&RSETA Bursaries, and other opportunities within the sector. W&RSETA came into contact with over 15 000 learners and over 3 000 unemployed youth.

Social media communication platforms, including Facebook, Twitter, LinkedIn and Mix it have been deployed to reach out to the youth in rural areas and those in Higher Education Institutions. Feedback from 1 500 followers, confirms that our social media communication platforms have proved very successful.

Some 75 000 copies of the Learner Career Guides were distributed to schools and learners during various Career Expos. An additional 20 000 Graduate Career Guides were distributed to university and FET College learners.

2.7.1.6 The Rural Youth Project

Purpose

The Rural Youth Programme was one of the SETA's most innovative projects implemented during the year under review. Some 502 learners from Limpopo, KwaZulu Natal, Free State, North-West, Mpumalanga and Northern Cape were enrolled onto the programme;

434 learners completed successfully, graduating with a NQF Level 5 Retail Management qualification.

Strategic Objectives

The Rural Youth Project seeks to equip learners to become quality retail managers and store owners through interactive theoretical training, funded by the W&RSETA. The project was established to specifically benefit the youth in rural areas. It is being rolled out in the North West, Mpumalanga, Limpopo, Free State, Northern Cape and KwaZulu-Natal provinces.



David Maake (center) with rural youth development project graduates in the North West

The project was initiated because of the perceived marginalising of the youth in rural areas and the slow delivery of skills and services in these areas.

It is important to distinguish between training rural people and skills for rural development. While the former seeks to equip rural people with sufficient skills to migrate to urban areas, the latter, seeks to train rural people for the development of the rural areas themselves.

Highlights and Impact

The project has proved very successful. Special mention should be made of employer participation, which contributed considerably to the project's success. A total of 434 learners, out of 502, were found competent, this represents 86% success rate. These learners were placed in companies that are taking part in the project.

2.7.1.7 Co-operatives Development Programme

Purpose

A number of challenges, including skills deficit limit the success of co-operatives and even result in their collapse. Seeking to address the skills gap, the W&RSETA implemented learning programmes, whose prime purpose was the development of co-operatives. The programmes sought to capacitate co-operatives through critical skills transfer, enabling them to better manage and grow their businesses. Basic food safety skills and financial management were identified, among others, as the two critical skills needed. The programme was implemented in the Eastern Cape Province. 300 learners from 60 rural co-operatives participated in the programme

Strategic Objectives

The development of co-operatives is a strategic imperative in the NSDS III: "co-operatives supported with skills training and development expand and contribute to sector economic and employment growth".



Some of the learners from the local co-operatives in the Eastern Cape

The Project's core objective was to provide the members of these 60 co-operatives with the necessary skills to enable them to improve the operations of their co-operatives.

Highlights and Impact

The project was divided into two streams: Food Safety Training and Business Skills Training. A total of 183 learners went through a Food Safety Training screening process: 105 were accepted onto the programme. Of those who completed the programme, 101 were found competent. The SETA surpassed its initial target of 100 learners by one.

A total of 226 learners went through the Business Skills Training screening process: 210 learners were accepted onto the programme, and 188 learners were found competent. This equates to a 94% success rate, based on the initial target of 200 learners.

After completing the training programmes, learners were taken through an intensive mentorship programme to capacitate them in various aspects of their business. Feedback from the learners has been very encouraging. Participants concur that the training has added a lot of value to their businesses.

2.7.1.8 Work Experience Employment Grant Project

Purpose

The Work Experience Employment Project has been devised to afford university graduates an opportunity to acquire practical skills, so that they can be gainfully employed within the sector. This program also seeks to develop learner-confidence, enabling learners to better market themselves to prospective employers within the sector.

Seeking to encourage young graduates to make the Wholesale and Retail sector their sector of career choice, the W&RSETA sponsored companies to offer to university graduates placement opportunities. Employers are reticent to hire graduates, who do not have any work experience. By gaining some workplace experience, graduates will become a more attractive employee proposition.

Strategic Objectives

The project was implemented to address the NSDS III objective: "Increasing access to occupationally-directed programs"

Unfortunately economic growth in South Africa has not been at sufficiently high levels to address the challenges of inequality, unemployment and poverty prevalent in South Africa. By placing graduates in various companies in the Wholesale and Retail sector, the W&RSETA is attempting to address skills scarcity in specific areas, which have hampered economic growth.

The project seeks to:

- Provide employment opportunities to unemployed graduates, while addressing scarce and critical skills in the Wholesale and Retail sector
- Address the need for critical and scarce skills in the Retail sector and increase the sector's competitiveness, facilitate growth, and enhance sustainability
- Stem job losses and the outflow of funds from South Africa due to off-shoring Create employment opportunities for new entrants into the Retail sector



Some of the W&RSETA graduates in the Western Cape.

Highlights and Impact

The project placed 1 168 graduates nationally, in the workplace for a period of up to 12 months to acquire workplace experiential learning.

While placement creates a pathway for development and career growth for individuals, it also helps to build a pipeline of middle management talent within the sector.

2.7.1.9 The Clothing Bank Project

Purpose

The Clothing Bank Project was devised to assist unemployed single mothers. The Clothing Bank (TCB) has partnered with retailers, who donate surplus clothing. Women are taught to run micro businesses. TCB offers a two-year programme, which includes training, life skills and business practice. Forty of these women are currently on a W&RSETA-sponsored New Venture Creation Programme..

The Clothing Bank partnered with The Business Place Philippi (TBPP) to establish the Microfranchise Accelerator (MFA) Project to assist their learners build sustainable businesses. Serving as a bridge between franchisors and franchisees, MFA maintains the franchisees for two years to ensure that they get the support they need to build sustainable businesses.

One of the winners of SAP's global entrepreneurship competition, "The Power of Small: Entrepreneurs Strengthening Local Economies," MFA was selected for excellence in terms of assisting emerging entrepreneurs and small businesses in underprivileged communities grow and prosper.



Three of the women who benefited from the Clothing Bank Project

Strategic Objectives

The project has been devised to fulfil goal 6 of the NSDS III: "encouraging and supporting cooperatives, small enterprises, worker-initiated, NGO and community training initiatives".

The project seeks to:

- Empower entrepreneurs and provide access to viable self-employment opportunities

- Create a strong support system by sourcing partners and services for franchisees
- Mentor entrepreneurs and franchisees for two years
- Focus and develop micro franchise solutions

Candidates are provided with up to 500 hours of training. Training courses include financial life skills, business skills, selling skills, merchandising and life skills (parenting skills, health and wellbeing). Successful candidates are eligible to enrol on a one year New Venture Creation Learnership (NQF Level 4) in their second year, offered in partnership with the South African Institute for Entrepreneurship.

Highlights and Impact

TCB has trained more than 250 women to run successful businesses, 91% of which have improved their families' living conditions; 88% have started saving. Since the year 2000, TBPP has helped more than 40 000 entrepreneurs across South Africa.

2.7.1.10 eThekweni Informal Traders

Purpose

Conceptualised as a pilot to address the need to develop SMMEs, the project focused on informal traders, registered as traders with the eThekweni Municipality in KwaZulu Natal, trading in the Wholesale and Retail environment. The project was devised to empower these traders to manage sustainable businesses.

The project targeted 1 000 informal traders. Participants were required to complete a short course (non-credit bearing) qualification over a period of 12 months in partnership with three FET Colleges within the eThekweni Municipality area. Learners were supported and trained in business skills and other areas identified by the municipality.

Strategic Objectives

Informal traders completed six modules designed by the FET Colleges, to Increase knowledge and capacity by enhancing their business skills. Informal traders received training in Customer Care, Financial Management, Merchandising, Conflict Management, Productivity and Waste Management.

Highlights and Impact

Around R8 million was set aside for the project. This ground-breaking pilot project provided an opportunity to accelerate co-operation and collaboration between the W&RSETA, FET Colleges and the Local Municipality.

The project was completed on time, within budget and achieved a 100% return on investment. Most importantly, 1 000 informal traders, now have the requisite skills to enable them to trade and grow their business.



Declan Lawson and Nhlanhla Dimba with informal traders.

2.7.1.11 Save-it Spaza Project

Purpose

The project sought to capacitate Spaza shop owners with the requisite skills to be able to manage their businesses effectively. All participating Spaza shops were from the Khayelitsha, Cape Town.

Having received training in the NQF 4 Wholesale and Retail Operations qualifications, young, unemployed people were able to put their theory into practice by being placed in Spaza shops where they were tasked with training Spaza shop owners.

Strategic Objectives

The project was borne out of the recognition that most Spaza shops in Khayelitsha, owned by South Africans, are less successful than those owned by foreigners. The project, therefore, sought to capacitate local Spaza shop operators with the necessary skills to be effective in their businesses, thereby reducing conflict with foreign Spaza shop owners.



Some of the Spaza Shop owners

Key Highlights and Impact

40 unemployed young people from Khayelitsha were placed in various Spaza shops to gain work experience within a retail environment. They enrolled onto the NC: W&R Operations qualifications via a Learnership. The Spaza shop owners were then enrolled onto a Skills Programme to assist them to run their business more effectively. The young people received monthly stipends from the W&RSETA for the project's duration.

This model worked very well as the young people imparted the necessary knowledge to the Spaza shop owners. This resulted in improvements in customers service, inventory management and financial management.

2.7.2 Research Projects

The W&RSETA continuously invests in research and development in order to update the SSP Plan and the sector as a whole, regarding socio-economic trends and developments, and drivers of change within the sector.

An impact assessment of various skills development initiatives is critical in terms of informing and guiding the W&RSETA on best practise. It also plays an important role in encouraging innovation in the conceptualisation, design and delivery of skills development initiatives.

The following Research Projects were undertaken:

1. Sector Skills Plan (SSP) 2012/13 Update: the SSP outlines the sector profile, economic change drivers and scarce and critical skills, enabling the W&RSETA to design relevant support programmes to address skills shortages.
2. Trends and analysis of the W&R sector informed by change drivers and impact on skills development with reference to the 2020 operating environment:

The study shared some information pertaining to the future prospects of the Wholesale and Retail sector, including the outline of the expansion of international retailers into South Africa; further expansion of the SA Retail footprint in Africa; change drivers within the Wholesale and Retail sector; and implications for W&RSETA skills development initiatives.

3. Job Opportunity Index (JOI) 2012/13: the JOI report confirmed the scarce and critical skills as reflected in our Sector Skills Plan, and further highlight the sector's economic contribution to job creation and the country's gross domestic product (GDP).
4. The demand for skills in the industry versus the supply of skills from the FET Colleges and the HETs: the findings revealed that the majority of the HETs currently do not offer Wholesale and Retail-specific qualifications, which address scarce and critical skills within the sector. There is clearly, a great need for collaborations and partnerships to address this gap. The research identified the need sector to be involved in the curriculum development process, to ensure that skills meet labour market requirements.
5. Impact Research Studies:
 - Impact Assessment of the SMME Training Voucher Programme
 - Impact Assessment of the Disability Projects and Pre-learning Programme
 - Impact Assessment of the Soweto Festival Expo Project – 2011/12
 - Impact Assessment of the Mitchell's Plan (Cycle of Life)
 - Impact assessment of the W&RSETA Regional Offices

Key findings to the above impact studies included the following:

- The need to create more awareness around disability in the workplace. The provision of learning devices improved learners' performance
- More learner preparation was required in terms of work readiness in the form of Pre-learnership Programmes
- Recruitment and selection is critical stage for programme implementation

- Career progression opportunities should be provided to enhance skills levels
 - 6. **Research on learnerships recruitment, selection and retention strategy:** the study highlights the importance of a Recruitment and Selection Strategy, embedded in the overall Human Resource Development Strategy, to successfully implement Learnerships and other skills development initiatives.
 - 7. **Job profiling:** job profiling in the sector is one of the requirements of the qualifications development body. The information gathered will enhance the curriculum development aligned to QCTO requirements.
 - 8. **Research into the need for a professional body:** the research identified the need for a professional body within the Wholesale and Retail sector; a report in this regard has been submitted to the SETA for consideration.
 - 9. **Customer Satisfaction & Perception Survey:** the study reveals that the W&RSETA is meeting stakeholder expectations in terms of service delivery. There is however, the perception that more could be done.
- Overall stakeholder satisfaction index is high at 86%. It is highest amongst learners (93%) and lowest among providers (73%).

The W&RSETA has shared the research findings with the public through various mechanisms, including a research publication. The results will enable the W&RSETA to focus on continuous improvement of the delivery of skills development initiatives within its sector.

2.7.3 Strategy to Overcome Under-performance

Workplace Experience for FET College Learners

W&RSETA had planned to provide appropriate workplace experience to 500 FET College learners. Our audit reveals that we were only able to place 73 learners. The remaining 427 learners will be provided with appropriate workplace experience during the next financial year.

RPL Programme

W&RSETA planned to place 500 learners on the RPL Programme; our audit revealed that we were only able

to place 464 learners, leaving a shortfall of 8 learners.

By its very nature, RPL is a complex programme because it is designed for learners, who are employed. Some of the challenges emanate from employers being unwilling to release learners to take part in the programme, fearing that this will impact negatively on productivity. For their part, employees are often reluctant to take part as they view this as an additional task, which they are required to perform in a busy schedule. Others are reluctant to participate, citing family commitments.

The W&RSETA will engage with companies in the coming financial year to encourage them to participate in programme. Our Regional Offices are already raising these issues in Stakeholder Forums.

Non-levy Paying SMMEs

The W&RSETA planned for 2 000 non-levy paying SMMEs to participate in its programmes. During the period under review, only 978 non-levy paying SMMEs participated.

A number of measures have been implemented, including visits by Skills Development Facilitators to encourage these companies to participate. Advertisements were placed in newspapers inviting non-levy paying SMMEs in the sector to apply for training vouchers. Hopefully, the fruits of these efforts will be seen in the 2013/14 financial year.

Training and Capacity-Building for Trade Unions

The SETA had planned to train and capacitate 5 trade unions within the sector. This target has not been achieved. A Memorandum of Understanding (MoU) has been signed with all five Trade Unions. The training will be offered in the 2013/14 financial year.

Establish the Need for a Professional Body in the Sector

A research study was commissioned to establish whether the sector needed its own professional body. The SETA is still engaging with the sector on the matter.

Establish one Retail School of Excellence per Province

The W&RSETA has established a Retail Chair in partnerships with the Cape Peninsula University of Technology. This is closely related to the Retail Schools of Excellence, as the Retail Chair will be the driver of the Schools of Excellence. The organisation is at an advanced stage of establishing A Retail School of Excellence in Kwa-Zulu Natal, in partnership with the

Durban University of Technology. This will come to fruition in the 2013/14 financial year. Efforts are underway to partner with other Institutions of Higher Learning, in other provinces, with the view to establishing the Schools of Excellence in those provinces.

2.7.4 Changes to Planned Targets

Establish the Need for a Professional Body in the Sector

A Research has been conducted to ascertain the need for the Sector to have a Professional Body. This recommendations of the research will be presented to the board.

Establish One Retail School of Excellence per Province

It is unlikely that the W&RSETA will establish Retail Schools of Excellence in all the provinces in the coming financial year. The realistic target is that by end of 2013/14 financial year the SETA will have established 5 Retail Schools of Excellence in KwaZulu Natal and this will be replicated in other provinces.

GOVERNANCE

3.1 Portfolio Committees

W&RSETA appeared before the Portfolio Committee in November 2012 and March 2013 to report on the audit findings by the Auditor-General and to discuss the measures that have been put in place address the audit findings.

The portfolio committee was satisfied with the measures management had taken to address these findings.

3.2 Executive Authority

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

- Strategic Plan
- Sector Skills Plan: 30 August 2012
- Performance Report
- 2011/12 Annual Report: 30 August 2012

3.3 The Accounting Authority/The Board Introduction

The W&RSETA Board was appointed by the Minister of Higher Education and Training and assumed office on 1 April 2011 for a five-year term up to the 31 March 2016. During the year-under review, the Minister filled the vacant positions for two Board members and a Ministerial appointee.

The Role of the Board

The Board's role is to provide strategic leadership on the management of the SETA. The Board executes its oversight role as articulated in the W&RSETA Constitution, as required by the Skills Development Act, the Public Finance Management and other relevant legislation.

Board Charter

The Board has developed a Charter, which governs the Board's primary role of oversight and is aligned to the Constitution. The Charter addresses the following:

- the framework of governing principles;
- composition of the Board;
- General principles on the composition of the Board;
- Role, function and duties of the Board;
- Governance structures;
- Meetings;
- Powers of the Board and delegation;
- Resolutions; and
- Accountability of Board members.

The Board approved the Strategic Plan for the year under review and monitored the SETA's performance through monthly reports to the Executive Board Committee and quarterly reporting to the Board.

The Board also reviewed the SETA's Policies, in line with the annual review schedule. In managing the organisation's institutional risks, the, the Board ensured that risk profiling was conducted and that the appropriate systems and controls were implemented to mitigate risks.

Composition of the Board

The W&RSETA Board comprises of 15 members: six Members represent Organised Labour and six Members represent Organised Business. Three members, including the Chairperson, are Ministerial Appointees.

Name	Designation (in terms of Board Structure)	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorships	Other Committees or Task Teams	No. of Meetings Attended
Dr Thami Mazwai	Chairperson (Ministerial Appointee)	April 2011	Active	MBA D. Com	Small business development Research Media	Resident Executive-Wits Business School Member- Gauteng Advisory Council	Executive Committee DHET Task Team	8
Mr Thami Skenjana	Ministerial Appointee	April 2011	Active	Matric Sales Marketing	Enterprise Cooperative development	SANCOC Enterprise Development Southern African National Co-operatives Council SASCE BUSA	Ministerial Worker Education Technical Task Team Institute of Directors South Africa: Remuneration Committee Forum NEDLAC Chambers & Task Teams	7
Mr Sibusiso Busane	Ministerial Appointee	August 2012	Active		Small business development	N/A	N/A	5
Mr Ivan Molefe	Board Member	April 2011	Active	Grade 10	Labour relations	N/A	Projects Board Committee Executive Board Committee	7
Mr Mike Tau	Board Member	April 2011	Active	Grade 12	Education and training Negotiations Public management Dispute resolution.	COSATU CEC SACCAWU 2 nd Deputy President	Governance & Strategy Board Committee Remuneration Board Committee Shoprite / Checkers Skills and Training Committee	8

Name	Designation (in terms of Board Structure)	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorships	Other Committees or Task Teams	No. of Meetings Attended
Ms Patricia Pillay	Board Member	April 2011	Active	Bachelor of Science LLB-Honours	Legal, Regulatory governance	Rainbow Fairy Trading	Executive Board Committee Governance & Strategy Board Committee	2
Ms Carin Strydom	Board Member	April 2011	Active	B.Com (Law) MBA (Cum Laude) Intermediate Diploma in Business Studies	Fuel retail industry Corporate banking Business management	Fuel Retailers Association Petrol and Developments (Pty) Ltd Coral Lagoon Investments (Pty) Ltd Clifton Dunes Investments (Pty) Ltd	Audit Committee Training Committee – FRA	8
Mr Peter Madisa	Board Member	April 2011	Active	Diploma in Education Advanced Labour Relations certificate	Labour relations	N/A	Audit Committee Governance & Strategy Committee	8
Mr Nat Ketele	Board Member	April 2011	Active	Essential Security Law Certificate	Labour relations Collective bargaining Legal representation	FEDCRAW	Finance Board Committee Remunerations Board Committee	8
Mr Phillemon Sito	Board Member	April 2011	Active	Bachelor of Arts	Labour Relations	N/A	Finance Board Committee Executive Board Committee	8

Name	Designation (in terms of Board Structure)	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorships	Other Committees or Task Teams	No. of Meetings Attended
Mr Isaac Motaung	Board Member	August 2012	Active	B. Proc B.A. Honours Higher Diploma Tax		Pick n Pay Boxer Retail	Projects Board Committee Remuneration Board Committee	4
Ms Abieda Abrahams	Board Member	April 2011	Active	National Diploma: Education and Training National Diploma: Clothing Management	Labour	N/A	Projects Board Committee	3
Ms Sizakele Moloko	Board Member	April 2011	Active	B.A. Honours Higher Diploma: Tourism Development Diploma: Human Resources Development and Management Diploma: Financial Management Diploma: Project Management	Education and training, Small business development	Lincolnwood Gooderson Leisure	Finance Board Committee Projects Board Committee	7

Governance (continued)

Name	Designation (in terms of Board Structure)	Date Appointed	Date Resigned	Qualifications	Area of Expertise	Board Directorships	Other Committees or Task Teams	No. of Meetings Attended
Mr Michael Lawrence	Board Member	April 2011	Active	Statistics III (UNISA) Higher Diploma in Education (Post Graduate) Bachelor of Science (Actuarial)	Governance Strategy Change management	Peninsula Maternity Trust Martin & East (Pty) Ltd National Fashion Council (SA) Zebra Surfacing (Pty) Ltd Isidima Civils (Pty) Ltd Prokura Diesel Services (Pty) Ltd National Debt Mediation Association Board National Clothing Retail Federation of South Africa M&M Consulting Mowbray Maternity Hospital Facility	Executive Board Committee Finance Board Committee	6
Ms Margaret Bango	Board Member	October 2012	Active	Diploma in General Nursing	Small business Women development	Ipelegeng Consortium	Remuneration Board Committee Governance & Strategy Board Committee	4
Ms Mariette Mentz	Board Member (Alternate to I Motaung)	April 2011	Active	B. Admin Honours: Industrial Psychology	Training and development	N/A	N/A	2

Committees

Committee	No. of Meetings Held	No. of Members	Name of Members
Audit Committee	3	6	Mr Pascalis Mokupo
			Mr Yaswant Gordhan
			Ms Carin Strydom
			Mr Johannes Weapond
			Mr Peter Madisa
			Ms Mathukana Mokoka
Projects Board Committee	6	4	Mr Ivan Molefe
			Ms Abieda Abrahams
			Ms Sizakele Moloko
			Mr Isaac Motaung
Finance Committee	3	4	Mr Michael Lawrence
			Mr Nat Kettlele
			Mr Phillemon Sito
			Ms Sizakele Moloko
Executive Committee	7	5	Dr Thami Mazwai
			Mr Ivan Molefe
			Ms Patricia Pillay
			Mr Phillemon Sito
			Mr Michael Lawrence
Governance & Strategy Committee	3	4	Ms Margaret Bango
			Mr Mike Tau
			Mr Peter Madisa
			Ms Patricia Pillay
Remunerations Committee	2	4	Mr Isaac Motaung
			Ms Margaret Bango
			Mr Mike Tau
			Mr Nat Kettlele

Remuneration of Board Members

Name	Remuneration	Other Allowances	Other Reimbursements	Total
Dr Thami Mazwai	R168 947	R4 670	R13 843	R187 460
Mr Ivan Molefe	R137 483	R5 929	R16 986	R160 398
Mr Mike Tau	R130 499	R5 137	R12 766	R148 402
Mr Thami Skenjana	R58 045	R5 137	R4 831	R68 013
Mr Sibusiso Busane	R54 990	R1 868	R3 008	R59 866
Ms Patricia Pillay *	R39 282	R4 670	R906	R44 858
Ms Carin Strydom	R85 540	R5 137	R3 853	R94 530
Mr Peter Madisa	R100 815	R4 670	R7 265	R112 750
Mr Nat Kettlele	R88 595	R5 604	R3 896	R98 095
Mr Phillemon Sito	R116 090	R5 500	R5 517	R127 107
Mr Pascal Mokupo	R145 600	-	R1 320	R146 920
Mr Yaswant Gordhan	R67 760	-	R2 959	R70 719
Mr Isaac Motaung *	R70 265	R2 335	-	R42 050
Ms Abieda Abrahams *	R7 065	R5 137	R1 248	R76 650
Ms Sizakele Moloko	R103 870	R5 137	R8 247	R117 254
Ms Mathukana Mokoka	R36 960	-	R546	R37 506
Mr Michael Lawrence	R117 838	R5 137	R2 750	R125 725
Ms Margaret Bango	R27 495	R467	R1 596	R29 558
Mr Protas Phili	R18 480	-	R853	R19 333
Ms Masesi Malope	R12 320	-	R316	R12 636
Ms Mariette Mentz	R30 550	-	-	R30 550

* Board fees of the members are paid to their respective companies

3.4 Risk Management

The Risk Management Committee, chaired by the Chief Executive Officer, meets on a quarterly basis. The Committee identifies potential risks within the organisation and ranks these according to the impact that they have on the organisation. The Committee also develops a Risk Management Implementation Plan, which serves as a plan to mitigate risks. The Risk Management Implementation Plan was prepared to give effect to the implementation of the Risk Management Policy and Strategy.

Project Managers update the system on a weekly basis. This information is used for reporting to management.

The organisation also uses a Supply Chain System (RFP), to manage the procurement process value chain.. This allows for approvals at different stages, depending on the value of the goods or services being procured. Plans to launch a new IT system are at an advanced stage. The new system seeks to integrate all the organisation's IT needs. The Enterprise Requirement Planning (ERP) system will serve as a single IT hub for the entire organisation, and will streamline all internal processes within the organisation.

3.5 Internal Control

The organisation has put systems in place to ensure the integrity of its internal control processes. The Project Management System (PPO), was established to ensure that there is regular reporting on projects' progress.

3.6 Internal Audit and Audit Committees

Name	Qualifications	Internal or External	Date Appointed	Date Re-signed	No. of Meetings Attended
Mr Pascalis Mokupo	Chartered Accountant (CA SA)	External Audit Member	30 June 2008	Active	7
Mr Yaswant Gordhan	Bachelor of Commerce Honours in Accounting Masters of Science (Bus. Admin)	External Audit Member	30 June 2008	Active	7
Ms Mathukana Mokoka	Chartered Accountant (CA SA)	External Audit Member		Active	2
Adv Collen Weapond	BCom Honours (Information Technology) B Luris LLB Masters in Business Systems	External Audit Member		Active	1

3.7 Compliance with Laws and Regulations

The organisation's environment and mandate is governed by various regulations. The W&RSETA's Strategic Plan and Annual Performance Plans must be aligned to the National Skills Development Strategy (NSDS), which is an over-arching strategy, which governs the SETA's mandate for delivery.

The SETA's operations are also governed by the Public Finance Management Act (PFMA).

National Treasury has published Regulations, which govern the Supply Chain Management and the procurement of services by the SETA. These Regulations are mandatory and therefore the SETA had to comply with such Regulations.

3.8 Fraud and Corruption

The W&RSETA has implemented measures to ensure that fraud and corruption is eliminated within the organisation. A declaration of interest by all staff members is one of the mechanisms put in place to reduce incidents of fraud and corruption. A Fraud Prevention Policy is in place and is posted on the W&RSETA website for easy access by staff and members of the public. The SETA has also published posters with a Whistle Blower telephone number to report acts of fraud, corruption, crime and

misuse of organisational resources. These posters are mounted in all W&RSETA offices across the country. In addition, the W&RSETA website displays the Fraud Hotline number so members of the public and staff can report any acts of impropriety by employees.

3.9 Minimising Conflict of Interest

Every effort is made to minimise conflict of interest as is evident from the following measures: Management Meetings: at every management meeting a register is circulated to all present to sign as confirmation that they do not have a particular interest that may impair their judgement during the meeting proceedings:

- Tender Evaluation Committees (TEC): at every meeting before tenders are evaluated, members are asked to sign forms declaring they have no interest in the outcome of the tender;
- Tender Adjudication Committee: once the TEC has done its job, the process goes to the TAC and members are required to sign forms declaring they have no interest in the outcome of the tender; and
- On an annual basis, declaration forms are sent to all SETA staff to declare their interests.

3.10 Code of Conduct

The SETA has developed twelve set of values, which govern the manner in which staff members conducts themselves. .

Over and above set of values, the HR Policy has a section on the enforcement of the Code of Conduct and Ethics. On appointment, each new staff member is taken through an Induction Programme, which includes the Code of Conduct and Ethics.

The staff member also signs the Code and a copy is kept in his or her personal file. Violation of the Code or part thereof, may lead to disciplinary action in terms of the SETA Disciplinary Procedure.

3.11 Health, Safety and Environmental Issues

During the past financial year, the SETA has embarked on a campaign to increase the focus on health, safety and environmental issues, through its Occupational Health Safety and Environmental Project. Safety Representatives and First Aiders have been appointed in each Business Unit. The Representatives also conducted inspections to identify gaps in health, safety and environmental issues. These have been addressed. The SETA has voluntarily engaged the Department of Labour Inspectorate to visit the premises and declare them compliant as per OHS Act. Of the eleven SETA premises nationally, four have been visited and declared compliant by the Department of Labour: the remaining seven are currently being visited by the department. In the year ahead, the SETA will be investing in OHS Training. All the Safety Representatives will be capacitated on OHS Compliance.

3.12 Board Secretary

The Board Secretary function is kept in-house and is the responsibility of the Office of the Chief Executive Officer and is performed by the CEO Relations Officer. The Board Secretary is responsible for the following:

- Taking minutes during Board meetings;
- Scheduling Board meetings;
- Distributing reports and important notices to Board members;
- Distributing board packs to the Board;

- Interacting with Board stakeholders;
- Arranging training for new Board members; and
- Advising the Board on legislation and regulations, which have a bearing on the functions of the Board.

The Board Secretary endeavours to uphold the highest level of integrity as enshrined in the King III Report on Governance.

3.13 Social Responsibility

Donations to Needy Organisations: On the 23rd May 2012, the SETA Board, Senior Management and staff donated R110, 000.00 to eight organisations. Beneficiaries included children, orphans and people with disabilities.

Asset Disposal: During July 2012, the SETA disposed of old and unused assets such as tables, fridges, chairs and computer hardware. These items were donated to disadvantaged schools around Gauteng and to charitable organisations looking after disadvantaged children.



W&RSETA staff with learners who have an albinism condition in Limpopo.

Food Parcels: On the 25th February 2013 the SETA management and staff contributed 465 food cans to needy organisations. Beneficiaries were vulnerable children up to the age of twelve and orphans up to the age of six.

Disability: Throughout the year, W&RSETA visited up to 10 disability schools for career guidance purposes. During these visits, learners were given various promotional materials such as school bags, pens, water bottles including sunscreens and hats for learners with an albinism condition.

3.14 Report of the Audit Committee

We are pleased to present our report for the financial year ended 31 March 2013.

Background

The Audit Committee is a sub-committee of the Wholesale and Retail SETA ("W&RSETA") Board and has been constituted in line with the provisions of the W&RSETA's Constitution, which provides for the appointment of independent members and two Board Members representing organised employers and organised labour. The Committee consists of six (6) members all which are non-executive. The overall objective of the of the Audit Committee is to assist the W&RSETA Board with its responsibility of ensuring that adequate systems and controls are in place, ensuring that assets are safeguarded, assessing the going concern status, reviewing the financial information and preparation of the financial statements.

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

The Audit Committee meets at least quarterly in a year and members of the W&RSETA Executive Committee, the Risk Officer, internal auditors and external auditors attend these meetings by invitation. The Audit Committee is an Advisory Committee, and not an Executive Committee, and as such, it does not perform any management functions, or assume any management responsibilities. Its role is that of an independent and objective adviser and it operates as an overseer, making recommendations to the W&RSETA Board for final approval.

The Audit Committee has complied with its responsibilities as stipulated under Section 51 of the Public Finance Management Act, Act No.1 of 1999, as amended. Furthermore, the Audit Committee has regulated its affairs and discharged its responsibilities in accordance with its formal terms of reference as stipulated in the Audit Charter.

Internal Controls System

Members of the Audit Committee are satisfied that the system of internal controls is adequately designed to cover organisational, financial and operational risks. The control system provide reasonable, but not absolute assurance that the entity's assets are safeguarded, transactions are authorised and recorded properly and that material errors and irregularities are either prevented or detected, in time. These controls are monitored throughout the organisation by management and employees with the necessary delegation of authority and segregation of duties.

Based on the review of effectiveness and detailed reports provided by the internal audit and Management, the members of the Audit Committee are not aware of any significant weaknesses or deficiencies in the organisation's system of internal controls.

Risk Management

The Risk Committee is comprised of the management team and an external member of the Audit Committee has been appointed to serve on the Committee. The Risk Committee reports to the Board through the Audit Committee.

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

Internal Auditing

The Audit Committee is also responsible for overseeing the outsourced internal audit function. The role of the internal audit function is to provide support to management and the Audit Committee in discharging their responsibilities under their relevant responsibilities, including the PFMA, standards issued by the Institute of Internal Auditors and acceptable corporate governance principles. The internal audit function provides independent and objective evaluation to the organisation's system of internal control and any significant business risks and exposure are brought to the attention of management and the committee.

Report of the Audit Committee (continued)

The internal audit function is outsourced to an independent firm on a contract renewable after three years.

Finance Division

The Audit Committee confirms that the Finance Division was adequately capacitated during the financial period under review.

Financial Statements

Members of the Audit Committee have reviewed and evaluated the financial statement of the W&RSETA for the year ended 31 March 2013 and are satisfied that the Annual Financial Statements comply with the requirements of the Public Finance Management Act No.1 of 1999, as amended, and the Standards of Generally Recognised Accounting Practices ("GRAP") issued by the Accounting Standard Board. The going concern principle was adopted in preparing the financial statements.

The Audit Committee acknowledges the conclusion of the Auditor-General on the annual financial statements and is of the opinion that the annual financial statements be accepted and read together with the report of the Auditor-General.

The Audit Committee, at its meeting held on 28 May 2013, recommended the annual financial statements to the W&RSETA board for approval.



Mr. P Mokupo

Chairperson of the Audit Committee

8 August 2013



Seated from right to left: Peter Madisa; Carin Strydom and Adv Collen Weapond.

Standing from right to left: Mathukana Mokoka and Pascal Mokupo (Chairperson).

4.1 Introduction

The W&RSETA Human Resources Policy guides and governs the relationship between the W&RSETA, as employer, and employees and also regulates the working relationship between employees of the W&RSETA. The Board sets measurable objectives for the SETA in order to provide efficient quality services, as well as to optimally utilise the human and other resources, while applying fair labour practices in keeping with the relevant labour legislation. The HR Policy is reviewed and approved by the Board on an annual basis, after a rigorous staff consultation process.

4.1.1 Workforce Planning Strategies

On an on-going basis, the SETA, through the HR department ensures that it:

- Reviews the organisational structure and human resource requirements as and when determined necessary;
- Undertakes an assessment of the human resources required to achieve the key deliverables as outlined in the Business Plan;
- Assesses capacity and competence of the existing human resources;
- Conducts an audit of the composition of the SETA and the staff according to race, gender, disability, occupational category, organisational component;
- Sets realistic goals and measurable targets to ensure equitable representation of suitably qualified persons from designated groups in all occupational categories and at all levels; and
- Develops and implements an Employment Equity Plan for the SETA, which is reviewed periodically.

4.1.2 Recruitment and Selection

As at 31st March 2013, the SETA had a staff complement of 107. Within the limit of available funds, the SETA plans to execute and fulfil the mandate of the required functions by having an efficient and effective internal organisation and well-developed human resources structure. During the period under review, the SETA has appointed a pool of skilled and competent individuals: 26 employees were appointed on fixed-term contracts,

linked to specific projects; six were then confirmed as permanent. In addressing the vacancy status, three new appointments in the positions of Quality Assurance, Procurement and Regional Administration, were made. There were resignations during the period.

The SETA has also engaged in an unemployed Graduate Placement Program, where a total of 26 interns have been placed in the organisation in various departments, for specific contractual periods. This initiative has given these young individuals an opportunity to gain workplace experience and play an integral role in the implementation of the organisation's strategy.

The New Grants Regulations have compelled the SETA to revisit its structure and initiate an organisational development exercise to ensure proper realignment. To this end, a revised organisational structure has been proposed as a tool to support the Project Management function as the core business of the SETA, and to address issues of Succession Planning.

4.1.3 Performance Management and Staff Development

A new Performance Management System and Incentive Framework have been introduced within the organisation. All employees have attended capacity-building workshops on the system. The Balanced Scorecard, under the 5 Key Performance Areas and associated Indicators, will be agreed upon with all employees and will be formally assessed on an annual basis.

The Performance Management System is also used to reward good performance and correct poor performance through a Personal Development Plan process, which is agreed to between the manager and the incumbent. The return on investment on lessons learnt is also measured and reported on.

4.1.4 Employee Wellness Programmes

The Remunerations Board Committee has approved an Employee Wellness Programme. The programme is structured in four categories: physical wellness; emotional wellness, financial wellness and social wellness. Experts and professionals in specific fields are engaged at different levels to address employee's personal and career related issues.

4.2 Human Resources Oversight Statistics

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

4.2.1 Personnel Cost by Salary Band

Level	Personnel Expenditure (R'000)	% of Personnel Expenditure to Total Personnel Cost (R'000)	No. of Employees	Average Personnel Cost per Employee
Senior Management	R5,892,784	16	4	R1,473,196
Executive Management	R5,651,955	15	6	R941,992
Middle Management	R9,314,125	25	15	R665,295
Team Leaders	R2,646,506	7	5	R441,085
Coordinator Level	R4,281,935	11	23	R427,975
Officer/PA Level	R2,790,010	7	9	R279,001
Administrator Level	R5,621,589	15	32	R165,341
Office Support Level	R1,339,624	4	13	R103,048
TOTAL	R37,178,530	100	107	R4,496,933

4.2.2 Performance Rewards

Level	Performance Rewards (R'000)	Personnel Expenditure (R'000)	% of Performance Rewards to Total Personnel Costs (R'000)
Senior Management	R753,285	R5,892,784	13
Executive Management	R781,104	R5,651,955	14
Middle Management	R1,034,583	R9,314,125	11
Team Leaders	R410,526	R2,646,508	16
Coordinator Level	R1,139,426	R9,843,419	12
Officer/PA Level	R314,682	R2,790,010	11
Administrator Level	R582,153	R5,621,589	10
Office Support Level	R150,694	R1,339,624	11
TOTAL	R5,166,453	R37,178,530	14%

4.2.3 Training Costs

Business Unit	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Costs	No. Employees	Average Training Cost per Employee
CEO	R3,126,863	R12,050	0.4	1	R12,050
Operations	R15,935,351	R75,765	0.5	88	R860
Support	R12,789,226	R28,601	0.2	13	R2,200
Qualifications	R5,327,089	R4,903	0,1	3	R1,634
None	0	0	0	0	0
None	R37,178,530	R121,319	1.3	105	R16,744

4.2.4 Employment and Vacancies

Level	No. of Employees	Approved Posts	Vacancies	% of Vacancies
Senior Management	4	4	0	0
Executive Management	6	6	0	0
Middle Management	15	17	2	12
Team Leaders	5	7	2	29
Coordinator Level	23	24	1	4
Officer/PA Level	9	10	1	10
Administrator Level	32	33	1	3
Office Support Level	13	13	0	0
TOTAL	107	114	7	5.3

4.2.5 Employment Changes

Level	Employment at Beginning of Period	Appointments	Terminations	Employment at End of the Period
Senior Management	4	0	0	4
Executive Management	6	0	0	6
Middle Management	17	0	2	15
Team Leaders	6	0	0	5
Coordinator Level	23	2	4	23
Officer/PA Level	10	0	1	9
Administrator Level	32	3	3	32
Office Support Level	10	4	0	13
TOTAL	108	9	10	107

4.2.6 Reasons for Staff Leaving

Reason	Number	% of Total Number of Staff Leaving	Reasons for Leaving
Senior Management	0	0	
Executive Management	0	0	
Middle Management	2	9	Resignation
Team Leaders	0	0	
Coordinator Level	4	17	Resignation
Officer/PA Level	1	10	Resignation
Administrator Level	3	9	Resignation
Office Support Level	0	0	
TOTAL	10	9%	

4.2.7 Labour Relations: Misconduct and Disciplinary Action

Nature of Disciplinary Action	Number
Verbal Warning	0
Written Warning	1
Final Written Warning	0
Dismissal	0
TOTAL	1

4.2.8 Equity Target and Employment Equity Status

Level	Male							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Senior Management	2	2	0	0	0	0	1	1
Executive Management	3	3	0	0	1	1	0	0
Middle Management	6	6	1	1	1	1	0	0
Team Leaders	3	3	0	0	0	0	0	0
Coordinator Level	7	7	2	2	0	0	0	0
Officer/PA Level	2	2	0	0	0	0	0	0
Administrator Level	7	7	1	1	0	0	0	0
Office Support Level	0	0	0	0	0	0	0	0
TOTAL	30	30	4	4	2	2	1	1

Human Resources Oversight Statistics (continued)

Level	Female							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Senior Management	1	1	0	0	0	0	0	0
Executive Management	1	1	0	0	0	0	1	1
Middle Management	4	4	1	1	0	0	1	1
Team Leaders	1	2	0	0	0	0	1	1
Coordinator Level	9	9	1	1	1	1	2	2
Officer/PA Level	6	6	0	0	0	0	1	1
Administrator Level	22	22	2	2	1	1	1	1
Office Support Level	13	13	0	0	0	0	0	0
TOTAL	57	58	4	4	2	2	7	7

Level	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Senior Management	0	0	0	0
Executive Management	0	0	0	0
Middle Management	0	0	1	1
Team Leaders	0	0	0	0
Coordinator Level	0	0	0	0
Officer/PA Level	0	0	0	0
Administrator Level	1	1	4	4
Office Support Level	0	0	0	0
TOTAL	1	1	5	5

TABLE OF CONTENTS

Financial Information

Statement of Responsibility	72
Report of the Accounting Authority	73
Report of the Auditor-General.....	79
Statement of Financial Performance.....	82
Statement of Financial Position.....	83
Statement of Change in Net Assets	84
Cash Flow Statement	85
Accounting Policies	86
Notes on Financial Statements	92

STATEMENT OF RESPONSIBILITY

Statement of Responsibility for the financial statement for the year ended 31 March

The directors are responsible for the preparing financial statements that fairly present the financial position, performance and cash flows for the period and for the related information contained in the annual report.

The directors maintained adequate accounting records and an effective system of internal controls and risk management and compiled in all material respects with applicable laws and regulations.

The directors prepared the annual financial statements presented on pages 82 to 121 using Standards of GAAP. Appropriate accounting policies supported by reasonable and prudent judgements and estimates have been used consistently;

The external auditors are responsible for reporting on whether the financial statements are fairly presented. Their report is presented on pages 79 to 81.

The directors are financially dependent on a transfer payment from National /Provincial Treasury. On the basis that the transfer payment has been listed on the Estimates of National Expenditure, the Board believes the W&RSETA will continue to be a going concern in the year ahead. Based on the Board prepared the annual financial statements on a going concern basis.

The annual financial statements for the year ended 31 March 2013 were approved by the Board on 8 August 2013 and are signed on its behalf by the undersigned.



Dr ET Mazwai

Chairperson of the Board

8 August 2013



Mr. TJ Dikgole

Chief Executive Officer

8 August 2013

REPORT OF THE ACCOUNTING AUTHORITY

The 2012/13 financial year is a year that saw the W&RSETA strengthen collaboration with all relevant stakeholders in achieving the objectives of the National Skills Development Strategy (NSDS) III. Not only has the SETA made concerted efforts towards achieving an integrated post school system, that the Minister of Higher Education and Training, Dr. BE Nzimande has been advocating, but the SETA has assumed a critical and leading role in these collaborations.

The achievements that are highlighted in this Annual Report attest to the Accounting Authority's endeavours to explore innovative ways of implementing the SETA's mandate. The initiatives that the SETA embarked on during the year under review were also in support of the SETA's call for improved and impactful presence in communities, particularly those that were previously marginalised to ensure that they also benefit from the skills revolution.

During the year under review we made remarkable strides in collaborating with Further Education and Training Colleges, which are more accessible particularly to townships and rural communities. Partnerships with these institutions will undoubtedly increase access to skills development.

For the first time in the history of the SETA, during 2012/13, the Accounting Authority embarked on nationwide stakeholder sessions to interact with stakeholders and understand how the SETA can improve on its offerings. These interactions were both encouraging and informative and the wealth of information and the engagement was valuable and provided us with an opportunity to understand the challenges that affect our stakeholders at the level of implementation.

We have found a new appreciation of the challenges that our employers, learners and training providers are confronted with in implementing training and development initiatives and programmes.

The experience has been a great learning curve and we would like to assure our stakeholders that their concerns have been noted and we commit to address the issues where possible. We are also pleased to confirm that some of the innovative ideas and issues of concern have been incorporated in our Strategic Plan to ensure that they are implemented.

The Minister gazetted the long-awaited Grant Funding Regulations on 3rd December 2012. Several road shows were conducted nationally to explain these new regulations. We would like to extend our appreciation to our stakeholder for the positive manner in which the new Regulations were received and the commitment

to partner with the SETA for the benefit of the Sector. Concerns raised during the national road shows regarding major changes introduced in the regulations which will impact skills development going forward were noted and are currently being addressed by the DHET.

In particular, the significant change to the levy grant system, which is of great concern to the stakeholder, is the reduction of the Mandatory Grant from 50% to 20%, stakeholders.

We encourage all our stakeholders to join hands with the SETA to make skills development a reality for all our fellow citizens. We hope that we will continue to record an increase in the number of registered levy paying companies despite the new Regulations.

PERFORMANCE FOR 2012/13

LEVY INCOME

Total levy income for the year under review was R 686m which represents an 8.4% increase compared to R 633m in the previous financial year. A decline in growth of participating levy paying companies was noted compared to the 21% increase in the prior year. The increase in 2011/12 is attributed to the registration of new companies (12%) and the transfer of the Fuel Retailers from the MERSETA.

MANDATORY GRANTS

Mandatory Grant expenditure increased by 14.5% from R303m in 2011/12 to R347m in 2012/2013. This expenditure represents 82% of the amount payable for mandatory grants due to levy-paying companies which complied with the Grant Regulations.

The SETA received 8236 WSPs and ATRs during the year under review compared to 7683 WSPs and ATRs in 2011/2012. This represents an increase of 1061 companies (13.8%) which reflects the aggressive strategies implemented by the SETA to increase participation of companies

The Annual Training Reports (ATRs) received indicate that companies provided training to 385 520 employees primarily in the following occupations categories: clerical support, elementary occupations, managers, professionals, plant and machine operators and assemblers, service and sales workers, skilled agricultural, forestry, fishery, craft and related trades workers as well as technicians and associate professionals.

The Accounting Authority is not oblivious of the apprehension and discontentment over the drastic reduction of the Mandatory Grant in the new Grant Regulations; however, we encourage stakeholders continue participating meaningfully. The new Regulations provide for significant funding towards Discretionary Grants which will ensure that learners obtain full qualifications thus improving the skills base of the sector and contributing to the professionalisation of the Sector.

Furthermore, learners will be equipped with the relevant skills that meet the needs and demands of our economy and address the scarce and critical skills.

DISCRETIONARY GRANTS

Discretionary Grant expenditure for the year under review was at R 478m; a 35% increase compared to R 354m in 2011/12. Several projects which reached the maturity level contributed to the increase in the disbursements of cash

The SETA endeavours to improve disbursement on Discretionary Grants to reduce its cash reserves and we believe that the various strategies that have been implemented are beginning to address the challenge of high cash reserves which has been of concern to the stakeholders.. Allocations from the Discretionary Fund were primarily on learning programmes and bursaries for learners at Higher Education and Training Institutions (HETIs) and FETCs (refer to the paragraph below on the 2012/13 initiatives). The Board approved an allocation of R 234m towards the 2011/12 Discretionary Grant Funding Windows which was implemented during the year under review.

The total Grant expenditure (Mandatory and Discretionary) for 2012/13 amounted to R 826m which is an increase of 20% as compared to the R 657m in 2011/12. This increase was as a result of various new initiatives which are highlighted hereunder.

PERFORMANCE ON PREDETERMINED OBJECTIVES

The SETA has shown a remarkable improvement for the financial year under review where the 86% of the set targets was achieved. The achievement for the previous financial year (2011/12) was only 45%. This was indeed a great achievement for the SETA and the sector and we are grateful for the cooperation we got from all our stakeholders.

2012/13 INITIATIVES

The SETA launched its first Bursary Scheme in 2011/12

which was implemented in during 2012/13. Expenditure on this new initiative has contributed to the improvement in the disbursement of Discretionary Grant and accounted for 45% of the expenditure.

The 2011/12 Discretionary Grant Funding Windows accounted for 25% of the expenditure and the balance was spread between various initiatives including projects for people with disabilities and research.

In contributing to the realisation of the Minister's vision of an integrated approach to skills development, the W&RSETA identified an opportunity to provide bursaries to learners who have completed learnerships on NQF levels 4 and 5 to pursue their studies at institutions of higher learning.

This is another pioneering initiative of the SETA and will ensure progression from the SETA system to higher education and training. Additionally, the progression will enhance the credibility of the SETA's qualifications.

During the year under review, the SETA achieved yet another ground-breaking milestone in the establishment of the first Chair of Retail at the Cape Peninsula University of Technology. This is an important milestone for the SETA as it will ensure alignment between the demand and supply of skills in the sector. The initiative also provides an opportunity for collaboration between the Sector and Tertiary institutions.

The Retail Chair will amongst a number of objectives, develop researchers for the sector.

The SETA has also for the first time in its history allocated funding for the first intake of MBA and PHD students in the new financial year. This is yet another ground breaking initiative which will also contribute to the knowledge base of the sector and address high level skills which is important in professionalizing the sector.

Another new initiative was the implementation of the SETA's first Retail Management Development Programme (RMDP) which enrolled about 215 middle managers, 191 of whom successfully completed the Programme in 2012.

The completion rate of 92% is encouraging and remarkable and will go a long way in addressing the dire need for managers and supervisors in the Sector.

The International Leadership Development Programme continued to grow in its stature as one of the most sought after executive development programmes. The exceptional results and the impact on the individuals that participate on the Programme and on their companies attest to the return on investment.

ADMINISTRATION EXPENSES

To implement the initiatives that have been highlighted, the SETA provided an Administration Budget of R 76m and the expenditure, including Board costs was at R 74m. The expenditure indicates an increase of 12% compared to the R 66m in the previous year. The increase is in line with the average inflation rate.

Significantly, the expenditure was 14% below the budget and the SETA remained within the prescribed 10% for administration costs from the levy income of R 86m.

CASH AND CASH EQUIVALENTS

The Cash and Cash equivalents as at 31 March 2013 amounted to R 882m which is an 8.7% decrease from the previous year (2011/12 = R966m'2010/11 = R 1,042b). The reason for the reduction was alluded to earlier in the report.

CORPORATE GOVERNANCE

The Accounting Authority strives for continuous improvement in carrying out its fiduciary duties in line with the relevant regulations. We believe that we have provided Management with the necessary support and guidance to implement the approved strategic plan for the year under review.

Of paramount importance is to ensure that we serve our stakeholders to the best of our abilities hence the decision to embark on national stakeholder interaction sessions.

We appreciate the openness with which the stakeholders interacted with and their contribution on how we can improve our delivery.

The attendance and participation levels were not only encouraging. We were humbled by the stakeholders' declarations of support and appreciation of the SETA's efforts and contribution to the Sector.

We noted with excitement how some of our stakeholders went beyond the call of skills development to contribute towards poverty alleviation and providing opportunities of development and employment to learners from the rural areas.

The Audit Committee played an integral part as an oversight and assurance structure to ensure that the Board is kept abreast of any issues of concern over the internal controls in the Organisation.

As part of our strategic plan, we have made provision for skills development within our Labour organisations. The intended outcome being to ensure that the members are adequately skilled to participate and assist in their places of employment with skills development decisions and initiatives. To this end an amount of R15m has been allocated to all the Labour organisations that are represented on the Board.

We are appreciative of the level of interventions that have been identified that span between NQF level 2 to 6.

INVESTIGATIONS

The SETA has reported in the AFS, the investigations underway as the executive authority we are determined to resolve the issues through litigation and any other means possible to ensure that whatever Skills development funds in contestation are recovered and ploughed back to the training of the learners.

IRREGULAR EXPENDITURE

The irregular expenditure identified by management was related to compliance in relation to the National Treasury Regulations. We wish to confirm that the SETA did get value for money from all the contracts that were concluded.

BOARD MEETINGS

During the year under review, the Board met four times as required by the Constitution and had several extra-ordinary meetings to address urgent matters. The majority of the meetings were held in the various provinces as part of the Board strategic plan to interact with the different stakeholders in order to promote stakeholder interaction. This initiative has resulted in a significant increase in Board fees and travel expenditure.

The schedule below reflects the number of Board and Committee meetings held for the year under review. In addition to the scheduled meetings, special meetings of the Board special and its Committees were convened to consider urgent matters. The Board also attended various SETA events including graduations and other skills development initiatives in various parts of the country that required the SETA's representation at a strategic level.

Schedule of Board meetings and fees for the 2012/13 Financial Year

Name of Board Member		NOTE	2012/13 Amount (R)	2011/2012 Amount (R)
1.	T. Mazwai – Ministerial Appointee – Chairperson		169 947	89 547
2.	I. Molefe		137 483	116 047
3.	V. Harbhajan	1		80 970
4.	T. Skenjana – Ministerial appointee		58 045	48 880
5.	P. Sito		116 090	85 540
6.	SACTWU (A. Abrahams)		70 265	45 825
7.	M. Tau		130 499	76 816
8.	EDCON (N. Moodley)	1		15 275
9.	N. Kettlele		88 595	60 575
10.	SARC (P. Pillay)		39 282	52 676
11.	P. Madisa		100 815	80 910
12.	C. Strydom		85 540	42 770
13.	S. Moloko		103 870	64 155
14.	M. Lawrence		117 838	73 320
15.	I. Motaung	2	39 715	0
16.	S. Busane – Ministerial Appointee	2	54 990	0
17.	M. Bango	2	27 495	0
18.	M. Mentz – Alternate Member to I Motaung		30 550	0
Total Meeting Attendance Fees			1 370 019	1 032 587
Total Travel Expenses			982 299	640 080
Total Board Expenses			2 352 318	1 672 667

Notes:

- Members resigned in February 2012
- Replacements for resignations
- Costs increased due to stakeholder visits

Remuneration of the Audit Committee – External Members

Name of Committee Member	Notes	2012/2013	2011/2012
		Amount R	Amount R
1. P. Mokupo (Chairperson)	1	145 600	25 760
2. M. Malope		12 320	18 480
3. P. Phili		18 480	18 480
4. Y. Gordhan		67 760	50 400
5. M. Mokoka		36 960	-
6. C. Strydom	2		
7. P. Madisa	2		
Total Attendance Fees		281 120	113 120
Total Travel Claims		49 047	3 521
Total Paid		330 167	116 641

Notes: 1. Chairperson of the Audit committee also attends meeting of the Board and was also part of the stakeholder interaction session

Remuneration of Senior Management

Chief Executive Officer – TJ Dikgole	2012/2013	2011/2012
	Amount (R)	Amount (R)
Basic Salary	1 848 722	1 588 330
Bonus	244 163	310 751
Medical Aid and Provident Fund	226 888	207 590
Travel Allowance	120 000	120 000
Total	2 439 825	2 046 470

Chief Operating Officer – JH Zwarts

Basic Salary	1 082 711	951 324
Bonus	154 073	188 232
Medical Aid and Provident Fund	109 919	102 213
Travel Allowance	120 000	120 000
Total	1 466 703	1 361 769

Chief Financial Officer – DM Matloa

Basic Salary	1 080 132	960 930
Bonus	142 747	175 095
Medical Aid and Provident Fund	104 712	90 706
Travel Allowance	50 400	50 400
Total	1 377 992	1 277 131

Chief Officer Qualifications & Research – A. Sipengane

	2012/2013	2011/2012
	Amount (R)	Amount (R)
Basic Salary	1 008 607	895 507
Bonus	129 698	154 221
Provident Fund	50 130	47 373
Travel Allowance	-	-
Total	1 182 435	1 097 101

PLANNED INITIATIVES

The SETAs will implement new initiatives in line with strategic plan for 2012/2013.

The SETA will continue to aggressively establish meaningful partnerships to ensure collaboration between the institutions and our stakeholder companies which would result in a joint project to achieve this objective.

Furthermore the collaboration with HETIs will assist the SETA to increase the qualifications from NQF level 7 to up to NQF level 10 in the near future.

These initiatives are geared towards professionalising the Sector and positioning wholesale and retail as a career of choice.

We made inroads on rural development with successful outcomes and aim to increase our presence in rural communities to improve access to skills development, particularly to the youth of our Country.

Whilst we have been faced with challenges, we do not believe that these are insurmountable. Our stakeholders have demonstrated what we can achieve through collaboration and partnership to make skills development a reality in the Wholesale and Retail Sector.

EVENTS SUBSEQUENT TO THE STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH 2013

An amount of R41m will be written back from closed projects.

We would also like to bring to the attention of our stakeholders that at the reporting date there were still issues of clarity around the published grant regulations that were being dealt with by the SETA's and the department. A task team consisting of SETA CEO's had been assigned to look into these issues and make recommendations to the Department of higher Education and Training.

As at the end of the financial year there was yet no finality on the issues. We hope to communicate the outcome in the New Year.



Dr ET Mazwai

Chairperson of the Board

8 August 2013



Mr. TJ Dikgole

Chief Executive Officer

8 August 2013

REPORT OF THE AUDITOR-GENERAL

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

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Wholesale and Retail Sector Education and Training Authority (W&R SETA) set out on pages 82 to 121, which comprise statement of financial position as at 31 March 2013, the statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the South African Standard of Generally Recognised Accounting Practice (SA Standards of GRAP), the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and the Skill Development Act, 1998 (Act No. 97 of 1998) (SDA), and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the *General Notice* issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the W&R SETA as at 31 March 2013, and its financial performance and cash flows for the year then ended in accordance with SA Standards of GRAP and the requirements of the PFMA and SDA.

Emphasis of matters

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

Restatement of corresponding figures

8. As disclosed in note 21 to the financial statements, the corresponding figures for 31 March 2012 have been restated as a result of errors discovered during the year ended 31 March 2013 in the financial statements of the W&R SETA at, and for the year ended, 31 March 2012.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

9. In accordance with the PAA and the *General Notice* issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

10. I performed procedures to obtain evidence about the usefulness and reliability of the information in the W&R SETA annual performance report as set out on pages 23 to 28 of the annual report.
11. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury *Framework for managing programme performance information (FMPPI)*.

The reliability of the information in respect of the selected programmes is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

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

Compliance with laws and regulations

13. I performed procedures to obtain evidence that the entity has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations, as set out in the *General Notice* issued in terms of the PAA are as follows:

Annual financial statements

14. The financial statements submitted for auditing were not adequately supported by full and proper records as, required by section 55(1) ((a) and) (b) of the PFMA.
15. Material misstatements of commitments identified by the auditors in the submitted financial statements were subsequently corrected resulting in the financial statements receiving an unqualified audit opinion

Internal control

16. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the findings on compliance with laws and regulations included in this report.

Leadership

17. Lack of effective monitoring and evaluation (oversight responsibilities) by management and the accounting authority in the areas of compliance with laws and regulations and complete and accurate financial information.

Financial and performance management

18. Management did not have adequate controls in place to monitor compliance with laws and regulations. Further, management did not prepare accurate and complete financial statements. This resulted in material adjustments having to be made as a result of the audit.

OTHER REPORTS

Investigations in progress

19. The public entity is currently conducting an investigation into alleged irregularities on the part of a contracted training provider. It was alleged that the contracted provider did not achieve the objectives and deliverables of the project as agreed with W&R SETA, which resulted in the SETA not receiving value for money from the training provided. The amount involved is R1 680 000.
20. The public entity's internal auditors had conducted an investigation at the request of the entity. This was as a result of allegations that the objectives and deliverables of the project with the W&R SETA had not been achieved and questions as to whether learners had received payments as per the service level agreement. The matter is currently under litigation. The amount involved is R4 680 000.

The full cost of both investigations has been disclosed under note 18.3 to the financial statements.

Auditor - General.

Pretoria
15 August 2013



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

STATEMENT OF FINANCIAL PERFORMANCE

		2012/13	2011/12
	Note	R'000	Restated R'000
REVENUE			
Skills Development Levy transfer from non - exchange transactions	2	686 175	632 539
Skills Development Levy penalties and interest from non - exchange transactions		10 138	6 610
Investment Income	3	39 360	52 139
Other income	4	31	19
TOTAL REVENUE		735 704	691 307
EXPENSES			
Employer grant and project expenses	5	(826 248)	(656 737)
Administration expenses	6	(74 971)	(66 298)
TOTAL EXPENDITURE		(901 219)	(723 035)
NET DEFICIT FOR THE YEAR	1	(165 515)	(31 728)

STATEMENT OF FINANCIAL POSITION

	Note	2012/13 R'000	2011/12 Restated R'000
ASSETS			
Non-Current Assets		2 074	2 214
Property, plant and equipment	7.1	1 918	1 783
Intangible assets	7.2	156	295
Assets held for sale	7.3	-	135
Current Assets		912 848	980 125
Accounts receivable from non - exchange transactions	8	27 601	11 035
Accounts receivable - Other	9	2 843	3 060
Inventory	10	78	43
Cash and cash equivalents	11	882 326	965 986
Total Assets		914 922	982 339
LIABILITIES			
Current Liabilities		198 405	100 229
Trade and other payables from non exchange transactions	12	161 896	69 445
Trade and other payables from exchange transactions	12	32 889	28 079
Provisions	13	3 620	2 705
Total Liabilities		198 405	100 229
NET ASSETS		716 517	882 110
Funds and Reserves			
Administration reserve		2 074	2 214
Employer grant reserve		1 663	1 886
Discretionary reserve		712 780	878 010
TOTAL FUNDS AND RESERVES		716 517	882 110

STATEMENT OF CHANGES IN NET ASSETS

	Notes	Admin- istration Reserve R'000	Employer Grant Reserve R'000	Discre- tionary Reserve R'000	Unap- propriated surplus R'000	Total R'000
Balance as at 1 April 2011		2 769	-	911 071	-	913 840
Net deficit as per Statement of Financial Performance		-	-	-	(31 728)	(31 728)
Allocation of unappropriated surplus	1	14 746	93 739	(140 213)	31 728	-
Excess reserves transferred to Discretionary reserve		(15 301)	(91 853)	107 154	-	-
Balance at 31 March 2012 (Restated)		2 214	1 886	878 012	-	882 112
Net deficit per Statement of Financial Performance		-	-	-	(165 515)	(165 515)
Allocation of unappropriated surplus	1	10 778	81 478	(257 771)	165 515	-
Excess reserves transferred to Discretionary reserve		(10 918)	(81 701)	92 619	-	-
Balance at 31 March 2013		2 074	1 663	712 860	-	716 597

An amount of R2 074 000 (2012:R2 214 000) is retained in the administration reserve equal to the carrying value of Property, plant and equipment.

An amount of R1 663 000 (2012:R1 886 000) is disclosed in the employer grant reserve refer to note 17.2 for details.

CASH FLOW STATEMENT

	Note	2012/13 R'000	2011/12 Restated R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating activities			
Cash receipts from stakeholders		680 144	635 930
Levies, interest and penalties received	2	680 113	635 911
Other cash receipts from stakeholders		31	19
Cash paid to stakeholders suppliers and employees		(802 169)	(763 448)
Grants and project payments		(826 248)	(656 737)
Compensation of employees		(37 121)	(35 981)
Payments to suppliers and other		61 200	(70 731)
Cash generated by operations		39 360	52 139
Investment income	3	39 360	52 139
Net cash inflow from operating activities	15	(82 665)	(75 379)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property plant and equipment & Intangible assets	7	(1 026)	(779)
Proceeds from disposal of Property, plant and equipment & Intangible assets		31	-
Net cash outflow from investing activities		(995)	(779)
Net increase in cash and cash equivalents		(83 660)	(76 158)
Cash and cash equivalents at beginning of year	11	965 986	1 042 144
Cash and cash equivalents at end of year	11	882 326	965 986

ACCOUNTING POLICIES

The principle accounting policies adopted in the preparation of these Annual Financial Statements are set out below and are, in all material aspects, consistent with those of the prior year except as otherwise indicated.

1. BASIS OF PREPARATION

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. The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) and the Public Finance Management Act (PFMA), 1999 (Act No. 1 of 1999) as amended, including any interpretations of such Standards issued by the Accounting Standards Board.

2. CURRENCY

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

3. REVENUE RECOGNITION

3.1 Revenue from non-exchange transactions

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

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

The asset and the corresponding revenue are measured on the basis of the fair value of the asset on initial recognition. Non-exchange revenue transactions include the receipt of levy income from the Department of Higher Education and Training (DHET), income from the National Skills Fund, and grants from the national government.

3.2 Levy income

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 Skills Development Act, Act No 97 of 1998 as amended and the Skills Development Levies Act, Act No 9 of 1999 as amended.

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

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

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

Levy income is recognised on the accrual basis.

Revenue is adjusted for interSeta transfers due to employers changing Seta's. Such adjustments are separately disclosed as interSeta transfers. The amount of the interSeta adjustment is calculated according to the most recent Standard Operating Procedure issued by the Department. Skills Development Levy (SDL) transfers are recognised on an accrual basis when it is probable that future economic benefits or service potential will flow to the SETA and these benefits can be measured reliably. This occurs when the Department makes an allocation to the W&RSETA, as required by Section 8 of the Skills Development Levies Act, 1999 (Act No. 9 of 1999) as amended.

Accounting Policies (continued)

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.

3.3 Interest and penalties

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

3.4 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.

Property, plant and equipment acquired for NSF Special Projects are capitalised in the financial statements of the Seta, as the Seta controls such assets for the duration of the project. Such assets may however only be disposed of in terms of agreement and specific written instructions by the NSF.

3.5 Government grants and other donor income

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

3.6 Revenue from exchange transactions

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

3.6.1 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 employer grant (excluding interest and penalties) by complying with the

grant criteria in accordance with the Skills Development Act, 1998 as amended Seta Grant Regulations regarding monies received and related matters (The Seta Grant Regulations).

Mandatory grants

The grant expenditure is recognised when the employer has submitted an application for a grant in the prescribed form within the legislated cut off period and the application has been approved. Grants are equivalent to 50% of the total levies contributed by employers to the Seta during the corresponding financial period.

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

Project expenditure comprise:

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

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

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

Accounting Policies (continued)

in earlier periods is raised as 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,
- The Skills Development Act (the Act), 1998 (Act No.97 of 1998) as amended

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

All irregular and fruitless and wasteful expenditure is recognised against the respective class of expense in the period in which they are 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 costs of the assets over their estimated useful lives, using the straight line method.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Property, plant and equipment (owned and leased) are stated at cost less any subsequent accumulated depreciation and adjusted for any impairments. Depreciation is calculated on the straight line-method to write off the cost of each asset to estimated residual value over its estimated useful life.

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.) Gains and losses on disposal of Property, plant and equipment are determined as the

difference between the sale proceeds and the carrying amount and are taken into account in determining operating surplus

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 profit

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

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

Key sources of estimation uncertainty

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

Useful lives of Property, plant and equipment

The Seta reviews the estimated useful lives of Property, plant and equipment at the end of each annual reporting period for the carrying values of Property, plant and equipment.

Management determined, consistent with the prior year, that the useful life of assets should not be limited by the Seta's establishment. Management's determination of useful life also impacts the determination of the residual value of assets.

Accounting Policies (continued)

The following useful lives are used in the calculation of depreciation:

Computer equipment	3 years
Office furniture and fittings	10 years
Leasehold Improvements	Depreciated over the period of the leasehold property
Office equipment	3 years

The Seta has reviewed the residual values used for the purposes of depreciation calculations. 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.

6.1. Intangible assets

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

The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. 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 intangible assets is determined as the difference between the sale proceeds and the carrying amount and are taken into account in determining operating surplus.

Useful lives of Intangible assets

The Seta reviews the estimated useful lives of Intangible assets at the end of each annual reporting period for the carrying values of Intangible assets.

The following useful life is used in the calculation of amortisation:

Item	Range
Computer software	2 years

The Seta has reviewed the residual values used for the

purposes of depreciation / amortisation 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.

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 incidental to ownership to the lessee and is recorded as a purchase of equipment by means of long-term borrowing. All other leases are classified as operating leases.

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

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.

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 the Statement of Financial Position date. Provisions included in the Statement of Financial Position are provisions for leave (based on the current salary rates) and termination benefits. Termination benefits are recognised and expensed only when the payment is made.

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

9. GRANTS AND PROJECTS

Mandatory and discretionary Grant Payments

A liability is recognised for grant payments once the specific criteria set out in the Seta Grant Regulation has been complied with by member companies and it is probable that the Seta will approve the 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 of levies received.

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 approved and allocated for future projects in the notes to Annual Financial Statements.

Commitments are disclosed where the Seta has, in the normal course of its operations, entered into a contractual agreement with entities related to project expenses which are yet due for payment.

10. FINANCIAL INSTRUMENTS

Recognition

“Financial assets and financial liabilities are recognised on the Seta’s Statement of Financial Position when the Seta becomes a party to the contractual provisions of the instrument.”

Financial Assets

Investments are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value or net of transaction cost except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets can be classified into the following specified categories: financial assets as at fair value through profit or loss (FVTPL), held to maturity investments, available for sale (AFS) financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is

determined at the time of initial recognition. All financial assets of the Seta were categorised as loans and receivables.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as ‘loans and receivables’. Loans and receivables are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate, except for short term receivables where the recognition of interest will be immaterial.

Effective interest method

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

Impairment of financial assets

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

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

Financial Liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

Accounting Policies (continued)

Account and other payables do not bear interest and are stated at their nominal value.

Financial liabilities at FVTPL

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

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

Other financial liabilities

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

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

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

11. RESERVES

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

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

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

	2011/13	2010/11
	%	%
Administration costs of the Seta	10	10
Employer grant fund levy	50	50
Discretionary grants and projects	20	20
Received by the Seta	80	80
Contribution to the National Skills Fund	20	20
	100	100

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

Interest and penalties received from SARS as well as interest received on investments is utilised for discretionary grant projects. Surplus funds in the administration and unallocated funds in the employer grant reserves are moved to the discretionary fund reserve. Provision is made in mandatory grant reserve for newly registered companies, participating after the legislative cut off date.

12. COMPARATIVE FIGURES

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

13. 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).

14. VALUE ADDED TAXATION

The Revenue Law Amendment Act no 45 of 2003 commenced on 22 December 2003. Previously the definition of enterprise placed Setas listed in schedule 3A within the scope of VAT. The amendment Act however, has amended this definition of enterprise and effectively places the public entity outside the scope of VAT effective 1 April 2005. The amount reflected as VAT due to or from the South African Revenue Services is in accordance with the dispensation prescribed by the South African Revenue Service. In accordance with this, the Seta will be deregistered for VAT with effect 1 April 2005.

15. CONSUMABLE INVENTORY

Consumables are recognised as an asset on the date of acquisition and it is measured at the cost of acquisition. It is subsequently recognised in surplus or deficit as it is consumed. Subsequent to initial recognition inventory is measured at lower of cost and current replacement cost.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. ALLOCATION OF NET SURPLUS FOR THE CURRENT YEAR TO RESERVES

				Employer Grants Reserve	Discretionary Reserve		
	Total per Statement of Financial Performance 2011/2012 R'000	Total per Statement of Financial Performance 2012/2013 R'000	Administration Reserve R'000	Mandatory Skills Grant R'000	Discretionary Grants R'000	Projects R'000	Total Discretionary R'000
Total Revenue	691 307	735 704	85 749	429 005	171 452	49 498	220 950
Skills Development Levy transfer from non - exchange transactions:							
Levy transfer Administration (10%)	81 100	85 718	85 718	-	-	-	-
Levy transfer Employer Grants (70%)	551 439	600 457	-	429 005	171 452	-	171 452
Skills Development Levy penalties and interest from non - exchange transactions	6 610	10 138	-	-	-	10 138	10 138
Investment Income	52 139	39 360	-	-	-	39 360	39 360
Other income	19	31	31	-	-	-	-
Total Expenses	723 035	901 219	74 971	347 527	478 721	-	478 721
Administration expenses	66 298	74 971	74 971	-	-	-	-
Employer grants and project expenses	656 737	826 248	-	347 527	478 721	-	478 721
Net deficit per Statement of Financial Performance allocated	(31 728)	(165 515)	10 778	81 478	(307 269)	49 498	(257 771)

2. SKILLS DEVELOPMENT LEVY TRANSFER FROM NON-EXCHANGE TRANSACTIONS

The total levy transfer per the Statement of Financial Performance is as follows:

	2012/13 R'000	2011/12 R'000
Levy transfer: Administration	85 718	81 100
Levies received	85 718	81 100
Levies received from DHET	85 827	80 945
Inter-seta transfers in	71	270
Inter-seta transfers out	(181)	(115)
Levy transfer: Employer grants	429 005	396 523
Levies received	429 005	396 523
Levies received from DHET	429 153	396 097
Inter-seta transfers in	357	1 377
Inter-seta transfers out	(504)	(952)
Levy transfer: Discretionary grants	171 452	154 916
Levies received	171 452	154 916
Levies received from DHET	171 671	154 605
Inter-seta transfers in	143	541
Inter-seta transfers out	(362)	(230)
	686 175	632 539
Skills Development Levy: Penalties and Interest	10 138	6 610

3. INVESTMENT INCOME

Interest income

Accruals on bank deposits	2 276	2 379
Bank deposits	37 084	49 760
	39 360	52 139

4. **OTHER INCOME**

	2012/13 R'000	2011/12 R'000
Insurance claims	31	19
	31	19

5. **EMPLOYER GRANT AND PROJECT EXPENSES**

Mandatory grants	347 527	302 783
Disbursed	312 579	372 002
Movement in provisions and accruals	34 948	(69 218)
Discretionary grants	478 721	353 954
Disbursed	478 721	353 954
	826 248	656 737

6. **ADMINISTRATION EXPENSES**

Advertising, marketing and promotions, communication	2 355	2 073
Allowance for doubtful debts	1 664	(1 192)
Bad debts written off	-	3
Consultancy and service provider fees	6 418	5 728
Cost of employment	37 121	35 981
Depreciation / Amortisation	874	1 135
Legal fees	214	216
Loss on disposal of Property, plant and equipment	184	194
Maintenance, repairs and running costs	119	164
Operating lease rentals (minimum lease payments)	10 178	8 893
Buildings	9 828	8 267
Equipment	350	626
Remuneration to members of the accounting authority	2 947	1 916
Staff training and development	(22)	369
Travel and subsistence	3 573	2 130
External auditor's remuneration	1 851	1 895
Other	7 495	6 794
Insurance	1 290	1 228
Telephone & Data lines	1 273	1 300
Other administration expenses	4 477	3 862
Postage & Courier	426	244
Cleaning contract and Services	30	160
	74 971	66 298

6.1 Cost of employment

	2012/13 R'000	2011/12 R'000
Salaries and wages	34 156	33 268
Basic salaries	28 548	27 917
Performance bonus	5 072	4 792
Leave	536	558
Social contributions	2 965	2 713
Medical aid Contributions	1 060	1 007
Provident Fund contributions	1 222	1 149
UIF	122	124
WCA	74	-
SDL	488	433
	37 121	35 981
Average number of employees	133	117

7 PROPERTY, PLANT AND EQUIPMENT

7.1 At Cost

Year ended 31 March 2013

Leasehold Improvements
Computer Equipment
Office furniture and fittings
Office Equipment
Project Assets- computer equipment

Balance at end of year

Made up as follows:

- Owned assets

Cost R'000	Accumulated depreciation R'000	Closing car- rying amount R'000
635	(191)	443
2 804	(2 395)	410
2 259	(1 516)	743
875	(596)	279
54	(11)	43
6 628	(4 709)	1 918
6 628	(4 709)	1 918

Year ended 31 March 2012

	Cost	Accumulated depreciation	Closing carrying amount
	R'000	R'000	R'000
Leasehold Improvements	278	(104)	174
Computer Equipment	2 587	(2 273)	314
Office furniture and fittings	2 238	(1 345)	893
Office Equipment	889	(499)	389
Project Assets- computer equipment	16	(3)	13
Balance at end of year	6 007	(4 224)	1 783
Made up as follows:			
- Owned assets	6 007	(4 224)	1 783

Movement Summary 2013

	Carrying amount 2012	Additions	Disposals	Depreciation charge	Transfers	Carrying amount 2013
	R'000	R'000	R'000	R'000	R'000	R'000
Leasehold Improvements	174	356	-	(88)	-	443
Computer Equipment	314	436	(48)	(298)	-	404
Office furniture and fittings	893	56	(8)	(197)	-	744
Office Equipment	389	30	(14)	(131)	-	274
Project Assets- computer equipment	13	39	-	(9)	-	43
Balance at end of year	1 783	917	(70)	(722)	-	1 908

Movement Summary 2012

	Carrying amount 2011	Additions	Disposals	Depreciation charge	Transfer to assets held for sale	Carrying amount 2012
	R'000		R'000		R'000	R'000
Leasehold Improvements	186	189	(112)	(89)	-	174
Computer Equipment	917	71	(57)	(617)	-	314
Office furniture and fittings	1 190	100	-	(265)	(132)	893
Office Equipment	473	113	(21)	(173)	(3)	389
Project Assets- computer equipment	-	16	-	(3)	-	13
Balance at end of year	2 766	489	(190)	(1 146)	(135)	1 783

Fully depreciated assets still in use

Gross carrying value

Computer Equipment
Office furniture and fittings
Office Equipment

2012/2013	2011/2012
R'000	R'000
1 901	1 507
320	243
262	174
2 482	1 924

7.2 Intangible assets

Year ended 31 March 2013

Computer Software
Balance at end of year

Cost	Accumulated depreciation	Closing carrying amount
R'000	R'000	R'000
325	(168)	156
325	(168)	156

Year ended 31 March 2012

Computer Software
Balance at end of year
Made up as follows:
- Owned assist

Cost	Accumulated depreciation	Closing carrying amount
R'000	R'000	R'000
833	(538)	295
833	(538)	295

Movement Summary 2013

	Carrying amount 2012	Additions	Disposals	Depreciation charge	Transfers	Carrying amount 2013
	R'000	R'000	R'000	R'000	R'000	R'000
Computer Software	295	21	-	(160)	-	156
Balance at end of year	295	21	-	(160)	-	156

Movement Summary 2012

	Carrying amount 2011	Additions	Disposals	Depreciation charge	Transfer to assets held for sale	Carrying amount 2012
	R'000		R'000		R'000	R'000
Computer Software	-	287	-	8	-	295
Balance at end of year	-	287	-	8	-	295

7.3 Assets held for sale

Year ended 31 March 2012

	Cost R'000	Accumulated depreciation R'000	Closing car- rying amount R'000
Computer Equipment	160	(160)	-
Office Equipment	19	(16)	3
Furniture and Fittings	830	(698)	132
Balance at end of year	1 009	(874)	135

Movement Summary 2013

	Carrying amount 2012 R'000	Additions R'000	Disposals R'000	Depre- ciation charge R'000	Transfers R'000	Carrying amount 2013 R'000
Computer Equipment	-	-	-	-	-	-
Office Equipment	3	-	(3)	-	-	-
Furniture and Fittings	132	-	(132)	-	-	-
Balance at end of year	135	-	(135)	-	-	-

Year ended 31 March 2012

	Cost R'000	Accumulated depreciation R'000	Closing car- rying amount R'000
Computer Equipment	160	(160)	-
Office Equipment	19	(16)	3
Furniture and Fittings	830	(698)	132
Balance at end of year	1 009	(874)	135

8. ACCOUNTS RECEIVABLE FROM NON-EX-CHANGE TRANSACTIONS		2012/13	2011/12
		R'000	R'000
Inter-seta debtors		4 256	4 035
Employer receivables	8.1	23 345	7 000
		27 601	11 035

8.1 Employer Receivables

Overpayment to employers	25 997	7 989
Allowance for doubtful debts	(2 652)	(988)
Net effect of retrospective adjustments on affected employers	23 345	7 000

R25 997 000 (2012: R 7 989 000) was recognised as a receivable relating to the overpayment to the employers in earlier periods, as a result of inaccurate information received from SARS and DHET, and is based on the amount of such grant over payments. An amount of R2 652 000 (2012: R988 000) was provided for as doubtful debts. Also refer to Note 12 for Grant amounts owed to employers as a result of subsequent changes in levy information.

9. ACCOUNTS RECEIVABLE -OTHER

Deposits	382	382
Interest receivable	2 276	2 379
Staff debtors	20	66
Other debtors	165	232
	2 843	3 060

10 INVENTORY

Consumables on hand	78	43
	78	43

11 CASH AND CASH EQUIVALENTS

Cash at bank and in hand	89 394	63 455
Cash at bank	89 371	63 432
Cash in hand	23	23
Short term investments/instruments	792 932	902 531
Cash and cash equivalents at end of year	882 326	965 986

As required in Treasury Regulation 31.2, National Treasury approved the banks where the bank accounts are held. The weighted average interest rate on short term bank deposits was 4.20% (2012: 5.20%).

The Skills Development Act Regulations state that a Seta may, if not otherwise specified by the Public Finance Management Act, invest monies 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 requirements of Treasury Regulation 31.3 to invest surplus funds with the Corporation for Public Deposits, surplus funds were invested in line with an investment policy as required by Treasury Regulation 31.3.5

An amount of R694 050 was deposited with ABSA bank which stood guarantee for the lease on the Head Office rented premises

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 2013, an application was submitted to National Treasury through the Department of Higher Education and Training for the retention of surplus funds.

12 TRADE AND OTHER PAYABLES

		2012/13 R'000	2011/12 R'000
From Non-Exchange transactions			
Skills development grants payable - mandatory		66 101	26 062
Inter-seta payables		385	208
Employer Payable		15 861	3 061
Levy Creditors		9 765	6 169
Amounts payable to small companies and SARS	12.1 & 12.2	69 784	33 945
		161 896	69 445
From Exchange transactions			
Trade payables		1 554	72
Other- accrued expenses		29 737	27 148
Operating Leases		1 598	860
		32 889	28 079

12.1 Amounts payable to small companies

	2012/13 R'000	2011/12 R'000
Opening balance	31 074	27 612
Change in estimate	4 777	3 462
Closing balance	35 851	31 074

An amount of R35 851 000 (2012: R31 074 000) relates to levies incorrectly contributed by employers, and paid over by SARS and DHET, after being exempted from contributing (SDL) due to legislation changes which came into effect from 1 August 2005. As SARS collects the levies on behalf of DHET, the responsibility to refund the levies to the employers remains with SARS.

12.2 Amounts payable to SARS

Amount incorrectly deposited by SARS	2 871	2 871
UIF levies incorrectly received	31 062	-
	33 933	2 871
	69 784	33 945

During 2011/2012, an amount of R2 871 000 was deposited in the W&RSETA'S bank account by SARS in error. As at 31 March 2013 the error was still not resolved by SARS/DHET

During April 2013, the Department of Higher Education and Training informed the Seta that UIF contributions amounting to R31 million had been incorrectly paid over to the Seta as SDL levies during the period September 2012 to February 2013. Refer to note 19 (Events after reporting date)

13 PROVISIONS

13.1 Provision for Employee Bonuses

2012/13	Opening balance R'000	Utilised R'000	Addition R'000	Closing balance R'000
Employee Bonus Provision	2 706	(3 800)	4 714	3 620
	2 706	(3 800)	4 714	3 620
2011/12	Opening balance R'000	Utilised R'000	Addition R'000	Closing balance R'000
Provision for Annual Bonus	2 530	(4 932)	5 108	2 706
	2 530	(4 932)	5 108	2 706

The bonus provision is calculated using basic salaries and is based on individual performance

14 RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES TO NET DEFICIT

	2012/13 R'000	2011/12 R'000
Net(deficit) as per Statement of Financial Performance	(165 515)	(31 728)
Adjusted for non-cash items:		
Depreciation	874	1 135
Loss on disposal of Property, plant and equipment	184	194
Bad debts written off	-	3
Allowance for doubtful debts	1 664	(1 193)
Increase/(Decrease) in provisions	915	176
Adjusted for working capital changes:		
Increase/ (Decrease) in receivables from non ex-change transaction	(18 230)	(4 104)
Decrease/(Increase) in receivables - other	217	1 877
(Decrease)/Increase in payables	97 261	(41 724)
Changes in Inventory	(35)	(14)
Cash generated by operations	(82 665)	(75 378)

15 CONTINGENCIES

15.1 Surplus Funds

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. A request for the accumulation of funds has been submitted to National Treasury through DHET for the retention of surplus funds. At the time of compiling the financial statements, no reply had been received.

15.2 First Time Employer registrations

The Skills Development legislation allows for an employer, registering for the first time, 6 months to submit an application for mandatory grants.

At the reporting date it is estimated that, as a result, additional mandatory grant expenditure of R1 663 000 (2012: R1 886 000) will be payable. The amount is contingent on the number of submissions received and approved.

16 COMMITMENTS

16.1 Contractual Commitments on approved projects

	2012/13 R'000	2011/12 R'000
Contractual commitments	307 940	175 026

Contractual commitments are balances on contracts for work to be delivered on contracts-in-progress at the reporting date. The contracts are entered into with suppliers for delivery of education, training and skills development projects.

16.2 Discretionary Reserve

Of the balance of R712 780 000 (2012: R878 010 000) available in the Discretionary reserve at the end of March 2013, R 685 191 000 (2012: R 803 073 000) has been approved and allocated for future projects and skills priorities as set out below. Of the allocated balance of R685 191 000, R307 940 000 has been contracted. Amounts for expenses that have already been incurred, and therefore included in grant expenses in the Statement of Financial Performance, are also indicated. A request for the accumulation of these funds has been submitted to National Treasury through the Department of Higher Education and Training.

Projects

	Opening balance 2011/12 R'000	Approved by Accounting Authority R'000	Writebacks/ Other adjustments R'000
JIP	-	-	6
QMS	449	-	(449)
Learning Programs 0809 (LP0809) (2)	-	-	116
Thabo Mbeki Development Programme Phase 2	1 290	-	(1 016)
New venture creation 2009/10	3 603	-	(1 849)
Scarce and Critical Skills Guide Project Update 2009/10	1 682	-	(1 682)
SMME Voucher Training System	37 812	-	(14 003)
Triple L Academy ABET	5 446	-	(1 171)
AAT Project	1 359	-	336
NonSponsored Learnership	494	-	-
Shoprite Retail Skills Project 2009	-	-	158
eDeaf Skills Programme Project 2	592	-	(592)
Freestate DPW New Venture Creation	3 229	-	(3 215)
WRSETA Training Layoff Scheme	9 546	-	(6 000)
CTFL Training Layoff scheme	17 546	-	(12 000)
WRSETA and CTFL	1 479	-	(476)
Learning Programme 2010/2011	60 712	-	(4 000)
WSP/ATR2011/2012 Project	11 574	-	(4 295)
P&L Hardware	440	-	108
SSP 2011/2016	1 445	-	(832)
SSP Update 2010/2011	524	-	(524)
SSP 2010/2015	2 840	-	(2 840)
Development of W&R Qualificaton	4 887	-	-
Scarce and Critical UP update	3 526	-	(3 320)
W&R Scarce Skills Sponsorship Programme	49 807	-	(35 300)
Project Management Account	531	-	-
Unemployment Youth Assistance Programme	251 806	-	(36 300)
Edcon Funding Window LP	12 606	-	(8 269)
5 Year WSP Impact Study	214	-	(214)
Research into Casualisation	66	-	(66)
Research into skills Comittees	261	-	(224)
Job opportunity index project	258	-	177
Makro Abet	210	-	(210)
Training Provider Capacity Building	7 109	-	-
RPL Pilot	2 752	-	-
NAFCOC SMME	284	-	(284)
Project Management System	329	-	45
Retail MDP Project	5 546	-	-

Notes to the Annual Financial Statements (continued)

Utilised	Opening balance 2012/13	Approved by Accounting Authority	Writebacks/ Other adjustments	Utilised	Closing balance 2012/2013
R'000	R'000	R'000	R'000	R'000	R'000
6	-	-	-	-	-
-	-	-	-	-	-
116	-	-	-	-	-
274	-	-	-	-	-
1 754	-	-	-	-	-
-	0	-	-	-	0
22 084	1 725	-	(1 611)	114	(0)
4 275	-	-	-	-	-
1 346	349	-	(349)	-	-
415	79	-	-	-	79
158	-	-	-	-	-
-	0	-	-	-	0
14	-	-	-	-	-
2 245	1 301	-	(1 301)	-	-
1 181	4 365	-	3 300	2 628	5 037
1 003	-	-	-	-	-
46 943	9 769	-	(2 381)	7 388	-
7 279	-	-	-	-	-
548	-	-	-	-	-
613	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1 814	3 073	-	-	2 541	532
206	-	-	-	-	-
4 047	10 460	-	-	3 895	6 565
116	415	-	(415)	-	-
124 521	90 985	-	(58 718)	32 267	-
4 337	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
37	-	-	-	-	-
214	221	-	(221)	-	-
-	-	-	-	-	-
-	7 109	-	-	4 345	2 764
300	2 452	-	(2 385)	67	-
-	-	-	-	-	-
374	-	-	-	-	-
2 525	3 021	-	108	3 129	-

Projects

	Opening balance 2011/12 R'000	Approved by Accounting Authority R'000	Writebacks/ Other adjustments R'000
SMME Development Approach	121	-	(121)
International Leadership Development Program 3	13 899	-	(3 387)
Siyaphambili Project	3 877	-	(3 874)
SADDT Disability Project	29 111	-	-
Rural Development Strategy	121	-	(121)
Makro Cadetship	2 600	-	(52)
BASF - Spray Painter Project	1 500	-	235
Metcash Management Development Programme (Unsolicited)	11 500	-	(11 500)
Development of the W&R BEE SME - Ethekeini	7 790	-	-
EC - BEE Cooperative Development	1 716	-	-
Development of BEE Training Providers	7 147	-	(7 147)
Development of fresh produce sales personnel	374	-	(374)
Consumer protection act workshop project	3 303	-	(3 302)
ILDP 2011	-	-	-
Career Wise	77 000	26 000	-
SSP 2011	760	-	-
Learner Recruitment and Selection Project	605	-	-
Just on cosmetics NVC	1 850	-	-
Investors in people impact assessment	300	-	(300)
Impact research budget	10 214	-	(7 700)
HSRC FET Audit project	1 080	-	(61)
Regional projects	-	-	-
Retail Relate	-	18 223	3 300
Cycle of Life	-	1 732	-
Bursary Project DHET	-	185 000	-
Discretionary Grant GPN	-	672	-
Discretionary Grant GPS	-	341	-
WSP ATR 2012	-	12 202	-
NSFAS	-	115 000	-
RMDP Project Phase 2	-	10 417	-
DG 11/12 Funding Windows	-	234 000	-
Non Sponsored Learning Programmes	-	2 362	-
Sector Skills plan 2012/13	-	500	-
Monitoring and Evaluation	-	400	-
Job Opportunity Index (2)	-	450	-
Impact Assessment of W&R Seta Regional Offices	-	1 000	-
The nature of existing and emergent cooperatives	-	1 000	-

Notes to the Annual Financial Statements (continued)

Utilised	Opening balance 2012/13	Approved by Accounting Authority	Writebacks/ Other adjustments	Utilised	Closing balance 2012/2013
R'000	R'000	R'000	R'000	R'000	R'000
-	-	-	-	-	-
10 512	-	-	-	-	-
3	-	-	-	-	-
8 697	20 414	-	-	15 822	4 592
-	-	-	-	-	-
2 429	119	-	(119)	-	-
300	1 435	-	(349)	483	603
-	-	-	-	-	-
34	7 756	-	(309)	7 447	-
22	1 694	-	(92)	1 602	-
-	-	-	-	-	-
-	-	-	-	-	-
1	-	751	(267)	484	-
-	-	-	4	4	-
73 135	29 865	-	58 371	43 841	44 395
440	320	-	(231)	89	-
315	290	-	(185)	105	-
1 533	317	-	(56)	261	-
-	-	643	(359)	284	-
270	2 244	-	1 200	1 373	2 071
1 019	-	-	-	-	-
-	-	-	-	-	-
6 851	14 672	-	-	13 577	1 095
1 704	28	-	(13)	15	-
-	185 000	-	(4 500)	95 225	85 275
672	-	-	-	-	-
341	-	-	-	-	-
115	12 087	-	(1 551)	10 536	-
-	115 000	-	(2 350)	76 011	36 639
-	10 417	-	-	71	10 346
1 454	232 546	93 000	(34 298)	121 805	169 443
258	2 104	-	-	492	1 612
-	500	-	-	406	94
-	400	-	600	-	1 000
-	450	-	-	450	-
-	1 000	-	-	886	114
-	1 000	-	-	208	792

Projects

	Opening balance 2011/12 R'000	Approved by Accounting Authority R'000	Writebacks/ Other adjustments R'000
Skills audit and critical review of the sub-sector skills analysis	-	1 000	-
The demand of skills in the sector vs supply of skills from FET colleges	-	1 000	-
The Economic impact of the SA retail industry	-	500	-
e-learning for the skills training sector	-	500	-
Assessment Centres W&RSETA - QCTO Qualifications	-	800	-
Understanding the 2020 operating environment	-	800	-
ILDP 2013	-	13 800	-
SMME Voucher Training Project 2012/13		-	-
CapaCiti		-	-
Career Guidance Strategy		-	-
Cornerstone Training Centre		-	-
FET & HET Extension of Scope		-	-
Retail Chair		-	-
Recognition of Prior Learning		-	-
CGCSA		-	-
Kevro (Discretionary Grants GP)		-	-
Communica (Discretionary Grant GP)		-	-
Annique Health and Beauty (Discretionary Grant GP)		-	-
Mellerware Houseware (Discretionary Grant CTN)		-	-
Alert Engine Parts (Discretionary Grant CTN)		-	-
DG 2012 - 2013		-	-
Work Readiness Programme		-	-
WSP/ATR 2012-2013		-	-
Bursary Programme - Learners With Learnerships		-	-
ILDP 2013 - 2014		-	-
Capacity Building for Unions		-	-
Good Practice Award		-	-
Women RMDP		-	-
2013/14 SSP Update		-	-
Discretionary Grant Shell Ultra		-	-
Customer Satisfaction		-	-
Regions	48 096	8 702	(31 991)
Mpumalamnga Regional Projects	2 171	330	(2 171)
Spar Distribution	-	330	-
Edutel LP Funding Window (DG0910)	2 171	-	(2 171)

Notes to the Annual Financial Statements (continued)

Utilised	Opening balance 2012/13	Approved by Accounting Authority	Writebacks/ Other adjustments	Utilised	Closing balance 2012/2013
R'000	R'000	R'000	R'000	R'000	R'000
-	1 000	-	-	-	1 000
-	1 000	-	-	560	440
-	500	-	-	-	500
-	500	-	-	-	500
-	800	-	-	-	800
-	800	-	-	660	140
34	13 766	-	-	13 178	588
-	-	32 064	-	557	31 507
-	-	985	1 174	876	1 283
-	-	10 000	-	3 333	6 667
-	-	3 200	-	102	3 098
-	-	5 848	-	89	5 759
-	-	17 400	-	3 769	13 631
-	-	2 800	-	3	2 797
-	-	691	-	305	386
-	-	247	-	247	-
-	-	14	-	14	-
-	-	69	-	69	-
-	-	27	-	27	-
-	-	388	-	388	-
-	-	131 200	-	872	130 328
-	-	41 495	-	271	41 224
-	-	13 282	-	186	13 096
-	-	373 601	(362 601)	375	10 625
-	-	16 007	-	748	15 259
-	-	14 500	-	1	14 499
-	-	2 400	265	-	2 665
-	-	7 917	-	-	7 917
-	-	1 200	-	-	1 200
-	-	204	-	204	-
-	-	570	(47)	484	39
15 083	9 724	6 000	(5 992)	3 538	6 194
89	241	-	(36)	156	49
89	241	-	(36)	156	49
-	(0)	-	-	-	(0)

Projects

	Opening balance 2011/12 R'000	Approved by Accounting Authority R'000	Writebacks/ Other adjustments R'000
Western Cape Regional Projects	13 341	-	(8 403)
WEEG for FET	5 202	-	(1 000)
Truworhs: LP	1 862	-	(1 834)
New Clicks: LP	97	-	(97)
Pep: LP	1 905	-	(1 598)
Mason	3 439	-	(3 439)
Woolworths: LP	236	-	(234)
Africa Skills Village: Disabled	600	-	(22)
Trend Sales: LP	-	-	1
The Merchandising Tool: LP	-	-	1
Directifin		-	(181)
Gauteng South Regional projects	7 433	6 886	(4 369)
Makro Edeaf	(44)	257	414
SMME Expo 2011		6 629	-
Smollan LP Window (DG 0910)	2 632	-	(2 518)
Edutel LP Window (DG 0910)	-	-	31
Ellerines: WEEG Window (DG 0910)	-	-	21
Cecil Nurse: WEEG Window (DG 0910)	-	-	10
Devland Cash and Carry	-	-	10
Gauteng Sales and merchandising LP Window (DG 0910)	260	-	(241)
Cashbuild LP Window (DG 0910)	322	-	(259)
Grassroots	4 263	-	(1 837)
Gauteng North Regional Projects	818	-	(814)
MSC College NLP	66	-	(66)
BAC NLP	(108)	-	108
Ed Agency BEE	(134)	-	134
Phonix NLP (GP)	5	-	(5)
GP Retail NLP	7	-	(7)
Ed Agency NLP	314	-	(314)
BSSA NLP Window (DG 0910)	108	-	(108)
DG 09/10 WEEG Funding window	560	-	(556)
Free State Regional Projects	762	-	(437)
Bibi Cash and Carry LP	762	-	(437)

Notes to the Annual Financial Statements (continued)

Utilised	Opening balance 2012/13	Approved by Accounting Authority	Writebacks/ Other adjustments	Utilised	Closing balance 2012/2013
R'000	R'000	R'000	R'000	R'000	R'000
	-				-
4 734	204	-	(140)	63	1
3 999	203	-	(140)	63	-
28	-	-	-	-	-
-	-	-	-	-	-
307	-	-	-	-	-
-	-	-	-	-	-
2	-	-	-	-	-
577	1	-	-	-	1
1	-	-	-	-	-
1	-	-	-	-	-
(181)	-	-	-	-	-
	-				-
8 354	1 596	-	(1 030)	566	-
627	-	-	-	-	-
5 033	1 596	-	(1 042)	554	-
114	-	-	-	-	-
31	-	-	-	-	-
21	-	-	-	-	-
10	-	-	-	-	-
10	-	-	-	-	-
19	-	-	-	-	-
63	-	-	-	-	-
2 426	-	-	12	12	-
4	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4	-	-	-	-	-
	-				-
325	-	-	-	-	-
325	-	-	-	-	-
	-				-

Projects**Eastern Cape Regional Projects**

Siyaya Hygiene and cleaning Skills

Apex Learnership LP

KZN Regional Projects

Perfect Match - NVC

DG 0910 BEE & BEE Cooperatives

DG 0910 Learning Programmes

DG09/10 SADDT2

SADDT - Disabled Learners

Total

Opening balance 2011/12 R'000	Approved by Accounting Authority R'000	Writebacks/ Other adjustments R'000
(14)	-	130
(29)	-	145
15	-	(15)
23 586	1 486	(15 927)
772	-	(676)
10 629	-	(10 629)
4 792	-	(4 622)
7 393	-	-
-	1 486	-
725 219	636 401	(204 580)

Utilised	Opening balance 2012/13	Approved by Accounting Authority	Writebacks/ Other adjustments	Utilised	Closing balance 2012/2013
R'000	R'000	R'000	R'000	R'000	R'000
116	-	-	-	-	-
116	-	-	-	-	-
-	-	-	-	-	-
	-				-
1 461	7 684	6 000	(4 786)	2 753	6 145
96	-	-	-	-	-
-	-	-	-	-	-
170	-	-	-	-	-
485	6 908	-	-	-	6 908
710	776	6 000	(4 786)	2 753	(763)
353 967	803 073	776 503	(415 678)	478 707	685 191

17 OPERATING LEASES

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

	2012/13 R'000	2011/12 R'000
Not later than one year	9 867	8 689
Later than one year and not later than five years	16 198	25 289
	26 064	33 977

The operating leases relate to office accommodation for the Head office and Regional offices and also for the photocopier machines. All lease agreements for office accommodation will expire in 2014 except for the Head Office which expires in 2016. Provision was made for an option to renew all the leases on expiry except for the lease which expires in 2016. The rentals escalate annually by an average of 9% on the anniversary dates. The lease for the photocopier machines expires in 2015 and has a zero escalation amount

18 MATERIAL LOSSES THROUGH CRIMINAL CONDUCT, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE**18.1 Irregular Expenditure**

	2012/13 R'000	2011/12 R'000
Opening balance	5 605	-
Add: Irregular expenditure current year	2 690	5 605
Less: Amounts condoned	(8 275)	-
Irregular expenditure awaiting condonation	20	5 605

Analysis of expenditure awaiting condonation per age classification

Current year	20	5 605
Total	20	5 605

Details of Irregular Expenditure-Current Year

Incident	Disciplinary steps taken/criminal proceedings		
Omission of preference point system	none	-	1 790
No Tax clearance certificates	none	-	483
Irregular photocopy lease	none	-	38
Property Leases	none	-	3 294
Storage expenses		20	-
		20	5 605

Expenditure was incurred on a month to month basis for storage expenses of R1 501.00 per month which had no contract

18.2 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure 2013: Rnil (2012: R18 000)

18.3 Matters under investigation

An internal investigation revealed that two suppliers contracted to deliver skills training did not match the contractual obligations as set out in the contract. An amount of R4.380million which was paid to the first supplier and the transaction is under litigation. The second supplier also contracted to deliver skills training, was paid R1 680 000 but did not meet the contractual obligations. This matter is under obligation as the supplier could not be located

19 EVENTS AFTER REPORTING DATE

During April 2013, the Department of Higher Education and Training informed the Seta that UIF contributions amounting to R31 million had been incorrectly paid over to the Seta as SDL levies during the period September 2012 to February 2013. This is an adjusting event as it provides evidence of conditions that existed at the reporting date. The 2012/13 annual financial statements have been adjusted accordingly.

20 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Key sources of estimation uncertainty

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

Useful lives of property, plant and equipment and intangible assets

The Seta reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each annual reporting period, refer note 7 for the respective carrying values. The Seta is currently established until 31 March 2016.

21 PRIOR YEAR ERRORS**21.1 Contracted commitments**

	Contracted originally as at 31 March 2012 R'000	Prior Year Error R'000	Contracted at 31 March 2012 (Restated) R'000
Discretionary grants commitments	345 602	(170 576)	175 026

Commitments on discretionary grants are contractual balances still to be delivered by third parties according to contracts that are in progress as at the reporting date. The commitments as at 31 March 2012 were recalculated based on an exhaustive review of contracts that were in progress as at 31 March 2012.

21.2 Operating lease liability

	Operating lease liability as at 31 March 2012 R'000	Prior Year Error R'000	Operating lease liability (Restated) R'000
Operating lease liability	935	(75)	860

The GRAP standard on leases was not correctly applied in the prior year resulting in a prior year error of R75 000

21.3 Property, Plant and Equipment for projects

	Carrying amount as at 31 March 2012	Prior Year Error	Carrying amount (Restated)
Project assets- Computer Equipment	-	13	13

22 FINANCIAL INSTRUMENTS

In the course of the Seta operations it is exposed to 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.

Interest rate risk

The Seta manages its interest rate risk by effectively investing Seta surplus cash in term deposits with different financial institutions according to the Seta's investment policy.

The Seta's exposure to interest rate risk and the effective interest rates on financial instruments at reporting sheet date are as follows:

	Floating rate		Non-interest bearing	
	Amount R'000	Effective interest rate	Amount R'000	Weighted average period until maturity in years
Year ended 31 March 2013				
Assets				
Cash	882 326	4.2%		882 326
Accounts receivable	-		2 843	2 843
Total financial assets	882 326		2 843	881 169
Liabilities				
Accounts payable			-	-
Total financial liabilities	-		-	-
Year ended 31 March 2012				
Assets				
Cash	965 986	5.2%	-	965 986
Accounts receivable			-	-
Total financial assets	965 986		-	965 986
Total financial liabilities	-		(28 155)	(28 155)
	-		(28 155)	(28 155)

Financial instruments have not been discounted as they will all be settled or recovered within 3 months. Effect of discounting was considered and found not to be material.

Credit risk

Financial assets which potentially subject the Seta to the risk of non performance by counter parties consist mainly of cash and cash equivalents and accounts receivable.

The Seta limits 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.

Credit risk with respect to levy paying employers is limited due to the nature of the income received. 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. Accounts receivable are presented net of allowance for doubtful debt.

The ageing of trade and other receivables:

	2012/13		2011/12	
	Gross	Impairment	Gross	Impairment
Not past due	-	-	-	-
Past due 0 - 30 days	2 461	-	2 623	-
Past due 31 - 180 days	-	-	15	-
Past due 181 - 270 days	-	-	8	-
More than 270 days	382	-	413	-
	2 843	-	3 059	-

The ageing of cash and cash Equivalents:

	2012/13		2011/12	
	Gross	Impairment	Gross	Impairment
Not past due	882 326	-	965 986	-

Trade and other receivables are all considered for impairment. No impairment charge was raised in the current year (2012:Nil) as management review convinced Management that the receivables were all collectible.

It is the policy of the SETA to raise a 100% impairment charge where management believes there is doubt about collectability.

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 account and other payables. No financial instruments were carried at an amount in excess of its fair value. The following methods and assumptions are used to determine the fair value of each class of financial instrument:

Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Seta and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

Accounts receivable

The carrying amount of accounts receivable is net of allowance for any doubtful debt, estimated by the accounting authority based on prior experience. The carrying amount of these assets approximates their fair value.

Accounts payable

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

23 NEW ACCOUNTING PRONOUNCEMENTS

At the date of authorisation of these financial statements, there are Standards and Interpretations in issue but not yet effective. These include the following Standards and Interpretations that are applicable to the Seta and may have an impact on future financial statements.

		Effective date, commencing on or after
Related party	GRAP 20	Not yet Effective

An entity shall apply Standards of GRAP for Annual Financial Statements covering periods beginning on or after a date to be determined by the Minister of Finance in a regulation to be published in accordance with section 91(1)(b) of the PFMA.

GRAP 20 : Related party

GRAP 20 : Related Party. This standard prescribe the disclosure of information relevant to draw attention to the possibility that the Seta financial position and surplus/deficit may have been affected by the existence of related parties. It is not expected that this standard will significantly impact future disclosures.

The following Standards and Interpretations that have been issued but are not yet affective are not applicable to the Seta and will not have an impact on future financial statements:

		Effective date, commencing on or after
Segment Reporting	GRAP 18	Not yet Effective
Transfer of Function between Entities Under Common Control	GRAP 105	Not yet Effective
Transfer of Function between Entities Not Under Common Control	GRAP 106	Not yet Effective
Mergers	GRAP 107	Not yet Effective

24 **STATEMENT OF FINANCIAL PERFORMANCE-COMPARISON TO BUDGET
FOR THE PERIOD ENDED 31 MARCH 2013**

	Note	ACTUAL 2012/13 R'000	BUDGET 2012/13 R'000	Variance Favour- able (unfavour- able)
REVENUE				
Skills Development Levy: income	24.1	686 175	660 000	26 175
Administration(10%)		85 718	82 500	3 218
Discretionary(20%)		171 452	165 000	6 452
Employer Grants(50%)		429 005	412 500	16 505
Skills Development Levy: penalties and interest		10 138	-	10 138
Other Income		31	-	31
Investment Income	24.2	39 360	39 450	(90)
TOTAL REVENUE		735 704	699 450	36 254
EXPENDITURE				
Employer Grants	24.3	(347 527)	(330 000)	(17 527)
Discretionary Grants and Project Expenses	24.4	(478 721)	(465 000)	(13 721)
Administration expenses	24.5	(74 971)	(76 071)	1 100
TOTAL EXPENDITURE		(901 219)	(871 071)	(30 148)
NET SURPLUS/(DEFICIT) FOR THE YEAR		(165 515)	(171 621)	6 106

NOTES

24.1 Levy income was marginally ahead of budget mainly due to a higher than budgeted salary increase in the sector of 10% compared to budget of 8%.

24.2 The interest earned was in line with budget due to average cash balances being higher than budgeted thus compensating for with a lower than budgeted interest rate

24.3 Employer grants expenditure was ahead of budget due mainly to higher levy income received

24.4 Expenditure on discretionary grants and projects was marginally above budget mainly due to higher expenditure on bursaries

24.5 Actual administration expenditure was below budget due to a high favourable variance in employment costs because of vacant positions

CONTACT DETAILS

Head Office

Riverside Office Park, Hennops Building, 1303 Heuvel Avenue, Centurion • Private Bag X106, Centurion, 0046 • Tel: 012 622 9500 • Fax 012 663 9585

Gauteng North

Ground floor, Block B, Hadefield Office Park, 1267 Pretorius Street, Hatfield, Pretoria • PO Box 14780, Hatfield, 0028 • Tel: 012 430 4930 • Fax: 012 430 4935

Gauteng South

Ground Floor, Building 18, Woodlands Office Park, Western Service Road, Woodmead • PO Box 633, Wendywood, 2144 • Tel: 011 656 0085 • Fax: 011 656 0116

Kwa-Zulu Natal

Office 102B, Clifton Place, 19 Hurst Grove, Musgrave, Durban • PO Box 184732, Dallbridge, 4014 • Tel: 031 277 0500 • Fax: 031 201 0008

Western Cape

Third Floor, Old Warehouse Building, Black River Park, Fir Road, Observatory • PO Box 13913, Mowbray, 7705 • Tel: 021 442 6700 • Fax: 021 442 6777

Eastern Cape

18 Surrey Road, Vincent, East London, 5247 • Tel: 043 726 3281 • Fax: 043 726 3406

Mpumalanga

Parkmed Building, 64 Mandela Street, Emalahleni 1035 • PO Box 17717, Emalahleni, 1035 • Tel: 013 690 1214 • Fax: 013 690 1190

Limpopo

FNB Building, Cnr Jorrisen and Hans van Rensburg Street, Polokwane, 0069 • PO Box 1674, Polokwane, 0700 • Tel: 015 291 2237 • Fax: 015 291 4206

Free State

200 Nelson Mandela Building, Cnr Nobel and Nelson Mandela Streets, Bloemfontein • PO Box 1419, Bloemfontein, 9300 • Tel: 051 444 0746 • Fax: 051 444 0771

North West

Office No. 9, 49 Heystek Street, Rustenburg • Postnet Suite 843 • Private Bag X82329, Rustenburg, 0299 • Tel: 014 592 0483 • Fax: 086 642 6046

Northern Cape

Shop 16B, Flaxley House, 24-28 Du Toitspan Road, Kimberley • Tel: 053 831 4117 • Fax: 086 506 8501

National Contacts

Website: www.wrseta.org.za • E-mail: wrseta@wrseta.org.za • Call Centre: 0860 270 027



RP154/2013
ISBN: 978/0-621-41896-5