Annual Report **2015**

NEMISA NPC

National Electronic Media Institute of South Africa

Contents

PART A: GENERAL INFORMATION

General information

Registered name:	National Electronic Media Institute of South Africa
Registration number (if applicable):	1998/014825/08
Physical address:	21 Girton Road, Parktown, Johannesburg 2193
Postal address:	PO Box 545, Auckland Park 2006
Telephone number/s:	011 484 0583
Fax number:	011 484 0615
E-mail address:	info@nemisa.co.za
Website address:	www.nemisa.co.za
External auditors:	Auditor-General of South Africa
Bankers:	Standard Bank of South Africa
Company/Board secretary	Ms Mapula Thebethe

List of abbreviations/acronyms

AC	Academic Committee
AGSA	Auditor-General of South Africa
ARC	Audit and Risk Committee
BBBEE	Broad-Based Black Economic Empowerment
CEO	Chief Executive Officer
CFO	Chief Financial Officer
DHET	Department of Higher Education and Training
DOC	Department of Communications
DOL	Department of Labour
DTPS	Department of Telecommunications and Postal Services
EXCO	Executive Management Committee
GRAP	Generally Recognised Accounting Practice
HRDCSA	Human Resource Development Council of SA
HRRC	Human Resources and Remuneration Committee
ICTs	Information and Communication Technologies
IDC	International Data Corporation
ISAD	Information Society and Development
ISSA	Institute for Space and Software Applications
ITU	International Telecommunications Union
King III	King Code of Governance Principles and the King Report on Governance
MDGs	Millennium Development Goals
MEC	Member of Executive Council
MGI	McKinsey Global Institute
MICT SETA	Media, Information and Communication Technologies Sector Education Training Authority
MTEF	Medium-Term Expenditure Framework
MTSF	Medium-Term Strategic Framework
NDP	National Development Plan
NDS III	National Development Strategy
NEMISA	National Electronic Media Institute of South Africa
NeSPA	National e-Skills Plan of Action
PFMA	Public Finance Management Act
PIAC	Presidential International Advisory Council
ResNES	Research Network for e-Skills
SCM	Supply Chain Management
SMME	Small Medium and Micro Enterprises
SOC	State-Owned Companies
TR	Treasury Regulations
TVET	Technical Vocational Education and Training
UN	United Nations
UNDP	United Nations Development Programme
USAASA	Universal Service Access Agency of South Africa
WEF	World Economic Forum
WSIS	World Summit on Information Society

Foreword by the Chairperson

Dr Molatelo Maloka

Honourable Minister, it is with pleasure that I present to you the Annual Report of the National Electronic Media Institute of South Africa (NEMISA) for the period 1 April 2014 to 31 March 2015 as required by Section 65 of the Public Finance Management Act (Act No. 1 of 1999), as amended (PFMA).

The Institute is gearing up for the finalisation of its transition from NEMISA to the new institute, Ikamva National e-Skills Institute (iNeSI). The new institution responds to its mandate of playing a leading and advocacy role in developing users, consumers and citizens within the globally evolving information and knowledge-based environment that is increasingly dominated and affected by modern information and communication technology (ICT) devices and applications. The purpose of iNeSI is to promote the development of e-skills (ICT) human capacity in South Africa. This takes into account the current NEMISA mandate to train previously disadvantaged individuals, particularly women, to equip them with necessary skills to play a significant role in the constant changing broadcasting environment.

A major achievement was providing training on demand-side skills for massification of e-literacy, designed for users through established universities and collaborative partners. Other exciting work involved building the capacity and upskilling practitioners within the ICT sector to boost the skills required for broadband roll-out, at a technical level, as well as the reconceptualisation, planning and operationalisation levels.

Our global e-readiness position has dropped dramatically over the past ten years, and moved from 47th to 70th position in the last 5–6 years. This is not necessarily because of a lack of effort or non-commitment, but it would appear that other countries are working faster and with a new agenda that harnesses the changed environment that modern ICT brings with it.

In collaboration with existing public, national and international institutions, civil society, organised labour and private corporations, various ways, such as developing new curriculum, course content, productions as well as creative industries material, were intensified. Through broad consultation between the various stakeholders, alignment between skills supply and skills demand and advanced research methods are key to respond to advanced needs.

The provincial e-skills knowledge production and co-ordination CoLabs played a vital role in the achievement of the Institute's goals. The CoLabs have brought a sound basis for innovative research and evaluation, tied to the National Development Plan (Vision 2030), which provides us with substance to develop relevant policy. The link to university networks in South Africa and across the world that can help evaluate case study approaches, provide post-graduate research capacity and internships, and provide new approaches to skilling existing resources in ways that are more responsive to emerging trends and technological development.

The Institute held its annual e-Skills Conference in October 2014, where research papers were presented and facilitated by key decision-makers, including education, civil society, government stakeholders and local and international academia, in order to increase awareness of the nature and scope of e-skills research and its impact on service delivery, teaching and innovation.

We acknowledge that the various stakeholders, including the Minister of Telecommunications and Postal Services (DTPS), have approved the business case for iNeSi, and we await the requisite approval by other stakeholders. In taking forward the process, the Board acknowledges that the business case objectives will have to be implemented incrementally, taking into account the requisite budget of the Institute in delivering on the e-skills needs of the country. Taking note of the significant progress made towards the establishment of iNeSI, we acknowledge the work undertaken on the different activities, with limited resources, to accommodate its implementation.

The Institute invests in suitable and innovative ways to address systemic problems and weaknesses in achieving learning success. As a core function, the Institute is responsible for research and developing a citizenry for the information society and knowledge economy. This process is central to its vision of being responsive, flexible and innovative. It will provide a focus for continuous research in a cross-disciplinary manner to concentrate on new ways of embedding technology into people's lives to improve business opportunities, accessing government services and social cohesion and managing evidence-based research.

During the period under review, there was one resignation from the Board. On behalf of the Board, I would like to thank Prof. Roy Marcus for his participation and valued input. I would also like to thank all Board members for their hard work and valuable contribution over the past year.

Furthermore, I would like to thank NEMISA's acting CEO, Dr Harold Wesso, who retired during the period under review, for the leadership he provided during this momentous transition. It is greatly appreciated.

Finally, I would like to acknowledge the senior management team and all NEMISA, Institute for Space and Software Applications (ISSA) and eSi employees for their hard work and dedication over the past year. We would like to acknowledge your efforts, and the continuous support given by our vice-chancellors and the senior management of our CoLabs.

Dr Molatelo Maloka
Chairperson
31 July 2015

Acting Chief Executive Officer's overview

Ms Moira Malakalaka

2014/15 was a year of both successes and challenges. Yet, through support from the ICT sector and stakeholders, NEMISA endured the challenges and did well. The support given to our initiatives gives us the assurance that the work we undertake is both relevant and needed by the sector.

The finalisation and approval by the Minister of Telecommunications and Postal Services, Minister of Public Service and Administration and Minister of Finance, of the business case for iNeSI is a significant step toward the development of a strong national skills base for the country to perform as a proficient and globally competitive knowledge economy, as required by the South Africa Connect and Broadband Policy.

The Institute will take the lead in ensuring the availability of the skills required by broadband users (individuals and organisations) to (fully) use the potential of the technology to the benefit of individuals and society at large. The Institute aims to find ways to identify potential entrants who do not meet the standard entrance qualifications, support under-prepared students and introduce work integrated learning and practical components into programmes. These programmes take into consideration the contributions made towards delivering Digital Terrestrial Television (DTT) consumer awareness activities.

The Institute envisages being the leader in training cyber-security 'soldiers', effecting SA Connect skills training and Multimedia Production Programme training, focusing on effective service delivery through the CoLabs in universities.

The Strategic Plan 2014–2019 and Annual Performance Plan 2014/15 collectively fall under the auspices of the eSI Branch and ISSA Directorate at the Department of Telecommunications and Postal Services (DTPS), as the

Institute prepares itself for its transition into iNeSI. The iNeSI model will ensure an e-literate society that can effectively access services and content, including public information and public services. Both documents continue to guide the development of target e-skills courses for new job opportunities (Broadband, Broadcasting Digital Migration, Community Development Workers, etc.).

During the period under review, the Institute continued to strengthen the role of provincial e-skills CoLabs in promoting the importance of e-skills human capacity development at a provincial and community level, especially in the areas of planning, teaching and learning and new targeted job opportunities (investment). Decision-makers and learners were e-skilled in specific areas of ICT for rural development, connected health, creative and new media industries, e-enablement of effective service delivery, knowledge-based economy and e-social astuteness (e-literacy), e-inclusion and social innovation, mobile apps development and e-leadership.

The e-Skills Conference, held in October 2014, was a further confirmation that through such inclusive events, the Institute can:

- Provide focus and continuous research in a trans-disciplinary manner, concentrating on new ways to embed technology into people's lives to improve business opportunities, access government services and build social cohesion;
- Manage evidence-based research and development for a collaborative knowledge economy to address national goals (Medium-Term Strategic Framework (MTSF) 2014–2019 and NDP 2013) e.g. thought leaders (policy and practice);
- Participate in the development of an Evaluation and Monitoring Framework for collaborative knowledge economy-based efforts to address national goals, i.e. MTSF 2009–2014 and NDP 2013; and
- Have a proactive approach to environmental scanning in a rapidly changing landscape through its national platform that can more adequately assess gaps, overlaps and opportunities for collaborative approaches.

Through our multi-stakeholder collaboration programmes, we were able to build solid partnerships with key stakeholders, such as Media, Information and Communication Technologies Sector Education Training Authority (MICT SETA), Gauteng and KwaZulu-Natal Film Commissions, Eastern Cape Development Corporation and various mobile application factories. These collaborations confirm that the Institute supports the creative and software industry, which produces content and applications that are relevant and meet the needs of the diverse users in the country, ultimately stimulating demand and ensuring uptake and usage of broadband by all.

Since the approval of the iNeSI business case, the Institute is ready for the next phase, namely to finalise the new legislation. This transformation process supports the importance of e-skills in meeting the country's need to usher in an e-readiness and a social e-astuteness revolution that seeks to bring about systemic changes across all societal structures and categories.

The future plan is to advance and expand the provincial e-skills knowledge production and co-ordination CoLabs to all nine provinces. The CoLabs will develop appropriate evaluation processes and act as knowledge hubs to inform pedagogy, training, and research, development and project delivery. The CoLabs will play a vital role in assisting in the first phase of broadband roll-out to eight National Health Insurance pilot district municipalities.

As the acting CEO, I would like to wish new CEO, Dr Tshidzumba, well as he takes the Institute through an important and historical journey of building an institution that addresses the e-skills human capacity challenge and e-readiness of the country in collaboration with government, business, education and civil society.

Our Chairperson and fellow Board members played a critical role in terms of ensuring that NEMISA remains a performance-driven institution, which delivers on its mandate and national imperatives. I would therefore like to take this opportunity to thank our Chairperson and our Board members for their support during the past financial year.

Our stakeholders, such as learners, professional bodies and service providers, play an equally important role in positioning and addressing the country's e-readiness challenge.

I am also indebted to the management team, the staff at NEMISA, ISSA and eSI and the CoLabs. Without their commitment, support and patience through this transitional phase, none of our achievements over the past financial year would have been possible.

Ms Moira Malakalaka
Acting Chief Executive Officer
31 July 2015

Statement of responsibility and confirmation of accuracy for the Annual Report

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

All information and amounts disclosed in the Annual Report is consistent with the Annual Financial Statements audited by the Auditor-General (AGSA).

The Annual Report is complete, accurate and free from any omissions.

The Annual Report has been prepared in accordance with the Guidelines on the Annual Report as issued by National Treasury.

The Annual Financial Statements (Part E) have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) applicable to NEMISA.

The Accounting Authority is responsible for the preparation of the Annual Financial Statements and for the judgments made in this information.

The Accounting Authority is responsible for establishing, and implementing a system of internal control, designed to provide reasonable assurance as to the integrity and reliability of the performance information, human resources (HR) information and Annual Financial Statements.

The AGSA is engaged to express an independent opinion on the Annual Financial Statements.

In our opinion, the Annual Report fairly reflects the operations, performance information, HR information and financial affairs of NEMISA for the financial year ended 31 March 2015.

Yours faithfully

Ms Moira Malakalaka
Acting Chief Executive Officer
31 July 2015

Dr Molatelo Maloka
Chairperson of the Board
31 July 2015

Strategic overview

Vision

An e-skilled society

Mission

To provide a national integrated e-skills development management system towards sustainable socio-economic development in South Africa

In pursuit of this mission, the Institute will:

- Provide a decentralised, integrated, collaborative architecture across government, business, education and civil society that will better position South Africa globally (enabling platform);
- Provide diversified, unique e-skills education, training programmes and e-skills upliftment programmes across key stakeholder groups (empower users);
- Achieve change by acting as a catalyst to achieve national goals in developing an active citizenry and inclusive information society and knowledge economy (aggregation);
- Play a leading role by orchestrating various existing and new initiatives around e-skills, and playing an advocacy role in developing active citizenry for a growing and inclusive knowledge economy (leadership through advocacy at all levels);
- Through thought leadership, be an actor and stimulus for knowledge for innovation (innovation);
- Enable and promote innovation that responds to the developmental needs of the South African society by providing physical facilities for learners, communities and business to exploit new ICTs, develop new local software applications and create new job opportunities (cyberpreneurship);
- Ensure that all communities, including specific groups (unemployed, elderly, disabled, low-income earners, women and youth, especially those not in education, employment and training) in deep rural, rural and peri-urban areas, are able to leverage the opportunities and e-skills virtual network for knowledge production and transfer (e-skills virtual cloud); and
- Work collaboratively to leverage existing capacity and resources and help existing service providers better align to the MTSF 2014–2019 and NDP 2013 (collaboration for impact).

Values

- Innovation
- Collaboration
- Agility
- Visionary
- Impact-oriented
- Integrity

Legislative and other mandates

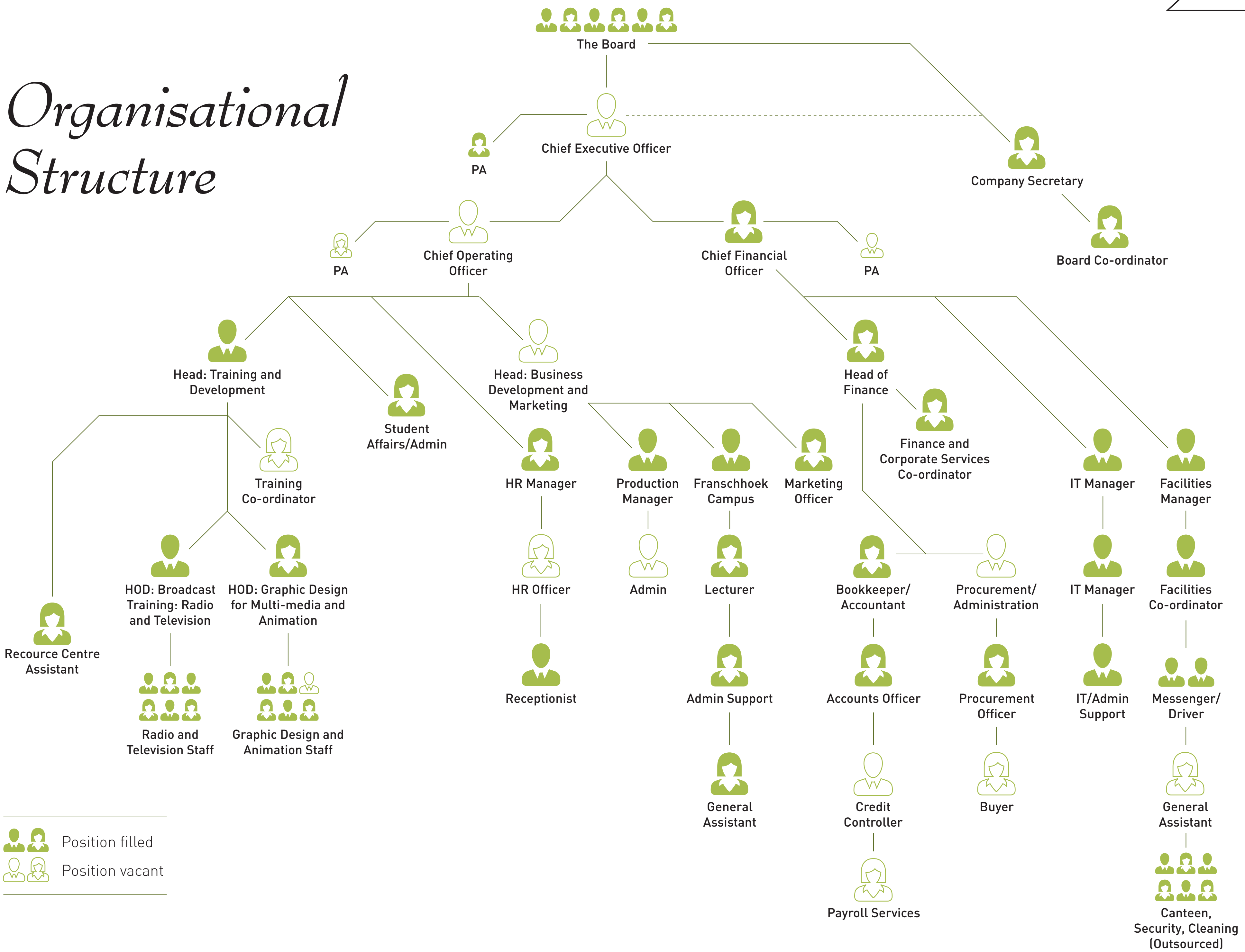
The Broadcasting School of South Africa was established in 1988 as a Section 21 Company in terms of the Companies Act (1973) to deliver requisite skills for the broadcasting industry (radio and TV). The school was renamed in 2001 as the National Electronic Media Institute of South Africa (NEMISA) and re-launched in 2006 with an expanded scope to include qualifications in animation and graphic design.

The e-Skills Institute (eSi) was established following the 2007 recommendations of the Presidential International Advisory Council (PIAC) on the Information Society and Development (ISAD). The shortage of ICT-related skills (e-skills) was identified as a serious problem, and the Department was mandated to drive the national e-Skills Agenda through its eSI.

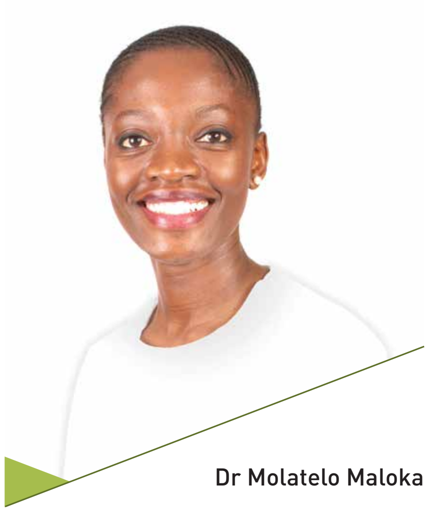
The Institute derives its mandate from the DTPS, in particular to promote e-skills human capacity development in South Africa.

The mandate of the Department is now strengthened through the integration of NEMISA (State-owned Company), e-SI (Branch) and ISSA (Directorate) into a single entity. This is done to ensure that the appropriate e-skills are delivered for an emerging Information society and knowledge economy in an efficient and cost-effective manner.

Organisational Structure



Board of Directors


Dr Molatelo Maloka


Ms Moira Malakalaka


Mr Gaitsewe Lenepa


Mr Thami Ka Plaatjie

Ms Khanyi Ngambi

Ms Loren
Braithwaite-Kabosha

Mr Lucas Mello

Dr Ndivhoniswani
Tshidzumba

NEMISA Staff


Tebogo Serobatse


Doc Fick


Peter Ramatswana


Fidel Regueros


Itumeleng Mokoena


Kuben Davids


Sibongile Imenda


Louise Jardin


Mosima Moleke


Bongiwe Kubheka


Unathi Vilakazi


Robert Chrich


Petrus Mojaki


Peter Jembula


Thembinkosi Sibankulu


Bheki Khumalo

Training

Facilities – Corporate Services

Sibongile Mokhoma

Lungile Mbokazi

Mohapi Moiloa

Thembi Sibeko

Jankie Ngobeni

Rofunwa Ligege

Phora Moshome

Mpho Maedi

Ferial Kaylas

Zethu Magenuka

Victoria Tau

Thabang Phetla

Gopolang Lebakeng

Mapula Thabethe

Brenda Mfaku

- Corporate Services
- Information Technology – Corporate Services
- Finance – Corporate Services
- Human Resources and Administration
- Marketing and Business Development
- CEO's Office
- Company Secretary


Treveen Rabindhnath


Dumisani Sondlo


Lise Hendricks


Derrick Sonamzi


Lindeka Dimbaza


Jacques Fortuin


Theresa Jurries


Lizette Rudy


Antoinette Young

- ISSA
- Franschhoek

PART B: PERFORMANCE INFORMATION

Predetermined objectives

The AGSA currently performs the necessary audit procedures on the performance information to provide reasonable assurance in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other Legal and Regulatory Requirements section of the Auditor's Report.

Refer to page 64 of the Auditors Report, published as Part E: Annual Financial Statements.

Situational analysis

Performance environment

It is widely recognised that the 21st Century will be driven by knowledge, and a nation's competitive advantage in the global economy will be sustained by approaches that valorise e-social astuteness[1] across business, government, education, organised labour and civil society. To meet the challenges of this century, South Africa needs to usher in a social e-astuteness revolution that seeks to bring about systemic changes across all societal structures and categories of the country. Reform in the full societal system needs to seriously consider a methodical approach to the role of ICTs in the development of adequate skills and competencies since they are critical to meeting the challenges posed by demographic disparity and development, and for creating an empowered generation for the future.

The pervasive and ubiquitous nature of the global dispersal of modern ICT is rapidly redefining base concepts of 'economies of scale' for socio-economic sustainability, both vertically and horizontally, across all spheres of service delivery, management, business analysis, education, innovation and research.

The rapidly escalating capacity, mobility, affordability and access ability of ICT when coupled with the impact of imminent bandwidth capacity being delivered to South Africa means that the nation is completely unprepared to make effective use of the technology, which is fundamental to addressing its national strategic objective of addressing inequity. All current experience demonstrates that whilst effective social appropriation of ICT is widely recognised as fundamental to addressing issues of inequity in developmental states, an unplanned approach to harnessing ICT leads directly to increasing inequity. South Africa now finds itself in this space.

In the last six years, we have seen the internet bandwidth gap grow in developed and developing countries. We are also witnessing an increase in mobile cellular subscriptions. The implication of these two trends is that access to technology has, to date, created more inequity across the world and that technology is rapidly converging, increasing in capacity and becoming more mobile.

What we are seeing is that the pace of technological advancement is accelerating, and ICT is increasingly becoming a ubiquitous and intrinsic part of people's behaviour and social networks, as well as of business practices and government activities and service provision.

Further, these trends are changing the very nature of work itself. A recent McKinsey Global Institute (MGI) Report (*The Evolution of Work*, 2012) quantified the shift to interaction (knowledge) work in all jurisdictions across developed and developing economies alike. This will create huge global gaps between skills needs and emerging 'job fit'. According to the MGI, a failure to address this gap in developmental states will inevitably "result in higher unemployment, rising inequity and heightened political tensions testing political stability". This is a position that South Africa cannot afford to face.

The big issue for South Africa "is how to leverage ICT capabilities and tools to address our socio-economic needs and improve our human resources base for equitable prosperity and global competitiveness".

1. The concept of e-astuteness is closely related to developing e-competent individuals by giving them appropriate ICT-related knowledge and skills, and training them to develop a competent attitude and knowledge to use and adapt to the rapidly changing new forms of ICT devices and associated software. If applied to benefitting the community's socio-economic context (and possibly combined with other 'e-astute' community members), e-astuteness then transitions into e-social astuteness, i.e. it becomes a smart way to apply acquired e-skills for everyday socio-economic development and better life opportunities for all. If applied appropriately, e-social astuteness can further help in developing ICT-supported social cohesion (impacting on basic issues, including health, safety, food security, youth unemployment, increasing self-reliance, education and training, business development, etc.), which is very high on the agenda of the NDP and MTSF. [NeSPA 2013]

South Africa's falling position on the Development Index

As a country, South Africa is dropping in global ranking for e-readiness. This is not because we are not progressing or that our programmes are not working, but simply because others are moving faster than we are.

The 2013 World Economic Forum (WEF) Global IT Report on e-Readiness Rankings shows that South Africa (which dropped from 47th place in 2007 to 70th place in 2013) faces many challenges in addressing its e-readiness. Of the ten components of e-readiness, the WEF IT Report identifies, South Africa lags in affordability, skills, individual usage, government usage and social impacts when compared to its global counterparts in the medium income group.

This situation provides a 'clear clarion call' for collaborative action at a national level in a way that harnesses all the capability in government, education, business, civil society and organised labour across the country.

Global trends and e-skills[2] needed

Current trends in the impact of ICT deployment demonstrates that aggregation of both supply and demand into increasingly large economies of scale and lost leader timeframes across much of business, education and government service delivery, are well beyond the capacity of traditional concepts of market competition within nation states to operate in the national interest. Key global trends include:

1. The developing world, with more than half the world's population, provides the biggest opportunity for many ICT providers given the increase in new users;
2. ICT development is converging, becoming more mobile, more affordable and more accessible in ways that suit developmental agendas for many countries;
3. There can be no sustainable progress in developing equity of life chances in developmental states without the effective social appropriation of ICT;
4. The rate of ubiquitous ICT development is moving past the current capacity and attitudes of many societal, organisational and service delivery structures for effective deployment and adoption;
5. An increasing and massive mismatch between skills required and the dramatic trend to integration (knowledge) work in all economies; and
6. An increasing shift across governments, education, research and development and business towards new formal structural agency aggregations to align diverse capabilities around addressing issues of employment, innovation, productivity, inequity and skills development for the challenges of the knowledge economy. This effort is coupled with a programme-based approach which separates 'form' (organisational structures) from 'function' (mid-term collaborations for impact).

Collectively these trends are irrevocably changing the fundamentals of many services, businesses, educational approaches, the praxis of governance and the way in which life is led across much of society. These impacts are likely to be greatest in places where there are existing large equity gaps.

All analyses of the threats and opportunities afforded by the necessary deployment of ICT point to the need for formal mechanisms for collaboration across stakeholder groups – organised business, government, education, organised labour and community (sometimes known as the quadruple helix approach). In many countries, the complex matters surrounding increasing productivity in the information society and knowledge-based economy are being addressed in three main ways:

1. Aggregating diverse specialist expertise and abilities in large government departments, focusing on addressing the mega national priorities, as determined by analysis of the increasing impact of ICT in the socio-economic space;
2. Separating organisational structures from programme delivery in new forms of matrix management where individual and work group capacities are seconded, leased or contracted into programmes which are funded to deliver against national priorities. Such arrangements include proportional secondment allocations, contracted specialist staff and formal alliances between government, business and education. These programmes are mid to long term, i.e. three to 10–15 years, with annual reviews by external expert panels;

2. e-Skills refers to "...the ability to use and develop ICTs within the context of an emerging South African information society and global knowledge economy, and associated competencies that enable individuals to actively participate in a world in which ICT is a requirement for advancement in government, business, education and society in general."

3. Establishing co-operative research centres or research centres of excellence models which undertake:
   (a) Monitoring and evaluation;
   (b) The development of innovative, technical and service delivery applications for mega issues; and
   (c) Incubation, acceleration, privatisations, start-ups, and patenting for business development, industry, and job creation aligned to interaction or knowledge work.

South Africa has little alternative but to adapt such approaches and utilise it to reshape its skills set and socio-economic positioning in the face of its frightening decline in the global e-readiness indicators, which are significant predictors of capacity development, aligned to inevitable trends in the impact of ICT, which has little regard for national boundaries.

Globally, at a skills level, there is an increasing need for:

- The population to be able to access all relevant government information and services, including health services, electronically;
- Workers to be competent (combining both technical and business skills);
- A career structure and enhanced perception of the IT profession, to attract ICT practitioners to enter the profession;
- A formal education structure that supports the development of a range of e-skills for employment and fuller participation in both national and global society;
- Clear guidance and frameworks to encourage the development of transferable skills and skills that are in most demand; and
- Skills development, training and services to be made available on multiple platforms, particularly on mobile services.

Locally, there is widespread agreement of the importance of ICTs and associated knowledge production for building more equitable prosperity and a globally competitive economy in South Africa. There is also substantive evidence (including but not limited to ISETT (MICT) SETA, 2007; DoL, 2007; Accenture, 2008; ITWeb 2008; NeSPA 2010 and 2013) that, in South Africa, there is a serious shortage of skills that enable the effective use of contemporary information and communication technologies to access information and services in almost every aspect of everyday life.

The model on page 22 shows that South Africa does not compare well with other countries in terms of ICT skills availability. Research regarding the underlying reasons, and measurements related to them, show that South Africa scores poorly in terms of youth interest in science, quality of mathematics and science education, government prioritisation of ICT and the extent of staff training[3]. This results in ICT skills not being readily available for industry.

The Accenture Study (2008) also indicated that a positive relationship between ICT skills development and other factors, such as connectivity, adoption and usage of ICTs, access to ICTs and available services, and awareness of the functionality and benefits of ICTs.

e-Skills is a powerful engine for innovation, social inclusion and economic sustainability, and as such the diagram below depicts e-skills as a key component for e-readiness and further shows the enabling environment across stakeholders needed for developing e-skills capacity for national impact (ITU and WEF, 2012).

Jobs can be created at a variety of skills levels (from call centres to development of highly sophisticated software and electronic devices), in various contexts (business, government, civil society) and that are suitable for people of different abilities and interests (Wesso, 2007)[4]. The International Data Corporation (IDC) emphasised that more than 90% of the jobs available in 2014 will require e-skilled (ICT) workers.

Calandro, *et al* (2012), in their model on page 22, confirm the radical approach adopted by the Institute, i.e. developing an aggregated framework that can harness existing resources and develop new responsive approaches to the co-ordination of capacity development across all stakeholders that contributes to the massification of e-skills delivery at all levels. They further argue the need for both human development (e-skills) and investments (infrastructure and access) to impact employment and innovation opportunities at scale.

---

3. Accenture (2008) The ICT skills landscape of South Africa: A viewpoint on demand, supply and applicable international benchmarks prepared by Accenture for the South African e-Skills Working Group, August 2008
4. SA DoC (2007) Towards a strategic framework for ICT skills development in South Africa (internal, discussion document). No e-version.

Technological changes, new set of skills and emerging conceptual requirements

It is well recognised that the rapid capacity and paradigm changes occurring in the ICT environment are significantly impacting on the way businesses, governments and societies conduct their affairs. The shift in appropriation of ICT is changing the value propositions across the breadth of the socio-economic platform, which has particular ramifications for developmental states. The unprecedented escalation in capacity, affordability, mobility, differentiation and availability of ICT devices, as well as the rapid shift towards high quality displays on mobile devices, pose a significant challenge in e-skilling people within their current jobs, better preparing people for existing vacancies, creating e-capacity for emerging jobs and creating an e-social astuteness in the citizenry for achieving more self-reliance and equitable prosperity.

According to research by globally reputable, Gartner, the following trends have the potential to affect individuals, businesses and societies over the next three years – thus requiring new sets of skills:

- Increased use of mobile devices in everyday life and greater use of tablet devices for work and business;
- Mobile-centric applications and interfaces are considered as one of the top strategic technology trends;
- Context-aware computing and social media are increasingly transforming the user experience;
- The internet of things: a 'network of networks' (e.g. networks across commerce, business, transport, education, etc., are connected to each other and networks of people using social media);
- The use of application (App) stores in business and the marketplace (e.g. supporting the notion of bring your own device (BYOD));
- The next generation of advanced analytics: predictive, collaborative and pervasive;
- Big data, including open government data;
- In-memory computing, which emerges from the converging evolution of memory technology, system architecture and enabling infrastructure software;
- Extreme low-energy servers that are greener than traditional servers; and
- Cloud computing as the main enabler of corporate and public organisations.

These trends are heavily influenced by the growing importance of new levels of connectivity, decreasing costs for connectivity and an unprecedented rise of mobile computing. In South Africa, this will have a significant influence on skilling our people for more equitable prosperity and global competitiveness.

The exponential growth in the use of 'smart' mobile devices by a large portion of the population clearly demonstrates that the ability of South Africans to achieve more equitable prosperity and global competitiveness largely depends on recognising that the 21st Century requires a new approach to the use of rapidly developing ICT devices. Developing the capacity to producing new understanding and knowledge and their effective use to advance the economy and society through innovation, new job opportunities, communication and information management, require a broadly defined set of skills that include:

- Ability to use the ever advancing technologies (e.g. mobile devices, cloud computing);
- Using acquired skills in the economic and social context; and
- Developing capabilities and attitudes to effectively use e-skills for individual (e-astuteness) and societal (e-social astuteness) advancements.

Challenges facing South Africa

There is general acceptance that e-skills (ICT) is not just a 'nice to have', as it affects the capacity of a country to address every substantive issue it faces now and into the future. This was acknowledged in all South Africa's national strategies, including the NDS III, Industry Strategies, Strategic Plan for Higher Education and Training (Department of Higher Education and Training (DHET)), New Growth Path (Department of Economic Development), Green Paper for Post-School Education and Training (DHET), and New Vision 2030, which all call for capacity development for the information society and a vibrant knowledge economy.

The National Development Plan calls for the following by 2030:

> *"By 2030, ICT will underpin the development of a dynamic and connected information society and a vibrant knowledge economy that is more inclusive and prosperous. A seamless information infrastructure will be universally available and accessible and will meet the needs of citizens, business and the public sector, providing access to the creation and consumption of a wide range of converged services required for effective economic and social participation – at a cost and quality at least equal to South Africa's main peers and competitors. Within this vision, the underlying ICT infrastructure and institutions will be the core of a widespread digital communications system. This ecosystem of digital networks, services, applications, content and devices, firmly integrated in the economic and social fabric, will connect public administration and the active citizen; promote economic growth, development and competitiveness; drive the creation of decent work; underpin nation building and strengthen social cohesion; and support local, national and regional integration."*
> (National Planning Commission, 2012)

The challenges facing the country include:

- We are not leveraging the potential benefits associated with ICT. Important shortcomings in terms of basic skills availability in large segments of the population and the high cost of insufficiently developed ICT infrastructure results in poor rates of ICT usage;
- Lack of co-ordination across the full spectrum of service delivery, business, education and policy frameworks (i.e. enabling environment, innovation and capacity) is a significant impediment to addressing the serious matter of e-skilling, and to the crucial need of addressing socio-economic equity in South Africa;
- Education, articulation and ICT for learning: the need for e-skills to be embedded in all spheres of learning (primary, secondary and tertiary levels). The need to target universities (including new universities in the Northern Cape and Mpumalanga), colleges of education, Technical Vocational Education and Training (TVET) colleges, schools and community-based organisations to embed e-skills in respective curriculums to prepare learners for the information society and knowledge economy; and
- Access centres/distance education: the provision of e-skills for learners and communities based in deep rural, rural and peri-urban areas are a huge problem. Current centres across the country are not utilised optimally, nor are they adequately equipped or connected virtually for open distance education (e-learning and m-learning).

To meet the country's commitment to the Millennium Development Goals (MDGs), the World Summit on Information Society goals (WSIS, 2005), the MTSF 2009–2014 and the National Development Plan 2012 goals, and accelerating the development of e-skills capacity in the country, will require new approaches to the utilisation of ICTs. This necessitates sufficient resources and support to have a big impact on the socio-economic growth of the country by creating a large number of new job opportunities.

A national intervention to support the goals of the DoC and DTPS (national broadband network; digital broadcast migration, e-skills and e-competencies for the information society and knowledge economy), the Department of Rural Development and Land Reform, the Department of Science and Technology (Innovation Landscape Review), DHET (National Skills Development Strategy 2010, White Paper on Post-School Education and Training, Distance Education Policy), the Diagnostic Report 2011 of the National Planning Commission, the National Development Plan (e-literate society by 2030), the MTDF 2009–2014 and MDGs, is urgently required to achieve a rapid, large-scale improvement in the supply of those e-skills for which there is a genuine need, together with the essential understanding of how to use those skills optimally within the various contexts noted above.

A great deal of money is already being invested in ICT education and training by business, academia, government and civil society. Currently, a range of un-coordinated efforts deliver the provision of e-skills across education, government, business and civil society, funded by private service provider models, government support contributory schemes, and donor agency supported free access schemes. A number of thought leaders (national and international) across business, education, government and civil society, including labour and global development partners, have been consulted. They confirmed that the Institute can only be justified if it takes an entirely new approach to e-skills interventions which is based on harnessing ICT for equitable prosperity and global competitiveness within the context of national goals.

The e-skills agenda is a multi-disciplinary approach that goes beyond mere technology training and involves a broad spectrum of competency, needs and delivery options for an information society and knowledge economy. More and more, e-skills are becoming central to the development of jobs in information societies and knowledge-based economies, and refer to:

"...the ability to use and develop ICTs within the context of an emerging South African information society and global knowledge economy, and associated competencies that enable individuals to actively participate in a world in which ICT is a requirement for advancement in government, business, education and society in general."

Thus the establishment of the iKamva National e-Skills Institute (iNeSI) as a key national catalytic collaborator across government, business, education and civil society, to create an e-skilled and e-empowered society in a South Africa increasingly dominated by ICTs (Reference made to the National Broadband Policy and NeSPA 2012 and 2013).

A positive shift in addressing this challenge was made towards the end of 2013 through the gazetted South Africa Connect: Creating Opportunities, Ensuring Inclusion: South Africa's Broadband Policy, which incorporates and emphasises the critical need for e-skills human capacity development.

Organisational environment

Integrating skills development entities in the DTPS

At present, skills development for an ICT-enabled environment is by carried out by two key institutions under the DTPS, namely NEMISA and the e-Skills branch.

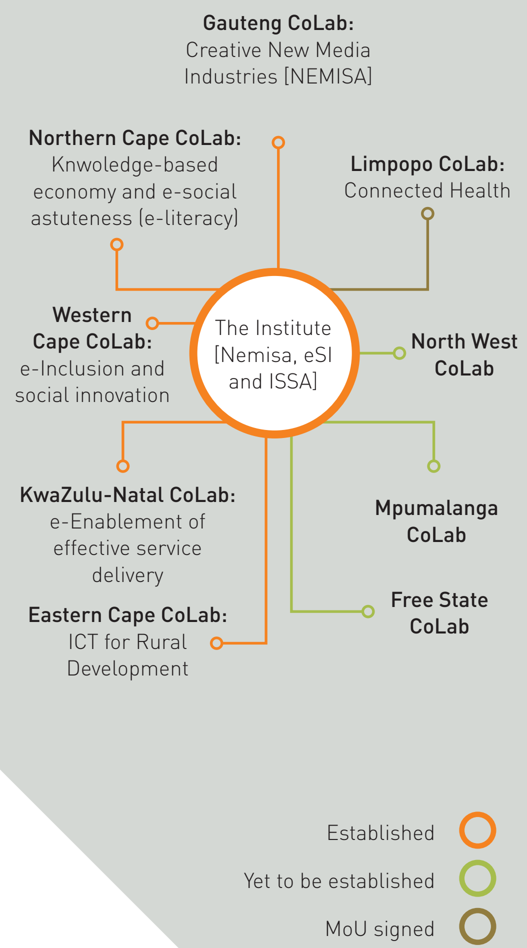
The integrated model – distributed

The model for the Institute is based on the outcomes of a workshop held late 2012. The workshop accepted the intent of the DTPS and confirmed that to radically advance the capacity development of e-skills in the country, the integrated Institute must:

- Act as a national catalyst and change agent for the development of e-skills;
- Play a leading and advocacy role in developing users, consumers and citizens for a knowledge economy;
- Through a distributed model, i.e. physical presence in each of the nine provinces, allow for government, business, education, organised labour, civil society and organised labour to better position South Africa for a knowledge economy;
- Collaborate with key stakeholders, i.e. government, business, education, organised labour, civil society and global development partners, for impact; and
- Broaden its scope to address all e-skills interventions (i.e. teaching and learning, research, innovation, monitoring and evaluation, and aggregation).

The diagram below depicts the distributed model that allows for the Institute (NEMISA, ISSA and e-SI) to carry out its mandate and activities. The current NEMISA activities have been incorporated into the Gauteng e-skills provincial CoLab.

The Institute's distribution model



Provincial e-skills CoLabs

The Institute's provincial CoLabs (previously referred to as hubs), in association with local universities, will:

- Provide positive engagement with stakeholder groups locally and provincially. These will bring to bear context, praxis and resource networks to existing programme delivery in subject matter that by its very nature is multidisciplinary and multi-layered;
- Develop relevant curriculums and training in line with the National Curriculum and Competency Framework and standardised curriculum guidelines;
- Establish a sound basis for innovative research and evaluation, tied to the MTSF and NDP 2013, and which provides us with substance to develop relevant policy;
- Link to university networks in South Africa and across the world to help evaluate case study approaches, provide post-graduate research capacity and internships, and provide new approaches to skilling existing resources in ways that are more responsive to emerging trends and technological development;
- Provide the means to increase national and international opportunities within a 'government recognised', 'business credible' and integrated framework that is responsive to new development and delivery approaches;
- Offer a collective energy for developing appropriate methodologies applicable to a range of markets in developmental states, whilst also providing a basis for a collaborative approach to these markets; and
- Provide a useful network across academia, business, government, international agencies and civil society for pedagogy, research, innovation and policy development in a trans-disciplinary area that is highlighted by evaluations of limits to growth, sustainability, equity and global competitiveness.

Currently, there are six provincial e-skills knowledge production and co-ordination CoLabs, each supporting a national thematic e-skills area (outlined in the table below).

National e-skills thematic area	Hosting university	Province
Enhanced government e-enablement through skilling of employees and use of Web 2.0 technologies for service delivery, e-participation and e-democracy, and efficient use of broadband	Durban University of Technology	KwaZulu-Natal
Creative new media industries, including that of cyber entrepreneurship to support a connected society	University of Pretoria	Gauteng
e-Inclusion and social innovation that includes the empowerment of e-centre managers in the social sector	University of the Western Cape	Western Cape
Knowledge-based economy and e-social astuteness (e-literacy)	Vaal University of Technology	Northern Cape and Southern Gauteng
ICT for rural development, including production and distribution	Walter Sisulu University	Eastern Cape
Connected health	University of Limpopo	Limpopo

Functional structure

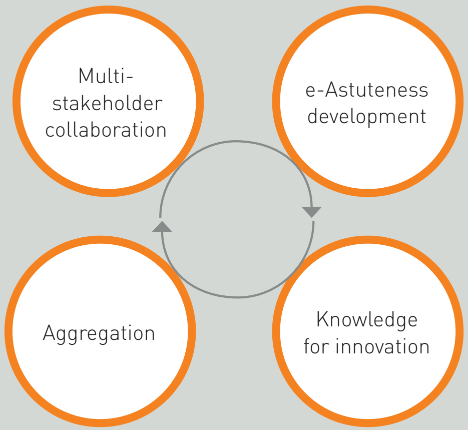
The Institute focuses on the following core functions, including overall administration (incl. governance):

- Multi-stakeholder collaboration;
- e-Astuteness development;
- Knowledge for innovation; and
- Aggregation.

Functions of the Institute

- Advocacy and awareness
- Partnership development
- Resource sustainability

- Curriculum development
- e-Competence development
- Access to learning



- Strategic guiding documents
- Impact measurements

- Research programmes
- Knowledge assimilation/ production
- Knowledge transfer

The core functions of the Institute will be supported by an administration component focusing on corporate governance support, business process support, HR management support, financial management support, technology management support and asset management support.

Each one of these function areas are described in greater detail below.

Multi-stakeholder collaboration

- The Institute will develop a substantive, formalised multi-stakeholder collaborative network involving partners across government, business, global development partners and agencies, continental and international partners, community, organised labour and education (universities, TVET colleges, schools).
- Through its provincial e-skills knowledge production and co-ordination CoLabs, it will co-ordinate effort across all stakeholder groups within each province and provide an operational platform to engage business, education, government, community, organised labour and international bodies across Africa and internationally. This network will co-ordinate and lead national effort generally and within emerging key theme areas based on collectives of excellence.

e-Astuteness development

- Developing a taxonomy for e-skills teaching curriculums and service offerings aligned with South Africa's strategic plans. This framework will be populated by all current offerings across business, government, education and civil society, to produce the required e-skills competencies.
- With its established links with government, business, education, civil society and labour, the Institute's Curriculum Framework responds to new market needs and demands in a co-ordinated environment with higher education institutions.
- Target e-skills delivery at all levels, including e-practitioners, information/knowledge workers (e-users), thought-leaders and the ICT illiterate society (see diagram).

Knowledge for innovation

- Provide a focus for continuous research in a cross-disciplinary manner to concentrate on new ways to embed technology into people's lives to improve business opportunities, access government services and promote social cohesion.
- Manage evidence-based research and development for a collaborative knowledge economy to address national goals (MTSF 2014-2019 and NDP 2013).
- A proactive approach to environmental scanning in a rapidly changing landscape through a national platform that can be more adequately assess gaps, overlaps and opportunities for collaborative approaches.
- Establish application factories to stimulate local innovation. The current technology landscape (i.e. network infrastructure and access to devices such as smartphones and tablets) in South Africa provides new entrants to the creative new media industries, including those in the ICT sector, and allows for localised applications for learning, effective service delivery and new job opportunities. A vital component of the production of knowledge is that of innovation, and the Institute will build on the existing innovation application factories to support the local socio-economic needs of the country. These factories will provide collaborative spaces for learners, entrepreneurs and the community for mutual support in skills development, idea sharing and product development and networking. Three application

factories have already been established in the Western Cape, Eastern Cape and Gauteng e-skills CoLabs.
- Strengthen the establishment of a national research network for e-skills. It provides a professional platform for multi-stakeholder research collaborations to support the national e-skills drive. ResNeS is a network body of researchers across government, education, business and civil society that provide the necessary multi-disciplinary research base for the Institute.

Aggregation

- Growing an inclusive and vibrant knowledge economy offers an improved quality of life through a spread of opportunities: from job creation and self-reliance to innovation, creativity and social astuteness. However, to facilitate the move from industrial or agrarian societal legacies towards inclusive knowledge economy opportunities, co-ordination and collaboration of effort across all key stakeholder groups are fundamental. A framework for aggregated impact, focusing efforts on key areas that are aligned to the national priorities outlined in the MTSF and NDP, will be developed (see diagram above). This aggregation will be achieved through the established CoLabs that allow for channelled outputs, outcomes and impact at local, provincial and national levels.
- The aggregation framework for e-skills impact will address three main issues, namely (i) aggregation of efforts (collaborative approach through the e-skills collaborative networks); (ii) aggregation of resources (e.g. funding for impact); and (iii) aggregation of the results and information necessary for informed strategy and policy decision-making. This framework is also expected to address the drivers for the realisation of the goals of the e-skills agenda. Such drivers include improved ICT connectivity and the lowering of broadband costs, as well as focused funding, thought leadership and sustainability.
- The geo-spatial scope, ensuring that peri-urban, rural and deep rural areas are catered for, is of utmost significance in the effort to use e-skills for increased opportunities in the socio-economic platform dominated by new ICTs.

The monitoring and evaluation model that will support the development of the e-Skills Aggregation for Impact Framework will include socio-economic parameters that can directly and indirectly align effort to the highest national socio-economic priorities outlined in the MTSF and NDP. Therefore, the monitoring and evaluation should include:

- Digital and social inclusion: the capability of all citizens to use ICTs, play a full part in society and enjoy their fair share of wealth and opportunity (equitable development). This effort includes access to digital resources and the capacity to apply this to address individual, community and social needs through e-astuteness;
- Effective delivery of government services: the degree to which citizens are capable of accessing and appropriating e-government and e-governance services (e-enablement for effective service delivery). This also encompasses the use of mobile devices for utilising government services at all levels (m-government);
- Expansion and modernisation of ICT facilities: assessing the success of transforming ICT centres into smart centres for more learning and training opportunities, access to services for work, cultural and social opportunities;
- Building the capacity of individuals, groups and communities: monitoring and evaluating progress in empowering the inherent and developed capabilities of citizens. This includes capabilities to use e-skills, e-astuteness and e-social astuteness (making decisions regarding matters of individual, economic and societal development), as well as assessing the skills necessary to find employment or start and manage their own business, thereby creating jobs and tackling poverty.
- Re-skilling and up-skilling: monitoring and evaluating the gaps in e-skills delivery to advise on evidence-based policymaking and on the creation of e-skills programmes that will close these gaps. In part, this will encompass regular e-skills environmental scanning.
- Supporting social capital and social cohesion: assessing the use of ICT and e-skills for connecting people and helping them to maintain and strengthen social ties between family members, friends and communities; and
- Assessing the appropriation of e-skills for participation (e.g. e-participation and e-democracy), which has an important contribution to make in the evaluation of the readiness of individuals and communities to cohesively support the national, provincial and local development agendas.

Administration (incl. governance)

The administration (incl. governance) structure is designed to oversee the catalytic role of iNeSI, i.e. to lead and co-ordinate existing efforts and develop new collaborative approaches based on identified needs at the national and local levels (through its provincial CoLabs) for national impact.

The governance model (as outlined in the diagram above) depicts the need for joint action and engagement with stakeholders through co-operative, well-considered approach to developing and giving effect to policies to empower South Africans to enhance national capacity and respond to opportunities that now exist with new mobile convergence of ICTs.

Performance information by programme

Overview of performance information

The 2014/15 financial year is the second year of the integrated Annual Performance Plan and Strategic Plan post the launch of the Ikamva National e-Skills Institute (iNeSI). The Strategic Plan 2014–2019 and the Annual Performance Plan (APP) 2014/15 support, amongst others, the SA Connect (Broadband Policy) and the National Development Plan (NDP) of the country.

The original APP 2014/15 had to be scaled down (reduction in the number of planned targets) to accommodate the current NEMISA allocation (R37 million) and e-SI allocation (R6 million). The DTPS requested the Institute to scale down its targets, as it was not able to fund those submitted. The proposed down-scaled APP 2014/15 was submitted to the DTPS. All programmes were scaled down except for Programme 1.

The Strategic Plan 2014 – 2019 and scaled down APP 2014/15 were designed to deliver on the vision of the Institute and make provision for the following programmes:

- Programme 1: Administration;
- Programme 2: Multi-Stakeholder Collaboration;
- Programme 3: e-Astuteness Development;
- Programme 4: Knowledge for Innovation; and
- Programme 5: Aggregation.

The performance achievements, reported on below, outline that whilst the Institute struggled to maintain its relationship to deliver on the goals set in the Strategic Plan 2014–2019, strategic and implementation partners across government, business, education and civil society are still committed to building e-astuteness/e-skills human capacity in the country to improve its e-readiness rankings and to leverage the digital opportunities presented by SA Connect. The strategic objectives with the actual outputs achieved in prior years have been inserted as far as practicable, as most targets in APP 2014/15 are new targets. This is as a result of management's attempt to align the APP to National Treasury's Framework on Performance Information, which assists institutions in producing quality accountability documents that use performance information appropriately.

More detailed information per programme is provided in the next section, and is reported against the scaled down APP 2014/15. For purposes of clarity, all scaled down targets are marked with an asterisks (*), and all new targets are marked with a hash (#).

Programme 1: Administration

The purpose of Programme 1 is to support the overall management of the Institute. The programme comprises Departmental Management, Internal Audit, Legal Services, Corporate Services, Financial Management and Facilities Management.

The administration (incl. governance) structure is designed to oversee the catalytic role of iNeSI, i.e. to lead and co-ordinate existing efforts and develop new collaborative approaches based on identified needs at the national and local levels (through its provincial CoLabs) for national impact.

The governance model below depicts the need for joint action and engagement with stakeholders through a co-operative, well-considered approach to developing and giving effect to policies to empower South Africans to enhance national capacity and respond to opportunities that now exist with new mobile convergence of ICTs.

There were 28 planned targets for Programme 1, as outlined in the APP 2014/15. None of the targets were scaled down.

Strategic Outcome-oriented Goal 1: Build an Institute that is responsive to the needs and demands of a knowledge and learning organisation

Goal statement: Ensure internal business excellence

Strategic Objective 1.1: Corporate governance	**Objective statement:** Ensure effective corporate governance within the Institute
Strategic Objective 1.2: Business process support	**Objective statement:** Ensure effective business process support within the Institute
Strategic Objective 1.3: HR management support	**Objective statement:** Ensure effective HR management support within the Institute
Strategic Objective 1.4: Financial management support	**Objective statement:** Ensure effective financial management support within the Institute
Strategic Objective 1.5: Technology management	**Objective statement:** Ensure effective technology management within the Institute
Strategic Objective 1.6: Asset management support	**Objective statement:** Ensure effective asset management support within the Institute
Strategic Objective 1.7: Effective management in all units	**Objective statement:** Ensure effective management in all units of the Institute

Strategic objectives, performance indicators planned targets and actual achievements: Programme 1

Performance indicator	Actual achievement 2013/14	Planned target 2014/15	Actual achievement 2014/15	Deviation between planned target and actual achievement	Comment on deviations
Strategic objective: Corporate governance					
Compliance assessments conducted as per legal framework (n)	#	4	Partially achieved. 3 compliance assessments conducted.	3 compliance assessments conducted.	Capacity constraints within the first quarter of the year under review.
Risk assessments conducted (n)	#	6	Achieved. 7 risk assessments were facilitated by Internal Audit.		
Governance reports provided (n)	#	6	Achieved. All governance reports were submitted.		
Board and Board committee performance evaluations conducted (n)	#	4	Not achieved.	Board and Board committee evaluations were not concluded (this is for all four committees).	With the Board co-ordination now capacitated, the Board and Board committee self-assessments will be finalised in the first quarter of 2015/16 and a report produced.
Corporate Governance Framework (including IT) (n)	#	1	Achieved. The IT Governance Framework was approved.		
Strategic objective: Business process support					
Consolidated Strategic and APP provided within prescribed time (n)	#	1	Achieved. Consolidated Strategic Plan and APP was provided within the prescribed time.		
Organisational performance reports to DTPS (n)	#	4	Achieved. Quarterly organisational performance reports were submitted to DTPS.		
Organisational structure review (n)	Not achieved. Interim structure approved	1	Not achieved.	Structure review done for the business case for iNesi. Interim structure approved by the Board.	
Annual Report produced (n)	#	1	Achieved.	Annual Report tabled in Parliament.	

New targets for 2014/15

Performance indicator	Actual achievement 2013/14	Planned target 2014/15	Actual achievement 2014/15	Deviation between planned target and actual achievement	Comment on deviations
Strategic objective: HR management support					
Lead time from recruitment requisition received until appointment recommendation made (days)	#	60	Not achieved.	Lead time to recruit CEO was more than 60 days.	Taking into account the levels of approvals, it was not possible to recruit the CEO within 60 days.
HR Performance Report produced (n)	#	4	Achieved. Quarterly HR reports were produced.		
Strategic objective: Financial management support					
Institute budget submitted for approval (n)	#	1	Achieved. The institutional budget was submitted.		
Annual statutory financial statement reports produced within prescribed time (n)	#	1	Achieved. Annual statutory financial statement reports were produced within the prescribed time.		
Quarterly statutory Financial Reports produced within prescribed time (n)	#	4	Achieved. Quarterly statutory financial reports produced within the prescribed time.		
Monthly statutory financial information provided within prescribed time (n)	#	12	Achieved. Monthly financial information was provided.		
BBBEE procurement reports produced (n)	#	1	Achieved. Monthly procurement reports were done.		
Creditor/debtor payments/ collections (days)	#	30	Partially achieved.	Average payment of creditors occurred within 30 days. As at 31 March 2015, it took 118.57 days to recover outstanding fees from debtors. This is as a result of most debtors being students, with payments being long outstanding from previous years.	The debtors long outstanding were forwarded to a debt collection agency, and as a result 50% of debt was collected in the first six months of the financial year.

New targets for 2014/15

Performance indicator	Actual achievement 2013/14	Planned target 2014/15	Actual achievement 2014/15	Deviation between planned target and actual achievement	Comment on deviations
Strategic objective: Technology management					
IT Performance Report (n) (including response time, back-up tests, LAN availability, connectivity speed, etc.)	#	12	Achieved. Monthly reports were provided.		
Strategic objective: Asset management support					
Asset counts (n)	#	4	Achieved. Assets counts were done.		
Strategic objective: Effective management in all units					
Audit issues received versus responded to within prescribed time (%)	#	100	Achieved. All audit issues from the internal and external auditors were responded to within the prescribed time.		
Operational plans, including resource plans, developed annually (n)	#	1	Achieved. Operational plans from CoLabs.		
Business performance reports produced (n) (actual performance against targets set)	#	1	Achieved. CoLabs reports.		
Positions filled (% of funded positions)	#	50	Not achieved.	Lead time to recruit CEO was more than 50 days.	Taking into account the levels of approvals, it was not possible to recruit the CEO within 50 days.
Employee Satisfaction Survey results reported (n)	#	-	-		
Grievances/disputes reports provided (n)	#	4	Achieved. HR reports included information on grievances and disputes.		

New targets for 2014/15

Performance indicator	Actual achievement 2013/14	Planned target 2014/15	Actual achievement 2014/15	Deviation between planned target and actual achievement	Comment on deviations
Variance on operational budget spent (%)	#	5	Partially achieved.	The Institute made a surplus due to timing in recognition of new project income and expenses, as well as vacancies.	Key vacancies are filled and projects are continuing in the next financial year.
Performance review frequency (n)	#	4	Partially achieved.	The performance review will be concluded in the first quarter of 2015/16.	The performance review will be concluded in the first quarter of 2015/16.
Compliance with laws and regulations (%)	#	100	Achieved. Compliance assessments done quarterly, including health and safety. Compliance with regards to training and development was done as per SETA regulations.		

New targets for 2014/15

Programme 2: Multi-stakeholder Collaboration

The purpose of Programme 2 is to build a substantive, formalised multi-stakeholder collaborative network involving partners across government, business, state-owned companies (SOCs), global development partners and agencies, continental and international partners, civil society and organised labour. It will also:

- Expand the current network of CoLabs;
- Transform existing ICT centres into smart community knowledge production centres;
- Establish an e-readiness fund that allow stakeholders to contribute financially to the e-Skills Agenda; and
- Facilitate the establishment of a national e-Skills Expert Advisory Council and a national e-Skills Congress.

In collaboration with local universities, it will strengthen the existing provincial e-skills knowledge production and co-ordination CoLabs responsible for co-ordinating efforts across all stakeholder groups within each province, and to provide an operational platform to engage business, education, government, community, organised labour and international bodies across Africa and internationally. The CoLabs will also develop appropriate evaluation processes and act as knowledge hubs to inform pedagogy, training, policy development and project delivery.

There are already six CoLabs (Gauteng, Eastern Cape, KwaZulu-Natal, Northern Cape and Southern Gauteng and Western Cape, Limpopo). The plan is to advance and expand the provincial e-skills knowledge production and co-ordination CoLabs to all nine provinces.

A much needed e-Readiness Fund will be established that will allow key stakeholders, i.e. government, business, education and international companies and development agencies, to contribute to the national e-Skills Agenda, both in cash and in-kind.

There were eight planned targets for Programme 2,as outlined in the APP 2014/15. Six of the planned targets have been scaled down to accommodate the 2014/15 budget allocation. Based on the scaled down planned targets, the Institute achieved most of its planned targets for 2014/15. Although the targets were revised, the Institute had already begun to deliver on some of the scaled down targets through strategic partnerships.

Strategic Outcome-oriented Goal 2: Formalised multi-stakeholder collaborative networks for e-competence development

Goal statement: Build a network of partnerships to stretch and combine resources to accomplish projects and objectives of mutual interest and benefit

Strategic Objective 2.1: Advocacy and awareness	**Objective statement:** Ensure effective advocacy and awareness
Strategic Objective 2.2: Partnership development	**Objective statement:** Ensure effective partnerships over all spheres, all sectors and CoLabs
Strategic Objective 2.3: Resource sustainability	**Objective statement:** Ensure financial, technology, HR and programme resources sustainability

Strategic objectives, performance indicators planned targets and actual achievements: Programme 2

Performance indicator	Actual achievement 2013/14	Planned target 2014/15	Actual achievement 2014/15	Deviation between planned target and actual achievement	Comment on deviations
Strategic objective: Advocacy and awareness (campaigns = all media e.g. broadcasts, social media, websites, seminars, publications, Ibizos, etc.)					
Campaigns (n)	Partially achieved. e-Skills Communication Strategy produced. This strategy guides production of the monthly newsletter (12) and advocacy and awareness campaigns in the provinces – 13 campaigns/workshops and radio talk show and 3 mobile App development campaigns. As a direct result we have a national e-skills database of more than 700 stakeholders.	7	Achieved. 1 iNeSi newsletters 1 KZN monthly newsletters 3 EC CoLab 3 NEMISA	8 campaigns were completed.	NEMISA leveraged awareness campaigns of other institutions, including the DTPS. This resulted in the target being exceeded.
Consolidated campaign report produced (n)	#	0		*(* This target was initially 1 consolidated report.)*	
Institute brand visibility (number of platforms leveraged) (n)	#	5	Achieved. 6 KZN CoLab 7 EC CoLab 7 WC CoLab	20 brand visibility platforms leveraged. *(* This target was initially 10 brand visibility platforms.)*	NEMISA leveraged brand visibility platforms of stakeholders, including the events organised by the DTPS. This resulted in the target being exceeded.
Public awareness survey report produced (n)	#	1	Achieved. Report on ICT skills in the country compiled.		
Strategic objective: Partnership development (international, national, provincial and local across all sectors and CoLabs)					
New partnerships formalised (n)	#	1	Achieved. 6 KZN CoLab 2 EC CoLab 1 WC CoLab 10 NEMISA GP 1 North West CoLab	20 partnerships were formalised.	The Institute already began to engage stakeholders in the previous financial year and before the request to scale down.

New targets for 2014/15 * Annual target scaled down. The initial target as per approved APP 2014/15.

Performance indicator	Actual achievement 2013/14	Planned target 2014/15	Actual achievement 2014/15	Deviation between planned target and actual achievement	Comment on deviations
Formal partnerships renewed (n)	#	6	Partially achieved. 2 KZN CoLab 1 EC CoLab 1 NEMISA (GP)	4 partnerships were renewed.	Partially achieved due to the misalignment of the financial and academic years. The financial allocation of the deliverables was received in December 2014. This meant that the Institute had to deliver the targets pertaining to previous quarters in the last quarter of the financial year, which was not feasible as it had only two months to deliver, taking into account the academic calendar. No commitments were made for the deliverables due to uncertainty surrounding budget.
Partnership performance report against MoU/MoA (n)	#	0		*(* This target was initially 1 performance report.)*	
Strategic objective: Resource sustainability (financial, technology, HR, programme)					
New resource support agreements (n)	#	0	Achieved. 7 NEMISA GP	*(* This target was initially 3 resources agreements.)*	The target was exceeded. The Institute had already begun to engage stakeholders in the previous financial year and before the request to scale down, to assist it in remaining financially sustainable.

New targets for 2014/15 * Annual target scaled down. The initial target as per approved APP 2014/15.

Programme 3: e-Astuteness Development

The purpose of Programme 3 is to leverage existing ICT education and training expertise, infrastructure and courses and help existing service providers to better align themselves with the MTSF 2014–2019 and NDP 2012. The programme collaborates with national and international institutions, civil society, organised labour, private corporations and invites them to partner with the Institute in various ways, such as contributing to new curriculum planning, course development and course presentation.

It will identify the gaps, shortages and mismatches in course content vis-à-vis the demand for ICT and ICT-related skills and competencies across organisational boundaries, and will do this through broad consultation between the Institute and its stakeholders to ensure alignment between skills supply and demand, as well as future needs. This consultative approach will be informed by research and the experience of leaders and innovators in the field of ICT and e-education and training, as well as research and policy development, thus ensuring that the Institute remains at the forefront of the development of e-skills curriculums.

Programme 3 is responsible for:

- Developing a National e-Skills Curriculum and Competency Framework (NCCF);
- Developing and delivering face-to-face and blended learning courses in the areas of e-enablement of government services;
- ICT for rural development, e-inclusion and social innovation, knowledge-based economy and e-social astuteness (e-literacy), creative new media industries and connected health; and
- Expanding its virtual network to targeted communities through its smart community knowledge centres.

Nine targets were set for Programme 3, as outlined in the APP 2014/15. Eight of the planned targets have been scaled down to accommodate the 2014/15 budget allocation. Based on the scaled planned targets, the Institute achieved most of its planned targets for 2014/15. Although the targets were revised, the Institute had already begun to deliver in some of the targets through strategic partnerships.

Strategic Outcome-oriented Goal 3: Develop e-Astuteness for socio-economic opportunities in a knowledge driven-economy

Goal statement: Ensuring ICT education and training expertise, infrastructure and courses to deliver the requisite e-competence development that the society and economy need

Strategic Objective 3.1: Curriculum development	**Objective statement:** Ensure effective e-competence curriculum development
Strategic Objective 3.2: e-Competence development	**Objective statement:** Ensure effective e-competence development / learning through formal education, internships, and learnerships
Strategic Objective 3.3: Access to learning	**Objective statement:** Ensure broad access to learning

Strategic objectives, performance indicators planned targets and actual achievements: Programme 3

Performance indicator	Actual achievement 2013/14	Planned target 2014/15	Actual achievement 2014/15	Deviation between planned target and actual achievement	Comment on deviations
Curriculum development					
New targeted courses available (developed/acquired/customised) (n)	#	0	Achieved. 6 KZN CoLab 1 WC CoLab	7 courses were produced. *(* This target was initially 5 targeted courses.)*	The target was exceeded due to the Institute leveraging the existing resources of universities (CoLabs) and other stakeholders.
National e-Skills Curriculum Competency Framework reviewed (n)	#	0	Achieved. Approved NCCF and guided continuous work in this area at a provincial level.	*(* This target was initially 1 NCCF.)*	The target was exceeded. The review of the NCCF had already been done as part of the business case submission.
Courses revision report (n)		1	Achieved. 1 WC CoLab		
E-competence development / learning (e.g. formal education, internships, learnership)					
e-Literacy learners trained (n '000)	#	1 250	Partially achieved. 374 KZN CoLab 119 WC CoLab 80 EC CoLab 18 NEMISA WC 117 Limpopo CoLab 163 UP, Gauteng CoLab	871 e-literacy learners were trained in total. *(* This target was initially 10 000 e-literacy learners.)*	Not achieved due to the misalignment of the financial and academic years. The financial allocation of the deliverables was received in December 2014. This meant that the Institute had to deliver the targets pertaining to previous quarters in the last quarter of the financial year, which was not feasible as it had only two months to deliver, taking into account the academic calendar. No commitments were made for the deliverables due to uncertainty surrounding budget.
Sector users trained (n)	#	625	Partially achieved. 174 KZN CoLab 95 WC CoLab 99 EC CoLab	368 sector users were trained in total. *(* This target was initially 5 000 sector users.)*	Not achieved due to the misalignment of the financial and academic years.

New targets for 2014/15 * Annual target scaled down. The initial target as per approved APP 2014/15.

Performance indicator	Actual achievement 2013/14	Planned target 2014/15	Actual achievement 2014/15	Deviation between planned target and actual achievement	Comment on deviations
ICT practitioners trained (n)	#	125	Achieved. 40 KZN CoLab 143 WC CoLab 61 EC CoLab 156 NEMISA GP 49 UP, Gauteng CoLab	449 ICT practitioners trained in total. *(* This target was initially 1 000 practitioners trained.)*	Not achieved due to the misalignment of the financial and academic years.
e-Leaders trained (n)	#	63	Partially achieved. 11 WC CoLab	*(* This target was initially 500 e-leaders trained.)*	Partially achieved due to the misalignment of the financial and academic years. The financial allocation of the deliverables was received in December 2014. This meant that the Institute had to deliver the targets pertaining to previous quarters in the last quarter of the financial year, which was not feasible as it had only two months to deliver, taking into account the academic calendar. No commitments were made for the deliverables due to uncertainty surrounding budget.
Access to learning					
Smart community centres (n)	#	0	Achieved. 2 KZN CoLab 2 WC CoLab	*(* This target was initially 18 smart community centres.)*	The target was exceeded. The Institute already formed a relationship with 4 smart centres in the previous financial year and before the request to scale down. The Institute needed to expand the smart centres to 18, but there was insufficient budget.
Online courses available (n)	#	0	Achieved. 3 UP, Gauteng CoLab	*(* This target was initially 5 online courses.)*	The target was exceeded. The UP CoLab had provided a platform through CE@UP to offer the online courses on e-skills.

New targets for 2014/15 * Annual target scaled down. The initial target as per approved APP 2014/15.

Programme 4: Knowledge for Innovation

The purpose of Programme 4 is to look for appropriate and innovative ways to address systemic problems and other inefficiencies and weaknesses in achieving learning success. This includes finding ways to identify potential entrants who do not meet the standard entrance qualifications, supporting under-prepared students and introducing work integrated learning and practical components into programmes. A core function is research and policy development and developing a citizenry for the information society and knowledge economy. The process of reflection and renewal is central to the Institute's vision of being responsive, flexible and innovative.

The programme will focus on continuous research in a trans-disciplinary manner and on finding new ways to embed technology into people's lives to improve business opportunities, access government services and build social cohesion. This will entail managing evidence-based research and development for a collaborative knowledge economy to address the national goals (MTSF 2014–2019 and NDP 2012), through thought leaders (policy and practice); participating in the development of an Evaluation and Monitoring Framework for collaborative knowledge economy-based efforts to address national goals; and a proactive approach to environmental scanning in a rapidly changing landscape through its national platform that can more adequately assess gaps, overlaps and opportunities for collaborative approaches.

The goals of Programme 4 will be realised by strengthening the national e-Skills Research Network (ResNES); hosting an annual research colloquium; and providing for the establishment of research chairs to support the national thematic areas of the provincial CoLabs. In addition, Programme 4 will build on the existing application factories to stimulate local innovation. These factories will provide collaborative spaces for learners, entrepreneurs and the community for mutual support in skills development, idea sharing and product development and networking. Three application factories are already in existence in the Western Cape, Eastern Cape and Gauteng.

There were 11 targets for Programme 4, as outlined in the APP 2014/15. Seven of the planned targets were scaled down to accommodate the 2014/15 budget allocation. Based on the scaled down targets, the Institute achieved most of its planned targets for 2014/15. Although the targets were revised, the Institute had already begun to deliver in some of the targets through strategic partnerships.

Strategic Outcome-oriented Goal 4: Create knowledge for innovation

Goal statement: Provide a focus for continuous research and innovation in a trans-disciplinary manner to concentrate on new ways to embed ICT into people's lives for socio-economic benefit

Strategic Objective	Objective statement
Strategic Objective 4.1: Research programmes	**Objective statement:** Ensure effective research programmes
Strategic Objective 4.2: Knowledge assimilation/ production	**Objective statement:** Ensure effective knowledge assimilation/production
Strategic Objective 4.3: Knowledge transfer	**Objective statement:** Ensure effective knowledge transfer

Strategic objectives, performance indicators planned targets and actual achievements: Programme 4

Performance indicator	Actual achievement 2013/14	Planned target 2014/15	Actual achievement 2014/15	Deviation between planned target and actual achievement	Comment on deviations
Research programmes					
Research chairs allocated (n)	#	0		*(* This target was initially 4 research chairs.)*	
Non-degree research projects commissioned (n)	#	0	Achieved. e-Skills Conference Journal 48 papers presented	*(* This target was initially 6 non-degrees.)*	The institution managed to exceed the target by leveraging the existing resources of universities (CoLabs) and other stakeholders. The e-Skills Conference made it possible for 48 papers on e-Skills to be presented.
Post-graduate research funded (n)	#	-	-	-	-
National environmental scans conducted (n)	Partially achieved. Dspite the delay in funds, targeted e-skills courseware was developed in line with the NCCF and in collaboration with key stakeholders. 20 courses were developed across the national thematic areas.	1	Achieved. Research reports by CoLabs: ▶ Understanding mobile learning projects in SA schools ▶ The creative industries ▶ ICT skills shortage from UP	3 environmental scans done.	The Institute exceeded the target by leveraging the existing resources of universities (CoLabs) and other stakeholders
Knowledge assimilation/production					
Scholarships exchanged (n)	#	0	Achieved. 2 WC CoLab	2 additional scholarships were exchanged to share knowledge on e-skills. *(* This target was initially 1 scholarship planned.)*	The Institute exceeded the target by leveraging the existing resources of universities (CoLabs) and other stakeholders.

New targets for 2014/15 * Annual target scaled down. The initial target as per approved APP 2014/15.

Performance indicator	Actual achievement 2013/14	Planned target 2014/15	Actual achievement 2014/15	Deviation between planned target and actual achievement	Comment on deviations
New products developed (n)	#	6	Achieved. 2 WC CoLab 4 EC CoLab		
Knowledge transfer					
Number of research colloquium hosted	#	1	Achieved. 1 WC CoLab		
Number of research articles in accredited publications	#	0	Achieved. 2 KZN CoLab. 4 WC CoLab (e-Skills Conference Journal)	6 research articles in accredited publications on e-skills.	The institution managed to exceed the target by leveraging the existing resources of the universities (CoLabs) and platforms made available by other stakeholders.
Number of research papers delivered/presented	#	0	Achieved. e-Skills Conference Journal 48 papers presented	*(* This target was initially 3 planned research papers.)*	The institution managed to exceed the target by leveraging the existing resources of the universities (CoLabs) and other stakeholders.
Number of thought leaders engagements	#	0	Achieved. 3 WC CoLab	*(* This target was initially 6 thought leaders engagements planned.)*	The institution managed to exceed the target by leveraging the existing relationships with the universities (CoLabs) and other stakeholders.
Number of research reports distributed	#	1	Achieved. 2 WC CoLab 4 Gauteng CoLab	5 research reports on e-skills were distributed.	The institution managed to exceed the target by leveraging the existing relationships with the universities (CoLabs) and other stakeholders.

New targets for 2014/15 * Annual target scaled down. The initial target as per approved APP 2014/15.

Programme 5: Aggregation

The purpose of Programme 5 is to build a formalised multi-stakeholder aggregation and collaborative network that allows the Institute to link outputs and impact and help existing service providers to demonstrate their measurable impact on national strategic plans. It will implement a monitoring framework to aggregate the uptake of technology within society and consistently address the opportunities highlighted between supply and demand of e-skills to deliver against the goals of the MTSF 2014–2019, NDP 2012 and MDGs, and to support the local needs of an ever-evolving information society and a vibrant knowledge economy.

It will address many of the reasons for the current skills shortage. It will increase the pool of entrants; actively work towards improving throughput and graduation success rates; continually introduce new and updated courses in response to market requirements; focus on up-skilling and re-skilling those whose existing qualifications prevent them from finding work, those who are not maximally effective within their current jobs, and trainers and educators.

The Institute will be in a position to consider the current skills supply and demand, and recommend an appropriate portfolio of offerings and innovative ways of teaching and learning from a variety of perspectives, without needing to defend entrenched opinions. At the same time it will collaborate with stakeholders who have in the past been in competition with each other. This does not mean that the very significant challenges that the Institute will face as a new organisation are not being recognised. The most immediate of these is obtaining exceptionally capable staff and building credibility as well as a brand.

Three targets were set for Programme 5, as outlined in the APP 2014/15. One of the planned targets was scaled down to accommodate the 2014/15 budget allocation. Based on the revised planned targets the Institute achieved most of its planned targets for 2014/15. Although the targets were revised, the Institute had already begun to deliver in some of the targets through strategic partnerships.

Strategic Outcome-oriented Goal 4: Ensure an effectual aggregation framework for e-competence development

Goal statement: Provide strategic direction for e-competence development and a monitoring and evaluation framework to measure impacts

Strategic Objective 5.1: Strategic guiding documents	**Objective statement:** Ensure effective e-competence development frameworks, models, policies, scenarios, strategies and plans
Strategic Objective 5.2: Impact measurements	**Objective statement:** Ensure effective measurements of e-competence development impacts

Strategic objectives, performance indicators planned targets and actual achievements: Programme 5

Performance indicator	Actual achievement 2013/14	Planned target 2014/15	Actual achievement 2014/15	Deviation between planned target and actual achievement	Comment on deviations
Strategic guiding documents (frameworks, models, policies, scenarios, strategies, plans)					
New strategic guiding documents development report provided (n) (e.g. e-competency framework, aggregation framework, etc.)	#	0		*(* This target was initially 1 strategic guiding document planned.)*	
Impact measurements					
Number of e-competence development impact indices report provided ICT	#	0	-	-	
Number of national e-skills summits hosted	#	1	Achieved. Hosted the e-Skills Conference.	*(* This target was initially e-Skills Conference held instead of a summit.)*	

New targets for 2014/15 * Annual target scaled down. The initial target as per approve APP 2014/15.

PART C: CORPORATE GOVERNANCE

Introduction

This report sets out the key governance principles adopted by the directors in governing the NEMISA.

The Board endorses the principles of accountability, integrity and transparency underlying the Code of Corporate Practices and Conduct as contained in the King Code of Governance Principles and the King Report on Governance (King III), and also endorses the principles contained in the Protocol on Corporate Governance for State-Owned Enterprises as well as the dictates of the Public Finance Management Act (Act No. 1 of 1999), as amended (PFMA).

The Board fully appreciates the growing demand for accountability, honesty and transparency in fulfilling its fiduciary duties towards the shareholder and the Company. To this end, the Board is striving to comply with best corporate governance practices in order to:

- Promote informed and sound decision-making;
- Mitigate reputational impacts;
- Gain the trust and confidence of stakeholders;
- Lead to effectiveness and efficiency; and
- Enable legal compliance.

NEMISA takes cognisance of corporate governance requirements addressed in documents such as the:

- PFMA;
- National Treasury Regulations in terms of Government Notice No. R740 in the Government Gazette No. 23463, published on 25 May 2002;
- Protocol on Corporate Governance in the Public Sector, 2002;
- Its Memorandum of Incorporation;
- Its Strategic Plan and Annual Performance Plan; and
- Board Charter.

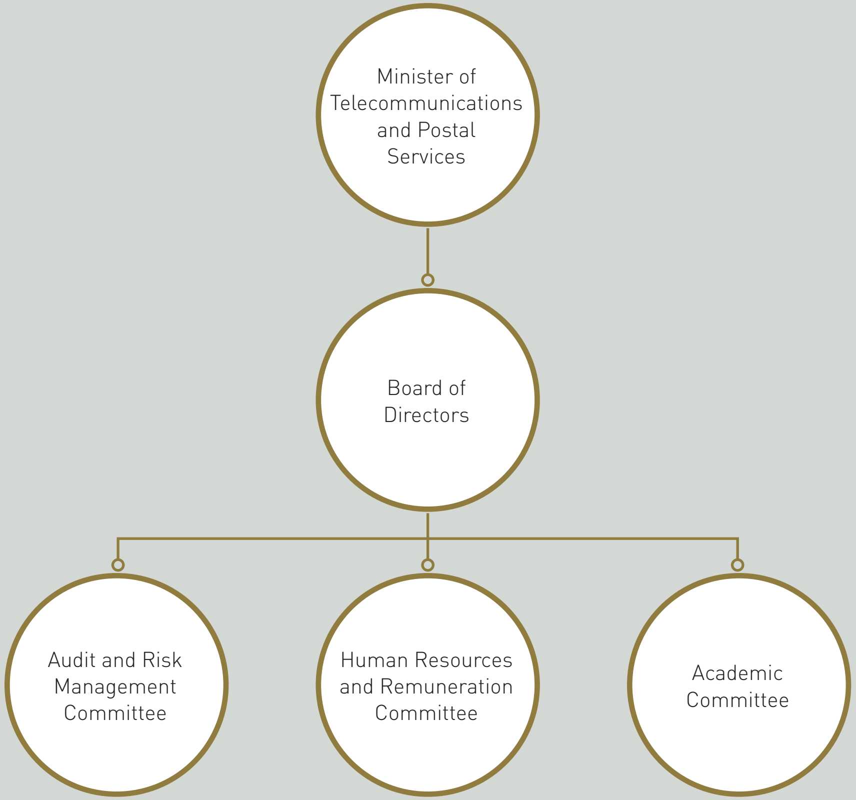
Portfolio committees

Parliament exercises its oversight role through evaluating the performance of NEMISA by considering its quarterly performance as well as the Annual Financial Statements and performance.

The Portfolio Committee has been very instrumental in overseeing the Institute during the transformation process into iNeSI.

Executive Authority

The Minister of Telecommunications and Postal Services is the shareholder and Executive Authority of NEMISA. The Minister is responsible for appointing Board members and ensuring that the appointed Board members have the necessary skills and expertise to guide the Institute.



Accounting Authority/Board

The Minister appointed a Board of Directors as the Accounting Authority to execute the mandate of the Institute. As at 31 March 2015, the Board comprised seven non-executive directors and two executive directors. All non-executive directors are independent, and are expected to contribute an unfettered and independent view on matters considered by the Board. They have significant influence in deliberations at meetings.

Remuneration of Board members is determined by the Minister of Telecommunications and Postal Services. The directors are entitled, at NEMISA's expense, to seek independent professional advice where there is doubt as to whether a proposed course of action by the Board is consistent with the director's statutory and/or fiduciary duties and responsibilities. A policy on Board access to independent professional advice was approved by the Board.

The Board is responsible for the ongoing oversight over and assessment of the company's policies relating to:

- Strategic and Annual Plans;
- Reviews of management's performance against objectives;
- Ongoing assessment of policies, which include:
  - Delegation of Powers of Board Committees;
  - Responsibilities and Terms of Reference of Board Committees;
  - Determination of the Level of Authority of Board Committees; and
  - Board and Board Committee Self-assessment for the Year.

Board composition

Name	Designation	Date appointed	Date resigned	Qualifications	Other committees/task teams	No. of meetings attended (10)
Dr Molatelo Maloka	Chairperson, independent non-executive member	1 March 2012*	Current	MBCHB	Member of the HRRC	11
Mr Gaitsewe Lenepa	Independent non-executive member	1 April 2010*	Current	MBA	Chairperson of ARC Member of the AC	11
Prof. Roy Marcus	Independent non-executive member	1 March 2012	31 January 2015	PHD	Chairperson of AC Member of the HRRC	9
Mr Thami Ka Plaatjie	Independent non-executive member	1 April 2012*	Current	Masters	Chairperson of HRRC Member of the ARC Member of the AC	8
Ms Loren Braithwaite-Kabosha	Independent non-executive member	1 May 2013	Current	Juris Docturis	Member of the ARC Member of the AC	10
Ms Khanyi Ngambi	Independent non-executive member	1 May 2013	Current	B Com Industrial, Organisational Psychology	Member of the HRRC	9
Mr Lucas Mello	Independent non-executive member		Current	Diploma in Education, Public Finance and Administration	Member of the ARC	8
Dr Harold Wesso	CEO, executive member		31 January 2015	PHD		9
Ms Moira Malakalaka	CFO, executive member		Current	BCompt Accounting Science		11

* Re-appointed 31 March 2015

Board committees

NEMISA currently has three permanent committees to assist the Board in the execution of its responsibilities. The committees are as follows:

- The Audit and Risk Committee (ARC);
- The Human Resources and Remuneration Committee (HRRC); and
- The Academic Committee (AC).

The reports and recommendations of the committees to the Board ensure transparency and full disclosure of committee- and business-related activities. Each committee operates within terms of references that set out the composition, role, responsibilities, delegated authority and requirements for convening meetings.

The CEO and CFO are *ex-officio* members of the committees.

Audit and Risk Committee

This ARC serves as an advisory committee to the Board. Its responsibilities include:

- Making submissions to the Board on any matter concerning the Institute's accounting policies, financial control, records and reporting;
- Reviewing and commenting on all financial reporting, including the half year and Annual Financial Statements before submission to the Board;
- Reviewing and maintaining the effectiveness of the Institute's systems of internal control, including internal financial control and business risk;
- Overseeing integrated reporting (Strategic Plan and APP), having regard for all factors and risks that may impact on the integrity thereof, recommending the plans to the Board for approval;
- Receiving and reviewing reports which highlights strategic, external, operational and financial risks; outlines the systems and processes through which these risks are identified and managed; and which identifies the risk owner and current controls to mitigate the risk;
- Reviewing and approving the Compliance Policy and the Compliance Activity Programme;
- Assessing whether the Institute has adequate resources, encompassing human, financial and operational capacity, to ensure compliance; and
- Considering the significant findings of internal investigations and management's response thereto.

The committee met on six occasions during this financial year. The main topics considered by the committee were:

- Appointing internal auditors and consider their audit plans;
- Considering quarterly finance reports though the year; and
- Approving the Institute's operational and strategic risk registers.

The ARC's composition and meeting attendance, as at the end of the financial year, are outlined below.

Name	Designation	No. of meetings attended (6)
Mr Gaitsewe Lenepa	Chairperson	6
Mr Lucas Mello	Member	6
Mr Thami Ka Plaatjie	Member	5
Ms Loren Braithwaite-Kabosha	Member	5
Dr Harold Wesso*	Standing invitation, CEO	5
Ms Moira Malakalaka	Standing invitation, CFO	6
Mr Peter Ramatswana	Standing invitation, Head of Training	6

* Resigned 31 January 2015

Human Resources and Remuneration Committee

The HRRC has adequate capacity to undertake its responsibilities, as set out in its approved terms of reference. It met on several occasions throughout the year, and its duties included:

- Considering, guiding and influencing key HR policies and strategies and recommending these to the Board for approval;
- Monitoring compliance with labour legislation, including but not limited to the Employment Equity (EE) Act (Act No. 55 of 1998);
- Guiding strategies to achieve EE within NEMISA;
- Guide principles regarding the reward and incentive schemes and recommend these to the Board for approval; and
- Make recommendations on matters pertaining to remuneration and other emoluments of executive and non-executive Board members for approval by Board.

The committee's composition and meeting attendance, as at the end of the financial year, are outlined below.

Name	Designation	No. of meetings attended (2)
Mr Thami Ka Plaatjie	Chairperson	2
Ms Khanyi Ngambi	Member	2
Dr Molatelo Maloka	Member	2
Dr Harold Wesso*	Standing invitation, CEO	2
Ms Moira Malakalaka	Standing invitations, CFO	2
Ms Michelle Feaks	Standing invitation, HR Manager	1
Mr Peter Ramatswana	Standing invitation, Head of Training	2

* Resigned 31 January 2015

Academic Committee

The AC assists the Board in matters relating to teaching and learning in accordance with the vision, mission, and core values of NEMISA, its strategic goals and key performance areas and indicators, and within its legal and management framework, as well as principles of corporate governance.

The committee's composition and meeting attendance, as at the end of the financial year, are outlined below.

Name	Designation	No. of meetings attended (2)
Prof. Roy Marcus*	Chairperson	2
Mr Gaitsewe Lenepa	Member	2
Mr Thami Ka Plaatjie	Member	2
Ms Loren Braithwaite Kabosha	Member	1
Dr Harold Wesso*	Standing invitation, CEO	2
Ms Moira Malakalaka	Standing invitation, CFO	2
Mr Peter Ramatswana	Standing invitation, Head of Training	2
Mr Doc Fick	Standing invitation, Head of Radio and TV	2
Ms Tebogo Serobatse	Standing invitation, Head of Animation and Graphic Design	2

* Resigned 31 January 2015

Executive Management Committee

NEMISA's Executive Management Committee (EXCO) was established in line with the memorandum of incorporation and is steered by the CEO.

The responsibilities of the EXCO, as per its terms of reference, include:

- Assisting the CEO in guiding and controlling the overall direction of the Institute;
- Carrying out all the duties delegated in terms of the Delegation of Authority and Significance and Materiality Framework;
- Ensuring effective management of the day-to-day operations of the Institute;
- Exercising executive control over the operations of the Institute;
- Developing proposals for recommendation to the Board on matters requiring its approval, including the Strategic Plan;
- Establishing an organisational structure; and
- Developing and maintaining effective and transparent systems of control and governance.

The composition of EXCO for the year was as follows:

Name	Designation
Dr Harold Wesso*	Acting Chief Executive Officer
Ms Moira Malakalaka	Chief Financial Officer
Mr Peter Ramatswana	Standing invitation, Head of Training
Ms Mapula Thebethe	Standing invitation, Company Secretary
Ms Mymoena Sharif	Standing invitation, Chief Director: e-Skills, DTPS

* Resigned 31 January 2015

Risk management and internal control

The Board, with the assistance of Internal Audit and the ARC, needs to ensure that an effective, efficient and transparent system of internal control is implemented and maintained so that the NEMISA can meet its strategic objectives and goals. This is done through the establishment of an appropriate control environment. Due to the size and the nature of the NEMISA's operations, a complete system of internal control and risk management is not feasible. The CEO is responsible for supervising the operations on a day-to-day basis, while EXCO monitors the compliance with applicable laws and regulations against the approved operating and policy procedures to ensure that the NEMISA's goals and objectives are achieved. It also relies on the internal and external auditors, as they play an important role in maintaining effective internal control systems.

The Board has ensured that the necessary policies, procedures and practices are in place to identify and respond to all risks faced by the NEMISA in a timely and adequate manner. This includes an annual assessment of risks associated with the functions and operations of NEMISA, and frequently updating its risk management strategy in response to these risks.

Internal audit

NEMISA has outsourced its internal audit function to Outsourced Risk and Compliance Assessment (ORCA). The internal audit function helps the Board to maintain an effective and efficient internal control environment, and is responsible for evaluating the NEMISA's controls in determining its effectiveness.

Compliance with laws and regulations

With the assistance of the internal and external auditors, NEMISA has established and implemented various policies to consider compliance with the applicable laws and regulations on a regular basis.

The internal audit function assists the ARC in oversight over compliance by providing assurance on the quarterly compliance assessments done by management.

Fraud and corruption

The Board has developed and implemented a Fraud Prevention Plan to address the risk of fraud and corruption. NEMISA outsourced its fraud hotline service to Nkoki Incorporated. No instances of fraud or corruption were reported during the review period.

Minimising conflict of interest

In order to minimise conflict of interest, the Board has developed and implemented appropriate procedures to deal with this matter. All Board and staff members are required to complete an annual declaration of interests. At each Board meeting, the declarations from Board members are updated, where appropriate.

Health safety and environmental issues

The Board has approved an Occupational Health and Safety Policy aimed at providing and maintaining a safe and healthy working environment for all employees of NEMISA. A Health and Safety Committee was appointed to oversee health and safety issues.

Social responsibility

As NEMISA is financed by transfer payments from National Treasury, it has made no donations or contributions from its funds for any social responsibility activities.

PART D: HUMAN RESOURCE MANAGEMENT

Introduction

The employment of dedicated and competent staff is fundamental for the NEMISA to meeting its goals and objectives, especially since 2014/15 is the second year of its existence as an integrated entity. The Institute's greatest and most important asset is its staff. It is therefore committed to employing, training, utilising and retaining the best personnel available, and to make diligent efforts to develop and motivate all employees towards higher standards of performance.

The 2014/15 Annual Performance Plan ensures that the Institute operates within its broader mandate of ensuring that South Africa improves its competitiveness in ICT through impacting all levels and sectors of society – from foundation phase to higher education, and from labour to executive management in both the private and public sectors.

In order to impact on change and continuity, NEMISA had to balance the imperatives of running current projects with consideration for the forthcoming implementation of the new vision of iNeSI. This had implications for additions to the organisational structure, in that the Institute had to minimise new long-term staff engagements before the new business model is adopted to ensure that our organisational structure is properly geared to deliver on our new business model. The Board approved an interim governance structure for 2014/15 in order for the Institute to deliver on its current Annual Performance Plan and Strategic Plan imperatives.

The Board, through the HRRC, regularly reviews existing policies and procedures in light of HR-related matters and challenges faced by the Institute. One of the biggest challenges remains the recruitment and retention of skilled technical staff in order to meet the Institute's objectives, as set out in its Strategic Plan. The Board, through the HRRC, was able to stabilise the leadership of the entity by concluding the appointment of the CEO and Company Secretary.

The Board of Trustees of the Government Employees Pension Fund (GEPF) has approved NEMISA's application to become a participating employer to the GEPF. This will employees access to government pension benefits, including:

- Normal retirement benefits;
- Early retirement benefits;
- Ill health and other retirement benefits;
- Death whilst in service benefits;
- Death after becoming a pensioner benefits (five-year balance);
- Spouses annuity benefits (50% or 75%, subject to member option);
- Orphan annuity benefits;
- Funeral benefits; and
- Resignation benefits.

Total personnel expenditure for the 2014/15 financial year amounted to R17 million. Incentives were approved for the previous financial years, excluding 2014/15. These incentives are provided for in the Financial Statements.

Human resource oversight statistics

Personnel cost by programme/ activity/objective

Programme	Total expenditure (R)	Personnel expenditure (R)	Personnel expenditure as a % of total expenditure	No. of employees	Average personnel cost per employee (R)
e-Astuteness	24 524 529	9 013 636	36%	21	429 221
Administration	24 751 419	7 904 634	32%	19	416 033
Multi-stakeholder Collaboration	665 712	457 978	69%	1	457 978
Total	**49 941 660**	**17 376 248**	**35%**	**41**	**423 811**

Personnel cost by salary band

Level	Personnel expenditure (R)	% of personnel expenditure to total personnel cost	No. of employees	Average personnel cost per employee (R)
Top management (level 14)	1 329 410	8%	1	1 329 410
Senior management (level 13)	2 256 988	13%	3	752 329
Professional qualified (level 11–12)	4 794 850	27%	8	599 356
Skilled (level 6–10)	6 478 693	37%	19	340 984
Semi-skilled (level 1–5)	2 516 309	15%	10	251 631
Total	**17 376 249**	**100%**	**41**	**3 273 710**

Performance rewards

Provision was made in the Annual Financial Statements for incentive pay-outs. The amount provided for in 2010/11, 2011/12 and 2012/13 amounted to R1 869 512 for all three years. The amount paid in was R1 686 467.

Year	Performance rewards (R)	Personnel expenditure (R)	% of performance rewards to total personnel cost
2010/11	787 290	14 372 932	5%
2011/12	581 777	15 013 344	4%
2012/13	317 400	14 382 298	2%
Total	**1 686 467**	**43 768 574**	**4%**

Training costs

Programme	Personnel expenditure (R)	Training expenditure (R)	Training expenditure as a % of personnel cost	No. of employees trained	Average training cost per employee
e-Astuteness	9 013 636	40 650	1%	5	8 130
Administration	7 904 634	27 973	0%	5	5 595
Multi-stakeholder Collaboration	457 978	20 519	20%	1	20 519
Total	**17 376 248**	**89 142**	**21%**	**11**	**34 244**

Employment and vacancies

At the top and senior management levels, the CEO vacancy impacted negatively on the delivery of organisational performance. Dr Harold Wesso was seconded by the DTPS in an acting capacity. Most vacant positions pertain to the lecturing staff and other administrative positions. Below are the tables indicating vacancies per level.

Level	2013/14 no. of employees	2014/15 approved posts	2014/15 no. of employees	2014/15 vacancies	% of vacancies
Top management (level 14)	1	3	1	2	67%
Senior management (level 13)	2	5	4	1	20%
Professional qualified (level 11–12)	7	9	8	1	11%
Skilled (level 6–10)	24	26	18	8	31%
Semi-skilled (level 1–5)	9	14	10	4	29%
Total	**43**	**57**	**41**	**16**	**28%**

Employment changes

Level	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top management (level 14)	1			1
Senior management (level 13)	2	3		5
Professional qualified (level 11–12)	9	1	2	8
Skilled (level 6–10)	9			9
Skilled, part-time (level 6–10)	12		4	8
Semi-skilled (level 1–5)	9			9
Semi-skilled, part-time (level 1–5)	1			1
Total	**43**	**4**	**6**	**41**

Reasons for leaving

Reason	Number	% of total no. of staff leaving
Death		0%
Resignation	2	33%
Dismissal		0%
Retirement		0%
Ill health		0%
Expiry of contract	4	67%
Other		0%
Total	**6**	**100%**

Equity target and employment equity status

NEMISA supports transformation in the workplace through compliance with EE regulations. Though the organisation has no people with disabilities, targets are being reviewed in light of the workplace transformation agenda. The demographic composition of the Institute at the reporting date was follows:

Gender	African		Coloured		Indian		White			
	Current	Target NEAP	Current	Target NEAP	Current	Target NEAP	Current	Target NEAP	Current	Target EAP
Male	29%	40%	5%	6%	2%	2%	5%	7%	2%	
	12		2		1		2		1	18
Female	39%	33%	7%	5%	0%	1%	10%	5%		
	16		3		0		4			23
Total										**41**

PART E: ANNUAL FINANCIAL STATEMENTS

General information

Registered Office	21 Girton Road Parktown Johannesburg 2193
Business Address	21 Girton Road Parktown Johannesburg 2193
Postal Address	PO Box 545 Auckland Park Johannesburg 2006
Bankers	Standard Bank of South Africa 5 St David's Place Parktown 2193
External Auditors	Auditor-General of South Africa
Company Secretary	Ms Mapula Thebethe
Company Registration Number	1998/014825/08

Index

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

Directors' Responsibilities and Approval of the Annual Financial Statements

The Board of Directors is responsible for ensuring the maintenance of adequate accounting records, the preparation and integrity of the financial statements and related information.

In order for the Board to discharge its responsibilities, management has developed and continues to maintain systems of internal controls. The Board of Directors has ultimate responsibility for the systems of internal controls and reviews its operations primarily through the Audit and Risk Management Committee.

The internal controls include a risk-based system of internal auditing and administrative controls designed to provide reasonable but not absolute assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) issued by the Accounting Standards Board.

The auditors are responsible for independently auditing and reporting on the fair presentation of financial statements in conformity with Public Audit Act (Act No. 25 of 2004).

The annual financial statements have been prepared on a going concern basis, since the Directors have every reason to believe that the entity has adequate resources in place to continue in operation for the foreseeable future.

The Board of Directors is also of the opinion that the Code of Corporate Practices and Conduct has been adhered to. The financial statements for the year ended 31 March 2015 as set on pages 61 to 100, were submitted for auditing on 31 May 2015 and were approved by the Board of Directors in terms of section 51(1)(f) of the Public Finance Management Act (Act No.1 of 1999), as amended, and section 30((1) and (2)) of the Companies Act (Act No. 71 of 2008), as amended.

The financial statements for the year ended 31 March 2015 as set on pages 61 to 100, have been approved by the Board of Directors and are signed on its behalf by:

Dr M Maloka
Board Chairperson

Mr G Lenepa
Audit and Risk Management Chairperson

Report of the Audit and Risk Management Committee

We are pleased to present our report for the financial year ended 31 March 2015.

Audit and Risk Management Committee

The Audit and Risk Management Committee (ARC) consisted of the members listed hereunder and should meet 6 times per annum as per its approved terms of reference. During the current year, 6 meetings were held.

Name of member	No. of meetings attended
Mr G Lenepa (Chairperson)	6
Mr T Ka Plaatjie	5
Mr L Mello	5
Ms L Braithwaite Kabosha	5

Responsibilities

The Audit and Risk Management Committee reports that it has complied with its responsibilities arising from section 55(1)(a) of the PFMA and Treasury Regulation 27.1 and Companies Act 71 of 2008, as amended.

The Board of Directors has the general responsibility to ensure that the entity has and maintains effective, efficient and transparent systems of risk management and internal controls.

The responsibility to ensure the adequacy and effectiveness of these systems are delegated to the Audit and Risk Management Committee, acting in an advisory capacity to the Board and operating as overseer with an independent and objective stance.

Audit and Risk Management Committee Charter

The Audit and Risk Management Committee also reports that it has adopted appropriate formal terms of reference as its Audit and Risk Management Committee Charter, has regulated its affairs in compliance with this Charter and has discharged all its responsibilities as contained in it. Accordingly, the Committee operates in accordance with the terms of the said Charter and is satisfied that it has discharged its responsibilities in compliance therewith.

Internal Control System

Combined Assurance

In determining the need for combined assurance in terms of King III, the Audit and Risk Management Committee has taken into account the three pillars of combined assurance being Management, Internal Assurance providers and External Assurance providers.

Risk Management

Growing recognition and acceptance of risk management as a central element of good corporate governance and as a valid management tool to support strategic and operational planning, has many potential benefits for NEMISA. The approach encourages a more outward looking examination of NEMISA, thereby increasing strategic focus, including a greater emphasis on outcomes, and concentrating on resource priorities and performance assessment as part of management decisions. Risk governance operates within a defined structure that is agreed to by the Board of Directors and monitored by the Executive Committee and the Audit and Risk Management Committee.

The NEMISA executive management has established a Risk Management Committee convened during the financial year. The committee met to develop the organisational risk register and the development of divisional risk registers that have to be identified within operations of the business. Internal Audit was invited to the meeting to assist as facilitators and advisers to the committee.

Risk governance operates within a strongly defined structure that is agreed by the Board and Executive Management and is monitored by the Audit and Risk Management Committee.

A risk profile is prepared on the basis of the value drivers and mandates of NEMISA. The challenge is to ensure that risk management is aligned to the strategic objectives at the various levels in NEMISA.

NEMISA has assessed its risk profile. The risk profile addresses the following elements:

- Key risk areas (e.g. strategic, operational and projects);
- Strengths and weaknesses of NEMISA;
- Major opportunities and threats;
- Materiality framework that defines the acceptable materiality levels;
- Capacity to manage risks;
- Learning needs and tools;
- NEMISA's risk tolerance levels, priority-setting and ability to mitigate risks, and
- Linkages with management processes.

During the period under review, an organisational risk assessment workshop was conducted with management of NEMISA in view of the new Strategic Plan and Annual Performance Plan. This workshop was to:

- re-evaluate the strategic and operational risks identified in the previous risk workshops,
- identify any new and any emerging risks, and
- update the risk registers and to enable risk management to be elevated to a strategic level, thus ensuring the progression of risk management maturity.

In order to further improve the entity's risk management maturity, regular assessment, evaluation and prioritisation of risks with a view to ensure optimal risk management and related results should be conducted, and entity-wide risk management within the strategic and operational activities of the entity should be embedded so that it becomes part of the corporate culture.

Evaluation of financial statements

The Audit and Risk Management Committee has:

- Reviewed and discussed the audited financial statements to be included in the annual report, with the Auditor-General and the auditors;
- Reviewed the Auditor-General of South Africa's management report and management's response thereto;
- Reviewed changes in accounting policies and practices;
- Reviewed the entity's compliance with legal and regulatory provisions, and
- Reviewed significant adjustments resulting from the audit.

The Audit and Risk Management Committee concur with and accept the Auditor-General of South Africa's report on the financial statements, and are of the opinion that the audited financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

Having reviewed and evaluated the financial statements for the year ended 31 March 2015, the members of the Audit and Risk Management Committee believe that the financial statements fairly present the state of affairs of the entity, its business, financial results and its financial position at the end of the financial year, and that the entity is a going-concern.

Internal audit

The Audit and Risk Management Committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the entity and its audits. In addition, the internal auditing function provides a supportive role to management and the Audit and Risk Management Committee by identifying and evaluating significant exposures to risk and contributing to the improvement of risk management and control systems.

The internal audit function, which is currently outsourced, is responsible for independently and objectively evaluating the entity's system of internal controls and for bringing significant business risks and exposures to the attention of management and the Audit and Risk Management Committee via comprehensive internal audit reports.

The following internal audit work was completed during the year under

- Risk Assessment – Facilitation
- External Audit Findings Follow-up
- Internal Audit Reports Follow-up
- Performance Information
- Human Resources audit
- Review of CoLabs Operations
- Quality Assurance and Quality Promotion
- Procurement / SCM
- Information Technology
- Revenue

Legal and Regulatory Compliance

Legal and regulatory compliance is monitored by the members of the Audit and Risk Management Committee in respect of the relevant legislation applicable to the entity's operations. Major legislation and regulations under consideration (for which the entity has achieved compliance except for those instances detailed in the Director's Report) include the Companies Act (Act No. 71 of 2008),as amended, and the Public Finance Management Act (Act No. 1 of 1999) as amended, and Treasury Regulations.

Funding

Finance required to fund the operational overheads of the entity is provided for by the Department of Telecommunications and Postal Services and National Treasury. Funding is also made available through specific projects from external sources.

Auditor-General of South Africa

The Audit and Risk Management committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

Mr G Lenepa
Audit and Risk Management Committee
Chairperson

Report of the Auditor-General

Report of the auditor-general to Parliament on National Electronic Media Institute of South Africa (NEMISA)

Report on the financial statements

Introduction

1. I have audited the financial statements of the National Electronic Media Institute of South Africa set out on pages 66 to 100, which comprises the statement of financial position as at 31 March 2015, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as 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 Standards of Generally Recognised Accounting Practice (GRAP), and the requirements of the Public Finance Management Act (Act No.1 of 1999) (PFMA), 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 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 judgment, 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 National Electronic Media Institute of South Africa as at 31 March 2015 and its financial performance and cash flows for the year then ended, in accordance with the Generally Recognised Accounting Practice (GRAP) and the requirements of the PFMA.

Report on other legal and regulatory requirements

7. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report, non-compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

Predetermined objectives

8. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected programmes presented in the annual performance report of the entity for the year ended 31 March 2015:

- Programme 2: Multi-Stakeholder Collaboration on pages 33 to 34

- Programme 3: e-Astuteness Development on pages 36 to 38
- Programme 4: Knowledge for Innovation on pages 39 to 41

9. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
10. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with National Treasury's annual reporting principles and whether the reported performance was consistent with the planned programmes. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by National Treasury's *Framework for Managing Programme Performance Information (FMPPI).*
11. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
12. I did not identify any material findings on the usefulness and reliability of the reported performance information for the following programmes:
    - Programme 2: Multi-Stakeholder Collaboration
    - Programme 3: e-Astuteness Development
    - Programme 4: Knowledge for Innovation

Additional matters

13. Although I identified no material findings on the usefulness and reliability of the reported performance information for the selected programmes, I draw attention to the following matters:

Achievement of planned targets

14. Refer to the annual performance report on pages 18 to 43 for information on the achievement of the planned targets for the year.

Adjustment of material misstatements

15. I identified material misstatements in the annual performance report submitted for auditing on the reported performance information for Programme 2: Multi-stakeholder collaboration, Programme 3: e-Astuteness Development and Programme 4: Knowledge for Innovation. As management subsequently corrected the misstatements, I did not identify any material findings on the usefulness and reliability of the reported performance information.

Unaudited supplementary schedules

16. The supplementary information set out on pages 18 to 26 does not form part of the annual performance report and is presented as additional information. I have not audited this schedule and, accordingly, do not report thereon.

Compliance with legislation

17. I performed procedures to obtain evidence that the entity had complied with legislation regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

Strategic planning and performance management

18. Effective, efficient and transparent systems of risk management and internal control with respect to performance information and management was not in place as required by Section 51(1)(a)(i) of the PFMA.

Internal control

19. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on non-compliance with legislation included in this report.

Leadership

20. Management did not exercise adequate oversight to ensure that processes for monitoring and reporting performance information are in place and implemented.

Financial and performance management

21. Inadequate processes in place for collection, collation, monitoring and reporting of performance information.

Auditor General

Pretoria
31 July 2015

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Report of the Directors

The members submit their report for the year ended 31 March 2015.

Review of Activities

Main business and operations

The 2014/15 financial year is the second year of the new intergrated institute (i.e. NEMISA, e-SI and ISSA) iKamva National e-Skills institute (iNeSi). The purpose of iNeSi is to promote the development of e-Skills (ICT) capacity in South Africa. This takes into account the current NEMISA mandate to train previously disadvantaged individuals, particularly women, to equip them with necessary skills to play a significant role in the constantly changing broadcast enviroment.The vision is to become a leader in the development of world class electronic media skills in the ICT sector. The Department of Telecommunications and Postal Services has started a process to transfer the e-Skills Institute branch and ISSA branch to NEMISA in order to establish a new institute that will become a key national catalytic collaborator in e-skilling the nation in relation to employment readiness; effective e- governance and service delivery; business development; socio-economic development; and; research and development is critical in the development of South Africa.

Net surplus of the entity was R 3 203 357 (2014: surplus R 559 095), for the year ended 31 March 2015. The vacant posts of Senior Management during the financial year has contributed to the surplus along with the timing differences pertaining to the recognition of income and expenses. The Professional fees outsourced includes the cleaning and security contract, whilst the Consulting fees includes internal audit fees, HR recruitment fees and Accounting systems support services fees.

Going Concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the members continue to procure funding for the ongoing operations for the entity and that the Appropriation Income from the Department of Telecommunications and Postal Services mentioned in these financial statements will remain in force in the foreseeable future.

Events Subsequent to Balance Sheet Date

The Directors are not aware of any other material circumstances arising subsequent to the end of the financial year, not otherwise dealt with in the annual financial statements and the notes thereto, that would affect the operations or the results of operations significantly.

Directors' Interests

At 31 March 2015, the Directors had no interest in the capital of the entity. No contracts involving Directors' interests were entered into in the current period.

Note on Accounting Standards

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) and in the manner required by the Companies Act (Act No. 71 of 2008), as amended.

Leases

The entity renewed the agreement for the entity's leased premises for a period of two years commencing on 1 December 2013. The operating lease costs have, accordingly, been recognised at a fixed rental based on the time pattern of the benefits rather than any financial benefit that may arise from the transaction, in terms of GRAP 13 Leases, resulting in the equalisation of rental costs for the duration of the agreement.

Management and Control
NEMISA is wholly-owned by the State through the Department of Telecommunications and Postal Services.

Company Secretary
The company secretary duties are duly performed by a competent and qualified Company Secretary. The company secretary duties were performed by Exceed Inc. from 1 April 2014 to 31 August 2014, thereafter Ms. Mapula Thebethe was appointed as secretary of the entity on 01 September 2014.

Economic Entity
The financial statements for the previous financial year were unqualified by the Auditor-General.

External Auditors
In terms of Chapter 2, section 4 of the Public Audit Act (Act No. 25 of 2004) the Auditor-General must audit and report on the accounts, financial statements and financial management of all national state departments and accounting entities, including NEMISA.

Auditor-General of South Africa will continue in office for the next financial period.

Funding
Finance required to fund the operational overheads of the entity is provided by the Department of Telecommunications of Postal Services and the National Treasury. Project funding is also sourced from various sources to facilitate the skills development within the sector.

Taxation
No provision for income tax has been made since the entity is tax-exempt and qualifies as a Public Benefit Organisation (PBO) in terms of section 10(1)(cN) of the Income Tax Act. The entity is also exempt from value added tax (VAT).

Accounting Authority
The members of the entity during the year and to the date of this report are as follows:

Name	Nationality	Changes
Dr M Maloka	South African	
Mr G Lenepa	South African	
Prof. R Marcus	South African	Resigned 28 February 2015
Mr T ka Plaatjie	South African	
Mr L Mello	South African	
Ms L Braithwaite Kabosha	American	
Ms K Ngambi	South African	
Dr H Wesso	South African	Resigned 31 January 2015
Ms MM Malakalaka (A-CEO)	South African	Appointed 01 February 2015
Ms M Cloete (A-CFO)	South African	Appointed 16 March 2015

Member and Executive Managers Emoluments

Economic entity

Programme	Salary or Fee	Performance related payments	Travel expense	Other allowances	Total package 2015	Total package 2014
Non-Executive Members						
Dr M Maloka	220 704	-	3 672	-	224 376	190 010
Mr G Lenepa	199 584	-	6 769	-	206 353	140 551
Prof. R Marcus	61 248	-	1 176	-	62 424	138 626
Mr T Ka Plaatjie	164 736	-	11 064	-	175 800	244 243
Mr L Mello	98 208	-	20 311	-	118 519	237 038
Ms Braithwaithe Kabosha	121 440	-	1 431	-	122 871	125 847
Ms K Ngambi	77 088	-	1 178	-	78 266	82 039
	943 008	**-**	**45 601**	**-**	**988 609**	**1 158 354**
Executive Members						
Dr H Wesso	-	-	39 973	-	39 973	12 291
Ms MM Malakalaka	987 476	291 090	2 940	33 000	1 314 506	979 332
Mr T Nwedamutswu	-	-	-	-	-	1 636 715
	987 476	**291 090**	**42 913**	**33 000**	**1 354 479**	**2 628 338**
Senior Managers						
Mr P Ramatswana	854 816	155 545	1 895	4 302	1 016 558	814 753
Ms M Thebethe	536 263	-	2 019	12 250	550 532	-
Ms M Sharif	205 344	-	319	5 250	210 913	-
Ms M Cloete	631 721	-	6 039	26 250	664 010	148 754
Mr H Murovhi	-	-	-	-	-	990 315
Ms H Ndou	-	-	-	-	-	569 817
	2 228 144	**155 545**	**10 272**	**48 052**	**2 442 013**	**2 523 639**
	4 158 628	**446 635**	**98 786**	**81 052**	**4 785 101**	**6 310 331**

Company Secretary's Certification

Declaration by the company secretary in respect of Section 88(2)(e) of the Companies Act.

In terms of Section 88(2)(e) of the Companies Act (Act No. 71 of 2008), as amended, I certify that the entity has lodged with the Commissioner all returns as are required of a state-owned enitity in terms of the Companies Act and that all returns are true, correct and up to date.

Ms Mapula Thebethe
Company Secretary

Statement of Financial Position

as at 31 March 2015

	Notes	2015 R	2014 R
Assets			
Current Assets			
Inventories	2	30 513	54 842
Receivables from exchange transactions	3	4 207 675	6 320 582
Cash and cash equivalents	4	18 622 517	18 752 470
		22 860 705	**25 127 894**
Non-current Assets			
Property, plant and equipment	5	1 780 651	2 861 778
Intangible assets	6	13 831	25 911
		1 794 482	**2 887 689**
Non-current Assets		1 794 482	2 887 689
Current Assets		22 860 705	25 127 894
Total Assets		**24 655 187**	**28 015 583**
Liabilities			
Current Liabilities			
Other financial liabilities	7	65 125	65 125
Payables from exchange transactions	8	5 666 657	5 323 321
Non-exchange revenue liability	9	6 030 824	12 014 120
Exchange revenue liability	10	3 574 636	3 721 516
Provisions	11	2 713 917	3 490 827
		18 051 159	**24 614 909**
Non-current Liabilities		-	-
Current Liabilities		**18 051 159**	**24 614 909**
Total Liabilities		18 051 159	24 614 909
Assets		24 655 187	28 015 583
Liabilities		(18 051 159)	(24 614 909)
Net Assets		**6 604 028**	**3 400 674**
Accumulated surplus		6 604 029	3 400 672

Statement of Financial Performance

for the year ended 31 March 2015

	Notes	2015 R	2014 R
Revenue			
Exchange revenue	12	2 079 566	3 666 660
Interest received	13	1 063 556	590 098
Non exchange revenue	14	50 001 895	38 731 880
Total revenue		**53 145 017**	**42 988 638**
Expenditure			
Staff costs/staff training expenses	15	(15 120 453)	(14 429 491)
Directors' emoluments and travel expenses		(2 537 214)	(4 189 363)
Audit fees – external		(848 991)	(843 386)
Network expenses		(181 664)	(179 662)
Depreciation and amortisation		(1 076 213)	(1 357 469)
Lease rentals on operating lease		(6 707 792)	(6 223 931)
Movement in provision for bad debt		357 798	(300 805)
Legal expenses		(10 260)	-
Repairs and maintenance		(188 480)	(407 615)
Consulting		(1 625 932)	(1 486 167)
Professional fees – outsourced services		(1 753 574)	(1 545 012)
Operating expenses	16	(20 185 548)	(11 412 739)
Finance cost	17	(63 337)	(53 903)
Total expenditure		**(49 941 660)**	**(42 429 543)**
		-	-
Total revenue		53 145 017	42 988 638
Total expenditure		(49 941 660)	(42 429 543)
Operating surplus		**3 203 357**	**559 095**
Surplus before taxation		3 203 357	559 095
Taxation		-	-
Surplus for the year		**3 203 357**	**559 095**

Statement of Changes in Net Assets
as at 31 March 2015

	2015 R	2014 R
Balance at 01 April 2013	**2 841 577**	**2 841 577**
Changes in net assets		
Surplus for the year	559 095	559 095
Total changes	559 095	559 095
Balance at 01 April 2014	**3 400 672**	**3 400 672**
Changes in net assets		
Surplus for the year	3 203 357	3 203 357
Total changes	3 203 357	3 203 357
Balance at 31 March 2015	**6 604 029**	**6 604 029**

Cash Flow Statement
as at 31 March 2015

	Notes	2015 R	2014 R
Cash flows from operating activities			
Receipts			
Sale of goods and services		4 550 272	373 212
Grants		44 018 600	50 746 000
Interest received		1 063 556	590 098
		49 632 428	51 709 310
Payments			
Employee costs		(18 431 473)	(18 427 845)
Suppliers		(31 267 571)	(18 559 906)
Finance costs		(63 337)	(53 903)
		(49 762 381)	(37 041 654)
Total receipts		49 632 428	51 709 310
Total payments		(49 762 381)	(37 041 654)
Net cash flows from operating activities	18	**(129 953)**	**14 667 656**
Cash flows from investing activities			
Purchase of property, plant and equipment	5	-	(633 321)
Purchase of other intangible assets	6	-	(27 759)
Net cash flows from investing activities		**-**	**(661 080)**
Cash flows from financing activities			
Net movement on other financial liabilities		-	(288 488)
Net cash flows from financing activities		**-**	**(288 488)**
Net increase/(decrease) in cash and cash equivalents		**(129 953)**	**13 718 088**
Cash and cash equivalents at the beginning of the year		18 752 470	-
Effect of exchange rate movement on cash balances		-	5 034 380
Cash and cash equivalents at the end of the year	4	**18 622 517**	**18 752 468**

Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act No. 1 of 1999).

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention unless specified otherwise.

All figures are presented in South African Rand.

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

1.1 Inventories

Initial recognition and measurement

Inventories comprise current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition.

Where inventory is acquired by the entity for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Subsequent measurement

Inventories, consisting of consumable stores are measured at the lower of cost and current replacement cost. The basis of determining cost is the first-in-first-out basis.

Redundant and slow-moving inventories are identified and written down from cost to replacement cost with regard to their estimated economic or realisable values.

A provision is maintained for obsolete or damaged inventory. The level of the provision for obsolete inventory is equivalent to the value of the difference between the cost of the inventory and its current replacement cost at financial year-end.

Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction of inventories recognised as an expense in the period in which the reversal occurs.

Derecognition

The carrying amount of inventories are recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

1.2 Property, plant and equipment

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

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

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

On initial recognition, an item of property, plant and equipment is measured at cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Property, including buildings, plant and equipment are stated at cost, less accumulated depreciation and impairment losses. The costs of self-constructed assets include the cost of materials, direct labour and other costs incurred directly in the construction of the asset.

Subsequent expenditure

The entity recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the economic benefits embodied in the item will flow to the entity and the cost of the item can be measured reliably. All other costs are recognised in the Statement of Financial Performance as an expense in the period that they are incurred.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

Depreciation

Improvements and interior decorating, signage and canteen equipment costs relate to the costs of revamping and preparing the office building leased under an operating lease for its intended use and are amortised over the lease period. Furniture, fittings and motor vehicles are wholly-owned, while equipment consists of both wholly-owned assets as well as assets subject to financial leases which are capitalised. These assets are stated at historical cost less depreciation calculated on a straight-line basis to write off the cost of each asset (less its residual value) over its estimated useful life, as follows:

Item	Average useful life
Buildings	20 years
Improvements and interior decorating	10 years
Canteen equipment	10 years
Furniture and fittings	6 years
Motor vehicles	5 years
Office equipment	5 years
Computer equipment	5 years
Television equipment	5 years
Radio equipment	5 years

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

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

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment, lease and intangible assets is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance. Where appropriate, and if significant, expected residual values are taken into account in determining the depreciable values of assets. Where parts of an item have different useful lives, they are accounted for as separate items of property, plant and equipment.

Residual values, methods of depreciation and useful lives of all assets are reassessed annually. Depreciation of an item of property, plant and equipment begins when it is available for use and ceases at the earlier of the date it is classified as held for sale or the date it is derecognised.

1.3 Leases

Leases of property, plant and equipment, where the entity assumes substantially all the benefits and risks of ownership, are classified as financial leases. Assets leased in terms of financial lease agreements are capitalised at amounts equal at the inception of the lease to the fair value of the property or, if lower, at the present value of the minimum lease payments and are depreciated in accordance with the policies applicable to equivalent items of property, plant and equipment. The corresponding rental obligations, net of finance charges, are included in other long-term payables. Lease finance charges are amortised over the duration of the leases by using a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases under which the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Obligations incurred under operating leases are charged to expenses in equal instalments over the period of the lease. In keeping with International Accounting Standards, operating lease costs are recognised on the time pattern of the benefits of the lease as opposed to recognition of any financial benefit arising from the transaction.

Operating leases – lessee

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

1.4 Intangible assets

An asset is identifiable if it either:

- Is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- Arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

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

The entity assesses the probability of expected future economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

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

Item	Useful life
Computer software	3 years

1.5 Financial instruments

Financial instruments recognised in the Statement of Financial Position include cash and cash equivalents, trade receivables and trade payables. Fair value adjustments to the annual financial statements are recognised in the Statement of Financial Performance in the period in which they occurred.

Financial instruments are initially measured at fair value plus, in the case of financial instruments not at fair value through surplus or deficit, transaction costs. The fair value of a financial instrument that is initially recognised is normally the transaction price, unless the fair value is evident from the observable market data.

Financial assets

Financial assets are recognised when the entity becomes a party to the contractual provisions of the financial asset. Such assets consist of cash and cash equivalents, a contractual right to receive cash or another financial asset, or a contractual right to exchange financial instruments with another entity on potentially favourable terms.

Trade and other receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are provided for during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current and are present value adjusted.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and are recognised at fair value. Fair value adjustments are recognised in surplus and deficit. Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly-liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to insignificant risk of change in value.

Financial liabilities

Financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Financial liabilities consist of obligations to delivery of cash or another financial asset or to exchange financial instruments with another entity on potentially-unfavourable terms. Financial liabilities, other than derivative instruments, are measured at amortised cost. Trade and other payables are stated at their nominal value.

Initial recognition and measurement

Financial instruments are recognised initially when the entity becomes a party to the contractual provisions of the instruments.

The entity classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Regular way purchases of financial assets are accounted for at trade date.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the entity establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Trade and other receivables

Trade and other receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition and subsequently stated at amortised cost, less provision for impairment. All trade and other receivables are assessed at least annually for possible impairment. Impairments of trade and other receivables are determined in accordance with the accounting policy for impairments. Impairment adjustments are made through the use of an allowance account.

Bad debts are written off in the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the reporting date are classified as current. Interest is charged on overdue accounts.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Derivatives

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts and interest rate swaps, are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in surplus or deficit.

Changes in the fair value of derivative financial instruments are recognised in surplus or deficit as they arise.

Derivatives are classified as financial assets at fair value through surplus or deficit – held for trading.

1.6 Impairment of non-financial assets

Non-financial assets are assessed at each reporting date to determine whether there is an indication that the carrying amount of the asset may be impaired. If such an indication exists, the recoverable amount of the asset is determined. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. In determining the value in use, the estimated cash flow of the asset is discounted to the present value based on the time value of money and the risks that are specific to the asset. If the value in use of an individual asset for which an indication of impairment cannot be determined, the recoverable amount of the asset is determined.

An impairment loss is recognised in surplus or deficit when the carrying amount of an individual asset exceeds its recoverable amount. Impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount of the asset. Impairment losses are reversed only to the extent of the carrying amount that would have been determined if no impairment loss had been recognised in the past. Reversal of impairment losses are recognised directly in surplus or deficit.

1.7 Impairment of financial assets

Impairment losses are recognised on loans and receivables when there is objective evidence of impairment. An impairment loss is recognised in surplus and deficit when the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate of the instrument.

1.8 Provisions and contingencies

Provisions are recognised when:

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

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

A provision is recognised in the Statement of Financial Position when the entity has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived from a contract are lower than the unavoidable costs of meeting its obligations under the contract.

Contingent liabilities

Contingent liabilities are not recognised. Contingent liabilities are disclosed in the notes to the financial statements unless the possibility of an outflow of resources embodying the economic benefits is remote. Contingent liabilities are continually assessed to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the financial statements in the period in which the change in probability occurs, unless a reliable estimate can be made.

1.9 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits is recognised during the period in which the related service is rendered. Accruals for employee entitlements to salaries, performance incentives and annual leave represent the amounts which the entity has a present obligation to pay as a result of employees services provided to the reporting date. The accruals have been calculated at undiscounted amounts based on current salary rates. The expected cost of incentives payments is recognised as an liability when there is a legal or constructive obligation to make such payments as a result of past performance.

1.10 Significant judgements and sources of estimation uncertainty

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

Trade receivables

The entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the entity is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the entity for similar financial instruments.

Impairment testing

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 11 – Provisions.

Effective interest rate

The entity used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.11 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Appropriation income is recognised at fair value where there is reasonable assurance that the income will be received and all attached conditions will be complied with and when the amount of the revenue can be measured reliably.

1.12 Revenue from exchange transactions

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

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

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

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- The stage of completion of the transaction at the reporting date can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion of costs incurred to date bear to the total estimated costs of the transaction.

Contract revenue comprises:

- The initial amount of revenue agreed in the contract; and
- Variations in contract work, claims and incentive payments:

- To the extent that it is probable that they will result in revenue; and
- They are capable of being reliably measured.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Equipment/facilities hire

Revenue from equipment/facilities hire is recognised in the accounting period in which they are hired out to customers.

Courses rendered

Revenue on courses rendered are recognised in the accounting period in which the courses are rendered.

Project administration fees

Project administration fees are recognised on completion of the project. When a project is longer than 12 months, administration fees are recognised systematically during the life of the project.

Conditional project funding

Revenues received from project funding are not conditional grants and are recognised as revenue to the extent that the entity has complied with general criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met, a liability is recognised.

Student fees

Student course fees is accounted for on an accrual basis. The registration fee is recognised upon enrolment of a student, and the course fee is recognised over the period of the presentation of the course.

1.13 Investment income

Revenue is recognised as the interest accrues (using the effective interest method, that is, the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

1.14 Borrowing costs

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

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

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.15 Related parties

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

1.16 Comparative figures

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

1.17 Taxation

No provision for taxation has been made since the entity is directly funded by the government and exemption from taxation has been granted by South African Revenue Service (SARS). The company has also been exempted from Value-Added Tax (VAT) registration.

1.18 Fruitless and wasteful expenditure

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

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

1.19 Irregular, fruitless and wasteful expenditure

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

(a) This Act; or
(b) The State Tender Board Act (Act No. 86 of 1968), or any regulations made in terms of the Act; or
(c) Any provincial legislation providing for procurement procedures in that provincial government.

National Treasury Practice Note No. 4 of 2008/2009 which was issued in terms of Sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year-end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year-end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation, including the Public Finance Management Act (Act No. 1 of 1999) (as amended by Act No. 29 of 1999). All irregular expenditure is charged against income in the period in which it is incurred.

Notes to the Financial Statements

	2015 R	2014 R

2. Inventories

Consumable stores	30 513	54 842

3. Receivables from exchange transactions

Trade debtors	4 006 991	6 444 199
Less: Provision for doubtful debts	(2 674 721)	(2 969 182)
Prepayments/deferred expenses	1 523 323	1 493 483
Deposits	1 352 082	1 352 082
	4 207 675	**6 320 582**

The deposit is required in terms of the renewed lease agreement for the premises.

Receivables from exchange transactions are carried at amortised cost.

Fair value of trade and other receivables

Trade and other receivables	4 207 675	6 320 582

Aged trade receivables

The aged trade receivables at reporting date was:

0–30 days	607 170	547 795
31–60 days	-	109 782
61–90 days	116 558	67 200
More than 90 days	3 483 947	5 595 805
	4 207 675	**6 320 582**

	2015 R	2014 R
Trade and other receivables past due but not impaired		
Trade and other receivables which are less than 12 months past due are not considered to be impaired. At 31 March 2015, R1 127 385 (2014: R3 467 349) were past due but not impaired.		
The ageing of amounts past due but not impaired is as follows:		
0–30 days	-	-
31–60 days	-	-
61–90 days	-	-
More than 90 days	1 127 385	3 467 349
	1 127 385	**3 467 349**
Trade and other receivables impaired		
As of 31 March 2015, trade and other receivables of R2 674 721 (2014: R2 969 182) were impaired and provided for.		
The ageing of these receivables are as follows:		
Older than 12 months	2 674 721	2 969 182
Reconciliation of provision for impairment of trade and other receivables		
Opening balance	2 969 182	2 614 474
Increase /(Decrease) in provision for impairment	(294 461)	354 708
	2 674 721	**2 969 182**

The creation and release of provision for impaired receivables have been included in operating expenses in surplus or deficit (note).

In determining the recoverability of trade receivables, NEMISA considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

	2015 R	2014 R

4. Cash and cash equivalents

Cash and cash equivalents consist of:

	2015 R	2014 R
Cash on hand	1 107	794
Bank balances	1 596 902	922 254
Corporation for public deposits balance	17 024 508	17 829 422
	18 622 517	**18 752 470**

5. Property, plant and equipment

	2015			2014		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land and buildings	189 396	(68 623)	120 773	189 396	(59 153)	130 243
Improvements and interior decorating	1 161 858	(736 456)	425 402	1 161 858	(623 214)	538 644
Furniture and fittings	867 317	(686 318)	180 999	915 502	(645 189)	270 313
Motor vehicles	1 580 237	(1 541 538)	38 699	1 580 237	(1 431 847)	148 390
Office equipment	908 394	(753 977)	154 417	908 394	(721 107)	187 287
Computer equipment	3 492 209	(3 024 765)	467 444	3 639 649	(2 961 119)	678 530
Canteen equipment	42 860	(40 087)	2 773	43 951	(40 722)	3 229
Television equipment	3 847 590	(3 491 450)	356 140	3 847 590	(3 136 641)	710 949
Radio equipment	1 474 294	(1 440 290)	34 004	1 474 294	(1 280 101)	194 193
Total assets	**13 564 155**	**(11 783 504)**	**1 780 651**	**13 760 871**	**(10 899 093)**	**2 861 778**

Reconciliation of property, plant and equipment – 2015

	Opening balance	Scrapped Assets	Depreciation	Total
Land and building	130 243	-	(9 470)	120 773
Improvements and interior decorating	538 644	-	(113 242)	425 402
Furniture and fittings	270 313	(1 831)	(87 483)	180 999
Motor vehicles	148 390	-	(109 691)	38 699
Office equipment	187 287	-	(32 870)	154 417
Computer equipment	678 530	(15 062)	(196 024)	467 444
Canteen equipment	3 229	(112)	(344)	2 773
Television equipment	710 949	-	(354 809)	356 140
Radio equipment	194 193	-	(160 189)	34 004
	2 861 778	**(17 005)**	**(1 064 122)**	**1 780 651**

Reconciliation of property, plant and equipment – 2014

	Opening balance	Additions	Scrapped Assets	Depreciation	Total
Land and buildings	139 712	-	-	(9 469)	130 243
Improvements and interior decorating	654 907	-	(81)	(116 182)	538 644
Furniture and fittings	372 706	-	-	(102 393)	270 313
Motor vehicles	258 080	-	-	(109 690)	148 390
Office equipment	319 539	-	-	(132 252)	187 287
Computer equipment	730 079	249 398	(113 255)	(187 692)	678 530
Canteen equipment	17 917	-	(12 813)	(1 875)	3 229
Television equipment	885 132	383 923	(83 217)	(474 889)	710 949
Radio equipment	387 903	-	(12 786)	(180 924)	194 193
	3 765 975	**633 321**	**(222 152)**	**(1 315 366)**	**2 861 778**

Details of properties

Land and buildings comprises of an office building in Franschoek, in the Stellenbosch Municipality, division of Paarl, Western Cape under sectional plan number SS135/2003 and held by Certificate of Registered Sectional Title No ST 5853/2003. A register is available for inspection at the registered office of the entity.

6. Intangible assets

	2015 Cost / Valuation	2015 Accumulated depreciation and accumulated impairment	2015 Carrying value	2014 Cost / Valuation	2014 Accumulated depreciation and accumulated impairment	2014 Carrying value
Computer software	411 726	(397 895)	13 831	411 726	(385 815)	25 911

Reconciliation of intangible assets – 2015

	Opening balance	Amortisation	Total
Computer software	25 911	(12 080)	13 831

Reconciliation of intangible assets – 2014

	Opening balance	Additions	Scrapped Assets	Amortisation	Total
Computer software	44 387	27 759	(4 136)	(42 099)	25 911

	2015 R	2014 R
7. Other financial liabilities		
Long-term liability under operating property lease		
Adjustment of straight-lined property lease	65 125	65 125
8. Payables from exchange transactions		
Accounts payables	3 161 396	3 883 329
Prepaid student fees/income received in advance	2 505 261	1 439 992
	5 666 657	**5 323 321**

	2015 R	2014 R

9. Non-exchange revenue liability

	2015 R	2014 R
DTPS funds transfer e-Skills CoLab	6 030 824	12 014 120

The entity received an addtional R6 182 000 from the Department of Telecommunications and Postal services to be used for the funding of the strategic objectives.

10. Exchange revenue liability

Exchange revenue liability comprises of:

	2015 R	2014 R
Unspent conditional grants and receipts		
DTPS funds transfer – community radio	3 574 636	3 721 516
Movement during the year		
Balance at the beginning of the year	3 721 516	3 910 715
Income recognition during the year	(146 880)	(189 199)
Balance carried forward	**3 574 636**	**3 721 516**
Non-current liabilities	-	-
Current liabilities	3 574 636	3 721 516
	3 574 636	**3 721 516**

The entity received funding from the Department of Telecommunications and Postal services to be used for the Community Radio Project.

11. Provisions

Reconciliation of provisions – 2015

	Opening balance	Additions	Utilised during the year	Total
Staff incentives	2 453 910	823 766	(1 686 466)	1 591 210
Leave pay	868 945	962 955	(868 945)	962 955
13th cheque	167 972	159 752	(167 972)	159 752
	3 490 827	**1 946 473**	**(2 723 383)**	**2 713 917**

Reconciliation of provisions – 2014

	Opening balance	Additions	Utilised during the year	Total
Staff incentives	1 869 512	750 397	(165 999)	2 453 910
Leave pay	1 195 054	90 832	(416 941)	868 945
13th cheque	235 254	167 972	(235 254)	167 972
	3 299 820	**1 009 201**	**(818 194)**	**3 490 827**

Provisions are made up of employee related costs, namely, staff incentives, leave pay and 13th cheques, which represents management's best estimate of the liability at year end.

	2015 R	2014 R
12. Exchange revenue		
Training and development	1 797 877	1 498 780
Sundry income from students	101 470	1 464 282
Other income	180 219	126 079
Credit received	-	577 519
	2 079 566	**3 666 660**
13. Interest received		
Interest revenue	1 063 556	590 098
Bank	-	-
	1 063 556	**590 098**
14. Non-exchange revenue		
Appropriation income received – CoLabs	12 142 896	2 985 881
Appropriation income received – Department of Telecommunications and Postal Services	37 858 999	35 745 999
	50 001 895	**38 731 880**
15. Employee related costs		
Basic	14 759 759	14 312 128
Leave pay provision charge	86 590	(326 110)
Staff cost training	89 142	144 113
Staff cost refreshments	184 962	297 827
Staff cost other	-	1 533
	15 120 453	**14 429 491**

Remuneration of members and other key management are disclosed in the Report of the Directors on page 68.

	2015 R	2014 R
16. General expenses		
Direct expenditure		
Accreditation/membership fees	11 663	9 325
Colab expenditure	12 395 811	2 929 515
Lecturer facilitation fees	1 343 626	1 383 409
Productions	20 808	43 100
Student accommodation	839 249	1 216 074
Student meals	447 086	404 154
Student stationery and printing costs	251 077	36 574
Student training/examination costs	52 990	53 862
Student transportation costs	81 350	80 267
Student stipends	219 000	-
Overhead expenditure		
Bank charges	40 343	37 213
Business development/marketing/communications	688 248	893 634
Equipment costs	123 272	216 015
Fines and penalties	-	70
Insurance	1 355 719	1 455 388
Property rates and taxes	1 068 047	1 397 740
Stationery costs	381 713	454 335
Transportation costs	113 594	114 702
Travel and accommodation costs	728 853	461 073
Project maintenance costs	6 095	-
Assets written off	17 004	226 289
	20 185 548	**11 412 739**
17. Finance costs		
Fair value adjustments: Accounts receivable	63 337	53 903

	2015 R	2014 R

18. Cash (used in) generated from operations

	2015 R	2014 R
Surplus	3 203 357	559 095
Adjustments for:		
Depreciation and amortisation	1 076 213	1 357 469
Debt impairment	(357 798)	300 805
Movement in provisions	(776 910)	191 007
Scrapped assets	16 991	226 285
Changes in working capital:		
Inventories	24 329	146 899
Receivables from exchange transactions	2 112 907	(2 992 643)
Consumer debtors	357 798	(300 805)
Payables from exchange transactions	343 336	3 354 623
Taxes and transfers payable (non-exchange)	(5 983 296)	12 014 120
Exchange revenue liability	(146 880)	(189 199)
	(129 953)	**14 667 656**

19. Financial instruments disclosure

Categories of financial instruments – 2015

	At fair value	At amortised cost	Total
Financial assets			
Consumer debtors	-	4 387 735	4 387 735
Cash and cash equivalents	18 622 516	-	18 622 516
	18 622 516	**4 387 735**	**23 010 251**
Financial liabilities			
Trade and other payables from exchange transactions		9 241 293	9 241 293
Non-exchange revenue liability		6 030 824	6 030 824
		15 272 117	**15 272 117**

Categories of financial instruments – 2014

	At fair value	At amortised cost	Total
Financial assets			
Consumer debtors	-	4 880 569	4 880 569
Cash and cash equivalents	18 752 470	-	18 752 470
	18 752 470	**4 880 569**	**23 633 039**

	At amortised cost	Total
Financial liabilities		
Trade and other payables from exchange transactions	9 044 837	9 044 837
Taxes and transfers payable (non-exchange)	12 014 120	12 014 120
	21 058 957	**21 058 957**

Financial instruments in Statement of Financial Performance – 2015

	At amortised cost	Total
Interest expense for financial instruments at amortised cost	63 337	63 337

Financial instruments in Statement of Financial Performance – 2014

	At amortised cost	Total
Interest expense for financial instruments at amortised cost	53 903	53 903

20. Risk management

Financial risk management

The entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments.

Cash flow forecasts are prepared during and submitted to the Department of Telecommunications and Postal Services in the beginning of each year to determine the frequency of the drawdown of appropriation income.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Credit risk

Financial assets which potentially subject the entity to concentrations of credit risk consist primarily of cash, short term deposits and trade receivables. The organisation's cash equivalents are held by high credit quality financial institutions. Credit risk with regard to receivables is limited. This is because the nature of the entity's activities for the period focused on providing training to previously disadvantaged persons. Accordingly, the entity has no significant concentration of credit risk. The carrying amounts of financial assets included in the Statement of Financial Position represent the entity's exposure to credit risk in relation to these assets.

	2015 R	2014 R
Financial assets exposed to credit risk at year end were as follows:		
Cash and cash equivalents	18 622 516	18 752 470
Receivables from exchange transactions	4 387 735	4 880 569

Market risk

Interest rate risk

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

21. Operating lease

The lease agreement for the entity's premises was renewed during the course of the financial year for the period ended 31 March 2011 for a period of three years, commencing on 1 December 2010 at an initial rental of R 455 570 per month, escalating at 9% per annum. This contract was extended for an additional period of 18 months, commencing 1 December 2013 to 31 May 2015 at R541 702 per month. Rentals are recognised on a straight-line basis in keeping with GRAP 13, whereby the operating lease costs are recognised based on the time pattern of the benefits rather than any financial benefit that may arise from the transaction, resulting in an equalisation of rental recognised.

	2015 R	2014 R
Minimum lease payments due		
Not later than one year	1 183 089	6 707 792
Later than one year not later than five years	-	1 183 089
	1 183 089	**7 890 881**

22. Commitments

Authorised expenditure		
Already contracted for but not provided for		
- Operating lease as lessee (note 21)	1 183 089	7 890 881
- Damelin – RPL	-	222 222
	1 183 089	**8 113 103**
Total capital commitments		
Already contracted for but not provided for	1 183 089	8 113 103

23. Related parties

Relationships

The main related party with whom the entity interacted is the Department of Telecommunications and Postal Services, who is the sole shareholder and provides finance to fund the operational overheads of the institute. The Minister of Telecommunications and Postal Services is the Executive Authority of NEMISA. NEMISA is ultimately controlled by the National Executive.

NEMISA received transfer payments of R37.8 million funding for its administrative activities as well as R6.1 million funding for its strategic objectives from the Department of Telecommunications and Postal Services.

NEMISA provides training to and on behalf of the Department of Telecommunications and Postal Services in respect of Community Radio and other adhoc projects.

NEMISA used several national public sector entities as service providers during the year. These transactions were concluded on normal operating terms. These balances are included in trade payables in the Statement of Financial Position and the income and expenditure as part of the Statement of Financial Performance.

	2015 R	2014 R
Related party balances		
Department of Telecommunications and Postal Services		
Gross amount – Receivables	208 956	2 422 096
Gross amount – Income received in advance	1 363 561	1 363 561
Gross amount – Deferred income	-	15 735 635
South African Broadcasting Corporation		
Gross amount – Receivables	153 842	153 842
Doubtful debt provision	(153 842)	(153 842)
MICT SETA		
Gross amount – Receivables	648 900	651 519

	2015 R	2014 R
Related party transactions		
Department of Telecommunications and Postal Services		
Revenue	50 148 776	40 150 460
Direct expenditure	(12 289 776)	(3 316 809)
MICT SETA		
Revenue	371 000	252 000
Direct expenditure	(346 923)	-

Compensation to members and other key management

NEMISA is governed by its Board of Directors as the Accounting Authority. During the financial year the Minister of Telecommunications and Postal Services appointed three Non-executive Directors. The Board of Directors along with the Acting CEO and CFO are responsible for planning, directing and controlling of the activities of the entity. Emoluments paid to the Board of Directors are reflected in the report of the director's on page 68.

	2015 R	2014 R
24. Fruitless and wasteful expenditure		
Opening balance	2 280	-
Companies and Intellectual Property Commission penalty	-	1 000
Interest paid to suppliers	510	1 280
	2 790	**2 280**
25. Irregular expenditure		
Opening balance	-	70 853
Add: Irregular expenditure – current year	633 297	742 172
Less: Amounts condoned	-	(813 025)
	633 297	**-**

Details of irregular expenditure – current year

	Disciplinary steps taken/criminal proceedings	2015 R
Procurement of text books	Matter under investigation	5 250
Contract on e-literacy software	Matter under investigation	400 000
Contract on e-skills conference	Matter under investigation	100 000
Travel reimbursement for e-skills conference	Matter under investigation	48 711
Lack of tax clearance certificate	Matter under investigation	31 957
Non-submission of Declaration of Interest form	Matter under investigation	38 218
Lack of written quotations	Matter under investigation	9 161
		633 297

26. Reconciliation between budget and statement of financial performance

Reconciliation of budget surplus/deficit with the surplus/deficit in the Statement of Financial Performance:

	2015 R	2014 R
Net surplus per the Statement of Financial Performance	3 203	559
Adjusted for:		
Difference between actual and budget	(3 203)	(559)
Net surplus per approved budget	-	-

27. Actual operating expenditure versus budgeted operating expenditure

The total appropriation funding due to NEMISA by way of transfer payments from the Department of Telecommunications and Postal Services for the current year amounted to R44 million. The negative variance on revenue is due to R12 million transferred to CoLabs for funding of Department of Telecommunications and Postal Services' strategic objectives of which R12 million was deferred in the prior year. Additional funding of R6 million was received from Department of Telecommunications and Postal Services. Other income exceeded the budget due to project revenue.

	Budget	Adjustment	Adjusted budget	Actual	Difference
Statement of Financial Performance					
Appropriation income	37 859	6 182	44 041	50 001	5 960
Interest received	-	-	-	1 064	1 064
Other income	260	-	260	2 080	1 820
Total revenue	38 119	6 182	44 301	53 145	8 844
Compensation of employees	(21 738)	-	(21 738)	(17 666)	4 072
Goods and services	(14 597)	-	(14 597)	(19 058)	(4 461)
Other expenditure	(1 784)	-	(1 784)	(1 076)	708
Transfers and subsidies	-	(6 182)	(6 182)	(12 142)	(5 960)
Surplus for the period	-	-	-	3 203	3 203

28. New standards and interpretations

28.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2015 or later periods:

GRAP 20: Related parties

The objective of this standard is to ensure that a reporting entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- Identifying related party relationships and transactions;
- Identifying outstanding balances, including commitments, between an entity and its related parties;
- Identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- Determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that a related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
  - Has control or joint control over the reporting entity;
  - Has significant influence over the reporting entity;
  - Is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
  - The entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
  - One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
  - Both entities are joint ventures of the same third party;
  - One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - The entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
  - The entity is controlled or jointly controlled by a person identified in (a); and
  - A person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, *inter alia*, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management

The effective date of the standard is for years beginning on or after 01 April 2015.

The entity does not envisage the adoption of the standard until such time as it becomes applicable to the entity's operations.

It is unlikely that the standard will have a material impact on the entity's financial statements.

GRAP108: Statutory Receivables

The objective of this standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The entity does not envisage the adoption of the standard until such time as it becomes applicable to the entity's operations.

It is unlikely that the standard will have a material impact on the entity's financial statements.

NEMISA NPC
National Electronic Media Institute of South Africa

National Electronic Media Institute of South Africa

21 Girton Road
Parktown
Johannesburg

PO Box 545
Auckland Park
2006

Tel: +27 (0) 11 484 0583
Fax: +27 (0) 11 484 0615
Email: info@nemisa.co.za

www.nemisa.co.za

ISBN: 978-0-620-67508-6 (print)
E-ISBN: 978-0-620-67509-3 (electronic)